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

2020 Annual Report

This document is available at:

www.webuildgroup.com

Webuild S.p.A. Company managed and coordinated by Salini Costruttori S.p.A.

Webuild S.p.A.
Fully paid-up share capital €600,000,000
Registered office in Milan, Via dei Missaglia 97
Tax code and Milan Monza Brianza Lodi Company Registration: 00830660155
R.E.A. no. 525502 - VAT no. 02895590962

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Company officers

Board of directors (i)	
Chairperson	Donato Iacovone (ii) (iii)
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 (iv)	
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	Roberto Cassader
	Paola Simonelli
Substitute statutory auditors	Stefania Mancino
	Chiara Segala

Independent auditors (vi)	KPMG S.p.A.

(i) Appointed by the shareholders on 30 April 2018 (see note (ii) for the subsequent resolutions taken by the shareholders in their ordinary meeting of 4 May 2020 for the appointment of five directors); in office until approval of the financial statements as at and for the year ended 31 December 2020.

(ii) Appointed by the shareholders on 4 May 2020; in office until approval of the financial statements as at and for the year ended 31 December 2020.

(iii) Appointed chairperson of the board of directors as per the board's resolutions of 6 December 2019 and 4 May 2020.

(iv) Current composition of the committees after the board resolutions of 6 December 2019 and 4 May 2020. More information is available in the press release of 4 May 2020 published in the "Media" section of the website www.webuildgroup.com.

(v) Appointed by the shareholders on 4 May 2020; in office until approval of the financial statements as at and for the year.

(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 Webuild Group

We ended this year surpassing the targets we had set ourselves and reaching milestones that were very challenging for our Group's sustainable growth at this historic juncture devastated by a global pandemic of unprecedented scope.
We were able to continue to operate and provide work not just to group employees but also the supply chain of companies that work with us around the world despite the abrupt downturn in the macro economy caused by the outbreak of Covid-19. We managed to negotiate and commence complex infrastructure projects and strategic corporate transactions, prioritising people's health, safeguarding employment and the environment and generating value for our stakeholders.

On 5 November 2020, we successfully completed the acquisition of 66.28% of Astaldi (in addition to our indirect investment of 0.95%), initiating its integration into our Group which will be concluded by July after its approval by the shareholders of Webuild and Astaldi in their extraordinary meetings. Thanks to this transaction, the Group is now of the scale necessary to compete more effectively on domestic and foreign markets and seize all growth opportunities, including on the global stage. As part of Progetto Italia, the Group also acquired Società Condotte d'Acque S.p.A. in extraordinary administration's interests in the COCIV and Iricav Due consortia, involved in building the high speed/capacity Milan - Genoa and Verona - Padua railway line sections, repectively. As a result, it guaranteed stable employment and continued work on these two projects essential for Italy's sustainable mobility.

2020 was a year of great structural change and we also changed our name to Webuild, while retaining our symbol that speaks to the expertise built up over more than 115 years of activity. The new name was conceived to clearly indicate how we see our future: building large complex works with a grouping of companies that work with us to create shared value for all the local areas and stakeholders. We also stepped up our communication activities in 2020, both internally to encourage our people to work together towards common goals during a challenging period and externally, through a narrative illustrating our skills and presenting our people.

Notwithstanding the restrictions imposed by the pandemic, we worked safely and unceasingly in Italy on strategic works like the new Genoa Bridge, an iconic landmark for our country, with record-breaking delivery times and an efficient operating model that will serve as a template for other projects both in Italy and abroad. We promoted the relaunch of strategic sustainable mobility infrastructure projects worth around €3.6 billion, like the Jonica state highroad, where the first stone was laid, the Genoa railway junction where works were resumed, and the high speed/capacity Verona - Padua railway line with work commencing on the first section.

The Group also focused on a plethora of foreign projects with the opening of the replacement Gerald Bridge to traffic in California, the start-up of work on the huge Snowy 2.0 renewable energy project in Australia, completion of the regulatory process to commence development of the Dallas - Houston high speed railway line in Texas and the roll-out of a railway line in Norway, the first time we have worked in this country.

To secure our growth and competitiveness, we placed three bond issues for a total amount of €1 billion, which have allowed us to best manage our main repayment obligations up to the end of June 2022.

Although the production pace did slow down due to the pandemic, the Group's performance confirmed two great strengths of our people: their resilience and organisational abilities which allowed us to efficiently manage challenging situations. These winning characteristics meant we maintained our solid order backlog and significantly improved our net financial position. At year end, the total order backlog was worth €41.7 billion, including €33.3 billion for construction projects and €8.1 billion for concessions, operation & management projects. The Group has continued to invest in commercial activities, with a significant 22% increase in bids made compared to 2019 notwithstanding the pandemic-related postponement of scheduled calls for tenders worth €27 billion.

We pursued our geographical de-risking strategy during the year, focusing on markets in the US, Australia, Italy and other central European countries and mostly segments related to sustainable mobility such as high-speed and the railway sector. We decided to continue to invest in the water sector, with more bids made by the group company Fisia Italimpianti, given the increasing number of requests for wastewater treatment and desalination plants.

This past year has taught us that global challenges require coordinated responses from all stakeholders and renewed willingness to invest in technological innovation and new safety systems. We have seen the way in which we worked change irreversibly. Our group acted promptly at the outbreak of the pandemic with a multi-functional task force of more than 600 people to ensure business continuity and the health of individuals, complying with and even pre-empting the measures issued by the competent authorities. We introduced remote working for office staff in Italy and preventive measures to reduce the risk of contagion at the operating sites.

Webuild has continued to focus on innovation as a fundamental tool for its sustainable long-term growth in an era characterised by technological and environmental challenges. Two types of robots with innovative applications, used at the Genoa Bridge work site in Italy, are among the most representative initiatives in this area.

In line with our commitment to the United Nations Sustainability Development Goals (SDGs), we strengthened our sustainable business model, with 89% of revenue related to projects that contribute towards progress on the SDGs, an improvement on the previous year and a mark of our tangible unceasing commitment. These projects, which are underway, will generate benefits for 87 million people around the world, giving them better access to water, energy, mobility and public utility infrastructures for an annual reduction in GHG emissions of around 21 million tons. The Group's ESG (Environmental, Social, Governance) performance improved again this year on the already positive achievements of previous years. With respect to the environment, it has reduced its GHG emissions intensity by 55% compared to 2014, while in relation to the circular economy, 100% of its excavated materials was recovered and re-used. On the social front, the LTIFR injury rate continues to improve. In 2020, we also saw a large increase in locally hired workers (an average of 82% compared to 69% in 2019) and a very significant 91% (average) of our supplies were sourced locally.

Webuild's commitment to ESG issues led to its improved positioning in the main sustainability rankings, starting with the A rating from MSCI (Morgan Stanley International's) ESG Research, mostly due to the Group's stronger governance, and great focus on the independence and diversity of its directors.

Webuild also drew up an ESG plan for the 2021-2023 period focused on three strategic areas: Green, Safety & Inclusion and Innovation. It has set long-term objectives to reduce GHG emissions by 35% by 2022 (compared to 2017), improve its occupational safety standards (-40% LTIFR by 2022 compared to 2017), to increase the percentage of women in succession planning for key roles (20% by 2023) and to make additional investments in high potential innovative projects (over €30 million by 2023).

The results achieved and our ability to take on new challenges are only possible thanks to a fundamental and unique asset of which we are extremely proud: our people. I would like to sincerely thank them for their capacity to focus on achieving the business objectives this year despite the difficulties created by the pandemic.

The current situation would seem to augur well with significant opportunities for the global infrastructure construction market, generated partly by the introduction of far-reaching investment plans by many countries as well as greater focus both internationally and in Italy on innovation and sustainability (also for the allocation of investments such as the European Recovery Fund) which require large-scale players with well-honed skills.

In this situation, Webuild will continue to de-risk its order backlog, take advantage of the opportunities provided by larger investments in infrastructure in low-risk geographical areas, consolidate its base in Italy, move into adjacent sectors, and strengthen its leadership in innovation, including through investing in the digitalisation of core processes, construction techniques and initiatives focused on quality, safety and the environment.

We can pursue these goals thanks to the skillsets of our many experts, from the workers in our sites to our managers. We look to 2021 and the coming years with determination and tenacity, together with the many small and medium sized enterprises we partner with. We are committed to day by day building a sustainable future for our planet and concurrently meeting the expectations of our stakeholders, who believe in our expertise and the shared value of our work.

Pietro Salini

Highlights

Our results

€5.3 million Revenue[1]	**€41.7 billion** Total order backlog

Our commitment

Group KPI | Generated shared value

Planet
We protect our planet

Group KPI	Generated shared value
63% Backlog/Revenue from low-carbon projects	**≈ 21 Mt CO_2** Annual emissions avoidable thanks to ongoing metro and hydro projects

People
We care for our people

Group KPI	Generated shared value
>29,000 Direct workers	**8** jobs created for each direct group employee[3]

Partnership
We embrace partnerships

Group KPI	Generated shared value
≈100 Main ongoing projects	**>15,000** Direct suppliers

Progress
We foster progress

Group KPI	Generated shared value
89% Construction order backlog[3] from projects that contribute to progress towards the UN's SDGs	**≈ 87 million** People who benefit from the projects in place

Prosperity
We advocate prosperity

Group KPI	Generated shared value
€779.1 million EBITDA[4]	**€4,457 million** Economic value distributed to stakeholders

Supported SDGs

[1]Adjusted figure, consisting of the reported amount including the joint ventures not controlled by Lane Industries.

[2] Includes Fisia Italimpianti.

[3] Amount related to the Group's main markets, calculated using output-input parameters. More information is available in the Social section of the Consolidated Non-financial statements.

[4] Adjusted figure, consisting of the reported amount including the joint ventures not controlled by Lane Industries and adjusted to sterilise the effects of the out-of-court agreement with Società Italiana per Condotte d'Acqua S.p.A. in A.S. ("Condotte").

Webuild Group: Our vision and performance

Who we are

Webuild is a global construction operator specialised in building large complex infrastructure for the sustainable mobility, hydropower, water and green buildings sectors. Market leader in Italy and one of the main players on the international stage, the Group supports its customers in pursuing the United Nations' Sustainable Development Goals (SDGs).

The Group is the promoter of Progetto Italia, the operation to consolidate Italy's construction sector. The aim is to create a large construction group to support the sector's relaunch and assist Italian companies become more competitive in international markets[5].

Recognised by Engineering News-Record (ENR) as one of the top contractors in the world in the water sector (dams and hydropower plants, water treatment plants, desalination and wastewater hydraulic works and drinking water and irrigation water reservoirs), the Group is also a global leader in sustainable mobility (metros and railways, roads, motorways, bridges, ports and sea works) as well as one of the top 10 contractors in the environment sector.

At 31 December 2020, the Group has an order backlog worth €41.7 billion (including €33.3 billion for construction contracts), and revenue of €5,314.5 million[6]. The construction order backlog includes 89% from projects tied to achievement of the United Nations' SDGs, while 63% relates to climate action projects that allow the avoidance of greenhouse gas (GHG) emissions (hydropower, railway lines and metros, green buildings)[7].

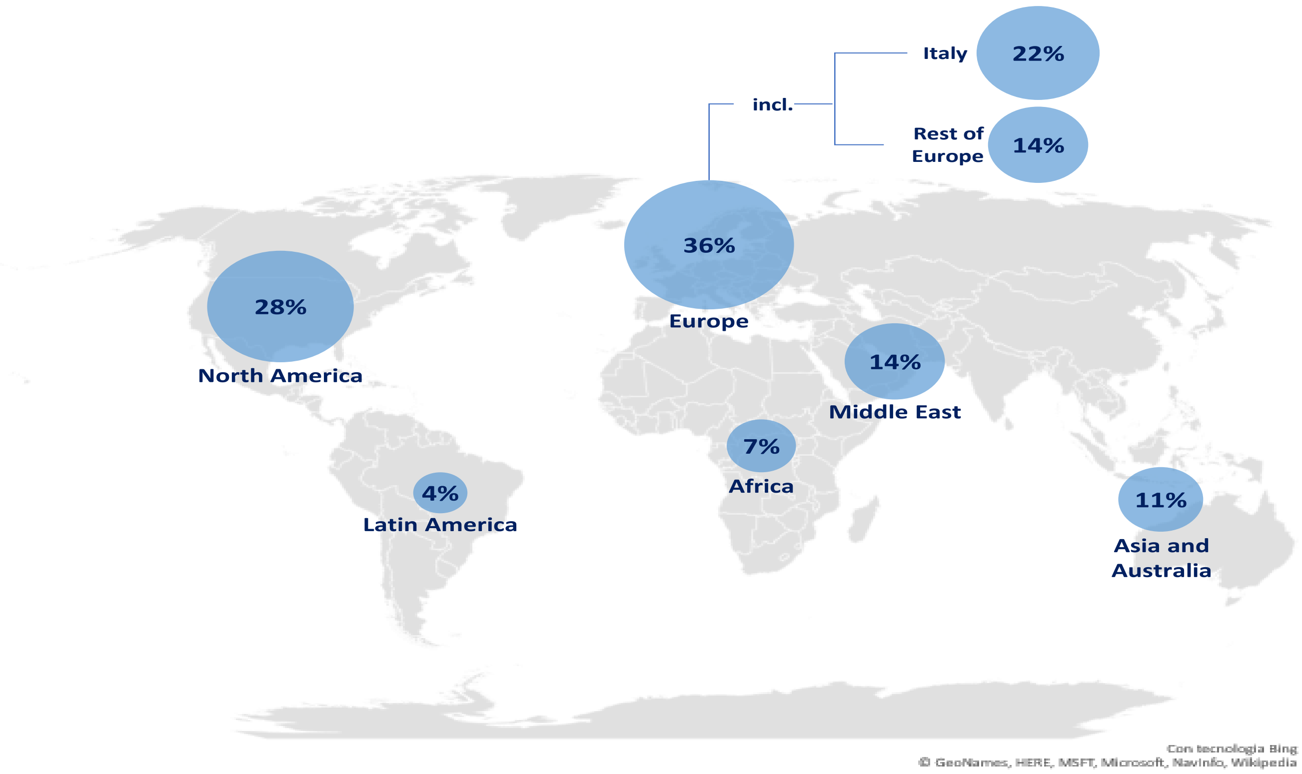
It works in around 50 countries focusing on its operations in Italy, Europe, North America and Australia.

[5] More information is available on the website www.progettoitalia.webuildgroup.com

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

[7] Figures include Fisia Italimpianti.

2020 revenue by geographical area



In 2020, Webuild successfully acquired 66.28% of Astaldi S.p.A. (in addition to its indirect investment of 0.95%), the second largest Italian construction group, via a capital increase, bringing to a close the most important operation of Progetto Italia. In addition to ensuring Webuild Group's growth, the acquisition enables the blending of technical expertise and innovative engineering know-how, developed in about 100 work sites around the world. It also allows the Group to expand its footprint to rapidly respond to the various governments' proposed investment plans for the large strategic infrastructure works sector.

During the year, the Group changed its name from Salini Impregilo to Webuild, to reflect its new corporate identity following the launch of Progetto Italia and its new shareholder base.

In 2020, it kept production going at its main international work sites despite the impact of the Covid-19 pandemic, investing immediately in additional safety measures for its direct and indirect work site and office workers. The Group also stepped up its investments in innovation, especially digitalisation devices to optimise production and control processes.

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 in every operating and environmental situation and a commitment to meet global challenges, tied to the essential needs of the local areas and their communities for 115 years. It has built railway lines and metros, roads, motorways and bridges, dams and hydropower plants, hydraulic systems, drinking water, desalination and water treatment plants, airports, and civil and industrial buildings.

During the year, completion of certain high profile iconic projects, such as the Genoa Bridge, has earned the Group its leadership position thanks to its ability to design and deliver efficient and innovative construction models that can be replicated on the Italian and international markets as well as its development of a team-driven organisational approach, where the cohesion of the entire procurement chain gives it a competitive edge.

A signatory of the United Nations Global Compact, Webuild has developed a robust business model capable of creating economic value for its shareholders, investors and customers 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.

Business model

The Group has developed its business model to optimise results in terms of quality, to comply with the customer's budget and timeline and to be economically, socially and environmentally sustainable. Its model is designed to support customers build complex infrastructure in response to the ongoing megatrends, leveraging three distinctive strategic pillars: expertise and innovation, centralised governance and sustainability. Thanks to its business model, Webuild creates shared value for its shareholders, investors, customers, employees, suppliers and other stakeholders and contributes to achievement of 11 of the main SDGs.

Global challenges

Webuild'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.

2020 saw an acceleration in the international political and market focus on sustainability, partly as a result of the global emergency caused by Covid-19. This pandemic has highlighted the link between environmental degradation and the spread of disease, as well as the importance of having national and corporate systems that are resilient to external shocks.

Infrastructure continues to be an essential response to global challenges in a situation where it is generally accepted that the specialist know-how of large construction companies like Webuild is fundamental to developing infrastructure solutions to improve people's quality of life.

Main megatrends that affect the infrastructure market[8]

Infrastructure	Mobility	Water	Energy	Climate
70% Unbuilt **essential infrastructure** in 2050	**70%** **Global population** residing in **urban areas** in 2050	**20% / 30%** **Growth** in **global water demand** up to 2050	**50%** Global **energy consumption** using **electricity** by 2050	**-50%** **GHG(3) emissions** in 2030 to achieve **carbon neutrality**
19% **Infrastructure investment gap** through 2040(2)	**+100%** **Demand** for **urban mobility** in 2050	**52%** **Global population** in **water stress areas** in 2050	**86%** **Energy demand** met by **renewable sources** by 2050	**60%** **GHG emissions** associated with **infrastructure** sector

92%
SDGs achievable with adequate infrastructure

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.

[8] Source: United Nations Office for Project Services, the Global Commission on the Economy and Climate, Global Infrastructure Outlook, Infrastructure investment needs to 2040

Infrastructure directly and indirectly contributes to achievement of 92% of all the targets linked to the SGDs[9]. It is a fundamental part of the fight against climate change as it contributes more than 60% of the global GHG emissions[10].

In 2020 as part of the European Green Deal, the European Union set the objectives of a reduction of at least 55% in GHG emissions by 2030 and to be climate neutral by 2050. The new US president has set the same objective for 2050 while China aims to begin cutting its emissions by 2030 and to be climate neutral by 2060.

The main focus areas identified to reduce emissions are the energy, industrial, transport and construction sectors, which will receive sizeable investments and incentives in the next few years.

The construction sector is expected to play a large part in the post-Covid-19 period, benefiting from economic and fiscal stimuli to build infrastructure for sustainability mobility, smart cities and to fight climate change, all considered essential to contain the effects of future recessions[11].

The European Union alone intends to earmark at least 30% of the investments included in the long-term EU budget 2021-2027 and the post-Covid-19 recovery plan (the NextGenerationEU)[12] to projects to combat climate change.

Core business: Our performance in the business areas linked to market trends

Webuild has a privileged 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 economy.

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

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

[11] Source: Global Construction 2021 Outlook, Bloomberg Intelligence, December 2020

[12] Source: https://www.consilium.europe.eu/en/meetings/european-council/2020/12/10-11/

Sustainable Mobility

- Metros
- Railways
- Roads and motorways
- Bridges and viaducts
- Ports and sea works

Clean Hydro Energy

- Hydropower plants
- Pumped storage

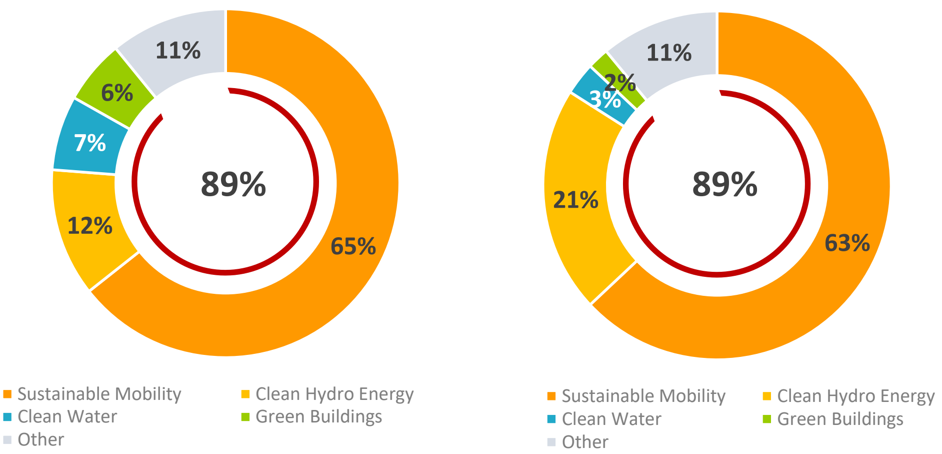
Clean Water

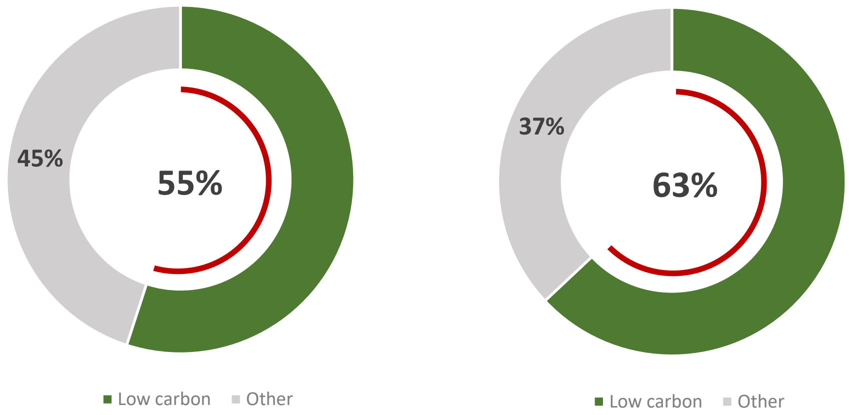
- Drinking water and desalination plants
- Wastewater management plants
- Hydraulic projects
- Drinking water and irrigation water reservoirs

Green Buildings

- Civil and industrial buildings
- Airports
- Stadiums
- Hospitals

2020 revenue | **Construction order backlog at 31 December 2020**





Ongoing or completed projects of 2020 in the sustainability mobility sector accounted for **65%** of contract revenue and **63%** of the construction order backlog.

Ongoing clean hydro energy projects contributed **12%** to contract revenue and make up **21%** of the construction order backlog.

Completed or ongoing clean water projects made up **7%** of contract revenue and **3%** of the construction order backlog in 2020, while green building projects accounted for **6%** of contract revenue and **2%** of the construction order backlog.

Webuild is one of the key global 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 and navigable channels) and air (airports) sectors.

The Group has built 13,637 km of metros and railway lines, 80,291 km of roads, 946 km of bridges and viaducts and 2,373 km of tunnels and underground works.

It has constructed some of the largest metros in the world like those in Riyadh, Doha, Copenhagen, Paris, Milan and Rome, high-speed railways in Italy, Austria, Norway, Sweden, Turkey and the US, unique works like the new Panama Canal, which has enabled 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.

In 2020, the Group again focused on the sustainability mobility sector, which accounts for 63% of its order backlog (58% in 2019) and is one of the most promising business areas for the next few years. It is expected that passenger traffic alone will grow by 50% within 2023, to then double by 2050, while only 16% of global urban travel takes place using public means of transport[13].

The transport sector accounts for two-thirds of global oil consumption and continues to be the fastest growing source of greenhouse gas emissions[14].

Rail transport is pivotal to government plans to counter climate change. The Sustainable and Smart Mobility Strategy announced by the European Commission at the end of 2020 includes doubling the high speed rail traffic by 2030 while high speed railway lines could double by 2035, to span 100,000 km worldwide[15].

The role played by the metro systems in urban centres is equally important in terms of a reliable, accessible service to all population brackets, safety and reduced pollution. Metro systems exist in around 180 cities, transporting more than 50 billion people a year and keeping the equivalent of 133 million vehicles off the roads each day[16].

[13] Source: Sustainable Mobility for All, Global Mobility Report 2017, https://openknowledge.worldbank.org/bitstream/handle/10986/28542/120500.pdf?sequence=6

[14] Source: World Resources Institute, https://www.wri.org/blog/2019/10/everything-you-need-know-about-fastest-growing-source-global-emissions-transport

[15] Source: Global Construction 2021 Outlook, Bloomberg Intelligence, December 2020

[16] Source: UITP (Union Internationale des Transports Publics, https://www.uitp.org/topics/metro/

The metro projects under construction alone will allow the fast, efficient and sustainable transportation of roughly 4.1 million people a day on state-of-the-art infrastructure, avoiding emissions of around 1.8 million tonnes of CO2 a year. The high speed railway projects will shorten travel times by an average of 50%, providing around 25 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 ongoing railway projects will allow less annual emissions of about 6 million tons of CO_2.

Road infrastructure works will continue to be fundamental to move goods and people both in the developed economies (where the focus is mainly on modernisation and traffic decongestion) and low-income countries (where around one billion people still lack access to an all-weather road)[17].

Clean Hydro-Energy

The Group is one of the main players in the hydropower sector and has been acknowledged as a sector leader by ENR for five years with a track record of 313 plants built in five continents for installed capacity of 52,900 MW (completed and ongoing projects).

Webuild has strong experience in the various construction methods (concrete, RCC and loose materials) and environmental contexts as it has carried out projects at all latitudes in Europe, North and South America, Africa, Asia and Oceania. It always complies fully with the applicable environmental and social standards.

Hydropower is the largest source of renewable energy in the world, providing around 70% of all renewable electricity worldwide[18]. The energy sector accounts for about 60% of the world's GHG emissions[19], with 789 million people still without access to electricity[20].

Hydropower's great reliability and flexibility are key to the global energy transition as it can balance and stabilise the energy injected into the grid by other intermittent renewable sources like wind and solar power.

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.

[17] Source: The World Bank, Transport, https://www.worldbank.org/en/topic/transport/overview

[18] Source: IEA Renewables Information 2020 https://www.iea.org/subscribe-to-date-services/renewables-statistics

[19] Source: United Nations – Sustainable development, Energy, Facts and figures, https://www.un.org/sustainabledevelopment/energy/

[20] Source: United Nations - Department of Economic and Social Affairs, SDG7 Overview, Progress and info (2018), https://sdgs.un.org/goals/goal7

The active hydropower plants make it possible to avoid emitting four billion tonnes of GHG and 150 million tonnes of atmospheric pollutants (e.g., PM) a year[21]. IRENA (the International Renewable Energy Agency) estimates that the installed hydropower capacity needs to be increased by 25% by 2030 and by 60% by 2050 to keep the increase in the global temperature to below 2°C. This could create up to 600 thousand new jobs over the next decade[22].

The ongoing hydropower projects will have capacity of more than 14,400 MW and will provide low-cost clean energy to the equivalent of over 23 million residents 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 13 million tonnes of CO_2 a year.

Clean Water

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 customers in areas subject to water stress like the Middle East where it builds essential water infrastructure for millions of people. Webuild 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.

The efficient management of water is one of the principal global challenges, especially given that the effects of climate change are happening faster than expected. More than two billion people live in areas subject to water

[21] Source: International Hydropower Association, https://www.hydropower.org/resources/factsheets/greenhouse-gas-emissions

[22] Source: Global Renewables Outlook 2020 – Energy transformation 2050, IRENA, pp. 28, 114

stress, 2.2 billion people do not have access to drinking water, 4.2 billion to modern sanitation services[23] and 80% of the water discharges are released into the environment without proper treatment[24].

Every day, more than 20 million people are served by just the plants built by Fisia Italimpianti while another approximate 17 million people will benefit from the hydraulic infrastructures currently being built by the Group.

Green Buildings

The Group has built dozens of civil, institutional, commercial, industrial, cultural, public health, sporting and religious buildings. It has extensive experience in Eco-design & Construction systems, which allow a reduction in the works' environmental footprint over their life cycle.

Its projects include iconic works such as the Stravos Niarchos Foundation Cultural Centre in Athens, the Al Bayt Stadium in Doha, the new ENI offices under construction in San Donato Milanese (Milan) and many hospitals built according to the most advanced environmental and sustainability criteria.

The sustainability of buildings is key to the future of urban areas, where 70% of the world's population will live by 2050[25] and which are already highly polluted and subject to environmental stress with the related fall-out on the health of residents and public finances. Estimates indicate that 90% of the global urban population breathes air of a quality below the standards set by the World Health Organisation[26].

The construction of green buildings, i.e., buildings with adoption of certifiable sustainability valuation 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-environmental 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.

[23] Source: United Nations - Department of Economic and Social Affairs, SDG6 Overview, Progress and info (2017), https://sdgs.un.org/goals/goal6

[24] Source: United Nations – Sustainable development, Water and Sanitation, Facts and figures, https://www.un.org/sustainabledevelopment/water-and-sanitation/

[25] Source: United Nations – Sustainable development, Cities, Facts and figures, https://www.un.org/sustainabledevelopment/cities/

[26] Source: United Nations - Department of Economic and Social Affairs, SDG11 Overview, Progress and info (2016), https://sdgs.un.org/goals/goal11

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 expertise and innovation, centralised governance and sustainability.

Expertise and innovation

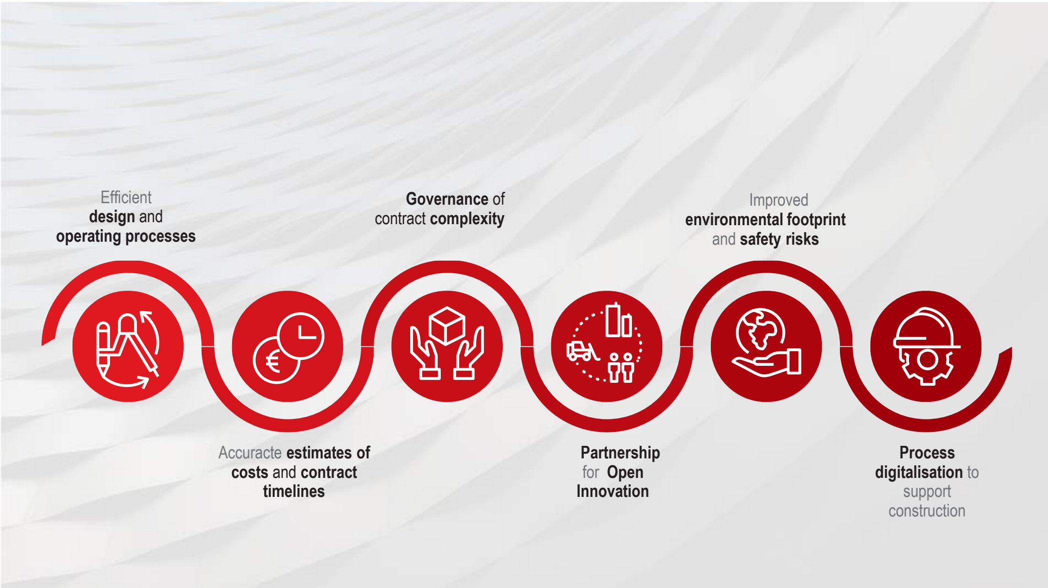
The large complex infrastructure sector the Group works in requires niche skills to guarantee the customisation of the processes, techniques and technologies deployed depending on the nature of the works to be performed. Each project is unique and requires the development of bespoke solutions achieved thanks to highly specialised know-how.

Webuild's track record of thousands of works successfully built around the world testifies to its high level of expertise. The Group considers investments in employee upskilling and training and innovation as the main levers in its long-term sustainable growth.

The rapidity of global changes and swift development of technological innovation make it essential to meld the Group's skill set with best-in-class innovative technologies and processes to hone its competitive edge.

Innovation is a strategic tool that improves skills and processes and is an area in which the Group plans to increase its investments. It contributes to making core processes more efficient, ensuring greater optimisation of the times and costs to perform the works and the support processes. It also assists the Group's social and environmental performance because it translates into an improvement in safety conditions and a reduced impact on the environment, and, thus, on the communities where the Group operates.

Development process and innovative areas



Research, development and innovation initiatives take place at project and corporate level. They involve the Group's technical departments and its partners (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. Innovation at corporate level mostly relates to the optimisation of governance, organisation and management of operations.

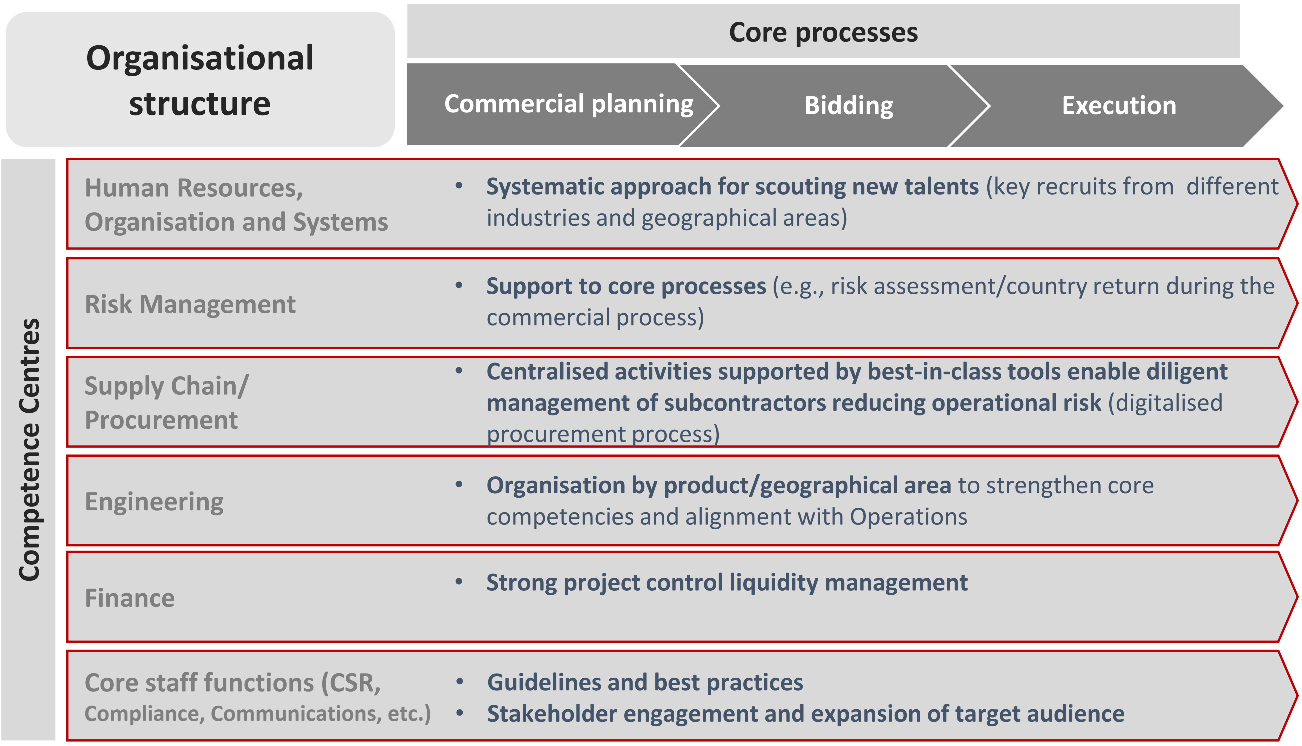
During the 2018-2020 period, Webuild has invested on average around €18 million per year in innovation, research and development activities for a total of more than €53.9 million and an average annual involvement of about 247 specialised employees. More information on these activities performed and planned is available in the Consolidated non-financial statement, which is an integral part of this report.

Centralised governance

Over the last few years, Webuild has strengthened the Group's organisational structure and this has had a profound impact on its internal culture and 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.

Webuild has a centralised governance system of corporate competence centres that 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. They also monitor reputation risks and the brand's value.

Organisational model



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 various 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.

Webuild's organisational model has proven very resilient to external shocks, such as the Covid-19 pandemic. Its centralised oversight system and robust peripheral organisation responded promptly to the emergency, taking all measures necessary to protect employees' health, contain the diffusion of the virus and continue production activities in full compliance with the instructions of the local authorities. It made it possible for headquarters to be in constant contact with the more than 100 ongoing projects in over 50 countries around the world.

Thanks to its centralised governance system, Webuild was able to efficiently coordinate global communication within the Group and with its stakeholders at a particularly delicate time, protecting its brand equity and its reputation from risks related to the Covid-19 emergency and high profile projects such as the new Genoa Bridge. It expanded its target audience via digital channels and leveraged the value of the Salini Impregilo brand for the new Webuild brand. Similarly, internal communication allowed the more efficient onboarding of new hires following the inclusion of new companies in the Group as part of Progetto Italia and the development of a common culture, necessary to achieve strategic (e.g., health, safety and the environment), reputation and business objectives.

Sustainability

The principles of sustainable development are disseminated through the Group, both at core business and internal process level, as shown by Webuild's sustainability strategy, which identifies the sustainability of its projects and its work sites as the two cornerstones underpinning the Group's dedication and reputation.

In addition to developing works that contribute to the sustainable development of the communities where they are built, Webuild has a coordinated framework of management policies and systems designed to ensure compliance with the highest ethical, integrity, social and environmental principles.

The Group's ESG (Environmental, Social, Governance) priorities include the fight against climate change and promotion of the circular economy (environment), the protection and enhancement of its people (social), and innovation as a strategic driver for sustainability and the improvement of business efficiency, to guarantee high governance, integrity, transparency and stakeholder engagement (governance).

The efficient implementation of the ESG best practices is confirmed by the Group's regular assessments by its investors, non-financial rating agencies, customers and other stakeholders. Its main ESG ratings in 2019 and 2020 are shown below.

Rating provider	*Rating*
MSCI	Webuild has obtained an **A** rating, continuing the improvement on its previous ratings of BB in 2018 and BBB in 2019
vigeo eiris	Webuild has achieved an **Advanced** rating, the highest on the four-point scale (weak, limited, robust, advanced), confirming its leadership role in the international heavy construction sector
CDP DISCLOSURE INSIGHT ACTION	Webuild has obtained a **B** rating in the Climate Change project, well above the construction sector average of D
ISS-oekom	The company has obtained a **C+** rating and qualifies as "**Prime**" as a sector leader (alongside Acciona and JM)
GOLD 2020 ecovadis Sustainability Rating	Webuild has achieved "**Gold**" status in its sustainability rating for the third consecutive year, well above the sector average
open corporation	The company confirmed its ranking among the Italian companies with the **highest rating** in the construction sector and is ranked first for diversity and transparency.

More information about the Group's sustainability strategy and its 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, customers, employees, suppliers, partners, institutions and local communities.

Webuild formalised its commitment to sustainability in 2020 in its 5P Sustainability Manifesto, a comprehensive representation of its ability to generate shared value. The manifesto sets out the five priorities that the Group pursues to ensure excellence, innovation and respect for its stakeholders. The five priorities are: Planet, People, Partnership, Progress and Prosperity[27].

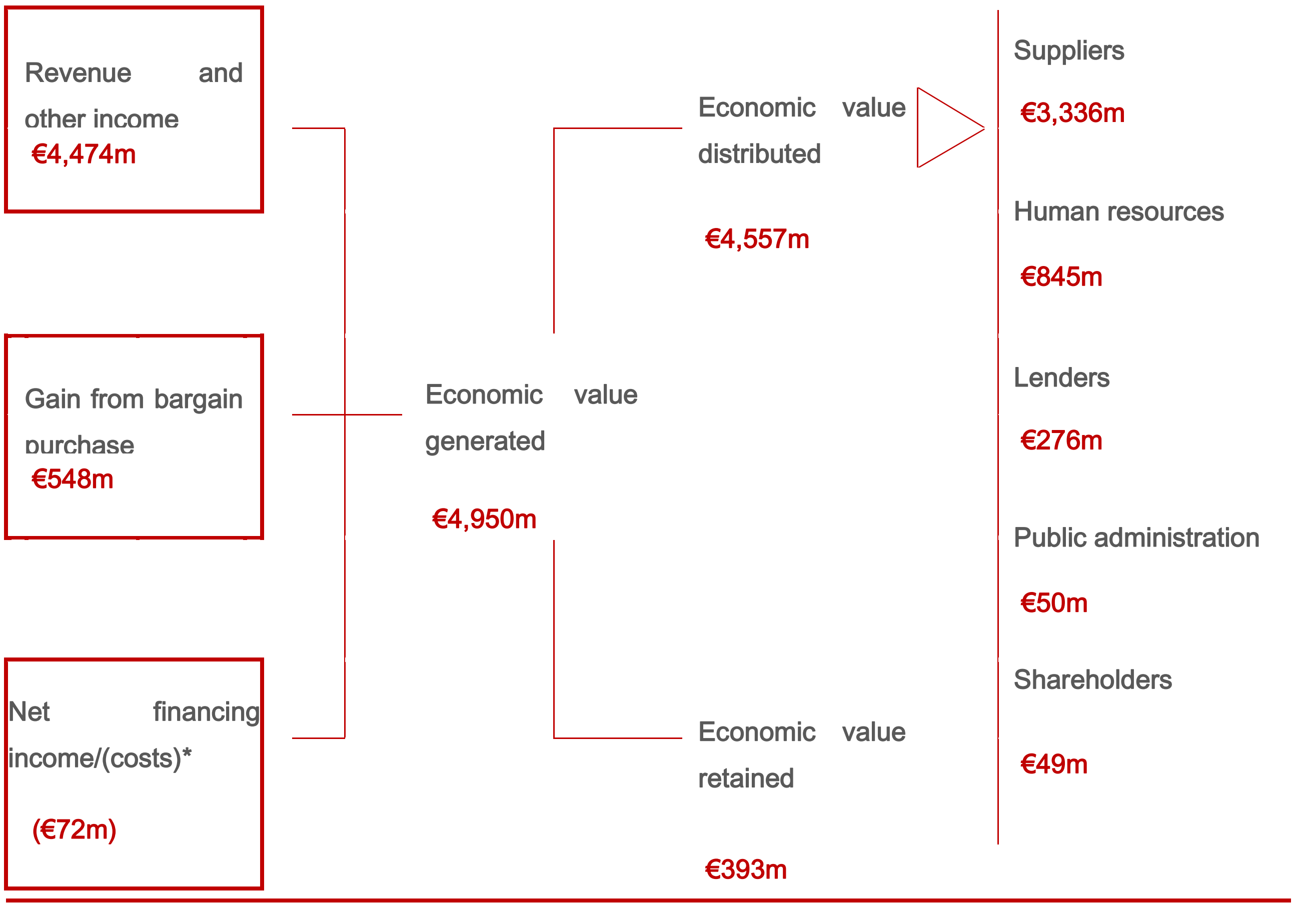
5P Sustainability Manifesto

The economic value generated and distributed is an 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.

In 2020, the Group generated economic value of €4,950 million, including €4,557 million distributed to its stakeholders and €393 million withheld for reinvestment.

[27] More information is available on the website www.webuildgroup.com/it/sostenibilita.

Economic value generated and distributed to stakeholders in 2020[28]



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

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

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 2020, 82% of its workforce was made up of local workers while a very impressive 91% of its purchases was made from local suppliers.

Key events of the year

Progetto Italia

On 5 November, Webuild successfully acquired 66.28% of Astaldi S.p.A. ("Astaldi") (in addition to its indirect investment of 0.95%), completing the most significant acquisition contemplated by Progetto Italia.

In addition to ensuring Webuild Group's growth, the acquisition enables the blending of technical expertise and innovative engineering know-how, developed in about 100 work sites around the world. It also allows the Group to expand its footprint to rapidly respond to the various governments' proposed investment plans for the strategic large infrastructure sector to contribute to progress towards the SDGs defined by the United Nations and the fight against climate change.

The acquisition took the form of a cash capital increase of €225 million reserved to Webuild, the proceeds of which were partly used to settle the secured and pre-deductible claims and partly to support Astaldi's continuity plan. Webuild financed the transaction using the liquidity obtained with the capital increase that was fully subscribed and paid up by Salini Costruttori, CDP Equity, Banco BPM, Intesa Sanpaolo, UniCredit and other institutional investors in November 2019.

The Group concurrently decided on its new name to better recognise the importance and far-reaching effects of this Project: Webuild.

The shareholders' resolution to change the parent's name to Webuild S.p.A., taken in their extraordinary meeting of 4 May 2020, was filed with the Milan Monza Brianza Lodi Chamber of Commerce on 15 May 2020.

Bond issue

New notes successfully priced for €250 million with a seven-year maturity and a 3.625% coupon

On 17 January 2020, Salini Impregilo (now Webuild) successfully completed the exchange of the existing "€ 600,000,000 3.75 per cent. Notes due 24 June 2021" (the "2021 bonds") with Euro-dominated senior fixed rate notes.

The 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' maturity date is 28 January 2027 and the coupon is 3.625%.

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 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.

New notes successfully priced for €550 million with a five-year maturity and a 5.875% coupon

On 3 December 2020, the Group announced the terms of the new unsecured fixed rate senior notes (the "New 2025 notes"). Part of the proceeds from the issuance will be used to repurchase the parent's "€ 600,000,000 3.75 per cent. notes due 24 June 2021 (the "2021 notes").

The aggregate nominal amount of the new notes is €550,000,000. Their maturity date is 15 December 2025 and the coupon is 5.875%.

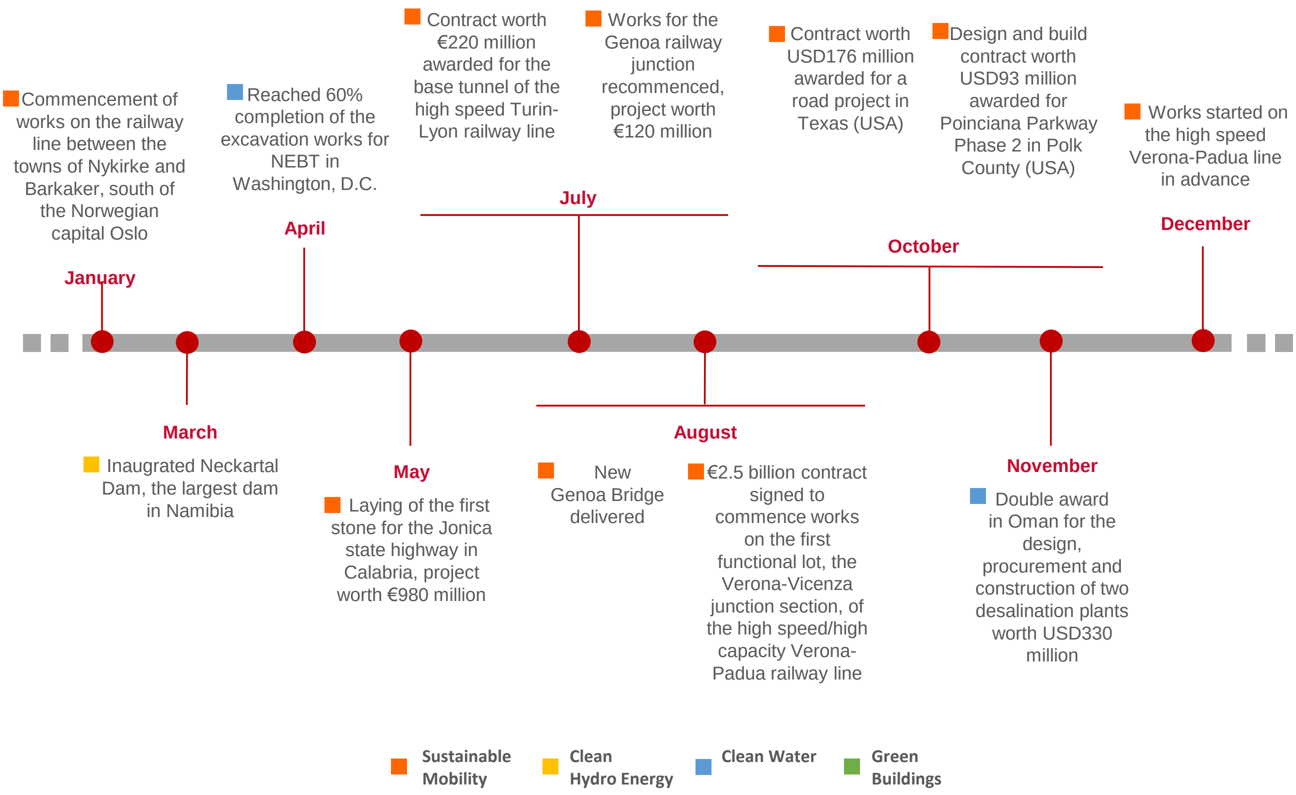
In tandem with the issuance of these new notes, for which demand was three times greater than the offer, the Group launched a tender offer for the outstanding 2021 notes. More than 50% of the noteholders accepted the offer, thus decreasing the outstanding 2021 notes to approximately €236.7 million.

The issuance of the new 2025 notes allows Webuild to meet its next corporate debt deadline of June 2021 significantly in advance.

New orders and milestones achieved in 2020

The new projects and main milestones achieved in 2020 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 2020



Other significant events of the year

2020 -2022 performance share plan

On 11 March 2020, the parent's board of directors approved the guidelines and draft regulation for an incentive plan open to certain employees, consultants and/or directors with specific duties either with the parent and/or its direct or indirect subsidiaries pursuant to article 2359 of the Italian Civil Code (the "Salini Impregilo 2020-2022 performance share plan" or the "plan"), subsequently approved by the parent's shareholders. This plan was proposed by the compensation and nominating committee and approved by the board of statutory auditors in their opinion as per article 2389 of the Italian Civil Code.

Specifically, in accordance with article 84-bis.3 of the Regulation adopted by Consob with measure no. 11971 of 14 May 1999, as subsequently amended (the "Issuer Regulation"), the following should be noted.

PLAN OBJECTIVES

The plan is intended to (i) focus the beneficiaries' attention on medium to long-term strategic factors and any changes thereto, (ii) encourage their loyalty and retention, (iii) tie their remuneration to the creation of value for the shareholders and the stakeholders in the medium to long term, and (iv) guarantee a competitive remuneration package.

BENEFICIARIES

The beneficiaries are the directors with specific duties at the group companies, to be identified solely by the board of directors from the directors who cover management roles that contribute to the Group's results and for whom retention actions can be justified as a source of creation of value, and the Group's employees and/or consultants identified by the board of directors from among the parties that carry out duties important to the Group and for whom retention and incentivisation actions can be justified as a source of creation of value and sustainability using long-term reward mechanisms (the "beneficiaries").
The beneficiaries may include parties belonging to the groups indicated in point 1.3.a)/b)/c) of Annex 3A, Table 7 of the Issuer Regulation.

When required, their names and other information required by paragraph 1 of Table 7 of Annex 3A to the Issuer Regulation will be provided in accordance with article 85-bis.5.a) of the Issuer Regulation.

CHARACTERISTICS OF THE FINANCIAL INSTRUMENTS

Should the performance targets set by the board of directors and other plan requirements be met, the beneficiaries will receive, free of charge, ordinary Webuild shares (the "shares") in circulation or held by the parent (or repurchased subsequently) or newly issued shares as per article 2349 of the Italian Civil Code, subject to the approval by the parent's shareholders of the proposal to include the option to carry out capital increases pursuant to article 2349 of the Italian Civil Code in the by-laws.

The board of directors will decide the maximum number of shares to be assigned and will disclose this number in accordance with article 84-bis.5.a) of the Issuer Regulation or, however, pursuant to the laws and regulations in force from time to time.

The beneficiaries will be assigned the right to participate in the plan free of charge. This right is personal and cannot be transferred inter vivos or pledged or given as any form of security.

The board of directors will decide the number of shares for which the beneficiaries are eligible at the end of the vesting period (which will start on the date the shareholders approve the plan (the “approval date”) and end on the date the shareholders approve the separate financial statements at 31 December 2022 (the “vesting period”) depending on the achievement of the performance targets.

Exercise of the plan is subject to achievement of specific performance targets over the 2020-2022 period (the vesting period) and the shares will be assigned at the end of this three-year period.

A first instalment of 50% of the shares will be assigned up front when the vesting period ends while the other 50% will be assigned in the second year after the end date.

The plan will be valid from the approval date until 30 June 2023, without prejudice to lock-up and certain provisions, such as the claw back mechanisms, which will continue to be effective after that date.

Issue of an arbitration award (basalt) as part of the extensive litigation for the Panama Canal

On 26 September 2020, as part of the ongoing proceedings for the complex litigation about the construction and delivery of the new Panama Canal, the International Chamber of Commerce (ICC) issued an arbitration award which was partly in favour of the constructors consortium, Grupo Unidos por el Canal (“GUPC”) and its European members, including Impregilo (now Webuild).

The award accepted just part of GUPC’s claims for USD20.7 million as well as some settled claims of approximately USD6.1 million. The arbitration costs were calculated with the tribunal’s final award as USD33.4 million (Webuild’s share: €13.5 million). At the end of October, the parent’s legal advisors formally challenged the entire arbitration tribunal. At the end of November, they filed a petition for cancellation of the interim award with the Miami Court (Florida, US).

The difference between the amounts already received by GUPC for the DAB’s decisions (approximately €227 million, of which around €86 million pertaining to Impregilo, now Webuild) and the amounts that will be recognised in favour of GUPC by the final award was returned to ACP by GUPC and its European partners. GUPC and the parent are confident that this restitution will be temporary and that, after the lengthy process of all the pending arbitrations, their reasons will be acknowledged.

Directors’ report -

Part I

Covid-19

Introduction

During 2020, the global macro-economic situation worsened rapidly due to the outbreak and spread of Covid-19. Measures adopted by the institutions to curb the public health emergency included the lockdown of non-essential production activities, a ban on movements and quarantine periods.

The economic repercussions led to a dramatic contraction in supply as a result of the closure of many production activities as well as a drop in consumption. This severely affected some production sectors, triggered a drop in household available income, the loss of value of financial assets and, especially, heightened uncertainty given the difficulty in making assumptions about the epidemic's future development and related economic fallout.

The governments of the countries hit by the Coronavirus adopted multiple measures primarily to support business liquidity and household income as well as to ensure access to credit.

The Group in turn introduced prudent measures to manage and contain the pandemic and to safeguard the health of its employees and partners. Despite the slowdown and, in some cases, the suspension of projects, these measures allowed the Group to continue to manage its ongoing projects. Its priorities have always been and will continue to be protecting the health of its employees and partners, ensuring business continuity and mitigating the financial impact of the epidemiological emergency.

Employee management and prevention measures to deal with the pandemic

The Group has defined a number of measures to protect/ensure employees' health and safety, coordinated by the crisis unit which monitors developments in the crisis for the head office and work sites on an ongoing basis.

The work sites immediately introduced precautionary measures to protect the health of all personnel in accordance with the parent's guidelines and the precautionary measures introduced by the authorities in the various countries.

When possible, the Group introduced working from home arrangements, involving most of its office employees in Italy.

Specifically, the Group rolled out the following initiatives for its employees during the pandemic:

i) it drew up anti-contagion protocols and introduced measures to protect its employees, not only during their work shifts through rotation management, but also in their free time for those that live on site (e.g., reorganisation of the accommodation into single rooms) in order that work on the strategic infrastructure projects (e.g., the Polcevera Bridge in Italy) could continue;

ii) global mobility: as the Group draws on its global experience and expertise to place the most appropriate personnel in the right place at the right time for each project, the restrictions on people's movements imposed by many countries made the organisation of work much more difficult. The Group dealt with this by introducing a number of measures: a) after authorisation by senior management of individual movements, waivers of the restrictions were requested from local authorities for travel to and from the work sites; b) local recruitment was stepped up, including of managers and specialists; c) assistance was provided to workers stranded off-site or involved in projects on stand-by and the related costs monitored closely;

iii) it drafted emergency plans for cases when workers were unable to return to the work sites or their return was delayed due to the mandatory quarantine periods by reorganising shifts or, when possible, facilitating remote working;

iv) it reorganised "intellectual work" so that it would be carried out remotely, when possible, while maintaining the minimum safeguards in place to ensure the work sites could continue to operate;

v) it carefully scrutinised each travel request to assess whether it was strictly necessary and whether the tasks could be carried out remotely;

vi) management of non-group personnel: to ensure the continuity of its works, the Group actively assisted its contractors and subcontractors to protect workers' safety. This involved extending the precautions introduced for its own personnel to those of other companies (49 thousand workers).

Measures introduced to prevent the spread of the disease included:

1) adoption of anti-contagion security protocols at the work sites and ramping-up the emergency procedures to cover the management of suspected cases, both together with the local healthcare units and by setting up isolation units for the in-house management of cases in remote work sites;

2) introduction of screening campaigns with serological and antigen swaps assisted by the authorised health units to ensure prompt action whenever suspect cases were identified and to monitor the conditions in the base camps of some work sites;

3) management of common areas to decrease gatherings;

4) special measures to provide healthcare assistance when the local healthcare units were unable to treat Covid-19 patients;

5) employee awareness raising campaigns about the protocols. Educational programmes were held at the work sites based on the guidelines of the international organisations and local legislation. Some campaigns included pamphlets and videos to ensure the workforce's maximum cooperation.

