2019 Annual Report

(Translation from the Italian original which remains the definitive version)

This document is available at:
www.salini-impregilo.com

Salini Impregilo S.p.A. Company managed and coordinated by Salini Costruttori S.p.A.
Salini Impregilo S.p.A.
Share capital €600,000,000
Registered office in Milan, Via dei Missaglia 97
Tax code and Milan Company Registration no. 00830660155
R.E.A. no. 525502 - VAT no. 02895590962

CONTENTS

Company officers

Board of directors (i)	
Chairperson	Donato Iacovone (ii)
Deputy chairperson	Nicola Greco
Chief executive officer	Pietro Salini
Directors	Francesca Balzani (ii)
	Giuseppina Capaldo
	Mario Giuseppe Cattaneo
	Roberto Cera
	Pierpaolo Di Stefano (ii)
	Giuseppe Marazzita (ii)
	Marina Natale (ii)
	Ferdinando Parente
	Franco Passacantando
	Laudomia Pucci
	Alessandro Salini
	Grazia Volo
Strategic Committee (iii)	
Chairperson	Pierpaolo Di Stefano
	Francesca Balzani
	Nicola Greco
	Marina Natale
	Pietro Salini
Control, risk and sustainability committee (iv)	
Chairperson	Mario Giuseppe Cattaneo
	Francesca Balzani
	Nicola Greco
	Marina Natale
	Ferdinando Parente
	Franco Passacantando
Compensation and nominating committee (iv)	
Chairperson	Ferdinando Parente
	Nicola Greco
	Giuseppe Marazzita
Committee for related-party transactions (iv)	
Chairperson	Giuseppe Marazzita
	Giuseppina Capaldo
	Ferdinando Parente
Board of statutory auditors (v)	
Chairperson	Giacinto Gaetano Sarubbi
Standing statutory auditors	Alessandro Trotter
	Teresa Cristiana Naddeo
Substitute statutory auditors	Piero Nodaro
	Roberto Cassader
Independent auditors (vi)	KPMG S.p.A.

(i) Appointed by the shareholders on 30 April 2018; in office until approval of the financial statements as at and for the year ending 31 December 2020.

(ii) Co-opted pursuant to article 2386 of the Italian Civil Code and article 20 of the by-laws on 6 December 2019 to replace the outgoing directors Marina Brogi, Maria Raffaella Leone, Geert Linnebank and Giacomo Marazzi and the director Alberto Giovannini who passed away during the year. In office until the next shareholders' meeting.

(iii) Set up on 6 December 2019.

(iv) Current composition of the committees after the board resolutions of 6 December 2019. More information is available in the press release of the same date posted on the "Media" section of the company's internet site www.salini-impregilo.com

(v) Appointed by the shareholders on 27 April 2017; in office until approval of the financial statements as at and for the year ended 31 December 2019.

(vi) Engaged by the shareholders on 30 April 2015; term of engagement from 2015 to 2023.

CEO'S LETTER TO THE STAKEHOLDERS

To all the Shareholders and Stakeholders of Salini Impregilo Group (Webuild)

We ended this year achieving very challenging targets that were important to our growth.

In a complex and changing global context, we continued to pursue our clear-eyed business plan, laying the groundwork for the Group's next step to serve its international and domestic markets with increasing efficiency, generating value for all our stakeholders that have placed their trust in us.

After our successful growth transactions of the past few years, including the acquisition of Lane in the United States, 2019 was the year of Progetto Italia, our project to create a large Italian infrastructure operator, partly through aggregations. This industrial transaction was made possible also thanks to the support of our new shareholder, Cassa Depositi e Prestiti (CDP), and major Italian banks (Intesa Sanpaolo, Unicredit and BPM). Our goal is to kick-start the domestic construction sector, starting with the re-opening of the blocked work sites, together with CDP and the banks to create development opportunities for Italy and jobs in the north and especially in the south of Italy.

Progetto Italia is designed to shore up Italy's depressed infrastructure sector and its top notch contractors. By blending their vast expertise and incredible experience with our skills, we can relaunch an industrial sector that has great potential and give birth to a group well placed to compete on a constantly growing global market, that has a common set of values and can invest in technological innovation and systems as well as the safety of its workers.

To prepare for this challenge, we introduced tailored measures to continue our growth, including a capital increase, the sale of non-core assets and the consequent generation of cash inflows, derisking and a better overheads/turnover ratio. We also reorganised our internal processes and invested in training for our employees and the new generations who will work in the construction sector.

We are well aware that the global challenges on the international stage posed by climate change, the increasing scarcity of natural resources, a growing global population and ongoing urbanisation require a coordinated response by all stakeholders and an unprecedented mobilisation of resources.

These global challenges also offer a great opportunity for us and our sector, with enormous investments earmarked by governments and international financial institutions for the next few years. According to G20 Global Infrastructure Outlook estimates, at global level, investments of roughly USD77 trillion will be needed to 2040 for just the business areas our Group operates in, i.e., energy, water and mobility infrastructure, and this figure includes approximately USD62 trillion that has already been budgeted for.

In order to turn these challenges to our advantage, we have drawn up a business strategy underpinned by three pillars: specialisation in large projects, focus on fast growing countries with a low risk profile and concentration on sectors closely linked to sustainable development and that offer the best development opportunities for infrastructure, directing global growth.

To achieve this strategy, we have strengthened our business model in pursuit of greater operating efficiency, technological innovation and responsible conduct. We have also invested in an ambitious growth plan to better compete with large international players on the global stage and at home.

The choices we made to either develop the most innovative products and processes with our partners or acquire them on the market have been fundamental to become more competitive and to offer our clients engineering solutions and products at better prices. We carried out many projects during the year, both during the bidding stage and contract performance stage, to develop highly innovative technical solutions at the cutting edge of today's engineering boundaries, such as for example:

- Australia: the Snowy 2.0 generation and pumping plant with installed capacity of 2,000 MW, which has entailed the construction of a power station 800 metres underground using first-of-a-kind excavation and support techniques;
- Argentina: the Riachuelo environmental restoration plant for which we developed the innovative Riser Concept technology (and for which Salini Impregilo has filed a patent application) for the vertical bottom-up drilling of the underwater tunnel;
- USA: Texas High Speed Rail (Dallas-Houston), an approximate 380 km high speed railway line with 190 km of tunnels and works to be completed in five years, thanks to a state-of-the-art work industrialisation system;
- France - Grand Paris Express Metro, for which we have trialled for the first time the production of fiber-reinforced concrete segments for the EPB TBM.

Our Group underwent great change in 2019 with a new shareholding base, a new corporate governance structure and a new brand identity with a new name, which emphasises our focus on the value of the team (We) and our mission as builders (build).

Our Group will develop under our new name "Webuild" and is even more determined to satisfy the expectations of our investors and shareholders, to provide our clients with innovation solutions for sustainable mobility, the production of renewable hydro energy, water management and building of green buildings. We intend to make an active contribution to progress towards 11 out of the total 17 Sustainable Development Goals (SDG).

During the year, we also engineered processes to become more efficient and reorganised some units to better monitor our internal procedures, focusing in particular on core areas like the Operations, Commercial/Business Development, Supply Chain, HR, Organisation and Systems units. The changes to the organisational model were flanked by specific process review projects like the "Performance Dialogue" system, adopted by contracts worldwide to allow the coordinated monitoring and control of their operations. We also introduced new applications, including an integrated commercial and bidding data and information flows management system, and systems for electronic signatures in documents. We rolled out digital procurement solutions and a HR process digitalisation project.

We intend to continue this trajectory, bolstered by our achievements of 2019.

We are proud to present the results of our business strategy presented for the first time by business area: Sustainable Mobility, Clean Hydro Energy, Clean Water and Green Buildings. Of our 2019 revenue of €5.33 billion, a very impressive over 85% was from projects that contribute directly to progress towards the SGDs, while more than 55% of our projects were low-carbon, which means that they have a decreased carbon footprint.

2019 saw the completion of some extraordinary projects, such as the Cityringen Metro in Copenhagen, Denmark, which provides 85% of the capital's population with access to a sustainable mobility network just 600 metres from their doorstep. In Italy, we managed to relaunch the strategic high speed Genoa - Milan railway project and took on tough challenges, such as the new Genoa Bridge, being built in record time thanks to an extremely tight-knit team, the deployment of the fast-track method and incredible synergies with our client and the institutions: providing a tangible example of Italy's enormous potential to provide our country with modern and efficient infrastructure.

With respect to our order backlog and new orders, we received a record €8.1 billion of new orders, of which more than 75% acquired in markets with a low risk profile such as Australia, North America and Europe.

We are very pleased to have entered new markets like Norway and Canada, demonstrating our ability to penetrate our targeted markets and the validity of the industrial transaction pursued through Progetto Italia in the case of Canada, thanks to the experience contributed by Astaldi.

After completing Lane's turnaround, we have a foothold in many US states and, alongside the ongoing projects in the sustainable mobility and clean water business areas, we have commenced the preliminary work to build the first high speed railway line in the United States which will connect Houston to Dallas in Texas in just 90 minutes. We will achieve this by applying all our know-how acquired in the construction of large high speed railway projects around the world.

We are delighted to announce that we have increased our share of the Australian market which we continue to invest in. Thanks to important projects such as Snowy 2.0, we are one of the global infrastructure leaders in the water and hydroelectricity business areas, a source of inexpensive renewable energy.

Our results and new challenges are and will be achieved/met thanks to a crucial, unique asset of which we are extremely proud: our people. During this year, they applied their unique expertise, acquired on the most complex projects in the world, and demonstrated their ability to work together to achieve our business goals. I would like to especially thank them for their focus on our business objectives and concurrently roll out complex corporate operations, like Progetto Italia, this year.

In 2019, we continued to invest in our people and provide them with better working conditions. We strengthened our commitment to inclusion and diversity. We also introduced a new leadership model in early 2020, identifying the managerial skills which, together with our people's technical know-how, are essential to achieve the Group's strategic goals. We continued to invest in projects to upskill our resources through assessment programmes, business coaching and our Global Managerial Academy, officially opened in February 2020 for key figures and internal talents. We also continue to invest in our partnerships with universities in Italy and abroad and in professional training for younger students who consider us as one of the best employers in Italy for university graduates and professionals.

Starting from February 2020, the world's global production system and the business world's capacity to operate has been sorely tested by the spread of COVID-19. With its escalation in Italy, the Group immediately adopted measures to combat this and to protect its employees' health both in the offices and at work sites, while concurrently managing to meet our clients' requirements and ensure activities could continue at the work sites in safe conditions together with the trade unions.

We prioritised safety throughout the year and have received accolades for our commitment and results achieved in all the countries where we operate in recent years, including in complex situations like those linked to the current COVID-19 pandemic. Once again, this year, we bettered our injury rate by another 25%, an achievement that we intend to improve on day by day. We will continue to invest in the creation of a shared culture that places safety at the centre of our business, strengthening training and internal communication activities to raise employee and vendor awareness of the fundamental value of safety in our work places.

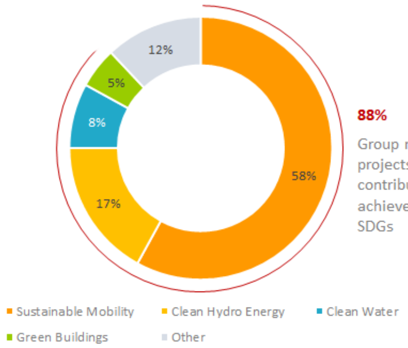
Our aim for 2020 is to continue to improve our economic, financial and sustainable performances through our strategic plan designed to ensure the satisfaction of our shareholders and investors, that believe in the value of our business, and progress towards the SDGS, notwithstanding the impact that COVID-19 will have on the world.

Pietro Salini

Highlights

Our contribution to the SDGs

2019 contract revenue



88%
Group revenue from projects that contribute to achievement of the SDGs

Benefits of ongoing projects

3 million passengers a day
Capacity of metros under construction

-25/50%
Reduction in travel times of the ongoing high speed projects

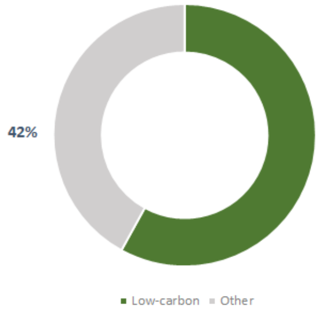
14,000 MW
New installed capacity from renewable sources with the ongoing hydropower projects

14 million residents
Population affected by ongoing drinking water, desalination and water treatment projects and projects to decrease water pollution.

7 thousand hectares
New irrigable surface thanks to irrigation/mixed use reservoirs under construction

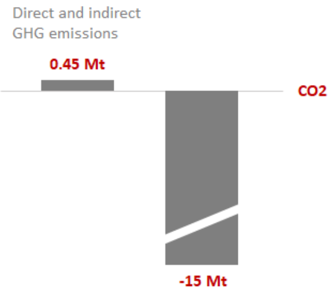
Our contribution to the fight against climate change

2019 contract revenue



58%
Group revenue from low-carbon projects

Reduction in GHG emissions



Annual emissions avoidable by hydroelectric projects and metro lines

Our commitment to innovation and our stakeholders

Human resources

≈50 thousand
Direct and indirect workers

37%
Women at headquarters

-25%
Reduction in injury rates

Supply chain

≈15 thousand
Suppliers

94%
Local procurement

>230 thousand hours
HSE training provided to subcontractors

Innovation

>€15m
Investments in Innovation, Research & Development

≈ 100
Technical personnel involved in Innovation, R&D activities

Environment

73%
Waste not sent to landfills

58%
Reused waste

42%
Materials purchased within a 160 km radius of the work sites

Territories

69%
Direct employees hired locally

16 thousand
Free healthcare check-ups at work site clinics

6
No. of jobs created in the local economies for each direct hire

2019 data

Salini Impregilo Group: our vision and performance

Who we are

Salini Impregilo is an industrial group specialised in the construction of large complex infrastructure in the business areas of sustainable mobility, clean water, clean hydro energy and green buildings. It is a market leader in Italy and one of the global players on the international stage.

Our presence **in the world**

A vocation to internationality that has contributed to creating a **global** and **multicultural reality**

50	50,000	100
Countries	Direct and Indirect Employees	Nationalities

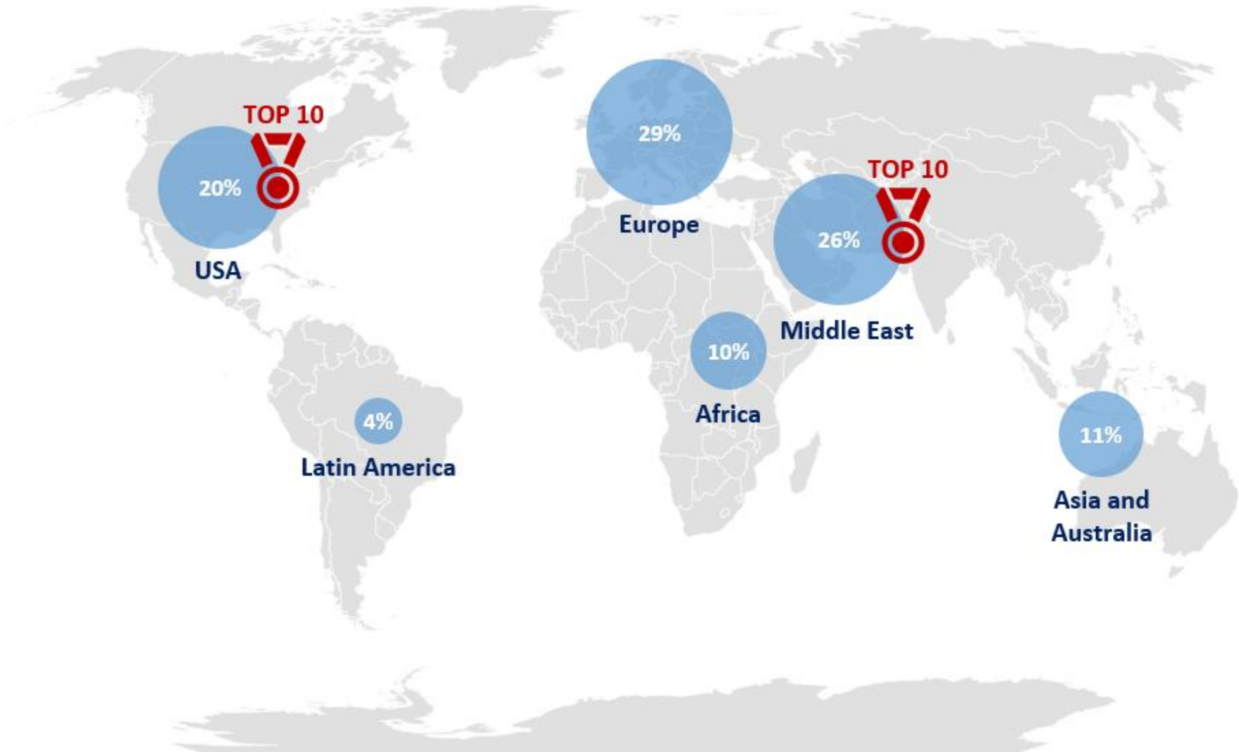
The Group has been recognised as the first global contractor in the water sector for five years by Engineering News - Record (ENR) and one of the top ten operators in the environmental sector since 2018.

In addition to being the leading Italian general contractor, Salini Impregilo is one of the top 10 contractors in the US and the Middle East in terms of its revenue generated outside its domestic market[1].

In 2019, Salini Impregilo entered the Leadership level of the CDP (ex Carbon Disclosure Project) Climate Change programme.

[1] (source: ENR Report, Top 250 International Contractors, 19/26 August 2019)

2019 revenue by geographical area



At 31 December 2019, the Group has an order backlog worth €36,229 million (including €29,541 for construction contracts), new orders of €8,105 million and revenue of €5,331 million[2]. Contract revenue includes 88% from projects tied to achievement of the United Nations' Sustainable Development Goals (SDGs), while 58% relates to climate action projects that allow the avoidance of greenhouse gas (GHG) emissions.

The Group has a concise vision which envisages strong growth in Italy and a more competitive position in some of its more interesting markets, namely, the US, Australia and the Northern European countries for 2020.

Salini Impregilo has developed a robust business model capable of creating economic value for its shareholders, investors and clients while generating social and environmental value for its employees and the stakeholders of the areas in which it operates, adopting an approach designed to create shared value.

The countless works built around the world tell the story of a Group that has based its business on its passion to build, the search for excellence and a commitment to meet global challenges, tied to the essential needs of the local areas and their communities for over 113 years. It has built railway lines and metros, dams and hydropower plants, hydraulic systems, drinking water, desalination and water treatment plants, airports and motorways and civil and industrial buildings.

[2] Adjusted figures comprising the reported data increased by the results of the non-subsidiary joint ventures of Lane Industries and inclusive of the losses recognised on the assets in Venezuela.

Business model

The Group's business model is underpinned by distinctive strategic pillars: efficiency, innovation and responsible conduct. It generates value shared with its shareholders, investors, clients, employees and the communities where it operates, contributing to 11 of the main SGDs.

Global challenges

Salini Impregilo's business is closely linked to the main global megatrends, such as demographic growth, urbanisation, resource scarcity and climate change. They are significantly changing people's needs, influencing the priorities of public bodies and investors and modifying market competition.

Infrastructure is significantly affected by the current trends and construction companies can offer long-life effective solutions that stand up to the challenges of our global society.

Main megatrends that affect the infrastructure market

INFRASTRUCTURES	MOBILITY	WATER	ENERGY	CLIMATE
70% Unbuilt essential infrastructure in 2050	**68%** Global population residing in urban areas in 2050	**20% / 30%** Growth in global water demand up to 2050	**50%** Global energy consumption using electricity	**60%** GHG emissions associated with the infrastructure sector
92% SDGs achievable with adequate infrastructure	**+100%** Demand for urban mobility in 2050	**52%** Global population in water stress areas in 2050	**86%** Energy demand met by renewable sources	**- 45%** GHG emissions in 2030 to achieve carbon neutrality by 2050

The international community has undertaken important initiatives to manage the changes underway, like the United Nations' 2030 Agenda (which includes the SDGs) for Sustainable Development and the Paris Climate Agreement.

Infrastructure directly and indirectly contributes to achievement of 92% of all the targets linked to the SGDs[3]. It is a fundamental part of the fight against climate change as it contributes more than 60% of the global GHG emissions[4].

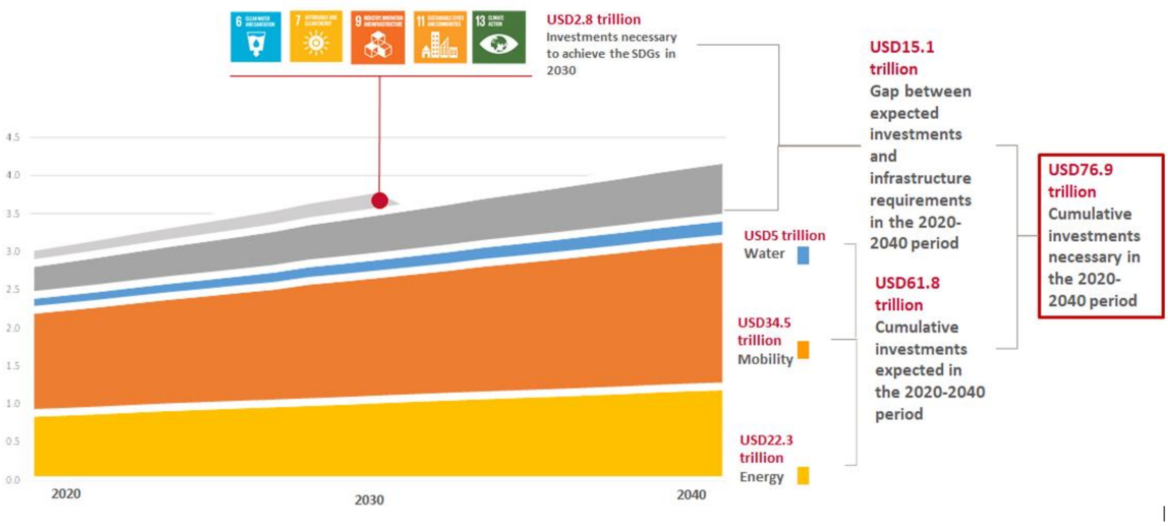
Meeting the growing global demand for infrastructure and achievement of the SDGs require investments that can only increase over the next decades as shown in the next graph based on the Global Infrastructure Hub[5] estimates.

[3] Source: Thacker S, Adshead D, Morgan G, Crosskey S, Bajpai A, Ceppi P, Hall JW & O'Regan NO. (2018). Infrastructure: Underpinning Sustainable Development, UNOPS

[4] Source: The Sustainable Infrastructure Imperative, New Climate Economy - The Global Commission on the Economy and Climate, 2016

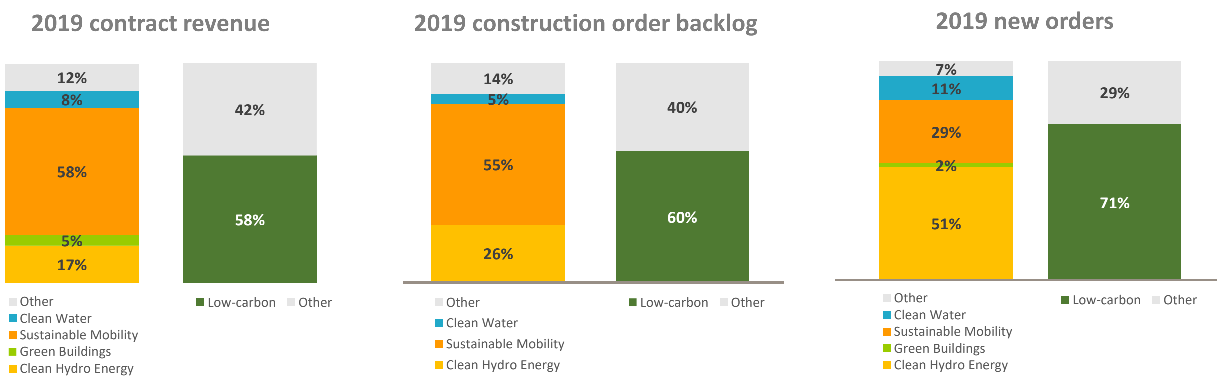
[5] Source: internal processing of Global Infrastructure Hub data. The mobility sector includes roads, railways, ports and airports.

Expected investments and global infrastructure requirements in the 2020-2040 period



Core Business: Our performance

Salini Impregilo occupies a unique position in the infrastructure sector as it is one of the few global operators with a strongly SDG-oriented core business directed towards the development and building of infrastructure that directly contributes to the achievement of the SDGs and transition to a low-carbon based economy.



Business areas Salini Impregilo	Sustainable Mobility	Clean Hydro Energy	Clean Water	Green Buildings
Type of project	Metros*, railways*, roads, motorways, bridges, ports and sea works	Hydropower plants*	Purification, desalination and wastewater management plants, drinking water and irrigation water reservoirs	Civil and industrial buildings with sustainability characteristics*

*Low-carbon projects

Ongoing or completed projects of 2019 in the sustainability mobility sector accounted for **58%** of contract revenue, **55%** of the construction order backlog and **29%** of the new orders.

Ongoing clean hydro energy projects contributed **17%** to contract revenue, make up **26%** of the construction order backlog and a very impressive **51%** of new orders, mostly thanks to the acquisition of the Snowy 2.0 contract in Australia.

Completed or ongoing clean water projects made up **8%** of contract revenue, **5%** of the construction order backlog and **11%** of the new orders in 2019, while green building projects accounted for **5%** of revenue and **2%** of new orders.

Overall, **93%** of the new orders came from the above business areas, which contribute to progress towards the SDGs with a record **71%** of new orders for low-carbon projects.

Sustainable Mobility

The transport sector is responsible for two thirds of the global consumption of oil and continues to be the fastest growing GHG emitter with roughly 1 billion people still without access to viable roads all year round.

Passenger traffic is expected to increase by 50% by 2030 to then double by 2050 while, in the meantime, only 16% of global urban journeys takes place using public means of transport.

The Group is one of the key operators in the urban (metros and light rail) and non-urban (high speed railways) sustainable mobility sectors as well as in the land transport infrastructure (roads and motorways), sea (ports, navigable channels) and air (airports) sectors.

The metro projects under construction alone will allow the fast, efficient and sustainable transportation of roughly three million people a day on state-of-the-art infrastructure, avoiding emissions of roughly 550 thousand tonnes of CO_2 a year. The high speed railway projects will shorten travel times by between 25% to 50%, providing around 23 million people with safe, rapid and low-carbon services. In fact, rail transportation services generate emissions up to one eighth of those of the most environmentally-friendly cars and up to one ninth of the most efficient aircraft.

The Group has built 7,534 km of metros and railway lines, 64,194 km of roads, 590 km of bridges and viaducts and 1,587 km of tunnels and underground works.

It has constructed unique works like the new Panama Canal, which has enabled the post-Panamax ships to cross the American continent since 2016 rather than going around it, leading to an approximate 16 million tonne reduction in CO_2 emissions a year.

Clean Hydro Energy

The energy sector is responsible for two thirds of the global GHG emissions while roughly 840 people still do not have access to electricity.

Hydropower is the first renewable source of energy in the world and provides 71% of all the global renewable electricity. Unlike the other renewable sources like wind and solar power, which are intermittent and, therefore, cannot ensure the constant supply of energy, hydropower is the most reliable and constant source. This is why it is essential for the world's energy transition.

Hydropower is one of the renewable sources with the lowest unit cost, which makes it particularly suitable for those areas of the world where most of the population still does not have electricity, like some of the emerging economies.

The Group is one of the key players in this sector and has installed capacity of 45,000 MW, which includes both completed and ongoing projects.

The ongoing hydropower projects will have capacity of more than 14,000 MW and will provide low-cost clean energy to tens of millions of people around the world, especially in the Horn of Africa (Ethiopia and surrounding countries) Central Asia (Tajikistan and adjacent countries) and Australia. This should avoid emissions of roughly 14.5 million tonnes of CO_2 a year.

Clean Water

The efficient management of water is one of the principal global challenges given that five billion people live in areas subject to water stress, 2.4 billion people do not have access to drinking water, 4.2 billion to modern sanitation services and 80% of the water discharges are released into the environment without proper treatment. In fact, the effects of climate change are having a faster-than-expected effect.

The Group is a global leader in the water infrastructure sector and active in the entire water cycle, from supply to drinking water to irrigation and the final treatment of wastewater.

Thanks to the group company Fisia Italimpianti, which leads the desalination, drinking water and water treatment sector, the Group is a strategic partner for public and private sector clients in areas subject to water stress like the Middle East. It builds essential water infrastructure for millions of people. Salini Impregilo also has immense experience in building water storage for drinking water and/or irrigation, environmental recovery projects and works to upgrade urban wastewater management infrastructure to make it more resilient to the increasingly frequent extreme weather events, protecting areas affected by flooding and preventing the pollution of the receiving water bodies.

More than 20 million people are served by just the plants built by Fisia while another approximate 14 million people will benefit from the water infrastructures currently being built by the Group, in addition to seven thousand hectares of new irrigable land thanks to the irrigation reservoirs under construction.

Green Buildings

By 2050, 68% of the world's population will live in urban areas, which are already highly polluted and subject to environmental stress which has a significant fall-out effect on the health of residents and public finance.

Estimates indicate that 91% of the global urban population breathes air of a quality below the standards set by the World Health Organisation.

Over the years, the Group has constructed civil, institutional, commercial, cultural, sporting and religious buildings accumulating vast experience in Eco-design & Construction systems, which allow a reduction in the works' environmental footprint over their life cycle.

Specifically, adoption of these systems (e.g., Leadership in Energy and Environmental Design - LEED) allows both a reduction in the environment footprint during construction, thanks to the use of low-environment impact raw materials and optimisation of production and logistics processes, and maximisation of the building's environmental performance during its lifetime as a result of lower energy and water consumption and less emissions.

The environmental advantages of using Eco-design & Construction systems are measured by comparing them to environmental performances obtained using standard design and construction methods. The Group has found that green buildings generate lower environmental impacts of more than 30% and this is one of the reasons why the Group's projects have garnered important accolades at international level for their innovative and environmental sustainability characteristics.

Strategic pillars

Given the complexity of global challenges and the competitive playing field, the Group has to be agile and dynamic, ready to pre-empt the market's needs before it is even aware of them and the related business opportunities.

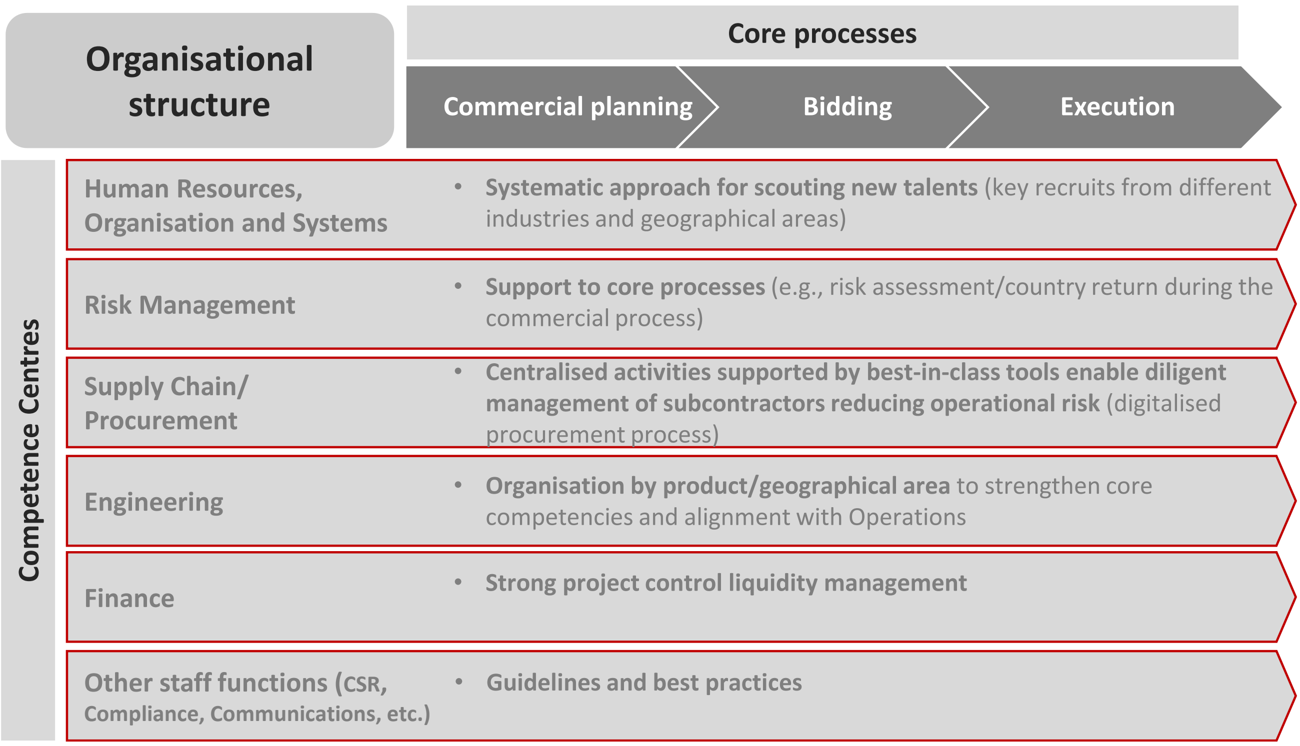
Accordingly, the Group has refreshed its organisational model significantly in recent years to ensure continuous improvement and a sharper focus on efficiency, innovation and responsible conduct.

Efficiency

This organisational overview has affected the entire Group, has had a profound impact on its internal culture and has required the active involvement of all levels of decision makers and operational resources. The objective was to ensure optimal management of all core processes, from commercial planning to the bidding and execution processes.

The corporate competence centres ensure the application of best practices and the Group's guidelines by all subsidiaries as well as optimisation of operating competencies and synergies along the entire value chain.

Organisational model designed to foster efficiency



A key facilitator of the organisational re-engineering project undertaken by the Group is the Performance Dialogue tool. It allows continuous monitoring of the ongoing projects through regular debriefing sessions that involve all internal levels of the Group's organisation. The tool ensures a structured exchange of information between the resources in the field and at headquarters, shared objectives and management priorities, the definition of agreed action plans and activation of operating tools to resolve any critical issues and benefit from potential opportunities.

Making processes more efficient has a significant impact on productivity and optimisation of the allocated resources, for example, in terms of personnel productivity (revenue/employees), which improved by roughly 7% in 2019.

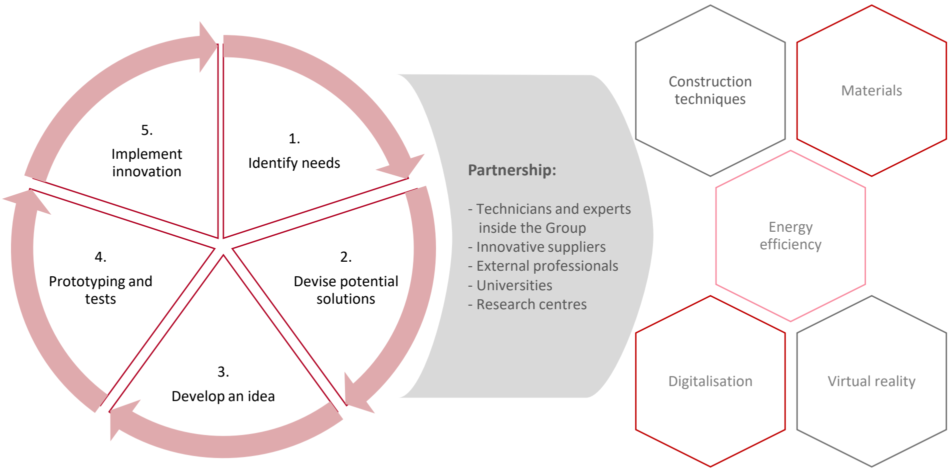
Innovation

Salini Impregilo considers innovation to be fundamental for its long-term sustainable development.

The Group's sector is known for the highly customised processing, techniques and technologies deployed depending on the nature of the works to be performed even though the construction sector is generally considered to have a low innovation level. Each project is unique and requires the development of bespoke solutions designed thanks to highly specialist know-how. The Group's work sites are real hives of innovation and advanced research.

Innovation is not only a lever to overcome the technical challenges of the projects to be built but it also underpins the Group's competitiveness, as it contributes to making its core processes more efficient, thanks to optimised performance times and costs and support processes, as well as its social and environmental performance, because it translates into an improvement in safety conditions and a smaller impact on the environment, and, thus, on the communities where the Group operates.

Development process for innovative initiatives



Research, development and innovation initiatives take place at project and central level. They involve the technical departments of both the Group and its partners (innovative suppliers, professionals, universities and research centres) in the development of innovative solutions to improve internal processes and develop tailored projects to meet customers' requirements right from the bidding phase.

The Group invested on average more than €19 million a year in the 2017-2019 three-year period in innovation, research and development activities for a total of approximately €58 million. These projects have involved on average more than 100 group specialised resources.

Responsible conduct

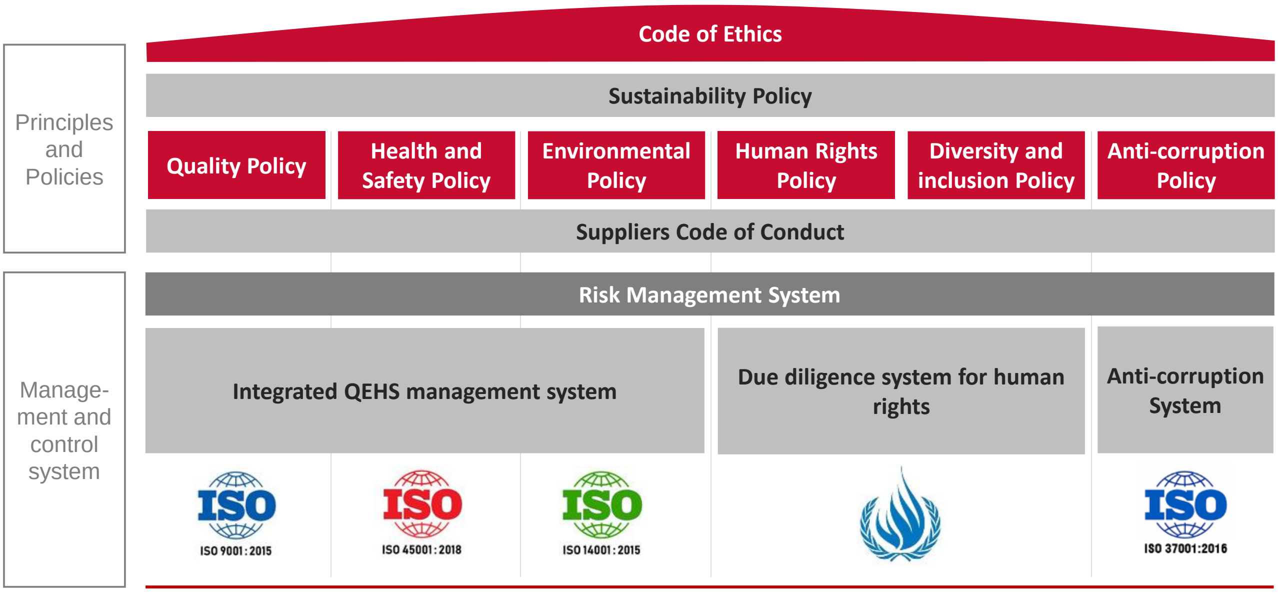
As well as building works that contribute to a territory's sustainable development, the Group's operations reflect its principles of integrity, correctness, reliability and sustainability. Its priorities include the protection and enhancement of its people in the social sphere and the fight against climate change and promotion of the circular economy in the environmental sphere.

Main Sustainability KPIs

HUMAN RESOURCES	**Health and safety**	**-25%** of the LTIFR compared to 2018	**>154** thousand hours of health and safety training
		6 consecutive years of decreasing number of injuries	**>740** employees involved in the Safety Builders programme
	Diversity and inclusion	**>100** nationalities in the work force	**24%** of key positions covered by international resources
		37% women at headquarters	**69%** of local employees
ENVIRONMENT	**Climate change**	**-33%** energy consumption compared to 2018	**44** emission reduction initiatives for the 2017-2019 period
		-25% CO_2 emissions compared to 2018 (Scope 1 and 2)	**>147** thousand t CO_2 avoided in the 2017-2019 period
	Circular economy	**58%** of reused excavated materials	**20%** of water recycled and reused
		42% of materials purchased within a 160 km radius of the work sites	**73%** of waste not sent to landfills

Salini Impregilo has a coordinated framework of policies and management systems designed to ensure compliance with the highest ethical, integrity, social and environmental principles.

Ethical, social and environmental responsibility framework



The efficient implementation of the ESG best practices is confirmed by the Group's regular assessments by its investors, non-financial rating agencies, clients and other stakeholders. Its main ESG ratings in 2018 and 2019 are shown below.

Rating provider	*Rating*	*Trend compared to previous rating*
CDP DISCLOSURE INSIGHT ACTION	Salini Impregilo has obtained the **A-** rating achieving leadership level in the Climate Change project, above the sector average of B	↑
ISS-oekom	The parent has obtained the **C+** rating and qualifies as "**Prime**" as a sector leader (alongside Acciona and JM)	↑
MSCI	Salini Impregilo has obtained the **BBB** rating, improving its previous BB grade	↑
vigeo eiris	Salini Impregilo has a score of 53 and a "**Best Improver**" status. It is ranked third of the European companies in its sector	↑
ecovadis SUPPLIER SUSTAINABILITY RATINGS	Salini Impregilo has a score of 65 and a "**Gold**" status, well above the sector's average (46.3)	↑
open corporation	The company has a score of 76 and is a "**Leader**" of its sector and 6th in the general classification (which includes all business sectors)	↑

More information about the Group's ethical, social and environmental policies, practices and performance is available in the Consolidated Non-financial Statement, which is an integral part of this report.

Shared development

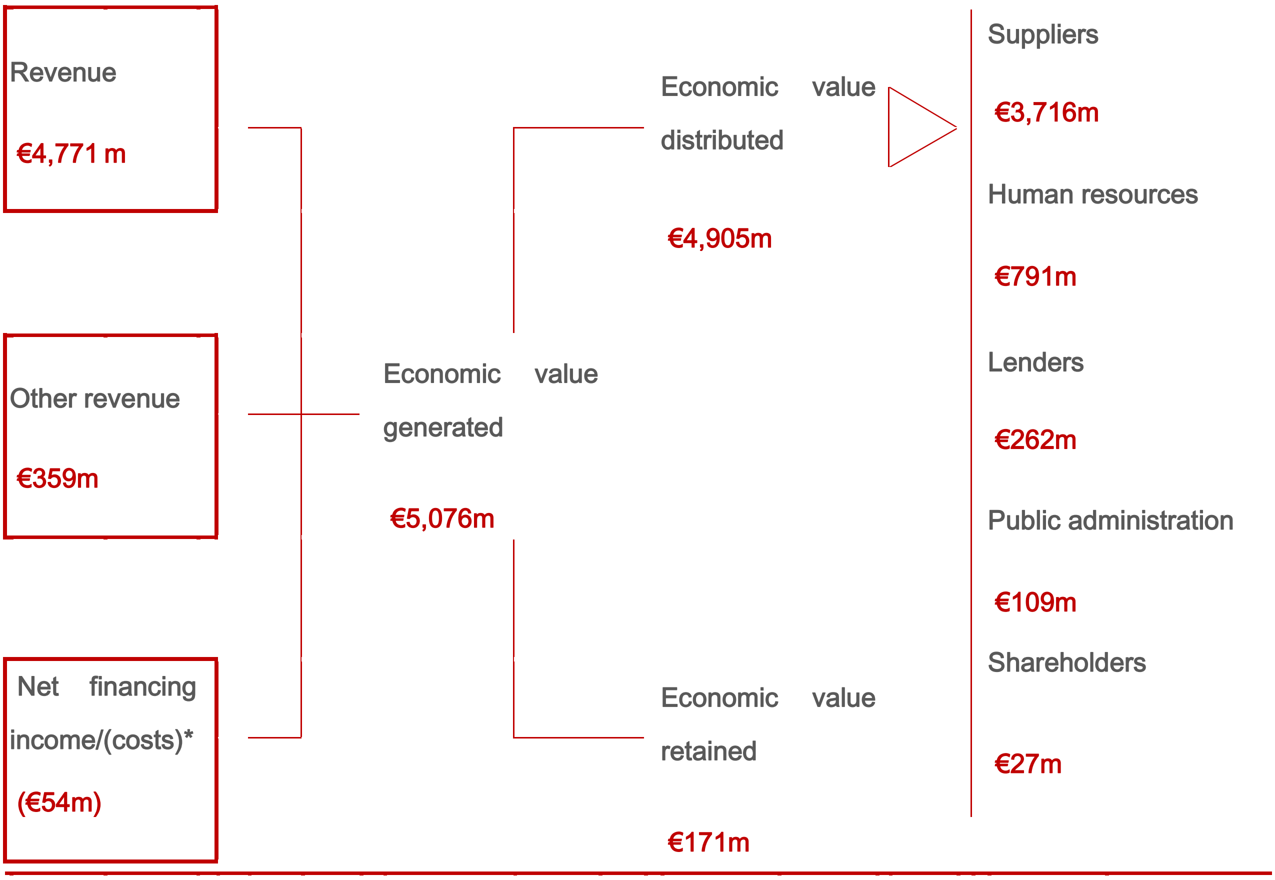
The Group generates value in its works, its operations and its relations with internal and external stakeholders and shares this value with its shareholders, investors, clients, employees, suppliers, institutions and local communities.

The economic value generated and distributed is a widely-accepted indicator of the Group's contribution to its stakeholders. It is also known as the social cash flow as it considers an organisation’s cash inflows and outflows that affect its main stakeholders.

Value creation is measured as both the value generated by the Group (revenue and other inflows) and the value distributed to its stakeholders[6] or retained by it for reinvestment.

6 The value distributed to stakeholders consists of dividends proposed by the board of directors to the shareholders as set out in this report.

Economic value generated and distributed to stakeholders in 2019



* This caption is the sum of the following financial statements captions: Financial expense + Exchange differences + Gains (losses) on equity investments.

The social cash flow measures just the direct value generated by the Group, without considering the indirect and induced contributions of its activities to the areas where it operates.

The Group has employment and procurement policies designed to maximise the use of local labour and suppliers and optimise the multiplicative effect of its investments on the local economies. In 2019, 69% of its workforce was made up of local workers while a very impressive 94% of its purchases was made from local suppliers.

Key events of the year

Progetto Italia

2019 was a crucial year for the Group in terms of the non-recurring transactions it was involved in, mostly linked to Progetto Italia. This industrial operation is of vital importance to the whole country and is designed to strengthen its infrastructure sector by acquiring and subsequently integrating Italian construction companies into Salini Impregilo.

The operation has its roots in the Group's growth vision followed for more than ten years, through internal and external growth. It is also a response to the need to relaunch the Italian infrastructure sector, hit by difficulties in recent years that have affected the main construction companies with a significant impact, inter alia, on employment levels.

Salini Impregilo intends to lever Progetto Italia to create a group of a size, technical expertise, know-how and financial, capital and economic solidity to compete more aggressively with the large international players on the global stage. The Project will create value not only for the Group but also all its stakeholders and the entire country.

Progetto Italia will benefit the integrated companies as well as the Italian economy, bolstering employment in the construction sector and induced sectors (which include over 36 related business segments). It will contribute to the sector's relaunch and the unblocking of the many currently blocked work sites. Completion of the unfinished infrastructure and more competitive Italian construction companies active on the international market will contribute to Italy's GDP and tax revenue. Therefore, Progetto Italia is an operation that is closely related to achievement of the SDGs in Italy, especially Goal 8 Decent work and economic growth and Goal 9 Industry, innovation and infrastructure.

In addition to Salini Impregilo, the "aggregator", Progetto Italia involves CDP Equity[7], as the strategic partner, and a syndicate of Italian banks (Intesa Sanpaolo, UniCredit and Banco BPM) as the financial backers.

The first integration transactions took place between the end of 2018 and the start of 2019 and involved Seli Overseas S.p.A. and Grandi Lavori S.r.l. (which wholly owns GLF Construction, USA)[8] and Cossi Costruzioni S.p.A.[9].

In 2019, Salini Impregilo presented an offer for an investment in Astaldi[10], the second largest Italian construction company. Astaldi's involvement is essential to Progetto Italia as it will allow the integration of the two most important Italian general contractors, creating an operator with stronger local roots, like the other large global players, and more competitive on international markets, thanks to the synergies between their geographical bases and infrastructure sectors served.

[7] CDP Equity S.p.A. is a holding company of the Cassa Depositi e Prestiti (CDP) Group, a company controlled by the Italian Ministry of the Economy and Finance which promotes the country's growth.

[8] Salini Impregilo has a right of usufruct on their shares and quotas, pending their subsequent acquisition

[9] The acquisition agreement was finalised on 29 March 2019.

[10] The offer is part of Astaldi's business continuity proposal with which it has applied for a deed of arrangement procedure to the Rome Court.

Salini Impregilo has drawn up a detailed financial plan for Progetto Italia, designed not only to achieve the Project's objectives but also to improve the new construction hub's flexibility. The financial plan includes, inter alia, the placing of new ordinary shares for €600 million, the commitment to subscribe Astaldi's capital increase for €225 million and the incorporation of Beyond S.r.l. to acquire the bonds issued by Astaldi.

The new shares were successfully placed in November 2019, with demand significantly exceeding offer at the subscription price, demonstrating the confidence in Salini Impregilo and Progetto Italia of European and US investors and investors of other countries. It has expanded and further diversified the parent's investor base.

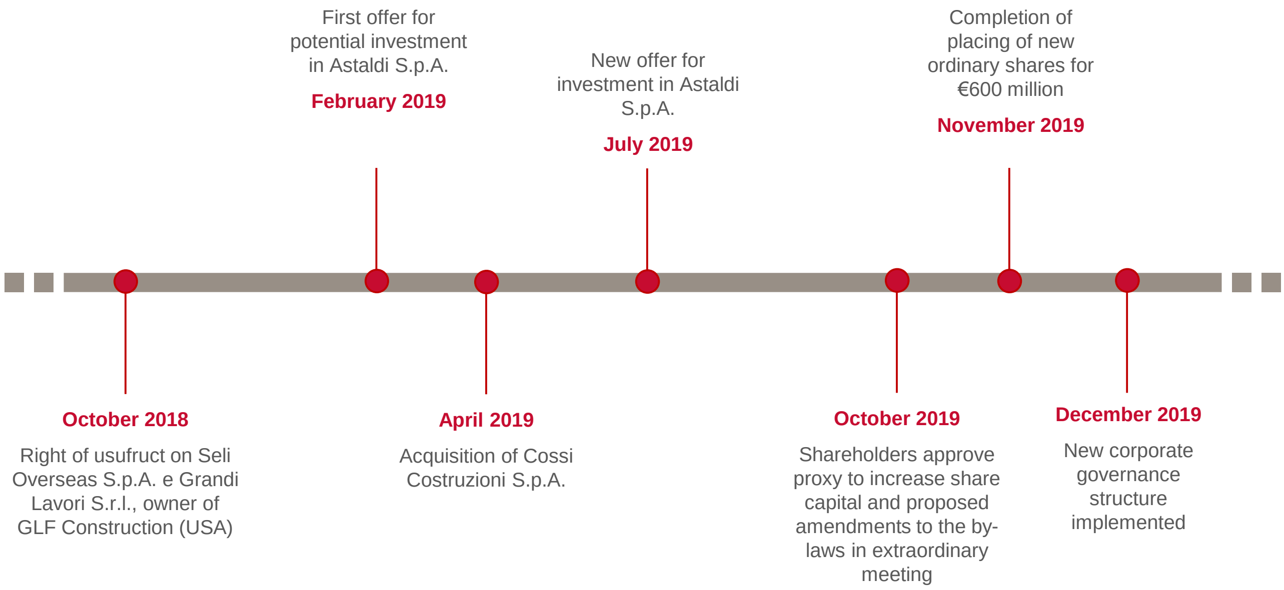
The new share issue changed the ownership structure. At the end of 2019, the main shareholders were Salini Costruttori S.p.A., CDP Equity S.p.A., Intesa Sanpaolo S.p.A., UniCredit S.p.A. and Banco BPM S.p.A.[11]. It also led to a new corporate governance structure with the creation of a strategic committee to advise the board of directors on Progetto Italia and its implementation.

Rebuilding the fragmented Italian construction sector, strengthening its financial structure and profit-making capacity, enhancing its know-how and management skills, vertical geographical and specialisation integration: these are the objectives set by Progetto Italia as a solid industrial operation that will create an increasingly global and flexible player able to respond to the specific requirements of any individual context thanks to a network of suppliers and partners in more than 50 countries and an unique blend of expertise and innovative capacity.

Progetto Italia includes the Group's rebranding as "WeBuild". It is a name that very clearly evokes the Group's vision, accompanied by a strong and direct verb, "Build", that represents the DNA of a construction company that builds large complex infrastructure, in addition to the values of solidity, quality and partnership, while the word “We" expresses the fundamental role played by people and teams.

[11] Salini Costruttori S.p.A. with 44.99%, CDP Equity S.p.A. with 18.68%, Intesa San Paolo S.p.A. with 5.27%, Unicredit S.p.A. with 5.27% and Banco BPM S.p.A. with 0.67% of the shares with voting rights. More information is available in the report on corporate governance and the ownership structure.

Main milestones of Progetto Italia

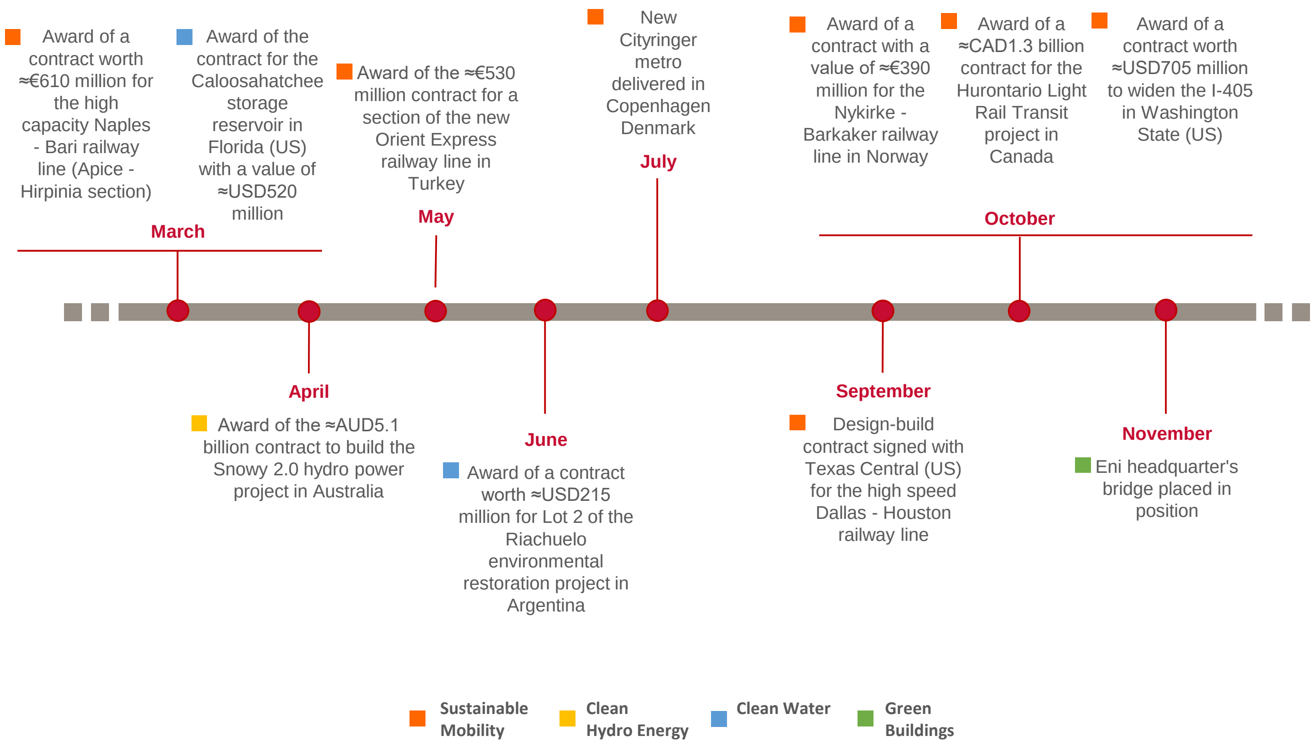


New orders and milestones achieved in 2019

As mentioned earlier, the Group obtained a record number of new orders in 2019 worth €8,105 million. A noteworthy 93% of the new construction orders relate to projects that contribute to achievement of the SDGs and 71% to low-carbon projects.

The new projects and main milestones achieved in 2019 are described below while more information is available in the section on the Group's performance by geographical area.

New orders and main milestones of 2019



Directors' report - Part I

Order backlog

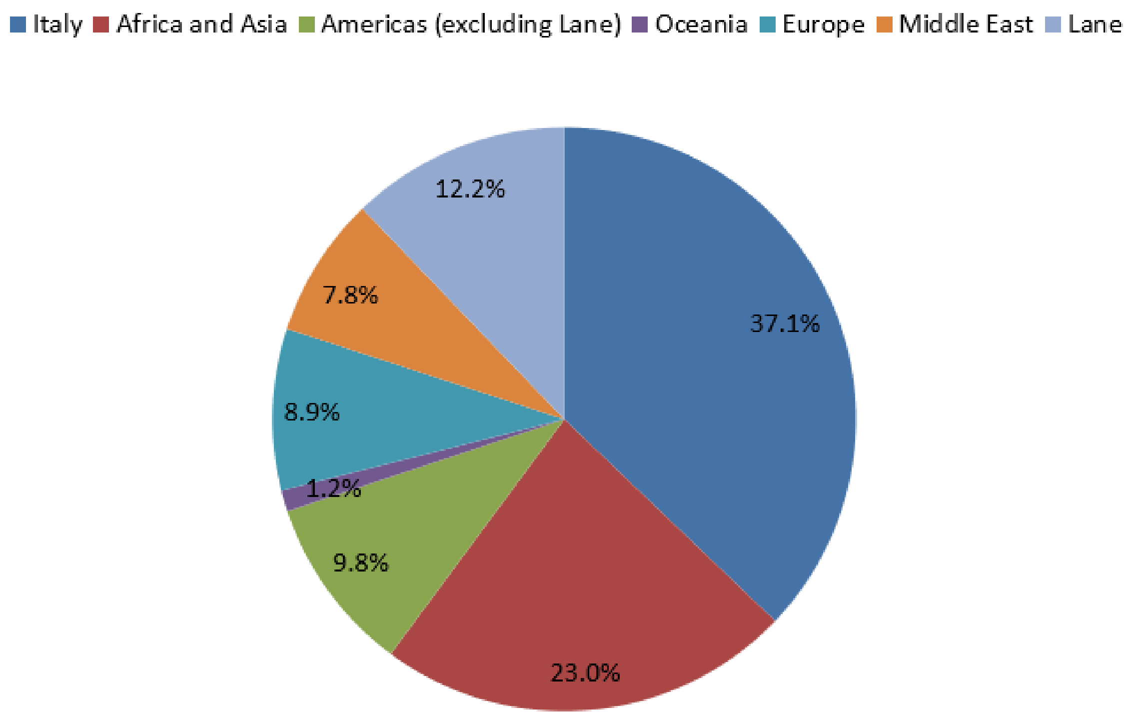
The order backlog by geographical area for the construction and concession segments is as follows:

(Share in millions of Euros)

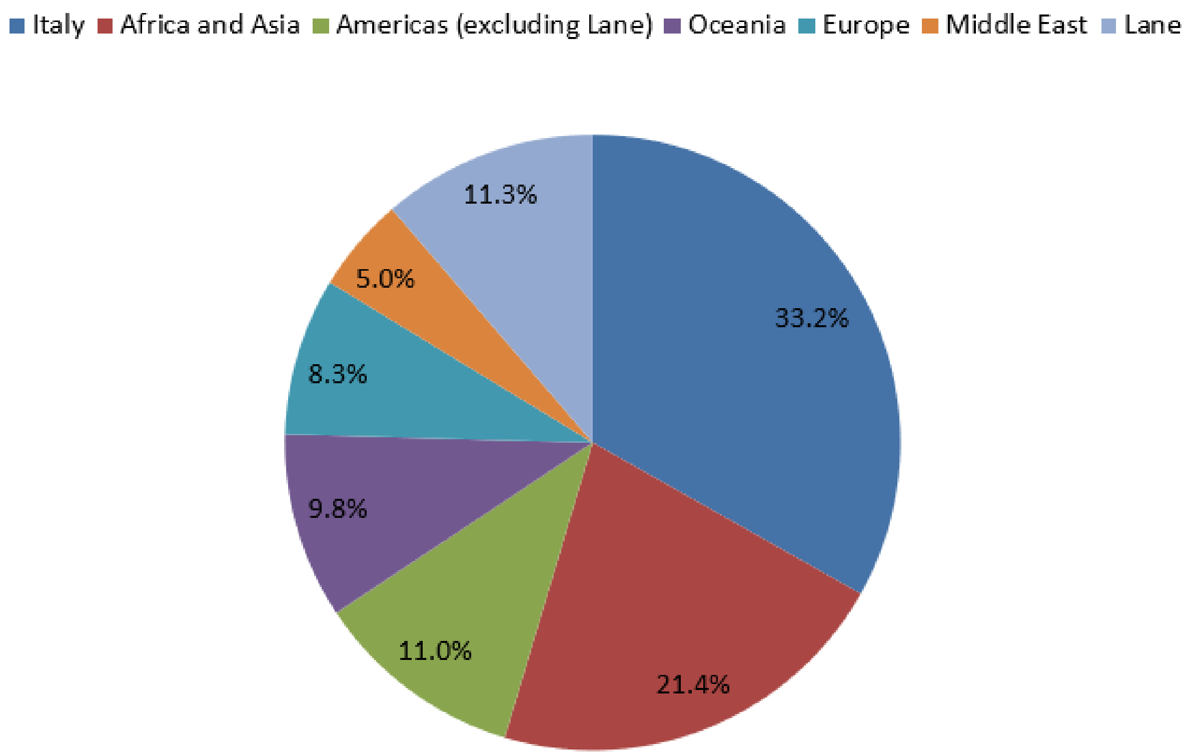
Area	Residual order backlog at 31 December 2018	Percentage of total	Residual order backlog at 31 December 2019	Percentage of total
Italy	**12,387.1**	**37.1%**	**12,016.2**	**33.2%**
Africa and Asia	7,670.2	23.0%	7,770.7	21.4%
Americas (excluding Lane)	3,254.5	9.8%	4,003.1	11.0%
Oceania	391.8	1.2%	3,536.3	9.8%
Europe	2,983.5	8.9%	2,998.6	8.3%
Middle East	2,606.1	7.8%	1,808.2	5.0%
Abroad	**16,906.1**	**50.7%**	**20,116.9**	**55.5%**
Lane	4,057.7	12.2%	4,096.2	11.3%
Total	**33,350.9**	**100.0%**	**36,229.3**	**100.0%**

The following chart provides a breakdown of the order backlog by geographical area:

Breakdown of the order backlog 31 December 2018

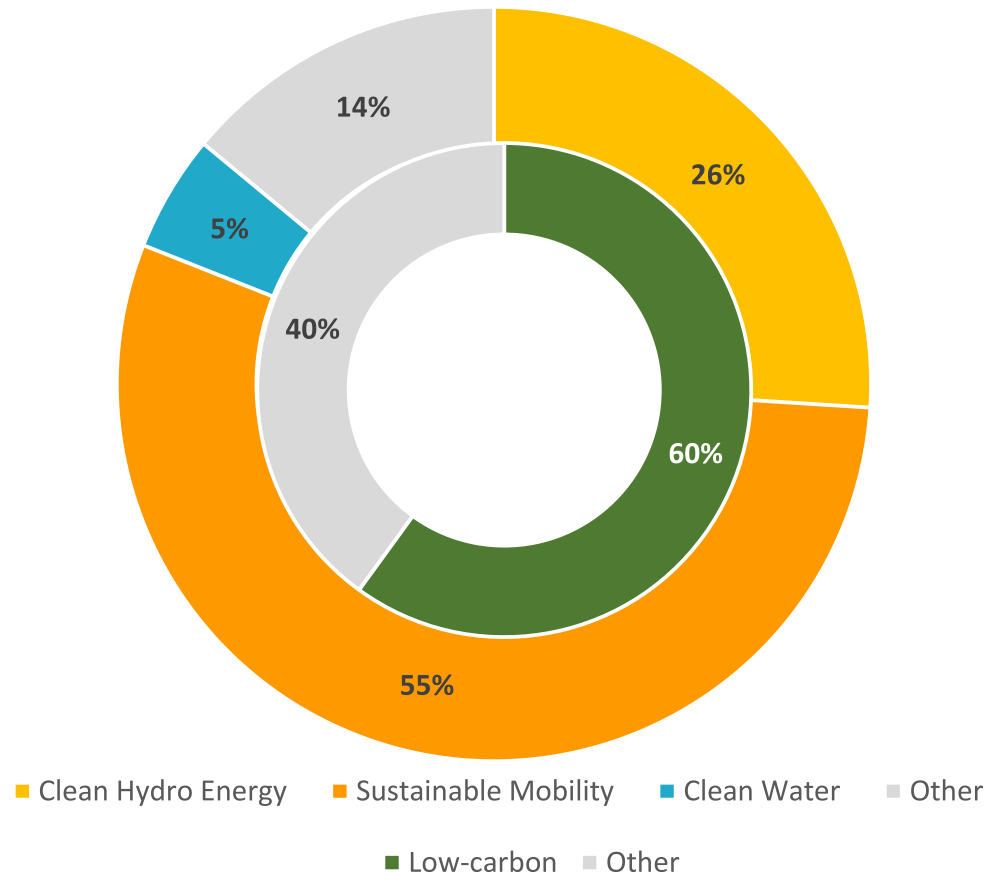


Breakdown of the order backlog 31 December 2019



A breakdown of the construction order backlog by business area and contribution to the fight against climate change (low-carbon/non-low carbon) is summarised below:

Breakdown of the construction order backlog at 31 December 2019 by business area



Information on the main ongoing projects and their sustainability characteristics is provided in the section on the performance by geographical area.

Order backlog

The order backlog shows the amount of the long-term construction and concession contracts awarded to the Group, net of revenue recognised at the reporting date. The Group records the current and outstanding contract outcome in its order backlog. Projects are included when the Group receives official notification that it has been awarded the project by the client, which may take place before the definitive binding signing of the related contract.

The Group’s contracts usually provide for the activation of specific procedures (usually arbitrations) to be followed in the case of either party’s contractual default.

The order backlog includes the amount of the projects, including when they are suspended or deferred (i.e., Venezuela and Libya), pursuant to the contractual conditions.

The value of the order backlog decreases:

- when a contract is cancelled or decreased as agreed with the client;
- in line with the recognition of contract revenue in profit or loss.

The Group updates the order backlog to reflect amendments to contracts and agreements signed with clients. In the case of contracts that do not have a fixed consideration, the related order backlog reflects any contract variations agreed with the customer or when the customer requests an extension of the execution times or amendments to the project that had not been provided for in the contract, as long as these variations are agreed with the customer or the related revenue is highly probable.

The measurement method used for the order backlog is not a measurement parameter provided for by the IFRS and is not calculated using financial information prepared in accordance with such standards. Therefore, the calculation method used by the Group may differ from that used by other sector operators. Accordingly, it cannot be considered as an alternative indicator to the revenue calculated under the IFRS or other IFRS measurements.

Moreover, although the Group’s accounting systems update the related data on a consolidated basis once a month, the order backlog does not necessarily reflect the Group’s future results, as the order backlog data may be subject to significant variations.

The above measurement method differs from the method used to prepare the disclosure on performance obligations yet to be satisfied in accordance with IFRS 15 as set out in note 34 to the consolidated financial statements. Specifically, the main contract revenue included in the order backlog and not considered in the notes includes:

- revenue from concession contracts as it is earned mainly by equity-accounted investees;
- revenue from the joint ventures not controlled by Lane Group and measured using the equity method;
- income from cost recharges attributable to non-controlling members of Italian consortia classified as “Other income”.
- contracts signed with clients that do not meet all the criteria of IFRS 15.9 at the reporting date.

Performance by geographical area

Italy

The Group operates in the construction segment in Italy, mostly in the areas of sustainable mobility and green buildings, and the concessions segment.

Reference context and macroeconomic scenario

Italy is ranked 30th in the SDB Global Rank, the index that measures progress towards achievement of the SDGs in 162 countries around the world. Italy shows progress in the majority of the goals that are most pertinent to the Group's business areas although it still faces tough challenges with respect to, in particular, mobility and the fight against climate change.

SDG	STATUS	TREND		AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	
6	Goal not yet reached Residual challenges remain	↑	On track to achieve the goal in 2030	Wastewater treated	79.6%
7	Goal not yet reached Residual challenges remain	↑	On track to achieve the goal in 2030	Renewable energy in final consumption	16.5%
9	Goal not yet reached Very significant challenges remain	↗	Improving, but progress insufficient	Quality of road infrastructure (1-7)	4.4
11	Goal not yet reached Significant challenges remain	↗	Improving, but progress insufficient	Satisfaction with public transport	42.4%
13	Goal not yet reached Very significant challenges remain	↗	Improving, but progress insufficient	Per capita CO_2 emissions (ton)	5.3

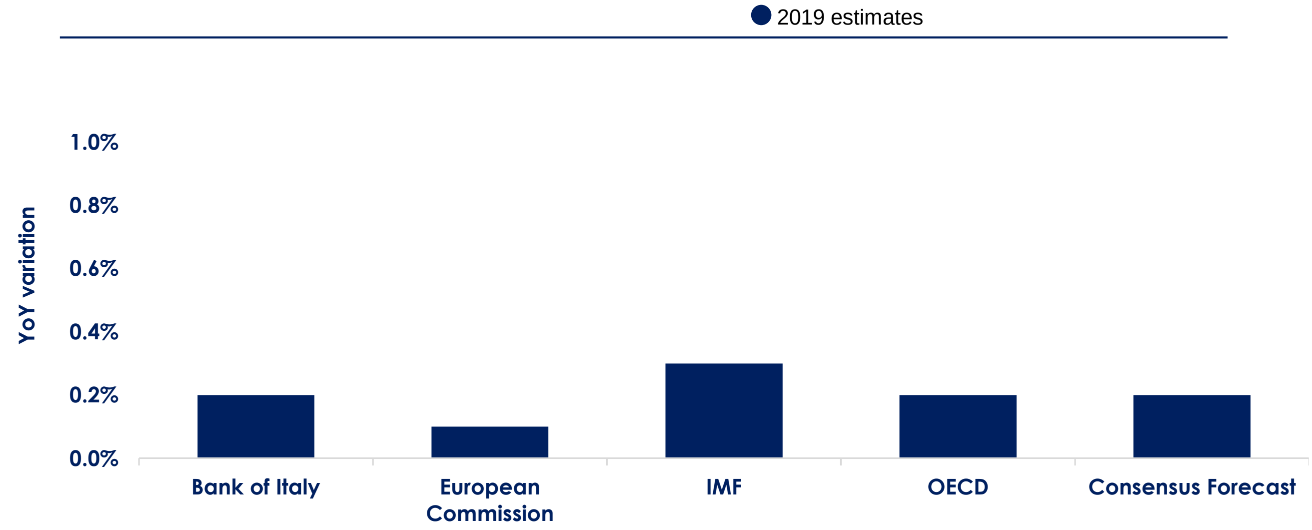
From an economic standpoint, after a positive 2018 when GDP increased by 0.8%, external and internal factors materialised holding back the Italian economy's growth. They include uncertainty about the weak global economy as well as internal factors such as the low private consumption levels, small tax revenue and weak industrial production. According to the IFM's most recent projections of March 2020, economic growth is estimated to be 0.3% in 2019.

According to the estimates published by the IMF on 20 March 2020, GDP is expected to decrease by 0.6% while public debt will rise to 137% of GDP and the deficit to 2.6%. These estimates only partly reflect the effects of the Coronavirus.

According to the 2020 construction market report issued by CRESME, an Italian research centre, investments in public works will grow by 5.5% in 2019, after growth of 2.3% in 2018.

This growth is mainly triggered by investments in transport infrastructure (railways, roads, ports, airports and metros), including crucial infrastructure which is already under construction and is of strategic interest to the country. The main growth stimuli are the public sector's renewed spending ability (its gross capital expenditure is projected to increase throughout the period from 2019 to 2022) and the amendments to the sector regulations with the decree to mobilise work sites (the "Decreto Sblocca-Cantieri").

Bolstering the upturn in investments, Ferrovie dello Stato Italiane Group announced that its 2019-2023 business plan includes investments of €58 billion, including €28 billion for railway infrastructure and €14 billion for road works.



Sources:
Bank of Italy, January 2020
IMF, January 2020

Outlook for 2020

In line with the new direction undertaken in 2014 with the decree to mobilise work sites (Decree law no. 133/2014), the 2020 budget law (Law no. 160 of 27 December 2019) includes measures to boost infrastructure investments of approximately €20.8 billion, mostly in the period from 2020 to 2034. They include grants for municipalities for the implementation of safety measures for buildings and the local areas (€4.9 billion to €8.8 billion), funds for municipalities for infrastructure investments (€400 million per year from 2025 to 2034), definitive and executive design costs borne by local entities (€2.7 billion - safety measures, hydrogeological risk, public buildings and municipal assets and roads), a fund for municipality-run playschools (€2.5 billion) and for the road system and schools operated by provinces and metropolitan cities (€6.1 billion). The 2020 budget law should extend the timeline for compliance with the requirements to tender and set up work sites for the work envisaged in the decree to mobilise work sites (Decree law no. 133/2014) in line with its stated intention and to relaunch public investments in the infrastructure sector. It should also confirm the strategies designed to identify the country's infrastructure requirements up to 2034. Part of the requirements for the procurement and setting up of work sites for the work envisaged in the decree led to the implementation and, in certain cases the completion, of the works for strategic projects such as the Milan - Venice high speed railway line, the Giovi third railway crossing and especially projects for southern Italy (the Naples - Bari high speed/capacity railway line and the doubling of the Palermo - Catania - Messina railway line).

On 17 March 2020, Decree law no. 18/2020 (the "Marzo Cura Italia" decree) was issued whereby the government earmarked €25 billion to stem the immediate effects of the spread of the Coronavirus (COVID-19).

Another Decree law should be issued in April to relaunch the economy by injecting liquidity of some tens of billions of Euros. The infrastructure sector should be one of those that will benefit from this measure.

Main ongoing projects

The following table shows the amounts involved in the main contracts:

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2018	Percentage of completion	Residual order backlog at 31 December 2019	Percentage of completion
Cociv Lot 1-6	3,260.9	33.2%	2,786.0	41.4%
Iricav 2	1,431.5	0.4%	1,430.1	1.2%
Other	3,441.6		3,555.2	
Total	**8,134.1**		**7,771.3**	

High-speed/capacity Milan - Genoa Railway Project (COCIV)

The project for the construction of the Giovi third railway crossing of the high speed/capacity Milan - Genoa railway line section was assigned to the COCIV consortium as general contractor by Rete Ferroviaria Italia S.p.A. (RFI, formerly TAV S.p.A. - as Ferrovie dello Stato's operator) with the agreement of 16 March 1992 and subsequent rider of 11 November 2011.

Salini Impregilo has a 99.999% stake in the consortium as its leader. Its stake changed during the year after Condotte's interest therein was decreased to the minimum as described in detail in the notes to the consolidated and separate financial statements.

The works began on 2 April 2012 and the contract is worth approximately €4.7 billion.

It is split into six non-functional construction lots for a total of roughly 125 months excluding the pre-operating/inspection phase (three months).

On 18 June 2019, RFI informed the consortium that, following enactment of Law no. 55 of 14 June 2019 containing urgent measures to relaunch the public works sector, the conditions established by the RFI-COCIV rider had been met. This rider provided for the contract to be drawn up for the sixth and last construction lot worth approximately €528 million and, accordingly, it was formalised. In October 2019, the consortium received the contract advance of roughly €53 million.

As provided for contractually, the contracts for the two Pozzolo - Tortona and Voltri - Polcevera lots were formalised during the year for €425 million as per the costs estimated in the tender bids.

At 31 December 2019, all the six lots provided for in the rider of 11 November 2011 were fully financed for €4.4 billion.

The call for tenders for the last lots to be assigned will start up again in 2020.

Information about the orders issued by the Rome and Genoa public prosecutors which also involved certain parties related to the consortium is available in the "Main risk factors and uncertainties" section.

High-speed/capacity Verona - Padua Railway Project

The IRICAV DUE consortium is RFI's general contractor for the design and construction of the high speed/capacity Verona - Padua section as per the agreement of 15 October 1991.

The 78.8 km railway line will cross 19 municipalities (six in the Verona Province, nine in the Vicenza Province and four in the Padua Province), to quadruple the existing line, increase the quality of the Italian railway system and assist its integration with the European network.

Salini Impregilo's involvement in the consortium is 34.09%.

On 22 December 2017, after the Ministry of Infrastructure and Transport completed its inspection, the Interministerial Committee for Economic Planning (CIPE) approved the definitive project for the first functional lot, the Verona - Vicenza junction, of the high speed/capacity Verona - Padua railway section, estimated to be worth approximately €2.4 billion. It authorised commencement of the first construction works worth an estimated approximate €850 million.

On 18 July 2018, after completion of the legitimacy checks by the Court of Auditors, the CIPE's approval measure was published in the Official Journal and became effective.

The approval measure authorised a maximum investment of €4.8 billion by RFI in the entire Verona - Padua railway line section, of which €4.2 billion for the general contractor.

During the year, the consortium was again involved in reviewing the updated definitive project for both the new works required by the CIPE and the new railway regulations and rules implemented since the date of commencement of the authorisation process.

It also held preliminary meetings with Italferr S.p.A., the technical expert engaged by RFI, to assess the project's technical and financial characteristics.

On 9 July 2019, following publication of the "Costs-benefits analysis" by the Ministry of Infrastructure and Transport, RFI notified the consortium of the timeline for the works necessary to be able to sign the rider for the first Verona – Vicenza junction functional lot.

Negotiations to define the lump-sum consideration and the text of the rider to the agreement of 15 October 1991 with RFI are still ongoing.

Other projects in Italy

Naples - Bari railway line Naples - Cancello section

The high capacity Naples - Bari railway line is of strategic importance to southern Italy as it connects its two most important economic and urban areas, which contribute more than 40% to the south's total production output. The project will extend the high speed/capacity service to southern Italy, connecting it to the rest of Italy and reducing travel times by between 20% to 45%.

The University of Sannio carried out a study which estimated that the new line will lead to demographic growth of 2.1% in the municipalities it crosses thanks to the stops along the way. This, in turn, should trigger growth of 1.6% in the related provinces' GDP and an increase of 6.6% in the residents' average income.

With respect to the Naples - Cancello section of the Naples - Bari railway line, the contract for which was signed in December 2017 by the joint venture led by Salini Impregilo (60% share), the contract advance was received on 5 April 2019. During 2019, work commenced including the clearing of ordnance and laying of the foundations for some viaducts and tunnel sections.

On 26 November 2019, Salini Impregilo signed a rider with RFI for the supply of crushed stone by the joint venture and the removal of the above-ground materials in areas located in the Casoria Municipality. This increased the contract consideration to approximately €417.7 million.

Naples - Bari railway line Apice - Hirpinia section

On 28 March 2019, RFI announced that the joint venture comprising Salini Impregilo (leader with 60%) and Astaldi had been awarded the contract for the executive design and construction of the Apice - Hirpinia section of the Naples - Bari railway line worth €608.1 million.

On 1 July 2019, the two partners set up Consorzio HIRPINIA AV and it signed the related contract with RFI on 31 July 2019. It collected the contract advance of €121.6 million, equal to 20% of the entire amount, on 25 October 2019.

During the second half of 2019, the consortium carried out the activities for the executive design and related geognostic investigations. It delivered the executive design to the site manager Italferr S.p.A. and the client RFI in February 2020.

Palermo - Catania railway line Bicocca - Catenanuova section

Again with respect to railway works, as leader of a consortium (51.3%), Salini Impregilo signed a contract with RFI to double the tracks on the Bicocca - Catenanuova section of the Palermo - Catania railway line, including the executive design. The contract is worth approximately €192 million.

Following approval of the executive design on 14 December 2018 and delivery of the works on 20 December 2018, the joint venture collected the contract advance on 5 April 2019.

In 2019, the ongoing works include the ordnance clearance, the deep foundations and reinforced concrete works of the main viaducts, the temporary deviation of the current line, construction of the tunnel, hydraulic manholes of the railway line under construction, electric traction and light driving power, construction and renovation of ailway buildings and the demolition of disused tracks.

Brenner base tunnel - Isarco River Underpass

This contract consists of underground civil works and external works for the relocation of national road SS12 and a cargo loading/unloading area on the A22 motorway. Salini Impregilo is the lead contractor with a share of 41%.

During 2019, the main activities involved the works to complete the excavation of four shafts, commencement of the works to strengthen the Isarco River Underpass, commencement of boring of the northbound tunnels, continuation of consolidation works using the jet grouting technique and the excavation and lining of the southbound tunnels.

Milan - Metro Line 4

Metro Blu S.c.r.l. (Salini Impregilo's investment: 50%) was set up to carry out the works and services related to the civil works to build the new Line 4 of the Milan Metro.

The new line, which will be fully automated (i.e., driverless), will cover a 15.2 km stretch from Linate to Lorenteggio. It will increase the city's public sustainability mobility system carrying an additional 24 thousand passengers an hour in each direction.

The contract includes the construction of two single-track tunnels, one in each direction, 21 stations and a depot/workshop. Work started in 2013 under an accessory agreement pending approval of the concession agreement of 22 December 2014 and the subsequent rider no. 1 of 5 February 2019.

The consideration for the EPC contract is roughly €1.8 billion.

The project comprises three stages and will take 103 months from the agreement's effective date, including the pre-operating and functional trials. The expected completion date is 22 July 2023.

Boring of the tunnels is 83% complete and the work should be finished during the first half of 2020.

Rebuilding of the Polcevera Bridge of the A10 motorway

With respect to motorways and bridges, Salini Impregilo and Fincantieri were awarded the contract worth approximately €200 million to rebuild the bridge over the Polcevera River in Genoa, as per the decree of the extraordinary commissioner for the reconstruction project of 18 December 2018.

The bridge's design incorporates environmental aspects, based on projections about the climate in the area to ensure that the bridge will stand up to the increase in rainfall expected to occur over the next 80 years. In addition, 100% of the excavation materials will be reused during the works and the completed project, once it is in operation, will have a photovoltaic system that will provide it with 95% of its energy requirements.

On 18 January 2019, the extraordinary commissioner signed the contract to rebuild the Polcevera Bridge, part of the A10 motorway, with PERGENOVA S.C.p.A., the consortium company limited by shares set up by Salini Impregilo and Fincantieri Infrastructure S.p.A. (50:50). The contract covers the design and execution of the works and services to rebuild the new bridge. The consortium company received the contract advance on 25

February 2019. The work areas were delivered on 15 April 2019 and awork is scheduled to take 382 days. At year end, the consortium company has completed the works for the sub-foundations of the bridge and the above-ground work was underway. On 1 October 2019, the first section of the deck was installed.

Jonica state highway 106 - Third maxi-lot

Sirjo S.c.p.A. (Salini Impregilo investment: 40%) is the general contractor for the design-build contract signed on 12 March 2012 for the third maxi-lot of Jonica state highway 106. The contract is worth approximately €980 million.

CIPE approved the definitive designs with resolution no. 3/2018 of 28 February 2018 published in the Italian Official Journal no. 178 of 2 August 2018, which followed its previous resolution no. 41/2016 approving the definitive designs for the first lot, published in the Italian Official Journal on 1 August 2017.

Sirjo S.c.p.A. sent the executive designs to the client on 15 April 2019 for checks by Conteco Check of the quality, technical and financial adequacy and compliance with the ruling regulations. Conteco Check completed its checks on 24 September 2019 and issued its report with a positive opinion. ANAS' board of directors should approve the executive designs by May 2020.

In addition, on 28 November 2019, ANAS sent the executive designs to the competent bodies so that they could check their implementation/compliance and approval of the plan for the utilisation of excavated soil and rocks (PUT, piano di utilizzo delle terre e rocce da scavo) pursuant to Legislative decree no. 161/2012. Given that no comments were received within the legal limit of 90 days for the plan's approval from the Ministry for the Environment, Land and Sea (MATTM), work on the project can be commenced.

Once the Ministry has approved the plan and ANAS' board of directors the executive designs, the site manager can deliver the works, slated to take place during the second quarter of 2020.

ENI headquarters

The Group does not limit itself to infrastructure. It is also engaged in acquiring orders in the commercial building sector, thus availing of development opportunities mostly created by the growth of Italy's large metropolitan areas. In partnership with a leading group of investors and acting as contractor, Salini Impregilo signed a contract on 28 July 2017 for the building of ENI's new headquarters in San Donato Milanese. This construction contract is worth roughly €151 million (Salini Impregilo's share: 60%).

Work began at the end of 2017 and continued in 2019 with construction of the three buildings. Activities for the bulk of the project, such as the installation of the systems and facades, have been stepped up.

Negotiations with the customer about the internal finishings became more intense towards the end of the year to be settled with a rider with a value of approximately €15 million. This will lead to an extension of the delivery times of around six months.

...

Unforeseen costs have been incurred on the high speed/capacity Milan - Genoa railway line section and Eni's headquarters and the contractor has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and contract liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Italian concessions

The Group's concessions activities in Italy mainly consist of investments in the operators still involved in developing projects and constructing the related infrastructure.

These concessions principally relate to the transport sector (motorways, metros and car parks).

The following tables show the key figures of the Italian concessions at the reporting date, broken down by business segment:

MOTORWAYS

Country	Operator	% of investment	Total km	Stage	Start date	End date
Italy (Pavia)	SaBroM S.p.A. (-Broni Mortara)	60	50	Not yet active	2010	2057
Italy (Ancona)	Passante Dorico S.p.A. (Ancona Port)	47.0	11	Not yet active	2013	2049

METROS

Country	Operator	% of investment	Total km	Stage	Start date	End date
Italy (Milan)	SPV Linea 4 S.p.A. (Milan Metro Line 4)	9.7	15	Not yet active	2014	2045

CAR PARKS

Country	Operator	% of investment	Stage	Start date	End date
Italy (Terni)	Corso del Popolo S.p.A.	55.0	Active	2016	2046

OTHER

Country	Operator	% of investment	Stage	Start date	End date
Italy (Terni)	Piscine dello Stadio S.r.l.	70.0	Active	2014	2041

Lane operating segment

The Group is active in the US through the subsidiary Lane Industries Incorporated, which mainly operates in the sustainability mobility and clean water areas.

Reference context and macroeconomic scenario

The US is ranked 35th in the SDG Global Rank, the index that measures progress towards achievement of the SDGs in 162 countries around the world. The US shows progress in the majority of the goals that are most pertinent to the Group's business areas although it still faces tough challenges with respect to, in particular, the fight against climate change.

SDG	STATUS	TREND		AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	
6	Goal not yet achieved Residual challenges remain	↗	Improving, but progress insufficient	Population with access to adequate wastewater treatment systems	**89.5%**
7	Goal not yet achieved Significant challenges remain	↗	Improving, but progress insufficient	Renewable energy in final consumption	**8.7%**
9	Goal not yet achieved Significant challenges remain	↑	On track to achieve the goal in 2030	Quality of road infrastructure (1-7)	**5.5**
11	Goal not yet achieved Significant challenges remain	↗	Improving, but progress insufficient	Satisfaction with public transport	**51.3%**
13	Goal not yet achieved Very significant challenges remain	→	Stable or with insufficient improvement	Per capita CO_2 emissions (ton)	**16.5**

From an economical standpoint, the US economy continues to grow with positive development prospects. The IMF's most recent forecasts of January 2020 show GDP growth of 2.3% in 2019.

The growth rate seen since 2009 has continued one of the longest expansionary phases of the US economy to date. In December 2019, the US Department of Labour announced that the unemployment rate was around 3.5%, down 0.4% on the December 2018 figure.

According to the 2020 construction market report issued by CRESME, an Italian research centre, in November 2019, the US market will be one of the largest markets in the world in terms of investments in construction, with just China ahead of it.

The Trump Administration has prioritised the construction of infrastructure during its mandate and has announced projects worth more than USD1,000 billion will be rolled out before 2027 in the energy and transport sectors (President Trump announced that this amount had been increased to USD1,500 billion in his State of the Union address in January 2018).

Outlook for 2020

The Group's reference market in the US should offer a pipeline of possible calls to tender worth USD30.1 billion (Lane's share: USD20.0 billion) in 2020 as follows:

- roughly 25% in tunnel works, airports and the water/energy sectors;
- roughly 60% in highways and bridges;
- roughly 15% in railway projects.

With respect to the railway sector, Texas Central (TC) has awarded the Group a design-build contract for the new 240-mile high-speed train service between Houston and Dallas in Texas.

The Global Investment Hub estimates that investments of USD6,690 billion will be made in the above sections in the 2020-2040 period, including 44% in roads, 43% in the water/energy sector and the other 13% in railways and airports.

Main ongoing projects

The following table shows the amounts involved in the main contracts:

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2018	Percentage of completion	Residual order backlog at 31 December 2019	Percentage of completion
I-10 Corridor - California	584.2	0.6%	539.6	10.0%
C43 Water Management Builders - Florida	-	0.0%	453.6	2.7%
Purple Line - Maryland	452.9	23.1%	364.9	38.3%
Southern Wake Freeway - North Carolina	352.1	0.0%	322.0	10.3%
North-East Boundary Tunnel - Washington	391.2	19.0%	280.8	43.2%
I-440 Beltline Widening - North Carolina	299.1	1.0%	278.8	9.5%
I-405 Renton/Bellevue (Flatiron-Lane JV) – Washington	-	0.0%	240.0	4.4%
West Ship Canal CSO – Washington	-		224.0	1.3%
I-40/I-77 Interchange - North Carolina	223.7	1.6%	206.7	10.8%
Wekiva Parkway - Florida	214.7	2.9%	200.8	10.9%
I-4 Ultimate - Orlando - Florida	211.6	62.1%	194.1	70.5%
Other	1,328.1		791.0	
Total	**4,057.7**		**4,096.2**	

Purple Line - Maryland

In March 2016, the Purple Line Transit joint venture, which includes Lane Construction, was selected as the best bidder for the design and construction of the Purple Line transit system worth USD2billion (increased to roughly USD2.2 billion due to contract modifications).
The project includes the construction of 21 stations along a 16-mile alignment, mainly between New Carrollton and Bethesda, north of Washington DC. It will be able to carry 74 thousand passengers a day by 2040, saving an estimated approximate 17 thousand car journeys a day. Employment created by the construction work will be in excess of 6,300 workers, 22% of whom from disadvantaged categories (Disadvantaged Business Enterprises - DBE).
Lane Construction is involved in the construction work with a 30% share.

North-East Boundary Tunnel - Washington DC

In July 2017, the Lane Construction and Salini Impregilo joint venture won the design-build contract for the mechanised excavation of an 8.2 km tunnel and related works in Washington D.C. worth USD580 million (decreased to approximately USD555 million as a result of contract variations). The works are part of the clean rivers project for the Anacostia River, which will help reduce combined sewer overflows to the River by 98% and the chance of flooding in the areas it serves from about 50% to 7% in any given year. The client issued the notice to proceed in September 2017. Construction work, including the tunnel excavation, started in March 2018.

C43 Water Management Builders - Florida

In March 2019, the Lane-Salini Impregilo joint venture (70%:30%, respectively) was awarded a contract worth USD524 million to build the Caloosahatchee (C43) storage reservoir in southern Florida. Commissioned by the South Florida Water Management District as part of the Comprehensive Everglades Restoration Plan to restore the wetlands and contain wastewater, the project is designed to reduce harmful discharges into the Caloosahatchee Estuary in Hendry County and includes the construction of an earth-fill dam and a separator dam.

West Ship Canal CSO - Washington

In August 2019, Lane was awarded a contract worth USD255 million to build a water storage tunnel to reduce polluted overflows into the Washington Lake Washington Ship Canal. The main storage tunnel and shafts will consist of a tunnel around 14,000 feet long.

I-4 Ultimate - Orlando - Florida

In September 2014, I-4 Mobility Partners entered into a concession agreement with the Florida Department of Transportation (FDOT) to design, build, finance and operate the USD2.3 billion I-4 Ultimate Project. The operator subsequently assigned the works to a joint venture composed of Skanska (40%, leader), Granite (30%) and Lane Construction (30%).

The project includes the reconstruction of 21 miles of I-4 from west of Kirkman Road in Orange Country to east of SR 434 in Seminole County, including the addition of four lanes and sections in Orlando.

I-10 Corridor - California

In August 2018, the Lane-Security Paving joint venture won a design-build contract for the I-10 Corridor Express Lanes (Contract 1) in California. The project's overall value approximates USD670 million, with Lane acting as project leader with a 60% share of the joint venture. Once completed, the lanes are expected to reduce traffic congestion in this area of southern California which has seen large population growth in the last few years.

Wekiva Parkway - Florida

In October 2018, Lane Construction won a contract worth approximately USD250 million in Florida to design and build a section of the Wekiva Parkway in Seminole County, north of Orlando. The project will include the new Wekiva Parkway interchange at I-4 that will connect with SR 417 to provide sustainable mobility alternatives by reducing traffic in large congestion areas in the counties of Orange, Lake, and Seminole.

I-440 Beltline Widening - North Carolina

In October 2018, Lane Construction won a contract worth approximately USD350 million to widen the I-440/US 1 to six lanes from four for approximately 12 km and replace pavement and bridges in the Raleigh, NC area.

I-40/I-77 Interchange - North Carolina

In December 2018, Lane Construction was awarded a contract worth approximately USD260 million to improve the I-77/I-40 interchange in Iredell County, NC. The contract foresees the widening from four lanes to eight lanes by designing and building a partial turbine interchange.

Southern Wake Freeway - North Carolina

In December 2018, the Lane-Blythe Construction joint venture was awarded the design-build contract worth roughly USD400 million to extend the Triangle Expressway from U.S. 401 to I-40 in the Wake and Johnston Counties. It is part of the Complete 540 project to improve the highway system in Raleigh, the state capital. Lane has a 50% stake in the joint venture with Blythe Construction, a subsidiary of Eurovia (Vinci Group).

I-405 Renton/Bellevue (Flatiron-Lane JV) - Washington

In October 2019, as part of a joint venture with a 40% stake, Lane won a design-build contract with an overall value of USD705 million to widen the highway and install a dual express toll system on Washington's I-405 between the I-405/SR interchange at Renton and NE 6th Street in Bellevue, one of the state's most travelled and congested corridors.

…

With respect to the I-4 Ultimate and Purple Line contracts, unforeseen costs have been incurred and the contractor has accordingly presented its request for additional consideration. The costs are included for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Abroad

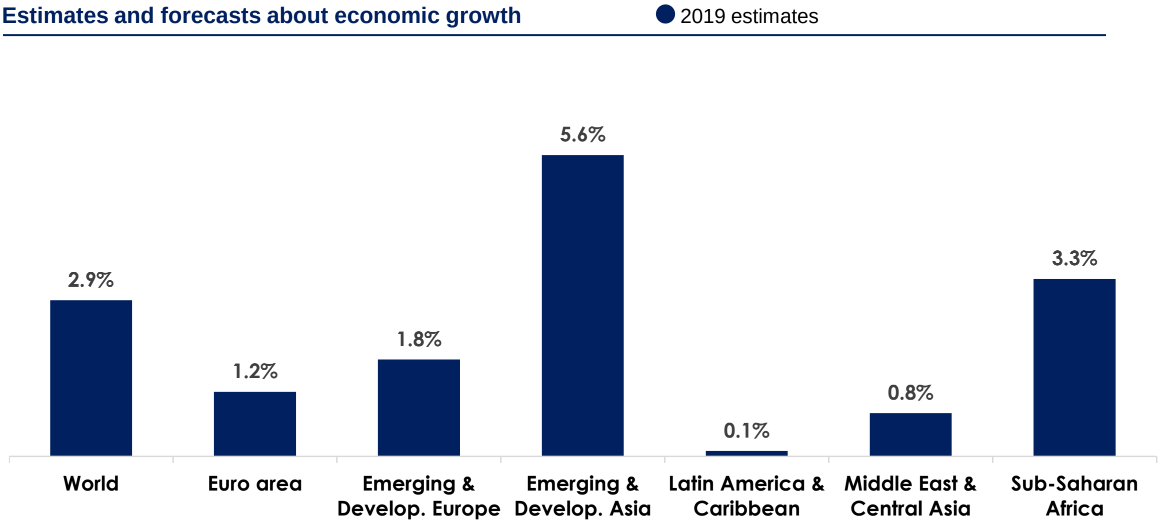
The Group is active in the construction and concessions sectors abroad, mainly in the sustainable mobility, clean hydro energy and clean water areas.

Macroeconomic scenario

Based on the IMF's most recent projections of January 2020, global growth is 2.9% in 2019, a slight reduction on the 3.6% recorded in 2018.

The main reasons for the slower growth seen since the second half of 2018 include the US economy's return to a more normal expansionary pace, trade policy uncertainty, weak industrial production in Europe as a result of a contraction in foreign demand, especially from the emerging Asian economies, geopolitical tensions and idiosyncratic stress in key emerging market economies including Mexico, India and Russia, intensifying social unrest in several countries and finally the weather-related disasters, from hurricanes in the Caribbean, to drought and bushfires in Australia, floods in eastern Africa and drought in southern Africa.

Estimates and forecasts about economic growth



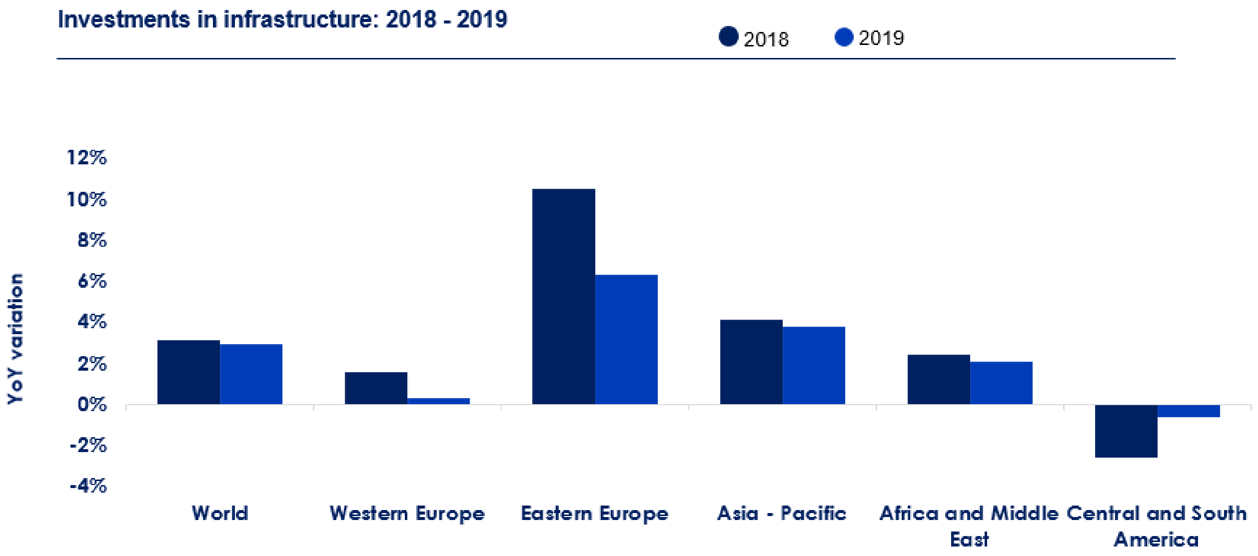
Source: IMF, January 2020;
Emerging & Developing Europe includes Russia
Emerging & Developing Asia includes: China, India, Indonesia, Malaysia, Philippines, Thailand and Vietnam
Latin America & Caribbean includes Brazil and Mexico
Middle East & Central Asia includes Saudi Arabia
Sub-Saharan Africa includes Nigeria and South Africa

In January 2020, the IMF expected economic growth of 3.3% and 3.4% for 2020 and 2021, respectively.

Following the recent developments due to the spreading of the Coronavirus, COVID-19, and its effect on the economy, the IMF has revised its global growth forecast downwards by 0.1% to 3.2% in its press release of 22 February 2020. This impact has been estimated assuming that Chinese economic growth will return to normal in the second half of the year.

At the date of this report, updates about the global GDP's estimated trend, reflecting the spreading of COVID-19 in countries other than China, are not available.

With respect to the Group's reference sectors, according to the IHS Markit January 2020 report, global infrastructure investments increased by 2.9% in 2019.



Source: IHS Markit, January 2020

Oceania

Australia

Reference context and market scenario

Australia is ranked 38th in the SDG Global Rank. It shows progress in the majority of the goals that are most pertinent to the Group's business areas in this country, although it still faces tough challenges with respect to, in particular, energy and the fight against climate change.

SDG	STATUS	TREND		AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	
6	Goal not yet achieved Residual challenges remain	↗	Improving, but progress insufficient	Population with access to adequate wastewater treatment systems	74.2%
7	Goal not yet achieved Very significant challenges remain	↗	Improving, but progress insufficient	Renewable energy in final consumption	9.2%
9	Goal not yet achieved Significant challenges remain	↗	Improving, but progress insufficient	Quality of road infrastructure (1-7)	4.9
11	Goal not yet achieved Residual challenges remain	↗	Improving, but progress insufficient	Satisfaction with public transport	53.5%
13	Goal not yet achieved Very significant challenges remain	→	Stable or with insufficient improvement	Per capita CO_2 emissions (ton)	15.4

The construction sector is a driving force of the Australian industry and contributes roughly 9% to the country's GDP.

The Australian Bureau of Statistics estimates that the population will go from the current 24 million residents to 49 million by 2066. The Australian economy has been driven and will continue to be driven by greater residential construction closely tied to the far-reaching public spending plan for infrastructure.

The most recent federal budgets include public works spending of around AUD100 billion to be allocated for railways, roads and transport in the ten-year period from 2019 to 2028.

The Group has been active in Australia since 2013 and currently operates through Salini Impregilo Australia Branch, the wholly-owned Salini Australia Pty Ltd, Impregilo Salini Joint Venture, Salini Impregilo - NRW JV for the performance of the Forrestfield Airport link and SLC Snowy Hydro Joint Venture for the civil works and electromechanical component of the contract for the Snowy 2.0 project.

Outlook for 2020

The Group deems that the Australian market is fundamental for its growth strategy and has presented bids for several potential contracts which are worth over AUSD10 billion.

Main ongoing projects

The following table shows the amounts involved in the main contracts:

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2018	Percentage of completion	Residual order backlog at 31 December 2019	Percentage of completion
Snowy Hydro 2.0	-	0.0%	3,250.9	3.8%
Forrestfield Airport Link	388.8	51.0%	284.0	66.5%
Other	3.0		1.5	
Total	**391.8**		**3,536.3**	

Snowy Hydro 2.0

On 4 April 2019, as leader of the joint venture (65% stake) with the Australian partner Clough (35%), the Group won the contract for the civil works and electromechanical component of the Snowy 2.0 project.
The project provides for the development of another network of hydro power stations in the Snowy Mountains Hydro-electric Scheme, helping underpin Australia’s renewable energy future.

It involves the construction of a 36 km tunnel to connect the two existing reservoirs Tantagara and Talbingo and an underground power station with pumping capacity. The project will increase the renewable generating capacity of the existing system by 2,000 MW and serve up to 500 thousand additional houses at times of peak demand, with autonomy of 175 hours of continuous large-scale storage.
The project is worth AUD5.3 billion.

Forrestfield Airport Link

On 28 April 2016, as leader (with 80%) of a joint venture with NRW Pty Ltd (20%), Salini Impregilo was awarded the contract to design, construct and maintain the Forrestfield Airport Link by the Public Transport Authority of Western Australia. The project includes construction of a new metro line to connect Forrestfield, and hence the airport, to the existing Perth network through an 8 km underground line. Once completed, the project will provide sustainable transportation of up to 20 thousand passengers a day with significant benefits in terms of less traffic, pollution and GHG emissions.

As well as the design and construction of the three new metro stations, the contract also includes 10 years of maintenance of the infrastructure. It is worth approximately AUD1.26 billion.

Europe

France

Reference context and market scenario

France is one of the countries where the Group operates with the highest sustainability levels. It is ranked 4th in the SDG Global Rank. With respect to the goals that are most pertinent to the Group's business areas in this country, France shows progress in most of them, although it still faces tough challenges with respect to the fight against climate change.

SDG	STATUS	TREND	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	
6	Goal not yet achieved Significant challenges remain	Improving, but progress insufficient	Population with access to adequate wastewater treatment systems	92.1%
7	Goal not yet achieved Significant challenges remain	Improving, but progress insufficient	Renewable energy in final consumption	13.5%
9	Goal not yet achieved Significant challenges remain	On track to achieve the goal in 2030	Quality of road infrastructure (1-7)	5.4
11	Goal not yet achieved Significant challenges remain	Improving, but progress insufficient	Satisfaction with public transport	62.9%
13	Goal not yet achieved Very significant challenges remain	Stable or with insufficient improvement	Per capita CO_2 emissions (ton)	4.6

From an economic standpoint, France is undergoing a modest growth phase and the IMF's forecasts for 2019 are for a growth rate of 1.3%. The forecast for 2020 is a contraction of 1.1%. Its infrastructure development plan envisages public spending concentrated mainly in the transport sector and private works while the construction sector is also very buoyant (building blocks, supermarkets, iconic buildings, etc.).

The Global Infrastructure Hub estimates that investments of around USD1,380 billion will be made in the water-energy and mobility sectors in the 2020-2040 period.

The Group has both a local French branch and investments in the SEP (sociètè en partecipation) set up to carry out the projects won in 2018.

Outlook for 2020

The Group is monitoring the local market to avail of any new opportunities in the transport sector, especially the metro lines of the Grand Paris Express project, Toulouse and Marseilles, as well as railway lines such as the cross-border tunnel of the Lyon - Turin line and its extension from Saint Jean de Maurienne to Lyon, building blocks, large shopping centres and iconic buildings used for exhibitions through its Paris-based branch.

Main ongoing projects

The following table shows the amounts involved in the main contracts:

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2018	Percentage of completion	Residual order backlog at 31 December 2019	Percentage of completion (*)
Metro Line 16 Lot 2 - Line 14 Lot 4	556.8	12.3%	464.7	18.7%
Total	**556.8**		**464.7**	

*The percentage of completion is 10.3% and 57.5% for Line 16, Lot 2 and Line 14, Lot 4, respectively at 31 December 2019.

Line 16 Lot 2

The project is part of the construction of the future Line 16 of the Paris Metro (Grand Paris Express), including the construction of ten stations and a line between Noisy-Champs and Saint-Denis Pleyel via Aulnay-sous-Bois to serve an area of 800 thousand residents. It will have a capacity of 200 thousand passengers a day. Salini Impregilo will build Lot 2 with NGE GC. This involves the excavation of an 11.1 km tunnel, construction of four stations and 11 related works.

The contract's total value is approximately €720 million and the Group's share is 65%.

Line 14 Lot 4

The entire contract covers the 14 km extension of the existing Line 14 of the Paris Metro. Salini Impregilo has been assigned Lot 4 as part of a joint venture with NGE GC. This entails excavation of a 4.1 km tunnel from the Pont de Rungis station to the new Orly Airport station and beyond underneath the airport runways. Upon completion, the entire line will allow transportation of up to 300 thousand passengers a day.

The contract's total value is approximately €200 million and the Group's share is 50%.

Norway

Reference context and market scenario

Norway is ranked 8th in the SDG Global Rank. It shows progress in the majority of the goals that are most pertinent to the Group's business areas in this country, although it still faces tough challenges with respect to, in particular, the fight against climate change and, to a lesser extent, mobility.

SDG	STATUS	TREND		AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	
6 CLEAN WATER AND SANITATION	Goal not yet achieved Residual challenges remain	↗	Improving, but progress insufficient	Population with access to adequate wastewater treatment systems	78.4%
7 AFFORDABLE AND CLEAN ENERGY	Goal achieved	↑	On track to achieve the goal in 2030	Renewable energy in final consumption	57.8%
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Goal not yet achieved Significant challenges remain	↗	Improving, but progress insufficient	Quality of road infrastructure (1-7)	4.5
11 SUSTAINABLE CITIES AND COMMUNITIES	Goal not yet achieved Residual challenges remain	↗	Improving, but progress insufficient	Satisfaction with public transport	57.4%
13 CLIMATE ACTION	Goal not yet achieved Very significant challenges remain	→	Stable or with insufficient improvement	Per capita CO_2 emissions (ton)	9.3

According to the Market Insights Reports, the Norwegian construction sector is flourishing thanks to the increased public investments to develop infrastructure, focused on projects for environmental sustainability and technological innovation applied to construction.

Infrastructure investments are a strategic development lever for Norway, which intends to improve its infrastructure to underpin growth and ensure adequate services for its urban populations, given also the ongoing migration from rural areas.

Main ongoing projects

The following table shows the amounts involved in the main contract:

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2018	Percentage of completion	Residual order backlog at 31 December 2019	Percentage of completion
Nykirke - Barkaker railway line	-	0.0%	380.1	0.2%
Total	**-**		**380.1**	

11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION

Nykirke - Barkaker railway line

On 10 October 2019, the Group was awarded a contract worth roughly €390 million to upgrade a 13.6 km section of a railway line between the towns of Nykirke and Barkaker, south of Oslo.

The Salini Impregilo - Pizzarotti joint venture (51%:49%) won the contract from Bane NOR, the state-owned company responsible for Norway's railway infrastructure. Under the terms of the contract, the joint venture will design and build a double-track line, including two bridges, three tunnels and a station near the town of Skoppum.

Middle East

Saudi Arabia

Reference context and market scenario

Saudi Arabia is ranked 98th in the SDG Global Rank. It shows progress in the majority of the goals that are most pertinent to the Group's business areas in this country, although it still faces tough challenges with respect to, in particular, energy and the fight against climate change.

SDG	STATUS	TREND	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	
6 Clean water and sanitation	Goal not yet achieved Very significant challenges remain	On track to achieve the goal in 2030	Wastewater treated	32.5%
7 Affordable and clean energy	Goal not yet achieved Residual challenges remain	Improving, but progress insufficient	Renewable energy in final consumption	0.01%
9 Industry, innovation and infrastructure	Goal not yet achieved Residual challenges remain	On track to achieve the goal in 2030	Quality of road infrastructure (1-7)	5.2
11 Sustainable cities and communities	Goal not yet achieved Significant challenges remain	On track to achieve the goal in 2030	Satisfaction with public transport	71%
13 Climate action	Goal not yet achieved Very significant challenges remain	Deteriorating	Per capita CO_2 emissions (ton)	19.4

The Saudi market continues to be of great interest to Salini Impregilo. The Global Infrastructure Hub estimates that investments of over USD400 billion will be made in the sectors of interest to the Group in the 2020-2040 period. They include roughly 45% in the energy sector, roughly 42% in mobility infrastructure and the other 13% in the water sector.

Outlook for 2020

The Group will continue to pursue any new business opportunities that arise in 2020 in this country. The main projects announced include the defence sector projects (a flying academy and an air base) and the government's plans to support the tourism sector (The Red Sea Project, Amaala and Qiddiya) and to strengthen the economy (NEOM).

Main ongoing projects

The following table shows the amounts involved in the main contracts:

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2018	Percentage of completion	Residual order backlog at 31 December 2019	Percentage of completion
Riyadh National Guard Military (SANG Villas)	1,089.6	1.9%	967.5	14.6%
Riyadh Metro Line 3	764.0	74.3%	427.9	85.7%
Other	50.5		22.4	
Total	**1,904.1**		**1,417.8**	

Riyadh Metro Line 3

On 29 July 2013, Salini Impregilo, as leader of an international consortium, won a portion of the maxi contract awarded by ArRiyadh Development Authority to design and construct the new Riyadh Metro line (Line 3, 41.2 km), the longest line of the challenging project for the metro system of Saudi Arabia's capital. It will have a transportation capacity of five thousand people per hour in each direction.

On 11 July 2018, the parties finalised a contract variation which increased the value of the works to be performed by the consortium to design and construct the entire Line 3.

As a result of this variation, the contract's value increased from roughly USD6.0 billion to roughly USD6.4 billion, including approximately USD5.3 billion for the civil works (previously approximately USD4.9 billion). Salini Impregilo's share is 66%.

Riyadh National Guard Military (SANG Villas)

In December 2017, Salini Impregilo signed the agreements for a contract in Riyadh worth roughly USD1.3 billion with the Saudi Arabia National Guard (SANG Villas).

The project includes housing and urban planning on a large scale with the construction of about 6,000 villas in an area of 7 million square metres to the east of Riyadh and more than 160 kilometres of main roads and secondary routes and related services, as well as a sewage treatment plant.

Africa and Asia

Ethiopia

Reference context and market scenario

Ethiopia is ranked 135th in the SDG Global Rank. With respect to the goals that are most pertinent to the Group's business areas in the country, it shows significant progress with respect to the fight against climate change, mainly thanks to the considerable investments in renewable energy, although it still faces tough challenges with respect to water and mobility.

SDG	STATUS	TREND		AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	
6	Goal not yet achieved Very significant challenges remain	→	Stable or with insufficient improvement	Population with access to drinking water	39.1%
7	Goal not yet achieved Very significant challenges remain	→	Stable or with insufficient improvement	Access to electricity	42.9%
9	Goal not yet achieved Very significant challenges remain	→	Stable or with insufficient improvement	Quality of road infrastructure (1-7)	3
11	Goal not yet achieved Significant challenges remain	→	Stable or with insufficient improvement	Satisfaction with public transport	43.8%
13	Goal not yet achieved Residual challenges remain	↑	On track to achieve the goal in 2030	Per capita CO_2 emissions (ton)	0.1

Ethiopia continues to be one of the fastest growing economies in Africa with GDP growth of nearly 8%.

Thanks to the growing prestige of the leader Abiy Ahmed, the country's cooperation with Europe, the United States and the East has intensified.

The International Monetary Fund and the World Bank are among the supranational bodies that provide support and ongoing guidance to the country while the European Union has recently lent Ethiopia €170 million to assist the local government with its ongoing political and economic reforms.

The African country's commercial and strategic importance will encourage the inflow of hard currencies to the central bank in Addis Abeba.

This is key to providing the financial resources necessary to, inter alia, make foreign payments for infrastructure projects.

Outlook for 2020

The local government intends to make the most of the country's natural resources, and especially its water resources, to encourage investments in renewable energy and the installation of additional production capacity.

The generation of electricity and its subsequent export to the surrounding countries will assist the continent's integration and encourage flows of hard currency.

The Group has a strong operating and commercial base in the country and will continue to work on its existing projects (Gerd and Koysha). It will also leverage on its know-how and existing presence in the country to exploit all new business and industrial opportunities.

Main ongoing projects

The following table shows the amounts involved in the main contracts:

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2018	Percentage of completion	Residual order backlog at 31 December 2019	Percentage of completion
Koysha	1,920.4	23.9%	1,864.8	28.5%
Gerd	1,036.2	75.4%	957.2	78.1%
Total	**2,956.6**		**2,822.0**	

Koysha Hydroelectric Project

This project is on the Omo River, about 370 km south-west of the capital Addis Ababa. It was commissioned by Ethiopian Electric Power (EEP) and includes the construction of a dam with a 9 billion cubic metre capacity reservoir, annual energy generation of 6,460 Gwh and total installed capacity of 2,160 MW. The project also includes access roads, a new bridge over the river and a 400 KW transmission line from Koysha to GIBE III. The contract is worth approximately €2.5 billion and Salini Impregilo's share is 100%. Work is currently being carried out on the project.

Production activity has slowed down, mainly due to payment delays by the client. However, this situation has changed considerably in the last few months and this should facilitate operations at the work site.

In 2019, the client requested the number of turbines be decreased from eight to six units and Salini Impregilo is evaluating this request's feasibility.

Gerd

The Gerd project, located approximately 500 km north west of the capital Addis Ababa, consists of the construction of a hydroelectric power plant, the Grand Ethiopian Renaissance Dam (GERD), and the largest dam in the African continent (1,800 metres long, 170 metres high). The project also includes the construction of two power stations on the banks of the Blue Nile, equipped with 16 turbines with total installed capacity of 6,350 MW.

The client has notified a reduction of the turbines from 16 to 13. Salini Impregilo has requested more information and has issued a variation order for the additional design costs.

The contract is worth approximately €3.8 billion and Salini Impregilo's share is 100%. The project is at an advanced stage of completion.

Tajikistan

Reference context and market scenario

Tajikistan is ranked 71st in the SDG Global Rank. It shows progress in the majority of the goals that are most pertinent to the Group’s business areas in this country, although it still faces tough challenges with respect to, in particular, water and mobility.

SDG	STATUS	TREND		AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	
6	Goal not yet achieved Very significant challenges remain	↗	Improving, but progress insufficient	Population with access to drinking water	74.1%
7	Goal not yet achieved Residual challenges remain	↑	On track to achieve the goal in 2030	Renewable energy in final consumption	44.7%
9	Goal not yet achieved Very significant challenges remain	↓	Deteriorating	Quality of road infrastructure (1-7)	4.5
11	Goal not yet achieved Significant challenges remain	↗	Improving, but progress insufficient	Satisfaction with public transport	81.7%
13	Goal not yet achieved Residual challenges remain	↑	On track to achieve the goal in 2030	Per capita CO_2 emissions (ton)	0.6

In 2019, this country’s GDP grew in line with the previous year’s trend to 3.7% from 3.5%. The inflation rate was 7.6%.

The Rogun Hydropower Project assigned to the Group is of fundamental importance to boost the country’s economic growth over the next few years with the export of electrical energy generated by the hydroelectric power plant.

The country’s government’s efforts to engage in relations with its counterparties of the surrounding countries have been successful. For the first time in nine years, Tajikistan has started to export electrical energy to Uzbekistan. The country intends to put to use its vast hydropower potential to meet demand from South Asian countries. It is engaged in additional negotiations for the sale of electricity energy counting on the near completion of the early generation stage of the Rogun Hydropower Project, when electrical energy will be provided although at a lower output than when the project has been completed.

Outlook for 2020

To complete financing of the project, the government has already approved, inter alia, the issue of bonds for USD1 billion (an additional USD500 million to those already placed). During 2020, other lots should be assigned to the Group in accordance with the signed framework agreement.

Main ongoing projects

The following table shows the amounts involved in the main contract:

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2018	Percentage of completion	Residual order backlog at 31 December 2019	Percentage of completion
Rogun Hydropower Project	1,481.4	25.6%	1,657.1	31.3%
Total	**1,481.4**		**1,657.1**	

Rogun Hydropower Project

On 1 July 2016, Salini Impregilo signed a framework agreement with the Tajikistani government worth approximately USD3.9 billion to build a hydroelectric power plant (split into four functional lots). The Group, with a 100% share, has been assigned the first executive lot (Lot 2) of roughly USD1.9 billion to build a 335 metre-high rockfill dam with a clay core, the tallest in the world, on the Vakhsh River in Pamir, one of Central Asia's main mountain ranges. The contract term is 11 years (plus two years warranty).

On 16 November 2018, the first of the six power house turbines (each with a full capacity of about 600 megawatt) was successfully launched. On 9 September 2019, the second turbine also became operative marking another important milestone in the completion of the early generation stage.

Americas

Canada

Reference context and market scenario

Canada is ranked 20th in the SDG Global Rank. It shows progress in the majority of the goals that are most pertinent to the Group's business areas in this country, although it still faces tough challenges with respect to, in particular, mobility, water and the fight against climate change.

SDG	STATUS	TREND		AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	
6	Goal not yet achieved Significant challenges remain	→	Stable or with insufficient improvement	Population with access to adequate wastewater treatment systems	76.8%
7	Goal achieved	↑	On track to achieve the goal in 2030	Renewable energy in final consumption	22%
9	Goal not yet achieved Significant challenges remain	↗	Improving, but progress insufficient	Quality of road infrastructure (1-7)	5
11	Goal not yet achieved Residual challenges remain	↓	Deteriorating	Satisfaction with public transport	58.5%
13	Goal not yet achieved Very significant challenges remain	→	Stable or with insufficient improvement	Per capita CO_2 emissions (ton)	15.2

The Global Infrastructure Hub estimates that investments of over CAD985 billion will be made in the water-energy and mobility sectors in the 2020-2040 period, including roughly 42% in energy infrastructure, 33% in road infrastructure, 16% in water infrastructure and the other 9% in other mobility infrastructures.

Outlook for 2020

The Group will pursue any new business opportunities that may arise in Canada in 2020, such as the ongoing Edmonton LRT call for tenders.

Main ongoing projects

The following table shows the amounts involved in the main contract:

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2018	Percentage of completion	Residual order backlog at 31 December 2019	Percentage of completion
Hurontario Light Rail Project	-	0.0%	381.0	1.1%
Total	**-**		**381.0**	

Hurontario Light Rail Project

On 21 October 2019, Salini Impregilo and Astaldi, together with Canadian and non-Canadian partners as members of the Mobilinx consortium, were awarded a civil construction contract worth €917 million (around CAD1.3 billion) by Infrastructure Ontario and Metrolinx for the Hurontario LRT (HuLRT). The complete Mobilinx team, which also consists of John Laing, Hitachi, Amico, Bot and Transdev, will design, build, finance and operate the HuLRT for a 30-year term.

The HuLRT is an 18-kilometre, 19-stop light rail transit system, able to transport up to 14 million passengers a year, that runs along Hurontario Street from Port Credit in Mississauga to the Brampton Gateway Terminal. The HuLRT will operate in a separated guideway with traffic priority throughout most of the corridor.

With a 42% stake in the joint venture for the civil construction work (€385 million), Salini Impregilo will lead the engineering, procurement and construction of the civil works. Astaldi has a 28% stake (for a value of approximately €257 million).

Peru

Reference context and market scenario

Peru is ranked 51st in the SDG Global Rank. It shows progress in the majority of the goals that are most pertinent to the Group's business areas in this country, although it still faces tough challenges with respect to, in particular, mobility.

SDG	STATUS	TREND		AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	
6	Goal not yet achieved Significant challenges remain	↗	Improving, but progress insufficient	Population with access to adequate wastewater treatment systems	76.8%
7	Goal not yet achieved Residual challenges remain	↑	On track to achieve the goal in 2030	Renewable energy in final consumption	25.5%
9	Goal not yet achieved Very significant challenges remain	↗	Improving, but progress insufficient	Quality of road infrastructure (1-7)	3.2
11	Goal not yet achieved Significant challenges remain	→	Stable or with insufficient improvement	Satisfaction with public transport	54.1%
13	Goal not yet achieved Significant challenges remain	↓	Deteriorating	Per capita CO_2 emissions (ton)	2.1

The Global Infrastructure Hub estimates that investments of over USD250 billion will be made in the water-energy and mobility sectors in the 2020-2040 period, including roughly 52% in road infrastructure, roughly 18% in energy infrastructure, roughly 12% in water infrastructure and the remainder in other mobility infrastructures.

Main ongoing projects

The following table shows the amounts involved in the main contract:

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2018	Percentage of completion	Residual order backlog at 31 December 2019	Percentage of completion
Lima Metro Line 2	577.1	16.0%	540.7	22.2%
Total	**577.1**		**540.7**	

Lima Metro Line 2 and Ramal Av. Fuacett – Av. Gambeta

On 28 March 2014, the international consortium comprising Salini Impregilo Group and other international groups won the contract for the construction and operation of the extension to Lima's metro network under concession from Agencia de Promociòn de la Inversiòn Privada. The project includes the construction of the works and operation of the infrastructure over the 35-year concession. Line 2 will make a very important contribution to the capital's sustainability mobility as it is expected that it will be able to carry 665 thousand passengers a day.

The Group's share of the construction work is 25.5% of the civil works.

On 13 December 2018, the consortium and the Ministry of Transport and Telecommunications signed Addendum 2, which established the new delivery dates with a revised work schedule and billing programme. It also defined new concession areas in some cases.

The contract consideration is approximately USD3 billion.

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Unforeseen costs have been incurred on the Forrestfield Airport Link (Australia), Koysha Hydroelectric Project (Ethiopia), Gerd (Ethiopia), Rogun Hydropower Project (Tajikistan) and Line 14, Lot 4 (France) contracts referred to above and the contractor has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Foreign concessions

The Group's foreign concessions comprise both investments in the operators, which are fully operational and, hence, provide services for a fee or at rates applied to the infrastructure's users, and operators that are still developing and constructing the related infrastructure and will only provide the related service in future years.

The current concessions are held in Latin America (Argentina, Colombia and Peru), Canada, the UK and Turkey. They refer to the transportation sector (motorways and metro systems), hospitals, renewable energy and water treatment sectors.

The two Argentine operators are currently in liquidation and their contracts have been terminated. During 2020, the Group sold its stake in Consorcio Agua Azul S.A. for roughly USD13 million. The following tables show the main figures of the foreign concessions at the reporting date, broken down by business segment:

MOTORWAYS

Country	Operator	% of investment	Total km	Stage	Start date	End date
Argentina	Autopistas del Sol S.A.	19.8	120	Active	1993	2030
Argentina	Puentes del Litoral S.A.	26.0	59.6	In liquidation	1998	
Argentina	Mercovia S.A.	60.0	18	Active	1996	2021
Colombia	Yuma Concessionaria S.A. (Ruta del Sol)	48.3	465	Active	2011	2036

METROS

Country	Operator	% of investment	Total km	Stage	Start date	End date
Canada	Horuntario Mobilinx G.P.	21.0	20	Not yet active	2019	2055
Peru	Metro de Lima Linea 2 S.A.	18.3	35	Not yet active	2014	2049

ENERGY FROM RENEWABLE SOURCES

Country	Operator	% of investment	Installed voltage	Stage	Start date	End date
Argentina	Yacylec S.A.	18.7	T line	Active	1992	2091
Argentina	Enecor S.A.	30.0	T line	Active	1995	2094

INTEGRATED WATER CYCLE

Country	Operator	% of investment	Pop. served	Stage	Start date	End date
Argentina	Aguas del G. Buenos Aires S.A.	42.6	210 k	In liquidation	2000	

HOSPITALS

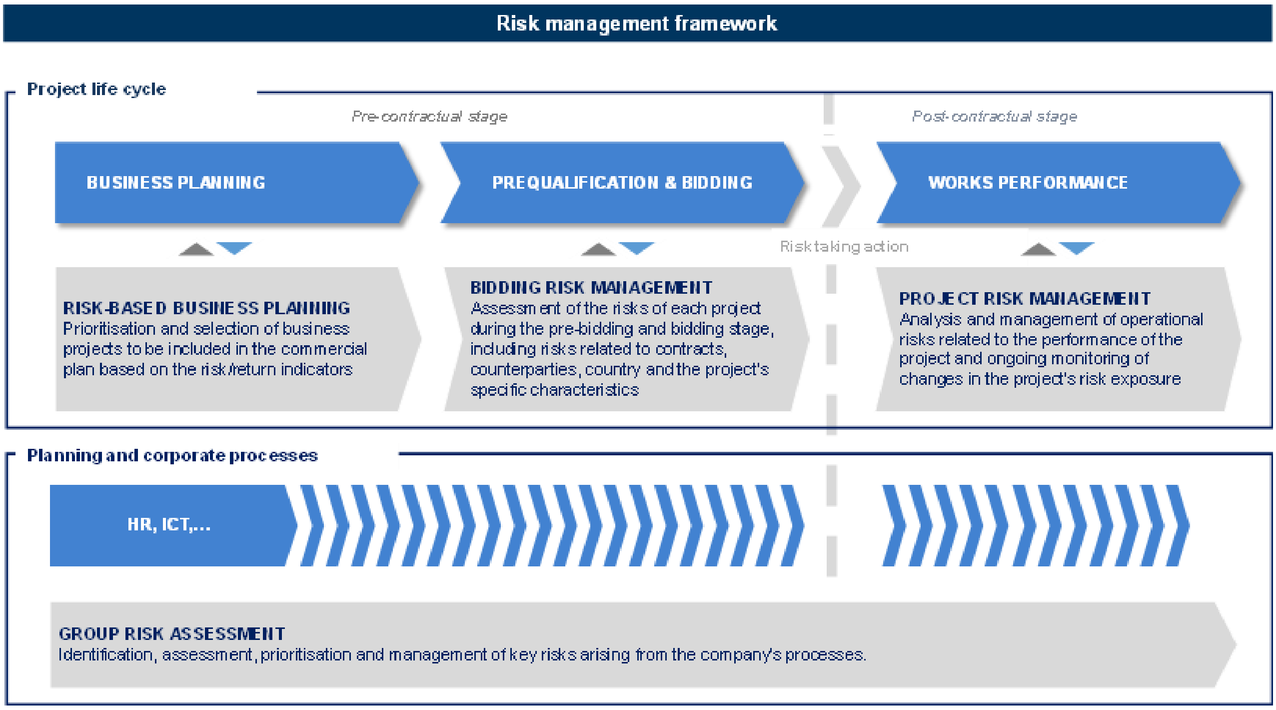
Country	Operator	% of investment	No. of beds	Stage	Start date	End date
GB	Ochre Solutions Ltd - Oxford Hospital	40.0	220	Active	2005	2038
Turkey	Gaziantep Hastane Sağlık Hizmetleri İşletme Yatırım A.Ş. (Gaziantep Hospital)	24.5	1,875	Not yet active	2016	2044

Risk management system

The context in which the Group currently operates, characterised by rapid macroeconomic changes, financial markets' instability and progressive developments of legal and regulatory compliance regulations, and affected by megatrends such as climate change, resource scarcity and increasing urbanisation in the medium to long-term, requires clear strategies and effective management processes aimed at preserving and maximising value.

As part of its internal controls and risk management system, the Group has a risk management framework, which it keeps up-to-date, is an integral part of internal procedures and is extended to all operating companies to identify, assess, manage and monitor risks in accordance with industry best practices.

Development, implementation and circulation of the risk management framework (presented in the following chart) is designed to assist senior management with strategic and commercial planning and operations through the comprehensive, in-depth analysis of relevant factors for the Group's business, the local contexts in which it operates and the particular operating requirements of its individual contracts, facilitating the identification and monitoring of related risks, be they economic, financial or non-financial (sustainability or ESG risks).



During 2019, the Group focused on strengthening its methods and tools to analyse contract risk during the bidding stage and to continuously include procedures for the efficient management of the most significant risks, such as country and counterparty risks (involving, therefore, clients, partners, subcontractors and significant suppliers). It also implemented procedures to analyse and manage economic, financial and non-financial risks in more depth, both at contract and corporate level.

These procedures and the Group's ongoing development of the frameworks allow it to promptly and carefully analyse its risk profile and identify how to manage those more relevant risk events with tailored measures.

Business risks

External risks are those that may compromise the Group's achievement of its objectives, i.e. all events whose occurrence is not influenced by corporate decisions. This category includes all risks arising from a country's macroeconomic and socio-political dynamics, global megatrends (climate change, resource scarcity and urbanisation), sector trends and competitive scenario, as well as from industry-specific technological innovation and regulatory developments and the projects' long-term nature.

Given the nature of such risks, the Group must rely on its forecasting and managing abilities. Specifically, Salini Impregilo integrates risk vision in its strategic and business planning processes through the definition of commercial and risk guidelines and the development of a process for the prioritisation and selection of initiatives to be pursued, also and above all based on the assessment of relevant risks linked to the country and/or sector in which operations are planned, rather than to the counterparty. Risk control is also ensured by monitoring the progress of strategic objectives, including in terms of composition and diversification of the portfolio and its development over time in terms of risk profile.

Strategic risks

These risks arise from strategic, business and organisational decisions that may adversely impact the Group's performance and ultimately result in the non-achievement of strategic objectives. They include risks resulting from the choice of business or organisational models through which the Group intends to operate, those arising from M&A transactions, or the ineffective management of the order portfolio or the relationships with key counterparties (clients, partners, suppliers, sub-contractors, etc.).

Salini Impregilo considers risk a key element for the preliminary assessment of decisions and strategic choices, so much so that it provided for integration of the strategy definition and development process with that for the identification, measurement and management of risks. The choices pertaining to the adoption of a business or organisational model, the assessment about the opportunity of proceeding with an extraordinary transaction or establishing a partnership are subject to preliminary analysis and evaluation of the related risks and opportunities, with the concurrent identification of risk management methods and strategies to be promptly activated should such risks arise.

Financial risks

Risks linked to the availability of group resources, depending on the management of receivables and cash and cash equivalents and/or the volatility of market variables such as interest and exchange rates, are included in this category.

Specifically, liquidity management has the objective of ensuring the financial autonomy of contracts in progress, taking into account the structure of consortia and special purpose entities, which can tie the availability of financial resources to the execution of the relevant projects. Moreover, liquidity management takes into account restrictions to currency transfers imposed by the legislation of some countries.

Salini Impregilo also considers specific risk areas such as the counterparty's credit rating, raw materials price volatility and management of assurance issues, equipping itself with effective financial planning tools.

Legal and compliance risk

This risk class includes risks for the management of legal issues and/or risks related to compliance with laws and regulations (e.g. taxation, local legislation, etc.) required in order to operate in the sector and/or specific countries and the risks arising from the management of contracts with business partners. Salini Impregilo deems that monitoring contractual issues linked to contract management and, particularly, the relationship with relevant counterparties, is fundamental. This also includes any internal and external fraud risks, and, more generally, the compliance with procedures and policies established by the Group to govern its operations.

With respect to the aforementioned factors, Salini Impregilo implements a regulatory risk monitoring and management policy in order to minimise the impact of such risk, through a multi-level control system that entails collaborative and ongoing liaison with relevant counterparties and business units affected by regulatory developments and the comprehensive assessment of any potential impacts.

Operational risks

These are risks that could jeopardize value creation and are due to an inefficient and/or ineffective management of the Group's core business, particularly those linked to bid management and actual execution of contracts. The various risk areas that fall into this class include bid design and planning, logistics and inventory management, as well as those linked to the management of IT systems, planning and reporting, effective supply chain and personnel management, including with respect to health and safety, the environment, human rights and local communities. The Consolidated Non-Financial Statement in Part II of this report provides more information about sustainability risks.

These risks arise during the bidding stage and/or performance of contracts, should group policies and procedures not be sufficiently adequate for the management of risk factors linked to the level of complexity of the project or unforeseeable events.

To this end, the Group intends to monitor such risks starting at the bidding stage of each contract with a risk/benefit analysis of the project in the event of its award and its impact on the portfolio structure, both in terms of risk concentration and overall risk profile. At this time, Salini Impregilo, as part of a wider process, prepares a pre-bid risk assessment aimed at identifying potential risks and impacts linked to the project, as well as the necessary mitigation and/or contingency measures to counter them. The risk surveillance activity is then performed again at tender stage and monitored and updated during contract execution in order to promptly detect the risk exposure development and swiftly implement adequate remediation measures.

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As part of the aforementioned framework for the identification and classification of risks applicable to group operations, Salini Impregilo has adopted a cross-functional approach for the analysis of risk dimensions that are considered more relevant due to the specific features of its business. These dimensions include various risk areas identified and belonging to Salini Impregilo's risk universe.

Country risk

The Group pursues its objectives by operating almost everywhere in the world, leveraging business opportunities in different countries and hence exposing itself to the risks resulting from the characteristics and conditions dictated by them, such as the political, economic and social scenario, local regulations, taxation and operational complexity and, last but not least, work and safety conditions.

Being aware of and constantly monitoring country risk through specific indicators enables the Group first and foremost to define informed commercial strategies, as well as to gain an optimal understanding of the operating scenario and, therefore, adopt precautions and/or implement actions aimed at removing barriers and mitigate potential threats.

Counterparty risk

Management of counterparty risk requires identification of potential criticalities linked to relationships with the Group's clients, shareholders, subcontractors and suppliers, so as to create a comprehensive overview of the features of the partners with which Salini Impregilo may start or continue to collaborate. For each of the above counterparty types, risk factors linked to financial and operational reliability apply to a different extent, as does the potential strategic role of a partnership for a specific business initiative, as well as all legal and compliance aspects and those related to the applicable standards (ethics, quality, health and safety, environment, human rights) that safeguard the lawfulness of the relationship. The Group performs a counterparty analysis for each new project, involving all the competent departments and the Group Risk Officer, to obtain more precise identification of the critical issues that could arise during the contract's operational stages and more accurate planning of the possible mitigation actions.

Contract risk

The contract dimension is key for an effective analysis of all risks linked to the Group's core business, since it is considered to define tools capable of identifying and monitoring so-called contract risks starting from the bidding stage in a risk prevention perspective, as part of an in-depth analysis of the risks and opportunities linked to the pursuit of a specific activity. Another fundamental aspect is the ongoing tracking of risks once they have been consciously taken on by management, managing the resulting risk exposure in a proactive, dynamic way, as well as its ongoing development over time.

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The analysis of key risk dimensions and the related risk areas has the aim of providing management with a two-sided overview: a detailed one (i.e. at individual country, counterparty and contract level) and a portfolio one (for assessment of the overall exposure to such dimension), in order to assess the Group's risk profile as well as its compliance with the exposure limits imposed by its risk management capacity. Moreover, the portfolio overview enables the performance of systematic assessments about the potential development of the risk profile upon occurrence of certain events and/or specific choices that may result in any changes to it, through the use of dedicated risk management tools.

The risk management framework, as outlined above and subject to further and future developments, has been designed to support decision-making and operational processes at every stage of the management of projects, in order to reduce the possibility that certain events may compromise the Group's normal business operations or attainment of its defined strategic objectives: to this end, it is integrated in strategic and business planning processes, which, therefore, cannot be separated from the Group's risk profile, as well as from its choices in terms of risk appetite.

Initial considerations on the comparability of management accounts figures

The Group's results for the 2019 are not fully comparable with those for the previous year as it has applied IFRS 16 - Leases using the modified retrospective approach. This has entailed the recognition of the cumulative effect of FTA in retained earnings at 1 January 2019. For management account purposes only, the Group has calculated adjusted figures that reflect the effect of IFRS 16 FTA as described below.

Financial highlights

The "Adjusted reclassified statement of profit or loss" and the "Adjusted net financial indebtedness" tables show the Group's adjusted key financial indicators for 2019 compared to the previous year.

Adjustments are not provided for by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union. The Group deems that these adjusted figures and data provide information useful to management and investors to assess the Group's performance and compare it to other companies active in the same sector. They also provide an additional picture of the results.

As a result, the Group has adjusted its IFRS accounting figures to reflect the effects summarised below.

Joint ventures not controlled by Lane

The Group monitors the key figures of Lane Group for management purposes adjusting the IFRS figures prepared for consolidation purposes to present the results of the non-subsidiary joint ventures consolidated on a proportionate basis. These figures show the status of contracts managed directly by Lane or through non-controlling investments in joint ventures.

Impairment - Venezuela

In the last three years, the Group has calculated the recoverable amount of its total exposure to Venezuelan government agencies to reflect the negative developments caused by the deterioration in the country's credit standing.

The tests performed, including with the assistance of independent experts, showed that the exposure's recoverable amount was approximately €159.7 million at 31 December 2019, net of cumulative impairment losses of €479.7 million.

At 31 December 2019, due to the developments of the year, the Group recognised another impairment loss of €35.7 million to adjust the exposure's recoverable amount. As a result, its net exposure amounts to €128.7 million, equal to 20% of the gross exposure's nominal amount.

More information is available in the "Main risk factors and uncertainties" section of this report.

IFRS 16 - Leases

The Group adjusted the figures for 2018, using the best estimates available, to reflect the application of IFRS 16. These estimates were based on the following:

- leases include those in place at 31 December 2018 and, therefore, they do not include those of the Plants & Paving Division sold at the end of that year;
- the IFRS 16 FTA effects on profit or loss have been estimated by anticipating the date of initial application from 1 January 2019 to 1 January 2018 or an interim date if the lease was agreed in 2018;
- the discount rates at 1 January 2019 have been used.

The section on the "Change in standards" in the notes to the consolidated financial statements provides a description of the standard and the effects of its application.

Adjusted reclassified statement of profit or loss

(in millions of Euros)	2018 Adjusted					2019 Adjusted			
	Salini Impregilo Group	Joint ventures not controlled by Lane (*)	Impairment - Venezuela	IFRS 16 FTA (**)	Total adjusted	Salini Impregilo Group	Joint ventures not controlled by Lane (*)	Impairment - Venezuela	Total adjusted
Revenue	5,197.7	216.7	-	-	5,414.4	5,130.0	201.2	-	5,331.2
Gross operating profit (loss) (EBITDA)	**413.3**	**(13.0)**	**-**	**23.2**	**423.4**	**531.2**	**(108.6)**	**-**	**422.6**
Gross operating profit margin (EBITDA) %	*8.0%*				*7.8%*	*10.4%*			*7.9%*
Operating profit (loss) (EBIT)	**68.1**	**(13.0)**	**165.5**	**1.6**	**222.2**	**256.8**	**(108.6)**	**35.7**	**183.9**
R.o.S. %	*1.3%*				*4.1%*	*5.0%*			*3.4%*
Net financing costs	(72.9)	-	-	(3.9)	(76.8)	(73.2)	-	-	(73.2)
Net gains (losses) on equity investments	(29.5)	13.0	-	-	(16.5)	(127.7)	108.6	-	(19.1)
Profit (loss) before tax (EBT)	**(34.2)**	**-**	**165.5**	**(2.3)**	**128.9**	**55.9**	**-**	**35.7**	**91.6**
Income taxes	(39.3)	-	(39.7)	-	(79.0)	(69.2)	-	(8.6)	(77.7)
Profit (loss) from continuing operations	**(73.5)**	**-**	**125.7**	**(2.3)**	**50.0**	**(13.3)**	**-**	**27.2**	**13.9**
Profit (loss) from discontinued operations	114.8	-	-	-	114.8	(0.9)	-	-	(0.9)
Non-controlling interests	12.9	-	-	-	12.9	(8.0)	-	-	(8.0)
Profit (loss) for the year attributable to the owners of the parent	**54.2**	**-**	**125.7**	**(2.3)**	**177.6**	**(22.1)**	**-**	**27.2**	**5.0**

(*) The Group monitors the key figures of Lane Group for management purposes adjusting the IFRS figures prepared for consolidation purposes to present the results of the non-subsidiary joint ventures consolidated on a proportionate basis. These figures show the status of contracts managed directly by Lane or through non-controlling investments in joint ventures.

(**) The figures for 2018 have been restated using the best estimates available to reflect the application of IFRS 16.

Adjusted revenue for the year is €5,331.2 million compared to €5,414.4 million for 2018. The main contributors to the adjusted revenue are some large projects and, specifically, Lane's projects, the high speed/capacity railway works for the Milan - Genoa railway line section, the Ethiopian contracts, the projects in Saudi Arabia including the design and building of the new Riyadh Metro and the Rogun Dam in Tajikistan.

The adjusted gross operating profit amounts to €422.6 million (€423.4 million) while the adjusted operating profit comes to €183.9 million (€222.2 million).

The adjusted net financing costs approximate €73.2 million compared to €76.8 million for 2018. They include:

- financial expense of €147.1 million (€145.8 million); partly offset by:
- financial income of €69.6 million (€55.8 million);
- net exchange gains of €4.3 million (€13.3 million).

Net losses on equity investments come to €19.1 million, compared to net losses of €16.5 million for 2018, due to the losses recognised by the equity-accounted investees.

The profit before tax amounts to €91.6 million, a decrease on the balance of €128.9 million for 2018.

The income taxes for the year are €77.7 million (€79.0 million).

The loss from discontinued operations of €0.9 million (profit of €114.8 million) entirely reflects the costs of the USW Campania business unit for the year. The profit for 2018 also included the loss of €115.2 million made by Lane's Plants & Paving Division, which was sold in December 2018.

Non-controlling interests amount to a profit of €8.0 million. They mainly relate to the group companies working in Saudi Arabia on the construction of Line 3 of the Riyadh Metro. The loss for 2018 was due to the allocation of the loss for that year to non-controlling interests.

Adjusted net financial indebtedness

(in millions of Euros)	31 December 2018 Salini Impregilo Group	31 December 2018 IFRS 16 FTA (*)	31 December 2018 Total adjusted	31 December 2019 Salini Impregilo Group
Net financial indebtedness	(859.6)	(81.9)	(941.6)	(631.4)
Gross indebtedness	(2,338.5)	(81.9)	(2,420.5)	(2,270.1)

(*) The figures at 31 December 2018 have been adjusted to reflect the application of IFRS 16 as described in the "Initial considerations on the comparability of the management accounts figures" section for comparability purposes.

Adjusted net financial indebtedness has improved by roughly €310.2 million compared to 31 December 2018 considering the higher financial liabilities due to application of IFRS 16 (from €941.6 million at 31 December 2018 to €631.4 million at 31 December 2019), while gross indebtedness decreased by around €150.4 million. Net of the debt of approximately €85.1 million of Beyond S.r.l. (set up in 2019 as part of Progetto Italia), gross indebtedness would be €2,185.0 million which, compared to the adjusted balance at 31 December 2018 (€2,420.5 million), is an improvement of about €235.5 million on the previous year end.

More information is available in the section on the group's financial position.

Group performance

This section presents the Group's reclassified statement of profit or loss and statement of financial position and a breakdown of its financial position at 31 December 2019. It also provides an overview of the main changes in the Group's financial position and results of operations compared to the previous year.

Unless indicated otherwise, figures are provided in millions of Euros and those shown in brackets relate to the previous year.

The "Alternative performance indicators" section gives a definition of the financial statements indicators used to present the Group's financial position and results of operations for the period.

Group performance

The following table shows the Group's reclassified IFRS statement of profit or loss.

Table 1 - Reclassified statement of profit or loss

(€'000)	Note (*)	2018	2019	Variation
Revenue from contracts with customers		4,864,142	4,770,634	(93,508)
Other income		333,518	359,328	25,810
Total revenue and other income	34	**5,197,660**	**5,129,962**	**(67,698)**
Operating expenses	35	(4,784,395)	(4,598,803)	185,592
Gross operating profit (EBITDA)		**413,265**	**531,159**	**117,894**
Gross operating profit margin (EBITDA) %		8.0%	10.4%	
Impairment losses (**)	35.6	(194,519)	(102,423)	92,096
Amortisation, depreciation and provisions	35.6	(150,651)	(171,937)	(21,286)
Operating profit		**68,095**	**256,799**	**188,704**
Return on Sales %		1.3%	5.0%	
Financing income (costs) and gains (losses) on equity investments				
Net financing costs	36	(72,858)	(73,186)	(328)
Net losses on equity investments	37	(29,450)	(127,704)	(98,254)
Net financing costs and net losses on equity investments		**(102,308)**	**(200,890)**	**(98,582)**
Profit (loss) before tax (EBT)		**(34,213)**	**55,909**	**90,122**
Income taxes	38	(39,274)	(69,160)	(29,886)
Loss from continuing operations		**(73,487)**	**(13,251)**	**60,236**
Profit (loss) from discontinued operations	21	114,802	(894)	(115,696)
Profit (loss) before non-controlling interests		**41,315**	**(14,145)**	**(55,460)**
Non-controlling interests		12,882	(7,982)	(20,864)
Profit (loss) for the year attributable to the owners of the parent		**54,197**	**(22,128)**	**(76,325)**

(*) The note numbers refer to the notes to the consolidated financial statements where the items are analysed in detail.

(**) Starting from 2019, the Group has decided to present "Impairment losses" separately in the reclassified statement of profit or loss for their better presentation. Therefore, the 2018 comparative figure has been restated accordingly.

Revenue

Revenue for the year amounts to €5,130.0 million (€5,197.7 million), including €3,208.9 million earned abroad (€3,917.4 million), of which €1,038.8 million in the US (€787.9 million) and €882.3 million in Italy (€492.3 million).

"Other income" mostly refers to contract work in progress and specifically industrial activities and related works not directly related to contracts with customers. The increase of €25.8 million is mostly due to the cost recharges to non-controlling consortium members (other income in the consortium's financial statements). Salini Impregilo Group's activities involve its participation in numerous SPEs that, especially in Italy, use the consortium structure, which works using a cost recharging system whereby the costs incurred by the SPE are invoiced to the consortium members in line with their investment percentages. As this income does not arise on the performance of the contract obligations or contract negotiations, it is recognised as "Other income".

Operating profit

The operating profit amounts to €256.8 million for the period (€68.1 million), showing a significant improvement on the previous year.

The increase in this item is mainly due to the reduction of Condotte's interest in COCIV to the minimum (0.001%) (the notes to the consolidated and separate financial statements provide more information about this), which impacted the gross operating profit by approximately €107.5 million, the reduction of €102.4 million (€194.5 million) in impairment losses, as a result of the larger losses recognised in 2018.

Amortisation, depreciation and provisions of €171.9 million (€150.7 million) increased principally as a result of higher depreciation expense on the right-of-use assets recognised since 1 January 2019 in accordance with IFRS 16 - Leases.

Financing income (costs) and gains (losses) on equity investments

The Group recorded net financing costs of €73.2 million (€72.9 million).

The item comprises:

- financial expense of €147.1 million (€141.9 million); partly offset by:
- financial income of €69.6 million (€55.8 million);
- net exchange gains of €4.3 million (net losses of €13.3 million).

The rise in financial expense is mostly due to the effect of the measurement of loan assets recognised at 31 December 2019 in accordance with IFRS 9 and payment of interest of €13.7 million by the Ethiopian branch for the years from 2014 to 2016 as part of a tax assessment. This increase is partly offset by the reduction in financial expense on the bonds of approximately €10.7 million compared to the previous year following the redemption of the unsecured senior bonds in August 2018.

The €13.8 million increase in financial income is chiefly related to Constructora Ariguani and comprises interest accrued as compensation on the recovery of an advance paid after the dispute with the former partner/subcontractor Conalvias was settled in the second half of 2019.

Net exchange gains of €4.3 million mainly arose on the Euro's performance vis-à-vis the US dollar and Ethiopian birr.

Net losses on equity investments came to €127.7 million (€29.5 million). The increase in this item is due to the Group's share of losses of equity-accounted investees (mostly belonging to Lane Group) and, in particular, the joint venture working on the I-4 Ultimate contract. It made a loss in 2019 due to the higher costs incurred. At the date of preparation of this report, the joint venture is preparing a claim which will include additional consideration for these costs.

Income taxes

The increase in income taxes is due to the significant rise in the profit before tax, the payment to settle the tax assessment in Ethiopia and the results of the group companies.

Loss from discontinued operations

The loss from discontinued operations of €0.9 million (profit of €114.8 million) entirely reflects the costs of the USW Campania business unit for the year. The profit for 2018 also included the loss of €115.2 million made by Lane's Plants & Paving Division, which was sold in December 2018.

Non-controlling interests

Non-controlling interests amount to a profit of €8.0 million. They mainly relate to the group companies working in Saudi Arabia on the construction of Line 3 of the Riyadh metro. The loss for 2018 was due to the allocation of the loss for that year to non-controlling interests.

The Group's financial position

The following table shows the Group's reclassified IFRS statement of financial position:

Table 2 - Reclassified statement of financial position

(€'000)	Note (*)	31 December 2018	31 December 2019	Variation
Non-current assets	7-8-9-11	1,153,554	1,305,277	151,723
Goodwill	10	74,713	76,062	1,349
Net non-current assets held for sale	21	5,683	11,976	6,293
Provisions for risks	28	(84,213)	(137,922)	(53,709)
Post-employment benefits and employee benefits	27	(57,025)	(61,868)	(4,843)
Net tax assets	13-18-30	259,066	333,352	74,286
- Inventories	14	192,304	156,368	(35,936)
- Contract assets	15	1,512,866	2,040,450	527,584
- Contract liabilities	15	(1,149,588)	(1,186,076)	(36,488)
- Receivables (**)	16	1,929,562	1,824,875	(104,687)
- Liabilities (**)	29	(2,363,438)	(2,588,844)	(225,406)
- Other current assets	19	640,269	684,995	44,726
- Other current liabilities	31	(322,061)	(323,077)	(1,016)
Working capital		439,914	608,691	168,777
Net invested capital		**1,791,692**	**2,135,568**	**343,876**
Equity attributable to the owners of the parent		**835,710**	**1,395,395**	**559,685**
Non-controlling interests		96,354	108,750	12,396
Equity	22	**932,064**	**1,504,145**	**572,081**
Net financial indebtedness		**859,628**	**631,423**	**(228,205)**
Total financial resources		**1,791,692**	**2,135,568**	**343,876**

(*) The note numbers refer to the notes to the consolidated financial statements where the items are analysed in detail.

(**) This item shows liabilities of €23.9 million and loans and receivables of €2.3 million classified in net financial indebtedness and related to the Group's net amounts due from/to consortia and consortium companies (SPEs) operating under a cost recharging system and not included in the consolidation scope. The balance reflects the Group's share of cash and cash equivalents or debt of the SPEs. The Group's exposure to the SPEs was shown under "Liabilities" for €22.2 million and "Loans and eceivables" for €1.1 million at 31 December 2018.

Net invested capital

This item increased by €343.9 million on the previous year end to €2,135.6 million at 31 December 2019. The main changes are due to the factors listed below.

Non-current assets

Non-current assets increased by €151.7 million. They may be analysed as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Property, plant and equipment	415,941	333,511	(82,430)
Right-of-use assets	-	144,184	144,184
Intangible assets	199,356	185,096	(14,260)
Equity investments	538,257	642,486	104,229
Total non-current assets	**1,153,554**	**1,305,277**	**151,723**

Property, plant and equipment decreased by €82.4 million, mostly as a result of:

- reclassifications of items, mainly plant and machinery, to right-of-use assets of €79.7 million;
- depreciation for the year of €92.9 million; partly offset by
- investments of €85.4 million, mostly for Lane Group's contracts and the new Snowy 2.0 project in Australia.

Following the application of IFRS 16 on 1 January 2019, the Group has recognised right-of-use assets of €144.2 million at 31 December 2019, including €79.7 million classified under property, plant and equipment at 31 December 2018. These assets mainly consist of plant and machinery and buildings.

Intangible assets show a net decrease of €14.3 million mainly due to amortisation.

The €104.2 million net change in equity investments is due to the increase of €135.3 million in the Grupo Unidos Por el Canal investment after payments made during the year.

Net non-current assets held for sale

Net non-current assets held for sale at 31 December 2019 amount to €12.0 million and comprise the net assets of the USW Campania projects and the investment on Consorcio Agua Azual S.A. held by Impregilo International Infrastructures N.V.. It was reclassified to non-current assets held for sale in accordance with IFRS 5 at 31 December 2019 as a result of its sale at the start of 2020.

Provisions for risks

These provisions of €137.9 million increased by €53.7 million over 31 December 2018, mainly due to the losses of the equity-accounted investees of Lane Group (mostly the joint venture working on the I-4 Ultimate project).

Net tax assets

The following table analyses the item:

(€'000)	31 December 2018	31 December 2019	Variation
Deferred tax assets	205,386	253,453	48,067
Deferred tax liabilities	(11,374)	(7,399)	3,975
Net deferred tax assets	**194,012**	**246,054**	**52,042**
Current tax assets	112,102	90,513	(21,589)
Current tax liabilities	(144,693)	(87,137)	57,556
Net current tax assets (liabilities)	**(32,591)**	**3,376**	**35,967**
Other current tax assets	146,166	132,109	(14,057)
Other current tax liabilities	(48,521)	(48,187)	334
Net other current tax assets	**97,645**	**83,922**	**(13,723)**
Net tax assets	**259,066**	**333,352**	**74,286**

The decrease is mainly due to the smaller current tax liabilities after payment of the taxes on sale of the Plants & Paving Division and the increase in deferred tax assets on impairment losses recognised during the year.

Working capital

Working capital increased by €168.8 million from €439.9 million at 31 December 2018 to €608.7 million at the reporting date.

The main changes in the individual items making up net working capital are summarised below:

- contract assets amount to €2,040.5 million (€1,512.9 million). The increase of €527.6 million is the net balance of the reduction in contract advances (€168.4 million) and the increase in contract work in progress net of progress payments (on approved work) mostly related to certain large projects in Saudi Arabia such as the design and construction of the new Riyadh metro line, the housing and urbanisation project commissioned by the Saudi Arabia National Guard (SANG Villas) and the Rogun Dam in Tajikistan.
- loans and receivables decreased by €104.7 million, principally as a result of the reduction in amounts due from the Ethiopian customer following collections received during the year;
- current liabilities increased by €225.4 million, chiefly due to the greater liabilities with unconsolidated group companies and other related parties, mainly in connection with the projects for the Genoa Bridge and the Naples - Cancello section of the Naples - Bari railway line.

Net financial indebtedness

Table 3 - Net financial indebtedness of Salini Impregilo Group

The following table shows the Group's net financial indebtedness at 31 December 2019 and 2018:

(€'000)	Note (*)	31 December 2018	31 December 2019	Variation
Non-current financial assets	12	235,692	378,272	142,580
Current financial assets	17	135,280	241,248	105,969
Cash and cash equivalents	20	1,107,340	1,020,858	(86,482)
Total cash and cash equivalents and other financial assets		**1,478,312**	**1,640,378**	**162,067**
Bank and other loans and borrowings	23	(617,895)	(751,256)	(133,361)
Bonds	24	(1,088,158)	(1,091,890)	(3,732)
Lease liabilities	25	(55,530)	(98,709)	(43,179)
Total non-current indebtedness		**(1,761,583)**	**(1,941,855)**	**(180,272)**
Current portion of bank loans and borrowings and current account	23	(499,362)	(231,640)	267,722
Current portion of bonds	24	(13,295)	(13,295)	-
Current portion of lease liabilities	25	(43,206)	(61,673)	(18,467)
Total current indebtedness		**(555,863)**	**(306,608)**	**249,255**
Derivative assets	12-17	602	268	(334)
Derivative liabilities	26	-	(2,012)	(2,012)
Net financial position with unconsolidated SPEs (**)		(21,096)	(21,595)	(499)
Total other financial liabilities		**(20,494)**	**(23,339)**	**(2,845)**
Net financial indebtedness - continuing operations		**(859,628)**	**(631,423)**	**228,205**
Net financial indebtedness including discontinued operations		**(859,628)**	**(631,423)**	**228,205**

(*) The note numbers refer to the notes to the consolidated financial statements where the items are analysed in detail.

(**) This item shows the Group's net amounts due from/to unconsolidated consortia and consortium companies operating under a cost recharging system and not included in the consolidation scope. The balance reflects the Group's share of cash and cash equivalents or debt of the SPEs. The balances are shown under trade receivables and payables in the consolidated financial statements.

At 31 December 2019, the Group has net financial indebtedness from continuing operations of €631.4 million (€859.6 million).

The improvement in the Group's net financial indebtedness is due to the capital increase completed on 12 November 2019 (described in more detail in the "Key events of the year – Progetto Italia" section), partly offset by the utilisation of working capital and certain non-recurring items such as:

- payments of €135.3 million made to GUPC;
- payments of taxes of €57 million on the sale of the Plants & Paving Division;

- the increase in lease liabilities of €81.9 million, mostly as a result of the application of IFRS 16 from 1 January 2019;
- payments of taxes and interest of €32.5 million to settle the Ethiopian branch's tax assessment.

The debt/equity ratio (based on the net financial indebtedness from continuing operations) is 0.42 at group level at the reporting date.

Salini Impregilo has given guarantees of €166.9 million in favour of unconsolidated group companies securing bank loans.

Gross indebtedness of €2,270.1 million at the reporting date is roughly €68.4 million lower than that at 31 December 2018. Net of the debt of approximately €85.1 million of Beyond S.r.l. (set up in 2019 as part of Progetto Italia), gross indebtedness would be €2,185.0 million which, compared to the balance at 31 December 2018, including the FTA of IFRS 16[12] (€2,420.5 million), is an improvement of about €235.5 million on the previous year end.

[12]As the Group elected to use the modified retrospective approach (i.e., recognising the cumulative effect of FTA by adjusting the opening retained earnings at 1 January 2019), it also adjusted the figures as at 31 December 2018, using the best estimates available, to reflect the adoption of IFRS 16 retrospectively. The figures have been adjusted on the basis of the following:

- leases include those in place at 31 December 2018 and, therefore, they do not include those of Lane's Plants & Paving Division sold at the end of that year;
- the IFRS 16 FTA effects on profit or loss have been estimated by anticipating the date of initial application from 1 January 2019 to 1 January 2018 or an interim date if the lease was agreed in 2018;
- the discount rates at 1 January 2019 have been used.

Presentation of the results in US dollars

In accordance with the IFRS, the parent prepared its consolidated financial statements in Euros which is the functional currency of the reporting entity. However, given the materiality of the transactions in currencies other than the Euro at group level, the parent has decided to present its results in US dollars in this section.

Pursuant to IAS 21, this presentation has been prepared using the following criteria:

a) the Group's assets and liabilities (including the comparative data) have been translated using the closing rate of 1.1234 (1.145 at 31 December 2018);

b) revenue and costs have been translated using the average rates of the periods to which they refer (1.1195 in 2019 and 1.181 in 2018).

The adjusted reclassified statement of profit or loss and the reclassified statement of profit or loss for 2019 and the reclassified statement of financial position at 31 December 2019 of the Group translated into US dollars are presented below. As required by IAS 21, the comparative figures for 2018 are also presented.

Adjusted reclassified statement of profit or loss of Salini Impregilo Group in US dollars

(in millions of US dollars)	2018 Adjusted					2019 Adjusted			
	Salini Impregilo Group	JV not controlled by Lane	Impairment - Venezuela	IFRS 16 FTA	Total adjusted	Salini Impregilo Group	JV not controlled by Lane	Impairment - Venezuela	Total adjusted
Revenue	6,138.4	256.0	-	-	6,394.4	5,743.0	225.2	-	5,968.2
Gross operating profit (loss)	**488.1**	**(15.3)**	**-**	**27.3**	**500.1**	**594.6**	**(121.6)**	**-**	**473.1**
Gross operating profit margin	*8.0%*				*7.8%*	*10.4%*			*7.9%*
Operating profit (loss) (EBIT)	**80.4**	**(15.3)**	**195.4**	**1.9**	**262.4**	**287.5**	**(121.6)**	**40.0**	**205.9**
R.o.S. %	*1.3%*				*4.1%*	*5.0%*			*3.4%*
Net financing costs	(86.0)	-	-	(4.6)	(90.6)	(81.9)	-	-	(81.9)
Net gains (losses) on equity investments	(34.8)	15.3	-	-	(19.5)	(143.0)	121.6	-	(21.4)
Profit (loss) before tax (EBT)	**(40.4)**	**-**	**195.4**	**(2.7)**	**152.3**	**62.6**	**-**	**40.0**	**102.6**
Income taxes	(46.4)	-	(46.9)	-	(93.3)	(77.4)	-	(9.6)	(87.0)
Profit (loss) from continuing operations	**(86.8)**	**-**	**148.5**	**(2.7)**	**59.0**	**(14.8)**	**-**	**30.4**	**15.6**
Profit (loss) from discontinued operations	135.6	-	-	-	135.6	(1.0)	-	-	(1.0)
Non-controlling interests	15.2	-	-	-	15.2	(8.9)	-	-	(8.9)
Profit (loss) for the year attributable to the owners of the parent	**64.0**	**-**	**148.5**	**(2.7)**	**209.8**	**(24.8)**	**-**	**30.4**	**5.6**

Reclassified statement of profit or loss of Salini Impregilo Group in US dollars

(USD'000)	2018	2019	Variation
Revenue from contracts with customers	5,744,552	5,340,726	(403,826)
Other income	393,885	402,267	8,382
Total revenue and other income	**6,138,436**	**5,742,992**	**(395,444)**
Operating expenses	(5,650,370)	(5,148,360)	502,011
Gross operating profit (EBITDA)	**488,066**	**594,632**	**106,566**
Gross operating profit margin (EBITDA) %	8.0%	10.4%	
Impairment losses	(229,726)	(114,663)	115,063
Amortisation, depreciation and provisions	(177,919)	(192,483)	(14,565)
Operating profit	**80,421**	**287,486**	**207,065**
Return on Sales %	1.3%	5.0%	
Financing income (costs) and gains (losses) on equity investments			
Net financing costs	(86,044)	(81,932)	4,112
Net losses on equity investments	(34,780)	(142,965)	(108,184)
Net financing costs and net losses on equity investments	**(120,825)**	**(224,897)**	**(104,072)**
Profit (loss) before tax (EBT)	**(40,403)**	**62,589**	**102,993**
Income taxes	(46,383)	(77,425)	(31,042)
Loss from continuing operations	**(86,786)**	**(14,836)**	**71,951**
Profit (loss) from discontinued operations	135,581	(1,001)	(136,582)
Profit (loss) before non-controlling interests	**48,795**	**(15,837)**	**(64,631)**
Non-controlling interests	15,214	(8,937)	(24,151)
Profit (loss) for the year attributable to the owners of the parent	**64,009**	**(24,774)**	**(88,781)**

Reclassified statement of financial position of Salini Impregilo Group in US dollars

(USD'000)	31 December 2018	31 December 2019	Variation
Non-current assets	1,320,819	1,466,348	145,529
Goodwill	85,546	85,448	(98)
Net non-current assets held for sale	6,507	13,454	6,947
Provisions for risks	(96,424)	(154,942)	(58,518)
Post-employment benefits and employee benefits	(65,294)	(69,503)	(4,209)
Net tax assets	296,631	374,488	77,857
- Inventories	220,188	175,664	(44,524)
- Contract assets	1,732,232	2,292,242	560,010
- Contract liabilities	(1,316,278)	(1,332,438)	(16,160)
- Receivables (**)	2,209,350	2,050,064	(159,285)
- Liabilities (**)	(2,706,139)	(2,908,307)	(202,168)
- Other current assets	733,108	769,523	36,415
- Other current liabilities	(368,760)	(362,945)	5,815
Working capital	503,701	683,803	180,104
Net invested capital	**2,051,486**	**2,399,096**	**347,611**
Equity attributable to the owners of the parent	**956,887**	**1,567,586**	**610,699**
Non-controlling interests	110,325	122,170	11,844
Equity	**1,067,212**	**1,689,756**	**622,543**
Net financial indebtedness	**984,274**	**709,340**	**(274,934)**
Total financial resources	**2,051,486**	**2,399,096**	**347,610**

(**) This item shows liabilities of USD26.8 million and loans and receivables of USD2.6 million classified in net financial indebtedness and related to the Group's net amounts due from/to consortia and consortium companies (SPEs) operating under a cost recharging system and not included in the consolidation scope. The balance reflects the Group's share of cash and cash equivalents or debt of the SPEs.

The Group's exposure to the SPEs was shown under "Liabilities" for USD25.4 million and "Loans and receivables" for USD1.2 million at 31 December 2019.

Performance of the parent Salini Impregilo S.p.A.

Table 4 - Reclassified statement of profit or loss

(€'000)	Note (*)	2018	2019	Variation
Revenue from contracts with customers		2,916,439	2,597,495	(318,945)
Other income		151,860	143,4965	(8,365)
Total revenue	29	**3,068,299**	**2,740,991**	**(327,310)**
Operating expenses	30	(2,665,681)	(2,327,508)	338,173
Gross operating profit (EBITDA)		**402,618**	**413,482**	**10,864**
Gross operating profit margin (EBITDA) %		13.1%	15.1%	
Impairment losses (**)	30.6	(190,616)	(36,080)	154,536
Amortisation, depreciation and provisions	30.6	(79,498)	(120,430)	(40,932)
Operating profit		**132,504**	**256,972**	**124,468**
Return on Sales %		4.3%	9.4%	
Financing income (costs) and gains (losses) on equity investments				
Net financing costs	31	(5,787)	(65,017)	(59,230)
Net gains (losses) on equity investments	32	41,628	(37,828)	(79,456)
Net financing costs and net gains (losses) on equity investments		**35,841**	**(102,845)**	**(138,686)**
Profit before tax (EBT)		**168,345**	**154,127**	**(14,219)**
Income taxes	33	(58,796)	(83,167)	(24,371)
Profit for the year		**109,549**	**70,960**	**(38,590)**

(*) The note numbers refer to the notes to the separate financial statements where the items are analysed in detail.

(**) Starting from 2019, the parent has decided to present "Impairment losses" separately in the reclassified statement of profit or loss for their better presentation. Therefore, the 2018 comparative figure has been restated accordingly.

Revenue

Total revenue for the year amounts to €2,741.0 million (€3,068.3 million), including €688.9 million (€363.5 million) earned in Italy and €2,052.1 million (€2,704.8 million) abroad.

Operating profit (EBIT)

The operating profit of €257.0 million shows a significant improvement on the previous year when it included impairment losses on assets related to infrastructure works in Venezuela, higher than those recognised in 2019 (i.e., €35.7 million in 2019 and €165.5 million in 2018).

Financing income (costs) and gains (losses) on equity investments

The parent recognised net financing costs of €65.0 million (costs of €5.8 million). The item comprises:

- financial expense of €119.0 million (€95.6 million); partly offset by:
- financial income of €48.6 million (€58.5 million);
- net exchange gains of €5.4 million (net gains of €31.3 million).

Financial expense increased by €23.4 million, mainly due to the payment of interest of €13.7 million by the Ethiopian branch for the years from 2014 to 2016 as part of a tax assessment and interest expense on the loan with Lane (higher by approximately €11.4 million).

Financial income decreased by approximately €9.9 million, mostly due to the smaller interest income accrued on amounts due from foreign customers.

Net losses on equity investments amount to €37.8 million compared to net gains of €41.6 million in 2018. The item includes impairment losses recognised to align the equity investments' carrying amounts with the parent's share of the investees' equity.

The 2018 balance included dividends of €153.3 million compared to €13.9 million in 2019.

Income taxes

The €24.4 million increase is mostly due to the payment for the tax assessment in Ethiopia and the greater impact of permanent differences.

Financial position of the parent Salini Impregilo S.p.A.

Table 5 - Reclassified statement of financial position

(€'000)	Note (*)	31 December 2018	31 December 2019	Variation
Non-current assets	4-5-6-7	1,617,412	1,602,916	(14,496)
Provisions for risks	23	(48,605)	(87,359)	(38,754)
Post-employment benefits and employee benefits	22	(11,667)	(12,267)	(600)
Net tax assets	9-14-25	240,178	207,699	(32,479)
- Inventories	10	143,268	111,211	(32,057)
- Contract assets	11	717,157	1,230,111	512,954
- Contract liabilities	11	(626,681)	(544,171)	82,510
- Receivables (**)	12	1,419,311	1,503,358	84,047
- Liabilities (**)	24	(1,492,508)	(1,768,252)	(275,744)
- Other current assets	15	290,089	264,922	(25,167)
- Other current liabilities	26	(137,608)	(126,727)	10,881
Working capital		313,028	670,452	357,424
Net invested capital		**2,110,346**	**2,381,441**	**271,095**
Equity	17	**845,200**	**1,492,767**	**647,567**
Net financial indebtedness		**1,265,146**	**888,674**	**(376,472)**
Total financial resources		**2,110,346**	**2,381,441**	**271,095**

(*) The note numbers refer to the notes to the separate financial statements where the items are analysed in detail.

(**) This item shows liabilities of €23.9 million and loans and receivables of €2.3 million classified in net financial indebtedness and related to the parent's net amounts due from/to consortia and consortium companies (SPEs) operating under a cost recharging system. The balance reflects the parent's share of cash and cash equivalents or debt of the SPEs.
The parent's exposure to the SPEs was shown under "Liabilities" for €22.2 million and "Loans and receivables" for €1.1 million at 31 December 2018.

Net invested capital

This item increased by €271.1 million on the previous year end.

The main changes are due to the factors listed below.

Non-current assets

Non-current assets decreased by €14.5 million. They may be analysed as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Property, plant and equipment	169,527	128,113	(41,414)
Right-of-use assets	-	58,138	58,138
Intangible assets	123,755	103,326	(20,429)
Equity investments	1,324,130	1,313,339	(10,791)
Total non-current assets	**1,617,412**	**1,602,916**	**(14,496)**

Property, plant and equipment decreased by approximately €41.4 million due to:

- reclassifications of €37.2 million to right-of-use assets as a result of the application of IFRS 16 on 1 January 2019;
- depreciation of €31.2 million; partly offset by
- increases of €25.0 million, chiefly related to investments made for the two Paris metro lines and the Rogun Dam in Tajikistan.

Following the application of IFRS 16 on 1 January 2019, the parent has recognised right-of-use assets of €58.1 million at 31 December 2019, including €37.2 million classified under property, plant and equipment at 31 December 2018. These assets mainly consist of plant and machinery and buildings.

Intangible assets mostly comprise the cost incurred to acquire contracts and decreased by €20.4 million, chiefly as a result of amortisation.

Equity investments decreased by €10.8 million as a result of the following changes:

- sale of the investment in the Dutch subsidiary Impregilo International Infrastructures N.V. to Lane Group for €133.1 million;
- impairment losses of €27.9 million, mostly recognised on the investments in GUPC (Panama), HCE and FIBE, partly offset by
- capital transactions of €153.4 million, mainly for the SPE GUPC (Panama) (€135.3 million), Salini Polska (€9.9 million) and Fisia Italimpianti (€6.0 million).

Provisions for risks

This item of €87.4 million increased from the 2018 year end balance by €38.8 million, mainly due to the accruals of €45.8 million made during the year to provide for the situations of certain consortium partners.

Net tax assets

At 31 December 2019, net tax assets amount to €207.7 million (€240.2 million) and may be analysed as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Deferred tax assets	195,001	215,051	20,050
Deferred tax liabilities	(18,994)	(18,946)	48
Net deferred tax assets	**176,007**	**196,105**	**20,098**
Current tax assets	94,303	67,547	(26,756)
Current tax liabilities	(76,887)	(77,687)	(800)
Net current tax assets	**17,416**	**(10,140)**	**(27,556)**
Other current tax assets	62,652	36,500	(26,152)
Other current tax liabilities	(15,897)	(14,766)	1,131
Net other current tax assets	**46,755**	**21,734**	**(25,021)**
Net tax assets	**240,178**	**207,699**	**(32,479)**

Working capital

Working capital increased by €357.4 million to €670.5 million at the reporting date. The main changes in the individual items arose as a result of developments in the parent's operations and production on foreign projects during the year. More information is available in the notes to the separate financial statements that present the main working capital items.

Net financial indebtedness

Table 6 - Net financial indebtedness of Salini Impregilo S.p.A.

The following table shows the parent's net financial indebtedness at 31 December 2019 and 2018:

(€'000)	Note (*)	31 December 2018	31 December 2019	Variation
Non-current financial assets	8	116,394	128,980	12,586
Current financial assets	13	710,341	916,438	206,097
Cash and cash equivalents	16	547,730	388,615	(159,115)
Total cash and cash equivalents and other financial assets		**1,374,465**	**1,434,033**	**59,568**
Bank and other loans and borrowings	18	(552,180)	(604,158)	(51,978)
Bonds	19	(1,088,158)	(1,091,890)	(3,732)
Finance lease liabilities	20	(16,596)	(39,147)	(22,551)
Total non-current indebtedness		**(1,656,934)**	**(1,735,195)**	**(78,261)**
Current portion of bank loans and borrowings and current	18	(931,775)	(532,332)	399,443
Current portion of bonds	19	(13,295)	(13,295)	-
Current portion of finance lease liabilities	20	(17,113)	(18,547)	(1,434)
Total current indebtedness		**(962,183)**	**(564,174)**	**398,009**
Derivative assets	13	602	268	(334)
Derivative liabilities	21	-	(2,012)	(2,012)
Net financial position with unconsolidated SPEs (**)		(21,096)	(21,595)	(499)
Total other financial liabilities		**(20,494)**	**(23,339)**	**(2,845)**
Net financial indebtedness including discontinued operations		**(1,265,146)**	**(888,674)**	**376,471**

(*) The note numbers refer to the notes to the separate financial statements where the items are analysed in detail.

(**) This item shows the parent's net amounts due from/to unconsolidated consortia and consortium companies operating under a cost recharging system. The balance reflects the parent's share of cash and cash equivalents or debt of the SPEs. The items making up these balances are shown under trade receivables and payables, respectively, in the separate financial statements.

At 31 December 2019, the parent has net financial indebtedness of €888.7 million compared to €1,265.2 million at the end of the previous year.

The €376.5 million improvement in the Group's net financial indebtedness is due to the capital increase completed on 12 November 2019 (described in more detail in the "Key events of the year – Progetto Italia" section), partly offset by the utilisation of working capital and certain non-recurring effects such as:

- payments of €135.3 million made to GUPC;
- the increase in lease liabilities, mostly as a result of the application of IFRS 16 from 1 January 2019;
- payments of taxes and interest of €32.5 million to settle the Ethiopian branch's tax assessment.

Directors' report - Part II

2019 Consolidated Non-financial Statement

Prepared in accordance with Legislative decree no. 254/2016

Introduction

This Consolidated Non-financial Statement (the "Statement") refers to Salini Impregilo Group (the "Group"), which includes Salini Impregilo S.p.A. and the fully-consolidated companies. The terms "Salini Impregilo" or the "Company" are used to refer to just the parent, Salini Impregilo S.p.A.. More information about the Statement's scope is given in the section "Methodology for reporting non-financial information".

The policies, management systems and internal procedures described below refer to Salini Impregilo. The key content of these documents is reviewed by the competent bodies of the subsidiaries, consortia, consortium companies, etc. in which Salini Impregilo has an investment with a view to their adoption.

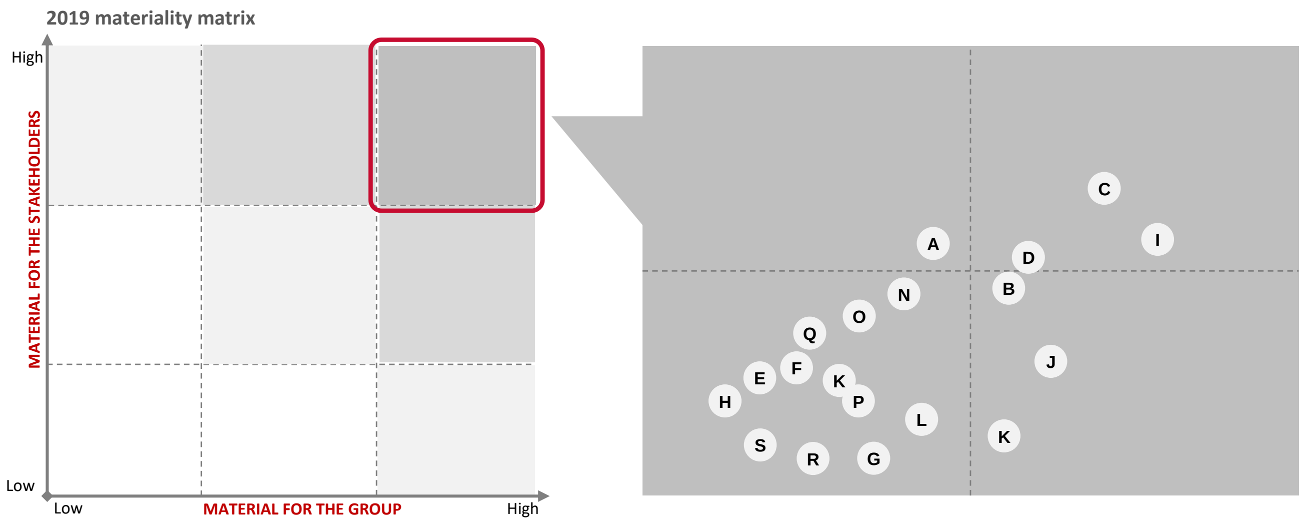
The section entitled "The infrastructure sector and Salini Impregilo's role" provides a snapshot of the Group's market in order to facilitate a better understanding of the information provided in this Statement.

Material non-financial topics

Given the reference context, the specific nature of the infrastructure sector, the Group's sustainability strategies and the inputs from its stakeholders, Salini Impregilo has drawn up and regularly revises a list of material topics on which it provides non-financial disclosures pursuant to Legislative decree no. 254/2016.

The Company adopts the GRI Sustainability Reporting Standards in the preparation of this Statement.

The materiality matrix for 2019 and a list of the material topics grouped by nature are provided below.



Market

A. Sustainability strategy

B. Excellence and innovation

Management

C. Ethics, integrity and anti-corruption

D. Human rights

E. Supply chain

Social

F. Job creation and local suppliers

G. Stakeholder engagement

H. Local community engagement

Human resources

I. Health and safety

J. Training and education

K. Attraction and development of talent

L. Welfare

M. Diversity and inclusion

Environment

N. Waste management

O. Natural resources

P. Soil, subsoil and water

Q. Climate change

R. Dust, noise and vibrations

S. Biodiversity

The Methodology for reporting non-financial information section provides more information about the process adopted for the materiality analysis.

Sustainability Strategy

Salini Impregilo's Sustainability Strategy is closely tied to the Group's business strategy and is underpinned by two key pillars.

It hinges on the Group's core business of providing clients and the market with infrastructure for sustainable mobility, clean hydro energy, clean water and green building solutions to global challenges.

It also embodies the ethical, social and environmental responsibility policies and practices applied by the Group to protect and enhance people and the environment and to contribute to the social and economic development of the countries where it operates.

The Sustainability Strategy allows the Group to pursue 11 of the key Sustainable Development Goals (SDGs) defined by the United Nations.

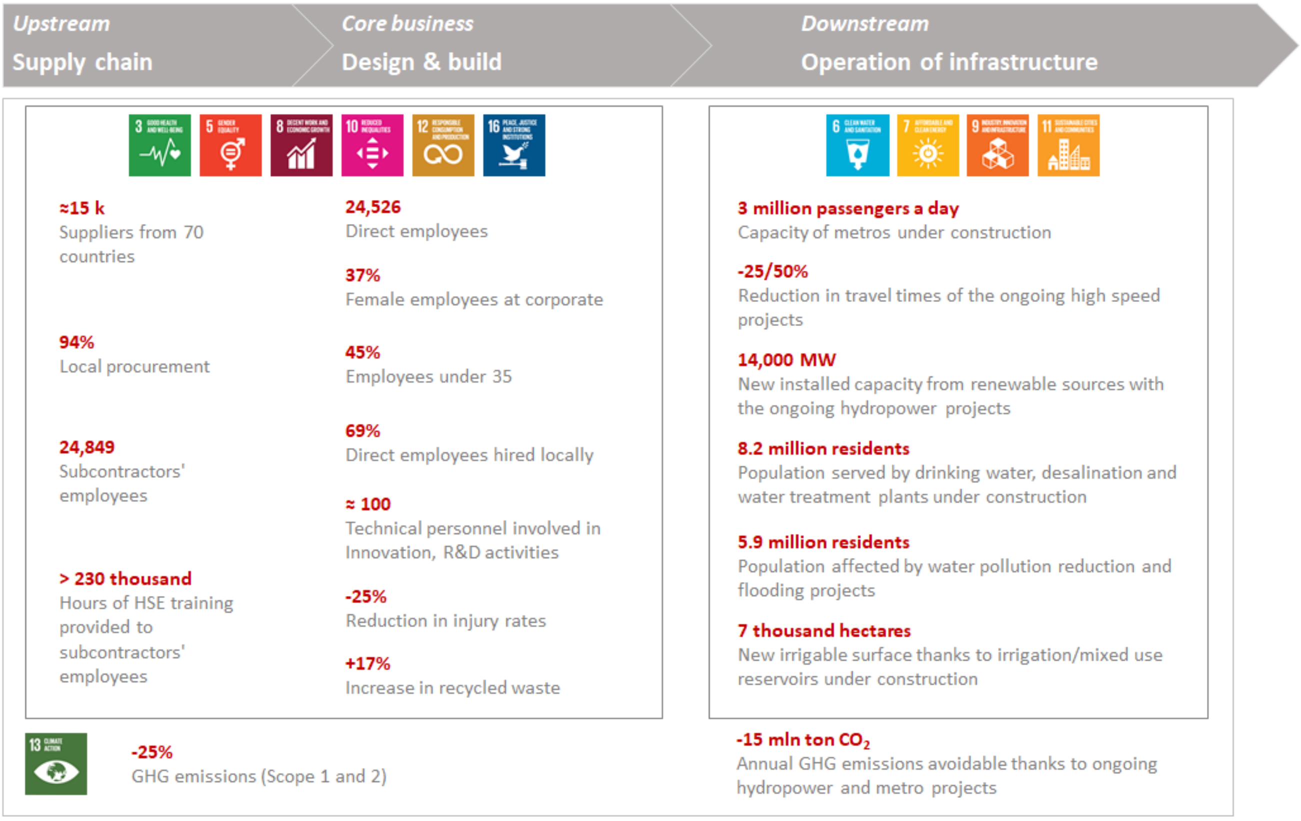
Pillar 1:
Contribute to global challenges

We assist our clients with issues such as sustainability mobility, water, hydropower and green buildings. We build infrastructure that contributes to communities' development and well-being.

Pillar 2:
Act responsibly

We contribute to the economic and social development of the areas in which we operate, guaranteeing the well-being of individuals and respect for the environment.

The Group's dedication to these goals involves the entire value chain as shown in the following diagram:



Additional information about the Group’s business model is available in the “Salini Impregilo Group: our vision and performance” section of the directors’ report.

Company organisation

Salini Impregilo's corporate governance model is a traditional management-type model and complies with international best practices. It is an essential tool in ensuring the efficient management of the Group and effective controls over its activities, in line with the Group's goals of creating value for shareholders and protecting stakeholder interests.
The Company's governance system is based on integrity and transparency. It complies with the relevant legal requirements, Consob (the Italian commission for listed companies and the stock exchange) regulations and the recommendations of the Code of Conduct for listed companies (July 2018 edition).

At the end of 2019, the Company's Board of Directors had 15 members, including five women (33.3%) and nine who met the independence requirements (60%). The Board of Directors has four committees: the Strategic Committee, the Control, Risk and Sustainability Committee, the Compensation and Nominating Committee and the Committee for Related-Party Transactions. The Control, Risk and Sustainability Committee, comprised of six independent directors, examines this Consolidated Non-financial Statement in connection with the Company's activities and engagement with its stakeholders.

The Company has an organisational and management model based on a system of principles (Code of Ethics and Policies) and management and control tools (risk management, procedures and controls) designed to supervise significant non-financial topics in line with the regulations applicable in the countries where it operates, standard principles and international guidelines.

Salini Impregilo is a signatory of the UN's **Global Compact**, the largest global sustainability initiative that requires companies to align their operations and strategies with ten universally-recognised principles on human rights, labour practices, the environment and anti-corruption.

Code of Ethics

The Company has a Code of Ethics, which sets out its principles and rules of conduct that people who work for or with Salini Impregilo are required to adhere to during their everyday work.

The Code applies to the directors, statutory auditors, managers and employees of Salini Impregilo as well as all those parties that directly or indirectly, temporarily or on an ongoing basis work with the Company, to the extent of their duties and responsibilities.

They are required to comply with the laws and regulations applicable in the various geographical areas in which the Company operates and to base their conduct on that set out in the Code.

The Code of Ethics has three sections:

Ethical principles: the reference principles to which Salini Impregilo employees are required to adhere: integrity, honesty, reliability and sustainability.

Rules of conduct: the practical implementation of the ethical principles incumbent on all parties required to comply with the Code; the rules of conduct set out in the Code cover non-financial aspects dealt with in this Statement.

Application and compliance: the internal procedures used to monitor application of the Code and the communication systems available to the parties required to comply with the Code.

Company policies

Salini Impregilo has issued a number of company policies, which alongside the Code of Ethics, represent the main points of reference for people working for the Company. They are summarised below:

Sustainability: the principles that the Company is committed to complying with during its operations in order to contribute to economic progress, social well-being and the environmental protection of the countries where it operates.

Health and safety: the principles that the Company is committed to complying with to protect the health and safety of its employees, suppliers and subcontractors during the entire life cycle of its contracts (design, construction and development) and in the workplace; its objective is “zero injuries”.

Environment: the principles that the Company is committed to complying with in order to mitigate possible adverse effects on the environment, protect the ecosystem and increase the beneficial effects, contributing through its projects to resolving the main global environmental issues.

Quality: the principles that the Company is committed to complying with to ensure its client’s full satisfaction, the active involvement of all stakeholders and ongoing improvement of the Quality System, based on its fundamental goal of “build to perfection”.

Human rights: the principles that the Company is committed to complying with to ensure the protection of human dignity, just and favourable conditions of work and the protection of the human rights of stakeholders affected by its activities.

Equal opportunities, diversity and inclusion: the principles that the Company is committed to complying with to encourage inclusive work environments that value the individual, developing human capital.

Anti-corruption: the anti-corruption principles to be adhered to by employees, based on the fundamental tenet of “zero tolerance”.

The Company strengthened its commitment to the environment, health and safety and human rights and workers with the **International Framework Agreement** signed in 2014 with the Italian (Feneal-UIL, Filca-CISL and Fillee-CGIL) and international (BWI - Building and Wood Workers’ International) trade unions of the construction sector.

The above principles are reiterated in the **Suppliers Code of Conduct**, introduced early in 2020, through which the Company extends its responsible operating practices to its supply chain. This Code is binding for all Salini Impregilo’s suppliers and, together with the Code of Ethics, is an integral part of their contractual relationship with the Company.

Management and control system

The Company has an internal control and risk management system incorporating rules, procedures and organisational structures to ensure healthy, ethical business practices that are consistent with its objectives through appropriate procedures to identify, measure, manage and monitor the main risks.

This system is based on standards which require that:

- business activities be based on applicable internal and external rules, can be mapped and documented;
- the allocation and exercise of powers as part of a decision-making process be commensurate with the positions of responsibility and the size and/or significance of the underlying transaction;
- those parties that take or implement decisions, that record transactions and those that are required to perform the controls over such transactions provided for by law and procedures envisaged by the internal controls be different parties;
- confidentiality and compliance with the personal data protection legislation be ensured.

Salini Impregilo has also voluntarily adopted an **Integrated QEHS** (Quality, Environment, Health and Safety) **Management System** in compliance with the international standards ISO 9001, ISO 14001 and ISO 45001, as well as an **Anti-Corruption Compliance System** pursuant to ISO 37001. Its system is certified by an independent expert.

The quality, environment, health and safety management system certifications cover:

- the definitive and executive designs, works management and performance to build large works, civil and industrial works and related technological systems;
- the design and management of integrated operation and maintenance services for infrastructure, civil and industrial buildings, related technological systems and electromedical devices.

The quality management system also applies to the coordination of the general contractor activities carried out in accordance with Title III of Legislative decree no. 50/2016 and Legislative decree no. 56/2017 as subsequently amended and integrated.

The scope of these systems includes all the work sites where the Company operates and all types of company in which it is involved.

The anti-corruption management system covers the design, construction, restructuring and maintenance, on its own behalf or for third parties, of civil engineering, industrial, infrastructure and plant engineering works. It applies to the Group’s core and strategic processes managed by the Italian offices and the Company’s operations, including those of the foreign branches and directly-managed work sites. Centralisation of the main processes exposed to corruption risks (including business development and procurement) has meant that the related controls are carried out as part of the certification.

The Company has an ISO 31000 compliant **risk management system**, certified by an independent expert. It covers construction on its own behalf or for third parties of roads, ports, buildings, hydraulic, hydropower, railway and other civil engineering works in Italy and abroad.

Salini Impregilo refers to the OECD Guidelines for multinational enterprises and ISO 26000 “Guidance on Social Responsibility" for its CSR issues. It has also adopted the UN’s Guiding principles on business and human rights for the management of human rights.

Subsequent sections of this Statement provide more information on these frameworks.

Organisation, Management and Control Model

Salini Impregilo has introduced an Organisation, Management and Control model (the “231 model”) to:

- prevent the commission of the predicate crimes as per Legislative decree no. 231/2001;
- define and implement an internal culture based on respect and transparency;
- increase awareness among employees and stakeholders.

The Model sets out specific controls implemented in internal procedures in order to monitor transactions exposed to the potential risk of crimes that would trigger the administrative liability of companies.

It includes measures to identify and reduce potential risks of non-compliance with the provisions of Legislative decree no. 231/01. With respect to the risk of bribery crimes, the Model’s controls are aligned to the Anti-corruption Compliance System.

The Integrity Board, which is an independent control body, monitors the effective implementation of and compliance with the Model. The Company has informed its employees of an email and postal address for any communications to be made directly to the Integrity Board, guaranteeing their anonymity and protection from any form of reprisal. Notification of alleged violations of the Model can also be made using the whistleblowing system (see the Anti-corruption section) which forwards them to the Integrity Board.

This complies with Law no. 179/2017 and Confindustria’s Explanatory Note dated January 2018.

Non-financial reporting system

Salini Impregilo has a non-financial reporting system that complies with the requirements of Legislative decree no. 254/2016 and the GRI Sustainability Reporting Standards. The Corporate Social Responsibility Department supervises this reporting system. This Statement is approved by the Company’s Board of Directors after it has been examined by the Control, Risk and Sustainability Committee.

Main organisational changes

Salini Impregilo revised parts of its organisation during the year to ensure more effective controls over its internal processes.

Specifically, the main organisational projects, which also led to the recruitment of new resources from the market, involved:

- setting up a *Commercial Department* in the Commercial/Business Development area to scale up business development, strategic marketing, commercial planning and bidding assistance processes;
- the *Global Supply Chain Department*, which combines the *Procurement Department* and the *Plant & Equipment Department* optimising know-how and operating synergies along the supply chain to facilitate projects more effectively and efficiently;
- the *HR, Organisation and Systems Department* to focus on organisational development and bolstering its activities to enhance the Group;
- the *Global Operations Department*, due to the additional streamlining of the geographical segments in line with the new direction of the Group's business.

The changes in the organisational model were flanked by a review of internal processes and innovation for the purposes of ongoing improvement and operating effectiveness and efficiency.

Specifically, the "Performance Dialogue" project is up and running to ensure transparent and consistent key objectives/priorities and make the assistance provided by all the functions for achievement of contract objectives more efficient. This includes scheduling regular project performance review meetings at various internal levels, using standardised tools and reports to ensure consistent reporting of the progress of all the Group's projects and identify any appropriate improvement and/or recovery actions. This project covered the Group's entire contract portfolio over the course of 2019.

The Company continued its ongoing digitalisation project as described in the relevant paragraph of the Innovation, research and development section.

The Company has continued to fine-tune its Knowledge Management Programme as part of its drive to improve process efficiency and create value by harnessing and re-deploying experience gained in the field. The programme is designed to optimise the knowledge-sharing tools and methods and access to specialist expertise.

It also continued to encourage its subsidiaries to apply organisational and process best practices as part of its drive to steadily disseminate and standardise the organisational models and operating methods at group level. This approach allows for the optimisation of internal processes by promoting the parent's competence centres' role in communicating guidelines, recommendations and specialist assistance.

Specifically, Lane has aligned its processes and organisation with the Company's standards with regards to the:

- Technical Department (Engineering and Bidding Office);
- Procurement;
- HR & Organisation.

Finally, the Company tweaked and supplemented its procedures as part of its project for ongoing improvement of its organisation and to reflect changes in the legislative framework. It wrote and distributed a Compliance Handbook to all the Group's operating units after which it monitored the effective application of procedures throughout the Group with a multi-functional project for the start up of contracts. This is designed to ensure that the contract's organisation, systems, processes and procedures are in line with the Group's standards right from their inception. The Handbook provides useful references to organisational charts, systems and shared procedures.

Innovation, research and development

Salini Impregilo considers innovation essential for its long-term sustainable growth in an era of technological and environmental challenges. Innovation is key to be competitive in terms of core process efficiency, contract timing and costs and a company's social and environmental performance thanks to less work-related incidents, a smaller impact on the environment and the communities affected by its operations.

The Company's sector is known for the highly customised processing, techniques and technologies deployed depending on the nature of the works to be performed. Each project is unique and requires the development of bespoke solutions designed thanks to highly specialist know-how. The Group's work sites are hives of innovation and advanced research.

R&D activities are carried out at project and company level.

At project level, in addition to researching materials and energy efficiency, the most challenging activities are those for projects with technical characteristics that cannot be dealt with using conventional techniques and technologies.

At company level, the technical departments work unceasingly to develop state-of-the-art methods for projects and support processes. The Company's technicians work alongside the best experts and professionals in the market, universities and research centres to develop tailored solutions able to meet clients' requirements while protecting the local environment and communities right from the initial tender stage.

During the 2017-2019 three-year period, the Company invested on average over €19 million in innovation, research and development projects for a grand total of approximately €58 million. These projects have involved on average more than 100 group specialised resources[13].

Innovation	Unit	2017	2018	2019
Employees involved in R&D projects	no.	119	99	97
Investments in R&D	€m	30.4	12.1	15.5

R&D projects mainly related to construction techniques, digitalisation, virtual reality, materials and energy efficiency.

[13] Long-term projects (and the related personnel) are considered for each year.

Construction techniques

Salini Impregilo best expresses its innovative potential in this area. One of its most significant projects undertaken in the 2017-2019 period is the study of the boring of a tunnel using pressure boring technology carried out to develop a bid for a section of the Naples - Bari high capacity railway line in Italy. The project required improved technical solutions to resolve interference with the water table inside the tunnel, especially as regards the temporary works to allow boring inside the tunnel without water. The Company opted for an innovative but efficient and safe solution, able to guarantee dry boring in simple, repetitive and expeditious executive stages, eliminating the risk of any disturbance to the existing structures and the water table.

Another interesting research project, developed as part of the environmental restoration project of the Matanza-Riachuelo catchment basin in Argentina was the development of a new method to install vertical pipes underwater, called the riser concept. This solution, for which Salini Impregilo has filed a patent application, involves installing vertical pipes from the bottom up, working inside a tunnel built on the bed of a water body when there are soft ground formations. Before this innovative equipment, only vertical bottom-up excavation methods in rocky material existed, which were not possible in underwater conditions. Significant offshore work and seaworks were necessary for these projects, working from the top down, which significantly lengthened the contract times and complexity due to the numerous external factors, especially weather and navigation conditions. The new riser concept technique almost completely eliminates the seaworks as it allows the pipes to be laid directly inside an undersea tunnel with substantial improvements in terms of simplifying construction and the reduction in the number of offshore processing activities and works, optimised costs during the construction and operating stages, strong construction planning and timelines, elimination of interference with shipping, reduction of the overall environmental impact and fewer construction risks.

Another noteworthy project is the study of experimental and numerical models to assist the design and testing of special works like the iconic Western Station of the Riyadh Metro the Group is building in Saudi Arabia. This study dealt with wind dynamics and the vulnerability of special iconic structures to the wind (large irregular shaped roofs and canopies) using numerical models developed internally by the design challenge team and as partnerships with external research centres. Together with the Milan Polytechnic, the team carried out trials in the wind tunnel as well as dynamics analyses on software developed specifically by the University, without parallel on the market. The study enabled the Company to acquire new skills in the field of non-conventional structures' reaction to wind (which are not fully covered by the current international regulations) and to hone its knowledge and awareness of the importance of adopting a non-conventional approach to the dynamic factors of special structures, especially given the increased frequency of extreme weather events.

The Group has also decided to reengineer its production processes, covering both its normal work site activities and the main support activities. This lean construction process is the construction sector's take on the lean production principles and involves focusing on operating planning and an analysis of the KPIs when preparing bids.

Digitalisation

These projects apply to many areas. They entail the development of innovative tools that use artificial intelligence (AI) and the Internet of Things (IoT) to analyse and share data. The tools facilitate the processing of big data with summarised and detailed outputs available in real time. Digital innovation is essential to Salini Impregilo's competitive edge in a world undergoing continual technological transformation. In 2019, it implemented new applications to assist its day-to-day business, including:

- an integrated commercial and bidding data and information flows management system to provide better assistance with strategic decisions and the traceability and security of information;
- processes and systems for electronic signatures in documents;
- digital procurement solutions to make the management of purchase requests and formalisation of supplier contracts more efficient;
- a HR process digitalisation project to introduce technological best practices for the day-to-day activities of the HR and organisation department.

Virtual reality

Management deemed it strategic to develop BIM (Building Information Modeling) tools to guarantee top service quality levels and promote the sector's high level of competition and technological innovation to the market. In order to gain a greater share of international markets and to expand its global footprint, the Company has rolled out its first ever internal project to develop more innovative BIM tools than those available on the market.

Rolled out in 2017, this R&D project's objective was to develop and implement innovative algorithm models whose application to some future contracts and all calls for tenders, would allow Salini Impregilo to improve its service levels, delivery timeliness and security while also cutting industrial costs. The underlying objective was to obtain external intelligence to serve virtual graphic software that uses an algorithm to identify the correlation between the type of material to be used and the type of work to be designed and built. The model would also establish the quantities and costs as well as construction and installation methods. The innovative BIM system, initially considered to be an operating model and not a tool, was designed as an information model to plan, design, build and maintain large works, i.e., a model containing all the information about the work's entire lifecycle, from design to construction and until demolition and decommissioning. Its innovative feature was that of being a parametric model housing all the information about the work's entire lifecycle. This solution can be used to create a three dimensional model as well as a dynamic, interdisciplinary, shared and constantly evolving information model, which includes data about geometry, materials, the weight-bearing structure, thermal characteristics and energy output, plants, costs, safety, maintenance, lifecycle, demolition and decommissioning.

During 2019, the Company extended the use of this virtual model to the security area, reproducing the work environments to identify and categorise the risk factors. The simulation of critical areas and processing and the identification of restricted access zones allows Salini Impregilo to analyse risks before they arise and thus prevent them.

Materials

The more important studies carried out in recent years are those for the mixes for the concrete used to build the dams in Ethiopia and Namibia.

Specifically, the R&D activities identified optimised mixes, with a low cement content, for the GERD project in Ethiopia. This enabled a saving of more than 200 thousand tonnes of cement and, in turn, a saving in transportation. As a result, the study will allow a reduction in the project's carbon footprint of over 290 thousand tonnes of CO_2.

An on-site production process was developed at the same work site for concrete admixtures which avoided their purchase and related transportation from abroad (i.e., Europe). This will lead to lower transport emissions of roughly 27 thousand tonnes of CO_2.

In Namibia, the Group developed a special concrete mix using fly ash instead of cement, which meant more than 21 thousand tonnes less cement was used, reducing the project's carbon footprint by over 14,500 tonnes of CO_2.

Energy efficiency

One of the most important projects carried out in the three-year period was that launched in 2017 to develop "Construction 4.0" electrical systems. The study involved an innovative system to monitor a work site's electrical parameters and obtain a detailed analysis of the power quality to improve the work site's electrical and energy performances.

The project entailed a feasibility study and the design and engineering of new systems and technologies for energy efficiency.

In 2018, the work site for the Isarco River Underpass section (Italy), which is the south lot of the Brenner Base Tunnel contract, was the first pilot site to test this technology. The new equipment installed at the logistics base showed an improvement of roughly 8% in electrical efficiency with the related proportionate reduction in consumption and, therefore, greenhouse gases (GHG). The analysis of the results for the first three months showed that the work site saved roughly €12 thousand with around 30 tonnes of CO_2 emissions avoided in 2019.

Analyses of the electrical and energy performances at the COCIV site in Italy, which is the second to have this system, were also started in 2019.

In Tajikistan, the Company has developed an innovative technique for the automated transportation of construction materials using high capacity conveyer belts, again for energy efficiency purposes. These belts can transport up to 5,500 tonnes of material an hour, improving the production output and avoiding their usual transportation by truck. This has generated large financial and environmental benefits. In 2019 alone, the estimated benefits in terms of decreased transport-caused emissions are more than 11,300 tonnes of CO_2.

In addition to continuing its ongoing projects, the Company constantly scouts for new potential innovation, research and development projects to invest in. At year end, it had identified projects to be carried out in the three-year 2020-2022 period for an investment in excess of €15 million. Their key objective is to design and roll out an innovative platform, which integrates new technologies to be used in advanced production processes in the construction sector. The end purpose is to encourage a new approach to the Company's operations strongly orientated towards digital technologies to improve efficiency and sustainability.

Human resources

≈50 thousand people

direct and indirect workforce

45%

employees under 35

37% women

at the head office

-25%

reduction in injury rates

Internal policies

People, their skills and their dedication are fundamental to any organisation's competitive edge. Human capital is an increasingly critical success factor given the nature of Salini Impregilo's business, consisting of the building of unique large, complex infrastructure projects, its need to understand and have a flexible organisation that can adapt to different cultures and the complex transformation it is currently undergoing.

The adoption of a HR strategy and policy is essential and they must underpin the Group's strategic objectives through the efficient management of human resources and the organisation.

Objectives:

- guarantee that employees act in accordance with common rules and practices in compliance with the Code of Ethics and the Company's values;
- foster an inclusive work environment that enhances individual skills and encourages employees to develop their potential;
- cultivate diversity and inclusion as levers to understand the various cultural contexts in which Salini Impregilo operates, to encourage innovation and the ongoing improvement of decision-making processes key to achievement of the business objectives;
- attract, retain and motivate employees by guaranteeing their best placement within the Group to enhance their talents and growth;
- maintain the highest levels of protection for health and safety in the workplace for its employees, ensuring the necessary prevention and protection measures are in place to avoid or minimise occupational risks and instil a safety-based culture at all levels and proactive and ethical conduct;
- encourage the adoption of a single organisational model throughout the Group, based on structures and processes to create value and to concurrently comply with the legislation of all the countries where Salini Impregilo operates;

- introduce digitalisation as an essential tool to bolster the efficiency and standardisation of processes and maximise knowledge and the sharing information between people across the Group.

Main risks and management methods

The Company's HR management policy complies with the principles set out in its Code of Ethics and the laws and regulations of the countries where it operates.

The risks and methods used to manage the key employee-related aspects and risks are described below.

Workforce

At 31 December 2019, the Group's workforce was as follows:

Direct workforce by category (GRI 102-8)	Unit	2017	2018	2019
Managers	no.	351	357	359
White collars	no.	7,194	6,738	6,192
Blue collars	no.	23,592	19,469	17,975
Total	**No.**	**31,137**	**26,564**	**24,526**

Direct workforce by geographical segment (GRI 102-8)	Unit	2017	2018	2019
Italy	no.	1,936	1,771	1,699
Africa	no.	11,273	8,923	8,724
Europe	no.	1,487	1,301	755
Americas	no.	6,977	4,288	4,248
Asia and Oceania	no.	9,464	10,281	9,100
Abroad	no.	29,201	24,793	22,827
Total	**No.**	**31,137**	**26,564**	**24,526**

At year end, technical and production employees made up 79% of the workforce with office employees accounting for the other 21%. The split between open-ended and fixed-term employment contracts is 93.6% and 6.4%, respectively.

If the indirect resources (employees of subcontractors, temporary work agencies and other service providers involved in the Group's projects) are included, the total workforce deployed by the Group in 2019 numbered 49,375.

Total workforce by geographical area (GRI 102-8)	Unit	2017	2018	2019
Italy	no.	4,859	5,242	6,392
Africa	no.	14,619	11,620	9,992
Europe	no.	4,508	4,515	2,389
Americas*	no.	11,224	7,806	8,733
Asia and Oceania	no.	28,396	35,904	21,869
Abroad	no.	58,747	59,845	42,983
Total	**No.**	**63,606**	**65,087**	**49,375**

* Figure for indirect resources unavailable for North America

The above figures relate to the Group's employees at 31 December of each year.

New hires and outgoing employee trends are affected by the unique nature of the infrastructure sector, where workers are taken on for specific projects with employment contracts that usually end when the works have been completed.

In 2019, the Group hired 6,247 resources, including 2,448 under 30 years old. Outgoing employees numbered 12,501 and this figure includes the transfers of resources among group sites. The greatest number of departures was seen in the Middle East as a result of the advanced stage of completion on the main ongoing projects. Voluntary departures made up 10% of the total.

Attraction, selection and development

Employee attraction, selection and development activities are carried out in accordance with the principles contained in the Code of Ethics and company policies.

Employer Branding

The Group continued its multi-year Employee Branding activities during the year, focusing on the attraction and selection of young people and the provision of professional counselling and tutoring about construction sector career opportunities. This involves strategic agreements with universities, engagement initiatives such as career days, recruiting days, themed workshops in university faculties, presentations and visits to construction sites, with a focus on communications via digital and social media, university websites and the main on-line job boards, as these allow direct and ongoing contact with potential candidates.

Among the strategic agreements with universities, the Company stepped up its collaboration with the Australian universities. It continued to partner the University of Technology (UTS) in Sydney to fund a scholarship for deserving engineering students (the "Salini Impregilo Tomorrow's Builders scholarship") and started a university programme to promote the academic and professional training of female engineers. This wide-ranging collaboration, covered by an agreement signed in 2018, was extended to other projects in 2019 including the design of a joint short-course in Tunnelling, to be held in Spring 2020, and the identification of joint research projects.

The Group also commenced talks with the main universities of Melbourne to assess future developments and collaborations. To this end, it participated in the "STEM Internship" career fair organised by RMIT University.

In the US, Lane's employer branding plan extended to the main colleges and universities of the states where the Group operates, such as University of Florida and University of Washington State, mainly in the form of participation at career fairs and recruitment days.

In Europe, the Group participated in the Career Forum of the École Spéciale des Travaux Publics (ESTP) in Paris which attracts thousands of engineering students for the second consecutive year. The school, which is also called "École Des Grand Projets" is one of the leading French institutes for training in the construction sector.

At home, Salini Impregilo increased its collaboration with Genoa University, rolling out a number of activities during the year for the training, orientation and recruitment of university students. This included the learning centres formula, with workshops on the technical and management aspects of the Group's projects and visits to work sites. The Liguria Regional Authorities acknowledged the Group's involvement in the "Register of Endorsers" and its contribution to the regional professional orientation project for students at all levels (#progettiamociilfuturo).

Salini Impregilo made the "Best Employer of Choice 2019" ranking for the fourth consecutive year, at fourth place in the general classification and taking first place as the most attractive employer for technical and scientific graduates. Again in 2020, Salini Impregilo is one of the "Best employers of choice" of university graduates, ranking 10th in the general classification and holding on to its position as one of the most attractive employers for STEM university graduates. It was also included in the "Best Awareness" programme ranking fourth as the company best known by Italian university graduates. These prestigious recognitions, based on the results of a survey, and the Group's consistent ranking among the top places bolsters its reputation on the labour market and its appeal as an employer of choice, assisted by its regular notification of job vacancies and intense employer branding activities at the main universities. Salini Impregilo is not only a favourite among university graduates. It also obtained the "Universum" ranking as the "Most attractive employer" in the construction sector. During the year, it launched the new "Our team" section of its "Careers" section of the website to give more visibility to the vast range of professionals and operating profiles within the Group. The section presents the internal positions and teams through direct endorsements from group personnel.

Selection and acquisition

The employee selection and acquisition activities are regulated by a defined, standardised procedure at corporate level and for its projects that require the structured scheduling of requirements, followed by a scouting stage (on the market or internally) and recruitment. The Company uses a special system that ensures the traceability and transparency of the talent acquisition process and the ongoing updating of the pipeline of candidates to be recruited.

The Company introduced a new onboarding process in 2019 to smooth the entry of new resources, facilitate their integration with the managers and colleagues, promote a faster transfer of internal know-how and competences and transmit the internal values and culture. It defined specific tools such as the dedicated training courses through E-Learning Academy, the preparation and gifting of a welcome kit with the main organisational and operating documents as well as mentorships to encourage integration and reception of the Company's culture.

Training and development

Training programmes were continued in 2019 and the Company defined specific tools to support and promote career paths, organisational growth and the continuity of its succession plans.

Salini Impregilo defined a new leadership model which identifies managerial skills and conduct necessary to achieve its strategic objectives in line with its values. Roll out of the model will continue in 2020 with tailored communication and training campaigns and will be the basis for HR management processes (selection, training, management performance). It will also be a reference point for group resources in their daily working lives.

The Company also introduced assessment programmes to support growth and, specifically:

- the Step-up programme for «*Early career profiles*»
  This programme was earmarked at a group of young professionals who have been with the Company for three to four years. They participated in readiness and potential assessments (tests, interviews and simulations) and had to return an individual report providing additional information on their managerial profile, strengths and areas for improvement. This provided the Group with important information to be used to define subsequent training courses.
- an assessment programme to support the promotion and development policies for senior corporate and project resources. Specifically, the programme is designed to assist with the assessment of managers who are potential candidates for promotion, integrating the assessment of their technical and specialist skills with managerial skills assessment tools, including the assessment of the new leadership model skills, specific personality tests and one-on-one interviews with the HR department.

Development activities included business coaching for certain managers to assist their development in line with the Company's values and required skills. These sessions were designed and carried out to develop the leadership qualities of certain key figures and/or rising talents. It had a positive influence on business performance and the internal environment, strengthening the managers' motivation and sense of belonging as well as facilitating their move up the corporate ladder.

In 2019, the coaching programme focused on the technical and operations resources. It will be extended to the managerial roles of other professional areas in 2020.

The key management development levers include the Global Managerial Academy, conceived in 2019 and officially opened in February 2020.

It has been designed to encourage the development of leadership and managerial skills of those resources who already hold key positions or are rising through the ranks and is structured differently depending on the resource's seniority.

Training activities entail the participants' involvement in a digital business game to gain experience in a wide range of skills through training in the form of simulations and experiential learning. They cover technical and financial aspects, processes and leadership qualities with a special focus on change leading, complexity management, development of team skills in an inclusive approach and the enhancement of diversity and customer orientation.

The Company's training programme is based on an analysis of training requirements, which identifies any gaps and the most appropriate training to resolve them, and strategic change management objectives and the Company's workforce development.

The Group's Learning Academy, introduced in 2015 to promote a new training model that strengthens the existing expertise and disseminates the know-how throughout the organisation, has various programmes:

induction courses on internal policies and procedures for new employees, and courses on compliance (companies' administrative liability as per Legislative decree no. 231/2001 and anti-corruption), health and safety (including the innovative Safety Builders course), languages, technical expertise, economic and financial issues, team building and managerial development.

The Group also provides training through the E-Learning Academy, which deploys the new digital technologies to provide e-learning courses, facilitating the sharing of technical and specialist knowledge. While classroom courses and activities still take place, there are more on-line courses using virtual classrooms and webinars and a vaster range of e-learning courses.

One of these e-learning courses introduced in 2019 is that on data security and cybersecurity, designed to increase employees' awareness of the risks of circulating information and, specifically, of cyber attacks and cybercrime.

In 2019, new important training courses were planned for launch in 2020. They will be provided through the E-Learning Academy and include, for example, the new e-learning course on anti-corruption and that on human rights, designed to increase employees' understanding of the related internal policies.

In 2019, the third edition of the master's degree course "International Construction Management" at the Milan Polytechnic, a leading university partner, was completed. The one-year course of 30,000 hours, held in English and open to international students, offers a unique post-degree course as it combines mentoring, tutoring, knowledge-based training, soft skills and professional training. Classroom lessons are mostly provided by Salini Impregilo professionals with a six-month apprenticeship in Italy and abroad under the guidance of company tutors to complete the course. Graduation Day took place on 27 September and the 15 students (33% international students, 40% female students - additional proof of the Company's ongoing commitment to promoting the training and professional careers of newly graduated female engineers) presented their dissertations to the scientific commission.

Salini Impregilo also invests in the professional development of its employees around the world in order to ensure their performance meets the Group's technical, qualitative, environmental and health and safety standards and so that it has qualified personnel for its ongoing and future projects.

Accordingly, projects include professional training courses for the local workforce, defined using parameters that identify the training requirements and needs for each position. Employees must attend the specific training course identified for their roles and requirements (both classroom and on-site).

These courses avoid the risk that employees' technical, professional and managerial skills become obsolete as this could affect the productivity, efficiency and safety of their jobs.

Training hours (classroom and on-site) provided in 2019 covered many aspects (health and safety, the environment, quality, technical/specialist, compliance, management, etc.) for a total of 252,357 hours. These courses were supplemented by important safety courses provided directly in the work sites. During 2019, the Group carried out more than 105 thousand Tool Box Talks (short meetings on safety-related aspects, around 88 thousand, and the environment, roughly 17 thousand, held at the start of work shifts) at its work sites, equal to more than 290 a day.

Average per capita training hours (GRI 404-1)	Unit	2017	2018	2019
Managers and white collars	hours	15	16	11
Blue collars	hours	12	11	10
Total	**hours**	**13**	**12**	**10**

In addition to training given to group personnel, the staff of its subcontractors attended courses on QEHS subjects totalling 230,002 hours in 2019.

The attraction, selection and development activities described above, help the Company mitigate risks such as not being able to fill positions due to a lack of qualified personnel available on the market, or a time lapse between the assignment of the project and the starting of works, or an inability to retain and motivate key professionals, including for the broader business continuity purposes.

Total reward

The Company has operating procedures and practices designed to ensure that its remuneration policies comply with the regulations applicable in the countries where the Group operates and especially the minimum wage requirements, where these exist. At both corporate and operating level, the Company regularly meets with the trade union representatives (when appointed) to discuss remuneration.

A well-thought out remuneration policy is essential to retain key resources, mitigating the risks Salini Impregilo is exposed to, which are mainly the possible more aggressive remuneration and career policies of competitors. To this end, Salini Impregilo's remuneration policy has the following objectives: guarantee fair treatment in terms of the enhancement of know-how and professional skills of individuals and their roles and responsibilities, check that remuneration matches the related positions, ensure fair and consistent remuneration in line with the reference market and award bonuses in line with results and actions.

Salini Impregilo's remuneration policy has the following objectives in line with the above principles: retain and motivate qualified professional resources to pursue the Company's and Group's objectives; encourage these resources to stay with the Company and the Group; align, as far as possible, management's interests with the medium to long-term interests of shareholders and stakeholders; ensure financial balance and the sustainability of its policies over time.

In 2019, the Company continued its performance management programme for its key resources. This programme's aim is to strengthen the result-oriented culture and has two categories of objectives. The first is Group performance in line with that of senior management (30%). The second is individual performance. In recent years, the security objectives have gained importance steadily, especially for those resources in the business departments. Greater weight has been given to this aspect, introducing a specific objective that includes both the development and introduction of the quality, environment and safety management system and a reduction in the injury rate. At the end of the year, the results are assessed in qualitative and quantitative terms to obtain the overall performance achieved.

Salini Impregilo is aware of the importance that employee satisfaction plays in terms of the quality and productivity of their output and that work/life balance also contributes to this satisfaction. The Company is one of the first in the domestic construction sector to have formalised a welfare agreement, despite the current complexities faced by the sector due to the blocking of large public works which has not helped it.

During 2019, the Company continued to develop its welfare plan ("LIFE@salini-impregilo"), introduced on 19 July 2018, which supplements the traditional monetary incentives and benefits provided to an increasing number of employees. In September 2019, a satisfaction survey was carried out with a 66% response rate, which was very positive. More than 90% of the participants were in favour of the initiative.

The analysis and investigation approach is one of the pillars of design and implementation and will be repeated in each year of the project to obtain a clear view of the beneficiaries to be involved in the plan and also what type of services to offer.

Given the high satisfaction level received by the pilot project, the Company is evaluating new solutions to incorporate the requests made by the employees in the monitoring survey in a sustainable manner.

The plan offers a flexible supplement to the employees' remuneration packages giving them the option to purchase social utility services using their personalised budget, which can be put towards the cost of education, assistance for elderly family members, public transport passes, private healthcare, voluntary transfers to pension plans and goods and services in kind. In addition and to assist employees achieve a good work-life balance, the in-house services have been extended (they already include a launderette, pharmacy and shuttle service).

The journey to work can be very stressful in large cities and Salini Impregilo is convinced that mobility is one of the main issues that a company dedicated to the welfare of its employees and protection of the environment should manage as best it can.

As part of its focus on the requirements of individuals and environmental issues, the Company launched another survey of the employees at the Milan and Rome offices for information on how they travel to work in order to study possible solutions to make it easier and more sustainable for them.

This survey was the starting block for the construction of a new sustainable mobility plan which will be introduced in 2020.

Equal opportunities, diversity and inclusion

The Group is strongly committed to creating a work environment that acknowledges, promotes and values diversity in all its forms (gender, age, nationality, ethnicity, social or civil status and religion). It believes that this gives it a competitive edge in terms of growth, the creation of synergies and in understanding and capitalising on the challenges of a multi-cultural business environment.

In 2019, the Company published its Policy on Equal Opportunities, Diversity and Inclusion which reiterates the Group's commitment to these issues through:

- advancement of a safe, gratifying and respectful work environment;
- non-discrimination and equal opportunities in HR management processes;

- combating harassment and discrimination, including by making suitable and formalised whistle-blowing tools available;
- encouraging and active promotion (for example, through communication and training projects) of an inclusive culture and an awareness that diversity is positive;
- the ability to work with all cultures as an integral part of the leadership model;
- a request of its suppliers to commit to diversity and inclusion;
- monitoring and reporting on commitments and results in the areas of diversity and inclusion.

The Company has appointed a Diversity Manager, who is part of the Group's HR and Organisation Department and monitors the implementation of diversity and inclusion policies and practices.

Salin Impregilo's commitment to these two issues is reflected in all areas.

The Group has employees of more than 100 nationalities, 69% of the workforce is local, increasing to roughly 96% in Africa and the Americas. Local managers make up 70% of the total (more information is available in the "Social" section of this Statement).

With respect to diversity, the Group's leadership status is enriched by the ideas and outlook of international managers from non-construction sectors. International resources cover 24% of the Group's key positions.

Another important contributor to diversity is the young age of the Group's resources. The following tables provide a breakdown of its employees by age bracket:

Employees by age bracket (GRI 405-1)	Unit	2017	2018	2019
< 30 years	%	28%	27%	26%
30-50 years	%	57%	59%	59%
> 50 years	%	15%	14%	15%

Considering employees under 35 years old, the percentage of this age bracket increases to 45%.
With respect to gender diversity, the Company proactively promotes equal opportunities for men and women in a sector that has traditionally been a male domain.

Employees by gender (GRI 405-1)	Unit	2017	2018	2019
Men	%	91%	91%	90%
Women	%	9%	9%	10%

At group level, women make up 9% of the management team, 19% of white collars and 7% of the blue collars, while at functional level, they represent 4% of the technical and production staff and 30% of the office employees.

The presence of female employees is higher at the central Milan and Rome offices, where they make up 37% of the total workforce (+1% on 2018).

The average remuneration received by women compared to that received by men in 2018 was 69% for the managers and 85% for the white collar employees. This percentage is affected by the fact that the male employees have greater seniority than the female employees.

The diversity and inclusion initiatives will continue in 2020 with specific projects that are already being prepared. They include training on intercultural dialogue, mentoring and reverse mentoring, specific training courses on female leadership and projects to increase awareness about gender diversity at leadership level for both men and women.

Health and safety in the workplace

Focus on health and safety in the workplace is one of Salini Impregilo's fundamental values. It has an ISO 45001 certified occupational health and safety management system, which defines the main processes, roles and specific responsibilities to achieve its objectives and implement its safety policies.

The new certifications have been updated as follows:

- scope: to include definitive and executive designs, works management and works performance to build large infrastructures, complex civil and industrial works and related technological systems, and the design and management of integrated operation and maintenance services for infrastructure, civil and industrial buildings, related technological systems and electromedical devices.
- application: all the work sites where the Company operates and all types of company in which it is involved.

The Corporate Safety, Environment and Systems Unit is organised to better meet management's objectives:

- ensuring coordination of the HSE management system activities to be of use to HSE teams at work sites;
- encouraging a change in the HSE culture through a competence centre to develop policies;
- setting up a technical safety unit to further integrate health and safety aspects within engineering processes;
- set up a corporate health unit to monitor contracts;
- ensuring continued health and safety operating support to the contract work sites.

The main risk the Group is exposed to in this respect is partial non-compliance with the relevant regulations with the resulting potential impact on its workers, in terms of professional illnesses and injuries, and on itself in terms of potential sanctions. Changes in regulations and external factors tied to the operating context (e.g., climate, social, cultural factors) are the main sources of risk for the Company.

Specifically, workers are exposed to various types of risks that could affect their health and safety based on the geographical location of each operating unit and their specific activities. Each office and work site that applies the Group's health and safety management system has the following measures to manage these risks:

- identification and assessment of the exposure to the risk;
- identification of the persons at risk;
- assessment of each job's risk;
- identification of control measures to reduce the risk;
- monitoring work areas to check that control measures are in place and effective;
- making employees aware of these risks through information, training and communications.

These measures are regulated by internal guidelines and procedures, which include, inter alia, the documentation each operating unit is required to have, comprising the risk assessment document, operating safety plans, emergency and evacuation plans, fire prevention and control plans and first aid plans.

The Employer and downstream (in line with the proxy system) the managers, officers and workers shall ensure that health and safety management measures are in place. Specialist teams ensure their management in each operating unit. Specific attention is given to training employees about specific duties and the operating controls over work processes, performed either directly by the Group's employees or subcontractors' staff.

Training programmes are defined at operating unit level by the health and safety manager and approved by the Employer, based on a risk assessment and the applicable legislative requirements. The training courses provided to each worker cover at least the following issues:

- the health and safety organisation (Employer, health and safety manager, health and safety officers and supervisors, company doctor and the workers' safety representative), the legislative framework and an overview of the management system;
- health and safety risks arising from the Group's activities in general and the specific risks faced by the workers;
- first aid and emergency management procedures (in particular, the fire fighting and evacuation plans).

The health and safety managers receive special information and training courses. The key topics are the legal-regulatory framework, safety management and organisation, risk identification and measurement, communication, training and discussions with workers.

The health and safety officers and supervisors undergo additional training to that provided to the workers on the definition and identification of risk factors, incidents and near misses, techniques to communicate with and raise the awareness of employees, checking that workers comply with the legal and internal rules and the use of collective and personal protection equipment.

Workers, health and safety officers and supervisors and managers attend regular refresher courses. The courses for health and safety specialists meet the minimum requirements of the relevant legislation.

Training and information activities are documented in terms of participation numbers and the content presented and materials used.

The work site workers (employees of the Group and its subcontractors) receive special training on the related risks, specific activities and the possible risks of interference (Induction, Tool Box Talk, Job Safety Analysis/Pre-Job Meetings, etc).

In order to ensure the collaboration of all the Group's employees, they have the right to appoint safety representatives in accordance with the applicable legislation.

These representatives are given the relevant training and information about HSE issues to encourage risk mitigation measures. They are also consulted about the implementation of key mitigation measures, including as a minimum:

- the introduction of a new process or equipment or its adaption;
- the appointment of the risk assessment manager;
- injuries.

The Health and Safety Policy provides for, inter alia, the "right to intervene" for all employees when there is a doubt that health or safety could be compromised.

Employees may also use the whistleblowing system described in the section on "Anti-corruption" to make notifications about health and safety issues or they may use the other available channels at group level (e.g., reporting to their superior) or work site level (e.g., the workers' representatives, post boxes, grievance mechanisms).

The Corporate Safety, Environment and Systems Unit regularly performs specific audits of the safety measures in place at the Group's work sites and assesses application of the internal health and safety in the workplace regulations. As described in the section on Total reward, the company has a system to assess performance in terms of health and safety for its managers which rewards dedication and the results obtained by the relevant units and units over which they have influence.

In 2019, the Group continued its Safety Builders Program as part of its more wide-reaching communication strategy, Valyou - Our Health and Safety Way project, launched to encourage a strong corporate safety culture, based on strengthening leadership abilities at all management levels.

Specifically, more than 29 workshops and 11 safety intervention (s.a.f.e.r.) training courses were held with the participation of 711 managers, supervisors and workers for a total of roughly 3670 hours of training.

As an integral part of the Valyou - Our Health and Safety Way, Salini Impregilo adopted and rolled out its “Your Lifesaving Rules” in April 2019, a set of operating and management rules, devised to:

- integrate the culture change process commenced with the Safety Builders Program;
- foster workers’ active involvement;
- strengthen the sense of belonging to the Group;
- systematise conduct;
- promote the purposive adoption of the Group’s Health & Safety Vision.

These rules were prepared using analyses that included injury statistics, rules already applied at the work sites, analyses of accidents and injuries, sector and other benchmarks and risk magnitude. The Company made two videos to be used during the training courses to launch this project.

The Company’s main workplaces celebrated the World Day for Safety and Health at Work in April 2019 when it introduced the above Your Lifesaving Rules. This involved more than 200 employees in the Rome and Milan offices in Italy and over 20 group Italian and foreign work sites, which presented projects about the rules and other programmes designed to meet the specific requirements of individual work sites.

The entire Valyou - Our Health and Safety Way won the prestigious Silver Award at the RoSPA Awards 2019, qualifying as one of the international programmes with the best practices in its sector in 2018.

The award was conferred during the official ceremony held in London at the ExCel Exhibition Centre organised by RoSPA - Royal Society for the Prevention of Accidents on 18 June 2019. This UK institution is one of the most important in its sector and its patron is Queen Elisabeth II. It rewards organisations from around the world each year that stand out for their commitment to accident prevention and the protection of occupational health.

Another Salini Impregilo project won the RoSPA Gold Award for the construction of the Cityringen metro line in Copenhagen, Denmark for the following reason: “The RoSPA Gold Award winners have achieved a very high level of performance, demonstrating well developed occupational health and safety management systems and culture, outstanding control of risk and very low levels of error, harm and loss.”

At the end of 2018, the Cityringen project, completed during the year by a joint venture led by Salini Impregilo, had achieved one million hours worked without a single accident, which is a very significant result considering the size and complexity of the project. Thousands of people from various countries, including Denmark, Italy, Poland, Ireland and Romania, worked at 22 work sites in central Copenhagen.

There has been a large decrease in the number of work-related injuries thanks to the awareness projects about occupational health and safety (ValYou, Safety Builders Program, Your Life Saving Rules, tailored training courses as well as mandatory courses) implemented at the work sites and management’s significant involvement in promoting culture change programmes.

The injury rates are set out below, expressed as the number of events for every million hours worked:

Injury rates – Direct workforce (GRI 403-9)	Unit	2017	2018	2019
Hours worked	hours	102,653,961	98,894,201	77,409,119
Lost Time Injury Frequency Rate	LTIFR	6.20	3.49	2.18
Total Recordable Frequency rate	TRFR	15.60	8.37	6.45

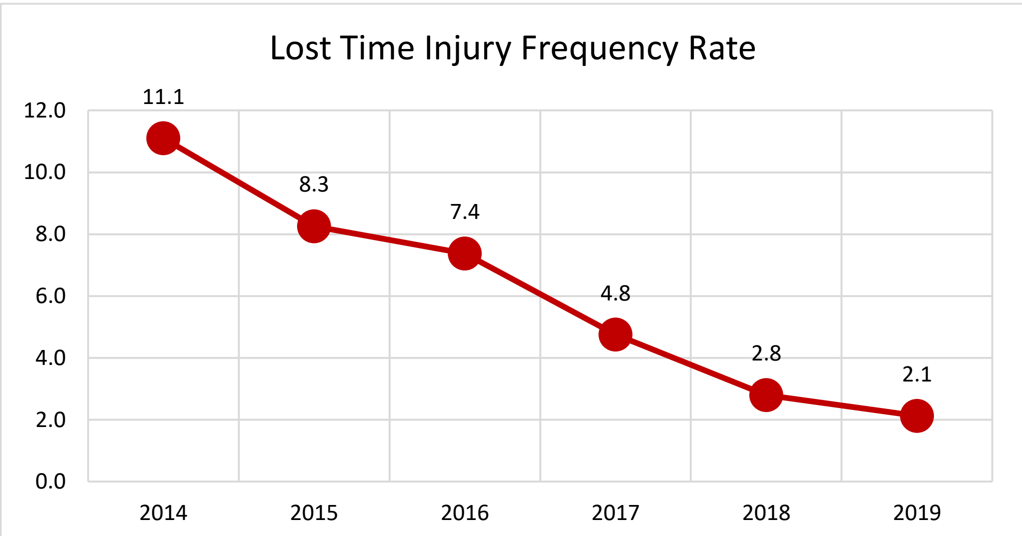
Injury rates - Subcontractors' workforce (GRI 403-9)	Unit	2017	2018	2019
Hours worked	hours	74,461,728	89,579,720	78,270,780
Lost Time Injury Frequency Rate	LTIFR	2.77	2.03	2.06
Total Recordable Frequency rate	TRFR	8.62	6.18	5.01

Total injury rates (GRI 403-9)	Unit	2017	2018	2019
Hours worked	hours	177,115,689	188,473,922	155,679,899
Lost Time Injury Frequency Rate	LTIFR	4.75	2.80	2.12
Total Recordable Frequency rate	TRFR	12.66	7.33	5.72

Reference should be made to the Methodology for reporting non-financial information for details

The Company's ongoing commitment to cultural issues (Safety Builders Program) and technical and system aspects resulted in the ongoing improvement of its safety performance, which was confirmed by the roughly 25% decrease in the injury rate.

The following graph presents the LTIFR (the ratio of the total number of injuries leading to absence from work in the period to the total number of hours worked, multiplied by 1,000,000) and its ongoing improvement in the last six years.



A local investigation takes place for each injury. When the sick leave is for a period of more than 40 days, the Corporate Safety, Environment and Systems Department and senior management from the relevant operating department are involved in the investigation.

The objective is to identify the cause of the injury (root cause analysis) to prevent similar events occurring.

The Integrity Board is informed of the results of investigations into important injuries pursuant to the provisions of the Organisational Model (Legislative decree no. 231/2001 as subsequently amended).

The Company will continue to make occupational health and safety improvements over the coming years to achieve a further reduction in its injury rates (LTIFR and TRFR), an increase in the security training provided for direct employees and as part of the Safety Builders programme and to step up its operating monitoring activities, with on-site security assessments and audits.

Salini Impregilo guarantees protection of its workers' health in the workplace with a special Internal Healthcare Unit, which schedules prevention procedures, health checks and healthcare monitoring programmes. It also performs regular checks of the work sites and makes sure they are provided with the relevant information to ensure that safety conditions are in line with the applicable legislative requirements.

When adequate local healthcare units are not available, the Company sets up work site medical clinics which offer 24-hour healthcare and ambulance services to direct and indirect employees as well as their family members residing in the work site accommodation. The Group ensures that the local populations are also provided with healthcare assistance for acute or serious problems in remote areas not served by public healthcare units (reference should be made to the section on social aspects for more information).

Employees of the Italian head offices and their families also have private health insurance which covers healthcare services for non-work related issues. The Group runs numerous initiatives at its offices and work sites promoting the importance of good health, flu vaccine programmes, campaigns about the prevention of sexually transmitted diseases (e.g. HIV) and campaigns to promote healthy life styles, including the organisation of sporting events for workers.

As it is aware of the added value achieved through mutually beneficial relationships between all the relevant parties, Salini Impregilo works with its commercial and financial partners and its vetted suppliers to guarantee high health and safety standards and to protect the environment. In line with the role it takes on during contracts, the Company promotes and/or ensures a Safety in Design approach so that the decisions taken right from the design stage are designed to eliminate/mitigate health and safety risks throughout the contract's life cycle.

In September 2019, the COCIV consortium, led by Salini Impregilo, signed an agreement with the trade unions Feneal-Uil, Filca-Cisl and Fillea-Cgil establishing that the Third Valico Railway Crossing work sites would have specific worker safety representatives to flank the representatives required by law. These new representatives liaise with all the representatives in the various work sites to provide a larger picture of the situation and prevent critical issues from materialising.

Salini Impregilo has defined a series of measures to safeguard the health and safety of its employees due to the Coronavirus (COVID-19) emergency. These measures are designed to ensure, as far as possible, business continuity in the offices and at the work sites and are coordinated by a special multi-departmental task force based at the parent's headquarters. They are revised as necessary to comply with any new instructions issued by the competent authorities.

The Italian group companies have introduced remote work for their office staff and have reviewed their travel policies to limit travel. In line with the specific risks at the Italian and foreign work sites, preventative measures have been introduced to reduce the risk of spreading the virus in the work place, the residences and canteens. This has involved the reorganisation of work spaces and shifts to ensure the safety distance can be maintained, the supply of additional personal safety devices (e.g., masks, gloves, etc.), intensified sanitising and disinfection activities, special information and training courses, more healthcare services at the work sites and the preparation of special areas for the isolation of workers with flu-like symptoms who have returned from areas at risk or who have been in contact with people who may have the virus. The Group has also prepared dedicated methods to liaise with the local authorities to treat any suspected cases.

Human rights

Human Rights Policy

issued in 2019

Agreement with the international trade union BWI

in place since 2014

100% of the operating entities

included in the risk assessment of human rights

Monitoring principles

extended to the supply chain

Internal policies

Salini Impregilo is committed to ensuring respect for the human rights enshrined in the International Charter of Human Rights, the fundamental conventions of the International Labour Organisation, the UN Global Compact, the UN Guiding principles on business and human rights and the OECD guidelines for multinational enterprises.

In 2019, it issued a specific Human Rights Policy to reaffirm its commitment, already provided for in the Code of Ethics and the Sustainability Policy.

The Human Rights Policy establishes the principles that everyone who works with Salini Impregilo around the world shall comply with, in terms of health and safety, child labour, forced labour, freedom of association and collective bargaining, non-discrimination, diversity and inclusion, working conditions, local communities and the rights of indigenous people, the value chain and whistle-blowing systems. The Company's main undertakings are described below and more information is available in the policy on the website.

Salini Impregilo does not tolerate any form of illegal, child labour or forced or compulsory labour. It protects the integrity of its employees, ensuring work conditions that respect the dignity of individuals and are fair and favourable.

It offers equal opportunities based on fair and objective criteria. It does not accept any form of discrimination or damaging behaviour.

Salini Impregilo respects its employees' right to freedom of association and collective bargaining in accordance with the legislation applicable in the countries where they work. It does not discriminate against employees who join trade unions nor workers' representatives.

The Company also respects the rights and culture of the communities and indigenous peoples affected by its work and operates in accordance with the applicable requirements.

Salini Impregilo encourages respect for human rights in its values chain through specific measures, such as the screening systems, application of the Suppliers Code of Conduct and monitoring systems.

It makes whistleblowing systems available to workers and third parties, safeguarding whistleblowers from any retaliatory action.

In this respect, in 2014, the Company signed a framework agreement with the national trade unions (Feneal-UIL, Filca-CISL and Fillea-CGIL) and the international trade union for the construction sector (BWI - Building and Wood Workers' International) to jointly affirm and encourage respect for compliance with the basic principles and rights in employment relationships, encourage social justice and sustainable development by both itself and the consortia of which it is a member and vis-à-vis its contractors, subcontractors and suppliers.

The framework agreement covers child labour, forced or compulsory labour, the freedom of association and collective bargaining, non-discrimination, work hours, economic treatment, work conditions, specialised training, the environment, welfare and employment relationships.

Main risks and management methods

The Company has implemented a due diligence process in line with the UN Guiding principles for business and human rights.

This process entailed mapping the potential impact on human rights of the Company's operations by analysing:

- human rights enshrined in the international law instruments applicable to the Company;
- parties potentially at risk;
- internal processes.

The outcome was the Human Rights Impact Matrix, which was then used to measure the risks and prioritise the human rights relevant to the Group.

The Company used its findings and the analysis of the applicable standards and market best practices to define its Human Rights Policy, issued in 2019.

The principles embedded in this Policy are also referred to in the Suppliers Code of Conduct issued at the start of 2020 to extend the Company's internal practices to its supply chain.

At corporate level, the Corporate Social Responsibility Department coordinates the human rights due diligence, defines the internal standards and guidelines, the reporting, disclosure and training methods and provides specialist assistance to the other internal units.

In 2019, all the operating entities included in the scope of this Statement underwent a human rights risk assessment to analyse the risks specific to each entity and the related mitigation measures adopted.

Specifically, the indicators used to measure country risk were used for this risk assessment[14]. The department developed a risk measurement method based on the Company's existing project risk assessment tools to measure the risks associated with the work carried out directly or subcontracted.

The main risks identified and related management methods are summarised below.

The main risks with respect to forced or compulsory labour are tied to the hiring of migrant workers, mainly in the certain states of the Persian Gulf (Saudi Arabia, Qatar, the United Arab Emirates and Kuwait) where the local labour force is insufficient and/or inadequate for the Group's needs. Specifically, there are two risk factors:

- use of recruitment agencies that may adopt incorrect practices, such as obliging the workers to pay recruitment fees (when hired), employment fees (throughout their employment) and cash deposits which are forms of debt (debt bondage);
- labour conditions that may limit the migrant workers' freedom of movement which are in some cases allowed or facilitated by local regulations, such as the ban on leaving their accommodation outside work hours, limitations on holiday arrangements, resignations and changes of employer.

The Group ensures that candidates for work in these countries are provided with exhaustive information about the contractual terms and work conditions in their own language before they leave their country of origin. In addition, the Group fully bears the costs of recruitment, travel, visas, medical visits, etc.. Migrant workers are guaranteed the possibility to change jobs and to leave their destination country without prejudice to the possible notice obligation imposed by the applicable legislation, visa requirements and employment contracts. No workers are deprived of their identity documents unless this has been authorised by them and solely for their safekeeping. The Group requires the recruitment agencies to comply with these principles through specific contractual clauses and non-compliance entails termination of the contracts.

With respect to child labour, the potential risk of hiring people under the minimum working age established by the applicable local regulations is minimal as is the risk that workers who are above the legal minimum but are less than 18 years old may be hired. In this respect and irrespective of the local regulations, the Group only agrees employment contracts with people who are 18 years old. In countries, where the presence of false identity documents is rife, the Group has special procedures in place to check the authenticity of the documents, especially driving licences, assisted by the local authorities.

With respect to the freedom of association and collective bargaining, the Group ensures its employees have access to "alternative systems" for dialogue in the states of the Persian Gulf where the right to the freedom of association is restricted by law. These systems include worker committees, committees set up in the camps and

[14]As recommended by the principal regulations on human rights (e.g., Australia Modern Slavery Act), the Company used the Global Slavery Index rates.

complaint management procedures (grievance mechanisms). The Company ensures open communications with the workers and management's availability to discuss any issues that may arise with individual employees.

The Group enters into employment contracts with its employees that comply with the applicable local regulations, the principles of the framework agreement signed with BWI and those in any agreements signed with the local trade unions with respect to work conditions, work hours, economic treatment and employment relationships. The Group's intention is to ensure scrupulous compliance with the applicable regulations in each country to mitigate the risk of non-compliance and, where possible, provide conditions that are better than those envisaged by the local regulations.

As part of the integration process of the Rome and Milan offices, commenced in September 2015 and still ongoing, the Company extended the voluntary redundancy procedure introduced in previous years until 31 January 2021, with the relevant trade unions' agreement. Salini Impregilo extended the agreement with the trade union representatives of the Rome and Milan offices for those employees who are near the legal retirement age for the incentivated early retirement of those employees who meet the legal requirements for retirement before 31 December 2020.

The Group may potentially be exposed to the risk that discrimination against an individual employee or specific categories of employees may take place in the workplace. In this respect, the Company's HR management procedures do not allow the different treatment of employees based on their gender, origin, religion, age, political beliefs, sexual orientation, disability or other characteristics protected by the regulations ruling in the countries where the Group operates during the entire HR management procedure (recruitment, training, assessments and termination of employment).

With respect to its local communities, the Group's activities may generate risks related to its core construction business, such as noise pollution, dust, vibrations, work site vehicles and damage to private property. Risks related to the acquisition of land are immaterial as the client usually acquires the land directly. However, Salini Impregilo scrupulously adheres to the legal and contractual requirements and those set out in the project impact assessments to ensure it complies with them during its work and the activities contracted to third parties (subcontractors).

Work sites may be assigned a security unit in specific geographical areas due to the risks identified. The security personnel may be employees and/or personnel provided by third parties, who are usually unarmed and/or by personnel supplied by the army or local police departments through specific contracts, formal agreements or service orders.

The security personnel at the operating units receive initial training and periodic refresher courses from the local managers based on training programmes that reflect the applicable standards and regulations and include information on respect for the individual, human rights and the Code of Ethics. When group employees or personnel of private companies are used, the related contract includes service clauses for specific training about respect for human rights and the Code of Ethics. They are provided with appropriate training about their tasks. The training of personnel supplied by public safety forces complies with local regulations and standards and is mainly provided by the relevant bodies.

Depending on the nature of the project, the security unit and local management define the best way of involving the local stakeholders, mostly through formal meetings, informal meetings and discussions, training and official events.

The Corporate Security Department performs specific assessments of security risks, coordinates the local security units, defines internal standards and guidelines, prepares reports on significant events and carries out regular audits of the operating units.

The main risks to which the Company is exposed arise from the potential violation of the above-mentioned human rights by subcontractors and suppliers.

The Company has issued internal guidelines for its operating units for the correct management of the activities at risk. These guidelines provide for management and monitoring of human rights and specific reports to be sent to Corporate.

During 2019, the Company commenced a training programme on human rights to be provided in the first half of 2020 alongside other courses to raise employee awareness about the issue.

In 2019, Salini Impregilo measured the human rights risks of its supply chain by evaluating the contracts agreed since 2018[15], to check the existence of suppliers based in countries and/or that supply goods considered at risk (based on the source country).[16]

The evaluation showed that no supplier of goods and materials is based in the countries classified as high risk, while 64% of the suppliers are based in countries with risks ranging from “very low” to “medium to low”. No goods at risk were purchased from a significant supplier during the year[17]. In addition to requesting its suppliers accept the Code of Ethics and the Suppliers Code of Conduct, Salini Impregilo recently revised its screening system, tightening up the vetting process for potential suppliers with respect to human rights. It also asks its suppliers to collaborate in a loyal and transparent manner with the Group for the purposes of the checks and audits of the correct compliance of its standards when they sign the related contracts.

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15 Subcontracts were excluded from the evaluation as the related risks had been measured with the direct activities, as described earlier.

16 Once again, the Company referred to the Global Slavery Index to assess country risk and the lists of the U.S. Department of Labor’s Bureau of International Labor Affairs to assess the risk that goods have been produced by chlld or forced labour.

17 A significant supplier is a supplier with contracts over €250 thousand. Below this threshold, the only purchases of commodities that could be considered risky, albeit not characteristic of the construction sector, were the purchases of work clothes, electronic products and foodstuffs, equal to 0.06% of total purchases.

All relevant persons (direct employees, supplier employees, local communities, etc.) may use the whistleblowing system described in the section on “Anti-corruption” for human right notifications. In addition, when IT channels are difficult to access, the Company has introduced alternative systems such as dedicated telephone numbers and/or personnel (grievance officers), post boxes for the receipt of reports, etc.

In January 2019, the non-governmental organisation Business and Human Rights Resource Centre published a report “On Shaky Ground: Migrant Workers’ Rights in Qatar and UAE Construction” on the workers’ rights protection practices adopted by construction companies working in the states of the Persian Gulf. Two years after the issue of the first report, Salini Impregilo was again one of the leaders with respect to worker management thanks to its specific policies and procedures that effectively protect the rights and wellbeing of migrant workers.

Climate change

-25%
GHG emissions
(Scope 1&2)

- 52 thousand t CO_2
less emissions thanks to dedicated projects

-15 Mt CO_2
annual emissions avoidable by hydropower projects and metro lines

Leadership
in the fight against climate change, according to the CDP rating

Internal policies

The Group's Sustainability Strategy (see the related section for more information) defines Salini Impregilo's contribution to the SDGs established by the United Nations, including SDG 13 Climate action. The Company offers its contribution through the projects it builds and its internal management policies.

Its projects in the sustainable mobility, clean hydro energy, clean water and green buildings areas all contribute to the adaption and mitigation of climate change.

Specifically with respect to mitigation actions, the hydropower, sustainable mobility (railways and metros) and green building contracts allow a reduction in the output of GHG emissions, in line with the global agenda to transition towards a low-carbon economy.

The Group also carries out projects to reduce the impact of climate change. They include the desalination, drinking water and water treatment projects performed by the group company Fisia Italimpianti mainly in areas subject to water stress. The Group also has projects for water storage for drinking and/or irrigation and to make urban wastewater management systems resilient to the increasingly frequent extreme weather events, protecting areas affected by flooding and preventing the pollution of the receiving water bodies.

Again with respect to adaption to climate change, the Group leads the field with tailored systems to measure the risk of climate change and its effect on infrastructure projects and the implementation of suitable strategies to improve their resilience in the short, medium and long term. It has applied these systems successfully to projects for metros, railways, hydraulic works, roads and civil buildings. It has received numerous external certifications (e.g., LEED - Leadership in Energy and Environmental Design, GSAS, Global Sustainability Assessment System and IS) and international accolades for the design (if applicable) and construction of its projects.

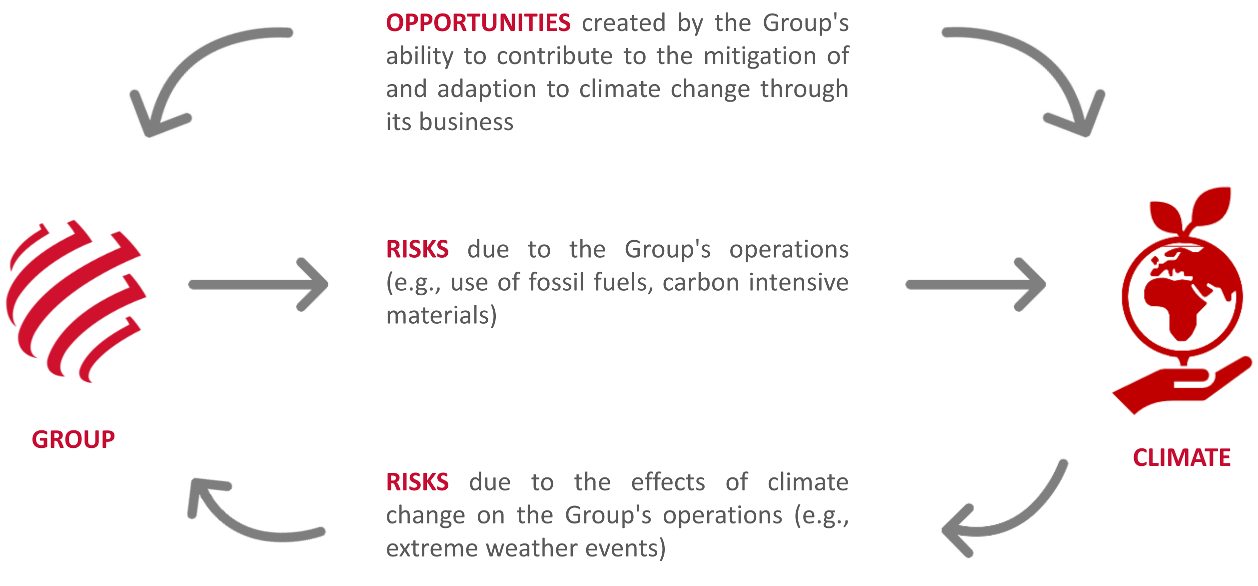
Salini Impregilo is also actively committed to reducing its carbon footprint by defining and introducing energy efficiency projects and by developing innovation and research projects for the production processes, materials, logistics, etc..

Since 2018, the Group has been one of the Top Ten global construction companies with the highest revenue generated from environmental infrastructure works according to the ranking prepared by Engineering News - Record (ENR) once a year.

The Group participates in the CDP (former Carbon Disclosure Project), the global platform that measures, compares and shares information about the environmental performance of roughly 8,400 companies around the world. Salini Impregilo has obtained the A- rating for the Climate Change questionnaire, up from its previous B rating, achieving leadership level in this project.

Main risks and management methods

In line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), the Company assesses the risks and opportunities of climate change in two ways: its impact on the climate and the climate change's impact on it.

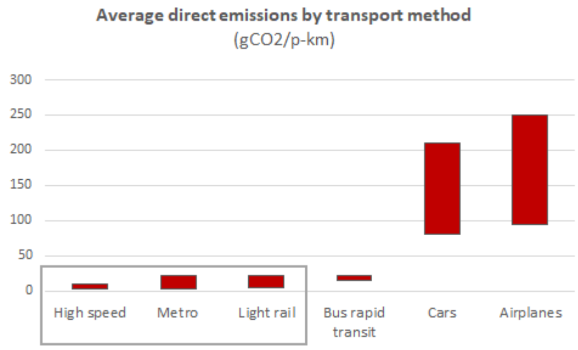


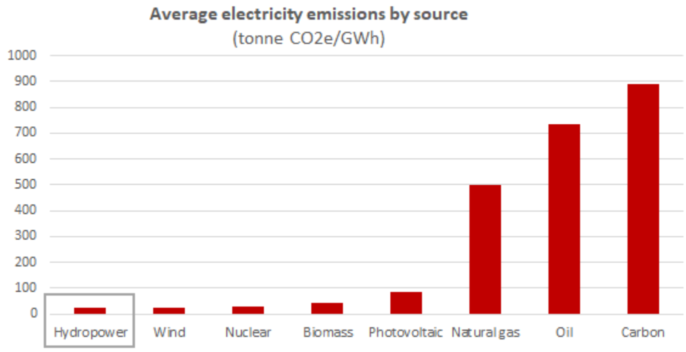
The business areas in which Salini Impregilo operates have a close link to climate change, in terms of mitigation and adaptation abilities. The ongoing worsening in the climate crisis, which has had follow-on effects that are much more serious and rapid than originally envisaged, is an opportunity for the Group to increase its contribution to fighting climate change and build its business.

A significant part of its 2019 revenue was earned on projects that actively contribute to the fight against climate change. The "Salini Impregilo Group: Our vision and performance" section of the Directors' report provides more information on this.

The Group's contribution to mitigation of climate change

The energy and transport sectors are the biggest culprits in terms of GHG emissions. The Group works in both these sectors building infrastructure that allows for a significant reduction in these emissions. The following graphs provide a comparison of the emission levels of the main electricity generation sources[18] and transport[19], showing the business areas in which the Group operates with energy (hydropower) and sustainable mobility (metros and railways) contracts.





These ongoing projects include five hydropower plants and twenty metro and light rail lines, railway lines and high speed lines. They generate environmental benefits in terms of very significantly lower emissions, as summarised below.

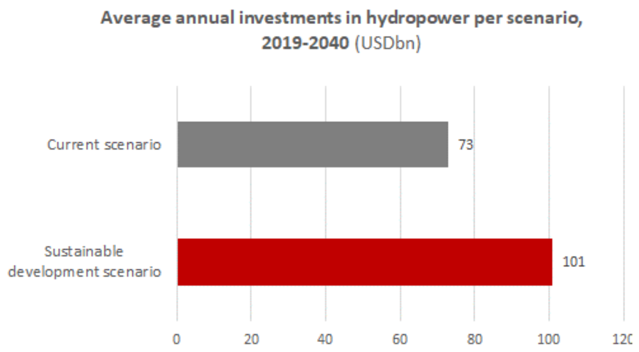
CLEAN HYDRO ENERGY	**5 hydropower projects** (Australia, Ethiopia, Malaysia and Tajikistan)	**≈ 14,000 MW new installed capacity** **≈ 48,000 GWh annual electricity generation**	**> 30 million people who can be served based on their current consumption** **≈ 14.5 million tonnes of CO_2 avoidable a year**
SUSTAINABLE MOBILITY	**10 metro and light rail projects** (Australia, Saudi Arabia, Canada, France, Greece, Italy, Peru, Qatar and USA)	**≈ 3 million passengers a day** **≈ 900 k transfers by car avoided**	**≈ 550 thousand tonnes of CO_2 avoidable a year**
	9 high speed projects (Austria, Italy, Turkey and USA)	**≈ 225 km/h average running speed** **25/50% reduction in travelling times**	**≈ 1/8 CO_2 emissions compared to more environmentally-friendly cars** **≈ 1/9 CO_2 emissions compared to more environmentally-friendly airplanes**
	1 local railway project (Norway)	**36% reduction in travelling times**	**≈ 1/4 CO_2 emissions compared to more environmentally-friendly cars**

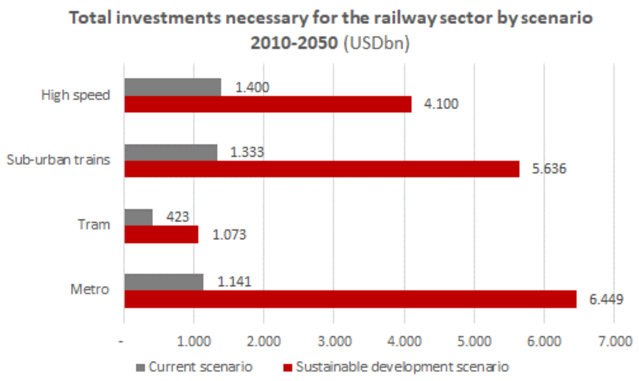
[18] Climate Change 2014: Mitigation of Climate Change. Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change

[19] Comparison of Lifecycle Greenhouse Gas Emissions of Various Electricity Generation Sources, World Nuclear Association

In 2019, the Group completed the Cityringen metro project, which has a daily capacity of 240 thousand passengers, in Copenhagen, Denmark. Together with the other existing lines, this new line will provide 85% of the city's population with a metro station less than 600 metres from their doorstep.

The hydropower and railway sustainable mobility business areas have huge development potential, as confirmed by the main projections and estimates available, given their ability to contribute to achievement of the Paris Climate Agreement objectives and the SGDs. The next graphs show the planned investments for the hydropower[20] and railway[21] business areas based on the current scenario (and political policies) and a scenario where the objective of maintaining the increase in the earth's temperature below 2° C compared to the pre-industrial levels is achieved.





Another area where the Group is active in the mitigation of climate change is that of green buildings. Most of the civil building works now underway use eco-design and construction systems (e.g., LEEDS and GSAS) to improve the environmental performances of buildings over their entire life cycle compared to similar projects built using standard criteria. The Group applies these systems to metropolitan infrastructure projects as well, like those in Qatar and Australia. For example, the Sydney Metro Northwest project, which has been completed, was built with a carbon footprint of 27% less than the original project envisaged.