Operations and effects on the Group's business

As a global provider of engineering solutions and general contractor for infrastructure works, deemed a strategic sector essential for the economic recovery of many countries (as described earlier), Webuild was able to guarantee substantial continuity in many work sites and the protection of the health and safety of its employees and consultants. Some projects saw the shutdown of work site activities for a few weeks in line with the new measures imposed by government or local authorities and this led to a reduction in production volumes and profit margins.

At the date of preparation of this report, except in a few cases, the work sites have resumed activities although not all of them are operating at pre-Covid-19 levels.

During the period, the Group liaised constantly with its customers to manage the crisis situation in terms of safety and compliance with government measures. Negotiations also commenced on specific contractual issues, mainly the delays due to the shuttering of work sites and the consequent impacts and included discussions about the additional costs incurred due to the crisis situation which the Group has so far borne almost in full.

Article 207 of Decree law no. 34/2020 (the Relaunch decree), converted with amendments by Law no. 77 of 17 July 2020, approved by the Italian government, provided for the receipt of contract advances of up to 30% within the limitations and in line with the annual resources earmarked for each project. This also applies to contractors that have already used the contractually-provided for advances or have already started work on the contract without receiving an advance.

At the date of preparation of this report, the Group is not exposed to potential financial stress scenarios. It has cash and cash equivalents and a revolving credit facility sufficient to meet its short-term requirements. In 2020 and early 2021, the Group issued notes for €1 billion to cover its main corporate debt repayments of 2021, including the notes maturing in June 2021 (the most significant short-term obligation). This complies with Webuild's strategy to optimise the timelines of its financial commitments by lengthening their average term.

An overview of the situations in the various geographical areas where the Group operates is provided below.

Italy

After the slowdowns seen in the first half of the year at various work sites in Italy, business has slowed returned to normal.

Specifically, starting from March, the work sites for the high speed/capacity Milan - Genoa railway line project (COCIV), Line 4 of the Milan Metro and the ENI offices were closed for short periods as agreed with the customers to comply with the regulations imposed by the government and local authorities. Work recommenced in May, despite the difficulties encountered by the subcontractors and the restrictions on workers' movements.

Production continued at the other Italian work sites, especially those for the Naples - Cancello section of the Naples - Bari railway line and the Jonica state highway 106 albeit at a slower pace due to the introduction of measures to curb the spread of Covid-19. The work sites for the Naples - Bari section, the Apice - Hirpinia section and IRICAV DUE - high speed/capacity Verona - Padua railway line were not particularly affected as mostly design work and other preliminary activities were carried out.

To offset the negative effects of the Covid-19 emergency, significant organisational efforts were focussed on the new Genoa Bridge (rebuilding of the Polcevera Bridge of the A10 motorway) from March 2020, where work continued with the involvement of more than 1,000 workers to complete the bridge safely in an unprecedented timeframe and ensuring a maximum focus on quality.

Europe

Due to the regulations introduced by governments and/or customers in France and Switzerland, the work for Parc du Simplon in Lausanne and Lines 14 and 16 of the Paris Metro was suspended and slowed down in the first half of the year. At the date of preparation of this report, although the restrictive measures are still in place, the works are continuing at almost normal levels in France while the work sites in the rest of Europe are still not fully operational, mostly due to the limitations on the movement of people and goods between countries.

Middle East and Asia

In Saudi Arabia, Qatar and Tajikistan, the governments issued orders that led to an average slowdown of production at the work sites of an average of 50% in the period from April to June. The Middle East work sites are now more active than in the second quarter of the year but continue to be affected by the measures brought in by the local authorities to contain contagion. On the other hand, activities in Tajikistan have gradually returned to normal although they slowed down slightly towards the end of the year.

Latin America

The Group received instructions to temporarily suspend production at the outbreak of the pandemic to deal with the crisis. Its work sites gradually started work again to become fully operational in the second half of the year.

North America, Africa and Australia

There were no significant slowdowns or suspensions of work, which continued regularly throughout the year, apart from some specific work sites in the US.

Progress on the Australian projects was slower than expected, mostly as a result of the local authorities' restrictions on the movement of people and goods to prevent the spread of Covid-19.

Supply chain

One of the particularly critical aspects of the pandemic was management of the Group's supply chain. In the first half of the year, the Group introduced a dedicated tool to coordinate and manage the numerous supply-related issues, centralising information from around the world at the head office and tailoring plans to mitigate and/or monitor delays in supplies.

To ensure business continuity, the Group dealt with the risk of supply chain issues by identifying alternative procurement solutions and by urgently transferring equipment from one work site to another.

These mitigation measures adopted during the first six months of the year meant that the supply chain was not too affected by the pandemic in the second half of the year either.

Market trends and commercial activities

During the year, the Group continued to invest in commercial activities despite the generalised slowdown of its sector due to the spread of Covid-19. Thanks to its increasingly accurate scheduling, greater efficiency that led to less calls for tenders being abandoned and greater efforts to scout new opportunities, it made significantly more bids in 2020 compared to the previous year. In fact, Webuild participated in roughly 22% more calls for tenders in 2020, despite the postponement of calls worth €27 billion scheduled to take place during the year because of the pandemic.

In line with the Group's de-risking strategy, most of Webuild's bids were for projects in the US, Australia, Italy and other central European countries, mainly in the high speed railway sector and the roads sector (including maintenance). Fisia Italimpianti presented more bids than customary thanks to the increasing demand for wastewater treatment and desalination plants.

The sector is expected to pick up in 2021 with the commencement of the calls for tenders put off in 2020 and the investments plans under the Recovery Fund umbrella, which will focus on relaunching sustainable infrastructure. The geographical areas which should see the greatest growth are Europe, Australia and North America, where the Group has had a strong foothold for many years.

Confirming the prospects created by its intense commercial activities undertaken in 2020, the Group has been awarded or was the lowest bidder for contracts worth €2.5 billion since the beginning of this year. They include three sustainable mobility projects in Italy for more than €2.1 billion (the Fortezza Ponte Gardena high capacity railway line, two sections of the Pedemontana Lombarda Motorway and the doubling of the Taormina Giampilieri section of the high capacity Messina – Catania railway line), confirming the effective relaunch of the domestic infrastructure market.

Order backlog

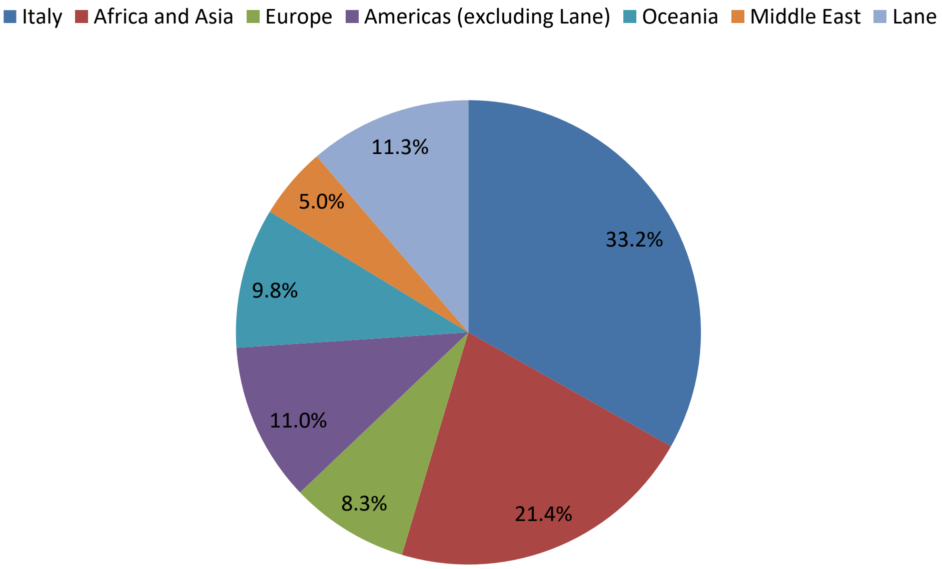
The order backlog by geographical area for the construction and concession segments is as follows:

(Share in millions of Euros)

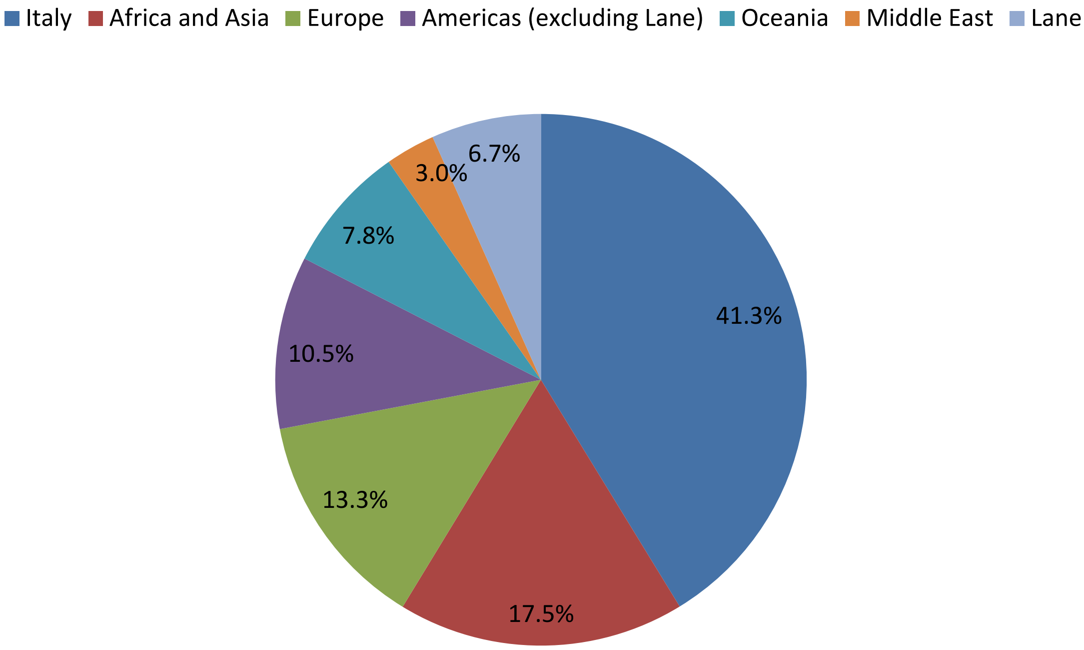
Area	Residual order backlog at 31 December 2019	Percentage of total	Residual order backlog at 31 December 2020	Percentage of total
Italy	**12,016,2**	**33.2%**	**17,199,0**	**41.3%**
Africa and Asia	7,770,7	21.4%	7,276,5	17.5%
Europe	2,998,6	8.3%	5,552,5	13.3%
Americas (excluding Lane)	4,003,1	11.0%	4,380,0	10.5%
Oceania	3,536,3	9.8%	3,231,5	7.8%
Middle East	1,808,2	5.0%	1,261,4	3.0%
Abroad	**20,116,9**	**55.5%**	**21,701,8**	**52.1%**
Lane	4,096,2	11.3%	2,787,2	6.7%
Total	**36,229,3**	**100.0%**	**41,688,0**	**100.0%**

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

Breakdown of the order backlog 31 December 2019

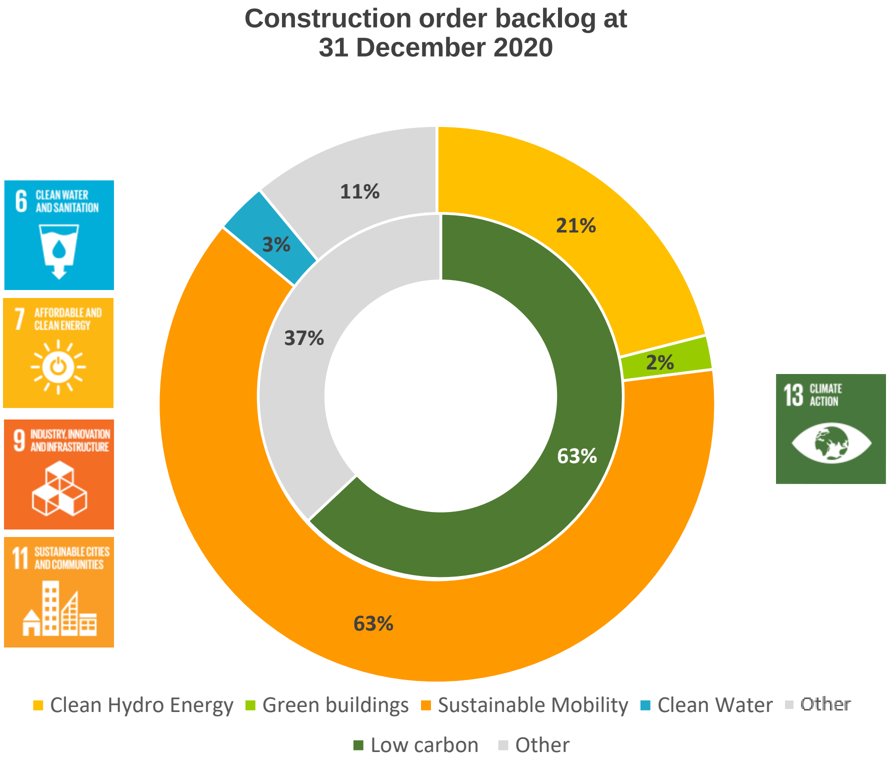


Breakdown of the order backlog 31 December 2020



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 2020 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 customer, 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 (mainly 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 customer;
- 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 customers. 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 32 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 customers that do not meet all the criteria of IFRS 15.9 at the reporting date.

Performance by geographical area

Italy

The Group focused on its home market in 2020, partly to follow Progetto Italia and the acquisition of Astaldi S.p.A. (the relevant section provides information about this).

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

Reference context and macroeconomic scenario

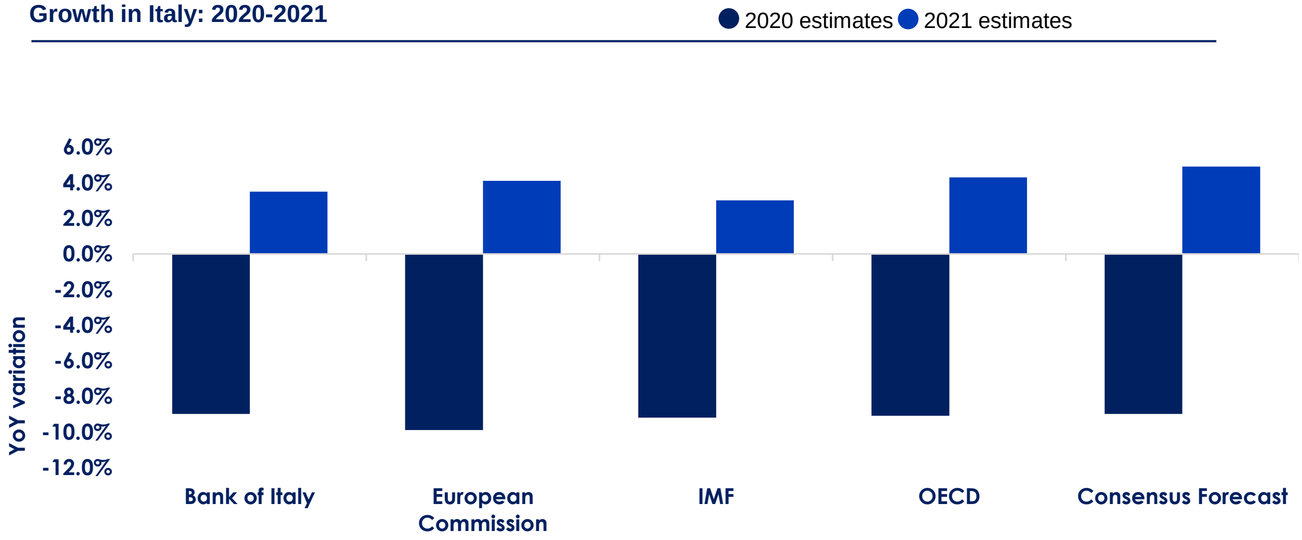
Italy is ranked 30th in the SDG Global Rank, the index that measures progress towards achievement of the SDGs in 166 countries around the world. Italy shows progress in the majority of the goals that are most pertinent to the Group's business areas although it still faces tough challenges with respect to, in particular, mobility and the fight against climate change.

SDG	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	KPI	TREND	GROUP CONTRIBUTION
6	Wastewater treated	**58.8%**	In line with objectives	The ongoing projects are mostly for the Sustainable Mobility (railways, metros and road projects) and Green Buildings (civil and industrial) areas, with a positive contribution to achievement of the SDGs in terms of improved transport and lower GHG emissions.
7	Renewable energy in final consumption	**17.9%**	Improving	
9	Quality of transportation infrastructure (1= very unsatisfactory, 5=excellent)	**3.9**	In line with objectives	
11	Satisfaction with public transport	**34.4%**	Deteriorating	
13	CO_2 emissions per capita linked to energy (ton)	**5.4**	Deteriorating	

As one of the first countries that had to deal with the Covid-19 pandemic, Italy led continental Europe in introducing tough lockdown measures, adversely affecting industrial production and consumption. After other countries started to implement their own lockdowns, Italy's export sector was also hit hard and this has triggered a sharp drop in GDP, seen immediately from the first quarter of the year.

The IMF's January 2021 projections include a 9.2% fall in GDP in 2020, after growth of 0.3% in 2019, but it should grow by 3.0% in 2021.

Growth in Italy: 2020-2021



Sources:
Bank of Italy, January 2021
IMF, January 2021

The Italian government brought in numerous measures to prevent and contain the effects of the Covid-19 emergency on the country's economy. Decree law no. 18/2020 (the Cure Italy decree), Decree law no. 23/2020 (the Liquidity decree) and Decree law no. 34/2020 (the Relaunch decree) introduced, inter alia, a multitude of initiatives to provide financial assistance to households, workers and companies. Specifically:

- the Liquidity decree tackled various issues, mostly to support companies and provide assistance to the hardest-hit sectors. Its measures included the issue of guarantees up to €200 billion until 31 December 2020 to banks, financial institutions and other credit institutions authorised to operate in Italy for financing of any form provided to companies, in accordance with EU laws;
- the Relaunch decree provided for assistance of €55 billion to be provided to the sectors that were the worst affected by the epidemiological emergency with measures covering public health, employment, social policies, lending and production. Article 207 is worthy of special note. It provides for the receipt of contract advances of up to 30% within the limitations and in line with the annual resources earmarked for each project. This also applies to contractors that have already used the contractually-provided for advances or have already started work on the contract without receiving an advance.
- with respect to the infrastructure sector, Decree law no. 76/2020 (the "Simplification decree"), converted into Law no. 120 of 11 September 2020, is designed to, inter alia, streamline the calls for tenders procedure and the timeline between the tender award and the start of the works. It introduces sanctions for public officials who hinder the performance of public works, reduces the award times to within six months of the closure of a call for tenders and adopts a model with extraordinary commissioners to manage and supervise strategic projects to ensure they are carried out rapidly.

On 21 July 2020, the European Council reached a final agreement on the €750 billion recovery fund proposed by the European Commission, the NextGenerationEU. The Recovery and Resilience Facility (RRF) will receive the bulk of the fund:

- €312.5 billion as grants;
- €360 billion as long-term subsidised loans;
- the remaining €77.5 billion will be distributed through other EU programmes.

The scope of the RRF is structured around six pillars:

- **Green transition**: in line with the European Green Deal and the Energy and Climate Plan, a minimum of 37% of expenditure on investments and reforms contained in each national plan should support climate objectives.
- **Ditigal transformation**: a minimum of 20% of expenditure on investments and reforms contained in each national plan should support the digital transition.
- **Smart, sustainable and inclusive growth and jobs**: each national plan should guarantee an inclusive and sustainable recovery and improve the potential growth trend.
- **Social and territorial cohesion:** each national plan should contribute to enhancing cohesion, taking into account local, regional and national disparities, including the rural/urban divide.
- **Policies for the next generation, children and youth, including education and skills:** each national plan should promote policies for the next generation, especially education and childcare, education and skills, including digital skills, reskilling, employment.
- **Health, economic, social and institutional resilience:** the member states shall define how this pillar will contribute to the strengthening and the resilience of the economic, social and institution aspects, assisting the country to come out stronger from the crisis.

The envelope envisaged in the first draft of the Italian RRF, still under discussion, amounts to more than €300 billion, mostly made up of the over €210 billion from the NextGenerationEU fund, integrated by the funds made available by the long term EU budget 2021-2026.

According to the "The 2021 construction market" report issued by Centro Ricerche economiche, sociologiche e di mercato (CRESME), after growing by 6.5% in 2019, investments in public works are expected to increase by 1.1% in 2020 and 7.5% in 2021. This trend will mainly be bolstered by national programmes and European initiatives put in place after the pandemic. Together with the Simplification decree, they should speed up the actual use of the already earmarked funds. Growth is mostly pushed by investments in transport infrastructure (railways, roads, ports, airports and metros), the integrated water cycle and ultra-broadband telecommunications. The main growth drivers for the construction sector are the public administration's renewed ability to spend and the increase in infrastructure investments by Rete Ferroviaria Italiana (RFI) and private motorway operators.

Main ongoing projects

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

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 31 December 2020	Percentage of completion
Cociv Lot 1-6	2,786.0	41.4%	2,687.0	47.6%
Iricav Due	1,430.1	1.2%	4,178.2	0.7%
Other	3,555.2		4,479.8	
Total	**7,771.3**		**11,345.1**	

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.

Webuild has a 99.999% stake in the consortium as its leader after the specific agreements with Società Italiana per Condotte d'Acqua S.p.A. under extraordinary administration ("Condotte") as described in detail in the 2019 Annual Report.

The works began on 2 April 2012 and the contract is worth approximately €4.8 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).

All the six lots provided for in the rider of 11 November 2011 are fully financed and the Giovi third railay crossing project has been contractually joined with the Genoa railway junction project for the development of the related tunnels.

On 2 December 2020, RFI confirmed its willingness to increase the contract advance in addition to that paid at the end of June 2020, in accordance with article 207.2 of Decree law no. 34 of 19 May 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 (Iricav Due)

The Iricav Due consortium (Webuild: 45.44%, Astaldi: 37.49%) is RFI's general contractor for the design and construction of the high speed/capacity Verona – Padua railway line 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.

On 18 July 2018, after completion of the legitimacy checks by the Court of Auditors, the CIPE's approval measure was published in the Italian 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.

On 6 August 2020, RFI and the consortium agreed the rider to the TAV/Consorzio Iricav Due agreement of 1991 for the first functional lot, the Verona - Vicenza junction section.

The related amount of approximately €2.5 billion is divided between two construction lots and RFI has resources of €873.7 million available just for the first lot.

On 17 October 2020, the consortium received the contract advance of roughly €87.4 million, equal to 10% of the consideration for the first construction lot.

The works commenced on 26 November 2020 with the geognostic investigations being commenced along with the executive design stage which was already in progress.

On 22 October 2020, RFI communicated its intention to increase the contract advance in accordance with article 207.2 of Law decree no. 34 of 19 May 2020.

As a result of the procedure commenced in 2019 by the extraordinary commissioner of the consortium partner Condotte for the sale of its interest in the consortium (11.35%), Webuild made a binding offer to acquire such interest. On 9 March 2020, with the authorisation of the Ministry of Economic Development, the commissioner accepted Webuild's offer.

On 5 June 2020, Condotte sold Webuild its 11.35% interest in the consortium with an authenticated private agreement that contained certain conditions precedent.

On 16 October 2020, as the conditions precedent were met, including RFI's written agreement with the change in investment percentages and the consortium fund, which entailed the related necessary amendments to the bylaws, Webuild and Condotte executed the agreement.

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. 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%.

With respect to the Naples - Cancello section of the Naples - Bari railway line, the contract for which was signed in December 2017 by Webuild (60%) and Astaldi (40%), the contract advance was received on 5 April 2019. During 2020, work continued including the laying of the foundations and elevation of the viaducts and construction of the tunnel diaphragm walls.

On 26 November 2019, 7 May 2020 and 20 November 2020, the joint venture signed three riders with RFI for the supply of crushed stone by it and the removal of the above-ground materials in areas located in the Casoria Municipality, for archaeological investigations and excavations and for the removal of the above-ground materials and additional archaeological investigations and excavations. This increased the contract consideration to approximately €431.9 million.

Naples - Bari railway line, Apice - Hirpinia section

On 28 March 2019, RFI announced that the consortium to be set up by Webuild (60%) and Astaldi (40%) 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 contract consideration, on 25 October 2019.

On 22 February 2020, the consortium delivered the executive design to the site manager Italferr S.p.A. and the customer RFI, which approved it on 21 September 2020. Subsequently on 25 September 2020, Conformity Deed no. 1 was signed amending the contract consideration to €603.3 million.

On 30 June 2020 after the signing of rider no. 2 in accordance with article 207 of Decree law no. 34/2020, the consortium received the additional advance.

During the year, the executive design and geognostic investigations were completed and the pre-construction work commenced (clearing of ordnance and remediation of any issues with underground utilities).

Palermo - Catania railway line, Bicocca - Catenanuova section

Again with respect to railway works, a consortium (Webuild: 60%; Astaldi: 40%) 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 €194 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 the first half of 2020, the ongoing works included the construction of the viaducts, railway overpasses and underpasses, the construction of water courses and related manholes, the formation of trenches and the embankment floors, the construction and renovation of railway buildings as well as activities relating to electric traction, light and driving force.

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. Webuild is the lead contractor with a share of 41%.

During 2020, the main activities involved the works to strengthen the Isarco River Underpass, the consolidation, excavation and lining of the northbound tunnels, the lining of the southbound tunnels and the performance of the civil and plant engineering works of the deviation of the existing Brenner railway line.

On 30 November 2020, after the signing of the second amendment to the contract in accordance with article 207 of Decree law no. 34/2020, the consortium received the additional advance.

Milan - Metro Line 4

Metro Blu S.c.r.l. (Webuild: 50%, Astaldi: 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) with intelligent traffic control technology to ensure the highest safety standards, 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.

During the year, the mechanised tunnelling with the TBM-EPB of the central section tunnels was completed and work commenced on the new order for the tunnel network of the central section using the ground freezing technique.

Rebuilding of the Polcevera Bridge of the A10 motorway

With respect to motorways and bridges, Webuild 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.

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 Webuild and Fincantieri Infrastructure S.p.A. (50:50). The contract covers the design and performance of the works and services to build the new bridge. The consortium company received the contract advance on 25 February 2019.

The work areas were delivered on 15 April 2019.

On 1 October 2019, the first section of the deck was installed and the main deck was completed on 28 April 2020.

On 25 May 2020, the extraordinary commissioner authorised integration of the contract advance in accordance with article 207.2 of Decree law no. 34 of 19 May 2020.

The work on the deck necessary to open the bridge to traffic was completed in good time and the bridge was opened to the public on 3 August 2020.

Some additional work is currently being performed which does not affect the use or operation of the bridge, including the plant functional calibrations (Robot, SCADA, lighting, monitoring), powered, inter alia, by a photovoltaic system that provides the bridge with 95% of its energy requirements.

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, nearly all the excavation materials were reused during the works.

Jonica state highway 106 - Third maxi-lot

Sirjo S.c.p.A. (Webuild: 40%, Astaldi: 60%) 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 as defined in the second rider to the contract signed on 19 November 2020.

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 customer on 15 April 2019 for checks of the quality, technical and financial adequacy and compliance with the ruling regulations. These checks were completed on 24 September 2019 with the issue of a report with a positive opinion. On 9 March 2020, ANAS' board of directors approved the executive designs and on 27 March 2020 issued its authorisation for the second rider to the contract signed on 19 November 2020.

On 19 May 2020, the works were formally delivered with the signing of the related report.

As provided for by article 207 "Urgent measures for the liquidity of construction companies" of the Relaunch decree; Sirjo S.C.p.A. requested of ANAS and obtained a contract advance on 10 September 2020.

In June 2020, the contractor commenced work site preparatory activities and its archaeological investigations.

In the second half of the year, it also commenced construction work, with construction of the first foundation piles while the production of strategic components started towards the end of the year, such as the pre-cast sections of the tunnels and the metal decking of the viaducts.

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, Webuild 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 (Webuild's share: 60%).

Work began at the end of 2017 and continued in 2020 to complete 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.

During the year, negotiations with the customer about the internal finishings of the buildings were intensified to be settled with a rider with a value of approximately €18 million and the lengthening of the delivery times of about 18 months.

...

Unforeseen costs have been incurred on the high speed/capacity Milan - Genoa railway line section, Naples - Bari railway section, Naples - Cancello railway section, the Bicocca - Catenanuova section of the Palermo - Catania railway line, the Brenner Base Tunnel - Isarco River Underpass, Line 4 of the Milan Metro and Eni's headquarters and the contractors have accordingly presented their requests 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 area:

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)	63.1	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

Astaldi

Group profile

The Astaldi Group (the "Group") is an international market player and one of the major general contractors in Italy. It has a large share of the European and global construction market. Listed on the stock exchange since 2002, it mostly operates as an EPC[29] contractor and delivers complex and integrated projects. It designs, develops and operates public infrastructure and large-scale civil engineering works. As of 5 November 2020, the group has been part of Webuild Group.

The Group has an offer capacity based on several product lines - transport infrastructure, hydraulic and energy production plants, civil and industrial construction and plant engineering. It also operates under concession and provides operation and maintenance (O&M) services for the management of the infrastructure and works it builds.

The Group's core business is the transport infrastructure segment, comprising the (i) railways and metros, (ii) roads and motorways, and (iii) ports and airports sub-segments. Astaldi designs, builds and, occasionally, operates the completed infrastructure, drawing on the internationally-recognised expertise of its highly qualified human resources. In just the last decade, the Group has built over 2,000 km of railway and metro lines and more than 1,600 km of roads and motorways, including roughly 300 km of tunnels and around 180 km of bridges and viaducts. In the same period, it has built, inter alia, seven hydroelectric power plants, five dams and two waste-to-energy plants in the hydraulic plants and energy production segment, while it has completed 39 buildings, including 12 healthcare facilities, in the civil and industrial construction segment.

Composition with creditors on a going concern basis as per article 186–bis of the Bankruptcy Law

Foreword

On 28 September 2018, Astaldi S.p.A. ("Astaldi" or the "parent") filed its application (no. 63/2018) with the bankruptcy section of the Rome Court (the "Rome Court") for its composition with creditors on a going concern basis procedure as per article 161 and following articles of the Bankruptcy Law (the "procedure").

On 19 June 2019, Astaldi filed the definitive composition with creditors plan (the "plan") together with the proposal and additional documentation requested (subsequently updated on 16 July 2019, 20 July 2019 and 2 August 2020 - the "composition with creditors proposal").

The plan is underpinned, inter alia, by the offer for financial and industrial assistance made by Webuild S.p.A. ("Webuild", then Salini Impregilo S.p.A.) on 13 February 2019, subsequently integrated and confirmed on 15 July 2019 (the "Webuild offer"). Since 5 November 2020, Webuild Group has had an investment in Astaldi, which amounts to 66.97% (66.10% held directly and 0.87% indirectly) at the date of preparation of this report and was acquired as part of the composition with creditors procedure.

[29] *Engineering, Procurement, Construction.*

Reference should be made to the 2019 Annual Report available in the Investor Relations - Financial Reports section of Astaldi's website www.astaldi.com for information about the reasons for its financial difficulties, the various steps of the procedure and a description of the composition with creditors proposal and plan (authorised by the Rome Court on 17 July 2020).

The plan provided for:

a) the separation of:

   i. Astaldi's construction, infrastructure, plant engineering, study, design, transport, maintenance, facility management activities and management of complex systems to be continued by Astaldi (the "core assets scope");
   ii. Astaldi's activities related to the operation of infrastructure and other assets under concession to be transferred to a separate unit set up in accordance with article 2447-bis and following articles of the Italian Civil Code (the "separate unit") for their sale;

b) satisfaction of the creditors:

   i. in cash for the pre-preferential and preferential creditors, including by using the proceeds from the capital increase of €225,000,000.00 reserved to Webuild (the "Webuild capital increase", as defined later);
   ii. with respect to the "unsecured creditors" (i.e., Astaldi's unsecured creditors at 28 September 2018, the reference date for its composition with creditors procedure) by assigning them (a) new ordinary Astaldi shares to settle their claims in the ratio of 12.493 new shares for each €100 of unsecured claim, and (b) participating financial instruments issued by Astaldi as per article 2447-ter.1.e) of the Italian Civil Code, which give them the right to receive the net proceeds from the sale of the business unit (the "participating financial instruments", "PFI") in the ratio of one PFI to every €1.00 of unsecured claim. The composition with creditors procedure provides for both the unsecured creditors' involvement in the core assets scope (with the receipt of ordinary shares) and their exclusive right to the proceeds from the sale of the assets transferred to the business unit (with the receipt of participating financial instruments). The unsecured creditors are both creditors with filed claims (i.e., unsecured creditors with claims dating back to before publication of the pre-composition with creditors proposal appeal on 1 October 2018, as shown in the list of liabilities filed with the composition with creditors proposal and the integrations made by the judicial commissions after their checks as per article 171 of the Bankruptcy Law) and the "additional creditors" (i.e., the potential creditors whose claims have not been wholly or partly included in the plan's liabilities after the checks performed by the judicial commissioners as per article 171 of the Bankruptcy Law but have been included in full in the provisions for risks as part of the plan's liabilities as adjusted by the judicial commissioners) or the "creditors not

provided for" (i.e., (i) the unsecured creditors whose claims have not even been partly included in the liabilities and the provisions for risks as part of the plan's liabilities, and (ii) the potential creditors for the part of their claims not settled as part of the capital increase for conversion into shares as defined later));

c) Astaldi's issue of warrants to Webuild to ensure that its investment percentage is not diluted following the subscription of Astaldi shares by the unsecured creditors (the "anti-dilutive warrants").

As part of the transactions envisaged by the composition with creditors proposal, Astaldi has also issued warrants for its lending banks that made new resources available to it during the procedure (the "banks", as defined later) to give them the option to acquire an investment in its share capital (the "lending bank warrants").

The main steps of the procedure implemented since 1 January 2020 are presented below.

Composition with creditors on a going concern basis

In February 2020, the judicial commissioners filed their report prepared in accordance with article 172 of the Bankruptcy Law with the Rome Court. Upon completion of their work, the judicial commissioners found the composition with creditors plan and proposal to be legally and financially viable, finding the proposal to be "*definitely more beneficial to the unsecured creditors*" compared to the alternative scenario of an extraordinary administration procedure.

On 25 February 2020, the holders of the "€140,000,000 4.875 per cent. Equity-Linked Notes due 2024" met on first call and approved the composition with creditors proposal with a favourable vote of 80.05% of those present. On 17 March 2020, the holders of the "€750,000,000 7.125% Senior Notes due 2020" met on second call and rejected the composition with creditors proposal with a negative vote of 73.2% of those present. The two votes were an essential part of the procedure and, in accordance with Italian law, the results of the votes of both meetings were communicated by the noteholders' joint representative during the creditors' meeting, as defined later.

On 9 April, the creditors' meeting took place remotely (the "meeting") and after the voting procedures, the Rome Court acknowledged that 69.4% of the creditors eligible to vote had voted in favour of the composition with creditors proposal in its ruling of 4 May 2020. The Court authorised Astaldi's composition with creditors procedure with its ruling no. 2900/2020 filed and published on 17 July 2020 (no. 26945/2020) (the "authorisation ruling"). As the only opposition proposed by the creditors had been waived, the authorisation ruling became definitive and effective on 17 July 2020. The shareholders' resolution approving the Webuild capital increase was passed on 31 July 2020.

In addition, Astaldi's board of directors set up the separate unit with its resolution of 24 May 2020, thus implementing the composition with creditors plan and proposal. The board of directors also resolved:

(i) to assign the management and sale of the non-core assets in the unsecured creditors' interests to Claudio Sforza, who meets the professional and ethical requirements for statutory auditors (the "proxy"). They gave him an irrevocable mandate with representation (the “mandate”) to be defined before the date of publication of the Rome Court’s authorisation of the composition with creditors proposal (the “authorisation”, published on 17 July 2020), effective from that date. The mandate includes all the deeds, legal transactions, contracts and any sort of activity, deemed necessary, useful and/or appropriate, to perform the specific activities for which the separate unit was set up in the name and on behalf of Astaldi but in the interests of the unsecured creditors holding participating financial instruments. It covers the management and sale of all the assets, rights and judicial relationships of the separate unit, in accordance with the plan’s terms;

(ii) to approve the separate unit’s business plan which covers the four-year period from 2020 to 2023, during which the sale of the assets to be transferred to the separate unit shall take place as provided for by the composition with creditors proposal and in accordance with its terms;

(iii) to establish how to report on the separate unit, without prejudice to the fact that the unit is to be audited/reviewed by the parent’s independent auditors;

(iv) to issue, in one or more instalments, participating financial instruments without a nominal amount in accordance with article 2447-bis.e of the Italian Civil Code to be assigned to the unsecured creditors against the transfer of their claims to the separate unit (the “unsecured claims”) as per article 2447-bis.d of the Italian Civil Code;

(v) to approve the participating financial instruments’ regulation (more information about this regulation is available in the Liquidation perimeter section of the parent’s website (www.astaldi.com);

(vi) to grant each unsecured creditor one participating financial instrument for each Euro of unsecured claim presented. No split participating financial instruments will be issued, no cash adjustments will be made and, therefore, any remainders will be eliminated. The instruments are participating and the consideration paid by each unsecured creditor to receive them is non-returnable and does not give any right to the return and/or reimbursement of the consideration but solely the instruments’ dividend and voting rights;

(vii) that the first issue of participating financial instruments would take place after the Rome Court’s authorisation of the composition with creditors procedure for a number of instruments equal to the unsecured debt presented in the plan’s liabilities, as adjusted by the judicial commissioners’ report prepared in accordance with article 172 of the Bankruptcy Law. Any other issues of participating financial instruments will be made as approved by the parent’s board of directors every six months after the acknowledgement (in or outside court) of unsecured claims not included in the plan’s liabilities or liabilities which were provided for in the relevant provision for risks. The first issue was made in November 2020, as described later.

As part of the plan to set up a separate unit to implement the composition with creditors plan and proposal, Astaldi Concessioni was firstly subjected to a partial proportionate demerger as per the related deed of 28 May 2020 (which became effective on 12 June 2020). This transaction was undertaken to establish the scope of the non-core assets (which remain with Astaldi Concessioni) and the core assets (transferred to a newco Astaldi Concessions S.p.A., “Astaldi Concessions”). The activities transferred to Astaldi Concessions mainly relate to the O&M contracts, other minor concessions for which the ongoing construction work will be completed and other assets and liabilities, including with third parties.

On 31 July 2020, to comply with the requirements of the Astaldi composition with creditors procedure, the parent's shareholders resolved, inter alia, in an extraordinary meeting:

(i) an indivisible capital increase against payment, excluding a rights offering, as per article 2441.5/6 of the Italian Civil Code, of €225,000,000.00, including a premium, by issuing 978,260,870 ordinary shares, without a nominal amount, at a unit price of €0.23 to be reserved to Webuild, to be paid in cash (the "Webuild capital increase"); (b) the issue and assigning of 80,738,448 anti-dilutive warrants to Webuild, which give Webuild the right to a maximum of 80,738,448 ordinary Astaldi shares without a nominal value (the "bonus shares") in the ratio of one new ordinary Astaldi share to each anti-dilutive warrant exercised; (c) the issue of a maximum of 80,738,448 ordinary Astaldi shares without a nominal amount ("bonus shares") to be used for the exercise of the anti-dilutive warrants, without changing the share capital;

(ii) a divisible capital increase against payment, excluding a rights offering, as per article 2441.5/6 of the Italian Civil Code for a maximum amount of up to €98,653,846.00, including a premium, by issuing a maximum of 428,929,765 Astaldi shares without a nominal amount at a unit price of €0.23 to be reserved to the filed and potential creditors to be assigned as payment of their claims in the ratio of 12.493 new shares to each €100.00 of unsecured claims with Astaldi (the "capital increase for conversion purposes");

(iii) a divisible capital increase against payment, excluding a rights offering, as per article 2441.5/6 of the Italian Civil Code for a maximum amount of up to €10,000,000.00, including a premium, by issuing a maximum of 43,478,261 Astaldi shares without a nominal amount at a unit price of €0.23 to be reserved to the creditors not provided for to be assigned as payment of their claims in the ratio of 12.493 new shares to each €100.00 of unsecured claims with Astaldi (the "capital increase for the creditors not provided for").

On the same date, in their extraordinary meeting, Astaldi's shareholders also resolved on: (a) the issue and assignment of 79,213,774 lending bank warrants to Astaldi's banks, which give them the right to subscribe ordinary Astaldi shares in the ratio of one share to each lending bank warrant to be exercised within three years from the date of registration of the resolutions with the company registrar; (b) a divisible capital increase against payment, excluding a rights offering, as per article 2441.5/6 of the Italian Civil Code, for a maximum of €18,219,168.00, including a premium (the "capital increase for the lending banks") by issuing a maximum of 79,231,774 Astaldi shares without a nominal amount at a unit price of €0.23, reserved exclusively and irrevocably to service the lending bank warrants and, therefore, the exercise of the subscription rights given to the holders of the lending bank warrants.

In line with the shareholders' resolutions taken on 31 July 2020, on 5 November 2020:

(i) Webuild entirely subscribed and paid up the Webuild capital increase receiving 978,260,870 new Astaldi shares;

(ii) Astaldi performed the capital increase for conversion purposes by issuing 399,782,755 new shares;

(iii) Astaldi issued 3,199,975,846 participating financial instruments for €3,199,975,846.00;

(iv) Astaldi issued and assigned Webuild 80,738,448 anti-dilutive warrants;

(v) Astaldi issued and assigned the lending banks (Unicredit, Intesa Sanpaolo, SACE, BNP Paribas, Banca Monte dei Paschi di Siena and Banco BPM) 79,213,774 lending bank warrants.

Following Banco BPM's request, on 26 November 2020, to exercise 4,222,094 lending bank warrants, 4,222,094 lending bank warrants were cancelled and 4,222,094 Astaldi shares were issued and assigned to Banco BPM using the capital increase reserved to the lending bank warrants.

At the date of preparation of this report, Astaldi's share capital amounts to €340,431,460.27 consisting of 1,480,136,785 shares, including €91,950,033.65 and the related 399,782,755 shares subscribed on 5 November 2020 as part of the capital increase for conversion purposes and €971,081.62 and the related 4,222,094 shares subscribed on 26 November 2020 related to the capital increase for the lending bank warrants. The capital increase for the creditors not provided for has been approved but not subscribed at all.

As a result of the above transactions, at the date of preparation of this report, Astaldi's share capital is held by Webuild (66.97%, 66.10% held directly and another 0.87% indirectly), Fin.Ast (3.57%) and the market (29.46%).

On 19 October 2020, Astaldi signed an unsecured loan agreement with a bank syndicate comprising Banca Monte dei Paschi di Siena, Banco BPM, BNP Paribas (Italian branch), Intesa Sanpaolo and Unicredit (the "banks") (the "RCF agreement") whereby the banks agreed to make a revolving credit facility of €200 million (the "RCF 200"), which is pre-preferential as per articles 182-quater.1 and 111 of the Bankruptcy Law if certain conditions precedent are met. The RCF will be used to fund Astaldi's ordinary activities and the redemption of any residual portion of the pre-preferential bonds (the "pre-preferential bonds") and the "Up to Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022" subscribed by Beyond and Illimity in 2019 after the Webuild capital increase has been authorised and performed. Astaldi fully redeemed the pre-preferential bonds on 12 November 2020 after the Webuild capital increase and subsequent disbursement of the RCF 200, as provided for by the loan regulation.

Appeal to the Supreme Court against the authorisation ruling of 17 July 2020

On 14 and 15 September 2020, the parent was notified of two extraordinary appeals to the Supreme Court as per article 111 of the Italian Constitution, separately proposed by an individual bondholder (the "individual appeal") and a group of bondholders (the "first collective appeal") against the authorisation ruling of 17 July 2020. On 13 and 14 October 2020, the parent was notified of another two extraordinary appeals to the Supreme Court, proposed by eight (the "second collective appeal") and 18 bondholders (the "third collective appeal"), which nearly entirely repeat the issues raised in the first collective appeal. The four appeals were joined as per article 335 of the Code of Civil Procedure with number 23901/2020.

On 23 October 2020, Astaldi notified its first counter appeal against the first collective appeal and the individual appeal with a single response to both appeals as most of the matters challenged were the same. It asked the court to find them inadmissible or ungrounded. On 2 November 2020, it appeared in court.

On 20 November 2020, Astaldi notified another counter appeal, again pursuant to article 372 of the Code of Civil Procedure, against the second and third collective appeals, asking that they be found inadmissible or ungrounded. On 3 December 2020, the parent formally filed them with the court's secretary.

At the date of preparation of this report, the Supreme Court has not set a date for a hearing to discuss the appeals.

Astaldi deems the risk of an unfavourable ruling is remote, as it holds that the appeals are ungrounded and inadmissible, supported by its legal advisors. Moreover, the appeals do not affect the performance of the composition with creditors procedure.

Other procedures linked to Astaldi's composition with creditors procedure

NBI S.p.A. – SEPARATE COMPOSITION WITH CREDITORS PROCEDURE

On 5 November 2018, NBI S.p.A. ("NBI"), wholly-owned by Astaldi, submitted an application for a separate composition with creditors on a going concern basis procedure to the Rome Court as per article 161.6 of the Bankruptcy Law. It was subsequently authorised to continue certain contracts and the Rome Court authorised it to issue the certification of labour compliance (DURC) and to collect receivables due from customers. The subsidiary filed its composition with creditors proposal on 7 June 2019, before the deadline set by the Rome Court. As a result of the clarifications requested by the court and within the timeline set by it, NBI filed a revised composition with creditors proposal on 6 November 2019 and commenced a debt restructuring procedure in Chile. NBI informed the Rome Court with its communication of 7 February 2020 that it had obtained the majority vote required by Chilean law for approval of its local debt restructuring proposal presented in that country. The Rome Court accepted NBI's application for the composition with creditors procedure with its ruling of 26 February 2020 and ordered that the creditors' meeting be called for 24 June 2020. On 9 May 2020, the competent judicial commissioners expressed their positive opinion on the composition with creditors plan and proposal in accordance with article 172 of the Bankruptcy Law. On 24 June 2020, the creditors' meeting was held remotely and, after the vote, NBI's composition with creditors proposal and plan were approved by a significant majority (78.12% of the creditors eligible to vote). The Rome Court set the date of 30 September 2020 for the hearing to authorise NBI's composition with creditors procedure in its ruling of 22 July 2020. On 9 October 2020, the Rome Court published its ruling authorising NBI's composition with creditors procedure. This ruling, handed down without opposition as per article 180.3 of the Bankruptcy Law, cannot be appealed and is, therefore, res judicata with immediate effect. NBI's composition with creditors procedure entails the settlement of all the pre-preferential and preferential claims in full and payment of 10.1% of the unsecured claims in cash over the plan period as well as payment of the unsecured claims using the proceeds from non-core assets. The court has entrusted the performance of the composition with creditors procedure to NBI while the judicial commissioners will oversee its proper execution. The court appointed a receiver to sell the non-core assets in line with the information provided in NBI's composition with creditors proposal and assigned them the duty of satisfying the creditors. The court's authorisation implies that NBI is again a going concern.

AFRAGOLA FS S.C.R.L. – SEPARATE COMPOSITION WITH CREDITORS PROCEDURE

On 3 June 2019, Afragola FS S.c.r.l. ("Afragola", 82.54% owned by Astaldi with the other 17.46% held by NBI) submitted an application for a separate composition with creditors procedure to the Rome Court as per article 161.6 of the Bankruptcy Law in order to subsequently submit a composition with creditors proposal. The Rome Court set the date of 3 September 2019 in its ruling of 12 June 2019 as the deadline for presentation of the definitive proposal, the composition with creditors plan and the additional documents required by law. Afragola subsequently requested an extension of 60 days from that deadline on 30 August 2019 as allowed by the last paragraph of article 161 of the Bankruptcy Law. The Rome Court authorised the extension on 5 September 2019. Afragola filed its composition with creditors proposal for its winding up as per article 160 and following articles of the Bankruptcy Law on 4 November 2019. The competent judge made several comments on this proposal in their ruling of 22 January 2020, which Afragola replied to providing clarifications, an updated version of the plan, the related certification and additional documents on 25 February 2020. The Rome Court authorised Afragola's application for the composition with creditors procedure with its ruling of 4 October 2020 filed on 5 November 2020. On 10 March 2021, the creditors' meeting was held and the voting procedures will be completed on 30 March 2021 in accordance with article 178.4 of the Bankruptcy Law. During the meeting, roughly 40% of the creditors voted in favour and, therefore, at the date of preparation of this report, the directors deem that approval of the proposal is highly probable.

PARTENOPEA FINANZA DI PROJECT S.c.p.A. – SEPARATE COMPOSITION WITH CREDITORS PROCEDURE

Partenopea Finanza di Progetto S.c.p.A. ("PFP"), a consortium company 99% controlled by Astaldi received a winding up petition before the Naples Court. As it did not have sufficient funds to cover its debts (its main asset is a financial asset with Astaldi that cannot be collected given the parent's composition with creditors procedure), it in turn filed an appeal pursuant to article 161.6 of the Bankruptcy Law with the Naples Court. The court established a deadline of 1 June 2019 (then extended to 31 July 2019) to present its composition with creditors proposal. On 31 July 2019, PFP presented its proposal and the Naples Court requested clarifications on 8 August 2019, setting the date of 18 September 2019 for the related hearing. Subsequently and to provide the requested clarifications within the set timeline, PFP presented a new composition with creditors proposal with the related documentation. The Naples Court authorised its commencement of the composition with creditors procedure on 15 January 2020. In their report prepared in accordance with article 172 of the Bankruptcy Law, filed on 16 March 2020, the competent judicial commissioner expressed a "*positive opinion on the plan with* *respect to both its legal and financial viability*", clarifying that "*the plan proposed by PFP is logical and reasonable and found to be feasible and cost effective compared to the possible alternatives (winding up)*". On 27 April 2020, the creditors' meeting originally due to be held on 30 April 2020, was postponed to 17 June 2020. The Naples Court authorised PFP's proposal in its ruling of 23 July 2020 and set the date of 23 September 2020 for the hearing to authorise the procedure in line with article 180 of the Bankruptcy Law. The Naples Court authorised PFP's composition with creditors procedure with its ruling of 21 October 2020 and appointed the judicial receiver in charge of selling the company's assets and distributing the proceeds to its creditors.

ASTALDI BRANCH IN CHILE – JUDICIAL REORGANISATION PROCEDURE

On 6 November 2018, the Chilean branch (Astaldi's base in Chile, the "Chilean branch") applied to the Santiago Court to have the parent's composition with creditors procedure endorsed so that the effects of the Italian procedure would be valid in Chile. The Chilean bankruptcy law provides that endorsement of crossborder composition with creditors procedures gives the debtor temporary protection from individual enforcement actions by creditors. As provided for by the local law, the Chilean branch firstly applied to the Santiago Court for a precautionary financial protection measure as per article 57.1 of the local bankruptcy law ("financial protection"). Subsequently, upon a creditor's request, the Santiago Court revoked the Chilean branch's financial protection measure. On 25 February 2019, the Chilean branch applied for the Chilean judicial reorganisation procedure (which is an alternative to a winding up procedure) which, in short, provides for (i) the presentation by the branch of a debt restructuring proposal for its creditors, (ii) the appointment of a body by the three main creditors to assist the debtor in preparing its proposal and to express an opinion on its feasibility, and (iii) the calling of a creditors' meeting to vote on the debtor's proposal. On 27 March 2019, the parent presented an application to the Rome Court for its authorisation to activate the procedure, which the court granted on 29 March 2019. Therefore, on the same date, the Chilean branch presented its judicial debt restructuring agreement proposal to the eleventh civil courtroom of Santiago ("Juzgado Civil"). On 15 April 2019, the creditors were asked to vote on the proposal which they approved with a very large majority (more than 90% of the qualified creditors in terms of the amounts and number involved). Starting from that date, the Chilean debt restructuring agreement is valid in accordance with Chilean bankruptcy legislation and, therefore, the branch commenced payment of the instalments as per the agreement within the dates and using the methods approved therein. Due to the Covid-19 pandemic which has significantly affected Chile's economy, the branch's main customer, CODELCO, ordered the shuttering/slowdown of activities at two work sites (the Chuquicamata and El Teniente Mines). Starting from June 2020, payment of the instalments as per the original judicial debt restructuring agreement was affected and the branch presented the Chilean creditors with a modified payment plan (which they accepted in September 2020). This plan reflects the variation in the cash flows servicing the judicial debt restructuring and provides for payment of the two outstanding principal amounts for 2020 in 2022. The two deferred instalments are those of 15 July and 15 October 2020. The modified payment plan provides for instalments of different amounts starting from April 2022 (the last instalment under the previous agreement) to July 2023 (the last instalment under the new agreement). The January 2021 instalment (as per the new payment schedule) was paid regularly on the agreed date. The company's directors deem the risk of possible negative effects is remote.

ASTALDI BRANCH IN HONDURAS – JUDICIAL ADMINISTRATION

Following the application presented by some creditors and in accordance with local laws, Astaldi's representatives in Honduras were required to provide the local court with a formal statement about the parent's assets in the country. The judicial authorities appointed an administrator on 25 May 2019 with full powers over the branch's assets (while Astaldi's representatives were denied any powers of disposal), to manage and preserve them, in order to sell the assets to satisfy its creditors. This administration procedure is still ongoing. The company's directors deem the risk of possible negative effects are remote and have, however, made the necessary provisions.

ASTALDI BRANCH IN PERU – INSOLVENCY PROCEDURE

Prompted by a Peruvian creditor and following a series of checks, including with the parent's legal advisers, the local commission (Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual – INDECOPI) began an ordinary winding up procedure for Astaldi's Peruvian branch with its decision of 18 March 2019. On 4 April 2019, the branch appealed against such decision. Pursuant to the ruling regulations, the competent authority found the appeal to be without grounds on 22 October 2019. On 9 December 2019, the insolvency proceedings were formally commenced. At the date of preparation of this report, the financial asset is being reconciled. The company's directors deem the risk of possible negative effects are remote.

Astaldi Group’s construction contracts

Foreword

Astaldi Group’s main business is the construction segment.

At 31 December 2020, the Group has more than 50 construction projects in 11 countries, namely Italy, Romania, Poland, Sweden and Turkey in Europe, Chile, Canada, the US and Paraguay in the Americas, Algeria in Africa and India in Asia. At the reporting date, these contracts have generated 97% of total revenue, making up 77% of the order backlog.

The construction segment comprises the following sub-segments:

(i) **Transport infrastructure** – This is the Group’s core business and is split into *(i)* railways and metros, *(ii)* roads and motorways, and *(iii)* airports and ports. The Group designs, builds and, occasionally, operates the completed infrastructure. At 31 December 2020, the transport infrastructure sub-segment has generated 81% of total revenue and made up around 66% of the order backlog;

(ii) **Hydraulic plants and energy production** – The Group acts as an EPC[30] contractor to design, build and maintain renewable energy generation plants, hydraulic and hydroelectric power plants, waste-to-energy plants, dams, aqueducts and wastewater treatment plants. At the reporting date, the hydraulic plants and energy production sub-segment has generated roughly 2% of total revenue and made up around 2% of the order backlog;

(iii) **Civil and industrial construction** – The Group designs, builds and, occasionally, operates healthcare facilities, sports centres, administration buildings, universities, industrial systems and car parks. At 31 December 2020, the civil and industrial construction sub-segment has generated roughly 7% of total revenue and made up around 8% of the order backlog;

(iv) **Plant and engineering** – The Group designs, assembles, installs and operates engineering, electrical, HVAC (Heating, Ventilation, Air conditioning) and other systems for the transport infrastructure, hydraulic plants and energy production and civil and industrial buildings sub-segments. It mostly operates through NBI, wholly owned by Astaldi. At 31 December 2020, the plant and engineering sub-segment has generated 7% of total revenue and made up around 1% of the order backlog.

[30] *Engineering, Procurement, Construction.*

The table below summarises the construction contracts, followed by a brief overview of the main geographical segments:

(Share in millions of Euros)

Project	Country	Residual order backlog at 31 December 2020	Percentage of total
Brenner Base Tunnel Lot Mules 2-3	Italy	211.9	56.6%
Rome Metro Line C	Italy	106.4	88.4%
Infraflegrea Project – Monte Sant'Angeloi railway connector	Italy	127.0	28.5%
Marche–Umbria road system, maxi lot 2	Italy	204.3	67.6%
Sibiu–Pitesti Motorway, Lot 5	Romania	393.1	1.4%
Braila Bridge	Romania	183.3	37.2%
Frontieră–Curtici–Simeria railway line - lot 3	Romania	150.6	44.9%
Frontieră–Curtici–Simeria railway line - lot 2B	Romania	82.8	56.9%
Frontieră–Curtici–Simeria railway line - lot 2A	Romania	65.5	60.0%
S2 - Warsaw Southern Bypass - Lot A	Poland	52.3	78.3%
S–7 Expressway, Naprawa–Skomielna Biała section and Zakopianka Tunnel	Poland	59.5	68.7%
Gdańsk waste-to-energy plant	Poland	53.9	14.1%
Gothenburg Rail Link - Haga Station	Sweden	194.7	37.4%
Gothenburg Rail Link - Kvarnberget	Sweden	94.7	31.0%
Etlik Integrated Health Campus, Ankara (Etlik Hastane EPC)	Turkey	212.4	54.7%
Istanbul Metro (Kirazli–Halkali section)	Turkey	77.3	2.2%
New Linares Hospital	Chile	107.1	14.3%
Barros Luco Trudeau Hospital in Santiago	Chile	240.4	7.1%
I-405 Highway	USA	231.6	51.3%
Versova–Bandra Sea Link ("VBSL") in Mumbai	India	364.4	2.0%

Italy

Italy is Astaldi's home ground and its reference market.