The Group's contribution to adaptation to climate change

Salini Impregilo's business model contributes to help geographical areas adapt to climate change. It builds works that contribute to dealing with resource scarcity (e.g., water scarcity) and extreme weather events caused by the global warming. It achieves this mainly through:

[20] Source: IEA (2019), "World Energy Outlook 2019", IEA, Paris https://www.iea.org/reports/world-energy-outlook-2019

[21] Lefevre, Benoit, Ahmad Iqbal Chaudhary, Deeba Yavrom, and Aman Srivastava. 2016. "The Trillion Dollar Question II: Tracking Investment Needs in Transport." Working Paper. Washington, DC: World Resources Institute.

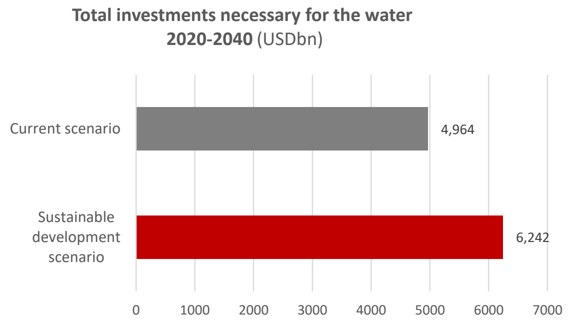
- projects in the clean water area, such as desalination, drinking water and water treatment plants, water storage for drinking and/or irrigation purposes (adaptation to resource scarcity), hydraulic projects in urban areas to reduce flooding and water pollution (adaptation to extreme weather events);
- utilisation of eco-design and construction systems to improve infrastructures' resilience to extreme climate events in the short and medium to long term.

The ongoing clean water projects respond to the specific requirements of areas affected by increasing water scarcity (such as the desalination plants built in the Middle East and irrigation water storage in Africa), the more frequent extreme weather events (the hydraulic projects carried out in the main urban centres in the US) and the pollution of rivers and water basins (the Riachuelo River in Argentina and the Caloosahatchee West Basin Storage Reservoir in the US). The benefits to the populations affected by the Group's projects are summarised below:

CLEAN WATER

4 drinking water, desalination and water treatment plants (Nigeria, Oman, Peru and Turkey)	**≈ 1 million cubic metres of water treated a day**	**≈ 8.2 million residents served**
6 hydraulic projects to reduce flooding and water pollution (Argentina and USA)	**≈ 4.9 billion cubic metres of water treated a year**	**≈ 5.9 million residents affected**
2 irrigation/electricity mixed use reservoirs (Namibia and Nigeria)	**≈ 1.7 billion cubic metres reservoir capacity**	**≈ 7 thousand hectares of irrigable surface**

Investments in water business area infrastructure, as shown in the following graph[22] will by necessity continue to be substantial in the next 20 years, driven by two main factors: the growing global population and climate change.



[22] Processing of Global Infrastructure Hub data, 2019. https://outlook.gihub.org/sectors/water

It has been estimated that, in the Middle East alone, the production of desalinated water will increase by 14 times before 2040[23] and new demand will mostly be met through plants that use the reverse osmosis technology, extensively used by Fisia italimpianti in its ongoing projects. It allows a reduction in GHG emissions of around six times that of thermal desalination plants.

A common thread linking all the Group's business areas is the growing focus on new infrastructure's resilience to climate change. Alongside the usual studies of the durability and safety of infrastructure, specific studies are increasingly commissioned on the expected climatic situation in the areas where the projects are taking place. They are designed to understand the potential future effects of these climatic factors on the works (e.g., the volume of rainfalls, wind strengths and temperatures) to improve their resilience.

This issue is of great importance for works that are heavily exposed to the effects of atmospheric agents, such as roads, bridges and viaducts, as their resilience over time is essential to their users' safety. The Company has accumulated significant experience in the use of design techniques and studies of materials that reflect future climate projections. Example of this are the award-winning Skytrain Bridge, built as part of the Sydney Metro Northwest project and designed to stand up to rain, flooding and winds forecast after 2100 or the New Genoa Bridge, designed to deal with the expected increase in rainfall over the next 80 years.

The Group's carbon footprint

The direct risk to the climate generated by the Group's activities mostly relates to the use of fossil fuels in operations and materials which involve carbon intensive processes (e.g., cement and steel).

Considering the entire life cycle of the Group's projects, these effects are temporary, as they only take place during the construction period, and should be considered in light of the benefits of using the infrastructure, which has a much longer useful life, usually at least a couple of decades. In fact, many works are designed to be operated over 80 to 100 years if not longer.

While the Group's business is characterised by highly customised processing, techniques and technologies depending on the specific requirements of the works to be built and the characteristics of the areas where they will be located, Salini Impregilo has actively pursued improvement in energy efficiency for some years to decrease its carbon footprint. The following tables show its energy consumption and the related GHG emissions:

[23] Source: IEA, Desalinated water affects the energy equation in the Middle East, Molly Walton, 2019. https://www.iea.org/commentaries/desalinated-water-affects-the-energy-equation-in-the-middle-east

Energy consumption (GRI 302-1, 302-2, 302-3)	Unit	2017	2018	2019
Non-renewable energy sources				
Diesel	GJ	5,959,115	5,455,604	4,788,252
Petrol	GJ	646,560	348,456	234,462
Kerosene	GJ	42,945	10,405	2,875
Natural gas and LPG	GJ	2,033,091	1,200,705	3,905
Electricity	GJ	375,059	393,766	308,263
Total consumption from non-renewable energy sources	**GJ**	**9,056,769**	**7,408,937**	**5,337,758**
Renewable energy sources				
Electricity from renewable sources	GJ	254,958	200,415	148,619
Total internal energy consumption	**GJ**	**9,311,728**	**7,609,352**	**5,486,377**
Energy consumption - subcontractors	GJ	1,964,079	1,667,939	770,806
Total energy consumption	**GJ**	**11,275,807**	**9,277,292**	**6,257,183**
Energy intensity	**GJ/€m**	**2,028**	**1,785**	**1,220**

Direct and indirect GHG emissions (GRI 305-1, 305-2, 305-3, 305-4)	Unit	2017	2018	2019
Direct emissions (Scope 1)	$tCO2_e$	566,952	467,234	350,593
Indirect emissions (Scope 2)	$tCO2_e$	43,388	54,637	43,371
Other indirect emissions (Scope 3)	$tCO2_e$	137,577	117,528	61,573
Total GHG emissions	**$t\ CO2_e$**	**747,917**	**639,399**	**455,537**
Intensity of greenhouse gas emissions (Scope 1 and 2)*	**$t\ CO2_e$/€ M**	**110**	**100**	**77**

* The 2017 and 2018 data have been restated to exclude Scope 3 emissions as indicated in the "Methodology for reporting non-financial information" section.

The considerable reduction in natural gas and LPG in 2019 is due to the sale of Lane's Plants & Paving division in the US as it uses large quantities of these energy sources. The reduction in the consumption of diesel, petrol and electricity is also a result of the above sale. However, the smaller diesel consumption is mostly due to the lesser work carried out on the GERD and Koysha projects in Ethiopia. The large contraction in subcontractors' consumption, and related Scope 3 GHG emissions, is principally a result of the projects of Salini Polska (Poland), the Rogun project (Tajikistan) and the opening of the Copenhagen Cityringen metro in Denmark.

The Group's main energy rationalisation systems include the use of highly efficient vehicles and equipment, connecting its building site plants to electricity networks rather than diesel generators, carrying out regular maintenance programmes for its vehicles, improving power quality and informing its employees about the importance of energy saving.

Significant contributors to the reduction in GHG emissions are the projects to connect to the electricity grid systems, especially when the host country's energy mix is mostly made up of renewable energy. This is the case in Ethiopia, where the GERD hydropower project work site uses renewable energy generated by other hydropower plants already active in this country, shortly to be joined by the Koysha work site, where a power line to the national grid is currently being laid.

The following table shows the Group's initiatives to reduce its GHG emissions:

GHG emission reduction initiatives	Unit	2017	2018	2019
Active initiatives	no.	13	16	15
Reduction in GHG emissions	t $CO2_e$	53,202	42,440	52,253

Over the last three years, initiatives have been rolled out to improve the energy efficiency of industrial processes, to adapt current production processes, to adopt less polluting logistics options and to introduce awareness campaigns for employees. In addition, many of the Company's innovation, research and development projects (see the relevant section) have a strong environmental factor in terms of their energy efficiency and reduction in GHG emissions.

In addition to consumption and direct emissions, which the Group intends to contain over the next few years, Salini Impregilo works to reduce the indirect emissions from its related activities (transportation and travel of its employees) as much as possible. As well as the specific projects described in the section on innovation, research and development, the Company's procurement policy designed to mostly use local suppliers (94% in 2019) eliminates the need for long transport journeys, reducing the related emissions. When the goods are not available on the local market, the Group prefers to ship materials and machinery by sea as this is the means of transport with the lowest carbon footprint.

Over the last few years, the Group has equipped its offices and work sites with video conference systems which have reduced the number of business trips to those essential for operating reasons. Its travel policy favours travelling by train rather than by plane and the use of public transport rather than taxis.

When possible, contracts have personnel mobility management programmes designed to optimise transfers between work areas, the canteens and employee accommodation. They include the use of collective transport methods (buses) for blue collars and car-pooling for white collars at the work site offices.

Climate change risks

Climate change can provoke various types of risk for a business, depending on the nature of its operations and the markets where it operates.

The Company is mostly exposed to the risk of an increase in adverse weather events that can affect the normal scheduling and performance of its works leading to delays. This risk is not currently deemed high and is managed using the normal contract scheduling procedures, where the work programme (number of hours that can be worked per day and annual work days) is defined and updated considering weather forecasts, based on historical data available. Exceptional weather events that affect compliance with the timeline agreed with clients can be handled through the contract or by negotiation and usually lead to acceptance of a time extension and/or compensation for the higher costs incurred.

The risk of damage to assets by adverse weather conditions is also considered to be low, thanks to the related insurance contracts.

In the medium to long term, changes in the annual average rainfall levels are expected in many areas around the world, which could potentially affect the outlook of sectors like the non-pumped storage hydropower sector. The analyses available that have been prepared using probable scenarios include potential reductions in rainfall in certain areas and the concurrent increase in other areas. As a result, investments allocated to these areas could change (either increasing or decreasing) with the related follow-on effects on business. It can be expected that these changes will be gradual, monitored and that any mitigation action necessary will take place using the current strategic and commercial planning tools assisted by the Group's international presence and market diversification.

Environment

Circular Economy
focus on re-use, recycling and reduction of waste

73%
waste not sent to landfills

58%
reused excavated materials

42%
materials purchased within a 160 km radius of the work sites

Internal policies

Protection of the environment is a priority for the Group which formalised a specific Environmental Policy in 2002, one of the first European construction companies to do so. In 2007, it introduced an environmental management system which is ISO 14001 certified. In 2017, the certification was upgraded to the 2015 version, which puts greater emphasis on the life cycle perspective, the sustainable supply chain and environmental performance.

Salini Impregilo’s Environmental Policy defines ten principles to guarantee:

- compliance with applicable legal requirements and any other agreed-to requirements;
- identification and assessment of environmental aspects tied to the Company’s direct and indirect, present and future operations, evaluation of the related significant effects and management of the mitigation and control measures;
- identification of all the technical and organisational measures designed for the rational use of natural resources and the mitigation of pollution, greenhouse gas (GHG) emissions, waste generation and inconvenience to the local communities as well as the maximisation of the positive effects for the environment;
- involvement and participation of all employees or people who work for the Company through actions to make them aware of the issue, the dissemination of information and training courses, dialogue and transparency in action.

The Policy also provides that each worker has the right and is obliged to intervene and stop work if the environment could potentially be compromised.

During the realisation of awarded projects, the Group ensures compliance with the above-mentioned principles in accordance with the commitments taken on with its clients. More information about Salini Impregilo’s role and responsibilities during the infrastructure project development stage is available in the section entitled "The infrastructure sector and Salini Impregilo's role".

Main risks and management methods

The main environmental risks arising from the Company's activities relate to non-compliance with applicable environmental legislation, compromising one or more environmental components (e.g., the soil, water or air) due to a mistaken assessment of the risk or ineffective management/mitigation activities, inefficient use of natural resources and the failure to obtain/maintain environmental certifications and ratings.

The main environmental risks facing the Company (generated by external factors) arise from changes in the applicable environmental legislation, the inconsistent interpretation of applicable legislation by the competent local authorities, incomplete and/or insufficient environmental impact assessments for projects (which should be performed by the client) or adverse environmental or geological conditions (e.g., extreme weather events, actual conditions differing from those anticipated during the tender procedure).

To monitor these risks, Salini Impregilo has an environmental management system, which complies with the ISO 14001 standard and has been certified by an independent certification body.

To ensure that the significant environmental impacts are properly identified, managed and mitigated, the system incorporates a number of environmental management procedures that have to be implemented by the Group's production companies, after being revised to comply with the applicable regulations or contracts.

When contractually provided for, the Group's contracts may include additional environmental management standards that require special certifications or ratings. They may be:

- system standards, which involve reaching specific environmental performance targets during construction activities (e.g., lower emissions, waste recycling);
- product standards, which require the completed works to meet specific environmental performance targets (e.g., use of low impact construction materials, energy-efficient buildings).

Ongoing projects affected by these standards include the Red line North Underground in Doha and the Al Bayt Stadium in Qatar which use the GSAS (Global Sustainability Assessment System), two stations of Line 3 of the Riyadh metro in Saudi Arabia and Eni's new offices in Italy which use the LEED standard, the Meydan One Mall, Dubai project which uses the Green Buildings Regulations and Specification standard and the Forrestfield-Airport Link in Perth, Australia which uses the IS (Infrastructure Sustainability) system.

During 2019, Salini Impregilo took part in the pilot stage of the "Level(s)" project promoted by the European Commission as the future reference framework for green buildings in the EU. Specifically, the Company trialled the framework's application in its project to build Eni's headquarters in Italy as one of the first to use this tool. It was thus able to give a real contribution to the promotion of sustainability principles and the circular economy applied to the construction industry and has gained valuable experience to give it a competitive edge once the framework becomes applicable.

In 2019, Line 3 of the Riyadh Metro in Saudi Arabia garnered great recognition for its environmental results.

During the start-up of a new contract and based on the planned work, the plant to be built and the areas to be used for logistics and building work, an environmental risk assessment is performed to identify significant environmental aspects, i.e., those aspects that could have a follow-on significant impact on the environment. Their identification and assessment of the significance of their impact as well as the subsequent definition of impact management and mitigation measures take place in line with specific procedures.

The significance of environmental impacts is assessed using a method based on an analysis of well defined criteria, such as the existence of special regulatory or contractual requirements, assessment of the related risk, management of the impact and the area’s sensitivity to the specific environmental aspect.

The assessment considers various scenarios: standard operating conditions, irregular conditions (e.g., plant start-up), emergencies (e.g., fire, spills). Once the significant environmental aspects have been identified, the main effects of the contract work and other activities on the different environmental components are analysed:

- natural and energy resources;
- atmosphere and climate (emissions);
- soil, subsoil and water environment;
- waste and use of hazardous substances/preparations;
- traffic, atmospheric, light and electromagnetic pollution;
- noise and vibrations;
- ecosystem, cultural heritage and environmental restoration.

After the environmental risk assessment, analysis of the contractual obligations and related environmental regulations, the following is prepared for each contract:

- environmental plans/procedures setting out guidelines for the management/protection of each specific environmental component;
- environmental protection plans defining the specific mitigation and monitoring activities to be adopted in the specific area;
- environmental monitoring and control plans defining the specific management and monitoring activities for the environmental components identified in the various areas;
- specific instructions for the different method statements applied.

In addition and to comply with the client’s instructions, the project’s social-environmental impact assessment and ruling legislation, the contract undergoes environmental monitoring to check any unforeseen variations and/or critical environmental issues affecting the areas outside the work site during the development or roll out of the work. This includes investigating the causes to determine whether they are due to the project and, if so, together with the client, to define mitigation/prevention measures with the client and check their effectiveness.

To ensure the correct implementation of the environmental plans, the work sites schedule and provide for information/training to be given to the employees involved in contracts with potential impacts on the environment, including the subcontractors' employees. It regularly runs campaigns to raise employees' awareness of specific issues (e.g., energy savings, waste, spills, use of hazardous substances/preparations, etc.).

The work site environmental departments carry out the monitoring/supervision procedures provided for in the environmental plan with regular checks and audits of the activities performed directly and indirectly by subcontractors. If any instances of non-compliance are identified, special remedial actions are defined as well as plans to improve the processes and/or performance when deemed appropriate.

Contract management regularly reviews environmental performances and the management system's strengths and weaknesses. It sets objectives for the subsequent period to ensure ongoing improvement.

The Company is committed to the optimal use of resources and reduction of its environmental footprint. It will continue to protect the areas where it works to ensure that serious environmental accidents do not take place, that production processes become more efficient, the use of local raw materials is more efficient and effective and that water resources, materials and waste not sent to landfills will be reused (in line with the applicable legislation). It will assess its water management cycle and machinery to define additional measures to reduce its impact on the environment. Finally, it will continue to provide training courses about the environment to its employees to increase the per capita hours provided to direct employees.

At corporate level, the Group HR, Organisation and Systems Department defines methodologies, tools and operating methods to manage quality, health, safety and the environment issues. Its Safety, Environment and Systems Unit is in charge of the environmental management system. It provides technical assistance with environmental issues, analyses the Group's environmental performance and defines the objectives/guidelines for continuous improvement to pursue steadily improved performances.

Communications about environmental aspects are made on a hierarchical basis within the Company through the QEHS coordinators (who liaise with the Corporate and contract managers), the company intranet, the website and this Statement. Other internal communication channels (e.g., employees, subcontractors) and external channels (e.g., local communities) are set up at individual production unit level in line with the ruling legislation, contractual requirements and any recommendations in the social and environmental impact assessments approved by the authorities.

Employees may use the whistleblowing system described in the section on "Anti-corruption" for environmental notifications. In addition, some work sites have additional notification systems (grievance mechanisms), which can also be used by third parties (e.g., local communities). Typical communications received locally relate to inconveniences caused by the work site equipment (traffic, dust) and construction activities (noise, vibrations) or damage to private property.

Reference should be made to the section on “Main risk factors and uncertainties” (“Criminal litigation” paragraph) of the Directors’ report for ongoing environment-related disputes.

The methods to manage the main environmental issues are described below. The environmental data are heavily affected by the number and type of works under construction, the client’s design decisions and the stage of completion of the individual projects. Accordingly, a comparison with previous periods may not always be significant, especially in terms of the absolute values.

The local area and the circular economy

At the end of 2019, the Group’s work sites included in the scope of this Statement included 396 operational sites, of which 60 underground, for a total surface area of 208,194,021 m^2. The following table shows the main data by geographical area

Geographical area	Unit	Total surface area	Surface area in protected areas	Surface area of areas adjacent to protected areas
Africa	m^2 / %	22,390,000	0%	0%
Europe	m^2 / %	9,568,112	2%	10%
Americas	m^2 / %	57,740,085	76%	6%
Asia and Oceania	m^2 / %	118,495,824	0%	0%
Total	**m^2 / %**	**208,194,021**	**21%**	**2%**

The American continent is the geographical area where the Group has the largest surface areas inside protected areas. This is due to the acquisition of the Caloosahatchee (C43) West Basin Storage Reservoir contract in Florida, USA in June 2019. The project is part of a larger plan, The Comprehensive Everglades Restoration Plan, a long-term plan approved by the US Congress to restore, protect and preserve the environment of a protected area of great importance to the community, the economy and ecosystem of Florida. The Everglades provide drinking water to more than eight million people, supports the flourishing agricultural and tourist sectors of Florida, has unique natural habitats and is home to two native American tribes. The Group’s share of the project is to build a reservoir as part of the plan to contain wastewater discharges, improve water quality, restore natural habitats and preserve the protected species.

The interaction between the Group’s activities and protected areas in other areas around the world is extremely limited. More information is available in the “Biodiversity, cultural heritage and environmental restorations” section.

The Group adopts practices that are in line with the principles of the circular and green economy, designed to minimise (when possible) the use of natural resources, including through their reuse, as part of its activities. Similarly, it encourages the recovery of waste materials in the same project or surrounding areas.

The Group’s resources for the year are presented in the next chart, showing the “circularity” of its practices.

INPUT

8.4 Mt

of materials used

20.7 Mm^3

of excavated materials

10.0 Mm^3

of water withdrawals

OUTPUT

6.0 Mt

of waste products

of which 94%

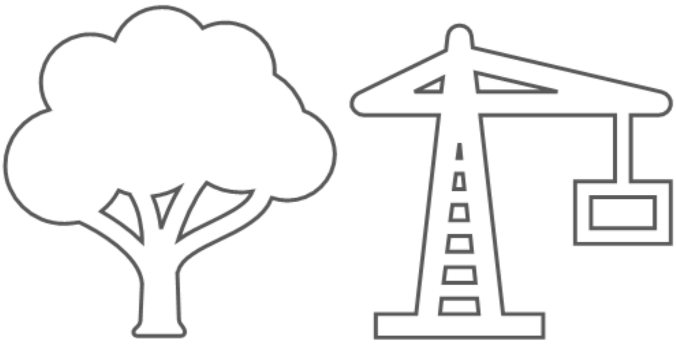
excavation waste

of which 99.8%

non-hazardous waste

42%

materials purchased within a 160 km radius of the work sites



73%

of waste not sent to landfills

58%

of reused excavated materials

+17%

of waste recycled compared to the previous year

20%

of recycled water

-42%

of waste core products compared to the previous year

PROTECTION AND RESTORATION

52.5 Mm^2

of soil protected from erosion

710 thousand m^2

of areas where topsoil was replaced

188 thousand m^3

of reforested areas

The following paragraphs describe the elements presented in the above chart.

Raw materials

Construction of motorways, bridges, dams, railway and metro lines and civil and industrial buildings requires the use of large quantities of water, aggregates, iron, cement and backfill: all raw materials which are mostly not renewable.

The environmental assessments made at the start of a new contract consider these aspects and the related mitigation measures are designed to ensure the efficient management of these resources and, when possible, the use of alternative materials, such as recycled materials, without reducing the quality, performance, security and functioning of the asset. The main raw materials used are shown in the following table:

Materials used (GRI 301-1)	Unit	2017	2018	2019
Aggregates	t	23,018,778	15,399,193	4,063,905
Bitumen	t	245,468	257,541	77,705
Cement	t	558,395	662,052	357,757
Reinforcing bars	t	506,843	1,065,914	488,085
Ready-mixed and pre-cast concrete	t	5,500,060	4,608,609	2,808,654
Ready-mixed asphalt	t	1,083,235	790,547	560,039
Total non-renewable materials	**t**	**30,912,780**	**22,783,854**	**8,356,146**

Water use (GRI 303-1)	Unit	2017	2018	2019
Wells	m^3	2,399,423	2,880,660	3,739,539
Rivers	m^3	10,640,606	6,793,150	3,810,030
Lakes	m^3	383,197	291,623	-
Sea	m^3	5,014	-	-
Aqueducts	m^3	2,864,234	2,259,390	2,417,294
Rainwater and wastewater from other organisations	m^3	18,762	116,795	158
Total	**m^3**	**16,311,237**	**12,341,619**	**9,967,021**

The main variations on the previous year relate to the sale of Lane's Plants & Paving Division in the US and the stage of completion of the Group's projects. Specifically, the reduction in aggregates and bitumen is mostly due to this sale. The decrease in aggregates is also due to progress on the projects of Salini Polska (Poland) and the GERD project in Ethiopia. The reduction in concrete is mainly a result of progress on the Riyadh Metro (Saudi Arabia), Meydan One Mall (UAE) projects and those of Lane (USA) while the decrease in the use of asphalt is due to progress on the projects of Salini Polska (Poland) and the reduction in the utilisation of reinforcing bars reflects the progress on Lane's projects (USA).

With respect to water resources, the increase in withdrawals from wells is due to the greater use by the South Al Mutlaa (Kuwait) and COCIV (Italy) projects while the reduction in withdrawals from rivers is mostly attributable to the progress on the GERD and Koysha projects in Ethiopia. There were no withdrawals from lakes in 2019 which is entirely related to Lane's projects (USA) and, specifically, the sale of its Plants & Paving Division.

With respect to the circular and green economy, 42% of the materials purchased complied with the region-based criterion, as they were purchased within a radius of less than 160 km from the work sites, thus reducing the impact of their transport. During 2019, the Group also used 15.1 thousand tonnes of fly ash (2018: 22.5 thousand tonnes) and water recycled and re-used in production processes of 2.0 million cubic metres (2018: 4.0 million cubic metres).

Energy consumption, both in the form of fossil fuels and electric energy, has a strong impact during construction of infrastructure. Reduction of energy consumption and greater energy efficiency allow a decrease in GHG emissions and mitigation of the effects of climate change. The “Climate change” section describes the Group’s actions in this area.

Soil, subsoil and water environment

The Group’s construction activities may affect the soil and water environment at different levels depending on the works in question and the surrounding environment (e.g., urban or rural environment).

Contracts are managed to avoid damaging these environmental components. Specifically, containment tanks, wastewater conveying networks and waterproofing systems for risky logistic areas (e.g., workshops, fuel and chemical depots) are built during the work site start-up phase to prevent contamination of the soil, subsoil and surrounding water bodies.

Industrial wastewater is channelled and collected in sedimentation tanks and treatment plants designed to comply with the applicable legal and contractual provisions, using the best technologies available, given the wastewater’s specific characteristics.

Construction work also involves movement of large earth quantities to construct embankments, cuttings, tunnels or certain types of dams. In accordance with the policy to reduce waste production, the excavated earth and rocks are classified and stored on the sites for possible re-use within them, where possible and in compliance with the regulations, or transferred to third parties to be re-used externally. In 2019, re-used excavated materials amounted to 12.1 million cubic metres (2018: 18.1 million cubic metres), which is a very significant amount (58% of the total) showing the effectiveness of the Group’s circular economy policies.

In order to mitigate the risk of soil erosion due to excavations and aggravated by weather events (rain, wind), the Group takes specific soil protection measures consisting of systems to consolidate excavation fronts and to channel rainwater, as well as covering more exposed areas (e.g., escarpments) and planting trees that mitigate erosion. The mitigation measures are defined considering the natural elements, the environment and features of the local area. In 2019, areas where measures to protect against erosion have been implemented covered 52.5 million square meters (2018: 6.5 million square metres).

Waste

Waste generated during construction of large-scale infrastructure can be grouped into two separate categories: municipal waste and special waste. Municipal waste is generated by logistics sites where the support activities for the industrial production are carried out such as offices, accommodation for non-resident workers and canteens. Special waste is generated by the actual industrial activities, such as construction, plant operation and the workshops.

Waste materials are collected and sorted, and stored in specific enclosed areas, from which they are then taken to be transferred to third parties authorised to recycle/dispose of the waste, preferring recovery where possible.

Hazardous waste is a marginal part of the waste generated in the Group's contracts. Normally it involves paint, additives and solvents, used oil and oil filters from vehicle maintenance, batteries, rechargeable batteries and, in some cases, earth, sludge and other materials containing hazardous substances.

Waste produced by activity, type and destination, dealt with in accordance with local regulations, is shown in the following table:

Total waste by activity (GRI 306-2)	Unit	2017	2018	2019
Construction and demolition waste	t	593,188	517,732	291,491
Excavation waste	t	7,004,018	6,345,575	5,593,636
Waste from support activities	t	172,499	97,558	66,829
Total non-hazardous and hazardous waste	**t**	**7,769,705**	**6,960,865**	**5,951,955**

Total waste by type and destination (GRI 306-2)	Unit	2017	2018	2019
Non-hazardous waste				
Recovery, re-use and recycling	t	2,565,843	3,712,507	4,341,435
Incineration	t	4,275	3,398	930
Landfill	t	5,188,936	3,230,657	1,598,681
Total non-hazardous waste	**t**	**7,759,054**	**6,946,563**	**5,941,047**
Hazardous waste				
Recovery, re-use and recycling	t	4,057	5,283	712
Incineration	t	679	324	27
Landfill	t	5,914	8,695	10,169
Total hazardous waste	**t**	**10,650**	**14,302**	**10,908**
Total non-hazardous and hazardous waste	**t**	**7,769,705**	**6,960,865**	**5,951,955**

94% of the waste produced is from excavations. It is classified as waste in line with the applicable regulations and its possible internal and/or external reuse, which varies depending on the projects' characteristics and the material's geotechnical characteristics which the Group cannot influence.

The decrease in total waste in 2019 is mainly due to the progress made on the projects of Salini Polska (Poland) and the Riyadh Metro (Saudi Arabia).

The percentage of waste recovered, re-used and recycled increased by 17% on 2018 while the total waste produced decreased.

Atmosphere

Unlike other industrial sectors, the construction sector does not generate significant atmospheric pollution. The main sources of atmospheric emissions are linked to dust created by the construction activities: excavations, earthwork, movement of heavy vehicles on unpaved roads and crushing excavated stone.

Other sources of air pollution are the unloading of site equipment and plant. The methods adopted by the Group to mitigate these impacts are described below:

- regular dampening of unpaved roads accessing work sites, aggregates wetting systems at the crushing plants, the use of filters on the cement storage silos and asphalt production plants, covering lorries transporting powdery materials, tyre washing systems at site entrance points and the replacement of road transport with conveyor belt transport;
- preventative and regular maintenance schedules for site plant and vehicles, ongoing replacement of the fleet with more efficient models.

The "Climate Change" section provides information on the Group's energy efficiency actions.

Noise and vibrations

The aspects relating to noise and vibrations are of double significance for the Group: internally, in terms of the health of workers, and externally, in terms of impacts on the environment and local communities.

The Group's QEHS management system includes specific procedures to assess and monitor these aspects, so that each site can adopt the most appropriate measures to ensure protection of the health and safety of workers (use of personal protection equipment, soundproofing, etc.) and of the surrounding environment.

With regard to the effects on the environment surrounding the sites, the areas most affected by noise interference are protected by noise barriers, which can be artificial dunes made of backfill material, support structures and absorption panels made of various materials. The noise barriers can also be one or more rows of trees or shrubs which both absorb the noise and reduce the visual impact. The choice of the barrier depends on its effectiveness, the area in which it will be placed and its landscaping effect.

Vibration is also a feature of work at civil engineering sites. The effects of pressure waves that propagate in the soil can cause damage to buildings or other structures located in the vicinity of the works. During the works, periodic monitoring of both noise and vibration is carried out.

Biodiversity, cultural heritage and environmental restorations

The performance of infrastructure projects requires the implementation of special protection measures when the sites are adjacent to or within sites of special natural, cultural or archaeological interest, so that construction activities interfere as little as possible with the existing ecosystem and heritage.

The protection measures, which are implemented in accordance with the local authorities' provisions and the relevant applicable legislation, are designed to protect and preserve the ecosystem, flora and fauna, biodiversity and cultural/landscape and archaeological heritage of the areas around the sites.

With respect to biodiversity, 21% (2018: 5%) of the areas managed by the Group was located in protected areas and 2% (2018: 2%) in areas adjacent to protected areas[24] in 2019.

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[24] The sites (not located within protected areas) in which activities with potential impacts on surrounding protected areas are carried out are considered "adjacent to protected areas".

Specifically, 24 work sites (the equivalent of 44.5 sq km) were located in protected areas (mostly in the US, followed by Italy, the United Arab Emirates and France) and 56 (the equivalent of 4.7 sq km) in areas adjacent to protected areas (mostly in the US, followed by Australia, the United Arab Emirates, France, Italy and Poland). Of these sites, 63 are in areas protected by local regulations, ten in areas protected by national regulations, six in “Natura 2000” areas and one in wetlands included in the Ramsar List. There are 11 work sites located in ecosystems that contain water (e.g., lakes, rivers, swamps, etc.), six in urban ecosystems, nine in agricultural ecosystems, 49 in wood ecosystems, four in mountain ecosystems and one in insular ecosystems. In these areas, construction and plant operation activities are mainly carried out.

Contracts performed in areas of special natural or cultural interest require specific procedures to manage the protected species (flora and fauna) and/or areas and any archaeological finds. The Group is assisted by independent experts and involves the local authorities.

Once construction has been completed, the areas affected by the work, access roads, plants, installations, quarries and deposits are cleaned up to return the areas to their original conditions in line with the contractual terms and current regulations. These restoration activities facilitate natural revegetation, prevent soil erosion and improve soil stability.

Any land reclamation activities, if provided for in the contract and necessary due to previous contamination, are agreed with the clients and performed in line with the competent authorities’ instructions.

Environmental restoration activities may include reforestation and indigenous species are usually used. The main restoration activities performed by the Group are shown below:

Protection and restoration activities (GRI 304-3)	Unit	2017	2018	2019
Reforested area	m^2	293,281	391,144	188,140
Areas where the topsoil was replaced	m^2	3,304,357	3,674,094	710,295

The reduction in protection and restoration activities is mostly due to progress on Lane’s contracts (USA). In 2019, the Group carried out reforestation activities mainly for the Koysha project (Ethiopia), the projects of Lane (USA) and the Forrestfield-Airport Link (Australia) planting 5,115 trees.

Anti-corruption

Zero tolerance
for corruption

Anti-corruption system
ISO 37001 certified

Continuous training
on anti-corruption

Whistleblowing
a dedicated platform

Internal policies

Salini Impregilo has a zero tolerance policy for all types of corruption and is committed to complying with the anti-corruption laws ruling in the countries where it operates. It requires its stakeholders to act with honesty and integrity at all times. The Company never condones behaviour designed to improperly influence the decisions taken by representatives of public or private bodies.

The Company is committed to adopting preventive protocols to minimise the risk of corruption and to ensure compliance with the principles introduced by anti-corruption laws and international best practices.

These principles are enshrined in its Code of Ethics and reiterated in its Anti-corruption Policy, adopted voluntarily and in compliance with international best practices.

Main risks and management methods

Salini Impregilo has an Anti-corruption System which meets the ISO 37001 requirements and is certified by an independent certification body. In addition to its Anti-corruption Policy described earlier, the system has the following additional elements:

- preparation, updating and application of the Anti-corruption Model approved by the Board of Directors on 16 June 2014 and updated on 28 September 2018;
- issue of Guidelines and internal procedures and integration of existing ones to define the roles and responsibilities of the parties involved and the operating methods for the processes and controls defined in the above documents.

As part of its zero tolerance policy, the Company seeks to align its strategy with the Anti-corruption System, instilling a compliance culture and mitigating the potential risks of non-compliance.

The Board of Directors adopts the Anti-corruption System while the Compliance Unit monitors the Anti-corruption System and its correct application. It draws up an annual Compliance Plan, which sets out the Company's goals to ensure achievement of the general objectives and ISO 37001 recertification. The Control, Risk and

Sustainability Committee, the Board of Statutory Auditors and the Director in charge of the Internal Control System all check the Compliance Plan as does the Integrity Board for the aspects related to Legislative decree no. 231/2001.

The Anti-corruption System is designed to cover the risks to which the Company could be exposed. With respect to active corruption, the main risks identified relate to interaction with representatives of the Public administration as part of specific activities, such as, for example, those to comply with defined obligations vis-à-vis the public administration or the obtaining of authorisations from it (licences and permits, payment authorisations from works management or approval of design extensions/variations). Other risks may arise from participation in calls to tender by public bodies, inspections and/or checks or disputes.

With respect to active corruption in the private sector, this risk is less material and mostly relates to the Group's participation in tenders called by private bodies or management of partnerships.

The main risks facing the Company arise from procurement and subcontracting activities. During the assignment stage, potential suppliers/subcontractors could attempt to corrupt a company employee to obtain the contract (passive corruption). In addition, once the contract has been signed, the suppliers/subcontractors could act unlawfully to obtain approval and, hence, payment for activities they did not actually perform or the non-reporting of non-compliance of their services.

The Compliance Unit performs an anti-corruption risk assessment by specific process for the Company as part of the risk assessments necessary to regularly update the 231 model. The assessment is performed for the other group companies (subsidiaries, consortia, joint ventures, etc.) using a scope defined on the basis of the CPI (corruption perception index) assigned to the country where the Group's companies operate and depending on how long their compliance system has been in place. Roughly 85% of the legal entities making up Salini Impregilo Group were included in the Anti-corruption risk assessment scope in 2019.

The procedures specifically designed to monitor the above risks include the Guidelines for the Assessment of Relevant Third Parties, which define valuation procedures applicable to potential counterparties before a contract is signed. The procedures aim to identify the ethics and professional integrity of the Group's partners and their compliance with its anti-corruption policies. Parties that pass the due diligence are monitored using the internal systems over the entire term of the contract relationship to ensure that they continue to comply with the initially requested requirements. To complete the due diligence, the Group has specific procedures to monitor conflicts of interest with its employees during the recruiting stage and during any internal transfers within the Group. It plans to update its third party assessment procedures in 2020 to extend their scope.

With respect to gifts given to third parties, the Company revised its procedures in 2018 to decrease the spending limits and reinforce the authorisation process in place for sponsorships and donations to monitor these activities and ensure their compliance with the Code of Ethics.

Contracts agreed by the Company with Third Parties must include specific measures to ensure their compliance with Anti-corruption laws, the Company's Code of Ethics and Anti-corruption Model.

Salini Impregilo also has a whistleblowing system that can be accessed through an external web portal. This allows employees to make anonymous or confidential (at their own discretion) notifications about potential violations while being protected against any form of reprisal, discrimination or unfair treatment. The Anti-corruption Model provides that employees are obliged to report any violations of the Model and/or internal or external regulations, the ethical principles and all anti-corruption laws by the Company, a colleague, a consultant or third party. As of 2018, third parties (e.g., suppliers, subcontractors) can also use the whistleblowing system. Alternatively, notifications can be made by post or email. The Company guarantees the protection of the notifying person in accordance with the provisions of Law no. 179/2017 and Regulation (EU) no. 2016/679 on personal data protection.

Violations of the Anti-corruption Model's principles and measures are a serious breach of their contracts by employees and consultants. Salini Impregilo takes all the steps provided for by the existing laws and contracts in the case of these violations, including conservative disciplinary measures, dismissal, termination of the contractual relationship, claims for compensation, etc..

In 2019, the Company received seven notifications through its whistleblowing channels, of which only one for the potential violations of its anti-corruption procedures. In all cases, the Compliance Unit commenced an investigation assisted by either the Internal Audit Unit or the Legal Unit based on the Company's internal procedures. During the year, corrective actions were taken involving employees and suppliers, which included the termination of relationships with the Company.

The Company requires that all new employees receive the mandatory Anti-corruption training as part of a wider programme about Compliance. In 2019, the Company prepared a training course on relationships with multilateral investment banks and export credit agencies as well as practices that they condone and sanction. Italian and foreign employees who carry out activities related to the issues regulated by these bodies attended this course. The Company also promoted courses on ethics and anti-corruption for contracts where it manages the operating activities: in 2019, the employees of Isarco Scarl (Italy), Salini Impregilo-Healy Company-Jose Chediak UTE (Argentina), PerGenova Scpa (Italy) and Fisia Italimpianti S.p.A. (Italy) all received training. Given the importance of training courses to guide its employees' conduct, the Company plans to launch a new training programme in 2020 covering the understanding of virtuous conduct to foster an ethical culture, especially as regards the encouragement of reporting possible violations.

The Compliance Unit also prepares internal reports for the Board of Directors (every six months), which it addresses to the Control, Risk and Sustainability Committee, as well as ad hoc communications and reports to management, either together with or through the Internal Audit and Compliance Manager, on any critical issues it identifies during its work.

Reference should be made to the “Main risk factors and uncertainties” (sub-paragraph “COCIV consortium” in the “Criminal litigation” paragraph) section of the Directors’ report for ongoing disputes about corruption.

Supply chain

15 thousand suppliers
that worked with Salini Impregilo from 70 countries

>230 thousand hours
HSE training provided to subcontractors' employees

Innovation Days
to encourage collaboration with innovative suppliers and partners

Average vendor rating index 80/100
confirming the high quality of the supply base

Internal policies

Each year, Salini Impregilo works with thousands of suppliers both for its contracts and internal requirements. As defined in its Code of Ethics, its conduct is hinged on principles of correctness and transparency, and it is committed to not exploiting any conditions of dependence or weakness of its suppliers.

The Company selects its suppliers using principles of fairness and impartiality and selection criteria which involve checking their quality, technical/professional qualifications, compliance with standards about human rights, labour regulations, including equal opportunities, health, safety and the environment as well as prices.

Suppliers are required to formally accept the Code of Ethics, the Anti-corruption Model and, starting from 2020, the Suppliers Code of Conduct, which are integral parts of the contract. Salini Impregilo encourages its suppliers to apply the same criteria when selecting their subcontractors and also to pass on the Group's principles of integrity, correctness, reliability and sustainability in order to encourage and promote compliance with its principles along the entire supply chain.

The Company is committed to protecting the confidentiality of the corporate information and professional know-how and asks its counterparties to do likewise.

When Salini Impregilo manages contracts directly or as the project leader, or there are specific agreements in place, the suppliers are required, to the extent of their involvement, to comply with/adopt the Company's Quality, Environment, Health and Safety Management Systems.

Main risks and management methods

In 2019, the Group worked with around 15 thousand suppliers from over 70 countries. The main supply categories related to subcontracts, materials, machinery and equipment and services.

An inadequate functioning of the qualification process and/or assessment of the suppliers' performance or the possible abuse of a strong position vis-à-vis smaller suppliers could possibly expose the Group to various risks as part of its procurement process, such as compliance, reputation and commercial.

The main risks arising from external factors include potential risks of non-compliance related to regulation updates that make it necessary to adopt new measures with suppliers, commercial and reputation risks due to possible issues with suppliers (e.g., inadequate performance in technical, qualitative, safety, environmental areas, etc.) after the contract has been signed.

The Company has established a number of procedures to manage the procurement of goods and services and monitor these risks. They include definition of the roles, responsibilities and checks to be performed to ensure that the operating activities are performed in accordance with the applicable laws and regulations, the Company's Code of Ethics, the 231 Model and the Anti-corruption Model.

The supplier qualification procedure is an important part of the procurement process. Its aim is to assess whether the potential supplier meets the Company's criteria so that it can be included in the Vendor List. This qualification procedure also ensures that the Group's requirements are met for all goods categories and in all relevant geographical areas.

The Procurement Department manages the supplier qualification process, which involves a number of preliminary checks of the potential supplier's reputation, its expertise and that it is not already included in the Reference Lists.

Potential suppliers are required to fill in a questionnaire on areas such as: business and production category, organisation and shareholder structure, financial reporting, registration and certifications, quality, the environment and safety, social responsibility (including human rights), specific information about their goods categories (when available).

Based on these questionnaires, the Procurement Department may proceed with specific analyses and detailed checks, which can include assessment visits to the supplier's production units and offices. Other company departments, such as the Technical Services and Safety, Environment and Systems Departments, may also participate in the visits which are designed to assess the supplier's technical and operating capabilities with special regard to the products and services of interest to the Group. They also investigate those aspects that could affect the potential partner's ability to comply with its contractual commitments.

Additional risk analyses are performed for certain suppliers that fall into the counterparty risk category using the methods and tools defined by the Risk Management Unit.

Upon completion of the checks, suppliers found to be suitable for qualification are included in the suppliers register and the relevant Vendor List.

Certain contracts require adoption of a specific additional qualification system depending on the applicable regulatory and contractual requirements. For example, suppliers working on projects subject to LEED environmental certification are subjected to additional checks to verify their compliance with specific environmental parameters, while other specific requirements, such as social criteria, are checked for projects acquired in some countries. These may include checking potential suppliers whose workforce mainly consists of employees from special categories (e.g., ethnic minorities).

In 2019, the Corporate Procurement Department vetted all the new 4,990 suppliers to verify their integrity, classification of their know-how and reference lists.

Contracts with suppliers include provisions requiring them to comply with the applicable regulations, the Code of Ethics, the 231 Model and the Anti-corruption Model as well as quality, health and safety and environment requirements. The contracts have specific termination clauses if the suppliers do not comply therewith.

Once the contract has been signed and is effective, the Company monitors the performance of its key suppliers using a special assessment process, involving the head office's Procurement Department and the contract managers. It assesses suppliers once a year. In 2019, these assessments involved more than 16 contracts selected for their financial relevance. They covered nearly all the suppliers of the analysed contracts (response rate of above 95%) included in the assessment scope, showing average performances (measured using the IVR vendor rating index) of above 80/100, confirming the high quality of the Group's supply base.

The assessment process is flanked by the on-site monitoring of projects by the local QEHS Departments, which mainly cover subcontractors and is designed to check that their activities comply with the Company's quality standards and applicable requirements for the environment, health and safety. Specifically, the local QEHS Departments regularly audit the subcontractors. Any non-compliance is managed in accordance with the management system procedures and includes the agreement of improvement plans and follow-up checks to ensure that they are implemented.

Involvement of the subcontractors in these issues also takes the form of regular coordination meetings and the participation of their employees in classroom and on-site QEHS training courses (230,002 hours in 2019).

In addition to involving and monitoring suppliers at the work sites, the Company also interacted with them at central level during the year.

This includes the annual supplier meeting attended by the Group's Italian and international employees and suppliers when the main procurement practices are presented. The Company presented, inter alia, the results of the vetting process and the assessment of suppliers' performances during the 2019 meeting to emphasise the importance to the Company of developing long-term relationships that allow the suppliers to grow and ensure their constant improvement.

The Company continued its Innovation Days in 2019, which are appointments with individual suppliers attended by head office employees. They are an opportunity for the supplier and the Company to discuss their experiences about new technologies, products, innovative processes and other matters of mutual interest.

Social

69% direct employees hired locally	94% local procurement
6 jobs created for each direct group employee	>16,000 free healthcare check-ups at work site clinics

Internal policies

It is a well-known fact that the direct relationship between investments in infrastructure and greater domestic demand leverages economic growth. Construction companies engaged in building infrastructure may contribute to this factor by adopting suitable internal policies.

Salini Impregilo is committed to contributing to the social and economic development of the areas where it operates in line with its Code of Ethics and Sustainability Policy, through:

- employment of workers from the area in which the projects are taking place, when available in the numbers required and who have the necessary skills;
- professional training of local personnel;
- procurement strategies designed to meet requirements using local supplies as far as possible, depending on the availability of the required goods and services;
- initiatives to assist the local communities, after checking the integrity and respectability of the recipients and the projects' consistency with the Code of Ethics.

The Company is also committed to respecting the rights and culture of the local communities which it does by also using appropriate communication channels in line with the relevant regulatory and contractual provisions.

Main risks and management methods

The Group identifies the risks and defines methods to manage the social aspects described in this section (hiring of local labour and procurement, relations with the local stakeholders) during the start-up stage of its projects.

The project start-up process complies with the Project Management principles (ISO 21500) and entails the proactive involvement of the project team and the corporate departments to ensure the integrated management of internal and external factors.

Specifically, regulatory and contractual elements applicable to the project are analysed during this process and the Company defines the Mobilisation programme which includes the main activities needed to start the project. They include definition of the work schedule, which comprises, inter alia:

- the requirement plan for machinery, plant, subcontractors, third parties, materials and services;
- the mobilisation plan for managers, staff and blue collars.

The methods of managing relations with local stakeholders are defined in the contracts and the Group is obliged to scrupulously abide by their provisions.

Employment created by the Group's projects

The creation of jobs by the Group in the countries where it operates is important as it enables local personnel to improve their skills and expertise and to generate additional wealth for the economy. This approach also creates the opportunity for the Group to create a pool of qualified workers who can be used for future projects.

Some projects have special local personnel recruitment plans as provided for contractually, which may include employment targets.

Specifically, 69% of the 24,526 direct employees were hired locally.

Direct employees hired locally	Unit	2017	2018	2019
Africa	%	95%	95%	96%
Europe	%	86%	86%	84%
Americas	%	97%	96%	96%
Asia and Oceania	%	14%	21%	26%
Average	**%**	**70%**	**65%**	**69%**

The Asia and Oceania area increased its average numbers but has the smallest percentage of local workers. This is affected by the projects in the Middle East (Saudi Arabia, Qatar and the United Arab Emirates), where insufficient resources are available to perform the contracts making it necessary to bring in labour from other countries. Reference should be made to the section on "Human rights" for information about the management of migrant workers.

In 2019, local managers made up 70% of the total, reaching 88% in Europe and 76% in the Americas. In addition to the direct workforce, the involvement of indirect personnel (mainly employees of subcontractors and service providers) contributes significantly to the employment generated locally. Indirect workers involved in group projects numbered 24,849 at 31 December 2019.

Local procurement

Purchases from suppliers resident in the countries where the Group operates are the main trigger to developing ancillary industries (which is a direct contributor to GDP, public revenue and disposable income).

In 2019, the Group maintained a strong relationship with its local supplier chain, with roughly 94% of its expenditure made with local suppliers.

Local procurement (GRI 204-1)	Unit	2017	2018	2019
Africa	%	40%	38%	42%
Europe	%	90%	87%	97%
Americas	%	99%	99%	99%
Asia and Oceania	%	86%	96%	93%
Average	**%**	**88%**	**93%**	**94%**

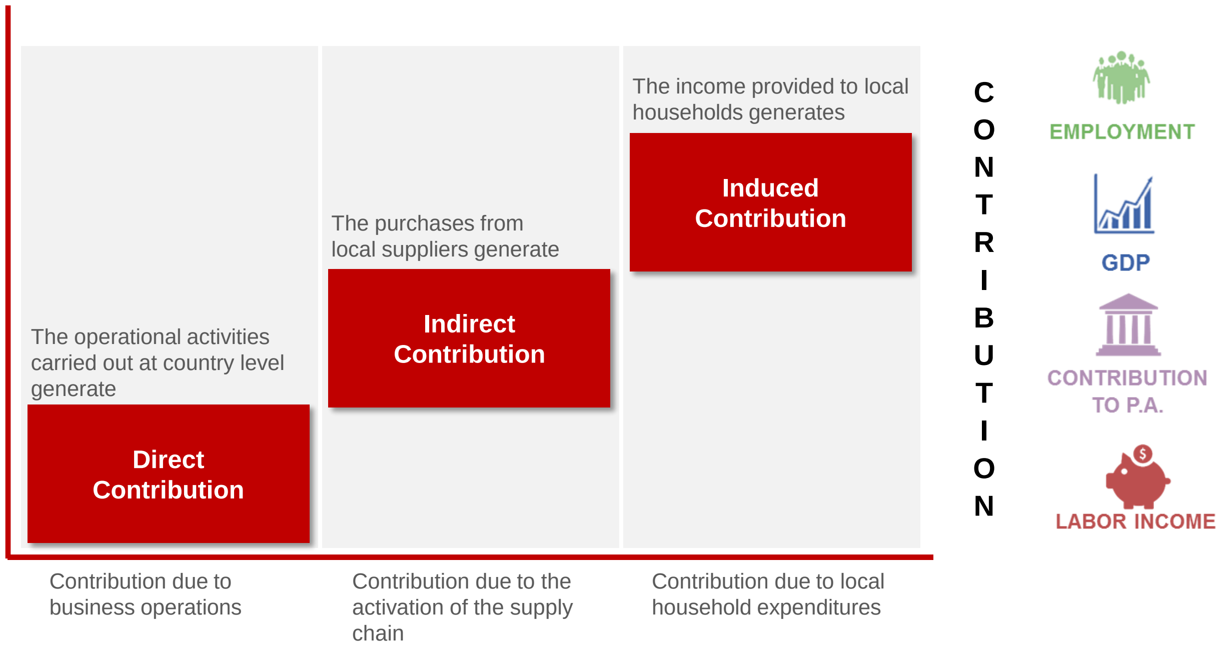
As already noted, the use of local suppliers allows the Group to minimise long-distance transport and, hence, mitigate the related environmental effect.

Contributions to local economies

Direct contributions made by Salini Impregilo's projects to local economies include employment and the use of local suppliers. They are only part of the benefits as they do not include the additional indirect and induced effect of the Group's activities in the countries where it operates.

The Group has developed a proprietary calculation model, SEED (Socio-Economic Effects Determination) model, to calculate its total contribution (direct, indirect and induced) to a country's economic and social growth in terms of employment, GDP, tax revenues and work income distributed to families[25].

The following graph presents the SEED model.



If just the Group's main markets[26] are considered, its average contribution to their economies, expressed as a multiple, is as follows:

- 6 jobs created for each direct Salini Impregilo employee;

[25] The SEED model uses an analysis of the investments made by the Group in the local economy and applies specific multipliers taken from the Social Accounting Matrix published by leading international research bodies.

[26] Australia, Ethiopia, Italy, Qatar, Saudi Arabia, USA

- €3.0 of work income distributed for each Euro paid by the Group;
- €2.6 of GDP for each Euro of added value generated by Salini Impregilo;
- €4.1 of tax revenues for each Euro paid by the Group to the public administration.

These figures confirm that the Group's local investment policies have a significant knock-on effect on the economies of the countries where it operates.

In addition to the economic benefits to the countries, each person involved in a group project benefits in terms of the work income received and the opportunity to advance professionally thanks to the training received.

Many studies[27] have shown that professional training courses provided by companies generate significant benefits for the participating employees who thus potentially have better employment and career prospects, higher salaries, greater professional satisfaction, more flexibility and interest in receiving additional training. This can also have a positive effect on the employee's health, social inclusion and their willingness to invest in further education for themselves and their children, triggering intergenerational social mobility mechanisms.

In this respect, the Group provided 482,358 hours of training to its direct employees and those of its subcontractors in 2019.

Initiatives to assist local areas

The Group contributes to developing the areas in which it works through initiatives to assist the local communities, which may include sponsorships, social and philanthropic initiatives. Sponsorships and donations are managed in line with the specific guidelines and internal procedures that are part of the Anti-corruption System, which is ISO 37001 certified. This ensures that any assistance is in line with the approved budgets and is only given after the positive outcome of checks of the potential recipients.

The Group Guidelines require that assistance is given locally in five strategic macro-sectors: social, art and culture, education and research, environment, sport and entertainment.

The main initiatives carried out can be classified as follows:

- direct assistance to design and build infrastructure benefitting the local community such as, for example, schools, healthcare facilities, roads, etc.;
- assistance with social programmes, carried out directly or through other organisations in the above macro-sectors;
- free access to certain work site facilities such as clinics, water and electricity supply networks for local communities living in rural areas not connected to basic services.

The Group carried out 42 initiatives in 2019 for €0.8 million (2018: roughly €4.4 million). The reduction in investments is mainly due to the sale of Lane's Plants & Paving Division in the US. As it works in a continuous business, it promotes ongoing initiatives to the benefit of its local communities.

[27] For example, Vocational education and training is good for you. The social benefits of VET for individuals. European centre for the Development of Vocational Training, 2011.

Most of the initiatives took place in Italy, mainly for cultural and educational purposes, and Ethiopia, mostly of a social nature. Other initiatives include the free healthcare provided to local communities by work site clinics in Ethiopia, Tajikistan and Kuwait. Specifically, 10,935 medical check-ups (2018: 9,182) were given and 16,049 health interventions (2018: 11,764).

Pursuant to the principles of its Code of Ethics, the Company does not make contributions to political and trade organisations of any kind (parties, movements, committees, etc.) nor their representatives.

Stakeholder engagement

Salini Impregilo has operations and projects all around the world and handles thousands of contacts with its stakeholders every day. It regularly maps its stakeholders based on engagement with the main stakeholders in the areas where it operates. The following chart lists the stakeholders relevant to the Company, the areas of interest and the key characteristics of the engagement with the Group.

	Level of engagement		Area of interest					Relationship length			
Stakeholder / Interest	International	Local	Anti-corruption	Environment	Employees and human rights	Supply chain	Social	Long term	Short-medium term	Project life	Ad-hoc
Employees & Trade unions	•	•	•		•		•	•		•	•
Shareholders & Investors	•		•	•	•	•	•	•	•		•
Clients & Potential clients	•	•	•	•	•	•	•	•	•	•	•
Suppliers, contractors, subcontractors & partners	•	•	•	•	•	•		•	•	•	•
Local communities & NGO	•	•	•	•	•	•	•	•		•	•
Governments & public administrations		•	•	•	•		•	•		•	
Sector associations & media	•	•	•	•	•	•	•	•		•	•

The Group adopts diversified and flexible dialogue and engagement practices depending on the stakeholders' characteristics and needs.

At corporate level, key stakeholders include investors, clients, current and potential employees, national and international trade unions, partners, public administrations, the media and the general public. Dialogue with them mainly relates to development objectives and strategies, results, the acquisition of new contracts, the shareholder structure, career paths and professional development.

At operating level, the main engagement activities depend on the individual project's characteristics. The key stakeholders are partners, employees, local communities, suppliers, contractors and subcontractors, clients, local authorities and organisations like local trade unions and non-governmental organisations.

Like in previous years, the Group has engaged regularly in engagement with its stakeholders. Its main initiatives are summarised below:

Channel	*Activity*
Face to face communication	
Meetings, presentations, focus groups, workshops, interviews, consultations, career days, public events	>10,300 people involved in more than 260 meetings with the local communities and their representatives >3,700 people visited the Group's projects during roughly 200 open door events >2.2 million people were involved in over 530 information campaigns about the Group's projects
Digital communication	
Company websites, intranet, magazines, webinars, surveys, social media	1.5 million visits to the Group's website 1.2 million interactions on the Group's social channels

Given that it mainly operates as a contractor on behalf of public and private clients, the Group is required to scrupulously adhere to the contractual provisions about engagement with local stakeholders. These provisions establish the roles and responsibilities each party is obliged to comply with.

In line with these provisions, the Group defines procedures to handle engagement with local stakeholders (such as, for example, the grievance mechanisms) and the communication channels to be used at work sites either physical (e.g., public relations offices) or technological (dedicated phone numbers, websites, email addresses, etc.).

The clients are responsible for engagement with the local communities in most of the ongoing contracts while the Group provides technical and operating assistance to manage any issues that arise. Matters discussed by contract personnel and the local communities mostly relate to:

- employment and interaction between the work site and surrounding areas;
- the characteristics of the work under construction and its possible social and environmental implications.

As described in detail in the section "The infrastructure sector and Salini Impregilo's role", the Group's clients are responsible for planning and developing projects. When required by the applicable regulations, this includes an assessment of the social and environmental impacts, the prior consultation of the stakeholders, definition of the mitigation and compensation actions and receipt of the authorisations. Therefore, the clients have sole responsibility for handling relations with the stakeholders for the second category of topics mentioned earlier, while the Group provides assistance with management of the relationships covering the first category of topics. This is a potential source of risks for the Group as, if the client does not properly and efficiently manage its responsibilities, the local community could oppose the project leading to delays in the works, an increase in costs and damage to the Group's reputation as well. The Group constantly monitors stakeholder expectations about the projects it is involved in so that it can take the actions necessary to mitigate any risks.

Should the Group receive requests for information or other communications from stakeholders, such as international non-profit organisations and SRI analysts, it provides the requested information to guarantee transparency about its work as a contractor engaged to build the works provided for by the relevant contract, with a clear-cut distinction between its role and responsibilities and those of its client.

Methodology for reporting non-financial information

Salini Impregilo was the first Italian construction company to prepare and publish an Environmental Report in 2002 and similarly it was the first to publish a Sustainability Report drawn up in accordance with the Global Reporting Initiative (GRI) Guidelines in 2009.

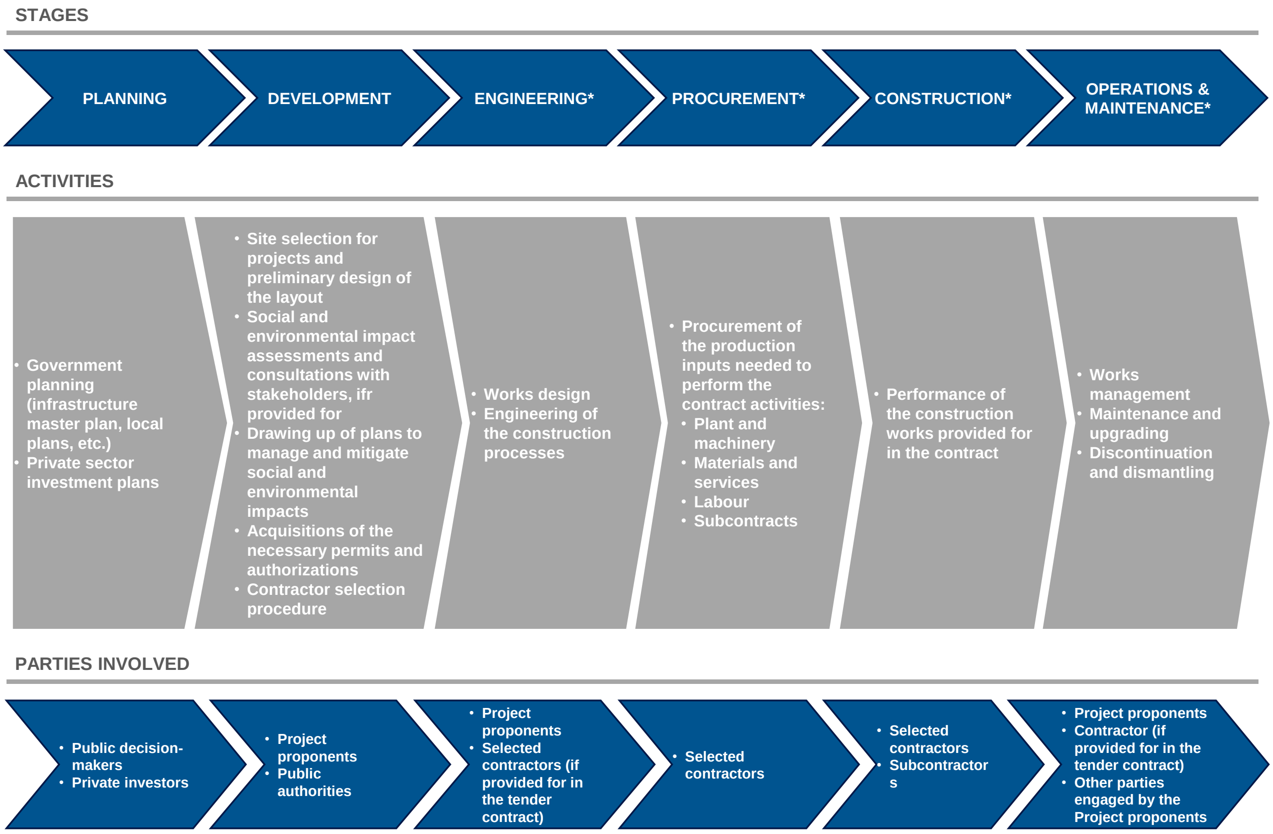
Standards applied

This 2019 Consolidated Non-financial Statement has been prepared in accordance with Legislative decree no. 254/2016. The Company has used the GRI Sustainability Reporting Standards (Core option), published by the GRI. This Statement also constitutes the Communication on Progress (COP) to Global Compact.

The infrastructure sector and Salini Impregilo's role

The infrastructure market is highly regulated and its numerous operators are involved in planning, assessing, approving, developing, building and operating infrastructure according to their roles and responsibilities assigned by the relevant regulations.

The following chart shows the main stages of an infrastructure project's life cycle:



* Main stages of the infrastructure's life cycle in which Salini Impregilo Group is involved

An infrastructure project is planned by a public administration or private sector body (the project proponent) that is also involved in the subsequent stages of developing the infrastructure project. This stage involves a number of activities that include identifying the project locations, performing feasibility studies and, based on the type of work and applicable legislation, completing the social and environmental procedures (assessment of potential impacts, consultations with stakeholders, identification of mitigation measures and compensation).

The public authorities (usually ministries or state environmental protection agencies, assisted by local bodies of the area where the project is to take place) actively engage in these procedures: assessing the adequacy of the social and environmental impact assessments, the consultation programmes and mitigation plans prepared by the Project proponent.

Upon completion of these procedures, the relevant authorities issue the appropriate authorisations, which include any social and environmental requirements the Project proponent has to abide by during the project.

Contractors such as Salini Impregilo enter the project development process only after the decision-making stage has been completed as this only involves the client and the public authorities. The Group takes part in selection procedures, organised by public and private clients to award the tenders, which may cover specific project activities (e.g., just construction), the entire engineering, procurement and construction cycle or also the subsequent operations & maintenance activities.

Therefore, the contractor does not take part in any activities prior to the assigning of the contract or the prior assessment processes, including the assessment of the project's social and environmental impacts and consultation of stakeholders.

As described earlier, these assessments are the sole responsibility of the Project proponent and of the public authorities, as they are required to meet the relevant obligations under the applicable regulations. They also have the decision-making powers about the findings of the assessment process. It follows that the potential social and environmental impacts of the work itself (e.g., loss of biodiversity due to the infrastructure's presence, expropriation of land) are the sole responsibility of the Project proponent.

The contractor is obliged to comply with the social and environmental requirements of the applicable regulations, the contract and any provisions imposed by the competent authorities when they approve the impact assessments. The social and environmental impacts attributable to the contractor arise solely from the contract activities and are mainly of a temporary nature (e.g., disruptions caused by the work site, health and safety in the workplace).

Materiality analysis

The Company performed a materiality analysis as set out in the GRI Sustainability Reporting Standards to define the individual topics to be disclosed in the Non-financial Statement pursuant to Legislative decree no. 254/2016. The main steps comprising this analysis are set out below:

- internal identification of the possible non-financial topics relevant to the Group, by analysing the global situation (megatrends, the Paris Agreement, SGD), the market scenario (peers), the financial context (reports published by analysts and ESG rating agencies) and applicable standards;

- internal prioritisation of the identified topics, in line with the Company's Sustainability Strategy and policies;
- engagement with the stakeholders with two separate surveys, one for middle management and one for employees, clients, suppliers, investors, NGOs and ESG experts;
- approval of the material topics by management involved in non-financial reporting.

The materiality matrix is included in the Introduction sector.

The material aspects identified by the materiality analysis, grouped into the macro categories provided for by Legislative decree no. 254/2016 are listed below:

Topics as per Leg. decree no. 254/2016	GRI related material aspects	Materiality within the Group	Materiality outside the Group
Environment	Materials, Energy, Water, Biodiversity, Emissions, Waste and Environmental compliance	Direct activities performed at the offices and work sites	Activities performed by subcontractors and service providers
Employees	Employment, Industrial relations, Health and safety, Training, Diversity and equal opportunities* and Non-discrimination	Direct activities performed at the offices and work sites	Activities performed by subcontractors and service providers
Human rights	Freedom of association and collective bargaining, Child labour, Forced or compulsory labour, Security practices and Rights of indigenous peoples	Direct activities performed at the work sites	Activities performed by subcontractors and service providers
Anti-corruption	Anti-corruption	Direct activities performed at the offices and work sites	Activities performed by the third parties defined in the Anti-corruption Model
Supply chain	Supplier environmental assessment, Supplier assessment for impacts on society	Direct activities performed at the offices and work sites	Activities performed by subcontractors and service providers
Social	Market presence, Procurement practices, Local communities and Indirect economic impacts	Direct activities performed at the offices and work sites	Activities performed by clients and subcontractors

*The equal opportunities topic is material mostly for the corporate offices while it is of less significance at the work sites given the characteristics of the construction sector, which is a predominantly male domain.

A new material topic was identified during the procedure to update the materiality analysis, which was not present in the previous Statement: Innovation. It is not included in the previous table as this is not required by Legislative decree no. 254/2016 or the GRI Sustainability Reporting Standards. However, this Statement includes the topic as required by the latter Standards.

Scope of the Statement

As established by article 4 of Legislative decree no. 254/2016, this Consolidated Non-financial Statement includes the figures of the parent (Salini Impregilo S.p.A.) and its fully-consolidated subsidiaries. The parent comprises its head offices in Italy (corporate), the directly run work sites, branches and joint operations for which it manages their operations, as per the list provided later in this document.

The Company has an internal procedure in place to define and regularly review the scope of the Statement based on its consolidation scope for financial reporting purposes. Specifically, it performs a materiality analysis on the list of entities making up the parent and fully-comprised subsidiaries considering the level of operations of the individual entities, which are classified as:

- operational (e.g., ongoing contracts);
- limited operations (e.g., contracts being completed);
- non-operational (e.g., entity in liquidation).

This Statement's scope includes entities classified as "operational" and "limited operations". A list of the entities included in the 2019 Statement's scope for which a non-financial reporting system was implemented is given below:

Name	Country	Name	Country
Salini Impregilo S.p.A.*	Italy	Impregilo-Sk E&C-Galfar Al Misnad JV*	Qatar
Brennero Galleriacque S.c.r.l.*	Italy	Imprepar S.p.A.*	Italy
CDE S.c.a.r.l.*	Italy	Kayi Salini Samsung JV	Turkey
Cigla Construtora Impregilo y Associados S.A.*	Brazil	Lane Industries Incorporated*	USA
COCIV consortium*	Italy	Mercovia S.A.*	Argentina
Constructora Ariguani SAS*	Colombia	Salini Australia PTY L.t.d.*	Australia
Copenhagen Metro Team I/S*	Denmark	Salini Impregilo - NRW Joint Venture*	Australia
Cossi Costruzioni S.p.A.	Italy	Salini Impregilo S.p.A. - S.A. Healy Company Jose J. Chediack S.A. UTE*	Argentina
CSC Impresa Costruzioni S.A.*	Switzerland	Salini Malaysia Sdn.Bhd*	Malaysia
CSI Simplon Consorzio	Switzerland	Salini Namibia Proprietary L.t.d.*	Namibia
Fisia - Alkatas - Alke JV	Turkey	Salini Nigeria L.t.d.*	Nigeria
Fisia - Alkatas JV*	Turkey	Salini Polska L.t.d. Liability Co*	Poland
Fisia Italimpianti S.p.A.*	Italy	Salini Impregilo - Tristar JV*	United Arab Emirates
Galfar - Salini-Impregilo - Cimolai JV*	Qatar	Salini Saudi Arabia Company L.t.d.*	Saudi Arabia
HCE Costruzioni S.p.A.*	Italy	SCLC Polihali Diversion Tunnel JV	Lesotho
Iglys Sociedad Anonima*	Argentina	SLC Snowy Hydro JV	Australia
Impregilo International Infrastructures N.V.*	Netherlands	Thessaloniki Metro CW JV*	Greece
Impregilo New Cross Limited*	UK		

*The entities marked with an asterisk in the above table were also included in the reporting scope of the 2018 Non-financial Statement. The other entities have been included in the reporting scope of this Statement for the first time.

Contracts managed directly by the parent include the Meydan One Mall (United Arab Emirates), the Grand Ethiopian Renaissance Dam (Ethiopia), the Koysha Dam (Ethiopia), the Expressway S7 Skomielna (Poland), Bumbuna O&M (Sierra Leone), Urban Roads (Sierra Leone) and the Rogun Dam (Tajikistan). The joint operations for which the Group manages their operations are the Arriyad New Mobility Consortium (Saudi Arabia), Civil Works Joint Ventures (Saudi Arabia), South Al Mutlaa Joint Venture (Kuwait) and Salini Impregilo - NGE Genie Civil (France).

More information on the in-scope entities is available in the section on the “Consolidation scope” in the notes to the consolidated financial statements.

The information in this Statement refers to the above scope. The data for the joint operations led by the Group are shown at 100%. Exceptions to the scope are listed below:

- data about the anti-corruption risk assessment refer to the consolidation scope of the consolidated financial statements;
- data about the labour force relate to the consolidation scope of the consolidated financial statements; with respect to the direct workforce, they are calculated in proportion to the Group's investment for the entities that qualify as joint operations or that are measured using the equity method;
- the environmental data does not include the offices (Milan, Rome and foreign branches) as they are not material;
- data about health and safety of workers and QEHS training include the companies that are not fully consolidated for which the Group manages their operations and exclude joint operations when its partners are responsible for management of the Health and Safety Systems;

Any specific limitations to the scope are specified in the text or in the GRI Content Index.

The 2017 and 2018 corresponding information relates to the scope of the Group’s 2018 Consolidated Non-financial Statement, to which reference should be made. The data relating to the intensity of greenhouse gas emissions of 2017 and 2018 were restated considering just Scope 1 and 2 while the 2018 Statement also included Scope 3 emissions.

Calculation method

The data and information in this Statement are taken from the Group’s information systems and a special non-financial reporting system introduced to meet the requirements of Legislative decree no. 254/2016 and the GRI Sustainability Reporting Standards. The data were processed using accurate calculations and, if specified, estimates. The methods used to calculate the main indicators are set out below.

Injury rates

The injury rates are calculated using the methods established by standard UNI 7249 “Statistics on occupational injuries”. They show the number of injuries leading to lost work days (LTIFR) and the number of recordable injuries for every million hours worked (TRFR).

Specifically, the LTIFR (Lost Time Injury Frequency Rate) is calculated as the ratio of the total number of injuries leading to absence from work in the period (including death) to the total number of hours worked, multiplied by 1,000,000.

The TRFR (Total Recordable Injury Frequency Rate) is calculated as the ratio of total recordable injuries (calculated considering deaths, injuries leading to absence from work, injuries only requiring medical treatment and injuries leading to assignment of reduced workloads in countries where this is allowed) to the total number of hours worked, multiplied by 1,000,000.

Any commuting injuries during the period are not considered.

Energy consumption and GHG emissions

The calculation of direct energy consumption is based on the conversion factors provided by the UK Department for Business, Energy & Industrial Strategy - BEIS (2016 Government GHG Conversion Factors for Company Reporting). Internal energy consumption refers to the in-scope entities' direct activities. Indirect energy consumption, like scope 3 emissions, refer to activities performed by subcontractors. The Group monitors its emissions data using an operating control approach.

Calculations of the Group's GHG emissions are based on:

- the emission factors defined by the standard parameters of the UK Department for Business, Energy & Industrial Strategy – BEIS (2016 Government GHG Conversion Factors for Company Reporting) for fuel consumption - the calculation includes CO_2, CH_4 and N_2O gases;
- the emission factors provided by the International Energy Agency (CO2 Emissions from Fuel Combustion, 2013 edition, 2011 data) for electric energy consumption;
- the emission factors provided by the IPCC (Fourth Assessment Report AR4 100yr) to convert CH_4 and N_2O into CO_2 equivalent.

The energy intensity rates and the GHG emission rates are calculated by comparing the total data (energy consumption and GHG emissions) to revenue for the period. Specifically, the intensity rate for GHG emissions includes the sum of Scope 1 and Scope 2 emissions.

Water use

Data about water not taken from aqueducts, not obtained from other sources (e.g., water tanks) and not measured using meters are calculated considering the withdrawal systems' capacity (pump capacity in the average number of working hours) or production activity performed in the period.

Waste

The data refers to waste generated by the in-scope contracts in line with the locally-applicable regulations. When the data is expressed as a volume, the related weight is calculated using specific conversion factors. Information about the allocation methods for EU projects (i.e., how the waste is treated: recovery or disposal) is based on its legal classification. The methods used for non-EU projects reflect the conditions of the contracts agreed with third party waste management companies.

GRI Content Index

Disclosure	Description, page number, reference to other sections of the Report or other documents (The page numbers refer to the paragraph that includes the information)	UN Global Compact Principles
GRI 102 General disclosures (2016)		
Organisational profile		
102-1	Name of the organisation: Salini Impregilo S.p.A.	
102-2	Activities, brands, products, and services: p. 10	
102-3	Location of headquarters: Milan, Italy	
102-4	Location of operations: p. 34	
102-5	Ownership and legal form: Salini Impregilo S.p.A is listed on the Milan stock exchange and is managed and coordinated by Salini Costruttori S.p.A..	
102-6	Markets served: p. 34	
102-7	Scale of the organisation: p. 68, p.34, p. 109	6
102-8	Information on employees and other workers: p.109. Open-ended contracts account for 95% of the total in Africa, 90% in the Americas, 85% in Europe and 96% in Asia and Oceania. 99.9% of the employees have full-time contracts.	
102-9	Supply chain: p. 155	
102-10	Significant changes to the organisation and its supply chain: No significant changes to the organisation or the supply chain compared to the previous period.	
102-11	Precautionary Principle or approach: p. 165, p. 139	
102-12	External initiatives: p. 98	
102-13	Membership of associations: Salini Impregilo is a member of AIR – Associazione Investor Relations, Amici della Triennale, Assonime, Assolombarda, Associazione Assafrica e Mediterraneo, Associazione AIAS, Associazione Italiana Internal Auditors, AIGI – Associazione Italiana Giuristi d'Impresa, AICQ CN – Associazione Italiana Cultura Qualità Centro-Nord, Comitato Leonardo, Fondazione Global Compact Network Italia, Gruppo Italiano della Trilateral Commission, ITCOLD - Comitato Nazionale Italiano per le Grandi Dighe, ISPI – Istituto per gli Studi di Politica Internazionale, and UNI – Ente Italiano di Normazione.	
Strategy		
102-14	Statement from senior decision-maker: p. 5	
Ethics and integrity		
102-16	Values, principles, standards, and norms of behaviour: p. 98	10
Governance		
102-18	Governance structure: p. 98	
Stakeholder engagement		
102-40	List of stakeholder groups: p. 162	
102-41	Collective bargaining agreements: The Group agrees employment contracts with its employees in line with the local applicable legislation, the principles of the framework agreement with the BWI and any other agreements signed with the local trade unions. In 2019, this covered 6,238 employees, equal to 25.4% of the total.	3
102-42	Identifying and selecting stakeholders: p. 162	
102-43	Identifying and selecting stakeholders: p. 140, p. 109, p.155, p. 166, p. 162	
102-44	Key topics and concerns raised: p. 162	
Reporting practice		
102-45	Entities included in the consolidated financial statements: p. 168	
102-46	Defining report content and topic Boundaries: p. 168	
102-47	List of material topics: p. 166	
102-48	Restatements of information: p. 168	

102-49	Changes in reporting: no significant changes in the material topics. Moreover, the scope of the material topics is the same as that for the previous period.	
102-50	Reporting period: 2019	
102-51	Date of most recent report: The 2018 Consolidated Non-financial Statement was published on 24 April 2019.	
102-52	Reporting cycle: Annual	
102-53	Contact point for questions regarding the report: sustainability@salini-impregilo.com	
102-54	Claims of reporting in accordance with the GRI standards: p. 165	
102-55	GRI Content Index: p. 173	
102-56	External assurance: p. 178	
GRI 200 Economic		
GRI 201 Economic performance (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 10	
201-1	Direct economic value generated and distributed: The direct economic value generated by the Group in 2019 amounted to €5,076 million, including €4,905 million which was distributed and €171 million which was retained. Specifically, €3,716 million was distributed to suppliers (operating costs), €791 million to employees (remuneration and benefits), €262 million to the lenders, €109 million to the public administration (taxes) and €27 to the shareholders.	
GRI 202 Market Presence (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 159	6
202-2	Proportion of management hired from the local community: p. 159. The term manager refers to persons who hold management positions as part of the contract and head a department/unit. In the case of EU resources, it refers to the contractual definition of a manager. Local employees are those who are hired in the same country as that in which they reside.	6
GRI 203 Indirect Economic Impacts (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 161	
203-1	Infrastructure investments and services supported: p. 161. The total value of initiatives to assist local areas includes monetary donations (27.1%), sponsorships (54.8%) and contributions in kind (18.1%) (e.g., labour, materials, machinery).	
GRI 204 Procurement Practices (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 159	
204-1	Proportion of spending on local suppliers: p. 159. Local suppliers are those with a registered office in the same country in which the Group's projects are taking place.	
GRI 205 Anti-corruption (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 151	10
205-1	Operations assessed for risks related to corruption: p. 151. 147 companies were included in the assessment scope.	10
GRI 300 Environmental		
GRI 301 Materials (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 146	7, 8
301-1	Materials used by weight or content: p. 146. The Group does not use significant renewable materials for its core activities while it can use recycled or recovered materials, as described in the relevant section.	7, 8
GRI 302 Energy (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 135	7, 8, 9
302-1	Energy consumption within the organisation: p. 135, p. 171	7, 8, 9
302-2	Energy consumption outside of the organisation: p. 135, p. 171. Significant external energy consumption refers to the Group's subcontractors.	7, 8, 9
302-3	Energy intensity: p. 135, p. 171	7, 8, 9
GRI 303 Water (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 146	7, 8

303-1	Interactions with water as a shared resource: p. 146. Water withdrawn in areas subject to water stress: the Group did not withdraw water in areas subject to water stress during the year. Areas subject to water stress are those classified as extremely high risk by the Water Risk Atlas recently published by World Resources Institute.	7, 8
GRI 304 Biodiversity (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 149	8
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas or areas of high biodiversity value outside protected areas: p. 149	8
GRI 305 Emissions (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 135	7, 8, 9
305-1	Direct (Scope 1) GHG emissions: p. 135, p. 171	7, 8, 9
305-2	Indirect (Scope 2) GHG emissions: p. 135, p. 171. The location-based method was used to calculate the Scope 2 GHG emissions.	7, 8, 9
305-3	Other indirect (Scope 3) GHG emissions: p. 135, p. 171	7, 8, 9
305-4	GHG emissions intensity: p. 135, p. 171	7, 8, 9
GRI 306 Effluents and Waste (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 147	8
306-2	Waste by type and disposal method: p 147, p. 171	8
GRI 307 Environmental Compliance (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 140	8
307-1	Non-compliance with environmental laws and regulations: p. 140	8
GRI 308 Supplier Environmental Assessment (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 155	8
308-1	New suppliers that were screened using environmental criteria: p. 155. Specifically, in 2019, 88% of the new suppliers were screened using environmental criteria.	8
GRI 400 Social		
GRI 401 Employment (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 110	6
401-1	New employee hires and employee turnover: p. 110. Specifically, in 2019, 6,247 people joined the Group (entry rate of 26%), including 2,448 under 30 years of age (39%), 3,228 between 30 and 50 (52%) and 571 over 50 (9%). The geographical distribution of employees is as follows: 2,094 in Africa (34%), 553 in the Americas (9%), 655 in Europe (10%), 2,945 in Asia and Oceania (47%). During the year, people that left the Group, including the transfers of resources among group sites, numbered 12,501 (exit rate of 52%), including 3,137 under 30 (25%), 7,266 between 30 and 50 (58%) and 2,099 over 50 (17%). The geographical distribution of the leavers is as follows: 2,452 in Africa (20%), 2,293 in the Americas (18%), 2,565 in Europe (21%), 5,191 in Asia and Oceania (42%). The turnover rates were calculated using the average employee numbers for the period.	6
GRI 402 Labour/Management Relations (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 125	3
402-1	Minimum notice periods regarding significant changes: The minimum notice period to communicate significant operating personnel changes for Salini Impregilo is set by collective employment contracts and relevant local laws. It varies from four to 26 weeks for managers, two to 12 weeks for office staff and one to eight weeks for blue collars.	3
GRI 403 Occupational Health and Safety (2018)		
103-1, 103-2, 103-3	Management approach disclosures: p. 117	
403-1	Occupational health and safety management system: p. 117. The Health and Safety Management System is installed at the Italian head offices (corporate), direct contracts, joint operations where the Group manages the operational activities or has specific agreements with its partners. Its system is not used by the joint operations where health and safety management is the responsibility of its partners.	

403-2	Hazard identification, risk assessment, and incident investigation: p. 117	
403-3	Occupational health services: p. 117	
403-4	Worker participation, consultation, and communication on occupational health and safety: p. 117	
403-5	Worker training on occupational health and safety: p. 117	
403-6	Promotion of worker health: p. 117	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships: p. 117	
403-9	Work-related injuries: p. 117. Despite the stringent assessments of risks and operating controls, two fatal injuries took place in 2019 involving direct employees (0.03%) and four involving employees of subcontractors (0.05%). The serious injuries, calculated in accordance with Italian legislation (sick leave of more than 40 days), involved 11 direct employees (0.14%) and four employees of subcontractors (0.05%). The total number of recordable injuries was 499 for the direct employees (6.45%) and 392 for employees of subcontractors (5.01%). The main types of injury were wounds, bruises and fractures.	
GRI 404 Training and education (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 111	6
404-1	Average hours of training per year per employee: p. 111, p. 168. In 2019, technical and production employees received an average of 12 hours of training per capita, while office employees received four hours. During the year, the per capita training hours provided to corporate employees amounted to 40 for men and 44 for women. This figure is not significant for the operating units given the strong predominance of male resources.	6
GRI 405 Diversity and Equal Opportunity (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 125	6
405-1	Diversity of governance bodies and employees: reference is made to the report on corporate governance and the ownership structure for full disclosure on the diversity of governance bodies p. 125(diversity of employees).	6
GRI 406 Non-discrimination (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 125	6
406-1	Incidents of discrimination and corrective actions taken: p.125. The Group received four notifications of alleged discrimination from Lane’s employees during the year. These notifications were handled in accordance with Lane’s internal procedures. At year end, two cases had been settled and two were under investigation.	6
GRI 407 Freedom of Association and Collective Bargaining (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 125	3
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk: p. 125	3
GRI 408 Child Labour (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 125	5
408-1	Operations and suppliers at significant risk for incidents of child labour: p. 124	5
GRI 409 Forced or Compulsory Labour (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 125	4
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour: p. 125	4
GRI 410 Security Practices (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 125	1
410-1	Security personnel trained in human rights policies or procedures: p.125. As described in the section on Human rights, security personnel undergo initial training and regular refresher courses provided by the local managers in line with a training plan defined to comply with the applicable standards and regulations. These courses include information on respect for the individual, human rights and the Code of Ethics.	1
GRI 411 Rights of Indigenous Peoples (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 125	1
411-1	Incidents of violations involving rights of indigenous peoples: p.125. No instances (e.g., legal action) for the violation of indigenous rights took place in the year.	1

GRI 412 Human Rights Assessment (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 125	1
412-1	Operations that have been subject to human rights reviews or impact assessments: p. 125	1
GRI 413 Local Communities (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 165	1
413-1	Operations with local community engagement, impact assessments, and development programmes: Given the type of works, their location and reference regulatory frameworks, the Group's projects are subject to different laws and standards for social and environmental aspects. Accordingly, a social and/or environmental impact assessment prepared by the clients exists for 80% of its in-scope projects. The clients consulted the local communities for 42% of the projects. A management system is in place to handle complaints from local communities for 44% of the projects (the grievance mechanisms). Development projects assisting the local communities exist for 24% of the projects while workers committees exist for 20% of the projects.	1
GRI 414 Supplier Social Assessment (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 155	2
414-1	New suppliers that were screened using environmental criteria: p. 155. Specifically, in 2019, 88% of the new suppliers were screened using social criteria.	2
GRI 415 Public policy (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 161	10
415-1	Political contributions: p. 161	10

Report of the auditors

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(Translation from the Italian original which remains the definitive version)

Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

To the board of directors of
Salini Impregilo S.p.A.

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2019 consolidated non-financial statement of the Salini Impregilo Group (the "group") prepared in accordance with article 4 of the decree, presented in the specific section of the directors' report and approved by the board of directors on 11 March 2020 (the "NFS").

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Salini Impregilo S.p.A. (the "parent") for the NFS

The directors are responsible for the preparation of an NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), which they have identified as the reporting standards.

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group's policies and the identification and management of the risks generated or borne.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

1 Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.

2 Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.

3 Comparing the financial disclosures presented in the DNF with those included in the group's directors' report.

4 Gaining an understanding of the following:

- the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
- the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
- the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).

5 Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

Specifically, we held interviews and discussions with the parent's management personnel. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

Furthermore, with respect to significant information, considering the group's business and characteristics:

- at parent and subsidiaries level:
  a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
  b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- we visited the Meydan One project's site (United Arab Emirates), which we have selected on the basis of its business, contribution to the key performance indicators at consolidated level and location, to meet its management and obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2019 consolidated non-financial statement of the Salini Impregilo Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

Milan, 10 April 2020

KPMG S.p.A.

(signed on the original)

Paola Maiorana
Director of Audit

Directors' report - Part III

Report on corporate governance and the ownership structure

The corporate governance model adopted by Salini Impregilo complies with the principles enshrined in the "Corporate Governance Code for Listed Companies" approved by the corporate governance committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

More information about the corporate governance system pursuant to article 123-bis of the Consolidated Finance Act (Legislative decree no. 58 of 24 February 1998, as subsequently amended) is available in the Report on corporate governance and the ownership structure, published on the parent's website in the governance section (www.salini-impregilo.com).

Events after the reporting date

New notes successfully priced for €250 million with a seven-year maturity and a 3.625% coupon

On 17 January 2020, Salini Impregilo announced the final results of its invitation to the holders of the outstanding notes "€600,000,000 3.75 per cent. Notes due 24 June 2021" (ISIN: XS1435297202) (the "2021 notes") to exchange their 2021 notes for Euro-dominated senior fixed rate notes to be issued by the parent (the "new notes") (the "exchange offer") and their conditions.

The average nominal amount of the 2021 notes validly offered for exchange is €120,970,000.

The aggregate nominal amount of the new notes to be issued is €250,000,000.

The new notes will include notes not issued for exchange of €123,341,000 (the "additional new notes") and demand was roughly four times higher than the offer. The additional new notes will be issued at identical terms (including their listing on the Euronext Dublin and trading on its regulated market). They will be part of a single series with the other new notes.

The new notes' maturity date is 28 January 2027 and the coupon is 3.625%.

The settlement date for the exchange offer, including the additional new notes, is 28 January 2020.

The results show the international and national financial community's strong appreciation of Salini Impregilo and a positive response to its growth strategy, including Progetto Italia.

The transaction is part of the parent's plan to optimise its debt profile, extending its average debt repayment dates and maintaining a low corporate debt cost

Banca Akros S.p.A. - Gruppo Banco BPM, Banca IMI, BofA Securities, Citigroup, Goldman Sachs International, Natixis and Unicredit Bank were the joint lead managers, while BBVA, Equita SIM amd MPS Capital Services Banca per le Imprese S.p.A. acted as co-managers of the exchange offer.

COVID-19 pandemic

The Group is closely analysing and monitoring the fallout of the COVID-19 pandemic with respect to: (i) changes in its reference context and the measures adopted in the countries where it operates; (ii) relations with clients and partners; (iii) impacts on its projects due to the changed availability of internal and external resources and/or other circumstances and events directly or indirectly related to the pandemic; (iv) triggering of specific contract clauses; and (v) service performance levels and continuity by suppliers, subcontractors and partners.

Accordingly, it has set up a crisis unit which assesses the situation daily to define and adapt processes for the prevention and containment of any critical situations at the work sites.

The Group has introduced a series of measures at all organisational levels in its head office, abroad and in the work sites to safeguard the health and safety of its employees and consultants in compliance with the guidance provided by the authorities of the various countries. It will guarantee the continuity of its activities, as far as possible, to build those works that are strategic and essential for the community and its clients.

Specifically, the Group has introduced all the necessary procedures to safeguard the health and safety of workers with the distribution of appropriate personal protective equipment, intensification of sanitisation activities of the work environments at work sites and the adoption of suitable measures to ensure correct social distancing in the workplace. It has introduced remote work for nearly all its office staff in Italy. All business trips and travel have been cancelled and are only to be undertaken in exceptional circumstances to guarantee operating requirements when this cannot be postponed, in full compliance however with the limitations imposed by the competent authorities.

Salini Impregilo has also agreed an insurance policy that includes a daily allowance and professional post-hospital care services for all its employees who require hospitalisation as a result of being diagnosed with the Coronavirus.

With respect to financial stress scenarios, the parent regularly monitors the Group's current and expected liquidity. The Group has cash and cash equivalents of over €1,000,000,000 as shown in its consolidated financial statements at 31 December 2019 as well as revolving credit facilities of €550,000,000.

The parent does not have to make large debt repayments in 2020 or the first half of 2021 as it recently renegotiated the contract terms of its borrowings with major banks as part of Progetto Italia. Its new repayment plans provide for the final instalments to be repaid in 2025. In addition, in January 2020, the parent placed new notes worth €250,000,000 on the market, part of which were exchanged with the outstanding "€600,000,000 3.75 per cent. Notes due 24 June 2021" issue (the "2021 notes") for €120,970,000, and part of which were subscribed by new investors ("additional new notes") for €123,341,000. The new notes' maturity date is 28 January 2027 and the coupon is 3.625%.

The next repayment dates of the parent's corporate debt for the three note issues outstanding at the date of preparation of the consolidated financial statements are in June 2021, October 2024 and January 2027.

Due to the rapid and continuous changes in the reference context, it is difficult to quantify the duration or impact that the virus' outbreak may have on the Group's future commercial and operating activities and, therefore, on its financial position, financial performance and cash flows in 2020. As a result, Salini Impregilo will update its outlook for 2020 when it has more information to hand.

As a global provider of engineering solutions and contractor for infrastructure works, Salini Impregilo is affected by the future investment decisions of its clients in its various business areas (Sustainable Mobility, Clean Hydro Energy, Clean Water and Green Buildings): strategic sectors and potential drivers of the economic recovery of many countries.

Main risk factors and uncertainties

In addition to the areas outlined in the “Business risk management” section above, the following specific situations linked to major outstanding disputes, country risk exposure and situations characterised by risk and/or uncertainty profiles at 31 December 2019, should be added to the universe of risk events that may potentially impact on operations.

Civil litigation

USW Campania projects

The Group became involved in the urban solid waste disposal projects in the Province of Naples and other provinces in Campania at the end of the 1990’s through its subsidiaries Fibe and Fibe Campania.

The major issues that have characterised the Group’s activities in service contracts since 1999-2000, which have been discussed in detail and reviewed in all of the reports published by the Group starting from that time, have evolved and became more complex over the years, giving rise to a large range of disputes, some of which are major and in part still ongoing. Even given the positive developments, the general situation in terms of pending disputes is still very complex. A brief overview is provided below, especially in relation to existing risk positions.

Since Fibe Campania S.p.A. was merged into Fibe S.p.A. in 2009, unless otherwise stated, reference is made exclusively to Fibe S.p.A. in the rest of this section, even with regard to positions and events that affected the merged company.

The USW Campania issue comprises various proceedings in different jurisdictions and pending at different court levels. The main aspects of the key civil, administrative and criminal proceedings are described below.

Civil proceedings

1. In May 2005, the government commissioner filed a motion requesting compensation from Fibe S.p.A. (“**Fibe**”) and FISIA Italimpianti S.p.A. (now FISIA Ambiente S.p.A., “**Fisia Ambiente**”) for alleged damage of about €43 million. During the hearing, the commissioner increased its claims to approximately €700 million, further to the additional claim for damage to its reputation, calculated to be €1,000 million. The companies appeared before the court and, in addition to disputing the claims made by the government commissioner, filed a counterclaim requesting compensation for damage due to contract default and sundry expenses for over €650 million, plus a further claim for reputation damage quantified at €1.5 billion. In the same proceeding, the banks that issued Fibe and Fibe Campania S.p.A.’s (“**Fibe Campania**”) performance bonds to the government commissioner also requested the commissioner’s claim be dismissed and, in any case, to be held harmless by Salini Impregilo (at the time, Impregilo), which appeared before the court and disputed the bank’s requests. In ruling no. 4253/2011, the judge declared their lack of jurisdiction referring the case to the administrative judge. The attorney general filed an appeal which was rejected on 14 February 2019 and the first level ruling was upheld.

2. On 30 November 2015, the Office of the Prime Minister received a new claim form served by both Fibe and other group companies involved in various ways in the activities performed in Campania for the waste disposal service, containing claims for the damage suffered as a result of termination of the contracts in 2005.

   The total amount claimed is €2,429 million. Considering that some requests are already included in other proceedings, the net amount is €2,258 million. The Office of the Prime Minister filed a counterclaim for €845 million for reasons already included in other proceedings. The court appointed an expert to appraise the subordinated claim filed by Fibe that prepared two alternative appraisals of the amount due to Fibe of approximately €56 million or approximately €114 million. The competent judge handed down the ruling on 25 October 2019, finding that Fibe was due approximately €114 million and the Office of the Prime Minister approximately €80 million. After offsetting the two amounts, the Office of the Prime Minister was ordered to pay Fibe approximately €34 million plus interest accruing from 4 December 2015. At the date of preparation of this report, Fibe is preparing its appeal to this ruling and is reasonably certain that most of its requests will be accepted.

3. There is another proceeding commenced by the Office of the Prime Minister for the return of the advance of approximately €52 million paid for the construction of the waste-to-energy plants ("**WtE plants**"). Fibe has claimed that the receivables due from the Office of the Prime Minister, mostly for work performed on its behalf and for the fees due to Fibe, would offset this advance. The first level hearing ended with ruling no. 4658/2019 in which the Naples Court only allowed part of Fibe's receivables (the fees already collected by the Office of the Prime Minister) for offsetting purposes, ordering the company to return the difference between the advance collected and the receivables allowed for offsetting, with the result that Fibe owed roughly €10 million, plus interest, to the Office of the Prime Minister. This ruling is contrary to the report prepared by the court-appointed expert which found that Fibe was due the entire amount of its receivables. Fibe has filed its appeal. The above amount (approximately €10 million) could be offset against Fibe's larger receivable of €52,955 million plus interest as per the ruling described in the section on the administrative proceedings - the USW Campania projects below.

Given the complexity and range of the different disputes disclosed in the previous sections, the Group cannot exclude that events may arise in the future that cannot currently be foreseen which might require changes to these assessments.

Panama Canal extension project

Certain critical issues arose during the first stage of full-scale production on the project to expand the Panama Canal which, due to their specific characteristics and the materiality of the work to which they relate, made it necessary to significantly negatively revise the estimates made during the early phases of the project. The most critical issues related, inter alia, to the geological characteristics of the excavation areas, specifically with respect to the raw materials required to produce concrete and the processing of such raw materials during normal production activities. Additional problems arose due to the adoption by the customer of operational and management procedures substantially different from those contractually agreed, specifically with regard to the processes for the approval of technical and design solutions suggested by the contractor. These facts, which were the subject of specific disclosures in previous reports published by the Group, continued in 2013 and 2014.

Faced with the customer's persistent unwillingness to reasonably implement appropriate, contractually provided for measures to manage such disputes, the contractor - and thus the original contracting partners - was forced to acknowledge the resulting impossibility to continue the construction activities needed to complete the project at its full and exclusive risk by undertaking the relevant full financial burden without any guarantee of the commencement of objective negotiations with the counterparty. In this context, at the end of 2013, formal notice was sent to the customer to inform it of the intention to immediately suspend work if the customer refused once again to address this dispute in accordance with a contractual approach based on good faith and the willingness of all parties to reach a reasonable agreement.

Negotiations between the parties, supported by the respective consultants and legal experts, were carried out through February 2014 and, on 13 March 2014, an agreement was signed. The essential elements of the agreement provided that the contractor would resume works and functionally complete them by 31 December 2015, while the customer and contracting companies agreed to provide financial support for the works to be finished up to a maximum of about €1.3 billion. The customer met its obligation by granting a moratorium on the refunding of already disbursed contract advances totalling about €729 million and disbursing additional advances amounting to approximately €91 million. The group of contracting companies met their obligation by directly disbursing approximately €91 million and additional financial resources, through the conversion into cash of existing contractual guarantees totalling around €360 million.

While the 13 March 2014 agreement provided for financial support to complete the Canal, claims were made by the contractor Grupo Unido Po el Canal ("**GUPC**") to the customer during the contract's execution.

After the pre-litigation stage before the Dispute Adjudication Board ("**DAB**") to discuss the claims as provided for contractually, there are a number of separate arbitration hearings ongoing before the International Chamber of Commerce between GUPC (with its European partners Sacyr, Salini Impregilo and Jan De Nul) and the Panama Canal Authority ("**PCA**") as described below.

The following arbitration proceedings are still in place:

1. the arbitration about the DAB's decisions on the claims presented by GUPC about the inadequate quality of the basalt compared to the quality guaranteed by PCA and the lengthy delays caused by PCA to approve the design formula for the concrete mix. After the stage performed to confirm the arbitration tribunal's competence to rule which ended with the award that the tribunal was competent to rule on the damages incurred by the individual members of the consortium, the merits proceedings are at a preliminary stage;
2. the arbitration about the extra costs incurred by GUPC due to certain unjustified conditions imposed by ACP for the design of the lock gates and other claims about labour costs. The proceedings are at an initial stage;
3. the arbitration commenced in 2016 involving the sundry claims mentioned in the completion certification; the proceedings are at an initial stage.

On 11 March 2020, Salini Impregilo filed its arbitration application with the International Centre for Settlement of Investment Disputes (ICSID) against Panama. It has claimed damage for the Central American country's repeated violations of the bilateral investment treaty agreed by its government with the Italian government in

2009 to promote and protect investments.

Already in previous years, the Group applied a valuation approach to the project on the basis of which significant losses to complete the contract were recognised, offset in part by the corresponding recognition of the additional consideration claimed from the customer and determined based on the expectation that recognition of such consideration could be reasonably deemed to be highly probable based on the opinions expressed by its legal experts and in light of the damages awarded by the DAB.

In 2019, the estimate for the extra costs to complete the project was updated, as well as the additional consideration claimed from the customer (again with the support of the Group's experts). The Group has reflected this situation in its consolidated financial statements.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that currently unforeseeable events may arise in the future which could require changes to the assessments made to date.

CAVTOMI Consortium (high speed/capacity Turin - Milan line)

With respect to the contract for the high speed/capacity Turin - Milan railway line - Novara - Milan sub-section, the general contractor Fiat S.p.A. (now FCA N.V., "**FCA**") is required to follow the registered claims of the general subcontractor CAVTOMI Consortium ("**CAVTOMI**" or the "**consortium**"), in which Salini Impregilo has a share of 74.69%, against the customer Rete Ferroviaria Italiana ("**RFI**").

Accordingly, in 2008, FCA initiated contractual arbitration proceedings against RFI for the award of damages suffered for delays in the works ascribable to the customer, non-achievement of the early completion bonus also due to the customer and higher consideration. On 9 July 2013, the arbitration tribunal handed down an award in favour of FCA, ordering RFI to pay approximately €187 million (of which about €185 million pertaining to CAVTOMI).

RFI appealed against the award before the Rome Appeal Court in 2013 and paid the amount due to FCA, which in turn forwarded the relevant share to CAVTOMI. The ruling of 23 September 2015 of the Rome Appeal Court cancelled a large part of the aforementioned arbitration award. FCA appealed to the Supreme Court.

Following the Appeal Court's ruling, RFI notified FCA of a writ of enforcement of approximately €175 million and subsequently the two parties reached an agreement whereby FCA provided RFI with the following in order to prevent enforcement of the aforementioned ruling, without prejudice to the parties' substantive rights, which are subject to final judgement: (i) payment of an amount of approximately €66 million, and (ii) issue to RFI of a bank surety of €100 million (€75 million by Salini Impregilo).

The consortium is confident that its arguments will be accepted at the end of the dispute supported by the opinion of its legal advisors.

A date for the merits hearing has yet to be set.

Moreover, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

In addition, FCA and the consortium have commenced the following actions:

- filing of an appeal by FCA with the Lazio Regional Administrative Court on 11 November 2016 for the claims of approximately €18 million presented during the contract's term and not covered by the previous award of 2013. This proceeding was firstly suspended from the register and then resumed. It is currently pending before the competent administrative judge;
- on 12 October 2017, presentation of a claim form to the Rome Court by FCA for claims made during the contract term and not covered by the previous award for €109 million. The court-appointed expert is currently carrying out their appraisal.

COCIV Consortium

With the claim form notified to the COCIV consortium ("**COCIV**") on 18 September 2014, the customer RFI challenged the validity of the inter partes arbitration award of 20-21 June 2013 and also requested the return of about €108 million (approximately €74 million for Salini Impregilo) collected by COCIV as a result of the award. The Appeal Court rejected RFI's challenge in its ruling of 28 October 2019.

Strait of Messina bridge - Eurolink

In March 2006, as lead contractor of the joint venture created for this project (interest of 45%) (subsequently merged into the SPE Eurolink S.C.p.A., "**Eurolink**"), Impregilo signed a contract with Stretto di Messina S.p.A. ("**SDM**") for its engagement as general contractor for the final and executive designs and construction of the Strait of Messina Bridge and related roadway and railway connectors.

A bank syndicate also signed the financial documentation required in the General Specifications after the joint venture won the tender, for the concession of credit lines of €250 million earmarked for this project (subsequently decreased to €20 million in 2010). The customer was also given performance bonds of €239 million, as provided for in the contract.

SDM and Eurolink signed a rider in September 2009 which covered, inter alia, suspension of the project works carried out since the contract was signed and until that date. As provided for by the rider, the final designs were delivered to the customer and its board of directors approved them on 29 July 2011.

Decree law no. 187 was issued on 2 November 2012 providing for "Urgent measures for the renegotiation of the contracts with Stretto di Messina S.p.A. (the customer) and for local public transport". Following enactment of this decree and given the potential implications for its position, Eurolink, led by Salini Impregilo, notified the customer of its intention to withdraw from the contract under the contractual terms, also to protect the positions of all the Italian and foreign co-venturers. However, given the immense interest in constructing the works, Eurolink also communicated its willingness to review its position should the customer demonstrate its real intention to carry out the project. To date, the ongoing negotiations have not been successful despite the efforts made. Eurolink has commenced various legal proceedings in Italy and the EU, arguing that the provisions of the above decree are contrary to the Constitution and EU treaties and that they damage Eurolink's legally acquired rights under the contract. It has also requested that SDM be ordered to pay the amounts requested due to the termination of the contract for reasons not attributable to it. With regard to the actions filed at EU level, in November 2013, the European Commission communicated its decision not to follow up the proceedings, as no treaties were violated, and confirmed this on 7 January 2014, with a communication dismissing the case. As regards the civil action in Italy, Salini Impregilo and all the members of Eurolink have jointly and separately asked that SDM be ordered to pay the amounts due, for various reasons, as a result of the termination of the contract for reasons not attributable to them (€657 million).

With its ruling no. 22386/2018 issued on 16 October 2018, the Rome Court rejected the applications filed by the claimants and the counterclaims filed by SDM. Conversely, the Rome Court declared that the customer's termination of the contract with Parsons Transportation Group Inc., engaged by SDM for the project management services, was legitimate (referring calculation of the compensation for damage to Parsons to the judgment of the Constitutional Court). As the process is joined to that of Eurolink, Salini Impregilo deems that the legal approach which led to the ruling in the latter case is, mutatis mutandis, also applicable to Eurolink.

Eurolink and Salini Impregilo filed their appeal against this ruling before the Rome Appeal Court on 28 December 2018. The appeal hearing is at an initial stage.

In the meantime, the Constitutional Court found the issue of legitimacy of the Decree law for Parson's position to be inadmissible as the order for its re-examination by the court was insufficiently documented and not because it found that the amount of the compensation to be irrelevant or unfounded. The Rome Court will now have to review the application and possibly defer it again to the Constitutional Court.

The Constitutional Court's ruling does not affect the Appeal Court's hearing about constitutionality refiled by Eurolink.

Given the complexity of the pending proceedings, while the experts assisting Salini Impregilo and the general contractor are confident about the positive outcome of the legal actions and recovery of the outstanding assets (mainly contract assets recognised for this project), they cannot exclude that currently unforeseeable events may arise which would require changes to the assessments made to date.

Orastie - Sibiu motorway

In July 2011, Salini Impregilo commenced work on the highway contract to build the Orastie - Sibiu section (Lot 3), which included 22.1 km of two lane highway in each direction (in addition to the emergency lanes).

The contract was entered into with the Romanian National Road & Highways Company ("**CNAIR**") and 85% financed with EU structural funds and 15% by the Romanian government.

Progress on the contract has been adversely affected by a number of events outside Salini Impregilo's control such as unpredictable vast landslides on approximately 6.6 km of the route.

Despite this, the lot was delivered to the customer and opened to the traffic on 14 November 2014 while additional work made necessary by the landslides was still under completion.

Notwithstanding the first favourable ruling by the DAB and the award of approximately €6 million to the Group, the customer refused to acknowledge the unpredictable nature of the landslides and to pay the amounts due.

In June 2015, the Group stopped work due to non-payment of the amounts awarded to it by the DAB.

In September 2015, Salini Impregilo presented an application for arbitration and the first partial award of €18 million was issued in March 2017 which it subsequently collected.

In January 2016, with works completion at 99.9%, following a number of disputes between the parties, the customer terminated the contract and enforced the contractual guarantees of approximately €13 million on 20 April 2016, motivating such unilateral decision as being due to the alleged non-resolution of non-compliances notified by works management. The parent promptly formally contested the contract termination.

With respect to the arbitration proceeding before the Paris International Chamber of Commerce for the delays and additional costs of €57 million, on 17 October 2019, the award was handed down rejecting the Group's requests and awarding damages to the customer for delays of approximately €19 million. The parent has presented an application for the cancellation of the award to the Romanian courts.

The directors are confident that its arguments will be accepted at the end of the dispute supported by the opinion of their legal advisors.

Unforeseen costs have been incurred and the Group has accordingly presented its request for additional consideration. The costs are included in the measurement of the contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that currently unforeseeable events may arise in the future which could require changes to the assessments made to date.

Contorno Rodoviario Florianópolis (Brazil)

On 21 September 2016, the Salini Impregilo S.p.A. and Cigla Constructora Impregilo e Associados S.A. ("**CCIA**") joint venture signed a contract with Autopista Litoral Sul S.A. worth approximately €75 million for the construction of a new dual carriageway to reduce the large volume of traffic in the Florianópolis metropolitan region.

The project immediately ran into critical engineering problems due to the damp soil and the area's weather conditions, which CCIA attempted to resolve by proposing new solutions to the customer (although it was not contractually obliged to do so).

In early 2018, CCIA presented claims to the customer for higher costs and extension of the contract term. Despite the fact that the negotiations were still ongoing and the related memorandum of understanding was supposed to be signed in the near future, in January 2019, the customer informed CCIA of its intention to terminate the contract. CCIA deems that this termination is illegal and contrary to the principle of good faith. Therefore, in 2019, it filed an appeal with the competent local judicial authorities and the proceeding is in its initial stage.

On 4 October 2019, CCIA commenced an arbitration proceeding with the Sao Paolo International Chamber of Commerce for claims of approximately €20 million notified before the contract had been terminated.

The consortium is confident that its arguments will be accepted supported by the opinion of its legal advisors.

Unforeseen costs have been incurred and the consortium has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Rome Metro

As part of the contract for the design and construction of the works for the B1 line of the Rome Metro, Salini Impregilo commenced three legal proceedings in its name and as lead contractor of the joint venture against Roma Metropolitane S.r.l. ("**Roma Metropolitane**") and Roma Capitale requesting they be ordered to pay the disputed claims recorded during works execution, for which a technical appraisal by a court-appointed expert was provided.

1. Supreme Court - claims for the final billing for the Bologna - Conca d'Oro section

The Rome Court's ruling of August 2016 settled the first level proceedings involving the claims made for the Bologna - Conca d'Oro section and partly accepted the joint venture's requests, ordering Roma Metropolitane to pay roughly €11 million, plus VAT and related costs.

The joint venture commenced the necessary actions to collect the receivable based on this temporary enforceable ruling, which allowed it to collect the accepted amounts. It also presented an appeal for the award of a greater amount.

The Rome Appeal Court handed down its ruling of July 2018 rejecting the grounds for the joint venture's appeal and concurrently partly accepted the counter appeal presented by Roma Metropolitane, finding claim no. 38 to be ungrounded, although it had been partly accepted by the first level court for €4 million (already collected by the joint venture after the court's ruling).

The joint venture has appealed to the Supreme Court against the Appeal Court's ruling and a hearing date is awaited.

2. Rome Court - first set of claims for the Conca d'Oro - Jonio section

The second proceeding relates to the first set of claims for the Conca d'Oro - Jonio section and is at the initial stages and has been deferred with the interim ruling of 2018 issued after the hearing for the conclusions. The judge accepted some claims made by the joint venture and ordered the court-appointed expert to recalculate the amounts due to the joint venture for just the claims rejected.

This ruling partly contradicts the findings of the court-appointed expert (which had already been filed) which confirmed the joint venture's claims for approximately €27.5 million.

The interim ruling of January 2018 was challenged solely for the part that rejected some claims already examined by the court-appointed expert earlier.

The expert completed their appraisal in December 2018 and filed their additional report which included four possible amounts ranging from approximately €12 million to €23 million in favour of the joint venturers. Roma Metropolitane has requested the appraisal be reperformed by a new expert. A decision has not yet been taken.

3. Rome Court - second set of claims for the Conca d'Oro - Jonio section

The third proceeding refers to the second and last set of claims for the Conca d'Oro - Jonio section, was commenced in September 2016 and the court-appointed expert completed their work in November 2018 and filed their definitive report. The expert found that the joint venture's claims of approximately €3 million were admissible. A decision has not yet been taken.

The directors are confident that joint venture's arguments will be accepted supported by the opinion of their legal advisors.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that currently unforeseeable events may arise in the future which could require changes to the assessments made to date.

Colombia - Yuma and Ariguani

Yuma Concesionaria S.A. en Reorganización (in which the Group has a 48.3% investment) ("**Yuma**") holds the concession for the construction and operation of sector 3 of the Ruta del Sol motorway in Colombia.

The construction works were delivered to the EPC contractor Constructora Ariguani S.A.S. en Reorganización, wholly owned by the parent, on 22 December 2011.

In November 2017, the customer ANI (Agencia Nacional de Infraestructura) commenced administrative procedures against Yuma to have the contract terminated.

Yuma deems that the contract was significantly affected by a series of unexpected events outside its control which led to a significant imbalance in the contract that the customer is obliged to rectify.

After more than one year of negotiations, on 20 February 2020, the parties signed a rider to the concession agreement that provided for, inter alia, the interruption of the procedure commenced by ANI for the alleged serious breaches of the concession contract by Yuma and extended the contract term to complete the project by 56 months.

The rider settled some claims made as part of the arbitration proceedings in place for the contract variations as part of the national arbitration at the Bogotà Chamber of Commerce and the claims related to construction of the project before the International Chamber of Commerce as part of the international arbitration.

Salini Impregilo concurrently withdrew its application for arbitration to the International Chamber of Commerce, presented in November 2017. As a result and with the acceptance by ANI, this international arbitration proceeding has been discontinued.

At the same time, two other riders to the EPC contract were signed by Yuma and the EPC contractor Ariguani, covering the new financial terms and timeline agreed by them.

Due to the dispute and the difficulties encountered during the project, in 2018, both Yuma and Ariguani commenced their reorganisation ("Reorganización") pursuant to the local laws (Law no. 1116 of 2006) and this process is still ongoing.

The Group had already provided for the higher costs incurred by Ariguani for the contract variations, unexpected events and delays accumulated during the project in previous years to the extent that acceptance thereof is deemed highly probable, supported by the opinion of the Group's advisors.

The directors are confident that its arguments will be accepted during of the ongoing arbitration proceedings supported by the opinion of its legal advisors.

However, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Project S8 (Poland)

The Group has a 95% interest in a joint venture in Poland set up in November 2014 for the design and construction of roads.

Although the main road section was opened to traffic on 22 December 2017, in May 2018, the customer informed the joint venture that the contract was considered to be terminated due to the latter's alleged breach of contract and concurrently requested payment of fines of €4.1 million.

On 22 May 2018 and 7 June 2018, the joint venture informed the customer that it considered termination of the contract to be null and void and also asked for payment of the outstanding amount of €1.7 million and the contractually provided-for fines. Finally, it noted that the contract terminated due to the customer's default. The customer has attempted to enforce the performance bonds of approximately €8 million, which the joint venture had provided. The joint venture obtained a court order from the Parma Court preventing this on a precautionary basis.

The Group has already commenced appropriate legal measures to protect its rights and, accordingly, filed a claim form with the Warsaw first level court on 31 October 2019 for the recovery of the costs not paid before termination of the contract, claims and compensation for the irregular termination.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Moreover, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Project A1F (Poland)

The Group has a 100% interest in a joint venture in Poland set up in October 2015 for the design and construction of roads.

On 29 April 2019, the customer informed the joint venture that the contract was considered to be terminated due to the latter's alleged breach of contract and concurrently requested payment of fines of roughly €18 million.

On 6 May 2019, the joint venture informed the customer that it considered termination of the contract to be null and void. On 14 May 2019, it notified that the contract terminated for reasons attributable to the customer as a result of reported defaults that were not remedied by the customer.

The customer obtained enforcement of the performance bonds, retentions and fines of approximately €37 million, which the joint venture had provided.

The Group will take all appropriate legal action to protect its rights.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Moreover, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Project S3 (Poland)

The Group has a 99.99% interest in a joint venture in Poland set up in December 2014 for the design and construction of roads.

On 29 April 2019, the customer informed the joint venture that the contract was considered to be terminated due to the latter's alleged breach of contract and concurrently requested payment of fines of roughly €24.7 million.

The customer has attempted to enforce the performance bonds of approximately €13 million, which the joint venture had provided. After the filing of an appeal against this enforcement, Salini Impregilo S.p.A. provided for payment.

On 6 May 2019, the joint venture informed the customer that it considered termination of the contracts to be null and void and legally ineffective. On 14 May 2019, it noted that the contract terminated attributable to the customer's default as a result of challenged defaults that were not remedied by the customer.

The Group has commenced appropriate legal measures to protect its rights and, accordingly, filed a claim form with the Warsaw first level court on 31 October 2019 for the return of the amounts related to the undue enforcement of the bank guarantees and payment of the fines.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Moreover, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Copenhagen Cityringen

As a result of critical issues about this project related to its specific features and the significance of the works, the Group had to significantly revise the cost estimates for the early stages of this project. They mainly related to the construction of the concrete works, the electromechanical works and the architectural finishings.

The negotiations with the customer, assisted by their consultants and technical/legal advisors, led to the signing of an interim agreement on 30 December 2016 (which allowed the Group to collect €145 million) and other agreements (claim settlement agreement no. 7 of 6 April 2017, the additional agreement of 2 May 2017, addendum no. 4 to the CSA no. 7 of 29 June 2018, addendum no. 5 to the CSA no. 7 of 21 January 2019 and addendum no. 6 to the CSA no. 7 of 15 May 2019) which enabled it to collect additional amounts (for a total of €260 million). This settled some claims with the outstanding claims related to the pending arbitration proceeding before the Building and Construction Arbitration Board.

On 12 July 2019, the Group delivered the project and the metro was officially opened to the public on 29 September 2019.

Unforeseen costs have been incurred and the Group has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group’s advisors.

Moreover, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

North West Rail Link (Australia)

This project included the design and building of a 36 km metro line north west of Sydney, of which 4.6 km as a viaduct (the Skytrain bridge). The metro opened in May 2019.

The Group participated in the project through a joint venture of Salini Impregilo and Salini Impregilo PTY Limited.

After the joint venture presented claims, the DAB issued a decision acknowledging its right to AUD34,530,036.07 (roughly €21.4 million) on 9 December 2019.

The contract with Sydney Metro provides for resort to the Australian Centre for International Commercial Arbitration should one or both of the parties be unsatisfied with the DAB’s decision.

In fact, on 31 January 2020, both the joint venture and the customer presented the DAB with a notice of dissatisfaction and local arbitration proceedings are expected to be commenced

The directors are confident that its arguments will be accepted at the end of the dispute supported by the opinion of their legal advisors.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group’s advisors.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that currently unforeseeable events may arise in the future which could require changes to the assessments made to date.

Al Bayt Stadium (Qatar)

On 25 October 2019, the joint venture comprising Leonardo S.p.A. and PSC S.p.A. commenced an arbitration proceeding before the International Chamber of Commerce against the joint venture consisting of Galfar Al Misnad Engineering and Contracting, Salini Impregilo S.p.A. and Cimolai S.p.A. (“GSIC JV” in which the Group has a 40% interest) with respect to the contract to build the Al Bayt Stadium in Doha, Qatar.

As subcontrator of the contract to supply mechanical and electrical works, the Leonardo/PSC joint venture claimed damages for the acceptance of variations and other compensation from the contractor GSIC JV. As part of the same arbitration proceedings, GSIC JV presented its counterclaim, which includes, inter alia, acknowledgement of the costs incurred on the subcontractor’s behalf and compensation for the higher costs incurred due to the latter’s delays and negligence.

The arbitration proceedings are at an initial stage as the tribunal has only recently been set up.

The directors deem the risk of an unfavourable award to be remote, also based on the opinion of their legal advisors.

During preparation of the contract budget and the consolidated financial statements, they considered the above costs and compensation for the subcontractor's delays and negligence to the extent they deem it is highly probable that its counterclaim will be successful, also based on the opinion of their legal advisors.

However, they cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change their valuations.

Slovakia

On 6 March 2019, the joint venture comprising Salini Impregilo and the Slovakian company Duha and the customer signed an agreement to terminate the contract for the design and construction of a major motorway section. This agreement provides for the recognition of the works awaiting certification and also establishes that:

- the customer will certify most of the works performed and awaiting approval for bureaucratic reasons in the short term;
- a dispute adjudication board (DAB) will be appointed, consisting of international members rather than the Slovakian members provided for in the original contract, to decide on the additional consideration requested by the Group;
- should the DAB's ruling not be agreeable to the parties, they may apply to an international arbitration tribunal (ICC Vienna) rather than a Slovakian tribunal as provided for in the original contract.

After the joint venture's presentation of its claims, on 18 November 2019, the DAB issued its report, finding that the joint venture was due approximately €8 million as part of the extra costs claimed. In December 2019, both the joint venture and the customer sent the DAB a notice of dissatisfaction. Should the parties be unable to come to an agreement, they may apply for arbitration as contractually provided for.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Moreover, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Administrative litigation

This section describes the main administrative proceedings involving the group companies.

USW Campania projects

The special commissioner tasked by the Regional Administrative Court to collect receivables of the former operators of the waste disposal service performed until 15 December 2005 submitted their final report in

November 2014, in which they stated that the administration had already collected directly €46,363,800 of the fee due to Fibe for its services rendered until 15 December 2015 (when the contracts were terminated ope legis), without forwarding it to Fibe, and that total outstanding receivables totalled €74,317,550.

In its ruling no. 7323/2016, the Regional Administrative Court decided that the special commissioner should pay the amounts claimed by Fibe only after the assessment is completed and, hence, including amounts already collected by the administration. Fibe challenged this ruling with the Council of State which rejected it with its ruling no. 1759/2018. A petition for the conclusion of the proceedings was then filed. After the resignation of the special commissioner, the Regional Administrative Court appointed a new commissioner on 16 April 2018. As this commissioner did not accept the position, on 10 January 2019, another commissioner was appointed that filed a report on 13 January 2020 confirming the findings reported by the previous commissioner in November 2014. Due to the interim payments made which reduced the total amounts due, the commissioner calculated the amounts outstanding as fees to be €54,841,596 and deferred the definitive calculation of the amounts of €3,146,373 in addition to that already ascertained and the total amount of interest and fines due to Fibe to a second stage.

As early as 2009, Fibe filed a complaint with the Lazio Regional Administrative Court about the slackness of the competent authorities in completing the administrative procedures for the recording and recognition of the costs incurred by the former service contractors for activities carried out pursuant to law and the work ordered by the administration and performed by the companies during the years from 2006 to 2008 (i.e., after the contracts had been terminated).

As part of the aforementioned ruling, the Regional Administrative Court appointed an inspector who, on 21 December 2017, submitted a final report finding that, in short, the amounts stated by Fibe in its appeal and the supporting documentation were substantially consistent. The company requested a more in-depth review of certain items and the correction of some errors. The Regional Administrative Court ordered an additional inspection. On 28 September 2018, the inspector filed their final report, which addressed the requests made by Fibe for a more in-depth review and corrections. The Lazio Regional Administrative Court with its ruling of 21 March 2019 ordered the Office of the Prime Minister to pay €52,955,353, including VAT and interest, as the fee for services carried out after the contracts were terminated. The Office of the Prime Minister challenged this ruling before the Council of State. In its ruling no. 974 of 7 February 2020, the Council of State identified a logical legal error in the Regional Administrative Court's ruling were it ordered the Office of the Prime Minister to pay the amounts requested and documented by Fibe (private part) not **yet** checked by it. The Council of State amended in part the first level ruling finding that Fibe is due the smaller amount of €20,962,224.45, increased by legal interest (instead of the amount of €52,935,352.80 ordered by the Regional Administrative Court).

With ruling no. 3886/2011, the Lazio Regional Administrative Court upheld Fibe's appeal and ordered the administration to pay the undepreciated costs at the termination date for the RDF plants to Fibe, for a total amount of €205 million, plus legal and default interest from 15 December 2005 until settlement.

Following the enforcement order filed by Fibe and opposed by the Office of the Prime Minister, Fibe obtained the allocation of €241 million (collected in previous years) as a final payment for the receivables for principal and legal interest and suspended the enforcement procedure for the further amount of default interest claimed.

Both parties initiated proceedings about the merits of the case. The judge rejected the request for default interest submitted by Fibe in the ruling of 12 February 2016, which Fibe challenged.

As part of the USW Campania projects, the Group was notified of a large number of administrative measures regarding reclamation and the implementation of safety measures at some of the landfills, storage areas and RDF plants. For the proceedings regarding the characterisation and emergency safety measures at the Pontericcio site, the RDF plant in Giugliano and the temporary storage area at Cava Giuliani, the Lazio Regional Administrative Court rejected the appeals filed by Fibe with ruling no. 6033/2012. An appeal against this ruling, based on contamination found at a site different to those subject of the proceedings, was filed with the Council of State. It denied Fibe's precautionary motion to stay the enforcement of the decision. The Council of State subsequently accepted Fibe's appeal in its ruling no. 5076/2018, reversing the first level ruling and cancelling the measures challenged by Fibe. With respect to the Cava Giuliani landfill, the Lazio Regional Administrative Court, with ruling no. 5831/2012, found that it lacked jurisdiction in favour of the Superior Court of Public Waters, before which the appeal was summed up and a decision has not yet been taken. Meanwhile, Fibe has completed the characterisation operations for the above sites, but this does not constitute any admission of liability whatsoever.

S.a.Bro.M. S.p.A.

S.a.Bro.M. S.p.A. ("SABROM") is the operator for the design, construction and operation of the new regional Broni-Mortara motorway under the terms of the concession contract signed with the customer Infrastrutture Lombarde S.p.A. ("ILSpA") on 16 September 2010.

In July 2016, the Ministry for the Environment, Land and Sea Protection ("MATTM") issued a measure containing a negative opinion on the project's environmental compatibility.

SABROM asked the customer to protect the project by appealing against the Ministry's measure and also communicated its willingness to work with the customer to modify the designs so that the project could be re-assessed by the Ministry and other competent bodies.

As requested by SABROM, the customer appealed against the Ministry's measure before the Lombardy Regional Administrative Court which rejected the appeal with its ruling published on 30 July 2018.

On 14 February 2019, ILSpA filed an appeal with the Council of State and the date of the hearing has not yet been set.

The directors deem the risk of an unfavourable ruling is remote and that the assets recognised under intangible assets at 31 December 2019 are recoverable, supported by their legal advisors.

However, they cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change their valuations.

Criminal litigation

This section describes the main criminal proceedings involving the group companies.

USW Campania projects

1. In September 2006, the public prosecutor at the Naples Court served Impregilo, Impregilo International Infrastructures N.V., Fibe, Fibe Campania (subsequently merged into Fibe), Fisia Italimpiant S.p.A. (now Fisia Ambiente S.p.A.) and Gestione Napoli S.p.A. in liquidation with a “Notice of the conclusion of the preliminary investigations about the administrative liability of companies” related to the alleged administrative offence pursuant to article 24 of Legislative decree no. 231/2001, as part of criminal proceedings against some former directors and employees of the above-mentioned companies, who were being investigated for the crimes covered by article 640.1/2.1, of the Criminal Code in connection with the contracts for management of the urban solid waste disposal cycle in Campania. Following the preliminary hearing of 29 February 2008, the Preliminary Hearing Judge at the Naples Court allowed the motions for indictment presented by the public prosecutor, rejecting all the civil parties’ claims against the companies finding them to be unacceptable.

   As part of these proceedings, in its ruling of 26 June 2007, the Preliminary Investigations Judge ordered the precautionary seizure of the profit from the alleged crime, estimated to approximate €750 million.

   The precautionary proceedings continued for nearly five years and finally ended in May 2012, without any action taken against the Group. On 4 November 2013, the Naples Court handed down a decision finding all defendants not guilty on all charges. In March 2014, the public prosecutor of Naples challenged the decision and the Appeal Court disallowed the appeal and confirmed the first level ruling on 22 May 2019. The ruling became res judicata on 17 October 2019 when the timeline for presentation of an appeal to the Supreme Court by the public prosecutor expired.

2. In 2008, as part of a new investigation into waste disposal in the Campania region carried out after the ope legis termination of the relevant contracts (on 15 December 2005), the Preliminary Investigations Judge, upon a request by the public prosecutor, issued personal preventive seizure measures against some managers and employees of Fibe, Fibe Campania (subsequently merged into Fibe) and Fisia Ambiente and managers of the commissioner’s office. As part of this investigation, which in the record is described both as a continuation of an earlier investigation and as separate proceedings based on new charges, the former service providers and Fisia Ambiente are again charged with the administrative liability attributable to companies pursuant to Legislative decree no. 231/01 without claims for compensation being made against these companies.

   In the hearing of 21 March 2013, the Preliminary Hearing Judge ordered that all the defendants and companies involved pursuant to Legislative decree no. 231/2001 be committed for trial for all charges, transferring the proceedings to the Rome Court as a result of an acting judge being listed by the Naples public prosecutor as under investigation.

   At the hearing of 1 April 2014, the Rome Court acquired the ruling delivered by the Fifth Criminal Chamber of the Naples Court in the aforementioned “parent” proceedings in paragraph 1 above. On 16 June 2016, the Court accepted the public prosecutor’s request and found all the individuals involved in the proceedings not guilty. The hearing will continue for the companies involved and the public prosecutor is currently examining the motions.