ASTALDI GROUP'S MAIN ONGOING PROJECTS IN ITALY

Brenner Base Tunnel (Lot Mules 2–3)

The contract covers construction of the main section of the Italian portion of the Brenner Base Tunnel, the joint Italian-Austrian project to build a railway tunnel to connect Italy to Austria. This tunnel is part of the project to upgrade the Munich-Verona railway line, which will become the longest underground railway line in the world once completed. Lot Mules 2-3 includes the excavation of roughly 75 km of tunnels using traditional tunnelling methods as well as TBMs. The customer is BBT SE, equally owned by Italy and Austria (50:50) and the works are being carried out by a joint venture including Astaldi (47.23%), Ghella (Italy, 47.21%), PAC (Italy, 5.55%) and Cogeis (Italy, 0.01%). In addition to the emergency station, the exploratory tunnel and side tunnels, the main line tunnels are also being excavated using the traditional method for the southbound tunnel and both traditional and mechanised tunnelling with the TBMs in the northbound tunnel. Due to the Covid-19 pandemic, work was suspended from 14 March 2020 to 18 May 2020.

Line C of the Rome Metro

The contract includes the construction, supply of rolling stock and roll-out of the new metro line (25.4 km, 29 stations) along the Monte Compatri/Pantano-Clodio/Mazzini to Rome section. The customer is Roma Metropolitane (Rome Municipality). The works have been assigned to Metro C S.c.p.A., general contractor, comprising Astaldi (34.5%), Vianini Lavori (Italy, 34.5%), Hitachi Rail (Italy, 14%), Cooperativa Muratori e Braccianti di Carpi (Italy, 10%) and Consorzio Cooperative Costruzioni (Italy, 7%). Line C is the first driverless metro line to be built in Rome. The driverless technique means the line is managed in a completely automated manner with the safe transit of the trains and management of the transport service. The entire first strategic phase from Monte Compatri/Pantano Station to San Giovanni Station (19 km, 22 stations) has been completed while Section T3 from San Giovanni Station to Piazza Venezia Station is underway (roughly 3 km). The project includes two stations, Amba Aradam and Fori Imperiali and two ventilation shafts, Giardini di Via Sannio and Piazza Celimontana. At the end of 2019, the customer ordered the definitive design activities be recommenced for the Fori Imperiali-Venezia sub-section, bringing forward the project for the mechanised tunnelling of the line tunnel from the end of Section T3 to Piazza Venezia. The definitive design for Venezia Station was delivered in June 2020 and the mechanised excavation of the line tunnel from the end of Section T3 to Piazza Venezia was completed by the end of August 2020, despite the Covid-19 emergency and thanks to the company’s introduction of all the necessary prevention and protection measures.

Infraflegrea Project – Monte Sant’Angelo railway junction and work on Pozzuoli Port (Italy)

The contract covers a number of activities in the urban areas of the Naples and Pozzuoli municipalities. They include construction of Line 7 of the Naples Regional Metro System (the Monte Sant’Angelo railway connector), extension and upgrading of Pozzuoli Port and works for the Bagnoli ring road. The works have been awarded to the general contractor Infraflegrea Progetto S.p.A. (Astaldi: 51%, Giustino Costruzioni, Italy: 49%) and, for the part financed up to 4 August 2015, are being carried out by Astaldi as the executive partner. At the date of this report, financing has only been received in part for the Monte Sant’Angelo railway connector and the Pozzuoli Port work while the other works still have to be financed. The request for the extension of the completion timeline to 31 December 2021 was accepted for Lots 1 and 2 while the removal of undergound utilities, war devices and archaeological investigations continued for Parco San Paolo Station while awaiting approval of the variation appraisal from the muncipal council during the services conference. With respect to Pozzuoli Port, the services conference is still evaluating the project and should approve it during the first quarter of 2021. During 2020, progress on the contract was held back by the Covid-19 emergency which led to no work being carried out in the period from March to May 2020.

Marche–Umbria road system (maxi lot 2)

The contract covers the upgrading and extension of the Perugia-Ancona section (roughly 31 km in both directions, including 22 km of tunnels) and the construction of the Pedemontana delle Marche Road (around 36 km, single lane, including 5 km of tunnels) on a general contracting basis. The customer is Quadrilatero Marche S.p.A., controlled by ANAS (FS Group). The contractor is Dirpa 2 S.c.ar.l., 99.98% owned by Consorzio Stabile Operae, in which Astaldi has a 98% investment with NBI (Astaldi Group) holding 1% and GIT Service the other 1%. Astaldi is performing the works. At the date of preparation of this report, 17 km of completed motorway have been formally delivered to ANAS and work is continuing on the rest of the section. As a result of the national emergency triggered by the Covid-19 pandemic, work gradually slowed down in March 2020 to come to a complete halt with a subsequent pick up in activities beginning from the start of May 2020.

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Unforeseen costs have been incurred on the Brenner Base Tunnel (Lot Mules 2.3), Rome Metro Line C, Infraflegrea Project – Monte Sant'Angelo railway junction and work on Pozzuoli Port and the Marche-Umbria road system (maxi lot 2) for which the Astaldi Group has accordingly presented its requests 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.

Europe

The group's foothold in Europe includes its historical stamping grounds such as Poland, Romania and Turkey as well as areas it has recently moved into like Sweden. It mainly carries out contracts in the transport infrastructure sector (roads, motorways, airports and railways) as well as small energy projects (waste-to-energy plants).

MAIN ONGOING PROJECTS IN EUROPE

Sibiu–Pitesti Motorway, Lot 5 (Romania)

The contract, signed in May 2020 and included in the new orders for the year, covers the construction of over 30 km of the Sibiu-Pitesti Motorway, the most important section under construction in Romania. It is an EPC contract and covers the design and construction of Lot 5 of the Sibiu-Pitesti Motorway, from Km 92+600 to Km 122+950. The planned duration of the works is 60 months, 12 months of which for design and 48 months for construction. The contract is financed partly with European funds (85%) and partly with the state budget (15%) and includes the adjustment of contract prices starting from the date of the submission of the bid. The customer is CNAIR, the state company owned by the Romanian Ministry of Transport and Infrastructure, which awarded the contract to Astaldi Group.

Braila Bridge (Romania)

The contract covers the design and construction of a 1,975-metre suspension bridge as well as roughly 23 km of access roads. The customer is CNAIR, the state company owned by the Romanian Ministry of Transport and

Infrastructure. The works are included in the country's transport master plan and are financed using EU funds as part of the LIOP (Large Infrastructure Operational Programme). Design and construction will be performed as a joint venture between Astaldi (main contractor, 60%) and IHI (Japan, 40%). The design work was completed in 2018 and the construction phase began at the start of 2019. At the date of preparation of this report, roughly 60% of the work on the suspension bridge had been completed.

Frontieră–Curtici–Simeria (railway line (Lots 2A and 2B) (Romania)

The contract covers the rehabilitation of roughly 120 km of the Frontieră-Curtici-Simeria railway line, which is part of the Pan European Corridor IV. The customer is CFR (the Romanian National Railways Company). The works are 75% funded by the EU as part of the LIOP and 25% by the state.

Lots 2A and 2B – These lots include the rehabilitation of around 80 km of the railway line as well as the construction of 11 stations, 30 bridges and a tunnel as well as the installation of an ERTMS (European Rail Traffic Management System) signalling and telecommunications system. Construction work will take 36 months. Some sections were delivered to the customer in 2019 and work continued during 2020. The contract has been awarded to a joint venture of Astaldi (leader, 49.5%), FCC Construction (Spain, 49.5%) and Salcef (Italy, 1%).

Lot 3 – The contract includes the rehabilitation of 40 km of the railway line and specifically, the line between Gurasada and Simeria of the 614 km Radna-Simeria section. The scope of the contract also includes the construction of 17 bridges, electrification, the installation of the ERTMS signalling and telecommunications system, the renovation of eight railway stations and some minor works. Construction work will take three years. The works have been awarded to a joint venture including Astaldi (49.5%), FCC Construction (Spain, leader, 49.5%) and Convesa (Spain, 1%).

S-2 Warsaw Southern Bypass (Lot A) (Poland)

The contract covers the development of Lot A of the Warsaw Southern Bypass, a strategic project to develop the city's infrastructure, ensuring significant benefits connected with the reduction of traffic congestion in the city centre. The works involve the design and construction of approximately 5 kilometres of expressway with two separate three-lane carriageways in each direction, linking Puławska junction to Przyczółkowa junction. The contract also includes the construction of nine bridges, a twin-tube tunnel measuring 2.3 kilometres in length, two road junctions and all related works. The customer is Poland's General Road and Motorways Authority (GDDKiA) and the works are being financed using EU funding. The contract has been awarded to Astaldi Group.

S–7 Expressway, Naprawa–Skomielna Biała section and Zakopianka Tunnel (Poland)

The contract provides for the construction of the Naprawa–Skomielna Biała section of the S-7 Krakow–Rabka Zdrój Expressway, including the Zakopianka Tunnel, the longest bored road tunnel in Poland. It will involve the construction of 3 km of new sections, including 2 km of twin-tube tunnels, a 400 metre viaduct, external works, systems and environmental protection works. The customer is the Polish General Directorate for National Roads and Highways which awarded the contract to Astaldi Group.

Gdańsk waste-to-energy plant (Poland)

The contract covers the construction of a WtE plant to treat urban waste in the Gdańsk-Gdynia-Sopot metropolitan area and O&M activities for 25 years. The planned duration of construction activities is 48 months, 12 months of which for design, and 36 months for the construction work. The construction activities are being carried out by a joint venture comprising Astaldi (leader, with a 51% share), and the Italian company Termomeccanica Ecologia (Italy, 49%). An SPE will be set up for the O&M activities, held by Astaldi (with a 10% stake), Termomeccanica Ecologia (10%), and the French company Dalkia Wastenergy (formerly Tirù, France, 80%). The customer is Port Czystej Energii set up by the Gdańsk Municipality to manage the investment. The contract is financed with EU funds and the state budget.

Gothenburg Rail Link – Haga Station (West Link – Lot E04 Haga Station) (Sweden)

The EPC contract includes the design and construction of a new underground station of the railway link in the city centre and a 1.5 km service tunnel. The works are being carried out by the AGN Haga AB joint venture, which includes Astaldi (40%), Gülemark (Turkey, 40%) and NRC Group (Norway, 20%). The customer is Trafikverket, the Swedish infrastructure and transport authority. The works are financed using European funds and the state budget. They are expected to take roughly eight years, with completion slated for 2026. In 2020, the project was not significantly impacted by the Covid-19 pandemic due to the local authorities' decision not to impose restrictions in the work places and, more generally, on production activities.

Gothenburg Rail Link – Kvarnberget (West Link – Lot E03 Kvarnberget) (Sweden)

The EPC contract covers the construction of roughly 600 metres of railway tunnel as part of the Gothenburg Rail Link project, which Astaldi is already involved in via construction of Haga Station (see above). The tunnel is being built using the cut & cover method. The works, financed using European funds and local funding, are being carried out by the AGN Haga AB joint venture, which includes Astaldi (40%), Gülemak (Turkey, 40%) and NRC Group (Norway, 20%). The customer is Trafikverket, the Swedish infrastructure and transport authority. After the amendement to the contract in the second half of 220, the planned duration of the works is approximately five years, with completion slated for June 2023. In 2020, the project was not significantly impacted by the Covid-19 pandemic due to the local authorities' decision not to impose restrictions in the work places and, more generally, on production activities.

Etlik Integrated Health Campus, Ankara (Etlik Hastane EPC) (Turkey)

The EPC contract includes the design, construction and supply of electro-medical equipment and furnishings, as well as the long-term operation under concession of the healthcare facility that is one of the largest of its kind in Europe. The customer is the Turkish Ministry of Health (as the grantor) and the works are being carried out by a joint venture comprising Astaldi (51%) and Turkeler (Turkey, 49%). During 2020, the Covid-19 pandemic did not affect the project, which is on stand-by due to certain issues which were resolved in September 2020 when work recommenced regularly.In fact, in September 2020, the negotiations with the lenders and the granter about certain waivers of conditions precedent requested for the project's debt restructuring were concluded satisfactorily, with the lenders approving the project. Therefore, a new completion date (31 December 2021) has been agreed for this project as well as a variation for the additional work requested.

Istanbul Metro (Kirazli-Halkali section) (Turkey)

The contract, to be carried out by a joint venture which includes Astaldi (15%), covers the civil works and installation of the electromechanical systems for the new section of the Istanbul Metro to connect Kirazli to Halkali. The contract includes construction of 10 km of twin-tube tunnels, including 7 km using TBMs, nine stations and related works. The customer is the Municipality of Istanbul which awarded the works to Astaldi Group. The project was not affected by the Covid-19 pandemic in 2020.

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Unforeseen costs have been incurred on the Braila Bridge, the Frontieră–Curtici–Simeria railway line (Lots 2A and 2B and Lot 3), the Warsaw Southern Bypass, the S-7 Expressway (Naprawa–Skomielna Biała section) and the Zakopianka Tunnel for the Astaldi Group has accordingly presented its requests 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.

Americas

This geographical segment includes both the group's traditional markets (US and Chile), areas where it has recently started operating (Canada and Paraguay) as well as areas where it is discontinuing its activities (Mexico, Peru and Central America). Its main sectors of interest are transport infrastructure (roads and motorways), civil construction and energy generation plants. Specifically, Chile is the group's main market in Latin America, where it is active in the transport infrastructure (airports), healthcare buildings and mining sectors.

MAIN ONGOING PROJECTS

Barros Luco Trudeau Hospital in Santiago (Chile)

The contract covers the design and construction of a new healthcare facility in Santiago del Cile. The works will take seven years. The customer is the Chilean Ministry of Health and the works, awarded to Astaldi Group, are financed using state funds. The design phase has taken longer than scheduled due to variations requested by the customer and the difficulties imposed by the strict isolation measures brought in by the Chilean authorities to contain the Covid-19 pandemic. At the date of preparation of this report, it is nearing completion and the entire executive design should be approved in the first quarter of 2021 with the start of the construction phase.

New Linares Hospital (Chile)

The EPC contract includes the design and construction of a new healthcare facility in Linares in the Maule region. The contract was awarded to Astaldi and the works will be built by NBI (an Astaldi Group company) and will take just over six years, with design activities started in 2017. The customer is the Chilean Ministry of Health and the works are financed using state funds. The design phase was completed with approval of the executive design in the last quarter of 2020 and the construction phase started in January 2021. The preliminary activities for the start-up of the work sites have already begun. Despite its start-up phase, the project has been adversely affected by the Covid-19 pandemic.

I-405 Highway (USA)

The contract includes the design and construction of the improvement works for 26 km of the I-405 Highway between Los Angeles and San Diego. To date, it is one of the most important projects assigned in California for the infrastructure sector. The customer is OCTA (Orange County Transportation Authority) and the works are being carried out by OC 405 Partners, a joint venture comprising Astaldi Group (40%) and OHL (Spain, 60%). During 2018, the designs were prepared for the bridges and the main structures as well as the activities to demolish the existing structures to be replaced and for traffic management. In 2019, the design phase was completed and construction of 11 bridges and three miles of drainage infrastructure were commenced. Work continued along the section in the year and continues to do so at full speed as it was not slowed down by Covid-19.

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Unforeseen costs have been incurred on the Barros Luco Trudeau Hospital in Santiago for the Astaldi Group has accordingly presented its requests 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.

Asia

The group has recently entered India.

Versova–Bandra Sea Link ("VBSL") in Mumbai (India)

The EPC contract, awarded to a joint venture including Astaldi (50%), covers the work to improve the viability in Mumbai as part of a joint venture with an Indian company Reliance Infrastructure. The new infrastructure will require the construction of complex works at sea and stretch for a length of approximately 17.7 kilometres, linking the neighbourhoods of Bandra, Otter, Juha and Versova. The new infrastructure will be situated about 900-1,800 metres from the coast of the city of Mumbai. In addition, the Main Bridge will also include the construction of a cable-stayed bridge of 150 metres and three bridges of variable section, with a main span of 100 metres, to allow navigation in the area. Maintenance activities for two years are also planned. The customer is Maharashtra State Road Development Corporation (MSRDC), and the works are financed by a bank syndicate led by SBI (State Bank of India) with a state guarantee.The Marhastra State was seriously affected by the outbreak of Covid-19 which led to the introduction of restrictions and a total lockdown from March 2020 to July 2020. The work sites were gradually re-opened but the efficiency rate was lower due to the lack of workers, most of whom come from outside Mumbai, as internal movement within India is still restricted although it appears that the measures will be lifted.

Operation & Maintenance

Over the last ten years, the Group has honed its recognised expertise in providing O&M services, normally for works which it has built. These services include the ordinary and extraordinary maintenance of civil works and systems, heat and energy management, management of healthcare technologies, electro-medical equipment and the sterilisation of medical devices. They also comprise hotel services such as, for example, cleaning and catering and management of green areas and retail outlets.

The Group is particularly interested in the hospital segment, where it already has significant expertise thanks to its prior experience gained in the concessions segment.

The O&M activities are usually carried out to provide services that allow the completed infrastructure to be operated. A special purpose entity is set up for each contract in which Astaldi Concessioni initially had an investment and, since June 2020, Astaldi Concessions (after the partial demerger of Astaldi of Astaldi Concessioni - see the "Composition with creditors on a going concern basis as per article 186-bis of the Bankruptcy Law" section) which has received the industrial activities, human resources and expertise as well as the references of ten years of operations, to support the group in growing its foothold in the O&M segment.

The O&M segment's outstanding order backlog is worth €1,865.0 million at year end.

OPERATING PROJECTS

GE.SAT (Four Tuscan hospitals, Italy) - GE.SAT, over which the Group has majority control with a 53.85% investment, is the O&M company for the four Tuscan hospitals with capacity of 1,710 beds - Ospedale San Jacopo in Pistoia, Ospedale Santo Stefano in Prato, Ospedale San Luca in Lucca and Ospedale delle Apuane in Massa Carrara - built by Astaldi under concession. The O&M contract agreed with the operator SAT (valid until 2033) establishes that, since 2013, GE.SAT has provided all the non-healthcare and commercial services to the four hospitals, which have all been completed and are in operation.

VENETA SANITARIA FINANZA DI PROJECT (Ospedale dell'Angelo di Venezia-Mestre, Italy) – VSFP, in which the Group has a non-controlling interest, performs the O&M activities for the Ospedale dell'Angelo di Venezia-Mestre (680 beds), built by the group using the project financing formula and currently in operation.

ANKARA ETLIK HASTANE IȘLETME VE BAKIM A.Ș. (Etlik Integrated Health Campus in Ankara, Turkey) – Ankara Etlik Hastane Ișletme ve Bakim A.Ș., in which the Group has a 51% interest, is the O&M company set up for the Etlik Integrated Health Campus in Ankara that Astaldi is developing under a concession contract as part of a joint venture with a Turkish company. The O&M company is the sole provider of all the services provided for in the concession contract, which include maintenance (civil works, systems, medical equipment, etc.), healthcare support (healthcare IT system, laboratory, imaging, sterilisation and rehabilitation) and hotel services (catering, cleaning, laundry, waste disposal, security and pest control). At the date of preparation of this report, the company is engaged in selecting the providers so as to be fully operational once the facility has been completed. More information on the related EPC contract is available in the ”Europe” subsection of the “Construction” section.

OTHER PROJECTS

SAMO (West Metropolitan Hospital in Santiago, Chile) – Sociedad Austral de Mantenciones y Operaciones (“SAMO”), wholly owned by the Group, performs the O&M activities for this hospital. Its opening was affected by the dispute that arose between Astaldi’s Chilean branch (the EPC contractor) and the operator (Sociedad Concesionaria Metropolitana de Salud S.A., SCMS) after the latter’s decision to terminate the related EPC contract in January 2019. In order to safeguard its position, jeopardised by SCMS’s serious defaults and the fact that the hospital did not open in time, SAMO was obliged to notify the termination of the O&M contract in September 2019 and commence arbitration proceedings.

Astaldi Group’s main situations characterised by risk and/or uncertainty profiles

The Group’s principal pending disputes and, more generally, the main situations characterised by risk and/or uncertainty at 31 December 2020 are described in this section.

CIVIL LITIGATION

Based on their assessments of each dispute, the directors deem that the risk of an unfavourable ruling is remote unless specified otherwise.

Astaldi - Avola Municipality (Italy)

The hydraulic works in the Avola Municipality were substantially completed on 13 February 1999. On 28 January 2021, the specialised company section of the Catania Court filed its ruling no. 453/2021 ordering the municipality to pay €4.1 million as well as revaluation of the balance due and interest from the application date (Astaldi’s share: 50%).

Brenner Base Tunnel (Lot Mules 2–3) (Italy)

With respect to the contract to develop Lot Mules 2.3, the main part of the Italian section of the Brenner Base Tunnel, after the set up of the technical consultancy board on 16 December 2020 as per article 6 of Decree law no. 76/2020, finding no. 1 was filed on 5 February 2021. This found that the joint venture carrying out the works was due approximately €25.5 million for the greater safety costs incurred. The amount will be paid in the individual progress billings in line with the percentage of completion of the works.

Salerno–Reggio Calabria, Motorway Lot 2 (Italy)

On 12 February 2020, ruling no. 1058/2020 was published on the dispute about the performance of the works to upgrade the Salerno-Reggio Calabria Motorway to comply with CNR 80 type 1/A. It ordered the customer (ANAS) to pay Astaldi €3 million, which the latter has received in full.

San Filippo Stadium in Messina (Italy)

Astaldi reached an agreement with the Messina Municipality about the dispute related to the construction of San Filippo Stadium in Messina on 3 December 2020. The muncipality agreed to pay Astaldi €1.7 million by April 2021 thus settling any and all claims.

New premises of the police academy in Florence (Italy)

On 20 January 2020, the Rome Court accepted Astaldi's application and handed down ruling no. 1239/2020 ordering the Ministry of Infrastructure and Sustainable Mobility (formerly the Ministry of Infrastructure and Transport) to pay €1.5 million, plus interest and revaluations of the balance due in conjunction with the dispute about the construction of the new police academy in Florence for the Carabinieri Military Police. The ruling is res judicata and the executive procedure has been commenced to enforce the ruling. The amount relates to the claims recorded for Lot B not included in the arbitration award of 21 September 2011. At the date of preparation of this report, the dispute for Lots A and B has led to the order to pay the contractor approximately €55 million plus the legally required amounts, of which it has received €36 million. Following a number of attempted attachments at Bank of Italy, the most recent of which with the court order of 8 March 2020, after the new statement of the third attachment, the judge assigned Astaldi (on behalf of the joint venture) €22.4 million, which is the total of the joint venture's receivable for the dispute, net of the ruling for the Lot A - post-award claims (which is still pending). Bank of Italy made the payment on 24 March 2021.

Ospedale San Luca in Lucca and Ospedale delle Apuane in Massa Carrara (Italy)

The mediation proceeding as per article 5.2 of Legislative decree no. 28 of 4 March 2010 related to two disputes before the Florence Court involving the operator SAT has been completed. The disputes relate to the construction of two hospitals, Ospedale San Luca in Lucca and Ospedale delle Apuane in Massa Carrara. As a result of the mediation proceeding, the competent local healthcare units have paid €7.8 million.

CO.MERI (state road Jonica, Lot DG–21)

As part of the dispute about the construction of E-90, the section of SS-106 state road Jonica from the Squillace junction (km 178+350) to the Simeri Crichi junction, on 29 October 2020, the Rome Appeal Court entirely rejected the appeal presented by the customer ANAS against the arbitration award of 28 October 2013 which found that CO.MERI was to be paid approximately €103 million plus the legally required amounts.

La Punilla multi-purpose dam (Chile)

Right from the outset, this contract for the construction and operation of the multi-purpose dam under concession on behalf of the Chilean Ministry of Public Works was blighted by issues threatening to jeopardise the feasibility of the project leading to a supplementary agreement ("framework agreement") being defined and signed by the Ministry of Public Works in January 2018. However, while Astaldi, via its subsidiary Astaldi Concessioni (subsequently Astaldi Concessions which took on all the rights and obligations of this project as a result of the demerger), immediately made good on its commitments (also incurring additional costs), the Ministry has still not completed the process to have the agreement legally validated. Moreover, the environmental impact assessment for some areas (to be performed by the Ministry) is still pending to date and without it works cannot be performed. In addition, Astaldi has been summonsed as a third party for environmental damage following the forced expropriation by the Ministry in November 2018 for certain lots. Such summons - actually against the Ministry since Astaldi was not involved in the expropriation procedures - brought the relevant works to a standstill. The most important critical issue involves the storage capacity set out in the contract (625 million cubic metres) which actually turned out to be lower (563 million cubic metres), negatively impacting both the minimum irrigation service guaranteed under contract and the forecast revenue from the project (which is therefore no longer financially viable). Astaldi brought the issue before the Concessions Technical Panel, the local advisory body in charge of resolving any disputes between operators and customers before arbitration. The Technical Panel acknowledged the error in the call for tenders documents and stated that the contract cannot be performed in its current format and presented possible solutions (re-establishing the storage capacity, acknowledging the extra costs incurred by Astaldi, or amending the concession contract, compensating Astaldi for lower revenue). Despite these complications, Astaldi has always reached the set contract milestones. However, in order to limit further exposure, also in light of the findings of the Technical Panel, on 10 August 2019, Astaldi did not pay the remainder of the contractual minimum mandatory amount (36 months after the contract had been awarded). As a result, on 14 August 2019, the Ministry enforced the performance bond (roughly €15 million) issued by a local insurance company. On 2 September 2019, the Ministry presented a request to terminate the concession for gross negligence, thus commencing an arbitration as per local regulations on concessions. Under the terms of the bilateral investment treaty signed between Italy and Chile in 1995, Astaldi via its subsdiary Astaldi Concessioni (subsequently Astaldi Concessions, as explained above) commenced six-month amicable negotiations which ended in April 2020 without accomplishing anything. After this period, Webuild can choose between continuing the dispute before a local court, an UNCITRAL arbitration or an ICSID international arbitration. Also based on the opinions of its external legal advisers, the operator (indirectly controlled by Astaldi) adjusted the carrying amount of the investment made up to 31 December 2018 to its recoverable amount and recognised the reduction in fees in line with the enforcement of the guarantee in 2019.

Arturo Merino Benítez International Airport in Santiago (ICC arbitration no. 25888/GR) (Chile)

On 12 March 2015, Supreme decree no. 105 signed by the President of Chile and the Minister of Public Works (Mnisterio de Obras Públicas), as grantor, was issued awarding the concession for the construction, restructuring, maintenance and operation of Arturo Merico Benítez International Airport in Santiago to Sociedad Concesionaria Nuevo Pudaahuel S.A. ("NPU"), 45% owned by Aéroports de Paris, 40% by VINCI Airports and 15% by Astaldi Concessioni (now transferred to the separate unit). On 18 November 2015, NPU awarded an EPC contract to a joint venture comprising Astaldi and VINCI Construction Grands Projects (VCGP) to design, build and restructure the airport. Due to the grantor's delay in approving the definitive design prepared by the contractor, the contract was immediately beset by serious delays, generating additional costs for the joint venture, mostly due to the general difficultly in planning the work activities leading to the lack of productivity and significant diseconomies as a result of the continued interruptions in the approval process. The non-productivity caused both the need for additional resources to resolve the delays and the greater resort to those scheduled. In addition, the leader VCGP had immediately imposed a work site organisation which was very costly and a contract strategy which was not favourable to the operator NPU, which Vinci has a 40% interest in. This management model and the operating decisions taken, most of which Astaldi did not agree with, meant the contract outcome decreased over time. VCGP continued to refuse the proposals made by Astaldi over the contract term to improve its management and make the processes more efficient, leading Astaldi to communicate its intention of commencing a dispute for mismanagement. In the meantime, Astaldi found itself in financial difficulties which led to its application for a composition with creditors procedure and meant it was unable to cover the joint venture's significant funding requirements. VCGP agreed to provide the joint venture with Astaldi's share of the funding. The conflict of interest between GCGP and the group company VINCI Airports, which has a 40% interest in NPU, meant that it could not apply to NPU or the Ministry for the immediate cover of the higher costs incurred. Astaldi always queried this policy to no avail. Due to this growing level of disagreement, on 23 November 2020, VCGP exercised its right to withdraw from the interim agreement, signed in June 2019 whereby it agreed to provide the joint venture with necessary funding, also on behalf of Astaldi. Its formal reason for this was the positive conclusion of Astaldi's composition with creditors procedure and subsequent capital increase of 5 November 2020. In addition on 4 December 2020, VCGP requested Astaldi return the funding provided to the joint venture (and interest thereon) by VCGP on its behalf of around €38 million. As Astaldi deems that the joint venture's difficulties were caused by its bad management unilaterally decided upon by the leader (VCGP) and given that its proposal to settle the dispute amicably was rejected, it challenged VCGP's request and presented an application for arbitration to the International Chamber of Commerce against its partner VCGP on 14 December 2020. It requested that VCGP cover all the costs of its management decisions and to hold Astaldi harmless from any other risks arising from the contract. In line with its general approach, VCGP found that Astaldi had defaulted and noted that it was excluded from the joint venture. Under the terms of the agreement between the parties and without prejudice to the fact that ascertainment of responsibility is the subject of the currently pending arbitration, the defaulting party is excluded from the joint venture and an expert (appointed jointly by the parties or, if they cannot come to an agreement, by the International Chamber of Commerce) defines the receivable (or payable) due from or to the excluded party, considering the reasonably foreseeable losses to complete the contract and the revenue accrued at the exclusion date. Upon completion of the contract, the excluded party does not have any rights should the contract outcome be better than expected while should it be worse (smaller profits or larger losses), the excluded party bears its share in proportion to its original investment.

Arturo Merino Benitez International Airport in Santiago. Arbitration before the Concessions Arbitration Commission (Chile)

As part of the EPC contract for the design, construction and restructuring of the airport, on 24 May 2019, the joint venture comprising Astaldi and VINCI Construction Grands Projets (VCGP) presented the operator NPU for its transmission to the Technical Panel details of the additional costs incurred due to the delayed approval of the project by the Ministry of Public Works (the grantor). On 16 August 2019, the Technical Panel acknowledged only part of the contractor's costs (roughly 12 million). As a result, on 4 August 2020, the operator presented an application under the back-to-back principle to the Comisiòn Arbitral de Concesiones about the claims ruled on by the Technical Panel. The amount applied for is the equivalent of roughly €101.4 million. The arbitration proceeding is ongoing.On 18 March 2020, the contractor presented the operator, again for its transmission to the Technical Panel, a new application for acceptance of the additional costs related to the changes to the baggage handling system (BHS) and the check-in system of Terminal T-2. On 15 May 2020, while acknowledging its right to reimbursement of the additional costs, the Technical Panel rejected the application as it held that the method used to calculate the costs was inadequate. In November 2020, the contractor presented another arbitration application to the Comisión Arbitral de Concesiones for the equivalent of approximately €29.5 million. The proceeding is underway.

Muskrat Falls hydroelectric project (Canada)

During the performance of this project in Canada, a number of unforeseeable events took place which, together with operating difficulties during the start-up phase, led to an increase in the project's total cost. Specifically, the productivity level of the local labour was unexpectedly and unusually low. In December 2016, Astaldi Canada Inc. and the customer, Muskrat Falls Corporation ("MFC") signed a rider, whereby the customer acknowledged the higher costs incurred by Astaldi to carry out the project. However, the difficulties in performing the works continued and Astaldi presented an additional request for an extension of the contract timeline and reimbursement of the extra costs, mainly for the civil works in the hydroelectric plant. MFC did not accept this request and Astaldi was thus obliged to commence arbitration proceedings. During the performance of the works (95% completed), on 27 September 2018 - before the presentation of the application for composition with creditors procedure - Astaldi Canada Inc. notified MFC that it was requesting arbitration for payment quantum meruit of the actual value of the works performed due to the fact that Nalcor had arbitrarily imposed a pain/gain share mechanism to its sole advantage and to Astaldi's cost, thus causing the contractor to incur financial difficulties in performing the works. In addition, Astaldi claimed Nalcor had not fulfilled its obligation of good faith or its contractual obligations as seen in a series of defaults and omissions during the works. The estimated amount of damages set out in the application was CAD429 million (the equivalent of €280 million). In reply, the customer sent a notice of default on 28 September 2018 and subsequently a notice of termination on 8 November 2018, and enforced the letters of credit acting as performance bond (CAD100 million, the equivalent of €120 million) and advance payment bond (CAD84 million, the equivalent of €55 million) for a total of CAD184 million (the equivalent of €120 million), generically alleging lack of funds and non-payment of subcontractors and third parties. On 26 November 2018, the arbitration board was set up. During 2019, briefs were exchanged and the preliminary phase commenced and is still in progress. Specifically, Astaldi presented its brief on 31 May 2019, requesting the arbitration board order the customer pay (i) CAD284.4 million (the equivalent of around €186 million) for work performed and not paid for, (ii) CAD14.2 million (the equivalent of €9 million) for costs incurred by the contractor after termination of the contract, (iii) CAD100 million (the equivalent of €65 million) for the letter of credit, and (iv) CAD30.8 million (the equivalent of €20 million) for machinery, materials and loss of profit of CAD429.4 million (the equivalent of €280 million). On 26 August 2019, MFC presented its counter appeal asking the arbitration board to order Astaldi pay compensation for damages of CAD315.5 million (the equivalent of €206 million). Given the amounts to be paid and the enforced letter of credit, the amount requested by the customer decreases to CAD55.7 million (the equivalent of around €36 million). The examination of the witnesses took place in the period from 2 to 12 November 2020 while the experts will be heard in March 2021. The award is expected to be handed down in the last quarter of 2021. Astaldi's separate and consolidated financial statements at 31 December 2018 already reflected the enforcement of the bonds and no changes have been made in subsequent financial statements.

Rehabilitation of the Frontieră–Curtici–Simeria railway line, Lot 2A (ICC arbitration no. ICC/25794/HBH) (Romania)

CRF (the Romanian railways body) and the Astaldi-Fcc-Salcef-Thales Lot 2A joint venture signed the contract for the rehabilitation of the railway line and restructure some stations on 19 May 2017. Events took place during the performance of the contract that were outside the contractor's control such as non-possession of the work areas, non-receipt of the building permits, delays and lack of expropriations, delays in the delivery of the technical documentation and lack of environmental permits. On 13 November 2020, the contractor presented an application for arbitration as per the rules of the International Chamber of Commerce against the customer CFR to obtain an extension of the contract timeline and to recover the higher costs and expenses incurred. It requested that the arbitration board rule on the customer's non-compliance with its contractual obligations and, accordingly, to grant an extension to allow it to complete the works. It also requested that CFR be ordered to pay not less than RON66.3 million (the equivalent of around €13.4 million) plus interest and the costs of the arbitration proceeding. At the date of preparation of this report, the arbitration board is being set up.

Rehabilitation of the Frontieră–Curtici–Simeria railway line, Lot 2B (ICC arbitration no. ICC/25795/HBH)

CFR and the Astaldi-FCC-Salcef-Thales Lot 2B joint venture signed the contract to rehabilitate the railway line on 19 May 2017. Events took place during the performance of the contract that were outside the contractor's control such as non-possession of the work areas, non-receipt of the building permits, lack of and delays in expropriations, delays in the delivery of the technical documentation and lack of environmental permits. On 13 November 2020, the contractor presented an application for arbitration as per the rules of the International Chamber of Commerce against the customer CFR to obtain an extension of the contract timeline and to recover the higher costs and expenses incurred. It requested that the arbitration board rule on the customer's non-compliance with its contractual obligations and, accordingly, to grant an extension to allow it to complete the works. It also requested that CFR be ordered to pay not less than RON78.7 million (the equivalent of around €15.9 million) plus interest and the costs of the arbitration proceeding. At the date of preparation of this report, the arbitration board is being set up.

Rehabilitation of the Frontieră–Curtici–Simeria railway line, Lot 3 (arbitration no. 88/20)

CFR and the FCC-Astaldi-Convensa joint venture signed the contract for Lot 3 of the railway line on 7 August 2017. Events took place during the performance of the contract that were outside the contractor's control such as non-possession of the work areas, non-receipt of the building permits, delays and lack of expropriations, the discovery of archaeological artefacts and delays in the delivery of the technical documentation. On 13 November 2020, the contractor presented an application for arbitration to the Court of International Commercial Arbitration attached to the Bucharest Chamber of Commerce against the customer CFR to obtain an extension of the contract timeline and to recover the higher costs and expenses incurred. It requested that the arbitration board rule on the customer's non-compliance with its contractual obligations and, accordingly, to grant an extension to allow it to complete the works. It also requested that CFR be ordered to pay not less than RON106.1 million (the equivalent of around €21.4 million) plus interest and the costs of the arbitration proceeding. At the date of preparation of this report, the arbitration proceeding is pending.

CRIMINAL LITIGATION

The directors deem that the risk of the company being required to make a financial outlay as a result of the following disputes is remote.

Criminal proceedings related to Line C of the Rome Metro (Italy)

With regard to the preliminary investigations for the out-of-court agreement between Roma Metropolitane and Metro C S.c.p.A., on 23 January 2019, an extension was requested for the preliminary investigations into Metro C, in relation to the crime as per Legislative decree no. 231/2001. Metro C adopted the model as per Legislative decree no. 231/2001 with board of directors' resolution of 20 December 2007. There are no proceedings as per Legislative decree no. 231/2001 against Astaldi. The judge for the preliminary investigations filed the proceeding on 9 September 2020 upon the public prosecutor's request as they deemed the evidence obtained was insufficient to support the accusations in court.

Investigations related to Metro C (Italy)

In July 2016, the parent was notified of the preliminary investigations being performed by the Rome public prosecutor as part of a criminal investigation into the construction of Line C of the Rome Metro. The related contract had been awarded by Roma Metropolitane S.r.l. to Metro C. S.c.p.A. ("Metro C"), an SPE in which Astaldi has a 34.5% investment. The alleged crime was aggravated fraud to obtain public subsidies (article 640-bis of the Code of Criminal Procedures) and the investigations cover some managers of Roma Metropolitane S.r.l. and Metro C, including Astaldi's current CEO as well as four former managers of Astaldi. On 19 July 2018, Astaldi was informed that the preliminary investigations as per article 415-bis of the Code of Criminal Procedure had been completed.The preliminary hearing was held on 12 September 2020 and as the necessary procedures were not completed on that date, hearings were set for 3 November and 15 December 2020. The civil parties, the Ministry for Infrastructure and Transport, Lazio Region, Rome Municipality and Roma Metropolitane S.r.l., presented themselves in court. The proceedings are at an initial stage. As part of the investigation, on 11 July 2016, Metro C was notified of a search and seizure warrant and is under investigation with respect to compliance with Legislative decree no. 231/2001 (the judge for the preliminary investigations ordered the proceeding be filed on 9 September 2020 - see above). Metro C adopted the model as per Legislative decree no. 231/2001 with board of directors' resolution of 20 December 2007. The judge for the preliminary investigations filed the proceeding upon the public prosecutor's request as they deemed the evidence obtained was insufficient to support the accusations in court.

Proceedings related to state road Jonica SS-106 (Lot DG-21) – Fiumarella (Italy)

On 16 March 2017, the Catanzaro Court summonsed three Astaldi employees, officials of CO.MERI, in charge of the works for SS-106 state road Jonica (Lot DG21) on behalf of ANAS (FS Group). The proceedings cover the alleged culpable damage causing/followed by flooding, landslide or avalanches (articles 427 and 449 of the Code of Criminal Procedure) due to alleged errors in the precipitation calculations during the design phase which affected the drainage of rainwater damaging an area of 100 metres of a private property. On 9 April 2018, the hearing was postponed to 12 November 2018 when it was deferred to 3 June 2019. The public prosecutor's technical expert was heard in the hearing of 3 June 2019 and the hearing to hear two witnesses for the defence and two civil parties was set for 21 October 2019, then deferred to 24 May 2020. This hearing was then deferred to 2 November 2020 because of the Covid-19 emergency and subsequently to 1 March 2021. Following the negotiations with the civil parties, an agreement has been reached whereby the civil parties have waived their right to appear in the criminal proceeding and to seek damages. During the hearing of 1 March 2021, the new judge, Ms Gennaro acknowledged the civil parties' waiver of their right to appear, their non-appearance and the non-appearance of the public prosecutor's other two witnesses. She then postponed the judgement to the hearing of 24 May 2021 for the continuation with the hearing of the public prosecutor's witnesses.

Investigations related to state road Jonica (Lot DG21) – Germaneto Wall (Italy)

On 28 June 2017, as part of an ongoing investigation against unknown persons following the collapse of a wall, the Catanzaro public prosecutor ordered the seizure of a section of SS-106 state road Jonica, build by CO.MERI, in which Astaldi has a 99.99% investment. On 26 July 2017, ANAS (FS Group) informed the Group of the release of the area from seizure. CO.MERI is working with ANAS to ascertain the reasons for the incident in order to design the repair works. As part of the investigation, on 20 March 2018, CO.MERI's designer (an Astaldi manager), the works manager and inspector were informed that the preliminary investigations into the culpable collapse of the wall (articles 434 and 449 of the Code of Criminal Procedure) had been completed. The preliminary hearing was first set for 15 October 2018, then deferred to 20 November 2018 and finally 5 February 2019. The civil parties, ANAS and the Consumer Protection Association, presented themselves in court and the judge deferred the proceeding until 19 March 2019 to rule on the admissibility of the association and for the discussions. During the hearing, the judge for the preliminary hearing found the incident to be probative and deferred the next hearing to 17 June 2019 and then 2 July 2019 to engage the technical experts to ascertain the cause for the wall's collapse and the parties responsible. After engaging the expert, the judge for the preliminary hearing deferred the process to 29 January 2020 to hear the court-appointed expert. This hearing was deferred as requested by the defence counsel to 8 April 2020 when it was deferred to 30 October 2020 (as a result of the Covid-19 emergency) and then to 18 January 2021. The experts were heard in that hearing and the merits hearing was scheduled for 15 March 2021. During the hearing of 15 March 2021 set to hear all the parties' briefs, the works manager's defence counsel decided to continue the trial with the shortened proceedings and the judge postponed continuation of the hearing to 4 June 2021 when they will hear the works manager and discussions will be held. As the judge intends to hand down a single ruling, they have deferred the discussion of the other defence motions to the same date.

Investigations related to state road Jonica (Lot DG21) – Borgia junction (Italy)

At the end of 2017, there was subsidence of the side of the deceleration lane of the Borgia junction. Road traffic was limited to one lane only. In November 2017, the tax police carried out an inspection and requested the general contractor to provide the relevant documentation. In December 2017, CO.MERI commenced a geognostic investigation and prepared an intervention project (already approved by the works manager). The preliminary activities are underway. On 28 February 2019 and 1 March 2018, the public prosecutor's consultant carried out on-site tests. The allegation is that the defendants (including an Astaldi employee - the designer) participated generally and specifically in a culpable disaster causing the subsidence of part of the northwards lane of the state road near the Borgia junction. The preliminary hearing was set for 7 February 2020, during which, the judge for the preliminary hearing of the Catanzaro Court did not find that the conditions to accept the defendants' application (lack of jurisdiction to proceed) existed and ordered them to appear in court for the merits hearing of 8 July 2020. During this hearing, the judge deferred the hearing to 20 January 2021 (when it was deferred to 12 May 2021) given that the judge was to be transferred.

Della Monica incident, proceeding related to the Milan trade fair project

In 2012, a gate caused the death of a blue collar worker in the Rho Milano trade fair complex. On 13 June 2016, the Milan public prosecutor commenced criminal proceedings accusing two Astaldi managers (then employed by NPF S.c.a.r.l., in which Astaldi has a 50% investment and which carried out the works for the Rho Milan trade fair) of manslaughter. On 9 March 2017, the Milan Court declared its lack of jurisdiction and transferred the case to the Bergamo Court, where the proceedings were resumed. The first hearing was scheduled to take place on 9 July 2018 but was deferred to 29 October 2018. The judge set a deadline of 10 October 2018 to allow Astaldi to assemble its comments on the list of documentation requested by the public prosecutor. The public prosecutor was also authorised to call two eye witnesses and an officer of the judicial police present at the scene of the accident. The hearings of 25 January 2019, 15 February 2019 and 22 February 2019 were set. With respect to this proceeding, other defendants (unrelated to Astaldi Group), managers of the specialist company in charge of the design, construction and installation of the gate, settled with a plea bargain. On 10 June 2020, the Bergamo Court found one of the two Astaldi managers involved (Nicoletta Miniero) and another defendant unrelated to Astaldi Group not guilty, while it sentenced the other Astaldi manager (Gennaro Fiscina) to nine months imprisonment with conditional suspension of the sentence and non-mention in the criminal record. The 90-day term for the filing of the sentence runs from the date of its reading. Three other defendants (unrelated to Astaldi Group) were found guilty with the same sentence and benefits. In October 2020, the defendants appealed this sentence.

Proceeding related to Partenopea Finanza di Progetto (Ospedale del Mare di Naples) (Italy)

In July 2009, the Naples public prosecutor commenced criminal proceedings for the alleged aggravated fraud to the damage of the state (article 640.2.1 of the Code of Criminal Procedure) related to the concession for Ospedale del Mare. The proceeding implies the criminal liability of the numerous public officials and technical consultants as well as a former manager of Astaldi and the operator Partenopea Finanza di Progetto S.c.p.A. (in which Astaldi had a 59.99% interest at that date which it subsequently increased to 99.99%) in accordance with Legislative decree no. 231/2001. During the hearing of 26 November 2020, upon completion of the preliminary investigation, the public prosecutor requested that a statute of limitations be issued for the various crimes relating to individuals and that only Partenopea Finanza di Progetto be found guilty as per Legislative decree no. 231/2001 (payment of 400 units of €1,550 each and bans). The hearings to hear the defence counsel have been scheduled to take place in 2021.

Investigation related to Unicredit Factoring (Italy)

In June 2019, the parent was informed that its chairperson and CEO were under investigation for the alleged crime of misappropriation as part of criminal proceeding no. 21903/2019 (Rome public prosecutor) following a lawsuit filed by Unicredit Factoring. At the date of preparation of this report, the parent is cooperating with the public prosecutor and the judicial police formally mandated to acquire information useful for the investigation. It is not aware of any further developments.

Investigation related to Niagara S.r.l. lawsuit (Italy)

In December 2020, the parent was informed that its chairperson and CEO were under investigation as part of criminal proceeding no. 24699/19 RGNR for which the preliminary investigations were being performed by the Rome public prosecutor for the alleged crimes as per articles 236, 223 and 216 of Royal Decree no. 267/42 following a lawsuit filed by Niagara S.r.l.. This is a subcontractor allegedly not paid in violation of the contractual provisions, which - for immaterial amounts of a few tens of thousands of Euro - has also sued Astaldi's entire board of directors in civil proceedings, again alleging fraudulent preference connected with the above-mentioned non-payment. Astaldi has grounded reasons to state that non-payment was tied to the subcontractor's contractual default. The risk that it be ordered to pay compensation as per the parallel civil proceedings is immaterial even in the denied assumption of the unfavourable outcome of the proceedings. At the date of preparation of this report, Astaldi is cooperating with the public prosecutor and the judicial police formally mandated to acquire the documentation useful for the investigation. The civil proceedings are underway after the initial presentation of briefs.

Investigations related to the Aosta Factor and Vianini lawsuit (Italy)

Reference should be made to the section on the civil ligitation and, specifically, the sections on Line C of the Rome Metro - Metro C S.c.p.A. versus Astaldi and the Vianini-Astaldi dispute. Aosta Factor and Vianini have filed a lawsuit for the possible criminal aspect of the case. After formalisation of out-of-court agreements, Aosta Factor filed the complaint and Vianini has agreed to do likewise.

Investigations related to El Chaparral hydroelectric project (El Salvador)

On 21 January 2019, the parent became aware that the public prosecutor's office of the Republic of El Salvador (Fiscalia) had commenced proceedings alleging crimes against the public administration by certain individuals. One of the people under investigation is an Astaldi employee who acts as a representative of Astaldi's El Salvador branch. The alleged corruption, and the request for precautionary measures, refers to the agreement to discontinue the El Chaparral project in 2012. The agreement provided for the mutual termination of the contract due to extraordinary unexpected geological conditions at the site which made it impossible to carry out the project. It established that the parent would receive compensation of USD28.7 million (the equivalent of around €24 million), paid between November 2012 and February 2013, being the sum of roughly USD108.5 million (the equivalent of €89 million) (USD85 million for works performed and USD23.5 million as reimbursement of the extra costs incurred to partly carry out the works and their subsequent termination - €70 million and €19 million, respectively) less approximately USD79.8 million (the equivalent of around €66 million) already paid by the customer. The public prosecutor's office also began proceedings against another employee of the El Salvador branch (as the agent of Astaldi's El Salvador branch) for income tax evasion by not recording the income related to the above-mentioned transaction. The proceedings are currently at a preliminary stage. They were both suspended on 22 March 2020 due to the Covid-19 pandemic although the experts appointed by the public prosecutor continued their activities. On 6 July 2020, the parent learnt that, on 25 June 2020, the former customer of the El Chaparral project, the Executive Hydroelectric Commission of Rio Lempa ("CEL") had presented a precautionary attachment application against Astaldi to the same criminal court judge for USD173 million (the equivalent of around €143 million) including (i) USD61.3 million (the equivalent of €50 million) for damage related to the undue payments to Astaldi (CEL has challenged the higher costs recognised in the agreement and the assessment of the works performed), and (ii) USD111.6 million (the equivalent of €92 million) for the loss of profit due to the non-generation of electricity as the dam had not been built up to 2020. It subsequently increased this request to USD227 million (the equivalent of €187 million), with the additional

USD54 million (the equivalent of €44 million) comprising financial expense and interest on the amount claimed as damages. On 28 September 2020, the local court handed down a precautionary attachment order for Astaldi's assets up to USD227 million (the equivalent of €187 million), citing its civil liability under Salvadoran law, which provides that a legal entity is liable for corruption crimes carried out by their employees or agents. The court also requested that Italy intervene in accordance with article 46 of the United Nations Convention against Corruption. Astaldi found out about this ruling on 29 September 2020 through foreign press agency articles and was only formally notified on 2 October 2020. On 8 October 2020, it presented its appeal for cancellation of the precautionary measures ruling. The Camara Tercera Penal of the local court subsequently established the invalidity of the attachment with its measure of 26 October 2020 (notified to the parent on 31 October) both with respect to the defendants and the parent as the ancillary civil party. It referred the case to the judge for the preliminary investigation (Juzgado Noveno de Instruccion) so that they can replace the ruling with another measure to be issued in line with the criteria set by the Camera Tercera which identified several issues in the order. The local court will assess the re-issue of the ruling in line with the Camara Tercera's guidelines in a closed court proceeding, removing the attachment order or reinstating it with new and adequate reasons, which according to Astaldi's local legal advisors (Consortium Legal) is possible. On 3 February 2021, CEL reiterated its application for a precautionary attachment (and related international cooperation). On 12 February 2021, the judge noted that they would decide after hearing the appraisals being prepared as part of the criminal proceeding. Should any claims emerge, to be settled as part of the issue under investigation, they would be treated similarly to those under the composition with creditors proposal (as defined in such proposal, see the "Composition with creditors on a going concern basis as per article 186-bis of the Bankruptcy Law" section). In addition, as provided for by the rules regulating the composition with creditors procedure, the above precautionary attachment measure requested by the local court would not be possible as the alleged unascertained claims relate to the period before the publication of the appeal as per article 161 of the Bankruptcy Law with the Company Registrar, presented to obtain authorisation of its composition with creditors procedure. With respect to the potential liability under Legislative decree no. 231/2001, based on the available information, the parent believes that the administrative offence it allegedly committed pursuant to article 25 of Legislative decree no. 231/2001 should be considered time-barred in accordance with article 22 of Legislative decree no. 231/2001 as five years has passed since the alleged crime was committed given the lack of significant acts that interrupted the limitation period. As the criminal proceeding in El Salvador is still at a preliminary stage, the risk that the parent may be found guilty of the alleged crime has been assessed as remote by its directors as there does not seem to be any material or immediate risk of this, which would, if proven, insinuate the parent's civil liability. Based on these considerations and the legal opinions obtained (including locally), while the criminal proceedings are still ongoing, the directors deem the risk of the parent's involvement to currently be remote. Therefore, it has not made any provision therefor in the consolidated financial statements.

Investigations related to the Bahia de Tela complex (Honduras)

The Direccion Nacional de Investigacion e Inteligencia – Division de Investigacion of Honduras asked Astaldi in its letter of 16 February 2018 for information about the construction of the road going to the Bahia de Tela complex, the related construction contract and other information as part of an investigation into the Bahia de Tela project. This project was completed nearly ten years ago (December 2010). Based on the available information, the investigation does not seem to involve Astaldi and the letter's content was generic (no mention was made of alleged crimes nor the involvement of individuals).

Astaldi Construction Corporation – United States Attorney of the U.S. Department of Justice – District of Columbia (US)

On 22 January 2020, Astaldi Construction Corporation received a communication from the United States Attorney of the US Department of Justice - District of Columbia as part of a criminal investigation. This communication accompanied a subpoena inviting the company to provide documents and information about Honduras nationals who might have had contact with it and Astaldi Group. Astaldi is fully cooperating with the US authorities and has provided the requested documentation and information. The related investigations are underway. Concurrently, on 9 July 2020, Astaldi signed an agreement with the US authorities which suspends the statute of limitations of the theoretical and hypothetical liability of the group companies as part of this investigation until March 2021. There are no proceedings in place about the Group's liability as per Legislative decree no. 231/2001 for events related to the periods presented in this report.

Investigations related to Project Lomas de Ilo (Peru)

At the end of October 2020, the parent learnt from the Peruvian press that it was involved in criminal investigations in Peru. The issue relates to the Lomas de Ilo irrigation project worth approximately USD30 million (the equivalent of around €25 million) which was carried out by a joint venture comprising Obrainsa (the local partner) and Astaldi. The investigations have effectively been commenced by the local public prosecutor (Fiscalia) into alleged bribes paid to public officials by an agent of Obrainsa (who was also a manager of the joint venture). The Astaldi personnel potentially involved are a former agent for Astaldi in the country and the joint venture, who is not longer a group employee, and two current employees, involved either pro forma or indirectly and however not involved in the actual events which allegedly took place between January and April 2014 and involved bribes of local officials. With respect to the parent's liability as per Legislative decree no.

231/2001, based on the available information, it deems that the alleged administrative crime pursuant to article 25 of Legislative decree no. 231/2001 is time-barred in accordance with article 22 of the same legislative decree as five years has gone by since the alleged crime has taken place and no significant agreements were signed to interrupt the statute of limitations. The local legislation establishes that legal entities are liable in civil proceedings to compensate the injured party if one of more of their agents, managers and/or officials are found guilty of committing illegal acts to its advantage. Given the preliminary stage of the proceeding, the local legal advisors were unable to make any assessments of Astaldi's possible involvement. The local legislation also provides for interdiction measures to be imposed on legal entities as additional sanctions defined at criminal proceeding level (i.e., fines, the ban on performing certain activities, the suspension of the entity's operations, the closure of its facilities, etc). The Group has not worked in this country for years.

Reference should be made to Investor Relations - Financial reports section of Astaldi Group's website www.astaldigroup.com for any other information not included in this section.

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 sectors.

Reference context and macroeconomic scenario

The US is ranked 31st in the SDG Global Rank, the index that measures progress towards achievement of the SDGs in 166 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.

	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	KPI	TREND	GROUP CONTRIBUTION
6 CLEAN WATER AND SANITATION	Wastewater treated	58.9%	In line with objectives	The ongoing projects are mostly for the Sustainable Mobility (railways, metros and road projects) and Clean Water (hydraulic engineering works and environmental remediation projects) areas, with a positive contribution to achievement of the SDGs in terms of improved transport, water management and water quality, and lower GHG emissions.
7 AFFORDABLE AND CLEAN ENERGY	Renewable energy in final consumption	7.8%	Stable	
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Quality of transportation infrastructure (1= very unsatisfactory, 5=excellent)	4.0	In line with objectives	
11 SUSTAINABLE CITIES AND COMMUNITIES	Satisfaction with public transport	64.0%	In line with objectives	
13 CLIMATE ACTION	CO2 emissions per capita linked to energy (ton)	15.3	Stable	

The US economy has been affected by the lockdown measures issued by the state governments in March and April to contain the Covid-19 pandemic.