COCIV consortium

On 26 October 2016, some managers and employees of COCIV were arrested as were other persons (including the chairman of Reggio Calabria - Scilla S.C.p.A., who promptly resigned) with warrants issued on 7 October 2016 by the Genoa Court and 10 October 2016 by the Rome Court. The above two legal entities were informed that the Genoa and Rome public prosecutors are investigating alleged obstruction of public tender procedures, corruption and, in some cases, criminal organisation.

Specifically, the proceeding before the Genoa Court (involving COCIV managers and employees) covers alleged obstruction of public tender procedures for supplies or works on individual lots (for which the public prosecutor also intends to investigate Salini Impregilo's chief executive officer) as well as two cases of corruption. The proceeding originally before the Rome Court (consisting of two separate investigations), and now joined and transferred to the Alessandria public prosecutor, relates to the alleged bribery of works management by senior management of the contractors (COCIV, Reggio Calabria – Scilla S.C.p.A. and Salerno-Reggio Calabria s.c.p.a.) in order to encourage the works manager (also under investigation) to perform acts contrary to their official duties.

On 11 January 2017, as part of the proceedings commenced on 16 November 2016, ANAC sent the Rome Prefecture a proposal for adoption of the extraordinary measures pursuant to article 32 of Decree law no. 90 of 24 June 2014 against COCIV. On 3 March 2017, the Rome Prefecture appointed a special commissioner for the extraordinary and temporary administration of COCIV in accordance with article 32.1.b) of the above Decree law for a six-month period, which was then extended to 15 January 2019.

The Rome Prefecture acknowledged termination of the extraordinary and temporary administration of COCIV on 31 October 2018 with its decree of 14 November 2018, given that the set objectives had been met.

Specifically, in 2018, the Genoa public prosecutor notified the completion of the preliminary investigations for the criminal proceedings to the parties under investigation, which included COCIV. During 2019, the public prosecutor requested and obtained a hearing of an excerpt of the relevant interceptions, which was followed, on 21 February 2020, by a further notification of the notice of conclusion of the investigations pursuant to article 415-bis of the Italian Criminal Code.

Some days later, on 27 February 2020, the public prosecutor requested that the proceeding be filed with respect to COCIV's position, under investigation for the alleged administrative crime as per article 25 of Legislative decree no. 231/2001 given that the consortium had put in place a suitable and appropriate organisation model as per Legislative decree no. 231/2001 before the alleged crimes took place and, moreover, the alleged crimes were not performed to the advantage or in the interests of COCIV.

The filing request also covered some parties under investigation in the main proceeding in relation to numerous additional alleged crimes charged to them during the investigation stage and found to be ungrounded (articles 416, 353, 353-bis, 319, 321 and 346-bis of the Italian Procedural Code and article 2635 of the Italian Civil Code).

Following the most recent notice as per article 415-bis of the Italian Criminal Code, it has been confirmed that the investigation focuses on assumed collusive bidding and bribery, all of which took place quite some time ago (2012 to 2016).

The investigations focused on assumed collusive bidding and most of the challenged events took place quite some time ago (2013 to 2016).The charges refer to alleged conduct that could only be carried out by the individuals in charge of managing the related procedures. This implies that the alleged involvement of key management personnel (the then chairman of the consortium) and the parent's chief executive officer, would not lead to the identification of any real activities and/or conduct that these persons actually undertook.

With respect to the criminal proceedings commenced by the Rome public for the alleged crime of association for criminal purposes, the dismissal of the related criminal proceedings has been applied for and obtained as the related charge cannot be sustained.

With respect to all the alleged corruption practices, involving the alleged administrative liability of COCIV and Reggio Calabria - Scilla S.C.p.A. for the administrative offence as per articles 5 and 25 of Legislative decree no. 231/2001, the Rome Court declared its lack of jurisdiction and referred all the cases to the Bolzano public prosecutor which joined them in a single case and requested that it be heard. During the preliminary hearing of 26 June 2019, the judge declared its lack of jurisdiction and ordered the case be referred to the Alessandria Court, where it has been again included in the investigation phase.

The Alessandra Court has yet to set the date for the preliminary hearing before the Preliminary Hearing Judge.

With respect to the alleged bribery, COCIV deems that, as already found by the Genoa public procecutor, the crimes allegedly committed by its personnel (should they be found guilty by the court) were to its detriment and were essentially committed in their own interests by fraudulently circumventing the rules in place to control its activities. Moreover, these alleged offences would not have required RFI to pay a larger or undue amount or create economic benefits for COCIV but rather would have required it to pay higher costs. The consortium's new structure (senior management and operating personnel) is committed to ensuring that the works can continue while concurrently dealing with the social and employment issues arising from the discontinuity measures that the consortium has had to put in place vis-à-vis the third party companies involved in the legal proceedings. The consortium has carefully checked the quality of the materials used in the works previously carried out although this is not an issue raised by the public prosecutors. Its results are wholly in line with the findings of the expert appointed by the Genoa court, which both found the full compliance of the materials used by COCIV with the quality levels specified in the contracts and relevant legislation.

Cossi Costruzioni S.p.A.

Cossi Costruzioni S.p.A. was notified of the commencement of proceedings before the Rimini Court for an alleged administrative offence as per article 25-septies.3 of Legislative decree no. 231/2001. The preliminary investigation is still ongoing.

Ministry of the Environment / Autostrade per l'Italia S.p.A. – Todini Construction Generali (now HCE Construction + others)

In June 2011, upon conclusion of the investigations commenced in 2005, the Florence public prosecutor charged the CEOs and former employees of Todini with environmental crimes with respect to the management of excavated soil and rocks, water regulation, waste management and damage to environment assets as part of the Tuscan lots of the “Valico variation”.

The Ministry of the Environment joined the criminal proceedings as a civil party, sueing Autostrade per l’Italia S.p.A., Todini C.G. S.p.A., Impresa S.p.A. and Toto S.p.A. for their civil liability and quantifying the alleged environmental damage to be compensated as “*not less than €810,000,000.00 or any amount that may be established during the proceedings and/or established in an equitable manner*”. As evidence of the damage, the Ministry presented a preliminary report prepared by I.S.P.R.A. (a body which is part of the Ministry).

The judge held that the I.S.P.R.A. report was not a document that could be used in the proceedings as it had not been prepared inter partes and, moreover, did not include the name of the individual that had physically prepared it. At the date of preparation of this report, the claim for compensation is not supported by proof about its size.

On 30 October 2017, the Florence Court found all the defendants not guilty and the public prosecutor appealed the ruling on 20 June 2019.

For completeness purposes, after the claim for compensation presented by the Ministry of the Environment, the Group commissioned a report on the possible effect of the criminal proceeding on the consolidated financial statements. The opinion was that the Ministry’s joining the proceedings as a civil party did not require any provision to be made in the separate or consolidated financial statements or the interim financial statements.

The Group is confident that the claim for compensation will not be accepted.

Other situations characterised by risk and/or uncertainty profiles

Condotte

Società Italiana per Condotte d’Acqua S.p.A. (“Condotte”), which has investments in group companies, filed a petition as per article 161.6 of the Bankruptcy Law after which, on 17 July 2018, it applied for immediate application of the extraordinary administration procedure pursuant to article 2 of Decree law no. 347/03 to the Ministry of Economic Development.

The Ministry issued its decree on 6 August 2018 authorising Condotte to enter extraordinary administration as per Decree law no. 347/2003 converted by Law no. 39 of 18 February 2004 (the “Marzano Law”).

The Rome Court declared Condotte insolvent in its ruling of 14 August 2018.

On 22 October 2018, the special commissioners invited Condotte’s creditors to file their claims for inclusion in the insolvency proceedings for their receivables originated up to 6 August 2018 before 12 December 2018.

The following consortia or consortium companies, in which the Group has investments, filed their claims by the due date:

- Consorzio Alta Velocità Torino Milano;
- Consorzio Collegamenti Integrati Veloci;
- Lybian Expressway Contractors;

- Eurolink Scpa;
- Reggio Calabria Scilla Scpa;
- Salerno Reggio Calabria Scpa;
- Consorzio Iricav Due.

Their claims were based on the following:

a) offsetting their receivables from Condotte that were due before 6 August 2018 against their payables due to Condotte which were also due before 6 August 2018;

b) filing of the outstanding balances after the offsetting in the insolvency proceeding;

   - as a pre-preferential claim as provided for by article 51.3 of Law no. 270/1999 (the "Prodi Law") and article 74 of the Bankruptcy Law;
   - alternatively and subject to appeal, as a preferential claim in accordance with article 2761.2 of the Italian Civil Code for the principle and article 2758 of the Italian Civil Code for the VAT collected at source;
   - as a secured claim as a further alternative and subject to appeal.

Specific comments were filed on the proposed claims with the commissioners to be examined.

The meetings with the creditors are taking place and a date for the hearing to examine the claims presented by the consortia and/or the consortium companies listed above has not yet been set.

Therefore, until the creditors' claims are examined in court, additional information whether they will be included in the insolvency proceedings and their classification (i.e., pre-preferential, preferential or secured) is not available.

The parent has analysed the recoverability of some of the Group's receivables arising on its participation in Italian consortia and due from consortium partners that are currently under extraordinary administration or other court-approved procedures.

Supported by its legal advisors, the directors are confident that the SPEs in which Condotte has an investment will recover the amounts due from it (net of offsetting), also because the ongoing strategic works are expected to be continued. However and given the counterparties' situations, the Group has impaired the receivables by €45.8 million.

The group companies are carefully monitoring developments in the situation.

Moreover, the Group cannot exclude that events related to the above-mentioned extraordinary administration procedure may take place in the future.

Astaldi

Astaldi S.p.A., which has investments in group companies, filed a petition as per article 161.6 of the Bankruptcy Law with the Rome Court. It has also reserved the right to file a plan and deed of arrangement proposal pursuant to article 160 and subsequent articles and article 186-bis of the Bankruptcy Law.

Specifically, it filed its petition on 27 September 2018 and it was published the next day (28 September 2018).

On 16 October 2018, the Rome Court granted a period of up to 16 December 2018, subsequently deferred to 14 February 2019, for presentation of the above proposal. It appointed special commissioners to monitor the company’s activities until this date, requiring the company to comply with a number of disclosure obligations.

On 13 February 2019, Salini Impregilo made a binding offer for Astaldi with terms promptly communicated to the market. The transaction is designed to strengthen Astaldi’s financial position and performance as part of the deed of arrangement.

On 14 February 2019, the parent presented an offer to Astaldi for a potential investment therein to be used to support its business continuity proposal underpinning Astaldi’s application for a deed of arrangement. Astaldi filed the plan and deed of arrangement proposal as per the application for a deed of arrangement as a going concern in accordance with articles 160, 161 and 186-bis of the Bankruptcy Law with the Rome Court, with details of how it meant to satisfy its creditors.

The Astaldi offer and, accordingly, the plan and deed of arrangement proposal were subsequently updated and confirmed by Salini Impregilo and Astaldi on 15 July and 2 August 2019, respectively, also to reflect the fact that progress had been made on the main conditions precedent that are to be met if the offer is to be effective. They include agreements between Salini Impregilo and institutional and financial partners to obtain the necessary assistance to perform the Astaldi transaction, given its importance to the entire sector:

a) the business continuity of just the infrastructure construction unit (the “EPC business unit”), the facility management and complex system management activities (“O&M activities) and certain minor concessions related to the EPC activities;
b) liquidation of the other assets, which will be transferred to a separate unit to be set up pursuant to article 2447-bis and following articles of the Italian Civil Code, in line with the financial projections contained in the plan.

The Rome Court issued its decree on 5 August 2019 accepting Astaldi’s application for deed of arrangement on a going concern basis. It found that the company’s plan and deed of arrangement proposal, in compliance with the offer, were feasible within the proposed terms and procedures.

The Court issued a separate ruling authorising Astaldi to agree a new pre-preferential bridge loan to support its financial requirements until approval and also set the date for the hearing for the creditors’ meeting and related vote for 6 February 2020.

The bankruptcy section of the Rome Court postponed the hearing for the creditors’ meeting and related vote to 26 March 2020.

Astaldi deems that the Court’s postponement should nonetheless allow for completion of the proceedings within the timeline estimated for the plan’s implementation.

As required by the notification pursuant to article 171 of the Bankruptcy Law, the consortia filed their proof of claims (pre-preferential, preferential or secured) before 10 January 2020 indicating any differences to Astaldi’s records.

Supported by its legal advisors, the directors are confident that the amounts claimed by the SPEs in which Astaldi has an investment will be confirmed and fully recovered, also given the assumed continuity of the ongoing strategic works. Therefore, they have not been impaired.

The group companies are carefully monitoring developments in the situation.

Moreover, the Group cannot exclude that events related to the above-mentioned deed of arrangement may take place in the future, which would entail changes to the current assessments.

Country risk

Libya

Salini Impregilo S.p.A. operates in Libya through a permanent establishment and a subsidiary, Impregilo Lidco Libya General Contracting Company (Impregilo Lidco), which has been active in Libya since 2009 and is 60% owned by Salini Impregilo with the other 40% held by a local partner.

The directors do not deem that significant risks exist with respect to the permanent establishment's contracts as work thereon has not started, except for the Koufra Airport project. Moreover, the Group's exposure for that project is not material. The Group is also involved in the Libyan Coastal Highway project which leads to the Egyptian border for the stretch through Cyrenaica, which had not yet been started at the reporting date.

Impregilo Lidco won important contracts for the construction of:

- infrastructural works in Tripoli and Misuratah;
- university campuses in Misuratah, Tarhunah and Zliten;
- a new Conference Hall in Tripoli.

Despite the dramatic political and social events in Libya from 2011, Salini Impregilo has always acted in accordance with the contractual terms.

This political upheaval has not yet subsided, impeding the subsidiary from developing its business. At present, Salini Impregilo does not expect activities to be resumed in the near future as there are serious security problems.

The subsidiary Impregilo Lidco continues to be present in Libya and to maintain contacts with its customers, complying promptly with legal and corporate requirements. It informed its customers immediately of the activation of the force majeure clause (provided for contractually) given the situation in Libya, but the projects covered by the contracts should continue to be a priority for the country.

The customers have acknowledged the contractual rights and the validity of the claims presented for the costs, losses and damages incurred as a result of the above-mentioned unrest. Once the local situation has normalised and the country's institutions are working again, these claims will be discussed with the customers.

The impairment losses on net assets and costs incurred starting from the 2012 financial statements are fully included in contract liabilities. The subsidiary has presented claims to the customers for these amounts, which it deems are fully recoverable as they are due to force majeure.

In addition, the investments made to date are covered by the contract advances received from the customers.

The subsidiary's legal advisors agree with this approach as can be seen in their reports.

No significant risks are deemed to exist for the recovery of the net assets attributable to the subsidiary, thanks in part to actions and claims filed against the customers.

As this country's situation continues to be complex and critical, the Group does not expect that operations can be resumed in the short term.

Salini Impregilo will continue to guarantee the subsidiary's business continuity. However, it cannot be excluded that events which cannot currently be foreseen may take place after the date of preparation of this report that require changes to the assessments made to date.

Argentina

The severe crisis that has affected Argentina's economy in the period from 2017 to 2019 has caused a significant depreciation of the Argentinian peso, an over 30% hike in public debt and an increase in accumulated inflation of more than 250%. It was the main factor that caused the previous government to lose the election.

The 2019 budget law introduced strong anti-crisis economic measures in line with the IMF's terms. The new government took office in December 2019. The Group is building a hydraulic tunnel (lot 3) and a wastewater pre-treatment plant (lot 2) as part of a mega project for the environmental restoration project of the Riachuelo River in Buenos Aires for the Argentinian government.

Venezuela

Salini Impregilo Group has operated in Venezuela for over thirty years and has a stable presence there through its permanent organisation. It carries out important projects to develop the South American country directly or in partnerships with international partners.

The work in progress, mainly in the railway and hydroelectric sectors, relates to the following contracts:

- Railway sector:
    i) Puerto Cabello - La Encrucijada section project;
    ii) Guarico project, for the San Juan de Los Morros - San Fernando de Apure and Chaguaramas - Cabruta sections;
- Hydroelectric sector:
    i) the Tocoma dam project.

The customers for the above projects are all government agencies (the Venezuelan government or related bodies).

In the past, the Venezuelan government reconfirmed its intention to complete the railway and hydroelectrical projects, deemed to be of strategic interest for the country's development. However, these contracts have seen non-payment, temporary suspensions and minimum maintenance activities in the last two years.

Given the country's situation, the Group tested the assets recognised in its consolidated financial statements at 31 December 2019 for impairment again, in line with the considerations and assessments made during preparation of the consolidated financial statements at 31 December 2018.

In line with the analyses presented in the 2018 Annual Report and considering the guidelines of the IFRS, the Group tested its financial assets for impairment in accordance with IFRS 9 by remodelling its payments by date and amount. It also estimated the effective interest rate, which includes Venezuela's credit risk.

In June 2019, Salini Impregilo commenced arbitration proceedings before the International Chamber of Commerce.

The Group's gross exposure amounted to €643.4 million at 31 December 2019, including €120.2 million of loans and approximately €523.2 million of receivables for consideration accrued on work performed (this latter figure comprises €318.7 million already invoiced and recognised as trade receivables and €204.5 million recognised as contract assets net of contract liabilities). The Group estimated total impairment losses on these assets of € 514.7 million.

In view of the delicate and complex uncertain situation that has developed at political level, the possibility that events not foreseeable at the reporting date may arise in the future which would require changes to the assessments made to date cannot be excluded.

Nigeria

Despite the positive oil price trends (USD55/barrel at the start of the year compared to USD65 at 20 December 2019), the economic crisis in place since 2015 has continued although some small signs of an improvement have recently been seen.

After the latest depreciation of the Nigerian naira, its exchange rate with the Euro has stabilised at NGN345.

The crisis has led to higher unemployment with the related increase in criminality and widespread discontent.

The construction sector is struggling to regain vitality, like the country's other production sectors. Given the limited funding available, the federal government focuses on projects deemed strategic for the country's development like road infrastructure, hydraulic works and energy generation.

The presidential elections took place in March 2019 and the outgoing President and majority party were re-elected. Therefore, it can be assumed that the ongoing payment of the amounts due to the main contractors operating in Nigeria, commenced by the previous government, will continue until completion in 2021.

Given the country's situation, the Group tested the assets recognised in its consolidated financial statements at 31 December 2019 for impairment again, in line with the considerations and assessments made during preparation of the consolidated financial statements at 31 December 2018.

It cannot be excluded that events which cannot currently be foreseen may take place after the date of preparation of this report that require changes to the assessments made to date.

Ukraine

This country's political and economic situation is still extremely difficult, even after the recent presidential elections, although great change is expected after the forthcoming parliamentary elections.

Although there has been a gradual improvement in the local economic situation, the public accounts continue to suffer, mostly as a result of the lack of internal and external investments and reforms that would boost the country's economy.

During the performance of the contract to upgrade the Kiyv – Kharkiv – Dovzhanskiy section of the M03 motorway from 2013 to 2016, there were no significant threats to its activities. The work site, located near Poltava, was far from the areas most affected by the armed conflict between Ukraine and Russia (the Donbass war).

From a financial viewpoint, the Group is not exposed to currency depreciation risk since the contractual amounts are paid in Euros and US dollars at rates agreed with the contract was signed.

Main contract events and effect of the sale of Todini

The parent's sale in April 2016 of Todini Costruzioni Generali (which had been awarded the M03 contract) was one of the factors that led to the customer's termination of the contract in August 2016.

The Group defended its position and obtained positive rulings from the Dispute Board (DB) with respect to both its financial requests and the principal of the issue, including the illegality of the termination.

The customer's continued refusal to comply with the DB's rulings, including after the Group has made significant concessions, led to the effective termination of the contract in March 2017, the dismantlement of the work site and commencement of arbitration proceedings before the International Chamber of Commerce (ICC) in Paris.

Arbitration proceedings before the Paris International Chamber of Commerce

As part of the pending arbitration proceedings, the ICC issued two partial awards substantially confirming the amounts awarded by the DB on a provisional basis and without prejudice to the assessment of the merits of the claims presented.

On 26 June 2018, it issued its first partial final award for an amount equivalent to approximately €54 million. On 30 January 2019, it issued the second partial final award for the interest accrued on the amounts awarded with the first award of approximately €7 million.

The ICC also established that additional interest is to be charged on the amounts due to the Group up until the date of effective payment of the contractual consideration.

The claims presented by the Group to the ICC total UAH1,367 million (the equivalent of approximately €130 million at 31 December 2019), as per the amounts claimed via the Dispute Board plus the additional claims and related financial expense made directly to the ICC. The final award is expected to be issued before the end of 2020.

In view of the present critical situation, it cannot be excluded that events not foreseeable at the date of this report may arise in the future requiring changes to the assessments made to date.

Outlook

As part of the project to relaunch the infrastructure sector in Italy, to consolidate its position and avail of the related investment opportunities, the parent will draw up a three-year business plan in 2020 underpinned by strategic pillars:

- **Completion of Progetto Italia:** creation of a larger group (Webuild) to shore up Italy's large infrastructure works sector. The new player will be more efficient thanks to economies of scale and more competitive as a result of the aggregation of specialist skills and greater financial solidity and flexibility;
- **Geographical focus**: greater share of key geographical areas such as North America, Australia and the Middle East and growth in new high potential areas like Europe and the Scandinavian countries;
- **Sector focus**: concentration of complex infrastructure projects where the Group can capitalise on its best-in-class expertise in the sustainability mobility, clean hydro energy and clean water areas;
- **Continuation of the cost streamlining process**: optimisation of overheads and achievement of greater operating efficiency through the centralisation of internal functions (procurement, plant and machinery, human resources, finance and communications) and cost synergies from these integrations.

The plan, which may evolve and change thanks to the internal ethical work practices based on the principles of sustainable development, is designed to create a group that is attractive to all stakeholders, such as its employees, project partners and investors. It is innovative, efficient and structured to generate interest in the industrial and financial markets.

In 2020, the Group expects to have a book-to-bill ratio of 1.1x, high-single-digit revenue growth and an EBITDA margin in the range of between 7% to 7.5%. These expectations reflect its current business scope.

They do not include the impact that the ongoing development of COVID-19 (described in the “Events after the reporting date” section) may have on business dynamics. The Group will ensure the continuity of operations at its work sites in Italy and abroad as far as possible in line with government measures and prioritising the health of its stakeholders.

Alternative performance indicators

As required by Consob communication no. 0092543 of 3 December 2015, details of the performance indicators used in this Report and in the Group's institutional communications are given below.

Financial ratios:

Debt/equity ratio: this ratio shows net financial position as the numerator and equity as the denominator. The items making up the financial position are presented in a specific table in the notes to the consolidated financial statements. The equity items are those included in the relevant section of the statement of financial position. For consolidation purposes, equity used for this ratio also includes that attributable to non-controlling interests.

Debt indicators:

Liquidity and other financial assets is the sum of the following items:

a. Current and non-current financial assets

b. Cash and cash equivalents

Medium to long-term debt is the sum of the following items:

a. Current account facilities and other loans

b. Bonds

c. Lease liabilities

Other financial assets and liabilities is the sum of the following items:

a. Derivatives

b. The Group's net amounts due from/to consortia and consortium companies operating under a cost recharging system and not included in the consolidation scope.

Performance indicators:

1. **Gross operating profit**: this indicator shows the sum of the following items included in the statement of profit or loss:
   a. Total revenue
   b. Total costs, less amortisation, depreciation, impairment losses and provisions

   This can also be shown as the ratio of gross operating profit to total revenue.

2. **Operating profit**: the operating profit given in the statement of profit or loss, being the sum of total revenue and total costs.

3. **Return on sales or R.o.S.**: given as a percentage, shows the ratio of operating profit (as calculated above) to total revenue.

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Disclosure on the adjusted figures

The Group monitors the key figures of Lane Group for management purposes adjusting the IFRS figures prepared for consolidation purposes to present the results of the joint ventures not controlled by Lane which are consolidated on a proportionate basis. These figures ("JV not controlled by Lane") show the status of contracts managed directly by Lane or through non-controlling investments in joint ventures.

In addition, the IFRS figures for 2019 and 2018 have also been adjusted to sterilise the effects of the impairment losses recognised on some assets related to the construction of infrastructure in Venezuela.

Finally, the figures for 2018 have been restated to reflect the effects of FTA of IFRS 16 using the best estimates available although this is not required by the new standard as the Group has elected to apply the simplified transition approach ("modified retrospective approach").

Other information

Research and development

Salini Impregilo carried out industrial research and experimental development activities during the year. These activities enabled the acquisition of new know-how and improvement of production efficiency, which will improve the parent’s competitive edge.

The main R&D macro projects carried out during the year are described below:

- ideation, feasibility study, prototyping and experimental development of advanced virtual multi-dimensional models and tools to optimise the planning, design, construction and operation of complex building and civil works;
- ideation, study and development of an innovative system for the construction of aggregates for concrete using raw materials that were originally not compliant through the study of a dedicated technology and manufacturing process;
- study and experimental development of innovative electrical systems for the 4.0 work sites;
- feasibility study, design, prototyping, development and experimental validation of a new methodology/equipment for the installation of vertical pipes in underwater environments, called Riser Concept:
- study, design, prototyping, development and experimental validation of a large capacity, automated conveyor belt system;
- study, design, prototyping, development and experimental validation of a large capacity, reversible suspended conveyor belt - Flyingbelt;
- ideation, study, design, development and experimental validation of new technologies to build large complex civil works.

These macro projects related to the following areas:

a) **experimental or theoretical work**, with the main aim being the acquisition of new knowledge on the foundations of phenomena and observable facts;
b) **planned research** or critical investigations to acquire knowledge to be used to fine-tune new products, processes or services or allow the upgrading of existing products, processes or services or create parts of complex systems;
c) **acquisition, blending, structuring and utilisation of knowledge** and existing scientific, technological and commercial capabilities to prepare plans, projects or designs for new products, processes or services, or to modify or improve them, including feasibility studies;
d) **development of prototypes** to be used for commercial purposes and pilot projects for technological or commercial testing;
e) **production and testing of innovative products, processes and services**.

Compliance with the conditions of article 15 of the Stock Exchange Regulation

Salini Impregilo confirms that it complies with the conditions of article 15 of Consob regulation no. 20249 ("Regulation on markets"), based on the procedures adopted before article 15 was effective and the availability of the related information.

Repurchase of treasury shares

At the date of preparation of this report, the Group does not have a treasury share repurchase programme. At 31 December 2019, the parent had 1,330,845 treasury shares.

Related parties

Reference should be made to note 39 to the consolidated financial statements for a description of related party transactions.

Non-financial Statement

Salini Impregilo S.p.A. is exempt from preparation of the Non-financial Statement as per article 3 of Legislative decree no. 254/2016 as it prepares a Consolidated Non-financial Statement in accordance with article 4 of the same decree to which reference should be made.

On behalf of the board of directors

Chairman

Donato Iacovone

(signed on the original)

Consolidated financial statements as at and for the year ended 31 December 2019

Consolidated financial statements
Statement of financial position

ASSETS (€'000)	Note	31 December 2018 (*)	of which: related	%	31 December 2019	of which: related parties	%
Non-current assets							
Property, plant and equipment	7	415,941			333,511		
Right-of-use assets	8	-			144,184		
Intangible assets	9	199,356			185,096		
Goodwill	10	74,713			76,061		
Equity investments	11	538,257			642,486		
Derivatives and non-current financial assets	12	235,692	111,747	47%	378,272	122,535	32%
Deferred tax assets	13	205,386			253,453		
Total non-current assets		**1,669,345**			**2,013,063**		
Current assets							
Inventories	14	192,304			156,368		
Contract assets	15	1,512,866			2,040,450		
Trade receivables	16	1,930,639	138,410	7%	1,827,173	299,773	16%
Derivatives and other current financial assets	17	135,881	31,385	23%	241,517	42,711	18%
Current tax assets	18	112,102			90,513		
Other current tax assets	18	146,166			132,109		
Other current assets	19	640,269	22,216	3%	684,995	31,280	5%
Cash and cash equivalents	20	1,107,340			1,020,858		
Total current assets		**5,777,567**			**6,193,983**		
Non-current assets held for sale and discontinued operations	21	5,683			11,976		
Total assets		**7,452,595**			**8,219,022**		

(*) Figures not fully comparable due to IFRS 16 FTA. More information is available in note 2.

EQUITY AND LIABILITIES (€'000)	Note	31 December 2018 (*)	of which: related	%	31 December 2019	of which: related parties	%
Equity							
Share capital		544,740			600,000		
Share premium reserve		120,798			654,486		
Other reserves		124,190			148,581		
Other comprehensive expense		(105,914)			(141,154)		
Retained earnings		97,698			155,610		
Profit (loss) for the year		54,197			(22,128)		
Equity attributable to the owners of the parent		**835,709**			**1,395,395**		
Non-controlling interests		96,354			108,750		
Total equity	22	**932,063**			**1,504,145**		
Non-current liabilities							
Bank and other loans and borrowings	23	617,895			751,256		
Bonds	24	1,088,158			1,091,890		
Lease liabilities	25	55,530			98,709		
Post-employment benefits and employee benefits	27	57,025			61,868		
Deferred tax liabilities	13	11,374			7,399		
Provisions for risks	28	84,213			137,922		
Total non-current liabilities		**1,914,195**			**2,149,044**		
Current liabilities							
Current portion of bank loans and borrowings and current account facilities	23	499,362	16,044	3%	231,640	10,863	5%
Current portion of bonds	24	13,295			13,295		
Current portion of lease liabilities	25	43,206			61,673		
Derivatives and other current financial liabilities	26	-			2,012		
Contract liabilities	15	1,149,588			1,186,076		
Trade payables	29	2,385,610	137,622	6%	2,612,737	292,999	11%
Current tax liabilities	30	144,693			87,137		
Other current tax liabilities	30	48,521			48,187		
Other current liabilities	31	322,062	19,878	6%	323,076	23,381	7%
Total current liabilities		**4,606,337**			**4,565,833**		
Liabilities directly associated with non-current assets held for sale							
Total equity and liabilities		**7,452,595**			**8,219,022**		

(*) Figures not fully comparable due to IFRS 16 FTA. More information is available in note 2.

Statement of profit or loss

(€'000)	Note	2018 (*)	of which: related	%	2019	of which: related	%
Revenue							
Revenue from contracts with customers	34	4,864,142	88,665	2%	4,770,634	123,212	3%
Other income	34	333,518	6,765	2%	359,328	15,588	4%
Total revenue and other income		**5,197,660**			**5,129,962**		
Operating expenses							
Purchases	35.1	(861,756)			(571,283)		
Subcontracts	35.2	(1,658,505)	(92)	0%	(1,773,965)		
Services	35.3	(1,346,115)	(208,286)	15%	(1,282,093)	(307,471)	24%
Personnel expenses	35.4	(774,416)	(3)		(791,210)	(4)	
Other operating expenses	35.5	(143,603)	(142)		(180,252)	(631)	
Impairment losses (**)	35.6	(194,519)	(35,938)	18%	(102,423)	(6,514)	6%
Amortisation, depreciation and provisions	35.6	(150,651)			(171,937)		
Total operating expenses		**(5,129,565)**			**(4,873,163)**		
Operating profit		**68,095**			**256,799**		
Financing income (costs) and gains (losses) on equity investments							
Financial income	36.1	55,754	12,631	23%	69,587	9,023	13%
Financial expense	36.2	(141,918)	(8,225)	6%	(147,061)	(10,523)	7%
Net exchange gains	36.3	13,306			4,288		
Net financing costs		(72,858)			(73,186)		
Net losses on equity investments	37	(29,450)			(127,704)		
Net financing costs and net losses on equity investments		**(102,308)**			**(200,890)**		
Profit (loss) before tax		**(34,213)**			**55,909**		
Income taxes	38	(39,274)			(69,160)		
Loss from continuing operations		**(73,487)**			**(13,251)**		
Profit (loss) from discontinued operations	21	114,802			(894)		
Profit (loss) for the year		**41,315**			**(14,145)**		
Profit (loss) for the year attributable to:							
Owners of the parent		54,197			(22,128)		
Non-controlling interests		(12,882)			7,983		

(*) Figures not fully comparable due to IFRS 16 FTA. More information is available in note 2.

(**) Starting from 2019, the Group has decided to present "Impairment losses" separately in the statement of profit or loss for their better presentation. Therefore, the 2018 comparative figure has been restated accordingly.

Statement of comprehensive income

(€'000)	Note	2018 (*)	2019
Profit (loss) for the year (a)		**41,315**	**(14,145)**
Items that may be subsequently reclassified to profit or loss, net of the tax effect:			
Net exchange losses on the translation of foreign companies' financial statements	22	(1,182)	(29,910)
Net exchange losses on the translation of foreign companies' financial statements reclassified to profit or loss	22		(11,380)
Net gains (losses) on cash flow hedges, net of the tax effect	22	(138)	
Other comprehensive income (expense) related to equity-accounted investees	22	(36,891)	7,912
Items that may not be subsequently reclassified to profit or loss, net of the tax effect:			
Net actuarial gains (losses) on defined benefit plans	22	4,123	(5,190)
Other comprehensive expense (b)		**(34,088)**	**(38,568)**
Comprehensive income (expense) (a) + (b)		**7,227**	**(52,713)**
Comprehensive income (expense) attributable to:			
Owners of the parent		22,214	(57,368)
Non-controlling interests		(14,987)	4,655

Earnings (loss) per share			
From continuing and discontinued operations	40		
Basic		0.11	(0.04)
Diluted		0.11	(0.04)
From continuing operations	40		
Basic		(0.12)	(0.04)
Diluted		(0.12)	(0.04)

(*) Figures not fully comparable due to IFRS 16 FTA. More information is available in note 2.

Statement of cash flows

(€'000)	Note	2018 (*)	2019
Operating activities			
Loss from continuing operations		(73,487)	(13,251)
Adjusted by:			
Amortisation of intangible assets	35	24,056	26,960
Depreciation of property, plant and equipment	35	131,992	143,976
Net impairment losses and provisions	35	192,705	113,054
Accrual for post-employment benefits and employee benefits	27	(11,246)	13,614
Net gains on the sale of assets		(27,547)	(18,121)
Deferred taxes	38	(27,476)	(39,470)
Share of losses of equity-accounted investees	37	29,615	128,279
Income taxes	38	66,750	108,630
Net exchange losses	36	(13,306)	(4,288)
Net interest paid during the year	36	86,163	77,474
Profit from the Plants & Paving Division		19,928	
Other non-monetary items		9,854	(4,560)
		408,001	**532,297**
Increase in inventories and contract assets		(57,858)	(508,238)
Decrease (increase) in trade receivables		(234,866)	83,260
(Decrease) increase in contract liabilities	15	(427,786)	24,838
Increase in trade payables		235,838	177,849
Increase in other assets/liabilities		(80,741)	(66,217)
Total changes in working capital		**(565,413)**	**(288,508)**
Increase in other items not included in working capital		(18,626)	(29,154)
Financial income collected		21,395	42,633
Interest expense paid		(81,988)	(89,407)
Income taxes		(75,590)	(81,065)
Cash flows generated by (used in) operating activities		**(312,221)**	**86,796**
Investing activities			
Net investments in intangible assets	9	(1,550)	(13,588)
Investments in property, plant and equipment	7	(118,972)	(85,280)
Proceeds from the sale or reimbursement value of property, plant and		118,289	43,515
Investments in non-current financial assets and capital transactions	11	(296,583)	(195,561)
Dividends and capital repayments from equity-accounted investees	11	17,670	13,876
Proceeds from the sale or reimbursement value of non-current financial assets		3,169	8,508
Taxes paid during the year on the sale of Lane's Plants & Paving division			(57,209)
Acquisitions and/or sales of subsidiaries and business units net of cash and cash equivalents		505,594	(3,897)
Cash flows generated by (used in) investing activities		**227,617**	**(289,636)**

(€'000)	Note	2018 (*)	2019
Financing activities			
Share capital increase			592,982
Dividends distributed	22	(54,472)	(6,093)
Capital injection by non-controlling interests in subsidiaries		1,605	436
Increase in bank and other loans	23	1,652,540	1,324,780
Decrease in bank and other loans	23	(1,682,508)	(1,363,516)
Decrease in lease liabilities	25	(54,911)	(75,513)
Change in other financial assets/liabilities		(152,420)	(267,540)
Cash flows generated by (used in) financing activities		**(290,166)**	**205,536**
Net exchange gains on cash and cash equivalents		**19,672**	**10,279**
Increase (decrease) in cash and cash equivalents		**(355,098)**	**12,975**
Cash and cash equivalents	20	1,320,192	1,107,340
Current account facilities	23	(37,028)	(179,272)
Total opening cash and cash equivalents		**1,283,164**	**928,068**
Cash and cash equivalents	20	1,107,340	1,020,858
Current account facilities	23	(179,272)	(79,814)
Total closing cash and cash equivalents		**928,068**	**941,044**

(*) Figures not fully comparable due to IFRS 16 FTA. More information is available in note 2.

Statement of changes in equity

(€'000)				Other reserves							Other comprehensive expense								
		Share capital	Share premium reserve	Legal reserve	Share capital increase related charges	Extraordinary and other reserves	Reserve for treasury shares	LTI reserve	Inflation reserve	Total other reserves	Translation reserve	Hedging reserve	Actuarial reserve	Total other comprehensive expense	Retained earnings	Profit (loss) for the year	Equity attributable to the owners of the parent	Non-controlling interests	Total
As at 1 January 2018	**22**	**544,740**	**120,798**	**106,551**	**(3,970)**	**136**	**(7,677)**	**6,344**	**-**	**101,384**	**(68,835)**	**138**	**(5,233)**	**(73,930)**	**238,731**	**(117,233)**	**814,490**	**131,061**	**945,551**
Allocation of profit and reserves	22									-				-	(117,233)	117,233	-		-
Dividend distribution	22									-				-	(26,099)		(26,099)		(26,099)
Change in consolidation scope	22									-				-	341		341	166	507
Stock option	22						4,386	(6,344)		(1,958)				-	1,958		-		-
Capital increase	22									-				-			-	1,605	1,605
Other changes and reclassifications	22								24,764	24,764				-			24,764	6,883	31,647
Dividend distribution to non-controlling interests	22									-				-			-	(28,374)	(28,374)
Profit for the year	22									-				-		*54,197*	54,197	*(12,882)*	41,315
Other comprehensive expense	*22*						-			-	*(31,933)*	*(4,174)*	*4,123*	(31,984)			(31,984)	*(2,105)*	(34,089)
Comprehensive expense	*22*	-	--	--	--	-	-	-	-	-	*(31,933)*	*(4,174)*	*4,123*	*(31,984)*	-	*54,197*	22,213	*(14,987)*	7,226
As at 31 December 2018	**22**	**544,740**	**120,798**	**106,551**	**(3,970)**	**136**	**(3,291)**	**-**	**24,764**	**124,190**	**(100,768)**	**(4,036)**	**(1,110)**	**(105,914)**	**97,698**	**54,197**	**835,709**	**96,354**	**932,063**
As at 1 January 2019	**22**	**544,740**	**120,798**	**106,551**	**(3,970)**	**136**	**(3,291)**	**-**	**24,764**	**124,190**	**(100,768)**	**(4,036)**	**(1,110)**	**(105,914)**	**97,698**	**54,197**	**835,709**	**96,354**	**932,063**
IFRS 16 and IFRIC 23 FTA															(7,455)		**(7,455)**	(64)	**(7,519)**
As at 1 January 2019 (post IFRS 16 FTA)	**22**	**544,740**	**120,798**	**106,551**	**(3,970)**	**136**	**(3,291)**	**-**	**24,764**	**124,190**	**(100,768)**	**(4,036)**	**(1,110)**	**(105,914)**	**90,243**	**54,197**	**828,254**	**96,290**	**924,544**
Allocation of profit and reserves	22			2,397						2,397				-	51,800	(54,197)	-		-
Dividend distribution	22									-				-	(840)		(840)		(840)
Change in consolidation scope	22									-					14,407		14,407	6,485	20,892
Capital increase	22	55,260	533,688	11,052	(7,018)					4,034				-			592,982	3,035	596,017
	22								17,960	17,960				-			17,960	3,537	21,497
Dividend distribution to non-controlling interests	22									-				-			-	(5,252)	(5,252)
Loss for the year	*22*									-						*(22,128)*	(22,128)	*7,983*	(14,145)
Other comprehensive expense	*22*									-	*(25,225)*	*(4,825)*	*(5,190)*	(35,240)			(35,240)	*(3,328)*	(38,568)
Comprehensive expense	*22*	-	--	--	--	-	-	-	-	-	*(25,225)*	*(4,825)*	*(5,190)*	(35,240)	-	*(22,128)*	(57,368)	*4,655*	(52,713)
As at 31 December 2019	**22**	**600,000**	**654,486**	**120,000**	**(10,988)**	**136**	**(3,291)**	**-**	**42,724**	**148,581**	**(125,993)**	**(8,861)**	**(6,300)**	**(141,154)**	**155,610**	**(22,128)**	**1,395,395**	**108,750**	**1,504,145**

Notes to the consolidated financial statements

1. Basis of preparation

Salini Impregilo S.p.A. (the “parent” or “Salini Impregilo”) has its registered office in Italy. These consolidated financial statements at 31 December 2019 include the financial statements of the parent and its subsidiaries (the “Group”). The Group, created by the reverse merger of the Salini and Impregilo Groups, is a global player in the large-scale infrastructure sector.

Salini Impregilo Group has prepared its consolidated financial statements at 31 December 2019 on a going concern basis. The directors have checked that events that could affect the Group’s ability to meet its commitment in the near future and, specifically, in the next 12 months do not exist. Preparation of consolidated financial statements requires management to make judgements and complex estimates about the Group’s future profitability and financial position, based also on its sector. These complex estimates underpin assumptions about going concern and the carrying amounts of assets, liabilities, revenue and costs. They do not consider non-recurring events that management cannot foresee at the date of preparation of the consolidated financial statements.

In addition, as required by Regulation 1606/2002 issued by the European Parliament and Council, implemented in Italy by Legislative decree no. 38/2005, these consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

The format and content of these consolidated financial statements comply with the disclosure requirements of article 154-ter of the Consolidated Finance Act.

The accounting policies adopted to draw up these consolidated financial statements at 31 December 2019 are consistent with those used to prepare the 2018 annual consolidated financial statements, to which reference should be made, except for the changes summarised in note 2.

IAS 29 - Financial reporting in hyperinflationary economies

After a lengthy observation period of inflation rates, which have exceeded 100% in the last three years, Argentina has been considered a hyperinflationary economy pursuant to the IFRS since 2018. As a result, all the companies operating in Argentina have applied IAS 29 - Financial reporting in hyperinflationary economies in their financial reports starting from 1 July 2018.

These conditions were applicable in 2019 as well.

The Group’s results for 2018 included the effects of applying the above standard from 1 January 2018.

2. Changes in standards

Changes in standards and effects of new standards

This section lists the standards, amendments and interpretations published by the IFRS, endorsed by the European Union and applicable since 1 January 2019:

Standard/Interpretation	IASB application date
IFRS 16 - Leases	1 January 2019
IFRIC 23 - Uncertainty over income tax treatments	1 January 2019
Amendments to IFRS 9 – Prepayment features with negative compensation	1 January 2019
Amendments to IAS 28 - Long-term interests in associates and joint ventures	1 January 2019
Annual improvements to IFRS Standards 2015-2017 cycle (amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)	1 January 2019
Amendments to IAS 19: Plan amendment, curtailment or settlement	1 January 2019

The standards, amendments and interpretations published by the IASB and the International Financial Reporting Standards Interpretations Committee (IFRS-IC) but not yet endorsed by the competent EU bodies at the reporting date are set out below:

Standard/Interpretation	IASB application date
IFRS 17 - Insurance contracts	1 January 2021
Amendments to References to the conceptual framework in IFRS Standards	1 January 2020
Amendments to IFRS 3 Business combinations	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of material	1 January 2020
Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture	Application date deferred indefinitely

Adoption of the above standards applicable since 1 January 2019 has not significantly affected the Group's consolidated financial statements, except for IFRS 16 and IFRIC 23.

The IASB issued IFRS 16 in January 2016. It introduced a single method to account for leases in the financial statements of the lessee, eliminating the distinction between operating and finance leases, so that the lessee recognises an asset for the right to use an underlying asset and a lease liability. The standard includes exemptions when the lease term is 12 months or less or the underlying asset has a low value.

IFRS 16 has replaced IAS 17 - Leases, IFRIC 4 - Determining whether an arrangement contains a lease, SIC 15 - Operating leases - Incentives and SIC 27 - Evaluating the substance of transactions in the legal form of a lease.

The Group has applied IFRS 16 retrospectively by recognising the cumulative effect of the FTA in retained earnings at 1 January 2019 (the date of transition). Therefore, it has not restated the comparative figures at 31 December 2018 which are presented in accordance with IAS 17 and related interpretations. Details of the changes introduced by the new standard are provided below.

The Group has elected to use the following practical expedients to restate the opening balances:

1. it has applied a single discount rate to portfolios of leases with similar characteristics and a similar remaining lease term for a similar class of underlying assets in a similar economic environment;
2. leases that expire before 31 December 2019 have been classified as short-term;
3. it has excluded initial direct costs from the measurement of the right-of-use asset;
4. it has used hindsight to determine contract variables (specifically the lease term).

In addition to the practical expedients set out above for transition, the Group also elected to use the practical expedients for low-value assets and leases with a term of less than 12 months. Therefore, when the value of the underlying new individual asset is less than €5,000 or the lease term is less than 12 months, it expenses the lease payments on a straight-line basis and when incurred.

The Group elected not to separate non-lease components from lease components for vehicles, office furniture and equipment and other assets. It elected to separate non-lease components from lease components for land and buildings, plant and machinery and industrial and commercial equipment.

It has estimated the lease liability and the right-of-use asset for leases previously classified as operating leases under IAS 17 and considering the elections made about the transition method and the practical expedients as follows:

a) the lease liability at 1 January 2019 has been measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application;

b) the right-of-use asset has been estimated using two methods defined on a lease-by-lease basis and, specifically, at:
   - its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at 1 January 2019;
   - an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018 under IAS 17.

The significant judgements made to apply IFRS 16 that had a material impact on the estimate of the assets and liabilities related to the discount rate and the lease term include:

a) the lessee's incremental borrowing rate was used to discount the lease payments, estimated using the lease's reference currency, economic context and class of underlying asset. The weighted average of the rates applied is 4.4%.

b) the lease term was estimated considering the contract clauses to identify the non-cancellable period of the lease; the Group considered the contracts in which the leased assets are used for the termination and renewal options;

The captions "Right-of-use assets" and "Lease liabilities" include the effect of applying IFRS 16. The leased assets and the related financial liabilities that, under the previous standard applicable at 31 December 2018, were recognised in the captions “Property, plant and equipment” and “Finance lease liabilities”, respectively, have been reclassified as set out below.

The Group is a lessor of right-of-use assets which it accounts for as operating leases.

It is not required to reclassify those leases in which it is the lessor under IFRS 16, except for subleases. The Group has assessed its classification of subleases considering the right-of-use asset rather than the underlying asset and has found that they comply with the definition of operating leases as per IFRS 16.

The following table shows the effect of application of the new standard on opening equity at 1 January 2019:

(€'000)	Equity at 1 January 2019
Equity and loss for the year attributable to the owners of the parent	835,709
Non-controlling interests	96,354
Total equity before introduction of the new standard	**932,063**
Effects of the application of the new standard	
of which: attributable to the owners of the parent	545
of which: attributable to non-controlling interests	(64)
Equity and loss after introduction of the new standard	
Equity and loss for the year attributable to the owners of the parent	836,254
Non-controlling interests	96,290
Total equity before introduction of the new standard	**932,544**

Lease liabilities presented in the above statement of financial position at the date of initial application amount to €81.9 million. Commitments arising from operating leases presented under IAS 17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application, amounted to €91.8 million. The decrease is mostly due to the better estimate made of the lease term and the application of the practical expedients for short-term leases (less than 12 months) and leases for which the underlying asset is of low value.

IFRIC 23 provides guidance on the determination of taxable profit where there is uncertainty over income tax treatments. The interpretation establishes that if it is not probable that a particular tax treatment will be accepted by the tax authority, the entity shall reflect this uncertainty in its financial statements. Accordingly, based on past experience of tax assessments performed by the Ethiopian tax authorities, the Group recognised a higher tax liability of €8 million compared to 2017 and 2018 as these years are still open to assessment. The interpretation's transition provisions allow this effect to be recognised under retained earnings at 1 January 2019 and the comparative figures do not have to be restated.

The following table shows the effects of the application of the above standard and interpretation:

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Statement of financial position at 1 January 2019

ASSETS (€'000)	Published 31 December 2018	IFRS 16 FTA	IFRS 16 reclassifications	IFRIC 23	Restated 1 January 2019
Non-current assets					
Property, plant and equipment	415,941		(79,665)		336,276
Right-of-use assets		81,087	79,665		160,752
Intangible assets	199,356				199,356
Goodwill	74,713				74,713
Equity investments	538,257	2			538,259
Derivatives and non-current financial assets	235,692				235,692
Deferred tax assets	205,386	19			205,405
Total non-current assets	**1,669,345**	**81,108**	**-**	**-**	**1,750,453**
Current assets					
Inventories	192,304				192,304
Contract assets	1,512,866	164			1,513,030
Trade receivables	1,930,639				1,930,639
Derivatives and other current financial assets	135,881				135,881
Current tax assets	112,102				112,102
Other current tax assets	146,166				146,166
Other current assets	640,269	(406)			639,863
Cash and cash equivalents	1,107,340				1,107,340
Total current assets	**5,777,567**	**(242)**	**-**	**-**	**5,777,325**
Non-current assets held for sale and discontinued operations	5,683				5,683
Total assets	**7,452,595**	**80,866**	**-**	**-**	**7,533,461**

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Statement of financial position at 1 January 2019

EQUITY AND LIABILITIES (€'000)	Published 31 December 2018	IFRS 16 FTA	IFRS 16 reclassifications	IFRIC 23	Restated 1 January 2019
Equity					
Share capital	544,740				544,740
Share premium reserve	120,798				120,798
Other reserves	124,190				124,190
Other comprehensive expense	(105,914)				(105,914)
Retained earnings and loss for the year	151,895	545		(8,000)	144,440
Equity attributable to the owners of the parent	**835,709**	**545**	**-**	**(8,000)**	**828,254**
Non-controlling interests	96,354	(64)			96,290
Total equity	**932,063**	**481**	**-**	**(8,000)**	**924,544**
Non-current liabilities					
Bank and other loans and borrowings	617,895				617,895
Bonds	1,088,158				1,088,158
Finance lease liabilities	55,530		(55,530)		-
Lease liabilities		55,976	55,530		111,506
Post-employment benefits and employee benefits	57,025				57,025
Deferred tax liabilities	11,374	227			11,601
Provisions for risks	84,213				84,213
Total non-current liabilities	**1,914,195**	**56,203**	**-**	**-**	**1,970,398**
Current liabilities					
Current portion of bank loans and borrowings and current account facilities	499,362				499,362
Current portion of bonds	13,295				13,295
Current portion of finance lease liabilities	43,206		(43,206)		-
Current portion of lease liabilities		25,950	43,206		69,156
Contract liabilities	1,149,588	(2)			1,149,586
Trade payables	2,385,610	(1,771)			2,383,839
Current tax liabilities	144,693				152,693
Other current tax liabilities	48,521			8,000	48,521
Other current liabilities	322,062	5			322,067
Total current liabilities	**4,606,337**	**24,182**	**-**	**8,000**	**4,638,519**
Liabilities directly associated with non-current assets held for sale					
Total equity and liabilities	**7,452,595**	**80,866**	**-**	**-**	**7,533,461**

3. Non-current assets held for sale and discontinued operations

USW Campania

At 31 December 2019 and as already noted in previous years, the Group decided that the conditions for application of IFRS 5 - Non-current assets held for sale and discontinued operations continued to exist for the USW Campania projects. Therefore, it has recognised the USW Campania project net assets and operations separately in the statement of financial position and statement of profit or loss.

Due to reasons outside the Group's control, the period for completion of the sale has extended beyond the year allowed by IFRS 5. Despite this, the Group's commitment to finalising the sale remains unchanged. Therefore, the directors have not deemed it necessary to change the accounting treatment of the assets in question as provided for in IFRS 5.9.

Reference should be made to the section on the "Main risk factors and uncertainties" in the Directors' report for more information.

CONSORCIO AGUA AZUL S.A.

At the reporting date, the Group reclassified the investment in Consorcio Agua Azul S.A., held by Impregilo International Infrastructures N.V., to assets held for sale in accordance with IFRS 5. On 7 January 2020, it was sold with the recognition of a gain of roughly €5 million.

4. Basis of presentation

The Group's consolidated financial statements include the financial statements of the parent, Salini Impregilo, and the Italian and foreign operating companies controlled directly or indirectly by Salini Impregilo.

The financial statements at 31 December 2019 approved by the internal bodies of the consolidated companies, where applicable, have been used for consolidation purposes.

The financial statements are prepared by adopting the parent's accounting policies. Where necessary, consolidation adjustments are made to make the items affected by different accounting policies consistent.

A list of the companies and other Salini Impregilo Group entities included in the consolidation scope is set out in the annexes with the schedules showing changes therein during the year.

Consolidated financial statements

The Group opted to present its consolidated financial statements at 31 December 2019 in line with previous years as follows:

- Current and non-current assets and current and non-current liabilities are presented separately in the statement of financial position. Current assets and liabilities are those expected to be realised, sold, used or settled in the Group's normal operating cycle, which usually exceeds 12 months. Non-current assets and liabilities include non-current assets, deferred tax assets, employee benefits, deferred tax liabilities and other balances expected to be realised, sold, used or settled after the Group's normal operating cycle, i.e., more than twelve months after the reporting date.

- The statement of profit or loss gives a classification of costs by nature and shows the profit or loss before "Financing income (costs) and gains (losses) on equity investments" and income taxes. The profit or loss from continuing operations, the profit or loss from discontinued operations and the profit or loss attributable to non-controlling interests and that attributable to the owners of the parent are also presented.
- The statement of comprehensive income shows all non-owner changes in equity.
- The statement of cash flows presents the cash flows from operating, investing and financing activities separately. The indirect method is used.

Basis of consolidation

The consolidated financial statements have been prepared by consolidating the financial statements at 31 December 2019 of Salini Impregilo, the parent, and the Italian and foreign companies which the parent directly or indirectly controls.

Control exists when the Group has the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities. Generally speaking, control is presumed to exist when the Group holds more than half of the voting rights either directly or indirectly.

Entities or companies over which Salini Impregilo has joint control, by virtue of an investment therein or specific contractual arrangements, are consolidated as follows pursuant to IFRS 11:

- on a line-by-line basis according to the investment percentage, if they are joint operations;
- at equity, if they are joint ventures.

In the case of some joint ventures, the financial reporting packages of consortia and/or consortium companies prepared for their inclusion in the consolidated financial statements have not yet been approved by the competent consortium bodies as they are waiting for the court-approved procedures of the consortium members to be defined. When this is the case, the financial reporting packages are prepared using the best information available.

Investments in associates are measured using the equity method.

The financial statements used for consolidation are modified (made consistent) and reclassified to comply with the Group's accounting policies in line with the currently applicable IFRS.

The financial statements used are expressed in the functional currency, being the local currency or another currency in which most of the economic transactions and assets and liabilities are denominated.

Financial statements expressed in currencies other than the Euro are translated into Euros by applying the closing rates to the statement of financial position items and the average annual rates to the statement of profit or loss items, as these approximate the spot rates.

Differences arising from the translation of the opening equity using the closing rates and from the translation of assets and liabilities at the spot rate and the statement of profit or loss items at the average annual rate are taken to the translation reserve.

The exchange rates used to translate the foreign currency financial statements into Euros are as follows:

Currency	Closing rate 31 December 2018	2018 average rate	Closing rate 31 December 2019	2019 average rate
ZAR South African Rand	16.4594	15.6186	15.7773	16.1757
BRL Brazilian Real	4.444	4.3085	4.5157	4.4134
COP Colombian Peso	3,721.81	3,486.74	3,688.66	3,674.52
PEN Nuevo Sol	3.863	3.8793	3.7255	3.7364
AED United Arab Emirates Dirham	4.205	4.3371	4.1257	4.1113
ARS Argentine Peso	43.1593	43.1593	67.2749	67.2749
AUD Australian Dollar	1.622	1.5797	1.5995	1.6109
BGN Bulgarian New Lev	1.9558	1.9558	1.9558	1.9558
DZD Algerian Dinar	135.4881	137.6525	133.8916	133.6757
INR Indian Rupee	79.7298	80.7332	80.187	78.8361
LYD Libyan Dinar	1.5972	1.6102	1.5709	1.5653
MYR Malaysian Ringgit	4.7317	4.7634	4.5953	4.6374
NGN Nigerian Naira	350.9425	360.9013	344.3221	343.0512
PES Chilean Peso	794.37	756.94	844.86	786.89
PLN Polish Zloty	4.3014	4.2615	4.2568	4.2976
RUB Russian Ruble	79.7153	74.0416	69.9563	72.4553
SAR Saudi Riyal	4.2938	4.4286	4.2128	4.198
SGD Singapore Dollar	1.5591	1.5926	1.5111	1.5273
TRY Turkish Lira (new)	6.0588	5.7077	6.6843	6.3578
USD US Dollar	1.145	1.181	1.1234	1.1195
NAM Namibian Dollar	16.4594	15.6188	15.7773	16.1753
CHF Swiss Franc	1.1269	1.155	1.0854	1.1124
GBP British Pound	0.89453	0.88471	0.8508	0.87777
DOP Dominican Peso	57.5242	58.3906	59.4629	57.3487
PKR Pakistani Rupee	160.1149	143.2823	173.9591	168.318
QAR Qatari Riyal	4.1678	4.2987	4.0892	4.0749
DKK Danish Krone	7.467300	7.453200	7.4715	7.4661
OMR Omani Rial	0.440300	0.454100	0.4319	0.4304
BsS Bolivar Soberano (VEF 2017)	729.8027	137.6549	52308.3738	14692.8696

When an investment in a consolidated entity is sold, the accumulated gain or loss recognised in equity is released to profit or loss.

The consolidation criteria used to prepare these consolidated financial statements may be summarised as follows:

- subsidiaries are consolidated on a line-by-line basis, whereby:

- assets and liabilities, costs and revenue shown in the subsidiaries' financial statements are fully recognised, regardless of the size of the investment therein;
- the carrying amount of the investment is eliminated against the Group's share of its equity;
- the main transactions between consolidated entities, including dividends distributed among group companies, are eliminated;
- non-controlling interests are shown separately under equity and their share of the profit or loss for the year is similarly shown separately in the statement of profit or loss.

- Investments in associates and joint ventures are measured using the equity method whereby the carrying amount of the investment is adjusted to consider:
  - standardisation to comply with the group accounting policies, where necessary;
  - the parent's share of the profits or losses of the investee realised after the acquisition date;
  - modifications arising from changes in equity of the investee that are not taken to profit or loss as per the relevant IFRS;
  - dividends distributed by the investees;
  - any greater value paid at acquisition (measured using the same criteria set out in the section on "Business combinations") and managed pursuant to the relevant standard;
  - the share of the profit or loss deriving from application of the equity method, which is taken to profit or loss.
- Interests in joint ventures that qualify as joint operations are recognised by the investor to the extent of its share of the rights and obligations held.

Dividends, reversals of impairment losses and impairment losses on investments in consolidated companies, gains and losses on the intragroup exchange of investments in consolidated entities and the related tax effects are eliminated.

Gains and losses arising from transactions between consolidated companies, which are not realised directly or indirectly through transactions with third parties, are eliminated. Unrealised intragroup losses are recognised when the transaction shows an impairment of the transferred asset.

Business combinations

Business combinations are recognised using the acquisition method set out in IFRS 3 (revised in 2008). Accordingly, the consideration for a business combination is measured at fair value, being the sum of the fair value of the assets acquired and liabilities assumed or incurred by the Group at the acquisition date and the equity instruments issued in exchange for control of the acquired entity. Transaction costs are recognised in profit or loss when incurred.

The contingent consideration, included as part of the transfer price, is measured at acquisition-date fair value. Any subsequent changes in fair value are recognised in profit or loss.

The identifiable assets acquired and the liabilities assumed are recognised at their acquisition-date fair value.

Goodwill is measured as the difference between the aggregate of the consideration transferred, the amount of any non-controlling interests (NCI) and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree and the net fair value of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the difference is negative, the resulting gain is recognised as a bargain purchase in profit or loss.

NCI can be measured at fair value or at its proportionate share of the fair value of the net assets of the acquiree at the acquisition date. The measurement method is decided on a transaction by transaction basis.

Business combination achieved in stages (step acquisition)

In the case of step acquisitions, the Group's existing investment in the acquiree is measured at fair value on the date that control is obtained. Any resulting adjustments to previously recognised assets and liabilities are recognised in profit or loss. Therefore, the previously held investment is treated as if it had been sold and reacquired on the date that control is obtained.

Transactions involving NCI

Changes to the investment percentage of a subsidiary that does not entail loss of control are treated as equity transactions. Therefore, any differences between the acquisition price and the related share of equity in subsequent acquisitions of investments in entities already controlled by the Group are recognised directly in equity. With respect to partial disposals of an investment in a subsidiary while control is retained, any gain or loss is recognised in equity.

Basis of preparation

The accounting policies adopted to draw up the Group's consolidated financial statements at 31 December 2019 comply with the IFRS and are consistent with those used to prepare the 2018 consolidated financial statements, except for the amendments enacted after 1 January 2019, summarised in the section on the "Changes in standards".

Accounting policies

Property, plant and equipment

Salini Impregilo Group has opted to recognise property, plant and equipment at purchase or production cost net of accumulated depreciation and any impairment losses.

Depreciation is calculated on a straight-line basis using rates determined based on the assets' residual possible use. The annual rates are as follows:

Category	Depreciation rate
Land	0%
Buildings	3%
Plant and machinery	from 10% to 20%
Industrial and commercial equipment	from 25% to 40%
Other assets	from 12% to 25%

Land and buildings, plant and machinery with a carrying amount to be recovered mainly through their sale (rather than the asset's continuing use) are measured at the lower of their carrying amount and fair value less costs to sell. Assets held for sale shall be available for immediate sale and their sale shall be highly probable (i.e., the related commitments already exist). Their price shall be reasonable compared to their fair value.

Assets acquired as a result of business combinations are recognised at fair value at the acquisition date and remeasured within a year. Such amount reflects their purchase cost.

After their initial recognition, they are measured at cost, depreciated over their estimated useful lives and shown net of any impairment losses.

When an asset consists of different significant components with different useful lives, the significant components are recognised and subsequently measured separately.

The carrying amount of property, plant and equipment is tested for impairment whenever events or changes in circumstances take place indicating that the carrying amount may not be recovered. Reference should be made to the section on "Impairment of non-financial assets" for details on impairment testing.

Borrowing costs directly related to the acquisition or construction of an asset are capitalised as part of the cost of the asset, to the extent of its recoverable amount. As established by IAS 23 - Borrowing costs, the Group has applied this method to all qualifying assets.

Borrowing costs are capitalised when the costs of the acquisition of the asset and borrowing costs are incurred, and the activities necessary to bring the asset to a condition for its use have been started.

The costs provided for but not yet paid related to qualifying assets are excluded from the amount to be capitalised.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

Moreover, capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Subsequent expenditure is only capitalised if it increases the future economic benefits of the related asset. All other expenditure is expensed when incurred.

Ordinary maintenance costs are fully expensed when incurred. Costs that increase the carrying amount of assets are allocated thereto and depreciated over their residual economic lives.

Dismantlement and restoration costs of assets used for contract work in progress are added to the cost of the related asset and depreciated in line with the depreciation pattern of the asset to which they refer when they are foreseeable and objectively determinable.

Leasehold improvements are classified in the different items of property, plant and equipment on the basis of their nature. They are depreciated over the shorter of the estimated useful life of the relevant asset and the residual term of the lease.

Right-of-use assets and lease liabilities

Right-of-use assets and lease liabilities are recognised in accordance with IFRS 16. More information about the application of this standard is available in note 2 “Changes in standards”.

Rights to infrastructure under concession

These rights are covered by IFRIC 12 - Service concession arrangements, issued by the International Financial Reporting Interpretations Committee (IFRIC), which regulates the recognition and measurement of concession arrangements between public sector entities and private sector operators. It was endorsed by the European Commission with EC regulation 254/2009 dated 25 March 2009 and its application is mandatory for financial statements drawn up under IFRS beginning from the year after which it was endorsed. Therefore, the Group has applied IFRIC 12 since 2010.

The criteria adopted by the Group to apply the interpretation to its concessions are set out below.

Scope and measurement

Scope: IFRIC 12 is applicable to service concession arrangements when the grantor is a public body and the operator is a private entity, when the following conditions are met:

a) the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and

b) the grantor controls – through ownership, beneficial entitlement or otherwise - any significant residual interest in the infrastructure at the end of the term of the arrangement.

Measurement of the revenue arising from the concession arrangement: the operator acts as the service provider (construction and management of the work) and recognises the revenue for the construction and upgrade services in accordance with IFRS 15 - Revenue from contracts with customers.

The grantor pays the operator a consideration for the construction/upgrade services, to be recognised at fair value, which may consist of rights to:

(a) a financial asset (financial asset model);

(b) an intangible asset (intangible asset model);

(c) both (“mixed” model).

The first model is applicable when the operator has an unconditional contractual right to receive a specified or determinable amount of cash. The second is applicable when the operator acquires the right to charge for use of a public sector asset that it constructs or upgrades. The amounts are contingent on the extent to which the public uses the service (demand risk). Finally, the third model is applicable when both of the above situations are present. In this case, the intangible asset is determined as the difference between the fair value of the investment made and the present value of the financial asset obtained by discounting the cash flows from the minimum specified amount.

The Group’s concession arrangements (via the operators consolidated on a line-by-line or proportionate basis) fall under the intangible asset model except for two immaterial concessions held by the subsidiaries of HCE Costruzioni Generali S.p.A., wholly owned by the parent, which fall under the “mixed model”. The financial asset model is applicable to certain equity-accounted associates.

Recognition of the intangible asset: the intangible asset is recognised during construction of the infrastructure. The main identified cases are as follows:

a. *Arrangements that cover the construction of a new infrastructure:* the operator recognises the intangible asset in line with the stage of completion of the construction project. During construction, the operator recognises revenue and costs in line with IFRS 15 - Revenue from contracts with customers.

b. *Arrangements that cover management of an existing infrastructure and its extension or upgrading against which the operator acquires specific additional financial benefits:* the operator recognises these construction and/or upgrade services in line with IFRS 15 - Revenue from contracts with customers. *Arrangements that cover management of an existing infrastructure and specific obligations to extend or upgrade it against which the operator does not acquire additional specific financial benefits*: at initial recognition, the operator recognises a liability equal to the present value of the forecast outlay for the construction services to be provided in the future with, as a balancing item, an additional component of the intangible asset for the contract consideration, which begins to be amortised.

Contractual obligations for the infrastructure’s efficiency levels: given that the operator does not meet the requirements for recognition of the infrastructure as “Property, plant and equipment”, the accounting treatment differs depending on the nature of the work carried out and can be spit into two categories: (i) work related to normal maintenance of the infrastructure; (ii) replacement and scheduled maintenance at a future date.

The first category relates to normal ordinary maintenance of the infrastructure, the cost of which is recognised in profit or loss when incurred, also under IFRIC 12. Given that the interpretation does not provide for the recognition of the physical asset but of a right, the second category is recognised in line with IAS 37 - Provisions, contingent liabilities and contingent assets, which requires: (i) recognition of an accrual to a provision in profit or loss; and (ii) recognition of a provision for charges in the statement of financial position.

Amortisation of the intangible asset: amortisation of the intangible asset recognised for the rights acquired under the concession arrangement is calculated in line with paragraph 97 of IAS 38 - Intangible assets: “The amortisation method used shall reflect the pattern in which the asset’s future economic benefits are expected to be consumed by the entity. If that pattern cannot be determined reliably, the straight-line method shall be used”.

Goodwill and intangible assets with indefinite lives

Goodwill and other intangible assets with indefinite lives are recognised at cost net of impairment losses.

Goodwill acquired as part of a business combination is measured as the difference between the aggregate of the acquisition-date fair value of the consideration considered, the amount of any NCI and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill deriving from acquisitions is not amortised. It is tested annually for impairment or whenever conditions arise that presume impairment as per IAS 36 - Impairment of assets.

For impairment testing purposes, goodwill acquired as part of a business combination is allocated at the acquisition date to each of the cash-generating units (or groups of cash-generating units - CGU) that will benefit from the acquisition. The carrying amount of goodwill is monitored at cash-generating unit level for internal management purposes.

Impairment is determined by defining the recoverable amount of the cash-generating unit (or group of units) to which the goodwill is allocated. When the recoverable amount of the CGU (or group of CGUs) is lower than the carrying amount, an impairment loss is recognised. When goodwill is allocated to a CGU (or group of CGUs), the asset of which has been partly disposed of, the goodwill allocated to the disposed of asset is considered to determine any gain or loss deriving from the transaction. In this case, the transferred goodwill is measured using the amounts related to the disposed of asset compared to the asset still held by the unit.

Other intangible assets

Other intangible assets acquired or generated internally are recognised under assets in accordance with IAS 38 - Intangible assets when it is probable that the use of the asset will generate future economic benefits and the cost of the asset can be measured reliably. Those assets with finite useful lives are measured at acquisition or development cost and amortised on a straight-line basis over their estimated useful lives. Recoverability of their carrying amount is checked by using the criteria set out in the section on "Impairment of non-financial assets".

Other non-current assets (recognised in Other assets)

Other non-current assets mainly consist of loans and receivables and claims related to completed or nearly completed contracts and companies in liquidation when their liquidation plan provides for the realisation of the assets after twelve months from the reporting date.

These assets are measured at their estimated realisable value, by recognising allowances to adjust their carrying amount accordingly. Claims are only recognised for the amounts matured and that part which is held to be reasonably recoverable. The estimated realisable value is discounted if the time value of money is material depending on when settlement is expected to take place.

Impairment of non-financial assets

If there is any indication that an intangible asset or an item of property, plant and equipment is impaired, the recoverable amount of the asset is estimated to determine the amount of the impairment loss. Goodwill is tested at least annually for impairment.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

If a binding sales agreement does not exist, fair value is estimated using the observable prices of an active market, recent transactions or the best information available to reflect the amount the entity could obtain by disposing of the asset.

Value in use is determined by discounting the estimated future cash flows expected to arise from the continuing use of an asset, net of taxes, and, if reasonably determinable, from its disposal at the end of its useful life. Discounting is applied by using a post-tax discount rate which reflects the current market assessments of the time value of money and the risks specific to the asset.

The assessment is made for individual assets or the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets from its continuing use (cash-generating unit). An impairment loss is recognised when the recoverable amount is lower than the carrying amount. If the reasons for the impairment loss are no longer valid, the impairment loss (except in the case of goodwill) is reversed and the adjustment is taken to profit or loss as a reversal of impairment losses. A reversal of impairment losses is recognised to the extent of the lower of the recoverable amount and original carrying amount less depreciation/amortisation that would have been recognised had the impairment loss not been recognised.

Inventories of goods

Inventories of goods are measured at the lower of average purchase cost and net realisable value.

Cost includes the directly related costs and estimated realisable value is determined using the replacement cost of the asset or similar assets.

Any write-downs are eliminated in subsequent years when the reasons therefor are no longer valid.

Contract assets and liabilities

Contract assets and liabilities are recognised and measured in accordance with the guidelines of IFRS 15 - Revenue from contracts with customers. Revenue is recognised using the five-step model as set out below:

1. Identify the contract with a customer;

2. Identify the performance obligations in the contract;

3. Determine the transaction price;

4. Allocate the transaction price to the performance obligations in the contract;

5. Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also covers contract costs, contract modifications and financial statements disclosures.

The methods used by the Group to apply IFRS 15 are summarised below.

1. Identify the contract with a customer

The Group identifies and measures contracts with customers in line with IFRS 15 after they have been signed and are binding, creating enforceable rights and obligations for the Group and the customer. The Group considers the criteria of IFRS 15.9 set out below to identify the contract:

a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;

b) the entity can identify each party's rights regarding the goods or services to be transferred;

c) the entity can identify the payment terms for the goods or services to be transferred;

d) the contract has commercial substance (i.e., the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and

e) it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

2. Identifying performance obligations and allocating the transaction price

IFRS 15 identifies a performance obligation as a promise included in the contract with a customer to transfer: a) a good or service (or a bundle of goods or services) that is distinct; or b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

In the Group's case, its performance obligation is usually the entire project. In fact, although the individual performance obligations provided for in the contract are distinct, they are highly interdependent and integrated as the contract provides for the transfer of the entire infrastructure to the customer.

However, certain contractual items include additional services that should be considered as distinct performance obligations. For example, these may be post-completion maintenance services after final inspection and additional or different contract warranties compared to those provided for by law or normal sector practices .

When a contract has more than one performance obligation, the appropriate portion of the contract consideration should be allocated to each separate performance obligation pursuant to IFRS 15. The Group's contracts with customers usually specify the price of each contractual item (detailed in the contract).

3. Determining the criteria for satisfaction of the performance obligations and recognition of the revenue

IFRS 15 provides that revenue shall be recognised when (or as) the performance obligation is satisfied transferring the promised good or service (or asset) to the customer. An asset is transferred when (or as) the customer obtains control.

The Group's contracts with customers are usually long-term contracts that include obligations to be satisfied over time based on the progress towards completion and transfer of control of the asset to the customer over time.

The reasons why recognition of revenue over time is considered the correct approach are:

(i) the customer controls the asset as it is constructed (the asset is built directly in the area made available by the customer);

(ii) the asset under construction does not have an alternative use and the company has an enforceable right to payment for its performance completed to date over the contract term.

IFRS 15 requires that progress towards satisfaction of a performance obligation be measured using the method that best represents the transfer of control of the asset under construction to the customer. The objective when measuring progress is to depict an entity's performance in transferring control of goods or services promised to a customer. The Group considers its market sector and the complex mix of goods and services it provides when it selects the appropriate revenue recognition method. IFRS 15 provides for two alternative methods to recognise revenue over time:

a) output method;

b) input method.

Output methods recognise revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to the date relative to the remaining goods or services promised under the contract (e.g., surveys of performance completed to date, milestones reached, units delivered, etc.). Input methods recognise revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation (e.g., resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the satisfaction of that performance obligation (cost to cost method).

The most appropriate method for measuring revenue is the cost to cost method calculated by applying the percentage of completion (the ratio of costs incurred to total estimated costs) to contract revenue. The calculation of the ratio of costs incurred to estimated costs only considers costs that contribute to the actual transfer of control of the goods and/or services. This method allows the objective measurement of the transfer of control to the customer as it considers quantitative variables related to the contract as a whole.

When choosing the appropriate method for measuring the transfer of control to the customer, the Group did not adopt the output method (e.g., surveys of performance completed to date) for its ongoing contracts as it considered that although this output method would allow a direct measurement of progress, it would also lead to operating difficulties in managing and monitoring progress considering all the resources necessary to satisfy the obligation.

In addition, an output method would entail the application of criteria and measurement inputs that are not directly observable and the incurring of excessive costs to obtain useful information.

Finally, in the Group's reference sector, the objective of contractual outputs (milestones) refers to, inter alia, modulation of cash flows to obtain financial resources useful to perform the contract and the definition of technical specifications of the works and related performance timing.

4. Determining the transaction price

Given the engineering and operating complexities, the size and length of time involved in completing the contracts, in addition to the fixed consideration agreed in the contract, the transaction price also includes additional consideration, whose conditions need to be assessed. A claim is an amount that the contract seeks to collect as reimbursement for costs incurred (and/or to be incurred) due to reasons or events that could not be foreseen and are not attributable to the contractor, for more work performed (and/or to be performed) or variations that were not formalised in riders.

The measurement of the additional consideration arising from claims is subject to a high level of uncertainty, given its nature, both in terms of the amounts that the customer will pay and the collection times, which usually depend on the outcome of negotiations between the parties or decisions taken by judicial/arbitration bodies.

This type of consideration is regulated by IFRS 15 as “contract modifications”. The standard provides that a contract modification exists if it is approved by the parties to the contract. IFRS 15 provides that a contract modification could be approved in writing, by oral agreement or implied by customary business practices. A contract modification may exist even though the parties to the contract have a dispute about the scope or price (or both) of the modification. The rights to the consideration shall be provided for contractually generating an enforceable right. Once the enforceable right has been identified, in order to recognise the claims and amount of the additional consideration requested, the company shall apply the guidance about the variable consideration given in IFRS 15. Therefore, in order to adjust the transaction price to include the additional consideration arising from the claims, the company shall decide whether it is highly probable that the revenue will not be reversed in the future.

The Group considers all the relevant aspects and circumstances such as the contract terms, business and negotiating practices of the sector or other supporting evidence when taking the above decision.

4.a Optional works

The consideration for optional works is additional consideration for future works that have not yet been agreed and/or ordered by the customer when it signs the contract.

The consideration for optional works is provided for in the contracts with the customer as it represents potential future work interrelated with the main contract object. However, most of the contracts provide that the additional works shall be specifically defined and approved by the customer before they start. Otherwise, the contractor does not have an enforceable right to payment for this performance.

Accordingly and based on sector practices, this type of consideration is a contract modification and, under IFRS 15, shall be considered when measuring the transaction price if approved by both parties to the contract. In this case, the enforceable right can only be identified after specific approval or instructions from the customer in line with its customary business practices or operating methods.

4.b Penalties

Contracts with customers may include penalties due to non-compliance with certain contract terms (such as, for example, non-compliance with delivery times).

When the contract penalties are "reasonably expected", the transaction price is reduced accordingly. The company analyses all the indicators available at the reporting date to assess the probability of a contract default that would lead to the application of penalties.

4.c Significant financing component

It is normal practice in the construction and large-scale infrastructure sector that the transaction price for the project (which is usually completed over more than one year) is paid in the form of an advance and subsequent progress billing (based on progress reports).

This method of allocating cash flows is often defined in the calls for tenders. The customer's payment flows (advances and subsequent progress billing) are usually organised to make construction of the project by the contractor feasible, limiting its financial exposure. Constructors in the large-scale infrastructure sector build projects for large amounts of money and the initial outlay is usually high.

The contract advance is used for the following reasons:

- to finance the initial contract investments and pay the related advances to subcontractors;
- as a form of guarantee to cover any risks of contractual breach by the customer.

The advance is reabsorbed by the subsequent progress billing in line with the stage of completion of the contract.

Furthermore, the Group's operating cycle is generally several years. Therefore, it considers the correct time-scale of its works to determine whether its contracts include a significant financing component.

Based on the above, it has not identified significant financing components in the transaction price for the contracts that include changes in the advances or progress billings in line with sector practices and/or of amounts that are suitable as guarantees and have a timeframe in line with the cash flows required to complete the contract.

5. Losses to complete

The new standard does not specifically cover the accounting treatment of loss-making contracts but refers to IAS 15, which regulates the measurement and classification (previously covered by IAS 11) of onerous contracts. IAS 37 provides that an onerous contract is one in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The present obligation under the contract shall be recognised and measured as a provision when the loss is probable based on the most recent forecasts prepared by management.

The unavoidable costs are all those costs that:

- are directly proportionate to the contract and increase the performance obligation transferred to the customer;
- do not include those costs that will be incurred regardless of satisfaction of the performance obligation;
- cannot be avoided by the company through future actions.

Measurement of any loss-making contracts (the onerous test) is performed at individual performance obligation level. This approach best represents the different contract profits or losses depending on the nature of the goods and services transferred to the customer.

6. Contract costs

6.a Incremental costs of obtaining a contract

IFRS 15 allows an entity to recognise the incremental costs of obtaining a contract as an asset if it expects to recover those costs through the future economic benefits of the contract. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred (costs not explicitly chargeable to the customer). The incremental costs are recognised as an asset (contract costs) and amortised on a systematic basis that is consistent with the pattern of transfer of control of the goods or services to the customer.

6.b Costs to fulfil a contract

Under IFRS 15, an entity shall recognise an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract;
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

It is the practice of the Group's sector that these costs usually consist of pre-operating costs that are recognised by customers and included in precise contract items or are not explicitly recognised and are covered by the contract profit. Formal recognition of these costs implies that, when they are incurred, control of the asset provided for in the contract is transferred. Therefore, they cannot be recognised as assets and contribute to the stage of completion.

When the contract provides for their explicit recognition and the above three criteria are met, the pre-operating costs are recognised as assets and amortised on a systematic basis that is consistent with the pattern of transfer of control of the goods and/or services to the customer.

In addition, IFRS 15 defines all those costs that, by their nature, do not contribute to the stage of completion as, although they are referred to in the contract and can be recovered, they do not contribute to generating or enhancing the resources that will be used to satisfy the performance obligations or to transfer of control of the good and/or service to the customer.

7. Presentation in the consolidated financial statements

The statement of financial position includes "Contract costs" under intangible assets which includes the costs capitalised under the criteria described in point 6 of this section. Amortisation of these costs is included in the statement of profit or loss item "Amortisation, depreciation and provisions".

Contract assets and liabilities are presented in the statement of financial position items “Contract assets” and “Contract liabilities”, respectively under assets and liabilities. The classification in line with IFRS 15 depends on the relationship between the Group’s performance obligation and payment by the customer. These items show the sum of the following components analysed individually for each customer:

(+) Amount of work performed calculated using the cost-to-cost method pursuant to IFRS 15

(-) Progress payments and advances received

(-) Contractual advances.

When the total is positive, the net balance is recognised as a "Contract asset". If it is negative, it is recognised as a "Contract liability". When the amounts represent an unconditional right to payment of the consideration, they are recognised as financial assets.

The Group’s statement of profit or loss includes a revenue item “Revenue from contracts with customers” to comply with IFRS 15. This revenue is presented and measured in accordance with the new standard. The item “Other income” includes income from transactions other than contracts with customers and is measured in line with other standards or the Group’s specific accounting policy elections. It includes income related to gains on the sale of non-current assets, income on cost recharges, prior year income and income from the recharging of costs of Italian consortia and consortium companies.

With respect to the last item, the Group’s activities involve its participation in numerous SPEs that, especially in Italy, use the consortium structure, which works using a cost recharging system. Under IFRS 10 and IFRS 11, these entities have been classified as subsidiaries, associates and joint ventures. As this income does not arise on the performance of the contract obligations or contract negotiations, it is recognised as “Other income”.

Real estate projects

Closing inventories of real estate projects are those real estate areas developed with a view to selling them. They are measured at the lower of cost and estimated realisable value. Costs incurred consist of the consideration paid for purchasing the areas and related charges, construction costs and borrowing costs related to the project up to and not exceeding its completion.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term, highly liquid investments with a term of less than three months. This item is shown in the statement of cash flows net of bank borrowings at the reporting date.

Equity investments

Investments in entities other than subsidiaries, associates, joint operations and joint ventures (reference for which should be made to the section on “Consolidation scope”) are classified as “Equity investments” at the time of their acquisition and are included in the financial assets at fair value through profit or loss category required by IFRS 9.

Since they mainly relate to consortia and consortium companies of which the Group holds less than 20%, in accordance with IFRS 9, such investments are stated as non-current assets.

Dividend income from such financial instruments is recognised in profit or loss under financial income when the group companies holding the investments are given the right to such dividend.

Financial instruments

Financial assets – Debt instruments

Financial assets, which are debt instruments, are classified in the following three categories depending on the instruments' contractual cash flow characteristics and the business model for managing them:

(i) financial assets at amortised cost;

(ii) financial assets at fair value through other comprehensive income (FVTOCI);

(iii) financial assets at fair value through profit or loss (FVTPL).

Financial assets are initially recognised at fair value. Trade receivables that do not contain a significant financing component are measured at their transaction price.

After initial recognition, financial assets that generate contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost if they are held within a business model whose objective is to hold them in order to collect contractual cash flows (hold to collect business model). Under the amortised cost method, the financial assets' amount at initial recognition is decreased by principal repayments, any loss allowance and cumulated amortisation of the difference between that initial amount and the maturity amount.

Amortisation is calculated using the effective interest rate that exactly discounts the expected future cash flows to their initial carrying amount.

Loans and receivables and other financial assets at amortised cost are recognised net of the related loss allowance.

Debt instruments held within a business model whose objective is to collect contractual cash flows and sell financial assets (hold to collect and sell model) are measured at fair value through other comprehensive income. Fair value gains and losses on these financial assets are recognised in other comprehensive income (OCI). The cumulative fair value gains and losses previously recognised in OCI are reclassified to profit or loss when the financial asset is derecognised. Interest income calculated using the effective interest method, exchange differences and impairment losses are recognised in profit or loss.

Debt instruments that are not measured at amortised cost or FVTOCI are measured at fair value through profit or loss.

Financial assets that are transferred are derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred to third parties.

Impairment losses on financial assets

The company tests the recoverable amount of debt instruments not measured at fair value through profit or loss using the expected credit loss model. This model develops estimates of the impact of changes in economic factors on the expected credit losses using a probability-weighted outcome.

The Group found that, given the characteristics of its business sector, credit risk is that deriving from its exposure to potential losses arising from the customers' (which are mostly governments or state bodies) non-compliance with their obligations.

Management of this risk is complex, starting as early as the assessment of offers, through a careful analysis of the characteristics of the countries in which the Group's activities should be carried out and the customers, which are usually state or similar bodies, requesting an offer.

Therefore, this risk can be essentially assimilated to the country risk. An analysis of this risk based on the age of the outstanding amounts is not very meaningful, since the receivables should be assessed together with the related working capital items, especially those reflecting the net exposure to customers in relation to contract work in progress as a whole.

Loans and borrowings and bonds

Loans and borrowings and bonds are initially recognised at cost, being the fair value of the consideration received less transaction costs.

After initial recognition, loans are measured at amortised cost, whereby repayments are determined using the effective interest method with a rate which matches, at initial recognition, the expected cash flows with the initial carrying amount.

Loan transaction costs are classified under liabilities decreasing the loan; amortised cost is calculated considering these costs and any discounts or premiums expected at settlement.

The effects arising from the recognition at amortised cost are taken to "Financing income (costs)".

Derecognition of financial assets and liabilities

(a) Financial assets

A financial asset (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognised when:

(i) the contractual rights to the cash flows from the financial asset expire;

(ii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in full and immediately;

(iii) the Group transfers the contractual rights to receive the cash flows of the asset and has transferred substantially all the risks and rewards of ownership of the financial asset and the related control.

When the Group has transferred the contractual rights to receive the cash flows of the financial asset and has neither transferred nor retained substantially all the risks and rewards or has retained control, it continues to recognise the asset to the extent of its continuing involvement in the asset. Continuing involvement that takes the form of guaranteeing the transferred asset is measured at the lower of the initial carrying amount of the asset and the maximum amount of the consideration that the Group could be required to pay.

(b) Financial liabilities

Financial liabilities are derecognised when the underlying obligation is extinguished, cancelled or settled.

When an existing financial liability is exchanged with another by the same lender at substantially different terms, or the terms of an existing liability are substantially modified, this exchange or modification is treated as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amounts is recognised in profit or loss.

Derivatives and hedging transactions

Salini Impregilo Group has derivatives recognised at fair value when the related agreement is signed and for subsequent fair value changes. The treatment of the related fair value gains or losses changes depending on whether the conditions for hedge accounting under IFRS 9 are met, as described below.

Salini Impregilo Group has derivatives to hedge currency and financial risks. At the inception of the transaction, it documents the hedging relationship, its risk management and strategy objectives in entering into the transaction, the hedging instrument and hedged item or transaction and the nature of the hedged risk. Moreover, at the inception of the transaction and thereafter on an ongoing basis, the Group documents whether or not the hedge meets the effectiveness requirements to offset its exposure to changes in the fair value of the hedged item or cash flows attributable to the hedged risk.

“Hedging purposes” are assessed considering risk management objectives. When they do not meet the requirements of IFRS 9 for hedge accounting, the derivatives are classified as “Financial assets or financial liabilities at fair value through profit or loss”.

Employee benefits

- *Defined benefit plans and defined contribution plans*

The Group has pension plans for its employees that are classified either as defined benefit plans or defined contribution plans depending on their characteristics. Defined benefit plans include the benefits the employees will receive when they retire and which are usually dependent on one or more factors such as age, years of service and remuneration. The Group recognises a liability for these defined benefits equal to the present value of its obligation at year end, including any adjustments for unrecognised costs related to past service less the fair value of the plan assets. The Group calculates its liability once a year using the projected unit credit method. Present value is calculated by discounting the future outlays using the interest rate applied to high quality corporate bonds with a currency and term consistent with the currency and estimated term of the post-employment benefit obligations. Actuarial gains and losses on defined benefit plans arising from changes in the underlying assumptions or in the plan conditions are recognised in other comprehensive income in the period in which they arise. Past service cost is expensed immediately. The Group pays benefits to public and private pension funds on a mandatory, contractual or voluntary basis for the defined contribution plans. The contributions are recognised as personnel expense.

The Group contributes to multi-employer pension plans via its US subsidiaries. These plans pool the assets contributed by the various entities to provide benefits to the employees of more than one entity determining the contribution and benefit levels without regard to the identity of the entity that employs the employees concerned. The Group recognises these plans as defined contribution plans.

- *Short-term and long-term benefits*

Short-term employee benefits, that is, payable within twelve months of the end of the year in which the employees rendered the service, are recognised as a cost and as a liability for the undiscounted amount of benefits expected to be paid in exchange for that service. Long-term benefits, such as remuneration to be paid after twelve months of the end of the year in which the employees rendered the service, are recognised as liabilities for an amount equal to the present value of the benefits at the reporting date.

- *Post-employment benefits*

Post-employment benefits are recognised at the present value of the Group's liability determined in line with ruling legislation and national and in-house labour agreements. The valuation, based on demographic, financial and turnover assumptions, is carried out by independent actuaries. The gains and losses resulting from the actuarial calculation are recognised in profit or loss if related to service costs and interest expense or in comprehensive income if relating to assets and liabilities.

The 2007 Finance Act and related implementing decrees introduced significant changes to legislation governing Italian post-employment benefits, effective as from 1 January 2007. These include the option given to employees, to be exercised before 30 June 2007, of where to allocate their future benefits. Specifically, employees can opt to allocate them to selected pension funds or maintain them with the company, in which case, the latter shall pay the contributions to the treasury fund of INPS (the Italian social security institution).

Following these changes, the Italian post-employment benefits accruing after the date of the employees' decision and, in any case, after 30 June 2007, are considered part of a defined contribution plan and treated like all other social security contributions.

- *Share-based payments*

Share-based payments are measured at fair value of the option at the grant date. This amount is recognised in the statement of profit or loss on a straight-line basis over the vesting period. This treatment is based on an assessment of the stock options that will effectively vest in favour of the qualifying employees. Fair value is determined using the share price at the grant date.

Income taxes

Current taxes are provided for using the enacted tax rates and laws ruling in Italy and other countries in which the Group operates, based on the best estimate of the taxable profit for the year.

Group companies net tax assets and liabilities when this is legally allowed.

The parent set up the national tax consolidation system pursuant to article 117 and subsequent articles of Presidential decree no. 917/86 on 1 January 2004. In 2019, 11 of the parent's Italian subsidiaries joined the system, which is regulated by the specific consolidation mechanisms.

Deferred tax assets and liabilities are calculated on the basis of the temporary differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. Deferred tax assets are recognised when the Group holds their recovery to be probable.

The carrying amount of deferred tax assets is reviewed at each reporting date and, to the extent necessary, is decreased when it is no longer probable that sufficient taxable profits will be available in the future to use all or part of the related benefit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively, and are netted at company level if related to taxes that may be offset. If the balance is positive, it is recognised as "Deferred tax assets", if not, as "Deferred tax liabilities".

Taxes that could arise from the transfer of undistributed profits by subsidiaries are only calculated when the subsidiary has the positive intention to transfer such profits.

In the case of transactions recognised directly in equity, the related deferred tax asset or liability also affects equity.

Provisions for risks and charges

In accordance with IAS 37, the Group makes accruals to provisions for risks and charges when the following conditions exist:

- the Group or a group company has a present obligation (legal or constructive) at the reporting date as a result of a past event where an outflow of resources embodying economic benefits will be required to settle the obligation;
- it is probable that the obligation (through an outflow of resources) will have to be settled;
- a reliable estimate can be made of the amount of the obligation.

When the time value is material and the obligation payment dates can be estimated reliably, the amount recognised as the provision equals the pre-tax future cash flows (i.e., forecast outflows) discounted at a rate that reflects the present market value and risks specific to the liability.

The increase in the provision due to discounting is recognised as a financial expense.

When the expected cash flows are included in an estimate range with the same probability of occurrence, the median value is discounted to measure the liability.

Provision for restructuring costs is recognised when the parent or relevant group company has approved a detailed formal plan that has been implemented and communicated to the third parties involved.

Translation criteria for foreign currency items and translation of financial statements of consolidated companies or companies measured using the equity method expressed in currencies other than the Euro

The translation criteria for foreign currency items adopted by the Group are as follows:

- foreign currency monetary assets and liabilities are translated at the closing spot rate with any exchange rate gains or losses taken to the statement of profit or loss;
- non-monetary assets and liabilities are recognised at historical cost denominated in the foreign currency and translated using the historical exchange rate;
- revenue and costs related to foreign currency transactions are recognised in profit or loss at the exchange rate ruling on the date of the transaction;
- any material effects deriving from changes in exchange rates after the reporting date are disclosed in the notes.

With respect to the translation of financial statements of consolidated companies or companies measured using the equity method and expressed in currencies other than the presentation currency (functional currency), reference should be made to the section on the “Basis of consolidation”.

The Group has applied IAS 29 - Financial reporting in hyperinflationary economies for its subsidiaries and associates that prepare their financial statements in a functional currency of a hyperinflationary economy. This standard requires that the financial statements of an entity, whose functional currency is that of a hyperinflationary economy, be translated at the closing spot rate. The statement of financial position items not yet translated into Euros at the reporting date are redetermined using a general price index. All the statement of profit or loss items are translated into Euros at the exchange rate ruling on the date the revenue and costs were initially recognised.

Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

Assets held for sale are recognised as such when the following events take place:

- signing of a binding sales agreement;
- approval and communication of a formal sales plan by directors.

In order to be correctly measured, the assets shall be:

- available for immediate sale in their present condition;
- subject only to terms that are usual and customary for sales of such assets, and
- the sale must be highly probable and expected to take place within twelve months.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of an entity that either has been disposed of or classified as held for sale and that meets any of the following criteria: i) it represents a separate major line of business or geographical area of operations; ii) it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or iii) it is a subsidiary acquired exclusively with a plan to resell.

The profit or loss from discontinued operations is disclosed separately in the statement of profit or loss. As required by paragraph 34 of IFRS 5 - Non-current assets held for sale and discontinued operations, the corresponding prior year figures are reclassified accordingly.

Revenue from contracts with customers

Revenue from contracts with customers is recognised using the five-step model: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; (v) recognise revenue when (or as) the entity satisfies a performance obligation.

More information is available in the “Contract assets and liabilities” paragraph of these notes.

Interest income

Interest income is recognised on an accruals basis, considering the principal and applicable effective interest rate, i.e., the rate that discounts the estimated future inflows over the expected life of the financial asset to return it to its carrying amount.

Dividends

Dividends are recognised when the investors’ right to receive payment arises in line with local ruling legislation.

Earnings (loss) per share

Basic earnings per share are calculated as the ratio of the profit or loss for the year attributable to the holders of the ordinary shares of the parent to the weighted number of ordinary shares outstanding during the year. Diluted earnings per share are calculated considering the potential diluting effect of exercise of their rights by the holders of rights that potentially have a diluting effect on shares when calculating the number of outstanding shares.

Operating segments

The operating segments comply with the reporting system provided to group management which is in charge of allocating the resources and assessing the results obtained by the segments. The Group’s management and organisational structure presents the segments according to a geographical breakdown in macro-areas, on the basis of the Italy, Abroad and Lane Group segments.

The intrasegment transfer prices related to the exchange of goods and services are agreed at normal market conditions.

Complex accounting estimates

Preparation of financial statements and the related notes in accordance with the IFRS requires management to make judgements and estimates that affect the carrying amount of assets and liabilities and financial statements disclosures. The estimates are used to:

- recognise goodwill (see section 5 “Business combinations”);
- determine amortisation and depreciation (see the “Property, plant and machinery”, “Leased property, plant and equipment”, “Rights to infrastructure under concession” and “Other intangible assets” paragraphs of the “Accounting policies” section);
- recognise impairment losses (see the “Impairment of non-financial assets” paragraph of the “Accounting policies” section);
- recognise employee benefits (see the “Employee benefits” paragraph of the “Accounting policies” section);
- recognise taxes (see the “Income taxes” paragraph of the “Accounting policies” section);
- recognise provisions for risks and charges (see the “Provisions for risks and charges” paragraph of the “Accounting policies” section);
- determine contract revenue, including claims for additional consideration, total contract costs and the related stage of completion (see the “Contract assets and liabilities” paragraph of the “Accounting policies” section). A significant part of the Group’s activities is typically performed on the basis of contracts which provide that a specific consideration is agreed when the contract is awarded. This implies that the profits on these contracts may undergo change compared to the original estimates depending on the recoverability of greater expenses and/or costs the Group may incur during performance of such contracts. Recognition of additional consideration by associates may entail adjustment of their equity due to standardisation with the Group’s accounting policies.

The actual results may differ from those estimated due to uncertainties underlying the assumptions and the conditions on which the estimates are based.

Fundamental assumptions about the future and other reasons for uncertainty when making the estimates at the reporting date that may lead to material adjustments to the carrying amount of the assets and liabilities are described in the specific section of the Directors’ report on the main risk factors and uncertainties.

Change in Condotte’s interest in COCIV

The COCIV consortium (the “consortium” or “COCIV”) was assigned the project for the definitive and executive design and construction of the high speed/capacity Milan - Genoa railway line section/Giovi third railway crossing with an agreement signed with TAV S.p.A. on 16 March 1992 (the “agreement”) and subsequent rider signed with Ferroviaria Italiana S.p.A. (“RFI”), which replaced TAV S.p.A. after it merged into RFI, on 11 November 2011 (the “rider”).

COCIV’s membership structure varied over time due to a number of events that led to the following structure on 19 December 2019:

Salini Impregilo S.p.A.	64%
Società Italiana per Condotte d'Acqua S.p.A. ("Condotte")	31%
Civ S.p.A. ("Civ"), in which Salini Impregilo has a 85% investment	5%

In 2018 and 2019, Condotte faced a serious financial crisis and applied for extraordinary administration pursuant to Decree law no. 347/2003, converted with amendments by Law no. 39/2004. The application was allowed by the Ministerial decree of 6 August 2018 and the Rome Court resolution of 14 August 2018 declaring Condotte insolvent. Accordingly, Condotte is now operating under the extraordinary administration procedure.

During the validity of the extraordinary administration, Condotte failed to fulfil its consortium obligations provided for by COCIV's by-laws (the "by-laws"), as well as the consortium members' agreements supplementing the provisions of the by-laws (the "consortium members' agreements").

Specifically, Condotte failed to provide COCIV with the counter-guarantees necessary to allow COCIV to obtain the guarantees to be provided to RFI when the contracts for the construction lots into which the work was divided by RFI (and before that by the CIPE) were signed due to the need to have the financial resources necessary for the project's construction.

The breach occurred in connection with the fifth and sixth construction lots' contract execution, following RFI's notifications of 17 December 2018 and 27 June 2019, respectively.

In both cases, the consortium was only able to remedy Condotte's breaches thanks to the other two members (Salini Impregilo and CIV), which provided the necessary counter-guarantees that Condotte had not given, thereby enabling COCIV to obtain the guarantees from the banks to be provided to RFI.

After having formally challenged Condotte's failure to comply with its counter-guarantee obligations for the fifth construction lot, in accordance with the by-laws and consortium members' agreements, on 18 April 2019, COCIV passed a resolution of the board of representatives - the competent body under the by-laws - (the "first resolution"), whereby:

(i) it ordered the reduction in Condotte's interest to the minimum interest allowed (0.001%);

(ii) it allocated the portion so decreased to the other consortium members (specifically to Salini Impregilo, as CIV refused);

(iii) it adopted the necessary amendments to the by-laws following the changes in the consortium's membership structure;

(iv) it adopted other necessary measures for the ordered reduction in Condotte's interest.

In order to enforce the reallocation among the other consortium members of the defaulting member's decreased interest and the consequent amendment to its by-laws vis-a-vis RFI, the by-laws required the latter's consent. Therefore, anticipating that the customer would have given its consent in a timely manner, in connection with the first resolution, COCIV passed a single resolution to reduce and increase interests and amend its by-laws (unifying the internal and external effects of its resolution into a single act). Taking into account RFI's position in relation to the first resolution during the interlocutory stage, when Condotte's second, serious and repeated breach occurred, the consortium modified the structure of its resolutions, progressively and separately dealing firstly with its internal effects (to which RFI is unrelated) and secondly with its external effects and the consequent by-laws amendment, subjecting only the latter resolution to RFI's consent.

Condotte challenged the first resolution pursuant to the arbitration clause in article 27 of the by-laws. It also filed a petition under article 700 of the Italian Code of Civil Procedure with the Genoa Court seeking - inter alia - suspension of the effects of the first resolution. The Genoa Court dismissed the case on 28 June 2019, and the decision was upheld in Condotte's appeal. The arbitration panel appointed to resolve the dispute on the first resolution commenced by Condotte was formed on 13 January 2020.

In the meantime, acknowledging the dispute on the first resolution commenced by Condotte, RFI informed the consortium that it would give its consent to the amendments to the by-laws concerning the modified membership structure resulting from the first resolution only after settlement of the dispute, given the fact that the resolution included both issues and not wanting to take a position on the dispute.

As mentioned above, however, Condotte reiterated its breach of contract in connection with the sixth construction lot, again failing to provide its counter-guarantees required by the Consortium (since its interest remained at 31% as the first resolution was ineffective during the period in which the condition had to be satisfied).

As a result, COCIV's board of representatives adopted the consequent resolutions on 19 December 2019, after having issued the required notice to comply, which remained unsuccessful. As indicated above and different to the first resolution, the board of representatives has structured these resolutions differently, in order not to involve RFI directly in the part relating to Condotte's failure to comply. In particular:

- a resolution (the "second resolution" or "reduction resolution") adopted also with the participation of Condotte (which, however, was precluded from voting under the by-laws), on the basis of the breaches that had occurred, reduced Condotte's interest to the minimum interest of 0.001%, at the same time excluding Condotte's representatives from the consortium bodies.

  This resolution took immediate effect and solely affected the consortium's internal relationships;

- another resolution (the "third resolution" or "reallocation resolution"), passed by the board in its modified composition as per the second resolution:

  - ordered the proportionate allocation of the interest previously held by Condotte (including the rights attached thereto) to the other two members that replaced Condotte when it failed to comply. This resolution took immediate effect and solely affected the consortium members;

  - approved the amendment to the by-laws relating to the new interest percentages in the consortium, subjecting its effectiveness to RFI's required consent and, hence, to the reallocation resolution's production of external effects, which is its enforcement vis-a-vis RFI; this enforcement would trigger the enforceability of the amendment to the by-laws.

As a result of the content of the third resolution, on 20 December 2019, COCIV requested RFI's consent which was necessary to enforce the approved by-laws amendment (without prejudice to the immediate enforceability of the second resolution and of the internal effects of the third resolution).

In the meantime, the term (31 December 2019) set for the coming into force of the first resolution passed unsuccessfully and, therefore, not only did such resolution not produce any legal effect up to that term, but it can never produce any future effects (with the related consequences on the first arbitration proceeding commenced by Condottee).

Condotte lodged a second request for arbitration against the second resolution again under the by-laws.

Acknowledging again there was a dispute commenced by Condotte against the second resolution (solely in relation to the amendment to the by-laws for which its consent was required), on 20 February 2020, RFI informed COCIV and its members Salini Impregilo, Condotte and CIV that *"it was not in a position to decide on the request for consent made by COCIV"*.

It also added that "*pursuant to the applicable contractual provisions, RFI's consent would [have] be [been] given - only after completion of a specific investigation - into the subsequent allocation among the other consortium members, including in order to check that the legal and contractual requirements are still met*".

With the support of its legal advisors, Salini Impregilo carried out an analysis of the effects of the resolutions and the arbitration proceedings proposed by Condotte on its consolidated financial statements.

Specifically, based on the above analysis, the parent believes that:

- the reduction resolution is valid as it was passed in accordance with the by-laws and consortium members' agreements as a contractually-obliged result of Condotte's serious breach.

  The breach is serious, which is further confirmed by Condotte's large interest in the consortium before the reduction to the minimum interest (over 30%, on the basis of which the proportional obligation to provide counter-guarantees for COCIV is calculated) and by the fact that, under the structure that the consortium has developed over time in order to perform the contract with RFI (the consortium's sole object), the provision of counter-guarantees is absolutely the members' prevailing obligation and is essential to enable the consortium to perform the contract with RFI;
- the reduction resolution sets out the consequences of the reduction to the minimum interest of Condotte's interest in the consortium's business (and the consortium fund) in accordance with the agreements in force and, hence, it was validly passed;
- the reduction resolution was also immediately effective because (a) it could be passed and (b) it was declared to be passed as such. It relates to the internal relationships among consortium members and is, therefore, immediately enforceable and productive of the related effects, including financial (also considering that the provisions of the by-laws and the consortium members' agreements for the automatic proportional allocation of any interests transferred from other consortium members and that the consortium members' agreements even states that the takeover is as a precise obligation).

The possibility of reducing the defaulting member's interest in the consortium to the minimum interest with immediate effect complies with the by-laws, which do not subject this decision to RFI's approval, as such approval is only required for the by-laws amendment relating to a change in the consortium's membership structure and can be enforced vis-a-vis RFI and third parties;

- the reallocation resolution was passed in accordance with the by-laws and consortium members' agreements and, as such, is fully valid. On the other hand, it may not be enforced vis-a-vis RFI and third parties, since the former has a real right of veto on the takeover, which is consistent with its role as customer that is entitled to carry out any checks of the consortium's (ongoing) satisfaction of the legal and contractual requirements, as RFI has reserved the right to do after the end of the arbitration procedure about the reduction resolution.

  Therefore, summing up the above, with regard to the effectiveness of the reallocation resolution, the following distinction should be made:

  - for the purposes of the internal relationships among consortium members, the resolution is immediately enforceable and productive of effects, including financial, as confirmed by the provisions of the by-laws and consortium members' agreements for an automatic proportional allocation of the interests transferred from other consortium members and, in the case of the consortium members' agreement, a takeover obligation;
  - the reallocation resolution, on the other hand, may not be enforced vis-a-vis RFI and third parties, since the former has a real right of veto on the takeover, which is consistent with its role as customer that is entitled to carry out any checks of the consortium's (ongoing) satisfaction of the legal and contractual requirements, as it has reserved the right to do after the end of the arbitration procedure about the reduction resolution.

  With regard to the consortium's ongoing satisfaction of the relevant requirements following the amendment to its by-laws, according to the consortium's legal advisors, if RFI found that COCIV met all the requirements to carry out the contracted work in compliance with the contract documents, despite its members including an insolvent party (Condotte), it can only confirm such an assessment when evaluating the enforceability of the reallocation of the interest transferred from Condotte, which improves, in every significant way, the requirements that can be met by the consortium (primarily, its ability to fulfil its obligations, including its guarantee obligations). Since RFI has not subordinated its consent to anything else, supported by the opinion of its legal advisors, the company believes that the above resolutions will be maintained by the arbitration proceedings underway and RFI's subsequent assessments;

- on the basis of the opinions of its legal advisors, the Group believes that there are reasonable grounds that the arbitration award will be favourable for COCIV, allowing RFI to express its conclusions on the few issues mentioned above.

Further to the resolutions of 19 December 2019, the consortium's membership structure in relation to the rights and obligations resulting from the contract with RFI is as follows:

Salini Impregilo S.p.A.	97.753%
Civ S.p.A. (“Civ”), in which Salini Impregilo has a 85% investment	7.246%
Società Italiana per Condotte d’Acqua S.p.A. (“Condotte”)	0.001%

The increase in the Salini Impregilo Group entities’ ideal interests in the contract (held by COCIV) resulting from the reallocation of Condotte’s interest led to a rise in the carrying amount of contract assets relating to the COCIV contract of €107.5 million recognised as revenue from contracts with customers in profit or loss in accordance with IFRS 15 as the conditions for contract variations and variable considerations are met

5. Business combinations

Acquisition of Cossi Costruzioni S.p.A.

The Group signed the agreement for the acquisition of Cossi Costruzioni S.p.A. on 29 March 2019 (more information is available in the “Progetto Italia” paragraph of the “Key events of the year” section in the Directors’ report). It initially provided that the investee’s share capital of €10,000,000, comprising 10,000,000 shares, would be held by Salini Impregilo S.p.A. (80% for 8,000,000 shares) and Banca Popolare di Sondrio Soc. Coop. P.A. (2,000,000 shares).

The transaction price was €534, including €500 to Società Italiana Condotte d’Acqua S.p.A. and €34 to Ferfina S.p.A. for their investments. As provided for in the agreements with Società Italiana Condotte d’Acqua S.p.A., the parent took over its liability with Cossi Costruzioni S.p.A. as per article 1273.1 of the Italian Civil Code by signing sales contracts for assets on 29 March 2019, solely for the part attributable to the seller (€4,601,583). The acquisition agreement also included put and call options for the non-controlling interests to be exercised in 2022 and/or 2024. Salini Impregilo measured these options’ fair value using the forecast data of the subsidiary, which is still undergoing a reorganisation at the date of preparation of this report. Based on this measurement, performed with the assistance of the parent’s consultants, recognition of a contingent consideration at the reporting date was not necessary.

On 8 April 2019, in their extraordinary meeting, the shareholders of Cossi Costruzioni S.p.A. approved a capital increase of €2,598,426 (without a premium) to take place through the issue of 2,598,426 shares. The shareholder Salini Impregilo S.p.A. waived its right and Banca Popolare di Sondrio Soc. Coop. P.A. subscribed the entire increase. Subsequently, the bank sold 2,299,213 Cossi Costruzioni S.p.A. shares to Liri S.r.l..

As a result, Salini Impregilo S.p.A. controls Cossi Costruzioni S.p.A. with a 63.5% stake. The two non-controlling investors are Banca Popolare di Sondrio Soc. Coop. P.A. and Liri S.r.l. with 18.25% each.

Salini Impregilo availed of the option allowed by IFRS 3 (revised) to provisionally allocate the transaction cost to the fair value of the assets acquired and the liabilities and contingent liabilities assumed.

The following table summarises Salini Impregilo's share of the assets and liabilities of Cossi Costruzioni S.p.A. at the acquisition date and their fair value measured on a provisional basis at such date for the PPA procedure:

(€'000)	Carrying amount	Fair value
Non-current assets	35,781	27,063
of which:		
- Property, plant and equipment	11,366	11,366
- Right-of-use assets	2,088	2,088
- Goodwill	3,011	-
- Equity investments	13,609	13,609
- Deferred tax assets	5,707	-
Inventories	3,201	3,201
Trade receivables	19,288	21,704
Cash and cash equivalents	706	706
Contract assets	4,497	10,286
Current financial assets	10,387	10,387
Other current assets	6,306	3,552
Total assets	**80,166**	**76,899**
Post-employment benefits and employee benefits	352	352
Non-current bank loans and borrowings	13,127	13,127
Provisions for risks and charges	1,029	1,029
Trade payables	28,142	28,142
Other current liabilities	11,306	10,812
Current bank loans and borrowings	16,190	16,190
Total liabilities	**70,146**	**69,651**
Net assets acquired	**10,020**	**7,247**
Less non-controlling interests	(3,657)	(2,645)
Net assets acquired (net of non-controlling interests)	**6,363**	**4,602**

At the acquisition date, gross trade receivables amounted to €19.6 million and the loss allowance to €0.3 million.

The cash used for the acquisition, net of cash acquired, is set out below:

(€'000)	
Cash and cash equivalents	706
Non-current assets	27,063
Other current assets	49,130
Non-current liabilities	(14,507)
Current liabilities	(55,144)
Total net assets acquired	**7,247**
Less non-controlling interests	(2,645)
Total net assets acquired attributable to the owners of the parent	**4,602**
Less cash acquired	(706)
Cash and cash equivalents net of cash acquired and used for the acquisition	**3,896**

Cossi Costruzioni has been included in the consolidation scope since 29 March 2019 and its contribution is presented in the Group's consolidated financial statements at 31 December 2019 (revenue of €34.7 million).

Other changes in the consolidation scope

Other than the acquisition of Cossi Costruzioni S.p.A., no other changes in the consolidation scope took place during the reporting period.The number of consolidated companies varies due to the set up of new companies to manage contracts acquired during the year.

6. Segment reporting

Segment reporting is presented according to macro geographical regions, based on the management review approach adopted by senior management, for the '"Italy", "Abroad" and "Lane Group" operating segments.

Costs relating to activities which are carried out by the parent, Salini Impregilo, called "Corporate" costs, are attributed to the Italy segment and relate to:

- planning of human and financial resources;
- coordination and assistance with the group companies' administrative, tax, legal/corporate and institutional and business communications requirements.

These costs amounted to €153.0 million for 2019 compared to €163.6 million for the previous year.

Management measures the segments' results by considering their operating profit.

It measures their equity structure using their net invested capital.

Disclosures on the Group's performance by business segment are set out in the Directors' report. The consolidated financial statements figures are summarised below by operating segment.

Statement of profit or loss by operating segment - 2018

(€'000)	Italy (*)	Abroad	LANE Group	Total
Revenue from contracts with customers	358,623	3,720,031	785,488	4,864,142
Other income	133,686	197,414	2,418	333,518
Total revenue	**492,309**	**3,917,445**	**787,906**	**5,197,660**
Operating expenses				
Production costs	(407,308)	(2,868,436)	(590,632)	(3,866,376)
Personnel expenses	(168,060)	(386,360)	(219,996)	(774,416)
Other operating expenses	(39,116)	(84,703)	(19,784)	(143,603)
Total operating expenses	**(614,484)**	**(3,339,499)**	**(830,412)**	**(4,784,395)**
Gross operating profit (loss)	**(122,175)**	**577,946**	**(42,506)**	**413,265**
Gross operating profit margin %	*-24.8%*	*14.8%*	*-5.4%*	*8.0%*
Impairment losses (**)	(26,632)	(167,888)	-	(194,519)
Amortisation, depreciation and provisions	(21,851)	(118,564)	(10,236)	(150,651)
Operating profit (loss)	**(170,658)**	**291,494**	**(52,742)**	**68,095**
Return on Sales				*1.3%*
Net financing costs and net losses on equity investments				(102,308)
Loss before tax				**(34,213)**
Income taxes				(39,274)
Loss from continuing operations				**(73,487)**
Profit from discontinued operations				114,802
Profit for the year				**41,315**

(*) The operating profit includes the costs of the central units and other general costs of €163.6 million.

(**) Starting from 2019, the Group has decided to present "Impairment losses" separately in the reclassified statement of profit or loss for their better presentation. Therefore, the 2018 comparative figure has been restated accordingly.

Statement of profit or loss by operating segment - 2019

(€'000)	Italy (*)	Abroad	LANE Group (**)	Total
Revenue from contracts with customers	711,553	3,028,296	1,030,785	4,770,634
Other income	170,731	180,604	7,993	359,328
Total revenue	**882,284**	**3,208,900**	**1,038,778**	**5,129,962**
Operating expenses				
Production costs	(634,321)	(2,260,659)	(732,361)	(3,627,341)
Personnel expenses	(152,329)	(381,806)	(257,075)	(791,210)
Other operating expenses	(64,659)	(95,860)	(19,734)	(180,253)
Total operating expenses	**(851,309)**	**(2,738,325)**	**(1,009,170)**	**(4,598,803)**
Gross operating profit	**30,975**	**470,575**	**29,608**	**531,159**
Gross operating profit margin %	*3.5%*	*14.7%*	*2.9%*	*10.4%*
Impairment losses	(17,383)	(85,000)	(40)	(102,423)
Amortisation, depreciation and provisions	(58,738)	(77,032)	(36,167)	(171,937)
Operating profit (loss)	**(45,146)**	**308,543**	**(6,599)**	**256,799**
Return on Sales				*5.0%*
Net financing costs and net losses on equity investments				(200,890)
Profit before tax				**55,909**
Income taxes				(69,160)
Loss from continuing operations				**(13,251)**
Loss from discontinued operations				(894)
Loss for the year				**(14,145)**

(*) The operating profit includes the costs of the central units and other general costs of €153.0 million.

(**) Lane Group includes the figures for the fully-consolidated companies in Argentina (Iglys S.A. and Mercovia S.A.), the Middle East (Lane Mideast Contracting and Lane Mideast Qatar) and Europe (Seli Tunneling and Impregilo New Cross).

Statement of financial position at 31 December 2018 by operating segment

(€'000)	Italy	Abroad	LANE Group	Total
Non-current assets	455,305	595,580	177,381	**1,228,266**
Assets held for sale, net	5,683			**5,683**
Provisions for risks	(30,767)	(49,144)	(4,302)	**(84,213)**
Post-employment benefits and employee benefits	(14,117)	(10,863)	(32,045)	**(57,025)**
Net tax assets (liabilities)	355,394	(113,711)	17,383	**259,066**
Working capital	**128,062**	**446,352**	**(134,499)**	**439,915**
Net invested capital	**899,560**	**868,214**	**23,918**	**1,791,692**
Equity				932,064
Net financial indebtedness				859,628
Total financial resources				**1,791,692**

Statement of financial position at 31 December 2019 by operating segment

(€'000)	Italy	Abroad	LANE Group (*)	Total
Non-current assets	751,406	390,772	239,160	**1,381,338**
Assets held for sale, net	5,683	-	6,293	**11,976**
Provisions for risks	(29,579)	(39,607)	(68,736)	**(137,922)**
Post-employment benefits and employee benefits	(13,013)	(13,137)	(35,718)	**(61,868)**
Net tax assets (liabilities)	332,022	(21,821)	23,151	**333,352**
Working capital	**(191,534)**	**949,040**	**(148,814)**	**608,691**
Net invested capital	**854,985**	**1,265,247**	**15,336**	**2,135,568**
Equity				1,504,145
Net financial indebtedness				631,423
Total financial resources				**2,135,568**

(*)Lane Group includes the figures for the fully-consolidated companies in Argentina (Iglys S.A. and Mercovia S.A.), the Middle East (Lane Mideast Contracting and Lane Mideast Qatar) and Europe (Seli Tunneling and Impregilo New Cross).

Statement of financial position

7. Property, plant and equipment

Property, plant and equipment amount to €333.5 million, down from the 31 December 2018 figure by €82.4 million. The historical cost and carrying amounts are given in the following table:

(€'000)	31 December 2018 Cost	Acc. depreciation	Carrying amount	31 December 2019 Cost	Acc. depreciation	Carrying amount
Land	10,059		10,059	9,651		9,651
Buildings	134,784	(76,993)	57,791	132,219	(82,578)	49,640
Plant and machinery	1,008,121	(713,084)	295,037	919,383	(716,326)	203,057
Industrial and commercial equipment	118,144	(104,151)	13,993	112,678	(101,097)	11,581
Other assets	57,372	(49,527)	7,845	58,728	(51,853)	6,875
Assets under const. and payments on account	31,216		31,216	52,707		52,707
Total	**1,359,696**	**(943,755)**	**415,941**	**1,285,366**	**(951,854)**	**333,511**

Prior year changes are summarised below:

(€'000)	31 December 2017	Increases	Depreciation	Reversals of imp. losses (Imp.	Reclass.	Disposals	Exchange gains (losses) and other	31 December 2018
Land	53,249	35	-	-	-	(45,585)	2,360	10,059
Buildings	81,355	2,575	(12,746)	346	1,261	(16,047)	1,048	57,791
Plant and machinery	445,795	98,983	(106,731)	2,725	12,598	(155,579)	(2,754)	295,037
Industrial and commercial equipment	19,075	4,440	(8,470)	209	585	(1,121)	(725)	13,993
Other assets	46,952	1,445	(4,045)	85	230	(38,464)	1,641	7,845
Assets under const. and payments on account	28,851	16,715	-	-	(14,674)	(376)	700	31,216
Total	**675,277**	**124,193**	**(131,992)**	**3,365**	**-**	**(257,172)**	**2,271**	**415,941**

Changes during the year are summarised below:

(€'000)	31 December 2018	IFRS 16 reclass. at 1 January 2019	Increases	Depreciation	Reversals of imp. losses (Imp. losses)/Reval.	Reclass	Disposals	Exchange gains (losses) and other changes	Change in consolidation scope	31 December 2019
Land	10,059	-	147	-	-	-	(790)	156	79	9,651
Buildings	57,791	(415)	3,148	(8,990)	739	(2,181)	(761)	(25)	334	49,640
Plant and machinery	295,037	(78,780)	40,869	(75,883)	(2,914)	25,967	(15,964)	2,694	12,030	203,057
Industrial and commercial equipment	13,993	(409)	3,052	(5,050)	496	1,753	(2,323)	(122)	193	11,581
Other assets	7,845	(61)	1,179	(3,001)	-	616	(637)	786	148	6,875
Assets under const. and payments on account	31,216	-	36,988	-	-	(16,085)	(182)	769	-	52,707
Total	**415,941**	**(79,665)**	**85,383**	**(92,924)**	**(1,679)**	**10,070**	**(20,657)**	**4,259**	**12,784**	**333,511**

The most significant changes include:

- reclassifications of €79.7 million to right-of-use assets as a result of the application of IFRS 16 on 1 January 2019;
- increases of €85.4 million, mainly related to the Australian joint venture Snowy Hydro (€21.1 million), now fully operational, Lane (€20.7 million), Salini Saudi Arabia Ltd (€6.1 million) and investments made for the two Paris metro lines (€5.6 million) and the Meydan One Mall project in Dubai (€4.7 million);
- disposals of €20.7 million, principally related to plant and machinery. These disposals mostly refer to the nearly completed Red Line North Underground project in Doha (Qatar) (€4.5 million), COCIV (€4.3 million) and Lane Group (€4.3 million);
- an increase in assets under construction and payments on account, mostly related to the Australian joint venture for the Snowy 2.0 hydropower plant;
- the change in consolidation scope mostly refers to the acquisition of Cossi Group and its line-by-line consolidation;
- the reclassifications show the effect of the items recognised in "Right-of-use assets".

8. Right-of-use assets

Right-of-use assets amount to €144.2 million and reflect the application of IFRS 16 using the modified retrospective approach whereby the cumulative effect of the FTA is recognised in retained earnings at 1 January 2019. Therefore, the Group has not restated the figures at 1 December 2018, presented in accordance with IAS 17. More information about the application of the new standard is available in the section on "Changes in standards".

The historical cost and carrying amounts of the right-of-use assets are shown in the following table:

(€'000)	Cost	31 December 2019 Acc. depreciation	Carrying amount
Land	4,406	(946)	3,460
Buildings	64,391	(13,631)	50,761
Plant and machinery	157,235	(69,981)	87,254
Industrial and commercial equipment	1,667	(1,244)	424
Other assets	3,840	(1,554)	2,286
Total	**231,539**	**(87,356)**	**144,184**

Changes during the year are summarised below:

(€'000)	IFRS 16 FTA at 1 January 2019	Increases	Depreciation	Reversals of imp. losses (Imp. losses)/Reval.	Reclassific-ations	Disposals	Exchange gains (losses) and other changes	Change in consolidation scope	31 December 2019
Land	5,228	66	(946)		-	(894)	5		3,460
Buildings	45,974	17,637	(13,836)		2,181	(1,629)	346	387	50,761
Plant and machinery	106,302	34,583	(34,423)	(377)	(12,516)	(8,896)	492	2,089	87,254
Industrial and commercial equipment	408	275	(257)		296	(299)	1	-	424
Other assets	2,839	1,093	(1,590)		(31)	(43)	19	-	2,286
Total	**160,752**	**53,653**	**(51,052)**	**(377)**	**(10,070)**	**(11,762)**	**563**	**2,476**	**144,184**

The most significant changes are:

- the recognition of right-of-use assets of €160.8 million at 1 January 2019, including €79.7 million previously classified under property, plant and equipment as a result of the first-time application of IFRS 16;
- increases of €53.7 million, mostly related to Lane (€36 million);
- the reclassifications show the effect of the items recognised in property, plant and equipment.

9. Intangible assets

Intangible assets amount to €185.1 million, down from the 31 December 2018 figure by €14.3 million. The historical cost and carrying amounts are given in the following table:

(€'000)	31 December 2018 Cost	Acc. amortisation	Carrying amount	31 December 2019 Cost	Acc. amortisation	Carrying amount
Rights to infrastructure under concession	59,367	(3,011)	56,356	64,759	(9,097)	55,662
Contract costs	268,377	(127,260)	141,117	279,895	(152,488)	127,407
Other	6,301	(4,418)	1,883	7,063	(5,036)	2,027
Total	**334,045**	**(134,689)**	**199,356**	**351,717**	**(166,621)**	**185,096**

Rights to infrastructure under concession of €55.7 million decreased by €0.7 million compared to 31 December 2018.

Prior year changes are as follows:

(€'000)	31 December 2017	Increases	Amortisation	Net revaluations	Net exchange losses	Reclassific.	31 December 2018
SA.BRO.M.	43,809	158					43,967
Corso del Popolo S.p.A.			(376)			10,229	9,853
Mercovia	1,535	201	(772)	2,395	(624)		2,536
Total	**45,145**	**359**	**(1,148)**	**2,395**	**(624)**	**10,229**	**56,356**

Changes of the year are detailed in the following table:

(€'000)	31 December 2018	Increases	Amortisation	(Impairment losses) and Reval.	Net exchange losses	Reclassific.	31 December 2019
SA.BRO.M.	43,967	158					44,125
Corso del Popolo S.p.A.	9,853		(376)				9,477
Mercovia	2,535	1,193	(759)		(909)		2,060
Total	**56,355**	**1,351**	**(1,135)**	**-**	**(909)**	**-**	**55,662**

The main contributor to this item is SA.BRO.M. for design costs for the new Broni - Mortara regional motorway, including the borrowing costs capitalised in accordance with IAS 23, which the Group expects to recover based on the outcome of the contract. The item is not amortised as the concession is currently inoperative. More information is available in the "Main risk factors and uncertainties" section in the Directors' report.

On 3 December 2018, the Terni Court ruled that the subconcession for the car park in Terni held by Corso del Popolo S.p.A. was terminated. The operator appealed against this ruling and concurrently formally invited the Terni municipal authorities to rebalance the economic and financial plan commencing arbitration procedures on 15 March 2019. The Terni municipal authorities notified its intention of analysing the identified issues through an expert panel, which should complete its work in the first half of 2020. Should the Terni municipal authorities not agree with the rebalancing proposals made by the expert panel, the group company will take the appropriate legal action to recover its assets. Its legal advisors are confident that the outcome should be in its favour.

No indications of impairment were identified during the year and, therefore, the Group did not perform the impairment test.

Contract costs of €127.4 million decreased by €13.7 million on 31 December 2018. They comprise contract acquisition costs, the incremental costs of obtaining the contract and costs to fulfil the contract.

These costs are amortised in line with the percentage of completion of the related contracts.

Prior year changes are as follows:

(€'000)	31 December 2017	Increases	Amortisation	Net exchange gains (losses)	Reclassific.	31 December 2018
COCIV (Milan - Genoa railway line section)	36,142		(2,833)			33,309
Riyadh Metro - Saudi Arabia	27,835		(10,780)			17,055
Iricav Due (Verona - Padua railway line section)	12,510					12,510
Other	3,357		(1,383)	(141)	(161)	1,672
Total contract acquisition costs	**79,844**	**-**	**(14,996)**	**(141)**	**(161)**	**64,546**
Riachuelo – Argentina (Lot 3)	401		(141)	71		331
Forrestfield Airport Link - Australia			(303)	(42)	945	600
Total incremental costs of obtaining a contract	**401**	**-**	**(444)**	**29**	**945**	**931**
COCIV (Milan - Genoa railway line section)	81,867		(6,425)			75,442
Riyadh Metro - Saudi Arabia	244		(96)	9		157
SANG - Riyadh - Saudi Arabia	66		(26)	1		41
Forrestfield Airport Link - Australia	945				(945)	-
Total costs to fulfil a contract	**83,122**	**-**	**(6,547)**	**10**	**(945)**	**75,640**
Total contract costs	**163,367**	**-**	**(21,987)**	**(102)**	**(161)**	**141,117**

A breakdown of the item and changes of the year are shown below:

(€'000)	31 December 2018	Increases	Amortisation	Net exchange gains	31 December 2019
COCIV (Milan - Genoa railway line section)	33,309		(8,353)		24,956
Riyadh Metro - Saudi Arabia	17,055		(4,220)		12,835
Iricav Due (Verona - Padua railway line section)	12,510				12,510
Other	1,672		(970)		702
Total contract acquisition costs	**64,546**	**-**	**(13,543)**	**-**	**51,003**
Riachuelo – Argentina (Lot 3)	331		(214)	(2)	115
Fisia It. Acciona Agua Ute – Argentina (Lot 2)	-	8,865			8,865
Mobilinx Hurontario - Canada	-	1,531	(16)		1,515
Sa.Pi. Nor. - Norway	-	1,109			1,109
Forrestfield Airport Link - Australia	600		(225)	6	381
Total incremental costs of obtaining a contract	**931**	**11,505**	**(455)**	**4**	**11,985**
COCIV (Milan - Genoa railway line section)	75,442		(11,143)		64,299
Riyadh Metro - Saudi Arabia	157		(72)	3	88
SANG - Riyadh - Saudi Arabia	41		(19)	2	24
Other	-	8			8
Total costs to fulfil a contract	**75,640**	**8**	**(11,234)**	**5**	**64,419**
Total contract costs	**141,117**	**11,513**	**(25,232)**	**9**	**127,407**

Contract acquisition costs include considerations paid to acquire stakes in projects/contracts representing intangible assets with a finite useful life, which are amortised in line with the stage of completion of the related contracts.