According to the IMF's latest projections of January 2021, GDP is expected to decrease by 3.4% in 2020 while it grew by 2.2% in 2019. GDP is forecast to grow 5.1% in 2021. In addition to the stimulus plans rolled out at federal and local level, during the year, the Federal Reserve announced a change in its monetary policy to a flexible form of average inflation targeting (AIT), which ensures that its inflation objective of 2% is obtained on average.

The US Department of Labour reported that the unemployment rate decreased to 6.7% in December after peaking at 14.7% in April. This improvement in the labour market reflects the economy's ongoing recovery.

In October 2020, the Fixing America's Surface Transformation (FAST) Act was extended for a year while awaiting a more comprehensive fiscal stimulus plan, to include an infrastructure investment plan. It has an envelope of roughly USD47.1 billion for roads and motorways and USD12.3 billion for transit projects.

During its presidential campaign, the Biden administration reiterated the need for new infrastructure to relaunch the US economy and committed to a second great railroad revolution and transformation of the municipal road networks. CRESME's "The 2021 construction market" report states that the expected drop in infrastructure investments in 2020 is around 1.7%. The new government may promote greener investments in strategic infrastructure such as transport (roads, ports and bridges), energy, water and telecommunications sectors.

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

Main ongoing projects

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

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 31 December 2020	Percentage of completion
I-10 Corridor - California	539.6	10.0%	412.4	26.3%
C43 Water Management Builders - Florida	453.6	2.7%	366.6	15.2%
Southern Wake Freeway - North Carolina	322.0	10.3%	252.6	26.0%
I-440 Beltline Widening - North Carolina	278.8	9.5%	210.7	27.4%
I-405 Renton/Bellevue (Flatiron-Lane JV) - Washington	240.0	4.4%	198.3	14.7%
West Ship Canal CSO - Washington	224.0	1.3%	170.7	18.5%
I-40/I-77 Interchange - North Carolina	206.7	10.8%	143.0	35.7%
CTRMA US183A Extension Phase 3 (Hero Way/SH29) - Texas	-	0.0%	141.8	1.1%
North-East Boundary Tunnel - Washington	280.8	43.2%	136.3	71.7%
Wekiva Parkway - Florida	200.8	10.9%	133.8	37.4%
I-4 Ultimate - Orlando - Florida	194.1	70.5%	78.9	88.1%
Purple Line - Maryland	364.9	38.3%	22.8	93.6%
Other	791.0		519.4	
Total	**4,096.2**		**2.787.2**	

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 USD2 billion (increased to roughly USD2.2 billion due to contract modifications). Lane Construction is involved in the construction work with a 30% share.

On 1 May 2020, the joint venture exercised its right to terminate the contract due to the excessive delays caused by the operator and the end customer. As per the contract terms, termination was agreed with the customer on 17 December 2020 and the final payment should be made in 2021.

North-East Boundary Tunnel - Washington D.C.

In July 2017, the Lane Construction and Salini Impregilo (now Webuild) 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 USD559 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 customer 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 (now Webuild) 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 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 contract value was increased to approximately USD2.5 billion to include contract variations). 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 County 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 the 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.

CTRMA US183A Extension Phase 3 (Hero Way/SH29 – Texas)

In September 2020, Lane Construction was awarded a contract worth USD176 million to add two tolled lanes to a highway near Austin, Texas.

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Unforeseen costs have been incurred on the I-4 Ultimate – Orlando – Florida contract referred to above 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.

Abroad

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

Macroeconomic scenario

Based on the IMF's most recent projections of January 2021, global GDP is projected to contract by 3.5% in 2020 compared to the 2.8% growth seen in 2019.

During the first few months of 2020, many countries had to come to grips with crisis situations in various areas: healthcare, the shuttering of production and economic activities, a collapse in exports, inverted capital flows and falling commodity prices.

The effects of the pandemic would have been much worse without the political and monetary policies introduced to shore up the economy. As reported in the IMF's Fiscal Monitor published in January 2021, the additional investments announced by the advanced economies amount to around USD7.8 trillion, with more than USD6 trillion in various forms to boost liquidity, including equity injections, loans and loan guarantees.

The IMF also expects a strong jump in 2021 with growth of 5.5% based on a scenario that assumes that social distancing will continue in 2021 but will disappear over time due to greater vaccination coverage and improved therapies.

The sizeable fiscal measures announced by some countries for 2021, including the US' and Japan's recovery plans and the release of the NextGenerationEU funds, should facilitate the relaunch of the advanced economies, which, in turn, should benefit their commercial partners.

Specifically, in 2020, after growth of 1.3%, the Eurozone is expected to have been a sharp downwards trend of up to 7.2% with a return to growth in 2021, up 4.2%.

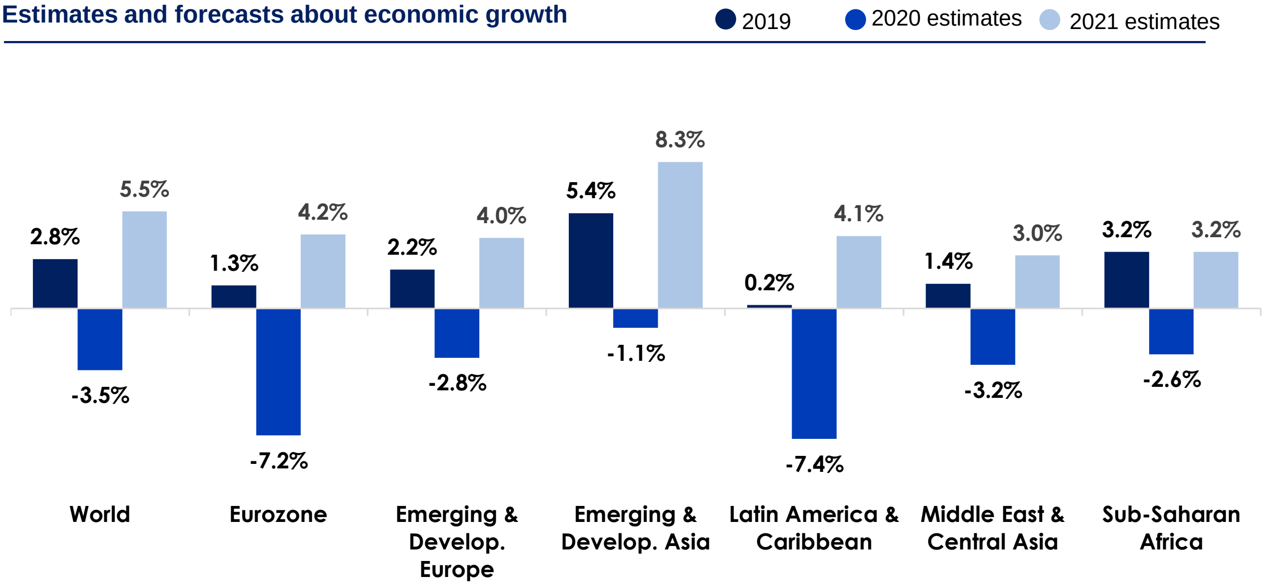
The Emerging & Developing Asia area's GDP is expected to decrease by 1.1% in 2020 compared to the growth of 5.4% of 2019 and to jump 8.3% in 2021. The outlook for China is much more positive than for most of the other countries in this area. Its economy is expected to grow around 10% in the 2020-2021 period, by 2.3% in 2020 and 8.1% in 2021.

The oil-exporting countries, mainly in the Middle East and Sub-Saharan Africa, were slammed by low oil prices per barrel due to weak international demand. Production is expected to decrease in many countries in the Middle East and Central Asia, with their GDP down by 3.2% in 2020 after growth of 1.4% in 2019, to increase by 3% in 2021.

Sub-Saharan Africa, hit by the economic crisis and civil conflict, is expected to see a 2.6% contraction in GDP in 2020 compared to forecast growth of 3.2% in 2021 like in 2019.

Many Latin American countries hard-hit by the pandemic are dealing with serious recessions that have been going on for years. This area's GDP is expected to decrease by 7.4% in 2020 compared to a near stagnant situation in 2019 and an improvement foreseen for 2021 with growth of 4.1%.

Estimates and forecasts about economic growth



Source: IMF, January 2021;
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

As an essential lever of economic growth, the construction and infrastructure sector will be pivotal to a sustainable recovery. New low-carbon infrastructure will be key to stimulating growth. From the USD2 trillion Green New Deal proposed by the US president-elect to the green industrial revolution launched by the UK prime minister, governments are investing to ensure that economies come back stronger than before the Covid-19 pandemic crisis, without the increase in carbon emissions, experienced after the last financial recovery.

With respect to the Group's reference sectors, according to the IHS Markit January 2021 report, global infrastructure investments is expected to have contracted by 3.9% in 2020 and are expected to increase by 3.7% in 2021.

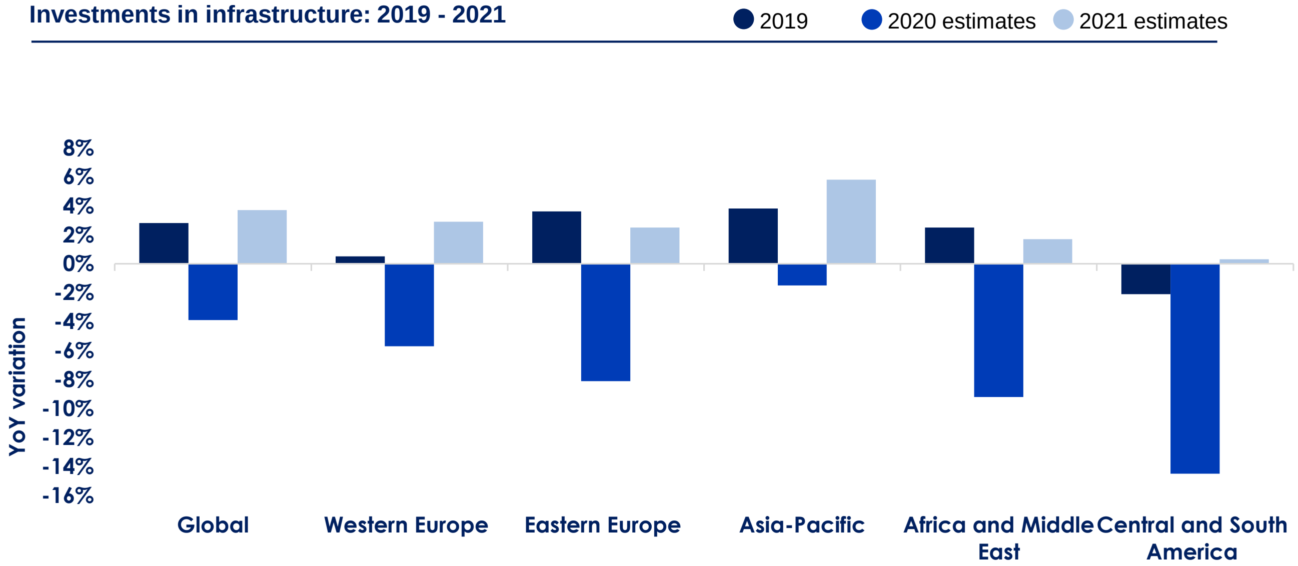
Infrastructure investments in Eastern and Western Europe are forecast to grow by over 2.4% in 2021 compared to a reduction of more than 5.6% expected for 2020. The measures announced by the governments of the European and non-European governments assume that the economic relaunch necessary to counter the effects of the Covid-19 pandemic will mostly be achieved through extraordinary investment plans, in which the infrastructure sector will be one of the main recipients.

In Africa and the Middle East, investments in infrastructure are expected to grow at a rate of above 1.6% in 2021 after a sharp decline of more than 9% in 2020.

IHS Market expects that investments in infrastructure in Latin America will pick up in 2021 (by just above 0%) after the degrowth of 14.5% and 2.1% in 2020 and 2019, respectively.

The Asia-Pacific area continues to be one of the areas with the greatest potential, with expected investments in infrastructure on the rise (+5.8% in 2021). The 2020 reduction will be contained at 1.5% while investments had grown 3.8% in 2019.

Investments in infrastructure: 2019 - 2021



Source: IHS Markit, January 2021

Oceania

Australia

Reference context and market scenario

Australia is ranked 37th 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	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	KPI	TREND	GROUP CONTRIBUTION
6 CLEAN WATER AND SANITATION	Population with access to adequate wastewater treatment systems	75.6%	Improving	
7 AFFORDABLE AND CLEAN ENERGY	Renewable energy in final consumption	6.9%	Stable	
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Quality of transportation infrastructure (1= very unsatisfactory, 5=excellent)	4.0	In line with objectives	The ongoing projects are mostly for the Sustainable Mobility (metros) and Clean Hydro Energy (pumped-storage hydro) areas, with a positive contribution to achievement of the SDGs in terms of improved transport, greater generation of electrical energy from renewable sources and lower GHG emissions.
11 SUSTAINABLE CITIES AND COMMUNITIES	Satisfaction with public transport	56.6%	Stable	
13 CLIMATE ACTION	CO_2 emissions per capita linked to energy (ton)	14.8	Stable	

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

Main ongoing projects

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

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 31 December 2020	Percentage of completion
Snowy Hydro 2.0	3,250.9	3.8%	3,099.6	8.8%
Forrestfield Airport Link	284.0	66.5%	130.4	85.1%
Other	1.5		1.5	
Total	**3,536.3**		**3,231.5**	

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.
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.
On 28 August 2020, the project received the notice to proceed from the customer, certifying the start of the main works.

Forrestfield Airport Link

On 28 April 2016, as leader (with 80%) of a joint venture with NRW Pty Ltd (20%), Salini Impregilo (now Webuild) 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.

In April 2020, the excavations of the line were completed with the breakthrough of the second TBM and the civil works are being performed to complete the contract.

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	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	KPI	TREND	GROUP CONTRIBUTION
6	Population with access to adequate wastewater treatment systems	88.4%	Stable	The ongoing projects are mostly for the Sustainable Mobility (metros) area, with a positive contribution to achievement of the SDGs in terms of improved transport and lower GHG emissions.
7	Renewable energy in final consumption	10.5%	Improving	
9	Quality of transportation infrastructure (1= very unsatisfactory, 5=excellent)	4.0	In line with objectives	
11	Satisfaction with public transport	67.9%	Deteriorating	
13	CO2 emissions per capita linked to energy (ton)	4.8	Stable	

The Group has a local French branch, investments in the SEP (sociètè en partecipation) set up to carry out the projects to build Lines 14 and 16 of the Grand Paris Express, awarded in 2018, and is part of the Telt Villarodin-Bourget Modane Avrieuz joint venture set up in 2020 for the high speed Turin-Lyon railway line.

Main ongoing projects

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

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2019	Percentage of completion *	Residual order backlog at 31 December 2020	Percentage of completion *
Metro Line 16 Lot 2 - Line 14 Lot 4 *	464.7	18.7%	325.1	44.5%
TELT puits d'Avrieux	-	0.0%	149.9	1.5%
Total	**464.7**		**475.0**	

* 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 while it is 33.3% and .96.9% at 31 December 2020, respectively.

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. Webuild will build Lot 2 as part of a joint venture 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 (now Webuild) 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 Morangis 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%.

TELT puits d'Avrieux

The contract for Lot 5A, commissioned by Tunnel Euralpin Lyon Turin (TELT), consists of the preparatory works for the safety site at Modane, located at the centre of the 57.5 km base tunnel between the train stations of Susa in Italy and Saint-Jean-de-Maurienne in France. It also comprises the excavation of four shafts to ventilate the future base tunnel. The excavations will allow the creation of a logistics hub 500 metres below ground for the drilling of 18 km of tunnel under the Ambin Massif in the direction of Italy.

By 2030, the Turin-Lyon railway link will ensure a reduction in road traffic equal to 3 million of CO^{2} emissions a year.

The contract's total value is approximately €450 million and the Group's share is 33.33%.

Norway

Reference context and market scenario

Norway is ranked 6th 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	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	KPI	TREND	GROUP CONTRIBUTION
6 CLEAN WATER AND SANITATION	Population with access to adequate wastewater treatment systems	76.3%	Stable	
7 AFFORDABLE AND CLEAN ENERGY	Renewable energy in final consumption	47.1%	In line with objectives	
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Quality of transportation infrastructure (1= very unsatisfactory, 5=excellent)	3.7	In line with objectives	The ongoing projects are mostly for the Sustainable Mobility (railways) area, with a positive contribution to achievement of the SDGs in terms of improved transport and lower GHG emissions.
11 SUSTAINABLE CITIES AND COMMUNITIES	Satisfaction with public transport	60.2%	Improving	
13 CLIMATE ACTION	CO2 emissions per capita linked to energy (ton)	8.8	Stable	

The Group is active in Norway through its branch and investment in the SA.PI. NOR Salini Impregilo - Pizzarotti joint venture.

Main ongoing projects

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

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 31 December 2020	Percentage of completion
Nykirke - Barkaker railway line	380.1	0.2%	301.9	18.3%
Total	**380.1**		**301.9**	

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 joint venture, comprising Webuild as leader (51% share) 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.

During 2020, some work was started such as temporary roads, deforestation and geotechnical surveys, the preparation of the work sites and the excavation of the first tunnel.

As a result of the Covid-19 pandemic, Bane Nor and the joint venture (SAPI NOR) signed a variation order for NOK110 million (roughly €10 million). The customer also presented and subsequently defined four variation orders in the first few months of the year.

Middle East

Saudi Arabia

Reference context and market scenario

Saudi Arabia is ranked 97th 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.

AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	KPI	TREND	GROUP CONTRIBUTION
Population with access to adequate wastewater treatment systems	11.8%	Stable	
CO2 emissions to generate energy (Mton/TWh)	1.6	Improving	
Quality of transportation infrastructure (1= very unsatisfactory, 5=excellent)	3.1	In line with objectives	The ongoing projects are mostly for the Sustainable Mobility (metros) and Green Buildings and other (civil and commercial buildings, urbanisation, etc.) areas, with a positive contribution to achievement of the SDGs in terms of improved transport and lower GHG emissions.
Satisfaction with public transport	72.8%	In line with objectives	
CO2 emissions per capita linked to energy (ton)	17.9	Stable	

The Group currently operates in this country through its branch, Salini Saudi Arabia Company Ltd., Civil Works Joint Venture, Western Station J.V., Impregilo Arabia Ltd, Arriyad New Mobility Consortium and the recently set up BSS.KSAB JV.

Main ongoing projects

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

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 31 December 2020	Percentage of completion
Riyadh National Guard Military (SANG Villas)	967.5	14.6%	733.4	30.9%
Riyadh Metro Line 3	427.9	85.7%	219.3	92.6%
Other	22.4		89.1	
Total	**1,417.8**		**1,041.8**	

Riyadh Metro Line 3

On 29 July 2013, Webuild, 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 being 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). Webuild's share is 66%.

Riyadh National Guard Military (SANG Villas)

In December 2017, Salini Impregilo (now Webuild) 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 136th 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.

	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	KPI	TREND	GROUP CONTRIBUTION
6 CLEAN WATER AND SANITATION	Population with access to basic drinking water services	41.1%	Stable	
7 AFFORDABLE AND CLEAN ENERGY	Population with access to electricity	44.3	In line with objectives	
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Quality of transportation infrastructure (1= very unsatisfactory, 5=excellent)	2.1	N.A.	The ongoing projects are mostly for the Clean Hydro Energy (hydropower plants) area, with a positive contribution to achievement of the SDGs in terms of greater generation of electrical energy from renewable sources and lower GHG emissions.
11 SUSTAINABLE CITIES AND COMMUNITIES	Satisfaction with public transport	39.9%	Stable	
13 CLIMATE ACTION	CO2 emissions per capita linked to energy (ton)	0.1	In line with objectives	

The Group operates in Ethiopia through its local branch.

Main ongoing projects

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

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 31 December 2020	Percentage of completion
Koysha	1,864.8	28.5%	1,629.9	35.6%
Gerd	957.2	78.1%	751.2	82.4%
Total	**2,822.0**		**2,381.1**	

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 and annual energy generation of 6,460 Gwh. The project also includes access roads, a new bridge over the river and a 400 KW transmission line from GIBE III to Koysha. The contract is worth approximately €2.5 billion and Webuild'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 customer. However, this situation has changed considerably in the last few months and this should facilitate operations at the work site.

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

During 2020, work continued with the excavations for the dam, the pouring of the RCC and the laying of the structural concrete for the powerhouse.

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 customer notified a reduction of the turbines from 16 to 13 for which the issue of a variation order was requested for the change in the plant's configuration and additional design costs. The amended project is currently being repriced.

On 22 January 2020, EEP confirmed its intention of carrying out the reservoir's first stage to allow early impounding and, hence, the early generation of energy from June 2020.

On 19 March 2020, EEP requested that the reservoir embankment be raised to 560 metres ASL and the reservoir's first stage be started by implementing the necessary acceleration measures. On 2 July 2020, the raising of the embankment to 560 metres ASL was completed with the spillway at the same level on 19 July 2020. The acceleration measures were completed on 23 July 2020.

Webuild's share in this project, which is at an advanced stage of completion, is 100%.

Tajikistan

Reference context and market scenario

Tajikistan is ranked 78th 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.

AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	KPI	TREND	GROUP CONTRIBUTION
Population with access to adequate wastewater treatment systems	2.3%	N.A.	The ongoing projects are mostly for the Clean Hydro Energy (hydropower plants) area, with a positive contribution to achievement of the SDGs in terms of greater generation of electrical energy from renewable sources and lower GHG emissions.
Population with access to electricity	99.3	In line with objectives	
Quality of transportation infrastructure (1= very unsatisfactory, 5=excellent)	2.2	Deteriorating	
Satisfaction with public transport	84.7%	In line with objectives	
CO_2 emissions per capita linked to energy (ton)	0.4	In line with objectives	

The Group operates in Tajikistan through its local branch.

Main ongoing projects

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

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 31 December 2020	Percentage of completion
Rogun Hydropower Project	1,657.1	31.3%	1,346.3	40.7%
Total	**1,657.1**		**1,346.3**	

Rogun Hydropower Project

On 1 July 2016, Webuild 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) successfully became operational. On 9 September 2019, the second turbine also became operative marking another important milestone in the completion of the early generation stage. On 13 October 2020, another milestone was reached during this stage with the filling of the reservoir up to 1,070 metres which meant the customer could significantly increase its electrical energy generation.

Americas

Canada

Reference context and market scenario

Canada is ranked 21st 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.

	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	KPI	TREND	GROUP CONTRIBUTION
6	Population with access to adequate wastewater treatment systems	82.3%	Deteriorating	
7	Renewable energy in final consumption	16.4%	Deteriorating	
9	Quality of transportation infrastructure (1= very unsatisfactory, 5=excellent)	3.8	In line with objectives	The ongoing projects are mostly for the Sustainable Mobility (light rail) area, with a positive contribution to achievement of the SDGs in terms of improved transport and lower GHG emissions.
11	Satisfaction with public transport	59.7%	Deteriorating	
13	CO2 emissions per capita linked to energy (ton)	14.4	Stable	

The Group operates in Canada through Salini Impregilo Canada Holding Inc., Salini Impregilo Mobilink Hurontario GP Inc., Salini Impregilo Civil Works, Mobilink Hurontario General Partnership, Mobilinx Hurontario Services L.t.d., Mobilinx Hurontario Contractor and Mobilinx Hurontario DBJV as well as the Astaldi Group entities which joined the Group in November 2020.

Main ongoing projects

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

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 31 December 2020	Percentage of completion
Hurontario Light Rail Project	381.0	1.1%	543.,2	6.6%
Total	**381.0**		**543.2**	

Hurontario Light Rail Project

On 21 October 2019, Salini Impregilo (now Webuild) 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 70% stake in the joint venture for the civil construction work (Webuild: 42%, Astaldi: 28%), the group will be responsible for the engineering, design, procurement and construction of the civil works for a value of approximately €642 million.

Peru

Reference context and market scenario

Peru is ranked 61st 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	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	KPI	TREND	GROUP CONTRIBUTION
6	Population with access to adequate wastewater treatment systems	74.3%	Stable	The ongoing projects are mostly for the Sustainable Mobility (metros) area, with a positive contribution to achievement of the SDGs in terms of improved transport and lower GHG emissions.
7	Renewable energy in final consumption	96.4%	In line with objectives	
9	Quality of transportation infrastructure (1= very unsatisfactory, 5=excellent)	2.3	Deteriorating	
11	Satisfaction with public transport	55.3%	Stable	
13	CO2 emissions per capita linked to energy (ton)	2.0	Deteriorating	

The Group operates in Peru through its branch and its investments in Metro de Lima Linea 2 S.A., Consorzio Constructor M2 Lima and Consorcio Amancae as well as the Astaldi Group entities which joined the Group in November 2020.

Main ongoing projects

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

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 31 December 2020	Percentage of completion
Lima Metro Line 2	540.7	22.2%	456.0	30.1%
Total	**540.7**		**456.0**	

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

On 28 March 2014, the international consortium comprising Salini Impregilo Group (now Webuild 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 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.

On 21 October 2020, the regulator announced that the contractual obligations were suspended due to force majeure events as a result of the pandemic. This implies that the project completion dates have been moved forwards.

The contract consideration is approximately USD3 billion.

Fisia Italimpianti

Main ongoing projects

Fisia Italimpianti S.p.A. is an international leader in the sustainable design and construction of water treatment and desalination plants. Thanks to over 90 years of experience, it is one of the most competitive global contractors in its sector and offers cutting edge solutions for water desalination and treatment, desalination using renewable sources of energy and the sustainable management of urban solid waste.

Its services include technological and engineering management, design, supply, construction, roll-out and maintenance of plants. The main ongoing projects are described below.

Ataköy project

The Ataköy project is one of the cornerstones of the heavily populated city of Istanbul's urban wastewater treatment programme. Its intention is to improve the environmental conditions of the Bosporus Strait and the Sea of Marmara. The Group's share of the contract is worth roughly €84 million and it is being carried out by Fisia Italimpianti as part of a joint venture with the Turkish company Alkataș. The project obtained the customer's provisional acceptance on 9 March 2020.

Yenikapi project

The Yenikapi project, worth €52 million, involves the construction of a new water depuration plant in Istanbul. Its acquisition strengthens Fisia Italimpiant's reputation as an operator that designs and builds plants that improve the ecosystem. The subsidiary is part of a joint venture with the Turkish companies Alkataș and Alke. The authorisations necessary to commence the works are still pending partly due to the Covid-19 emergency.

Shoaiba project

Fisia Italimpianti won a contract in April 2017 for the Shoaiba project. It consists of the design, supply and construction of a reverse osmosis desalination plant in the Shoaiba area. The plant will provide potable water to the cities of Jeddah, Medina and Taif.

The contract has been agreed on a project financing basis by a SPE owned by ACWA Power, a major Saudi developer of energy generation and seawater desalination projects.

The project is being carried out by Fisia Italimpianti as a 50:50 joint venture with the Spanish company Abengoa and the contract is worth approximately €215 million.

The plant started operating in April 2019, in advance of the original schedule. It was completed in just 21 months, qualifying as a fast track project. It was delivered to the customer with receipt of the taking over certificate within the contractually-established timeline. In 2020, the plant was awarded the prestigious Global Water Award as the best desalination plant of 2019.

Salalah project

The group company won a contract worth over €100 million as part of a joint venture in December 2017. The contract entails the construction of a reverse osmosis desalination plant to provide water to the city of Dhofar. This is the second project assigned by ACWA Power, strengthening the joint venture's relationship with one of the largest international investors in the water and energy sectors. During 2019, the project's performance was slowed down by local and international restrictions caused by the global pandemic. As a result, negotiations were commenced with the customer as the delays were due to force majeure events and change in law. The plant is currently at an advanced stage of commissioning.

Riachuelo Lot 2

In 2019, Fisia italimpianti acquired a contract worth roughly USD215 million to build Lot 2 of the Riachuelo system in Buenos Aires, Argentina. This mega engineering and infrastructure project will reduce pollution in the catchment basin and Rio de la Plata, which Argentina's most polluted river Riachuelo River flows into.

The group company will build a wastewater pre-treatment plant and the related load and return shafts with a capacity of 27 cubic metres/second, making it one of the largest plants of its kind in the world upon its completion.

This project is the second of three lots for the Riachuelo system, which will improve the serious environmental issues of the Matanza Riachuelo catchment basin, providing flexibility and safety to the water purification system of Buenos Aires which will directly considerably improve the health and quality of life of the city's roughly 4.3 million residents considerably.

The executive designs were approved during the year and the works have started.

Barka 5 and Ghubrah 3

On 20 November 2020, Fisia Italimapianti was awarded two new engineering, procurement and construction contracts in Oman for two desalination plants worth approximately USD330 million. Both plants will be built to the north of Muscat on the country's northern coast on the Gulf of Oman. They will serve residents living in the area around the capital.

The customer is Oman Power & Water Procurement (OPWP) and Fisia Italimpianti will build the reverse osmosis desalination plants as part of a 50:50 joint venture with GS Inima. The contracts will allow the group company to grow its footprint in Oman and contribute to the country's achievement of its sustainability development goals.

…

Unforeseen costs have been incurred on the Forrestfield Airport Link (Australia), Line 16, Lot 2 (France), Line 14, Lot 4 (France), Koysha Hydroelectric Project (Ethiopia), Gerd (Ethiopia) and Rogun Hydropower Project (Tajikistan) contracts referred to above and the contractors have accordingly presented their requests 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 area:

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.	30.4	20	Under construction	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

Financial highlights

The "Adjusted reclassified statement of profit or loss" table presents the Group's adjusted key figures for 2020 compared to those for 2019.

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 €128.7 million at 31 December 2019, net of cumulative impairment losses of €514.7 million recognised in previous years.

At 31 December 2020, due to the developments of the year, the Group wrote off the outstanding exposure and increased the loss allowance by €122.5 million.

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

Condotte out-of-court agreement

Definition of the out-of-court agreement with Società Italiana per Condotte d'Acqua S.p.A. under extraordinary administration ("Condotte") led Webuild to recognise the cost of the compensation (€35.3 million) paid to Condotte for its discontinuation of the pending disputes related to the COCIV consortium's board of representatives' resolution of 19 December 2019, which provided for the "transfer of title" of Condotte's 31% interest in the COCIV consortium by recognising an impairment loss of €20.3 million on its receivables due from Condotte at and compensation of €15.0 million recognised under other operating expenses.

Adjusted reclassified statement of profit or loss

(€m)	2019 adjusted Webuild Group	Joint ventures not controlled by Lane (*)	Impairment - Venezuela	Adjusted	2020 adjusted Webuild Group	Joint ventures not controlled by Lane (*)	Impairment - Venezuela	Condotte out-of-court agreement	Adjusted
Revenue	5,130.0	201.2	-	5,331.2	5,021.8	292.7	-	-	5,314.5
Gross operating profit	**531.2**	**(108.6)**	**-**	**422.6**	**760.0**	**4.1**	**-**	**15.0**	**779.1**
Gross operating profit	*10.4%*	*-54.0%*		*7.9%*	*15.1%*	*1.4%*			*14.7%*
Operating profit (loss)	**256.8**	**(108.6)**	**35.7**	**183.9**	**401.4**	**4.1**	**122.5**	**35.3**	**563.3**
R.o.S. %	*5.0%*	*-54.0%*		*3.4%*	*8.0%*	*1.4%*			*10.6%*
Net financing costs	(73.2)	-	-	(73.2)	(118.5)	-	-	-	(118.5)
Net gains (losses) on equity investments	(127.7)	108.6	-	(19.1)	(108.8)	(4.1)	-	-	(112.9)
Profit before tax (EBT)	**55.9**	**-**	**35.7**	**91.6**	**174.1**	**-**	**122.5**	**35.3**	**331.9**
Income taxes	(69.1)	-	(8.6)	(77.7)	(27.0)	-	(29.4)	-	(56.4)
Profit (loss) from continuing operations	**(13.2)**	**-**	**27.1**	**13.9**	**147.0**	**-**	**93.1**	**35.3**	**275.4**
Loss from discontinued operations	(0.9)	-	-	(0.9)	(5.1)	-	-	-	(5.1)
Non-controlling interests	(8.0)	-	-	(8.0)	5.1	-	-	-	5.1
Profit (loss) for the year attributable to the owners of the parent	**(22.1)**	**-**	**27.1**	**5.0**	**147.0**	**-**	**93.1**	**35.3**	**275.4**

(*) 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.

On 5 November 2020, Webuild acquired 67.23% of Astaldi (66.28% held directly and 0.95% indirectly), thus completing the most important transaction envisaged by Progetto Italia. The consideration amounts to €225.0 million and the gain from the bargain purchase of €548.2 million was recognised after the purchase price allocation (PPA) procedure.

The Group's statement of profit or loss for 2020 includes the results of Astaldi Group for two months, from the acquisition date (5 November 2020) until the reporting date (31 December 2020). The statement of profit or loss for 2019 does not include Astaldi Group. More information is available in note 5 "Business combinations" to the consolidated financial statements.

The 2020 figures have been impacted by the restrictions introduced by customers and governments as a result of the Covid-19 pandemic, which held back production firstly in Italy and Europe and subsequently in Latin

America and the Middle East. Some projects saw the shutdown of work site activities for a few weeks and the Group took advantage of this to align them with the new measures brought in by the government or local authorities. This led to a reduction in production volumes and profit margins.

At the date of preparation of this report, except in a few cases, the work sites have resumed activities although not all of them are operating at pre-Covid-19 levels.

During the year, the Group commenced negotiations with customers on specific contractual issues, mainly the delays due to the shuttering of work sites and the consequent inefficiencies and included discussions about the additional costs incurred due to the crisis situation which the Group has so far borne almost in full.

Adjusted revenue for the year is €5,314.5 million compared to €5,331.2 million for the corresponding period of 2019. The main contributors to the adjusted revenue are some large projects and, specifically, Lane Group's projects, those of Astaldi Group, the high speed/capacity railway works for the Milan - Genoa railway line section, the Ethiopian contracts, the projects in Australia to design, build and maintain the Perth Metro and the civil engineering and electromechanical works for the Snowy 2.0 project and 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 €779.1 million (€422.6 million) while the adjusted operating profit comes to €563.3 million (€183.9 million). These figures reflect the gain from the bargain purchase of €548.2 million as a result of the PPE procedure referred to earlier.

The net financing costs approximate €118.5 million compared to €73.2 million for 2019. They include:

- financial income of €155.6million (€147.1 million);
- net exchange losses of €43.9 million (net gains of €4.3 million); partly offset by
- financial income of €81.0 million (€ 69.6 million).

The adjusted net losses on equity investments come to €112.9 million compared to adjusted net losses of €19.1 million for 2019, mostly due to the impairment test of the investment in Grupo Unidos por el Canal (GUPC). More information is available in the "Main risk factors and uncertainties" section of this report and note 9 to the consolidated financial statements.

The adjusted profit before tax amounts to €331.9 million, an improvement on the balance of €91.6 million for 2019.

The adjusted income taxes for the year are €56.4 million (€77.7 million).

The loss from discontinued operations of €5.1 million (loss of €0.9 million) entirely reflects the loss made by Astaldi's divisions held for sale. The 2019 loss included the costs of the USW Campania business unit, which was reclassified to continuing operations in 2020.

The 2020 loss attributable to non-controlling interests amounts to €5.1 million while it was a profit in the previous year.

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 2020. 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 (*)	2019	2020	Variation
Revenue from contracts with customers		4,770,634	4,247,167	(523,467)
Other income		359,328	226,478	(132,850)
Gain from the bargain purchase		-	548,177	548,177
Total revenue and other income	32	**5,129,962**	**5,021,822**	**(108,140)**
Operating expenses	33	(4,598,803)	(4,261,822)	336,981
Gross operating profit (EBITDA)		**531,159**	**760,000**	**228,841**
Gross operating profit margin (EBITDA) %		*10.4%*	*15.1%*	
Impairment losses	33.6	(102,423)	(173,583)	(71,160)
Amortisation, depreciation and provisions	33.6	(171,937)	(185,019)	(13,082)
Operating profit (EBIT)		**256,799**	**401,398**	**144,599**
R.o.S. %		*5.0%*	*8.0%*	
Financing income (costs) and gains (losses) on equity investments				
Net financing costs	34	(73,186)	(118,523)	(45,337)
Net gains (losses) on equity investments	35	(127,704)	(108,816)	18,888
Net financing costs and net gains (losses) on equity investments		**(200,890)**	**(227,339)**	**(26,449)**
Profit before tax (EBT)		**55,909**	**174,059**	**118,150**
Income taxes	36	(69,160)	(27,041)	42,119
Profit (loss) from continuing operations		**(13,251)**	**147,018**	**160,269**
Loss from discontinued operations	19	(894)	(5,088)	(4,194)
Profit (loss) before non-controlling interests		**(14,145)**	**141,930**	**156,075**
Non-controlling interests		(7,983)	5,060	13,043
Profit (loss) for the year attributable to the owners of the parent		**(22,128)**	**146,990**	**169,118**

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

Revenue

Revenue for the year amounts to €5,021.8 million (€5,130.0 million), including €2,506.4 million earned abroad (€3,208.9 million), €987.0 million (€1,038.8 million) in the US and €1,528.4 million (€882.3 million) abroad.

Other income mostly refers to contract work in progress and specifically industrial activities and related works not directly related to contracts with customers. The decrease of €132.9 million is mostly due to the smaller income from cost recharges to non-controlling consortium members (other income in the consortium's financial statements) as a result of the reduction of Condotte's interest in the COCIV consortium to the minimum at the end of 2019 (as described in the 2019 Annual Report). Webuild 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”.

The gain from the bargain purchase of €548.2 million is the result of the PPA procedure performed after Astaldi’s acquisition as provided for by IFRS 3 with the assistance of external expert advisors. More information is available in note 5 “Business combinations” to the consolidated financial statements.

Operating profit

The operating profit amounts to €401.4 million for the year (€256.8 million), showing a significant improvement on the previous year.

The increase is mostly due to the recognition of the gain from the bargain purchase after completion of the PPA procedure for Astaldi, partly offset by the effects of the Covid-19 pandemic (described in more detail in the “Covid-19” section), the impairment of the exposure to the Venezuelan government agencies and the definition of the out-of-court agreement with Condotte, which had a negative effect of €35.3 million on the operating profit compared to a positive effect of €61.8 million in 2019.

Definition of the out-of-court agreement led Webuild to recognise the cost of the compensation (€35.3 million) paid to Condotte for its discontinuation of the pending disputes related to the COCIV consortium’s board of representatives’ resolution of 19 December 2019, which provided for the “transfer of title” of Condotte’s 31% interest in the COCIV consortium by recognising an impairment loss of €20.3 million on its receivables due from Condotte at and compensation of €15.0 million recognised under other operating expenses.

Impairment losses of €173.6 million (€102.4 million) include the €122.5 million loss on the Group’s exposure to the Venezuelan government agencies after the significant deterioration of that country’s credit standing. The additional impairment loss led to the write-off of the carrying amount of the net contract assets, trade receivables and loan assets. More information is available in the “Main risk factors and uncertainties” section of this report.

Amortisation, depreciation and provisions of €185.0 million (€171.9 million) comprise:

- depreciation of property, plant and equipment of €75.4 million (€92.9 million);
- depreciation of right-of-use assets of €52.3 million (€51.0 million);
- amortisation of contract costs and intangible assets of €33.3 million (€27.0 million);
- provisions of €24.0 million (€1.0 million) mostly related to the losses to complete some contracts after their budgets were refreshed and in accordance with paragraphs 66 to 69 of IAS 37 - Provisions, contingent liabilities and contingent assets.

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

The Group recorded net financing costs of €118.5 million (€73.2 million).

The item comprises:

- financial expense of €155.6 million (€147.1 million);
- net exchange losses of €43.9 million (net gains of €4.3 million); partly offset by
- financial income of €81.0 million (€69.6 million).

The €8.5 million increase in net financing costs is mostly due to:

- higher financial expense of €17.3 million related to the issue of new bonds in 2020;
- higher financial expense of €5.7 million due to the loan taken out solely to purchase the bonds issued by Astaldi in 2020 and repaid at the reporting date, subscribed by Beyond S.r.l.; partly offset by
- smaller interest of €13.2 million on tax liabilities. The Ethiopian branch had recognised interest of €13.7 million in 2019 after a tax assessment.

The increase of €11.4 million in financial income is principally the result of:

- recognition of default interest of €13.0 million accrued on the Romanian branch's claims related to the Lugoj - Deva project awarded as per the related arbitration;
- interest income of €9.1 million accrued on the bonds held by Beyond S.r.l., subscribed as part of Progetto Italia;
- higher financial income from related parties and other unconsolidated group companies (mainly Yuma Concessionaria S.A.) of €4.8 million; partly offset by
- smaller interest income of €16.8 million for Constructora Ariguani which had recognised interest of €17.0 million accrued as compensation on the recovery of an advance paid after the dispute with its former partner/subcontrator Conalvias was settled in 2019.

Net exchange losses of €43.9 million chiefly relate to the Euro's performance against the US dollar, the Ethiopian birr and the Qatari riyal as well as the currencies of the Latin American countries heavily impacted by the public health crisis.

Net losses on equity investments amount to €108.8 million (losses of €127.7 million). They comprise the Group's share of the losses of the equity-accounted investees for the year, including €97.9 million of Grupo Unidos por el Canal (GUPC) in Panama, partly due to the impairment test performed during the year. More information is available in the "Main risk factors and uncertainties" section of this report and note 9 to the consolidated financial statements.

Income taxes

The decrease in income taxes is mostly due to the results achieved by the group companies and the effect of non-taxable items.

Loss from discontinued operations

The loss from discontinued operations of €5.1 million (loss of €0.9 million) entirely reflects the loss made by Astaldi’s divisions held for sale. The 2019 loss included the costs of the USW Campania business unit, which was reclassified to continuing operations in 2020.

Non-controlling interests

The 2020 loss attributable to non-controlling interests amounts to €5.1 million while it was a profit of €8.0 million in the previous year.

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 2019	31 December 2020	Variation
Non-current assets	7.1-7.2-7.3-9	1,305,277	1,868,750	563,473
Goodwill	8	76,062	70,020	(6,042)
Net non-current assets (liabilities) held for sale	19	11,976	(5,062)	(17,038)
Provisions for risks	26	(137,922)	(196,351)	(58,429)
Post-employment benefits and employee benefits	25	(61,868)	(63,349)	(1,481)
Net tax assets	11-16-28	333,352	371,650	38,298
- Inventories	12	156,368	198,325	41,957
- Contract assets	13	2,040,450	2,754,203	713,753
- Contract liabilities	13	(1,186,076)	(2,132,476)	(946,400)
- Receivables (**)	14	1,824,875	1,888,050	63,175
- Liabilities (**)	27	(2,588,844)	(2,703,236)	(114,392)
- Other current assets	17	684,995	1,006,796	321,801
- Other current liabilities	29	(323,077)	(530,544)	(207,467)
Working capital		608,691	481,118	(127,573)
Net invested capital		**2,135,568**	**2,526,776**	**391,208**
Equity attributable to the owners of the parent		**1,395,395**	**1,428,989**	**33,594**
Non-controlling interests		108,750	655,893	547,143
Equity	20	**1,504,145**	**2,084,882**	**580,737**
Net financial indebtedness		**631,423**	**441,894**	**(189,529)**
Total financial resources		**2,135,568**	**2,526,776**	**391,208**

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

(**) This item shows liabilities of €3.3 million and receivables of €1.8 million classified in net financial indebtedness and related to the Group’s net amounts due from/to unconsolidated consortia and consortium companies (SPEs) operating under a cost recharging system. 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 €23.9 million and “Receivables” for €2.3 million at 31 December 2019

Net invested capital

This item increased by €391.2 million on the previous year end to €2,526.8 million at 31 December 2020. The main changes are due to the factors listed below.

Non-current assets

Non-current assets increased by €563.5 million. They may be analysed as follows:

(€'000)	31 December 2019	31 December 2020	Variation
Property, plant and equipment	333,511	477,497	143,986
Right-of-use assets	144,184	164,632	20,448
Investment property	-	120	120
Intangible assets	185,096	586,367	401,271
Equity investments	642,486	640,134	(2,352)
Total non-current assets	**1,305,277**	**1,868,750**	**563,473**

Property, plant and equipment increased by €144.0 million, chiefly as a result of:

- investments of €179.8 million, mostly for the Snowy 2.0 project in Australia and Lane Group's contracts;
- the change in consolidation scope for €80.6 million due to the acquisition of Astaldi; partly offset by
- depreciation of €75.4 million;
- disposals of €39.9 million.

The right-of-use assets mostly comprise plant and machinery and buildings. The increase is due to the change in the consolidation scope as a result of the acquisition of Astaldi.

Intangible assets show a net increase of €401.3 million, mainly as a result of the acquisition of Astaldi Group. More information is available in note 7.3 to the consolidated financial statements.

The €2.4 million net decrease in equity investments is chiefly a result of the following factors:

- the reduction of €126.6 million in the carrying amount of the investment in Grupo Unidos por el Canal, mostly due to the impairment loss identified during the year;
- dividends of €12.7 million distributed by the joint ventures not controlled by Lane Group and the Argentine operators; partly offset by
- an increase of €85.7 million in equity investments due mainly to the change in the consolidation scope after the acquisition of Astaldi Group and of €29.0 million for Astaldi Group's partipating financial instruments;
- the increase in Lane Industries' equity investments due to capital transactions of €22.5 million.

Net non-current assets held for sale

Net non-current assets held for sale include Astaldi's divisions.

The decrease on 31 December 2019 is due to the reclassification of assets of the USW Campania projects to assets and the sale of the investment in Consorcio Agua Azul S.A. at the beginning of the year.

Provisions for risks

These provisions of €196.4 million increased by €58.4 million over 31 December 2019, mainly due to the change in the consolidation scope following the acquisition of Astaldi Group and the accruals made mostly for the losses to complete contracts of €24.0 million (€1.0 million) after their budgets were refreshed and in accordance with paragraphs 66 to 69 of IAS 37 - Provisions, contingent liabilities and contingent assets.

Net tax assets

The following table analyses the item:

(€'000)	31 December 2019	31 December 2020	Variation
Deferred tax assets	253,453	368,364	114,911
Deferred tax liabilities	(7,399)	(137,186)	(129,787)
Net deferred tax assets	**246,054**	**231,178**	**(14,876)**
Current tax assets	90,513	114,297	23,784
Current tax liabilities	(87,137)	(127,295)	(40,158)
Net current tax assets (liabilities)	**3,376**	**(12,998)**	**(16,374)**
Other current tax assets	132,109	229,448	97,339
Other current tax liabilities	(48,187)	(75,978)	(27,791)
Net other current tax assets	**83,922**	**153,470**	**69,548**
Net tax assets	**333,352**	**371,650**	**38,298**

The increase is mostly due to the change in the consolidation scope following the acquisition of Astaldi Group.

Working capital

Working capital decreased by €127.6 million from €608.7 million at 31 December 2019 to €481.1 million at the reporting date.

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

- inventories increased by €42.0 million, mostly due to the change in the consolidation scope following the acquisition of Astaldi Group. At the reporting date, this group's raw materials, consumables, supplies and goods amount to €37.7 million;
- loans and receivables increased by €63.2 million, principally as a result of the acquisition of Astaldi Group (€370.6 million) and greater amounts of €71.0 million arising mostly from the agreement (Otrosi 5) signed by Yuma Concessionaria S.A. and Constructora Ariguani S.A.S. in Colombia, which acknowledged the

extra costs incurred and to be incurred leading to the reclassification of contract assets to loans and receivables.

This increase was partly offset by the smaller amounts due to the COCIV consortium by Condotte following the offsetting of amounts receivable and payable for €212.1 million during the year and the reduction of €54.0 million and €52.7 million in amounts due to PerGenova and the Ethiopian branch, respectively;

- liabilities increased by €114.4 million , mostly due to Astaldi Group's liabilities of €624.9 million, partly offset by the smaller amounts due to the COCIV consortium by Condotte following the offsetting of amounts receivable and payable for €227.3 million during the year and the settlement of amounts due for the contracts in Qatar (€107.0 million) and to PerGenova (€55.8 million) as part of normal business activities;
- contract assets and liabilities amount to €2,754.2 million (€2,040.5 million) and €2,132.5 million (€1,186.1 million) respectively. They include Astaldi Group's contract assets and liabilities of €742.3 million and €160.8 million, respectively. The increase is mostly due to the change in the consolidation scope following the acquisition of Astaldi Group. Contract advances, recognised under contract liabilities, increased by €880.3 million (from €882.8 million to €1,763.2 million);
- other current assets and other current liabilities amount to €1,006.8 million (€685.0 million) and €530.5 million (€323.1 million), respectively. The increase is mostly due to the change in the consolidation scope following the acquisition of Astaldi Group, whose other current assets and liabilities amount to €352.2 million and €183.7 million, respectively.

Net financial indebtedness

Table 3 - Net financial indebtedness of Webuild Group

The following table shows the Group's net financial indebtedness at 31 December 2020 and 2019:

(€'000)	Note (*)	31 December 2019	31 December 2020	Variation
Non-current financial assets	10	378,272	321,952	(56,320)
Current financial assets	15	241,249	339,002	97,753
Cash and cash equivalents	18	1,020,858	2,455,125	1,434,267
Total cash and cash equivalents and other financial assets		**1,640,379**	**3,116,079**	**1,475,700**
Bank and other loans and borrowings	21	(751,256)	(767,494)	(16,238)
Bonds	22	(1,091,890)	(1,288,620)	(196,730)
Lease liabilities	23	(98,709)	(98,881)	(172)
Total non-current indebtedness		**(1,941,855)**	**(2,154,995)**	**(213,140)**
Current portion of bank loans and borrowings and current account facilities	21	(231,640)	(1,077,309)	(845,669)
Current portion of bonds	22	(13,295)	(246,910)	(233,615)
Current portion of lease liabilities	23	(61,673)	(79,557)	(17,884)
Total current indebtedness		**(306,608)**	**(1,403,776)**	**(1,097,168)**
Derivative assets	10-15	268	2,259	1,991
Derivative liabilities	24	(2,012)	-	2,012
Net financial position (debt) with unconsolidated SPEs (**)		(21,595)	(1,461)	20,134
Total other financial assets (liabilities)		**(23,339)**	**798**	**24,137**
Net financial indebtedness - continuing operations		**(631,423)**	**(441,894)**	**189,529**
Net financial position - discontinued operations		-	116	116
Net financial indebtedness including discontinued operations		**(631,423)**	**(441,778)**	**189,645**

(*) The note numbers refer to the notes to the consolidated financial statements where the captions 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. 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.

At 31 December 2020, the Group has net financial indebtedness from continuing operations of €441.8 million (€631.4 million).

The decrease on 31 December 2019 is partly due to the reduction in net working capital as well as the contribution of the companies fully consolidated at the reporting date due to the combination of Astaldi Group's interests therein with those of Webuild.

Gross indebtedness of €3,560.2 million shows an increase of roughly €1,290.2 million on the 31 December 2019 balance of €2,270.1 million, mostly as a result of the utilisation of the entire revolving credit facilities and the temporary overlapping of the new 2025 bonds, issued in December to refinance the bonds maturing in June 2021.

The debt/equity ratio (based on the net financial indebtedness from continuing operations) is 0.21 at group level at the reporting date (0.42).

Webuild has given guarantees of €120.9 million in favour of unconsolidated group companies securing bank loans.

Performance of the parent Webuild S.p.A.

Table 4 - Reclassified statement of profit or loss

(€'000)	Note (*)	2019	2020	Variation
Revenue from contracts with customers		2,597,495	1,863,671	(733,824)
Other income		143,495	131,901	(11,594)
Total revenue and other income	29	**2,740,990**	**1,995,572**	**(745,418)**
Operating expenses	30	(2,327,508)	(1,897,563)	429,945
Gross operating profit (EBITDA)		**413,482**	**98,009**	**(315,473)**
Gross operating profit margin (EBITDA) %		15.1%	4.9%	
Impairment losses	30.6	(36,080)	(124,156)	(88,076)
Amortisation, depreciation and provisions	30.6	(120,430)	(61,124)	59,306
Operating profit (loss) (EBIT)		**256,972**	**(87,271)**	**(344,243)**
Return on Sales %		9.4%	-4.4%	
Financing income (costs) and gains (losses) on equity investments				
Net financing costs	31	(65,017)	(109,799)	(44,782)
Net losses on equity investments	32	(37,828)	(136,259)	(98,431)
Net financing costs and net losses on equity investments		**(102,845)**	**(246,058)**	**(143,213)**
Profit (loss) before tax (EBT)		**154,127**	**(333,329)**	**(487,456)**
Income taxes	33	(83,167)	(17,742)	65,425
Profit (loss) for the year		**70,960**	**(351,071)**	**(422,031)**

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

Revenue

The 2020 figures have been impacted by the restrictions introduced by customers and governments as a result of the Covid-19 pandemic, which held back production firstly in Italy and Europe and subsequently in Latin America and the Middle East. Some projects saw the shutdown of work site activities for a few weeks in line and the parent took advantage of this to align them with the new measures brought in by the government or local authorities. This led to a reduction in production volumes and profit margins.

At the date of preparation of this report, except in a few cases, the work sites have resumed activities although not all of them are operating at pre-Covid-19 levels.

Total revenue for the year amounts to €1,995.6 million (€2,741.0 million), including €695.3 million (€688.9 million) earned in Italy and €1,300.3 million (€2,052.1 million) abroad.

Operating profit (loss)

The operating loss amounts to €87.3 million compared to a profit for the previous year.

The decrease is due to the effects of the Covid-19 pandemic and the impairment loss of €122.5 million on the parent's exposure to the Venezuelan government agencies made to reflect the significant deterioration in this country's credit standing.

In addition, during the year, the out-of-court agreement with Condotte was defined, which led Webuild to recognise the cost of the compensation (€35.3 million) paid to Condotte for of its discontinuation of the pending disputes related to the COCIV consortium's board of representatives' resolution of 19 December 2019, which provided for the "transfer of title" of Condotte's 31% interest in the COCIV consortium. The operating profit for 2019 included the positive effect of €54.0 million arising from the reduction of Condotte's interest in the COCIV consortium to the minimum.

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

The parent recognised net financing costs of €109.8 million (costs of €65.0 million). The item comprises:

- financial expense of €104.2 million (€119.0 million);
- net exchange losses of €74.2 million (net gains of €5.4 million), partly offset by:
- financial income of €68.6 million (€48.6 million).

Financial expense decreased by €14.9 million mostly due to the payment in 2019 of interest of €13.7 million by the Ethiopian branch for the years from 2014 to 2016 as part of a tax assessment.

Net exchange losses of €74.2 million (net gains of €5.4 million) mainly reflect the Euro's performance against the US dollar and the Ethiopian birr.

The increase of approximately €20.0 million in financial income is principally a result of the default interest of €13.0 million accrued on the claims for the Lugoj-Deva project in Romania as per the related arbitration.

Net losses on equity investments amount to €136.3 million compared to net losses of €37.8 million in 2019. The item includes impairment losses recognised to align the equity investments' carrying amounts with the parent's share of the investees' equity. More information about Grupo Unidos por el Canal – GUPC (Panama) is provided in the "Main risk factors and uncertainties" section and in note 7 to the separate financial statements.

The 2019 balance included dividends of €14.0 million compared to €0.6 million in 2020.

Income taxes

This item reflects the permanent differences (mostly the impairment losses on equity investments) and taxes paid abroad, where the parent's branches operate, for which the conditions for their recovery in Italy do not currently exist.

Financial position of the parent Webuild S.p.A.

Table 5 - Reclassified statement of financial position

(€'000)	Note (*)	31 December 2019	31 December 2020	Variation
Non-current assets	4-5-6-7	1,602,916	1,690,289	87,373
Provisions for risks	23	(87,359)	(57,317)	30,042
Post-employment benefits and employee benefits	22	(12,267)	(10,498)	1,769
Net tax assets	9-14-25	207,699	239,877	32,178
- Inventories	10	111,211	109,441	(1,770)
- Contract assets	11	1,230,111	1,061,366	(168,745)
- Contract liabilities	11	(544,171)	(795,463)	(251,292)
- Receivables (**)	12	1,503,358	2,239,989	736,631
- Liabilities (**)	24	(1,768,252)	(2,198,561)	(430,309)
- Other current assets	15	264,922	310,517	45,595
- Other current liabilities	26	(126,727)	(112,567)	14,160
Working capital		670,452	614,722	(55,730)
Net invested capital		**2,381,441**	**2,477,073**	**95,632**
Equity	17	**1,492,767**	**1,110,438**	**(382,329)**
Net financial indebtedness		**888,674**	**1,366,635**	**477,961**
Total financial resources		**2,381,441**	**2,477,073**	**95,632**

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

(**) This item shows liabilities of €3.3 million and loans and receivables of €98.8 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 €23.9 million and "Receivables" for €2.3 million at 31 December 2019

Net invested capital

This item increased by €95.6 million on the previous year end.

The main changes of the year are due to the effects described below.