With respect to the item "Iricav Due (Verona - Padua railway line section)", amortisation of the acquisition cost will commence when work starts.

The incremental costs of obtaining a contract increased by €11.5 million at 31 December 2019 and mainly relate to Lot 2 of the Riachuelo project in Argentina awarded to Fisia Italimpianti in 2019.

The costs to fulfil the contract mostly comprise COCIV's pre-operating costs.

There are no indicators of impairment for the contracts to which the costs refer.

Other intangible assets amount to €2.0 million, in line with the 31 December 2018 figure. The historical cost and carrying amount are given in the following table:

(€'000)	31 December 2018 Cost	Acc. amortisation	Carrying amount	31 December 2019 Cost	Acc. amortisation	Carrying amount
Industrial patents	168	(100)	68	192	(127)	65
Concessions	64	(64)	-	64	(64)	-
Software	4,451	(3,370)	1,081	5,226	(3,903)	1,323
Other	1,618	(884)	734	1,580	(941)	639
Total	**6,301**	**(4,418)**	**1,883**	**7,062**	**(5,035)**	**2,027**

Prior year changes are as follows:

(€'000)	31 December 2017	Increases	Amortisation	Reclass.	Disposals	Net exchange losses	31 December 2018
Industrial patents	77	17	(23)	-	-	(3)	68
Software	1,377	720	(833)	-	-	(183)	1,081
Other	88	713	(66)	-	-	(1)	734
Total	**1,542**	**1,450**	**(922)**	**-**	**-**	**(187)**	**1,883**

Changes during the year are set out below:

(€'000)	31 December 2018	Increases	Amortisation	Other changes	Disposals	Net exchange gains	31 December 2019
Industrial patents	68	23	(28)			2	65
Software	1,081	683	(508)		(23)	90	1,323
Other	734	18	(57)			(56)	639
Total	**1,883**	**724**	**(593)**	**-**	**(23)**	**36**	**2,027**

10. Goodwill

Goodwill of €76.1 million at the reporting date entirely relates to the acquisition of Lane Group finalised in 2016 net of the decrease due to Lane's sale of the Plants & Paving division on 12 December 2018.

Prior year changes are as follows:

(€'000)	31 December 2017	Increases	Sale of Plants & Paving Division	Net exchange gains	31 December 2018
Lane Group (04/01/16)	131,298	-	(62,863)	6,278	74,713
Asphalt Roads and Materials Co. assets (04/04/16)	23,881	-	(25,242)	1,361	-
Total	**155,179**	**-**	**(88,105)**	**7,639**	**74,713**

Changes during the year are set out below:

(€'000)	31 December 2018	Increases	Impairment losses	Net exchange gains	31 December 2019
Lane Group	74,713			1,348	76,061
Total	**74,713**			**1,348**	**76,061**

The recoverability of the carrying amounts related to Lane was checked by comparing the net invested capital of Lane Group, which is a separate CGU, with the related recoverable amounts, which are the estimated future cash flows arising from the assets' continuing use discounted to their net present value ("value in use").

The main assumptions adopted to calculate value in use are as follows:

- long-term growth rate: 1.74%;
- post-tax discount rate: 7.4%

The Group has adopted the discount rate calculated based on the market cost of money and the asset sector's specific risk (Weighted Average Cost of Capital, WACC). Specifically, the Group considered the return rate on long-term government bonds and the average capital structure of a basket of comparable companies.

The CGU's recoverable amount has been calculated using the cash flow projections set out in the five-year 2020-2024 plan prepared and approved by management. The terminal value is based on a sustainable profit assumption, from which stable long-term operating cash flows have been estimated, on a going concern basis.

The Group also performed sensitivity analyses of the recoverable amount, considering the potential effect of changes in the reference parameters of the discount rate (+4.1%) and terminal value (reduction of 49%).

The Group tested goodwill for impairment at the reporting date, supported by independent experts who carried out an independent business review, which showed that the CGU's recoverable amount exceeds its carrying amount (net invested capital).

11. Equity investments

Equity investments increased by €104.2 million to €642.5 million.

(€'000)	31 December 2018	31 December 2019	Variation
Investments in equity-accounted investees	536,523	642,185	105,662
Other equity investments	1,734	301	(1,433)
Total	**538,257**	**642,486**	**104,229**

The main changes that led to differences in the carrying amounts of the equity investments are summarised

(€'000)	31 December 2018	31 December 2019
Capital transactions	296,583	167,362
Acquisitions, capital injections and disinvestments	(3,185)	(393)
Share of profit of equity-accounted investees	(29,924)	(34,388)
Dividends from equity-accounted investees	(17,625)	(13,876)
Reclassifications to comply with IFRS 5	-	(6,292)
Other changes including change in the translation reserve	(24,271)	(8,184)
Total	**221,578**	**104,229**

The €104.2 million increase in equity investments is chiefly a result of the following factors:

- the increase in the Grupo Unidos por el Canal investment, mainly due to injections and payments made on its behalf of €135.3 million;
- the increase in Lane Industries' equity investments due to capital transactions of €10.0 million;
- the coverage of the losses of the Ferroviario Milanese consortium by Imprepar S.p.A. for €14.2 million.

The overall effect on profit or loss is analysed in note 37 and includes the changes in the provision for risks on equity investments set out in note 28.

Dividends from equity-accounted investees mainly refer to the Argentine operators and the non-consolidated joint ventures of Lane Group.

Impairment of equity investments

The assessments underlying the impairment tests were performed in line with previous years, considering:

- internal procedures;
- IAS 36;
- the guidance and recommendations of the main market regulators.

The Group used the actual and forward-looking financial data prepared by the investees' management to:

- identify the trigger events (as per IAS 36), such as the distribution of dividends, the actual and expected contract outcome on a "whole lifecycle" basis and any negative difference between the carrying amount of the equity investment and the Group's share of the investee's equity;
- perform valuations with external experts to obtain adequate technical and methodological support once the impairment test process and items to be tested had been approved.
- check that no equity investments had been recognised with a carrying amount higher than their amount recoverable through their use or sale.

The equity investments subjected to impairment testing after identification of trigger events are described below.

Autopistas del Sol S.A

The Group tested its investment for impairment using a market approach, assisted by an external expert. The resulting recoverable amount, dertemined by analysing trends in the investee's share price during the year; was higher than the equity investment's carrying amount and, therefore, it was not necessary to recognise an impairment loss.

Ochre Solutions Holdings Ltd

The Group tested its investment for impairment using the English operator's 2020-2039 business plan assisted by an external expert. Its cash flows were discounted using a cost of equity rate of 8.5% (2018: 5.7%) to calculate the investment's recoverable amount. The resulting recoverable amount was higher than the equity investment's carrying amount and, therefore, it was not necessary to recognise an impairment loss.

Yuma

The Group tested its investment for impairment in 2019 using the Colombian operator's 2020-2031 business plan assisted by an external expert. Its cash flows were discounted using a cost of equity rate of 9.6% to calculate the investment's recoverable amount. The resulting recoverable amount was higher than the equity investment's carrying amount and, therefore, it was not necessary to recognise an impairment loss. More information is available in the "Main risk factors and uncertainties" section in the Directors' report.

Grupo Unido por el Canal

Following the amendments to IAS 28 (applicable from 1 January 2019), the loan given to the SPE Grupo Unidos por el Canal S.A. (Panama) was tested for impairment as it was disbursed to financially support the SPE and, therefore, increases the equity investment's carrying amount.

The impairment test was performed by discounting the expected cash flows using the assumed settlement of the claims and other assets recognised by the SPE as the drivers. Specifically, the cash flows comprised the operating expenses (mainly legal fees) and collections expected in line with the estimated payment timeline of the claims.

The discount rate (4.2% - 4.5%) was defined considering:

- the estimated payment timeline;
- a country risk component.

The Group recognised an impairment loss of €9.7 million as a result of the test.

Investments in equity-accounted investees and other equity investments

Investments in equity-accounted investees and other equity investments increased to €642.5 million by €104.2 million compared to 31 December 2018:

(€'000)	31 December 2018	31 December 2019	Variation
Investments in associates	135,067	116,267	(18,800)
Investments in jointly controlled entities	401,456	525,918	124,462
Investments in other companies	1,734	301	(1,433)
Total	**538,257**	**642,486**	**104,229**

With respect to the measurement of certain equity investments using the equity method, the financial statements utilised to measure some of the investments using the equity method include requests for additional consideration as its payment is highly probable, based also on the technical and legal opinions of the Group's advisors. More information is available in the "Main risk factors and uncertainties" section of the Directors' report.

Investments in associates, jointly controlled entities and other companies with a negative carrying amount, which are recognised in the provision for risks on equity investments (see note 28), increased to €69.3 million by €67.5 million compared to 31 December 2018:

(€'000)	31 December 2018	31 December 2019	Variation
Investments in associates	(1,507)	(2,185)	(679)
Investments in jointly controlled entities	(59)	(63,088)	(62,949)
Investments in other companies	(234)	(4,125)	(3,878)
Total	**(1,800)**	**(69,319)**	**(67,519)**

The increase in this provision for jointly controlled entities is mostly due to the Lane group joint ventures and, in particular, the joint venture working on the I-4 Ultimate project. It made a loss in 2019 due to the higher costs incurred for the project.

The amount recognised in profit or loss is as follows:

(€'000)	2018	2019	Variation
Investments in associates	(8,237)	(6,003)	(2,234)
Investments in jointly controlled entities	(21,259)	(118,312)	97,053
Investments in other companies	(107)	(3,922)	(3,816)
Total	**(29,603)**	**(128,238)**	**98,635**

The classification of Salini Impregilo Group companies in line with the IFRS referred to earlier was based on the following guidelines:

(i) Paragraphs 5 and 6 of IFRS 10 were adhered to for assessing the existence of control. Group entities were only classified as subsidiaries when the Group has substantial rights over the investee's relevant activities, in exchange for the Group's exposure to variable returns from its involvement with the investee and the Group can use its power over the investee to affect the amount of the variable returns. These requirements are met when the Group holds sufficient voting rights to obtain the majority required in decisions for the governance bodies of the group entities in question.

(ii) Reference was made to paragraphs 4 and 5 of IFRS 11 to assess the existence of joint control. Joint control exists if the majorities required for decision-taking by the governance bodies of the group entities in question require the unanimous vote or qualified majorities that can only be reached with the consent of a specific group of investors.

(iii) With reference to the type of joint arrangements, in view of the fact that all joint arrangements in which the Group participates are structured through separate vehicles, reference was made to paragraph B15 of IFRS 11, analysing in particular the legal form of the separate vehicle and the terms of the contractual agreement. With reference to the situation at 31 December 2019 and 2018, only those entities not incorporated into legal entities and structured as separate vehicles that guarantee transparency of the rights and obligations of the parties are classified as joint operations.

Salini Impregilo Group's activities involve its participation in numerous SPEs that, especially in Italy, use the consortium structure, which works using a cost recharging system. For the purposes of classification under IFRS 10 and 11, these entities have been classified as subsidiaries, associates and joint ventures, according to the guidelines set out above.

Although the investments in the associated consortium entities and entities subject to joint control are measured using the equity method, their revenues are nonetheless presented in the consolidated financial statements as the parent recognises the contract work in progress while the costs incurred by the entities are recharged to the parent and shown in a single cost item (classified among service costs). Therefore, in view of the fact that the relevant effects concerning consortium entities are already shown in the tables below, the details are not provided here.

Financial highlights of the significant associates

The group associates at 31 December 2019 that management considers significant for the Group are presented below. Their share capital consists solely of ordinary shares, which the Group holds directly. These companies primarily conduct their business in the country of their incorporation or registration.

Company	Head office	Registered office (if different to the head office)	investment %	Nature of the relationship	Measurement method
Yuma Concessionaria S.A.	Colombia	n/a	48.33%	(1)	Equity
Metro de Lima 2 S.A.	Peru	n/a	18.25%	(2)	Equity
Eurolink S.c.p.a.	Italy	Rome	45%	(3)	Equity
Autopista del Sol S.A.	Argentina	n/a	19.82%	(4)	Equity

The activities of the above companies are key to the Group's activities. A description of the nature of Salini Impregilo Group's relationship with the above companies is provided below:

(1) the company is held directly by Salini Impregilo S.p.A., and indirectly through Impregilo International Infrastructures N.V., and has a concession contract for the third motorway lot of the Ruta del Sol project in Colombia. The contract expires in 2036. The governance system requires qualified majority resolutions and Salini Impregilo's investment percentage means it can be classified as an associate. The subsection on "Concessions" in the "Abroad" section and the "Main risk factors and uncertainties" section in the Directors' report provides details of the concession's term;

(2) the company is held directly by the parent and has a concession contract for the "Metro de Lima 2" project (Peru) for the concession, construction and operation of the infrastructure during the 35-year concession expiring in 2049. The governance system requires majority resolutions and Salini Impregilo's investment percentage means it can be classified as an associate;

(3) the consortium company is held directly by the parent and was set up to design and build the Messina Strait Bridge and railway and road connectors on both sides in Calabria and Sicily. More information about this contract is available in the "Main risk factors and uncertainties" section of the Directors' report. The governance

system requires majority resolutions and Salini Impregilo's investment percentage means it can be classified as an associate;

(4) the company, listed on the Buenos Aires stock market, is held by the sub holding company Impregilo International Infrastructures N.V. and has a concession contract for the operation of the Buenos Aires Norte access infrastructure expiring in 2030.

The financial information relating to individually significant associates accounted for using the equity method is shown below. In addition, the financial information of the associates is reconciled with the carrying amount of the related investments.

Yuma (Colombia)

€'000	31 December 2018	31 December 2019	€'000	31 December 2018	31 December 2019
Non-current assets			**Equity**	**3,908**	**21,358**
Property, plant and equipment and intangible	184,808	189,652	**Non-current liabilities**		
Non-current financial assets	-		Non-current financial liabilities	80,102	108,095
Other non-current assets	-		Other non-current liabilities	165	174
Total non-current assets	**184,808**	**189,652**	**Total non-current liabilities**	**80,267**	**108,269**
Current assets			**Current liabilities**		
Cash and cash equivalents and other	9,559	26,583	Current financial liabilities	108,853	83,970
Other current assets	57,884	64,090	Other current liabilities	59,223	66,728
Total current assets	**67,443**	**90,673**	**Total current liabilities**	**168,076**	**150,698**
Total assets	**252,251**	**280,325**	**Total liabilities**	**252,251**	**280,325**

€'000 Group share	31 December 2018	31 December 2019	€'000	2018	2019
			Revenue	36,978	53,080
Opening equity	**11,063**	**1,888**	Operating expenses	(39,855)	(40,277)
Comprehensive income (expense) attributable to the owners of the parent	(9,175)	8,434	**Operating profit (loss)**	**(2,877)**	**12,803**
Dividends distributed	-		Net financing income (costs)	(16,126)	4,960
Capital increases and other variations	-		**Profit (loss) before tax**	**(19,003)**	**17,763**
Closing equity	**1,888**	**10,322**	Income taxes	(331)	(281)
Loan asset	-		**Profit (loss) from continuing operations**	**(19,334)**	**17,482**
Goodwill and other intangible assets	-		Other comprehensive income (expense)	350	(32)
Carrying amount	**1,888**	**10,322**	**Comprehensive income (expense)**	**(18,984)**	**17,450**

Metro de Lima 2 S.A. (Peru)

€'000	31 December 2018	31 December 2019
Non-current assets		
Property, plant and equipment and intangible assets	40	32
Other non-current assets	-	-
Total non-current assets	**40**	**32**
Current assets		
Cash and cash equivalents and other financial assets	11,432	5,329
Other current assets	368,010	417,835
Total current assets	**379,442**	**423,164**
Total assets	**379,482**	**423,196**

€'000	31 December 2018	31 December 2019
Equity	**128,271**	**146,958**
Non-current liabilities		
Other non-current liabilities	4,507	4,593
Total non-current liabilities	**4,507**	**4,593**
Current liabilities		
Current financial liabilities	18,250	43,527
Other current liabilities	228,454	228,118
Total current liabilities	**246,704**	**271,645**
Total liabilities	**379,482**	**423,196**

€'000 Group share	31 December 2018	31 December 2019
Opening equity	**21,239**	**23,409**
Comprehensive income attributable to the owners of the parent	2,170	3,411
Dividends distributed	-	
Capital increases and other variations	-	
Closing equity	**23,409**	**26,820-**
Loan asset	-	
Goodwill and other intangible assets	-	
Carrying amount	**23,409**	**26,820-**

€'000	2018	2019
Revenue	219,203	303,231
Operating expenses	(208,617)	(293,524)
Operating profit	**10,586**	**9,707**
Net financing income (costs)	(1,517)	11,114
Profit before tax	**9,069**	**20,821**
Income taxes	(2,889)	(4,543)
Profit from continuing operations	**6,180**	**16,278**
Other comprehensive income	5,713	2,410
Comprehensive income	**11,893**	**18,688**

Eurolink S.c.p.a. (Italy)

€'000	31 December 2018	31 December 2019
Non-current assets		
Current assets		
Cash and cash equivalents and other financial assets	282	105
Other current assets	60,081	60,046
Total current assets	**60,363**	**60,151**
Total assets	**60,363**	**60,151**

€'000	31 December 2018	31 December 2019
Equity	**37,500**	**37,500**
Current liabilities		
Current financial liabilities	-	-
Other current liabilities	22,863	22,651
Total current liabilities	**22,863**	**22,651**
Total liabilities	**60,363**	**60,151**

€'000 Group share	31 December 2018	31 December 2019
Opening equity	**16,875**	**16,875**
Comprehensive income attributable to the owners of the parent	-	
Capital increases and other variations	-	
Closing equity	**16,875**	**16,875**
Carrying amount	**16,875**	**16,875**

€'000	2018	2019
Revenue	733	716
Operating expenses	(726)	(706)
Operating profit	**7**	**10**
Profit before tax	**7**	**10**
Income taxes	(7)	(10)
Comprehensive income	**-**	**-**

Autopistas del Sol S.A. (Argentina)

€'000	31 December 2018	31 December 2019	€'000	31 December 2018	31 December 2019
Non-current assets			**Equity**	**209,269**	**109,250**
Property, plant and equipment and intangible assets	287,272	394,829	**Non-current liabilities**		
Non-current financial assets	38,364	7,872	Non-current financial liabilities	46,807	250,132
Other non-current assets	-	-	Other non-current liabilities	70,090	41,063
Total non-current assets	**325,636**	**402,701**	**Total non-current liabilities**	**116,897**	**291,195**
Current assets			**Current liabilities**		
Cash and cash equivalents and other financial assets	18,082	58,542	Current financial liabilities	-	60,710
Other current assets	35,922	25,519	Other current liabilities	53,474	25,607
Total current assets	**54,004**	**84,061**	**Total current liabilities**	**53,474**	**86,317**
Total assets	**379,640**	**486,762**	**Total liabilities**	**379,640**	**486,762**

€'000 Group share	31 December 2018	31 December 2019	€'000	2018	2019
			Revenue	85,495	79,857
Opening equity	**83,552**	**41,477**	Operating expenses	(298,101)	(52,682)
Comprehensive expense attributable to the owners of the parent	(46,295)	(23,624)	**Operating profit (loss)**	**(212,606)**	**27,175**
Dividends distributed	(8,407)	(9,578)	Net financing income (costs)	145,643	(92,832)
Capital increases and other variations	12,627	13,378	**Loss before tax**	**(66,963)**	**(65,657)**
Closing equity	**41,477**	**21,653**	Income taxes	30,229	15,827
Loan asset	-		**Loss from continuing operations**	**(36,734)**	**(49,830)**
Goodwill and other intangible assets	-		Other comprehensive expense	(197,578)	(69,365)
Carrying amount	**41,477**	**21,653**	**Comprehensive expense**	**(234,312)**	**(119,195)**

Significant restrictions

At the date of preparation of this Annual Report, there were no restrictions on the associates' ability to transfer dividends, repay loans or make advances to the parent.

Contingent liabilities

At the date of preparation of this Annual Report, there were no significant contingent liabilities related to the Group's investments in joint ventures and associates. Any related risks are described in the "Main risk factors and uncertainties" section of the Directors' report.

Interests in joint ventures

The most significant joint ventures are listed below:

Company	Head office	Registered office (if different to the head office)	investment %	Nature of the relationship	Measurement method
Flour Lane South Carolina	United States	n/a	45%	(1)	Equity
Unionport Bridge	United States	n/a	45%	(1)	Equity
Purple Line Transit Constructors LLC	United States	n/a	30%	(1)	Equity
Skanska Granite Lane	United States	n/a	30%	(1)	Equity
AGL Constructors	United States	n/a	20%	(1)	Equity
Grupo Unidos Por El Canal S.A.	Panama	n/a	48%[(a)]	(2)	Equity

[(a)] Internal agreements are in place for the reallocation of the percentages for the consortium member's results, giving Salini Impregilo an investment percentage of 38.4%

(1) The joint ventures are held by the sub-holding company Lane and are active in the construction segment. Reference should be made to the Directors' report for information on the Lane segment.

(2) The company is held directly by Salini Impregilo. Reference should be made to the "Main risk factors and uncertainties" section of the Directors' report for further information. The governance system requires qualified majority resolutions passed with the favourable vote of two members, including Salini Impregilo.

Financial highlights of the joint ventures

The financial information related to the joint ventures measured using the equity method is set out below with a reconciliation of such information with the carrying amount of the Group's interest in the joint ventures as per the joint venturer agreements.

The information shown reflects the carrying amounts in the joint venture's financial statements, adjusted to comply with group accounting policies.

Fluor Lane South Caroline

€'000	31 December 2018	31 December 2019
Non-current assets		
Other non-current assets	-	12
Total non-current assets	**-**	**12**
Current assets		
Cash and cash equivalents and other financial	5,100	13,699
Other current assets	10,858	7,507
Total current assets	**15,958**	**21,206**
Total assets	**15,958**	**21,218**

€'000	31 December 2018	31 December 2019
Equity	**7,107**	**65**
Other non-current liabilities	-	
Total non-current liabilities	**-**	**-**
Current liabilities		
Current financial liabilities	-	
Other current liabilities	8,851	21,153
Total current liabilities	**8,851**	**21,153**
Total liabilities	**15,958**	**21,218**

€'000 Group share	31 December 2018	31 December 2019
Opening equity	**1,229**	**3,199**
Comprehensive income (expense) attributable to the owners of the parent	1,970	(3,170)
Dividends distributed	-	
Capital increases and other variations	-	
Closing equity	**3,199**	**29**
Loan asset	-	-
Goodwill and other intangible assets	-	-
Carrying amount	**3,199**	**29**

€'000	2018	2019
Revenue	64,624	53,573
Operating expenses	(60,571)	(60,823)
Operating profit (loss)	**4,053**	**(7,250)**
Net financing income	65	47
Profit (loss) before tax	**4,118**	**(7,203)**
Income taxes	-	-
Profit (loss) from continuing operations	**4,118**	**(7,203)**
Other comprehensive income	259	162
Comprehensive income (expense)	**4,377**	**(7,041)**

Unionport Bridge

€'000	31 December 2018	31 December 2019
Non-current assets		
Property, plant and equipment and intangible assets	406	236
Total non-current assets	**406**	**236**
Current assets		
Cash and cash equivalents and other financial	3,376	9,612
Other current assets	22,458	31,261
Total current assets	**25,834**	**40,873**
Total assets	**26,240**	**41,109**

€'000	31 December 2018	31 December 2019
Equity	**12,836**	**27,390**
Non-current liabilities		
Total non-current liabilities	**-**	**-**
Current liabilities		
Current financial liabilities	-	-
Other current liabilities	13,404	13,719
Total current liabilities	**13,404**	**13,719**
Total liabilities	**26,240**	**41,109**

€'000 Group share	31 December 2018	31 December 2019
Opening equity	**2,310**	**5,776**
Comprehensive income attributable to the owners of	2,399	601
Dividends distributed	-	-
Capital increases and other variations	1,067	5,949
Closing equity	**5,776**	**12,326**
Loan asset	-	-
Goodwill and other intangible assets	-	-
Carrying amount	**5,776**	**12,326**

€'000	2018	2019
Revenue	48,208	43,500
Operating expenses	(43,347)	(42,103)
Operating profit	**4,861**	**1,397**
Net financing costs	-	(259)
Profit before tax	**4,861**	**1,138**
Income taxes	-	-
Profit from continuing operations	**4,861**	**1,138**
Other comprehensive income	471	197
Comprehensive income	**5,332**	**1,335**

Purple Line Tr. Constr. (Lane)

€'000	31 December 2018	31 December 2019	€'000	31 December 2018	31 December 2019
Non-current assets			**Equity**	**8,489**	**5,815**
Property, plant and equipment and intangible assets	12,313	15,037	**Non-current liabilities**		
Non-current financial assets	3,764	10,188	Non-current financial liabilities	-	-
Total non-current assets	**16,077**	**25,225**	**Total non-current liabilities**	**-**	**-**
Current assets			**Current liabilities**		
Cash and cash equivalents and other financial assets	112,755	7,206	Current financial liabilities	-	-
Other current assets	23,357	40,023	Other current liabilities	143,700	66,639
Total current assets	**136,112**	**47,229**	**Total current liabilities**	**143,700**	**66,639**
Total assets	**152,189**	**72,454**	**Total liabilities**	**152,189**	**72,454**

€'000 Group share	31 December 2018	31 December 2019	€'000	2018	2019
			Revenue	162,247	303,152
Opening equity	**8,539**	**2,547**	Operating expenses	(160,140)	(321,093)
Comprehensive income (expense) attributable to the owners of the parent	1,629	(4,822)	**Operating profit (loss)**	**2,107**	**(17,941)**
Dividends distributed	(7,621)	-	Net financing income	2,622	1,695
Capital increases and other variations	-	4,020	**Profit (loss) before tax**	**4,729**	**(16,246)**
Closing equity	**2,547**	**1,745**	Income taxes	-	-
Loan asset	-	-	**Profit (loss) from continuing operations**	**4,729**	**(16,246)**
Goodwill and other intangible assets	-	-	Other comprehensive income	700	173
Carrying amount	**2,547**	**1,745**	**Comprehensive income (expense)**	**5,429**	**(16,073)**

Skanska Granite Lane I-4

€'000	31 December 2018	31 December 2019	€'000	31 December 2018	31 December 2019
Non-current assets			**Equity (deficit)**	**13,869**	**(197,695)**
Current assets			**Current liabilities**		
Cash and cash equivalents and other financial assets	4,663	4,752	Current financial liabilities	-	-
Other current assets	78,130	37,681	Other current liabilities	68,924	240,128
Total current assets	**82,793**	**42,433**	**Total current liabilities**	**68,924**	**240,128**
Total assets	**82,793**	**42,433**	**Total liabilities**	**82,793**	**42,433**

€'000 Group share	31 December 2018	31 December 2019	€'000	2018	2019
			Revenue	368,120	199,457
Opening equity (deficit)	**(2,475)**	**4,161**	Operating expenses	(431,588)	(504,924)
Comprehensive expense attributable to the owners of the parent	(18,767)	(91,339)	**Operating loss**	**(63,468)**	**(305,467)**
Dividends distributed	-	-	Net financing income	617	-
Capital increases and other variations	25,403	27,869	**Loss before tax**	**(62,851)**	**(305,467)**
Closing equity (deficit)	**4,161**	**(59,309)**	Income taxes	-	-
Loan asset	-	-	**Loss from continuing operations**	**(62,851)**	**(305,467)**
Goodwill and other intangible assets	-	-	Other comprehensive income	295	1,005
Carrying amount	**4,161**	**(59,309)**	**Comprehensive expense**	**(62,556)**	**(304,462)**

AGL Contractors JV (Lane)

€'000	31 December 2018	31 December 2019	€'000	31 December 2018	31 December 2019
Non-current assets			**Equity (deficit)**	**35,248**	**(18,498)**
Property, plant and equipment and intangible assets	163	53	**Non-current liabilities**		
Total non-current assets	**163**	**53**	**Total non-current liabilities**	**-**	**-**
Current assets			**Current liabilities**		
Cash and cash equivalents and other financial assets	2,963	107	Current financial liabilities	-	
Other current assets	50,534	483	Other current liabilities	18,412	19,141
Total current assets	**53,497**	**590**	**Total current liabilities**	**18,412**	**19,141**
Total assets	**53,660**	**643**	**Total liabilities**	**53,660**	**643**

€'000 Group share	31 December 2018	31 December 2019	€'000	2018	2019
			Revenue	8,451	(54,692)
Opening equity	**5,040**	**7,050**	Operating expenses	(8,399)	(3,532)
Comprehensive income (expense) attributable to the owners of the parent	317	(11,645)	**Operating profit (loss)**	**52**	**(58,224)**
Dividends distributed	-	-	Net financing income (costs)	70	(864)
Capital increases and other variations	1,693	895	**Profit (loss) before tax**	**122**	**(59,088)**
Closing equity (deficit)	**7,050**	**(3,700)**	Income taxes	-	-
Loan asset	-	-	**Profit (loss) from continuing operations**	**122**	**(59,088)**
Goodwill and other intangible assets	-	-	Other comprehensive income	1,465	867
Carrying amount	**7,050**	**(3,700)**	**Comprehensive income (expense)**	**1,587**	**(58,221)**

Gupc (Panama)

€'000	31 December 2018	31 December 2019	€'000	31 December 2018	31 December 2019
Non-current assets			**Equity (deficit)**	**(518,416)**	**844**
Property, plant and equipment and intangible assets	783	-	**Non-current liabilities**		
Other non-current assets	-		Other non-current liabilities	208	38
Total non-current assets	**783**	**-**	**Total non-current liabilities**	**208**	**38**
Current assets			**Current liabilities**		
Cash and cash equivalents and other financial assets	2,537	1,103	Current financial liabilities	783,513	744,404
Other current assets	1,220,172	1,599,021	Other current liabilities	958,187	854,838
Total current assets	**1,222,709**	**1,600,124**	**Total current liabilities**	**1,741,700**	**1,599,241**
Total assets	**1,223,492**	**1,600,124**	**Total liabilities**	**1,223,492**	**1,600,124**

€'000 Group share	31 December 2018	31 December 2019	€'000	2018	2019
			Revenue	85,367	89,773
Opening deficit	**(181,905)**	**(199,072)**	Operating expenses	(63,715)	(46,630)
Comprehensive income (expense) attributable to the owners of the parent	(17,167)	(1,414)	**Operating profit**	**21,652**	**43,143**
Dividends distributed	-		Net financing costs	(43,210)	(43,143)
Capital increases and other variations	-	200,810	**Profit (loss) before tax**	**(21,558)**	**-**
Closing equity (deficit)	**(199,072)**	**324**	Income taxes	(6)	-
Loan asset	562,198	505,919	**Profit (loss) from continuing operations**	**(21,564)**	**-**
Impairment	-	(9,703)	Other comprehensive expense	(23,143)	(3,682)
Carrying amount	**363,126**	**496,540**	**Comprehensive expense**	**(44,707)**	**(3,682)**

The carrying amount of this investment in Grupo Unido por el Canal (GUPC) is the balance of the parent's receivable due from the joint venture and the provisions for risks on equity investments set up to reflect the assessment of the losses to complete the contract.

Contingent liabilities

At the date of preparation of this Annual Report, there were no significant contingent liabilities related to the Group's interests in joint ventures and associates. Any related risk areas are described in the "Main risk factors and uncertainties" section of the Directors' report.

Risks associated with the Group's interest in associates and joint ventures

Commitments

The Group has the following commitments vis-à-vis its associates and joint ventures:

(€'000)	31 December 2018	31 December 2019	Variation
Commitments	1,753,937	1,538,620	(215,316)

The decrease is mainly due to the reduction in the guarantees given on behalf of Grupo Unidos por el Canal (€245.3 million), the operator Yuma (€25.0 million) and the operator Metro de Lima 2 (€12.8 million), partly offset by the increase in guarantees issued on behalf of the non-consolidated joint ventures of Lane Group (€18.6 million), Per Genova (€25.4 million) and the Canadian associate Mobilink Hurontario General Partnership (€37.3 million).

These guarantees are already included in those presented in note 32.

Joint operations

The Group is involved in the following main joint operations: Civil Work Group (Saudi Arabia), South Al Mutlaa (Kuwait), Arge Tulfes Pfons (Austria), NGE Genie Civil S.a.s. – Salini Impregilo S.p.A. (France) and Salini Impregilo - NGE Genie Civil S.a.s..

Salini Impregilo has a direct 52% interest in Civil Work Group (Saudi Arabia) and an indirect 14% interest through Salini Saudi Arabia (the Group's investment in the latter is 51%). Civil Work Group is engaged in the civil works for the Riyadh Metro.

South Al Mutlaa (Kuwait) is 55% held directly by Salini Impregilo. It is constructing primary urbanisation works to build a new residential area in a 12 thousand hectares site in Kuwait as part of the South Al Mutlaa Housing Project.

Arge Tulfes Pfons (Austria) is 49% held directly by Salini Impregilo and is engaged in the construction of the last section of the Brenner-Innsbruck tunnel.

NGE Genie Civil S.a.s. - Salini Impregilo S.p.A. (France) is 50% held by Salini Impregilo and is engaged in the civil works for the Paris Metro as part of the Gran Paris Express project (Line 14, Lot 4).

Salini Impregilo - NGE Genie Civil S.a.s (France) is 65% held by Salini Impregilo and is engaged in the civil works for the Paris Metro as part of the Gran Paris Express project (Line 16, lot 2).

The above entities are governed by joint control arrangements as resolutions of the governing bodies require a unanimous vote. While they are separate entities, they are structured to guarantee transparency of their rights and obligations with respect to Salini Impregilo.

12. Derivatives and non-current financial assets

Derivatives and non-current financial assets of €378.3 million are analysed in the following table:

(€'000)	31 December 2018	31 December 2019	Variation
Loans and receivables - third parties	113,045	160,048	47,003
Loans and receivables - unconsolidated group companies and other related parties	111,747	122,535	10,788
Other financial assets	10,900	95,689	84,789
Total	**235,692**	**378,272**	**142,580**

Loans and receivables - unconsolidated group companies and other related parties of €122.5 million (31 December 2018: €111.7 million) mainly relate to:

- €58.6 million due from Yuma Concessionaria and impaired by €9.4 million in the reporting period, tested for impairment in accordance with IFRS 9 (more details are available in the "Main risk factors and uncertainties" section in the Directors' report);
- €24.0 million (€120.2 million gross at 31 December 2019, net of a loss allowance of €96.2 million) due from OIV Tocoma, decreased by €5.4 million during the year (€117.7 million gross at 31 December 2018 net of an allowance of €88.3 million) due to the impairment test performed at the reporting date to reflect the events described in the "Venezuela" paragraph of the "Main risk factors and uncertainties" section of the Directors' report and note 16 "Trade receivables, paragraph on Impairment - Venezuela";
- loans of €23.0 million granted to the SPE Linea M4 S.p.A.;
- loans of €14.2 million granted to the English associate Ochre Holding.

Loans and receivables - third parties of €160.0 million increased by €47.0 on 31 December 2018 and mainly include:

- €66.0 million related to the CAV.TO.MI. consortium paid as a result of the Appeal Court ruling of 23 September 2015. The Group is confident that it will recover this amount, based also on the opinion of its legal advisors assisting it with the dispute. More information is available in the "Main risk factors and uncertainties" section in the Directors' report;
- €39.9 million related to the enforcement of the performance bond for the A1F and S3 Nowa Sol motorway contracts in Poland. The Group is confident that it will recover this amount, based also on the opinion of its

legal advisors assisting it with the dispute. More information is available in the "Main risk factors and uncertainties" section in the Directors' report;

- €13.5 million due from the Romanian Ministry for Infrastructure and Transportation related to the surety enforced in 2017 as a result of the disputes with the customer about the Orastie-Sibiu motorway contract. The Group is confident that it will recover this amount, based also on the opinion of its legal advisors assisting it with the disputes. The “Main risk factors and uncertainties” section in the Directors’ report provides more information;

The other financial assets of €95.7 million include:

- securities of €84.6 million related to the bonds issued by Astaldi and subscribed by Beyond S.r.l., a newco set up in 2019 as part of Progetto Italia, maturing on 12 February 2022; they were pledged to secure the financing granted to Beyond S.r.l. by a bank syndicate (see note 23). More information is available in the “Progetto Italia” paragraph of the “Key events of the year” section;
- unlisted guaranteed-return securities which mature after one year, amount to €11.0 million and relate to the fund financing Yuma. The Group tested its investment in the Colombian operator for impairment in 2019 assisted by an independent expert using its 2020-2031 business plan. In order to determine its recoverable amount, it discounted the cash flows using a cost of equity of 9.6%. The results showed that the recoverable amount is higher than the carrying amount and therefore there was no need to recognise an impairment loss. More information is available in the “Main risk factors and uncertainties” section in the Directors’ report.

13. Deferred tax assets and liabilities

Deferred tax assets and liabilities amount to €253.5 million and €7.4 million at 31 December 2019, respectively. They are classified under non-current assets and liabilities and are offset if possible.

Changes in the year are shown in the following table:

(€'000)	31 December 2018	31 December 2019	Variation
Deferred tax assets	205,386	253,453	48,067
Deferred tax liabilities	(11,374)	(7,399)	3,975

Changes in 2018 and 2019 are as follows:

(€'000)	31 December 2017	Increases	Decreases	Net exchange gains	Change in consolidation scope	Change in tax rate	Reclassific-ations	Other changes	31 December 2018
Deferred tax assets									
Amortisation and depreciation exceeding tax rates	5,780	1,670	-	1	-	-	(1,591)	846	6,706
Provisions for risks and impairment losses	105,414	42,759	(5,435)	-	-	-	-	(1,265)	141,473
Tax effect of capital increase	301	-	(301)	-	-	-	-	-	-
Fisia Hiatus transaction	4,383	-	(3,132)	-	-	-	-	-	1,251
Excess maintenance	13,189	7,404	(4,771)	-	-	-	-	-	15,822
Unrealised exchange losses	23,238	26,568	(23,238)	-	-	-	-	-	26,568
Other	46,292	21,917	(14,068)	998	-	-	1,591	(15,031)	41,699
Deferred tax assets before offsetting	**198,597**	**100,318**	**(50,945)**	**999**				**(15,450)**	**233,519**
Offsetting	(26,197)	-	-	-	-	-	-	(1,936)	(28,133)
Net deferred tax assets	**172,400**	**100,318**	**(50,945)**	**999**				**(17,386)**	**205,386**
Deferred tax liabilities									
Fiscally-driven amortisation and	(24,166)	(9,124)	-	(815)	(275)	-	724	17,626	(16,030)
Uncollected default interest	-	(422)	-	-	-	-	(4,827)	-	(5,249)
Contract revenue or revenue items	1,385	-	2,714	136	-	-	-	(184)	4,051
Contract revenue taxable in future years	(8,946)	-	4,579	(825)	-	-	490	825	(3,877)
Unrealised exchange gains	(16,433)	(20,052)	16,433	-	-	-	1	-	(20,051)
Other	(7,770)	(18,935)	2,910	2,728	(27)	-	3,612	19,131	1,649
Deferred tax liabilities before offsetting	**(55,930)**	**(48,533)**	**26,636**	**1,224**	**(302)**			**37,398**	**(39,507)**
Offsetting	26,197	-	-	-	-	-	-	1,936	28,133
Net deferred tax liabilities	**(29,733)**	**(48,533)**	**26,636**	**1,224**	**(302)**			**39,334**	**(11,374)**

(€'000)	31 December 2018	Increases	Decreases	Net exchange losses	Change in consolidation scope	Change in tax rate	Reclassific.-ations	Other changes	31 December 2019
Deferred tax assets									
Amortisation and depreciation exceeding tax rates	6,706	1,136	(1)	-	-	-	(332)	(837)	6,672
Provisions for risks and impairment losses	141,473	19,851	(4,341)	-	-	-	-	(533)	156,450
Tax effect of capital increase	-	-	(443)	-	-	-	-	2,216	1,773
Fisia Hiatus transaction	1,251	-	(1,251)	-	-	-	-	-	-
Excess maintenance	15,822	4,595	(6,338)	-	-	-	-	1,441	15,520
Unrealised exchange losses	26,568	42,352	(27,150)	(6)	-	-	-	(13)	41,751
Other	41,699	36,250	(6,789)	(37)	5,740	-	17,953	4,091	98,907
Deferred tax assets before offsetting	**233,519**	**104,184**	**(46,313)**	**(43)**	**5,740**		**17,621**	**6,365**	**321,073**
Offsetting	(28,133)	(3,132)	-	70	-	-	(21,012)	(15,413)	(67,620)
Net deferred tax assets	**205,386**	**101,052**	**(46,313)**	**27**	**5,740**		**(3,391)**	**(9,048)**	**253,453**
Deferred tax liabilities									
Fiscally-driven amortisation and	(16,030)	(1,392)	-	(295)	-	-	(165)	-	(17,882)
Uncollected default interest	(5,249)	-	-		-	-	(961)	-	(6,210)
Contract revenue or revenue items	4,051	(51)	239	72	(379)	-	-	384	4,316
Contract revenue taxable in future years	(3,877)	(118)	1,683	(3)	-	-	-	(44)	(2,359)
Unrealised exchange gains	(20,051)	(35,822)	20,148	-	-	-	-	(97)	(35,822)
Other	1,649	(3,675)	587	(30)	1,070	-	(16,495)	(168)	(17,062)
Deferred tax liabilities before offsetting	**(39,507)**	**(41,058)**	**22,657**	**(256)**	**691**		**(17,621)**	**75**	**(75,019)**
Offsetting	28,133	3,132		(70)			21,012	15,413	67,620
Net deferred tax liabilities	**(11,374)**	**(37,926)**	**22,657**	**(326)**	**691**		**3,391**	**15,488**	**(7,399)**

The €48.1 million increase in deferred tax assets is mainly due to impairment losses recognised during the year.

"Other" mostly comprises the deferred taxes that arose upon application of the new standards.

14. Inventories

Inventories total €156.4 million at the reporting date, as shown in the following table:

(€'000)	31 December 2018 Gross amount	Allowance	Carrying amount	31 December 2019 Gross carrying	Allowance	Carrying amount	Variation
Real estate projects	20,823	(10,334)	10,489	20,823	(17,534)	3,289	(7,200)
Finished products and goods	5,183	-	5,183	4,785		4,785	(398)
Raw materials, consumables and supplies	179,705	(3,073)	176,632	153,878	(5,584)	148,294	(28,338)
Total	**205,711**	**(13,407)**	**192,304**	**179,486**	**(23,118)**	**156,368**	**(35,936)**

Real estate projects

Real estate projects amount to €3.3 million and mainly relate to an area zoned for agricultural use on which it was planned to construct a trade point in Lombardy.

Given the zoning and legal issues afflicting this area owned by the Group and, in particular, the Council of State's recent ruling, the Group updated the market value of the area with the assistance of a real estate expert, calculating a value of €1.8 million (net of the related allowance of €17.5 million).

Finished products and goods and Raw materials, consumables and supplies

The carrying amount of these items totals €4.8 million and €148.3 million, respectively, and mainly relates to materials and goods to be used for foreign contracts, including those in Ethiopia (€79.5 million).

The carrying amount of raw materials, consumables and supplies is net of an allowance of €5.6 million, analysed below.

Changes in the allowance in 2018 are shown below:

(€'000)	31 December 2017	Accruals	Utilisations	Reversals	Other changes	Net exchange losses	31 December 2018
Allowance – real estate projects	7,772	2,562	-	-	-	-	10,334
Allowance - raw materials	2,511	1,021	(343)	-		(116)	3,073
Total	**10,283**	**3,583**	**(343)**	**-**	**-**	**(116)**	**13,407**

Changes in the allowance in 2019 are shown below:

(€'000)	31 December 2018	Accruals	Utilisations	Reversals	Other changes	Net exchange gains	31 December 2019
Allowance – real estate projects	10,334	7,200	-	-	-	-	17,534
Allowance - raw materials	3,073	2,923	(493)	-	-	81	5,584
Total	**13,407**	**10,123**	**(493)**	**-**	**-**	**81**	**23,118**

15. Contract assets and liabilities

Contract assets and liabilities can be analysed as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Contract assets	1,512,866	2,040,450	527,584
Contract liabilities	1,149,588	1,186,076	36,488

Contract assets mostly represent the right to consideration for work performed but not invoiced at the reporting date, net of contract advances. They were impaired by €11.5 million at 31 December 2019 (€48.4 million), mainly in relation to the contract assets with the Venezuelan customers (see the "Main risk factors and uncertainties" section of the Directors' report).

Acquisiton of Cossi Costruzioni S.p.A. (see note 5) increased contract assets by €10.3 million.

Revenue recognised in 2019 on performance obligations satisfied (or partly satisfied) mostly relates to changes in estimates of the percentage of completion and the variable consideration.

Contract liabilities mostly comprise contract advances from customers for projects for which the revenue is recognised over time.

Contract assets

Contract assets increased by €527.6 million to €2,040.5 million at the reporting date. They include contracts in Italy (€174.8 million), abroad (€1,822.9 million) and Lane's contracts (€42.8 million).

The following table shows contract assets calculated using the stage of completion method, net of losses realised or estimated at the reporting date and progress billings and advances:

(€'000)	31 December 2018	31 December 2019	Variation
Contract work in progress	26,530,643	28,125,008	1,594,365
Progress payments (on approved work)	(23,819,827)	(25,054,997)	(1,235,170)
Advances	(1,197,950)	(1,029,561)	168,389
Total contract assets	**1,512,866**	**2,040,450**	**527,584**

The main contract assets relate to the Grand Ethiopian Renaissance Dam (GERD) (€292.8 million), the Rogun Hydropower Project for the hydroelectric plant on the Vakhsh River in Tajikistan (€186.2 million), the road projects in Poland (€147.4 million), the Meydan One Mall in Dubai (€138.2 million) and the Doha Metro and the Al Bayt Stadium in Al Khor City, Qatar (€125.3 million).

The advances mainly refer to the contracts in Tajikistan (€266.6 million), the contract for the metro line in Denmark (€259.5 million), the National Guard SANG Villas project in Saudi Arabia (€109.0 million), the GERD contract in Ethiopia (€67.5 million), the Lydco contract in Libya (€53.8 million) and the Sydney Metro Northwest Project in Australia (€50.2 million).

The increase is mostly due to the smaller advances for the Meydan One contract in Dubai, the GERD project in Ethiopia and the Al Bayt Stadium in Qater, partly offset by the advances for the Saudi contract reclassified from contract liabilities to contract assets.

A breakdown of contract work in progress by geographical segment is as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Italy	147,202	174,794	27,592
EU (excluding Italy)	452,455	468,669	16,214
Non-EU	17,861	21,550	3,689
Asia/Middle East	311,730	615,007	303,277
Africa	295,080	454,546	159,466
Americas	209,557	224,184	14,627
Oceania	78,981	81,700	2,719
Total	**1,512,866**	**2,040,450**	**527,584**

Contract liabilities

This item, included in "Current liabilities", amounts to €1,186.1 million, up slightly by €36.5 million on the figure at 31 December 2018. It comprises:

(€'000)	31 December 2018	31 December 2019	Variation
Contract work in progress	(14,482,455)	(14,259,442)	223,013
Progress payments (on approved work)	14,702,915	14,562,682	(140,233)
Advances	929,128	882,836	(46,292)
Total	**1,149,588**	**1,186,076**	**36,488**

The contracts that mostly contributed to this item are the works for the Koysha Dam in Ethiopia (€299.2 million), the Snowy 2.0 hydropower plant in Australia (€232.4 million), Lane's contracts in the US (€186.0 million) and the Apice - Hirpinia section of the Naples - Bari railway line (€69.8 million).

The advances mainly relate to the high speed/capacity Milan - Genoa railway contract (€279.9 million), the works for the Koysha Dam in Ethiopia (€148.4 million), the contracts in Libya (€122.3 million) and the Apice - Hirpinia section of the Naples - Bari railway line (€72.9 million).

The following table shows a breakdown of the item by geographical segment:

(€'000)	31 December 2018	31 December 2019	Variation
Italy	102,101	133,110	31,009
EU (excluding Italy)	35,500	22,797	(12,703)
Non-EU	11,806	66,358	54,553
Asia/Middle East	304,860	63,608	(241,252)
Africa	475,143	393,981	(81,162)
Americas	185,927	269,774	83,847
Oceania	34,252	236,448	202,196
Total	**1,149,588**	**1,186,076**	**36,488**

Contract assets and liabilities, comprising progress payments and advances, include claims for additional consideration of €1,703.5 million and €133.3 million, respectively, the payment of which is deemed highly probable, based also on the legal and technical opinions of the Group's advisors. The additional consideration recognised in this item is part of the total consideration formally requested of the customers.

The "Main risk factors and uncertainties" section in the Directors' report provides information on pending disputes and assets exposed to country risk.

The section on the "Performance by geographical area" in the Directors' report provides more details about the contracts and the progress made on the main contracts.

16. Trade receivables

At 31 December 2019, trade receivables amount to €1,827.2 million, a net decrease of €103.5 million compared to 31 December 2018. The item includes receivables of €299.8 million from unconsolidated group companies and other related parties.

It is analysed in the following table:

(€'000)	31 December 2018	31 December 2019	Variation
Third parties	1,792,229	1,527,400	(264,829)
Unconsolidated group companies and other related parties	138,410	299,773	161,363
Total	**1,930,639**	**1,827,173**	**(103,466)**

Trade receivables from third parties may be broken down as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Third parties	2,125,960	1,937,589	(188,371)
Loss allowance	(333,731)	(410,189)	(76,458)
Total	**1,792,229**	**1,527,400**	**(264,829)**

The balance relates to amounts due from customers for invoices issued and for work performed and approved by customers but still to be invoiced. It decreased by €264.8 million compared to 31 December 2018, principally as a result of the reduction in amounts due from the Ethiopian customer following collections received during the year.

This item mainly includes:

- €233.7 million for the high speed/capacity Milan - Genoa railway line section contract;
- €137.1 million from Lane Industries;
- €127.9 million due to Fibe by the Campania municipalities for its services provided under contract until 15 December 2005 and the subsequent transition period (reference should be made to the "Main risk factors and uncertainties" section in the Directors' report for more information about this complicated dispute and the directors' related assessments);
- €117.4 million related to HCE, including €68.2 million from Ukravtodor (Ukraine) for fees awarded by the Paris International Court of Arbitration. Reference should be made to the "Main risk factors and uncertainties" section in the Directors' report for more information about this complicated dispute and the directors' related assessments.
- €99.1 million for the Salerno-Reggio Calabria S.c.p.a. contract;
- €96.5 million from Ethiopian customers, down roughly €347.8 million on 2018 as a result of collections received during the year;
- approximately €71.8 million from Nigerian government agencies and €63.7 million from Venezuelan customers for railway works expected to be collected after one year (€318.6 million gross at 31 December 2019, net of a loss allowance of €254.9 million), both tested for impairment in accordance with IFRS 9. More information is available in the "Main risk factors and uncertainties" section of the Directors' report.

Retentions amount to €100.1 million at the reporting date compared to €133.8 million at 31 December 2018.

The loss allowance increased by €76.5 million to €410.2 million at the reporting date and mainly refers to:

- the loss allowance for Venezuelan exposures of €249.5 million, described in more detail in the "Impairment - Venezuela" section;
- the loss allowance of €45.8 million related to receivables due to COCIV from the consortium member Condotte given that it is currently under extraordinary administration;
- default interest of €60.3 million most refers to Fibe S.p.A. and the Venezuelan branch (due to the impairment losses described in more detail later in this report).

Impairment - Venezuela

Assisted by its independent experts, the Group estimated the impairment losses on the Venezuelan financial assets in line with its approach taken in the 2018 financial statements.

The impairment model selected is the discounted cash flow (DCF) model in line with the amortised cost approach of IFRS 9. Estimating amortised cost usually requires the preparation of a possible repayment plan that is economically and financially feasible for the debtor.

Given the uncertainty about the expected collection rates and the time involved (i.e., the length of the litigation), the Group prepared 16 scenarios using various combinations of inputs.

It then defined the following parameters:

- the nominal amount reduction;
- the total repayment delay;
- the repayment structure (equal or increasing instalments).

The interval (50% - 73% compared to 37% - 51%) for the nominal amount reduction was defined using the default episode samples obtained from last year's impairment test (2018).

This was decided to properly factor in the following considerations:

- the stagnant political, social and economic scenario for the third consecutive year;
- the negative signals about the current and possible future oil prices and the significant fall in the prices of the Venezuelan government bonds in the second half of 2019;

The sample included the "extreme" default episodes of 2018 (i.e., Panama '96 and Bolivia '88).

With respect to the recoverable amount of the Group's exposure to the Venezuelan government agencies, at 31 December 2019, its gross exposure amounts to €643.4 million, of which loan assets of €120.2 million and consideration accrued on work performed of approximately €523.2 million (the latter amount comprises €318.7 million already invoiced and recognised under trade receivables and €204.5 million recognised under contract assets net of contract liabilities).

As a result of the assessments made on the basis of that set out above, the Group's net exposure to the Venezuelan government agencies amounts to €128.7 million, of which loan assets of €24.0 million and consideration accrued on work performed of approximately €104.7 million (the latter amount comprises €63.8 million already invoiced and recognised under trade receivables and €40.9 million recognised under contract assets net of contract liabilities).

Given the high level of uncertainty implicit in this type of valuation, the Group engaged a second independent expert to assess the reasonableness of the results obtained from the use of the above model and its reasonableness was confirmed.

Changes in the loss allowance are as follows:

(€'000)	31 December 2017	Impairment losses	Utilisations	Reversals	Change in scope	Other changes	Net exchange losses	31 December 2018
Trade receivables	186,871	85,307	(679)	(2,503)	(9)	5,018	(791)	273,214
Default interest	59,594	1,071	(35)	(171)	-	-	58	60,517
Total	**246,465**	**86,378**	**(714)**	**(2,674)**	**(9)**	**5,018**	**(733)**	**333,731**

(€'000)	31 December 2018	Impairment losses	Utilisations	Reversals	Change in scope	Reclass. and other changes	Net exchange gains	31 December 2019
Trade receivables	273,214	78,759	(1,697)	(1,328)	(24)	839	154	349,917
Default interest	60,517			(319)		64	10	60,272
Total	**333,731**	**78,759**	**(1,697)**	**(1,647)**	**(24)**	**903**	**164**	**410,189**

Trade receivables from unconsolidated group companies and other related parties increased by €161.4 million to €299.8 million at 31 December 2019. This variation relates to the consortium companies Metro Blu S c.r.l., PerGenova S.c.p.a. and the Hirpinia AV consortium.

The item mainly comprises trade receivables from unconsolidated SPEs for work carried out by them under contracts with Italian and foreign public administrations.

The balance includes €0.7 million related to the Group's liabilities with consortia and consortium companies (SPEs) that operate by recharging costs and are not included in the consolidation scope. It is equal to the Group's share of the SPEs' cash and cash equivalents.

A complete list of the intragroup transactions is provided in the annexes.

17. Derivatives and other current financial assets

At 31 December 2019, this item of €241.5 million (31 December 2018: €135.9 million) includes the following:

(€'000)	31 December 2018	31 December 2019	Variation
Loans and receivables - third parties	96,213	193,932	97,719
Loans and receivables - unconsolidated group companies and other related parties	31,385	42,712	11,327
Government bonds and insurance shares	7,681	4,605	(3,076)
Derivatives	602	268	(334)
Total	**135,881**	**241,517**	**105,636**

Loans and receivables - third parties increased by €97.7 million and mainly consist of:

- approximately €95.6 million disbursed to non-controlling investors of the group companies, mainly active in Australia, the United Arab Emirates and Saudi Arabia;
- €50.6 million related to the net investment in leases by COCIV for assets given to the subcontractors;
- €22.1 million related to an interest-bearing loan granted to Seli Overseas S.p.A.. (over which the parent has usufruct rights granted by the Rome Court in 2018);
- €11.2 million related to an arbitration proceeding commenced by the Ariguani consortium against Grodco and the insurance companies (SBS) for the default of the performance bond.

Loans and receivables with unconsolidated group companies and other related parties mainly consist of €18.0 million due from the related party G.A.B.I.RE. s.r.l..

The government bonds and insurance shares amount to €4.6 million compared to €7.7 million at 31 December 2018. The item principally comprises securities held by the Group's Argentine companies.

Derivatives include the reporting-date fair value of currency hedges that did not meet the criteria for application of hedge accounting for cash flow hedges under the IFRS.

Their fair value was a positive €0.3 million at the reporting date as shown below:

(€'000)	31 December 2018	31 December 2019
Currency swaps - FVTPL	602	268
Total current derivatives shown in net financial indebtedness	**602**	**268**

18. Current tax assets and other current tax assets

Current tax assets amount to €90.5 million as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Direct taxes	48,973	34,233	(14,740)
IRAP	2,046	2,105	59
Foreign direct taxes	61,083	54,175	(6,908)
Total	**112,102**	**90,513**	**(21,589)**

The 31 December 2019 balance mainly consists of:

- direct tax assets for excess taxes paid in previous years, which the Group has correctly claimed for reimbursement and which bear interest;

- foreign direct tax assets for excess taxes paid abroad by the foreign group companies which will be recovered as per the relevant legislation.

Other current tax assets decreased by €14.1 million to €132.1 million at the reporting date as follows:

(€'000)	31 December 2018	31 December 2019	Variation
VAT	132,114	118,380	(13,734)
Other indirect taxes	14,052	13,729	(323)
Total	**146,166**	**132,109**	**(14,057)**

19. Other current assets

Other current assets of €685.0 million show an increase of €44.7 million on the previous year end and may be analysed as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Other	235,737	229,317	(6,420)
Advances to suppliers	281,806	309,652	27,846
Unconsolidated group companies and other related parties	22,216	31,280	9,064
Prepayments and accrued income	100,510	114,746	14,236
Total	**640,269**	**684,995**	**44,726**

Specifically, "Other" includes:

- €71 million mostly due from the former consortium member to the Cossi LGV consortium related to works for the Monte Ceneri tunnel in Switzerland. The Group has a liability of €70.2 million to the consortium member recognised under other liabilities against this receivable;
- €47.6 million from the public bodies involved in managing the waste emergency in Campania to Fibe. The €23.8 million decrease in this item is due to changes in the legal proceedings during the year after which the Group reclassified amounts due from public bodies to other current liabilities given the above legal situation.

  Based on the information available at the date of preparation of these consolidated financial statements, the Group believes that the other current assets related to the USW Campania projects will be collected within 12 months, given also that the outcome of the related disputes will be made known in the near future. This classification is the best estimate, based also on the assessments provided by independent experts. The section on the "USW Campania projects" and related assessments in the section of the Directors' report on the "Main risk factors and uncertainties" provides more information about these projects;
- €29.4 million due from the Argentine Republic as compensation for damage following the favourable award issued on 21 June 2011 and confirmed by the Buenos Aires Arbitration Tribunal on 24 January 2014. This award settled the proceedings commenced by the shareholders of the investee Aguas del Buenos Aires S.A. in liquidation (operator) against the Argentine Republic. Given that the country's

significant economic crisis has not abated, management tested its exposure for impairment in accordance with IFRS 9. As the recoverable amount is substantially in line with than the exposure's carrying amount, additional impairment losses were not recognised (more information is available in the"Main risk factors and uncertainties section in the Directors report);

- €35.8 million due from some of the Group's partners of joint ventures around the world, mainly for the works for the housing project in South Al Mutlaa (Kuwait).

Advances to suppliers increased by €27.8 million. This increase is mainly due to the advances made during the year, mostly for the high speed Milan - Genoa contracts, the contract to build the hospital in Turkey and a housing and urbanisation project commissioned by Saudi Arabia National Guard (SANG Villas). The item was partly offset by the absorption of advances made in previous years for the projects in Qatar, the project to build a section of a transit way across two islands in Abu Dhabi in the United Arab Emirates and works in Colombia. At year end, the largest advances paid to suppliers were mainly for the high speed/high capacity Milan - Genoa railway line section (€124.5 million), the contract in Saudi Arabia (€51.5 million), the works in Turkey (€34.5 million) and the projects in Qatar (€26.6 million).

The item "Unconsolidated group companies and other related parties" increased by €9.1 million to €31.3 million at the reporting date, mainly as a result of the rise in amounts due from the Hirpinia A.V. consortium for the Apice – Hirpinia section of the high speed Naples - Bari railway line section

Prepayments and accrued income of €114.7 million show an increase of €14.2 million on 31 December 2018. The item mainly consists of insurance premiums, commissions on sureties and other contract costs which will be recognised in profit or loss in future periods based on the stage of completion of the related contracts. The increase, shown in the following table, is mainly due to the high speed/capacity Milan - Genoa railway line section contract, following commencement of Lot 5.

(€'000)	31 December 2018	31 December 2019	Variation
Accrued income:			
- Other	294	82	(212)
Total accrued income	**294**	**82**	**(212)**
Prepayments:			
- Insurance	50,900	70,173	19,273
- Sureties	6,556	6,923	367
- Other contract costs	42,760	37,568	(5,192)
Total prepayments	**100,216**	**114,664**	**14,448**
Total	**100,510**	**114,746**	**14,236**

20. Cash and cash equivalents

At 31 December 2019, cash and cash equivalents amount to €1,020.9 million, down by €86.5 million, as shown below:

(€'000)	31 December 2018	31 December 2019	Variation
Cash and cash equivalents	1,107,340	1,020,858	(86,482)

A breakdown by geographical segment is as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Italy	51,507	194,060	142,553
EU (excluding Italy)	36,489	35,983	(506)
Other European (non-EU) countries	16,803	30,033	13,230
Asia/Middle East	533,222	194,996	(338,226)
Africa	244,082	140,925	(103,157)
Americas	171,511	289,966	118,455
Oceania	53,726	134,895	81,169
Total	**1,107,340**	**1,020,858**	**(86,482)**

The balance includes bank account credit balances at the end of the year and the amounts of cash, cheques and valuables at the registered offices, work sites and foreign branches. Liquidity management is designed to ensure the financial independence of ongoing contracts, considering the structure of the consortia and SPEs, which may limit the availability of financial resources to achievement of the related projects. Liquidity management also considers the existence of constraints to the transfer of currency imposed by certain countries. In this respect, the liquidity in Africa mainly comprises local currency that cannot be exported and is used for the Ethiopian projects.

The statement of cash flows shows the reason for the decrease in the item and changes in current account facilities (note 23).

At the reporting date, the cash and cash equivalents attributable to non-controlling interests of the consolidated SPEs amount to €71.4 million and mainly refer to the entities carrying out the work on the Snowy 2.0 hydropower stations in Australia and Lane Group entities.

The item comprises tied-up amounts of approximately €24.7 million, which includes a deposit of €9.5 million that can be freed after a notice period of 31 days related to the Dutch group company Impregilo International Infrastructures N.V..

21. Non-current assets held for sale and discontinued operations, liabilities directly associated with non-current assets held for sale and loss from discontinued operations

Non-current assets held for sale are shown in the following table with the associated liabilities:

(€'000)	31 December 2018	31 December 2019	Variation
Non-current assets held for sale	5,683	11,976	6,293
Total	**5,683**	**11,976**	**6,293**

Net non-current assets held for sale at 31 December 2019 amount to €12.0 million and comprise the net assets of the USW Campania projects and the investment in Consorcio Agua Azual S.A. held by Impregilo International

Infrastructures N.V.. It was reclassified to non-current assets held for sale in accordance with IFRS 5 at 31 December 2019 as a result of its sale at the start of 2020.

Net non-current assets held for sale (€'000)	31 December 2018 USW Campania	Total
Non-current assets	5,683	5,683
Non-current assets held for sale	**5,683**	**5,683**
Total	**5,683**	**5,683**

Net non-current assets held for sale (€'000)	31 December 2019 Agua Azul S.A.	USW Campania	Total
Non-current assets	6,292	5,683	11,976
Non-current assets held for sale	**6,292**	**5,683**	**11,976**
Total	**6,292**	**5,683**	**11,976**

The profit (loss) from discontinued operations for the reporting period and the previous year is as follows:

2018			
(€'000)	USW Campania	LANE	Total
Revenue			
Operating revenue	-	550,334	550,334
Total revenue	**-**	**550,334**	**550,334**
Operating expenses			
Raw materials and consumables	-	(211,170)	(211,170)
Subcontracts	-	(138,924)	(138,924)
Services	(374)	(41,741)	(42,115)
Other operating expenses	-	(1,928)	(1,928)
Personnel expense	-	(121,075)	(121,075)
Amortisation, depreciation, provisions and impairment losses	-	(8,545)	(8,545)
Total operating expenses	**(374)**	**(523,383)**	**(523,757)**
Operating profit (loss)	**(374)**	**26,951**	**26,577**
Financing income (costs) and gains (losses) on equity investments			
Profit (loss) before tax	**(374)**	**26,951**	**26,577**
Income tax	-	(7,023)	(7,023)
Gain on sale of P&P Division	*-*	*95,248*	*95,248*
Profit (loss) from discontinued operations	**(374)**	**115,176**	**114,802**

2019		
(€'000)	USW Campania	Total
Revenue		
Operating expenses		
Services	(894)	(894)
Total operating expenses	**(894)**	**(894)**
Operating loss	**(894)**	**(894)**
Financing income (costs) and gains (losses) on equity investments		
Loss before tax	**(894)**	**(894)**
Loss from discontinued operations	**(894)**	**(894)**

22. Equity

Equity increased to €1,504.1 million at 31 December 2019 from €932.1 million at the end of 2018 as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Equity attributable to the owners of the parent			
Share capital	544,740	600,000	55,260
Share premium reserve	120,798	654,486	533,688
- Legal reserve	106,551	120,000	13,449
- Reserve for share capital increase related charges	(3,970)	(10,988)	(7,018)
- Reserve for treasury shares	(3,291)	(3,291)	-
- Inflation reserve	24,764	42,724	17,960
- Extraordinary and other reserves	136	136	-
Total other reserves	124,190	148,581	24,391
Other comprehensive expense			
- Translation reserve	(100,768)	(125,993)	(25,225)
- Hedging reserve	(4,036)	(8,861)	(4,825)
- Actuarial reserve	(1,110)	(6,300)	(5,190)
Total other comprehensive expense	(105,914)	(141,154)	(35,240)
Retained earnings	97,698	155,610	57,912
Profit (loss) for the year	54,197	(22,128)	(76,325)
Equity attributable to the owners of the parent	**835,709**	**1,395,395**	**559,686**
Share capital and reserves attributable to non-controlling interests	109,236	100,767	(8,469)
Profit for the year attributable to non-controlling interests	(12,882)	7,983	20,865
Share capital and reserves attributable to non-controlling interests	96,354	108,750	12,396
Total	**932,063**	**1,504,145**	**572,082**

On 12 November 2019, the parent completed its issue of 400,000,000 new ordinary shares for € 600,000,000.00 (including the premium).

Its new share capital amounts to €600,000,000 and comprises 892,172,691 ordinary shares and 1,615,491 savings shares, all without a nominal amount.

The parent has solely issued ordinary shares for the capital increase and did not issue savings shares as the assumptions for their issue pursuant to article 36 of the by-laws approved by the shareholders in their extraordinary meeting of 4 October 2019 were not met.

The capital increase of €600 million has been allocated to share capital (€55,260 thousand), the share premium reserve (€533,688 thousand) and the legal reserve (€11,052 thousand). The related charges of €7,018 thousand increased the related reserve.

In accordance with article 2444 of the Italian Civil Code, certification of the execution of the capital increase was filed with the Milan Company Registrar on 14 November 2019.

Changes of the year in the different equity items are summarised in the relevant schedule of the consolidated financial statements.

Specifically, in their meeting held on 24 April 2019, the parent's shareholders resolved the following:

- to allocate €2,396,680.92 to the legal reserve;
- to distribute €840,055.32 as a dividend to each share, equal to €0.52 per share, as per article 33.b) of the by-laws, including the legal withholding;
- to allocate €106,313,678.94 to retained earnings.

At the reporting date, the parent had 1,330,845 treasury shares for €3,291,089.72. The reserve for treasury shares is unchanged from 31 December 2018. The parent does not have a share repurchase plan at 31 December 2019.

The inflation reserve was set up following application of IAS 29 to the Argentine group companies (more information is available in note 1 and the Directors' report in the "Main risk factors and uncertainties" section).

The main variation in other comprehensive expense items relates to the effect of fluctuations in exchange rates (mostly the Argentine peso's depreciation versus the Euro) as shown below:

(€'000)	2018	2019
Opening balance	(68,835)	(100,768)
Reclassification to profit or loss	-	(11,380)
Equity-accounted investees	(32,862)	12,737
Increase (decrease)	929	(26,582)
Total changes	(31,933)	(25,225)
Closing balance	**(100,768)**	**(125,993)**

At the reporting date, the hedging reserve referred to the equity-accounted Turkish associate Gaziantep Hastane Saglik. The effect of changes in the hedging reserve due to fair value gains (losses) on financial instruments is detailed below:

(€'000)	2018	2019
Opening balance	138	(4,036)
Reclassification of fair value gains/losses on settled transactions to profit or loss	(183)	-
Net fair value losses	(3,991)	(4,825)
Total changes	(4,174)	(4,825)
Closing balance	**(4,036)**	**(8,861)**

The actuarial reserve underwent the following changes:

(€'000)	2018	2019
Opening balance	(5,233)	(1,110)
Net actuarial gains (losses) recognised in OCI	4,123	(5,190)
Closing balance	**(1,110)**	**(6,300)**

Retained earnings

This item may be analysed as follows:

(€'000)	2018	2019
Opening balance	238,731	97,698
IFRS 16 and IFRIC 23 FTA	-	(7,455)
Allocation of profit (loss)	(117,233)	51,800
Dividend distribution	(26,099)	(840)
Assignment of shares under LTI plan	1,958	-
Change in consolidation scope	341	14,407
Closing balance	**97,698**	**155,610**

Share capital and reserves attributable to non-controlling interests

Share capital and reserves attributable to non-controlling interests are as follows:

(€'000)	2018	2019
Opening balance	131,061	96,354
IFRS 16 and IFRIC 23 FTA		(64)
Capital increase	1,605	3,035
Profit (loss) attributable to non-controlling interests	(12,882)	7,983
Dividend distribution to non-controlling interests	(28,374)	(5,252)
Change in consolidation scope	166	6,485
Other changes	6,883	3,537
Components of comprehensive expense	(2,105)	(3,328)
Closing balance	**96,354**	**108,750**

The “Other changes” chiefly refer to the application of IAS 29 to the Argentine company for the Riachuelo contract.

At the reporting date, the Group has the following investments deemed significant by management in subsidiaries which have non-controlling investors as follows:

(€m) Company	Head office	Business	% of ordinary shares held directly by the parent	% of ordinary shares held by the Group	% of ordinary shares held by non-controlling investors	Non-controlling interests
Salerno-Reggio Calabria S.c.p.a.	Italy	Construction	51%	51%	49%	24.5
Reggio Calabria - Scilla S.c.p.a.	Italy	Construction	51%	51%	49%	17.2
Società Autostrada Broni - Mortara S.p.A. (SA.BRO.M)	Italy	Concessions	60%	60%	40%	9.9
Impregilo-SK E&C-Galfar al Misnad J.V.	Qatar	Construction	41.25%	41.25%	58.75%	9.7
Galfar - Salini Impregilo - Cimolai J.V.	Qatar	Construction	40%	40%	60%	(29.6)
Lane Industries Group (*)	USA	Construction	n.a.	n.a.	n.a.	8.0
Salini Saudi Arabia	Saudi Arabia	Construction	51%	51%	49%	11.5
Western Station	Saudi Arabia	Construction	51%	51%	49%	24.2
Other						33.4
Total non-controlling interests						**108.8**

A complete list of not wholly-owned subsidiaries is given in the “Consolidation scope” annex at the end of these notes.

Summary of financial information of subsidiaries with significant non-controlling interests

Access to the assets of Italian law consortia and consortium companies and foreign SPES and the possibility of using them to settle the Group’s liabilities is generally subject to approval by qualified majorities of the members, in order to protect the operating requirements of their contracts.

The following table summarises the financial information of each company in which the Group has an investment that has significant non-controlling interests:

Salerno-Reggio Calabria S.c.p.a.

(€'000)

Statement of financial position	31 December 2018	31 December 2019	Variation
Assets			
Non-current assets	27	25	(2)
Current assets	211,692	207,458	(4,234)
Total assets	**211,719**	**207,483**	**(4,236)**
Equity and liabilities			
Equity	50,000	50,000	-
Non-current liabilities	19	-	(19)
Current liabilities	161,700	157,483	(4,217)
Total equity and liabilities	**211,719**	**207,483**	**(4,236)**

Statement of profit or loss	2018	2019	Variation
Revenue	3,915	2,332	(1,583)
Profit before tax	181	42	(139)
Income taxes	(181)	(42)	139

Statement of cash flows	2019
Net cash flows generated by operating activities	2,503
Net cash flows used in financing activities	(1,837)
Net increase in cash and cash equivalents and current account overdrafts	**666**
Opening cash and cash equivalents and current account overdrafts	**819**
Closing cash and cash equivalents and current account overdrafts	**1,485**

Reggio Calabria - Scilla S.c.p.a.

(€'000)

Statement of financial position	31 December 2018	31 December 2019	Variation
Assets			
Non-current assets	4	3	(1)
Current assets	95,492	90,827	(4,665)
Total assets	**95,496**	**90,830**	**(4,666)**
Equity and liabilities			
Equity	35,000	35,000	-
Non-current liabilities	43	16	(27)
Current liabilities	60,453	55,814	(4,639)
Total equity and liabilities	**95,496**	**90,830**	**(4,666)**

Statement of profit or loss	2018	2019	Variation
Revenue	2,952	1,422	(1,530)
Profit (loss) before tax	37	(17)	(54)
Income taxes	(37)	17	54

Statement of cash flows	2019
Net cash flows generated by operating activities	1,716
Net cash flows used in financing activities	(1,139)
Net increase in cash and cash equivalents and current account overdrafts	**577**
Opening cash and cash equivalents and current account overdrafts	**2,902**
Closing cash and cash equivalents and current account overdrafts	**3,479**

Società Autostrade Broni - Mortara S.p.A.

(€'000)

Statement of financial position	31 December 2018	31 December 2019	Variation
Assets			
Non-current assets	43,967	44,125	158
Current assets	658	318	(340)
Total assets	**44,625**	**44,443**	**(182)**
Equity and liabilities			
Equity	25,417	24,929	(488)
Current liabilities	19,208	19,514	306
Total equity and liabilities	**44,625**	**44,443**	**(182)**

Statement of profit or loss	2018	2019	Variation
Loss before tax	(731)	(660)	71
Income taxes	187	172	(15)
Loss for the year	**(544)**	**(488)**	**56**
Comprehensive expense	**(544)**	**(488)**	**56**
Comprehensive expense attributable to non-controlling interests	**(218)**	**(195)**	**23**

Statement of cash flows	2019
Net cash flows used in operating activities	(56)
Net cash flows used in investing activities	(158)
Net cash flows generated by financing activities	18
Net increase in cash and cash equivalents and current account overdrafts	**(196)**
Opening cash and cash equivalents and current account overdrafts	**219**
Closing cash and cash equivalents and current account overdrafts	**23**

Impregilo-SK E&C-Galfar al Misnad J.V. (Qatar)

(€'000)

Statement of financial position	31 December 2018	31 December 2019	Variation
Assets			
Non-current assets	9,819	4,960	(4,859)
Current assets	100,120	57,428	(42,692)
Total assets	**109,939**	**62,388**	**(47,551)**
Equity and liabilities			
Equity	16,537	16,520	(17)
Non-current liabilities	1,130	259	(871)
Current liabilities	92,272	45,609	(46,663)
Total equity and liabilities	**109,939**	**62,388**	**(47,551)**

Statement of profit or loss	2018	2019	Variation
Revenue	204,323	53,930	(150,393)
Loss before tax	(4,879)	(336)	4,543
Loss for the year	**(4,879)**	**(336)**	**4,543**
Other comprehensive income	824	319	(505)
Comprehensive expense	**(4,055)**	**(17)**	**4,038**
Comprehensive expense attributable to non-controlling interests	**(2,382)**	**(10)**	2,372

Statement of cash flows	2019
Net cash flows used in operating activities	(29,510)
Net cash flows generated by investing activities	4,251
Net cash flows generated by financing activities	323

Net increase in cash and cash equivalents and current account overdrafts	**(24,936)**
Opening cash and cash equivalents and current account overdrafts	**28,122**
Closing cash and cash equivalents and current account overdrafts	**3,186**

Galfar - Salini Impregilo - Cimolai J.V (Qatar)

(€'000)

Statement of financial position	31 December 2018	31 December 2019	Variation
Assets			
Non-current assets	2,674	2,145	(529)
Current assets	151,591	211,886	60,295
Total assets	**154,265**	**214,031**	**59,766**
Equity and liabilities			
Equity	(35,563)	(49,360)	(13,797)
Non-current liabilities	746	953	207
Current liabilities	189,082	262,438	73,356
Total equity and liabilities	**154,265**	**214,031**	**59,766**
Statement of profit or loss	**2018**	**2019**	**Variation**
Revenue	258,650	209,759	(48,891)
Loss before tax	(31,196)	(13,158)	18,038
Loss for the year	**(31,196)**	**(13,158)**	**18,038**
Other comprehensive expense	(1,133)	(638)	495
Comprehensive expense	**(32,329)**	**(13,796)**	**18,533**
Comprehensive expense attributable to non-controlling interests	**(19,398)**	**(8,278)**	11,120
Statement of cash flows			**2019**
Net cash flows used in operating activities			(72,852)
Net cash flows generated by investing activities			212
Net cash flows generated by financing activities			26,206
Net increase in cash and cash equivalents and current account overdrafts			**(46,434)**
Opening cash and cash equivalents and current account overdrafts			**50,329**
Closing cash and cash equivalents and current account overdrafts			**3,895**

Salini Saudi Arabia Ltd Co

(€'000)

Statement of financial position	31 December 2018	31 December 2019	Variation
Assets			
Non-current assets	7,801	10,561	2,760
Current assets	226,013	145,380	(80,633)
Total assets	**233,814**	**155,941**	**(77,873)**
Equity and liabilities			
Equity	10,874	13,348	2,474
Non-current liabilities	503	1,879	1,376
Current liabilities	222,437	140,714	(81,723)
Total equity and liabilities	**233,814**	**155,941**	**(77,873)**
Statement of profit or loss	**2018**	**2019**	**Variation**
Revenue	165,071	262,036	96,965
Profit before tax	13,237	15,224	1,987
Income taxes	-	(2,123)	(2,123)
Profit for the year	**13,237**	**13,101**	**(136)**
Other comprehensive expense	(4,281)	(168)	4,113
Comprehensive income	**8,956**	**12,933**	**3,977**
Comprehensive income attributable to non-controlling interests	**4,388**	**6,337**	**1,949**
Dividends paid to non-controlling interests	**13,145**	**5,250**	**(7,895)**
Statement of cash flows			**2019**

Net cash flows used in operating activities	(64,183)
Net cash flows used in investing activities	(6,352)
Net cash flows used in financing activities	(27,366)
Net increase in cash and cash equivalents and current account overdrafts	**(97,901)**
Opening cash and cash equivalents and current account overdrafts	**154,419**
Closing cash and cash equivalents and current account overdrafts	**56,518**

Western Station Joint Venture (Saudi Arabia)

(€'000)

Statement of financial position	31 December 2018	31 December 2019	Variation
Assets			
Non-current assets	12	6	(6)
Current assets	177,090	157,353	(19,737)
Total assets	**177,102**	**157,359**	**(19,743)**
Equity and liabilities			
Equity	36,451	49,330	12,879
Current liabilities	140,651	108,029	(32,622)
Total equity and liabilities	**177,102**	**157,359**	**(19,743)**

Statement of profit or loss	2018	2019	Variation
Revenue	129,122	78,251	(50,871)
Profit before tax	8,690	12,221	3,531
Profit for the year	**8,690**	**12,221**	**3,531**
Other comprehensive income	1,517	658	(859)
Comprehensive income	**10,207**	**12,879**	**2,672**
Comprehensive income attributable to non-controlling interests	**5,002**	**6,311**	**1,309**

Statement of cash flows	2019
Net cash flows used in operating activities	(21,069)
Net cash flows used in financing activities	(848)
Net increase in cash and cash equivalents and current account overdrafts	**(21,917)**
Opening cash and cash equivalents and current account overdrafts	**22,216**
Closing cash and cash equivalents and current account overdrafts	**299**

Reconciliation between equity and profit of Salini Impregilo S.p.A. with consolidated equity and consolidated loss

The following table shows the reconciliation of equity and profit of the parent with the corresponding consolidated items:

€'000	Equity	Profit (loss) for the year
Equity and profit for the year of Salini Impregilo S.p.A.	**1,492,767**	**70,960**
Elimination of consolidated investments	(786,430)	35,817
Elimination of the provision for risks on equity investments	29,334	230
Equity and profit or loss of consolidated companies	636,094	(135,649)
Other consolidation entries		
Elimination of dividends from consolidated entities	-	13,869
Other consolidation entries	(583)	(502)
Purchase price allocation	2,554	(95)
Unrealised net exchange losses	(497)	(6,758)
Tax effects	3,489	15
Elimination of national tax consolidation system effects	18,667	(15)
Equity and loss for the year attributable to the owners of the parent	**1,395,395**	**(22,128)**
Equity and profit for the year attributable to non-controlling interests	108,750	7,983
Consolidated equity and loss for the year	**1,504,145**	**(14,145)**

23. Bank and other loans, current portion of bank loans and current account facilities

Bank and other loans and borrowings decreased by €134.4 million over 31 December 2018 to €982.9 million at year end, as summarised below:

(€'000)	31 December 2018	31 December 2019	Variation
Non-current portion			
- Bank and other loans and borrowings	617,895	751,256	133,361
Current portion			
- Current account facilities and other loans	499,362	231,640	(267,722)
Total	**1,117,257**	**982,896**	**(134,361)**

The Group’s financial indebtedness is broken down by loan type in the following table:

(€'000)	31 December 2018 Non-current	31 December 2018 Current	31 December 2018 Total	31 December 2019 Non-current	31 December 2019 Current	31 December 2019 Total
Bank corporate loans	546,774	138,874	685,648	604,158	44,305	648,463
Bank construction loans	49,046	84,352	133,398	48,094	28,668	76,762
Bank concession financing	12,613	1,046	13,659	11,831	1,037	12,868
Other financing	9,462	74,439	83,901	87,173	65,721	152,894
Total bank and other loans and borrowings	**617,895**	**298,711**	**916,606**	**751,256**	**139,731**	**890,987**
Current account facilities	-	179,272	179,272		79,814	79,814
Factoring liabilities	-	5,335	5,335		1,232	1,232
Loans and borrowings - unconsolidated group companies	-	16,044	16,044		10,863	10,863
Total	**617,895**	**499,362**	**1,117,257**	**751,256**	**231,640**	**982,896**

Bank corporate loans

Bank corporate loans amount to €648.5 million at the reporting date (31 December 2018: €685.6 million) and refer to the parent.

The contractual terms of loan agreements with the major banks were modified as part of Progetto Italia with repayment of the last instalments in 2025:

The main conditions of the bank corporate loans in place at 31 December 2019 are as follows:

	Company	Interest rate	Expiry date	Note
Banca IMI - Term Facility Loan	Salini Impregilo	Euribor	2022	(1)
Monte dei Paschi di Siena	Salini Impregilo	Fixed	2022	(1)
UBI Revolving	Salini Impregilo	Euribor	2024	(1)
Banca Popolare di Milano (€50 million)	Salini Impregilo	Euribor	2024	(1)
Banca Popolare di Milano (€40 million)	Salini Impregilo	Euribor	2025	(1)
Banca IMI (€102 million)	Salini Impregilo	Euribor	2024	(1)
Banca del Mezzogiorno	Salini Impregilo	Euribor	2021	(1)
BBVA	Salini Impregilo	Fixed	2021	(1)

(1)The loans are backed by covenants that establish the requirement for the borrower to maintain certain financial and equity ratios, which at the date of this Annual Report are fully respected.

The decrease in corporate loans during the year is mostly due to repayment of the loan from Banca Popolare di Bergamo (€40.3 million at 31 December 2018) partly offset by the increase in the use of revolving credit facilities provided by banks.

The non-current portion of the above corporate loans will be repaid at its contractual maturity, based on the following time bands:

€'000	Company	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
Banca IMI	Salini Impregilo	Italy	440,494		440,494	
Banca Poplare di Milano	Salini Impregilo	Italy	56,889		56,889	
BBVA	Salini Impregilo	Italy	50,374	50,374		
Monte dei Paschi	Salini Impregilo	Italy	50,229		50,229	
Banca del Mezzogiorno	Salini Impregilo	Italy	6,172	6,172		
Total			**604,158**	**56,546**	**547,612**	**-**

The fair value of the bank corporate loans, measured as set out in the "Accounting policies" section, is €649.8 million.

Bank construction loans

Bank construction loans amount to €76.8 million at the reporting date and mainly relate to:

- projects in Colombia (€45.3 million);
- the Romanian contracts (€21.6 million).

The decrease mostly refers to the contracts in Qatar (€31.8 million), the Australian contracts (€6.3 million) and the Metro B1 contract, following repayment of the loan (€6.4 million at 31 December 2018).

The conditions of the main construction loans in place at year end may be summarised as follows:

	Company	Country	Interest rate	Expiry date
Banco de Bogotà	ICT II	Colombia	Fixed	2022
Various banks	Romanian branch	Romania	Robor	2020
Banca IMI	Beyond	Italy	Euribor	2022

The interest rates shown in the table have floating spreads depending on the term and conditions of the loans.

The non-current portion of the above construction loans will be repaid at its contractual maturity, based on the following time bands:

€'000	Company	Country	Total non-current portion	Due after 13 months but within 24	Due after 25 months but within 60	Due after 60 months
Banco de Bogotà	ICT II	Colombia	45,002	22,501	22,501	
Various banks	Cossi	Italy	3,092			3,092
Total			**48,094**	**22,501**	**22,501**	**3,092**

The fair value of the construction loans, measured as set out in the "Accounting policies" section, is €76.8 million.

Bank concession financing

At 31 December 2019, bank concession financing amounts to €12.9 million as follows:

€'000				31 December 2018			31 December 2019		
	Company	Currency	Country	Total concession financing	Current	Non-current	Total concession financing	Current	Non-current
Monte dei Paschi di Siena	Corso del Popolo S.p.A.	Euro	Italy	7,240	466	6,774	6,774	531	6,243
Credito Sportivo	Piscine dello Stadio S.r.l.	Euro	Italy	6,152	313	5,839	5,909	321	5,588
Various	Other	Euro	Italy	267	267	-	185	185	
Total				**13,659**	**1,046**	**12,613**	**12,868**	**1,037**	**11,831**

The conditions of the main concession financing in place at year end may be summarised as follows:

	Company	Country	Interest rate	Expiry date
Monte dei Paschi di Siena	Corso del Popolo S.p.A.	Italy	Euribor	2028
Credito Sportivo	Piscine dello Stadio	Italy	IRS	2035

The interest rates shown in the table have floating spreads depending on the term and conditions of the financing.

The non-current portion of the above bank concession financing will be repaid at its contractual maturity, based on the following time bands:

(€'000)	Company	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
Monte dei Paschi di Siena	Corso del Popolo S.p.A.	Italy	6,243	567	2,553	3,123
Credito Sportivo	Piscine dello Stadio S.r.l.	Italy	5,588	267	1,217	4,104
Total			**11,831**	**834**	**3,770**	**7,227**

The fair value of the concession financing, measured as set out in the "Accounting policies" section, is €13.2 million.

Other financing

This item may be analysed as follows:

€'000	Company	Country	31 December 2018 Total other financing	31 December 2018 Current	31 December 2018 Non-current	31 December 2019 Total other financing	31 December 2019 Current	31 December 2019 Non-current
Banca IMI	Beyond	Italy	-	-	-	85,089	215	84,874
Various	Galfar Cimolai JV	Qatar	-	-	-	13,490	13,490	-
Swan SPE	Head office	Italy	-	-	-	10,003	10,003	-
Various	Galfar	Qatar	9,867	9,867	-	10,057	10,057	-
Non-controlling interests	Sabrom	Italy	7,185	7,185	-	7,185	7,185	-
Cat Finance	Salini Impregilo	Italy	13,839	8,432	5,407	5,407	5,407	-
Various	Lane Group	USA	13,262	11,344	1,918	5,706	4,227	1,479
Various	Salini Impregilo	Various	3,011	3,011	-	3,816	3,816	-
Various	Salini Kolin JV	Turkey	2,133	2,133	-	2,270	2,270	-
Various	Abu Dhabi branch	Various	2,689	2,689	-	1,071	1,071	-
Various	HCE	Italy	1,815	591	1,224	1,228	607	621
Jan de Nul	Salini Impregilo	Luxembourg	17,256	17,256	-	-	-	-
Almodon	Salini Impregilo	Saudi Arabia	6,412	6,412	-	-	-	-
Other	Other	Various	6,432	5,516	916	7,572	7,373	199
Total			**83,901**	**74,436**	**9,465**	**152,894**	**65,721**	**87,173**

The financing of €85.1 million was agreed by Beyond S.r.l. as part of Progetto Italia with a bank syndicate in 2019 to be used solely to purchase bonds issued by Astaldi (see note 12). More information is available in the "Progetto Italia" paragraph of the "Key events of the year" section.

The conditions of the main other financing in place at year end may be summarised as follows:

	Company	Country	Interest rate	Expiry date	Note
Banca IMI	Beyond	Italy	Euribor	2022	(1)
Cat Finance	Salini Impregilo	Italy	Euribor	2020	
Galfar Al Misnad	Galfar Cimolai JV	Qatar	Fixed rate	2020	
Swan SPE	Salini Impregilo	Italy	Fixed rate	2020	
Non-controlling interests	Sabrom	Italy	Fixed rate	2020	

(1)The financing is backed by covenants that establish the requirement for the borrower to maintain certain financial and equity ratios, which at the date of this Annual Report are fully respected.

The non-current portion of the above other financing will be repaid at its contractual maturity, based on the following time bands:

€'000	Company	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
Banca IMI	Beyond	Italy	84,873		84,873	
Cat Finance	HCE	Italy	621	621		
BankDirect Cap Finance	Lane Industries	USA	1,479	1,479		
Non-controlling interests	Consorzio LGV Ceneri	Italy	200			200
Total			**87,173**	**2,100**	**84,873**	**200**

The fair value of the other financing, measured as set out in the "Accounting policies" section, is €125.3 million.

Current account facilities

Current account facilities decreased by €99.5 million to €79.8 million at the reporting date.

Factoring liabilities

(€'000)	31 December 2018	31 December 2019	Variation
Ethiopian branch (Factorit)	2,026	1,072	(954)
Salini Saudi Arabia	3,149	-	(3,149)
Other	160	160	-
Total	**5,335**	**1,232**	**(4,103)**

Factoring liabilities relate to the factoring of receivables and decreased by €4.1 million, mainly due to the repayments made by Salini Saudi Arabia, which had factored receivables of €3.1 million in 2018.

Net financial indebtedness of Salini Impregilo Group

(€'000)	Note (*)	31 December 2018	31 December 2019	Variation
Non-current financial assets	12	235,692	378,272	142,580
Current financial assets	17	135,280	241,249	105,969
Cash and cash equivalents	20	1,107,340	1,020,858	(86,482)
Total cash and cash equivalents and other financial assets		**1,478,312**	**1,640,378**	**162,067**
Bank and other loans and borrowings	23	(617,895)	(751,256)	(133,361)
Bonds	24	(1,088,158)	(1,091,890)	(3,732)
Lease liabilities	25	(55,530)	(98,709)	(43,179)
Total non-current indebtedness		**(1,761,583)**	**(1,941,855)**	**(180,272)**
Current portion of bank loans and borrowings and current	23	(499,362)	(231,640)	267,722
Current portion of bonds	24	(13,295)	(13,295)	-
Current portion of lease liabilities	25	(43,206)	(61,673)	(18,467)
Total current indebtedness		**(555,863)**	**(306,608)**	**249,255**
Derivative assets	12-17	602	268	(334)
Derivative liabilities	26	-	(2,012)	(2,012)
Net financial position with unconsolidated SPEs (**)		(21,096)	(21,595)	(499)
Total other financial liabilities		**(20,494)**	**(23,339)**	**(2,845)**
Net financial indebtedness - continuing operations		**(859,628)**	**(631,423)**	**228,205**
Net financial indebtedness including discontinued operations		**(859,628)**	**(631,423)**	**228,205**

(*) The note numbers refer to the notes to the consolidated financial statements where the items are analysed in detail.

(**) This item shows the Group's net amounts due from/to unconsolidated consortia and consortium companies operating under a cost recharging system and not included in the consolidation scope. The balance reflects the Group's share of cash and cash equivalents or debt of the SPEs. The items making up these balances are shown under trade receivables and payables, respectively, in the consolidated financial statements.

More information about changes in the Group's net financial indebtedness during the year is available in the Directors' report.

24. Bonds

The outstanding bonds at 31 December 2019 relate to the parent, Salini Impregilo (€1,105.2 million). They are analysed in the following table:

(€'000)	31 December 2018	31 December 2019	Variation
Non-current portion	1,088,158	1,091,890	3,732
Current portion	13,295	13,295	-
Total	**1,101,453**	**1,105,185**	**3,732**

A breakdown of this item is set out in the following table:

		31 December 2018			31 December 2019		
Description	Expiry date	Nominal amount	Non-current portion (net of related charges)	Current portion (accrued interest)	Nominal amount	Non-current portion (net of related charges)	Current portion (accrued interest)
(€'000)							
Salini TF 3.75% Gn 21 CALL EUR	24 June 2021	600,000	592,651	11,713	600,000	595,612	11,712
Salini TF 1.75% Ot 24 CALL EUR	26 October 2024	500,000	495,507	1,582	500,000	496,278	1,583
Total		**1,100,000**	**1,088,158**	**13,295**	**1,100,000**	**1,091,890**	**13,295**

The bonds are listed on the Dublin Stock Exchange and are backed by covenants that require it to maintain certain financial and equity ratios, which are fully respected at the reporting date.

The fair value of the bonds at the reporting date, measured as set out in the "Accounting policies" section, is €1,081.1 million.

On 17 January 2020, Salini Impregilo placed new notes on the market for €250,000,000, part of which were to be used to exchange the outstanding "€600,000,000 3.75 per cent. Notes due 24 June 2021" (the "2021 notes") for €120,970,000 while another part (the "additional new notes") were offered to new investors for €123,341,000. The new notes' maturity date is 28 January 2027 and the coupon is 3.625%. More information is available in the "Key events of the year" section of the Directors' report.

25. Lease liabilities

Lease liabilities may be broken down as follows at 31 December 2019:

(€'000)	31 December 2018	31 December 2019	Variation
Lease liabilities	55,530	98,709	43,179
Current portion of lease liabilities	43,206	61,673	18,467
Total	**98,736**	**160,382**	**61,646**

This item was previously called "Finance lease liabilities" and amounted to €98.7 million at 31 December 2018. After introduction of IFRS 16, it changed its name to "Lease liabilities". More information is available in note 2 "Changes in standards".

The increase in the item is mainly a result of application of the new standard.

The present value of the minimum future lease payments is €160.4 million (31 December 2018: €98.7 million) as follows:

(€'000)	31 December 2018	31 December 2019
Minimum lease payments:		
Due within one year	45,422	66,038
Due between one and five years	58,296	100,476
Due after five years	76	7,820
Total	**103,794**	**174,334**
Future interest expense	(5,058)	(13,952)
Net present value	**98,736**	**160,382**
The net present value is as follows:		
Due within one year	43,206	61,673
Due between one and five years	55,455	92,465
Due after five years	75	6,244
Total	**98,736**	**160,382**

26. Derivatives and other current financial liabilities

These items show the reporting-date fair value of the currency hedges. They may be broken down as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Current portion	-	2,012	2,012
Total	**-**	**2,012**	**2,012**

The following table analyses the item:

(€'000)	31 December 2018	31 December 2019	Variation
Forward currency purchases and sales - FVTPL	-	2,012	2,012
Total derivatives presented in net financial indebtedness	**-**	**2,012**	**2,012**

The following tables set out the characteristics of the derivative liabilities existing at 31 December 2019, showing the company owning the contract and the related fair value at the reporting date:

Forward currency purchases and sales - FVTPL

Company	Agreement date	Expiry date	Currency	Notional amount	Fair value (€/000)
Salini Impregilo	26/11/2019	27/01/2020	USD	18,008,251	(232)
Salini Impregilo	19/12/2019	30/06/2020	USD	66,567,555	(558)
Salini Impregilo	29/11/2019	31/01/2020	USD	5,289,092	(92)
Salini Impregilo	29/11/2019	31/01/2020	USD	31,643,281	(542)
Salini Impregilo	29/11/2019	31/01/2020	USD	29,139,731	(506)
Salini Impregilo	17/12/2019	21/01/2020	USD	13,949,121	(81)
Salini Impregilo	30/09/2019	31/03/2020	CHF	3,228,336	(1)
Total					**(2,012)**

This category includes derivatives that have been entered into to hedge the Group against currency risks but that did not meet hedge accounting requirements.

27. Post-employment benefits and employee benefits

At 31 December 2019, the Group's liability due to its employees determined using the criteria set out in IAS 19 is €61.9 million.

The liability for post-employment benefits is the outstanding amount at the reform effective date, net of benefits paid up to the reporting date. The liability is considered part of a defined benefit plan under IAS 19 and has, therefore, been subjected to actuarial valuation. The valuation, performed with the assistance of an independent expert, was based on the following rates:

- turnover rate: 7.25%;
- advance payment rate: 3%;
- inflation rate: 1.2%.

The Group has used the Eurocomposite AA index, which has an average financial duration in line with the fund being valued, to calculate the discount rate.

The balance mainly consists of the liability for Lane Group's defined benefit plan for its full-time employees. This liability is calculated on the basis of the employees' years of service and remuneration and is subjected to an actuarial valuation. Lane Group also provides healthcare cover to retired employees, hired before 31 December 1992 with at least 20 years of service.

The item also includes the Italian post-employment benefits (TFR) related to Salini Impregilo and its Italian subsidiaries. The liability is the outstanding amount at the reform effective date, net of benefits paid up to the reporting dates. The liability is considered part of a defined benefit plan under IAS 19 and has, therefore, been subjected to actuarial valuation.

Changes in the item are as follows:

(€'000)	31 December 2017	Accruals	Reversals	Payments	Net actuarial gains	Change in cons. scope and other changes	Contrib. paid to INPS treasury and other funds	31 December 2018
Post-employment benefits and employee benefits	85,724	18,867	(30,113)	(8,779)	(4,122)	1,266	(5,818)	57,025

(€'000)	31 December 2018	Accruals	Payments	Net actuarial losses	Change in cons. scope and other changes	Contrib. paid to INPS treasury and other funds	31 December 2019
Post-employment benefits and employee benefits	57,025	13,614	(11,871)	5,190	3,817	(5,907)	61,868

"Net actuarial losses" include the actuarial gains and losses recognised in the actuarial reserve as per the revised IAS 19 while the "Change in consolidation scope and other changes" mainly relates to exchange gains and losses as well as changes in the consolidation scope.

Lane Construction Corporation Defined Benefit Pension Plan

Through its US subsidiary Lane Industries Inc., the Group contributes to a pension plan that qualifies as a defined benefit plan, The Lane Construction Corporation Defined Benefit Pension Plan, which pays benefits to employees or former employees who met the related vesting conditions when they retire. The subsidiary also pays benefits to a supplementary pension plan for some senior executives. In addition, it provides employees who have reached retirement age with healthcare benefits. These employees were hired before 31 December 1992 and reached retirement age after at least 20 years' service and are also beneficiaries of The Lane Construction Corporation Defined Benefit Pension Plan.

A reconciliation between the opening balance and the closing balance of the Group's liability for employee benefits and the plan assets is as follows (€'000):

(€'000)	Liability for employee benefits	Plan assets	Variation
1 January 2019	**172,245**	**(143,405)**	**28,841**
Contribution cost	172	-	172
Interest	7,656	(6,409)	1,247
Gains on the change in the expected return on the plan assets	-	(24,556)	(24,556)
Net gains on payments	(1,178)	-	(1,178)
Net losses on changes in the financial assumptions	32,720	-	32,720
Net gains on changes in the demographic assumptions	(669)	-	(669)
Net gains from experience	(2,043)	-	(2,043)
Employer contributions	(820)	(3,561)	(4,381)
Payments	(6,677)	7,687	1,011
Payments of plan assets	(4,646)	4,646	-
Net exchange gains (losses)	3,185	(2,650)	535
31 December 2019	**199,945**	**(168,246)**	**31,699**

The following tables show the assumptions used to calculate the liability for employee benefits:

	Pension benefits		Other benefits	
	31 December 2018	31 December 2019	31 December 2018	31 December 2019
Discount rate	4.44%	3.23%	3.86%	2.52%
Expected rate of return on plan assets	6.75%	6.40%	N/A	N/A
Salary increase rate	3.50%	3.50%	N/A	N/A

The long-term expected rate of return on plan assets is calculated based on the investments' performance and the plan asset mix over the period the assets are expected to increase in value before final payment.

Assumptions about the rise in healthcare service costs are set out below:

Assumptions about the rise in healthcare service costs

	31 December 2018	31 December 2019
Annual growth rate	6.73%	6.68%
Ultimate trend rate	4.31%	4.31%
Year in which the ultimate trend rate is expected to be reached	2039	2039

The next table shows how the liability for employee benefits would change if the main assumptions changed:

(€'000)	Variation	Increase	Decrease
Discount rate	1.00%	(26,775)	33,657
Salary increase rate	1.00%	538	(503)

The following table presents the plan asset categories as a percentage of total invested assets:

(€'000)	31 December 2018	%	31 December 2019	%
Common / collective trusts	143,074	99.77%	167,623	99.63%
Interest-bearing deposits	330	0.23%	623	0.37%
Total	**143,404**	**100.00%**	**168,246**	**100.00%**

The plan assets are selected to ensure a combination of returns and growth opportunity using a prudent investment strategy. Investments usually include around 70% in fixed income funds, about 25% in global equity investments (developed and emerging markets), and about 5% in alternative investments. The group company's management regularly revises its objectives and strategies.

A breakdown of the plan assets' fair value by asset category is as follows:

(€'000)	Listed prices	Other observable significant inputs	Other non-observable significant inputs	31 December 2018
	Level 1	**Level 2**	**Level 3**	**Total**
Common / collective trusts	143,074	-	-	143,074
Interest-bearing deposits	330	-	-	330
Total	**143,404**	**-**	**-**	**143,404**

(€'000)	Listed prices	Other observable significant inputs	Other non-observable significant inputs	31 December 2019
	Level 1	**Level 2**	**Level 3**	**Total**
Common / collective trusts	167,623	-	-	167,623
Interest-bearing deposits	623	-	-	623
Total	**168,246**	**-**	**-**	**168,246**

The following table shows the estimated undiscounted future payments for employee benefits:

(€'000) Period	Pension benefits	Other benefits
2020	7,385	152
2021	7,732	152
2022	8,082	154
2023	8,853	137
2024	9,167	111
2025-2029	49,534	465

28. Provisions for risks

These provisions amount to €137.9 million at the reporting date, as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Provisions for risks on equity investments	1,800	69,319	67,519
Other provisions	82,413	68,603	(13,810)
Total	**84,213**	**137,922**	**53,709**

The provision for risks on equity investments relates to expected impairment losses on the carrying amount of the Group's investments in associates for the part that exceeds their carrying amounts.

The losses of the equity-accounted investees are mostly due to the Lane Group joint ventures and, in particular, the joint venture working on the I-4 Ultimate project. It made a loss in 2019 due to the higher costs incurred for the project.

Changes in the provision for risks on equity investments are detailed below:

(Valori in Euro/000)	2019
Share of profit of equity-accounted investees	(93,849)
Other changes including change in the translation reserve	26,330
Total	**(67.519)**

Other provisions comprise:

(€'000)	31 December 2018	31 December 2019	Variation
USW Campania projects	29,246	28,313	(933)
Provisions set up by Imprepar and its subsidiaries	24,219	9,902	(14,317)
Other	28,948	30,388	1,440
Total	**82,413**	**68,603**	**(13,810)**

The provision for the USW Campania projects mainly consists of the estimated potential costs for the environmental clean-up. The "Main risk factors and uncertainties" section in the Directors' report includes a description of the litigation and risks related to the USW Campania projects.

The provisions set up by Imprepar and its subsidiaries include accruals made for probable future charges related to the closing of contracts and potential developments in ongoing litigation.

“Other” refers to pending tax and social security litigations and legal disputes mostly for the parent (€9.0 million) and Lane Group (€5.7 million).

Changes during 2018 are shown in the following table:

(€'000)	31 December 2017	Accruals	Utilisations / Releases	Reclassific-ations	Exchange gains and other changes	31 December 2018
Total	**90,260**	**8,027**	**(21,853)**	**1,927**	**4,052**	**82,413**

Changes in the item in the year are summarised below:

(€'000)	31 December 2018	Accruals	Utilisations / Releases	Reclassific-ations	Exchange gains and other changes	31 December 2019
Total	**82,413**	**6,912**	**(7,624)**	**(14,222)**	**1,124**	**68,603**

The main change relates to the reclassifications of €14.2 million to the provision for risks on equity investments to cover the losses on the Ferroviario Milanese consortium by Imprepar S.p.A..

The accruals mostly refer to Imprepar’s ongoing disputes (€3.4 million) and Lane Group (€1.4 million).

Utilisations/releases chiefly relate to:

- releases of €3.5 million by Imprepar S.p.A.;
- utilisations of €0.9 million by Fibe S.p.A.;
- releases of €1.0 million by Cossi Costruzioni S.p.A..

More information is available in the section on the “Main risk factors and uncertainties” in the Directors’ report.

29. Trade payables

Trade payables amount to €2,612.7 million at the reporting date, an increase of €227.1 million on 31 December 2018. They are made up as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Third parties	2,247,988	2,319,738	71,750
Unconsolidated group companies and other related parties	137,622	292,999	155,377
Total	**2,385,610**	**2,612,737**	**227,127**

The increase is the result of the rise in trade payables to third parties, mainly for the high speed/capacity Milan - Genoa railway line section (€148.3 million), partly offset by the reduction for the projects in Ethiopia, and higher trade payables to group companies mostly related to the consortium companies PerGenova (€64.4 million) and Napoli Cancello Alta Velocità S.c.r.l. (€49.3 million).

Trade payables to unconsolidated group companies and other related parties increased by €155.4 million to € 293.0 million at the reporting date. The item mostly consists of payables from unconsolidated SPEs accrued on work performed by them for contracts with public administrations.

The balance includes €23.9 million (€22.2 million) related to the Group's liabilities with consortia and consortium companies (SPEs) that operate by recharging costs and are not included in the consolidation scope. It is shown in the item "Net financial position with unconsolidated SPEs" as part of net financial indebtedness.

A complete list of the intragroup transactions is provided in the annexes.

30. Current tax liabilities and other current tax liabilities

Current tax liabilities amount to €87.1 million as follows:

(€'000)	31 December 2018	31 December 2019	Variation
IRES	603	4,881	4,278
IRAP	877	995	118
Foreign taxes	143,213	81,261	(61,952)
Total	**144,693**	**87,137**	**(57,556)**

"Foreign taxes" of €81.3 million show a €61.9 million decrease on the previous year end, mainly related to taxes of €57.2 million paid on the sale of its Plants & Paving division by Lane Group on 12 December 2018.

Other current tax liabilities of €48.2 million decreased by €0.3 million over 31 December 2018. They may be analysed as follows:

(€'000)	31 December 2018	31 December 2019	Variation
VAT	27,395	25,661	(1,734)
Other indirect taxes	21,126	22,526	1,400
Total	**48,521**	**48,187**	**(334)**

31. Other current liabilities

Other current liabilities of €323.1 million (€322.1 million) comprise:

(€'000)	31 December 2018	31 December 2019	Variation
State bodies	115,588	33,288	(82,300)
Other liabilities	73,224	158,162	84,938
Employees	72,521	68,639	(3,882)
Social security institutions	17,904	18,448	544
Unconsolidated group companies and other related parties	19,878	23,381	3,503
Compensation and compulsory purchases	4,078	3,709	(369)
Accrued expenses and deferred income	18,869	17,449	(1,420)
Total	**322,062**	**323,076**	**1,014**

"State bodies" (€33.3 million) entirely relate to the transactions with the commissioner, the provincial authorities and municipalities of Campania in connection with the USW Campania projects. As a result of changes in the legal proceedings during the year, the Group reclassified €82.3 million to trade receivables and specifically €59.7 million to "Third parties" and the remainder to "Other" under other current assets, based on the above legal situation. Reference should be made to the "Main risk factors and uncertainties" section in the Directors' report for more information about the complicated situation surrounding the USW Campania projects.

"Other liabilities" of €158.2 million (€73.2 million) increased by roughly €84.9 million, mostly in relation to the acquisition of Cossi Group in March 2019 and the higher liabilities for the high speed/capacity Milan - Genoa railway line section contract and the Riachuelo environmental restoration contract in the Buenos Aires area for normal contract activities. At the reporting date, the item mainly refers to the consolidation of Cossi Group (see note 19 "Other current assets"), the high speed/high capacity projects, Lane's American projects and some foreign projects in Argentina, Venezuela and France.

Amounts due to employees and social security institutions relate to accrued unpaid remuneration.

"Unconsolidated group companies and other related parties" amount to €23.4 million and increased by €3.5 million. The year-end balance and changes in the item principally refer to the Argentine group companies involved in the environmental remediation project in the Buenos Aires province and the Churchill Hospital joint venture active in the UK hospital sector.

Accrued expenses and deferred income decreased by €1.4 million to €17.4 million, mainly attributable to the works for the Koysha Dam in Ethiopia and Lane Group's projects as shown in the following table:

(€'000)	31 December 2018	31 December 2019	Variation
Accrued expenses:			
- Commissions on sureties	3,669	3,577	(92)
- Other	12,523	11,240	(1,283)
Total accrued expenses	**16,192**	**14,817**	**(1,375)**
Deferred income:			
- Provision of services	2,677	2,632	(45)
Total deferred income	**2,677**	**2,632**	**(45)**
Total	**18,869**	**17,449**	**(1,420)**

32. Guarantees, commitments, risks and contingent liabilities

Guarantees and commitments

The key guarantees given by the Group are set out below:

- contractual sureties: these total €13,078.2 million (including €6,489.3 million issued directly by Lane Group) and are given to customers as performance bonds, to guarantee advances, retentions and involvement in tenders for all ongoing contracts. In turn, the group companies have guarantees given by its subcontractors;
- sureties for bank loans: they amount to €166.9 million;
- sureties granted for export credit: €157.4 million;
- other guarantees: they amount to €1,111.1 million and comprise guarantees related to customs and tax obligations (€73.1 million) and other commitments (such as environmental clean-ups and export credit) (€1,038.0 million);
- collateral related to a lien on the shares of the SPE M4 (€5.7 million).

Tax disputes

Salini Impregilo S.p.A.

With respect to the principal dispute with the tax authorities:

- the dispute about the assessment notice challenging the tax treatment of impairment losses and losses on the sale of assets recognised by the parent in 2003 has been settled. The main issue related to the sale by Impregilo S.p.A. (now Salini Impregilo S.p.A.) of its investment in the Chilean operator Costanera Norte SA to Impregilo International Infrastructures N.V. had been cancelled by the Milan Regional Tax Commission on 11 September 2009 (higher assessed tax base of €70 million). After the hearing held on 24 April 2018 and the filing of a motion for the suspension of the trial on 14 November 2018, the Supreme Court ordered the case be placed on the court calendar again. The parent applied the procedure for the out-of-court settlement of tax disputes introduced by article 6 of Decree law no. 119 of 23 October 2018, converted into Law no. 136 of 17 December 2018. On 28 May 2019, it presented its application for the voluntary settlement procedure for the pending tax disputes (payment of €1.2 million) and opted for payment by instalment;
- the parent's appeal about reimbursement of tax assets with a nominal amount of €12.3 million acquired from third parties as part of previous non-recurring transactions is still pending before the Supreme Court. The hearing was held on 17 January 2020 and the ruling has not yet been filed;
- a dispute related to 2005 about the technique used to "realign" the carrying amount of equity investments as per article 128 of Presidential decree no. 917/86 (greater assessed tax base of €4.2 million) is still pending before the first level court while with respect to another dispute with the same subject but for 2004 (greater assessed tax base of €380,000), the Supreme Court accepted the parent's grounds and ordered the case be sent to the Lombardy Regional Tax Commission which fully accepted the parent's

appeal in the hearing of 14 January 2019 with its ruling of 12 February 2019. The tax authorities appealed this ruling on 11 September 2019 and the appeal still has to be allocated to the relevant section of the court;

- with respect to another dispute again related to 2005 and the costs of a joint venture set up in Venezuela for which the greater assessed tax base is €6.6 million, the Regional Tax Commission filed its ruling entirely in the parent's favour on 19 May 2015; the tax authorities appealed to the Supreme Court on 28 December 2015 challenging the procedure while stating that the findings do not relate to the appeal. The parent has filed its defence brief. The hearing was held on 17 January 2020 and the ruling has not yet been filed;
- the parent was notified of: (i) a payment order from the tax authorities for Icelandic taxes of €4.6 million, which was cancelled after the first and second level sentences in its favour; the tax authorities appealed to the Supreme Court on 11 May 2017 and the parent presented its defence brief, and (ii) a payment bill for the same taxes which the parent appealed. It won again both at first and second level. On 18 January 2016, the tax authorities presented their appeal to the Supreme Court and the parent filed its defence brief. The hearing was held on 17 January 2020 and the ruling has not yet been filed;
- on 12 December 2017, the parent and the subsidiary Imprepar received an adjustment notice from the tax authorities requesting payment of registration tax of approximately €1.3 million in addition to a fine of the same amount on the sale of a business unit to Imprepar (which also received an identical adjustment notice). This business unit had no future profits and held investments in consortium companies in liquidation or inactive and the related assets and liabilities related to contracts that have been completed or are nearing completion due to Imprepar's know how in managing this type of business. The parent deems that the tax authorities' allegations are ungrounded and has promptly appealed against the notices to the competent tax commission. The dispute was settled with a court-ordered settlement procedure as per article 48 of Legislative decree no. 546/1992 as proposed by the tax authorities. This included a reduction in the registration tax and the fine from €1.3 million to €204 thousand and from €1.3 million to €82 thousand, respectively;
- in August 2019, the Ethiopian branch's tax assessment of 2014, 2015 and 2016 was completed. During the preliminary stage of the assessment procedure, the branch met the tax authorities and agreed to settle all the assessed taxes for the three years by paying an amount in local currency equal to roughly €32.5 million (taxes, interest and fines) and the tax authorities cancelled the administrative sanctions;
- on 23 December 2019, the parent received an assessment notice for assessed IRES tax for 2014 of €1.2 million (plus fines and interest). The notice refers to: (i) for a minimum part, the alleged incorrect application of transfer pricing rules to sureties provided free of charge on behalf of foreign subsidiaries, on which it should allegedly have charged commissions of €741 thousand; (ii) the alleged undue deduction of the "ACE relief" (Aid for Economic Growth) of €3,450 thousand contrary to the provisions of article 10 of the Ministry of the Economy and Finance's decree of 14 March 2012. At the date of preparation of this Annual Report, the deadline for presentation of an appeal has not expired.

With respect to the above pending disputes, after consulting its legal advisors, the parent believes that it has acted correctly and deems that the risk of an adverse ruling is not probable. When it deemed it appropriate to settle the dispute, as explained earlier in more detail, it did so to avail of the various options provided for by the relevant legislation, such as the voluntary settlement procedure for the pending tax disputes or the positions assigned to the tax collection agency, the court-ordered settlement procedure and the mutually-agreed settlement procedure.

Imprepar

After the Milan Regional Tax Commission filed a ruling at the end of March 2015 on the IRES assessment notices for 2006/2007/2008 received by the subsidiary Imprepar cancelling all the main findings notified by the tax authorities for a higher taxable amount of €12 million and the tax authorities' appeal to the Supreme Court made in November 2015 followed by the defence brief filed by the subsidiary, the subsidiary paid the first instalment and applied the procedure for the out-of-court settlement of tax disputes introduced by article 6 of Decree law no. 119 of 23 October 2018 converted into Law no. 136 of 17 December 2018. On 30 May 2019, it presented its application for the voluntary settlement procedure for the pending tax disputes (payment of €384 thousand) and opted for payment by instalment.

On 12 December 2017, as described above, Imprepar received an adjustment notice from the tax authorities requesting payment of registration tax of approximately €1.3 million in addition to a fine of the same amount on the parent's sale of a business unit to it (which also received an identical adjustment notice). This business unit had no future profits and held investments in consortium companies in liquidation or inactive and the related assets and liabilities related to contracts that have been completed or are nearing completion transferred due to Imprepar's know how in managing this type of company. The subsidiary deems that the tax authorities' allegations are ungrounded and has promptly appealed to the competent tax court. The dispute was settled with a court-ordered settlement procedure as per article 48 of Legislative decree no. 546/1992 as proposed by the tax authorities. This included a reduction in the registration tax and the fine from €1.3 million to €204 thousand and from €1.3 million to €82 thousand, respectively.

On 18 June 2018, Imprepar received a notice to pay assessed registration tax of approximately €748,000. The subsidiary has appealed promptly against the applicability of this notice to the competent tax commission which accepted the subsidiary's appeal and cancelled the notice to pay. Notification that the tax authorities have appealed this ruling has not yet been received.

With respect to the above pending disputes, after consulting its legal advisors, the subsidiary believes that it has acted correctly and deems that the risk of an adverse ruling is not probable. When it deemed it appropriate to settle the dispute, as explained earlier in more detail, it did so to avail of the various options provided for by the relevant legislation, such as the voluntary settlement procedure for the pending tax disputes or the positions assigned to the tax collection agency, the court-ordered settlement procedure and the mutually-agreed settlement procedure.

Fisia Ambiente

After the 2013 IRES tax assessment and the 2013, 2014 and 2015 VAT audit, the Genoa tax office inspectors identified findings for IRES purposes for 2013 related to alleged undue deductions of €1.5 million for the use of the loss allowance and the alleged undue deduction of VAT of €332 thousand on costs incurred for the defence of managers and other employees in criminal court proceedings in 2013, 2014 and 2015. Fisia Ambiente appealed against these assessments in fact and in law with its comments and applications filed in accordance with article 12.7 of Law no. 212/2000. The tax authorities fully accepted the inspectors' findings and notified two assessment notices for 2013, one for IRES and one for VAT. In turn, the subsidiary has filed reasoned requests for a mitigation hearing as per article 6 and following articles of Legislative decree no. 218/1997.

The mutually-agreed settlement procedure for the VAT was not successful and, in June 2019, the company appealed to the competent tax commission commencing the relevant legal proceedings. At the date of preparation of this Annual Report, the competent tax commission has issued its ruling (i) partly accepting the company's appeal for 2013, (ii) rejecting the appeal for 2014, and (iii) fully accepting its appeal for 2015 thereby cancelling the assessment notice. The term for presentation of an appeal in all cases has not yet expired.

Negotiations for settlement of the assessed IRES were successful and the subsidiary paid the first of four instalments on 27 May 2019.

With respect to the above pending disputes, after consulting its legal advisors, the subsidiary believes that it has acted correctly and deems that the risk of an adverse ruling is not probable. When it deemed it appropriate to settle the dispute, as explained earlier in more detail, it did so to avail of the various options provided for by the relevant legislation, such as the voluntary settlement procedure for the pending tax disputes or the positions assigned to the tax collection agency, the court-ordered settlement procedure and the mutually-agreed settlement procedure.

Fibe

FIBE has a pending dispute about the local property tax (ICI) on the Acerra waste-to-energy plant.

In January 2013, the subsidiary received tax assessment notices from the Acerra municipality with respect to the waste-to-energy plant, which requested payment of local property tax and related penalties for approximately €14.3 million for the years 2009-2011. The amount requested by the municipality and challenged by Fibe was confirmed as far as its applicability but reduced in terms of its amount and penalties by the Naples Regional Tax Commission.

The subsidiary appealed against the second level ruling with the Supreme Court and the case is still pending. However, in 2015, the subsidiary set aside a provision for an amount equal to the assessed tax plus accrued interest on a prudent basis. On 7 March 2018, Fibe applied for the procedure for the out-of-court settlement of the positions assigned to the collection agency as per article 1 of Decree law no. 148/2017 converted with modifications into Law no. 172/2017.

The disputes about the following are still pending:

1) Assessment notice for 2003 IREPG, IRAP and VAT issued by the Casoria tax office about assessed taxes of €6.5 million. The company has been challenged for the following violations: (i) undue deduction of costs of €3.1 million contrary to the principle of pertinence/accruals basis; and (ii) undue deduction of VAT of €2.0 million as a result of the application of a higher-than-allowed rate.

The Naples Provincial Tax Commission accepted the company's appeal in its ruling no. 497 filed on 25 June 2009, which the tax office appealed. The company presented its defence brief and counter-appeal. The Naples Regional Tax Commission confirmed that costs of €2,771,179.66 were to be taxed, due to their non-compliance with the pertinence/accruals basis principle in its ruling no. 27/1/12 filed on 12 January 2012 while also confirming the deductibility of VAT of €1,839,943.61. The tax office has appealed to the Supreme Court. The company in turn has presented its defence brief and appeal. A date for the court hearing has not yet been set.

2) Assessment notice for 2004 VAT issued by the Casoria tax office about assessed VAT of €5.2 million. It alleges the company unduly deducted VAT based on the assumption that all the services received by it should have been invoiced with the lower rate of 10% instead of the ordinary rate (20%). The Naples Provincial Tax Commission accepted the company's appeal in its ruling no. 498/01/09 filed on 25 June 2009 and cancelled the assessment notice, which the tax office appealed. The company presented its defence brief and counter-appeal. The Naples Regional Tax Commission handed down its ruling no. 26/1/2012 filed on 23 January 2020, which (i) after having decided in favour of the company, fully in line with its defence grounds, which was the "quaestio iuris", whose resolution was essential to confirm or cancel the tax assessment; and (ii) nonetheless confirmed the tax office's assessed taxes and related fines (i.e., as recalculated by the tax office in its appeal). The company has appealed to the Supreme Court and the hearing date was set as 23 March 2020.

3) Assessment notice for the 2012 IMU property tax, issued by the Acerra municipal authorities for the assessed tax of €551 thousand for the WtE plant. The company promptly presented its appeal which was filed on 20 April 2017. The Provincial Tax Commission rejected the appeal with ruling no. 17386 filed on 14 December 2017 which the company appealed on 5 July 2019. The Regional Tax Commission handed down its ruling on 13 January 2020, which was not in the company's favour. The term for filing an appeal with the Supreme Court has not yet expired.

With respect to the above pending disputes, after consulting its legal advisors, the subsidiary believes that it has acted correctly and deems that the risk of an adverse ruling is not probable. When it deemed it appropriate to settle the dispute, as explained earlier in more detail, it did so to avail of the various options provided for by the relevant legislation, such as the voluntary settlement procedure for the pending tax disputes or the positions assigned to the tax collection agency, the court-ordered settlement procedure and the mutually-agreed settlement procedure.

33. Financial instruments and risk management

Classes of financial instruments

The Group's financial instruments are broken down by class in the following table, which also shows their fair value:

31 December 2018 (€'000)	Note	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Hedging derivatives	Financial assets at fair value through profit or loss	Total	Fair value
Financial assets							
Derivatives and non-current financial assets	12	235,692				235,692	235,692
Trade receivables	16	1,930,639				1,930,639	1,930,639
Other current financial assets	17	135,881				135,881	135,881
Cash and cash equivalents	20	1,107,340				1,107,340	1,107,340
Total		**3,409,552**				**3,409,552**	**3,409,552**

31 December 2018 (€'000)	Note	Other liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Hedging derivatives	Financial liabilities at fair value through profit or loss	Total	Fair value
Financial liabilities							
Bank and other loans and borrowings	23	1,117,257				1,117,257	1,120,438
Bonds	24	1,101,453				1,101,453	839,000
Lease liabilities	25	98,736				98,736	98,736
Derivatives and other current financial liabilities	26						
Trade payables	30	2,385,610				2,385,610	2,385,610
Total		**4,703,056**				**4,703,056**	**4,443,784**

31 December 2019 (€'000)	Note	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Hedging derivatives	Financial assets at fair value through profit or loss	Total	Fair value
Financial assets							
Derivatives and non-current financial assets	12	378,272				378,272	378,272
Trade receivables	16	1,827,173				1,827,173	1,827,173
Other current financial assets	17	241,249	268			241,517	241,517
Cash and cash equivalents	20	1,020,858				1,020,858	1,020,858
Total		**3,467,552**	**268**			**3,467,820**	**3,467,820**

31 December 2019 (€'000)	Note	Other liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Hedging derivatives	Financial liabilities at fair value through profit or loss	Total	Fair value
Financial liabilities							
Bank and other loans and borrowings	23	982,896				982,896	985,716
Bonds	24	1,105,185				1,105,185	1,081,060
Lease liabilities	25	160,382				160,382	160,382
Derivatives and other current financial liabilities	26		2,012			2,012	2,012
Trade payables	30	2,612,737				2,612,737	2,612,737
Total		**4,861,200**	**2,012**			**4,863,212**	**4,841,907**

The note column gives the section in which the relevant item is described.

Reference should be made to the section on the accounting policies for information on the fair value measurement of these items. Specifically, the fair value of the items is based on the present value of estimated future cash flows.

Risk management

The Group is exposed to financial risks which encompass all the risks related to capital availability, affected by credit and liquidity management and/or the volatility of market factors such as interest and exchange rates.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk and interest rate risk.

Currency risk

The Group's international presence entails its exposure to currency risk arising from fluctuations in the value of trade and financial transactions in currencies other than the individual group companies' functional currencies. The Group has adopted a currency risk management strategy to mitigate this risk based on the guidelines described in the "Risk management system" section of the Directors' report to which reference is made.

Currency risk at 31 December 2019 mainly related to the following currencies:

- US dollar (USD)
- Ethiopian Birr (BIRR)
- Australian dollar (AUD)
- Colombian peso (COP)
- Tajikistani somoni (TJS)
- South African rand (ZAR)

The Group considers each group company's assets and liabilities in currencies other than its functional currency, net of derivatives agreed to hedge the above trade and financial transactions, when assessing the potential effects of fluctuations in the above currencies.

The following table shows the results of the sensitivity analysis, which considers a 5% increase or decrease in the exchange rates compared to the actual exchange rates at 31 December 2019 and 2018 to reflect the potential effects on profit (loss) and equity.

	2018		2019	
(€m)	-5%	+5%	-5%	+5%
US dollar	21.15	(21.15)	8.33	(8.33)
Birr	9.75	(9.75)	5.19	(5.19)
Australian dollar	3.39	(3.39)	0.18	(0.18)
Peso	2.36	(2.36)	2.93	(2.93)
Somoni	(0.94)	0.94	(0.11)	0.11
Rand	(1.04)	1.04	(1.15)	1.15

This analysis excludes the effects of the translation of the equity of group entities with a currency other than the Euro.

Interest rate risk

Considering the Group's predominantly fixed rate debt structure in 2019, had interest rates increased or decreased by an average 75 basis points in 2019, the profit before tax would have been respectively smaller or greater by a maximum of €6.2 million (2018: €5.7 million), assuming that all other variables remained constant and without considering cash and cash equivalents.

Credit risk

Credit risk is that deriving from the Group's exposure to potential losses arising from the customers' (which are mostly governments or state bodies) non-compliance with their obligations.

Management of this risk is complex, starting as early as the assessment of offers, through a careful analysis of the characteristics of the countries in which the Group's activities should be carried out and the customers, which are usually state or similar bodies, requesting an offer.

Therefore, this risk can be essentially assimilated to the country risk. An analysis of this risk based on the age of the outstanding amounts is not very meaningful, since the receivables should be assessed together with the related working capital items, especially those reflecting the net exposure to customers (contract assets and liabilities) in relation to contract work in progress as a whole.