Non-current assets

Non-current assets increased by €87.4 million. They may be analysed as follows:

(€'000)	31 December 2019	31 December 2020	Variation
Property, plant and equipment	128,113	113,980	(14,133)
Right-of-use assets	58,138	54,106	(4,032)
Intangible assets	103,326	103,655	329
Equity investments	1,313,339	1,418,548	105,209
Total non-current assets	**1,602,916**	**1,690,289**	**87,373**

Property, plant and equipment decreased by approximately €14.1 million, mostly as a result of the disposals made during the year.

Equity investments increased by €105.2 million, principally due to the acquisition of 66.28% of Astaldi on 5 November 2020 for €225.0 million. This upturn is partly offset by the decrease in the parent's investment in Grupo Unidos por el Canal which was impaired during the year.

Provisions for risks

This item of €57.3 million shows a €30.0 million decrease on the previous year, mostly due to the utilisation of €45.8 million of the provision for risks recognised in 2019 for the compensation to be paid to Condotte after definition of the out-of-court agreement.

Net tax assets

At 31 December 2020, net tax assets amount to €239.9 million (€207.7 million) and may be analysed as follows.

(€'000)	31 December 2019	31 December 2020	Variation
Deferred tax assets	215,051	251,134	36,083
Deferred tax liabilities	(18,946)	(23,096)	(4,150)
Net deferred tax assets	**196,105**	**228,038**	**31,933**
Current tax assets	67,547	67,071	(476)
Current tax liabilities	(77,687)	(74,529)	3,158
Net current tax liabilities	**(10,140)**	**(7,458)**	**2,682**
Other current tax assets	36,500	44,001	7,501
Other current tax liabilities	(14,766)	(24,704)	(9,938)
Net other current tax assets	**21,734**	**19,297**	**(2,437)**
Net tax assets	**207,699**	**239,877**	**32,178**

Working capital

Working capital decreased by €55.7 million to €614.7 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

The following table shows the parent's net financial indebtedness at 31 December 2020 and 2019:

(€'000)	Note (*)	31 December 2019	31 December 2020	Variation
Non-current financial assets	8	128,981	113,977	(15,004)
Current financial assets	13	916,438	992,558	76,120
Cash and cash equivalents	16	388,615	1,065,865	677,250
Total cash and cash equivalents and other financial assets		**1,434,034**	**2,172,400**	**738,366**
Bank and other loans and borrowings	18	(604,158)	(557,347)	46,811
Bonds	19	(1,091,890)	(1,288,620)	(196,730)
Finance lease liabilities	20	(39,147)	(40,707)	(1,560)
Total non-current indebtedness		**(1,735,195)**	**(1,886,674)**	**(151,479)**
Current portion of bank loans and borrowings and current account facilities	18	(532,332)	(1,479,978)	(947,646)
Current portion of bonds	19	(13,295)	(246,910)	(233,615)
Current portion of lease liabilities	20	(18,547)	(21,274)	(2,727)
Total current indebtedness		**(564,174)**	**(1,748,162)**	**(1,183,988)**
Derivative assets	13	268	340	72
Derivative liabilities	21	(2,012)	-	2,012
Net financial position (debt) with unconsolidated SPEs (**)		(21,595)	95,461	117,056
Total other financial assets (liabilities)		**(23,339)**	**95,801**	**119,140**
Net financial indebtedness including discontinued operations		**(888,674)**	**(1,366,635)**	**(477,961)**

(*) 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 2020, the parent has net financial indebtedness of €1,366.6 million compared to €888.7 million at the end of the previous year.

The €478.0 million increase is mostly due to the cash flows used in operating and investing activities for €274.4 million, mainly related to the acquisition of the investment in Astaldi Group for €225.0 million. More information is available in note 5 to the consolidated financial statements.

Gross indebtedness of €3,634.8 million shows an increase of roughly €1,313.9 million on the 31 December 2019 balance of €2,321.0 million, mostly as a result of the utilisation of the entire revolving credit facilities and the temporary overlapping of the new 2025 bonds issued in December to refinance the bonds maturing in June 2021.

Directors' report -

Part II

2020 Consolidated Non-financial Statement

Prepared in accordance with Legislative decree no. 254/2016

Introduction

This Consolidated Non-financial Statement (the “Statement”) refers to Webuild Group (the “Group”), which includes Webuild S.p.A. and the fully-consolidated companies[31]. The terms “Webuild” or the “Company” are used to refer to just the parent, Webuild S.p.A.. More information about the Statement’s scope is given in the “Methodology for reporting non-financial information” section.

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

The section entitled “The infrastructure sector and Webuild’s role” provides a snapshot of the unique characteristics of the Group’s market in order to facilitate a better understanding of the information provided in this Statement.

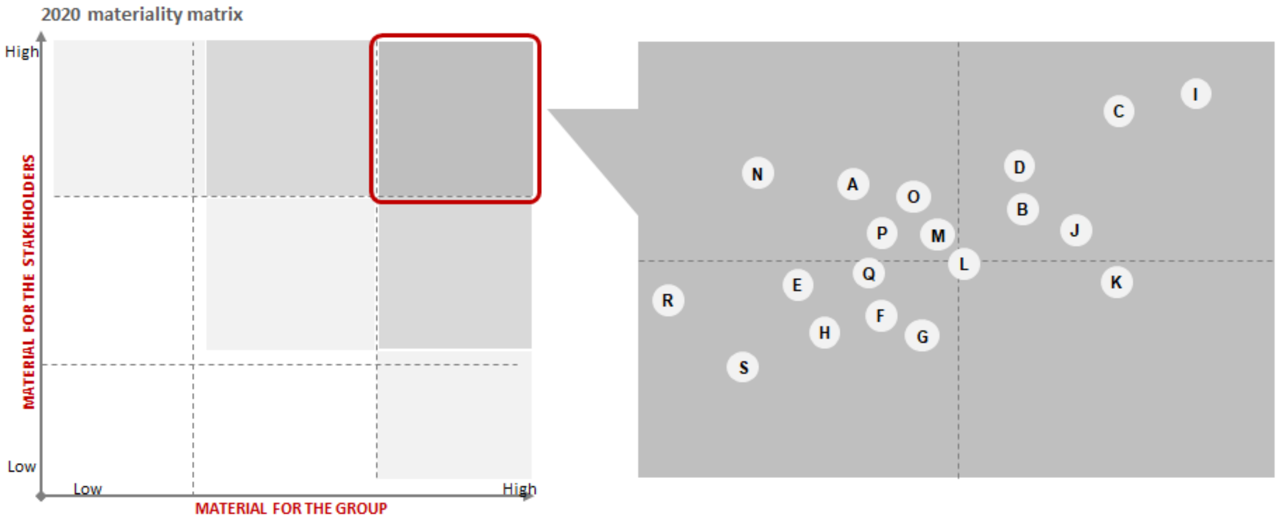
Material non-financial topics

Given the reference context, the specific nature of the infrastructure sector, the Group’s sustainability strategies and the inputs from its stakeholders, Webuild 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 2020 and a list of the material topics grouped by nature are provided below.

[31] Unless stated otherwise, the key performance indicators (KPIs) in this document include Astaldi S.p.A., which joined the Group on 5 November 2020. Information about Astaldi’s policies, practices and performance is available in its Non-financial Statement available on its website www.astaldi.com.



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. Climate change

O. Natural resources

P. Waste management

Q. Soil, subsoil and water

R. Biodiversity

S. Dust, noise and vibrations

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

Sustainability Strategy

Webuild's Sustainability Strategy is embedded in the Group's business model[32] and is underpinned by two key pillars.

The first pillar relates to the core business, hinged on the Group's capacity to develop infrastructure projects in the areas of Sustainable Mobility, Clean Hydro Energy, Clean Water and Green Buildings and its contribution to the global challenges posed by urbanisation, climate change, resource scarcity and technological innovation.

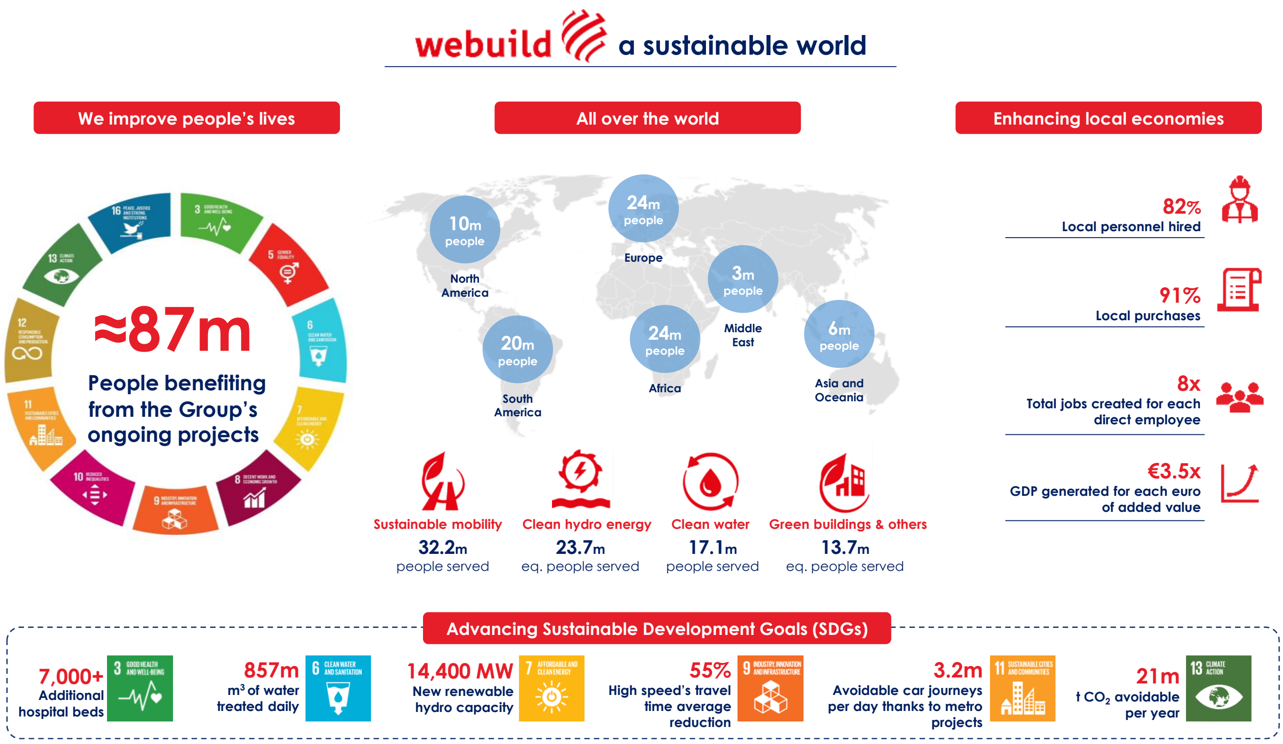
The second pillar embodies the ethical, social and environmental responsibility policies and practices applied by the Group to protect and enhance people and the environment and to contribute to the social and economic development of the countries where it operates.

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

The Group's contribution to progress towards the SDGs is guaranteed by all its business areas in all geographical regions where it operates[33].

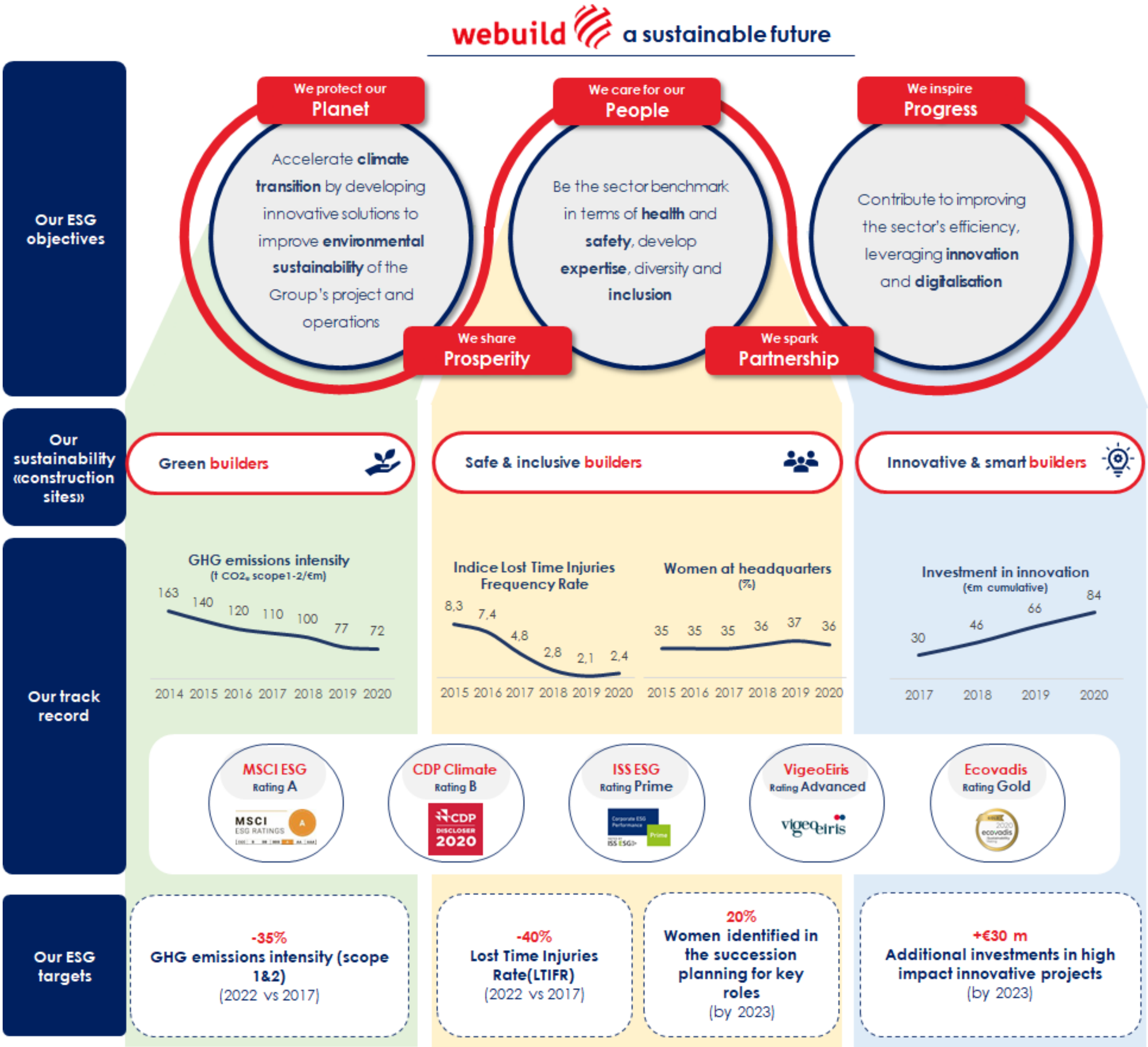
[32] Additional information is available in the "Webuild Group: our vision and performance" section of the Directors' report.

[33] More information is available in the Calculation method paragraph of the Methodology for reporting non-financial information.



The Group has drawn up an ESG Plan for the 2020-2023 period focused on five priorities (5P) and three strategic areas (Green, Safety & Inclusion, and Innovation) in which it has invested resources for some time and for which it has already achieved important results as confirmed by the independent ESG ratings assigned to the Company.

The Group has defined a number of projects and four specific targets to be pursued over the plan period for these sustainability "construction sites" as shown below:



The following sections describe the policies, practices and performances for each of the above strategic areas.

Company organisation

Webuild'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 Corporate Governance/Conduct in force from time to time.

At the end of 2020, 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, models, 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.

Webuild 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 Webuild are required to adhere to during their everyday work.

The Code applies to the directors, statutory auditors, managers and employees of Webuild 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 Webuild employees are required to adhere: integrity, honest, reliability and sustainability.

Rules of conduct: the practical implementation of the ethical principles incumbent on all parties required to comply with the Code; these 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

Webuild 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 Fillea-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 Webuild’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.

Webuild 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. These systems are 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.

Webuild 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

Webuild 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

Webuild 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

Webuild 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:

- the *Administration, Finance and Control Department*, with the set up of a *department headed up by the Chief Financial Officer* and the creation of new internal units such as the *Controlling and Accounting Department* which combined the existing Operations Controlling Department and the Accounting Department to improve controls over operational risks and better coordinate administrative and tax activities.
- the Commercial/Business Development area, due to the additional streamlining of the geographical areas in line with the new direction of the Group’s business;
- the *Group Bidding and Engineering Department*, which received the PPP Projects & Concessions Bids Unit to facilitate the coordinated preparation of bids, including for PPP projects and concessions;
- the *Group HR, Organisation and Systems Department*, with the extension of the *Organisational Development, Talents and Knowledge Department* which now includes the Talents and Corporate Academy and Knowledge Management units to better direct the organisation’s development and contribute to the definition of a strategic design for HR processes that can support integration and change.

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.

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

Meanwhile, the Company 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, improving the Company's competitiveness in the production and related sectors, and bolstering the retention and expertise of Webuild employees.

The purpose of the new Knowledge Management Programme is to provide Webuild employees with a service to capitalise their know-how as a 360°degree change management tool and provide the Group with a competitive edge, including through the deployment of digital technologies.

Webuild 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, during the year, the Group studied a Standard Project Organisational Model to be used to define a standard organisational structure for its projects in line with the corporate organisational model. The solid line and dotting line reporting of each project function vis-à-vis the corporate functions were identified together with the main operating responsibilities.

In addition and in line with that set out above, Lane defined a new matrix management structure, whereby the main headquarters units work together to assist the development of the local market in line with the Group's best practices.

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 also revisited and introduced a new system to draft and approve the text of procedures so as to speed up and facilitate the issue of new documents. In addition, the Company continued to assist the peripheral units applying the procedures by setting up multi-functional work teams which provide support during the project start-up phases. Their objective is to ensure that the peripheral units' organisational charts, systems and procedures are in line with those of the Group.

Innovation, research and development

Webuild 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 for improved performance efficiencies (timing and costs);
- social and environmental performance thanks to less work-related incidents and a smaller impact on the environment and the communities affected by its operations;
- quality construction services that meet clients' needs.

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 real 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, ensuring worker safety, pursuing quality and protecting the environment, 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 2018-2020 three-year period, the Company invested on average around €18 million in innovation, research and development projects for a grand total of approximately over €53.9 million. These projects have involved on average more than 247 group specialised resources[34] each year.

Innovation	Unit	2018	2019	2020
Employees involved in innovation projects	no.	249	366	127
Investments in Innovation	€m	16	20.2	17.6

Innovation projects mainly related to design, planning and development, construction techniques, materials, digitalisation of sites, safety, quality and the environment.

[34] The personnel involved in long-term projects is considered for each year. The figures for 2018 and 2019 have been restated compared to that published in the 2019 Consolidated Non-financial Statement to include Lane. The 2020 figures include Lane's figures based on the best estimates available at the date of preparation of this report.

Design, planning, development

Webuild places its services at the client's disposal for the project to be developed. Its aim is to deliver a high-quality service and play its part in the sector's technological evolution.

Its key initiatives in this area include the development of two types of robot with innovative applications used at the New Genoa Bridge work site in Italy. The inspection robot scans and monitors the steel surfaces of the external decking to ensure the highest levels of controls and safety. The wash robot is used to clean the glass panels and solar panels installed on the sides of the bridge for the highly efficient generation of renewable energy, used to meet most of the infrastructure's energy needs. Specifically, the inspection robot optimises the periodic control activities as it increases the frequency and reliability of the data collected, which means increased safety and smaller operating costs for the infrastructure.

Webuild also carried out two interesting innovation initiatives in the tunnelling area. One was a study into the reuse of materials excavated by TBMs (tunnel boring machines) to fill embankments, which reduces the project's environmental footprint and costs as part of their circular economy initiative.

The second initiative involved the development of geophysical surveys to identify underground cavities and geological anomalies to reduce risks, and pre-empt delays and the risk of rising costs over the construction period.

Construction techniques

Webuild best expresses its innovative potential in this area. One of the most interesting initiatives carried out in the 2018-2020 three-year period is the development of a new method to install vertical pipes underwater, called the riser concept, as part of the environmental restoration project of the Matanza-Riachuelo catchment basin in Argentina. This solution, for which Webuild 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 initiative 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.

Yet another interesting initiative is the study, design and development of new technologies to develop large inclined hydraulic tunnels using mechanised boring techniques and alternative lining solutions for the Snowy 2.0 hydropower station project, which is part of the Snowy Mountains Hydroelectric Scheme, a network of hydropower stations in Australia.

The project involves the excavation of an inclined pressure shaft at a 25° slope (46.73%), 1,600 m long, with a diameter of 9.9 m and subject to significant dynamic loads (+/- 25bar). This high pressure shaft's maximum incline is unique in the world and, given the size of the works and operating conditions, represent an absolute technological innovation in the sector, especially for a hydraulic tunnel bored by a TBM.

Customised technological solutions have been designed for this project. They include the single lining using interconnected segments, high performance sealing mortars and technological systems for mechanised tunnelling using a TBM for the upwards inclined shaft. The TBM has a self-adaptive driving system and reconfigurable platforms and equipment to transition from horizontal tunnelling to inclined excavation. The TBM can operate both in an open mode and closed/slurry mode as well as if there is naturally occurring asbestos material.

This innovative and one-of-a-kind solution has been adopted to mitigate the risk of potential issues related to the site's geological conditions and will allow significant cost and time savings in boring the tunnel.

The Group has also decided to reengineer its production processes making them more efficient, 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 includes various activities, including a focus on operating planning and an on-site analysis of the KPIs compared to the bid estimates.

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 and the metro projects in Australia.

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 and at that for Koysha (also in Ethiopia) 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 Australia, in the Forrestfield-Airport Link project, the Group studied a concrete mix called Triple Blend Concrete, made of recycled materials from other industrial sectors (e.g., the iron and steel sector), to replace cement. It will be used to replace roughly 45% of the traditional concrete in the production of tunnel lining segments and 65% of that used for stations.

In Italy, Webuild has studied methods to use permanent materials (steel, concrete) with a high recycled materials component to reduce the use of raw materials as part of the circular economy, like for the previous initiative.

Innovative studies involving mortars were also carried out. Specifically, in Italy, research into leak sealing mortars for tunnels bored with TBM was performed to reduce the external hydraulic loads, allow structural optimisation and extend the work's useful life. In Australia, the ultra-high performance sealing mortars for tunnels bored with TBM are used to increase the infrastructure's duration and reduce construction risks.

Digitalisation of sites

These initiatives apply to many areas. They entail the development of innovative tools that use machine learning, artificial intelligence (AI), the Internet of Things (IoT), big data & predictive analysis and BIM to facilitate the processing of big data with summarised and detailed outputs available in real time. Digital innovation is essential to Webuild's competitive edge in a world undergoing continual technological transformation. The main initiatives undertaken to support its business include:

- a digital technology study to support management processes during the execution stage, from the work site's start-up to the project closing; its objective is to improve management efficiency, capitalise on the know-how generated and facilitate checks by the head office to create a real "digital work site";

- a study of intelligent devices with AI, positioned on the Group’s main machines to collect data about various issues such as safety (e.g., the machine’s speed), operation (e.g., production data), fleet management (e.g., fuel consumption, engine ignition hours); these data provide statistics, dashboards, KPI and alerts after being collated and analysed by software;
- the study and development of the Tunnel WeView system to collect, process and view in real time all the data collected by the TBM and the plants and equipment used at work sites, including the monitoring systems. This system collects information from various sources at the work site and transforms disaggregated data into integrated information available in a single control room;
- a project of Astaldi to introduce a BIM model for the Brenner Base Tunnel, called the Life Cycle BIM LCB; the BIM models will be refreshed at “as built” level with data and information generated during the construction stage for the tunnel’s future operation, 4D simulations of its construction and integration of the BIM models into the GIS environment for consultation;
- collaboration between Webuild, Lane Construction and Colorado School of Mines (CSM) for a project to apply AI to the TBM used at the Northeast Boundary Tunnel Project (NEBT) in Washington D.C. to increase its operating efficiency. This system applies AI in real time to estimate parameters such as deformation of the ground and buildings caused by tunnelling, and wear and tear of the cutter head and other components, processing a large quantity of information to create solid performance predictive models;
- roll out of a HR process digitalisation project to introduce technological best practices for the day-to-day activities. Specifically, during 2020, an integrated system to manage every stage of the employment relationship with employees was introduced to become a single global solution for HR management of corporate, branch and work site employees. This digital system will interface with the performance management module to assign and assess goals and expertise for the group employees;
- a feasibility study for the implementation of an internal knowledge management ecosystem to encourage a new approach to processes and activities, strongly focused on digital technologies; the end objective is to increase productivity, operating efficiency, sustainability, flexibility and traceability.

Safety, quality, environment

The design of a construction site layout that is sustainable, attentive to the safety of workers, the environment and the surrounding areas is becoming increasingly important. Once again, technology is the harbinger of efficient and improved performances in the safety and environment areas, leading Webuild to invest in this type of initiative. The most significant initiatives recently undertaken include:

- a study of pilot projects to improve occupational safety using sensory systems to detect person-machine interaction, person-suspended load interaction, ring fencing of the areas at greatest risk, in-vehicle monitoring systems and the equipping of work site vehicles with cameras and white noise for alert & monitoring purposes;
- introduction of a real time work monitoring system to support process optimisation analyses and investigations of any irregularities/near misses/incidents using a video camera system;
- integrated solution system to protect the environment, right from the design stage of projects, while also considering the health and safety of workers and the community as part of a joint effort with the competent authorities. An example of this is the asbestos protocol at the Giovi third railway crossing work site (Milan - Genoa high speed/capacity railway line) in Italy;
- a study to develop an environmentally-sustainable TBM with reduced energy and water consumption by optimising the onboard systems and devices to improve tunnelling efficiency and all the many related functions and equipment; this has led to a reduction in the machine’s environmental impact, faster tunnelling and greater safety;

- a study to develop a sustainable work site model where the environmental components of all the industrial processes are assessed, made more efficient and optimised, with a special focus on water, energy and materials consumption;
- development of intelligent biodiversity monitoring systems to protect the areas where the work sites are located using innovative, smart solutions such as the monitoring valuable crops (through multi-spectral satellite analyses) or the wild life's interaction with the work site activities (using motion-based detection systems). These systems have been used for the Bicocca - Catenanuova railway section project in Italy;
- introduction of an innovative system to monitor and manage work sites' water resources using remote digital systems to maximise water recovery during construction activities. This system has been used at the Giovi third railway crossing work site (Milan - Genoa high speed/capacity railway line) in Italy;
- a study of an automated system to design, manufacture and position tunnel segments using highly efficient robotic technology integrating solutions for innovation, efficiency, circular economy, environmental footprint reduction, and development of a more resilient and better performing product. The robotised factory has been designed so that it can be dismantled and re-installed in other areas (design for deconstruction).

In addition to continuing its ongoing projects, the Company constantly scouts for new potential innovation, research and development projects to invest in.

In the 2021-2023 three-year period, the Company intends to invest additional resources of more than €30 million, as set out in its ESG plan. Its aim is to roll out high impact projects that it has already identified to drive technological and digital penetration of its business processes in order to ultimately improve efficiency and sustainability.

Human resources

≈55 thousand people

direct and indirect workforce

43%

employees under 35[35]

36% women

at the head office

390 thousand hours

training provided to direct and indirect personnel

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 Webuild'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 Webuild 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;

35 Excluding Astaldi.

- 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 Webuild 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 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 2020, the Group's workforce was as follows:

Direct workforce by category (GRI 102-8)	Unit	2018	2019	2020
Managers	no.	357	359	544
White collars	no.	6,738	6,192	8,318
Blue collars	no.	19,469	17,975	20,300
Total	No.	26,564	24,526	29,162
Direct workforce by geographical segment (GRI 102-8)	**Unit**	**2018**	**2019**	**2020**
Italy	**no.**	**1,771**	**1,699**	**3,174**
Africa	no.	8,923	8,724	10,055
Europe	no.	1,301	755	2,419
Americas	no.	4,288	4,248	6,789
Asia and Oceania	no.	10,281	9,100	6,725
Abroad	**no.**	**24,793**	**22,827**	**25,988**
Total	**No.**	**26,564**	**24,526**	**29,162**

At year end, technical and production employees made up 81% of the workforce with office employees accounting for the other 19%. The split between open-ended and fixed-term employment contracts is 87% and 13%, respectively[36].

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 2020 numbered 54,883.

[36] The employee category and type of employment contract percentages do not include Astaldi.

Total workforce by geographical segment (GRI 102-8)*	Unit	2018	2019	2020
Italy	**no.**	**5,242**	**6,392**	**7,911**
Africa	no.	11,620	9,992	11,463
Europe	no.	4,515	2,389	6,399
Americas	no.	7,806	8,733	13,256
Asia and Oceania	no.	35,904	21,869	15,854
Abroad	**no.**	**59,845**	**42,983**	**46,972**
Total	**No.**	**65,087**	**49,375**	**54,883**

* Figure for indirect resources do not include Lane or Astaldi.

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 2020, the Group hired 14,088 resources, including 5,002 under 30 years old. Outgoing employees numbered 6,804 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[37].

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

2020 saw Webuild promptly introduce all the measures necessary to continue its multi-year Employee Branding strategy despite the limitations imposed by the Covid-19 emergency. It swiftly moved its on-campus activities online, confirming its commitment to attracting the best talents and providing career counselling to young people. Career days were converted into digital events, enabling Webuild to continue its interaction with new graduates and young talents, including presenting the career paths it offers. It undertook many other online initiatives to assist young people at their first arms with the large infrastructure works sector, such as themed workshops in university faculties and assessment days. Thanks to around 40 Employer Branding events, involving Webuild managers and a strong communication campaign on the institutional channels, the Group ensured its visibility on the domestic and international markets, remaining front-of-mind for the target talents.

[37] Excluding Astaldi.

During the year, Webuild confirmed and built on its strategic partnerships with universities. In Italy, it signed a master agreement with Genoa University to jointly provide training to students and new graduates through work experience and career guidance sessions. This led to the agreement of a research partnership whereby, from early 2021, Webuild and Genoa University will pool know-how and resources to develop sustainable mobility projects in a shared research laboratory to promote the interdisciplinary nature of research.

On the international stage, Webuild expanded its collaboration with Australian universities. It continued to fund scholarships at the University of Technology (UTS) in Sydney to fund scholarships for engineering students (the “Webuild Tomorrow’s Builders 2020” scholarships) and continued a programme to promote the academic and professional training of female engineers. This wide-ranging collaboration, established by an agreement signed in 2018, was extended to other projects in 2020 including the holding of a joint short-course in Tunnelling.

The Group also finalised a new collaboration with University of Melbourne and will provide two scholarships for one male and one female engineering students (“Webuild Master of Civil Engineering” and “Webuild Women into Engineering”), as confirmation of its intention to build solid and long-lasting relationships in Victoria and contribute to the training of local young talents. It also commenced talks with University of Queensland to identify future possibilities where the Group’s involvement in Australia can be extended and enhanced. To this end, it participated in the online “STEM Internship” career fair organised by RMIT University for the second consecutive year.

Lane was also directly involved in the prompt migration of all its Employer Branding initiatives online. During the year, it provided career guidance to young people by participating in no less than 16 virtual career fairs. These recruitment events took place at universities with which Lane has long-standing relationships as well as those of a more recent date in order to consolidate and develop links with the main universities of the states in which the Group operates. Digital content was essential in this new approach dictated by the Covid-19 pandemic and Lane’s entire Employer Branding plan was developed with the valuable assistance of the Communications Department to ensure the Group’s content was incorporated into Lane’s plan providing continuity to its approach to future generations.

In Europe, Webuild started talks with Oslo Metropolitan University (OsloMet) as part of its mission to foster and encourage collaboration with top class universities in geographical areas of strategic interest to the Group. It also intends to contribute to training a new generation of professionals in a multi-cultural work environment.

Webuild made the “Best Employer of Choice 2020” ranking for the fifth consecutive year, at tenth place in the general classification and continuing to be one of the most attractive employers for technical and scientific Italian graduates in 2020. It obtained the Universum award as the “Most Attractive Employer”, ranking twelfth in the “STEM Professionals” category out of a total of 145 companies included in the survey. It is the favourite employer of the construction sector for STEM students and professionals in Italy. These prestigious accolades bolster 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.

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 an internal scouting stage to verify any potential internal candidates for the vacant position or recruitment on the market (if necessary).

The Company uses a dedicated system that ensures the traceability and transparency of the scouting and selection process by constantly updating the pipeline of candidates.

Alongside the recruiting activities to fill vacant positions, in 2020, the Company continued to use its advanced search tool to create an international pool of talents for future staffing needs and to complete its succession plan as an additional lever to guarantee and ensure business continuity. It will continue this project into 2021 by extending the analyses performed to date.

In 2020, the first edition of Forum Recruiters Worldwide was held, a virtual meeting involving the Group's HR resources from around the world who select personnel for the Group's projects, branches and subsidiaries. The event was designed to share guidelines and best practices throughout the Group, to foster a shared scouting and selection approach and to encourage the sense of belonging to a single team, despite the physical distances and limitations imposed by Covid-19.

To indirectly support its international staffing activities, during the year, the Group continued to vet international recruitment agencies with a view to creating new partnerships covered by master agreements at advantageous terms for all group entities.

In 2020, the Group developed and refreshed its onboarding process introduced the previous year 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, mentorships (reference should be made to the "Training and development" section) and the preparation and gifting of a welcome kit and dedicated sections on the intranet.

Training and development

Training programmes were continued in 2020 and the Company defined specific tools to support and promote career paths, organisational growth and the continuity of its succession plans.

The new leadership model, defined in the second half of 2019 for the clear identification of managerial skills and conduct necessary to achieve its strategic objectives, was disseminated throughout the Group with a dedicated communication strategy. The Company also introduced a special role model training programme for all the managers who shall inspire their teams and resources for the deployment of the skills identified by the model.

The model is the basis for HR management processes (selection, training and performance management) as well as a reference point for group resources in their daily working lives.

The new model is also used for certain assessment procedures to support personnel development. Specifically:

- an assessment programme for “Early career profiles”;
- assessment programmes to support the promotion and development policies for more senior resources;
- a structured succession planning process to ensure a pipeline of successors for the Group’s key strategic roles.

The succession planning commenced in previous years has been extended to key operations roles in order to guarantee a leadership pipeline and business continuity.

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

It has been designed to encourage the development of managerial skills, using the leadership model, of those resources who already hold key positions or are rising through the Group’s 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 leading, change, complexity management, development of team skills in an inclusive approach and the enhancement of diversity and customer orientation.

The programme was initially conceived as a classroom learning experience but due to the Covid-19 emergency and the subsequent move to working from home (WFH) as well as the limitations on movement of the affected resources, it has been entirely revisited to become an online course. The lessons were redesigned with a view to maintaining key content, training effectiveness and at the same time ensuring some form of interaction among the participants and between the latter and the trainers.

In 2020, the Company also developed the mentoring programme Inspire as an additional tool to foster individual growth and reinforce the creation of a shared and cross-departmental corporate culture. The first project of this programme was the onboarding of new hires.

A team of trained mentors was carefully selected from within the Company to guide the resources hired over the last year (the mentees) at headquarters and for the Group’s projects. Their mission was to speed up the mentees’ integration into the Group, their familiarity with the organisation and procedures and their acquisition of the professional maturity necessary to work more effectively.

The Inspire programme will be extended to other positions and groups of colleagues, mentors and mentees, starting from 2021 for a wider participant base and a greater range of subjects and development areas.

In 2020, business coaching programmes were continued for some key managers and/or rising talents inside the organisation to support their professional growth.

In other training and development activities, the Company expanded the e-learning courses available on the E-Learning Academy platform, using digital technologies to provide a range of online courses to share the Group’s technical and specialist knowledge. In 2020, these courses were extended to include:

- new training programmes designed in 2019 on compliance, the anti-corruption system and the Code of Ethics;
- a course on human rights to assist an understanding of the Company’s policy;
- a course entirely dedicated to remote working consisting of videos, learning pills and manuals to help employees organise their work from home.

In the second half of the year, the Company started to prepare other important training programmes to be launched in 2021 which will become a stable part of the Learning Academy. In line with the measures taken to assist employees working from home, there will be a programme on leading and working in virtual teams as well as an upskilling course about digital collaboration tools used by the Company.

Webuild continues to focus on the local professional development programmes for 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 2020 covered many aspects (health and safety, the environment, quality, technical/specialist, compliance, management, etc.) for a total of 273,665 hours (252,357 hours in 2019). These courses were supplemented by health and safety courses provided directly in the work sites, even more important this year with the Covid-19 pandemic. During 2020, the Group carried out more than 188 thousand Tool Box Talks (short meetings on health and safety-related aspects and the environment held at the start of work shifts) (105 thousand in 2019) at its work sites. All the relevant activities to inform employees and raise awareness about the prevention and containment measures to be adopted to deal with the Covid-19 emergency were stepped up during the year. Overall, Tool Box Talks on health and safety-related aspects numbered approximately 180 thousand (88 thousand in 2019) which, including those on the environment, brought the average to more than 510 a day (290 in 2019).

Average per capita training hours (GRI 404-1)	Unit	2018	2019	2020
Managers and white collars	hours	16	11	8
Blue collars	hours	11	10	10
Total	**hours**	**12**	**10**	**9**

In addition to training given to group personnel, the staff of the Group's subcontractors attended courses on QEHS subjects totalling 116,506 hours[38] in 2020.

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 Webuild is exposed to, which are mainly the possible more aggressive remuneration and career policies of competitors. To this end, Webuild's remuneration policy has the following objectives: guarantee fair treatment in terms of the

[38] Excluding Astaldi.

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.

Webuild’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 2020, the Company continued its performance management programme, designed to strengthen the result-oriented culture, for its key resources. It sets their objectives (of which there are two categories) and assesses their performances. The first category is that of the Group’s performance in line with that of senior management (30%). The second is individual performance. At the end of the year, the results are assessed in qualitative and quantitative terms to determine the overall performance achieved.

The safety objectives related to the development and implementation of the quality, environment and safety management system and a reduction in the injury rate continue to be included for resources in the business departments. These objectives reflect the Company’s commitment to improving the protection of its workers’ health and safety and ensuring high quality standards and protection of shared environmental assets. An assessment of expertise has also been included among the objectives of all participants in line with the recently-introduced leadership model. The aim is to encourage the assessors and the participants to prioritise expertise in the assessments, deemed an important factor in the new performance management system slated for roll-out in 2021.

To disseminate a sustainable performance culture throughout the Group, based on the assessment of individual goals and proven expertise, which is also intended as the manner in which the goals are achieved, the Company will introduce a performance management system for all corporate resources in 2021.

In addition, during 2020, the Company defined a new long-term incentive plan, the LTI 2020-2022 plan, to align the performance of the Group’s key personnel with shareholders’ interests as well as to retain and engage with management to ensure the stability required to meet the business plan objectives and remunerate them in line with market practices. The three-year plan has an equity and cash component and as well as being tied to economic and financial indicators also includes achievement of specific sustainability objectives. The two non-financial objectives (equal to 20% of the total) reflect the Company’s commitment to ESG issues, which are an increasingly integrated part of Webuild’s business strategies. They include an injury rate reduction goal (it should be noted that Webuild’s injury frequency rate is much lower than its peers) and involvement in the shared fight against climate change by reducing the Group’s GHG emissions (scope 1 and 2).

At the end of the three-year period, part of the benefits earned will be deferred to extend the plan by another two years and reinforce the Company's ongoing relationship with its key personnel over the long term as well as the sustainability of the results achieved.

Webuild 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.

Accordingly, it extended the benefits included in the 2019 Welfare Plan to assist employees manage their remaining benefits during the emergency period. It also commenced a study to define a new plan that will continue from the existing welfare plan ("LIFE@salini-impregilo") introduced on 19 July 2018 which supplements the traditional monetary incentives and benefits already provided to an increasing number of employees.

The plan's key priority continues to be the offer of 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 (e.g., launderette, pharmacy and shuttle service) were continued until the pandemic forced all employees to work from home.

Another issue the Company has focused on is the journey from home to work, which can be very stressful, especially in large cities. Webuild 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. The pandemic made working from home mandatory for all the headquarters' office staff, limiting travel from home to the office and speeding up the roll-out of remote working. The Covid-19 emergency meant that the roll-out of the new sustainable mobility plan originally scheduled for 2020 had to be postponed. As part of its focus on the needs of individuals and environmental issues, once the pandemic is over, the Company will assess all possible initiatives and solutions, analysing the needs of individuals, for example, through a new survey to identify the optimum solutions to facilitate the journey from home to work and ensure the best possible work-life balance.

Equal opportunities, diversity and inclusion

The Group continues to be strongly committed to creating a work environment that fosters inclusion, recognition and enhancement of 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 line with its Policy on Equal Opportunities, Diversity and Inclusion, the proactive encouragement of an inclusive culture which supports diversity took the form of an awareness and communication campaign about these issues in 2020. This included the development of a dedicated section on the Company's intranet.

As part of the mentoring project for onboarding, the development initiatives included promoting dialogue and exchange for mutual growth between the more senior generations (the mentors) and young new hires.

The recruitment and selection process is also based on respect for, and the promotion of the principles of diversity within all internal departments as fundamental cornerstones of the entire process.

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

The Group has employees of more than 100 nationalities, 82% of the workforce is local, increasing to 98% in Italy and the Americas. Local managers make up 82% 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 26% 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	2018	2019	2020
< 30 years	%	27%	26%	26%
30-50 years	%	59%	59%	58%
> 50 years	%	14%	15%	16%

* The figures do not include Astaldi.

Considering employees under 35 years old, the percentage of this age bracket increases to 43%[39].

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	2018	2019	2020
Men	%	91%	90%	88%
Women	%	9%	10%	12%

[39] Excluding Astaldi.

At group level, women make up 6% of the management team, 22% of white collars and 7% of the blue collars, while at functional level, they represent 6% of the technical and production staff and 31% of the office employees[40].

The presence of female employees is higher at the central Milan and Rome offices, where they make up 36% of the total workforce.

In 2020, the Group introduced a gender pay gap analysis method for the corporate staff at the two Italian central offices. Its purpose was to analyse any remuneration differences and assess the percentage of female employees holding senior positions in the Group by comparing roles using the job evaluation system,

No significant remuneration differences were identified.

Areas for improvement refer to the female employees holding senior positions. At present, the figures show that, compared to the percentage of female employees at the central offices (36% as shown above), the percentage of female manager positions is lower (21%). Accordingly and in line with the Group's Diversity & Inclusion initiatives, it has planned specific initiatives to more carefully analyse this trend and take the necessary steps to steadily improve these percentages.

This includes an increase in the number of female employees in the succession pipeline for key roles, with the inclusion of 20% by 2023.

The diversity and inclusion initiatives will continue in 2021 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 Webuild'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 during the year to reflect the change in the Company's name without amending their scope.

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

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[40] Excluding Astaldi

- 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 innovative policies and programmes;
- setting up a technical safety unit to further integrate health and safety aspects within engineering processes;
- setting 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 the incomplete implementation of 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) may be 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, inter alia, 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;
- definition and introduction of training courses;
- monitoring work areas to check that control measures are in place and effective;
- making employees aware of these risks, including via unconventional and innovative information, training and communication campaigns.

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 oversee the implementation of the measures 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 management system 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, prevention and protection officers, 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 depending on their job;
- 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 effective application of the ISO 45001 management system at the Group’s work sites and assesses application of the internal health and safety in the workplace regulations. During 2020, these audits and assessments could not be performed in situ because of the Covid-19 restrictions. However, the Unit continued to carry them out remotely. 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.

The emergency situation caused by Covid-19 meant that the Company could not continue with the full implementation of the scheduled activities for its Safety Builders Program in 2020. This program’s objective is to encourage a strong corporate safety culture, based on strengthening leadership abilities at all management levels. It is part of Webuild’s more wide-reaching communication strategy, Valyou - Our Health and Safety Way project.

Nonetheless and thanks in part to the careful planning of missions in less dangerous periods and distance training, in 2020, 20 workshops and eight safety intervention (s.a.f.e.r.) training courses were held with the participation of 423 managers and supervisors for a total of roughly 1,753 hours of training.

As an integral part of the Valyou - Our Health and Safety Way, Webuild continued to roll out and introduce its “Your Lifesaving Rules”. Launched in 2019, this set of operating and management rules is 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.

Specific information, training and communication content was defined for each rule and is available to all the work sites as support for training and awareness raising purposes.

The Company’s main workplaces celebrated the World Day for Safety and Health at Work in April 2020. In line with the theme promoted by the International Labour Organisation (ILO) “Stop the pandemic: Safety and health at work can save lives”, the Group focused on the concept of people playing an active role in safeguarding their own safety and that of others: “PRENDITI CURA di te stesso e degli altri” (“Take care of yourself and others”) to be applied in the workplace in line with the Group’s Your Lifesaving Rules and in their personal lives with family and friends. Although the Covid-19 emergency meant it was not possible to celebrate with the usual events and involvement of the workers, participation in the event was very satisfactory with stories from more than 15 Italian and foreign work sites about the enormous efforts made to continue working with the highest safety standards in the midst of the emergency.

In addition, the Group introduced the Safety Trophy on the World Day for Safety and Health at Work to be awarded to the outstanding work site of the year. The award ceremony took place during the Christmas 2020 celebrations with the “virtual” awarding of the trophy by the CEO Pietro Salini to the two work sites that stood out during the year: Ruta del Sol - Lot 3 in Colombia and the New Genoa San Giorgio Bridge in Italy.

After winning the Silver Award last year, the entire Valyou - Our Health and Safety Way won the prestigious Gold Award at the RoSPA Awards 2020, confirming it as one of the international programmes with the best practices in its sector. “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”.

The award was conferred during an online ceremony organised by RoSPA - Royal Society for the Prevention of Accidents given that it could not actually take place due to Covid-19. 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.

The objective of the activities carried out in the work sites in 2020 as part of the ValYou project, the Safety Builders Program, the Your Life Saving Rules, dedicated training courses in addition to the mandatory courses, the celebration of the World Day for Safety and Health at Work is to heighten all Webuild personnel’s awareness of the importance of health and safety in the workplace as well as emphasising management’s significant involvement in promoting culture change programmes.

There has been a generalised improvement in the safety performances of the geographical areas of interest to the Group with a reduction in operations performed in areas with historically very low injury rates and a concurrent increase in the number of hours worked in some countries with more structured national welfare systems and higher average sector injury rates.

In addition, the Group’s indicators include those of Astaldi for November and December 2020, which entailed a change in the scope for the calculation of this year’s performance.

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

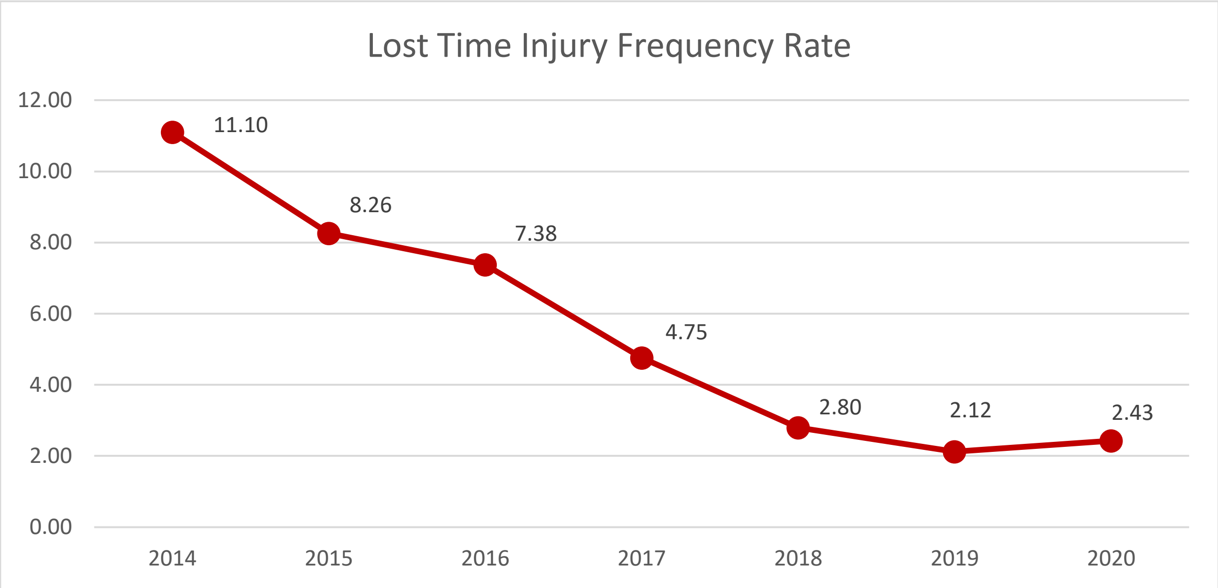
Injury rates - Direct workforce (GRI 403-9)	Unit	2018	2019	2020
Hours worked	hours	98,894,201	77,409,119	79,594,548
Lost Time Injury Frequency Rate	LTIFR	3.49	2.18	1.95
Total Recordable Frequency rate	TRFR	8.37	6.45	5.63

Injury rates - Subcontractors' workforce (GRI 403-9)	Unit	2018	2019	2020
Hours worked	hours	89,579,720	78,270,780	59,693,022
Lost Time Injury Frequency Rate	LTIFR	2.03	2.06	3.07
Total Recordable Frequency rate	TRFR	6.18	5.01	3.52

Total injury rates (GRI 403-9)	Unit	2018	2019	2020
Hours worked	hours	188,473,922	155,679,899	139,287,570
Lost Time Injury Frequency Rate	LTIFR	2.80	2.12	2.43
Total Recordable Frequency rate	TRFR	7.33	5.72	4.72

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

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 improvement in the last seven years.



At the beginning of 2021, the Company assessed the impact of Astaldi's inclusion in the Group on the injury rate and defined the actions necessary to achieve additional milestones in its safety performance in the coming years. Compared to the period before the roll-out of the ValYou programme and the LTIFR at 31 December

2017, the Group's objective is to decrease the rate by 40% by 2022, considering the new scope which includes Astaldi.

A local investigation and/or investigation with the support of corporate units takes place for each injury, depending on its severity.

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 per capita safety training provided for direct employees and as part of the Safety Builders programme and to step up its operating monitoring activities, with on-site safety assessments and audits.

Webuild 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 check the work sites' safety conditions and their compliance 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. These insurance policies were extended to cover the potential impact of Covid-19 related infections. The Group runs numerous initiatives at its offices and work sites promoting the importance of good health, flu vaccine programmes (guaranteed through to the end of 2020), 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. Many of the above initiatives were affected by the outbreak of Covid-19 in February 2020 which led all the Group's health units (as well as others) to focus on containing its effects in all the Group's workplaces.

As it is aware of the added value achieved through mutually beneficial relationships between all the relevant parties, Webuild 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.

During the year, the Company completed construction of the new San Giorgio Bridge over the Polcevera River in Genoa. Webuild personnel operated day and night in the work site in compliance with the stringent safety protocols put in place to deal with Covid-19. Thanks to the commitment to and focus on safety, no direct workers or subcontractors' workers incurred serious injuries. The intensive training course to reduce risks when working at height and other initiatives introduced to reduce the risk of person-machine interaction all contributed to heightening worker awareness of potentially dangerous situations.

Webuild 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 protective equipment (e.g., masks, gloves, etc.), intensified sanitation 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.

The anti-contagion safety protocols adopted for the Group's contracts since the pandemic broke out include the following measures:

a. Set up of work teams and emergency management units/committees comprising the Employer, the Safety Manager (or the Protection and Prevention Officer), HR and company doctors as well as, where provided for, social partners.
b. Adoption of an anti-contagion safety protocol, often aimed at personnel of other companies present in the work sites.
c. Mandatory controls for access to work sites and offices.
d. Systematic body temperature checks before access is granted to the work sites and offices.
e. No access to work sites and offices if body temperatures are above 37.5° C.

f. Communication of recommendations to all personnel on the proper approach.

g. Distribution of FFP2 and surgical masks.

h. Greater availability of accommodation availability for camp staff, toilets and changing rooms.

i. More intensive daily cleaning of all environments used by workers.

j. Extraordinary sanitation cycles of the common areas at work sites and base camps.

k. Installation of hand sanitizer dispensers in various areas of work sites and offices.

l. Introduction of WFH for office staff.

m. Suspension or limitation of all activities that involve gatherings of people (courses, meetings). Some safety training activities recommenced in the second half of the year both in the classroom and online after the related Decrees had been amended.

n. Suspension and severe limitation of visitor access.

o. Greater availability of personnel transportation in order to reduce the number of people present inside the same vehicle and with the obligation to wear face masks.

p. Obligation to wear face masks during all activities.

q. Introduction of a special procedure to treat personnel with flu-like symptoms by a work site nurse (when present).

r. Allocation of emergency accommodation at base camps for the isolation of suspect cases until the health authorities' intervention.

s. Information campaigns with ad hoc meetings and posters in the workplace

t. Differentiated management of waste from offices (both work sites and offices), quarantined staff accommodation and Covid-positive staff accommodation. This waste is incinerated or eliminated in line with the ruling legislation and external organisational context.

u. Review of the methods to clean accommodation (e.g., use of disposable tableware for quarantined or positive personnel) and wash flat linen.

Moreover, all the work sites have updated their emergency procedures to include the management of suspect cases, either with the dedicated local health units or by setting up quarantine areas in the dormitories of work sites in remote areas.

As the rapid tests (including antigen tests) became more readily available, the work sites have introduced screening activities to identify potential cases of Covid-19 and take the necessary action in line with the processes defined by the competent authorities.

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[41]

Monitoring principles

extended to the supply chain

Internal policies

Webuild 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.

The Company reaffirmed its commitment, already provided for in the Code of Ethics and the Sustainability Policy, with the ten principles set out in its Human Rights Policy.

These principles, that everyone who works with Webuild around the world is required to comply with, cover 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 whistleblowing systems.

The Company's main undertakings are described below and more information is available in the policy on the website.

Webuild 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.

Webuild 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 or workers' representatives.

[41] Excluding Astaldi.

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.

Webuild 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, which entailed mapping the potential impact on human rights of the Company's operations. Accordingly, the Company analysed:

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

The key takeaway of this analysis was the drafting of a Human Rights Impact Matrix, which the Group then used to measure the risks and prioritise the human rights relevant to it.

The Company's Human Rights Policy draws on the results of the analysis and a thorough review and evaluation of the applicable standards and market best practices.

The principles embedded in this Policy are also referred to in the Suppliers Code of Conduct issued at the start of 2020 to elucidate Webuild's commitment and the mandatory conduct expected of its suppliers.

The Policy encompasses the Company's commitments and the utmost integrity, correctness, reliability and sustainability standards and is a handy reference tool and guide for the Group's suppliers.

As a direct consequence of its introduction of the Suppliers Code of Conduct, during the year, Webuild amended the compliance clause in the general conditions of its contracts to include compliance with the principles set out in the Code.

In 2020, all operating entities in the scope of this Statement[42] underwent the routine human rights risk assessment. Each entity's specific indicators are considered in defining the country risk[43] and where country risk is other than "low", the Company analyses the risks specific to each entity and the mitigation measures adopted.

The risk measurement method has been adapted to accommodate the Company's existing project risk assessment tools and is used to determine the risks arising from its direct and subcontracted activities.

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.

At organisational 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.

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 a language that they understand 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

[42] Excluding Astaldi

[43] Specifically, as recommended by the principal regulations on human rights (e.g., Australia Modern Slavery Act), the Company referred to the most recent Vulnerability measures and the Government Responses supplied by Global Slavery Index (www.globalslaveryindex.org).

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 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 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.

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.

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.

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).

To reaffirm and strengthen its commitment to these issues, the Company has set out key requirements in a dedicated Policy on Equal Opportunities, Diversity and Inclusion issued in late 2019:

- advancement of a safe, rewarding and respectful work environment, an inclusive culture with an appreciation of the value of diversity and equal opportunities in HR management processes;
- combating harassment and discrimination, including by instituting dedicated whistleblowing tools available.

This Policy also applies to the Company’s suppliers that are required to comply with its principles (as specified in the Suppliers Code of Conduct). It requires systems be put in place to monitor and report on diversity and inclusion commitments and results.

More information on the relevant projects undertaken in 2020 is available in the “Equal opportunities, diversity and inclusion” paragraph of the “Main risks and management methods” section under “Human resources”.

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, Webuild 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.

In 2020, Webuild measured the human rights risks of its supply chain by evaluating the contracts[44] agreed by the Group[45] in the period from 1 November 2019 to 31 October 2020 worth approximately €1.3 billion, to check the existence of suppliers based in countries and/or that supply goods considered at risk (based on the source country)[46].

The evaluation showed that:

- none of the suppliers evaluated are based in countries classified as very high risk and only 0.06% are based in countries classified as high risk;
- a very satisfactory 73% of the suppliers are based in countries with risks that are either "very low" or "low";

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

[45] Excluding Astaldi.

[46] Once again, the Company referred to the Global Slavery Index to measure country risk and the lists of the U.S. Department of Labor's Bureau of International Labor Affairs to evaluate commodity risk.

- no commodities at risk were purchased from significant suppliers during the year[47].

In addition to requesting its suppliers accept the Code of Ethics and the Suppliers Code of Conduct, Webuild recently revised its qualification 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.

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..

During the year, the Group continued to engage transparently with non-governmental organisations about human rights. In line with its practice of previous years, Webuild provided Business and Human Rights Resource Centre (BHRRC) with detailed information on its protection measures for migrant workers in the Middle East, which in 2020, mostly focused on how to manage the Covid-19 emergency.

Finally, as part of its push to inform and raise employee awareness of the human rights issues most relevant to the Group, the Company has developed an e-learning programme for its entire workforce available through the E-learning Academy. The course is mandatory for new hires and has been available on the internal E-learning platform since April 2020. Roughly 70% of Webuild corporate employees have completed it as well as other personnel working at the Group’s work sites[48].

[47] A significant supplier is a supplier with contracts over €250 thousand. Below this threshold, the only purchases of commodities that could be considered risky were the purchases of work clothes, foodstuffs and raw materials (such as crushed stone and sand), equal to 0.06% of total purchases.

[48] Excluding Astaldi.

Climate change

-35%

GHG emissions intensity reduction target

(t CO2e Scope 1&2/€M - 2022 vs 2017)[49]

- 79 thousand t CO_2

less emissions thanks to dedicated projects

-21 Mt CO_2

annual emissions avoidable by ongoing railway, metro and hydropower projects

-8%

total GHG emissions (t CO2e Scope 1&2 - 2020 vs 2019)

Internal policies

Webuild promotes the global fight against climate change and the transition to a low-carbon economy.

The Group is strongly committed to the following objectives:

- supporting clients and the areas in which it operates by building infrastructure that contributes to the mitigation of and adaption to climate change;
- reducing its energy and carbon footprint; and
- contributing to reducing its projects' GHG emissions by developing and deploying innovative solutions for its clients.

In 2020, these commitments led to the following solid achievements:

- 63% of the order backlog and 55% of revenue from low-carbon projects (hydropower, railways, metros, green buildings);
- -8% reduction in total GHG emissions (t CO_{2e} scope 1&2[50]) compared to 2019;
- 67% of the civil construction projects in place have systems and solutions to reduce their life cycle environmental impact.

The board of directors and its committees monitors the Company's climate change policies and achievements and, in 2020, Webuild included a specific GHG emissions intensity reduction target (scope 1&2) in its long-term variable incentive plan (LTI 2020-2022 plan).

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[49] Scope 1&2 indicate the emissions for consumption of fossil fuels (scope 1) and electrical energy (scope 2).

[50] Scope 1&2 indicate the emissions for consumption of fossil fuels (scope 1) and electrical energy (scope 2).

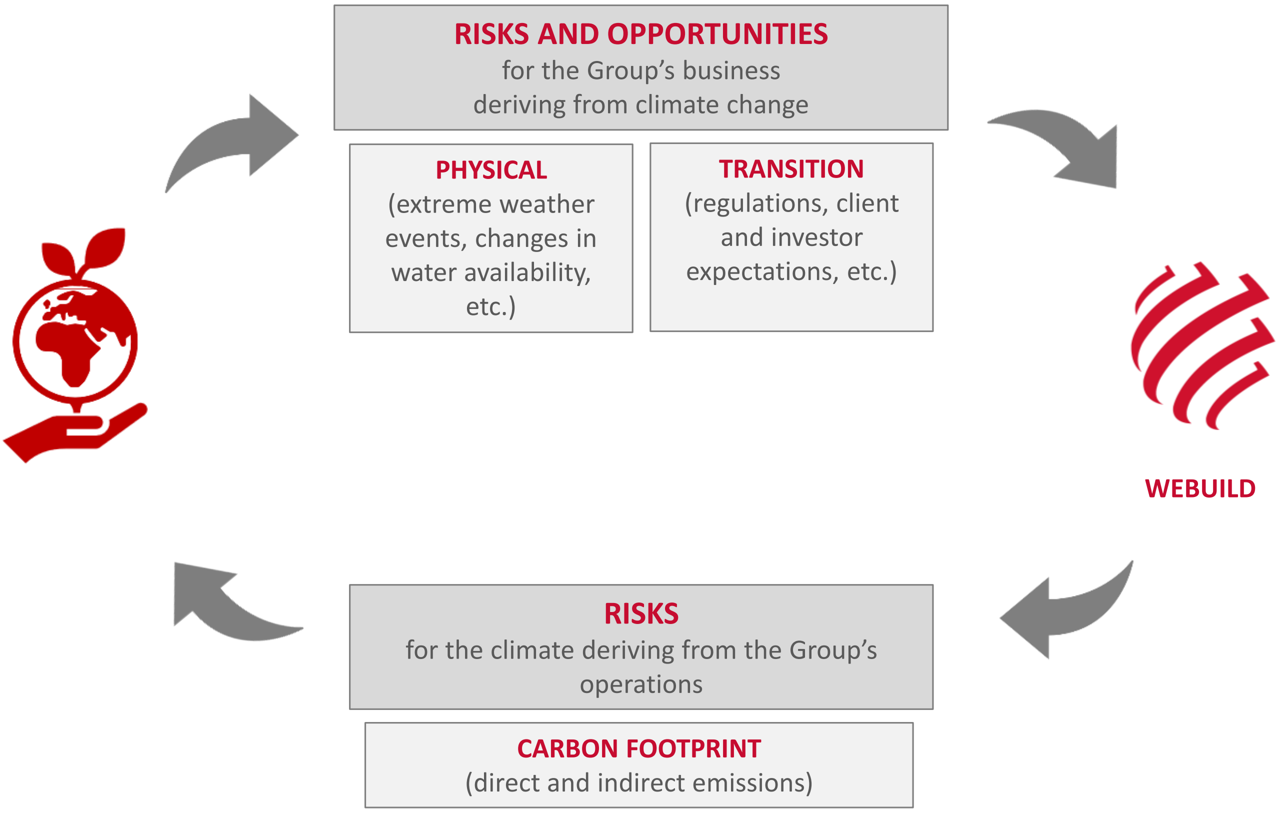
This new target will be pursued as part of the ongoing reduction of GHG emissions as the Group's objective is to decrease its 2017 carbon intensity (t CO_{2e} scope 1&2/€M) by 35% by 2022.

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 annual ranking prepared by Engineering News-Record (ENR).

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. In 2020, Webuild obtained the B rating for the Climate Change questionnaire, above the construction sector average of D.

Main risks and management methods

As set out in 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: the climate change's impact on it and its impact on the climate.



During the year, the Group analysed the risks and opportunities of climate change, based on four physical scenarios developed by the Intergovernmental Panel on Climate Change (IPCC), the key features of which are:

	High level of emissions (*business as usual*)	Limited reduction in emissions	Large reduction in emissions	Reduction in line with the Paris Agreement objectives
IPCC scenario	RCP 8.5	RCP 6.0	RCP 4.5	RCP 2.6
Peak year for global emissions	After 2100	around 2080	around 2040	2020
Increase in global average temperature in 2100	2.6 / 4.8° C	2.4 / 3.1° C	1.1 / 2.6° C	0.3 / 1.7° C
Increase in global mean sea levels by 2100	0.45 / 0.82 m	0.33 / 0.63 m	0.32 / 0.63 m	0.26 / 0.55 m

The above four scenarios have significantly different impacts on both existing infrastructure (in terms of its resilience and ability to satisfy the requirements for which it was developed) and the market's perception of the new works to be built.

The scope of the analysis was thus to identify and assess the effects of the main risks and opportunities for each scenario in the short term (less than two years), medium term (two to five years) and long term (more than five years).

The main physical and transition risks and opportunities are described in the following sections.

Advanced scenario analysis

The US group company Lane (USA) is involved in the Future World Vision: Infrastructure Reimagined project promoted by ASCE (American Society of Civil Engineers) to develop a software system using AI to simulate future trends of the construction sector over different timelines (10, 25 and 50 years). The project considers scenario analyses and six key mega trends for the sector: alternative energy, autonomous vehicles, climate change, smart cities, high tech construction/advanced materials, and policies and funding.

The project is currently being trialled by major US universities and technical colleges and will allow civil engineers and sector professionals to be better prepared to deal with future change. Once completed, Lane will be able to use the project to support its strategic processes (business plan and commercial development) and technical operations (training of engineers and project teams).

Physical risks and opportunities

The Company identified two main physical risk/opportunity factors: acute climate change (extreme weather events) and chronic climate change (e.g., less/greater water availability).

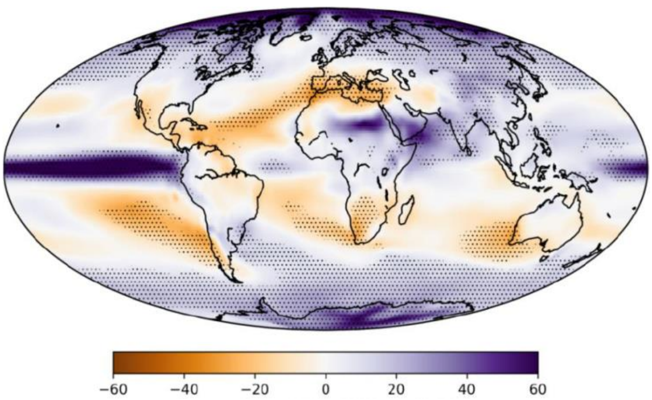
With respect to the first factor, the Company is mostly exposed to the risk of an increase in adverse weather events that can affect the normal scheduling and performance of its works leading to delays. This risk is not currently deemed high and is managed using the normal contract scheduling procedures, 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.

With respect to the second factor, in the medium to long term, changes in the annual average precipitation levels are expected in many areas around the world, which could potentially affect the outlook for the Clean Hydro Energy and Clean Water business areas. The scenario analysis included an in-depth look at this aspect (see the next box) finding that there may be potential reductions in precipitation in certain areas and a concurrent increase in other areas.

Scenario analysis: expected precipitation trends

The available climate models for the most pessimistic scenario (RCP 8.5)[51] agree that future precipitation trends will vary around the world with regional changes of up to a maximum of ±60% on the figures for the start of the century.



The Mediterranean region, southern Africa, south west Australia, central-south America and the west coast of the US are expected to see the largest reduction in precipitation, which will presumably boost demand for infrastructure to manage water resources (e.g. reservoirs, desalination plants) while Sub-Saharan Africa and south east Asia are forecast to become much wetter with a follow-on effect in the form of the greater need for infrastructure to enhance water resources (e.g., aqueducts, hydroelectric plants).

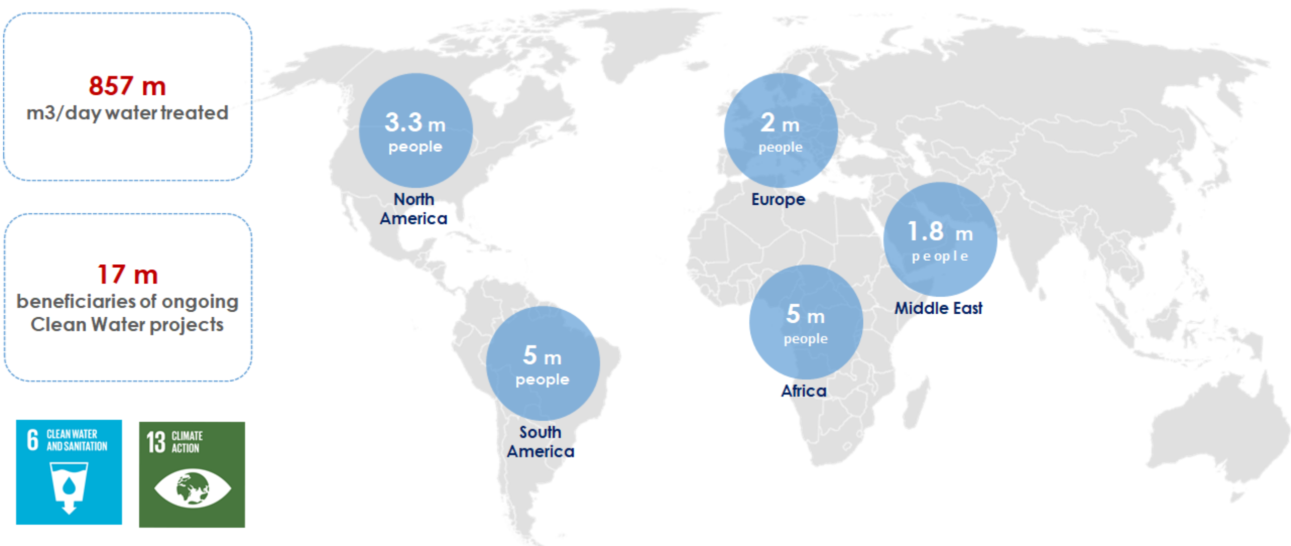
[51] Source: https://www.carbonbrief.org/explainer-what-climate-models-tell-us-about-future-rainfall

It is expected that these changes will be gradual and that, thanks to the Group's international footprint and the diverse markets in which it operates, it will be able to monitor developments in precipitation levels and take the relevant mitigation actions using its current strategic planning and commercial tools.

The above physical factors are also sources of opportunities for the Group given the larger investments expected to be necessary to develop infrastructure that can deal with:

- chronic climate change, such as desalination, drinking water and water treatment plants, aqueducts and water storage for drinking water and irrigation;
- acute climate change, such as retrofitting and upgrading transport infrastructure (e.g., bridges, roads and railways) and civil buildings to improve their resilience or hydraulic projects in urban areas to reduce flooding and the related water pollution.

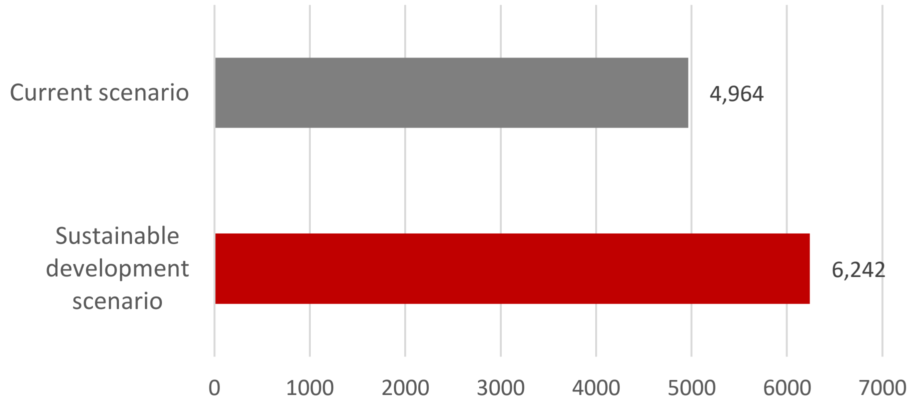
The Group is well-placed to seize these business opportunities. The ongoing clean water projects are an example of this as they respond to the specific requirements of areas affected by increasing water scarcity (such as the desalination plants built in the Middle East and irrigation water storage in 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[52]:



[52] More information is available in the "Calculation method" paragraph of the "Methodology for reporting non-financial information" section.

Investments in water sector infrastructure, as shown in the following graph[53] will by necessity continue to be substantial in the next 20 years, driven by two main factors: the growing global population and climate change.

Total investments necessary for the water sector, by scenario, 2020-2040 (USDbn)



It has been estimated that, in the Middle East alone, the production of desalinated water will increase by 14 times before 2040[54] 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.

With respect to transport infrastructure, there is a 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, temperatures and fire) to improve their resilience.

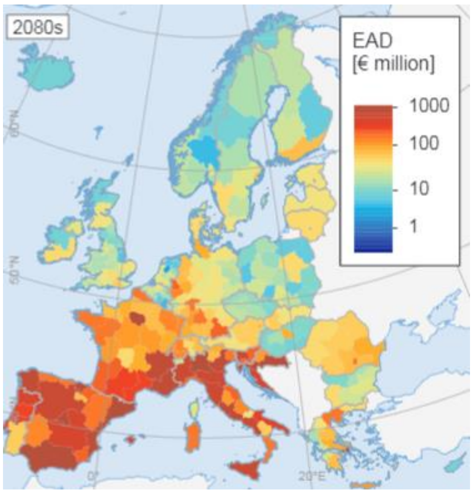
This issue is of great importance for works that are heavily exposed to the effects of atmospheric agents, such as roads, bridges and viaducts, as their resilience over time is essential to their users' safety. The Company is well-positioned in this market as it has accumulated significant experience 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 San Giorgio Bridge, designed to deal with the expected increase in rainfall over the next 80 years. It is assumed that use of these design techniques will become widespread and common over the coming years, also given the new regulations that will be brought in from time to time.

[53] Processing of Global Infrastructure Hub data, 2019. https://outlook.gihub.org/sectors/water

[54] 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

Scenario analysis: potential impacts on critical infrastructure in Europe

The extreme climate events of the coming decades may have a particularly hard impact on European infrastructure, placing a sector that already suffers from insufficient investments for modernisation and maintenance.



According to a study carried out by the European Commission[55], damage to infrastructure under the influence of climate change may multiple six-fold by mid-century and could amount to more than 10 times by the end of the century. The southern European countries will be most affected and, as a result, will probably require higher costs of adaptation.

Road and railway infrastructures are likely to be the most affected by heat and cold waves, flooding and wildfires; the ports by coastal flooding and storms, the hydraulic infrastructures by drought and heatwaves and social infrastructures (schools and hospitals) by flooding, wildfires and drought.

The overall damage could be in the region of €20 billion per year by 2050 and over €37 billion by the end of the century, roughly half of which would be incurred by Italy and Spain.

Transition risks and opportunities

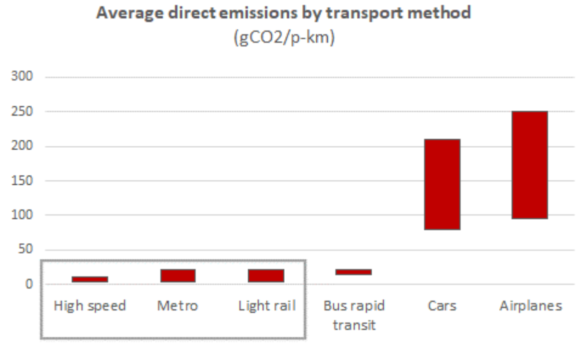
The Group has identified two main risk/opportunity factors in this area: the enactment of new regulations designed to foster and accelerate the climate transition and the greater preference of clients and investors towards companies that are actively committed to the fight against climate change.

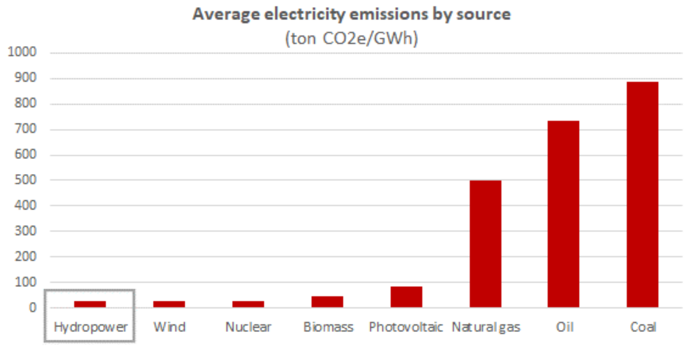
Both factors mostly represent a source of opportunity for the Group as tougher regulations about emission levels and greater demand for low-carbon solutions can generate new business opportunities.

Webuild is very well positioned in this sense as two of its business areas, Sustainable Mobility and Clean Hydro Energy, can make a significant contribution to reducing the GHG emissions of the transport and energy sectors, the biggest culprits.

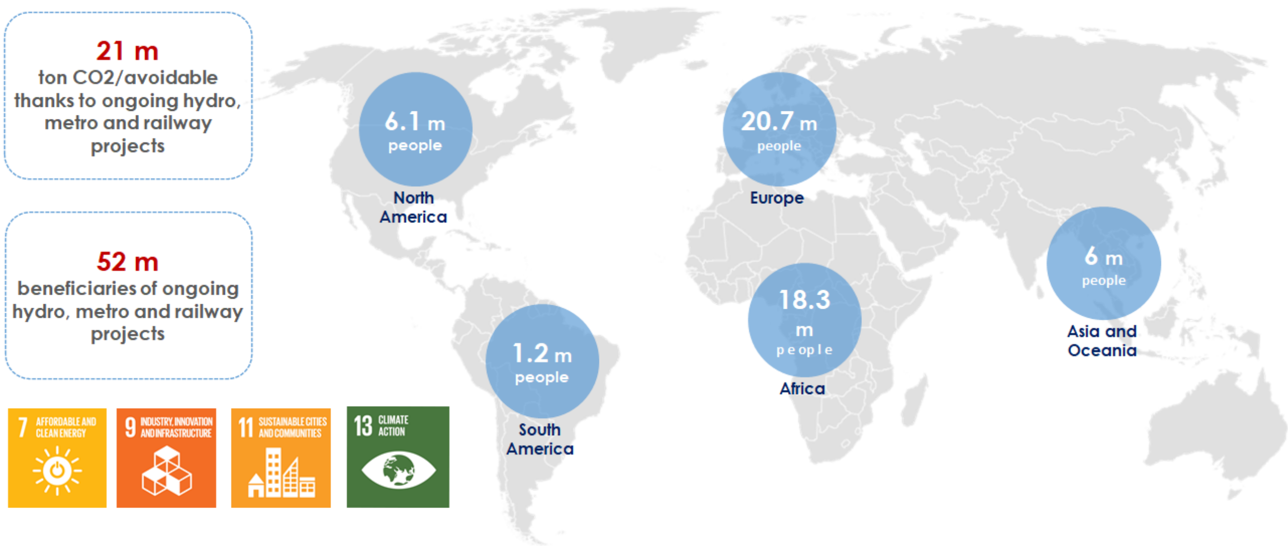
[55] Source: Escalating impacts of climate extremes on critical infrastructures in Europe, 2017, https://www.sciencedirect.com/science/article/pii/S0959378017304077

The following charts compare the emission levels of the main sources of electricity generation[56] and transport methods[57]. They show the Group's business areas in the energy (hydropower) and Sustainable Mobility (metros and railways) sectors.





As already described, a large portion of the Group's 2020 revenue (49%) and its order backlog (61%) at year end came from projects in these areas, which include hydropower plants, metros and light rail, and high speed railway lines, which are expected to provide very significant benefits in terms of lower emissions and number of people served, as summarised below[58].

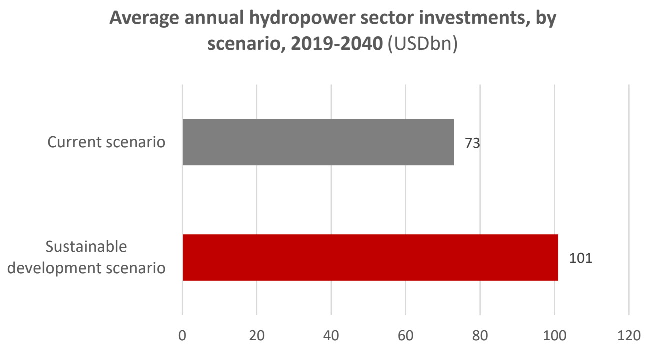


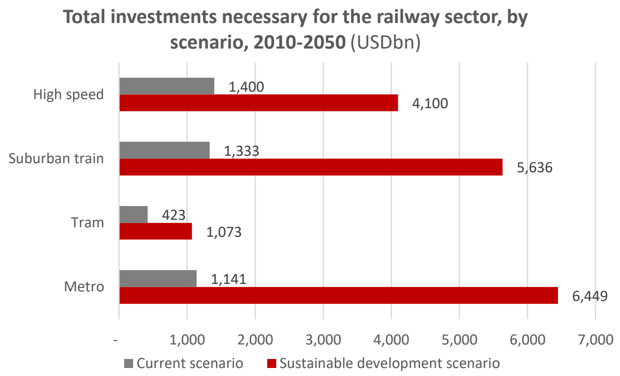
[56] Climate Change 2014: Mitigation of Climate Change. Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change

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

[58] More information is available in the "Calculation method" paragraph of the "Methodology for reporting non-financial information" section.

The hydropower and railway sustainable mobility business areas should continue to 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[59] and railway[60] business areas based on the current scenario (and 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.





The road infrastructure sector, where the Group is very active, will continue to be pivotal in the future, given the steady replacement of the current vehicles on the road by low-emission models (hybrid, electric, hydrogen, etc.).

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 life cycle environmental performances of buildings 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 product environmental footprint of 33% less than the original project envisaged.

The Group manages the potential risks of new tougher climate regulations by closely monitoring the law and regulation-making activities in the countries where it operates, starting from the commercial and bidding phases. During each project's performance, the work site carefully keeps track of the applicable environmental regulations and requirements using its integrated management system.

[59] Source: IEA (2019), "World Energy Outlook 2019", IEA, Paris https://www.iea.org/reports/world-energy-outlook-2019

[60] 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.

Webuild approaches the issue of clients’ and investors’ greater inclination to work with companies that have positive climate change track records with dedicated action plans. In 2020, it defined a Climate Road Map based on an analysis of the expectations of clients, investors and other stakeholders and the market situation. This map sets out a number of areas where action can be taken in the next few years:

- Assessment and development of medium to long-term targets using the methodology developed by Science Based Target initiative (SBTi);
- Systematic organisation of technical scouting processes and development, prototyping and testing of innovative solutions and systems to monitor and decrease GHG emitted by the business (process decarbonisation);
- Development of systems with universities and specialised research centres to assess the energy and carbon life cycles of infrastructure, to be used during the bidding, design and construction processes;
- Promotion of a low-carbon internal culture with employees through information, awareness raising and training programmes.

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, the emissions generated by its activities 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 usually has a useful life 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, Webuild has actively developed production processes and technical-organisational solutions for some years to decrease its environmental footprint.

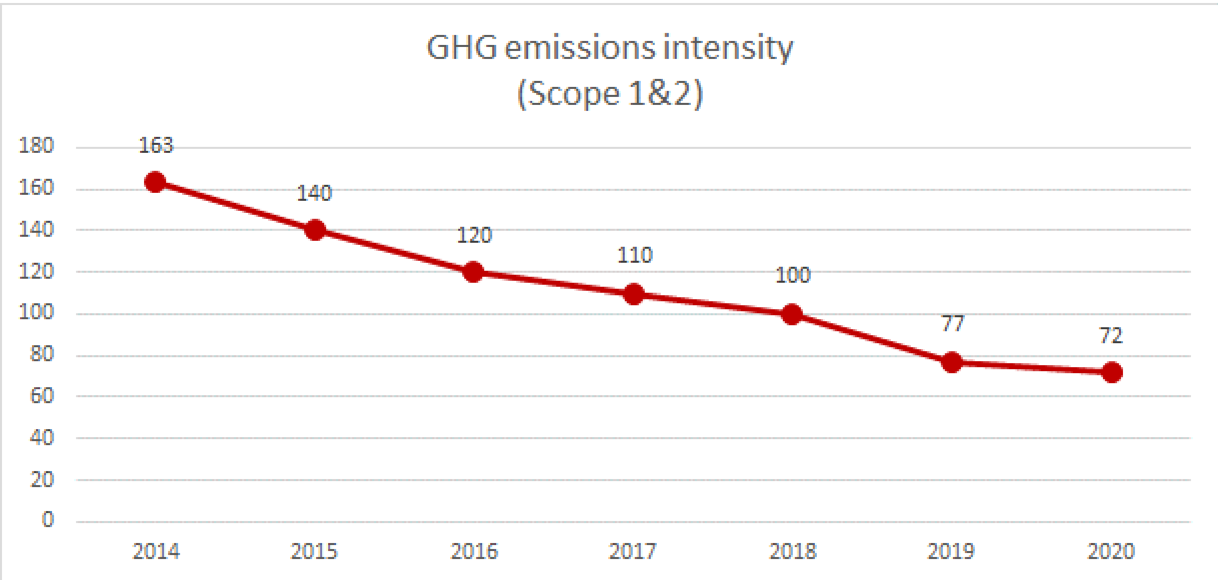
Accordingly, when designing and setting up its work sites, Webuild checks all the environmental components of its industrial processes to optimise them and make them more efficient. It focuses on energy, water and materials consumption to reduce, inter alia, its carbon footprint.

The following tables show its energy consumption and the related GHG emissions:

Energy consumption (GRI 302-1, 302-2, 302-3)	Unit	2018	2019	2020
Non-renewable energy sources				
Diesel	GJ	5,455,604	4,788,252	4,499,507
Petrol	GJ	348,456	234,462	230,167
Kerosene	GJ	10,405	2,875	962
Natural gas and LPG	GJ	1,200,705	3,905	15,381
Electricity	GJ	393,766	308,263	259,381
Total consumption from non-renewable energy sources	**GJ**	**7,408,937**	**5,337,757**	**5,005,398**
Renewable energy sources				
Electricity from renewable sources	GJ	200,415	148,619	206,656
Total internal energy consumption	**GJ**	**7,609,352**	**5,486,376**	**5,212,054**
Energy consumption - subcontractors	GJ	1,667,939	770,806	1,004,413
Total energy consumption	**GJ**	**9,277,292**	**6,257,183**	**6,216,467**
Energy intensity	**GJ/€M**	**1,785**	**1,220**	**1,238**

Direct and indirect GHG emissions (GRI 305-1, 305-2, 305-3, 305-4)	Unit	2018	2019	2020
Direct emissions (Scope 1)	tCO_{2e}	467,234	350,593	330,596
Indirect emissions (Scope 2)	tCO_{2e}	54,637	43,371	30,910
Other indirect emissions (Scope 3)	tCO_{2e}	117,528	61,573	78,834
Total GHG emissions	**tCO_{2e}**	**639,399**	**455,537**	**440,340**
GHG emissions intensity (Scope 1& 2)	**tCO2e/€M**	**100**	**77**	**72**

The following graph provides a comparison of the GHG emissions intensity (t CO_{2e} Scope 1&2/€M), showing its improvement in the last seven years.



The Group's energy requirements decreased on the previous year. Consumption of the main energy sources (diesel, petrol and electrical energy) was affected by the smaller volume of work carried out at the projects nearing completion (Qatar and Kuwait) offset by the upturn in volumes at projects in Saudi Arabia, Ethiopia and the US. The increase in subcontractors' consumption, and related Scope 3 GHG emissions, is mostly a result of the work performed in Italy (COCIV), Tajikistan and Astaldi's European contracts.

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, applying the power quality improvement systems 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	2018	2019	2020
Active initiatives	no.	16	15	13
Reduction in GHG emissions	$tCO2_e$	42,440	52,253	78,979

In addition to that shown in the table, the Group has another three planned initiatives which will lead to an additional annual reduction in emissions of 16,464 ton $CO2_e$.

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.

Innovation to reduce GHG emissions

Over the past few years, Webuild has focused on the development of process innovation to reduce its operations' energy consumption and GHG emissions.

Its aim is to eliminate unnecessary consumption and minimise essential consumption. This includes the following initiatives introduced at certain work sites:

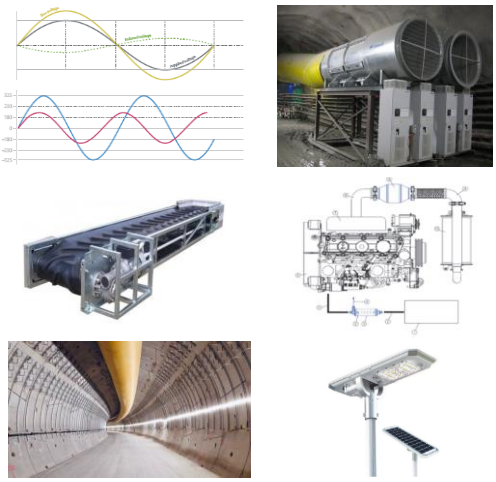
- replacement of lorries with conveyor belts to transport materials;

- making tunnel ventilation systems more efficient, so as to be able to adjust the systems' power to the air quality levels;

- making electrical loads in logistics sites more efficient with specially developed diagnosis and monitoring tools (Power Quality);

- making work tools more efficient to the benefit of the environment and employee health;

- using high efficiency, low consumption lighting systems (LED).



In addition to consumption and direct emissions, which the Group intends to contain over the next few years, Webuild 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 (91% in 2020) 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.

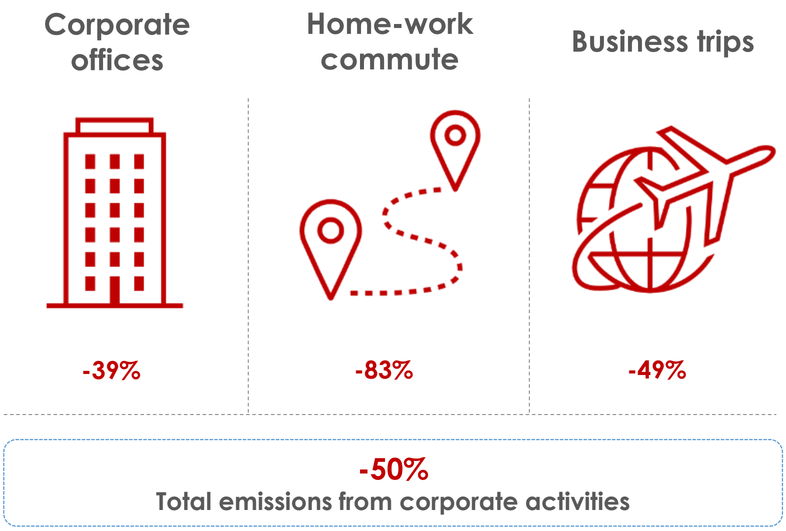
Over the last few years, the Group has equipped its offices and work sites with video conference systems which have reduced the number of business trips to those essential for operating reasons. Its travel policy favours travelling by train rather than by plane and the use of public transport rather 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.

The effects of Covid-19 on corporate emissions

As already described, the Company promptly adopted a number of measures in 2020 to protect its employees' health and contain the diffusion of Covid-19. It introduced WFH for all corporate staff and, when possible, those at the work sites, limiting business trips to essential travel only and upgrading digital work tools to support its business.

These measures had a significant impact on the corporate activities' GHG emissions, which decreased by 50% on the previous year.



Environment

Circular Economy

focus on reuse, recycling and reduction of waste

69%

waste sent for recovery

100%

reused excavated materials

67%

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.

Webuild's Environmental Policy defines ten principles to guarantee:

- compliance with applicable legal and contractual requirements related to the environment;
- 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, integrating the life cycle perspective and sustainable supply chain logics;
- identification of all the technical and organisational measures designed for the rational use of natural resources and the mitigation of pollution, 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 Webuild's role and responsibilities during the infrastructure project development stage is available in the section entitled "The infrastructure sector and Webuild'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, Webuild 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 could 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-carbon construction materials, energy-efficient buildings).

In 2020, 67% of the ongoing civil building projects (e.g., hospitals, airport terminals, stadiums, buildings and urbanisation works) adopted dedicated systems to reduce their life cycle environmental impacts. Some sustainable mobility projects (e.g., metro stations) have followed suit. The certified systems most frequently used by the Group are LEED (Leadership in Energy and Environmental Design) on a global basis, GSAS (Global Sustainability Assessment System) in the Middle East, and IS (Infrastructure Sustainability) in Australia.

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 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, maintenance), 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. They regularly run 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 including for energy generation (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, and even more so this year which has been affected by Covid-19 that disrupted business operations.

The local area and the circular economy

At the end of 2020, the Group's work sites included in the scope of this Statement included 497 operational sites, of which 158 underground, for a total surface area of 219,971,657 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
Africa	m^2 / %	22,650,000	0%	0%
Europe	m^2 / %	10,137,519	23%	1%
Americas	m^2 / %	62,338,249	75%	5%
Asia and Oceania	m^2 / %	124,845,889	5%	0%
Total	**m^2 / %**	**219,971,657**	**25%**	**2%**

The American continent is the geographical area where the Group has the largest surface areas inside protected areas. This is due to the Caloosahatchee (C43) West Basin Storage Reservoir contract in Florida (US) acquired in 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 provides 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. Lane's share of the project is to build a reservoir on over 4 thousand hectares as part of the plan to contain wastewater discharges, improve water quality, restore natural habitats and preserve the protected species.

In Europe, the largest surface areas inside protected areas are two Italian projects being carried out by Astaldi to upgrade the logistics terminal at Taranto Port and the Marche-Umbria quadrilateral road system.

The projects in protected areas (or partly within them) in Asia and Oceania are Umm Lafina in the United Arab Emirates and Snowy 2.0 in Australia.

Information about biodiversity management 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

10.6 Mt of materials used

18.9 Mm³ of excavated materials

9.0 Mm³ of water withdrawals

OUTPUT

3.2 Mt of waste products

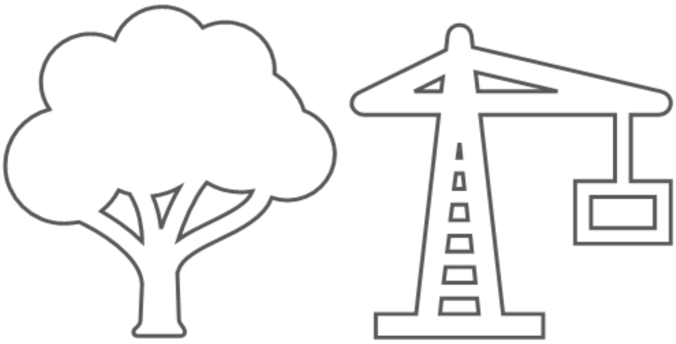
of which **81%** excavation waste

of which **19%** other waste

67% of materials purchased within a 160 km radius of the work sites

100% of reused excavated materials[61]

-10% of water withdrawals compared to the previous year



-46% of waste generated compared to the previous year

99.2% of non-hazardous waste

69% of recycled or reused waste

PROTECTION AND RESTORATION

97.6 Mm² of soil protected from erosion

8,626 thousand m² of areas where topsoil was replaced

160 thousand m² 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.

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[61] The materials reused during the year may include excavated materials from previous years.

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.

With respect to raw materials, the Group is committed to, where possible:

- reusing excavated earth and rocks in other industrial processes such as, for example, the production of aggregates for concrete or the construction of embankments and other earth fills as required by the projects for cost efficiency purposes and in line with circular economy principles;
- use of alternative or innovative materials, such as materials that have been recycled, obtained using low-carbon methods or that improve the quality, durability, safety and functionality of the finished works.

With respect to water resources, the Group is mainly involved in the development of storm water, industrial and drainage recovery systems to reduce the quantities of raw water and/or drinking water required at the work sites.

Innovative solutions to reduce materials and water footprints

Certain of the Group's work sites have recently developed special optimised concrete mixes with a low cement content or that include recycled materials from other industrial sectors (e.g., the iron and steel sector). This allows a 15% reduction in the use of cement down to 65%. These mixes are mostly used in hydropower and metro construction projects.

The Group has also increased its use of steel materials with a high recycled component and plans to deploy them for more than 90% in its latest commercial initiatives.

Alongside the Group's traditional process water recovery systems and closed-circuit systems in place at its work sites for years, it is also developing an innovative remote control system for the fully digitalised tracing of the work sites' water resources. This will assist detection of water losses and waste and the reduction of water consumption.

The main raw materials used by the Group are shown in the tables below:

Materials used (GRI 301-1)	Unit	2018	2019	2020
Aggregates	t	15,399,193	4,063,905	5,754,137
Bitumen	t	257,541	77,705	43,357
Cement	t	662,052	357,757	408,631
Concrete-reinforcing bars	t	1,065,914	488,085	759,573
Ready-mixed and pre-cast concrete	t	4,608,609	2,808,654	2,999,374
Ready-mixed asphalt	t	790,547	560,039	675,581
Total non-renewable materials	**t**	**22,783,854**	**8,356,146**	**10,640,655**

Water use (GRI 303-1)	Unit	2018	2019	2020
Wells	m^3	2,880,660	3,739,539	2,226,930
Rivers	m^3	6,793,150	3,810,030	4,705,652
Lakes	m^3	291,623	-	29,790
Aqueducts	m^3	2,259,390	2,417,294	1,980,192
Rainwater and wastewater from other organisations	m^3	116,795	158	27,455
Total	**m^3**	**12,341,619**	**9,967,021**	**8,970,019**

The main variations on the previous year relate to the progress made on the Group's projects. Specifically, the increase in aggregates is mostly due to the higher volume of activities for Lane's projects and those in Ethiopia. The increase in ready-mixed and pre-cast concrete was affected by the stage of completion of COCIV's projects in Italy and Line 16 of the Paris Metro (France). The greater use of concrete-reinforcing bars, ready-mixed asphalt and cement is due to Lane's projects in the US and progress on the Ruta del Sol project in Colombia (asphalt) and Line 16 of the Paris Metro (cement). The reduction in bitumen is mostly attributable to the South Al Mutlaa project in Kuwait, which is nearly completion.

There was a 10% decrease in water resources utilisation in 2020, mostly due to the above-mentioned South Al Mutlaa project. The Group concurrently saw an increase in withdrawals from rivers related to the greater consumption for COCIV's projects in Italy, the Rogun Dam (Tajikistan), and GERD and Koysha projects (Ethiopia). Withdrawals from lakes entirely related to the Snowy 2.0 project in Australia.

With respect to the circular and green economy, during the year, 67% 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 2020, the Group also used 14.5 thousand tonnes of fly ash (2019: 15.1 thousand tonnes) and water recycled and reused in production processes of 1.4 million cubic metres (2019: 2.0 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).

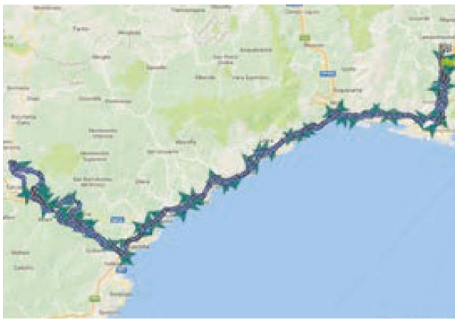
Contracts are managed to avoid damaging these environmental components. Specifically, containment tanks, wastewater conveying networks and waterproofing systems for risky logistic areas (e.g., workshops, fuel and chemical depots) are built during the work site start-up phase to prevent contamination 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 reuse within them, where possible and in compliance with the regulations, or transferred to third parties to be reused externally. In 2020, reused excavated materials[62] amounted to 23.5 million cubic metres (2019: 12.1 million cubic metres), which is a very significant amount showing the effectiveness of the Group's circular economy policies.

Traceability of excavated earth and rocks

The Group has introduced an automated system to trace the excavated earth and rocks at the COCIV work site in Italy. This involves the GPS monitoring of the transported materials and the digitalisation of the transport documents leading to a more efficient process, a more reliable end result and a drastic reduction in the production of paper documents.



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 2020, areas where measures to protect against erosion have been implemented covered 97.6 million square meters (2019: 52.5 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

62 These materials may include materials excavated in previous years.

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.

In line with the circular economy principles, the Group limits its waste production by maximising its reuse and recycling and minimising the use of landfills. Accordingly, its waste is collected, 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.

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	2018	2019	2020
Construction and demolition waste	t	517,732	291,491	522,685
Excavation waste	t	6,345,575	5,593,636	2,596,281
Waste from support activities	t	97,558	66,829	96,034
Total non-hazardous and hazardous waste	**t**	**6,960,865**	**5,951,955**	**3,215,000**

Total waste by type and destination (GRI 306-2)	Unit	2018	2019	2020
Non-hazardous waste				
Recovery, reuse and recycling	t	3,712,507	4,341,435	2,195,581
Incineration	t	3,398	930	6,305
Landfill	t	3,230,657	1,598,681	988,993
Total non-hazardous waste	**t**	**6,946,563**	**5,941,047**	**3,190,880**
Hazardous waste				
Recovery, reuse and recycling	t	5,283	712	13,721
Incineration	t	324	27	13
Landfill	t	8,695	10,169	10,387
Total hazardous waste	**t**	**14,302**	**10,908**	**24,120**
Total non-hazardous and hazardous waste	**t**	**6,960,865**	**5,951,955**	**3,215,000**

81% of the waste produced is from excavations, which thus affects Webuild's global waste treatment performance. 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 significant decrease in total waste in 2020 compared to the previous year is mostly due to the completion of the excavation phase of the Rogun Dam project (Tajikistan), which had been underway in previous years, affecting their figures.

The percentage of waste recovered, reused and recycled is 69% for the year.

Webuild encourages all work sites to reduce their waste production and to maximise its recovery in line with their local context and economy and the ruling legislation.

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 vibration 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 (soundproofing, use of personal protection equipment, 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, particularly in the presence of sensitive receptors.

Biodiversity, cultural heritage and environmental restorations

The loss of biodiversity is a global issue affecting a growing number of natural habitats, accelerated by climate change and pollution. Examples of infrastructure works that can mitigate human activities' impact on biodiversity are the Group's hydraulic engineering projects designed to reduce the pollution of water bodies (rivers, lakes, wetlands and oceans) being carried out in various parts of the world.

Webuild also adopts special protection measures, especially when the work sites are within sites of special natural, cultural or archaeological interest. These measures, which are implemented in accordance with the competent 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 work sites.

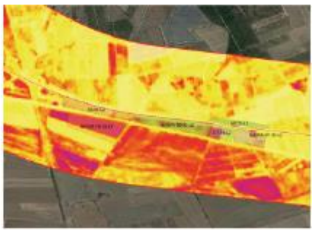
Depending on the type of project and activities, the works schedule is defined considering the biological rhythms of the local wildlife (e.g., their behaviour, reproduction periods, seasonal migration). This involves drawing up special plans to protect the fauna, including the procedures to be followed in the case of their rescue. In the last three years, the Group has rescued more than 1,300 wild animals. The use of pesticides and herbicides is usually banned in the Group's work sites.

The linear work sites (for roads, railways) prepare flora and fauna continuity solutions, which can include making wildlife corridors, so that the works (including during the construction phase) do not become a physical barrier between previously adjacent areas.

The Group also involves external professionals, researchers and local authorities in its procedures to manage operations in protected areas and/or when archaeological artefacts are discovered. For example, Webuild implemented an intensive system to monitor and protect the local flora and fauna at the Umm Lafina project in the United Arab Emirates, which is located in a coastal protected area with mangroves and very diversified avian fauna. This system includes regular surveys by an independent specialist to monitor migratory birds.

It ensures the direct and indirect work site employees are provided with tailored training courses on biodiversity, especially when this is pertinent to the project.

Smart biodiversity monitoring



The Group has recently started to use innovative biodiversity monitoring systems in areas where it operates. These include satellite technologies and distance monitoring, deployed at several linear work sites (for railway projects for example) where construction activities cover areas with different habitats and it is very important to trace and monitor it in all the project stages.

The systems can efficiently monitor and trace the potential impact of the Group's projects on biodiversity, for example, on valuable crops (through multi-spectral satellite analyses) or the wild life's interaction with the work site activities (using motion-based detection systems).

As disclosed in the "The local area and the circular economy" section, at the end of 2020, 25% (2019: 21%) of the areas managed by the Group was located in protected areas and 2% (2019: 2%) in areas adjacent to protected areas[63].

Specifically, 38 work sites (the equivalent of 56.1 sq km) were located in protected areas (mostly in the US, followed by Italy, Australia, Chile and Poland) and 26 (the equivalent of 3.6 sq km) in areas adjacent to protected areas (mostly in the US, followed by Australia and the United Arab Emirates). Of these sites, 38 are in areas protected by local regulations, 16 in areas protected by national regulations, six in "Natura 2000" areas and two in sites included in the UNESCO World Heritage Sites with another two in sites different to those above. There are 20 work sites located in ecosystems that contain water (e.g., lakes, rivers, swamps, etc.), 10 in urban ecosystems, nine in agricultural ecosystems, 12 in wood ecosystems, ten in mountain ecosystems, two in coastal ecosystems and one in insular ecosystems. In these areas, construction and plant operation activities are mainly carried out.

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.

[63] 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".

Environmental restoration activities may include reforestation for carbon capture purposes, 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	2018	2019	2020
Reforested area	m^2	391,144	188,140	159,506
Areas where the topsoil was replaced	m^2	3,674,094	710,295	8,625,836

The increase in topsoil replacing activities compared to 2019 is mostly due to the performance of Lane's projects, while the reduction in reforestation activities relates to the specific stages of work of the projects in Ethiopia, which continues to be the country where the most trees were planted followed by the US and Colombia. In 2020, the Group planted 5,950 trees.

Anti-corruption

Zero tolerance	**Anti-corruption system**
for corruption	ISO 37001 certified
Continuous training	**Whistleblowing**
on anti-corruption	a dedicated platform

Internal policies

Webuild 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

Webuild 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 and 15 December 2020;
- 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 90% of the active legal entities making up Webuild Group (excluding Astaldi S.p.A. and its subsidiaries) were included in the Anti-corruption risk assessment scope in 2020.

The risk assessment findings are used to draft the Compliance Plan and the annual scheduling of the audits and inspections to check the Group's operating companies correctly apply its ethical and anti-corruption procedures and standards.

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. To complete the due diligence of third parties, the Group has specific procedures to monitor conflicts of interest with its employees during the recruiting stage and when they are hired. During 2020, it updated its third party assessment procedures to fine-tune its assessment procedures, especially in the case of entities debarred by multilateral development banks.

With respect to ethical procedures, the Company has introduced new rules to manage its advocacy and PR programmes[64].

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.

Webuild 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 and, starting from 2020, access to the system has been extended with the creation of sections dedicated to companies and joint ventures led by Webuild. 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. Webuild 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 2020, the Company received 11 notifications through its whistleblowing channels, of which only one for the potential violations of its anti-corruption procedures involving a group company. 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. During 2020, the Company launched a new training programme to present virtuous conduct that fosters an ethical culture and especially to encourage reporting possible violations. It also commenced an annual certification process whereby all employees are asked to formally renew their commitment to the Company's Code of Ethics and Anti-compliance Model and to confirm that they have never been involved in conflict of interest situations.

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

[64] More information is available in the "Stakeholder engagement" paragraph of the "Social" section.

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 Webuild in around 70 countries

>115 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, Webuild 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. Webuild encourages its suppliers to apply the same criteria when selecting their subcontractors and also to pass on the Group's principles of integrity, honesty, 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 Webuild 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 2020, the Group worked with over 15 thousand suppliers[65] from around 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, human rights, 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 to provide information about various aspects 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

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[65] This figure and the information in this section do not include Astaldi.

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 reference 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 2020, the Corporate Procurement Department vetted all the new 4,726 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 Suppliers Code of Conduct, the 231 Model and the Anti-corruption Model as well as quality, health and safety and environment requirements. Specifically, the Suppliers Code of Conduct defines the principles the Group's suppliers and subcontractors must comply with in 11 well-defined areas (quality and performance excellence, occupational health and safety, the environment, fair and non-discriminatory employment conditions, equal opportunities and non-discrimination, local communities, anti-corruption and combating fraud, the correct management of cash flows, unfair competition, conflicts of interest and privacy) as well as the procedures for the oversight of these principles and management of any notifications of non-compliance. 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 2020, these assessments involved more than 19 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 (116,506 hours in 2020).

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 2020 meeting, “Together, for Sustainable Growth” entirely focused on sustainability issues and their growing importance to develop strong relationships between the Group and its suppliers. During the event, the Company presented the results of the assessment of suppliers’ performances as a tool to foster ongoing growth and improvement. Those suppliers that made the greatest contribution to the Group’s achievement of its business and sustainability objectives were rewarded.

The Company continued its innovation days in 2020, which are appointments with individual suppliers attended by company employees (including on virtual platforms). 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. Once again, the focus was increasingly on sustainability issues and this trend will continue in 2021.

Social

82%	91%
direct employees hired locally	local procurement
8	**>7,000**
jobs created for each direct group employee	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. Companies like Webuild engaged in building infrastructure may contribute to this factor by adopting suitable internal policies designed to maximise the utilisation and enhancement of local production factors.

Webuild 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 that 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 aspects related to the hiring of local labour and procurement and 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, as described in more detail in the following pages.

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. As noted, the Group tends to employ workers from the areas near the work site when possible and they have the right qualifications. 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, 82% of the 29,162 direct employees were hired locally.

Direct employees hired locally	Unit	2018	2019	2020
Africa	%	95%	96%	96%
Europe	%	86%	84%	90%
Americas	%	96%	96%	98%
Asia and Oceania	%	21%	26%	38%
Average	**%**	**65%**	**69%**	**82%**

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 2020, local managers made up 82% of the total, reaching 93% in Europe (99% in Italy) and 86% 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 25,721 at 31 December 2020[66].

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 2020, the Group maintained a strong relationship with its local supplier chain, working with more than 15,000 suppliers[67] for roughly 91% of its expenditure made with local suppliers[68].

Local procurement (GRI 204-1)	Unit	2018	2019	2020
Africa	%	36%	43%	47%
Europe	%	86%	97%	99%
Americas	%	99%	99%	99%
Asia and Oceania	%	97%	93%	84%
Average	**%**	**93%**	**94%**	**91%**

As already noted, the use of local suppliers allows the Group to minimise long-distance transport and, hence, mitigate the related environmental effect.

Tax

Taxes are one of the main sources of the Group's contribution to the countries where it operates as they can be used by the public administration to finance the economic and social development of their areas.

Webuild scrupulously meets all its tax requirements arising from its business in line with its Code of Ethics and the Sustainability Policy.

Its approach to tax is based on its business given that its foreign interests are mostly tied to commercial opportunities (participation in calls for tenders) and/or operating possibilities (contract management, concessions, equity investments, etc.).

Webuild fully complies with the applicable tax regulations in all the countries where it operates and has a collaborative and transparent relationship with the tax authorities.

[66]Excluding Lane and Astaldi.

[67] Excluding Astaldi.

[68] The figures for 2018 and 2019 shown in the table have been restated compared to those published in the 2019 Consolidated Non-financial statement to align the calculation methods. This has not affected the average figures but has only led to tiny changes in the figures of some geographical areas.

The parent's tax department, which reports to the chief financial officer, analyses, directs and monitors the management of tax issues in line with Webuild's values and principles. It also assists the Group's other departments and companies.

Webuild's 231 model defines its rules of conduct, prevention protocols and controls to ensure compliance with tax requirements and minimise the risk that tax crimes could be committed. It also serves to guarantee that the Group respects all the rules, procedures and processes to calculate taxes, keep tax records and prepare tax returns for approval.

All stakeholders (direct employees, supplier employees, local communities, etc.) may use the whistleblowing system described in the "Anti-corruption" section to report any suspect instances of tax non-compliance.

Webuild's tax contribution for 2019 in the main geographical areas where it operates is provided below[69].

Area	Tax jurisdiction	Revenue from third parties sales	Intragroup revenue	Average nominal tax rate	Income taxes paid	Income taxes accrued	Employees (no.)	Tangible assets
Africa	LY, MA, SL, ZW, ZA, TN, DZ, LS, ET, UG, NG, NA	493	6	26%	56	30	8,724	36
Americas	BR, CL, EC, DO, PA, US, AR, CA, CO, PE, VE	1,260	131	28%	60	10	4,248	121
Asia and Oceania	AE, KW, QA, OM, JO, KZ, SA, TJ, MY, AU, IN	1,853	495	19%	11	13	9,091	118
Europe	AL, CH, RO, PL, GE, GB, CZ, UA, IT, TR, SK, AT, GR, FR, DK, ES, NO, NL	1,596	515	20%	15	23	2,471	63

€m

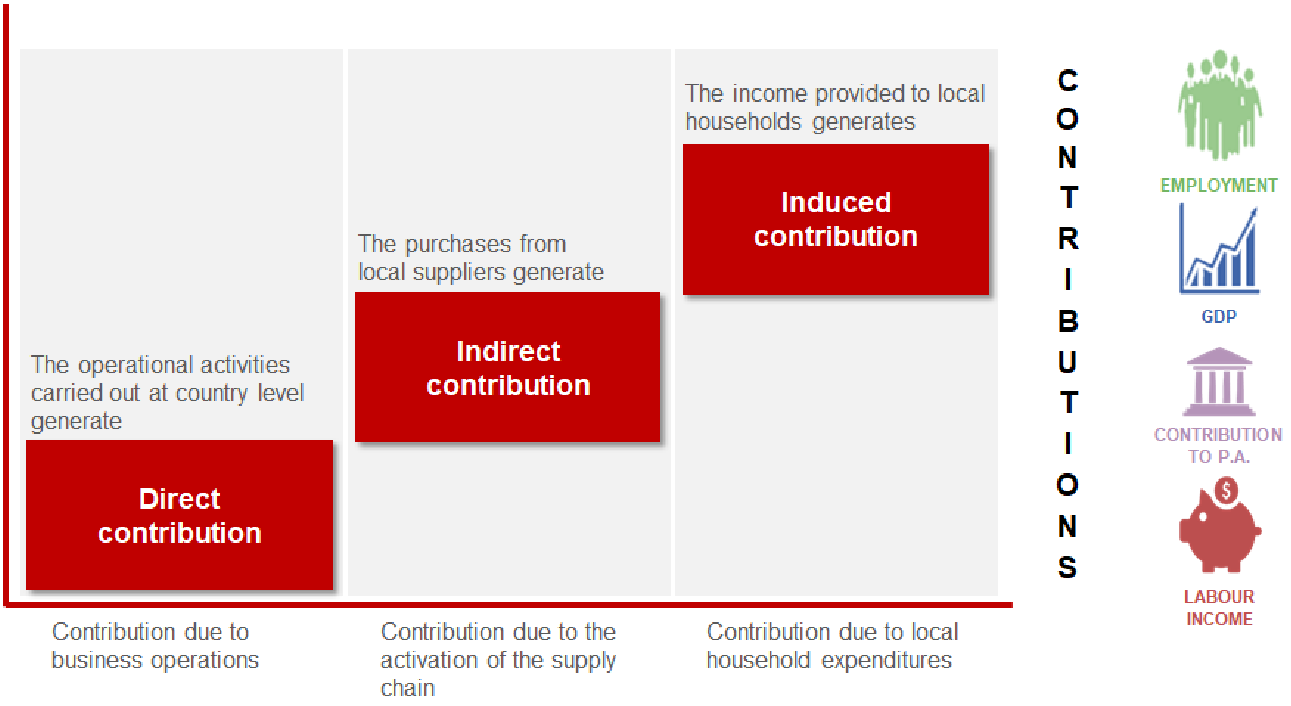
Contributions to local economies

Direct contributions made by Webuild's projects to local economies include employment, the use of local suppliers and taxes paid to the public administrations. 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.