A breakdown of working capital by geographical segment is set out below:

(€'000)	31 December 2018	31 December 2019
Italy	173,667	(148,344)
Other EU countries	246,749	451,345
Other non-EU countries	1,970	(37,341)
Americas	132,253	86,675
Asia/Middle East	(420,090)	14,032
Africa	160,543	311,004
Australia	144,823	(68,680)
Total	**439,915**	**608,691**

The reconciliation of the reclassified statement of financial position details the items included in working capital.

The Group's exposure to customers, broken down by contract location, is analysed below:

(€'000)	Loans and receivables	Contract assets	Contract liabilities	Total	Allowances
31 December 2018					
Italy	596,924	147,201	(102,101)	642,025	74,069
Other EU countries	82,818	452,455	(35,500)	499,773	
Other non-EU countries	94,331	17,861	(11,806)	100,386	
Americas	294,117	209,557	(185,926)	317,748	239,344
Asia/Middle East	247,048	311,730	(304,860)	253,918	1,845
Africa	609,069	295,080	(475,143)	429,006	19,155
Australia	6,332	78,982	(34,252)	51,062	
Total	**1,930,639**	**1,512,866**	**(1,149,588)**	**2,293,918**	**334,413**
31 December 2019					
Italy	751,242	186,586	(138,767)	799,061	79,069
Other EU countries	107,185	468,669	(22,797)	553,057	4,002
Other non-EU countries	154,256	21,550	(66,358)	109,448	
Americas	313,015	212,392	(264,117)	261,290	252,967
Asia/Middle East	243,379	615,007	(63,608)	794,778	11,146
Africa	246,157	454,546	(393,981)	306,722	15,344
Australia	11,939	81,700	(236,448)	(142,809)	
Total	**1,827,173**	**2,040,450**	**(1,186,076)**	**2,681,547**	**362,528**

The "Main risk factors and uncertainties" section of the Directors' report provides information about country risk for Libya, Venezuela, Nigeria, Argentina and Ukraine.

Liquidity risk

Liquidity risk derives from the risk that the financial resources necessary to meet obligations may not be available to the Group at the agreed terms and deadlines.

The Group's strategy aims at ensuring that each ongoing contract is financially independent, considering the structure of the consortia and SPEs, which may limit the availability of financial resources to achievement of the related projects. Liquidity management also considers the existence of constraints to the transfer of currency imposed by certain countries.

A breakdown of financial liabilities by composition and due date (based on undiscounted future cash flows) is set out below:

(€'000)	31 December 2020	31 December 2021	31 December 2022	After	Total
Current account facilities	79,814				79,814
Bonds	31,336	631,250	8,750	517,524	1,188,860
Bank loans and borrowings	121,677	93,730	582,467	112,419	910,293
Lease liabilities	66,040	46,673	27,178	34,445	174,336
Interest rate derivatives	2,012				2,012
Gross financial liabilities	**300,879**	**771,653**	**618,395**	**664,388**	**2,355,315**
Trade payables	2,612,736				2,612,736
Total	**2,913,615**	**771,653**	**618,395**	**664,388**	**4,968,051**

The prior year figures are given below for comparative purposes::

(€'000)	31 December 2019	31 December 2020	31 December 2021	After	Total
Current account facilities	179,272				179,272
Bonds	31,250	31,336	631,250	526,274	1,220,110
Bank loans and borrowings	240,981	170,840	94,533	422,502	928,856
Lease liabilities	45,433	31,422	17,659	9,280	103,794
Gross financial liabilities	**496,936**	**233,598**	**743,442**	**958,056**	**2,432,032**
Trade payables	2,385,610				2,385,610
Total	**2,882,546**	**233,598**	**743,442**	**958,056**	**4,817,642**

Future interest has been estimated based on the market interest rates at the date of preparation of these consolidated financial statements, summarised in the notes.

The "After" balance for bonds relates to the bonds issued in the second half of 2017 for redemption in 2024 (see note 24).

Liquidity risk management is mainly based on maintaining a balanced financial position. This strategy is pursued by each of the Group's operating companies.

Loans and borrowings and trade payables (net of advances) falling due before 31 March 2020 are compared with the cash and cash equivalents that can be used to meet such obligations in the table below:

(€'000)	Total financial commitments due before 31 March 2020	Cash and cash equivalents (*)	Difference
Salini Impregilo (head office and branches)	268,647	214,907	(53,740)
Subsidiaries	193,254	235,763	42,509
SPEs	286,334	358,262	71,928
Joint operations	141,209	187,222	46,014
Total	**889,444**	**996,155**	**106,711**

Fair value measurement hierarchy

IFRS 7 requires that the fair value of financial instruments recognised in the statement of financial position be classified using a fair value hierarchy that reflects the significance of the inputs used to determine fair value. There are three different levels:

- Level 1 - Fair values measured using quoted prices in active markets;
- Level 2 - Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on observable market data;
- Level 3 - Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on unobservable market data.

Financial instruments recognised by the Group at fair value are classified at the following levels:

(€'000)	Note	Level 1	Level 2	Level 3
Derivative assets	11	-	268	-
Derivative liabilities	25	-	(2,012)	-
Total		**-**	**(1,744)**	**-**

There were no movements from Level 1 to Level 2 during the year or vice versa.

Change in assets and liabilities from financing activities

The following table shows changes in assets and liabilities from financing activities as required by IAS 7.44:

(€'000)	Changes in cash flows from financing activities	Other non-monetary items	Change in consolidation scope	Change in exchange rates	Other changes	Total changes
Non-current financial assets	(150,733)	7,522	(25)	(2,584)	3,241	**(142,579)**
Derivatives and other current financial assets	(100,859)	(21,207)	(29,344)	-	45,774	**(105,636)**
Financial liabilities - related parties and other unconsolidated group companies	(17,960)	1,123	11,647	-		**(5,190)**
Derivatives and other current financial liabilities	2,012				-	**2,012**
Total	**(267,540)**	**(12,562)**	**(17,722)**	**(2,584)**	**49,015**	**(251,393)**

Statement of profit or loss

34. Revenue

Revenue for 2019 amounts to €5,130.0 million, down 1.3% on the previous year.

(€'000)	2018	2019	Variation
Revenue from contracts with customers	4,864,142	4,770,634	(93,508)
Other income	333,518	359,328	25,810
Total revenue and other income	**5,197,660**	**5,129,962**	**(67,698)**

The principal contributors to revenue are some large projects and, specifically, Lane Group's projects, the high speed/capacity railway works for the Milan - Genoa railway line section, the Ethiopian contracts, the projects in Saudi Arabia including the design and building of the new Riyadh Metro and the Rogun Dam in Tajikistan.

A breakdown of revenue and income by geographical segment is as follows:

(€'000)	2018	Percentage of total	2019	Percentage of total
Italy	**492,309**	**9%**	**882,283**	**17%**
Middle East	1,736,016	33%	1,340,214	26%
EU (excluding Italy)	735,109	14%	427,462	8%
Africa	664,284	13%	488,546	10%
Oceania	293,833	6%	297,212	6%
Asia	192,103	4%	254,190	5%
Americas (excluding Lane)	161,640	3%	198,142	4%
Non-EU	134,460	3%	203,134	4%
Abroad	**3,917,445**	**75%**	**3,208,900**	**64%**
Lane	**787,906**	**15%**	**1,038,778**	**20%**
Total	**5,197,660**	**100%**	**5,129,962**	**100%**

A breakdown of revenue is given in the following table.

(€'000)	2018	2019	Variation
Works invoiced to customers	4,722,762	4,624,506	(98,256)
Services	118,348	120,087	1,739
Sales	25,598	33,241	7,643
Real estate projects	(2,566)	(7,200)	(4,634)
Total	**4,864,142**	**4,770,634**	**(93,508)**

Variable consideration was equal to 10.7% of revenue from contracts with customers during the year.

The transaction price of ongoing contracts allocated to the unsatisfied performance obligations amounts to € 26,704.3 million at the reporting date. The Group will recognise this amount as revenue in future periods in line with the available forecasts.

(€m)	Revenue related to unsatisfied (or partially satisfied) performance obligations which will be recognised in future years	of which: from 2020 to 2022	of which: after
Total		15,212.5	10,720.8

Ongoing contracts include contracts with customers if they meet the criteria of IFRS 15.9[28]. The item includes variable consideration when its realisation is highly probable.

A breakdown of other income is given in the following table:

(€'000)	2018	2019	Variation
Recharged costs	133,101	132,325	(776)
Other income from joint ventures and consortia	92,783	140,172	47,389
Gains on the disposal of non-current assets	34,585	22,080	(12,505)
Insurance compensation	623	2,844	2,221
Other	72,426	61,907	(10,519)
Total	**333,518**	**359,328**	**25,810**

"Other income" mostly refers to ongoing contracts and specifically industrial activities and related works not directly related to contracts with customers. The increase of €25.8 million is mainly due to the cost recharges to non-controlling consortium members (other income in the consortium's financial statements), mostly related to COCIV. Salini Impregilo Group's activities involve its participation in numerous SPEs that, especially in Italy, use the consortium structure, which works using a cost recharging system whereby the costs incurred by the SPE are invoiced to the consortium members in line with their investment percentages. As this income does not arise on the performance of the contract obligations or contract negotiations, it is recognised as "Other income".

On 19 December 2019, Condotte's interest in COCIV was reduced to the minimum (the paragraph "Change in Condotte's interest in COCIV" in note 4 provides more information about this).

35. Operating expenses

Operating expenses for the year amount to €4,873.2 million compared to €5,129.6 million for 2018.

The item may be broken down as follows:

[28] a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations; b) the entity can identify each party's rights regarding the goods or services to be transferred; c) the entity can identify the payment terms for the goods or services to be transferred; d) the contract has commercial substance (i.e., the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and e) it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

(€'000)	2018	2019	Variation
Purchases	861,756	571,283	(290,473)
Subcontracts	1,658,505	1,773,965	115,460
Services	1,346,115	1,282,093	(64,022)
Personnel expenses	774,416	791,210	16,794
Other operating expenses	143,603	180,252	36,649
Amortisation, depreciation, provisions and impairment losses	345,170	274,360	(70,810)
Total	**5,129,565**	**4,873,163**	**(256,402)**

The variations in the individual items compared to 2018 are due to the different cost structures that vary from contract to contract and may, in some cases, entail changes in the industrial operating model from one year to another. Moreover, as these are large-scale infrastructural works that take several years to complete, resort to normal production factors depends on the stage of completion of each contract in any given year. These changes may generate significant variations in the percentage of the related cost categories depending on the contract and the year, while not affecting the total percentage of costs of total revenue.

35.1 Purchases

The cost of raw materials and consumables incurred in 2019 decreased by €290.5 million to €571.3 million compared to the previous year.

(€'000)	2018	2019	Variation
Purchases of raw materials and consumables	831,940	542,136	(289,804)
Change in raw materials and consumables	29,816	29,147	(669)
Total	**861,756**	**571,283**	**(290,473)**

The decrease in the cost of raw materials and consumables is mainly related to the progress on the projects in Dubai, Ethiopia and Poland.

35.2 Subcontracts

Costs of subcontracts increased to €1,774.0 million, up €115.5 million on 2018 as shown in the following table.

(€'000)	2018	2019	Variation
Subcontracts	1,658,505	1,773,965	115,460
Total	**1,658,505**	**1,773,965**	**115,460**

The increase is mostly due to Lane Group's contracts and the high speed/capacity Milan - Genoa railway line section, partly offset by the smaller subcontracting costs of the contracts in Qatar which are nearly finished.

35.3 Services

This item decreased to €1,282.1 million, down €64.0 million on the previous year, as shown in the following table:

(€'000)	2018	2019	Variation
Consultancy and technical services	648,746	559,300	(89,446)
Recharging of costs by consortia	196,648	279,769	83,121
Leases	204,196	165,913	(38,283)
Transport and customs	89,179	72,601	(16,578)
Insurance	54,223	67,969	13,746
Maintenance	28,406	22,879	(5,527)
Fees to directors, statutory auditors and independent	11,080	12,973	1,893
Other	113,637	100,689	(12,948)
Total	**1,346,115**	**1,282,093**	**(64,022)**

Leases include rent and leases with variable payments or that are covered by the practical expedients of IFRS 16 in 2019 (see note 2). The Group elected to use the practical expedient for assets of a low value and leases with a term of less than 12 months and the related payments are recognised in profit or loss immediately.

The leases in 2018 also included the costs of rent and leases that have required the recognition of a lease liability and a right-of-use asset since 1 January 2019.

The €38.3 million decrease in "Leases" is due to the Group's application of IFRS 16 starting from 1 January 2019.

"Other" decreased by €12.9 million over 2018 principally due to the Danish contract (Cityringen project) which is nearing completion.

"Consultancy and technical services" decreased by €89.4 million and mainly consist of the design and construction costs incurred by the SPEs and legal and administrative consultancy fees. A breakdown of this item is as follows:

(€'000)	2018	2019	Variation
Design and engineering services	346,632	326,791	(19,841)
Legal, administrative and other services	128,501	122,871	(5,630)
Construction	172,323	108,937	(63,386)
Testing	1,290	701	(589)
Total	**648,746**	**559,300**	**(89,446)**

35.4 Personnel expenses

Personnel expenses for the year amount to €791.2 million, up €16.8 million on 2018. The item is made up as follows:

(€'000)	2018	2019	Variation
Wages and salaries	613,558	615,397	1,839
Social security and pension contributions	116,161	115,343	(818)
Post-employment benefits and employee benefits	(11,246)	13,614	24,860
Other	55,943	46,856	(9,087)
Total	**774,416**	**791,210**	**16,794**

The increase mostly relates to Lane Group and is partly offset by the smaller costs incurred for the high speed/capacity Milan - Genoa railway line section and the smaller volume of work carried out for contracts nearing completion. "Other" mainly relates to termination benefits and reimbursements of travel expenses.

35.5 Other operating expenses

Other operating expenses amount to €180.3 million, up €36.6 million on 2019.

This item is made up as follows:

(€'000)	2018	2019	Variation
Other operating costs	64,488	71,636	7,148
Commissions on sureties	55,840	71,108	15,268
Bank charges	5,556	16,372	10,816
Losses on disposals	7,038	3,959	(3,079)
Other non-recurring costs	10,681	17,177	6,496
Total	**143,603**	**180,252**	**36,649**

The item's increase is mostly due to the higher commissions on sureties for the contracts, mostly for those recently awarded to Lane, commencement of the new construction lot for the high speed/capacity Milan - Genoa railway line section, and higher bank charges.

35.6 Amortisation, depreciation, provisions and impairment losses

This item includes amortisation, depreciation and provisions of €171.9 million and impairment losses of €102.4 million, showing an increase of €21.3 million and a decrease of €92.1 million on the previous year figure, respectively. It may be analysed as follows:

(€'000)	2018	2019	Variation
Total impairment losses	**194,519**	**102,423**	**(92,096)**
- Depreciation of property, plant and equipment	131,992	92,924	(39,068)
- Depreciation of right-of-use assets	-	51,052	51,052
- Amortisation of contract costs	21,987	25,232	3,245
- Amortisation of rights to infrastructure under concession	1,148	1,135	(13)
- Amortisation of intangible assets	922	593	(329)
Amortisation and depreciation	156,049	170,936	14,887
Provisions	(5,398)	1,001	6,399
Total amortisation, depreciation and provisions	**150,651**	**171,937**	**21,286**
Total	**345,170**	**274,360**	**(70,810)**

Impairment losses of €102.4 million mainly relate to:

- the impairment losses of €45.8 million related to receivables due to COCIV from the consortium member Condotte given that it is currently under extraordinary administration;
- the impairment losses on assets in Venezuela (€35.7 million) as a result of the impairment test performed at the reporting date (reference should be made to the "Venezuela" paragraph of the "Main risk factors and uncertainties" section of the Directors' report and the paragraph on "Impairment - Venezuela" in note 16). The impairment losses recognised on the Venezuelan contracts amounted to €165.5 million in 2018.

The item also includes the impairment losses recognised on trade receivables for the road contracts in Poland (€6.8 million), the USW projects in Campania following the Naples Court's first level hearing (€4.7 million) and the Al Bayt Stadium in Qatar (€4.0 million).

On 1 January 2019, the Group adopted IFRS 16 which introduced new guidelines for the accounting treatment of leased assets and their depreciation. As a result, it introduced a new item "Depreciation of right-of-use assets". In 2018, depreciation of leased assets was included under depreciation of property, plant and equipment.

36. Net financing costs

Net financing costs amount to €73.2 million compared to €72.9 million for 2018.

The item may be broken down as follows:

(€'000)	2018	2019	Variation
Financial income	55,754	69,587	13,833
Financial expense	(141,918)	(147,061)	(5,143)
Net exchange gains	13,306	4,288	(9,018)
Net financing costs	**(72,858)**	**(73,186)**	**(328)**

36.1 Financial income

Financial income totals €69.6 million (€55.8 million) and is made up as follows:

(€'000)	2018	2019	Variation
Income from inflation adjustment	**141**	**3,718**	**3,577**
Gains on securities	**1,794**	**426**	**(1,368)**
Interest and other income from unconsolidated group companies and other related parties	**12,630**	**9,022**	**(3,608)**
- Interest income	12,626	9,022	(3,604)
- Financial income	4	-	(4)
Interest and other financial income	**41,189**	**56,421**	**15,232**
- Interest on receivables	15,014	5,736	(9,278)
- Bank interest	17,348	15,579	(1,769)
- Other	8,827	35,106	26,279
Total	**55,754**	**69,587**	**13,833**

The €13.8 million increase is mostly due to rise in "Other" of €26.3 million, principally related to interest income of €17.0 million related to the Ariguani consortium accrued as compensation on the recovery of the advance following settlement of the dispute with the former partner/subcontractor Conalvias in September 2019.

36.2 Financial expense

Financial expense totals €147.1 million (€141.9 million) and is made up as follows:

(€'000)	2018	2019	Variation
Intragroup interest and other expense	**(8,225)**	**(10,523)**	**(2,298)**
Interest and other financial expense	**(133,693)**	**(136,538)**	**(2,845)**
- Other	(46,110)	(34,987)	11,123
- Interest on bonds	(45,703)	(34,982)	10,721
- Bank interest on accounts and financing	(30,086)	(37,254)	(7,168)
- Interest on tax liabilities	(1,725)	(13,913)	(12,188)
- Leases	(4,027)	(6,456)	(2,429)
- Expense for inflation adjustments	(1,333)	(5,122)	(3,789)
- Bank fees	(4,709)	(3,824)	885
Total	**(141,918)**	**(147,061)**	**(5,143)**

The rise in financial expense is mostly due to the effect of the measurement of loan assets recognised at 31 December 2019 in accordance with IFRS 9 and payment of interest of €13.7 million by the Ethiopian branch for the years from 2014 to 2016 as part of a tax assessment. This increase is partly offset by the reduction in financial expense on the bonds of approximately €10.7 million compared to the previous year following the redemption of the unsecured senior bonds in August 2018.

36.3 Net exchange gains

Net exchange gains amount to €4.3 million compared to €13.3 million for the previous year and arose on the performance of the Ethiopian Birr and the US dollar against the Euro.

37. Net losses on equity investments

Net losses on equity investments increased to €127.7 million (€29.5 million) mostly due to the joint venture working on the I-4 Ultimate contract. It made a loss in 2019 due to the higher costs incurred for the project.

(€'000)	2018	2019	Variation
Share of loss of equity-accounted investees	(29,951)	(128,279)	(98,328)
Dividends	164	102	(62)
Loss on the disposal of equity investments	(60)	-	60
Other income	397	473	76
Total	**(29,450)**	**(127,704)**	**(98,254)**

The following table provides a breakdown of "Share of loss of equity-accounted investees":

(€'000)	2018	2019	Variation
Share of loss of equity-accounted investees			
JV Lane Group	(12,979)	(108,613)	(95,634)
Autopistas del Sol S.A.	(7,281)	(9,877)	(2,596)
Gupc	(8,280)	(9,703)	(1,423)
Fisia Abeima LCC	*883*	(5,024)	(5,907)
Yuma Concessionaria	(9,344)	5,349	14,693
Other	7,050	(411)	(7,461)
Total	**(29,951)**	**(128,279)**	**(98,328)**

38. Income taxes

The Group's income taxes for the year amount to €69.2 million as follows:

(€'000)	2018	2019	Variation
Current taxes (income taxes)	57,400	77,193	19,793
Net deferred tax assets	(27,476)	(39,470)	(11,994)
Prior year taxes	4,568	25,672	21,104
Total	**34,492**	**63,395**	**28,903**
IRAP	4,782	5,765	983
Total	**39,274**	**69,160**	**29,886**

An analysis and reconciliation of the theoretical income tax rate, calculated under Italian tax legislation, and the effective tax rate are set out below:

Income tax

	2018		2019	
	€m	**%**	**€m**	**%**
Profit (loss) before tax	(34.2)		55.9	
Theoretical tax expense	(8.2)	n.a.	13.4	24%
Effect of permanent differences	25.5	n.a.	18.0	32%
Net effect of foreign taxes	20.3	n.a.	3.0	5%
Prior year and other taxes	(3.1)	n.a.	29.0	52%
Total	**34.5**	**n.a.**	**63.4**	**113%**

The tax expense for the year is affected by the following:

- prior year taxes, mostly related to the Ethiopian branch following the settlement in August 2019 of a tax assessment covering 2014, 2015 and 2016 and the payment of taxes on the intragroup acquisitions of companies in the United States;
- variations in the profits or losses of group companies.

An analysis and reconciliation of the theoretical IRAP tax rate and the effective tax rate are set out below:

IRAP

	2018		2019	
	€m	%	€m	%
Operating profit	68.1		256.8	
Personnel expenses	774.4		791.2	
Provisions and impairment losses	189.1		103.4	
Revenue	**1,031.6**		**1,151.4**	
Theoretical tax expense	40.2	3.9%.	44.9	3.9%
Tax effect of foreign companies' production	(14.7)	(1.4%).	(18.7)	(1.6%)
Tax effect of foreign production by resident companies	(18.5)	(1.8%)	(17.9)	(1.6%)
Tax effect of permanent differences	(2.2)	(0.2%).	(2.5)	(0.2%)
Total	**4.8**	**0.5%**	**5.8**	**0.5%**

Net deferred taxes contribute to the consolidated loss for €39.5 million as shown below:

(€'000)	2018	2019	Variation
Deferred tax expense for the year	(48,533)	(37,926)	10,607
Use of deferred tax liabilities recognised in previous years	26,636	22,657	(3,979)
Deferred tax income for the year	100,318	101,052	734
Use of deferred tax assets recognised in previous years	(50,945)	(46,313)	4,632
Total	**27,476**	**39,470**	**11,994**

The effect of net deferred taxes mostly refers to the deferred taxes on impairment losses recognised during the year.

39. Related party transactions

Transactions with related parties, as defined by IAS 24, were of an ordinary nature.

Related party transactions carried out during the year involved the following counterparties:

- directors, statutory auditors and key management personnel, solely related to the contracts regulating their positions within the Group;
- associates and joint arrangements; these transactions mainly relate to:
  - commercial assistance with purchases and procurement of services necessary to carry out work on contracts, contracting and subcontracting;
  - services (technical, organisational, legal and administrative), carried out at centralised level;
  - financial transactions, namely loans and joint current accounts as part of cash pooling transactions and guarantees given on behalf of group companies.

  Transactions are carried out with associates in the interests of Salini Impregilo, aimed at building on existing synergies in the Group in terms of production and sales integration, efficient use of existing skills, streamlining of centralised structures and financial resources. These transactions are regulated by specific contracts and are carried out on an arm's length basis;

- other related parties: the main transactions with other related parties, identified pursuant to IAS 24, including companies managed and coordinated by Salini Costruttori S.p.A., are summarised below:

Related party (€'000)	Loans and receivables	Financial assets	Other assets	Trade payables	Financial liabilities	Total revenue	Total operating expenses	Net financing costs (income)
C.Tiburtino	100					20		
Casada S.r.l.	108					19		2
CEDIV S.p.A.	2,000	3,241				19		113
Dirlan	77					29		
G.A.B.I.RE S.r.l.	1,899	18,001				22		630
Galla Placida	110					27		
Imm. Agricola San Vittorino	151					19		
Infernetto	24					12		
Iniziative Immobiliari Italiane				61			1,062	
Madonna dei Monti S.r.l	43					19	61	
Nores	65					11		
Plus	95					38		
Salini Costruttori S.p.A.	34	2,403	11,956			141		(79)
Salini Simonpietro & C.	58					14		
Studio Avv. Grazia Volo				176			579	
Zeis	52	1,833		87		225	40	52
Total	**4,816**	**25,478**	**11,956**	**324**	**-**	**615**	**1,742**	**718**

Most of the Group's production is carried out through SPEs, set up with other partners that have participated with Salini Impregilo in tenders. The SPEs carry out the related contracts on behalf of its partners.

The other transactions refer to costs for design and similar activities, incurred when presenting bids and for recently started contracts. They are also governed by specific agreements and carried out on an arm's length basis and, where applicable, in line with the contract terms.

Their effects on the statements of financial position and profit or loss are shown together with the related contract, when appropriate.

Transactions with directors, statutory auditors and key management personnel are shown below:

(€'000)	2018 Fees and remuneration	Termination benefits and post-employment benefits	Total	2019 Fees and remuneration	Termination benefits and post-employment benefits	Total
Directors and statutory auditors	7,522		7,522	7.180		7,180
Key management personnel	6,449		6,449	11,785		11,785
Total	**13,971**	**-**	**13,971**	**18,965**	**-**	**18,965**

40. Earnings per share

Earnings per share are disclosed at the foot of the statement of comprehensive income.

Basic earnings per share are calculated by dividing the profit (loss) for the year attributable to the owners of the parent by the weighted average of the shares outstanding during the year. Diluted earnings per share are calculated considering the weighted average of the outstanding shares adjusted by assuming the conversion of all the shares with potentially diluting effects.

The following table summarises the calculation. At the reporting date, the parent's share capital consists of 892,172,691 ordinary shares and 1,615,491 savings shares.

The Group has 1,330,845 treasury shares in portfolio.

More information is available in note 22 "Equity".

(€'000)	2018	2019
Loss from continuing operations	(73,487)	(13,251)
Non-controlling interests	12,882	(7,983)
Loss from continuing operations attributable to the owners of the parent	**(60,605)**	**(21,234)**
Profit (loss) from continuing and discontinued operations	41,315	(14,145)
Non-controlling interests	12,882	(7,983)
Profit (loss) from continuing and discontinued operations attributable to the owners of the parent	**54,197**	**(22,128)**
Profit earmarked for holders of savings shares	**588**	**588**
Average outstanding ordinary shares	490,842	545,637
Average outstanding savings shares	1,615	1,615
Average number of shares	**492,457**	**547,252**
Average number of diluted shares	**492,457**	**547,252**
Basic loss per share (from continuing operations)	**(0.12)**	**(0.04)**
Basic earnings (loss) per share (from continuing and discontinued operations)	**0.11**	**(0.04)**
Diluted loss per share (from continuing operations)	**(0.12)**	**(0.04)**
Diluted earnings (loss) per share (from continuing and discontinued operations)	**0.11**	**(0.04)**

41. Article 1.125/127 of Law no. 124 of 4 August 2017 - Disclosure of government grants

With respect to Law no. 124 of 4 August 2017 and related interpretations about the disclosure requirement in the notes to the separate and consolidated financial statements of companies that receive subsidies, grants, paid engagements or other financial benefits of any kind from the public administration and similar bodies, it should be noted that the Group received the following grants in 2019:

Euro

Name and tax code of recipient	Grantor	Amount received	Receipt date	Reason
Salini Impregilo S.p.A. VAT no. 02895590962	FONDIRIGENTI	35,156	07/03/2019	Funded training
Salini Impregilo S.p.A. VAT no. 02895590962	FONDIRIGENTI	110,000	15/04/2019	Funded training
Salini Impregilo S.p.A. VAT no. 02895590962	FONDIRIGENTI	16,366	18/11/2019	Funded training
Salini Impregilo S.p.A. VAT no. 02895590962	FONDIMPRESA	71,033	03/07/2019	Funded training
Fisia Italimpianti S.p.A. VAT no. 02340830997	FONDIMPRESA	11,000	14/05/2019	Reimbursement of financial plans
PISCINE S.r.l. tax code 1445550559	ISTITUTO PER IL CREDITO SPORTIVO	18,138	31/03/2019	Grant to cover interest
PISCINE S.r.l. tax code 1445550559	ISTITUTO PER IL CREDITO SPORTIVO	18,138	30/09/2019	Grant to cover interest
	Total	**279,831**		

Other relations with the public administration or similar bodies are part of the Group's bilateral contracts and, therefore, do not fall under the scope of the above law.

42. Events after the reporting date

No significant events have taken place since the reporting date other than those described in the Directors' report.

43. Significant non-recurring events and transactions

Except for that set out below, the Group's financial position, performance and cash flows were not affected by significant non-recurring events and transactions, as defined by Consob communication no. DEM/6064293[29].

Arbitration award for the Panama Canal

Reference should be made to the "Main risk factors and uncertainties" section of the Directors' report for information on the arbitration award about the advances received by Grupo Unidos por el Canal (GUPC).

[29] Significant non-recurring events and transactions are those that do not frequently occur in the normal course of business.

44. Balances or transactions arising from atypical and/or unusual transactions

During the year, Salini Impregilo Group did not carry out any atypical and/or unusual transactions, as defined in the above Consob communication no. DEM/6064293[30].

On behalf of the board of directors

Chairman

Donato Iacovone

[30] Atypical and/or unusual transactions are those that, due to their significance and relevance, the counterparty, the object of the transaction, exchange pricing and timing, may cast doubts as to the accuracy and completeness of disclosures, conflicts of interest, protection of the company's assets and non-controlling interests.

Consolidated financial statements of Salini Impregilo Group –

Intragroup transactions

Assets and liabilities at 31 December 2019

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets	Total	Current portion of bank loans and current account facilities	Other current liabilities	Total liabilities	Net balance
A.Constructor J.V Kallidromo	445,109	-	86,360	-	531,469	-	-	-	-	531,469
ACE Chiasso 2	237,010	-	-	-	237,010	-	-	-	-	237,010
Acqua Campania S.p.A.	-	-	-	7,893	7,893	-	-	-	-	7,893
Aegek - Impregilo - Alstom J.V.	-	-	-	-	-	-	-	746	746	(746)
Agua AZ	27,872	-	-	-	27,872	-	-	-	-	27,872
Agua BA	8,542	-	-	-	8,542	-	-	-	-	8,542
Arge Haupttunnel Eyholz	25,427	-	-	-	25,427	-	-	-	-	25,427
Aurelia 98 S.c.r.l.	-	-	-	-	-	16,121	-	-	16,121	(16,121)
Autopistas del Sol S.A.	-	-	-	-	-	56	-	15	71	(71)
Barnard	-	-	-	2,134,879	2,134,879	-	983,744	-	983,744	1,151,135
Cagliari 89 S.c.r.l.	1,511,006	-	561,692	-	2,072,698	1,902,820	-	-	1,902,820	169,878
Churchill Consortium	14,116	-	-	-	14,116	-	-	-	-	14,116
Churchill Hospital J.V.	2,821	-	-	-	2,821	-	-	3,808,954	3,808,954	(3,806,133)
CMC Consorzio Monte Ceneri lotto 851	2,437,481	-	-	-	2,437,481	-	-	-	-	2,437,481
CMR Consorzio	290,195	-	-	-	290,195	-	-	-	-	290,195
Cons. Astaldi Federici Todini Kramis	3,672,442	2,584,250	-	-	6,256,692	1,423,458	-	-	1,423,458	4,833,234
Consorcio Contuy Medio	899	-	538,098	-	538,997	-	-	44,056	44,056	494,941
Consorcio Federici/Impresit/Ice Cochabamba	100,000	-	-	-	100,000	-	100,890	-	100,890	(890)
Consorcio Grupo Contuy-Proyectos y Ob. De F.	-	-	-	-	-	-	131,883	-	131,883	(131,883)
Consorcio OIV-Tocoma	-	24,045,316	567,600	-	24,612,916	-	-	4,707,491	4,707,491	19,905,425
Consorcio VIT Tocoma	-	-	3,484,489	-	3,484,489	-	-	-	-	3,484,489
Consorio.Kallidromo	38,232	-	-	-	38,232	-	38,232	-	38,232	-
Consortium CSC S.A.-Zuttion Construction S.A.	319,732	-	29,482	-	349,214	29,482	-	-	29,482	319,732
Consorzio 201 Quintai	1,913,870	-	-	-	1,913,870	238,262	-	-	238,262	1,675,608
Consorzio 202 Quintai	962,567	-	-	-	962,567	-	-	-	-	962,567
Consorzio Cavalcavia A2 - Nodo di Camorino	-	-	-	318,267	318,267	24,858	-	-	24,858	293,409
Consorzio CEMS	-	-	-	-	-	29,315	-	-	29,315	(29,315)
Consorzio Costruttori TEEM	38	-	-	-	38	71	-	-	71	(33)
Consorzio CPR 3	7,602	-	-	-	7,602	12,253	-	-	12,253	(4,651)
Consorzio CPR 2	-	-	53,203	-	53,203	309,945	-	-	309,945	(256,742)
Consorzio del Sinni	-	-	-	-	-	29,829	-	-	29,829	(29,829)
Consorzio EPC	3,091,687	-	-	-	3,091,687	197,033	-	-	197,033	2,894,654
Consorzio Ferrofir	111,038	-	-	-	111,038	82,668	-	-	82,668	28,370
Consorzio Ferroviario Milanese	-	-	74,310	-	74,310	-	-	-	-	74,310
Consorzio Galliera Roveredo	79,168	-	-	-	79,168	-	-	-	-	79,168
Consorzio H20 Morobbia	472,070	-	-	-	472,070	-	-	-	-	472,070
Consorzio Hirpinia	353,449	-	-	11,155,708	11,509,157	3,126,208	o	-	3,126,208	8,382,949
Consorzio Imprese Lavori FF.SS. di Saline - FEIC	5,055	-	-	-	5,055	-	-	-	-	5,055

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets	Total	Current portion of bank loans and current account facilities	Other current liabilities	Total liabilities	Net balance
Consorzio Iniziative Ferroviarie - INFER	12,494	-	-	-	12,494	2,643	-	-	2,643	9,851
Consorzio Iricav Due	3,397,665	-	-	-	3,397,665	21,964,232	-	-	21,964,232	(18,566,567)
Consorzio Lotto 202 Cossi-LGV	-	-	-	26,929	26,929	177,325	-	-	177,325	(150,396)
Consorzio Lotto 742-01	319,487	-	-	-	319,487	-	-	314,852	314,852	4,635
Consorzio Lotto 822 - Vezia	-	-	-	4,717	4,717	-	-	-	-	4,717
Consorzio Masnan	17,806	-	-	-	17,806	-	-	-	-	17,806
Consorzio Matro Sud	-	-	-	2,480	2,480	-	-	14,457	14,457	(11,977)
Consorzio MM4	1,318,149	-	-	-	1,318,149	1,584,330	-	-	1,584,330	(266,181)
Consorzio NOG.MA	-	-	-	-	-	78,909	-	-	78,909	(78,909)
Consorzio Pedelombarda 2	2,318	-	-	-	2,318	-	-	-	-	2,318
Consorzio Piottino	34,968	-	-	4,140	39,108	-	-	-	-	39,108
Consorzio Portale Vezia	15,842	-	-	-	15,842	-	-	-	-	15,842
Consorzio Probin	-	-	-	-	-	1,390,707	-	-	1,390,707	(1,390,707)
Consorzio San Cristoforo	-	-	-	-	-	35,609	-	-	35,609	(35,609)
Consorzio Sarda Costruzioni Generali	-	-	7,549	-	7,549	42,524	-	-	42,524	(34,975)
Consorzio Sardo d'Imprese	-	-	-	-	-	14,501	-	-	14,501	(14,501)
Consorzio TDB Teris - 2	102,398	-	-	-	102,398	-	-	78,198	78,198	24,200
Consorzio Tre Esse	-	-	-	-	-	1,895	-	-	1,895	(1,895)
Consorzio Trevi - S.G.F. INC per Napoli	298,461	-	-	-	298,461	5,880	-	-	5,880	292,581
Consorzio VIT Caroni Tocoma	-	-	-	-	-	-	1,360,353	-	1,360,353	(1,360,353)
Consorzio Zeb	688,998	-	-	-	688,998	-	-	-	-	688,998
Depurazione Palermo S.c.r.l.	-	-	-	-	-	-	-	3,615	3,615	(3,615)
E.R. Impregilo/Dumez y Asociados para Yaciretê	17,777,325	-	776,645	-	18,553,970	14,884	-	11,852,261	11,867,145	6,686,825
Emittenti Titoli S.p.A.	-	-	-	-	-	-	247,575	-	247,575	(247,575)
Enecor	630	-	-	22,297	22,927	-	-	-	-	22,927
Eurolink S.c.p.a.	10,019,414	-	-	-	10,019,414	15,848,808	-	-	15,848,808	(5,829,394)
Executive J.V. Impregilo S.p.A. Terna S.A.	-	-	9,991	-	9,991	-	-	-	-	9,991
Fisia AbeimaA LCC	-	-	1,335,232	-	1,335,232	-	-	-	-	1,335,232
Fisia Italimpianti succ.Arge.-Acciona Agua succ.Arge - UTE	216,507	-	144,566	-	361,073	-	-	-	-	361,073
Forum S.c. a r.l.	-	-	-	-	-	596,812	-	-	596,812	(596,812)
Gaziantep Hastane Saglik	-	-	4,939,436	-	4,939,436	1,965	-	-	1,965	4,937,471
Gaziantep Hastanesi Isletme Ve Bakim Hizmetleri	-	-	408,568	-	408,568	-	-	-	-	408,568
Generalny Wikonawca Salini Polska	39,096	-	-	-	39,096	69,779	-	-	69,779	(30,683)
Group. d'entreprises Salini Strabag (Guinea)	-	-	210,934	-	210,934	498,095	-	-	498,095	(287,161)
Grupo Empresas Italianas - GEI	-	-	275,553	-	275,553	-	-	-	-	275,553
Gup Canal	36,014,576	-	(1)	-	36,014,575	-	-	-	-	36,014,575
IGL Arabia	103,109	-	-	-	103,109	551,444	-	-	551,444	(448,335)
Irina Srl in liquidazione	62,400	-	-	-	62,400	-	4,161	-	4,161	58,239
Isarco S.c.r.l.	7,220,429	-	-	-	7,220,429	17,241,092	-	-	17,241,092	(10,020,663)

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets	Total	Current portion of bank loans and current account facilities	Other current liabilities	Total liabilities	Net balance
Joint Venture (AIASA JV)	11,386	-	-	-	11,386	843	-	-	843	10,543
Joint Venture Aktor Ate - Impregilo S.p.A.	12,063	-	-	-	12,063	-	-	-	-	12,063
Joint Venture Aktor S.A. - Impregilo S.p.A.	-	-	332	-	332	-	-	-	-	332
Joint Venture Impregilo S.p.A. - Empedos S.A. - Aktor	-	-	21,470	870,199	891,669	-	-	-	-	891,669
La Quado S.c.a.r.l.	-	-	216,980	-	216,980	-	-	-	-	216,980
Lambro Scrl	6,611	-	134	-	6,745	629	-	-	629	6,116
Line 3 Metro Stations	90,986	-	275,900	-	366,886	-	-	231,726	231,726	135,160
Metro Blu	45,375,061	-	-	-	45,375,061	43,885,263	-	-	43,885,263	1,489,798
Metrogenova S.c.r.l.	30,590	-	-	-	30,590	269,982	-	-	269,982	(239,392)
Mobilink Hurontario General Partnership	6,783,972	-	-	-	6,783,972	-	-	-	-	6,783,972
Mobilinx Hurontario Contractor	726,707	-	-	-	726,707	-	-	-	-	726,707
Mobilinx Hurontario DBJV	-	-	2,159	-	2,159	-	-	-	-	2,159
Napoli Cancello Alta Velocità S.c.r.l.	25,237,412	-	-	-	25,237,412	49,292,545	2,228,432	-	51,520,977	(26,283,565)
Ochre Holding	-	14,202,162	-	-	14,202,162	-	-	-	-	14,202,162
Ochre Solutions Ltd	389,830	-	-	-	389,830	-	-	-	-	389,830
Olbia 90 S.c.r.l.	94,846	-	-	-	94,846	-	-	-	-	94,846
Passante di Mestre S.c.p.A.	606,308	-	-	-	606,308	207,294	-	-	207,294	399,014
Passante Dorico S.p.A.	17,812	-	36,643	-	54,455	-	-	-	-	54,455
Pedelombarda S.c.p.a.	2,239,156	-	2,463	-	2,241,619	2,171,158	-	-	2,171,158	70,461
Pedemontana Veneta S.p.A.	92,210	-	392,236	-	484,446	-	-	-	-	484,446
Pergenova	63,495,978	-	-	-	63,495,978	64,438,255	-	-	64,438,255	(942,277)
Puentes	979	-	-	-	979	-	-	-	-	979
S.Agata	1,402,972	-	-	-	1,402,972	15,783,762	2,251,859	-	18,035,621	(16,632,649)
S.I.MA. GEST 3 S.c.r.l.	-	-	-	-	-	162,355	-	-	162,355	(162,355)
S.Ruffillo S.c.a.r.l.	-	-	-	-	-	17,878,405	-	-	17,878,405	(17,878,405)
Salini Impregilo - NGE Genie Civil S.a.s	512,166	-	-	-	512,166	-	-	-	-	512,166
Salini Impregilo - Kolin	3,696,048	-	134,805	-	3,830,853	-	-	-	-	3,830,853
San Benedetto S.c.r.l.	-	-	-	-	-	45,520	-	26	45,546	(45,546)
Sclafani S.c.r.l.	408,187	-	-	-	408,187	-	-	-	-	408,187
Sedi scarl	65,325	57,608	-	-	122,933	16,858	-	-	16,858	106,075
Segrate	260,146	-	4,000	-	264,146	1,796,392	-	-	1,796,392	(1,532,246)
Sellero S.c.r.l. (in liq.)	-	-	58,503	-	58,503	-	-	-	-	58,503
SFI leasing	-	-	-	-	-	-	-	1,290,081	1,290,081	(1,290,081)
SHIMMICK	36,235,787	-	-	605,238	36,841,025	-	-	-	-	36,841,025
Sibar Arge	553,724	-	331,675	-	885,399	73,267	-	-	73,267	812,132
Sirjo S.c.p.A.	10,784,772	-	1,630,209	-	12,414,981	19,189,622	-	-	19,189,622	(6,774,641)
Sistranyac S.A.	328	-	-	-	328	-	-	-	-	328
Soingit S.c.r.l.	32,439	-	-	-	32,439	3,660	-	-	3,660	28,779
SPV Linea M4 Spa	118,447	23,004,859	-	-	23,123,306	27,000	-	-	27,000	23,096,306

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets	Total	Current portion of bank loans and current account facilities	Other current liabilities	Total liabilities	Net balance
Tartano S.r.l. Società Agricola	-	-	35,000	-	35,000	-	-	-	-	35,000
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A	-	-	-	4,171,312	4,171,312	-	3,103,327	1,034,442	4,137,769	33,543
Todedil scarl	780	-	13,827	-	14,607	835,889	-	-	835,889	(821,282)
Tokwe Mukorsi Dam	7,522	-	-	-	7,522	2,298	-	-	2,298	5,224
Trieste Due S.c.a.r.l. (in liq.)	-	-	121,293	-	121,293	-	-	-	-	121,293
Valdostana Condotte - Cossi	-	-	451,751	-	451,751	2,899	412,744	-	415,643	36,108
Yacilec	3,628	-	-	-	3,628	-	-	-	-	3,628
Yuma	1,486,558	58,641,061	-	-	60,127,619	9,047,926	-	-	9,047,926	51,079,693
Zuttion-CSC-Orrlati	386,911	-	-	-	386,911	-	-	-	-	386,911
Total - group companies	**294,957,147**	**122,535,256**	**17,233,087**	**19,324,059**	**454,049,549**	**292,675,635**	**10,863,200**	**23,380,920**	**326,919,755**	**127,129,794**
C. Tiburtino	99,786	-	-	-	99,786	-	-	-	-	99,786
Casada S.r.l.	108,388	-	-	-	108,388	80	-	-	80	108,308
CEDIV SPA	2,000,305	-	3,241,000	-	5,241,305	-	-	-	-	5,241,305
Dirlan	76,954	-	-	-	76,954	-	-	-	-	76,954
G.A.B.I.RE. Srl	1,898,539	-	18,001,297	-	19,899,836	-	-	-	-	19,899,836
Galla Placidia	109,666	-	-	-	109,666	-	-	-	-	109,666
Imm. Agricola San Vittorino	150,703	-	-	-	150,703	-	-	-	-	150,703
Infernetto S.r.l.	23,919	-	-	-	23,919	-	-	-	-	23,919
Iniziative Immobiliari	-	-	-	-	-	60,509	-	-	60,509	(60,509)
Madonna dei Monti Srl	42,992	-	-	-	42,992	-	-	-	-	42,992
Nores	65,506	-	-	-	65,506	-	-	-	-	65,506
Plus	95,032	-	-	-	95,032	-	-	-	-	95,032
Salini Costruttori	33,938	-	2,402,597	11,956,443	14,392,978	-	4	-	4	14,392,974
SALINI SIMONPIETRO & C. S.A.P.A.	58,077	-	-	-	58,077	-	-	-	-	58,077
Studio Avv. Grazia Volo		-	-	-	-	176,339	-	-	176,339	(176,339)
Zeis	52,419	-	1,833,416	-	1,885,835	86,648	-	-	86,648	1,799,187
Total - other related parties	**4,816,224**	**-**	**25,478,310**	**11,956,443**	**42,250,977**	**323,576**	**4**	**-**	**323,580**	**41,927,397**
Total	**299,773,371**	**122,535,256**	**42,711,397**	**31,280,502**	**496,300,526**	**292,999,211**	**10,863,204**	**23,380,920**	**327,243,335**	**169,057,191**

Revenue and costs for 2019

	Revenue	Other revenue and income	Services	Personnel expense	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
Abeima Fisia - SALALAH UTE	-	1,065,845	-	-	-	-	-	-
ACE Chiaso 2	1,017,088	-	634,664	-	-	-	-	-
Aegek - Impregilo - Alstom J.V.	4,269	-	4,269	-	-	-	-	-
Agua AZ	288,906	7,600	64,601	3,731	-	-	-	-
Agua BA	19,762	-	1,845	-	-	-	-	-
Ancipa S.c.r.l.	-	-	-	-	-	5,165	-	-
ANM	-	186,141	3,336,002	-	-	-	-	-
Arge Haupttunnel Eyholz	-	-	114	-	-	-	-	-
Arge Sisto N8	15,168	-	105,874	-	-	-	-	-
ARGE T.PF.	-	-	-	-	-	-	-	29,269
Autopistas del Sol S.A.	-	-	-	-	615,053	-	-	-
Barnard	-	-	20,754	-	-	-	-	-
Churchill Consortium	6,740	-	-	-	-	-	-	-
Churchill Hospital J.V.	13,480	-	1,496,999	-	-	-	-	-
Civil Work	-	483,399	11,068	-	-	-	-	-
CMC Consorzio Monte Ceneri lotto 851	1,837,477	-	-	-	-	-	-	-
CMR Consorzio	1,791,221	-	1,324,613	-	-	-	-	-
Cons. Astaldi Federici Todini Kramis	-	-	19,654	-	-	-	-	-
Consorcio Amancae	-	2,024	242,371	-	-	-	-	-
Consorcio Cigla-Sade	-	-	556,179	-	-	-	-	-
Consorcio Contuy Medio	-	-	32,296	-	-	-	-	-
Consorcio Grupo Contuy-Proyectos y Ob. De F.	139,929	-	386,646	-	-	-	-	-
Consorcio OIV-Tocoma	926,138	-	1,642,117	-	-	7,971,838	-	-
Consorcio VIT Tocoma	154,148	-	-	-	-	-	-	-
Consorio.Kallidromo	-	-	-	-	-	108,372	-	-
Consortium CSC S.A.-Zuttion Construction S.A.	1,903,133	-	1,566,433	-	-	-	-	-
Consorzio 201 Quintai	34,290	-	-	-	-	-	-	-
Consorzio 202 Quintai	1,415,311	-	1,295,868	-	-	-	-	-
Consorzio ACE Chiasso	4,803,532	-	3,538,987	-	-	-	-	-
Consorzio Casale Nei	-	-	201	-	-	-	-	-
Consorzio Cavalcavia A2 - Nodo di Camorino	226,500	-	68,540	-	-	-	-	-
Consorzio CEMS	-	-	2,213	-	-	-	-	-
Consorzio CPR 3	-	-	557	-	-	-	-	-
Consorzio CPR 2	-	-	31,157	-	-	-	-	-
Consorzio CRS9	6,074	-	6,074	-	-	-	-	-
Consorzio del Sinni	-	-	157	-	-	-	-	-
Consorzio EPC	45,560,905	16,138	1,490,217	-	-	-	-	-
Consorzio Ferrofir	-	-	31,731	-	-	-	-	-

	Revenue	Other revenue and income	Services	Personnel expense	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
Consorzio Ferroviario Milanese	-	82,400	-	-	-	-	-	-
Consorzio Galliera Roveredo	83,097	-	90,986	-	-	-	-	-
Consorzio H20 Morobbia	1,144,865	-	961,255	-	-	-	-	-
Consorzio Hirpinia	79,525	116,246	3,126,208	-	-	-	161,322	268,870
Consorzio Iricav Due	-	14,095	1,834,237	-	-	-	-	-
Consorzio Lotto 202 Cossi-LGV	648,376	-	221,381	-	-	-	-	-
Consorzio Lotto 742-01	11,359	-	16,669	-	-	-	-	-
Consorzio Lotto 822 - Vezia	363	-	380	-	-	-	-	-
Consorzio Masnan	244,031	-	201,052	-	-	-	-	-
Consorzio Matro Sud	18,782	-	-	-	-	-	-	-
Consorzio MM4	187,848	940,433	1,090,923	-	-	-	-	-
Consorzio MPC	-	-	3,977	-	-	-	-	-
Consorzio NOG.MA	-	-	3,620	-	-	-	-	-
Consorzio Piottino	3	-	43	-	-	-	-	-
Consorzio Portale Vezia	619	-	-	-	-	-	-	-
Consorzio Probin	122,318	-	312,424	-	-	-	-	-
Consorzio SI.VI.CI.CA.	-	-	40	-	-	-	-	-
Consorzio SIVICICA 3	-	-	40	-	-	-	-	-
Consorzio Sivicica 4	-	-	40	-	-	-	-	-
Consorzio TDB Teris - 2	7	-	22	-	-	-	-	-
Consorzio Tre Esse	-	10	8,167	-	-	-	-	-
Consorzio Trevi - S.G.F. INC per Napoli	-	-	4,177	-	-	-	-	-
Consorzio VIT Caroni Tocoma	-	-	1,342,660	-	-	-	-	-
Consorzio Zeb	7,174,367	-	5,197,771	-	-	-	-	-
Cossi Costruzioni S.p.A.	-	-	7,023	-	-	-	-	-
Cossi filiale Bellinzona	7,023	-	-	-	-	-	-	-
E.R. Impregilo/Dumez y Asociados para Yaciretê	48,678	-	682,800	-	-	(1,968,709)	668,537	141,631
Enecor	6,997	-	-	-	-	-	-	-
Eurolink S.c.p.a.	29,631	151,060	329,812	-	-	-	-	-
Fisia Abeima Salalah J.V.	-	623,312	-	-	-	-	-	-
Fisia Italimpianti succ.Arge.-Acciona Agua succ.Arge - UTE	91,079	113,983	-	-	-	-	-	-
Forum S.c. a r.l.	-	-	281,846	-	-	-	-	-
Gaziantep Hastane Saglik	-	-	-	-	-	-	102,201	-
Gaziantep Hastanesi Isletme Ve Bakim Hizmetleri	-	-	-	-	-	-	8,568	-
Generalny Wikonawcwa Salini Polska	-	-	38,496	-	-	-	-	-
Ghazi JV	-	9,049	-	-	-	-	-	-
Grupo Empresas Italianas - GEI	75,761	-	272,692	-	-	-	-	-
Gup Canal	1,566,163	327,884	-	-	-	-	-	-
Healy Parsons	-	118,837	-	-	-	-	-	-

	Revenue	Other revenue and income	Services	Personnel expense	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
IGL Arabia	611	9,761	-	-	-	396,972	-	-
Isarco S.c.r.l.	722,100	945,057	22,547,520	-	-	-	-	-
Joint Venture (AIASA JV)	-	102,500	-	-	-	-	-	-
La Quado S.c.a.r.l.	-	-	21,967	-	-	-	-	-
Lambro Scrl	-	-	70	-	-	-	-	-
Line 3 Metro Stations	487	-	21,926	-	-	-	-	-
Metro B1	-	-	126,174	-	-	-	-	-
Metro Blu	15,000	479,373	95,221,636	-	-	-	-	-
Metrogenova S.c.r.l.	-	9,646	-	-	-	-	-	-
Mobilink Hurontario General Partnership	118,401	-	-	-	-	-	-	-
Mobilinx Hurontario Contractor	678,169	921,329	-	-	-	-	-	-
Mobilinx Hurontario DBJV	-	-	27,398	-	-	-	-	-
Napoli Cancello Alta Velocità S.c.r.l.	80,064	2,746,503	23,209,314	-	-	-	42,423	375,490
Ochre Holding	-	-	-	-	-	-	454,489	-
Ochre Solutions Ltd	53,692	-	-	-	-	-	512,686	-
Olbia 90 S.c.r.l.	-	11,833	-	-	-	-	-	-
Pantano S.C.R.L.	-	-	351	-	-	-	-	-
Passante di Mestre S.c.p.A.	414	3,118	68,040	-	-	-	-	-
Passante Dorico S.p.A.	15,555	3,713	-	-	-	-	-	-
Pedelombarda S.c.p.a.	47,220	630	419,100	-	15,664	-	-	-
PERGENOVA	228,612	1,364,040	58,037,967	-	-	-	-	-
Puentes	12,049	-	6,526	-	-	-	-	-
S.AGATA	15,740	1,270,143	16,505,788	-	-	-	17,264	154,135
Salini Impregilo - NGE Genie Civil S.a.s	1,701,362	1,804,844	10,962	-	-	-	-	-
Salini Impregilo - Kolin	4,138,431	-	-	-	-	-	-	-
Sedi scarl	-	4	-	-	-	-	-	-
Segrate	250,000	256,914	6,738,518	-	-	-	4,000	-
SFI leasing	407,990	-	1,213,276	-	-	-	-	-
SHIMMICK	39,251,797	-	38,006,312	-	-	-	-	-
Sibar Arge	602,909	-	215,750	-	-	-	-	-
Sirjo S.c.p.A.	-	509,417	4,151,434	-	-	-	29,918	-
Sistranyac S.A.	3,651	-	-	-	-	-	-	-
Sivicica 2	-	-	39	-	-	-	-	-
Soci Terzi	-	-	-	-	8	-	-	-
Soingit S.c.r.l.	-	-	12,120	-	-	-	-	-
South Al Mutlaa Joint Venture	-	-	103,711	-	-	-	-	12,651
SPV Linea M4 Spa	-	213,722	48,744	-	-	-	1,195,943	-
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A	-	-	2,145,319	-	-	-	-	-
Todedil scarl	-	230	826,185	-	-	-	-	-

	Revenue	Other revenue and income	Services	Personnel expense	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
Ute Abeima Fisia Shuaibah	-	525,593	-	-	-	-	-	-
Yacilec	26,320	-	-	-	-	-	-	-
Yuma	232,562	-	271,786	-	-	-	4,965,334	9,400,000
Zuttion-CSC-Orrlati	2,439,982	-	1,830,277	-	-	-	-	-
Total - group companies	**122,748,081**	**15,436,826**	**305,729,152**	**3,731**	**630,725**	**6,513,638**	**8,162,685**	**10,382,046**
C. Tiburtino	16,902	2,898	-	-	-	-	-	-
Casada S.r.l.	16,068	3,007	80	-	-	-	2,641	-
CEDIV SPA	17,273	1,754	-	-	-	-	113,430	-
Dirlan	25,358	3,126	-	-	-	-	-	-
G.A.B.I.RE. Srl	18,966	3,381	-	-	-	-	630,000	-
Galla Placidia	23,522	3,661	-	-	-	-	-	-
Imm. Agricola San Vittorino	15,790	3,126	-	-	-	-	-	-
Infernetto S.r.l.	9,224	3,126	-	-	-	-	-	-
Iniziative Immobiliari	-	-	1,062,000	-	-	-	-	-
Madonna dei Monti Srl	15,636	3,126	60,592	-	-	-	-	-
Nores	7,720	3,087	-	-	-	-	-	-
Plus	33,697	3,941	-	-	-	-	-	-
Salini Costruttori	129,996	11,194	4	-	4	-	61,523	141,169
SALINI SIMONPIETRO & C. S.A.P.A.	14,394	-	-	-	-	-	-	-
Studio Avv. Grazia Volo	-	-	579,800	-	-	-	-	-
Zeis	119,419	105,753	39,732	-	-	-	52,390	-
Total - other related parties	**463,965**	**151,180**	**1,742,208**	**-**	**4**	**-**	**859,984**	**141,169**
Total	**123,212,046**	**15,588,006**	**307,471,360**	**3,731**	**630,729**	**6,513,638**	**9,022,669**	**10,523,215**

Consolidated financial statements of Salini Impregilo Group - Equity investments

	31 December 2018	Acquisitions	Capital transactions	(Disinvestments and liquidations)	Other gains (losses) in profit or loss	Share of profit or loss of equity-accounted investees	Dividends from equity-accounted investees	Change in hedging reserve	Change in ROC of equity-accounted investees	Change in ROC of investee recognised in investor's financial statements	Reclassifi-cations	IFRS 5	Other changes	31 December 2019
A.Constructor J.V Kallidromo	6,277					(6,277)								-
Acqua Campania S.p.A.	9,607													9,607
AGL JV	7,049,620-										(7,049,620)			-
Agua AZ - Legal	6,166,255					1,129,885	(1,233,359)		229,316			(6,292,097)		-
Autopistas del Sol S.A.	41,477,140					(9,876,354)	(9,577,894)		(13,748,059)				13,378,454	21,653,287
Cabot Yard	183,666					241,810			4,184				(429,659)	1
Cons Pizzarotti Todini .Keff-Eddir	1													1
Cons. A.F.T. Taksebt	15,496													15,496
Consorcio Federici/Impresit/Ice Cochabamba	15,818													15,818
Consorzio Casale Nei	775													775
Consorzio CPR 3	747													747
Consorzio CPR 2	37													37
Consorzio del Sinni	12,395													12,395
Consorzio Ferrofir	182,569													182,569
Consorzio Ferroviario Milanese	28,276		14,221,939			(14,221,939)								28,276
Consorzio Hirpinia	-		6,000											6,000
Consorzio Imprese Lavori FF.SS. di Saline - FEIC	5,165													5,165
Consorzio Iniziative Ferroviarie - INFER	14,461													14,461
Consorzio Iricav Due	176,060													176,060
Consorzio MM4	64,270													64,270
Consorzio Nazionale Imballaggi - CO.NA.I.	5													5
Consorzio NOG.MA	83,307													83,307
Consorzio Sarda Costruzioni Generali	2,582													2,582
Consorzio Sardo d'Imprese	1,078													1,078
Consorzio Trevi - S.G.F. INC per Napoli	4,500													4,500
Cossi Costruzioni	-	32,216												32,216
Depurazione Palermo S.c.r.l.	3,615													3,615
Emittenti Titoli S.p.A.	10,832													10,832
EUROLINK	16,875,000													16,875,000
FISIA ABEIMA LCC	1,102,824					(1,102,824)								-
FLATIRON-LANE JV	--					665,538			(2,310)					663,228
FLUOR-LANE SOUTH CAROLINA	3,198,127-					(3,241,468)			72,745					29,405
FLUOR-LANE95 LLC	-					1,048,317	(969,183)		(64)		(60,770)			18,301
FLUOR-LANE LLC	-					110,198	(110,049)		(73)					77
Forum S.c. a r.l.	10,329													10,329
Gaziantep Hastane Saglik	3,736,941		2,743,028			2,301,407		(4,949,264)						3,832,112

	31 December 2018	Acquisitions	Capital transactions	(Disinvestments and liquidations)	Other gains (losses) in profit or loss	Share of profit or loss of equity-accounted investees	Dividends from equity-accounted investees	Change in hedging reserve	Change in ROC of equity-accounted investees	Change in ROC of investee recognised in investor's financial	Reclassifi-cations	IFRS 5	Other changes	31 December 2019
Gaziantep Hastanesi Isletme Ve Bakim Hizmetleri	687,419													687,419
GEMMA-LANE LIBERTY PARTNERS	(1)-													(1)
Grassetto S.p.A.	7,747													7,747
Grupo Unido por el canal	363,126,224		135,310,371			(9,703,000)			7,806,397					496,539,992
I4 LEASING LLC	15,253,503-					382,103	(1,875,837)		298,470					14,058,238
IGL Arabia - Legal	4,370,440		703,473			(5,022,965)			(28,910)					22,038
Immobiliare Golf Club Castel D'Aviano S.r.l.	20,190													20,190
Inter-Healy	97,063					9,960	(109,234)		2,211					-
Irina Srl in liquidazione	308,344													308,344
ISARCO	41,000		2,672											43,672
Istituto per lo Sviluppo Edilizio ed Urbanistico	34,086													34,086
Istituto per lo Sviluppo Edilizio ed Urbanistico	22,750													22,750
LA QUADO	3,500													3,500
Lambro Scrl	20													20
Manifesto S.p.A.	4,300													4,300
Markland S.r.l.	1,269													1,269
Metro de Lima Linea 2 S.A.	23,409,421					2,970,965			439,376					26,819,762
Metrogenova S.c.r.l.	8,257													8,257
Mobilink Hurontario General Partnership	-		174,909			445,983								620,892
Napoli Cancello Alta Velocità S.c.r.l.	6,000													6,000
Nomisma spa	27,015													27,015
OCHRE HOLD	3,482,059					(1,537,226)			(170,118)					1,774,715
Olbia 90 S.c.r.l.	2,531													2,531
PANTANO S.C.R.L.	4,258			(4,258)										-
Passante Dorico S.p.A.	2,737,572													2,737,572
PDM	2,333,320													2,333,320
PEDELOMBARDA	2,350,000													2,350,000
Pedemontana Veneta S.p.A.	1,238,052													1,238,052
PERGENOVA	25,000		475,000											500,000
PURPLE LINE TRANSIT CONSTRUCTORS LLC	2,546,843-		4,019,652			(4,873,897)			51,936					1,744,533
Renovation Palais Des Nations S.A.	-	15,662												15,662
Rimini Fiera S.p.A.	1,460,552			(1,460,552)										-
S.AGATA	12,000					167								12,167
S.I.MA. GEST 3 S.c.r.l.	5													5
S.Ruffillo S.c.a.r.l.	21,000													21,000
San Benedetto S.c.r.l.	9,622													9,622
Segrate	3,500													3,500
Sellero S.c.r.l. (in liq.)	-	3,900												3,900
Seveso S.c.a.r.l.	400			(400)										-

	31 December 2018	Acquisitions	Capital transactions	(Disinvestments and liquidations)	Other gains (losses) in profit or loss	Share of profit or loss of equity-accounted investees	Dividends from equity-accounted investees	Change in hedging reserve	Change in ROC of equity-accounted investees	Change in ROC of investee recognised in investor's financial statements	Reclassifi-cations	IFRS 5	Other changes	31 December 2019
Sirjo S.c.p.A.	3,000,000													3,000,000
Sistranyac S.A.	149,965													149,965
SKANSKA-GRANITE-LANE	4,160,616-										(4,160,616)			-
Skiarea Valchiavenna S.p.A.	98,370													98,370
SPV Linea M4 Spa	18,667,600		3,643,200											22,310,800
Tangenziale Esterna di Milano S.p.A.	100													100
Tartano S.r.l. Società Agricola	-	995,933												995,933
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A	3,944													3,944
Todedil scarl	10,310													10,310
Trieste Due S.c.a.r.l. (in liq.)	-	4,500												4,500
Unionport Bridge	5,776,029		5,949,084			511,940			88,628					12,325,682
Valdostana Condotte - Cossi	-	20,000												20,000
VE.CO. S.c.r.l.	2,582													2,582
Yacilec - Legal	405,364		113,159			30,552			(46,295)				105,320	608,100
Yuma - Legal	1,888,763					5,348,930			(15,414)					7,222,279
Total equity investments with positive carrying amounts	**538,256,679**	**1,072,211**	**167,362,488**	**(1,465,210)**	**-**	**(34,388,195)**	**(13,875,556)**	**(4,949,264)**	**(5,017,980)**	**-**	**(11,271,006)**	**(6,292,097)**	**13,054,115**	**642,486,186**

Salini Impregilo Group - Equity investments with negative carrying amounts at 31 December 2019

	31 December 2018	Change in consolidation method	Acquisitions	(Disinvestments and liquidations)	Capital transactions	Share of profit or loss of equity-accounted investees	Other gains (losses) in profit or loss	Dividends from equity-accounted investees	Change in hedging reserve	Change in ROC of equity-accounted investees	Change in ROC of investee recognised in investor's financial statements	Reclassific-ations	Other changes	31 December 2019
AGL JV	-				893,256	(11,817,520)				173,497		7,051,083		(3,699,684)
Cagliari 89 S.c.r.l.	(132,850)													(132,850)
Cons. Astaldi Federici Todini Kramis	(1,308,000)					(525,580)								(1,833,580)
Consorzio Aree Industriali Potentine	(666)													(666)
Consorzio Ferroviario Milanese	-					14,221,939						(14,221,939)		-
FISIA ABEIMA LCC	-					(3,922,185)				38,629				(3,883,556)
Fisia Muhendislik VE Insaat Anonim Sirketi	(12,865)											12,865		-
FLUOR-LANE LLC	(71)											71		-
FLUOR-LANE95 LLC	(59,416)									(1,354)		60,770		-
Normetro - Agrupamento Do Metropolitano Do P.	(441)													(441)
Salini Impregilo - Kolin	-					(165,907)								(165,907)
Sclafani S.c.r.l.	(135,866)													(135,866)
Sedi scarl	(100,000)													(100,000)
SKANSKA-GRANITE-LANE	-				27,869,585	(91,640,176)				301,383		4,160,616		(59,308,592)
Soingit S.c.r.l.	(50,000)													(50,000)
Tokwe Mukorsi Dam	-											(7,522)		(7,522)
Total equity investments with negative carrying amounts	**(1,800,175)**	**-**	**-**	**-**	**28,762,841**	**(93,849,429)**	**-**	**-**	**-**	**512,155**	**-**	**(2,944,056)**		**(69,318,664)**

List of Salini Impregilo Group companies

List of Salini Impregilo Group companies

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Salini Impregilo S.p.A.	**Italy**	**Euro**	**600,000,000**	**100**	**100**			**line-by-line**
A1 Motorway Tuszyn-Pyrzowice lot F Joint Venture	Poland	PLN		100	94.99	5	Salini Polska L.t.d. Liability Co	line-by-line
						0.01	HCE Costruzioni S.p.A.	
Al Maktoum International Airport J.V.	United Arab Emirates			29.4		29.4	Lane Mideast Contracting LLC	line-by-line
Ancipa S.c.r.l. (in liq.)	Italy	Euro	10,200	100		100	Imprepar S.p.A.	line-by-line
Beyond S.r.l.	Italy	Euro	10,000	100	100			line-by-line
Brennero Galleriaacque S.c.r.l.	Italy	Euro	10,000	51		51	Fisia Italimpianti S.p.A.	line-by-line
C43 Water Management Builders	USA			100	30	70	Lane Construction Corporation	line-by-line
CDE S.c.a.r.l.	Italy	Euro	10,000	60	60			line-by-line
Collegamenti Integrati Veloci C.I.V. S.p.A.	Italy	Euro	20,000	85	85			line-by-line
Compagnia Gestione Macchinari CO.GE.MA. S.p.A.	Italy	Euro	200,000	100	100			line-by-line
Consorcio Constructor Salini Impregilo - Cigla (florianopolis)	Brazil			100	60	40	Cigla S.A.	line-by-line
Consorcio Impregilo - OHL	Colombia			100		100	Impregilo Colombia SAS	line-by-line
Consorcio Impregilo Yarull	Dom. Republic			70	70			line-by-line
Consorzio Alta Velocità Torino/Milano - C.A.V.TO.MI.	Italy	Euro	5,000,000	74.69	74.69			line-by-line
Consorzio C.A.V.E.T. - Consorzio Alta Velocità Emilia/Toscana	Italy	Euro	5,422,797	75.983	75.983			line-by-line
Consorzio Cociv	Italy	Euro	516,457	99.999(§)	92.753	7.246	C.I.V. S.p.A.	line-by-line
Consorzio Cossi LGV Ceneri	Switzerland			70.8		50.8	Cossi Costruzioni S.p.A.	line-by-line
						20	LGV Impresa Costruzioni S.A.	
Consorzio Libyan Expressway Contractor	Italy	Euro	10,000	58	58			line-by-line
Consorzio Scilla (in liq.)	Italy	Euro	1,000	51		51	Imprepar S.p.A.	line-by-line
Constructora Ariguani SAS En Reorganizacion	Colombia	COP	100,000,000	100	100			line-by-line
Constructora Mazar Impregilo-Herdoiza Crespo	Ecuador			70	70			line-by-line
Construtora Impregilo y Associados S.A.-CIGLA S.A.	Brazil	BRL	2,480,849	100	100			line-by-line
Copenaghen Metro Team I/S	Denmark			99.989	99.989			line-by-line
Corso del Popolo Engineering S.c.r.l.	Italy	Euro	10,000	64.707		64.707	HCE Costruzioni S.p.A.	line-by-line

	Country	Currency	Share/quota capital subscribed	Investment %	%direct	% indirect	Investment held by	Consolidation or measurement method
Corso del Popolo S.p.A.	Italy	Euro	1,200,000	55		55	HCE Costruzioni S.p.A.	line-by-line
Cossi Costruzioni S.p.A.	Italy	Euro	10,000,000	63.5	63.5			line-by-line
CSC Impresa Costruzioni S.A.	Switzerland	CHF	2,000,000	100	100			line-by-line
CSI Simplon Consorzio	Switzerland			100	0.01	99.99	CSC S.A.	line-by-line
Empresa Constructora Metro 6 L..t.d.a.	Chile	CLP	23,025,000,000	100	99.9	0.1	Cigla S.A.	line-by-line
Fibe S.p.A.	Italy	Euro	3,500,000	99.998	99.989	0.003	Impregilo Intern. Infrastruc. N.V.	line-by-line
						0.006	Fisia Ambiente S.p.A.	
Fisia - Alkatas Joint Venture	Turkey			51		51	Fisia Italimpianti S.p.A.	line-by-line
Fisia Ambiente S.p.A.	Italy	Euro	3,000,000	100	100			line-by-line
Fisia Italimpianti S.p.A.	Italy	Euro	3,400,000	100	100			line-by-line
Fisia LLC	Oman	OMR	250,000	70		70	Fisia Italimpianti S.p.A.	line-by-line
Fisia Muhendislik VE Insaat Anonim Sirketi	Turkey			100		100	Fisia Italimpianti S.p.A.	line-by-line
Fisia-Alkatas-Alke J.V.	Turkey			48		48	Fisia Italimpianti S.p.A.	line-by-line
Galfar - Salini Impregilo - Cimolai J.V.	Qatar			40	40			line-by-line
Generalny Wykonawca Salini Polska - Impregilo - Kobylarnia S.A.	Poland			66.68	33.34	33.34	Salini Polska L.t.d. Liability Co	line-by-line
Gestione Napoli S.r.l. (in liq.)	Italy	Euro	10,000	99	24	75	Fisia Ambiente S.p.A.	line-by-line
Groupe Mediterraneen di Travaux d'Infrastructures (in liq.)	Algeria	DZD	1,000,000	98		98	HCE Costruzioni S.p.A.	line-by-line
Groupement Todini - EHTP (ex Hamila)	Tunisia			100		100	HCE Costruzioni S.p.A.	line-by-line
Grupo ICT II SAS	Colombia	COP	9,745,180,000	100	100			line-by-line
HCE Costruzioni S.p.A.	Italy	Euro	2,186,743	100	100			line-by-line
HCE Costruzioni Ukraine LLC	Ukraine	Euro	10,000	100	1	99	HCE Costruzioni S.p.A.	line-by-line
I.L.IM. - Iniziative Lombarde Immobiliari S.r.l. (in liq.)	Italy	Euro	10,000	100	100			line-by-line (*)
IGLYS S.A.	Argentina	ARS	10,000,000	100		100	Impregilo Intern. Infrastruc. N.V.	line-by-line
Impregilo International Infrastructures N.V.	Netherlands	Euro	50,000,000	100		100	Lane Construction Corporation	line-by-line
Impregilo Lidco Libya Co	Libya	DL	5,000,000	60	60			line-by-line
Impregilo New Cross Ltd	GB	GBP	2	100		100	Impregilo Intern. Infrastruc. N.V.	line-by-line

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Impregilo-SK E&C-Galfar al Misnad J.V.	Qatar			41.25	41.25			line-by-line
Impregilo-Terna SNFCC J.V.	Greece	Euro	100,000	51	51			line-by-line
Imprepar-Impregilo Partecipazioni S.p.A.	Italy	Euro	3,100,000	100	100			line-by-line
INC - Il Nuovo Castoro Algerie S.a.r.l.	Algeria	DZD	301,172,000	99.983	99.983			line-by-line
IS Joint Ventures	Australia			100	50	50	Salini Australia PTY L.t.d.	line-by-line
Joint Venture Impregilo S.p.A. - S.G.F. INC S.p.A.	Greece			100	100			line-by-line
JV Salini - Secol	Romania			80	80			line-by-line
Kayi Salini Samsung Joint Venture	Turkey			33	33			line-by-line
Lane Abrams Joint Venture	USA			51		51	Lane Construction Corporation	line-by-line
Lane Construction Corporation	USA	USD	1,392,955	100		100	Lane Industries Incorporated	line-by-line
Lane Corman Joint Venture	USA			60		60	Lane Construction Corporation	line-by-line
Lane DS - NC Consortium (Ada)	United Arab Emirates			24.5		24.5	Lane Mideast Contracting LLC	line-by-line
Lane Industries Incorporated	USA	USD	5	100		100	Salini Impregilo - US Holdings Inc.	line-by-line
Lane Infrastructure Inc.	USA	USD	10	100		100	Lane Industries Incorporated	line-by-line
Lane Mideast Contracting LLC	United Arab Emirates	AED	300,000	49		49	Impregilo Intern. Infrastruc. N.V.	line-by-line
Lane Mideast Qatar LLC	Qatar	QAR	5,000,000	49		49	Impregilo Intern. Infrastruc. N.V.	line-by-line
Lane National Contracting Joint Venures	United Arab Emirates			24.99		24.99	Lane Mideast Contracting LLC	line-by-line (*)
Lane Securety Paving J.V.	USA			60		60	Lane Construction Corporation	line-by-line
Lane Worldwide Infrastructure Inc..	USA	USD	10	100		100	Lane Industries Incorporated	line-by-line
LGV Impresa Costruzioni S.A.	Switzerland	CHF	2,000,000	100		100	CSC S.A.	line-by-line
Librino S.c.r.l. (in liq.)	Italy	Euro	45,900	66		66	Imprepar S.p.A.	line-by-line
LMH_lane Cabot Yard J.V.	USA			50		50	Lane Construction Corporation	line-by-line
Melito S.c.r.l. (in liq.)	Italy	Euro	77,400	66.667		66.667	Imprepar S.p.A.	line-by-line
Mercovia S.A.	Argentina	ARS	10,000,000	60		60	Impregilo Intern. Infrastruc. N.V.	line-by-line
Metro B S.r.l.	Italy	Euro	20,000,000	52.52	52.52			line-by-line
Metro B1 S.c.a.r.l.	Italy	Euro	100,000	80.7	80.7			line-by-line
Mosconi S.r.l.	Italy	Euro	100,000	63.5		63.5	Cossi Costruzioni S.p.A.	line-by-line

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
PGH Ltd	Nigeria	NGN	52,000,000	100	100			line-by-line
Pietrarossa S.c.r.l. (in liq.)	Italy	Euro	10,200	100		100	Imprepar S.p.A.	line-by-line
Piscine dello Stadio S.r.l.	Italy	Euro	1,100,000	70		70	HCE Costruzioni S.p.A.	line-by-line
Piscine S.c.r.l. (in liq.)	Italy	Euro	10,000	70		70	HCE Costruzioni S.p.A.	line-by-line
Reggio Calabria - Scilla S.c.p.a. (in liq.)	Italy	Euro	35,000,000	51	51			line-by-line
RI.MA.TI. S.c.a.r.l. (in liq.)	Italy	Euro	100,000	83.42	83.42			line-by-line
Rivigo J.V. (Nigeria) Ltd	Nigeria	NGN	100,000,000	70		70	PGH Ltd	line-by-line
SA.PI. NOR Salini Impregilo - Pizzarotti J.V.	Norway			51	51			line-by-line
Salerno-Reggio Calabria S.c.p.a. (in liq.)	Italy	Euro	50,000,000	51	51			line-by-line
Salini - Impregilo Joint Venture for Mukorsi	Zimbabwe		-	100	99.9	0.1	Imprepar S.p.A.	line-by-line (*)
Salini Australia PTY L.t.d.	Australia	AUD	4,350,000	100	100			line-by-line
Salini Impregilo - Duha Joint Venture	Slovakia			75	75			line-by-line
Salini Impregilo - Healy J.V. (Cleveland)	USA			100	60	40	Lane Construction Corporation	line-by-line
Salini Impregilo - Healy J.V. (Tunnel 3RPORT Indiana)	USA			100	30	70	Lane Construction Corporation	line-by-line
Salini Impregilo - Healy J.V. NEBT	USA			100	30	70	Lane Construction Corporation	line-by-line
Salini Impregilo - NRW Joint Venture	Australia			80	80			line-by-line
Salini Impregilo - Salini Insaat - NTF J.V. (in liq.)	Turkey			85	55	30	Salini Insaat T.S.V.T.A.S.	line-by-line
Salini Impregilo - Tristar	United Arab Emirates			60	60			line-by-line
Salini Impregilo - US Holdings Inc.	USA	USD	1,100	100	100			line-by-line
Salini Impregilo Canada Holding Inc.	Canada			100	100			line-by-line
Salini Impregilo Civil Works	Canada			100		100	Salini Impregilo Canada Holding Inc.	line-by-line
Salini Impregilo Mobilink Hurontario GP Inc.	Canada			100		100	Salini Impregilo Canada Holding Inc.	line-by-line
Salini Impregilo S.p.A. - The Lane Construction Co. - Jose J Chediack	Argentina	ARS	10,000	75	73	2	Lane Construction Corporation	line-by-line
Salini Insaat Taahhut Sanayi Ve Ticaret Anonim Sirketi	Turkey	TRY	50,000	100	100			line-by-line
Salini Malaysia SDN BHD	Malaysia	MYR	1,100,000	100	90	10	CO.GE.MA. S.p.A.	line-by-line
Salini Namibia Proprietary L.t.d.	Namibia	NAD	100	100	100			line-by-line
Salini Nigeria L.t.d.	Nigeria	NGN	10,000,000	100	99	1	CO.GE.MA. S.p.A.	line-by-line

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Salini Polska - Todini - Salini Impregilo - S7 JV	Poland	PLN		100	74.99	25	Salini Polska L.t.d. Liability Co	line-by-line
						0.01	HCE Costruzioni S.p.A.	
Salini Polska - Todini - Salini Impregilo - Pribex - S3 JV	Poland	PLN		95	71.24	23.75	Salini Polska L.t.d. Liability Co	line-by-line
						0.01	HCE Costruzioni S.p.A.	
Salini Polska - Todini - Salini Impregilo - Pribex - S8 JV	Poland	PLN		95	71.24	23.75	Salini Polska L.t.d. Liability Co	line-by-line
						0.01	HCE Costruzioni S.p.A.	
Salini Polska L.t.d. Liability Co	Poland	PLN	393,450	100	100			line-by-line
Salini Saudi Arabia Company L.t.d.	Saudi Arabia	SAR	1,000,000	51	51			line-by-line
Salini-Kolin-GCF Joint Venture	Turkey	Euro	4,000	38	38			line-by-line
SCI ADI Ortakligi	Turkey	TRY	10,000	50	50			line-by-line
SCLC Polihali Diversion Tunnel J.V.	Lesotho			69.99	69.99			line-by-line
Seli Tunneling Denmark A.p.s.	Denmark	DKK	130,000	100		100	Impregilo Intern. Infrastruc. N.V.	line-by-line
SLC Snowy Hydro Joint Venure	Australia			65	64.99	0.01	Lane Construction Corporation	line-by-line
Società Autostrada Broni - Mortara S.p.A.	Italy	Euro	28,902,600	60	60			line-by-line
Suramericana de Obras Publicas C.A.- Suropca C.A.	Venezuela	VEB	2,874,118,000	100	99	1	CSC S.A.	line-by-line
TB Metro S.r.l. (in liq.)	Italy	Euro	100,000	51	51			line-by-line
Texas High Speed Rail	USA			100	50	50	Lane Construction Corporation	line-by-line
The Lane Blythe Construction J.V.	USA			50		50	Lane Construction Corporation	line-by-line
Thessaloniki Metro CW J.V. (AIS JV)	Greece			50	50			line-by-line
Todini Akkord Salini	Ukraine			100	25	75	HCE Costruzioni S.p.A.	line-by-line
Trincerone Ferroviario S.c.r.l. (in liq.)	Italy	Euro	45,900	100		100	Imprepar S.p.A.	line-by-line
Western Station J.V,	Saudi Arabia			51	51			line-by-line
Abeinsa Infr. e Fisia Italimpianti UTE Salalah	Spain			51		51	Fisia Italimpianti S.p.A.	joint oper.
Arge Tulfes Pfons	Austria	Euro	1,000	49	49			joint oper.
Arriyad New Mobility Consortium	Saudi Arabia			33.48	33.48			joint oper.
Civil Works Joint Ventures	Saudi Arabia			59.14	52	7.14	Salini Saudi Arabia Company L.t.d.	joint oper.
CMC - Mavundla - Impregilo J.V.	South Africa			39.2	39.2			joint oper.

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Consorcio Amancae	Peru			40	40			joint oper.
Consorcio Contuy Medio Grupo A C.I. S.p.A. Ghella Sogene C.A.,	Venezuela			36.4	36.4			joint oper.
Consorzio Constructor M2 Lima	Peru			25.5	25.5			joint oper.
Fisia Abeima Salalah J.V.	Oman	OMR		35.7		35.7	Fisia LLC	joint oper.
Fisia Italimpianti suc. Argentina-Acciona Agua suc. Argentina UTE	Argentina			65		65	Fisia Italimpianti filiale Argentina	joint oper.
Ghazi-Barotha Contractors J.V.	Pakistan			57.8	57.8			joint oper.
Impregilo-Healy-Parsons J.V.	USA	USD		65	45	20	Lane Construction Corporation	joint oper.
Mobilinx Hurontario Contractor	Canada			42		42	Salini Impregilo Civil Works	joint oper.
Mobilinx Hurontario DBJV	Canada			29.215		29.215	Mobilinx Hurontario Contractor	joint oper.
Nathpa Jhakri J.V.	India	USD	1,000,000	60		60	Imprepar S.p.A.	joint oper.
NGE Genie Civil S.a.s. - Salini Impregilo S.p.A.	France			50	50			joint oper.
Salini Impregilo - NGE Genie Civil S.a.s	France			65	65			joint oper.
South Al Mutlaa J.V.	Kuwait			55	55			joint oper.
Tristar Salini Joint Venture	United Arab Emirates			40	40			joint oper. (a)
UTE Abeima Fisia Shoaibah	Saudi Arabia			50		50	Fisia Italimpianti S.p.A.	joint oper.
Aegek-Impregilo-Aslom J.V.	Greece			45.8	45.8			equity
AGL Constructor JV	USA			20		20	Lane Construction Corporation	equity
Aguas del Gran Buenos Aires S.A. (in liq.)	Argentina	ARS	45,000,000	42.589	16.504	23.727	Impregilo Intern. Infrastruc. N.V.	equity
						2.358	Iglys. S.A.	
Arge Haupttunnel Eyholz	Switzerland			36		36	CSC S.A.	equity
Arge Sisto N8	Switzerland			50		50	CSC S.A.	equity
Autopistas del Sol S.A.	Argentina	ARS	175,396,394	19.818		19.818	Impregilo Intern. Infrastruc. N.V.	equity
Barnard Impregilo Healy J.V.	USA			45	25	20	Lane Construction Corporation	equity
C.P.R.2	Italy	Euro	2,066	35.97		35.97	Imprepar S.p.A.	equity
C.P.R.3	Italy	Euro	2,066	35.97		35.97	Imprepar S.p.A.	equity
Cagliari 89 S.c.r.l. (in liq.)	Italy	Euro	10,200	49		49	Imprepar S.p.A.	equity
CGR Consorzio Galliera Roveredo	Switzerland			37.5		37.5	CSC S.A.	equity

	Country	Currency	Share/quota capital subscribed	Investment %	%direct	% indirect	Investment held by	Consolidation or measurement method
Churchill Construction Consortium	GB			30		30	Impregilo New Cross Ltd	equity
Churchill Hospital J.V.	GB			50		50	Impregilo New Cross Ltd	equity
CMC - Consorzio Monte Ceneri lotto 851	Switzerland			40		40	CSC S.A.	equity
CMR Consorzio	Switzerland			47.5		47.5	CSC S.A.	equity
Consorcio Agua Azul S.A.	Peru	PEN	69,001,000	25.5		25.5	Impregilo Intern. Infrastruc. N.V.	equity
Consorcio Cigla-Sade	Brazil			50		50	Cigla S.A.	equity
Consorcio Contuy Medio	Venezuela			29.04	29.04			equity
Consorcio Federici/Impresit/Ice Cochabamba	Bolivia	USD	100,000	25		25	Imprepar S.p.A.	equity
Consorcio Grupo Contuy-Proyectos y Obras de Ferrocarriles	Venezuela			33.329	33.329			equity
Consorcio Normetro	Portugal			13.18	13.18			equity
Consorcio OIV-TOCOMA	Venezuela			40	40			equity
Consorcio V.I.T. - Tocoma	Venezuela			35	35			equity
Consorcio V.I.T. Caroni - Tocoma	Venezuela			35	35			equity
Consorcio V.S.T. (in liq.)	Venezuela			35		35	Suropca C.A.	equity
Consorcio V.S.T. Tocoma	Venezuela			30	30			equity
Consortium CSC S.A.-Zuttion Construction S.A.	Switzerland			50		50	CSC S.A.	equity
Consortium CSC Zuttion	Switzerland			50		50	CSC S.A.	equity
Consortium Zuttion Constructions-CSC-Orrlati	Switzerland			40		40	CSC S.A.	equity
Consorzio 201 Quintai	Switzerland			60		60	CSC S.A.	equity
Consorzio 202 Quintai	Switzerland			30		30	CSC S.A.	equity
Consorzio ACE Chiasso	Switzerland			50		50	CSC S.A.	equity
Consorzio ACE Chiasso 2	Switzerland			50		50	CSC S.A.	equity
Consorzio Astaldi-Federici-Todini (in liq.)	Italy	Euro	46,000	33.34		33.34	HCE Costruzioni S.p.A.	equity
Consorzio Astaldi-Federici-Todini Kramis	Italy	Euro	100,000	49.995		49.995	HCE Costruzioni S.p.A.	equity
Consorzio Cavalcavia A2 - Nodo di Camorino	Switzerland			33.34		33.34	LGV Impresa Costruzioni S.A.	equity
Consorzio CEMS	Switzerland			33.4		33.4	CSC S.A.	equity
Consorzio Coltum	Switzerland			50		50	CSC S.A.	equity

	Country	Currency	Share/quota capital subscribed	Investment %	%direct	% indirect	Investment held by	Consolidation or measurement method
Consorzio del Sinni	Italy	Euro	51,646	43.16		43.16	Imprepar S.p.A.	equity
Consorzio di Riconversione Industriale Apuano - CO.RI.A. S.c.r.l.	Italy	Euro	46,481	10		10	Imprepar S.p.A.	equity
Consorzio EPC	Peru			18.25	18.25			equity
Consorzio Ferrofir (in liq.)	Italy	Euro	30,987	33.333		33.333	Imprepar S.p.A.	equity
Consorzio Ferroviario Milanese (in liq.)	Italy	Euro	154,937	18.26		18.26	Imprepar S.p.A.	equity
Consorzio H20 Morobbia	Switzerland			50		50	CSC S.A.	equity
Consorzio Hirpinia AV	Italy	Euro	10,000	60	60			equity
Consorzio Imprese Lavori FF.SS. di Saline - FEIC	Italy	Euro	15,494	33.333		33.333	Imprepar S.p.A.	equity
Consorzio Iniziative Ferroviarie - INFER	Italy	Euro	41,316	35.001		35.001	Imprepar S.p.A.	equity
Consorzio Iricav Due	Italy	Euro	510,000	34.09	34.09			equity
Consorzio Kallidromo	Greece	Euro	8,804	23		23	HCE Costruzioni S.p.A.	equity
Consorzio Lotto 202 Cossi-LGV	Switzerland	Euro		74.45		44.45	Cossi Costruzioni S.p.A.	equity
						30	LGV Impresa Costruzioni S.A.	
Consorzio Lotto 742-01	Switzerland			50		50	LGV Impresa Costruzioni S.A.	equity
Consorzio Lotto 822 - Vezia	Switzerland			33.34		33.34	LGV Impresa Costruzioni S.A.	equity
Consorzio Masnan	Switzerland			70		70	CSC S.A.	equity
Consorzio Matro Sud	Switzerland			20.89		8.89	Cossi Costruzioni S.p.A.	equity
						12	LGV Impresa Costruzioni S.A.	
Consorzio MM4	Italy	Euro	200,000	32.135	32.135			equity
Consorzio NOG.MA (in liq.)	Italy	Euro	600,000	16.767		16.767	Imprepar S.p.A.	equity
Consorzio Piottino	Switzerland			45		25	CSC S.A.	equity
						20	LGV Impresa Costruzioni S.A.	
Consorzio Pizzarotti Todini-Kef-Eddir. (in liq.)	Italy	Euro	100,000	50		50	HCE Costruzioni S.p.A.	equity
Consorzio Portale Vezia (CVP Lotto 854)	Switzerland			60		60	CSC S.A.	equity
Consorzio Probin	Switzerland			50		50	CSC S.A.	equity
Consorzio Sarda Costruzioni Generali - SACOGEN	Italy			25		25	Imprepar S.p.A.	equity
Consorzio Sardo d'Imprese (in liq.)	Italy	Euro	103,291	34.38		34.38	Imprepar S.p.A.	equity

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Consorzio TDB Teris - 2	Switzerland			25		25	LGV Impresa Costruzioni S.A.	equity
Consorzio Trevi - S.G.F. INC per Napoli	Italy	Euro	10,000	45	45			equity
Consorzio Vedeggio	Switzerland			99		99	CSC S.A.	equity
Consorzio Zeb	Switzerland			25		25	CSC S.A.	equity
Metro de Lima Linea 2 S.A.	Peru	PEN	368,808,060	18.25	18.25			equity
Depurazione Palermo S.c.r.l. (in liq.)	Italy	Euro	10,200	50		50	Imprepar S.p.A.	equity
E.R. Impregilo/Dumez y Asociados para Yaciretê - ERIDAY	Argentina	USD	539,400	20.75	18.75	2	Iglys S.A.	equity
EDIL.CRO S.c.r.l. (in liq.)	Italy	Euro	10,200	16.65		16.65	Imprepar S.p.A.	equity
Enecor S.A.	Argentina	ARS	8,000,000	30		30	Impregilo Intern. Infrastruc. N.V.	equity
Eurolink S.c.p.a.	Italy	Euro	150,000,000	45	45			equity
Fisia Abeima LLC	Saudi Arabia	SAR	500,000	50		50	Fisia Italimpianti S.p.A.	equity
Flatiron West Inc.- The Lane Constr. Corp. J.V.	USA			40		40	Lane Construction Corporation	equity
Flatiron-Lane J.V.	USA			45		45	Lane Construction Corporation	equity
Fluor-Lane 95 LLC	USA			35		35	Lane Construction Corporation	equity
Fluor-Lane LLC	USA			35		35	Lane Construction Corporation	equity
Fluor-Lane South Carolina LLC	USA			45		45	Lane Construction Corporation	equity
Forum S.c.r.l.	Italy	Euro	51,000		20			equity
Gaziantep Hastane Sanglik Hizmetleri Isletme Yatrim Joint Stock	Turkey	TRY	175,000,000	24.5	24.5			equity
Gaziantep Hastanesi Isletme Ve Bakim Hizmetleri	Turkey	TRY	6,050,000	50	50			equity
Gemma-Lane Liberty Partners	USA			10		10	Lane Construction Corporation	equity
Gemma-Lane Patriot Partners	USA			10		10	Lane Construction Corporation	equity
Grupo Empresas Italianas - GEI	Venezuela	VEB	10,500,000	33.333	33.333			equity
Grupo Unidos Por El Canal S.A.	Panama	USD	1,000,000	48	48			equity
I4 Leasing LLC	USA			30		30	Lane Construction Corporation	equity
Impregilo Arabia Ltd	Saudi Arabia	SAR	40,000,000	50	50			equity
Impresit Bakolori Plc	Nigeria	NGN	100,800,000	50.707	50.707			equity
Interstate Healy Equipment J.V.	USA			45		45	Lane Construction Corporation	equity

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
IRINA S.r.l. (in liq.)	Italy	Euro	103,300	36		36	Imprepar S.p.A.	equity
Isarco S.c.r.l.	Italy	Euro	10,000	41	41			equity
Isibari S.c.r.l. (in liq.)	Italy	Euro	15,300	100		100	Imprepar S.p.A.	equity
J.V. Salini Impregilo - Doprastav	Czech Rep.			50	50			equity
Joint Venture Aegek-Impregilo-Ansaldo-Seli-Ansaldobreda (AIASA	Greece			26.7	26.7			equity
Joint Venture Aktor Ate - Impregilo S.p.A. (Constantinos)	Greece			40	40			equity
Joint Venture Impregilo S.p.A. - Empedos S.A. - Aktor A.T.E. (in liq.)	Greece			66		66	Imprepar S.p.A.	equity
Joint Venture Terna - Impregilo	Greece			45	45			equity
Kallidromo Joint Venture	Greece	Euro	29,347	23		20.7	HCE Costruzioni S.p.A.	equity
						2.3	Consorzio Kallidromo	
La Quado S.c.a.r.l. (in liq.)	Italy	Euro	10,000	35		35	Imprepar S.p.A.	equity
Line 3 Metro Stations	Greece			50	50			equity
Metro Blu S.c.r.l.	Italy	Euro	10,000	50	50			equity
Metrogenova S.c.r.l.	Italy	Euro	25,500	35.627	35.627			equity
Mobilink Hurontario General Partnership	Canada			21		21	Salini Impregilo Mobilink Hur. GP Inc.	equity (a)
Napoli Cancello Alta Velocità S.c.r.l.	Italy	Euro	10,000	60	60			equity
Ochre Solutions Holdings Ltd	GB	GBP	20,000	40		40	Impregilo Intern. Infrastruc. N.V.	equity
Olbia 90 S.c.r.l. (in liq.)	Italy	Euro	10,200	24.5		24.5	Imprepar S.p.A.	equity
Pantano S.c.r.l. (in liq.)	Italy	Euro	40,800	10.5		10.5	Imprepar S.p.A.	equity
Passante di Mestre S.c.p.A. (in liq.)	Italy	Euro	6,500,000	42.424		42.424	Imprepar S.p.A.	equity
Passante Dorico S.p.A.	Italy	Euro	24,000,000	47	47			equity
Pedelombarda S.c.p.a.	Italy	Euro	80,000,000	47	47			equity
Pedemontana Veneta S.p.A. (in liq.)	Italy	Euro	6,000,000	21.345		21.345	Imprepar S.p.A.	equity
PerGenova S.c.p.a.	Italy	Euro	1,000,000	50	50			equity
Puentes del Litoral S.A. (in liq.)	Argentina	ARS	43,650,000	26	22	4	Iglys S.A.	equity
Purple Line Transit Constructors LLC	USA			30		30	Lane Construction Corporation	equity

	Country	Currency	Share/quota capital subscribed	Investment %	%direct	% indirect	Investment held by	Consolidation or measurement method
Renovation Palais Des Nations S.A.	Switzerland	CHF	100,000	17		17	CSC S.A.	equity
S. Agata FS S.c.r.l.	Italy	Euro	20,000	60	60			equity
S. Anna Palermo S.c.r.l. (in liq.)	Italy	Euro	40,800	71.6	71.6			equity
S. Ruffillo S.c.r.l.	Italy	Euro	60,000	35	35			equity
Salini Impregilo - Kolin	Turkey			50.01	50.01			equity (a)
Salini Strabag Joint Ventures	Guinea	Euro	10,000	50	50			equity
San Benedetto S.c.r.l. (in liq.)	Italy	Euro	25,823	57		57	Imprepar S.p.A.	equity
Sclafani S.c.r.l. (in liq.)	Italy	Euro	10,400	41		41	Imprepar S.p.A.	equity
SEDI S.c.r.l.	Italy	Euro	10,000	34		34	HCE Costruzioni S.p.A.	equity
Segrate S.c.r.l.	Italy	Euro	10,000	35	35			equity
Sellero S.c.r.l. (in liq.)	Italy	Euro	10,000	24.765		24.765	Cossi Costruzioni S.p.A.	equity
SFI Leasing Company	USA			30	30			equity
Shimmick CO. INC. - FCC CO S.A. - Impregilo S.p.A. -J.V.	USA			30	30			equity
Sibar Arge	Switzerland			60		60	CSC S.A.	equity
Sirjo S.c.p.A.	Italy	Euro	30,000,000	40	40			equity
Sistranyac S.A.	Argentina	ARS	3,000,000	20.101		20.101	Impregilo Intern. Infrastruc. N.V.	equity
Skanska-Granite-Lane J.V.	USA			30		30	Lane Construction Corporation	equity
Soingit S.c.r.l. (in liq.)	Italy	Euro	41,317	29.489		29.489	Imprepar S.p.A.	equity
SPV Linea M4 S.p.A.	Italy	Euro	49,345,500	9.634	9.634			equity
Tartano S.r.l. Società Agricola	Italy	Euro	110,000	20.638		20.638	Cossi Costruzioni S.p.A.	equity
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A.-Iglys S.A. UTE	Argentina			35	26.25	8.75	Iglys S.A.	equity
TM-Salini Consortium	Malaysia			90	90			equity
Todedil S.c.r.l. (in liq.)	Italy	Euro	10,200	85		85	Imprepar S.p.A.	equity
Trieste Due S.c.a.r.l. (in liq.)	Italy	Euro	10,000	28,575		28,575	Cossi Costruzioni S.p.A.	equity
Unionport Constructors J.V.	USA			45		45	Lane Construction Corporation	equity
Valdostana Condotte - Cossi	Italy	Euro	100,000	12.7		12.7	Cossi Costruzioni S.p.A.	equity
VE.CO. S.c.r.l.	Italy	Euro	10,200	25	25			equity

	Country	Currency	Share/quota capital subscribed	Investment %	%direct	% indirect	Investment held by	Consolidation or measurement method
Yacylec S.A.	Argentina	ARS	20,000,000	18.67		18.67	Impregilo Intern. Infrastruc. N.V.	equity
Yuma Concessionaria S.A.	Colombia	COP	26,000,100,000	48.326	40	8.326	Impregilo Intern. Infrastruc. N.V.	equity
Acqua Campania S.p.A.	Italy	Euro	4,950,000	0.1		0.1	Impregilo Intern. Infrastruc. N.V.	cost
CE.DI.R. S.c.r.l. (in liq.)	Italy	Euro	10,200	1		1	Imprepar S.p.A.	cost
Consorzio Aree Industriali Potentine (in liq.)	Italy	Euro	408,000	2		2	Fisia Ambiente S.p.A.	cost
Consorzio Casale Nei	Italy	Euro	27,888	2.779		2.779	Imprepar S.p.A.	cost
Consorzio Costruttori TEEM	Italy	Euro	10,000	0.01		0.01	Imprepar S.p.A.	cost
Consorzio infrastruttura area metropolitana - Metro Cagliari (in liq.)	Italy	Euro	129,114	7.5		7.5	Imprepar S.p.A.	cost
Consorzio Nazionale Imballaggi - CO.NA.I.	Italy	Euro	130	1	1			cost
Consorzio Terme di Sardara - CON.TER.SAR. (in liq.)	Italy			0.1		0.1	Imprepar S.p.A.	cost
Emittenti Titoli S.p.A. (in liq.)	Italy	Euro	4,264,000	0.244	0.244			cost
Grassetto S.p.A. (in liq.)	Italy	Euro	56,941,500	0.001		0.001	Imprepar S.p.A.	cost
Hobas Italiana S.p.A. (in liq.)	Italy			8.829		8.829	Imprepar S.p.A.	cost
Immobiliare Golf Club Castel D'Aviano S.r.l.	Italy	Euro	3,891,720	0.444		0.444	Imprepar S.p.A.	cost
Impregilo S.p.A.-Avax S.A.-Ate Gnomon S.A., J.V.	Greece	GRD	3,000,000	1		1	Imprepar S.p.A.	cost
Istituto per lo Sviluppo Edilizio ed Urbanistico - ISVEUR S.p.A. (in liq.)	Italy	Euro	2,500,000	2.4	1	1.4	Imprepar S.p.A.	cost
Istituto Promozionale per l'Edilizia S.p.A. - Ispredil S.p.A.	Italy	Euro	111,045	0.119		0.119	ILIM Srl	cost
Joint Venture Aktor S.A. - Impregilo S.p.A.	Greece			0.1	0.1			cost
Lambro S.c.r.l.	Italy	Euro	200,000	0.01		0.01	Imprepar S.p.A.	cost
Lane Solid - Tadmur Joint Venture	Qatar			0.49		0.49	Lane Mideast Qatar LLC	cost
Manifesto S.p.A. (in liq.)	Italy			0.36		0.36	CO.GE.MA. S.p.A.	cost
Markland S.r.l. (in liq.)	Italy	Euro	66,810	1.9	1.9			cost
Nomisma - Società di Studi Economici S.p.A.	Italy	Euro	6,605,830	0.245		0.245	Imprepar S.p.A.	cost
Normetro - Agrupamento Do Metropolitano Do Porto, ACE	Portugal	PTE	100,000	2.12		2.12	Imprepar S.p.A.	cost
S.I.MA. GEST 3 S.c.r.l. (in liq.)	Italy	Euro	50,000	0.01		0.01	Imprepar S.p.A.	cost
Salini Impregilo Bin Omran J.V.	Qatar			50	50			cost
Skiarea Valchiavenna S.p.A.	Italy	Euro	10,568,180	0.925		0.925	Imprepar S.p.A.	cost

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Tangenziale Esterna S.p.A.	Italy	Euro	464,945,000	0.001	0.001			cost
Todini-Impregilo Almaty Khorgos J.V.	Kazakhstan			0.01	0.01			cost
Transmetro - Construcao de Metropolitano A.C.E.	Portugal			5		5	Imprepar S.p.A.	cost
Valtellina Golf Club S.p.A.	Italy	Euro	2,813,300	0.404		0.292	Cossi Costruzioni S.p.A.	cost
						0.112	Mosconi S.r.l.	
Wurno Construction Materials - WUCOMAT Ltd	Nigeria	NGN	3,300,000	5.071		5.071	Impresit Bakolori Plc	cost

(§) Investment percentage changed due to the resolutions passed on 19 December 2019

(*) No longer included in the consolidation scope (HFM) but still in the list of companies

(a) Not yet active and, therefore, excluded from consolidation scope (HFM)

The following companies have been included in the list since 1 January 2019:

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Beyond S.r.l.	Italy	Euro	10,000	100	100			line-by-line
C43 Water Management Builders	USA			100	30	70	Lane Construction Corporation	line-by-line
LGV Impresa Costruzioni S.A.	Switzerland	CHF	2,000,000	100		100	CSC S.A.	line-by-line
SA.PI. NOR Salini Impregilo - Pizzarotti J.V.	Norway			51	51			line-by-line
Salini Impregilo Canada Holding Inc.	Canada			100	100			line-by-line
Salini Impregilo Civil Works	Canada			100		100	Salini Impregilo Canada Holding Inc.	line-by-line
Salini Impregilo Mobilink Hurontario GP Inc.	Canada			100		100	Salini Impregilo Canada Holding Inc.	line-by-line
SCI ADI Ortakligi	Turkey	TRY	10,000	50	50			line-by-line
SCLC Polihali Diversion Tunnel J.V.	Lesotho			69.99	69.99			line-by-line
SLC Snowy Hydro Joint Venure	Australia			65	64.99	0.01	Lane Construction Corporation	line-by-line
Texas High Speed Rail	USA			100	50	50	Lane Construction Corporation	line-by-line
Fisia Italimpianti succ.Arge.-Acciona Aqua succ.Arge UTE	Argentina			65		65	Fisia Italimpianti fl. Argentina	joint oper.
Mobilinx Hurontario Contractor	Canada			42		42	Salini Impregilo Civil Works	joint oper.
Mobilinx Hurontario DBJV	Canada			29.215		29.215	Mobilinx Hurontario Contractor	joint oper.
Salini Impregilo - NGE Genie Civil S.a.s.	France			65	65			joint oper.
CMR Consorzio	Switzerland			47.5		47.5	CSC S.A.	equity
Consortium CSC S.A.-Zuttion Construction S.A.	Switzerland			50		50	CSC S.A.	equity
Consorzio Hirpinia AV	Italy	Euro	10,000	60	60			equity
Consorzio Masnan	Switzerland			70		70	CSC S.A.	equity
Consorzio Vedeggio	Switzerland			99		99	CSC S.A.	equity
Consorzio Zeb	Switzerland			25		25	CSC S.A.	equity
Flatiron West Inc.- The Lane Constr. Corp. J.V.	USA			40		40	Lane Construction Corporation	equity
J.V. Salini Impregilo - Doprastav	Czech Rep.			50	50			equity
Mobilink Hurontario General Partnership	Canada			21		21	Salini Impregilo Mobilink Hur. GP Inc.	equity (a)
Renovation Palais Des Nations S.A.	Switzerland	CHF	100,000	17		17	CSC S.A.	equity
Salini Impregilo - Kolin	Turkey			50.01	50.01			equity

(a) Not yet active and, therefore,

Cossi

Consorzio Cossi LGV Ceneri	Switzerland			70.8		50.8	Cossi Costruzioni S.p.A.	line-by-line
						20	LGV Impresa Costruzioni S.A.	
Cossi Costruzioni S.p.A.	Italy	Euro	10,000,000	63.5	63.5			line-by-line
Mosconi S.r.l.	Italy	Euro	100,000	63.5		63.5	Cossi Costruzioni S.p.A.	line-by-line
Consorzio Lotto 202 Cossi-LGV	Switzerland	Euro		74.45		44.45	Cossi Costruzioni S.p.A.	equity
						30	LGV Impresa Costruzioni S.A.	
Consorzio Matro Sud	Switzerland			20.89		8.89	Cossi Costruzioni S.p.A.	equity
						12	LGV Impresa Costruzioni S.A.	
Consorzio Cavalcavia A2 - Nodo di Camorino	Switzerland			33.34		33.34	LGV Impresa Costruzioni S.A.	equity
Consorzio Lotto 742-01	Switzerland			50		50	LGV Impresa Costruzioni S.A.	equity
Consorzio Lotto 822 - Vezia	Switzerland			33.34		33.34	LGV Impresa Costruzioni S.A.	equity
Consorzio TDB Teris - 2	Switzerland			25		25	LGV Impresa Costruzioni S.A.	equity
Tartano S.r.l. Società Agricola	Italy	Euro	110,000	20.638		20.638	Cossi Costruzioni S.p.A.	equity
Trieste Due S.c.a.r.l. (in liq.)	Italy	Euro	10,000	28,575		28,575	Cossi Costruzioni S.p.A.	equity
Valdostana Condotte - Cossi	Italy	Euro	100,000	12.7		12.7	Cossi Costruzioni S.p.A.	equity
Sellero S.c.r.l. (in liq.)	Italy	Euro	10,000	24.765		24.765	Cossi Costruzioni S.p.A.	equity
Valtellina Golf Club S.p.A.	Italy	Euro	2,813,300	0.404		0.292	Cossi Costruzioni S.p.A.	cost
						0.112	Mosconi S.r.l.	

The following companies have been excluded from the list since 1 January 2019:

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Alia S.c.r.l. (in liq.)	Italy	Euro	10,200	100		100	Imprepar S.p.A.	line-by-line
Consorzio Torre (in liq.)	Italy	Euro	5,000,000	94.6		94.6	Imprepar S.p.A.	line-by-line
Diga Ancipa S.c.r.l. (in liq.)	Italy	Euro	10,200	100		100	Imprepar S.p.A.	line-by-line
Lane Civil Works Canada Inc.	Canada			100		100	Lane Construction Corporation	line-by-line
Lane GHIB GP Inc.	Canada			100		100	Lane Civil Works Canada Inc.	line-by-line
Lane Infrastructure Canada Inc.	Canada			100		100	Lane Construction Corporation	line-by-line
Lane Power Energy Solutions Inc.	USA	USD	100	100		100	Lane Industries Incorporated	line-by-line
Perugia 219 S.c.r.l. (in liq.)	Italy	Euro	10,000	55		55	Imprepar S.p.A.	line-by-line
Salini India Private L.t.d. (in liq.)	India	INR	93,500,000	100	95	5	CO.GE.MA. S.p.A.	line-by-line
San Martino Prefabbricati S.p.A. (in liq.)	Italy	Euro	10,000	100		100	Imprepar S.p.A.	line-by-line
Riyadh Metro Line 3	Saudi Arabia	SAR	10,000,000	66	66			joint oper.
Empresa Constructora Angostura Ltda	Chile	CLP	22,422,000,000	65	65			line-by-line
C.U.S. Consorzio Umbria Sanità (in liq.)	Italy	Euro	10,329	31		31	Imprepar S.p.A.	equity
Coincar S.A.	Argentina	ARS	40,465,122	35	26.25	8.75	Iglys S.A.	equity
Consorzio MPC	Switzerland			33		33	CSC S.A.	equity
Consorzio SI.VI.CI.CA.	Switzerland			25		25	CSC S.A.	equity
Consorzio SIVICICA 3	Switzerland			25		25	CSC S.A.	equity
Consorzio SIVICICA 4	Switzerland			25		25	CSC S.A.	equity
Galileo S.c.r.l. (in liq.)	Italy	Euro	10,000	40		40	Imprepar S.p.A.	equity
SI.VI.CI.CA. 2	Switzerland			25		25	CSC S.A.	equity
Italian Exhibition Group S.p.A.	Italy	Euro	52,214,897	1.692	1.692			cost
Seveso S.c.a.r.l. (in liq.)	Italy	Euro	10,000	4		4	Imprepar S.p.A.	cost
Società di gestione SSIC-TI	Switzerland	CHF	1,000,000	5		5	CSC S.A.	cost

The percentages of the following companies have changed since 1 January 2019:

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Impregilo International Infrastructures N.V.	Netherlands	Euro	50,000,000	100		100	Lane Construction Corporation	line-by-line
Consorzio Piottino	Switzerland			45		25	CSC S.A.	equity
						20	LGV Impresa Costruzioni S.A.	
Consorzio Cociv	Italy	Euro	516,457	99.999	92.753	7.246	C.I.V. S.p.A.	Line-by-line

Statement on the consolidated financial statements

pursuant to article 81-ter of Consob regulation no. 11971 of 14 May 1999 and subsequent amendments and integrations

1 Pietro Salini, as chief executive officer, and Massimo Ferrari, as manager in charge of financial reporting, of Salini Impregilo S.p.A., considering the provisions of article 154-bis.3/4 of Legislative decree no. 58 of 24 February 1998, state:

- that the administrative and accounting procedures are adequate given the Group's characteristics; and
- that they were actually applied during the year to prepare the consolidated financial statements.

2 No significant issues arose.

3 Moreover, they state that:

3.1 the consolidated financial statements:

a) have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002;

b) are consistent with the accounting records and entries;

c) are suitable to give a true and fair view of the financial position at 31 December 2019 and the results of operations and cash flows for the year then ended of the Issuer and its consolidated companies;

3.2 The Directors' report includes a reliable analysis of the financial performance and financial position of the Issuer and the consolidated companies, together with information about the key risks and uncertainties to which they are exposed.

Milan, 11 March 2020

Chief executive officer	Manager in charge of financial reporting
Pietro Salini	Massimo Ferrari
(signed on the original)	(signed on the original)

Separate financial statements of Salini Impregilo S.p.A. as at and for the year ended 31 December 2019

Statement of financial position

ASSETS (Euro)	Note	31 December 2018 (*)	of which: related parties	%	31 December 2019	of which: related parties	%
Non-current assets							
Property, plant and equipment	4	169,526,879			128,113,274		
Right-of-use assets	5	-			58,137,979		
Intangible assets	6	123,755,715			103,325,975		
Equity investments	7	1,324,130,165			1,313,339,063		
Non-current financial assets	8	116,394,035	93,163,031	80%	128,980,101	105,691,236	82%
Deferred tax assets	9	195,000,665			215,050,989		
Total non-current assets		**1,928,807,459**			**1,946,947,381**		
Current assets							
Inventories	10	143,267,848			111,210,612		
Contract assets	11	717,156,596			1,230,111,112		
Trade receivables	12	1,420,387,000	715,301,166	50%	1,505,656,213	1,117,883,931	74%
Derivatives and other current financial assets	13	710,943,057	665,609,926	94%	916,706,548	871,522,904	95%
Current tax assets	14	94,302,501			67,546,553		
Other current tax assets	14	62,651,612			36,499,521		
Other current assets	15	290,088,663	76,396,031	26%	264,921,902	85,331,673	32%
Cash and cash equivalents	16	547,730,061			388,614,886		
Total current assets		**3,986,527,338**			**4,521,267,347**		
Total assets		**5,915,334,797**			**6,468,214,728**		

(*) Figures not fully comparable due to IFRS 16 FTA. More information is available in note 2.

EQUITY AND LIABILITIES (Euro)	Not	31 December 2018 (*)	of which: related parties	%	31 December 2019	of which: related parties	%
Equity							
Share capital		544,740,000			600,000,000		
Share premium reserve		120,798,000			654,486,000		
Other reserves		188,890,745			195,321,277		
Other comprehensive income (expense)		343,383			(8,019,220)		
Losses carried forward		(119,122,812)			(19,981,587)		
Profit for the year		109,550,415			70,960,125		
Total	17	**845,199,731**			**1,492,766,595**		
Non-current liabilities							
Bank and other loans and borrowings	18	552,180,275			604,158,468		
Bonds	19	1,088,157,682			1,091,889,762		
Lease liabilities	20	16,596,304			39,146,994		
Post-employment benefits and employee benefits	22	11,666,922			12,267,403		
Deferred tax liabilities	9	18,993,887			18,945,966		
Provisions for risks	23	48,604,752			87,358,578		
Total non-current liabilities		**1,736,199,822**			**1,853,767,171**		
Current liabilities							
Current portion of bank loans and borrowings and current account facilities	18	931,774,630	584,347,225	63%	532,331,550	371,716,285	70%
Current portion of bonds	19	13,294,521			13,294,521		
Current portion of lease liabilities	20	17,113,249			18,546,946		
Derivatives and other current financial liabilities	21	-			2,011,989		
Contract liabilities	11	626,680,545			544,170,940		
Trade payables	24	1,514,679,805	708,726,041	47%	1,792,144,932	1,128,507,725	63%
Current tax liabilities	25	76,886,916			77,687,267		
Other current tax liabilities	25	15,896,736			14,766,250		
Other current liabilities	26	137,608,842	55,202,441	40%	126,726,567	53,452,873	42%
Total current liabilities		**3,333,935,244**			**3,121,680,962**		
Liabilities directly associated with non-current assets							
Total equity and liabilities		**5,915,334,797**			**6,468,214,728**		

(*) Figures not fully comparable due to IFRS 16 FTA. More information is available in note 2.

Statement of profit or loss

(Euro)	Note	2018 (*)	of which: related parties	%	2019	of which: related parties	%
Revenue							
Revenue from contracts with customers	29	2,916,439,069	90,495,394	3%	2,597,494,612	115,950,934	4%
Other income	29	151,860,081	42,422,273	28%	143,495,608	64,742,705	45%
Total revenue		**3,068,299,150**			**2,740,990,220**		
Operating expenses							
Purchases	30.1	(391,830,409)	(8,981)	0%	(202,477,486)	(43,371)	0%
Subcontracts	30.2	(507,679,607)	(53,624,791)	11%	(522,062,587)	(42,436,492)	8%
Services	30.3	(1,383,905,587)	(514,159,583)	37%	(1,241,376,941)	(616,669,537)	50%
Personnel expenses	30.4	(319,624,087)	(2,607,279)	1%	(294,927,571)	(1,817,604)	1%
Other operating expenses	30.5	(62,641,115)	(426,832)	1%	(66,663,457)	(527,738)	1%
Impairment losses (**)	30.6	(190,615,948)	(35,764,46)	19%	(36,080,036)	(6,412,554)	18%
Amortisation, depreciation and provisions	30.6	(79,497,269)			(120,429,732)		
Total operating expenses		**(2,935,794,022)**			**(2,484,017,810)**		
Operating profit		**132,505,128**			**256,972,410**		
Financing income (costs) and gains (losses) on equity investments							
Financial income	31.1	58,471,893	28,071,404	48%	48,593,543	26,401,786	54%
Financial expense	31.2	(95,601,331)	(14,089,198)	15%	(119,043,004)	(28,505,844)	24%
Net exchange gains	31.3	31,342,936			5,432,325		
Net financing costs		(5,786,502)			(65,017,136)		
Net gains (losses) on equity investments	32	41,627,560			(37,828,094)		
Net financing costs and net gains (losses) on equity investments		**35,841,058**			**(102,845,230)**		
Profit before tax		**168,346,186**			**154,127,180**		
Income taxes	33	(58,795,771)			(83,167,055)		
Profit for the year		**109,550,415**			**70,960,125**		

(*) Figures not fully comparable due to IFRS 16 FTA. More information is available in note 2.

(**) Starting from 2019, the company has decided to present “Impairment losses” separately in the statement of profit or loss for their better presentation. Therefore, the 2018 comparative figure has been restated accordingly.

Statement of comprehensive income

(€'000)	Note	2018 (*)	2019
Profit for the year (a)		**109,550**	**70,960**
- items that may be subsequently reclassified to profit or loss, net of the tax effect:			
Net exchange gains on the translation of foreign companies' financial statements		3,791	1,453
Net exchange losses on the translation of foreign companies' financial statements reclassified to profit or loss	17		(9,875)
Net gains (losses) on cash flow hedges, net of the tax effect	17		
- items that may not be subsequently reclassified to profit or loss, net of the tax effect:			
Net actuarial gains on defined benefit plans	17	114	59
Other comprehensive income (expense) (b)		**3,905**	**(8,363)**
Comprehensive income (a) + (b)		**113,455**	**62,597**

(*) Figures not fully comparable due to IFRS 16 FTA. More information is available in note 2.

Statement of cash flows

(€'000)	Note	2018 (*)	2019
Operating activities			
Profit for the year		109,550	70,960
adjusted by:			
Amortisation of intangible assets	30	16,648	20,430
Depreciation of property, plant and equipment	30	63,108	54,162
Net impairment losses and provisions	30	193,722	91,621
Accrual for post-employment benefits and employee benefits	22	9,136	8,609
Net gains on the sale of assets	29 - 30	(5,357)	(874)
Deferred taxes	33	(38,714)	(15,436)
Net (gains) losses on equity investments	32	(34,768)	50,738
Income taxes	33	97,509	98,604
Net exchange gains	31	(31,343)	(5,432)
Net interest paid during the year	31	37,129	70,450
Other non-monetary items		2,410	1,480
		419,030	**445,312**
Increase in inventories and contract assets	10 - 11	(305,350)	(513,479)
Increase in trade receivables	12	(179,723)	(110,178)
Decrease in contract liabilities	11	(354,017)	(70,970)
Increase in trade payables	24	298,354	266,133
Decrease (increase) in other assets/liabilities		(10,112)	7,506
Total changes in working capital		**(550,848)**	**(420,988)**
Decrease (increase) in other items not included in working capital		(12,336)	16
Income taxes		(55,455)	(66,997)
Interest expense paid		(63,105)	(68,599)
Financial income collected		16,794	12,883
Cash flows used in operating activities		**(245,920)**	**(98,373)**
Investing activities			
Investments in property, plant and equipment	4	(53,024)	(25,039)
Proceeds from the sale or reimbursement value of property, plant and equipment		12,198	9,524
Investments in non-current financial assets		(301,326)	(178,085)
Dividends distributed by subsidiaries		130,298	5,499
Proceeds from the sale or reimbursement value of non-current financial assets	7	987	3,802
Acquisitions and/or sales of subsidiaries and business units net of cash and cash equivalents			
Cash flows used in investing activities		**(210,867)**	**(184,299)**

(€'000)	Note	2018 (*)	2019
Financing activities			
Share capital increase			592,981
Dividends distributed	17	(26,099)	(840)
Increase in bank and other loans	18	1,275,605	916,681
Decrease in bank and other loans	18	(1,269,168)	(996,477)
Decrease in lease liabilities		(27,207)	(29,072)
Change in other financial assets/liabilities		276,374	(312,460)
Cash flows generated by financing activities		**229,505**	**170,813**
Net exchange gains on cash and cash equivalents		**10,646**	**4,441**
Decrease in cash and cash equivalents		**(216,636)**	**(107,418)**
Cash and cash equivalents	16	660,899	547,730
Current account facilities	18	(8,869)	(112,335)
Total opening cash and cash equivalents		**652,030**	**435,395**
Cash and cash equivalents	16	547,730	388,615
Current account facilities	18	(112,335)	(60,638)
Total closing cash and cash equivalents		**435,395**	**327,977**

(*) Figures not fully comparable due to IFRS 16 FTA. More information is available in note 2.

Statement of changes in equity

(€'000)		Share capital	Share premium reserve	Other reserves: Legal reserve	Share capital increase related charges	Extraordinary and other reserves	Treasury shares	LTI reserve	Total other reserves	Other comprehensive income (expense): Translation reserve	Hedging reserve	Actuarial reserve	Total other comprehensive income (expense)	Losses carried forward	Profit for the year	Equity
As at 1 January 2018	**17**	**544,740**	**120,798**	**106,551**	**(3,970)**	**146,813**	**(7,677)**	**6,344**	**248,061**	**(3,212)**	**-**	**(351)**	**(3,563)**	**(48,795)**	**103,059**	**758,182**
Allocation of profit and reserves	17					(31,114)			(31,114)				-	(71,945)	(103,059)	
Dividend distribution	17					(26,099)			(26,099)				-			(26,099)
Allocation of stock options	17						4,387	(6,344)	(1,957)				-	1,957		-
Other changes	17								-				-	(340)		(340)
Profit for the year	17								-				-		109,551	109,551
Other comprehensive income	17								-	*3,792*		*114*	*3,906*			3,906
Comprehensive income	17								-	*3,792*	-	*114*	*3,906*	-		113,457
31 December 2018	**17**	**544,740**	**120,798**	**106,551**	**(3,970)**	**89,600**	**(3,290)**	**-**	**188,891**	**580**	**-**	**(237)**	**343**	**(119,123)**	**109,551**	**845,200**
As at 1 January 2019	**17**	**544,740**	**120,798**	**106,551**	**(3,970)**	**89,600**	**(3,290)**	**-**	**188,891**	**580**	**-**	**(237)**	**343**	**(119,123)**	**109,551**	**845,200**
IFRS 16 and IFRIC 23 FTA effect														(7,172)		(7,172)
As at 1 January 2019		**544,740**	**120,798**	**106,551**	**(3,970)**	**89,600**	**(3,290)**	**-**	**188,891**	**580**	**-**	**(237)**	**343**	**(126,295)**	**109,551**	**838,028**
Allocation of profit and reserves	17			2,397					2,397				-	107,154	(109,551)	-
Dividend distribution	17								-				-	(840)		(840)
Capital increase	17	55,260	533,688	11,052	(7,018)				4,034				-			592,982
Profit for the year	17								-						70,960	70,960
Other comprehensive income	17								-	*(8.422)*		*59*	*(8,363)*			*(8,363)*
Comprehensive income	17								-	*(8,422)*	-	*59*	*(8,363)*	-	*70,960*	62,597
As at 31 December 2019	**17**	**600,000**	**654,486**	**120,000**	**(10,988)**	**89,600**	**(3,290)**	**-**	**195,322**	**(7,842)**	**-**	**(178)**	**(8,020)**	**(19,981)**	**70,960**	**1,492,767**

Notes to the separate financial statements

1. Basis of preparation

Salini Impregilo S.p.A. has prepared its separate financial statements at 31 December 2019 on a going concern basis. The directors have checked that events that could affect the company's ability to meet its commitment in the near future and, specifically, in the next 12 months do not exist. Preparation of separate financial statements requires management to make judgements and complex estimates about the company's future profitability and financial position, based also on its sector. These complex estimates underpin assumptions about going concern and the carrying amounts of assets, liabilities, revenue and costs. They do not consider non-recurring events that management cannot foresee at the date of preparation of the separate financial statements.

As required by Regulation no. 1606/2002 issued by the European Parliament and Council, implemented in Italy by Legislative decree no. 38/2005, these separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union at 31 December 2019. They comprise a statement of financial position, a statement of profit or loss, a statement of comprehensive income, a statement of cash flows, a statement of changes in equity and these notes.

The separate financial statements have been prepared using the historical cost principle, except for those items which are recognised at fair value in accordance with IFRS, as described in the section on "Accounting policies".

The statement of financial position and the statement of profit or loss are presented in Euros, whereas the amounts in the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and these notes are shown in thousands of Euros, unless stated otherwise.

2. Changes in standards

Changes in standards and effects of new standards

This section lists the standards, amendments and interpretations published by the IFRS, endorsed by the European Union and applicable since 1 January 2019:

Standard/Interpretation	IASB application date
IFRS 16 - Leases	1 January 2019
IFRIC 23 - Uncertainty over income tax treatments	1 January 2019
Amendments to IFRS 9 – Prepayment features with negative compensation	1 January 2019
Amendments to IAS 28 - Long-term interests in associates and joint ventures	1 January 2019
Annual improvements to IFRS Standards 2015-2017 cycle (amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)	1 January 2019
Amendments to IAS 19: Plan amendment, curtailment or settlement	1 January 2019

The standards, amendments and interpretations published by the IASB and the International Financial Reporting Standards Interpretations Committee (IFRS-IC) but not yet endorsed by the competent EU bodies at the reporting date are set out below:

Standard/Interpretation	IASB application date
IFRS 17 - Insurance contracts	1 January 2021
Amendments to References to the conceptual framework in IFRS Standards	1 January 2020
Amendments to IFRS 3 Business combinations	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of material	1 January 2020
Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture	Application date deferred indefinitely

Adoption of the above standards applicable since 1 January 2019 has not significantly affected the company's separate financial statements, except for IFRS 16 and IFRIC 23.

The IASB issued IFRS 16 in January 2016. It introduced a single method to account for leases in the financial statements of the lessee, eliminating the distinction between operating and finance leases, so that the lessee recognises an asset for the right to use an underlying asset and a lease liability. The standard includes exemptions when the lease term is 12 months or less or the underlying asset has a low value.

IFRS 16 has replaced IAS 17 - Leases, IFRIC 4 - Determining whether an arrangement contains a lease, SIC 15 - Operating leases - Incentives and SIC 27 - Evaluating the substance of transactions in the legal form of a lease.

The company has applied IFRS 16 retrospectively by recognising the cumulative effect of the FTA in retained earnings at 1 January 2019 (the date of transition). Therefore, it has not restated the comparative figures at 31

December 2018 which are presented in accordance with IAS 17 and related interpretations. Details of the changes introduced by the new standard are provided below.

The company has elected to use the following practical expedients to restate the opening balances:

a) it has applied a single discount rate to portfolios of leases with similar characteristics and a similar remaining lease term for a similar class of underlying assets in a similar economic environment;

b) leases that expire before 31 December 2019 have been classified as short-term;

c) it has excluded initial direct costs from the measurement of the right-of-use asset;

d) it has used hindsight to determine contract variables (specifically the lease term).

In addition to the practical expedients set out above for transition, the company also elected to use the practical expedients for low-value assets and leases with a term of less than 12 months. Therefore, when the value of the underlying new individual asset is less than €5,000 or the lease term is less than 12 months, it expenses the lease payments on a straight-line basis and when incurred.

The company elected not to separate non-lease components from lease components for vehicles, office furniture and equipment and other assets. It elected to separate non-lease components from lease components for land and buildings, plant and machinery and industrial and commercial equipment.