[69] More information is available in the GRI Content Index (disclosure 207-4).

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[70].

The following graph presents the SEED model.



If just the Group's main markets[71] are considered, its average contribution to their economies, expressed as a multiple, is as follows:

- eight jobs created for each direct Webuild employee;
- €2.9 of work income distributed for each Euro paid by the Group;
- €3.5 of GDP for each Euro of added value generated by Webuild;
- €7.8 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.

70 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.

71 Australia, Ethiopia, Italy, Qatar, Saudi Arabia, USA

Many studies[72] 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 families, triggering intergenerational social mobility mechanisms.

In this respect, the Group provided 390,171 hours of training to its direct employees and those of its subcontractors in 2020.

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 benefiting 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 81 initiatives in 2020 for €1.1 million (2019: roughly €0.8 million).

The uptick in investments is mainly due to the greater number of initiatives undertaken by Lane in the US, mostly in the social area. Ethiopia was the Group's second largest investor of the year, again mostly making investments in social projects while Italy, at third place, principally engaged in cultural and educational initiatives.

Other initiatives include the customary free healthcare provided to local communities by work site clinics in Ethiopia, Tajikistan and Kuwait. Specifically, 5,922 medical check-ups (2019: 10,935) were given and 7,413 health interventions (2019: 16,049). This year's figures were affected by the need to roll out measures to curb the spread of Covid-19 which, on the one hand, led to a generalised reduction in the number of people helped, but also entailed an increase in initiatives in the more remote areas that are less well served by the local

[72] 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.

healthcare systems, such as Koysha in Ethiopia (+1,078 medical check-ups and health interventions compared to 2019).

Stakeholder engagement

Webuild 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 involvement 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.

Institutional relations and advocacy activities

Stakeholder engagement activities include institutional relations and advocacy activities that the Group engages in with public institutions, regulators and other stakeholders to ensure the legitimate representation and sharing of issues of interest to it. These issues include development plans for infrastructure, sustainable mobility, water and hydropower resource management, innovation for the development of efficient, resilient and low environmental impact works and the creation of jobs and value for the areas where the Group operates.

Webuild's corporate identity and communication department carries out these activities in compliance with the relevant guidelines. This involves participation in events promoted by the sector associations and/or Italian embassies in the various countries where the Group operates, engagement with members of public institutions and monitoring of proposed legislation related to the sectors in which the Group operates in Italy and abroad[73].

Institutional relations take place in full compliance with the principles of legitimacy, transparency and accountability by qualified employees with special proxies and in compliance with Webuild's guidelines for the management of potential conflicts of interest. In order to contain the revolving doors risk, Webuild's policy is not to hire people who state during the recruitment stage that they have held public offices that involved authorising the Group's works or negotiating with it in the previous three years.

Moreover, 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.

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:

[73] More information about the sector associations the Group is a member of is available in the GRI Content Index (disclosure 102-13) in the "Methodology for reporting non-financial information" section.

Channel	*Activity*
Face to face communication	
Meetings, presentations, focus groups, workshops, interviews, consultations, career days, public events	10,000 people involved in about 700 meetings with the local communities and their representatives >1,500 people visited the Group's projects during more than 100 open door events >1.6 million people were involved in around 6,200 information campaigns about the Group's projects
Digital communication	
Company websites, intranet, magazines, webinars, surveys, social media	2 million visits to the Group's website 1.3 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 Webuild'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 complete transparency about its role, responsibilities and work as a contractor engaged to build the works provided for by the relevant contract.

Methodology for reporting non-financial information

Webuild 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.

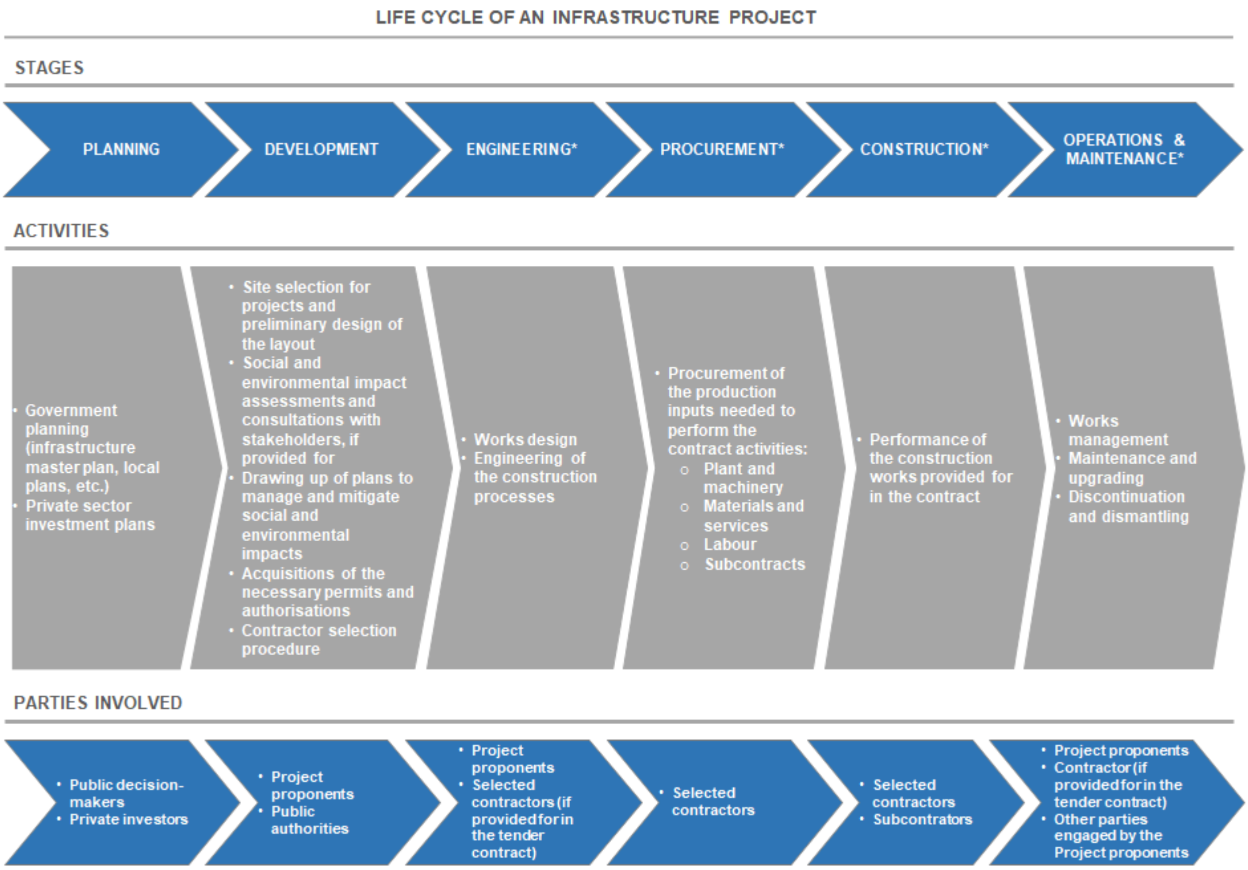
Standards applied

This 2020 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 and, together with the other sections of the Annual Report, is the Company's integrated report.

The infrastructure sector and Webuild'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 Webuild 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 Webuild 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, SDGs), 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 Group's Sustainability Strategy and policies;
- engagement with the stakeholders with two separate surveys, one for middle management and one for employees, clients, suppliers, partners, investors, NGOs and ESG experts;
- approval of the material topics by management involved in non-financial reporting.

The materiality analysis performed in 2020 confirmed the materiality of the topics shown in the materiality matrix presented in the Introduction sector, in line with the analysis performed in 2019.

Specifically, the 2020 analysis identified the significant convergence of the interests of the stakeholders with those of management for the health and safety, ethics, integrity and anti-corruption topics deemed to be of fundamental significance by both groups. Other topics tied to employees such as, in particular, attraction and professional development (for management) and human rights (for stakeholders) were also given great importance. Both groups also highlighted the excellence and innovation topic as being particularly relevant while the most important in the environmental area were tied to climate change and the circular economy (natural resources and waste management).

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.

The table does not include the innovation topic, identified as material during the analysis, 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 (Webuild 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 2020 Statement's scope for which a non-financial reporting system was implemented is given below:

Name	Country	Name	Country
Webuild S.p.A.*	Italy	Metro Blu S.c.a.r.l.	Italy
Astaldi S.p.A.	Italy	Napoli Cancello Alta Velocità S.c.r.l.	Italy
Brennero Galleriacque S.c.r.l.*	Italy	S. Agata FS S.c.r.l.	Italy
CDE S.c.a.r.l.*	Italy	SA.PI. NOR Salini Impregilo – Pizzarotti JV	Norway
Cigla Construtora Impregilo y Associados S.a.*	Brazil	Salini Australia PTY L.t.d.*	Australia
COCIV consortium*	Italy	Salini Impregilo - NRW Joint Venture*	Australia
Constructora Ariguani S.A.S. *	Colombia	Salini Impregilo - Tristar JV*	EAU
Copenhagen Metro Team I/S*	Denmark	Salini Impregilo Canada Holding Inc.	Canada
Cossi Costruzioni S.p.A.*	Italy	Salini Impregilo Civil Works Inc.	Canada
CSC Costruzioni S.A.*	Switzerland	Salini Impregilo S.p.A. - S.A. Healy Company Jose J. Chediack S.a. UTE*	Argentina
CSI Simplon Consorzio *	Switzerland	Salini Malaysia Sdn.Bhd*	Malaysia
Fisia - Alkatas - Alke JV *	Turkey	Salini Nigeria L.t.d.*	Nigeria
Fisia Italimpianti S.p.A.*	Italy	Salini Polska L.t.d. Liability Co*	Poland
Galfar - Salini-Impregilo - Cimolai JV*	Qatar	Salini Saudi Arabia Company L.t.d.*	Saudi Arabia
HCE Costruzioni S.p.A. *	Italy	SCI ADI Ortakligi	Turkey
Impregilo-Sk E&C-Galfar Al Misnad JV *	Qatar	SCLC Polihali Diversion Tunnel JV *	Lesotho
Kayi Salini Samsung JV *	Turkey	SLC Snowy Hydro JV *	Australia
Lane Industries Incorporated *	USA	Thessaloniki Metro CW JV *	Greece

*The entities marked with an asterisk in the above table were also included in the reporting scope of the 2019 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 and the Expressway S7 Widoma Krakow (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.

Unless stated otherwise, the information in this report includes Astaldi S.p.A. for the last two months of 2020, as this company joined the Group on 5 November 2020.

Unless otherwise indicated, the 2018 and 2019 corresponding information are taken from the Group’s 2019 Consolidated Non-financial Statement, to which reference should be made.

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 data and indicators are set out below.

Benefits of ongoing projects

The data in the “Sustainability Strategy” and “Climate change” sections related to the benefits of ongoing projects, in terms of residents served and progress towards the SDGs, are processed internally based on the characteristics of the individual projects in portfolio and reputable statistical sources. When available, official information has been used (i.e., data provided by customers).

Additional information about the main data presented is provided below:

- Beneficiaries of ongoing projects
    - Clean Water projects - calculated using the number of residents in the areas served by the projects and/or the equivalent residents served by the plants (sources: project data, internal processing);
    - Clean Hydro Energy projects - calculated using the number of residents potentially served based on the plants’ production capacity and current energy consumption levels (sources: project data, World Bank database, internal processing);
    - Sustainable Mobility - metro projects - calculated using the expected number of passengers a day considering the transport capacity; railways: calculated using the expected number of passengers based on current passenger numbers and expected increase in railway travel; roads: calculated as the number of expected vehicles based on current traffic intensity (sources: project data, Eurostat database, OECD, internal processing);
    - Green Buildings & Other projects - calculated using the number of people served by the projects (sources: project data, internal processing);
- Contributions to SDG 3, 6, 7, 9 and 11 - calculated using the number of hospital beds, water treated by water treatment plants, installed capacity from renewable sources, reduction in railway travelling times and car trips avoided by taking the metro (sources: project data, internal processing)
- Contribution to SDG 13 - annual avoidable GHG emissions of ongoing low-carbon projects (hydropower plants, railways and metros), calculated as the difference between the emissions generated by the projects and the emissions that would be generated to obtain the same results (in terms of energy production and travel) with non-low-carbon systems (the average emission factor of the country in which the project is based was considered for the hydropower projects, the average emission factors of car trips were considered for railway and metro projects) (sources: project data, IEA database, Defra GHG Conversion Factors for Company Reporting, World Nuclear Association, internal processing).

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 year (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 year 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 GHG emissions intensity rate 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: Webuild S.p.A.	
102-2	Activities, brands, products, and services: p. 9	
102-3	Location of headquarters: Milan, Italy	
102-4	Location of operations: p. 43	
102-5	Ownership and legal form: Webuild 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. 43	
102-7	Scale of the organisation: p.111, p. 43, p. 152	6
102-8	Information on employees and other workers: p.152. Open-ended contracts account for 95% of the total in Africa, 64% in the Americas, 91% in Europe and 92% in Asia and Oceania. 99.9% of the employees have full-time contracts. Percentages do not include Astaldi.	
102-9	Supply chain: p. 210	
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.223, p. 191	
102-12	External initiatives: p. 138	
102-13	Membership of associations: Webuild is a member of Assonime, Assolombarda, Associazione Assafrica e Mediterraneo, Associazione AIAS (Associazione Italiana Ambiente e Sicurezza), Associazione Italiana Internal Auditors, AICQ CN – Associazione Italiana Cultura Qualità Centro-Nord, CCI France Italie (Camere di Commercio e d'Industria francesi in Italy), Comitato Leonardo, E4Impact Foundation, Fondazione Global Compact Network Italy, Fondazione La Triennale di Milano, Gruppo Italiano della Trilateral Commission, ISPI – Istituto per gli Studi di Politica International, ITCOLD - Comitato Nazionale Italiano per le Grandi Dighe, SIG – Società Italiana Gallerie, UNI – Ente Italiano di Normazione. It paid membership fees of roughly €225 thousand to these associations during the period. The associations are substantially independent, therefore, Webuild may not always agree with all their activities and positions. Accordingly, it assesses its memberships once a year to ensure that they continue to represent its key interests.	
Strategy		
102-14	Statement from senior decision-maker: p. 5	
Ethics and integrity		
102-16	Values, principles, standards, and norms of behaviour: p. 138	10
Governance		
102-18	Governance structure: p. 138	
Stakeholder engagement		
102-40	List of stakeholder groups: p. 219	
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 2020, this covered 8,752 employees, equal to 30.0% of the total.	3
102-42	Identifying and selecting stakeholders: p. 219	
102-43	Approach to stakeholder engagement: p.192, p.172, p.210, p.225, p. 219	
102-44	Key topics and concerns raised: p. 219	
Reporting practice		
102-45	Entities included in the consolidated financial statements: p. 226	

102-46	Defining report content and topic Boundaries: p. 226	
102-47	List of material topics: p. 225	
102-48	Restatements of information: p. 226	
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: 2020	
102-51	Date of most recent report: The 2019 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@webuildgroup.com	
102-54	Claims of reporting in accordance with the GRI standards: p. 219	
102-55	GRI Content Index: p. 232	
102-56	External assurance: p. 239	
GRI 200 Economic		
GRI 201 Economic performance (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 9	
201-1	Direct value generated and distributed: the direct economic value generated by the Group in 2020 amounted to €4,950 million, including €4,557 million which was distributed and €393 million which was retained. Specifically, €3,336 million was distributed to suppliers (operating costs), €845 million to employees (remuneration and benefits), €276 million to lenders, €50 million to the public administration (taxes) and €49 million to shareholders.	
GRI 202 Market Presence (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 214	6
202-2	Proportion of management hired from the local community: p.214. 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. 218	
203-1	Infrastructure investments and services supported: p.218. The total value of initiatives to assist local areas includes monetary donations (66.9%), sponsorships (23.5%) and contributions in kind (9.6%) (e.g., labour, materials, machinery).	
GRI 204 Procurement Practices (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 215	
204-1	Proportion of spending on local suppliers: p.215. 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. 205	10
205-1	Operations assessed for risks related to corruption: p.205. 155 companies were included in the assessment scope. This figure does not include Astaldi.	10
GRI 207 Tax (2019)		
207-1	Approach to tax: p. 215	
207-2	Tax governance, control and risk management: p. 215	
207-3	Stakeholder engagement and management of concerns related to tax: p. 215	

207-4	Country-by-country reporting: p.215. The data refer to 2019 as this is the most recent year for which information is available. The list of group companies included in the notes to the consolidated financial statements provides the names of the companies resident in each tax jurisdiction. As set out in the “Tax” section, the main activities performed by the companies resident in the tax jurisdictions are tied to commercial opportunities (participation in calls for tenders) and/or operating possibilities (contract management, concessions, equity investments, etc.) The data presented are grouped by geographical area and do not include the pre-tax profit or loss (the average nominal tax rate applicable to each area is shown). This omission is for confidentiality purposes as presentation of the pre-tax profit or loss could affect the Group’s competitive position in some markets. Moreover, this topic was found to be immaterial during the materiality analysis.	
GRI 300 Environmental		
GRI 301 Materials (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 196	7, 8
301-1	Materials used by weight or content: p.196. 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. 186	7, 8, 9
302-1	Energy consumption within the organisation: p.186, p. 230	7, 8, 9
302-2	Energy consumption outside of the organisation: p.186, p.230. Significant external energy consumption refers to the Group’s subcontractors.	7, 8, 9
302-3	Energy intensity: p. 186, p. 230	7, 8, 9
GRI 303 Water (2018)		
103-1, 103-2, 103-3, 303-1, 303-2	Management approach disclosures: p. 196	7, 8
303-1, 303-3	Interactions with water as a shared resource: p.196, p.230. Water withdrawn in areas subject to water stress: during the year, water withdrawals of 19,090 cubic metres were made in areas subject to water stress for a project being carried out by Lane in the US. Areas subject to water stress are those classified as extremely high risk by the Water Risk Atlas published by World Resources Institute. Water withdrawn containing >1000 mg/L of total dissolved solids: during the period, water withdrawals with over 1,000 mg/l of total dissolved solids were made for a total of 1,014 cubic metres of water withdrawal from wells for the Meydan One project in the United Arab Emirates.	7, 8
GRI 304 Biodiversity (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 202	8
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas: p.202.	8
GRI 305 Emissions (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 186	7, 8, 9
305-1	Direct (Scope 1) GHG emissions: p.186, p. 230	7, 8, 9
305-2	Indirect (Scope 2) GHG emissions: p.186, p.230. 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.186, p. 230	7, 8, 9
305-4	GHG emissions intensity: p.186, p. 230	7, 8, 9
GRI 306 Effluents and Waste (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 199	8
306-2	Waste by type and disposal method: p.199, p. 231	8
GRI 307 Environmental Compliance (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 192	8
307-1	Non-compliance with environmental laws and regulations: p. 192	8
GRI 308 Supplier Environmental Assessment (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 210	8

308-1	New suppliers that were screened using environmental criteria: p.210. Specifically, in 2020, 65% of the suppliers with large orders (i.e., > €250 thousand) were screened (74% in terms of order value). Excluding Lane (USA), whose screening process is being revised to become more compliant with that of the Group, the figures would be 91% (number of suppliers) and 98% (order value), respectively. As described in the "Supply chain" section, this process involves screening of various aspects, including the suppliers' environmental policies. The figures do not include Astaldi.	8
GRI 400 Social		
GRI 401 Employment (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 153	6
401-1	New employee hires and employee turnover: p.153. Specifically, in 2020, 14,088 people joined the Group (entry rate of 51%), including 5,002 under 30 years of age (36%), 7,446 between 30 and 50 (53%) and 1,640 over 50 (12%). The geographical distribution of employees is as follows: 3,828 in Africa (27%), 3,578 in the Americas (25%), 846 in Europe (6%), 5,836 in Asia and Oceania (41%). During the year, people that left the Group, including the transfers of resources among group sites, numbered 6,804 (exit rate of 24%), including 1,762 under 30 (26%), 4,056 between 30 and 50 (60%) and 986 over 50 (14%). The geographical distribution of the leavers is as follows: 1,431 in Africa (21%), 1,252 in the Americas (18%), 589 in Europe (9%), 3,532 in Asia and Oceania (52%). The turnover rates were calculated using the average employee numbers for the year. The figures do not include Astaldi.	6
GRI 402 Labour/Management Relations (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 172	3
402-1	Minimum notice periods regarding significant changes: The minimum notice period to communicate significant operating personnel changes for Webuild is set by collective employment contracts and relevant local laws. It varies from 0 to 52 weeks for managers, 0 to 12 weeks for office staff and 0 to eight weeks for blue collars.	3
GRI 403 Occupational Health and Safety (2018)		
103-1, 103-2, 103-3	Management approach disclosures: p. 162	
403-1	Occupational health and safety management system: p.162. 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. 162	
403-3	Occupational health services: p. 162	
403-4	Worker participation, consultation, and communication on occupational health and safety: p 162	
403-5	Worker training on occupational health and safety: p. 162	
403-6	Promotion of worker health: p. 162	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships: p. 162	
403-9	Work-related injuries: p. 162. Despite the stringent assessments of risks and operating controls, four fatal injuries took place in 2020 involving direct employees (0.05%) and two involving employees of subcontractors (0.03%). The serious injuries, calculated in accordance with Italian legislation (sick leave of more than 40 days), involved 19 direct employees (0.24%) and six employees of subcontractors (0.10%). The total number of recordable injuries was 448 for the direct employees (5.63%) and 210 for employees of subcontractors (3.52%). The main types of injury were bruises, fractures, wounds and dislocations.	
GRI 404 Training and education (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 156	6
404-1	Average hours of training per year per employee: p.156, p.226. In 2020, technical and production employees received an average of 11 hours of training per capita, while office employees received eight hours. During the year, the per capita training hours provided to corporate employees amounted to 62 for men and 22 for women. This figure is not significant for the operating units given the strong predominance of male resources of male resources.	6

GRI 405 Diversity and Equal Opportunity (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 172	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. 172 (diversity of employees).	6
GRI 406 Non-discrimination (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 172	6
406-1	Incidents of discrimination and corrective actions taken: p.172. The Group received six notifications of alleged discrimination from employees of Lane (US) and workers at the Snowy Hydro (Australia) and Rogun Dam (Tajikistan) projects. These notifications were handled in accordance with the related internal procedures. At year end, four cases had been settled, one was under investigation and one had not yet been analysed.	6
GRI 407 Freedom of Association and Collective Bargaining (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 172	3
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk: p. 172	3
GRI 408 Child Labour (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 172	5
408-1	Operations and suppliers at significant risk for incidents of child labour: p. 172	5
GRI 409 Forced or Compulsory Labour (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 172	4
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour: p. 172	4
GRI 410 Security Practices (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 172	1
410-1	Security personnel trained in human rights policies or procedures: p.172. As described in the section on “Human rights”, all the 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. 172	1
411-1	Incidents of violations involving rights of indigenous peoples: p.172. 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. 172	1
412-1	Operations that have been subject to human rights reviews or impact assessments: p. 172	1
GRI 413 Local Communities (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 172	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 75% of its in-scope projects. The clients consulted the local communities for 36% of the projects. A management system is in place to handle complaints from local communities for 33% of the projects (the grievance mechanisms). Development projects assisting the local communities exist for 22% of the projects while workers committees exist for 27% of the projects.	1
GRI 414 Supplier Social Assessment (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 210	2

414-1	New suppliers that were screened using social criteria: p.210. In 2020, 65% of the suppliers with large orders (i.e., > €250 thousand) were screened (74% in terms of order value). Excluding Lane (USA), whose screening process is being revised to become more compliant with that of the Group, the figures would be 91% (number of suppliers) and 98% (order value), respectively. As described in the "Supply Chain" section, this process screening of various aspects, including social (e.g., employees, health and safety and human rights). The figures do not include Astaldi.	2
GRI 415 Public policy (2016)		
103-1, 103-2, 103-3	Management approach disclosures: p. 232	10
415-1	Political contributions. 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.	10

Report of the auditors

KPMG

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

Independent auditors' report on the 2020 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
Webuild 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 2020 consolidated non-financial statement of the Webuild 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 19 March 2021 (the "NFS").

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Webuild 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.

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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 International Code of Ethics for Professional Accountants (including International Independence Standards, the IESBA Code) 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 NFS with those included in the group's consolidated financial statements.
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 group 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;
   - through remote communication tools, we held discussions with personnel of the Rogun Hydropower project (Tajikistan), which we have selected on the basis of its business, contribution to the key performance indicators at consolidated level and location, to 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 2020 consolidated non-financial statement of the Webuild 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, 6 April 2021

KPMG S.p.A.

(signed on the original)

Paola Maiorana
Director of Audit

Directors' report -

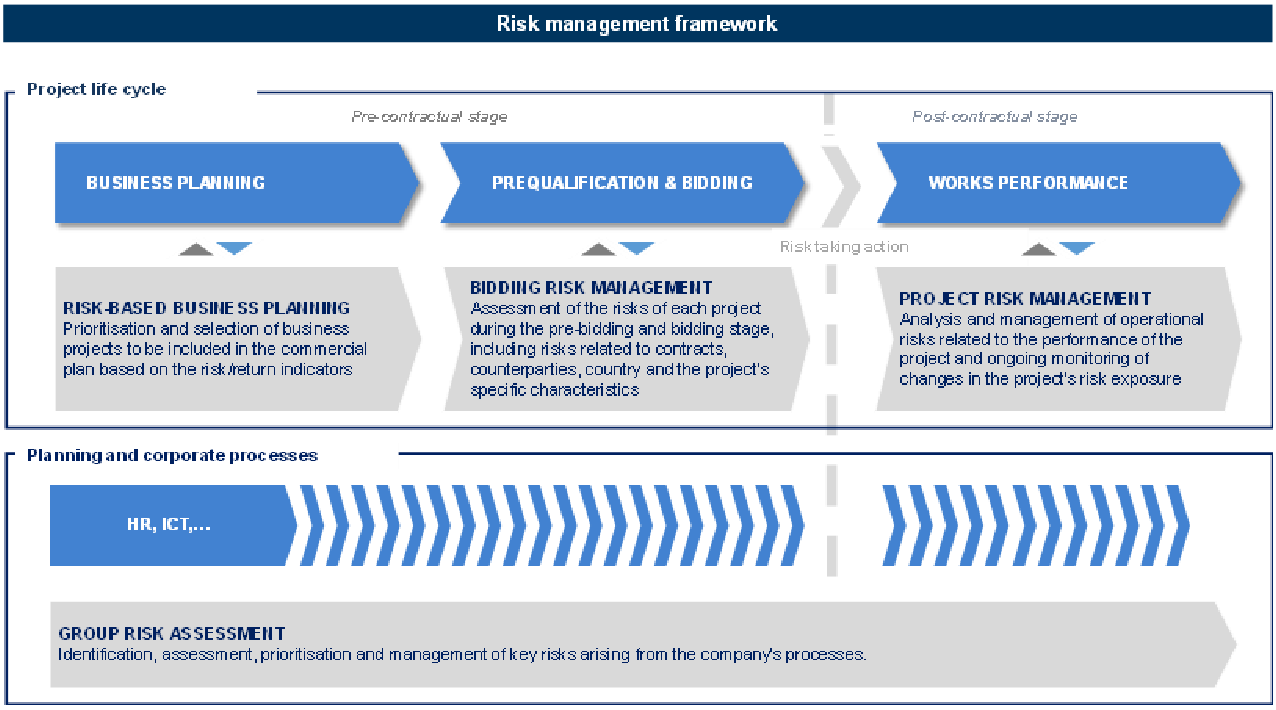
Part III

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, especially as a result of the spread and continuation of Covid-19, 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 the year, due to the development of the Coronavirus emergency and the Group's timely introduction of all the necessary measures to manage the fallout, risk management activities focused on the identification and handling of the repercussions of Covid-19 on the Group's ongoing projects and its general operations.

With the outbreak of the novel coronavirus, the Group promptly set up a crisis management unit to respond to the emergency and implement the measures set out in the decrees approved by the government during the various stages of the pandemic. It also created a special crisis team, whose duties include proposing suitable measures to manage and monitor changes in the situation at group and individual contract level. It reports regularly to the top management crisis team, which includes the group risk officer. The team defined and introduced an operating model to be adopted during the crisis period, which includes a dedicated reporting system to be used by the work sites to communicate with headquarters, which it coordinates. Via this system, top management is kept up-to-date on developments in the pandemic and its effects on the Group's contracts around the world. During the year, the Group was able to monitor each contract constantly and efficiently thanks to the procedures rolled out by the crisis team. Management of the work sites and the entire order backlog now includes specific measures to contain and manage the emergency situation.

The Group also carried out a risk assessment to analyse the group's exposure to process risk, given the changes in risks which have also been impacted by the spread of Covid-19 and its effects on business management. Its results have been used to introduce a mitigation plan to monitor the actions taken over time as well as changes in the Group's risk exposure.

As a result of Astaldi's entry into the Group in November 2020, planning activities for the integration and alignment of its risk management model with that of Webuild have been started to ensure a standardised and consistent risk management model in line with best practices and Webuild's standards in the short term.

During 2020, 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, customers, partners, subcontractors and significant suppliers). It is also in the process of implementing 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, Webuild 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 (customers, partners, suppliers, sub-contractors, etc.).

Webuild 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.

Webuild 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. Webuild 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, Webuild 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.

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, Webuild, 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, Webuild 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 Webuild'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 customers, shareholders, subcontractors and suppliers, so as to create a comprehensive overview of the features of the partners with which Webuild 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 risk officer coordinates and supervises a counterparty analysis for each new project, involving all the competent departments, which is updated during the contract's performance. This analysis allows the more precise identification and management 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.

Report on corporate governance and the ownership structure

The corporate governance model adopted by Webuild complies with the principles enshrined in the Code of Conduct/Corporate Governance valid from time to time.

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.webuildgroup.com).

Main risk factors and uncertainties

In addition to that set out in the “Astaldi” section and 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 2020 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 S.p.A. and Fibe Campania S.p.A..

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 Webuild, which appeared before the court and disputed the banks' 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. The attorney general has appealed to the Supreme Court.
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. Both Fibe and the Office of the Prime Minister have filed separate appeals.

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 as per the ruling described in the section on the administrative litigation - the USW Campania projects below.

Given the complexity and range of the different disputes, 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 Unidos Por 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 in Miami, Florida between GUPC (with its European partners Sacyr, Webuild (previously Salini Impregilo) and Jan De Nul) and the Panama Canal Authority ("PCA") as described below:

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. The DAB had found that GUPC was due USD265.3 million, which it collected in full. After the proceeding confirming the arbitration tribunal's competence to rule on the damages incurred by the individual consortium members, the tribunal issued a partial award at the end of September 2020, accepting some of GUPC's claims for USD20.7 million as well as some claims for which the parties have agreed the amounts. ACP also paid GUPC an additional approximate USD6.1 million. The arbitration tribunal defined the arbitration costs with a final award as USD33.4 million (€13.5 million for Webuild). At the end of November, GUPC's legal advisors filed a petition for the cancellation of the partial award with the Miami Court (Florida, USA);
2. the arbitration about the extra costs incurred by the GUPC due to certain unjustified conditions imposed by ACP for the design of the lock gates and other claims about labour costs;
3. the arbitration commenced in 2016 involving the sundry claims mentioned in the completion certification; the arbitration tribunal has already been set up and the first hearing will take place shortly to define the arbitration calendar.

On 11 March 2020, Webuild 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. The arbitration tribunal was set up on 4 December 2020.

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 2020, 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 (now Webuild) 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 Webuild).

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.

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 (now Webuild) 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 Webuild, 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, Webuild 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. ("Parsons"), 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, Webuild deems that the legal approach which led to the ruling in the latter case is, mutatis mutandis, also applicable to Eurolink.

Eurolink and Webuild filed their appeal against this ruling before the Rome Appeal Court on 28 December 2018. The appeal hearing is at an initial stage.

In accordance with the envisaged methods, the parties involved in appeal hearing no. 29/2019 presented themselves in court: (i) the Ministry of Infrastructure and the Office of the Prime Minister, without presenting a counter appeal; (ii) Stretto di Messina S.p.A. in liquidation presenting a counter appeal; and (iii) Parsons presenting a counter appeal for its part of the proceedings.

At the first hearing held after various postponements on 3 November 2020, due to formal issues, the Appeal Court deferred the hearing to 12 January 2021 and subsequently with a special measure of 3 December 2020 to 8 March 2022 for the conclusions.

Eurolink sent formal letters (letters before action) dated 24 December 2020 requesting payment of approximately €60 million as compensation for the costs incurred, the legally-due compensation and to free the bank surety of €239 million.

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 Webuild 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 (now Webuild) 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 Webuild'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 Webuild, the customer refused to acknowledge the unpredictable nature of the landslides and to pay the amounts due.

In June 2015, Webuild stopped work due to non-payment of the amounts awarded to it by the DAB.

In September 2015, Webuild presented an application for arbitration and the first partial award of RON83.8 million (approximately €18.2 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 RON60.5 million (approximately €13.5 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 proceedings commenced before the Paris International Chamber of Commerce for the delays and additional costs of €57 million, on 17 October 2019, the final award was handed down rejecting the Group's requests and awarding damages for delays to the customer of approximately €19 million. The parent has also presented an application for the cancellation of the final award to the Romanian courts. On 2 July 2020, the Bucharest Appeal Court cancelled this award and the related suspended enforcement. On 12 September 2020, CNAIR challenged the Appeal Court's decision before the Supreme Court and the related hearing date is 21 September 2022. On 19 October 2020, the Bucharest Appeal Court has confirmed the suspension of the attempted enforcement of the final award by CNAIR until the Romanian courts hand down their final ruling on this award's validity. Should cancellation of the final award be confirmed, the Group could recommence arbitration proceedings before the CCIR.

In the meantime, on 17 February 2021, the Bucharest Court confirmed Webuild's obligation to return RON83.8 million collected on the basis of the partial award, seeing that it has been cancelled.

On 17 February 2020, the Group filed a new different application for arbitration to the CCIR challenging the validity of CNAIR's enforcement of the performance bond and requesting the return of the related amounts plus damages and interest. The CCIR notified the parties of its final award on 25 February 2021, ordering CNAIR to repay RON60.5 million of the performance bond which was unfairly enforced and to reimburse the legal costs and interest as well as the arbitration costs (approximately €0.2 million in total).

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 (now Webuild) and Cigla Constructora Impregilo e Associados S.A. ("CCSIC") 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 CCSIC attempted to resolve by proposing new solutions to the customer (although it was not contractually obliged to do so).

In June 2018, CCSIC 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 CCSIC of its intention to terminate the contract. CCSIC 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 requesting payment of the higher dismantlement costs of approximately €2 million. The proceedings are at an initial stage and the judge has guaranteed the judicial blocking of enforcement of the bank guarantee for the advance (roughly €2.3 million) and the insurance performance bond (around €7 million) by the customer. On 4 October 2019, CCSIC commenced an arbitration proceeding for claims of approximately €20 million notified before the contract had been terminated. The customer has recently obtained the suspension of the arbitration proceedings from the Brazilian judge, which CCSIC immediately appealed. The Appeal Court has ruled i) to maintain suspension of the enforcement of CCSIC's guarantees and ii) to continue to suspend the arbitration proceedings. CCSIC intends to appeal this ruling before the Supreme Court and apply for resumption of the arbitration.

The joint venture is confident that its arguments will be accepted supported by the opinion of its 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 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 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, Webuild (formerly 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 yet to be set.

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. The initial stage 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 contradicted the findings of the first court-appointed expert which had confirmed the joint venture's claims for approximately €27.5 million.

Webuild challenged the interim ruling of January 2018 solely for the part that rejected some claims already examined by the court-appointed expert earlier and Roma Metropolitane.

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.

The Rome Court handed down its final ruling no. 6142/2020 of 15 April 2020 defining the second judgement on the extension of the B1 line and ordering Roma Metropolitane to pay the entire amount of €23.3 million, increased by the monetary revalution and interest since 31 August 2018, and the court-appointed expert's cost.

Finally, with its ruling of 15 July 2020 on the partial ruling of January 2018, the Rome Appeal Court rejected Webuild's applications and partly accepted Rome Metropolitane's counter appeal, stating that two of the claims, accepted by the first level judge, were ungrounded.

Specifically, one of the two claims found to be ungrounded related to the irregular performance of the works which had been quantified by the court as part of the total compensation to be paid to the contractor for all the claims related to this issue (the irregular performance of the works), without specifying an individual amount for each claim. The appeal ruling reformulated the first level ruling finding the claim to be ungrounded but did not determine the amount of the related compensation. Therefore, it did not directly intervene with respect to the amount paid as per the first level ruling as compensation for the irregular performance of the works.

Webuild has appealed against the Rome Appeal Court's ruling before the Supreme Court and Roma Metropolitane has, in turn, presented its counter appeal.

The customer has also appealed against the Rome Court's ruling no. 6142/2020.

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. The Rome Court ordered Roma Metropolitane and Roma Capitale to severally and jointly pay the total amount of €2.9 million increased by the accrued legal interest in its ruling no. 5861/2020 of 7 April 2020. Webuild appealed against the ruling on 18 September 2020.

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. (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 ("Ariguani"), wholly owned by the parent, on 22 December 2011.

In November 2017, the customer ANI 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 while not changing the concession term.

The rider partly 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 before the International Chamber of Commerce as part of the international arbitration.

Webuild 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 and the only international arbitration still in place is that before the International Chamber of Commerce commenced by Yuma.

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.

On 8 May 2020, the arbitration tribunal with the Bogotà Chamber of Commerce issued an award in Yuma's favour for six variations as part of the proceedings for the definition of 14 variations to the original contract. The tribunal has not defined the amounts to be paid by ANI to Yuma but ordered the parties to come to an agreement based on the calculation method established by the arbitrators. On 13 October 2020, the parties signed an agreement providing that the amount due to Yuma is COP247,514.9 million (around €52 million).

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.

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 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. In February 2020, the customer filed a counterclaim for approximately €2.9 million as contractual fines due to the termination of the contract for reasons allegedly attributable to the joint venture.

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 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 joint venture has commenced proceedings against the customer before the Warsaw Court to receive payment for the works performed and claims of approximately €54 million.

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 €25 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 (now Webuild) 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 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 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.

Project S7 Kielce (Poland)

The Group has a 99.99% interest in a joint venture in Poland set up in November 2014 for the design and construction of roads.

Webuild has paid roughly €15 million so that the customer would not enforce the bank guarantees.

The Group has commenced appropriate legal measures to protect its rights and, accordingly, filed the first claim form with the Warsaw first level court for the return of the amounts related to the undue enforcement of the bank guarantees.

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 S7 Wydoma (Poland)

Webuild was awarded this contract in October 2017.

On 7 December 2020, the customer informed the Group that the contract was considered to be terminated due to the latter's alleged breach of contract.

On 16 December 2020, Webuild informed the customer that it considered termination of the contracts to be null and void and legally ineffective. It requested payment of the contractual fine of approximately €35 million (not yet received) and the return of the performance bond. It also noted that the contract terminated for reasons attributable to the customer.

Webuild has commenced appropriate legal measures to protect its rights and, accordingly, filed an update of its first claim form (filed on 4 November 2020) with the Warsaw first level court on 21 December 2020. It has asked that the judge find the contract to be terminated unjustly and that it be due the additional consideration of approximately €55 million.

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 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.

In 2020, a year after the handover, when the performance bonds were to be reduced from 3% to 1%, the customer presented counterclaims for approximately €43 million blocking this reduction. The Group deems that these counterclaims are completely groundless and lacking the minimum requirements to be considered as such, by virtue of their failure to provide even the most basic information, such as a description of the events, timing, place of the facts, the cause effect link, contractual justification and support for quantification. On the basis of the above, CMT entirely rejected the counterclaims, judging them without any foundation.

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 (now Webuild) and Salini Impregilo PTY Limited.

After the joint venture presented claims, the DAB issued a decision acknowledging its right to AUD34.5 million (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.

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. ("Leonardo/PSC JV") commenced an arbitration proceeding before the International Chamber of Commerce against the joint venture consisting of Galfar Al Misnad Engineering and Contracting, Salini Impregilo (now Webuild) 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 delays, the acceptance of variations and other compensation from the contractor GSIC JV for QAR1,289 million (approximately €300 million). 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.

With respect to the arbitration proceedings commenced by the Leonardo/PSC JV, the directors are confident that its arguments will be accepted at the end of the dispute supported by the opinion of its 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.

Saudi Arabia

With respect to the contract to build Line 3 of the Riyadh Metro, on 25 January 2021, the Arab company United Code Contracting Corporation commenced an ICC arbitration proceeding against the joint venture comprising Webuild S.p.A., Larsen & Toubro, Salini Saudi Arabia and Nesma.

As subcontractor for the works supply contract, United Code Contracting Corporation has claimed damages of USD162.5 million from the joint venture for the undue termination of the subcontracting contract, non-payment of interim payment certificates, failure to pay the final bill and the undue allocation of works to third parties.

The arbitration proceedings are at an initial stage. The Group has a 59.14% interest in the joint venture.

The directors are confident that their reasons will be recognised, supported by their legal 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.

Slovakia

On 6 March 2019, the joint venture comprising Salini Impregilo (now Webuild) 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. In December 2019, both the joint venture and the customer sent the DAB a notice of dissatisfaction. As the parties were unable to come to an agreement, Webuild applied to ICC for arbitration on 14 February 2021. The proceedings are at an initial stage.

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 competent public administration had already collected directly €46.4 million 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 €74.3 million.

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 €54.8 million and deferred the definitive calculation of the amounts of €3.1 million in addition to that already ascertained and the total amount of interest and fines due to Fibe to a second stage. On 29 January 2021, the commissioner filed another report setting out the definitive calculation of the fees due to be €57.3 million and the interest and fines due to Fibe as €62.7 million. The Regional Administrative Court ruled on 4 March 2021 that the mandate given to the special commissioner had ended and confirmed the amounts ascertained by them.

In 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 €53 million, 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 where 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 €21 million, increased by legal interest (instead of the amount of €53 million ordered by the Regional Administrative Court). It ordered the administration to check the difference between the amount due to Fibe and that established by the Regional Administrative Court.

In May 2020, Fibe filed: (i) an appeal before the Council of State challenging the rulings and the error identified by the Appeal Judge; (ii) an appeal before the Supreme Count. On 26 February 2021, the Council of State accepted the appeal challenging the rulings and recognised Fibe's subjective right to the amounts due to it. It ordered the administration to complete the initial investigation while immediately appointing a special commissioner (the state general accounting office or its delegate) to step in should the administration fail to comply.

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 this court rejected the appeal with its ruling no. 119/2020 filed on 28 December 2020. Fibe is evaluating whether to take action. Before the judges' rulings, Fibe had 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 2020 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

In 2008, as part of an 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, the former service providers and Fisia Ambiente are also 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.

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 Webuild's chief executive officer) as well as two cases of corruption. The proceeding originally before the Rome Court (consisting of two separate investigations 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 did not include 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. The public prosecutor subsequently filed a substantial application for commitment for trial, which was followed by the commencement of the preliminary hearings, completed on 15 March 2021 with a double ruling by the Judge for the Preliminary Hearing: a ruling not to proceed with the first allegation as it had become time-barred, except for the chief executive officer of Webuild who was found not guilty of committing the alleged crime, even though that part of the case was now time-barred. The Judge also ordered that criminal proceedings be commenced for the other alleged crimes.

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 and the application for commitment for trial, 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 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 prosecutor for the alleged crime of association for criminal purposes, the dismissal of the related criminal proceedings was applied for and obtained on 5 September 2018 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 C.G. S.p.A. 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. The Supreme Court accepted the public prosecutor's appeal on 19 January 2021 and overturned the Florence Court's ruling, remitting continuation of the case to the Appeal Court. The Group is waiting for the reasons of the ruling to be filed to understand what grounds of appeal were accepted and the scope of the remittal procedure.

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 condensed interim consolidated financial statements.

The Group is confident that the claim for compensation will not be accepted.

Other situations characterised by risk and/or uncertainty profiles

Società Italiana per Condotte d'Acqua S.p.A. under extraordinary administration

Società Italiana per Condotte d'Acqua S.p.A. under extraordinary administration ("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. 347/2003 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 (the date on which it entered extraordinary administration) 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 (CAVTOMI);
- Consorzio Collegamenti Integrati Veloci (COCIV);
- Lybian Expressway Contractors;
- Eurolink S.C.p.A.;
- Reggio Calabria Scilla S.C.p.A.;
- Salerno Reggio Calabria S.C.p.A.;
- 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.

On 14 February 2019, Condotte's special commissioners filed the claims with the court office.

On 22 February 2019, the consortia/consortium companies filed their comments on the claims for the purposes of the related hearing.

During 2019 and 2020, the hearings about the claims took place at the Rome Court. The judge confirmed the acceptance of the claims of Eurolink S.C.p.A., Lybian Expressway Contractors, Salerno Reggio Calabria S.C.p.A. and Reggio Calabria Scilla S.C.p.A. as secured claims, as well as the interest calculated in the comments, on 11 June 2020.

CAVTOMI's claims were not accepted as they were offset by its payables. The consortium's legal counsel noted that the special commissioners had not provided proof of the existence of these claims and requested they be given additional time to better analyse the accounting documentation presented in court. The judge has not accepted the request given the need to finalise the claims during the hearing and given that appeals can be made by challenging the accepted claims.

As the COCIV consortium and Iricav Due consortium had entered into agreements with Condotte's special commissioners in the meantime, with the result that they transferred their interests, rights and obligations, and amounts due to and from Condotte to Webuild, they waived their right to have their claims included in the insolvency proceedings.

Webuild has rolled out a long-term industrial transaction ("Progetto Italia") to create a new national construction group to include some of the major Italian construction companies. As a result, the parent made an offer to invest in Astaldi (whose composition with creditors proposal has been authorised by the Rome Court) and is assessing whether to engage in similar transactions with other infrastructure operators such as Condotte.

The group companies in which Condotte has investments are carefully monitoring developments in the situation.

Supported by its legal advisors, the directors are confident that the receivables and payables will be offset and that the receivables should be recovered (net of offsetting) by the SPEs in which Condotte had an investment also because the ongoing strategic works are expected to be continued.

Moreover, the Group cannot exclude that events related to the above-mentioned extraordinary administration procedure may take place in the future.

Country risk

Libya

Webuild 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 Webuild 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, Webuild 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, Webuild does not expect activities to be resumed in the near future as there are serious security problems.

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).

Despite the situation in Libya, 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 contractual 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.

On 5 February 2021, Abdul Hamid Dbeibah was elected as the prime minister of the interim government of national accord. He will be inaugurated shortly and his appointment represents great progress towards political and economic stability.

Webuild 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

In recession since 2018, this country's challenging macroeconomic situation has been worsened by the global health emergency caused by Covid-19.

The economic slump, the containment measures put in place to deal with the pandemic and the drop in global demand have not helped the country's ongoing recession. According to the World Bank, this Latin American country has lost the most wealth.

The additional hike in the inflation rate is partly due to the government's decision to contain the peso's devaluation through restrictive measures on the currency market.

With respect to the public debt, although rumours were rife about another default, in August 2020, a debt restructuring agreement was officially finalised. The deal covers the USD66 billion debt with foreign creditors and defers repayment of principal for at least five years, slightly reduces the cost of capital (-1.9%) and decreases the annual interest rate from 7% to 3%. As a result, the cost of this debt will be €4.5 billion (1% of GDP) between 2020 and 2024.

The Group is carrying out two projects in Argentina partly funded by the World Bank: a hydraulic tunnel (lot 3) and a wastewater pre-treatment plant (lot 2), both of which are part of a mega project for the environmental restoration project of the Riachuelo River in Buenos Aires.

Given the above, the Group tested its exposure for impairment at 31 December 2020 without identifying any impairment triggers. More information is available in note 17 to the consolidated financial statements.

Venezuela

Webuild 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 four years.

Given the country’s situation, the Group monitored the local social, economic and political situation during the year applying assessments and methodical decisions in line with the analyses performed during preparation of the consolidated financial statements at 31 December 2019.

Parliamentary elections were held in December 2020 confirming a parliament fully controlled by the political forces that backed the previous government. The currency's additional depreciation, which has continued into 2021, has meant that the prices of food and services continue to increase.

The Group's gross exposure amounted to €637.2 million at 31 December 2020, including €110.7 million of loans and approximately €526.5 million of receivables for consideration accrued on work performed (this latter figure comprises €317.8 million already invoiced and recognised as trade receivables and €208.7 million recognised as contract assets net of contract liabilities). The Group estimated impairment losses on these assets equal to the total exposure. In 2020, it recognised an impairment loss of €122.5 million.

Nigeria

Despite tentative signs of an uptick after the last presidential elections, the economic crisis affecting Nigeria, which is one of Africa's major economies, in recent years, has temporarily worsened as a result of the current pandemic.

The price of oil, which is the country's main resource, is still below USD65/barrel, the target used by the government to plan its budget for 2020 and subsequent years.

The falling oil prices weakened the country's currency leading to its additional devaluation by the central bank (CBN), affecting its exchange rate with the Euro.

The lockdown and related restrictions that Nigeria has had to resort to have clearly amplified the effect of the drop in oil prices while also sparking public order problems.

In the second half of the year, the government removed the restrictive measures introduced in the first six months, easing the situation with regards to supply delays and logistics constraints that had significantly affected production.

The country's economy will not allow the rapid recovery of the construction sector, which is currently on standby, except for some limited progress on certain strategically important projects.

The Group is present in Nigeria via its subsidiaries Salini Nigeria Limited (eight contracts), PGH and Rivigo JV (a joint venture with Rivers State for the Ogoni contract in which the Group has a 70% stake). The projects are affected by the customers' limited financial resources, which has led to delays.

Some work was recommenced on the Suleja-Minna Road project as it is the main artery through Niger State and the strategic Adiyan-Lagos State water treatment project.

The ongoing negotiation of the variations of price and/or currency fluctuations for some of the projects has a positive effect on their recommencement.

Nigeria continues to be a major African country and has great potential to transform its economy and lead the way in the continent's future economic recovery

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.

Given the above, the Group tested its exposure with the Nigerian government at 31 December 2020 for impairment without identifying any impairment triggers.

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 award for an amount equivalent to approximately €54 million. On 30 January 2019, it issued the second partial 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 UAH1,389 million (the equivalent of approximately €134 million at 31 December 2020), 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 in the first half of 2021.

In October 2019, the Kiev Court of Appeal acknowledged the applicability of the ICC’s first partial award and issued a writ of execution for payment by Ukravtodor to Todini Costruzioni Generali S.p.A. of UAH34 million, €20 million and USD39 million.

The customer has appealed this decision before the Supreme Court.

In February 2020, the Supreme Court rejected the customer's appeal and confirmed the Kiev Court of Appeal's ruling of October 2019.

In April 2020, the Group presented the writ of execution to the local authorities to formalise the payment request for the amounts covered by the first partial award.

The customer has confirmed it is willing to pay the amounts due under the first partial award in local currency. The Group is waiting for additional clarifications from the central bank to obtain authorisation to transfer the amounts in hard currency to Italy.

In view of the present critical situation, it cannot be excluded that events not foreseeable at the date of preparation of this report may arise in the future requiring changes to the assessments made to date.

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.

Short and 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 Group or through non-controlling investments in joint ventures.

For management account purposes, the Group adjusted the IFRS figures for 2019 and 2020 to sterilise the effect of the impairment losses recognised on assets related to the construction of infrastructure works in Venezuela.

Again for management account purposes, it adjusted the IFRS figures for 2020 to sterilise the effect of the out-of-court settlement with Condotte. This led to Webuild's recognition of the costs of the compensation (€35.3 million) paid to Condotte for its discontinuation of the pending disputes related to the COCIV consortium's board of representatives' resolution of 19 December 2019, which provided for the "transfer of title" of Condotte's 31% interest in the COCIV consortium by recognising an impairment loss of €20.3 million on its receivables due from Condotte at 30 June 2020 and compensation of €15.0 million recognised under other operating expenses.

Events after the reporting date

Successful placement of additional unsecured notes reserved to institutional investors

On 21 January 2021, Webuild successsfully placed additional notes with an aggregate nominal amount of €200 million (the "additional notes") reserved to institutional investors at an issue price of €102, increased by the interest accrued on the nominal amount of the additional notes in the period from 15 December 2020 and the issuance date of the additional notes. They were consolidated and form a single series with the €550 million notes issued on 15 December 2020 with maturity date of 15 December 2025, bringing the total size of such notes to €750 million. The additional notes have been listed on the Global Exchange Market of the Dublin Stock Exchange (Euronext Dublin) and settled on 28 January 2021.

The proceeds from the issuance of the additional notes will be used by Webuild to repay the Group's existing indebtedness.

GUPC arbitration final award (Panama)

In February 2021, Webuild paid approximately USD110 million to settle its liability with the customer after the arbitration tribunal issued its final award (more information is available in the “Main risk factors and uncertainties” section).

Exchange ratio, timing and methods for the integration of Webuild and Astaldi defined

The boards of directors of Webuild and Astaldi have evaluated the partial proportionate demerger of Astaldi to Webuild, after which Astaldi’s core assets scope and the separate unit (set up by Astaldi on 24 May 2020 as part of the composition with creditors procedure) will definitely be separated, including legally. This transaction would entail the transfer of Astaldi’s core assets to Webuild while Astaldi would retain title to the activities and judicial relationships (active and passive) transferred to the separate unit.

The transaction provides for the allocation of 203 ordinary Webuild shares for each 1,000 ordinary Astaldi shares held to Astaldi’s shareholders. This exchange ratio was agreed by the two companies’ boards of directors after consulting their related party committees and financial advisors. It is based on the two group’s financial position, performance and cash flows for 2020 and was calculated using generally-accepted valuation methods and, in particular, the main methods, using the two Group’s business plans.

Webuild and Astaldi are confident that this integration of their businesses will generate significant operating, economic and financial benefits for the combined group as a result of, inter alia, the integrated management of the work sites they have in common, introduction of a single commercial strategy, optimisation of the central structures for the integrated management of purchases, assets and working capital. It will also give Astaldi’s shareholders access to shares with greater liquidity and the possibility to directly benefit from the growth of Webuild Group’s integrated business.

The proposed demerger will take place as follows:

1. Webuild will receive all the assets, liabilities and judicial relationships of Astaldi after it has discharged its debts that are not part of the separate unit, as defined in the composition with creditors plan;

2. the separate unit's assets, rights and obligations will remain with Astaldi, without altering their transfer to the separate unit as provided for in the composition with creditors' procedure;
3. at the demerger effective date, Astaldi's shareholders will receive newly issued ordinary Webuild shares while all the ordinary Astaldi shares will be cancelled (including those held by Webuild) and Astaldi will be delisted;
4. any unsecured creditors of Astaldi that present claims after the demerger effective date will have the right to receive ordinary Webuild shares and will maintain their right to receive participating financial instruments issued by the separate unit from Astaldi, as provided for in Astaldi's composition with creditors plan;
5. on the date immediately before the demerger effective date, Webuild's shareholders will receive Webuild warrants giving them the right to receive new Webuild shares so that their investment percentage is not changed should Webuild issue new shares for Astaldi's unsecured creditors (as described above). Wewuild will also issue warrants to banks to replace those issued by Astaldi in accordance with the composition with creditors proposal;
6. the demerged company's share capital will be zeroed and concurrently reconstituted through the subscription of new shares by a foundation (to be set up), which will assist with the management and orderly sale of the separate unit in line with the composition with creditors proposal as Astaldi's sole shareholder.

Webuild and Astaldi have agreed that extraordinary shareholders' meetings will be called after the transaction is approved by the two boards of directors to resolve on the proposed demerger. These meetings will be held on 29 April 2021 for Astaldi and 30 April 2021 for Webuild while the proposed transaction will be completed by July 2021.