It has estimated the lease liability and the right-of-use asset for leases previously classified as operating leases under IAS 17 and considering the elections made about the transition method and the practical expedients as follows:

- the lease liability at 1 January 2019 has been measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application;
- the right-of-use asset has been estimated using two methods defined on a lease-by-lease basis and, specifically, at:
  - its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at 1 January 2019;
  - an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018 under IAS 17.

The significant judgements made to apply IFRS 16 that had a material impact on the estimate of the assets and liabilities related to the discount rate and the lease term include:

a) the lessee's incremental borrowing rate was used to discount the lease payments, estimated using the lease's reference currency, economic context and class of underlying asset. The weighted average of the rates applied is 4.4%.

b) the lease term was estimated based on the contract clauses to identify the non-cancellable period of the lease; the company considered the contracts in which the leased assets are used for the termination and renewal options;

The captions “Right-of-use assets” and “Lease liabilities” include the effect of applying IFRS 16. The leased assets and the related financial liabilities that, under the previous standard applicable at 31 December 2018, were recognised in the captions “Property, plant and equipment” and “Finance lease liabilities”, respectively, have been reclassified as set out below.

The company is a lessor of right-of-use assets which it accounts for as operating leases.

It is not required to reclassify those leases in which it is the lessor under IFRS 16, except for subleases. The company has assessed its classification of subleases considering the right-of-use asset rather than the underlying asset and has found that they comply with the definition of operating leases as per IFRS 16.

The following table shows the effect of application of the new standard on opening equity at 1 January 2019:

(€'000)	**Equity at 1 January 2019**
Equity and profit	845,199
Total equity before introduction of the new standard	**845,199**
Effects of the application of the new standard	828
Equity after introduction of the new standard	
Equity and profit	846,027
Total equity before introduction of the new standard	**846,027**

Lease liabilities presented in the above statement of financial position at the date of initial application amount to €41.1 million. Commitments arising from operating leases presented under IAS 17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application, amounted to €51.2 million. The decrease is mostly due to the better estimate made of the lease term and the application of the practical expedients for short-term leases (less than 12 months) and leases for which the underlying asset is of low value.

IFRIC 23 provides guidance on the determination of taxable profit where there is uncertainty over income tax treatments. The interpretation establishes that if it is not probable that a particular tax treatment will be accepted by the tax authority, the entity shall reflect this uncertainty in its financial statements. Accordingly, based on past experience of tax assessments performed by the Ethiopian tax authorities, the company recognised a higher tax liability of €8 million compared to 2017 and 2018 as these years are still open to assessment. The interpretation's transition provisions allow this effect to be recognised under retained earnings at 1 January 2019 and the comparative figures do not have to be restated.

The following table shows the effects of the application of the above standard and interpretation:

Separate financial statements

Statement of financial position as at 1 January 2019

ASSETS (€'000)	Published 31 December 2018	IFRS 16 FTA	IFRS 16 reclassifications	IFRIC 23 FTA	Restated 1 January 2019
Non-current assets					
Property, plant and equipment	169,527		(37,160)		132,367
Right-of-use assets		41,220	37,160		78,380
Intangible assets	123,755				123,755
Equity investments	1,324,130				1,324,130
Derivatives and non-current financial assets	116,394				116,394
Deferred tax assets	195,001	3			195,004
Total non-current assets	**1,928,807**	**41,223**	**-**	**-**	**1,970,030**
Current assets					
Inventories	143,268				143,268
Contract assets	717,157	139			717,296
Trade receivables	1,420,387				1,420,387
Derivatives and other current financial assets	710,943				710,943
Current tax assets	94,302				94,302
Other current tax assets	62,652				62,652
Other current assets	290,089	(360)			289,729
Cash and cash equivalents	547,730				547,730
Total current assets	**3,986,528**	**(221)**	**-**	**-**	**3,986,307**
Total assets	**5,915,335**	**41,002**	**-**	**-**	**5,956,337**

Separate financial statements

Statement of financial position as at 1 January 2019

EQUITY AND LIABILITIES (€'000)	Published 31 December 2018	IFRS 16 FTA	IFRS 16 reclassifications	IFRIC 23 FTA	Restated 1 January 2019
Equity					
Share capital	544,740				544,740
Share premium reserve	120,798				120,798
Other reserves	188,891				188,891
Other comprehensive income	343				343
Losses carried forward and profit for the year	(9,573)	828		(8,000)	(16,745)
Equity	**845,199**	**828**	**-**	**(8,000)**	**838,027**
Non-current liabilities					
Bank and other loans and borrowings	552,180				552,180
Bonds	1,088,158				1,088,158
Finance lease liabilities	16,596		(16,596)		-
Lease liabilities	-	30,596	16,596		47,192
Post-employment benefits and employee benefits	11,667				11,667
Deferred tax liabilities	18,994	215			19,209
Provisions for risks	48,605				48,605
Total non-current liabilities	**1,736,200**	**30,811**	**-**	**-**	**1,767,011**
Current liabilities					
Current portion of bank loans and borrowings and current account facilities	931,775				931,775
Current portion of bonds	13,295				13,295
Current portion of finance lease liabilities	17,113		(17,113)		-
Current portion of lease liabilities		10,535	17,113		27,648
Contract liabilities	626,681				626,681
Trade payables	1,514,680	(1,172)			1,513,508
Current tax liabilities	76,887			8,000	84,887
Other current tax liabilities	15,897				15,897
Other current liabilities	137,608				137,608
Total current liabilities	**3,333,936**	**9,363**	**-**	**8,000**	**3,351,299**
Non-current assets held for sale and discontinued operations					
Total equity and liabilities	**5,915,335**	**41,002**	**-**	**-**	**5,956,337**

3. Basis of presentation

Separate financial statements

Salini Impregilo opted to present its separate financial statements at 31 December 2019 as follows:

- Current and non-current assets and current and non-current liabilities are presented separately in the statement of financial position. Current assets and liabilities are those expected to be realised, sold, used or settled in the company's normal operating cycle, which usually exceeds 12 months. Non-current assets and liabilities include non-current assets, deferred tax assets, employee benefits, deferred tax liabilities and other balances expected to be realised, sold, used or settled after the company's normal operating cycle, i.e., more than twelve months after the reporting date.
- The statement of profit or loss gives a classification of costs by nature and shows the profit or loss before "Financing income (costs) and gains (losses) on investments" and income taxes. The statement of comprehensive income shows all non-owner changes in equity.
- The statement of cash flows presents the cash flows from operating, investing and financing activities separately. The indirect method is used.

Accounting policies

The accounting policies adopted to draw up the company's separate financial statements at 31 December 2019 comply with the IFRS and are consistent with those used to prepare the 2018 separate financial statements, except for the standards enacted after 1 January 2019, summarised in the section on the "Changes in standards".

Property, plant and equipment

Property, plant and equipment are recognised at purchase or production cost, net of accumulated depreciation and any impairment losses.

Depreciation is calculated on a straight-line basis using rates determined based on the assets' residual possible use. The annual rates are as follows:

Category	Depreciation rate
Land	0%
Buildings	3%
Plant and machinery	from 10% to 20%
Industrial and commercial equipment	from 25% to 40%
Other assets	from 12% to 25%

Land and buildings, plant and machinery with a carrying amount to be recovered mainly through their sale (rather than the asset's continuing use) are measured at the lower of their carrying amount and fair value less costs to sell. Assets held for sale shall be available for immediate sale and their sale shall be highly probable (i.e., the related commitments already exist). Their price shall be reasonable compared to their fair value.

The carrying amount of property, plant and equipment is tested for impairment whenever events or changes in circumstances take place indicating that the carrying amount may not be recovered. Reference should be made to the section on "Impairment of non-financial assets" for details on impairment testing.

Borrowing costs directly related to the acquisition or construction of an asset are capitalised as part of the cost of the asset, to the extent of its recoverable amount. As established by IAS 23 - Borrowing costs, the company has applied this method to all qualifying assets.

Borrowing costs are capitalised when the costs of the acquisition of the asset and borrowing costs are incurred, and the activities necessary to bring the asset to a condition for its use have been started.

The costs provided for but not yet paid related to qualifying assets are excluded from the amount to be capitalised.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

Subsequent expenditure is only capitalised if it increases the future economic benefits of the related asset. All other expenditure is expensed when incurred.

Ordinary maintenance costs are fully expensed when incurred. Costs that increase the carrying amount of assets are allocated thereto and depreciated over their residual economic lives.

Dismantlement and restoration costs of assets used for contract work in progress are added to the cost of the related asset and depreciated in line with the depreciation pattern of the asset to which they refer when they are foreseeable and objectively determinable.

Leasehold improvements are classified in the different items of property, plant and equipment on the basis of their nature. They are depreciated over the shorter of the estimated useful life of the relevant asset and the residual term of the lease.

Right-of-use assets and lease liabilities

Right-of-use assets and lease liabilities are recognised in accordance with IFRS 16. More information about the application of this standard is available in note 2 "Changes in standards".

Other intangible assets

Other intangible assets acquired or generated internally are recognised under assets in accordance with IAS 38 - Intangible assets when it is probable that the use of the asset will generate future economic benefits and the cost of the asset can be measured reliably. Those assets with finite useful lives are measured at acquisition or development cost and amortised on a straight-line basis over their estimated useful lives. Recoverability of their carrying amount is checked by using the criteria set out in the section on "Impairment of non-financial assets".

Equity investments

Investments in subsidiaries and associates and interests in joint ventures are measured at cost and tested regularly for impairment. This test is carried out whenever there is an indication that the investment may be impaired. The method used is described in the section on "Impairment of non-financial assets". When an impairment loss is required, this is recognised immediately in profit or loss. When the reasons for a previous impairment loss no longer exist, the carrying amount of the investment is restated to the extent of its original cost. Reversals of impairment losses are recognised in profit or loss.

Impairment of non-financial assets

If there is any indication that an intangible asset or an item of property, plant and equipment is impaired, the recoverable amount of the asset is estimated to determine the amount of the impairment loss. Goodwill and other intangible assets with an indefinite life are tested at least annually for impairment.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

If a binding sales agreement does not exist, fair value is estimated using the observable prices of an active market, recent transactions or the best information available to reflect the amount the entity could obtain by disposing of the asset.

Value in use is determined by discounting the estimated future cash flows expected to arise from the continuing use of an asset, net of taxes, and, if reasonably determinable, from its disposal at the end of its useful life. Discounting is applied by using a post-tax discount rate which reflects the current market assessments of the time value of money and the risks specific to the asset.

The assessment is made for individual assets or the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets from its continuing use (cash-generating unit). An impairment loss is recognised when the recoverable amount is lower than the carrying amount. If the reasons for the impairment loss are no longer valid, the impairment loss (except in the case of goodwill) is reversed and the adjustment is taken to profit or loss as a reversal of impairment losses. A reversal of impairment losses is recognised to the extent of the lower of the recoverable amount and original carrying amount less depreciation/amortisation that would have been recognised had the impairment loss not been recognised.

Inventories of goods

Inventories of goods are measured at the lower of average purchase cost and net realisable value. Cost includes the directly related costs and estimated realisable value is determined using the replacement cost of the assets or similar assets. Any write-downs are eliminated in subsequent years when the reasons therefor are no longer valid.

Contract assets and liabilities

Contract assets and liabilities are recognised and measured in accordance with the guidelines of IFRS 15 - Revenue from contracts with customers. Revenue is recognised using the five-step model as set out below:

1. Identify the contract with a customer;

2. Identify the performance obligations in the contract;

3. Determine the transaction price;

4. Allocate the transaction price to the performance obligations in the contract;

5. Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also covers contract costs, contract modifications and financial statements disclosures.

The methods used by the company to apply IFRS 15 are summarised below.

1. Identify the contract with a customer

The company identifies and measures contracts with customers in line with IFRS 15 after they have been signed and are binding, creating enforceable rights and obligations for the company and the customer. The company considers the criteria of IFRS 15.9 set out below to identify the contract:

a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;

b) the entity can identify each party's rights regarding the goods or services to be transferred;

c) the entity can identify the payment terms for the goods or services to be transferred;

d) the contract has commercial substance (i.e., the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and

e) it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

2. Identifying performance obligations and allocating the transaction price

IFRS 15 identifies a performance obligation as a promise included in the contract with a customer to transfer: a) a good or service (or a bundle of goods or services) that is distinct; or b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

In the company's case, its performance obligation is usually the entire project. In fact, although the individual performance obligations provided for in the contract are distinct, they are highly interdependent and integrated as the contract provides for the transfer of the entire infrastructure to the customer.

However, certain contractual items include additional services that should be considered as distinct performance obligations. For example, these may be post-completion maintenance services after final inspection and additional or different contract warranties compared to those provided for by law or normal sector practices .

When a contract has more than one performance obligation, the appropriate portion of the contract consideration should be allocated to each separate performance obligation pursuant to IFRS 15. The company's contracts with customers usually specify the price of each contractual item (detailed in the contract).

3. Determining the criteria for satisfaction of the performance obligations and recognition of the revenue

IFRS 15 provides that revenue shall be recognised when (or as) the performance obligation is satisfied transferring the promised good or service (or asset) to the customer. An asset is transferred when (or as) the customer obtains control.

The company's contracts with customers are usually long-term contracts that include obligations to be satisfied over time based on the progress towards completion and transfer of control of the asset to the customer over time.

The reasons why recognition of revenue over time is considered the correct approach are:

- the customer controls the asset as it is constructed (the asset is built directly in the area made available by the customer);
- the asset under construction does not have an alternative use and the company has an enforceable right to payment for its performance completed to date over the contract term.

IFRS 15 requires that progress towards satisfaction of a performance obligation be measured using the method that best represents the transfer of control of the asset under construction to the customer. The objective when measuring progress is to depict an entity's performance in transferring control of goods or services promised to a customer. The company considers its market sector and the complex mix of goods and services it provides when it selects the appropriate revenue recognition method. IFRS 15 provides for two alternative methods to recognise revenue over time:

a) output method;

b) input method.

Output methods recognise revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to the date relative to the remaining goods or services promised under the contract (e.g., surveys of performance completed to date, milestones reached, units delivered, etc.). Input methods recognise revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation (e.g., resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the satisfaction of that performance obligation (cost to cost method).

The most appropriate method for measuring revenue is the cost to cost method calculated by applying the percentage of completion (the ratio of costs incurred to total estimated costs) to contract revenue. The calculation of the ratio of costs incurred to estimated costs only considers costs that contribute to the actual transfer of control of the goods and/or services. This method allows the objective measurement of the transfer of control to the customer as it considers quantitative variables related to the contract as a whole.

When choosing the appropriate method for measuring the transfer of control to the customer, the company did not adopt the output method (e.g., surveys of performance completed to date) for its ongoing contracts as it considered that although this output method would allow a direct measurement of progress, it would also lead to operating difficulties in managing and monitoring progress considering all the resources necessary to satisfy the obligation.

In addition, an output method would entail the application of criteria and measurement inputs that are not directly observable and the incurring of excessive costs to obtain useful information.

Finally, in the company's reference sector, the objective of contractual outputs (milestones) refers to, inter alia, modulation of cash flows to obtain financial resources useful to perform the contract and the definition of technical specifications of the works and related performance timing.

4. Determining the transaction price

Given the engineering and operating complexities, the size and length of time involved in completing the contracts, in addition to the fixed consideration agreed in the contract, the transaction price also includes additional consideration, whose conditions need to be assessed. A claim is an amount that the contract seeks to collect as reimbursement for costs incurred (and/or to be incurred) due to reasons or events that could not be foreseen and are not attributable to the contractor, for more work performed (and/or to be performed) or variations that were not formalised in riders.

The measurement of the additional consideration arising from claims is subject to a high level of uncertainty, given its nature, both in terms of the amounts that the customer will pay and the collection times, which usually depend on the outcome of negotiations between the parties or decisions taken by judicial/arbitration bodies.

This type of consideration is regulated by IFRS 15 as "contract modifications". The standard provides that a contract modification exists if it is approved by the parties to the contract. IFRS 15 provides that a contract modification could be approved in writing, by oral agreement or implied by customary business practices. A contract modification may exist even though the parties to the contract have a dispute about the scope or price (or both) of the modification. The rights to the consideration shall be provided for contractually generating an enforceable right. Once the enforceable right has been identified, in order to recognise the claims and amount of the additional consideration requested, the company shall apply the guidance about the variable consideration given in IFRS 15. Therefore, in order to adjust the transaction price to include the additional consideration arising from the claims, the company shall decide whether it is highly probable that the revenue will not be reversed in the future.

The company considers all the relevant aspects and circumstances such as the contract terms, business and negotiating practices of the sector or other supporting evidence when taking the above decision.

4.a Optional works

The consideration for optional works is additional consideration for future works that have not yet been agreed and/or ordered by the customer when it signs the contract.

The consideration for optional works is provided for in the contracts with the customer as it represents potential future work interrelated with the main contract object. However, most of the contracts provide that the additional works shall be specifically defined and approved by the customer before they start. Otherwise, the contractor does not have an enforceable right to payment for this performance.

Accordingly and based on sector practices, this type of consideration is a contract modification and, under IFRS 15, shall be considered when measuring the transaction price if approved by both parties to the contract. In this case, the enforceable right can only be identified after specific approval or instructions from the customer in line with its customary business practices or operating methods.

4.b Penalties

Contracts with customers may include penalties due to non-compliance with certain contract terms (such as, for example, non-compliance with delivery times).

When the contract penalties are "reasonably expected", the transaction price is reduced accordingly. The company analyses all the indicators available at the reporting date to assess the probability of a contract default that would lead to the application of penalties.

4.c Significant financing component

It is normal practice in the construction and large-scale infrastructure sector that the transaction price for the project (which is usually completed over more than one year) is paid in the form of an advance and subsequent progress billing (based on progress reports).

This method of allocating cash flows is often defined in the calls for tenders. The customer's payment flows (advances and subsequent progress billing) are usually organised to make construction of the project by the contractor feasible, limiting its financial exposure. Constructors in the large-scale infrastructure sector build projects for large amounts of money and the initial outlay is usually high.

The contract advance is used for the following reasons:

- to finance the initial contract investments and pay the related advances to subcontractors;
- as a form of guarantee to cover any risks of contractual breach by the customer.

The advance is reabsorbed by the subsequent progress billing in line with the stage of completion of the contract.

Furthermore, the company's operating cycle is generally several years. Therefore, it considers the correct time-scale of its works to determine whether its contracts include a significant financing component.

Based on the above, it has not identified significant financing components in the transaction price for the contracts that include changes in the advances or progress billings in line with sector practices and/or of amounts that are suitable as guarantees and have a timeframe in line with the cash flows required to complete the contract.

5. Losses to complete

The new standard does not specifically cover the accounting treatment of loss-making contracts but refers to IAS 15, which regulates the measurement and classification (previously covered by IAS 11) of onerous contracts. IAS 37 provides that an onerous contract is one in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The present obligation under the contract shall be recognised and measured as a provision when the loss is probable based on the most recent forecasts prepared by management.

The unavoidable costs are all those costs that:

- are directly proportionate to the contract and increase the performance obligation transferred to the customer;
- do not include those costs that will be incurred regardless of satisfaction of the performance obligation;
- cannot be avoided by the company through future actions.

Measurement of any loss-making contracts (the onerous test) is performed at individual performance obligation level. This approach best represents the different contract profits or losses depending on the nature of the goods and services transferred to the customer.

6. Contract costs

6.a Incremental costs of obtaining a contract

IFRS 15 allows an entity to recognise the incremental costs of obtaining a contract as an asset if it expects to recover those costs through the future economic benefits of the contract. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred (costs not explicitly chargeable to the customer). The incremental costs are recognised as an asset (contract costs) and amortised on a systematic basis that is consistent with the pattern of transfer of control of the goods or services to the customer.

6.b Costs to fulfil a contract

Under IFRS 15, an entity shall recognise an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract;
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

It is the practice of the company's sector that these costs usually consist of pre-operating costs that are recognised by customers and included in precise contract items or are not explicitly recognised and are covered by the contract profit. Formal recognition of these costs implies that, when they are incurred, control of the asset provided for in the contract is transferred. Therefore, they cannot be recognised as assets and contribute to the stage of completion.

When the contract provides for their explicit recognition and the above three criteria are met, the pre-operating costs are recognised as assets and amortised on a systematic basis that is consistent with the pattern of transfer of control of the goods and/or services to the customer.

In addition, IFRS 15 defines all those costs that, by their nature, do not contribute to the stage of completion as, although they are referred to in the contract and can be recovered, they do not contribute to generating or enhancing the resources that will be used to satisfy the performance obligations or to transfer of control of the good and/or service to the customer.

7. Presentation in the separate financial statements

The statement of financial position includes “Contract costs” under intangible assets which includes the costs capitalised under the criteria described in point 6 of this section. Amortisation of these costs is included in the statement of profit or loss item “Amortisation, depreciation and provisions”.

Contract assets and liabilities are presented in the statement of financial position items “Contract assets” and “Contract liabilities”, respectively under assets and liabilities. The classification in line with IFRS 15 depends on the relationship between the company’s performance obligation and payment by the customer. These items show the sum of the following components analysed individually for each customer:

(+) Amount of work performed calculated using the cost-to-cost method pursuant to IFRS 15

(-) Progress payments and advances received

(-) Contractual advances.

When the total is positive, the net balance is recognised as a "Contract asset". If it is negative, it is recognised as a "Contract liability". When the amounts represent an unconditional right to payment of the consideration, they are recognised as financial assets.

The company’s statement of profit or loss includes a revenue item “Revenue from contracts with customers” to comply with IFRS 15. This revenue is presented and measured in accordance with the new standard. The item “Other income” includes income from transactions other than contracts with customers and is measured in line with other standards or the company’s specific accounting policy elections. It includes income related to gains on the sale of non-current assets, income on cost recharges, prior year income and income from the recharging of costs of Italian consortia and consortium companies.

With respect to the last item, the company’s activities involve its participation in numerous SPEs that, especially in Italy, use the consortium structure, which works using a cost recharging system. Under IFRS 10 and IFRS 11, these entities have been classified as subsidiaries, associates and joint ventures. As this income does not arise on the performance of the contract obligations or contract negotiations, it is recognised as “Other income”.

Real estate projects

Closing inventories of real estate projects are those real estate areas developed with a view to selling them. They are measured at the lower of cost and estimated realisable value. Costs incurred consist of the consideration paid for purchasing the areas and related charges, construction costs and borrowing costs related to the project up to and not exceeding its completion.

Financial instruments

Financial assets – Debt instruments

Financial assets, which are debt instruments, are classified in the following three categories depending on the instruments’ contractual cash flow characteristics and the business model for managing them:

- financial assets at amortised cost;

- financial assets at fair value through other comprehensive income (FVTOCI);
- financial assets at fair value through profit or loss (FVTPL).

Financial assets are initially recognised at fair value. Trade receivables that do not contain a significant financing component are measured at their transaction price.

After initial recognition, financial assets that generate contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost if they are held within a business model whose objective is to hold them in order to collect contractual cash flows (hold to collect business model). Under the amortised cost method, the financial assets' amount at initial recognition is decreased by principal repayments, any loss allowance and cumulated amortisation of the difference between that initial amount and the maturity amount.

Amortisation is calculated using the effective interest rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of the financial asset at initial recognition.

Loans and receivables and other financial assets at amortised cost are recognised net of the related loss allowance.

Debt instruments held within a business model whose objective is to collect contractual cash flows and sell financial assets (hold to collect and sell model) are measured at fair value through other comprehensive income. Fair value gains and losses on these financial assets are recognised in other comprehensive income (OCI). The cumulative fair value gains and losses previously recognised in OCI are reclassified to profit or loss when the financial asset is derecognised. Interest income calculated using the effective interest method, exchange differences and impairment losses are recognised in profit or loss.

Debt instruments that are not measured at amortised cost or FVTOCI are measured at fair value through profit or loss.

Financial assets that are transferred are derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred to third parties.

Impairment losses on financial assets

The company tests the recoverable amount of debt instruments not measured at fair value through profit or loss using the expected credit loss model.

The new model entails development of judgement about the impact of changes in economic factors on the expected credit losses, which are weighted by probability of occurrence.

Credit risk is that deriving from the company's exposure to potential losses arising from the customers' (which are mostly governments or state bodies) non-compliance with their obligations.

Management of this risk is complex, starting as early as the assessment of offers, through a careful analysis of the characteristics of the countries in which the company's activities should be carried out and the customers, which are usually state or similar bodies, requesting an offer.

Therefore, this risk can be essentially assimilated to the country risk. An analysis of this risk based on the age of the outstanding amounts is not very meaningful, since the receivables should be assessed together with the related working capital items, especially those reflecting the net exposure to customers in relation to contract work in progress as a whole.

Loans and borrowings and bonds

Loans and borrowings and bonds are initially recognised at cost, being the fair value of the consideration received less transaction costs.

After initial recognition, loans are measured at amortised cost, whereby repayments are determined using the effective interest method with a rate which matches, at initial recognition, the expected cash flows with the initial carrying amount.

Loan transaction costs are classified under liabilities decreasing the loan; amortised cost is calculated considering these costs and any discounts or premiums expected at settlement.

The effects arising from the recognition at amortised cost are taken to "Financing income (costs)".

Derecognition of financial assets and liabilities

(a) Financial assets

A financial asset (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognised when:

- the contractual rights to the cash flows from the financial asset expire;
- the company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in full and immediately;
- the company transfers the contractual rights to receive the cash flows of the asset and has transferred substantially all the risks and rewards of ownership of the financial asset and the related control.

When the company has transferred the contractual rights to receive the cash flows of the financial asset and has neither transferred nor retained substantially all the risks and rewards or has retained control, it continues to recognise the asset to the extent of its continuing involvement in the asset. Continuing involvement that takes the form of guaranteeing the transferred asset is measured at the lower of the initial carrying amount of the asset and the maximum amount of the consideration that the company could be required to pay.

(b) Financial liabilities

Financial liabilities are derecognised when the underlying obligation is extinguished, cancelled or settled.

When an existing financial liability is exchanged with another by the same lender at substantially different terms, or the terms of an existing liability are substantially modified, this exchange or modification is treated as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amounts is recognised in profit or loss.

Impairment of financial assets

If there is any indication that a financial asset is impaired, the recoverable amount of the asset is estimated to determine the amount of the impairment loss.

Derivatives and hedging transactions

Salini Impregilo has derivatives recognised at fair value when the related agreement is signed and for subsequent fair value changes. The treatment of the related fair value gains or losses changes depending on whether the conditions for hedge accounting are met, as described below.

The company has derivatives to hedge currency and financial risks. At the inception of the transaction, it documents the hedging relationship, its risk management and strategy objectives in entering into the transaction, the hedging instrument and hedged item or transaction and the nature of the hedged risk. Moreover, at the inception of the transaction, and thereafter on an ongoing basis, the company documents whether or not the hedge meets the effectiveness requirements to offset its exposure to changes in the fair value of the hedged item or cash flows attributable to the hedged risk.

“Hedging purposes” are assessed considering risk management objectives. When they do not meet the requirements of IFRS 9 for hedge accounting, the derivatives are classified as “Financial assets or financial liabilities at fair value through profit or loss”.

Employee benefits

Post-employment benefits

Post-employment benefits are recognised at the present value of the company’s liability determined in line with ruling legislation and national and in-house labour agreements. The valuation, based on demographic, financial and turnover assumptions, is carried out by independent actuaries. The gains and losses resulting from the actuarial calculation are recognised in profit or loss if related to service costs and interest expense or in comprehensive income if relating to assets and liabilities.

The 2007 Finance Act and related implementing decrees introduced significant changes to legislation governing Italian post-employment benefits, effective as from 1 January 2007. These include the option given to employees, to be exercised before 30 June 2007, of where to allocate their future benefits. Specifically, employees can opt to allocate them to selected pension funds or maintain them with the company, in which case, the latter shall pay the contributions to the treasury fund of INPS (the Italian social security institution).

Following these changes, the Italian post-employment benefits accruing after the date of the employees’ decision and, in any case, after 30 June 2007, are considered part of a defined contribution plan and treated like all other social security contributions.

Share-based payments

Share-based payments are measured at fair value of the option at the grant date. This amount is recognised in the statement of profit or loss on a straight-line basis over the vesting period. This treatment is based on an assessment of the stock options that will effectively vest in favour of the qualifying employees. Fair value is determined using the share price at the grant date.

Income taxes

Current taxes are provided for using the enacted tax rates and laws ruling in Italy and other countries in which the company operates, including through its branches, based on the best estimate of the taxable profit for the year.

Beginning from 2004, the company has joined the national tax consolidation system, as the consolidating party, which is regulated by the conditions set out in agreements drawn up by the participating companies.

The agreements provide that tax losses transferred by the subsidiaries give rise to a benefit for them if and to the extent that they will be offset as part of the national tax consolidation system, considering any losses of the parent and/or other companies participating in the system.

Deferred tax assets and liabilities are calculated on the basis of the temporary differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. Deferred tax assets are recognised when the company holds their recovery to be probable.

The carrying amount of deferred tax assets is reviewed at each reporting date and, to the extent necessary, is decreased when it is no longer probable that sufficient taxable profits will be available in the future to use all or part of the related benefit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

In the case of transactions recognised directly in equity, the related deferred tax asset or liability also affects equity.

Provisions for risks and charges

In accordance with IAS 37, the company makes accruals to provisions for risks and charges when the following conditions exist:

- the company has a present obligation (legal or constructive) at the reporting date as a result of a past event where an outflow of resources embodying economic benefits will be required to settle the obligation;
- it is probable that the obligation (through an outflow of resources) will have to be settled;
- a reliable estimate can be made of the amount of the obligation.

When the time value is material and the obligation payment dates can be estimated reliably, the amount recognised as the provision equals the pre-tax future cash flows (i.e., forecast outflows) discounted at a rate that reflects the present market value and risks specific to the liability.

The increase in the provision due to discounting is recognised as a financial expense.

When the expected cash flows are included in an estimate range with the same probability of occurrence, the median value is discounted to measure the liability.

Provision for restructuring costs is recognised when the company has approved a detailed formal plan that has been implemented and communicated to the third parties involved.

Translation criteria for foreign currency items

The translation criteria for foreign currency items adopted by the company are as follows:

- foreign currency monetary assets and liabilities, excluding property, plant and equipment, intangible assets and equity investments measured at cost, are translated at the closing spot rate with any exchange rate gains or losses taken to profit or loss;
- non-monetary foreign currency assets and liabilities are recognised at historical cost denominated in the foreign currency and translated using the historical exchange rate;
- revenue and costs related to foreign currency transactions are recognised in profit or loss at the exchange rate ruling on the date of the transaction;
- any material effects deriving from changes in exchange rates after the reporting date are disclosed in the notes.

The foreign branches' functional currency is the Euro, as it is the primary currency they use in their operations.

Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

Assets held for sale are recognised as such when the following events take place:

- signing of a binding sales agreement;
- approval and communication of a formal sales plan by directors.

In order to be correctly measured, the assets shall be:

- available for immediate sale in their present condition,
- subject only to terms that are usual and customary for sales of such assets, and
- the sale must be highly probable and expected to take place within twelve months.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of an entity that either has been disposed of or classified as held for sale and that meets any of the following criteria: i) it represents a separate major line of business or geographical area of operations; ii) it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or iii) it is a subsidiary acquired exclusively with a plan to resell.

The profit or loss from discontinued operations is disclosed separately in the statement of profit or loss. As required by paragraph 34 of IFRS 5 - Non-current assets held for sale and discontinued operations, the corresponding prior year figures are reclassified accordingly.

Revenue from contracts with customers

Revenue from contracts with customers is recognised using the five-step model: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; (v) recognise revenue when (or as) the company satisfies a performance obligation.

More information is available in the “Contract assets and liabilities” paragraph of these notes.

Interest income

Interest income is recognised on an accruals basis, considering the principal and applicable effective interest rate, i.e., the rate that discounts the estimated future inflows over the expected life of the financial asset to return it to its carrying amount.

Dividends

Dividends are recognised when the investors’ right to receive payment arises in line with local ruling legislation.

Complex accounting estimates

Preparation of financial statements and the related notes in accordance with the IFRS requires management to make judgements and estimates that affect the carrying amount of assets and liabilities and financial statements disclosures. The estimates are used to:

- determine amortisation and depreciation (see the “Property, plant and machinery”, “Leased property, plant and equipment”, and “Other intangible assets” paragraphs of the “ Accounting policies” section);
- recognise impairment losses (see the “Impairment of non-financial assets” paragraph of the “Accounting policies” section);
- recognise employee benefits (see the “Employee benefits” paragraph of the “Accounting policies” section);
- recognise taxes (see the “Income taxes” paragraph of the “Accounting policies” section);
- recognise provisions for risks and charges (see the “Provisions for risks and charges” paragraph of the “Accounting policies” section);
- determine total contract costs and the related stage of completion (see the “Contract assets and liabilities” paragraph of the “Accounting policies” section). A significant part of the company’s activities is typically performed on the basis of contracts which provide that a specific consideration is agreed when the contract is awarded. This implies that the profits on these contracts may undergo change compared to the original estimates depending on the recoverability of greater expenses and/or costs the company may incur during performance of such contracts.

The actual results may differ from those estimated due to uncertainties underlying the assumptions and the conditions on which the estimates are based.

Fundamental assumptions about the future and other reasons for uncertainty when making the estimates at the reporting date that may lead to material adjustments to the carrying amount of the assets and liabilities are described in the specific section of the Directors' report on the main risk factors and uncertainties.

Scope of the separate financial statements

Joint operations

The company is involved in the following main joint operations: Civil Work Group (Saudi Arabia), Arge Tulfes Pfons (Austria), South Al Mutlaa (Kuwait), NGE Genie Civil S.a.s. - Salini Impregilo S.p.A. and Salini Impregilo - NGE Genie Civil S.a.s..

Salini Impregilo has a 52% interest in the first joint operation, which is engaged in the civil works for the Riyadh metro.

The second joint operation is 49% held by the company and is engaged in the construction of the last section of the Brenner-Innsbruck tunnel.

South Al Mutlaa was incorporated in 2016 and is 55% held by Salini Impregilo. It is constructing primary urbanisation works to build a new residential area in a 12 thousand hectares site as part of the South Al Mutlaa Housing Project.

NGE Genie Civil S.a.s. - Salini Impregilo S.p.A. (France) is 50% held by Salini Impregilo and is engaged in the civil works for the Paris Metro as part of the Gran Paris Express project (Line 14, Lot 4).

Salini Impregilo - NGE Genie Civil S.a.s (France) is 65% held by Salini Impregilo and is engaged in the civil works for the Paris Metro as part of the Gran Paris Express project (Line 16, lot 2).

The above operations are governed by joint control arrangements as resolutions of the governing bodies require a unanimous vote. Despite being separate vehicles, they are structured in a way that ensures ensure transparency of their rights and obligations with respect to Salini Impregilo.

Change in Condotte's interest in COCIV

The COCIV consortium (the "consortium" or "COCIV") was assigned the project for the definitive and executive design and construction of the high speed/capacity Milan - Genoa railway line section/Giovi third railway crossing with an agreement signed with TAV S.p.A. on 16 March 1992 (the "agreement") and subsequent rider signed with Ferroviaria Italiana S.p.A. ("RFI"), which replaced TAV S.p.A. after it merged into RFI, on 11 November 2011 (the "rider").

COCIV's membership structure varied over time due to a number of events that led to the following structure on 19 December 2019:

Salini Impregilo S.p.A.	64%
Società Italiana per Condotte d'Acqua S.p.A. ("Condotte")	31%
Civ S.p.A. ("Civ"), in which Salini Impregilo has a 85% investment	5%

In 2018 and 2019, Condotte faced a serious financial crisis and applied for extraordinary administration pursuant to Decree law no. 347 of 2003, converted with amendments by Law no. 39/2004. The application was allowed by the Ministerial decree nof 6 August 2018 and the Rome Court resolution of 14 August 2018 declaring Condotte insolvent. Accordingly, Condotte is now operating under the extraordinary administration procedure.

During the validity of the extraordinary administration, Condotte failed to fulfil its consortium obligations provided for by COCIV's by-laws (the "by-laws"), as well as the consortium members' agreements supplementing the provisions of the by-laws (the "consortium members' agreements").

Specifically, Condotte failed to provide COCIV with the counter-guarantees necessary to allow COCIV to obtain the guarantees to be provided to RFI when the contracts for the construction lots into which the work was divided by RFI (and before that by the CIPE) were signed due to the need to have the financial resources necessary for the work construction.

The breach occurred in connection with the fifth and sixth construction lots' contract execution, following RFI's notifications of 17 December 2018 and 27 June 2019, respectively.

In both cases, the consortium was only able to remedy Condotte's breaches thanks to the other two members (Salini Impregilo and Civ), which provided the necessary counter-guarantees that Condotte had not given, thereby enabling COCIV to obtain the guarantees from the banks to be provided to RFI.

After having formally challenged Condotte's failure to comply with its counter-guarantee obligations for the fifth construction lot, in accordance with the by-laws and consortium members' agreements, on 18 April 2019, COCIV passed a resolution of the board of representatives - the competent body under the by-laws - (the "first resolution"), whereby:

(i) it ordered the reduction in Condotte under extraordinary administration's interest to the minimum interest allowed (0.001%);

(ii) it allocated the portion so decreased to the other consortium members (specifically to Salini Impregilo, as CIV refused);

(iii) it adopted the necessary amendments to the by-laws following the changes in the consortium's membership structure;

(iv) it adopted other necessary measures for the ordered reduction in Condotte's interest.

In order to enforce the reallocation among the other consortium members of the defaulting member's decreased interest and the consequent amendment to its by-laws vis-a-vis RFI, the by-laws required the latter's consent. Therefore, anticipating that the customer would have given its consent in a timely manner, in connection with the first resolution, COCIV passed a single resolution to reduce and increase interests and amend its by-laws (unifying the internal and external effects of its resolution into a single act). Taking into account RFI's position in relation to the first resolution during the interlocutory stage, when Condotte's second, serious and repeated breach occurred, the consortium modified the structure of its resolutions, progressively and separately dealing firstly with its internal effects (to which RFI is unrelated) and secondly with its external effects and the consequent by-laws amendment, subjecting only the latter resolution to RFI's consent.

Condotte challenged the first resolution pursuant to the arbitration clause in article 27 of the by-laws. It also filed a petition under article 700 of the Italian Code of Civil Procedure with the Genoa Court seeking - inter alia - suspension of the effects of the first resolution. The Genoa Court dismissed the case on 28 June 2019, and the decision was upheld in Condotte's appeal. The arbitration panel appointed to resolve the dispute on the first resolution commenced by Condotte was formed on 13 January 2020.

In the meantime, acknowledging the dispute about the first resolution commenced by Condotte, RFI informed the consortium that it would give its consent to the amendments to the by-laws concerning the modified membership structure resulting from the first resolution only after settlement of the dispute, given that the fact that the resolution included both issues and not wanting to take a position on the dispute.

As mentioned above, however, Condotte reiterated its breach of contract in connection with the sixth construction lot, again failing to provide its counter-guarantees required by the Consortium (since its interest remained at 31% as the first resolution was ineffective during the period in which the condition had to be satisfied).

As a result, COCIV's board of representatives adopted the consequent resolutions on 19 December 2019, after having issued the required notice to comply, which remained unsuccessful. As indicated above, as an amendment to the first resolution, the board of representatives has structured these resolutions differently, in order not to involve RFI directly in the part relating to Condotte's failure to comply. In particular:

- a resolution (the "second resolution" or "reduction resolution") adopted also with the participation of Condotte (which, however, was precluded from voting under the by-laws), on the basis of the breaches that had occurred, reduced Condotte's interest to the minimum interest of 0.001%, at the same time excluding Condotte's representatives from the consortium bodies.

  This resolution took immediate effect and solely affected the consortium's internal relationships;

- another resolution (the "third resolution" or "reallocation resolution"), passed by the board in its modified composition as per the second resolution:

  - ordered the proportionate allocation of the interest previously held by Condotte (including the rights attached thereto) to the other two members that replaced Condotte when it failed to comply. This resolution took immediate effect and solely affected the consortium members;

  - approved the amendment to the by-laws relating to the new interest percentages in the consortium, subjecting its effectiveness to RFI's required consent and, hence, to the reallocation resolution's production of external effects, which is its enforcement vis-a-vis RFI; this enforcement would trigger the enforceability of the amendment to the by-laws.

As a result of the content of the third resolution, on 20 December 2019, COCIV requested RFI's consent which was necessary to enforce the approved by-laws amendment (without prejudice to the immediate enforceability of the second resolution and of the internal effects of the third resolution).

In the meantime, the term (31 December 2019) set for the coming into force of the first resolution passed unsuccessfully and, therefore, not only did such resolution not produce any legal effect up to that term, but it can never produce any future effects (with the related consequences on the first arbitration proceeding commenced by Condotte).

Condotte lodged a second request for arbitration against the second resolution again under the by-laws.

Acknowledging again there was a dispute commenced by Condotte against the second resolution (solely in relation to the amendment to the by-laws for which its consent was required), on 20 February 2020, RFI informed the COCIV and its members Salini Impregilo, Condotte and Civ that "*it was not in a position to decide on the request for consent made by COCIV*".

It also added that "*pursuant to the applicable contractual provisions, RFI's consent would [have] be [been] given - only after completion of a specific investigation - into the subsequent allocation among the other consortium members, including in order to check that the legal and contractual requirements are still met*".

With the support of its legal advisors, Salini Impregilo carried out an analysis of the effects of the resolutions and the arbitration proceedings proposed by Condotte on its consolidated financial statements.

Specifically, based on the above analysis, the company believes that:

- the reduction resolution is valid as it was passed in accordance with the by-laws and consortium members' agreements as a contractually-obliged result of Condotte's serious breach.

  The breach is serious, which is further confirmed by Condotte's large interest in the consortium before the reduction to the minimum interest (over 30%, on the basis of which the proportional obligation to provide counter-guarantees for COCIV is calculated) and by the fact that, under the structure that the consortium has developed over time in order to perform the contract with RFI (the consortium's sole object), the provision of counter-guarantees is absolutely the members' prevailing obligation and is essential to enable the consortium to perform the contract with RFI;
- the reduction resolution sets out the consequences of the reduction to the minimum interest of Condotte's interest in the consortium's business (and the consortium fund) in accordance with the agreements in force and, hence, it was validly passed;
- the reduction resolution was also immediately effective because (a) it could be passed and (b) it was declared to be passed as such. It relates to the internal relationships among consortium members and is, therefore, immediately enforceable and productive of the related effects, including financial (also considering that the provisions of the by-laws and the consortium members' agreements for the automatic proportional allocation of any interests transferred from other consortium members and that the consortium members' agreements even states that the takeover is as a precise obligation).

The possibility of reducing the defaulting member's interest in the consortium to the minimum interest with immediate effect complies with the by-laws, which do not subject this decision to RFI's approval, as such approval is only required for the by-laws amendment relating to a change in the consortium's membership structure and can be enforced vis-a-vis RFI and third parties;

- the reallocation resolution was passed in accordance with the by-laws and consortium members' agreements and, as such, is fully valid. On the other hand, it may not be enforced vis-a-vis RFI and third parties, since the former has a real right of veto on the takeover, which is consistent with its role as customer that is entitled to carry out any checks of the consortium's (ongoing) satisfaction of the legal and contractual requirements, as RFI has reserved the right to do after the end of the arbitration procedure about the reduction resolution.

  Therefore, summing up the above, with regard to the effectiveness of the reallocation resolution, the following distinction should be made:

  - for the purposes of the internal relationships among consortium members, the resolution is immediately enforceable and productive of effects, including financial, as confirmed by the provisions of the by-laws and consortium members' agreements for an automatic proportional allocation of the interests transferred from other consortium members and, in the case of the consortium members' agreement, a takeover obligation;
  - the reallocation resolution, on the other hand, may not be enforced vis-a-vis RFI and third parties, since the former has a real right of veto on the takeover, which is consistent with its role as customer that is entitled to carry out any checks of the consortium's (ongoing) satisfaction of the legal and contractual requirements, as it has reserved the right to do after the end of the arbitration procedure about the reduction resolution.

  With regard to the consortium's ongoing satisfaction of the relevant requirements following the amendment to its by-laws, according to the consortium's legal advisors, if RFI found that COCIV met all the requirements to carry out the contracted work in compliance with the contract documents, despite its members including an insolvent party (Condotte), it can only confirm such an assessment when evaluating the enforceability of the reallocation of the interest transferred from Condotte, which improves, in every significant way, the requirements that can be met by the consortium (primarily, its ability to fulfil its obligations, including its guarantee obligations). Since RFI has not subordinated its consent to anything else, supported by the opinion of its legal advisors, the parent believes that the above resolutions will be maintained by the arbitration proceedings underway and RFI's subsequent assessments;

- on the basis of the opinions of its legal advisors, the parent believes that there are reasonable grounds that the arbitration award will be favourable for COCIV, allowing RFI to express its conclusions on the few issues mentioned above.

Further to the resolutions of 19 December 2019, the consortium's membership structure in relation to the rights and obligations resulting from the contract with RFI is as follows:

Salini Impregilo S.p.A.	97.753%
Civ S.p.A. ("Civ"), in which Salini Impregilo has a 85% investment	7.246%
Società Italiana per Condotte d'Acqua S.p.A. ("Condotte")	0.001%

The increase in Salini Impregilo's ideal interests in the contract (held by COCIV) resulting from the reallocation of Condotte's interest led to a rise in the carrying amount of contract assets relating to the COCIV contract of €99.7 million recognised as revenue from contracts with customers in profit or loss in accordance with IFRS 15.

Revenue by operating segment - 2018

(€'000)	Italy	Abroad	Total
Revenue from contracts with customers	349,050	2,567,389	2,916,439
Other income	14,440	137,420	151,860
Total revenue	**363,490**	**2,704,809**	**3,068,299**

Revenue by operating segment - 2019

(€'000)	Italy	Abroad	Total
Revenue from contracts with customers	670,794	1,926,701	2,597,495
Other income	18,142	125,353	143,495
Total revenue	**688,936**	**2,052,054**	**2,740,990**

Statement of financial position by operating segment - 31 December 2018

(€'000)	Italy	Abroad	Total
Net non-current assets	751,239	866,173	**1,617,412**
Provision for risks	(10,944)	(37,661)	**(48,605)**
Post-employment benefits and employee benefits	(6,424)	(5,243)	**(11,667)**
Net tax assets (liabilities)	279,874	(39,696)	**240,178**
Working capital	**85,067**	**227,961**	**313,028**
Net invested capital	**1,098,812**	**1,011,534**	**2,110,346**
Equity			**845,200**
Net financial indebtedness			**1,265,146**
Total financial resources			**2,110,346**

Statement of financial position by operating segment - 31 December 2019

(€'000)	Italy	Abroad	Total
Net non-current assets	871,992	730,924	**1,602,916**
Provision for risks	(57,866)	(29,493)	**(87,359)**
Post-employment benefits and employee benefits	(6,228)	(6,039)	**(12,267)**
Net tax assets (liabilities)	243,083	(35,384)	**207,699**
Working capital	**(149,035)**	**819,487**	**670,452**
Net invested capital	**901,946**	**1,479,495**	**2,381,441**
Equity			**1,492,767**
Net financial indebtedness			**888,674**
Total financial resources			**2,381,441**

Statement of financial position

4. Property, plant and equipment

Property, plant and equipment amount to €128.1 million, down from the 31 December 2018 figure by €41.4 million. The historical cost and carrying amounts are given in the following table:

(€'000)	31 December 2018 Cost	Acc. depreciation	Carrying amount	31 December 2019 Cost	Acc. depreciation	Carrying amount
Buildings	50,024	(29,043)	20,981	48,782	(29,667)	19,114
Plant and machinery	586,230	(464,352)	121,878	517,769	(442,200)	75,569
Industrial and commercial equipment	83,203	(78,122)	5,081	81,517	(76,182)	5,334
Other assets	21,440	(18,200)	3,240	22,650	(19,866)	2,784
Assets under const. and payments on account	18,347		18,347	25,311	-	25,311
Total	**759,244**	**(589,717)**	**169,527**	**696,029**	**(567,915)**	**128,113**

Prior year changes are as follows:

(€'000)	31 December 2017	Increases	Depreciation	Reclass. and other changes	Disposals	Exchange gains (losses) and other changes	31 December 2018
Buildings	24,098	2,161	(4,488)	-	(851)	60	20,981
Plant and machinery	131,838	48,603	(53,508)	(90)	(5,409)	443	121,878
Industrial and commercial	4,895	3,051	(2,889)	215	(193)	2	5,081
Other assets	4,992	615	(2,223)	(60)	(104)	20	3,240
Assets under const. and payments on account	19,734	(1,405)	-	(65)	(284)	367	18,347
Total	**185,557**	**53,024**	**(63,107)**	**-**	**(6,841)**	**892**	**169,527**

Changes during the year are summarised below:

(€'000)	31 December 2018	IFRS 16 reclass. at 1 January	Increases	Depreciation	Reversals of imp. losses (Imp. losses)/ Reval.	Reclass.	Disposals	Exchange gains (losses) and other changes	31 December 2019
Buildings	20,981	-	2,494	(2,592)	739	(2,317)	(202)	11	19,114
Plant and machinery	121,878	(36,696)	13,268	(25,692)	(2,426)	9,298	(4,231)	171	75,569
Industrial and commercial equipment	5,081	(401)	1,768	(1,634)	496	-	(131)	157	5,334
Other assets	3,240	(62)	838	(1,269)	-	45	(8)	1	2,784
Assets under const. and payments on account	18,347	-	6,671	-	-	-	(37)	330	25,311
Total	**169,527**	**(37,159)**	**25,039**	**(31,187)**	**(1,191)**	**7,026**	**(4,609)**	**670**	**128,113**

The most significant changes include:

- reclassifications of €37.2 million to right-of-use assets as a result of the application of IFRS 16 on 1 January 2019;
- increases of €25.0 million, chiefly related to investments made for the two Paris metro lines and the Rogun Dam in Tajikistan;
- the reclassifications show the effect of the items recognised in “Right-of-use assets”.

5. Right-of-use assets

Right-of-use assets amount to €58.1 million and reflect the application of IFRS 16 using the modified retrospective approach whereby the cumulative effect of the FTA is recognised in retained earnings at 1 January 2019. Therefore, the company has not restated the figures at 31 December 2018, presented in accordance with IAS 17. More information about the application of the new standard is available in the section on “Changes in standards”.

The historical cost and carrying amounts of the right-of-use assets are shown in the following table:

	31 December 2019		
(€'000)	Cost	Acc. depreciation	Carrying amount
Land	83	(61)	22
Buildings	41,631	(7,929)	33,702
Plant and machinery	55,589	(33,059)	22,530
Industrial and commercial equipment	1,603	(1,225)	378
Other assets	2,871	(1,364)	1,506
Total	**101,776**	**(43,638)**	**58,138**

Changes during the year are summarised below:

(€'000)	IFRS 16 FTA at 1 January 2019	Increases	Depreciation	Reversals of imp. losses (Imp. losses)/Reval.	Reclass.	Disposals	Exchange gains (losses) and other changes	31 December 2019
Land	279	-	(61)	-	-	(198)	1	22
Buildings	34,442	4,712	(7,964)	-	2,317	(3)	198	33,702
Plant and machinery	41,264	5,767	(13,320)	(377)	(9,298)	(1,507)	-	22,530
Industrial and commercial equipment	401	222	(245)	-	-	-	-	378
Other assets	1,992	941	(1,384)	-	(46)	-	3	1,506
Total	**78,379**	**11,643**	**(22,974)**	**(377)**	**(7,026)**	**(1,708)**	**202**	**58,138**

The most significant changes are:

- the recognition of right-of-use assets of €78.4 million at 1 January 2019, including €37.2 million previously classified under property, plant and equipment as a result of the first-time application of IFRS 16;
- increases of €11.6 million, chiefly related to investments made for the two Paris metro lines and the Rogun Dam in Tajikistan;
- the reclassifications show the effect of the items recognised in property, plant and equipment.

6. Intangible assets

Intangible assets amount to €103.3 million, down €20.4 million from the 31 December 2018 figure. The historical cost and carrying amounts of the other intangible assets are given in the following table:

	31 December 2018			31 December 2019		
(€'000)	Cost	Acc. amortisation	Carrying amount	Cost	Acc. amortisation	Carrying amount
Software	1,623	(1,364)	259	1,598	(1,467)	131
Contract costs:	**205,424**	**(81,927)**	**123,497**	**205,437**	**(102,242)**	**103,195**
- Contract acquisition costs	128,865	(75,500)	53,365	128,865	(85,398)	43,467
- Costs to fulfil contracts	76,559	(6,427)	70,132	76,572	(16,844)	59,728
Total	**207,047**	**(83,291)**	**123,756**	**207,035**	**(103,709)**	**103,326**

Changes during the previous year are set out below:

(€'000)	31 December 2017	Increases	Amortisation	Reclassific-ations	Disposals	Net exchange gains	Other changes	31 December 2018
Software	669	13	(423)					259
Contract costs	139,713		(16,225)			9		123,497
Total	**140,382**	**13**	**(16,648)**	**-**	**-**	**9**	**-**	**123,756**

Changes during the year are set out below:

(€'000)	31 December 2018	Increases	Amortisation	Reclassific-ations	Disposals	Net exchange gains	Other changes	31 December 2019
Software	259		(125)		(3)			131
Contract costs	123,497		(20,305)			3		103,195
Total	**123,756**	**-**	**(20,430)**	**-**	**(3)**	**3**	**-**	**103,326**

Contract costs of €103.2 million decreased by €20.3 million on 31 December 2018, due to amortisation. They comprise contract acquisition costs, the incremental costs of obtaining a contract and costs to fulfil the contract.

In 2018, the company adopted IFRS 15, which introduced new guidance for the recognition of contract costs with the recognition of the incremental costs of obtaining a contract and the costs to fulfil the contract under assets. These costs are amortised in line with the percentage of completion of the related contracts.

Prior year changes are as follows:

(€'000)	31 December 2017	Increases	Amortisation	Net exchange gains	Reclassific-ations	31 December 2018
COCIV (Milan - Genoa railway section)	31,209		(2,450)			28,759
Riyadh Metro (Saudi Arabia)	17,063		(6,641)			10,422
Iricav Due (Verona - Padua railway section)	12,510					12,510
Gerald Desmond Bridge - USA	2,443		(966)			1,477
Thessaloniki Metro	310		(113)			197
Total contract acquisition costs	**63,535**		**(10,170)**	**-**		**53,365**
COCIV (Milan - Genoa railway line section)	75,935		(5,960)			69,975
Riyadh Metro - Saudi Arabia	243		(95)	9		157
Total costs to fulfil a contract	**76,178**	**-**	**(6,055)**	**9**	**-**	**70,132**
Total contract costs	**139,713**	**-**	**(16,225)**	**9**	**-**	**123.497**

A breakdown of the item and changes of the year are shown below:

(€'000)	31 December 2018	Increases	Amortisation	Net exchange	Reclass.	31 December 2019
COCIV (Milan - Genoa railway section)	28,759		(4,248)			24,512
Riyadh Metro (Saudi Arabia)	10,422		(4,680)			5,742
Iricav 2 (Verona - Padua railway line section)	12,510					12,510
Gerald Desmond Bridge - USA	1,477		(888)			588
Thessaloniki Metro	197		(82)			115
Total contract acquisition costs	**53,365**		**(9,898)**			**43,467**
COCIV (Milan - Genoa railway line section)	69,975		(10,335)			59,640
Riyadh Metro - Saudi Arabia	156		(72)	3		87
Total costs to fulfil a contract	**70,131**	**-**	**(10,407)**	**3**	**-**	**59,727**
Total contract costs	**123,496**	**-**	**(20,305)**	**3**	**-**	**103,194**

Contract acquisition costs include considerations paid to acquire high speed/capacity railway business units and stakes in projects/contracts representing intangible assets with a finite useful life, which are amortised in line with the stage of completion of the related contracts.

With respect to the Verona - Padua section, amortisation of the acquisition cost will commence when work starts.

The costs to fulfil the contract mostly comprise COCIV's pre-operating costs.

There are no indicators of impairment for the contracts to which the acquisition costs refer.

7. Equity investments

Equity investments decreased by €10.8 million to €1,313.3 million.

(€'000)	31 December 2018	31 December 2019	Variation
Investments in subsidiaries	884,880	737,877	(147,003)
Investments in associates	433,969	566,908	132,939
Other equity investments	5,281	8,554	3,273
Total	**1,324,130**	**1,313,339**	**(10,791)**

Changes during the year are summarised below:

(€'000)	31 December 2018	31 December 2019
Capital transactions	292,949	154,381
Acquisitions and capital injections	1,750	4,618
Disinvestments and liquidations	(987)	(136,902)
Net impairment losses	(86,922)	(28,988)
Net exchange gains	13,078	7,806
Reclassifications	(28,578)	(11,706)
Total	**191,290**	**(10,791)**

The increase in "Capital transactions" is principally due to coverage of the losses of certain subsidiaries and associates, including the SPE Grupo Unidos por el Canal, Panama (€135.3 million) and Fisia Italimpianti (€6.0 million), and the injection for the Turkish operator Gaziantep Hastane Sanglik Hizmetleri (€4.2 million) and the SPE Linea M4 (€3.6 million). The carrying amount of the investment in Grupo Unido por el Canal comprises the injections for the same company made during the current and previous years.

"Acquisitions and capital injections" show the acquisition of an investment in Cossi Costruzioni for €4.6 million.

"Disinvestments and liquidations" principally relate to the sale of the investment in the Dutch subsidiary Impregilo International Infrastructures N.V. to Lane Group for €133.1 million.

The item "Reclassifications" principally refers to the offsetting of the provision relating to certain investees classified under liabilities.

"Net impairment losses" mainly include the impairment losses on the investments in the subsidiary Fibe (€8.2 million), the SPE Grupo Unidos por el Canal (€9.7 million), CMT Copenhagen Metro (€5.3 million) and Impregilo Arabia Ltd (€4.8 million).

The impairment test of the item “Equity investments”, carried out also to assess the need for any reversals of previously recognised impairment losses, has been performed on an individual basis, considering each investee’s specific operating objectives.

Based on such approach, the item can be analysed as follows:

(€’000)	31 December 2018	31 December 2019	Variation
Investments in SPEs	481,699	615,973	134,274
Other investments	842,431	697,366	(145,065)
Total	**1,324,130**	**1,313,339**	**(10,791)**

Special purpose entities (SPEs) are legal entities set up specifically and solely to carry out construction contracts that Salini Impregilo is not expected to carry out directly and in which it has an interest equal to its share of the tender. These entities have a corporate structure compliant with the customers’ requirements as communicated during the tender procedure and considering the specific legal context of the country in which the contract will be performed. They are classified depending on whether they are: (i) SPEs, the profit or loss of which are allocated to their venturers in line with their interests as provided for by law (i.e., Italian-based consortia and consortium companies which operate on a “recharges of costs” basis), and (ii) other SPEs for which this allocation is not provided for by law.

Due to the periodic allocation of the contract profit or loss to the venturers, the SPEs in item (i) always substantially reach breakeven point. Any losses recorded in the contracts performed by these entities are recognised by the venturers upon allocation of the contract profits and losses. For the SPEs in item (ii), the existence of any losses should be considered in the separate financial statements of Salini Impregilo as their contract profit or loss is included in the consolidated financial statements only. The contracts performed by these SPEs are therefore considered when testing the company’s investment for impairment. Specifically, the SPEs’ financial statements, which include the estimated contract profit or loss and are prepared in accordance with the IFRS as interpreted by the company’s accounting policies, are considered as they show the entity’s estimated cash flows.

The company adjusted the impairment losses in 2019 through the provision for risks on equity investments related to the SPEs CMT Copenaghen Metro (€5.3 million), Grupo ICT II (€0.9 million) and Salini Australia Pty (€2.3 million).

Following the amendments to IAS 28 (applicable from 1 January 2019), the loan given to the SPE Grupo Unidos por el Canal S.A. (Panama) was tested for impairment as it was disbursed to financially support the SPE and, therefore, increases the equity investment’s carrying amount. The impairment test was performed by discounting the expected cash flows using the assumed settlement of the claims and other assets recognised by the SPE as the drivers. Specifically, the cash flows comprised the operating expenses (mainly legal fees) and collections expected in line with the estimated payment timeline of the claims.

The discount rate (4.2% - 4.5%) was defined considering:

- the estimated payment timeline;
- a country risk component.

The company recognised an impairment loss of €9.7 million as a result of the test.

In 2019, the company recognised an additional impairment loss on the investment in HCE Costruzioni S.p.A. (€13.0 million, including its loss for the year).

Fisia Italimpianti recorded a loss of €11.3 million for 2019 and deficit of €1.6 million, compared to the investment's carrying amount of €46.2 million. Its order backlog approximated €178 million at the reporting date and principally relates to contracts for water treatment plants in Argentina and Turkey.

Supported by independent experts who carried out an independent business review, the company tested its investment in Fisia Italimpianti for impairment on the basis of the 2020-2024 business plan approved by the subsidiary's board of directors on 5 March 2020. No indicators of impairment were found.

Salini Impregilo used the unlevered version of the discounted cash flow method to calculate the investment's equity value. The main valuation parameters used were:

- long-term growth rate: 0% (0% in 2018);
- discount rate (WACC): 12.9% including 400 basis points as additional risk premium (2018: 11.8%, including 200 basis points as additional risk premium).

The company also performed sensitivity analyses considering the possible effect of changes in the discount rate (+/-0.5%). They did not identify any elements that would have required recognition of an impairment loss.

The directors adopted the following hypothetical assumptions in the 2020-2024 business plan, used to extrapolate the expected future cash flows for impairment testing purposes:

- assumption about development of demand for projects: the subsidiary mainly operates in two business segments, the desalination and water treatment plant segments. A programme for the construction of new plants and partial replacement of the existing plants is underway worldwide, which makes the overall market outlook and, therefore, the company's development very promising. Large investment programmes have already been approved confirming this trend, especially in the main market, the Middle East, and Saudi Arabia in particular;

- thanks to its global sales network, Salini Impregilo helped Fisia to identify its targets, especially in South America, where it historically carries out its operations. Moreover, it may also support Fisia financially, providing suitable guarantees where necessary.

It cannot be excluded that events may take place in the future that cannot currently be foreseen and that would require changes to the valuations made.

The subsidiary Fibe recorded a loss of €8.2 million for 2019, while its equity was €27.6 million at the reporting date. Given that the subsidiary is inactive and only manages the outstanding disputes related to the USW Campania projects, its assets and liabilities are the main drivers of the value generation process. Accordingly, its carrying amount was aligned with its equity at the reporting date, recognising an impairment loss of €8.2 million.

The subsidiary Salini Impregilo US Holding INC made a loss of €2.1 million in 2019, with equity of approximately €251.2 million at the reporting date, while the investment's carrying amount is €468.4 million.
Its equity value has been calculated using the cash flow projections set out in the 2020-2024 five-year plan prepared and approved by the subsidiary's management.
The main valuation parameters used were:

- long-term growth rate: 1.74%;
- post-tax discount rate: 7.4%

The company has adopted the discount rate calculated based on the market cost of money and the asset sector's specific risk (Weighted Average Cost of Capital, WACC). Specifically, the company considered the return rate on long-term government bonds and the average capital structure of a basket of comparable companies.

The terminal value is based on a sustainable profit assumption, from which stable long-term operating cash flows have been estimated, on a going concern basis.

The company tested goodwill for impairment at the reporting date, supported by independent experts who carried out an independent business review, which showed that the investment's recoverable amount exceeds its carrying amount.

The company also performed sensitivity analyses of the recoverable amount, considering the potential effect of changes in the reference parameters of the discount rate (+4.1%) and terminal value (reduction of 49%).

The company tested its investment in Yuma for impairment in 2019 using the Colombian operator's 2020-2031 business plan assisted by an external expert. Its cash flows were discounted using a cost of equity rate of 9.6% to calculate the investment's recoverable amount. The resulting recoverable amount was higher than the equity investment's carrying amount and, therefore, it was not necessary to recognise an impairment loss.

As regards the other investments in smaller companies, their carrying amount has been adjusted to Salini Impregilo's share of the investees' net assets as recognised in their financial statements at 31 December 2019 when impairment losses have been identified. These impairment losses, totalling €9.4 million, specifically affected Impregilo Arabia Ltd (€5.0 million) and Salini Polska SP Zoo Ltd (€2.9 million), the latter recognised in the provision for risks on equity investments.

In certain cases, the financial statements utilised to measure some of the investments using the equity method include requests for additional consideration as its payment is highly probable, based also on the technical and legal opinions of the company's advisors. More information is available in the "Main risk factors and uncertainties" section of the Directors' report.

8. Non-current financial assets

This item and related changes may be broken down as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Loans and receivables - group companies	93,163	105,691	12,528
Loans and receivables - third parties	13,567	13,538	(29)
Other financial assets	9,664	9,751	87
Total	**116,394**	**128,980**	**12,586**

The other financial assets amount to €9.8 million at the reporting date and are substantially in line with the previous year end. They are made up of unlisted guaranteed-return securities which mature after one year. They comprise units in the fund financing Yuma (Colombia). More information is available in the "Main risk factors and uncertainties" section of the Directors' report.

Loans and receivables - group companies increased by €12.5 million and mainly comprise:

- €23.0 million, up €3.6 million on 31 December 2018, related to a loan granted to the SPE M4 S.p.A. which is building Line 4 of the Milan Metro;
- €24.0 million due to the Venezuelan branch from OIV Tocoma (€120.2 million gross at 31 December 2019, net of a loss allowance of €96.2 million) decreased by €5.4 million during the year (€117.7 million gross at 31 December 2018 net of an allowance of €88.3 million) due to the impairment test performed at the reporting date to reflect the events described in the "Venezuela" paragraph of the "Main risk factors and uncertainties" section of the Directors' report and note 12 "Trade receivables, paragraph "Impairment - Venezuela";
- €58.6 million due from Yuma Concessionaria. More information is available in the "Main risk factors and uncertainties" section of the Directors' report.

At 31 December 2019, loans and receivables - third parties of €13.5 million are in line with the previous year end and include €13.5 million due from the Romanian Ministry for Infrastructure and Transportation related to the surety enforced in 2017 as a result of the disputes with the customer about the Orastie-Sibiu motorway contract. The company is confident that it will recover this amount, based also on the opinion of its legal advisors assisting it with the disputes. The "Main risk factors and uncertainties" section of the Directors' report provides more information.

9. Deferred tax assets and liabilities

Deferred tax assets and liabilities amount to €215.1 million and €18.9 million at 31 December 2019, respectively. They are classified under non-current assets and liabilities and are offset if possible.

(€'000)	31 December 2018	31 December 2019	Variation
Deferred tax assets	195,001	215,051	20,050
Deferred tax liabilities	(18,994)	(18,946)	48

Changes in 2018 and 2019 are as follows:

(€'000)	31 December 2017	Increases	Decreases	Net exchange gains (losses)	Change in tax rate	Reclassifications	Other changes	31 December 2018
Deferred tax assets								
Amortisation and depreciation exceeding tax rates	4,179	1,324	-	-	-	-	1,151	6,654
Provisions for risks and impairment losses	102,064	42,799	(5,395)	-	-	-	(1,234)	138,234
Tax effect of capital increase	301	-	(301)	-	-	-	-	-
Excess maintenance	13,189	7,404	(4,770)	-	-	-	-	15,822
Unrealised exchange losses	23,238	26,568	(23,238)	-	-	-	-	26,568
Other	43,790	-	(3,742)	4	-	-	(4,197)	35,856
Deferred tax assets before offsetting	**186,761**	**78,095**	**(37,446)**	**4**			**(4,280)**	**223,134**
Offsetting	(26,197)	-	-	-	-	-	(1,936)	(28,133)
Net deferred tax assets	**160,564**	**78,095**	**(37,446)**	**4**			**(6,216)**	**195,001**
Deferred tax liabilities								
Uncollected default interest	(4,826)	(422)	-	-	-	-	(1)	(5,249)
Unrealised exchange gains	(16,433)	(20,052)	16,433	-	-	-	-	(20,052)
Other	(5,170)	-	2,105	-	-	-	(88)	(3,153)
Deferred tax liabilities before offsetting	**(26,429)**	**(20,474)**	**18,538**				**(89)**	**(28,454)**
Offsetting	26,197	-	-	-	-	-	1,936	28,133
Net deferred tax liabilities	**(232)**	**(20,474)**	**18,538**				**1,847**	**(321)**

(€'000)	31 December 2018	Increases	Decreases	Net exchange gains (losses)	Change in tax rate	Reclassifications	Other changes	31 December 2019
Deferred tax assets								
Amortisation and depreciation exceeding tax rates	6,654	488	-	-	-	-	(837)	6,306
Provisions for risks and impairment losses	138,234	19,851	(4,434)	-	-	-	(533)	153,117
Tax effect of capital increase	-	-	(443)	-	-	-	2,216	1,773
Excess maintenance	15,822	4,595	(6,215)	-	-	-	1,441	15,843
Unrealised exchange losses	26,568	40,881	(26,568)	-	-	-	-	40,881
Other	35,856	5,725	(105)	-	-	-	2,533	44,009
Deferred tax assets before offsetting	**223,134**	**71,540**	**(37,765)**				**4,820**	**261,729**
Offsetting	(28,133)	(3,132)	-	-	-	-	(15,413)	(46,678)
Net deferred tax assets	**195,001**	**68,408**	**(37,765)**				**(10,593)**	**215,051**
Deferred tax liabilities								
Uncollected default interest	(5,249)	-	-	-	-	-		(5,249)
Unrealised exchange gains	(20,052)	(35,775)	20,148	-	-	-	(97)	(35,775)
Other	(3,153)	(3,132)	421	-	-	-	(77)	5,943
Deferred tax liabilities before offsetting	**(28,454)**	**(38,907)**	**20,569**				**(174)**	**(46,966)**
Offsetting	28,133	3,132					15,413	46,678
Net deferred tax liabilities	**(321)**	**(35,775)**	**20,569**				**15,239**	**(288)**

The €20.1 million increase in deferred tax assets is mainly due to the impairment losses recognised during the year.

Deferred tax liabilities of €18.9 million include €18.7 million for the provision for the national tax consolidation scheme.

The provision represents the company's liability with its subsidiaries that have transferred their losses as part of the IRES national tax consolidation scheme as per article 117 and subsequent articles of the Consolidated Income Tax Act as per the regulations signed when they joined the scheme.

"Other" mostly comprises the deferred taxes that arose upon application of the new standards.

10. Inventories

This item is analysed in the following table:

(€'000)	31 December 2018			31 December 2019			
	Gross amount	Allowance	Carrying amount	Gross amount	Allowance	Carrying amount	Variation
Real estate projects	19,334	(10,334)	9,000	19,334	(17,534)	1,800	(7,200)
Finished products and goods	1,209	-	1,209	107	-	107	(1,102)
Raw materials, consumables and supplies	135,909	(2,850)	133,059	114,733	(5,429)	109,304	(23,755)
Total	**156,452**	**(13,184)**	**143,268**	**134,174**	**(22,963)**	**111,211**	**(32,057)**

Real estate projects

Real estate projects amount to €1.8 million and mainly relate to an area zoned for agricultural use on which it was planned to construct a trade point in Lombardy.

Given the zoning and legal issues afflicting this area owned by the company and, in particular, the Council of State's recent ruling, the company updated the market value of the area with the assistance of a real estate expert, calculating a value of €1.8 million (net of the related allowance of €17.5 million).

Finished products and goods and Raw materials, consumables and supplies

The carrying amount of these items totals €109.4 million (€134.3 million in 2018) and mainly relates to goods to be used for foreign contracts, including, in particular, those in Ethiopia (€79.5 million), Venezuela (€10.1 million), Tajikistan (€10.8 million) and Sierra Leone (€4.0 million).

Changes in the allowance in 2018 are shown below:

(€'000)	31 December 2017	Accruals	Utilisations	Reversals	Other changes	Net exchange losses	31 December 2018
Allowance – real estate projects	7,772	2,562 -	-	-		-	10,334
Allowance - raw materials	2,174	805				(129)	2,850
Total	**9,946**	**3,367**	**-**	**-**	**-**	**(129)**	**13,184**

Changes in the allowance in 2019 are shown below:

(€'000)	31 December 2018	Accruals	Utilisations	Reversals	Other changes	Net exchange gains	31 December 2019
Allowance – real estate projects	10.334	7.200	- -	-		-	17.534
Allowance - raw materials	2,850	2,892	(389)			76	5,429
Total	**13,184**	**10,092**	**(389)**	**-**	**-**	**76**	**22,963**

11. Contract assets and liabilities

Contract assets and liabilities can be analysed as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Contract assets	717,156	1,230,111	512,955
Contract liabilities	626,681	544,171	(82,510)

Contract assets mostly represent the right to consideration for work performed but not invoiced at the reporting date, net of contract advances. They were impaired by €11.5 million at 31 December 2019 (€48.4 million), mainly in relation to the contract assets with the Venezuelan customers (see the "Main risk factors and uncertainties" section of the Directors' report).

Revenue recognised in 2019 on performance obligations satisfied (or partly satisfied) mostly relates to changes in estimates of the percentage of completion and the variable consideration.

Contract liabilities mostly comprise contract advances from customers for projects for which the revenue is recognised over time.

Contract assets

Contract assets amount to €1,230.1 million at year end, up on the previous year-end figure of €717.2 million. The following table shows contract assets calculated using the stage of completion method, net of losses realised or estimated at the reporting date and progress billings and advances:

(€'000)	31 December 2018	31 December 2019	Variation
Contract work in progress	14,126,631	16,450,649	2,324,018
Progress payments (on approved work)	(12,802,122)	(14,661,646)	(1,859,524)
Advances	(607,353)	(558,892)	48,461
Total contract assets	**717,156**	**1,230,111**	**512,955**

The item shows an increase of €513.0 million over 31 December 2018.

The increase mainly relates to the "Grand Ethiopian Renaissance Dam" (GERD) contract in Ethiopia (€183.6 million), continuation of the industrial operations carried out for the contracts for the construction of the Rogun Dam in Tajikistan (€116.6 million), the high speed/capacity Milan - Genoa railway line section contract in Italy (€80.4 million), the Meydan One Mall project in the United Arab Emirates (€60.0 million) and road projects in Poland (€48.2 million).

The advances mainly refer to the contracts in Tajikistan (€266.6 million), the high speed/capacity Milan - Genoa railway line section contract in Italy (€178.1 million) and the GERD contract in Ethiopia (€67.5 million).

A breakdown of contract work in progress by geographical segment is as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Italy	125,263	206,461	81,198
EU (excluding Italy)	251,542	302,432	50,890
Asia/Middle East	172,030	382,477	210,447
Africa	115,320	303,321	188,001
Americas	53,001	35,419	(17,582)
Total	**717,156**	**1,230,111**	**512,955**

Contract liabilities

This item, included in "Current liabilities" amounts to €544.2 million, down €82.5 million on the figure at 31 December 2018. It comprises:

(€'000)	31 December 2018	31 December 2019	Variation
Contract work in progress	(10,592,156)	(8,634,401)	1,957,755
Progress payments (on approved work)	10,756,735	8,837,468	(1,919,267)
Advances	462,102	341,104	(120,998)
Total	**626,681**	**544,171**	**(82,510)**

The contracts that mostly contributed to this item are the works for the Koysha Dam in Ethiopia (€299.3 million) the Apice – Hirpinia section of the Naples - Bari railway line (€100.9 million), Lima M2 in Peru (€44.9 million) and Line 3 of the Riyadh Metro in Saudi Arabia (€33.3 million).

The advances mainly relate to the works for the Koysha Dam in Ethiopia (€148.4 million), the Apice - Hirpinia section of the Naples - Bari railway line (€73.0 million), the Naples - Cancello section of the Naples - Bari railway line (€42.1 million) and Line 3 in Saudi Arabia (€33.3 million).

A breakdown of contract work in progress by geographical segment is as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Italy	18,274	113,915	95,641
EU (excluding Italy)	24,228	22,797	(1,431)
Non-EU	345	3,310	2,965
Asia/Middle East	166,525	55,309	(111,217)
Africa	378,479	299,222	(79,257)
Americas	38,830	49,619	10,789
Total	**626,681**	**544,171**	**(82,510)**

Contract assets and liabilities, comprising progress payments and advances, include claims for additional consideration of €855.9 million and €26.3 million, respectively, which is recognised to the extent that its collection is deemed highly probable, based also on the legal and technical opinions of the company's advisors. The additional consideration recognised in this item is part of the total consideration formally requested of the customers.

The section on the "Performance by geographical area" of the Directors' report provides more details about the contracts and the progress made on the main contracts while a description of the pending disputes and assets deemed to be exposed to "country risk" is provided in the "Main risk factors and uncertainties" section of the Directors' report.

12. Trade receivables

Trade receivables amount to €1,505.7 million (€1,420.4 million), of which €1,117.9 million (€715.3 million) from group companies and other related parties.

This item may be analysed as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Third parties	705,086	387,773	(317,314)
Group companies and other related parties	715,301	1,117,884	402,583
Total	**1,420,387**	**1,505,657**	**85,270**

Trade receivables from third parties may be broken down as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Third parties	965,003	662,856	(302,148)
Loss allowance	(259,917)	(275,083)	(15,166)
Total	**705,086**	**387,773**	**(317,314)**

Trade receivables from third parties of €387.8 million, net of the loss allowance (€275.1 million), show a net decrease of €317.3 million, almost entirely due to the reduction in amounts due from the Ethiopian customer following collections received during the year. The balance includes amounts mainly due from Italian, Ethiopian, Venezuelan and Slovakian customers for invoices issued and for work performed and approved by customers but still to be invoiced.

The following notes and the "Main risk factors and uncertainties" section of the Directors' report provide more information.

Impairment - Venezuela

Assisted by its independent experts, the company estimated the impairment losses on its Venezuelan financial assets in line with the approach taken in the 2018 financial statements.

The impairment model selected is the discounted cash flow (DCF) model in line with the amortised cost approach of IFRS 9. Estimating amortised cost usually requires the preparation of a possible repayment plan that is economically and financially feasible for the debtor.

Given the uncertainty about the expected collection rates and the time involved (i.e., the length of the litigation), the company prepared 16 scenarios using various combinations of inputs.

It then defined the following parameters:

- the nominal amount reduction;
- the total repayment delay;
- the repayment structure (equal or increasing instalments).

The interval (50% - 73% compared to 37% - 51% in 2018) for the nominal amount reduction was defined using the default episode sample obtained from last year's impairment test (2018).

This was decided to properly factor in the following considerations:

- the stagnant political, social and economic scenario for the third consecutive year;
- the negative signals about the current and possible future oil prices and the significant fall in the prices of the Venezuelan government bonds in the second half of 2019.

The sample included the "extreme" default episodes of 2018 (i.e., Panama '96 and Bolivia '88).

With respect to the recoverable amount of the company's exposure to the Venezuelan government agencies, at 31 December 2019, its gross exposure amounts to €643.4 million, of which loan assets of €120.2 million and consideration accrued on work performed of approximately €523.2 million (the latter amount comprises €318.7 million already invoiced and recognised under trade receivables and €204.5 million recognised under contract assets net of contract liabilities).

As a result of the assessments made on the basis of that set out above, the company's net exposure to the Venezuelan government agencies amounts to €128.7 million, of which loan assets of €24.0 million and consideration accrued on work performed of approximately €104.7 million (the latter amount comprises €63.8 million already invoiced and recognised under trade receivables and €40.9 million recognised under contract assets net of contract liabilities).

Given the high level of uncertainty implicit in this type of valuation, the company engaged a second independent expert to assess the reasonableness of the results obtained from the use of the above model and its reasonableness was confirmed.

Changes during 2018 are shown in the following table:

(€'000)	31 December 2017	Impairment losses	Utilisations	Reversals	Change in consolidation scope	Reclass./Other changes	Net exchange gains (losses)	31 December 2018
Trade receivables	171,328	79,674	(286)	(1,925)		5,623	(922)	253,492
Default interest	5,331	1,071	(35)				58	6,425
Total	**176,659**	**80,745**	**(321)**	**(1,925)**	**-**	**5,623**	**(864)**	**259,917**

Changes in the loss allowance are shown in the following table:

(€'000)	31 December 2018	Impairment losses	Utilisations	Reversals	Mergers	Reclass./ Other changes	Net exchange gains	31 December 2019
Trade receivables	253,492	16,636	(1,219)			184	23	269,116
Default interest	6,425		(319)			(148)	9	5,967
Total	**259,917**	**16,636**	**(1,538)**	**-**	**-**	**36**	**32**	**275,083**

Trade receivables - group companies and other related parties amount to €1,117.9 million at the reporting date compared to €715.3 million at 31 December 2018. They mainly refer to commercial transactions.

The following table shows the main group companies to which these receivables refer:

(€'000)	31 December 2018	31 December 2019	Variation
COCIV	226,791	530,259	303,468
Salerno Reggio Calabria	76,260	77,408	1,148
Salini Polska L.t.d.	46,388	63,485	17,097
Consorzio Cavtomi	60,279	60,458	179
PerGenova	-	56,890	56,890
Metro Blu	18,932	45,347	26,415
Grupo Unidos por el Canal	33,914	36,015	2,101
Rc Scilla	23,387	24,103	716
E.R. Impregilo/Dumez y Asociados para Yaciretê	13,839	16,855	3,016
Eurolink	9,935	10,019	84
Hirpinia consortium	2,169	353	(1,816)
Salini - Impregilo Joint Venture for Mukorsi	79,268	-	(79,268)
Other	124,139	196,692	72,553
Total	**715,301**	**1,117,884**	**402,583**

13. Derivatives and other current financial assets

Other current financial assets amount to €916.7 million compared to €710.9 million at 31 December 2018. This item is broken down as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Loans and receivables - group companies and other related parties	665,609	871,523	205,914
Loans and receivables - third parties	39,472	41,281	1,809
Government bonds and insurance shares	5,260	3,635	(1,625)
Derivatives	602	268	(334)
Total	**710,943**	**916,707**	**205,764**

Loans and receivables include loans given to group companies and other related parties.

The balance comprises joint current accounts and loans with group companies and other related parties. A complete list of the transactions is given in the annex "Intragroup transactions" at the end of these notes. They are regulated by contracts.

The item includes loans and receivables with third parties of €41.2 million, which in turn, comprises a loan of € 29.5 million given by South Al Mutlaa to its partner/subcontractor and a loan of €6.8 million given to the non-controlling investors of Civil Works.

Derivatives include the reporting-date fair value of currency hedges that did not meet the criteria for application of hedge accounting for cash flow hedges under the IFRS.

This item is analysed below:

(€'000)	31 December 2018	31 December 2019
Currency swaps - FVTPL	602	268
Total current derivatives shown in net financial indebtedness	**602**	**268**

14. Current tax assets and other current tax assets

Current tax assets amount to €67.5 million as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Direct taxes	44,829	29,957	(14,872)
IRAP	1	1	-
Foreign direct taxes	49,473	37,589	(11,884)
Total	**94,303**	**67,547**	**(26,756)**

The year-end balance mainly comprises:

- direct taxes on prior year tax differences, claimed for reimbursement and that bear interest;;
- foreign direct taxes on the excess taxes paid abroad by the foreign group entities which will be recovered in accordance with the ruling legislation; they mostly consist of the taxes of the Arabian and Ethiopian branches (€7.8 million and €4.9 million, respectively).

The other current tax assets amount to €36.5 million as follows:

(€'000)	31 December 2018	31 December 2019	Variation
VAT	59,300	33,109	(26,191)
Other indirect taxes	3,351	3,390	39
Total	**62,651**	**36,499**	**(26,152)**

15. Other current assets

Other current assets of €264.9 million decreased by €25.2 million over the previous year end. The composition of this item and changes during the year are shown below:

(€'000)	31 December 2018	31 December 2019	Variation
Other	115,797	78,830	(36,967)
Advances to suppliers	55,476	51,813	(3,663)
Other - group companies and other related parties	76,396	85,332	8,936
Prepayments and accrued income	42,420	48,947	6,527
Total	**290,089**	**264,922**	**(25,167)**

"Other" decreased by €37.0 million to €78.8 million, mainly due to the smaller amounts due from some of the company's partners of joint ventures, especially in Kuwait and South Africa.

The item includes:

- €29.4 million due from the Argentine Republic as compensation for damage following the favourable award issued on 21 June 2011 and confirmed by the Buenos Aires Arbitration Tribunal on 24 January 2014. This award settled the proceedings commenced by the shareholders of the investee Aguas del Buenos Aires S.A. in liquidation (operator) against the Argentine Republic. Given that the significant economic crisis has not abated, management tested its exposure for impairment in accordance with IFRS 9 assisted by independent experts. As the recoverable amount is substantially in line with the exposure's carrying amount, additional impairment losses were not recognised. Based on the information available at the date of preparation of these separate financial statements, management expects to collect the receivable within 12 months This classification is the best estimate and considers the status of the negotiations with the Argentine government (more information is available in the “Main risk factors and uncertainties” section in the Directors’ report);

- €30.3 million due from some of the company’s partners of joint ventures around the world, mainly for the works for the housing project in South Al Mutlaa (Kuwait).

Advances to suppliers decreased by €3.7 million to €51.8 million. The most significant amounts relate to the works at Riyadh in Saudi Arabia (€17.4 million), the contracts for the construction of hydroelectrical plants in Ethiopia and Tajikistan (€4.2 million and €6.4 million, respectively), projects in the United Arab Emirates (€5.7 million) and works for the Paris Metro (€3.5 million).

The item “Group companies and other related parties” increased by €8.9 million to €85.3 million at the reporting date and mainly refer to the environmental restoration in the Buenos Aires area, the construction of Line 3 of the Riyadh Metro in Saudi Arabia and the high speed Naples - Bari railway line section.

Prepayments and accrued income of €48.9 million show an increase of €6.5 million on the previous year end, mainly as a result of the cost of the loans given to Beyond, set up for Progetto Italia, and the debt restructuring.

They are broken down in the following table:

(€'000)	31 December 2018	31 December 2019	Variation
Accrued income:			
- Other	5	14	9
Total accrued income	**5**	**14**	**9**
Prepayments:			
- Insurance	18,951	17,726	(1,225)
- Sureties	1,102	2,077	975
- Other contract costs	22,362	29,130	6,768
Total prepayments	**42,415**	**48,933**	**6,518**
Total	**42,420**	**48,947**	**6,527**

16. Cash and cash equivalents

At 31 December 2019, cash and cash equivalents amount to €388.6 million, down by €159.1 million, as shown below:

(€'000)	31 December 2018	31 December 2019	Variation
Cash and cash equivalents	**547,730**	**388,615**	**(159,115)**

The balance includes bank account credit balances at the end of the year and the amounts of cash, cheques and valuables at the registered offices, work sites and foreign branches. Liquidity management is designed to ensure the financial independence of ongoing contracts, considering the structure of the consortia and SPEs, which may limit the availability of financial resources to achievement of the related projects. Liquidity management also considers the existence of constraints to the transfer of currency imposed by certain countries. In this respect, the liquidity in Africa mainly comprises local currency that cannot be exported and is used for the Ethiopian projects. The statement of cash flows shows the reason for the decrease in the item and changes in current account facilities (note 18).

A breakdown of this item by geographical segment is as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Italy	5,935	57,350	51,415
EU (excluding Italy)	7,656	23,160	15,504
Other European (non-EU) countries	163	450	287
Asia/Middle East	256,398	117,946	(138,452)
Africa	220,462	120,100	(100,362)
Americas	24,471	40,990	16,519
Oceania	32,645	28,619	(4,026)
Total	**547,730**	**388,615**	**(159,115)**

17. Equity

Equity increased to €1,492.8 million at 31 December 2019 from €845.2 million at the end of 2018. Changes of the year in the different equity items are summarised in the schedule attached to the separate financial statements.

(€'000)	31 December 2018	31 December 2019	Variation
Share capital	544,740	600,000	55,260
Share premium reserve	120,798	654,486	533,688
- Legal reserve	106,551	120,000	13,449
- Reserve for treasury shares	(3,291)	(3,291)	-
- Reserve for share capital increase related charges	(3,970)	(10,988)	(7,018)
- Extraordinary and other reserves	89,601	89,601	-
Total other reserves	188,891	195,322	6,431
- Actuarial reserve	(236)	(177)	59
- Translation reserve	580	(7,842)	(8,422)
Other comprehensive income (expense)	344	(8,019)	(8,363)
Losses carried forward	(119,123)	(19,982)	99,141
Profit for the year	109,550	70,960	(38,590)
Total	**845,200**	**1,492,767**	**647,567**

In their meeting held on 24 April 2019, the company's shareholders resolved the following:

- to allocate €2,396,680.92 to the legal reserve;
- to distribute €840,055.32 as a dividend to each share, equal to €0.52 per share, as per article 33.b) of the by-laws, including the legal withholding;
- to allocate €106,313,678.94 to retained earnings.

Disclosures about the individual items are set out below.

Share capital

On 12 November 2019, the company completed its issue of 400,000,000 new ordinary shares for € 600,000,000.00 (including the premium).

At 31 December 2019, the company's new fully paid-up share capital amounts to €600,000,000. It comprises 893,788,182 shares, including 892,172,691 ordinary shares and 1,615,491 savings shares, all without a nominal amount.

The company has solely issued ordinary shares for the capital increase and did not issue savings shares as the assumptions for their issue pursuant to article 36 of the by-laws approved by the shareholders in their extraordinary meeting of 4 October 2019 were not met.

The capital increase of €600 million has been allocated to share capital (€55,260 thousand), the share premium reserve (€533,688 thousand) and the legal reserve (€11,052 thousand). The related charges of €7,018 thousand increased the related reserve

In accordance with article 2444 of the Italian Civil Code, certification of the execution of the capital increase was filed with the Milan Company Registrar on 14 November 2019.

Savings shares issued pursuant to the law do not carry voting rights, have preference dividend and capital repayment rights and can be bearer shares, subject to the provisions of article 2354.2 of the Italian Civil Code. Upon the shareholder's requests and at their own expense, they can be converted into registered shares and vice versa. Savings shares held by directors, statutory auditors and CEOs are registered. Except when the company's by-laws or relevant legislation provide for otherwise, savings shares give the holders the same rights as those of ordinary shares.

Holders of savings shares do not have the right to attend the company's shareholders' meetings or to request that they are called. The special savings shareholders' meeting is regulated by law. When reserves are distributed, the savings shares have the same rights as ordinary shares.

Upon dissolution of the company, savings shares bear preference rights to capital repayment, up to €5.2 per share. When shares are grouped or split (as well as when capital transactions are carried out and as necessary in order to protect the savings shareholders' rights in the case the shares have a nominal amount, the above fixed amount is adjusted accordingly.

Profit for the year as per the separate financial statements is allocated as follows:

a) 5% to the legal reserve, up to the legally-required amount;

b) to savings shares, to the extent of 5% of €5.2 per share (i.e., €0.26 per share). If a dividend lower than 5% of €5.2 per share (i.e., €0.26 per share) is paid one year, the difference is taken as an increase in the preferred dividend of the following two years;

c) the residual amount, to all shareholders in such a way as to allocate to savings shares a total dividend which is 2% of €5.2 per share (i.e., €0.104 per share) greater than that distributed to ordinary shares, except when the shareholders decide to allocate an amount to the extraordinary reserves or for other uses.

Details on the possible use of equity items and uses in prior years are summarised below:

(€'000)

				Summary of use in the previous three years	
	Amount	Possible use (A, B, C)	Available portion	To cover losses	Other
Share capital	**600,000**				
Income-related reserves:					
Share premium reserve	654,486	**A, B, C**	654,486		
Other reserves:					
Legal reserve	120,000	B	120,000		
Reserve for treasury shares	(3,291)				
Share capital increase related charges	(10,988)				
Unavailable actuarial reserve	(177)				
Translation reserve	(7,842)				
Negative goodwill	89,601	A, B, C	84,761		
Total other reserves	**187,303**				
Losses carried forward	**(19,981)**	**A, B, C**	**(19,981)**		
Total	**1,421,808**		**839,266**		
Non-distributable portion			**120,000**		
Residual distributable portion			**719,266**		

A: capital increase

B: to cover losses

C: dividends

Other reserves

This item is broken down as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Legal reserve	106,551	120,000	13,449
Negative goodwill	89,601	89,601	-
Reserve for treasury shares	(3,291)	(3,291)	-
Reserve for share capital increase related charges	(3,970)	(10,988)	(7,018)
Total other reserves	**188,891**	**195,322**	**6,431**

Legal reserve

This reserve underwent the following changes:

(€'000)	
31 December 2017	106,551
31 December 2018	**106,551**

(€'000)	
31 December 2018	106,551
Allocation of profit	2,397
Effects of capital increase	11,052
31 December 2019	**120,000**

Reserve for treasury shares

At 31 December 2019, the reserve for treasury shares is unchanged from the previous year end. At the reporting date, the parent had 1,330,845 treasury shares for €3,291,089.72. It no longer has a share repurchase plan as the plan approved by the shareholders on 19 September 2014 expired on 19 March 2016 and was not renewed.

LTI reserve

The LTI (long-term incentive plan) reserve was used for the above plan as the beneficiaries exercised their options.

On 23 March 2018, the board of directors defined a new two-year long-term cash incentive plan starting on 1 January 2018 and ending on 31 December 2019, as proposed by the compensation and nominating committee. At the end of the plan period and should the set objectives be met, the beneficiaries will receive a cash bonus. This bonus will be decided on when the consolidated financial statements 31 December 2019 are approved.

Share capital increase related charges

At 31 December 2019, this reserve was negative by €11.0 million and rose by €7.0 million over the previous year end following the capital increase carried out on 12 November 2019 described earlier.

Other comprehensive income (expense)

The main variation in other comprehensive income (expense) items relates to the translation reserve as shown below:

(€'000)	
31 December 2017	(3,212)
Increase	3,792
Total changes	3,792
31 December 2018	**580**

(€'000)	
31 December 2018	580
Reclassification to profit or loss	(9,875)
Increase	1,453
Total changes	(8,422)
31 December 2019	**(7,842)**

Changes in the actuarial reserve, which includes the actuarial gains and losses as required by IAS 19, are as follows:

(€'000)	
31 December 2017	(351)
Net actuarial gains recognised in OCI	114
31 December 2018	**(237)**

(€'000)	
31 December 2018	(237)
Net actuarial gains recognised in OCI	59
31 December 2019	**(178)**

18. Bank and other loans, current portion of bank loans and current account facilities

Bank and other loans and borrowings and factoring liabilities decreased by €347.5 million to €1,136.5 million at the reporting date.

(€'000)	31 December 2018	31 December 2019	Variation
Bank and other loans and borrowings	552,180	604,158	51,978
Current account facilities and other loans	931,775	532,332	(399,443)
Total	**1,483,955**	**1,136,490**	**(347,465)**

The company's financial indebtedness is broken down by loan type in the following table:

(€'000)	31 December 2018			31 December 2019		
	Non-current	Current	Total	Non-current	Current	Total
Bank corporate loans	546,774	138,874	685,648	604,158	44,305	648,463
Bank construction loans		24,001	24,001		21,646	21,646
Other financing	5,406	70,032	75,438		32,795	32,795
Current account facilities		112,335	112,335		60,638	60,638
Loans and borrowings - group companies		584,347	584,347		371,716	371,716
Factoring liabilities for recourse factoring receivables		2,186	2,186		1,232	1,232
Total	**552,180**	**931,775**	**1,483,955**	**604,158**	**532,332**	**1,136,490**

Bank loans

They are broken down in the following table:

€'000	Company	Country	31 December 2018			31 December 2019		
			Total loans	Current	Non-current	Total loans	Current	Non-current
Banca IMI	Salini Impregilo	Italy	450,671	21,718	428,953	443,343	2,849	440,494
Banca Popolare di Milano	Salini Impregilo	Italy	65,810	20,148	45,662	56,889		56,889
Monte dei Paschi	Salini Impregilo	Italy	50,009	50,009	-	50,277	48	50,229
BBVA	Salini Impregilo	Italy	50,000	101	49,899	50,475	101	50,374
Banca Popolare di Bergamo	Salini Impregilo	Italy	40,822	40,822		438	438	
Banca del Mezzogiorno	Salini Impregilo	Italy	18,258	5,998	12,260	12,267	6,095	6,172
Banco do Brasil	Salini Impregilo	Italy	10,002	2	10,000	-		
Banca Popolare di Lodi	Salini Impregilo	Italy	76	76	-	92	92	
BNL	Salini Impregilo	Italy				3,515	3,515	
BPER	Salini Impregilo	Italy	-	-	-	31,167	31,167	
Total bank corporate loans			**685,648**	**138,874**	**546,774**	**648,463**	**44,305**	**604,158**
Various banks	Romanian branch	Romania	24,001	24,001	-	21,646	21,646	
Total bank construction loans			**24,001**	**24,001**	**-**	**21,646**	**21,646**	**-**

Bank corporate loans amount to €648.5 million at the reporting date compared to €685.6 million at 31 December 2018.

The decrease in corporate loans during the year is mostly due to repayment of the loan from Banca Popolare di Bergamo (€40.3 million at 31 December 2018) partly offset by the increase in the use of revolving credit facilities provided by banks.

The contractual terms of loan agreements with the major banks were modified as part of Progetto Italia with repayment of the last instalments in 2025.

The main conditions of the bank loans in place at 31 December 2019 are as follows:

	Company	Interest rate	Expiry date	Note
Banca IMI - Term Facility Loan	Salini Impregilo	Euribor	2022	(1)
Monte dei Paschi di Siena	Salini Impregilo	Fixed	2022	(1)
UBI Revolving	Salini Impregilo	Euribor	2024	(1)
Banca Popolare di Milano (€50 million)	Salini Impregilo	Euribor	2024	(1)
Banca Popolare di Milano (€40 million)	Salini Impregilo	Euribor	2025	(1)
Banca IMI (€102 million)	Salini Impregilo	Euribor	2024	(1)
Banca del Mezzogiorno	Salini Impregilo	Euribor	2021	(1)
BBVA	Salini Impregilo	Fixed	2021	(1)

(1) The loans are backed by covenants that establish the requirement for the borrower to maintain certain financial and equity ratios, which at the date of this Annual Report are fully respected.

The non-current portion of the above loans will be repaid at its contractual maturity, based on the following time bands:

€'000	Company	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
Banca IMI	Salini Impregilo	Italy	440,494		440,494	-
Banca Popolare di Milano	Salini Impregilo	Italy	56,889		56,889	-
BBVA	Salini Impregilo	Italy	50,374	50,374		
Monte dei Paschi	Salini Impregilo	Italy	50,229		50,229	
Banca del Mezzogiorno	Salini Impregilo	Italy	6,172	6,172		
Total bank corporate loans			**604,158**	**56,546**	**547,612**	**-**

The fair value of the bank corporate loans, measured as set out in the "Accounting policies" section, is €649.8 million.

Current account facilities

Current account facilities decreased by €51.7 million to €60.6 million at the reporting date and mainly refer to the Qatar branch (€44.9 million) and the head office.

Other financing

Other financing at 31 December 2019 totals €32.8 million, €11.1 million of which payable to non-controlling investors of Civil Works, €10.0 million relating to a loan originally disbursed by Banco do Brazil and subsequently transferred to Swan SPV and €5.4 million due to Caterpillar Financial for the purchase of plant and machinery for the foreign branches. The fair value of this liability, measured as set out in the "Accounting policies" section, is €32.8 million.

Factoring liabilities

Factoring liabilities amount to €1.2 million at the reporting date and refer to the factoring of receivables by foreign branches.

Net financial indebtedness

(€'000)	Note (*)	31 December 2018	31 December 2019	Variation
Non-current financial assets	8	116,394	128,980	12,586
Current financial assets	13	710,341	916,438	206,097
Cash and cash equivalents	16	547,730	388,615	(159,115)
Total cash and cash equivalents and other financial assets		**1,374,465**	**1,434,033**	**59,568**
Bank and other loans and borrowings	18	(552,180)	(604,158)	(51,978)
Bonds	19	(1,088,158)	(1,091,890)	(3,732)
Lease liabilities	20	(16,596)	(39,147)	(22,551)
Total non-current indebtedness		**(1,656,934)**	**(1,735,195)**	**(78,261)**
Current portion of bank loans and borrowings and current	18	(931,775)	(532,332)	399,443
Current portion of bonds	19	(13,295)	(13,295)	-
Current portion of lease liabilities	20	(17,113)	(18,547)	(1,434)
Total current indebtedness		**(962,183)**	**(564,174)**	**398,009**
Derivative assets	13	602	268	(334)
Derivative liabilities	21	-	(2,012)	(2,012)
Net financial position with unconsolidated SPEs (**)		(21,096)	(21,595)	(499)
Total other financial liabilities		**(20,494)**	**(23,339)**	**(2,845)**
Net financial indebtedness including discontinued operations		**(1,265,146)**	**(888,674)**	**376,471**

(*) The note numbers refer to the notes to the separate financial statements where the items are analysed in detail.

(**)This item shows the company's net amounts due from/to unconsolidated consortia and consortium companies operating under a cost recharging system. The balance reflects the company's share of cash and cash equivalents or debt of the SPEs. The items making up these balances are shown under trade receivables and payables, respectively, in the separate financial statements

At 31 December 2019, the company has net financial indebtedness of €888.7 million compared to €1,265.2 million at the end of the previous year.

More information about changes in the company's net financial indebtedness during the year is available in the "Financial position of the parent Salini Impregilo S.p.A." section of the Directors' report.

19. Bonds

The outstanding bond issues at 31 December 2019 amount to €1,105.2 million. They are analysed in the following table:

(€'000)	31 December 2018	31 December 2019	Variation
Non-current portion	1,088,158	1,091,890	3,732
Current	13,295	13,295	-
Total	**1,101,453**	**1,105,185**	**3,732**

		31 December 2018			31 December 2019		
Description	Expiry date	Nominal amount	Non-current portion (net of related charges)	Current portion (accrued interest)	Nominal amount	Non-current portion (net of related charges)	Current portion (accrued interest)
Salini TF 3.75% GIU21 CALL EUR	24 June 2021	600,000	592,651	11,712	600,000	595,612	11,712
Salini TF 1.75% OT24 CALL EUR	26 October 2024	500,000	495,507	1,583	500,000	496,278	1,583
Total		**1,100,000**	**1,088,158**	**13,295**	**1,100,000**	**1,091,890**	**13,295**

The bonds are listed on the Dublin Stock Exchange and are backed by covenants that require the company to maintain certain financial and equity ratios, which are fully respected at the reporting date.

The fair value of the bonds at the reporting date, measured as set out in the "Accounting policies" section, is € 1,081.1 million.

On 17 January 2020, the company placed new notes on the market for €250,000,000, part of which were to be used to exchange the outstanding "€600,000,000 3.75 per cent. Notes due 24 June 2021" (the "2021 notes") for €120,970,000 while another part (the "additional new notes") were offered to new investors for €123,341,000. The new notes' maturity date is 28 January 2027 and the coupon is 3.625%. The transaction is part of the company's plan to optimise its debt profile, extending its average debt repayment dates and maintaining a low corporate debt cost.

20. Lease liabilities

Lease liabilities may be broken down as follows at 31 December 2019:

(€'000)	31 December 2018	31 December 2019	Variation
Non-current portion	16,596	39,147	22,551
Current portion	17,113	18,547	1,434
Total	**33,709**	**57,694**	**23,985**

This item, previously called "Finance lease liabilities" amounted to €33.7 million at 31 December 2018. It was renamed "Lease liabilities" with the introduction of IFRS 16 (more information is available in note 2 "Changes in standards").

This item includes the principal of minimum lease payments at the reporting date. Liabilities for these leases are guaranteed to the lessor via rights to the leased assets.

The present value of the minimum lease payments is €57.7 million (31 December 2018: €33.7 million) as follows:

(€'000)	31 December 2018	31 December 2019
Minimum lease payments:		
Due within one year	17,402	19,689
Due between one and five years	17,215	38,328
Due after five years		6,675
Total	**34,617**	**64,692**
Future interest expense	(908)	(6,998)
Net present value	**33,709**	**57,694**
The net present value is as follows:		
Due within one year	17,113	18,547
Due between one and five years	16,596	33,918
Due after five years		5,229
Total	**33,709**	**57,694**

21. Derivatives and other current financial liabilities

At the reporting date, the balance of the item "Derivatives" was €2.0 million and includes the negative fair value of the currency hedges that do not meet the IFRS hedge accounting requirements for cash flow hedges.

(€'000)	31 December 2018	31 December 2019
Forward currency purchases and sales - FVTPL	-	2,012
Total derivatives presented in net financial indebtedness	**-**	**2,012**

Forward currency purchases and sales - FVTPL

	Agreement date	Expiry date	Currency	Notional amount	Fair value (€/000)
Salini Impregilo S.p.A.	26/11/2019	27/01/2020	USD	18,008,251	(232)
Salini Impregilo S.p.A.	19/12/2019	30/06/2020	USD	66,567,555	(558)
Salini Impregilo S.p.A.	29/11/2019	31/01/2020	USD	5,289,092	(92)
Salini Impregilo S.p.A.	29/11/2019	31/01/2020	USD	31,643,281	(542)
Salini Impregilo S.p.A.	29/11/2019	31/01/2020	USD	29,139,731	(506)
Salini Impregilo S.p.A.	17/12/2019	21/01/2020	USD	13,949,121	(81)
Salini Impregilo S.p.A.	30/09/2019	31/03/2020	CHF	3,228,336	(1)
Total					**(2,012)**

Forward currency purchases and sales include currency hedges that do not meet the IFRS hedge accounting requirements for cash flow hedges.

22. Post-employment benefits and employee benefits

At 31 December 2019, the company’s liability due to all its employees determined using the criteria set out in IAS 19 is €12.3 million.

The balance mainly consists of the Italian post-employment benefits (TFR).

At 31 December 2019 and 2018, the liability for post-employment benefits is the outstanding amount at the reform effective date, net of benefits paid up to the reporting dates. The liability is considered part of a defined benefit plan under IAS 19 and has, therefore, been subjected to actuarial valuation. The valuation, performed with the assistance of an independent expert, was based on the following rates:

- turnover rate: 7.25%;
- advance payment rate: 3%;
- inflation rate: 1.2%.

The company has used the Eurocomposite AA index, which has an average financial duration in line with the fund being valued, to calculate the discount rate.

Changes in the item are as follows:

(€'000)	31 December 2017	Accruals	Payments	Contributions paid to INPS treasury and other funds	Net actuarial gains	Other changes and change in consolidation scope	31 December 2018
Post-employment benefits and employee benefits	11,432	9,136	(3,748)	(5,561)	(115)	523	11,667

(€'000)	31 December 2018	Accruals	Payments	Contributions paid to INPS treasury and other funds	Net actuarial gains	Other changes and change in consolidation scope	31 December 2019
Post-employment benefits and employee benefits	11,667	8,609	(6,963)	(904)	(60)	(82)	12,267

The net increase in post-employment benefits in 2019 is due to both payments made during the year and contributions transferred to the INPS treasury and other funds, as well as the accrual for the year and the actuarial gains and losses recognised in the specific equity reserve, as required by IAS 19. Other changes are mainly due to exchange differences.

An increase or decrease of 0.25% in the discount rate used to calculate the liability at 31 December 2019 would have had a negative or positive effect of around €27 thousand or approximately €24 thousand, respectively. A similar increase or decrease at 31 December 2018 would have had a negative or positive effect of approximately €36 thousand or €37 thousand, respectively.

23. Provisions for risks

At 31 December 2019, these provisions amount to €87.4 million as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Provisions for risks on equity investments	36,204	29,500	(6,704)
Other provisions	12,401	57,859	45,458
Total	**48,605**	**87,359**	**38,754**

The main changes in the provision for risks on equity investments are detailed below:

(€'000)	31 December 2019
Capital transactions	16,756
Impairment losses	(21,750)
Reclassifications	11,699
Total	**6,704**

Specifically and as disclosed in note 7 (to which reference should be made), the provision for risks on equity investments includes the impairment losses on investments in certain SPEs for the part that exceeds their carrying amounts. Changes are due to:

- capital transactions of €16.7 million mainly relating to Salini Polska L.t.d. Liability Co, Salini Australia Pty Ltd and Salini Impregilo Salini Insaat Jv;
- impairment losses of €21.7 million chiefly attributable to HCE Costruzioni (€13 million), Salini Polska L.t.d. Liability Co (€2.9 million), Salini Australia PTY L.t.d. (€2.3 million), Construtora Impregilo y Associados S.A.-CIGLA S.A (€1.1 million) and INC - Il Nuovo Castoro Algerie S.a.r.l (€1.0 million);
- reclassifications of €11.7 million relating to HCE, since, in 2019, the company recognised an additional impairment loss on its investment in HCE Costruzioni S.p.A. (€13.0 million, including its loss for the year).

Other provisions comprise:

(€'000)	31 December 2018	31 December 2019	Variation
Ongoing litigation	9,852	9,698	154
Building segment litigation	190	-	190
Tax and social security litigation	143	90	53
Provision for risks relating to COCIV	-	45,750	(45,750)
Other	2,216	2,321	(105)
Total	**12,401**	**57,859**	**(45,458)**

Changes during 2018 are shown in the following table:

(€'000)	31 December 2017	Accruals	Utilisations	Change in consolidation scope	Other changes	31 December 2018
Total	**13,122**	**2,431**	**(3,039)**	**-**	**(113)**	**12,401**

Changes of the year are as follows:

(€'000)	31 December 2018	Accruals	Utilisations	Change in consolidation scope	Other changes	31 December 2019
Total	**12,401**	**45,838**	**(191)**		**(189)**	**57,859**

The increase in the provision is mainly due to the accrual made as a result of the company's assessment of the recoverable amount of Salini Impregilo's receivables due, through its involvement in COCIV, from Condotte. Given that this consortium member is currently under extraordinary administration, the directors deemed it appropriate to make an accrual of €45.8 million. Title to the amounts due from the consortium members lies with the consortium. As it is a transparent vehicle, in the case of non-collection of the receivable, the liability is recognised in the company's financial statements using the cost recharging mechanism. Therefore, the company makes an accrual in its provisions for risks.

More information about the main disputes is available in the "Main risk factors and uncertainties" section of the Directors' report.

24. Trade payables

Trade payables amount to €1,792.1 million (31 December 2018: €1,514.7 million) and include payables of €1,128.5 million to group companies and other related parties.

The increase of €277.5 million in this item is analysed in the following table:

(€'000)	31 December 2018	31 December 2019	Variation
Third parties	805,954	663,637	(142,317)
Group companies and other related parties	708,726	1,128,508	419,782
Total	**1,514,680**	**1,792,145**	**277,465**

The decrease of €142.3 million in trade payables is principally related to the works in Ethiopia.

Trade payables to group companies and other related parties increased by €419.8 million to €1,128.5 million.

The most significant changes relate to COCIV (€252.2 million), the construction of the Genoa Bridge (€63.9 million), the Naples - Cancello section of the Naples - Bari railway line (€49.3 million) and works of Salini Polska L.t.d. in Poland (€48.8 million).

A complete list of intragroup transactions is included in the annexes.

25. Current tax liabilities and other current tax liabilities

Current tax liabilities amount to €77.7 million as follows:

(€'000)	31 December 2018	31 December 2019	Variation
IRES	67	4,607	4,540
IRAP	746	353	(393)
Foreign taxes	76,074	72,727	(3,347)
Total	**76,887**	**77,687**	**800**

Other current tax liabilities of €14.8 million decreased by €1.1 million over 31 December 2018. They may be analysed as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Withholdings	69	89	20
VAT	9,935	8,217	(1,718)
Other indirect taxes	5,893	6,460	567
Total	**15,897**	**14,766**	**(1,131)**

26. Other current liabilities

Other current liabilities of €126.7 million (31 December 2018: €137.6 million) decreased by €10.9 million. The composition of this item and changes during the year are shown below:

(€'000)	31 December 2018	31 December 2019	Variation
Employees	39,793	35,825	(3,968)
Social security institutions	6,758	7,040	282
Group companies and other related parties	55,202	53,453	(1,749)
Other liabilities	27,085	25,769	(1,316)
Accrued expenses and deferred income	8,771	4,640	(4,131)
Total	**137,609**	**126,727**	**(10,882)**

These liabilities include:

- amounts due to employees of €35.8 million, relating to accrued unpaid remuneration;
- Group companies and other related party liabilities of €53.5 million, down by €1.8 million on the previous year end. The balance at the reporting date mostly includes amounts due to the investee Galfar Salini Impregilo Cimolai JV (€19.7 million), involved in the Al Bayt Stadium project in Qatar, the joint ventures in Argentina (€10.8 million) and the investee IS JV in Australia (€14.0 million);
- "Other liabilities" of €25.8 million (€27.1 million), down by €1.3 million. The year-end balance mainly relates to foreign projects in Venezuela, France and Saudi Arabia;
- accrued expenses and deferred income of €4.6 million, as follows:

(€'000)	31 December 2018	31 December 2019	Variation
Accrued expenses:			
- Other	5,829	4,060	(1,769)
Total accrued expenses	**5,829**	**4,060**	**(1,769)**
Deferred income:			
- Provision of services	2,942	580	(2,362)
Total deferred income	**2,942**	**580**	**(2,362)**
Total	**8,771**	**4,640**	**(4,131)**

Accrued expenses and deferred income mostly consist of portions of costs not yet paid for contract work in progress. The €4.1 million decrease is principally attributable to works in Ethiopia and Namibia.

27. Guarantees, commitments, risks and contingent liabilities

Guarantees and commitments

The key guarantees given by the company are set out below:

- contractual sureties: these total €6,503.0 million and are given to customers as performance bonds, to guarantee advances, withholdings and involvement in tenders for all ongoing contracts. In turn, the company has guarantees given by its subcontractors;
- sureties for bank loans: they amount to €693.2 million and relate to subsidiaries (€458.4 million), associates (€140.4 million) and other group companies (€21.5 million). The residual amount of €72.9 million relates to the company;
- sureties granted for export credit: €154.4 million;
- other personal guarantees of €59.0 million consisting of guarantees related to customs and tax obligations and other commitments (€5,752.5 million);
- collateral related to a lien on the remaining shares of the SPE M4 (€5.7 million).

Litigation and contingent liabilities

The company is involved in civil and administrative proceedings that are not expected to have a significant negative effect on its separate financial statements, based on the information currently available and the existing provisions for risks. The "Main risk factors and uncertainties" section of the Directors' report provides information about the main disputes.

Tax disputes

With respect to the principal dispute with the tax authorities:

- the dispute about the assessment notice challenging the tax treatment of impairment losses and losses on the sale of assets recognised by the company in 2003 has been settled. The main issue related to the sale by Impregilo S.p.A. (now Salini Impregilo S.p.A.) of its investment in the Chilean operator Costanera Norte SA to Impregilo International Infrastructures N.V. had been cancelled by the Milan Regional Tax Commission on 11 September 2009 (higher assessed tax base of €70 million). After the hearing held on 24 April 2018 and the filing of a motion for the suspension of the trial on 14 November 2018, the Supreme Court ordered the case be placed on the court calendar again. The company applied the procedure for the out-of-court settlement of tax disputes introduced by article 6 of Decree law no. 119 of 23 October 2018, converted into Law no. 136 of 17 December 2018. On 28 May 2019, it presented its application for the voluntary settlement procedure for the pending tax disputes (payment of €1.2 million) and opted for payment by instalment;

- the company's appeal about reimbursement of tax assets with a nominal amount of €12.3 million acquired from third parties as part of previous non-recurring transactions is still pending before the Supreme Court. The hearing was held on 17 January 2020 and the ruling has not yet been filed;
- a dispute related to 2005 about the technique used to "realign" the carrying amount of equity investments as per article 128 of Presidential decree no. 917/86 (greater assessed tax base of €4.2 million) is still pending before the first level court while with respect to another dispute with the same subject but for 2004 (greater assessed tax base of €380,000), the Supreme Court accepted the company's grounds and ordered the case be sent to the Lombardy Regional Tax Commission which fully accepted the company's appeal in the hearing of 14 January 2019 with its ruling of 12 February 2019. The tax authorities appealed this ruling on 11 September 2019 and the appeal still has to be allocated to the relevant section of the court;
- with respect to another dispute again related to 2005 and the costs of a joint venture set up in Venezuela for which the greater assessed tax base is €6.6 million, the Regional Tax Commission filed its ruling entirely in the company's favour on 19 May 2015; the tax authorities appealed to the Supreme Court on 28 December 2015 challenging the procedure while stating that the findings do not relate to the appeal. The company has filed its defence brief. The hearing was held on 17 January 2020 and the ruling has not yet been filed;
- the company was notified of: (i) a payment order from the tax authorities for Icelandic taxes of €4.6 million, which was cancelled after the first and second level sentences in its favour; the tax authorities appealed to the Supreme Court on 11 May 2017 and the company presented its defence brief, and (ii) a payment bill for the same taxes which the parent appealed. It won again both at first and second level. On 18 January 2016, the tax authorities presented their appeal to the Supreme Court and the company filed its defence brief. The hearing was held on 17 January 2020 and the ruling has not yet been filed;
- on 12 December 2017, the company and its subsidiary Imprepar received an adjustment notice from the tax authorities requesting payment of registration tax of approximately €1.3 million in addition to a fine of the same amount on the sale of a business unit to Imprepar (which also received an identical adjustment notice). This business unit had no future profits and held investments in consortium companies in liquidation or inactive and the related assets and liabilities related to contracts that have been completed or are nearing completion due to Imprepar's know how in managing this type of business. The company deems that the tax authorities' allegations are ungrounded and has promptly appealed against the notices to the competent tax commission. The dispute was settled with a court-ordered settlement procedure as per article 48 of Legislative decree no. 546/1992 as proposed by the tax authorities. This included a reduction in the registration tax and the fine from €1.3 million to €204 thousand and from €1.3 million to €82 thousand, respectively;
- in August 2019, the Ethiopian branch's tax audit of 2014, 2015 and 2016 was completed. During the preliminary stage of the assessment procedure, the branch met the tax authorities and agreed to settle all the assessed taxes for the three years by paying an amount in local currency equal to roughly €32.5 million (taxes, fines and interest) in order that the tax authorities cancelled the administrative sanctions;

- on 23 December 2019, the parent received an assessment notice for an assessed IRES tax for 2014 of €1.2 million (plus fines and interest). The notice refers to: (i) for a minimum part, the alleged incorrect application of transfer pricing rules to sureties provided free of charge on behalf of foreign subsidiaries, on which it should allegedly have charged commissions of €741 thousand; (ii) the alleged undue deduction of the "ACE relief" (Aid for Economic Growth) of €3,450 thousand contrary to the provisions of article 10 of the Ministry of the Economy and Finance's decree of 14 March 2012. At the date of preparation of this report, the deadline for presentation of an appeal has not expired.

With respect to the above pending disputes, after consulting its legal advisors, the company believes that it has acted correctly and deems that the risk of an adverse ruling is not probable. When it deemed it appropriate to settle the dispute, as explained earlier in more detail, it did so to avail of the various options provided for by the relevant legislation, such as the voluntary settlement procedure for the pending tax disputes or the positions assigned to the tax collection agency, the court-ordered settlement procedure and the mutually-agreed settlement procedure.

28. Financial instruments and risk management

Reference should be made to the "Main risk factors and uncertainties" section of the Directors' report for information on the main risk factors and uncertainties identified by management.

Classes of financial instruments

The company's financial instruments are broken down by class in the following table, which also shows their fair value:

31 December 2018 (€'000)	Note	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Hedging derivatives	Financial assets at fair value through profit or loss	Total	Fair value
Financial assets							
Non-current financial assets	8	116,394				116,394	116,394
Trade receivables	12	1,420,387				1,420,387	1,420,387
Other current financial assets	13	710,341				710,341	710,341
Derivatives	13	602				602	602
Cash and cash equivalents	16	547,730				547,730	547,730
Total		**2,795,454**				**2,795,454**	**2,795,454**

31 December 2018 (€'000)	Note	Other liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Hedging derivatives	Financial liabilities at fair value through profit or loss	Total	Fair value
Financial liabilities							
Bank and other loans and borrowings	18	1,483,955				1,483,955	1,487,084
Bonds	19	1,101,453				1,101,453	839,000
Lease liabilities	20	33,709				33,709	33,709
Derivatives	21						
Trade payables	24	1,514,680				1,514,680	1,514,680
Total		**4,133,797**				**4,133,797**	**3,874,473**

31 December 2019 (€'000)	Note	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Hedging derivatives	Financial assets at fair value through profit or loss	Total	Fair value
Financial assets							
Non-current financial assets	8	128,980				128,980	128,980
Trade receivables	12	1,505,656				1,505,656	1,505,656
Other current financial assets	13	916,439	268			916,707	916,707
Derivatives	13						
Cash and cash equivalents	16	388,615				388,615	388,615
Total		**2,939,690**	**268**			**2,939,958**	**2,939,958**

31 December 2019 (€'000)	Note	Other liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Hedging derivatives	Financial liabilities at fair value through profit or loss	Total	Fair value
Financial liabilities							
Bank and other loans and borrowings	18	1,136,490				1,136,490	1,137,881
Bonds	19	1,105,185				1,105,185	1,081,060
Lease liabilities	20	57,694				57,694	57,694
Derivatives	21		2,012			2,012	2,012
Trade payables	24	1,792,145				1,792,145	1,896,069
Total		**4,091,514**	**2,012**			**4,093,526**	**4,174,716**

The note column gives the section in which the relevant item is described.

Reference should be made to the section on accounting policies for information on the fair value measurement of these items. Specifically, the fair value of the items is based on the present value of estimated future cash flows.

Risk management

Salini Impregilo is exposed to financial risks, including the following:

- *market risk* deriving from the company's exposure to interest rate fluctuations and exchange rate fluctuations;
- *credit risk* deriving from the company's exposure to potential losses arising from the customers' non-compliance with their obligations;
- *liquidity risk* deriving from the risk that the financial resources necessary to meet obligations may not be available at the agreed terms and deadlines.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk and interest rate risk.

Currency risk

Salini Impregilo's international presence entails its exposure to currency risk arising from fluctuations in the value of trade and financial transactions in currencies other than the functional currencies of the individual companies, branches or joint operations. The company has adopted a currency risk management strategy to mitigate this risk based on the guidelines described in the "Risk management system" section of the Directors' report to which reference is made.

Currency risk at 31 December 2019 mainly related to the following currencies:

- US dollar (USD)
- Ethiopian Birr (BIRR)
- Australian dollar (AUD)
- Colombian peso (COP)
- United Arab Emirates dirham (AED)
- Tajikistani somoni (TJS)

The company considers assets and liabilities of the companies, branches or joint operations in currencies other than its functional currency, net of derivatives agreed to hedge the above trade and financial transactions, when assessing the potential effects of fluctuations in the above currencies.

The following table shows the results of the sensitivity analysis, which considers a 5% increase or decrease in the exchange rates compared to the actual exchange rates at 31 December 2018 and 2017 to reflect the potential effects on profit (loss) and equity.

	2018		2019	
(€m)	-5%	+5%	-5%	+5%
US dollar	(0.35)	0.35	(2.24)	2.24
Birr	9.75	(9.75)	5.18	(5.18)
Australian dollar	3.39	(3.39)	0.18	(0.18)
Peso	2.30	(2.30)	2.87	(2.87)
Dirham	1.31	(1.31)	(0.35)	0.35
Somoni	(0.94)	0.94	(0.11)	0.11

This analysis excludes the effects of the translation of the equity of companies or joint operations with a currency other than the Euro.

Interest rate risk

The company has revised its debt structure significantly, increasing its fixed rate exposure. For this reason, had interest rates increased or decreased by an average 75 basis points in 2019, the profit before tax for the year would have been respectively smaller or greater by €4.9 million (€4.8 million for 2018), assuming that all other variables remained constant.

Credit risk

Credit risk is that deriving from the company's exposure to potential losses arising from the customers' (which are mostly governments or state bodies) non-compliance with their obligations.

Management of this risk is complex, starting as early as the assessment of offers, through a careful analysis of the characteristics of the countries in which the company's activities should be carried out and the customers, which are usually state or similar bodies, requesting an offer.

Therefore, this risk can be essentially assimilated to the country risk. An analysis of this risk based on the age of the outstanding amounts is not very meaningful, since the receivables (mostly due from state bodies) should be assessed together with the related working capital items, especially those reflecting the net exposure to customers (contract assets and liabilities) in relation to contract work in progress as a whole.

A breakdown of working capital by geographical segment is set out below:

(€'000)	31 December 2018	31 December 2019
Italy	85,066	(149,035)
Other EU countries	67,161	252,793
Other non-EU countries	17,922	8,783
Americas	101,013	152,286
Asia/Middle East	(166,279)	63,487
Africa	117,132	250,270
Australia	91,012	91,868
Total	**313,027**	**670,452**

The reconciliation of the reclassified statement of financial position details the items included in working capital.

Salini Impregilo's exposure to customers, broken down by contract location, is analysed below:

(€'000)	Loans and receivables	Contract assets	Contract liabilities	Total	Allowances
31 December 2018					
Italy	510,939	125,263	(18,274)	617,928	5,878
Other EU countries	100,660	251,542	(24,228)	327,974	-
Other non-EU countries	13,001	-	(345)	12,656	-
Americas	132,870	53,001	(38,830)	147,041	238,924
Asia/Middle East	103,118	172,030	(166,525)	108,623	1,691
Africa	554,141	115,320	(378,479)	290,982	13,993
Australia	5,658	-	-	5,658	-
Total	**1,420,387**	**717,156**	**(626,681)**	**1,510,862**	**260,486**
31 December 2019					
Italy	935,266	206,462	(113,914)	1,027,814	10,321
Other EU countries	144,826	302,432	(22,797)	424,462	
Other non-EU countries	4,793	-	(3,310)	1,483	
Americas	166,567	35,419	(49,619)	152,367	252,966
Asia/Middle East	110,156	382,477	(55,309)	437,325	
Africa	132,580	303,321	(299,222)	136,679	12,775
Australia	11,468	-	-	11,468	
Total	**1,505,656**	**1,230,111**	**(544,171)**	**2,191,596**	**276,062**

The "Main risk factors and uncertainties" section of the Directors' report provides information about country risk for Libya, Venezuela, Nigeria, Ukraine and Argentina.

Liquidity risk

Liquidity risk derives from the risk that the financial resources necessary to meet obligations may not be available to the company at the agreed terms and deadlines.

The company's strategy aims at ensuring that each ongoing contract is financially independent.

A breakdown of financial liabilities by composition and due date (based on undiscounted future cash flows) is set out below:

(€'000)	31/12/2019	31/12/2020	31/12/2021	After	Total
Current account facilities	112,335				112,335
Bonds	31,250	31,336	631,250	526,274	1,220,110
Bank and other loans and borrowings	204,728	161,772	70,407	386,623	823,530
Lease liabilities	17,401	8,919	5,171	3,126	34,617
Gross financial liabilities	**365,714**	**202,027**	**706,828**	**916,023**	**2,190,592**
Trade payables	1,514,680				1,514,680
Total	**1,880,394**	**202,027**	**706,828**	**916,023**	**3,705,272**

(€'000)	31/12/2020	31/12/2021	31/12/2022	After	Total
Current account facilities	60,638				60,638
Bonds	31,336	631,250	8,750	517,524	1,188,860
Bank and other loans and borrowings	94,317	67,937	461,282	100,159	723,695
Lease liabilities	19,689	15,933	10,888	18,182	64,692
Interest rate derivatives	2,012				2,012
Gross financial liabilities	**207,992**	**715,120**	**480,920**	**635,865**	**2,039,897**
Trade payables	1,792,145				1,792,145
Total	**2,000,137**	**715,120**	**480,920**	**635,865**	**3,832,042**

Future interest has been estimated based on the market interest rates at the date of preparation of these separate financial statements, summarised in the notes.

Liquidity risk management is mainly based on maintaining a balanced financial position.

The "After" balance for bonds relates to the bonds issued in the second half of 2017 for redemption in 2024 (see note 19).

Loans and borrowings (principal) and trade payables (net of advances) falling due before 31 March 2020 are compared with the cash and cash equivalents that can be used to meet such obligations in the table below:

(€'000)	
Trade payables and financial liabilities: due before 31 March 2020 (*)	400,954
Cash and cash equivalents (**)	381,260
Difference	**(19,694)**

(*) Excluding amounts due to group companies.

(**) Net of tied-up liquidity. At the reporting date, the company had unused credit lines of €550 million.

Fair value measurement hierarchy

IFRS 7 requires that the fair value of financial instruments recognised in the statement of financial position be classified using a fair value hierarchy that reflects the significance of the inputs used to determine fair value. There are three different levels:

- Level 1 - Fair values measured using quoted prices in active markets;
- Level 2 - Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on observable market data;
- Level 3 - Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on unobservable market data.

Financial instruments recognised by the company at fair value are classified as follows:

(€'000)	Note	Level 1	Level 2	Level 3
Derivative assets	13		268	
Derivative liabilities	21		(2,012)	
Total		**-**	**(1,744)**	**-**

There were no movements from Level 1 to Level 2 during the year or vice versa.

Statement of profit or loss

29. Revenue

Revenue for 2019 amounts to €2,741.0 million, down 10.7% on the previous year, and was earned in Italy (€688.9 million; 2018: €363.5 million) and abroad (€2,052.1 million; 2018: €2,704.8 million).

(€'000)	2018	2019	Variation
Revenue from contracts with customers	2,916,439	2,597,495	(318,944)
Other income	151,860	143,496	(8,364)
Total revenue	**3,068,299**	**2,740,990**	**(327,308)**

The principal contributors to revenue are some large projects and, specifically, the high speed/capacity railway works for the Milan - Genoa railway line section, the Ethiopian contracts and the works for the design and building of the new Riyadh Metro.

On 19 December 2019, Condotte's interest in COCIV was reduced to the minimum (the paragraph "Change in Condotte's interest in COCIV" in note 3 provides more information about this).

A breakdown of revenue from contracts with customers is given in the following table.

(€'000)	2018	2019	Variation
Works invoiced to customers	2,786,494	2,476,143	(310,351)
Services	114,802	105,397	(9,405)
Sales	17,705	23,155	5,450
Real estate projects	(2,562)	(7,200)	(4,638)
Total revenue	**2,916,439**	**2,597,495**	**(318,944)**

Works invoiced to customers include contractual revenue deriving from production carried out during the year, measured using the stage of completion method.

Services mainly relate to services provided to support group companies.

Variable consideration was equal to 8.7% of revenue from contracts with customers during the year and was recognised using the guidance set out in note 2.

A breakdown of other income is given in the following table:

(€'000)	2018	2019	Variation
Recharged costs	80,722	105,158	24,436
Other	62,633	32,058	(30,575)
Gains on the disposal of non-current assets and equity investments	6,714	4,434	(2,280)
Rent and leases	1,791	1,846	55
Total	**151,860**	**143,496**	**(8,364)**

30. Operating expenses

Operating expenses for the year amount to €2,484.0 million compared to €2,935.8 million for 2018.

The item may be broken down as follows:

(€'000)	2018	2019	Variation
Purchases	391,830	202,477	(189,353)
Subcontracts	507,680	522,063	14,383
Services	1,383,906	1,241,377	(142,529)
Personnel expenses	319,624	294,928	(24,696)
Other operating expenses	62,641	66,663	4,022
Amortisation, depreciation, provisions and impairment losses	270,113	156,510	(113,603)
Total	**2,935,794**	**2,484,018**	**(451,776)**

The variations in the individual items compared to 2018 are due to the different cost structures that vary from contract to contract and may, in some cases, entail changes in the industrial operating model from one year to another. Moreover, as these are large-scale infrastructural works that take several years to complete, resort to normal production factors depends on the stage of completion of each contract in any given year. These changes may generate significant variations in the percentage of the related cost categories depending on the contract and the year, while not affecting the total percentage of costs of total revenue.

30.1 Purchases

The cost of raw materials and consumables incurred in 2019 decreased by €189.4 million to €202.5 million compared to the previous year:

(€'000)	2018	2019	Variation
Purchases of raw materials and consumables	369,075	180,459	(188,616)
Change in raw materials and consumables	22,755	22,018	(737)
Total	**391,830**	**202,477**	**(189,353)**

The decrease in the cost of raw materials and consumables is mainly related to the progress on the projects in Dubai and Ethiopia.

30.2 Subcontracts

Costs of subcontracts increased to €522.1 million, up €14.4 million on 2018 as summarised in the following table:

(€'000)	2018	2019	Variation
Subcontracts	507,680	522,063	14,383
Total	**507,680**	**522,063**	**14,383**

The increase is mostly due to the South Al Mutlaa project in Kuwait, partially offset by the reduction in costs for Line 3 of the Riyadh Metro in Saudi Arabia mainly related to the progress on the project.

30.3 Services

This item decreased to €1,241.4 million, down €142.5 million on the previous year, as shown in the following table.

(€'000)	2018	2019	Variation
Recharging of costs by consortia	814,492	790,875	(23,617)
Consultancy and technical services	346,892	259,061	(87,831)
Leases	93,267	68,824	(24,443)
Transport and customs	47,966	35,100	(12,866)
Insurance	26,794	32,448	5,654
Fees to directors, statutory auditors and independent auditors	7,520	9,875	2,355
Maintenance	8,566	5,578	(2,988)
Other	38,409	39,616	1,207
Total	**1,383,906**	**1,241,377**	**(142,529)**

Leases include rent and leases with variable payments or that are covered by the practical expedients of IFRS 16 in 2019 (see note 2). The company elected to use the practical expedient for assets of a low value and leases with a term of less than 12 months and the related payments are recognised in profit or loss immediately.

The leases in 2018 also included the costs of rent and leases that have required the recognition of a lease liability and a right-of-use asset since 1 January 2019.

The €24.4 million decrease in “Leases” is due to the company’s application of IFRS 16 starting from 1 January 2019.

“Recharging of costs by consortia” of roughly €790.9 million relates to Italian consortia and consortium companies, especially the high speed/capacity Milan - Genoa railway line section.

“Consultancy and technical services” decreased by €87.8 million and mainly consist of the design and construction costs incurred by the SPEs and legal and administrative consultancy fees. A breakdown of this item is as follows:

(€’000)	2018	2019	Variation
Design and engineering services	197,240	166,875	(30,365)
Construction	101,579	49,948	(51,631)
Legal, administrative and other services	47,630	42,164	(5,466)
Testing	443	74	(369)
Total	**346,892**	**259,061**	**(87,831)**

Fees to the independent auditors, KPMG S.p.A., and other companies of its network for 2019 are detailed as follows:

Services		Fees (€’000)
Audit	Salini Impregilo	1,366
Audit	Subsidiaries	1,400
Total audit		**2,766**
Other services	Salini Impregilo	1,102
Other services	Subsidiaries	65
Total other services		**1,167**
Total Group		**3,933**

30.4 Personnel expenses

Personnel expenses for the year amount to €294.9 million, down by €24.7 million on 2018. The item is made up as follows:

(€'000)	2018	2019	Variation
Wages and salaries	237,276	223,385	(13,891)
Social security and pension contributions	28,561	28,791	230
Post-employment benefits	9,136	8,609	(527)
Other	44,651	34,143	(10,508)
Total	**319,624**	**294,928**	**(24,696)**

"Other" mainly relates to termination benefits and reimbursements of travel expenses.

The following table shows the workforce at year end and the related average number:

No.	31 December 2018	31 December 2019	2018 average	2019 average
Managers	247	244	256	244
White collars	3,526	3,102	3,630	3,242
Blue collars	14,421	11,435	16,319	12,081
Total	**18,194**	**14,781**	**20,204**	**15,567**

30.5 Other operating expenses

Other operating expenses amount to €66.7 million, up €4.0 million on the previous year as follows:

(€'000)	2018	2019	Variation
Other	58,814	59,241	427
Non-recurring costs	3,827	7,422	3,595
Total	**62,641**	**66,663**	**4,022**

The increase is chiefly due to non-recurring costs relating to projects in Romania and Turkey.

30.6 Amortisation, depreciation, provisions and impairment losses

This item includes amortisation, depreciation and provisions of €120.4 million and impairment losses of €36.1 million, up €40.9 million and down €154.4 million on the previous year, respectively, as follows:

(€'000)	2018	2019	Variation
Total impairment losses	**190,616**	**36,080**	**(154,536)**
- Depreciation of property, plant and equipment	63,107	31,187	(31,920)
- Depreciation of right-of-use assets	-	22,974	22,974
- Amortisation of contract costs	16,225	20,305	4,080
- Amortisation of intangible assets	423	125	(298)
Amortisation and depreciation	79,755	74,591	(5,164)
Provisions	(258)	45,838	46,096
Total amortisation, depreciation and provisions	**79,497**	**120,429**	**40,932**
Total	**270,113**	**156,509**	**(113,604)**

Impairment losses of €36.1 million mainly relate to the Venezuelan contracts (€35.7 million) as a result of the impairment test performed at the reporting date (reference should be made to the "Venezuela" paragraph of the "Main risk factors and uncertainties" section of the Directors' report and note 12 "Trade receivables" - paragraph on "Impairment - Venezuela"). The impairment losses recognised on the Venezuelan contracts amounted to €165.5 million in 2018.

On 1 January 2019, following the transition to IFRS 16, which introduced new guidelines for the accounting treatment of leased assets and their depreciation, the company introduced a new item "Depreciation of right-of-use assets". In 2018, depreciation of leased assets was included under depreciation of property, plant and equipment.

Amortisation and depreciation of €74.6 million decreased by €5.2 million on the previous year. They are in line with the progress made on the related contracts. The decreases mainly refer to contracts in Ethiopia, whereas the increases relate to the construction of the Rogun Dam in Tajikistan.

Provisions include the €45.8 million accrual made during the year to reflect the situation of the consortium member Condotte (see note 23).

31. Net financing costs

Net financing costs amount to €65.0 million compared to €5.8 million for the previous year.

The item may be broken down as follows:

(€'000)	2018	2019	Variation
Financial income	58,472	48,594	(9,878)
Financial expense	(95,601)	(119,043)	(23,442)
Net exchange gains	31,343	5,432	(25,911)
Net financing costs	**(5,787)**	**(65,017)**	**(59,230)**

31.1 Financial income

Financial income totals €48.6 million (€58.5 million) and is made up as follows:

(€'000)	2018	2019	Variation
Gains on securities	**1,291**	**3**	**(1,288)**
Intragroup interest and other income	**28,071**	**26,402**	**(1,669)**
Interest and other financial income	**29,110**	**22,189**	**(6,921)**
- Bank interest	15,713	12,760	(2,953)
- Other	5,015	6,623	1,608
- Default interest	8,303	2,395	(5,908)
- Interest on financing	30	352	322
- Financial discounts and allowances	49	59	10
Total	**58,472**	**48,594**	**(9,878)**

The decrease on the previous year is mainly due to:

- the decrease in default interest on receivables from mostly foreign customers (€5.9 million);
- the decrease in interest income from banks, mainly related to the Ethiopian branch (€3.0 million).

Interest from group companies amounts to €26.4 million, in line with the previous year, and relates to the following companies:

(€'000)	2018	2019	Variation
Gupc	9,995	-	(9,995)
HCE Costruzioni S.p.A.	5,327	4,973	(354)
Yuma		4,965	4,965
Salini Nigeria Ltd	3,026	3,436	410
Salini Namibia	896	680	(216)
Salini Polska	1,681	3,579	1,898
ICT II	1,655	1,933	278
CMT	1,461	1,345	(116)
Eriday	-	636	636
Other	4,030	4,855	825
Total	**28,071**	**26,402**	**(1,669)**

31.2 Financial expense

2019 financial expense increased by €23.4 million to €119.0 million as follows:

(€'000)	2018	2019	Variation
Intragroup interest and other expense	**(14,089)**	**(28,506)**	**(14,417)**
Interest and other financial expense	**(81,512)**	**(90,538)**	**(9,026)**
- Interest on bonds	(45,703)	(34,982)	10,721
- Bank interest on accounts and financing	(18,924)	(26,089)	(7,165)
- Other	(11,176)	(10,589)	587
- Interest on tax liabilities	(1,605)	(13,724)	(12,119)
- Bank fees	(2,881)	(3,071)	(190)
- Leases	(1,223)	(2,083)	(860)
Total	**(95,601)**	**(119,044)**	**(23,443)**

The rise in financial expense is mostly due to the assessment of loan assets at the reporting date, pursuant to IFRS 9, payment of interest of €13.7 million by the Ethiopian branch for the years from 2014 to 2016 as part of a tax assessment and the increase in bank interest on accounts and financing of €7.2 million. This increase is partly offset by the reduction in financial expense on the bonds of approximately €10.7 million compared to the previous year following the redemption of the unsecured senior bonds in August 2018.

In addition:

- interest on bank accounts and financing of €26.1 million includes the effect of the amortised cost method of €1.1 million (2018: €2.0 million) that did not give rise to cash outlays;
- interest on bonds of €35.0 million includes the effect of the amortised cost method of €3.7 million (2018: €4.3 million) that did not give rise to cash outlays.

Intragroup interest and other expense of €28.5 million on intragroup transactions increased by €14.4 million and relate to the following companies:

(€'000)	2018	2019	Variation
Lane Construction Corporation	(706)	(12,650)	(11,944)
Yuma	(8,001)	(9,400)	(1,399)
COCIV	(2,847)	(3,217)	(370)
SLC Snowy Hydro Joint Venure		(897)	(897)
Other	(2,535)	(2,342)	193
Total	**(14,089)**	**(28,506)**	**(14,417)**

31.3 Net exchange gains

Net exchange gains decreased from €31.3 million in 2018 to €5.4 million in 2019.

The 2019 decrease of €25.9 million is due to fluctuations in the exchange rate with certain currencies, especially the Ethiopian Birr.

32. Net losses on equity investments

Net losses on equity investments came to €37.8 million compared to net gains of €41.6 million for the previous year. They are made up as follows:

(€'000)	2018	2019	Variation
Impairment gains	**3,144**	**1,353**	**(1,791)**
- Impairment gains	3,144	1,353	(1,791)
Impairment losses/Provisions for equity investments	**(114,980)**	**(52,089)**	**62,891**
- Impairment losses/Provisions for equity investments	(114,980)	(52,089)	62,891
Income from equity investments	**153,464**	**12,908**	**(140,556)**
- Dividends	153,332	13,962	(139,370)
- Loss on the disposal of equity investments	-	(2,331)	(2,331)
- Other income	132	1,277	1,145
Total	**41,628**	**(37,828)**	**(79,456)**

Net losses on equity investments mainly reflect the following effects:

- the dividend distribution of €14.0 million approved in 2019, mainly by the subsidiaries Salini Saudi Arabia (€5.4 million), Salini Malaysia (€5.4 million) and Co.ge.ma (€3.0 million);
- impairment gains of €1.4 million, mainly relating to the investments in Metro 6;
- impairment losses of €52.1 million, principally attributable to the investments in the subsidiaries HCE Costruzioni S.p.A., Salini Polska L.t.d., the SPE Grupo Unidos por el Canal, Grupo ICT 2 (Colombia) and Salini Australia PTY.

Notes 7 and 23 provide more information about changes in the carrying amounts of the above equity investments.

33. Income taxes

The company's income tax expense for the year is €83.2 million as shown in the following table.

(€'000)	2018	2019	Variation
Current taxes (income taxes)	90,721	67,938	(22,783)
Net deferred taxes	(38,713)	(15,437)	23,276
Utilisation of the provision for the national tax consolidation scheme	404	(314)	(718)
Prior year taxes	2,165	26,686	24,521
Total	**54,577**	**78,873**	**24,296**
IRAP	4,219	4,294	75
Total	**58,796**	**83,167**	**24,371**

An analysis and reconciliation of the theoretical income tax rate, calculated under Italian tax legislation, and the effective tax rate are set out below.

Income tax expense

	2018		2019	
	€m	%	€m	%
Profit before tax	**168.3**		**154.1**	
Theoretical tax expense	40.4	24.0%	37.0	24.0%
Effect of permanent differences	0.1	0.0%	15.6	10.1%
Net effect of foreign taxes	20.5	12.2%	3.0	1.9%
Prior year and other taxes	(6.4)	(3.8%)	23.3	15.1%
Total	**54.6**	**32.4%**	**78,9**	**51.2%**

The tax expense for the year is affected by the following:

- permanent differences (especially impairment losses on equity investments);
- taxes paid abroad where the company's branches operate, with respect to which the company believes the conditions do not currently exist for their recovery in Italy;
- prior year taxes, mostly related to the Ethiopian branch following the settlement, in August 2019, of a tax assessment covering 2014, 2015 and 2016.

An analysis and reconciliation of the theoretical IRAP tax rate and the effective tax rate are set out below:

IRAP

	2018		2019	
	€m	%	€m	%
Operating profit	132.5		257.0	
Personnel expenses	319.6		294.9	
Provisions and impairment losses	190.4		81.9	
Revenue	**642.5**		**633.8**	
Theoretical tax expense	25.1	3.9%	24.7	3.9%
Tax effect of foreign production	(18.5)	(2.9%)	(17.9)	(2.8%)
Tax effect of permanent differences	(2.4)	(0.4%)	(2.5)	(0.4%)
Total	**4.2**	**0.7%**	**4.3**	**0.7%**

Deferred taxes contribute positively to the company's profit for €15.4 million, specifically for the following items:

(€'000)	2018	2019	Variation
Deferred tax expense for the year	(20,474)	(35,775)	(15,301)
Use of deferred tax liabilities recognised in previous years	18,538	20,569	2,031
Deferred tax income for the year	78,095	68,409	(9,686)
Use of deferred tax assets recognised in previous years	(37,446)	(37,766)	(320)
Total	**38,713**	**15,437**	**(23,276)**

The effect of net deferred taxes mostly refers to the deferred taxes on the impairment losses recognised during the year.

34. Related party transactions

Transactions with related parties, as defined by IAS 24, were of an ordinary nature.

Salini Impregilo S.p.A. has been managed and coordinated by Salini Costruttori S.p.A. since 1 January 2014.

Related party transactions carried out during the year involved the following counterparties:

- directors, statutory auditors and key management personnel, solely related to the contracts regulating their positions within the company;
- subsidiaries and associates; these transactions mainly relate to:
  a) commercial assistance with purchases and procurement of services necessary to carry out work on contracts, contracting and subcontracting;
  b) services (technical, organisational, legal and administrative), carried out at centralised level;
  c) financial transactions, namely loans and joint current accounts as part of cash pooling transactions and guarantees given on behalf of group companies.

  Transactions are carried out with subsidiaries and associates in the interests of Salini Impregilo, aimed at building on existing synergies in the company in terms of production and sales integration, efficient use of existing skills, streamlining of centralised structures and financial resources. These transactions are regulated by specific contracts and are carried out on an arm's length basis;
- other related parties: the main transactions with other related parties, identified pursuant to IAS 24, including companies managed and coordinated by Salini Costruttori S.p.A., are summarised below:

Related party (€'000)	Loans and receivables	Financial assets	Other assets	Trade payables	Financial liabilities	Total revenue	Total operating expenses	Net financing income (expense)
C.Tiburtino	100					20		
Casada S.r.l.	108					19		3
CEDIV S.p.A.	739					19		
Dirlan	77					29		
G.A.B.I.RE S.r.l.	145					22		
Galla Placidia	110					27		
Imm. Agricola San Vittorino	151					19		
Infernetto	24					12		
Iniziative Immobiliari Italiane S.p.A.				61			1,062	
Madonna dei Monti S.r.l.	43					19	61	
Nores	65					11		
Plus	95					38		
Salini Costruttori S.p.A.	34	185				141		(12)
Salini Simonpietro & C. S.A.P.A.	58					14		
Studio Avv. Grazia Volo				12			31	
Zeis	52	1,833		79		225	40	52
Total	**1,801**	**2,018**	**-**	**152**	**-**	**615**	**1,194**	**43**

Most of the company's production is carried out through SPEs, set up with other partners that have participated with Salini Impregilo in tenders. The SPEs carry out the related contracts on behalf of its partners.

The other transactions refer to costs for design and similar activities, incurred when presenting bids and for recently started contracts. They are also governed by specific agreements and carried out on an arm's length basis and, where applicable, in line with the contract terms.

Their effects on the statements of financial position and profit or loss are shown together with the related contract, when appropriate.

The company completed the sale of its investment in the Dutch subsidiary Impregilo International Infrastructures N.V. to Lane Group during the year.

Transactions with directors, statutory auditors and key management personnel are shown below:

	2018			2019		
(€'000)	**Fees and remuneration**	**Termination benefits and post-employment benefits**	**Total**	**Fees and remuneration**	**Termination benefits and post-employment benefits**	**Total**
Directors and statutory auditors	7,522		7,522	7,180		7,180
Key management personnel	6,449		6,449	11,785		11,785
Total	**13,971**	**-**	**13,971**	**18,965**	**-**	**18,965**

The company's production is carried out mainly through special purpose entities, which, depending on Salini Impregilo's share in their contracts, qualify as subsidiaries or associates. In many cases, they have corporate structures that directly and continuously allocate the profits and losses on contracts to their investors, including by "reallocating costs and fees". They can be considered to be "transparent" considering the original contractual relationship whereby Salini Impregilo, together with the other investors, depending on the type of organisation selected during the tender stage, is the direct counterparty of the customer and the SPE acts in its own name but on behalf of its investors, including vis-à-vis third party suppliers. Accordingly, transactions between Salini Impregilo and the SPEs, in which it has an investment, are not presented in this section but are summarised with other transactions with subsidiaries and associates in the annex "Intragroup transactions - Salini Impregilo S.p.A.".

Management and coordination

In relation to the requirements of article 2.6.2.11 of the Rules of the Markets organised and managed by Borsa Italiana S.p.A., the company states that all requirements listed in article 16 of the Consob Regulation on Markets, have been met, as regards the quotation of shares of subsidiaries managed and coordinated by other companies.

In accordance with article 2497-bis of the Italian Civil Code, the key figures from the financial statements of Salini Costruttori S.p.A. at 31 December 2018, the most recently approved financial statements, which is the company that manages and coordinates Salini Impregilo S.p.A., are presented below. These financial statements have been prepared in accordance with the IFRS.

2018 highlights

(€'000)	
Statement of profit or loss	
Total revenue	18,064
Operating profit	13,989
Profit before tax	422
Profit for the year	1,170
Statement of financial position	
Non-current assets	331,483
Current assets	114,143
Total assets	**445,626**
Equity	322,183
Non-current liabilities	1,491
Current liabilities	121,952
Total liabilities	**445,626**

Salini Costruttori S.p.A. did not have any employees at 31 December 2018.

36. Article 1.125/127 of Law no. 124 of 4 August 2017 - Disclosure of government grants

With respect to Law no. 124 of 4 August 2017 and related interpretations about the disclosure requirement in the notes to the separate and consolidated financial statements of companies that receive subsidies, grants, paid engagements or other financial benefits of any kind from the public administration and similar bodies, it should be noted that the company received the following grants in 2019:

Euro

Name and tax code of recipient	Grantor	Amount received	Receipt date	Reason
Salini Impregilo S.p.A. VAT no. 02895590962	FONDIRIGENTI	35,156	07/03/2019	Funded training
Salini Impregilo S.p.A. VAT no. 02895590962	FONDIRIGENTI	110,000	15/04/2019	Funded training
Salini Impregilo S.p.A. VAT no. 02895590962	FONDIRIGENTI	16,366	18/11/2019	Funded training
Salini Impregilo S.p.A. VAT no. 02895590962	FONDIMPRESA	71,033	03/07/2019	Funded training
Total		**232,555**		

Other relations with the public administration or similar bodies are part of the company's bilateral contracts and, therefore, do not fall under the scope of the above law.

36. Events after the reporting date

No significant events have taken place since the reporting date other than those described in the Directors' report.

37. Significant non-recurring events and transactions

Except for that set out below, the company's financial position, performance and cash flows were not affected by significant non-recurring events and transactions, as defined by Consob communication no. DEM/6064293[31].

Arbitration award for the Panama Canal

Reference should be made to the "Main risk factors and uncertainties" section of the Directors' report for information on the arbitration award about the advances received by Grupo Unidos por el Canal (GUPC).

38. Balances or transactions arising from atypical and/or unusual transactions

During the year, Salini Impregilo did not carry out any atypical and/or unusual transactions, as defined in the above Consob communication no. DEM/6064293[32].

[31] Significant non-recurring events and transactions are those that do not frequently occur in the normal course of business.

[32] Atypical and/or unusual transactions are those that, due to their significance and relevance, the counterparty, the object of the transaction, exchange pricing and timing, may cast doubts as to the accuracy and completeness of disclosures, conflicts of interest, protection of the company's assets and non-controlling interests.

Proposal to the shareholders of Salini Impregilo S.p.A.

Dear shareholders,

We propose to allocate the profit of €70,960,125.31 shown in the draft separate financial statements at 31 December 2019 as follows:

- nothing to the legal reserve, as it has already reached one-fifth of the share capital as required by article 2430 of the Italian Civil Code;
- €26,725,255.38 as a dividend to each existing share with dividend rights, equal to €0.030 per share, including the legal withholding, excluding the 1,330,845 treasury shares currently held by the company;
- €420,027.66 as a dividend to each savings share equal to €0.26 per share, as per article 33.b) of the by-laws, including the legal withholding;
- €43,814,842.27 to retained earnings.

We propose that the aforementioned ordinary and savings dividends be distributed on 18 May 2020, with an ex-dividend date of 20 May 2020 (record date of 19 May 2020).

On behalf of the board of directors

Chairman

Donato Iacovone

(signed on the original)

Separate financial statements of Salini Impregilo – Intragroup transactions

Assets and liabilities at 31 December 2019

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets	Trade payables	Bank and other loans	Current portion of bank loans and current account facilities	Other current liabilities	Total liabilities	Net balance
A1F Tuszyn-Pyrzowice	25,419,082	-	204,496	-	25,623,578	67,079,091	-	834	-	67,079,925	(41,456,347)
Adiyan Water Treatment Plant	387,151	-	48,838	-	435,989	-	-	-	-	-	435,989
Aegek - Impregilo - Alstom J.V.	-	-	-	-	-	-	-	-	746	746	(746)
Agua AZ	27,872	-	-	-	27,872	-	-	-	-	-	27,872
Ariguani	6,172,801	-	24,599,214	-	30,772,015	-	-	68	-	68	30,771,947
Aurelia 98 S.c.r.l.	-	-	-	-	-	16,121	-	-	-	16,121	(16,121)
Autostrada Al Torun - Strykow	-	-	1,895,401	-	1,895,401	-	-	-	-	-	1,895,401
Barnard	-	-	-	1,036,281	1,036,281	-	-	983,744	-	983,744	52,537
Beyond S.r.l.	709	-	1,147,692	-	1,148,401	-	-	-	-	-	1,148,401
Brennero Galleriacque S.c.r.l.	250	-	-	-	250	-	-	-	-	-	250
CAVET	483,097	-	-	-	483,097	1,308,011	-	2,459,659	-	3,767,670	(3,284,573)
CAVTOMI	60,458,124	-	-	-	60,458,124	6,573,439	-	8,215,804	-	14,789,243	45,668,881
CDE	1,941,277	-	1,169,713	-	3,110,990	10,668,865	-	-	-	10,668,865	(7,557,875)
Cigla	158,628	-	2,343,193	-	2,501,821	-	-	-	315	315	2,501,506
CIV	228,688	-	941,087	-	1,169,775	-	-	-	-	-	1,169,775
CMT IS	3,901,844	-	55,781,333	-	59,683,177	168,150	-	-	-	168,150	59,515,027
Co.Ge.Ma.	31,141	-	-	-	31,141	181,734	-	1,060,936	-	1,242,670	(1,211,529)
COCIV	530,258,681	-	-	-	530,258,681	416,801,379	-	30,390,691	-	447,192,070	83,066,611
CONS. OHL	3,745,281	-	-	-	3,745,281	-	-	-	-	-	3,745,281
Consorcio Constructor Salini Impregilo - Cigla	-	-	14,454,041	-	14,454,041	-	-	-	-	-	14,454,041
Consorcio Contuy Medio	899	-	538,098	-	538,997	-	-	-	44,056	44,056	494,941
Consorcio Grupo Contuy-Proyectos y Ob. De F.	-	-	-	-	-	-	-	131,883	-	131,883	(131,883)
Consorcio OIV-TOCOMA	-	24,045,316	567,600	-	24,612,916	-	-	-	4,707,491	4,707,491	19,905,425
Consorcio VIT Tocoma	-	-	3,484,489	-	3,484,489	-	-	-	-	-	3,484,489
Consorzio 201 Quintai	1,900	-	-	-	1,900	-	-	-	-	-	1,900
Consorzio EPC	3,091,687	-	-	-	3,091,687	197,033	-	-	-	197,033	2,894,654
Consorzio Hirpinia	353,449	-	-	11,155,708	11,509,157	3,126,208	-	-	-	3,126,208	8,382,949
Consorzio Iricav Due	3,390,943	-	-	-	3,390,943	21,962,982	-	-	-	21,962,982	(18,572,039)
Consorzio MM4	1,318,149	-	-	-	1,318,149	1,584,330	-	-	-	1,584,330	(266,181)
Consorzio Pedelombarda 2	2,318	-	-	-	2,318	-	-	-	-	-	2,318
Consorzio San Cristoforo	-	-	-	-	-	35,609	-	-	-	35,609	(35,609)
Consorzio Trevi - S.G.F. INC per Napoli	298,461	-	-	-	298,461	5,880	-	-	-	5,880	292,581
Consorzio VIT Caroni Tocoma	-	-	-	-	-	-	-	1,360,353	-	1,360,353	(1,360,353)
Constr. of Inn. Sout. Expre. (ISEX)	62,450	-	13,299	-	75,749	-	-	-	-	-	75,749
Corso del Popolo	118,353	-	91,755	-	210,108	-	-	-	-	-	210,108
Corso del Popolo Engineering	701,177	-	1,493,086	-	2,194,263	-	-	-	-	-	2,194,263
Cossi Costruzioni S.p.A.	228,485	-	10,978,439	-	11,206,924	7,397	-	-	-	7,397	11,199,527

Assets and liabilities at 31 December 2019

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets	Trade payables	Bank and other loans	Current portion of bank loans and current account facilities	Other current liabilities	Total liabilities	Net balance
CSC	175,480	-	76,527	-	252,007	87,648	-	-	-	87,648	164,359
CSI Simplon Consorzio	-	-	-	-	-	-	-	3,231,723	-	3,231,723	(3,231,723)
Dev. Engin. infras. to Idu ind. area and Kar res. dist. Ab	515	-	30,190	-	30,705	-	-	-	-	-	30,705
District 1 Development	251,020	-	8,381	-	259,401	-	-	-	-	-	259,401
E.R. Impregilo/Dumez y Asociados para Yaciretê	16,854,596	-	776,645	-	17,631,241	14,884	-	-	10,762,398	10,777,282	6,853,959
Emittenti Titoli S.p.A.	-	-	-	-	-	-	-	247,575	-	247,575	(247,575)
Eurolink S.c.p.a.	10,019,414	-	-	-	10,019,414	15,848,808	-	-	-	15,848,808	(5,829,394)
Executive J.V. Impregilo S.p.A. Terna S.A.	-	-	9,991	-	9,991	-	-	-	-	-	9,991
Fibe	116,941	-	1,482,536	-	1,599,477	-	-	-	-	-	1,599,477
Fisia - Alkatas J.V.	9,500	-	-	-	9,500	-	-	-	-	-	9,500
Fisia Ambiente S.P.A	6,859	-	-	-	6,859	-	-	15,079,796	-	15,079,796	(15,072,937)
FISIA Italimpianti S.p.A	543,852	-	3,565,502	-	4,109,354	95,734	-	-	-	95,734	4,013,620
Fisia Italimpianti succ.Arge.-Acciona Agua succ.Arge - UTE	22,300	-	-	-	22,300	-	-	-	-	-	22,300
Fisia LLC	11,650	-	-	-	11,650	-	-	-	-	-	11,650
Fisia Muhendislik VE Insaat Anonim Sirketi	8,800	-	-	-	8,800	-	-	-	-	-	8,800
Forum S.c. a r.l.	-	-	-	-	-	596,812	-	-	-	596,812	(596,812)
G. W. Trans. to Fed. Cap. Ter. Lot A Dam and Aa. W.	682,845	-	40,298	-	723,143	716,314	-	-	-	716,314	6,829
Galfar Salimp Cimolai JV	3,824,134	-	44,507,483	-	48,331,617	310,237	-	-	19,743,778	20,054,015	28,277,602
Gaziantep Hastane Saglik	-	-	4,939,436	-	4,939,436	-	-	-	-	-	4,939,436
Gaziantep Hastanesi Isletme Ve Bakim Hizmetleri	-	-	408,568	-	408,568	-	-	-	-	-	408,568
Gestione Napoli	-	-	4,184	-	4,184	-	-	-	-	-	4,184
TC_0206 Grecia	-	-	6,242	-	6,242	-	-	-	-	-	6,242
Group. d'entreprises Salini Strabag (Guinea)	-	-	210,934	-	210,934	498,095	-	-	-	498,095	(287,161)
Grupo Empresas Italianas - GEI	-	-	275,553	-	275,553	-	-	-	-	-	275,553
GUP Canal	36,014,576	-	-	-	36,014,576	-	-	-	-	-	36,014,576
HCE Italia Altre	222,037	-	18,711,492	-	18,933,529	-	-	-	-	-	18,933,529
HCE Sede	41,616	-	214,806,000	-	214,847,616	412	-	-	-	412	214,847,204
I INT IN	11,400	-	741,910	-	753,310	-	-	-	-	-	753,310
ICT II	60,822	-	45,269,919	-	45,330,741	140,000	-	-	-	140,000	45,190,741
IGL Arabia	103,109	-	-	-	103,109	550,257	-	-	-	550,257	(447,148)
IGL-SK-GALFAR	7,054,325	-	7,061,283	6,814,635	20,930,243	1,004,055	-	-	-	1,004,055	19,926,188
Iglys	3,993	-	475	-	4,468	26,984	-	6,407	-	33,391	(28,923)
Impregilo-Healy UTE	1,238,778	-	-	33,845,077	35,083,855	260	-	2,842,934	95,926	2,939,120	32,144,735
Imprepar	198,522	-	-	-	198,522	-	-	7,651,410	-	7,651,410	(7,452,888)
INC Algeria	341,020	-	4,792,189	-	5,133,209	106,544	-	-	-	106,544	5,026,665
IS JV	6,663,273	-	51,122,783	-	57,786,056	-	-	-	13,971,553	13,971,553	43,814,503
Isarco S.c.r.l.	6,042,285	-	-	-	6,042,285	17,238,743	-	-	-	17,238,743	(11,196,458)
Joint Venture (AIASA JV)	11,386	-	-	-	11,386	843	-	-	-	843	10,543
Joint Venture Aktor Ate - Impregilo S.p.A.	12,063	-	-	-	12,063	-	-	-	-	-	12,063
Joint Venture Aktor S.A. - Impregilo S.p.A.	-	-	332	-	332	-	-	-	-	-	332

Assets and liabilities at 31 December 2019

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets	Trade payables	Bank and other loans	Current portion of bank loans and current account facilities	Other current liabilities	Total liabilities	Net balance
Joint Venture Impregilo S.p.A. - Empedos S.A. - Aktor	-	-	21,470	223,931	245,401	-	-	-	-	-	245,401
JV Todini - Akkord - Salini	6,859,726	-	8,403,098	-	15,262,824	-	-	-	-	-	15,262,824
JV_IGL_SGF	1,235,063	-	7,392,245	25,849	8,653,157	4,840	-	-	2,422,377	2,427,217	6,225,940
KAYI - Salini - Samsung - JV	92,766	-	-	-	92,766	-	-	-	-	-	92,766
Lane Construction Corporation	2,932,170	-	-	-	2,932,170	138,890	-	164,351,419	-	164,490,309	(161,558,139)
Lane Mideast Contracting	19,342	-	-	-	19,342	83,987	-	-	-	83,987	(64,645)
Lane Mideast Qatar	142,251	-	-	-	142,251	14,648	-	-	-	14,648	127,603
Libyan LEC	1,215,391	-	31,236	-	1,246,627	815,682	-	-	-	815,682	430,945
Lidco	-	-	-	-	-	126,714	-	7,173,908	-	7,300,622	(7,300,622)
Line 3 Metro Stations	90,986	-	275,900	-	366,886	-	-	-	231,726	231,726	135,160
Constructora Mazar Impregilo-Herdoiza Crespo	-	-	-	154,324	154,324	-	-	-	-	-	154,324
Metro 6	-	-	1,636,015	-	1,636,015	-	-	236,726	-	236,726	1,399,289
Metro B s.r.l.	924	-	675	97,162	98,761	-	-	-	97,162	97,162	1,599
Metro B1	7,081,661	-	2,960,021	-	10,041,682	14,988,876	-	-	-	14,988,876	(4,947,194)
Metro Blu	45,346,889	-	-	-	45,346,889	43,764,581	-	-	-	43,764,581	1,582,308
Metrocampania Secondigliano	138	-	-	-	138	-	-	-	-	-	138
Metrogenova S.c.r.l.	30,590	-	-	-	30,590	269,982	-	-	-	269,982	(239,392)
Millennium Park	421	-	1,531	-	1,952	-	-	-	-	-	1,952
Mobilinx Hurontario Contractor	33,466	-	-	-	33,466	-	-	-	-	-	33,466
Mosconi S.r.l.	2,243	-	-	-	2,243	-	-	-	-	-	2,243
Napoli Cancello Alta Velocità S.c.r.l.	25,191,400	-	-	-	25,191,400	49,292,545	-	2,228,432	-	51,520,977	(26,329,577)
New Cros	28,800	-	724,410	-	753,210	172,013	-	-	-	172,013	581,197
Nigeria Cultural Centre and Mill. Tower	274,012	-	563,915	-	837,927	-	-	-	-	-	837,927
Passante di Mestre S.c.p.A.	1,860	-	-	-	1,860	-	-	-	-	-	1,860
Passante Dorico S.p.A.	17,812	-	36,643	-	54,455	-	-	-	-	-	54,455
Pedelombarda S.c.p.a.	2,237,943	-	2,463	-	2,240,406	1,526,436	-	-	-	1,526,436	713,970
Pergenova	56,889,914	-	-	-	56,889,914	63,906,225	-	-	-	63,906,225	(7,016,311)
PGH Ltd	76,422	-	4,186,536	-	4,262,958	11,501	-	-	-	11,501	4,251,457
Pietrarossa S.c.r.l.	12,396	-	-	-	12,396	-	-	-	-	-	12,396
Piscine dello Stadio	58,247	-	-	-	58,247	-	-	-	-	-	58,247
Piscine dello Stadio scrl	70,941	-	-	-	70,941	-	-	-	-	-	70,941
Puentes	294	-	-	-	294	-	-	-	-	-	294
RC Scilla	24,102,623	-	-	-	24,102,623	42,180,919	-	311,636	-	42,492,555	(18,389,932)
Rimati	131,849	-	-	-	131,849	-	-	616,000	-	616,000	(484,151)
Rivigo	179,019	-	-	-	179,019	-	-	-	-	-	179,019
S.Agata	1,113,533	-	-	-	1,113,533	15,783,762	-	2,251,859	-	18,035,621	(16,922,088)
S.Ruffillo S.c.a.r.l.	-	-	-	-	-	17,878,405	-	-	-	17,878,405	(17,878,405)
S7 - Checiny	16,807,848	-	415,296	-	17,223,144	57,216,531	-	12	-	57,216,543	(39,993,399)
S3 - Nowa Sol	19,616,803	-	174,686	-	19,791,489	48,346,179	-	-	-	48,346,179	(28,554,690)
S8 - Marki - Radzymin	971,750	-	-	-	971,750	22,658,748	-	-	-	22,658,748	(21,686,998)

Assets and liabilities at 31 December 2019

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets	Trade payables	Bank and other loans	Current portion of bank loans and current account facilities	Other current liabilities	Total liabilities	Net balance
SA.PI. NOR Salini Impregilo - Pizzarotti J.V.	1,163,466	-	-	-	1,163,466	3,168,150	-	-	-	3,168,150	(2,004,684)
SA_RC	77,407,726	-	-	-	77,407,726	93,676,200	-	1,930,012	-	95,606,212	(18,198,486)
Sabrom	122,756	-	10,774,416	-	10,897,172	-	-	-	-	-	10,897,172
Salini Impregilo - NGE Genie Civil S.a.s	512,166	-	-	-	512,166	-	-	-	-	-	512,166
Salimp Cleveland	12,600	-	2,403,418	-	2,416,018	-	-	66,148	-	66,148	2,349,870
Salini Australia	424,045	-	35,974,652	-	36,398,697	-	-	-	-	-	36,398,697
Salini Impregilo - Healy J.V. NEBT	98,358	-	-	-	98,358	-	-	-	-	-	98,358
Salini Impregilo - Kolin	3,696,048	-	134,805	-	3,830,853	-	-	-	-	-	3,830,853
Salini Impregilo - NRW Joint Venture	415,340	-	-	-	415,340	11,379	-	-	-	11,379	403,961
Salini Impregilo Tristar	13,544,092	-	-	-	13,544,092	193,573	-	-	-	193,573	13,350,519
Salini Impregilo Canada Holding Inc.	215,385	-	-	-	215,385	-	-	-	-	-	215,385
Salini Impregilo Civil Works	3,292,577	-	-	-	3,292,577	-	-	-	-	-	3,292,577
Salini Impregilo Mobilink Hurontario GP Inc.	213,364	-	-	-	213,364	-	-	-	-	-	213,364
Salini Kolin Cgf Joint Venture	224	-	-	410,568	410,792	-	-	-	-	-	410,792
Salini Malaysia Head Office	30,861	-	237,961	-	268,822	63,834	-	-	-	63,834	204,988
Salini Namibia	16,800	-	-	-	16,800	883,239	-	9,012,697	349	9,896,285	(9,879,485)
Salini Nigeria Ltd	4,404,322	-	76,040,761	-	80,445,083	-	-	-	-	-	80,445,083
Salini Polska Sp.	669,142	-	191,293,001	-	191,962,143	2,275,142	-	472,621	-	2,747,763	189,214,380
Salini Saudi Arabia Company Ltd	3,069,651	-	2,818,355	-	5,888,006	2,487,150	-	123,755	-	2,610,905	3,277,101
Sclafani S.c.r.l.	7,746	-	-	-	7,746	-	-	-	-	-	7,746
SCLC Polihali Diversion Tunnel J.V.	1,859,484	-	-	-	1,859,484	-	-	182	-	182	1,859,302
Sedi scarl	944	-	-	-	944	-	-	-	-	-	944
Segrate	255,241	-	4,000	-	259,241	1,796,392	-	-	-	1,796,392	(1,537,151)
Seli Tunneling	624,775	-	-	-	624,775	12,000	-	-	-	12,000	612,775
SFI leasing	-	-	-	-	-	-	-	-	1,290,081	1,290,081	(1,290,081)
SHIMMICK	36,235,787	-	-	605,238	36,841,025	-	-	-	-	-	36,841,025
Sirjo S.c.p.A.	10,761,801	-	1,630,209	-	12,392,010	19,189,622	-	-	-	19,189,622	(6,797,612)
SLC Snowy Hydro Joint Venure	3,919,115	-	-	-	3,919,115	-	-	100,896,575	-	100,896,575	(96,977,460)
SNFCC	21,973	-	-	2,709,599	2,731,572	-	-	-	-	-	2,731,572
SPV Linea M4 Spa	118,447	23,004,859	-	-	23,123,306	27,000	-	-	-	27,000	23,096,306
Suleja Minna Dualisation	276,888	-	15,129	-	292,017	-	-	-	-	-	292,017
Suropca	-	-	6,578	-	6,578	-	-	843,970	-	843,970	(837,392)
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A	-	-	-	3,095,162	3,095,162	-	-	3,103,327	-	3,103,327	(8,165)
Texas High Speed Rail	5,356,140	-	-	-	5,356,140	-	-	-	-	-	5,356,140
Thessaloniki Metro CW J.V. (AIS JV)	941,772	-	-	-	941,772	-	-	-	-	-	941,772
Todedil scarl	373	-	8,954	-	9,327	-	-	-	-	-	9,327
Tokwe Mukorsi Dam	-	-	-	-	-	2,298	-	-	-	2,298	(2,298)
Western Station JV	157,693	-	-	25,158,139	25,315,832	58,435,182	-	4,433,189	-	62,868,371	(37,552,539)
Yarull	21,191	-	2,735,307	-	2,756,498	-	-	-	84,915	84,915	2,671,583
Yuma	16,796	58,641,061	-	-	58,657,857	-	-	-	-	-	58,657,857

Assets and liabilities at 31 December 2019

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets	Trade payables	Bank and other loans	Current portion of bank loans and current account facilities	Other current liabilities	Total liabilities	Net balance
Total - group companies	**1,116,082,590**	**105,691,236**	**869,504,313**	**85,331,673**	**2,176,609,812**	**1,128,355,484**	**-**	**371,716,285**	**53,452,873**	**1,553,524,642**	**623,085,170**
C. Tiburtino	99,786	-	-	-	99,786	-	-	-	-	-	99,786
Casada S.r.l.	108,388	-	-	-	108,388	80	-	-	-	80	108,308
CEDIV SPA	739,073	-	-	-	739,073	-	-	-	-	-	739,073
Dirlan	76,954	-	-	-	76,954	-	-	-	-	-	76,954
G.A.B.I.RE. Srl	144,888	-	-	-	144,888	-	-	-	-	-	144,888
Galla Placidia	109,666	-	-	-	109,666	-	-	-	-	-	109,666
Imm. Agricola San Vittorino	150,703	-	-	-	150,703	-	-	-	-	-	150,703
Infernetto S.r.l.	23,919	-	-	-	23,919	-	-	-	-	-	23,919
Iniziative Immobiliari	-	-	-	-	-	60,509	-	-	-	60,509	(60,509)
Madonna dei Monti Srl	42,992	-	-	-	42,992	-	-	-	-	-	42,992
Nores	65,506	-	-	-	65,506	-	-	-	-	-	65,506
Plus	95,032	-	-	-	95,032	-	-	-	-	-	95,032
Salini Costruttori	33,938	-	185,175	-	219,113	-	-	-	-	-	219,113
SALINI SIMONPIETRO & C. S.A.P.A.	58,077	-	-	-	58,077	-	-	-	-	-	58,077
Studio Avv. Grazia Volo	-	-	-	-	-	12,188	-	-	-	12,188	(12,188)
Zeis	52,419	-	1,833,416	-	1,885,835	79,464	-	-	-	79,464	1,806,371
Total - other related parties	**1,801,341**	**-**	**2,018,591**	**-**	**3,819,932**	**152,241**	**-**	**-**	**-**	**152,241**	**3,667,691**
Total	**1,117,883,931**	**105,691,236**	**871,522,904**	**85,331,673**	**2,180,429,744**	**1,128,507,725**	**-**	**371,716,285**	**53,452,873**	**1,553,676,883**	**626,752,861**

Revenue and costs for 2019

	Revenue	Other revenue and income	Purchases	Subcontracts	Services	Personnel expense	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
A1F Tuszyn-Pyrzowice	-	460,753	-	-	16,545,399	-	-	-	-	-
Adiyan Water Treatment Plant	-	-	-	-	-	-	-	-	2,310	-
Aegek - Impregilo - Alstom J.V.	4,269	-	-	-	4,269	-	-	-	-	-
Agua AZ	288,906	7,600	-	-	64,601	3,731	-	-	-	-
Al Maktoum International Airport J.V.	-	-	-	-	234	-	-	-	-	-
ANM	-	107,668	-	-	3,135,232	-	-	-	-	-
ARGE T.PF.	-	-	-	-	-	-	-	-	-	29,269
Ariguani	496,800	248,660	-	-	-	-	-	-	732,420	-
Barnard	-	-	-	-	9,986	-	-	-	-	-
Beyond S.r.l.	-	355	-	-	-	-	-	-	1,523	-
Brennero Galleriacque S.c.r.l.	-	228	-	-	-	-	-	-	-	-
Cagliari Capo Boi	-	-	-	-	30,000	-	-	-	-	-
CAVET	84,667	-	-	-	450,585	-	-	-	122,630	65,027
CAVTOMI	80,448	-	-	-	1,561,763	-	4	-	62,831	43,999
CDE	50,902	1,144,465	-	-	29,027,524	-	-	-	48,470	14,576
Cigla	-	-	-	-	-	-	-	-	57,122	-
CIV	36,985	10,316	-	-	-	-	-	-	-	37,697
CMT IS	4,238,683	920,763	-	-	-	-	-	-	1,344,710	-
Co.Ge.Ma.	152,960	60,014	-	-	2,607,979	-	-	-	26,528	10,090
COCIV	341,579	1,271,436	-	-	246,428,656	-	470,308	-	-	3,217,286
Consorcio AMANCAE	-	2,024	-	-	242,371	-	-	-	-	-
Consorcio Constructor Salini Impregilo - Cigla	-	329,146	-	-	183,388	-	-	-	379,748	-
Consorcio Contuy Medio	-	-	-	-	32,296	-	-	-	-	-
Consorcio Grupo Contuy-Proyectos y Ob. De F.	139,929	-	-	-	386,646	-	-	-	-	-
Consorcio OIV-TOCOMA	926,138	-	-	-	1,642,117	-	-	7,971,838	-	-
Consorcio VIT Tocoma	154,148	-	-	-	-	-	-	-	-	-
Consorzio EPC	45,560,905	16,138	-	-	1,490,217	-	-	-	-	-
Consorzio Ferroviario Milanese	-	82,400	-	-	-	-	-	-	-	-
Consorzio Hirpinia	79,525	116,246	-	-	3,126,208	-	-	-	161,322	268,870
Consorzio Iricav Due	-	14,095	-	-	1,833,653	-	-	-	-	-
Consorzio MM4	187,848	940,433	-	-	1,090,923	-	-	-	-	-
Consorzio Trevi - S.G.F. INC per Napoli	-	-	-	-	4,177	-	-	-	-	-
Consorzio VIT Caroni Tocoma	-	-	-	-	1,342,660	-	-	-	-	-
Constr. of Inn. Sout. Expre. (ISEX)	-	-	-	-	-	-	-	-	632	-
Corso del Popolo	20,973	3,888	-	-	-	-	-	-	2,165	-
Corso del Popolo Engineering	17,273	3,356	-	-	-	-	-	-	40,123	-
Cossi Costruzioni S.p.A.	50,000	178,198	-	-	-	-	-	-	78,922	-
CSC	1,857	36,400	-	-	-	-	-	-	2,048	-

Revenue and costs for 2019

	Revenue	Other revenue and income	Purchases	Subcontracts	Services	Personnel expense	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
CSI Simplon Consorzio	-	-	-	-	-	-	-	-	-	7,105
Dev. Engin. infras. to Idu ind. area and Kar res. dist. Ab	-	-	-	-	-	-	-	-	1,434	-
District 1 Development	-	-	-	-	-	-	-	-	398	-
E.R. Impregilo/Dumez y Asociados para Yaciretê	48,678	-	-	-	601,777	-	-	(1,968,709)	636,218	128,097
Eurolink S.c.p.a.	29,631	151,060	-	-	329,812	-	-	-	-	-
Fibe	124,570	237,273	-	-	-	-	-	-	-	-
Fisia - Alkatas J.V.	-	3,800	-	-	-	-	-	-	-	-
Fisia Ambiente S.P.A	19,063	533	-	-	-	-	-	-	-	152,538
FISIA Italimpianti S.p.A	309,225	413,102	-	-	52,314	-	-	-	35,157	109
Fisia Italimpianti succ.Arge.-Acciona Agua succ.Arge - UTE	-	22,300	-	-	-	-	-	-	-	-
Fisia LLC	-	3,800	-	-	-	-	-	-	-	-
Fisia Muhendislik VE Insaat Anonim Sirketi	20,008	8,800	-	-	-	-	-	-	-	-
Forum S.c. a r.l.	-	-	-	-	281,846	-	-	-	-	-
G. W. Trans. to Fed. Cap. Ter. Lot A Dam and Aa. W.	-	-	-	-	-	-	-	-	1,985	-
Galfar Salimp Cimolai JV	15,415	2,478,315	39,456	-	18,745	-	680	-	-	-
Gaziantep Hastane Saglik	-	-	-	-	-	-	-	-	102,201	-
Gaziantep Hastanesi Isletme Ve Bakim Hizmetleri	-	-	-	-	-	-	-	-	8,568	-
Gestione Napoli	-	228	-	-	-	-	-	-	-	21,136
Ghazi JV	-	9,049	-	-	-	-	-	-	-	-
Grupo Empresas Italianas - GEI	75,761	-	-	-	272,692	-	-	-	-	-
GUP CANAL	1,566,163	327,884	-	-	-	-	-	-	-	-
HCE Italia Altre	-	32,749	-	-	-	-	-	-	4,972,651	-
HCE Sede	732,083	1,685,248	-	-	97,200	-	-	-	-	-
Healy Parsons	-	118,837	-	-	-	-	-	-	-	-
I INT IN	-	7,600	-	-	-	-	-	-	310,617	2,149
ICT II	-	280	-	-	-	-	-	-	1,932,979	-
IGL Arabia	611	9,761	-	-	-	-	-	396,972	-	-
IGL-SK-GALFAR	578,023	2,186,723	921	-	19,521	-	-	-	-	-
Impregilo-Healy UTE	1,710,220	160,818	-	-	21,067	-	-	-	-	-
Imprepar	282,956	631,773	-	-	-	-	-	-	-	19,144
IS JV	893,272	-	-	-	12,541	-	-	-	-	-
Isarco S.c.r.l.	85,527	794,859	-	-	22,547,520	-	-	-	-	-
Joint Venture (AIASA JV)	-	100,812	-	-	-	-	-	-	-	-
JV Todini - Akkord - Salini	-	-	-	-	-	-	-	-	224,828	-
JV_IGL_SGF	4,723	75,000	-	-	6,644	-	-	-	-	-
KAYI - Salini - Samsung - JV	-	1,095,849	-	-	-	-	27	-	-	-
Lane Construction Corporation	168,180	444,988	-	-	2,268,949	125,504	21,516	-	58,932	12,649,818
Lane Industries Incorporated	-	30,000	-	-	-	-	-	-	-	-
Lane Mideast Contracting	-	63,624	-	-	-	-	-	-	-	-

Revenue and costs for 2019

	Revenue	Other revenue and income	Purchases	Subcontracts	Services	Personnel expense	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
Libyan LEC	62,904	2,800	-	-	60,158	-	-	-	-	-
Lidco	486	-	-	-	-	-	-	-	20,723	-
Line 3 Metro Stations	487	-	-	-	21,926	-	-	-	-	-
Mazar	-	-	-	-	-	-	2,345	-	-	-
Metro 6	-	17,731	-	-	-	-	-	-	-	-
Metro B s.r.l.	-	853	-	-	-	-	-	-	675	-
Metro B1	35,671	90,503	-	-	468,448	-	-	-	89,391	3,886
Metro Blu	15,000	453,425	-	-	95,221,636	-	-	-	-	-
Metrogenova S.c.r.l.	-	9,646	-	-	-	-	-	-	-	-
Millennium Park	-	-	-	-	-	-	-	-	73	-
Mobilinx Hurontario Contractor	-	33,466	-	-	-	-	-	-	-	-
Mosconi S.r.l.	2,243	3,167	-	-	-	-	-	-	-	-
Napoli Cancello Alta Velocità S.c.r.l.	80,064	2,720,459	-	-	23,209,314	-	-	-	42,423	375,490
New Cros	-	6,400	-	-	-	-	-	-	19,191	-
Nigeria Cultural Centre and Mill. Tower	-	-	-	-	-	-	-	-	27,175	-
Passante di Mestre S.c.p.A.	414	3,118	-	-	-	-	-	-	-	-
Passante Dorico S.p.A.	15,555	3,713	-	-	-	-	-	-	-	-
Pedelombarda S.c.p.a.	47,220	432	-	-	419,100	-	15,664	-	-	-
Pergenova	192,195	310,990	-	-	58,036,887	-	-	-	-	-
PGH Ltd	-	-	-	-	-	-	-	-	100,676	-
Piscine dello Stadio	17,582	3,535	-	-	-	-	-	-	-	-
Piscine dello Stadio scrl	6,659	1,208	-	-	-	-	-	-	-	-
Puentes	3,671	-	-	-	-	-	-	-	-	-
RC Scilla	23,860	3,513	-	-	279,238	-	-	-	-	-
Rimati	-	5,517	-	-	8,035	-	-	-	-	-
Rivigo	-	7,868	-	-	-	-	-	-	-	-
S.Agata	14,340	1,260,028	-	-	16,505,788	-	-	-	17,264	154,135
S3 - Nowa Sol	-	529,097	-	-	6,076,041	-	-	-	-	-
S7 - Checiny	-	920,651	-	-	21,569,610	-	-	-	-	-
S8 - Marki - Radzymin	-	134,539	-	-	920,280	-	-	-	-	-
SA.PI. NOR Salini Impregilo - Pizzarotti J.V.	-	1,163,466	-	-	-	-	-	-	-	-
SA_RC	24,418	6,133	-	-	346,038	-	-	-	-	-
Sabrom	22,123	3,588	-	-	-	-	-	-	298,077	-
Salini Impregilo - NGE Genie Civil S.a.s	1,701,362	1,804,844	-	-	10,962	-	-	-	-	-
Salimp Cleveland	-	12,600	-	-	-	-	-	-	-	-
Salini Australia	-	21,030	-	-	106,201	411,200	12,653	-	73,180	-
Salini Impregilo - Healy J.V. NEBT	3,000	124,620	-	-	-	-	-	-	-	-
Salini Impregilo - Kolin	4,138,431	-	-	-	-	-	-	-	-	-
Salini Impregilo - NRW Joint Venture	-	4,100,315	2,994	-	25,901	11,798	-	-	-	-
Salini Impregilo Tristar	-	-	-	-	642,430	-	193	-	-	-

Revenue and costs for 2019

	Revenue	Other revenue and income	Purchases	Subcontracts	Services	Personnel expense	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
Salini Impregilo Canada Holding Inc.	-	40,715	-	-	-	-	-	-	-	-
Salini Impregilo Civil Works	-	4,455	-	-	-	-	-	-	-	-
Salini Impregilo Mobilink Hurontario GP Inc.	-	78,193	-	-	-	-	-	-	-	-
Salini Ins.Taah.San.Ve Tik. Anonim Sirketi	-	-	-	-	-	-	-	-	27,003	-
Salini Kolin Cgf Joint Venture	190	23,000	-	-	-	-	-	-	-	-
Salini Malaysia Head Office	-	101,014	-	-	19,143	51,228	-	-	355,404	158,207
Salini Namibia	1,895,052	1,209,540	-	-	3,600	66,256	4,348	-	680,395	28,665
Salini Nigeria Ltd	2,942,822	24,266	-	-	-	-	-	-	3,435,792	-
Salini Polska Sp.	67,163	40,377	-	-	-	1,147,887	-	-	3,578,749	-
Salini Saudi Arabia Company Ltd	16,926	6,288,007	-	-	1,880,137	-	-	-	-	49,351
SCLC Polihali Diversion Tunnel J.V.	-	1,028,948	-	-	-	-	-	-	-	-
Segrate	250,000	242,738	-	-	6,738,518	-	-	-	4,000	-
SFI leasing	407,990	-	-	-	1,213,276	-	-	-	-	-
SHIMMICK	39,251,797	-	-	-	38,006,312	-	-	-	-	-
Sirjo S.c.p.A.	-	498,198	-	-	4,151,434	-	-	-	29,918	-
SLC Snowy Hydro Joint Venure	3,558,640	16,512,283	-	-	-	-	-	-	-	896,575
SNFCC	4,250	38,624	-	-	-	-	-	-	-	-
South Al Mutlaa Joint Venture	-	-	-	-	103,711	-	-	-	-	12,651
SPV Linea M4 Spa	-	213,722	-	-	48,744	-	-	-	1,195,943	-
Suleja Minna Dualisation	-	-	-	-	-	-	-	-	719	-
Suropca	-	-	-	-	-	-	-	-	-	24,686
TB Metro in liquidazione	7,207	3,126	-	-	-	-	-	12,453	26,339	310
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A	-	-	-	-	1,611,553	-	-	-	-	-
Texas High Speed Rail	-	5,356,140	-	-	-	-	-	-	-	-
Thessaloniki Metro CW J.V. (AIS JV)	865,781	573,000	-	-	-	-	-	-	-	-
Todedil scarl	-	230	-	-	-	-	-	-	-	-
Trincerone Ferroviario	-	-	-	-	-	-	-	-	115	-
Western Station JV	-	1,500,447	-	42,436,492	-	-	-	-	-	719,340
Yarull	-	5,600	-	-	-	-	-	-	5,463	-
Yuma	232,562	-	-	-	-	-	-	-	4,965,334	9,400,000
Total - group companies	**115,486,969**	**64,591,525**	**43,371**	**42,436,492**	**615,475,933**	**1,817,604**	**527,738**	**6,412,554**	**26,343,494**	**28,490,206**
C. Tiburtino	16,902	2,898	-	-	-	-	-	-	-	-
Casada S.r.l.	16,068	3,007	-	-	80	-	-	-	2,641	-
CEDIV SPA	17,273	1,754	-	-	-	-	-	-	-	-
Dirlan	25,358	3,126	-	-	-	-	-	-	-	-
G.A.B.I.RE. Srl	18,966	3,381	-	-	-	-	-	-	-	-
Galla Placidia	23,522	3,661	-	-	-	-	-	-	-	-
Imm. Agricola San Vittorino	15,790	3,126	-	-	-	-	-	-	-	-
Infernetto S.r.l.	9,224	3,126	-	-	-	-	-	-	-	-
Iniziative Immobiliari	-	-	-	-	1,062,000	-	-	-	-	-

Revenue and costs for 2019

	Revenue	Other revenue and income	Purchases	Subcontracts	Services	Personnel expense	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
Madonna dei Monti Srl	15,636	3,126	-	-	60,592	-	-	-	-	-
Nores	7,720	3,087	-	-	-	-	-	-	-	-
Plus	33,697	3,941	-	-	-	-	-	-	-	-
Salini Costruttori	129,996	11,194	-	-	-	-	-	-	3,261	15,638
SALINI SIMONPIETRO & C. S.A.P.A.	14,394	-	-	-	-	-	-	-	-	-
Studio Avv. Grazia Volo	-	-	-	-	31,200	-	-	-	-	-
Zeis	119,419	105,753	-	-	39,732	-	-	-	52,390	-
Total - other related parties	**463,965**	**151,180**	**-**	**-**	**1,193,604**	**-**	**-**	**-**	**58,292**	**15,638**
Total	**115,950,934**	**64,742,705**	**43,371**	**42,436,492**	**616,669,537**	**1,817,604**	**527,738**	**6,412,554**	**26,401,786**	**28,505,844**

Separate financial statements of Salini Impregilo – Equity investments

Equity investments at 31 December 2019 - Salini Impregilo S.p.A.

Name	% invest-ment	Registered office	Amount Salini Igl S.p.A 1.1.2019 (€)	Increases in the year	No.	Decreases in the year	No.	Amount Salini Igl S.p.A 31.12.2019 (€)	Share of equity	Diff. between invest., net of uncalled up share/quota capital, and equity	Date of equity
SUBSIDIARIES											
Beyond S.r.l.	100.000	Italy	-	10,000	A			10,000	-	-	n.a.
Consorzio C.A.V.E.T. - Consorzio Alta Velocità Emilia/Toscana	75.983	Italy	4,116,951	3,453	O	(1,134)	N	4,119,271	4,119,270	(1)	31/12/2019
Consorzio Alta Velocità Torino/Milano - C.A.V.TO.MI.	74.690	Italy	3,731,592	2,908	O	(266)	N	3,734,234	3,731,993	(2,241)	31/12/2019
Construtora Impregilo y Associados S.A.-CIGLA S.A.	100.000	Brazil	-					-	(553,273)	(553,273)	31/12/2018
Collegamenti Integrati Veloci C.I.V. S.p.A.	85.000	Italy	12,940,477					12,940,477	10,435,028	(2,505,450)	31/12/2018
Consorzio Cociv	64.000	Italy	330,532					330,532	330,532	-	31/12/2018
Constructora Ariguani SAS En Reorganizacion	100.000	Colombia	-					-	(12,999)	(12,999)	31/12/2018
Constructora Mazar Impregilo-Herdoiza Crespo	70.000	Ecuador	-					-	-	-	n.a.
Gestione Napoli S.r.l. (in liq.)	24.000	Italy	-					-	(22,065)	(22,065)	31/12/2018
Grupo ICT II SAS	100.000	Colombia	1,047,511			(912,066)	N	135,445	10,828	(124,617)	31/12/2018
HCE Costruzioni Ukraine LLC	1.000	Ukraine	100			(100)	N	-	3	4	31/12/2019
Consorcio Impregilo Yarull	70.000	Dom. Republic	-					-	(128,366)	(128,366)	31/12/2019
Consorzio Libyan Expressway Contractor	58.000	Italy	5,800					5,800	5,800	-	31/12/2019
PGH Ltd	100.000	Nigeria	-					-	762	762	31/12/2016
Reggio Calabria - Scilla S.c.p.a. (in liq.)	51.000	Italy	17,850,000					17,850,000	17,850,000	-	31/12/2018
Salini Polska - Todini - Salini Impregilo - Pribex - S8 JV	71.240	Poland	-					-	-	-	n.a.
Salini Polska - Todini - Salini Impregilo - Pribex - S3 JV	71.240	Poland	-					-	-	-	n.a.
Salerno-Reggio Calabria S.c.p.a. (in liq.)	51.000	Italy	25,500,000					25,500,000	25,500,000	-	31/12/2018
Salini Australia PTY L.t.d.	100.000	Australia	-					-	2,012,151	2,012,151	31/12/2017
Salini Impregilo - Duha Joint Venture	75.000	Slovakia	-					-	-	-	n.a.
Salini Impregilo - Salini Insaat - NTF J.V. (in liq.)	55.000	Turkey	-					-	(281,110)	(281,110)	31/12/2018
Salini Namibia Proprietary L.t.d.	100.000	Namibia	358					358	10,749,451	10,749,093	31/12/2018
S. Anna Palermo S.c.r.l. (in liq.)	71.600	Italy	-					-	29,583	29,583	31/12/2017
TM-Salini Consortium	90.000	Malaysia	-					-	-	-	n.a.
Metro B S.r.l.	52.520	Italy	1,291,856	97,162	D			1,389,018	10,269,506	8,880,488	31/12/2018
Metro B1 S.c.a.r.l.	80.700	Italy	1,952,940					1,952,940	1,952,940	-	31/12/2018
RI.MA.TI. S.c.a.r.l. (in liq.)	83.420	Italy	699,420					699,420	83,420	(616,000)	31/12/2017
Copenaghen Metro Team I/S	99.989	Denmark	14,537,948			(5,265,276)	N	9,272,673	2,426	(9,270,247)	31/12/2018
Salini Insaat Taahhut Sanayi Ve Ticaret Anonim Sirketi	100.000	Turkey	-					-	(754,848)	(754,848)	31/12/2017
Salini-Kolin-GCF Joint Venture	38.000	Turkey	-					-	627	627	31/12/2018
SA.PI. NOR Salini Impregilo - Pizzarotti J.V.	51.000	Norway	-					-	-	-	n.a.
Todini Akkord Salini	25.000	Ukraine	811,120			(47,903)	N	763,217	(293)	(763,509)	31/12/2018
SCI ADI Ortakligi	50.000	Turkey	-					-	-	-	n.a.
CDE S.c.a.r.l.	60.000	Italy	6,000					6,000	-	-	31/12/2018
CSC Impresa Costruzioni S.A.	100.000	Switzerland	9,521,592					9,521,592	9,733,684	212,092	31/12/2018

Name	% invest-ment	Registered office	Amount Salini Igl S.p.A 1.1.2019 (€)	Increases in the year	No.	Decreases in the year	No.	Amount Salini Igl S.p.A 31.12.2019 (€)	Share of equity	Diff. between invest., net of uncalled up share/quota capital, and equity	Date of equity
Cossi Costruzioni S.p.A.	63.500	Italy	-	4,602,117	A			4,602,117			31/12/2018
Fibe S.p.A.	99.989	Italy	35,816,888			(8,228,146)	N	27,588,742	35,812,949	8,224,207	31/12/2018
Fisia Italimpianti S.p.A.	100.000	Italy	40,219,435	6,000,000	O			46,219,435	3,808,169	(42,411,266)	31/12/2018
Fisia Ambiente S.p.A.	100.000	Italy	21,580,565					21,580,565	42,250,441	20,669,876	31/12/2018
I.L.IM. - Iniziative Lombarde Immobiliari S.r.l. (in liq.)	100.000	Italy	-					-	-	-	n.a.
Impregilo International Infrastructures N.V.	-	Netherlands	133,100,000	36,900,000	G	(170,000,000)	G	-	-	-	31/12/2017
Impregilo Lidco Libya Co	60.000	Libya	849,501			(68,741)	N	780,760	1,279,242	498,482	31/12/2017
Imprepar-Impregilo Partecipazioni S.p.A.	100.000	Italy	45,941,191					45,941,191	45,783,198	(157,993)	31/12/2018
Società Autostrada Broni - Mortara S.p.A.	60.000	Italy	15,250,666			(292,822)	N	14,957,844	15,250,157	292,313	31/12/2018
Suramericana de Obras Publicas C.A.- Suropca C.A.	99.000	Venezuela	788,614					788,614	846,103	57,488	31/12/2018
Compagnia Gestione Macchinari CO.GE.MA. S.p.A.	100.000	Italy	2,059,428					2,059,428	4,918,871	2,859,443	31/12/2018
TB Metro S.r.l. (in liq.)	51.000	Italy	35,754					35,754	(820,691)	(856,445)	31/12/2017
HCE Costruzioni S.p.A.	100.000	Italy	11,698,803	34,651,702	L	(46,350,505)	L	-	11,698,803	11,698,803	31/12/2018
Salini Impregilo - US Holdings Inc.	100.000	USA	468,351,670					468,351,670	-	-	n.a.
Salini Polska L.t.d. Liability Co	100.000	Poland	-					-	(9,260,706)	(9,260,706)	31/12/2018
Salini Saudi Arabia Company L.t.d.	51.000	Saudi Arabia	3,795,079					3,795,079	17,668,945	13,873,867	31/12/2016
Salini Malaysia SDN BHD	90.000	Malaysia	610,468					610,468	7,774,689	7,164,221	31/12/2019
SLC Snowy Hydro Joint Venure	64.990	Australia	-					-	-	-	n.a.
Salini Nigeria L.t.d.	99.000	Nigeria	-					-	10,973	10,973	31/12/2018
Salini Impregilo S.p.A. - The Lane Construction Co. - Jose J Chediack S.A. UTE	73.000	Argentina	669,470					669,470	177,715,246	177,045,776	31/12/2016
IS Joint Ventures	50.000	Australia	-					-	(7,151,321)	(7,151,321)	31/12/2017
Empresa Constructora Angostura Ltda	65.000	Chile	2,341,762	21,671,338	H	(24,013,100)	H	-	-	-	n.a.
Empresa Constructora Metro 6 L..t.d.a.	99.900	Chile	5,036,996	1,353,154	N			6,390,150	2,345,614	(4,044,536)	31/12/2018
Joint Venture Impregilo S.p.A. - S.G.F. INC S.p.A.	100.000	Greece	-					-	-	-	n.a.
Impregilo-Terna SNFCC J.V.	51.000	Greece	51,000					51,000	3,331,136	3,280,136	31/12/2018
A1 Motorway Tuszyn-Pyrzowice lot F Joint Venture	94.990	Poland	-					-	-	-	n.a.
Salini Polska - Todini - Salini Impregilo - S7 JV	74.990	Poland	-					-	-	-	n.a.
Generalny Wykonawca Salini Polska - Impregilo - Kobylarnia S.A.	33.340	Poland	-					-	-	-	n.a.
Impregilo-SK E&C-Galfar al Misnad J.V.	41.250	Qatar	-					-	6,821,628	6,821,628	31/12/2018
Galfar - Salini Impregilo - Cimolai J.V.	40.000	Qatar	-					-	(14,225,367)	(14,225,367)	31/12/2018
Salini Impregilo - Healy J.V. (Tunnel 3RPORT Indiana)	30.000	USA	1,310,044	2,887,050	D			4,197,094	-	-	n.a.
Thessaloniki Metro CW J.V. (AIS JV)	50.000	Greece	1,002,420	1,000,000	O	(1,000,000)	N	1,002,420	-	-	n.a.
CSI Simplon Consorzio	0.010	Switzerland	-					-	-	-	n.a.
Western Station J.V,	51.000	Saudi Arabia	-					-	8,036,779	8,036,779	31/12/2016
C43 Water Management Builders	30.000	USA	-					-	-	-	n.a.
Texas High Speed Rail	50.000	USA	-					-	-	-	n.a.
Salini Impregilo Canada Holding Inc.	100.000	Canada	-					-	-	-	n.a.
INC - Il Nuovo Castoro Algerie S.a.r.l.	99.983	Algeria	-					-	(6,831,943)	(6,831,943)	31/12/2018

Name	% invest- ment	Registered office	Amount Salini Igl S.p.A 1.1.2019 (€)	Increases in the year	No.	Decreases in the year	No.	Amount Salini Igl S.p.A 31.12.2019 (€)	Share of equity	Diff. between invest., net of uncalled up share/quota capital, and equity	Date of equity
Salini - Impregilo Joint Venture for Mukorsi	99.900	Zimbabwe	7,625	512,192	L	(519,817)	S	-	-	-	n.a.
Salini Impregilo - Tristar	60.000	United Arab Emirates	-					-	-	-	n.a.
Salini Impregilo - Healy J.V. (Cleveland)	60.000	USA	-					-	-	-	n.a.
Salini Impregilo - Healy J.V. NEBT	30.000	USA	-					-	-	-	n.a.
Consorcio Constructor Salini Impregilo - Cigla (florianopolis)	60.000	Brazil	-					-	905,580	905,580	31/12/2017
Salini Impregilo - NRW Joint Venture	80.000	Australia	-					-	927,460	927,460	31/12/2016
S. Agata FS S.c.r.l.	60.000	Italy	12,000					12,000	-	-	31/12/2018
Equity investments - Subsidiaries			**884,873,576**	**109,691,076**		**(256,699,876)**		**737,864,778**			
ASSOCIATES											
Aguas del Gran Buenos Aires S.A. (in liq.)	16.504	Argentina	-	18,821	O	(18,821)	N	-	(18,730)	(18,730)	31/12/2017
Coincar S.A.	26.250	Argentina	-	7,124,697	H	(7,124,697)	H	-	-	-	n.a.
Consorzio EPC	18.250	Peru	-					-	-	-	n.a.
Eurolink S.c.p.a.	45.000	Italy	16,875,000					16,875,000	67,500,000	50,625,000	31/12/2018
Gaziantep Hastanesi Isletme Ve Bakim Hizmetleri	50.000	Turkey	687,419					687,419	44,835	(642,584)	31/12/2017
Impresit Bakolori Plc	50.707	Nigeria	-					-	-	-	n.a.
Consorzio Iricav Due	34.090	Italy	175,566					175,566	176,060	494	31/12/2018
Isarco S.c.r.l.	41.000	Italy	41,000					41,000	41,000	-	31/12/2018
Metrogenova S.c.r.l.	35.627	Italy	8,257					8,257	9,200	943	31/12/2013
Consorzio MM4	32.135	Italy	64,270					64,270	64,270	-	31/12/2018
Pedelombarda S.c.p.a.	47.000	Italy	2,350,000					2,350,000	2,350,000	-	31/12/2018
Puentes del Litoral S.A. (in liq.)	22.000	Argentina	-					-	(4,476,056)	(4,476,056)	31/12/2016
Sirjo S.c.p.A.	40.000	Italy	3,000,000					3,000,000	3,000,000	-	31/12/2017
Consorzio Trevi - S.G.F. INC per Napoli	45.000	Italy	4,500					4,500	4,500	-	31/12/2016
VE.CO. S.c.r.l.	25.000	Italy	2,582					2,582	-	-	n.a.
Forum S.c.r.l.	20.000	Italy	10,329					10,329	10,329	-	31/12/2016
S. Ruffillo S.c.r.l.	35.000	Italy	21,000					21,000	21,000	-	31/12/2016
Grupo Unidos Por El Canal S.A.	48.000	Panama	363,126,223	143,116,520	D-Q	(9,703,000)	N	496,539,743	(247,096,147)	(743,635,889)	31/12/2016
Impregilo Arabia Ltd	50.000	Saudi Arabia	5,910,861	703,473	D	(4,821,378)	N	1,792,956	-	-	n.a.
Metro de Lima Linea 2 S.A.	18.250	Peru	18,481,628					18,481,628	-	-	n.a.
Passante Dorico S.p.A.	47.000	Italy	2,737,572					2,737,572	11,197,572	8,460,000	31/12/2017
SPV Linea M4 S.p.A.	9.634	Italy	18,667,600	3,643,200	D			22,310,800	-	-	n.a.
Yuma Concessionaria S.A.	40.000	Colombia	1,805,551					1,805,551	8,808	(1,796,743)	31/12/2017
Aegek-Impregilo-Aslom J.V.	45.800	Greece	-					-	-	-	n.a.
Joint Venture Aktor Ate - Impregilo S.p.A. (Constantinos)	40.000	Greece	-					-	-	-	31/12/2018
Line 3 Metro Stations	50.000	Greece	-					-	-	-	n.a.
Joint Venture Terna - Impregilo	45.000	Greece	-					-	2,939,193	2,939,193	31/12/2018
Joint Venture Aegek-Impregilo-Ansaldo-Seli-Ansaldobreda (AIASA JV)	26.700	Greece	-					-	(161,382)	(161,382)	31/12/2018
Barnard Impregilo Healy J.V.	25.000	USA	-					-	1,093,375	1,093,375	30/06/2016
SFI Leasing Company	30.000	USA	-					-	-	-	n.a.

Name	% invest-ment	Registered office	Amount Salini Igl S.p.A 1.1.2019 (€)	Increases in the year	No.	Decreases in the year	No.	Amount Salini Igl S.p.A 31.12.2019 (€)	Share of equity	Diff. between invest., net of uncalled up share/quota capital, and equity	Date of equity
Shimmick CO. INC. - FCC CO S.A. - Impregilo S.p.A -J.V.	30.000	USA	-					-	1,072,309	1,072,309	31/12/2013
Consorcio OIV-TOCOMA	40.000	Venezuela	-					-	(240,485)	(240,485)	31/12/2015
Equity investments - Associates			**433,969,358**	**154,606,711**		**(21,667,896)**		**566,908,173**			
OTHER COMPANIES											
Consorzio Nazionale Imballaggi - CO.NA.I.	1.000	Italy	5					5	-	-	n.a.
Markland S.r.l. (in liq.)	1.900	Italy	1,269					1,269	-	-	n.a.
Salini Impregilo Bin Omran J.V.	50.000	Qatar	-					-	-	-	n.a.
Tangenziale Esterna S.p.A.	0.001	Italy	100					100	-	-	n.a.
Todini-Impregilo Almaty Khorgos J.V.	0.010	Kazakhstan	-					-	-	-	n.a.
Istituto per lo Sviluppo Edilizio ed Urbanistico - ISVEUR S.p.A. (in liq.)	1.000	Italy	34,086					34,086	-	-	n.a.
Emittenti Titoli S.p.A. (in liq.)	0.244	Italy	10,832					10,832	-	-	n.a.
Italian Exhibition Group S.p.A.	1.692	Italy	1,460,552	1,664,638	H	(3,125,189)	H	-	-	-	n.a.
Joint Venture Aktor S.A. - Impregilo S.p.A.	0.100	Greece	-					-	-	-	n.a.
Arriyad New Mobility Consortium	33.480	Saudi Arabia	-					-	-	-	31/12/2018
Civil Works Joint Ventures	52.000	Saudi Arabia	-					-	20,056,506	20,056,506	31/12/2018
Ghazi-Barotha Contractors J.V.	57.800	Pakistan	-					-	(258,490,229)	(258,490,229)	31/12/2018
Riyadh Metro Line 3	66.000	Saudi Arabia	-					-	-	-	n.a.
Consorcio Amancae	40.000	Peru	-					-	-	-	n.a.
Tristar Salini Joint Venture	40.000	United Arab Emirates	-					-	-	-	n.a.
Arge Tulfes Pfons	49.000	Austria	-					-	10,427,032	10,427,032	31/12/2018
Consorzio Constructor M2 Lima	25.500	Peru	-					-	32,708	32,708	31/12/2018
CMC - Mavundla - Impregilo J.V.	39.200	South Africa	-					-	17,888,123	17,888,123	31/12/2016
Impregilo-Healy-Parsons J.V.	45.000	USA	-					-	-	-	n.a.
Consorcio Contuy Medio Grupo A C.I. S.p.A. Ghella Sogene C.A., Otaola C.A.	36.400	Venezuela	-					-	37,806	37,806	31/12/2015
NGE Genie Civil S.a.s. - Salini Impregilo S.p.A.	50.000	France	2,500			(2,500)		-	-	-	n.a.
Kayi Salini Samsung Joint Venture	33.000	Turkey	-					-	125,579	125,579	31/12/2018
South Al Mutlaa J.V.	55.000	Kuwait	-					-	1,287,764	1,287,764	31/12/2018
Consorcio Grupo Contuy-Proyectos y Obras de Ferrocarriles	33.329	Venezuela	-					-	(24,584)	(24,584)	31/12/2014
Consorcio Contuy Medio	29.040	Venezuela	-					-	-	-	n.a.
E.R. Impregilo/Dumez y Asociados para Yaciretê - ERIDAY	18.750	Argentina	-					-	-	-	n.a.
Salini Strabag Joint Ventures	50.000	Guinea	-					-	-	-	n.a.
Consorcio Normetro	13.180	Portugal	-					-	-	-	n.a.
Consorzio Hirpinia AV	60.000	Italy	-	6,000	A			6,000	-	-	n.a.
Metro Blu S.c.r.l.	50.000	Italy	5,000					5,000	5,000	-	31/12/2018
Napoli Cancello Alta Velocità S.c.r.l.	60.000	Italy	6,000					6,000	-	-	31/12/2018
Segrate S.c.r.l.	35.000	Italy	3,500					3,500	-	-	n.a.
Gaziantep Hastane Sanglik Hizmetleri Isletme Yatrim Joint Stock Company	24.500	Turkey	3,736,940	4,258,434	D			7,995,374	3,718,442	(4,276,932)	31/12/2017
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A.-Iglys S.A. UTE	26.250	Argentina	3,944					3,944	3,536,990	3,533,045	30/11/2016
Grupo Empresas Italianas - GEI	33.333	Venezuela	-					-	749	749	31/12/2014

Name	% investment	Registered office	Amount Salini Igl S.p.A 1.1.2019 (€)	Increases in the year	No.	Decreases in the year	No.	Amount Salini Igl S.p.A 31.12.2019 (€)	Share of equity	Diff. between invest., net of uncalled up share/quota capital, and equity	Date of equity
Consorcio V.I.T. Caroni - Tocoma	35.000	Venezuela	-					-	(1,329,756)	(1,329,756)	31/12/2016
Consorcio V.I.T. - Tocoma	35.000	Venezuela	-					-	239,199	239,199	31/05/2016
Consorcio V.S.T. Tocoma	30.000	Venezuela	-					-	85	85	31/01/2016
PerGenova S.c.p.a.	50.000	Italy	25,000	475,000	D			500,000	-	-	n.a.
J.V. Salini Impregilo - Doprastav	50.000	Czech Rep.							-	-	n.a.
JV Salini - Secol	80.000	Romania	-					-	-	-	n.a.
Total - Other companies			**5,289,728**	**6,404,072**		**(3,127,689)**		**8,566,111**			
Total equity investments			**1,324,132,662**	**270,701,859**		**(281,495,461)**		**1,313,339,062**			

Summary of variations in equity investments			
€			
Incorporations and subscriptions	A	4,618,117	
Acquisitions and increases in investments	B		
Transfer	C		
Capital increases	D	147,374,691	
Capital injections for capital increases	E		
Reimbursement of share/quota capital	F		
Intragroup sales	G	36,900,000	(170,000,000)
Sales to third parties	H	30,460,672	(34,262,986)
Liquidation	I		
Reclassifications due to change in investment % or other changes	L	34,651,702	(46,870,322)
Reversals of impairment losses to the extent of previously recognised impairment losses	M		
Impairment losses	N	1,353,154	(30,359,652)
Reconstitution of share/quota capital to cover losses	O	7,025,182	
Revaluations	P		
Exchange gains (losses)	Q	7,806,149	
Decrease/increase due to mergers	R		(2,500)
Reclassifications of equity investments with a negative carrying amount	S	512,192	
PPA valuation	T		
Total		**270,701,859**	**(281,495,461)**

Equity investments at 31 December 2019 - Salini Impregilo S.p.A.

Name	% invest-ment	Registered office	Amount Salini Igl S.p.A. 1.1.2018 (€)	Increases in the year	No.	Decreases in the year	No.	Amount Salini Igl S.p.A. 31.12.2019 (€)	Share of of equity	Diff. between invest., net of uncalled up share/quota capital, and equity	Date of equity
SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES - CONSOLIDATED, WITH NEGATIVE CARRYING AMOUNT											
Aguas del Gran Buenos Aires S.A. (in liq.)	16.504	Argentina	-	18,821	O	(36,419)	N	(17,598)	(18,730)	(18,730)	31/12/2017
Construtora Impregilo y Associados S.A.-CIGLA S.A.	100.000	Brazil	(1,473,911)			(1,066,258)	N	(2,540,169)	(553,273)	(553,273)	31/12/2018
Constructora Ariguani SAS En Reorganizacion	100.000	Colombia	(12,999,053)					(12,999,053)	(12,999)	(12,999)	31/12/2018
Empresa Constructora Angostura Ltda	65.000	Chile	-					-	-	-	n.a.
Empresa Constructora Metro 6 L..t.d.a.	99.900	Chile	-					-	2,345,614	(4,044,536)	31/12/2018
Grupo ICT II SAS	100.000	Colombia	-					-	10,828	(124,617)	31/12/2018
Grupo Unidos Por El Canal S.A.	48.000	Panama	(1)					(1)	(247,096,147)	(743,635,889)	31/12/2016
HCE Costruzioni S.p.A.	100.000	Italy	-	11,698,803	L	(13,000,000)	N	(1,301,197)	11,698,803	11,698,803	31/12/2018
HCE Costruzioni Ukraine LLC	1.000	Ukraine	-			(6,820)	N	(6,820)	3	4	31/12/2019
Impregilo Arabia Ltd	50.000	Saudi Arabia	(1,540,421)			(230,498)	N	(1,770,919)	-	-	n.a.
INC - Il Nuovo Castoro Algerie S.a.r.l.	99.983	Algeria	(5,276,390)			(1,030,664)	N	(6,307,054)	(6,831,943)	(6,831,943)	31/12/2018
Joint Venture Impregilo S.p.A. - S.G.F. INC S.p.A.	100.000	Greece	(17,972)					(17,972)	-	-	n.a.
PGH Ltd	100.000	Nigeria	(1,007,937)			(650,497)	N	(1,658,434)	762	762	31/12/2016
Salini Australia PTY L.t.d.	100.000	Australia	(2,696,470)	4,748,192	O	(2,347,866)	N	(296,144)	2,012,151	2,012,151	31/12/2017
Salini-Kolin-GCF Joint Venture	38.000	Turkey	-			(126,064)	N	(126,064)	627	627	31/12/2018
Salini India Private L.t.d. (in liq.)	95.000	India	-					-	-	-	n.a.
Salini Impregilo - Salini Insaat - NTF J.V. (in liq.)	55.000	Turkey	(1,402,228)	1,403,647	O	(1,419)	N	-	(281,110)	(281,110)	31/12/2018
Salini Insaat Taahhut Sanayi Ve Ticaret Anonim Sirketi	100.000	Turkey	(526,131)	655,751	O	(129,620)	N	-	(754,848)	(754,848)	31/12/2017
Salini - Impregilo Joint Venture for Mukorsi	99.900	Zimbabwe	-					-	-	-	n.a.
Salini Polska L.t.d. Liability Co	100.000	Poland	(9,263,692)	9,929,111	O	(2,958,058)	N	(2,292,639)	(9,260,706)	(9,260,706)	31/12/2018
Salini Impregilo - Kolin	50.010	Turkey	-			(165,907)	N	(165,907)	-	-	n.a.
Total investments in subsidiaries, associates and jointly controlled entities - consolidated, with negative carrying amount			**(36,204,206)**	**28,454,325**		**(21,750,090)**		**(29,499,971)**			

Summary of variations in equity investments

€

Incorporations and subscriptions	A				
Acquisitions and increases in investments	B				
Transfers	C				
Capital increases	D				
Capital injections for capital increases	E				
Reimbursement of share/quota capital	F				
Intragroup sales	G				
Sales to third parties	H				
Liquidation	I			108,484	
Reclassifications due to change in investment % or other changes	L			28,578,424	
Reversals of impairment losses to the extent of previously recognised impairment	M				
Impairment losses	N				(24,996,859)
Reconstitution of share/quota capital to cover losses	O			6,518,275	
Revaluations	P			83,092	
Merger	Q				
Cancellations due to mergers	R				
Reclassifications of equity investments with a negative carrying amount	S				
PPA valuation	T				
Total				**35,288,276**	**(24,996,859)**

Statement on the separate financial statements

pursuant to article 81-ter of Consob regulation no. 11971 of 14 May 1999 and subsequent amendments and integrations

1 Pietro Salini, as chief executive officer, and Massimo Ferrari, as manager in charge of financial reporting, of Salini Impregilo S.p.A., considering the provisions of article 154-bis.3/4 of Legislative decree no. 58 of 24 February 1998, state:

- that the administrative and accounting procedures are adequate given the company's characteristics; and
- that they were actually applied during the year to prepare the separate financial statements.

2 No significant issues arose.

3 Moreover, they state that:

3.1 The separate financial statements:

a) have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002;

b) are consistent with the accounting records and entries;

c) are suitable to give a true and fair view of the financial position and results of operations of the Issuer.

3.2 The Directors' report includes a reliable analysis of the financial position and results of operations of the Issuer, together with information about the main risks and uncertainties to which it is exposed.

Milan, 11 March 2020

Chief executive officer	Manager in charge of financial reporting
Pietro Salini	Massimo Ferrari
(signed on the original)	(signed on the original)

Reports

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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Salini Impregilo S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Salini Impregilo Group (the "group"), which comprise the statement of financial position as at 31 December 2019, the statements of profit or loss, other comprehensive income, cash flows and changes in equity for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Salini Impregilo Group as at 31 December 2019 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Salini Impregilo S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Current and prospective analysis of the 2020 cash flows

Notes to the consolidated financial statements: notes 1 "Basis of preparation", 20 "Cash and cash equivalents", 23 "Bank and other loans, current portion of bank loans and current account facilities", 33 "Financial instruments and risk management" and 42 "Events after the reporting date"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2019 show financial debt of €2,270.1 million and net financial indebtedness of €631.4 million. Net financial indebtedness decreased by €228.2 million during 2019, mainly due to the proceeds of €600 million from the capital increase carried out on 12 November 2019. Forecasting cash flows, which is carried out also to confirm the group's ability to continue as a going concern, requires complex estimates, also considering the characteristics of the group's sector and the risk and uncertainty factors to which the group is exposed. By their very nature, these estimates are also based on assumptions about external events that are outside management's sphere of influence. Following the health emergency caused by the outbreak of the coronavirus (Covid-19), forecasting cash flows has become even more complex. Considering the above, we believe that the current and prospective analysis of the 2020 cash flows is a key audit matter.	Our audit procedures included: — understanding the process adopted by the group to prepare the 2020 budget and to estimate expected cash flows; — checking any discrepancies between the actual and forecast figures, in order to assess the reasonableness of the estimation process; — analysing the forecast cash flows for 2020 and the key underlying assumptions; — analysing the events after the reporting date that provide information useful for an assessment of the group's financial position; — assessing the appropriateness of the disclosures provided in the notes about the directors' use of the going concern basis of accounting; — assessing the appropriateness of the disclosures provided in the annual report about the events after the reporting date.

Estimate of the recoverable amount of assets relating to projects carried out in Venezuela

Notes to the consolidated financial statements: notes 4 "Basis of presentation", 12 "Derivatives and non-current financial assets", 15 "Contract assets and liabilities", 16 "Trade receivables", 33 "Financial instruments and risk management" and 35.6 "Amortisation, depreciation, provisions and impairment losses"

Key audit matter	**Audit procedures addressing the key audit matter**
The consolidated financial statements at 31 December 2019 include contract assets, trade receivables and non-current financial assets of €204.5 million, €318.7 million and €120.2 million, respectively, relating to projects carried out in Venezuela. They also include total impairment losses of €514.7 million relating to those assets, €35.7 million of which recognised in profit or loss in 2019. Estimating the recoverable amount of assets relating to projects carried out in Venezuela required a significant level of judgement by the directors and entails a high uncertainty level due to Venezuela's complex situation, as described in the "Main risk factors and uncertainties" section of the directors' report, to which the notes to the consolidated financial statements make reference. For the above reasons, we believe that the estimate of the recoverable amount of contract assets, trade receivables and non-current financial assets relating to projects carried out in Venezuela is a key audit matter.	Our audit procedures included: — analysing the accounting policies used by the directors to estimate the recoverable amount of contract assets, trade receivables and other non-current financial assets relating to projects carried out in Venezuela; — analysing, including by involving our own specialists, the method and reasonableness of the assumptions used to estimate the recoverable amount through discussions with the relevant internal departments and checking the supporting documentation, including the opinions of the external experts engaged by the group; — assessing the appropriateness of the disclosures provided in the annual report about the estimate of the recoverable amount of contract assets, trade receivables and other non-current financial assets relating to projects carried out in Venezuela.

Significant litigation and disputes

Notes to the consolidated financial statements: notes 4 "Basis of presentation", 9 "Intangible assets", 11 "Equity investments", 12 "Derivatives and non-current financial assets", 15 "Contract assets and liabilities", 16 "Trade receivables", 17 "Derivatives and other current financial assets", 19 "Other current assets", 28 "Provisions for risks", 31 "Other current liabilities", 32 "Guarantees, commitments, risks and contingent liabilities", 33 "Financial instruments and risk management" and 35.6 "Amortisation, depreciation, provisions and impairment losses"

Key audit matter	Audit procedures addressing the key audit matter
The group has significant pending litigation and disputes, initiated by either itself or third parties, at the reporting date, which are described in the notes and in the "Main risk factors and uncertainties" section of the directors' report, to which the notes to the consolidated financial statements make reference. Assessing litigation and disputes entails complex estimates and a significant level of judgement by the directors about their outcome which could have a significant impact on the recoverability of financial assets, trade receivables and contract assets, as well as the calculation of provisions for risks. For the above reasons, we believe that the assessment of significant litigation and disputes is a key audit matter.	Our audit procedures included: — understanding the process for the assessment of litigation and disputes and assessing the design and implementation of controls; — analysing the accounting policies used by the directors to estimate the outcome of significant litigation and disputes; — analysing the assessments made by the relevant internal departments and related supporting documentation, including the technical and legal opinions of the experts engaged by the group, in relation to the recoverability of the financial assets, trade receivables and contract assets affected by pending litigation and disputes; — sending written requests for information to the legal advisors assisting the group about the assessment of the risk of losing litigation and disputes initiated by third parties and the quantification of the related liability; — analysing the events after the reporting date that provide information useful for an assessment of significant litigation and disputes; — assessing the appropriateness of the disclosures provided in the annual report about significant litigation and disputes.

Measurement of contract assets and liabilities

Notes to the consolidated financial statements: notes 4 "Basis of presentation", 15 "Contract assets and liabilities", 33 "Financial instruments and risk management" and 34 "Revenue"

<table>
<tr><th>Key audit matter</th><th>Audit procedures addressing the key audit matter</th></tr>
<tr><td>The consolidated financial statements at 31 December 2019 include contract assets of €2,040.5 million, contract liabilities of €1,187 million and revenue for works invoiced to customers of €4,624.5 million recognised using the percentage of completion method based on the cost to cost model.
Measuring contract assets and liabilities is based on significant estimates about the total contract revenue and costs and the related stage of completion which entail a high level of judgement by the directors. These estimates are affected by many factors, including:
— claims for additional consideration compared to that contractually agreed, which total approximately €1,836.8 million at 31 December 2019;
— the projects' long timeframe, size and engineering and operating complexity;
— the risk profile of certain countries in which the work is carried out.
For the above reasons, we believe that the measurement of contract assets and liabilities is a key audit matter.</td><td>Our audit procedures included:
— understanding the process for the measurement of contract assets and liabilities and assessing the design and implementation of controls;
— for a sample of ongoing contracts:
  – analysing contracts with customers in order to check that the significant factors have been appropriately considered by the directors;
  – analysing the reasonableness of the assumptions underlying the estimates of total contract revenue and costs through discussions with the contracts' project managers and area controllers, examining the correspondence with customers, including about contract variations and claims, and the legal and technical opinions of the experts engaged by the group;
  – analysing the most significant discrepancies between the previous year contract budgets and the current year actual figures and discussing the findings with the project managers and area controllers;
— assessing the appropriateness of the disclosures provided in the annual report contract assets and liabilities.</td></tr>
</table>

Measurement of investments in associates and joint ventures

Notes to the consolidated financial statements: notes 4 "Basis of presentation", 11 "Equity investments", 28 "Provisions for risks" and 37 "Net losses on equity investments"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2019 include investments in associates and joint ventures of €642.2 million measured using the equity method. They comprise €496.5 million relating to the SPE GUPC set up for the project to widen the Panama Canal, which was completed in June 2016. The directors have described the pending claims and arbitration proceedings relating to that project in the "Main risk factors and uncertainties" section of the directors' report, to which the notes to the consolidated financial statements make reference. Measuring investments in associates and joint ventures entails, in certain cases, complex estimates as it considers the recoverability of assets arising from claims for additional consideration compared to that contractually agreed, which are, sometimes, subject to pending claims and arbitration proceedings, as mentioned above. These estimates require a significant level of judgement by the directors. For the above reasons, we believe that the measurement of investments in associates and joint ventures is a key audit matter.	Our audit procedures included: — understanding the process for the measurement of investments in associates and joint ventures and assessing the design and implementation of controls; — analysing the reasonableness of the assumptions underlying the claims for additional consideration through discussions with the relevant internal departments and the legal and technical opinions of the experts specifically engaged by the group; — assessing the appropriateness of the disclosures provided in the annual report about the measurement of investments in associates and joint ventures.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 30 April 2015, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2015 to 31 December 2023.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 31 December 2019 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2019 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 31 December 2019 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16

The directors of Salini Impregilo S.p.A. are responsible for the preparation of a consolidated non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such consolidated non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the non-financial statement separately.

Milan, 10 April 2020

KPMG S.p.A.

(signed on the original)

Paola Maiorana
Director of Audit

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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Salini Impregilo S.p.A.

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Salini Impregilo S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2019, the statements of profit or loss, other comprehensive income, cash flows and changes in equity for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Salini Impregilo S.p.A. as at 31 December 2019 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the separate financial statements*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Current and prospective analysis of the 2020 cash flows

Notes to the separate financial statements: notes 1 "Basis of preparation", 16 "Cash and cash equivalents", 18 "Bank and other loans, current portion of bank loans and current account facilities", 28 "Financial instruments and risk management" and 36 "Events after the reporting date"

Key audit matter	**Audit procedures addressing the key audit matter**
The separate financial statements at 31 December 2019 show current financial debt of €564.2 million, non-current financial debt of €1,735.2 million and net financial indebtedness of €888.7 million. Net financial indebtedness decreased by €376.5 million during 2019, mainly due to the proceeds of €600 million from the capital increase carried out on 12 November 2019. Forecasting cash flows, which is carried out also to confirm the company's ability to continue as a going concern, requires complex estimates, also considering the characteristics of the company's sector and the risk and uncertainty factors to which the company is exposed. By their very nature, these estimates are also based on assumptions about external events that are outside management's sphere of influence. Following the health emergency caused by the outbreak of the coronavirus disease (Covid-19), forecasting cash flow has become even more complex. Considering the above, we believe that the current and prospective analysis of the 2020 cash flows is a key audit matter.	Our audit procedures included: — understanding the process adopted by the company to prepare the 2020 budget and to estimate expected cash flows; — checking any discrepancies between the actual and forecast figures, in order to assess the reasonableness of the estimation process; — analysing the forecast cash flows for 2020 and the key underlying assumptions; — analysing the events after the reporting date that provide information useful for an assessment of the company's financial position; — assessing the appropriateness of the disclosures provided in the notes about the directors' use of the going concern basis of accounting; — assessing the appropriateness of the disclosures provided in the annual report about the events after the reporting date.

Estimate of the recoverable amount of assets relating to projects carried out in Venezuela

Notes to the separate financial statements: notes 3 "Basis of presentation", 8 "Non-current financial assets", 11 "Contract assets and liabilities", 12 "Trade receivables", 28 "Financial instruments and risk management" and 30.6 "Amortisation, depreciation, provisions and impairment losses"

Key audit matter	**Audit procedures addressing the key audit matter**
The separate financial statements at 31 December 2019 include contract assets, trade receivables and non-current financial assets of €204.5 million, €318.7 million and €120.2 million, respectively, relating to projects carried out in Venezuela. They also include total impairment losses of €514.7 million relating to those assets, €35.7 million of which recognised in profit or loss in 2019. Estimating the recoverable amount of assets relating to projects carried out in Venezuela required a significant level of judgement by the directors and entails a high uncertainty level due to Venezuela's complex situation, as described in the "Main risk factors and uncertainties" section of the directors' report, to which the notes to the separate financial statements make reference. For the above reasons, we believe that the estimate of the recoverable amount of contract assets, trade receivables and non-current financial assets relating to projects carried out in Venezuela is a key audit matter.	Our audit procedures included: — analysing the accounting policies used by the directors to estimate the recoverable amount of contract assets, trade receivables and non-current financial assets relating to projects carried out in Venezuela; — analysing, including by involving our own specialists, the method and reasonableness of the assumptions used to estimate the recoverable amount through discussions with the relevant internal departments and checking the supporting documentation, including the opinions of the external experts engaged by the company; — assessing the appropriateness of the disclosures provided in the annual report about the estimate of the recoverable amount of contract assets, trade receivables and non-current financial assets relating to projects carried out in Venezuela.

Significant litigation and disputes

Notes to the separate financial statements: notes 3 "Basis of presentation", 8 "Non-current financial assets", 11 "Contract assets and liabilities", 12 "Trade receivables", 13 "Derivatives and other current financial assets", 23 "Provisions for risks", 27 "Guarantees, commitments, risks and contingent liabilities", 28 "Financial instruments and risk management" and 30.6 "Amortisation, depreciation, provisions and impairment losses"

Key audit matter	**Audit procedures addressing the key audit matter**
The company has significant pending litigation and disputes, initiated by either itself or third parties, at the reporting date, which are described in the notes and in the "Main risk factors and uncertainties" section of the directors' report, to which the notes to the separate financial statements make reference. Assessing litigation and disputes entails complex estimates and a significant level of judgement by the directors about their outcome which could have a significant impact on the recoverability of financial assets, trade receivables and contract assets, as well as the calculation of provisions for risks. For the above reasons, we believe that the assessment of significant litigation and disputes is a key audit matter.	Our audit procedures included: — understanding the process for the assessment of litigation and disputes and assessing the design and implementation of controls; — analysing the accounting policies used by the directors to estimate the outcome of significant litigation and disputes; — analysing the assessments made by the relevant internal departments and related supporting documentation, including the technical and legal opinions of the experts engaged by the company, in relation to the recoverability of the financial assets, trade receivables and contract assets affected by pending litigation and disputes; — sending written requests for information to the legal advisors assisting the company about the assessment of the risk of losing litigation and disputes initiated by third parties and the quantification of the related liability; — analysing the events after the reporting date that provide information useful for an assessment of significant litigation and disputes; — assessing the appropriateness of the disclosures provided in the annual report about significant litigation and disputes.

Measurement of contract assets and liabilities

Notes to the separate financial statements: notes 3 "Basis of presentation", 11 "Contract assets and liabilities", 28 "Financial instruments and risk management" and 29 "Revenue"

Key audit matter	**Audit procedures addressing the key audit matter**
The separate financial statements at 31 December 2019 include contract assets of €1,230.1 million, contract liabilities of €544.2 million and revenue for works invoiced to customers of €2,476.1 million recognised using the percentage of completion method based on the cost to cost model. Measuring contract assets and liabilities is based on significant estimates about the total contract revenue and costs and the related stage of completion which entail a high level of judgement by the directors. These estimates are affected by many factors, including: — claims for additional consideration compared to that contractually agreed, which total approximately €882.2 million at 31 December 2019; — the contract activities' long timeframe, size and engineering and operating complexity; — the risk profile of certain countries in which the work is carried out. For the above reasons, we believe that the measurement of contract assets and liabilities is a key audit matter.	Our audit procedures included: — understanding the process for the measurement of contract assets and liabilities and assessing the design and implementation of controls; — for a sample of ongoing contracts: – analysing contracts with customers in order to check that the significant factors have been appropriately considered by the directors; – analysing the reasonableness of the assumptions underlying the estimates of total contract revenue and costs through discussions with the contracts' project managers and area controllers, examining the correspondence with customers, including about contract variations and claims, and the legal and technical opinions of the experts engaged by the company; – analysing the most significant discrepancies between the previous year contract budgets and the current year actual figures and discussing the findings with the project managers and area controllers; — assessing the appropriateness of the disclosures provided in the annual report contract assets and liabilities.

Measurement of investments in subsidiaries, associates and joint ventures

Notes to the separate financial statements: notes 3 "Basis of presentation", 7 "Equity investments", 23 "Provisions for risks" and 32 "Net losses on equity investments"

Key audit matter	**Audit procedures addressing the key audit matter**
The separate financial statements at 31 December 2019 include equity investments of €1,313.3 million. They comprise certain investments in SPEs set up for the performance of important projects that are involved in pending claims and arbitration proceedings, which the directors have described in the "Main risk factors and uncertainties" section of the directors' report, to which the notes to the separate financial statements make reference. Equity investments are measured at cost and, when there are indicators of impairment, they are tested for impairment, including by discounting the cash flows that are expected to be generated by the investees using the discounted cash flow method. Impairment testing entails a high level of judgement, in addition to the uncertainty inherent in any forecast, especially in relation to: — the expected operating cash flows, calculated by taking into account the general economic performance and that of investees' sector, the actual cash flows generated by the investees in the last few years and their projected long-term growth rates; — the financial parameters to be used to discount the above cash flows. Measuring equity investments entails, in certain cases, complex estimates as it considers the recoverability of assets arising from claims for additional consideration compared to that contractually agreed, which are, sometimes, subject to pending claims and arbitration proceedings, as mentioned above. These estimates require a significant level of judgement by the directors.	Our audit procedures included: — understanding the processes adopted for impairment testing and assessing the design and implementation of controls; — analysing the directors' review process in relation to the discrepancies between the investees' 2019 actual data and the related previous forecasts; — analysing, including by involving our own specialists, the reasonableness of the key assumptions used by the directors to determine the equity investments' recoverable amount and the related forecast cash flows and the valuation model adopted. We also compared the key assumptions used to the investees' historical figures and external information, where available; — checking the sensitivity analysis made by the directors in relation to the key assumptions used to test equity investments for impairment; — analysing the reasonableness of the assumptions underlying the claims for additional consideration through discussions with the relevant internal departments and the legal and technical opinions of the experts specifically engaged by the company and/or the investees; — assessing the appropriateness of the disclosures provided in the annual report about the measurement of equity investments.

Key audit matter	Audit procedures addressing the key audit matter
Considering the above, we believe that the measurement of equity investments is a key audit matter.	

Other matters - Management and coordination

As required by the law, the company disclosed the key figures from the latest financial statements of the company that manages and coordinates it in the notes to its own separate financial statements. Our opinion on the separate financial statements of Salini Impregilo S.p.A. does not extend to such data.

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

— conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;

— evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 30 April 2015, the company's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2015 to 31 December 2023.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The company's directors are responsible for the preparation of a directors' report and a report on corporate governance and ownership structure at 31 December 2019 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the company's separate financial statements at 31 December 2019 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the company's separate financial statements at 31 December 2019 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, 10 April 2020

KPMG S.p.A.

(signed on the original)

Paola Maiorana
Director of Audit

(Translation from the Italian original which remains the definitive version)

REPORT OF THE BOARD OF STATUTORY AUDITORS PURSUANT TO ARTICLE 153 OF LEGISLATIVE DECREE NO. 58/1998 TO THE SHAREHOLDERS' MEETING OF 4 MAY 2020

Dear shareholders,

The current board of statutory auditors was appointed by the shareholders of Salini Impregilo S.p.A. (the "**company**") on 27 April 2017. Its term of office ends with the shareholders' meeting called to approve the separate financial statements as at and for the year ended 31 December 2019.

Pursuant to article 153.1 of Legislative decree no. 58 of 24 February 1998 (the "**Consolidated Finance Act**" or the "**TUF**"), we note that we performed our supervisory and control duties prescribed by the current regulations during the year, with specific reference to the Italian Civil Code, article 148 and subsequent articles of the TUF, Legislative decree no. 39 of 27 January 2010 as amended by Legislative decree no. 135 of 17 July 2016 and Legislative decree no. 254/2016. We also considered the guidelines set out in the Consob (the Italian Commission for Listed Companies and the Stock Exchange) communications about the duties of statutory auditors, the guidance of the Code of Conduct for Listed Companies and the ethical standards recommended by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili).

We have prepared this report for the shareholders' meeting called to meet on 4 May 2020 on single call to approve the separate financial statements as at and for the year ended 31 December 2019 (as well as on the other matters listed in the call notice, to which reference should be made).

That being said, we describe below our activities performed during the year and up to the date of this report, including as required by Consob communication no. DEM/1025564 of 6 April 2001 as subsequently amended.

1. Significant financial or capital transactions

We note the following key events and transactions which took place in 2019:

- On 14 February 2019, the company - as is public knowledge - presented an offer for a potential investment in Astaldi S.p.A. to support its business continuity proposal underpinning its application for a deed of arrangement procedure subject to the court's approval of this application.

- On 2 August 2019, the company announced the commencement of a project to relaunch the Italian large works sector ("**Progetto Italia**"). To this end, it entered into two investment agreements on the same date: the first with the controlling shareholder Salini Costruttori S.p.A. and CDP Equity S.p.A. ("CDPE"), a subsidiary of Cassa Depositi e Prestiti S.p.A.; and the second with three major Italian banks to establish, inter alia, (i) the terms and conditions for the subscription of part of the capital increase to serve Progetto Italia by CDPE and Salini Costruttori, and (ii) the related introduction of certain corporate governance rules.The key terms of the investment agreement were published on the company's website and filed with the Company Registrar on 7 August 2019 as required by the ruling regulations. On 4 October 2019, as provided for by the investment agreements, the shareholders met in an extraordinary meeting to (a) authorise the board of directors to increase the share capital; and (b) resolve on the related amendments to the by-laws. On 12 November 2019, the company executed its capital increase to serve Progetto Italia. As a result, at 31 December 2019, the company's share capital amounted to €600,000,000.00, comprising 893,788,182 shares, of which 892,172,691 ordinary shares and 1,615,491 savings shares, all without a nominal amount.

The directors and management informed us periodically about the operations and key transactions undertaken by the company and its subsidiaries. They also described such operations and transactions in their report, to which reference is made, with details of their characteristics and effects.

We obtained adequate information about them in order to be in a position to reasonably believe that they comply with the law, the by-laws and principles of correct administration and that they are not imprudent, risky or contrary to the resolutions taken by the shareholders or such that would compromise the company's assets.

Transactions in which the directors or other related parties have an interest are subjected to the transparency procedures required by the ruling legislation.

2. Atypical and/or unusual transactions carried out with third parties, intragroup transactions or related party transactions

We did not identify nor were we informed by the directors, independent auditors or internal audit supervisor about any atypical and/or unusual transactions (as per the definition in Consob communication no. DEM/6064293 of 28 July 2006) carried out with third parties, related parties or other group companies.

The directors described the day-to-day transactions carried out during the year with group companies and related parties in the notes to the separate financial statements to which reference should be made, also for details about their characteristics and financial effects.

They did not identify any critical issues with respect to their suitability and compliance with the company's interests.

We checked that the procedure for related party transactions adopted by the company is applied, including the regular reporting by the board of directors on any such transactions.

3. Comments on and proposals about the findings and disclosures in the independent auditors' report

On 10 April 2019, the independent auditors, KPMG S.p.A., issued its report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014. KPMG S.p.A. states that, in its opinion:

- *the separate and consolidated financial statements of Salini Impregilo S.p.A. give a true and fair view of the financial position of the company and the Group as at 31 December 2019 and of their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05;*

- *the directors' report and specific information presented in the report on corporate governance and the ownership structure are consistent with the separate and consolidated financial statements of the company and the Group as at and for the year ended 31 December 2019 and have been prepared in compliance with the law;*

- *there is nothing to report with reference to the statement required by article 14.2.e) of Legislative decree no. 39/10 based on KPMG S.p.A.'s knowledge and understanding of the entity and its environment obtained through its audit. On 10 April 2020, KPMG S.p.A. also issued its additional report pursuant to article 11 of Regulation (EU) no. 537/2014 confirming, inter alia, that based on the procedures performed, no significant deficiencies in internal control were identified.*

KPMG S.p.A.'s reports detail the key audit matters with respect to which reference should be made thereto.

4. Complaints as per article 2408 of the Italian Civil Code, actions taken by the board of statutory auditors and related outcome

We did not receive any complaints as per article 2408 or other complaints from third parties during the year.

The company has a whistleblowing procedure and information channels suitable to ensure the receipt, analysis and processing of reports about internal control, corporate information, the company's administrative liability, fraud or other issues by employees, members of the company bodies or third parties, which can also be made confidentially or anonymously.

5. Engagement of independent auditors and related fees

We confirm that the fees received by KPMG S.p.A. for its attestation services amount to €1,101,500. This amount consists of €1,035,000 for engagements approved by us in advance and €66,500 for engagements not approved in advance as they were either for amounts below the threshold established in the Procedure for the conferral of engagements to audit companies or related to long-term services approved in previous years.

Reference should be made to the table presenting the fees paid to KPMG S.p.A. and its network entities in 2019 provided in the notes to the separate financial statements.

Pursuant to article 6.2.a) of Regulation (EU) no. 537/2014, KPMG S.p.A. provided us with the statement that, considering the services it provided, it remained independent vis-à-vis the company and the Group throughout the year and that it communicated to us any non-statutory audit services provided by it and the KPMG network entities to the company on a timely basis.

6. Main opinions issued by the board of statutory auditors in accordance with the ruling regulations

During 2019, we specifically:

- examined and found in favour of the 2019 audit plan prepared by the internal audit supervisor approved by the board of directors;
- examined and found in favour of the remuneration package for the internal audit supervisor;
- issued our favourable opinion pursuant to article 19.1.e) of Legislative decree no. 39 of 27 January 2010 and article 5 of Regulation (EC) no. 537 of 16 April 2014 about the assignment of non-audit services to the independent auditors;
- examined and issued our favourable opinion on the adoption of the board of directors' regulation and those of its committees;
- found in favour of, pursuant to article 4.6 of Consob resolution no. 17221 of 12 March 2010 as subsequently amended (the "Consob Regulation"), the compliance of the update to the company's related party transactions procedure with the principles set out in the Consob Regulation.

During the period from 31 December 2019 and up until the date of preparation of this report, we also:

- examined and found in favour of the 2020 audit plan prepared by the internal audit supervisor approved by the board of directors;
- reference should be made to the Final assessment of the supervisory activities and proposal to the shareholders for information on our activities carried on the separate and consolidated financial statements at 31 December 2019.

7. Frequency of attendance at company body meetings

In 2019, we attended all 21 meetings of the board of directors during which we were informed about the operations and key transactions performed by the company and its subsidiaries. We also received information about the exercise of his powers from the chief executive officer.

We met 15 times during 2019 and during our meetings we exchanged information with the independent auditors to ensure that no transactions took place that were imprudent or risky, could give rise to potential conflicts of interest, are not compliant with the law or the company's by-laws or the shareholders' resolutions or that could prejudice the company's assets.

We attended 10 meetings of the control and risk committee (now the "control, risk and sustainability committee"), seven meetings of the compensation and nominating committee and three meetings of the committee for related-party transactions, obtaining information on the work they performed during the year.

We also participated in the ordinary shareholders' meeting held on 24 April 2019, the special meeting of the holders of savings shares of 27 June 2019 and the extraordinary shareholders' meeting of 4 October 2019.

During 2020 and up to the date of this report, we attended all the meetings of the company bodies and, specifically, seven meetings of the board of directors, four meetings of the control, risk and sustainability committee, six meetings of the compensation and nominating committee and two meetings of the committee for related-party transactions. We have met eight times so far this year.

8. Compliance with correct administration standards

We have no comments to make about compliance with such standards based on our work. We checked that the directors are aware of the riskiness and effects of the transactions performed.

Specifically, we checked that management decisions were taken in the company's interests, in line with its resources and assets and that they were adequately supported by information, analysis and checking processes, including by resort to the committees and external professionals, when necessary.

9. Adequacy of the organisational structure.

We obtained information about the company's organisational structure and any modifications thereto on a regular basis, including through meetings with the competent company managers. As a result, we believe that the company's organisational structure, procedures, duties and responsibilities are adequate given its size and type of activities.

We also checked the adequacy of the organisation structure of the company and its key subsidiaries, focusing on their internal controls and risk management.

10. Adequacy of internal controls and risk management

We supervised the adequacy of the internal controls and risk management of the company and its key subsidiaries as follows:

a. we regularly obtained information from the director in charge of the internal control and risk management system, the competent manager, the internal audit supervisor, the compliance supervisor, the group risk officer and the heads of the other departments involved from time to time about the activities carried out, the mapping of risks related to ongoing activities, test programmes and projects to implement internal controls; we also obtained the related documentation;

b. we participated regularly in the activities of the control, risk and sustainability committee set up in line with the Code of Conduct for Listed Companies as well as the board of directors' meetings;

c. we reviewed the reports of the control, risk and sustainability committee periodically;

d. we reviewed the internal audit reports on the internal units of both the branches and head office and the working of the Group's internal controls and risk management; we also monitored the implementation of remedial actions identified as a result of the internal audit; we reviewed the internal audit report prepared every six months by the internal audit supervisor on the activities performed during the period, the methods applied to manage risks inside the company, compliance with risk containment plans, the strategic containment and efficiency objectives and the internal audit supervisor's positive assessment of the internal controls and risk management given the company's and its key subsidiaries' characteristics and risk profile. Specifically, we expressed our favourable opinion on the organisational, administrative and accounting structure and the internal control and risk management system of the company and its key subsidiaries;

e. we reviewed the reports of the compliance department on the prevention, monitoring and management of the risk of non-compliance with the law and anti-corruption regulations.

We also:

- checked that the company has an organisational, management and control model which complies with the provisions of Legislative decree no. 231/01 and the guidelines issued by the sector associations, most recently updated by the board of directors on 14 November 2018;

- checked that the company has an anti-corruption model, which the board of directors last updated on 26 September 2018*;*

- examined the supervisory body's regular reports as required by Legislative decree no. 231/2001, which summarise its activities of the year; we also met with the body's members;

- met the statutory auditors of the wholly-controlled subsidiaries Fisia Italimpianti S.p.A. and Imprepar S.p.A. to exchange information about, inter alia, the subsidiaries' operations and compliance with instructions received from the company, their internal controls and organisation, the composition and activities performed by the supervisory bodies, committees and internal audit department.

During our work, we:

a) did not identify any critical situations or facts that would have led us to believe that the company's internal controls or risk management were inadequate during the year;

b) to the extent of our duties, we deem that the above model is suitable to prevent the crimes covered by the aforesaid regulations and has been implemented properly, based also on the information provided by the chairperson of the supervisory body and the reports referred to above which stated that no censurable events or violations or the model took place in 2019;

c) acknowledged the board of directors' positive assessment of the adequacy and effective working of internal controls and risk management in 2019.

11. Adequacy of the administrative-accounting system and its reliability

To the extent of our duties, we monitored the adequacy of the administrative and accounting system and its ability to correctly show the company's operations and the activities undertaken as coordinated by the manager in charge of financial reporting to comply with Law no. 262/05 on guidelines for the protection of savings and regulation of financial markets as subsequently amended and integrated by:

a) obtaining information from the manager in charge of financial reporting and the different department heads, including through participation in the activities carried out by the control, risk and sustainability committee;

b) obtaining information about the procedures adopted and instructions issued by the company for the preparation of the 2019 Annual Report and the 2019 Interim Financial Report;

c) obtaining information about the existence of the conditions required by article 15 of the Market Regulation adopted with Consob resolution no. 20249 of 28 December 2017 (formerly article 36 of the Market Regulation adopted with Consob resolution no. 16191 of 29 October 2007) for significant subsidiaries set up in and regulated by laws of non-EU states. We also checked that circumstances entailing non-compliance with the conditions did not exist as they would have required reporting to Consob and Borsa Italiana S.p.A. pursuant to article 15.1.c.ii;

d) reviewing the reports prepared by the manager in charge of financial reporting and the internal audit supervisor on the adequacy of the administrative and accounting procedures pursuant to Law no. 262/05 and the results of the related tests as per the annual mandate assigned by the manager in charge of financial reporting;

e) meeting the independent auditors and analysing the findings of their work;

f) reviewing internal documents.

We also acknowledged that, independently and before the approval of the separate financial statements, on 11 March 2020, the board of directors approved the impairment test applied by the company during preparation of the financial statements at 31 December 2019 and the impairment test procedures to be applied to the financial statements of the group companies, after receiving the favourable opinion of the control, risk and sustainability committee and pursuant to the recommendations issued by the ESMA on 21 January 2013, the joint Bank of Italy/Consob/Isvap document no. 4 of 3 March 2010 and Consob communication no. 3907 of 19 January 2015.

We did not identify any critical situations or facts during the above activities that would have led us to believe that the company's administrative and accounting system was inadequate and/or unreliable during the year.

12. Adequacy of the instructions given to subsidiaries

The company regulates the information provided by the subsidiaries, especially that related to more important transactions, with specific procedures.

We believe that the instructions issued by the company to its subsidiaries pursuant to article 114.2 of the TUF are adequate to ensure compliance with the legal disclosure requirements.

13. Issues which arose during meetings with the independent auditors

During our activities related to the 2019 Annual Report, we met the independent auditors:

- to exchange information about the checks performed in accordance with Legislative decree no. 39/2010 and article 150.3 of the TUF to ensure the company's accounts were kept properly and that the accounting entries accurately reflected its operations. No issues arose as a result of these meetings;
- to examine and assess the procedures used to prepare the 2019 Interim Financial Report and the 2019 Annual Report, including the assessment of the correct application of the accounting policies and their consistency; we also reviewed the audit findings and assessment of these reports;

Specifically, we:

- analysed the audit procedures performed by the auditors and, in particular, their methodology, the audit approach to key audit matters and audit planning;

- discussed issues related to the company's risks with the auditors and were favourably impressed by the adequacy of their planned approach to the structural and risk profiles of the company and the Group.

In addition to that set out in paragraph 3, we also:

a) received the additional report from the independent auditors pursuant to article 11.2 of Regulation (EU) no. 537/2014 on key audit matters and any significant deficiencies identified in the internal controls over financial reporting stating that no significant deficiencies were identified;

b) acknowledged KPMG's statement of its independence pursuant to article 6 of Regulation (EU) no. 537/2014 attached to the additional report, which did not report situations that could have compromised its independence;

c) discussed the risks related to the independent auditors' independence and the measures adopted to limit these risks in accordance with article 6.2.b) of Regulation (EU) no. 537/2014.

14. Compliance with the Code of Conduct of the Corporate Governance Committee of Listed companies

We checked that the company complies with the Code of Conduct of Listed Companies approved in March 2006 and most recently amended in July 2018 (the "Code").

In accordance with article 149.1.c-bis) of the TUF, we checked that the corporate governance rules provided for in the Code were effectively applied and specifically:

- the correct application of the criteria and procedures used by the board of directors to assess the independence of its members;
- the company's corporate governance structure.

Specifically, we agreed with the board of directors' decision not to perform the 2019 self-assessment, after the preliminary checks performed by the compensation and nominating committee given the significant changes made to the company's shareholder structure and the board of directors in November and December 2019 as a result of the investment agreement which led to the co-optation of five new directors on 6 December 2019.

The board of directors presented its decision and reasons in the report on corporate governance and the ownership structure, to which reference should be made.

We examined (i) the 2019 remuneration policy and checked that it complied with the provisions of article 6 of the Code of Conduct and (ii) the remuneration report approved by the board of directors in its meeting of 13 March 2020. We checked that the latter report included the disclosure required by article 123-ter of the TUF and article 84-quater of Consob regulation no. 11971/1999 and compliance with the most recent regulatory and legislative requirements following enactment of the Shareholder Rights Directive II.

We note that the board of directors examined the recommendations made by the Corporate Governance Committee in its letter dated 19 December 2019 from the committee chairperson, Patrizia Grieco, to the chairpersons of the boards of directors of Italian listed companies and copied to the chief executive officers and chairpersons of the boards of statutory auditors in order to take the necessary resolutions. In turn, we examined the recommendations in so far as they extended to the board of statutory auditors.

We monitored the activities of the control, risk and sustainability committee, the compensation and nominating committee, the committee for related-party transactions and the strategic committee by attending their meetings.

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In addition to that set out above, we:

- checked the compliance of the board's composition with the law in terms of gender and its adequacy with respect to age diversity and professional experience and background of its members;

- assessed that the board had carried out its duties correctly and efficiently, considering the professionalism, experience and competence of its members and compliance with the regulations about the number of positions that can be held, the time dedicated to carry out their activities and the functionality and quality of the information exchanged with the board of directors, the control, risk and sustainability committee, the independent auditors and other control functions;
- checked that the board of statutory auditors met the independence criteria as required by the Code of Conduct; the outcome of these checks was positive. The results of these checks are presented in the report on corporate governance and the ownership structure for 2019;
- monitored compliance with the election regulations for the appointment of directors and statutory auditors pursuant to article 149 of the TUF and Consob communication no. DEM79017893 of 26 February 2009 and the correct presentation of the lists and appointment of the control bodies;
- prepared the reports summarising our control activities performed in 2019 as required by Consob communication no. 1025564 of 6 April 2001;
- we checked the report on corporate governance and the ownership structure approved by the board of directors in its meeting of 11 March 2020 and that it included the disclosures required by article 123-bis of the TUF, complied with the format established by Borsa Italiana S.p.A. and met the related disclosure requirements, including with respect to explanations of any non-compliance with requirements of the Code of Conduct.

15. Comments on COVID-19

We exchanged information constantly with the independent auditors despite the objective operating difficulties during the final stages of the audit due to the worsening of the public health emergency caused by COVID-19. Specifically, we monitored the impacts of the “remote” work methods implemented by the independent auditors, assisted by the company’s structures, in order to check the audit progress.

We noted that the shareholders’ meeting was called in accordance with the exceptional circumstances rules set out in Decree law no. 18 of 17 March 2020 given the COVID-19 epidemiological emergency.

We also acknowledged that, as required by the ESMA statement of 11 March 2020, the directors specified the actions taken and considerations made about the possible outcome of the crisis triggered by the outbreak of COVID-19 in the “Events after the reporting period” section of their report. Specifically, the directors noted that, given the extraordinary nature of the circumstances related to the spread of COVID-19 and the general uncertainty, it will update its outlook for 2020 should the crisis have a material impact on the Group’s financial and economic indicators.

At the date of this report, we note that the directors’ considerations are reasonable as the circumstances related to COVID-19 and the measures introduced by the competent authorities to contain the pandemic, which are extraordinary in nature and scope, will have significant repercussions on all economic activities in Italy and the other countries where the Group operates, with potentially significant follow-on effects, whose development and impact cannot currently be measured either in general terms or with specific reference to the Group.

Final assessment of the supervisory activities and proposal to the shareholders

Based on that set out above, during the year:

- we monitored compliance with the law and bylaws, the principles of correct administration and, specifically, the adequacy of the organisational, administrative and accounting models adopted by the company and their correct working;
- we monitored compliance with the disclosure requirements about confidential information;
- we monitored the working and efficiency of the internal controls and administrative-accounting system in order to assess their compliance with the company's requirements and reliability in presenting its operations;
- we monitored compliance with the laws about the preparation, checks, approval and publication of the company's separate financial statements and the preparation, checks and publication of the Group's consolidated financial statements and the directors' reports for 2019, including through direct checks and information obtained from the independent auditors, assessing the appropriateness of the impairment method;
- we checked that, pursuant to Regulation (EC) no. 1606/2002 and Legislative decree no. 38/2005, the separate financial statements of Salini Impregilo S.p.A. and the consolidated financial statements of Salini Impregilo Group as at and for the year ended 31 December 2019 were prepared in compliance with the IFRS endorsed by the European Commission and integrated by the interpretations issued by the International Accounting Standards Board (IASB);
- we monitored compliance with the procedure for preparation and presentation of the separate financial statements to the shareholders;
- we monitored the financial reporting process, the effectiveness of internal controls, internal audit and risk management pursuant to article 19.1 of Legislative decree no. 39/2010 and informed the board of directors of the findings of the statutory audit;
- we monitored compliance with the measures of Legislative decree no. 254/2016 and Consob regulation no. 20267/2018, checking, inter alia, the Consolidated Non-financial Statement and compliance with the instructions for its preparation pursuant to the above decree and its preparation in accordance with the measures. We checked the board of directors' approval of the Consolidated Non-financial Statement on 11 March 2020 and the expression by the independent auditors on 10 April 2020 of a conclusion about the compliance of the information in such statement with the requirements of articles 3 and 4 of Legislative decree no. 254/2016.

That being said, no reprehensible behaviour, omissions or irregularities were noted during our work that would require communication to the competent bodies.

As a result, we invite the shareholders to approve the separate financial statements as at and for the year ended 31 December 2019 presented to you by the board of directors together with its report and proposal.

Milan, 10 April 2020

Board of Statutory Auditors

Giacinto Sarubbi – Chairperson

Teresa Cristiana Naddeo – Standing statutory auditor

Alessandro Trotter - Standing statutory auditor