Webuild and its subsidiary Astaldi have applied their internal procedures for major related party transactions. The two companies' boards of directors will approve the proposed demerger after receiving a reasoned opinion from their related party committees about the transaction being in the two companies' interests and the convenience and substantial correctness of the related terms and conditions. Both companies will also publish the information memorandum as per Annex 4 to Consob Regulation no. 17221/2010 within seven days of approval of the demerger proposal.

Webuild has been assisted by BofA Securities as its financial advisor and Giliberti Triscornia e Bonelli Erede as its legal advisor. Partners and EY acted as the financial advisors of the boards of directors of Webuild and Astaldi, respectively, while Lazard and Equita, advised the two related party committees, respectively.

Webuild awarded new contract to double the high capacity railway worth approximately €1 billion along the Messina-Catania section in Sicily

On 19 March 2021, the Group won the contract worth approximately €1 billion for the executive design and performance of the works to double the high capacity Messina - Catania railway line along the Giampilieri – Fiumefreddo section, known as the Second Functional Taormina - Giampilieri Lot. This is a new project for the Group in Sicily to support the infrastructure and sustainability mobility development on the island and provide work for the local supply chain.

The project, commissioned by Rete Ferroviaria Italiana - RFI (FS Italiane Group), will be led by Webuild in a consortium in which it will have a 70% stake. Its partner Pizzarotti will have the other 30%

Work on the lot entails the construction of a new railway for 28.3 km that will include the civil and related works such as electrification, signalling and communications. It will also comprise the excavation of two natural single tunnels, six parallel tunnels and seven viaducts.

Outlook

Webuild intends to:

1. **pursue sustainability objectives**, both during the construction phases and operation of the infrastructure;
2. **continue its ongoing order derisking**, availing of the opportunities created by larger investments in infrastructure in low risk geographical areas;
3. **consolidate its home base in Italy**, to benefit from the possibilities created by the new infrastructure plan, which includes, inter alia, a new advances payment system and a streamlined call for tenders procedure;
4. **expand into related sectors,** to diversify the order backlog and stabilise cash flows, such as the non-recurring maintenance of infrastructure in Italy;
5. **continue the planned operating efficiency actions, for which €120 million has been earmarked,** before 2023;
6. **strengthen its innovative leader status**, including by investing in digitalising its core processes, construction techniques, quality, safety and environment initiatives.

Assuming that the situation will normalise and considering the Group's current consolidation scope, its 2021 financial forecasts include:

- **growing revenue**: between €6.5 billion and €7.2 billion, entirely covered by the existing order backlog;
- **returning the EBITDA margin** to around 8%, assisting by the ongoing cost streamlining process;
- **reducing net indebtedness**: between €0.5 billion and €0.3 billion.

These objectives may be revisited given the uncertainty about how the Covid-19 pandemic will evolve.

Other information

Research and development

Webuild 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 activities 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;
- 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 the riser concept:
- 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

Webuild 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 2020, the parent had 1,330,845 treasury shares.

Related parties

Reference should be made to note 37 to the consolidated financial statements for a description of related party transactions.

Non-financial statement

Webuild 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 2020

Consolidated financial statements
Statement of financial position

ASSETS (€'000)	Note	31 December 2019	of which: related parties	%	31 December 2020	of which: related parties	%
Non-current assets							
Property, plant and equipment	7.1	333,511			477,497		
Right-of-use assets	7.2	144,184			164,632		
Investment property		-			120		
Intangible assets	7.3	185,096			586,367		
Goodwill	8	76,061			70,020		
Equity investments	9	642,486			640,134		
Derivatives and non-current financial assets	10	378,272	122,535	32%	322,617	150,050	47%
Deferred tax assets	11	253,453			368,364		
Total non-current assets		**2,013,063**			**2,629,751**		
Current assets							
Inventories	12	156,368			198,325		
Contract assets	13	2,040,450			2,754,203		
Trade receivables	14	1,827,173	299,773	16%	1,889,929	379,367	20%
Derivatives and other current financial assets	15	241,517	42,711	18%	340,596	67,495	20%
Current tax assets	16	90,513			114,297		
Other current tax assets	16	132,109			229,448		
Other current assets	17	684,995	31,280	5%	1,006,796	45,085	4%
Cash and cash equivalents	18	1,020,858			2,455,125		
Total current assets		**6,193,983**			**8,988,719**		
Non-current assets held for sale and discontinued operations	19	11,976			10,049		
Total assets		**8,219,022**			**11,628,519**		

EQUITY AND LIABILITIES	Note	31 December 2019	of which: related parties	%	31 December 2020	of which: related parties	%
(€'000)							
Equity							
Share capital		600,000			600,000		
Share premium reserve		654,486			654,486		
Other reserves		148,581			162,616		
Other comprehensive expense		(141,154)			(245,264)		
Retained earnings		155,610			110,161		
Profit (loss) for the year		(22,128)			146,990		
Equity attributable to the owners of the parent		**1,395,395**			**1,428,989**		
Non-controlling interests		108,750			655,893		
Total equity	20	**1,504,145**			**2,084,882**		
Non-current liabilities							
Bank and other loans and borrowings	21	751,256			767,494		
Bonds	22	1,091,890			1,288,620		
Lease liabilities	23	98,709			98,881	4,537	5%
Post-employment benefits and employee benefits	25	61,868			63,349		
Deferred tax liabilities	11	7,399			137,186		
Provisions for risks	26	137,922			196,351		
Total non-current liabilities		**2,149,044**			**2,551,881**		
Current liabilities							
Current portion of bank loans and borrowings and current account	21	231,640	10,863	5%	1,077,309	17,054	2%
Current portion of bonds	22	13,295			246,910		
Current portion of lease liabilities	23	61,673			79,557		
Derivatives and other current financial liabilities	24	2,012			-		
Contract liabilities	13	1,186,076			2,132,476		
Trade payables	27	2,612,737	292,999	11%	2,706,576	153,897	6%
Current tax liabilities	28	87,137			127,295		
Other current tax liabilities	28	48,187			75,978		
Other current liabilities	29	323,076	23,381	7%	530,544	34,455	6%
Total current liabilities		**4,565,833**			**6,976,645**		
Liabilities directly associated with non-held for sale	19	-			15,111		
Total equity and liabilities		**8,219,022**			**11,628,519**		

Statement of profit or loss

(€'000)	Note	2019	of which: related parties	%	2020	of which: related parties	%
Revenue							
Revenue from contracts with customers	32	4,770,634	123,212	3%	4,247,167	130,103	3%
Other income	32	359,328	15,588	4%	226,478	13,589	6%
Gain from bargain purchase	32	-			548,177		
Total revenue and other income		**5,129,962**			**5,021,822**		
Operating expenses							
Purchases	33.1	(571,283)			(575,127)	(3,613)	1%
Subcontracts	33.2	(1,773,965)			(1,498,284)	(6,988)	0%
Services	33.3	(1,282,093)	(307,471)	24%	(1,181,931)	(286,162)	24%
Personnel expenses	33.4	(791,210)	(4)	0%	(845,062)	(371)	0%
Other operating expenses	33.5	(180,252)	(631)	0%	(161,418)	(6,189)	4%
Impairment losses	33.6	(102,423)	(6,514)	6%	(173,583)	(13,341)	8%
Amortisation, depreciation and provisions	33.6	(171,937)			(185,019)		
Total operating expenses		**(4,873,163)**			**(4,620,424)**		
Operating profit		**256,799**			**401,398**		
Financing income (costs) and gains							
Financial income	34.1	69,587	9,023	13%	80,990	13,767	17%
Financial expense	34.2	(147,061)	(10,523)	7%	(155,606)	(5,473)	4%
Net exchange gains (losses)	34.3	4,288			(43,907)		
Net financing costs		(73,186)			(118,523)		
Net losses on equity investments	35	(127,704)			(108,816)		
Net financing costs and net losses on equity investments		**(200,890)**			**(227,339)**		
Profit before tax		**55,909**			**174,059**		
Income taxes	36	(69,160)			(27,041)		
Profit (loss) from continuing operations		**(13,251)**			**147,018**		
Loss from discontinued operations	19	(894)			(5,088)		
Profit (loss) for the year		**(14,145)**			**141,930**		
Profit (loss) for the year attributable to:							
Owners of the parent		(22,128)			146,990		
Non-controlling interests		7,983			(5,060)		

Statement of comprehensive income

(€'000)	Note	2019	2020
Profit (loss) for the year (a)		**(14,145)**	**141,930**
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	20	(29,910)	(75,451)
Net exchange losses on the translation of foreign companies' financial statements reclassified to profit or loss	20	(11,380)	
Net gains on cash flow hedges, net of the tax effect	20	-	482
Net fair value gains recognised in OCI	20		32
Other comprehensive income (expense) related to equity-accounted investees	20	7,912	(39,133)
Items that may not be subsequently reclassified to profit or loss, net of the tax effect:			
Net actuarial gains (losses) on defined benefit plans	20	(5,190)	3,546
Other comprehensive expense (b)		**(38,568)**	**(110,524)**
Comprehensive income (expense) (a) + (b)		**(52,713)**	**31,406**
Comprehensive income (expense) attributable to:			
Owners of the parent		(57,368)	42,880
Non-controlling interests		4,655	(11,474)

Earnings (loss) per share			
From continuing and discontinued operations	38		
Basic		(0.04)	0.16
Diluted		(0.04)	0.16
From continuing operations	38		
Basic		(0.04)	0.17
Diluted		(0.04)	0.17

Statement of cash flows

(€'000)	Note	2019	2020
Operating activities			
Profit (loss) from continuing operations		(13,251)	147,018
adjusted by:			
Amortisation of intangible assets	33	26,960	33,310
Depreciation of property, plant and equipment and right-of-use assets	33	143,976	127,711
Net impairment losses and provisions		113,054	197,581
Accrual for post-employment benefits and employee benefits	25	13,614	14,616
Net gains on the sale of assets		(18,121)	(1,348)
Deferred taxes	36	(39,470)	(23,107)
Share of losses of equity-accounted investees	35	128,279	115,891
Income taxes	36	108,630	50,148
Net exchange gains and losses	34	(4,288)	43,908
Net interest paid during the year	34	77,474	74,617
Gain from bargain purchase	32	-	(548,177)
Other non-monetary items		(4,560)	(51,586)
		532,296	**180,580**
Increase in inventories and contract assets		(508,238)	(55,679)
Decrease in trade receivables		83,260	111,242
(Decrease) increase in contract liabilities		24,838	(113,618)
(Decrease) increase in trade payables		177,849	(49,271)
Decrease (increase) in other assets/liabilities		(66,217)	266,705
Total changes in working capital		**(288,509)**	**159,378**
Increase in other items not included in working capital		(29,154)	(35,346)
Financial income collected		42,633	22,995
Interest expense paid		(89,407)	(82,907)
Income taxes		(81,065)	(48,673)
Cash flows generated by operating activities		**86,795**	**196,028**
Investing activities			
Net investments in intangible assets	7.3	(13,588)	(18,240)
Investments in property, plant and equipment and right-of-use assets	7.1	(85,280)	(165,527)
Proceeds from the sale or reimbursement value of property, plant and equipment		43,515	41,254
Investments in non-current financial assets and capital transactions	9	(195,561)	(54,514)
Dividends and capital repayments from equity-accounted investees	9	13,876	12,700
Proceeds from the sale or reimbursement value of non-current financial		8,508	(8)
Taxes paid during the year on the sale of Lane's Plants & Paving division		(57,209)	-
Cash and cash equivalents from change in consolidation scope		-	199,956
Sales of subsidiaries and business units net of cash and cash equivalents		-	11,021
Acquisitions of subsidiaries and business units net of cash and cash equivalents		(3,897)	194,928
Cash flows generated by (used in) investing activities		**(289,635)**	**221,569**

(€'000)	Note	2019	2020
Financing activities			
Capital increase		592,982	
Dividends distributed	20	(6,093)	(29,704)
Capital injection by non-controlling interests in subsidiaries		436	121,636
Increase in bank and other loans	21	1,324,780	2,177,753
Decrease in bank and other loans	21	(1,363,516)	(1,100,956)
Decrease in lease liabilities	21	(75,513)	(75,187)
Change in other financial assets/liabilities		(267,540)	(24,762)
Cash flows generated by (used in) financing activities		**205,537**	**1,068,782**
Net exchange gains (losses) on cash and cash equivalents		**10,279**	**(440,746)**
Increase (decrease) in cash and cash equivalents		**12,976**	**1,445,634**
Cash and cash equivalents	18	1,107,340	1,020,858
Current account facilities	21	(179,272)	(79,814)
Total opening cash and cash equivalents		**928,068**	**941,044**
Cash and cash equivalents	18	1,020,858	2,455,125
Current account facilities	21	(79,814)	(68,446)
Total closing cash and cash equivalents		**941,044**	**2,386,679**

Statement of changes in equity

(€'000)		Share capital	Share premium reserve	Other reserves: Legal reserve	Share capital increase related charges	Extraordinary and other reserves	Reserve for treasury shares	LTI reserve	Inflation reserve	Total other reserves	Other comprehensive expense: Translation reserve	Hedging reserve	Actuarial reserve	Fair value reserve including tax	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 2019	**20**	**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)	**20**	**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	20			2,397						2,397					-	51,800	(54,197)	-		-
Dividend distribution	20									-					-	(840)		(840)		(840)
Change in consolidation scope	20									-					-	14,407		14,407	6,485	20,892
Capital increase	20	55,260	533,688	11,052	(7,018)					4,034					-			592,982	3,035	596,017
Other changes and reclassifications	20								17,960	17,960					-			17,960	3,537	21,497
Dividend distribution to non-controlling interests	20									-					-			-	(5,252)	(5,252)
Loss for the year	20									-					-		*(22,128)*	(22,128)	*7,983*	(14,145)
Other comprehensive expense	20									-	*(25,225)*	*(4,825)*	*(5,190)*		(35,240)			(35,240)	*(3,328)*	(38,568)
Comprehensive expense	20	-	--	-	-	-	-	-	-	-	*(25,225)*	*(4,825)*	*(5,190)*		*(35,240)*	-	*(22,128)*	(57,368)	*4,655*	(52,712)
As at 31 December 2019	20	**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**
As at 1 January 2020	**20**	**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**
Allocation of loss and reserves	20									-					-	(22,128)	22,128	-		-
Dividend distribution	20									-					-	(27,145)		(27,145)		(27,145)
Change in consolidation scope	20									-					-	3,824		3,824	423,196	427,020
Capital increase	20									-					-			-	135,445	135,445
Other changes and reclassifications	20								14,036	14,036					-			14,036	2,534	16,570
Dividend distribution to non-controlling interests	20									-					-			-	(2,559)	(2,559)
Profit for the year	*20*									-					-		*146,990*	146,990	*(5,061)*	141,930
Other comprehensive expense	*20*									-	*(114,807)*	*7,124*	*3,540*	*32*	(104,111)			(104,111)	*(6,413)*	(110,524)
Comprehensive income	*20*	-	--	-	-	-	-	-	-	-	*(114,807)*	*7,124*	*3,540*	*32*	*(104,111)*	-	*146,990*	42,879	*(11,474)*	31,406
As at 31 December 2020	**20**	**600,000**	**654,486**	**120,000**	**(10,988)**	**136**	**(3,291)**	**-**	**56,760**	**162,617**	**(240,800)**	**(1,737)**	**(2,760)**	**32**	**(245,265)**	**110,161**	**146,990**	**1,428,989**	**655,893**	**2,084,882**

Notes to the consolidated financial statements

1. Basis of preparation

Webuild S.p.A. (the "parent" or "Webuild") is the new name of Salini Impregilo S.p.A. as resolved by its shareholders on 4 May 2020 (the name change was registered with the company registrar on 15 May 2020). It has its registered office in Italy. These consolidated financial statements at 31 December 2020 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.

The parent's board of directors approved the condensed interim consolidated financial statements on 19 March 2021.

Webuild Group has prepared its consolidated financial statements at 31 December 2020 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. Reference should be made to the "Complex accounting estimates and the effects of Covid-19" section for details of the assumptions made in the specific context of the pandemic.

Webuild Group has prepared its consolidated financial statements at 31 December 2020 in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), endorsed by the European Union as required by Regulation 1606/2002 issued by the European Parliament and Council, implemented in Italy by Legislative decree no. 38/2005.

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 2020 are consistent with those used to prepare the 2019 annual consolidated financial statements, to which reference should be made, except for the changes summarised in note 2.

Complex accounting estimates and the effects of Covid-19

As disclosed in the section of the Directors' report on the effects of Covid-19 on the Group's performance, the epidemic has introduced significant uncertainties, especially about external factors.

The preparation of consolidated financial statements in accordance with the IFRS requires management to make judgements and accounting estimates that affect the carrying amounts of assets and liabilities and financial statements disclosures. Given the crisis situation engendered by Covid-19, these judgements and estimates consider the related uncertainties.

The utilisation of an up-to-date group 2021 budget that reflects the uncertainties as a basis for the judgements is essential. The Group's procedures include a planning process split into two parts that take place before the preparation of the annual and interim consolidated financial statements. In this case, the group 2021 budget was prepared considering the critical issues caused by Covid-19.

Firstly, the consolidated financial statements at 31 December 2020 have been prepared assuming the group can continue as a going concern as described earlier. This assumption was made using all the information available over 12 months, including the projected profitability and the availability of financial resources. Specifically, the directors considered the following aspects, which have already been referred to in the relevant section of the Directors' report:

- No contracts were cancelled as a result of the pandemic. While 2020 saw the temporary closure of work sites and slowdowns in production, all the Group's activities except for a few cases, have resumed at the date of preparation of this report although not all of them are operating at pre-Covid-19 levels. However, production output should return to normal levels in the second second quarter of 2021. The revenue not earned in the first six months of the year as a result of the inefficiencies described has not been lost but simply deferred to the future and should already start to be recouped in the second half of this year.
- During the year, the Group liaised constantly with its customers to manage the crisis situation in terms of safety and compliance with government measures. In addition, negotiations also commenced on specific contractual issues, mainly the delays due to the shuttering of work sites and the consequent inefficiencies and included discussions about the additional costs incurred due to the crisis situation which the Group has so far borne almost in full.
- With respect to available financial resources, article 207 of Decree law no. 34/2020 (the Relaunch decree), converted with amendments by Law no. 77 of 17 July 2020, approved by the Italian government, provided for the receipt of contract advances of up to 30% within the limitations and in line with the annual resources earmarked for each project. This also applies to contractors that have already used the contractually-provided for advances or have already started work on the contract without receiving an advance.
- At the date of preparation of this report, the Group is not exposed to potential financial stress scenarios. It has cash and cash equivalents and revolving credit facilities sufficient to meet its short-term requirements. In 2020 and early 2021, it has issued bonds of €1 billion to cover most of its 2021 repayments, including the bonds redeemable in June 2021, which is the most important short-term commitment.
- The parent also analysed its credit risk deriving from its exposure to potential losses arising from the customers' (which are mostly governments or state bodies) non-compliance with their obligations. More information about this is available in the section on the impairment of financial assets.

In addition to that set out above, the complex accounting estimates related to:

- Impairment of non-financial assets (IAS 36). When there is an indication of impairment of property, plant and equipment and intangible assets, the Group estimates the asset's recoverable amount to determine any impairment losses. This impairment test is usually carried out once a year for goodwill.

Checking for impairment indicators using information obtained during the planning process is particularly important in the current situation. In addition, given that the impairment indicators listed in IAS 36 include a check that the carrying amount of the Group's net assets is more than its market capitalisation and also that the Group's market value decreased as a result of Covid-19, the directors checked this difference for impairment testing purposes. Although share prices showed that the carrying amount of net assets was more than the market capitalisation throughout the year, the difference shrank steadily around the reporting date and up until the date of preparation of this report. Moreover, it should be noted that:

- the assets subject to impairment testing as per IAS 36 were carefully checked in line with the reference procedures, the reporting standards and the supervisory authorities' guidelines;
- the expected credit losses on financial assets were measured in accordance with IFRS 9, considering also the uncertainties generated by Covid-19.

As a result, the directors deemed that this indicator is not an impairment indicator.

- Impairment of financial assets (IFRS 9). The Group tests the recoverable amount of financial assets 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.
- Given the Covid-19 situation, the Group estimated the effect of the uncertainties and short-term outlook for the economies of the countries in which it operates on the measurement of expected credit losses over the entire expected life of financial instruments.
- As described earlier, the Group also performed a credit risk analysis in accordance with the provisions of IFRS 7. More information is available in the notes to the consolidated financial statements.
- Measurement of contract assets and liabilities and revenue from customers in accordance with IFRS 15. Application of this standard requires management to make judgements and estimates to determine

contract revenue, including claims for additional consideration, total contract costs and the related stage of completion. 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 the 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. Application of IFRS 15 requires the Group to check the existence of the right to additional consideration and the degree of probability of collecting such consideration. Moreover, the Group is required to estimate possible contract fines such as fines for the late delivery of the works compared to the agreed deadlines.

The Group carefully analysed these elements, especially as part of its planning process which led it to update the group budget before preparation of the consolidated financial statements. It also considered all available information, including that obtained during discussions with customers (as described earlier) to confirm the judgements used in making accounting estimates.

- Assessment of the recoverability of deferred tax assets. Deferred tax assets (like deferred tax liabilities) are calculated on the basis of temporary differences between the carrying amounts of assets and liabilities and their tax bases. The Group recognises deferred tax assets when their recovery is probable. It checks their carrying amount at each reporting date and decreases it when it is no longer probable that sufficient taxable profits will be earned in future years against which the deferred tax assets can be used in whole or in part. Despite the uncertainties caused by Covid-19, the fact that the Group does not expect to lose profits on its order backlog as the revenue and profits have simply been deferred means that the probability of recovery of the deferred tax assets did not change.

Given the uncertain climate generated by Covid-19, actual results may differ from those estimated.

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.

With respect to the economic effects, as described in the section on Covid-19 in the Directors' report, as a global provider of engineering solutions and general contractor for infrastructure works, deemed a strategic sector essential for the economic recovery of many countries (as described earlier), Webuild was able to guarantee substantial continuity in many work sites and the protection of the health and safety of its employees and consultants. Some projects saw the shutdown of work site activities for a few weeks as per the lockdown measures and work was performed to align them with the new measures. As described earlier, all the Group's activities have resumed at the date of preparation of this report although not all of them are operating at pre-Covid-19 levels. The restrictions imposed by customers and governments led to a reduction in production volumes and profit margins. The decrease in revenue and profitability, net of the gain from the bargain purchase, compared to 2019 are both essentially due to the above reasons. However, these decreases are of a temporary nature due to the postponement of works and should be resolved starting from 2021.

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 2020 as well.

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 2020:

Standard/Interpretation	IASB application date
Amendments to references to the conceptual framework in IFRS standards	1 January 2020
Amendments to IFRS 3 (Business combinations) Definition of a business (issued on 22 October 2018)	1 January 2020
Amendments to IFRS 9 (Financial instruments), IAS 39 (Financial instruments: recognition and measurement) and IFRS 7 (Financial instruments: disclosures): Interest rate benchmark reform (issued on 26 September 2019)	1 January 2020
Amendments to IAS 1 (Presentation of financial statements) and IAS 8: (Accounting policies, changes in accounting estimates and errors) Definition of material	1 January 2020
Amendments to IFRS 16 (Leases) Covid-19-Related Rent Concessions (issued on 28 May 2020)	1 June 2020

The standards, amendments and interpretations published by the IASB and endorsed by European Union which become applicable after the reporting date are listed below:

Standard/Interpretation	IASB application date
Amendments to IFRS 4 (Insurance contracts) – Deferral of effective date of IFRS 9 (issued on 25 June 2020)	1 January 2021
Interest rates benchmark reform (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) issued on 27 August 2020	1 January 2021

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) issued on 18 May 2017 and included in the amendments to IFRS 17 issued on 25 June 2020	1 January 2023
Amendments to IAS 1 (Presentation of financial statements): Classification of liabilities as current or non-current (issued on 23 January 2020, and subsequent amendment issued on 15 July 2020)	1 January 2023
Amendments to: • IFRS 3 Business combinations; • IAS 16 Property, plant and equipment; • IAS 37 Provisions, contingent assets and contingent liabilities • Annual Improvements 2018-2020 issued on 14 May 2020	1 January 2022

The above standards and amendments applicable since 1 January 2020 have not had a significant effect on the consolidated financial statements.

3. Non-current assets held for sale and discontinued operations

Honduras branch (Astaldi)

At 31 December 2020, the Group assessed whether the conditions existed to apply IFRS 5 - Non-current assets held for sale and discontinued operations to the Honduras branch of Astaldi Group. Therefore, it has presented its net assets and its operating results separately.

USW Campania

In 2020 and given the new delay in the disposal transactions, the Group decided that the conditions for application of IFRS 5 - Non-current assets held for sale and discontinued operations no longer existed for the USW Campania projects. Therefore, it has reclassified the USW Campania project net assets and operations in the statement of financial position and statement of profit or loss.

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.

On 7 January 2020, the Group completed the sale of the investment in Consorcio Agua Azul S.A., held by Impregilo International Infrastructures N.V., recognising a gain of roughly €5 million. At 31 December 2019, the investment was classified in "Non-current assets held for sale and discontinued operations" in accordance with IFRS 5.

4. Basis of presentation

The Group's consolidated financial statements include the financial statements of the parent, Webuild, and the Italian and foreign operating companies controlled directly or indirectly by Webuild.

The financial statements at 31 December 2020 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 Webuild 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 2020 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 2020 of Webuild, 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 Webuild 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 2019	2019 average rate	Closing rate 31 December 2020	2020 average rate
ZAR South African Rand	15.7773	16.1757	18.0219	18.7655
BRL Brazilian Real	4.5157	4.4134	6.3735	5.8943
COP Colombian Peso	3,688.66	3,674.52	4,202.34	4,217.06
PEN Nuevo Sol	3.7255	3.7364	4.4426	3.9962
AED United Arab Emirates Dirham	4.1257	4.1113	4.5065	4.1947
ARS Argentine Peso	67.2749	67.2749	103.2494	103.2494
AUD Australian Dollar	1.5995	1.6109	1.5896	1.6549
BGN Bulgarian New Lev	1.9558	1.9558	1.9558	1.9558
DZD Algerian Dinar	133.8916	133.6757	162.1071	144.8473
INR Indian Rupee	80.187	78.8361	89.6605	84.6392
IDR Indonesian Rupiah	15,595.6	15,835.27	17,240.76	16,627.37
MAD Moroccan Dirham	10.781	10.766	10.919	10.8235
NIO Niguraguan Cordoba oro	38.0375	37.1597	42.9609	39.2779
RON Romanian New Leu	4.783	4.7453	4.8683	4.8383
LYD Libyan Dinar	1.5709	1.5653	1.6419	1.5827
MYR Malaysian Ringgit	4.5953	4.6374	4.934	4.7959
NGN Nigerian Naira	344.3221	343.0512	465.6845	407.4454
PES Chilean Peso	844.86	786.89	872.52	903.14
PLN Polish Zloty	4.2568	4.2976	4.5597	4.443
RUB Russian Ruble	69.9563	72.4553	91.4671	82.7248
SAR Saudi Riyal	4.2128	4.198	4.6016	4.2832
SGD Singapore Dollar	1.5111	1.5273	1.6218	1.5742
TRY Turkish Lira (new)	6.6843	6.3578	9.1131	8.0547
USD US Dollar	1.1234	1.1195	1.2271	1.1422
NAM Namibian Dollar	15.7773	16.1753	18.0219	18.7655
CHF Swiss Franc	1.0854	1.1124	1.0802	1.0705
GBP British Pound	0.8508	0.87777	0.89903	0.8897
DOP Dominican Peso	59.4629	57.3487	71.4411	64.6052
PKR Pakistani Rupee	173.9591	168.318	196.8241	184.9387
QAR Qatari Riyal	4.0892	4.0749	4.4666	4.1576
DKK Danish Krone	7.4715	7.4661	7.4409	7.4542
OMR Omani Real	0.4319	0.4304	0.4718	0.4392
BsS Bolivar S. (VEF 2017)	52,308.3738	14,692.8696	1,356,945.0779	375,274.0479

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:
    0. assets and liabilities, costs and revenue shown in the subsidiaries' financial statements are fully recognised, regardless of the size of the investment therein;
    1. the carrying amount of the investment is eliminated against the Group's share of its equity;
    2. the main transactions between consolidated entities, including dividends distributed among group companies, are eliminated;
    3. 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;
    - the results of any impairment testing;
- 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 2020 comply with the IFRS and are consistent with those used to prepare the 2019 consolidated financial statements, except for the amendments enacted after 1 January 2020, summarised in the section on the "Changes in standards".

Accounting policies

Property, plant and equipment

Webuild 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.

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 financial asset (financial asset model);
- an intangible asset (intangible asset model);
- 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:

- *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.
- *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:

- 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 Group 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 Group applies 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 Group decides 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 Group 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 37, 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 does not provide 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:

- 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 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 Group 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

Webuild 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.

Webuild 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 2020, 12 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.

5. Business combinations

On 5 November 2020, Webuild completed its acquisition of a controlling investment in Astaldi S.p.A. ("Astaldi") by subscribing a capital increase giving it a 67.23% stake and voting rights of approximately 64.02%. Following the exercise of warrants at the end of the year, Webuild's direct investment was 66.101%, increased by its indirect investment, giving it a total stake of 66.966% in Astaldi at 31 December 2020.

Astaldi is an Italian company limited by shares with its registered office in Rome. Its business object includes construction in general, public and private works, the taking over and operation of works, including under concession, the taking over, performance and operation of plant and engineering activities, study, design and consultancy activities as well as all other activities in Italy and abroad.

Completion of the acquisition ended a process commenced in 2019 when Webuild made a financial and industrial offer as part of Astaldi's composition with creditors procedure. On 28 September 2018, Astaldi had presented its application for a composition with creditors on a going concern basis procedure as per article 161 and following articles of the Bankruptcy Law to the bankruptcy section of the Rome Court.

On 19 June 2019, Astaldi filed the definitive composition with creditors plan together with the proposal and additional documentation requested (subsequently updated on 16 July 2019, 20 July 2019 and 2 August 2020 - the "composition with creditors proposal").

On 31 July 2020, to comply with the requirements of the Astaldi composition with creditors procedure, Astaldi's shareholders resolved, inter alia, in an extraordinary meeting:

(i) (a) an indivisible capital increase against payment, excluding a rights offering, as per article 2441.5/6 of the Italian Civil Code, of €225,000,000.00, including a premium, by issuing 978,260,870 ordinary shares, without a nominal amount, at a unit price of €0.23 to be reserved to Webuild, to be paid in cash (the "Webuild capital increase"); (b) the issue and assigning of 80,738,448 anti-dilutive warrants to Webuild, which gives Webuild the right to a maximum of 80,738,448 ordinary Astaldi shares without a nominal value ("bonus shares") in the ratio of one new ordinary Astaldi share to each anti-dilutive warrant exercised; (c) the issue of a maximum of 80,738,448 ordinary Astaldi shares without a nominal amount ("bonus shares") to be used for the exercise of the anti-dilutive warrants, without changing the share capital;

(ii) (a) a divisible capital increase against payment, excluding a rights offering, as per article 2441.5/6 of the Italian Civil Code for a maximum amount of up to €98,653,846.00, including a premium, by issuing a maximum of 428,929,765 Astaldi shares without a nominal amount at a unit price of €0.23 to be reserved to the filed and potential creditors to be assigned as payment of their claims in the ratio of 12.493 new shares to each €100.00 of unsecured claims with Astaldi (the "capital increase for conversion purposes");

(iii) a divisible capital increase against payment, excluding a rights offering, as per article 2441.5/6 of the Italian Civil Code for a maximum amount of up to €10,000,000.00, including a premium, by issuing a maximum of 43,478,261 Astaldi shares without a nominal amount at a unit price of €0.23 to be reserved to the creditors not provided for or included in the composition with creditors procedure to be assigned as payment of their claims in the ratio of 12.493 new shares to each €100.00 of unsecured claims with Astaldi (the "capital increase for the creditors not provided for");

On the same date, in their extraordinary meeting, Astaldi's shareholders also resolved on: (a) the issue and assigning of 79,213,774 lending bank warrants to Astaldi's banks, which give them the right to subscribe ordinary Astaldi shares in the ratio of one share to each lending bank warrants to be exercised within three years from the date of registration of the resolutions with the company registrar; (b) a divisible capital increase against payment, excluding a rights offering, as per article 2441.5/6 of the Italian Civil Code, for a maximum of €18,219,168.00, including a premium (the "capital increase for the lending banks") by issuing a maximum of 79,213,774 Astaldi shares without a nominal amount at a unit price of €0.23, reserved exclusively and irrevocably to services the lending bank warrants and, therefore, the exercise of the subscription rights given to the holders of the lending bank warrants.

Astaldi's acquisition is the most significant acquisition transaction envisaged for Progetto Italia, set up for the domestic large works and construction sector by Webuild to become the industrial partner of the main sector operators, both those operating as going and gone concerns. Its objective is to shore up the sector and create a global player with a strong domestic base, that is competitive on the international playing field and has a financial structure able to foster growth and stability, as well as the appropriate management processes and expertise to select projects and manage risks. Therefore, Progetto Italia is designed to consolidate in Webuild other Italian companies active in the complex infrastructure construction sector through the acquisition and subsequent integration of companies, business units, 100% investments, controlling investments or by working together on individual contracts.

Webuild intends to lever Progetto Italia to create a group of a size, technical expertise, professional know-how and financial, capital and economic solidity to compete more aggressively with the large international players on the global stage. The Project will bolster the construction sector's relaunch in Italy and enable Italian companies to be more competitive on international markets.

The acquisition is a unique opportunity to create a market leader in the European infrastructure construction sector with a large EPC order backlog. The new group will have the necessary strong critical mass, allowing a growth in turnover and its global footprint, especially in countries with interesting development potential for infrastructure works. The synergies between their geographical bases and infrastructure sectors served by Astaldi will foster risk diversification and efficient financial management.

Another reason underpinning the acquisition was the intention to restore operating stability to Astaldi's contracts, reduce the risk of discontinuity and create significant benefits for all the Group's stakeholders, including the plethora of companies involved as suppliers and subcontractors in Italy and abroad.

As set out in more detail above, the acquisition took the form of a cash capital increase of €225 million reserved to Webuild, the proceeds of which were partly used to settle the secured and pre-deductible claims and partly to support Astaldi's continuity plan. Webuild financed the transaction using the liquidity obtained with the capital increase that was fully subscribed and paid up by Salini Costruttori, CDP Equity, Banco BPM, Intesa Sanpaolo, UniCredit and other institutional investors in November 2019.

Webuild's direct investment of 66.282% is supplemented by its indirect stake held through its investees which are Astaldi's unsecured creditors gives it a total interest of 67.23% at the acquisition date.

The following table presents the key figures from Astaldi Group's statement of financial position at the acquisition date and their fair values determined as part of the purchase price allocation (PPA) procedure in line with IFRS 3.

(€'000)	Carrying amount	Adjustments	Fair value
Non-current assets	121,000	383,231	504,231
- of which intangible assets	*37,053*	*383,231*	*420,284*
Equity investments	92,824	28,711	121,535
Non-current financial assets	46,894	-	46,894
Deferred tax assets	89,405	45,900	135,305
Total non-current assets	350,123	457,842	807,965
Inventories	40,421	-	40,421
Contract assets	1,012,296	(180,000)	832,296
Trade receivables	648,542	-	648,542
Other current assets and non-current assets held for sale	550,171	-	550,171
Cash and cash equivalents	421,927	-	421,927
Total current assets	2,673,357	(180,000)	2,493,357
Total assets	**3,023,480**	**277,841**	**3,301,321**
Non-current financial liabilities	62,221	-	62,221
Post-employment benefits and employee benefits	6,164	-	6,164
Deferred tax liabilities	57,938	112,708	170,646
Provisions for risks and charges	36,070	11,200	47,270
Total non-current liabilities	162,393	123,908	286,301
Current financial liabilities	335,798	-	335,798
Contract liabilities	512,740	(80,000)	432,740
Other liabilities and liabilities associated with assets held for sale	1,047,757	-	1,047,757
Total current liabilities	1,896,295	(80,000)	1,816,295
Total liabilities	**2,058,688**	**43,908**	**2,102,596**
Equity attributable to non-controlling interests	**(2,109)**		**(2,190)**
Net assets acquired	**966,982**	**233,933**	**1,200,915**

The fair value of the financial assets and liabilities was determined in line with the methods set out in the "Fair value of financial instruments" section at the start of these notes, while the fair value of the other assets and liabilities was determined by discounting the future cash flows of Astaldi's contracts using the unlevered discounted cash flow method (UDCF). The discount rates reflect the country risk of the country where the project is based and Astaldi's size risk. The fair value adjustments to the intangible assets, equity investments and contract assets and liabilities mostly relate to the measurement of Astaldi's order backlog and the cash flows of its contract assets and liabilities.

The fair value of the provisions for risks was determined considering possible risks as allowed by IFRS 3 as a departure from the provisions of IAS 37.

All the above assets and liabilities are categorised in level 3 as they are based on unobservable inputs.

The difference between the consideration transferred and the net assets acquired is recognised as a gain from a bargain purchase as shown below:

(€'000)	
Consideration transferred to acquire a controlling interest	225,000
Value of the Webuild shares	2,000
Value of the non-controlling interests	425,738
Net assets acquired	(1,200,915)
Gain from a bargain purchase	**(548,177)**

Given the existence of a gain from a bargain purchase, the Group applied the provisions of IFRS 3.34-36 and adopted a prudent approach to measure the identifiable assets acquired, liabilities assumed and the non-controlling interest in the investee, assisted by external advisors. It adopted the partial goodwill approach under which the fair value of the non-controlling interest was determined considering the fair value of the net assets acquired and the fair value of the bonus warrants calculated for the purposes of Astaldi's consolidated financial statements.

The gain from the bargain purchase of €548.2 million has been recognised under Other income as "Gain from a bargain purchase" in the statement of profit or loss for the year ended 31 December 2020.

The acquisition generated net cash and cash equivalents of €194.9 million as follows:

(€'000)	
Total net assets acquired	**1,200,915**
Gain from a bargain purchase	(548,177)
Less non-controlling interests	(425,738)
Less cash acquired	(421,927)
Cash and cash equivalents net of cash acquired and used for the acquisition	**(194,927)**

Given the complexity of the transaction, these amounts have been determined on a provisional basis.

The following table shows the key statement of profit or loss figures of Astaldi Group. The "5/11/2020 - 31/12/2020" column presents its contribution to Webuild's statement of profit or loss. The "1/1/2020 - 31/12/2020" column presents Astaldi's contribution as if it had been consolidated from 1 January 2020, less the proceeds from the discharging of its debts.

(€'000)	**5/11/2020 - 31/12/2020**	**1/1/2020 - 31/12/2020**
Revenue	304,160	1,422,791
Operating expenses	(299,304)	(1,520,113)
Net financing costs and gains (losses) on equity investments	10,630	(73,026)
Profit (loss) before tax	**15,486**	**(170,348)**

Other changes in the consolidation scope

The "List of Webuild Group companies" annex provides information about changes in the consolidation scope due to the acquisition of Astaldi Group. As a result of the combination of this group's investments with those of

Webuild, the consolidation method changed for Sirjo S.c.p.A., Consorzio Iricav Due, Metro Blu s.c.r.l., Napoli Cancello Alta Velocità S.c.r.l., S. Agata FS S.c.r.l., Consorzio Hirpinia AV and Passante Dorico S.p.A..

Astaldi Group's separate unit is not consolidated as it is an accounting silo not controlled by Astaldi in accordance with IFRS 10.

The number of consolidated companies varies due to the set up and the winding up of companies to manage ongoing contracts.

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, Webuild, 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 €161.5 million for 2020 compared to €153.0 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 with comparative figures for 2019 (statement of profit or loss) and at 31 December 2019 (statement of financial position).

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 and other income	**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)**	**(4,598,804)**
Gross operating profit	**30,975**	**470,575**	**29,608**	**531,158**
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)**	**256,798**
Return on Sales				*5.0%*
Net financing costs and net losses on equity investments				(200,890)
Profit before tax				**55,908**
Income taxes				(69,160)
Loss from continuing operations				**(13,252)**
Loss from discontinued operations				(894)
Loss for the year				**(14,146)**

(*) 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 profit or loss by operating segment - 2020

(€'000)	Italy (*)	Abroad	LANE Group (**)	Total
Revenue from contracts with customers	887,260	2,376,148	983,759	4,247,167
Other income	92,997	130,211	3,269	226,478
Gain from bargain purchase	548,177	-	-	548,177
Total revenue and other income	**1,528,434**	**2,506,360**	**987,028**	**5,021,822**
Operating expenses				
Production costs	(869,687)	(1,687,610)	(698,045)	(3,255,342)
Personnel expenses	(165,163)	(382,758)	(297,141)	(845,062)
Other operating expenses	(91,128)	(66,761)	(3,529)	(161,418)
Total operating expenses	**(1,125,978)**	**(2,137,129)**	**(998,715)**	**(4,261,822)**
Gross operating profit (loss)	**402,456**	**369,231**	**(11,687)**	**760,000**
Gross operating profit (loss) margin %	*26.3%*	*14.7%*	*-1.2%*	*15.1%*
Impairment losses	(32,074)	(131,432)	(10,077)	(173,583)
Amortisation, depreciation and provisions	(58,551)	(83,900)	(42,568)	(185,019)
Operating profit (loss)	**311,832**	**153,899**	**(64,333)**	**401,398**
Return on Sales				*8.0%*
Net financing costs and net losses on equity investments				(227,339)
Profit before tax				**174,059**
Income taxes				(27,041)
Profit from continuing operations				**147,018**
Loss from discontinued operations				(5,088)
Profit for the year				**141,930**

(*) The operating profit includes the costs of the central units and other general costs of €161.5 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 (Impregilo New Cross).

The figures for Lane Group in the above tables are its IFRS-compliant figures. They do not include the non-controlling investments in joint ventures included under "Joint ventures not controlled by Lane" as presented in the Directors' report.

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. Reference should be made to the section on "Initial considerations on the comparability of data" of the Directors' report for more information.

Statement of financial position at 31 December 2019 by operating segment

(€'000)	Italy	Abroad	LANE Group	Total
Non-current assets	751,407	390,771	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)**	**608,692**
Net invested capital	**854,986**	**1,265,246**	**15,336**	**2,135,568**
Equity				1,504,145
Net financial indebtedness				631,423
Total financial resources				**2,135,568**

Statement of financial position at 31 December 2020 by operating segment

(€'000)	Italy	Abroad	LANE Group	Total
Non-current assets	1,184,288	522,051	232,431	**1,938,770**
Assets held for sale, net	23	(5,086)	-	**(5,062)**
Provisions for risks	(70,628)	(66,584)	(59,139)	**(196,351)**
Post-employment benefits and employee benefits	(21,171)	(12,583)	(29,595)	**(63,349)**
Net tax assets (liabilities)	432,317	(82,968)	22,300	**371,650**
Working capital	**(261,384)**	**820,691**	**(78,189)**	**481,118**
Net invested capital	**1,263,445**	**1,175,522**	**87,808**	**2,526,776**
Equity (deficit)				**2,084,882**
Net financial indebtedness				**441,894**
Total financial resources				**2,526,776**

The figures in the above tables at 31 December 2020 include the effects of the PPA procedure performed after the acquisition of Astaldi Group.

Statement of financial position

7. Property, plant and equipment, intangible assets and right-of-use assets

Property, plant and equipment, intangible assets and right-of-use assets are analysed in the table below:

(€'000)	31 December 2019	31 December 2020	Variation
Property, plant and equipment	333,511	477,497	143,986
Right-of-use assets	144,184	164,632	20,448
Investment property	-	120	120
Intangible assets	185,096	586,367	401,271
Total	**662,791**	**1,228,616**	**565,825**

7.1 Property, plant and equipment

Property, plant and equipment amount to €477.5 million, up from the 31 December 2019 figure by €144.0 million. The historical cost and carrying amounts are given in the following table:

(€'000)	31 December 2019 Cost	Acc. depreciation	Carrying amount	31 December 2020 Cost	Acc. depreciation	Carrying amount
Land	9,651	-	9,651	13,850	-	13,8506
Buildings	132,218	(82,578)	49,640	141,454	(81,730)	59,724
Plant and machinery	919,383	(716,326)	203,057	951,141	(715,180)	235,961
Industrial and commercial equipment	112,678	(101,097)	11,581	110,603	(100,088)	10,515
Other assets	58,728	(51,853)	6,875	64,211	(51,340)	12,871
Assets under const. and payments on	52,707	-	52,707	144,577	-	144,577
Total	**1,285,365**	**(951,854)**	**333,511**	**1,425,836**	**(948,338)**	**477,498**

Prior year changes are summarised below:

(€'000)	31 December 2018	IFRS 16 reclass. at 1 January 2019	Increases	Depreciation	Reversals of imp. losses (Imp. losses)/ Reval.	Reclassific-ations	Disposals	Exchange gains (losses) and other changes	Change in cons. scope	31 December 2019
Land	10,059		147				(790)	156	79	9,650
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)**	**4,258**	**12,784**	**333,511**

Changes during the year are summarised below:

(€'000)	31 December 2019	Increases	Deprec-iation	Reversals of imp. losses (Imp. losses)/Reval.	Reclassific ations	Disposals	Change in cons-scope	Exchange gains (losses) and other changes	31 December 2020
Land	9,651	-	-	-	3,428	(325)	1,631	(536)	13,850
Buildings	49,640	3,643	(7,778)	-	655	(5,872)	20,826	(1,390)	59,724
Plant and machinery	203,057	80,038	(61,329)	(28)	3,743	(21,594)	42,053	(9,979)	235,961
Industrial and commercial equipment	11,581	7,486	(3,573)	(230)	6,115	(11,202)	686	(348)	10,515
Other assets	6,875	2,676	(2,709)	-	34	(906)	6,585	316	12,871
Assets under const. and payments on account	52,707	85,936	-	-	(4,328)	-	8,792	1,470	144,577
Total	**333,511**	**179,779**	**(75,389)**	**(258)**	**9,648**	**(39,899)**	**80,573**	**(10,467)**	**477,498**

The most significant changes include:

- increases of €179.8 million, mainly related to the Australian joint venture Snowy Hydro (€118.6 million), now fully operational, and Lane Group (€9.1 million);
- disposals of €39.9 million, principally related to plant and machinery. These disposals mostly refer to the Forrestfield Airport Link (Australia) (€10.4 million), the French branch (€7.6 million) and the Red Line North Underground project in Doha (Qatar) (€4.7 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 reclassifications refer to right-of-use assets showing the effect of the purchase of leased assets (€4.0 million) and the USW Campania assets held for sale (€5.6 million). More information is provided in note 19.
- The change in the consolidation scope mostly refers to the acquisition of Astaldi Group (€58.7 million).

7.2 Right-of-use assets

Right-of-use assets amount to €164.6 million, an increase on the 31 December 2019 balance of €20.4 million.

The historical cost and carrying amounts of the right-of-use assets are shown in the following table:

(€'000)	31 December 2019 Cost	Acc. depreciation	Carrying amount	31 December 2020 Cost	Acc. depreciation	Carrying amount
Land	4,406	(946)	3,460	4,230	(1,692)	2,538
Buildings	64,391	(13,631)	50,761	72,255	(30,881)	41,374
Plant and machinery	157,235	(69,981)	87,254	251,078	(133,474)	117,604
Industrial and commercial equipment	1,667	(1,244)	424	3,056	(2,563)	493
Other assets	3,840	(1,554)	2,286	5,508	(2,885)	2,623
Total	**231,539**	**(87,356)**	**144,184**	**336,127**	**(171,495)**	**164,632**

Prior year changes are summarised below:

(€'000)	IFRS 16 FTA at 31 December 2018	Increases	Depreciation	Reversals of imp. losses (Imp. losses)/ Reval.	Reclassific-ations	Decreases	Exchange gains (losses) and other changes	Change in cons. scope	31 December 2019
Land	5,228	66	(946)			(894)	5		3,460
Buildings	45,974	17,637	(13,836)		2,181	(1,629)	46	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**

Changes during the year are summarised below:

(€'000)	31 December 2019	Increases	Depreciation	Reversals of imp. losses (Imp. losses)/ Reval.	Reclassific-ations	Decreases	Exchange gains (losses) and other changes	Change in cons. scope	31 December 2020
Land	3,460	36	(839)	-	(121)	-	3	-	2,538
Buildings	50,761	8,046	(14,415)	-	(497)	(11,114)	(1,067)	9,660	41,374
Plant and machinery	87,254	57,159	(35,613)	-	(1,029)	(4,809)	(3,939)	18,579	117,604
Industrial and commercial equipment	424	3,366	(352)	-	(3,337)	(10)	(7)	410	493
Other assets	2,286	409	(1,104)	-	1,020	(207)	(68)	286	2,623
Total	**144,184**	**69,016**	**(52,323)**	**-**	**(3,964)**	**(16,140)**	**(5,078)**	**28,935**	**164,632**

The most significant changes are:

- increases of €69 million, chiefly related to Lane Group (€34 million) and the French branch (€20 million);
- decreases of €16.1 million, mostly due to the remeasurement of the right-of-use assets in accordance with IFRS 16 following the non-renewal of leases for the Via dei Missaglia building by the head office;
- reclassifications arising from purchases of leased assets by the head office and the Ethiopian branch;

- the change in the consolidation scope, which mostly refers to the acquisition of Astaldi Group (€25.1 million).

Investment property

This item of €0.1 million refers to Astaldi Group and includes buildings and land not used in its operations.

7.3. Intangible assets

Intangible assets amount to €586.4 million, up from the 31 December 2019 figure by €401.3 million. The historical cost and carrying amount are given in the following table:

	31 December 2019			31 December 2020		
(€'000)	Cost	Acc. amortisation	Carrying amount	Cost	Acc. amortisation	Carrying amount
Rights to infrastructure under concession	64,759	(9,097)	55,662	63,593	(9,393)	54,200
Contract costs	279,895	(152,488)	127,407	751,187	(220,955)	530,232
Other	7,063	(5,036)	2,027	13,855	(11,920)	1,935
Total	**351,717**	**(166,621)**	**185,096**	**828,635**	**(242,268)**	**586,367**

Rights to infrastructure under concession of €54.2 million decreased by €1.5 million compared to 31 December 2019.

(€'000)	31 December 2018	Increases	Amortisation	(Impairment losses) and Reval.	Net exchange losses	Reclassific.	31 December 2019
SA.BRO.M. S.p.A.	43,967	158					44,125
Corso del Popolo S.p.A.	9,853		(376)				9,477
Mercovia S.A.	2,535	1,193	(759)		(909)		2,060
Total	**56,355**	**1,351**	**(1,135)**	**-**	**(909)**	**-**	**55,662**

Changes of the year are detailed in the following table:

(€'000)	31 December 2019	Increases	Amortisation	(Impairment losses) and Reval.	Net exchange losses	Reclassific.	31 December 2020
SA.BRO.M. S.p.A.	44,125	158	-		-		44,283
Corso del Popolo S.p.A.	9,477	-	(376)		-		9,101
Mercovia S.A.	2,060	567	(1,093)		(718)		816
Total	**55,662**	**725**	**(1,469)**	**-**	**(718)**	**-**	**54,200**

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 completed its work on 24 June 2020 with report no. 8 acknowledging the proposals of both parties for the rebalancing of the economic and financial plan on which the Terni municipal council shall express an opinion. 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 €530.2 million increased by €402.8 million on 31 December 2019. 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.

A breakdown of the item and changes of the year for 2019 and 2020 are shown below:

(€'000)	31 December 2018	Increases	Amortisation	Net exchange gains	Reclassifications	31 December 2019
COCIV (Milan - Genoa railway line)	33,309		(8,353)			24,956
Riyadh Metro (Saudi Arabia)	17,055		(4,220)			12,835
Iricav Due (Verona - Padua railway line)	12,510					12,510
Other	1,672		(970)			702
Total contract acquisition costs	**64,546**	**-**	**(13,543)**	**-**	**-**	**51,003**
Riachuelo Lot 3 (Argentina)	331		(214)	(2)		115
Fisia It. Acciona Agua Lotto 2 UTE (Argentina)		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	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

(€'000)	31 December 2019	Increases	Amortisation	(Imp. losses)/Reval.	Net exchange losses	Reclass. and change in consolidation scope	31 December 2020
COCIV (Milan - Genoa railway line	24,956	-	(3,017)				21,939
Riyadh Metro (Saudi Arabia)	12,835	-	(4,132)				8,703
Iricav Due (Verona - Padua railway	12,510	12,910	(687)				24,733
Astaldi Group	-	-	(14,462)			383,231	368,769
Other	702	-	(559)				143
Total contract acquisition costs	**51,003**	**12,910**	**(22,857)**	**-**	**-**	**383,231**	**424,287**
Fisia It. Acciona Agua Lotto 2 UTE (Argentina)	8,865	2,057	(845)		(3,088)	(88)	6,901
Astaldi Group	-		(121)	934	-	33,616	34,429
Mobilinx Hurontario (Canada)	1,515	-	(121)		(99)		1,295
Sa.Pi. Nor. (Norway)	1,109	-	(173)		(68)		868
Other	497	177	(308)		(198)		168
Total incremental costs of obtaining a contract	**11,985**	**2,234**	**(1,568)**	**934**	**(3,453)**	**33,528**	**43,661**
COCIV (Milan - Genoa railway line	64,299		(6,727)				57,572
Riyadh Metro (Saudi Arabia)	88		(52)		9		45
SANG (Riyadh, Saudi Arabia)	24		(13)		1		12
Astaldi Group	-	1,959	-			2,696	4,655
Other	8		-		(8)		-
Total costs to fulfil a contract	**64,419**	**1,959**	**(6,792)**	**-**	**2**	**2,696**	**62,284**
Total contract costs	**127,407**	**17,103**	**(31,217)**	**934**	**(3,451)**	**419,455**	**530,232**

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)", the increase of €12.9 million is due to the Group's acquisition of Condotte's rights and contractual obligations for Iricav Due. Amortisation of the acquisition cost commenced when work started.

The costs to fulfil the contract mostly refer to the purchase price allocation procedure performed after the acquisition of Astaldi Group for €383.2 million, including foreign contracts (€206.3 million) and amortisation (€ 14.5 million) charged for two months. More information is available in the "Business combinations" section.

The incremental costs of obtaining a contract mainly relate to Lot 2 of the Riachuelo project in Argentina awarded to Fisia Italimpianti and Astaldi Group.

The costs to fulfil the contract mostly comprise COCIV's pre-operating costs.

The €33.6 million increase in the incremental costs to obtain a contract mostly refer to the inclusion of Astaldi Group in the consolidation scope after its acquisition on 5 November 2020.

There are no indicators of impairment for the contracts to which the costs refer.

Other intangible assets amount to €1.9 million, substantially unchanged from the 31 December 2019 figure. The historical cost and carrying amount are given in the following table:

(€'000)	31 December 2019 Cost	Acc. amortisation	Carrying amount	31 December 2020 Cost	Acc. amortisation	Carrying amount
Industrial patents	192	(127)	65	3,748	(3,347)	401
Concessions	64	(64)	-	64	(64)	-
Software	5,226	(3,903)	1,323	4,877	(4,163)	714
Assets under const. and payments on account	-	-	-	4	-	4
Other	1,580	(941)	639	5,158	(4,342)	816
Total	**7,062**	**(5,035)**	**2,027**	**13,851**	**(11,916)**	**1,935**

Prior year changes are as follows:

(€'000)	31 December 2018	Increases	Amortisation	Reclassifi-cations	Disposals	Net exchange gains	Change in consolidation scope	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**

Changes during the year are set out below:

(€'000)	31 December 2019	Increases	Amortisation	Other changes	Disposals	Net exchange losses	Change in consolidation scope	31 December 2020
Industrial patents	65	45	(51)			(36)	378	401
Software	1,323	136	(300)	(408)		(41)	4	714
Other	639	231	(273)			(143)	366	820
Total	**2,027**	**412**	**(624)**	**(408)**	**-**	**(220)**	**748**	**1,935**

8. Goodwill

Goodwill of €70.0 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 2018	Increases	Decreases	Net exchange gains	31 December 2019
Lane Group	74,713	-	-	1,348	76,061
Total	**74,713**	**-**	**-**	**1,348**	**76,061**

Changes during the year are set out below:

(€'000)	31 December 2019	Increases	Impairment losses	Net exchange losses	31 December 2020
Lane Group	76,061	-	-	(6,041)	70,020
Total	**76,061**	**-**	**-**	**(6,041)**	**70,020**

At 31 December 2020, 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: 2%;
- post-tax discount rate: 8.89%

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 was calculated using the cash flow projections set out in the five-year 2021-2025 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 (+/-1%) and terminal value.

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).

9. Equity investments

Equity investments decreased by €2.4 million to €640.1 million.

(€'000)	31 December 2019	31 December 2020	Variation
Investments in equity-accounted investees	642,185	584,431	(57,754)
Other equity investments	301	26,752	26,451
Participating financial instruments	-	28,952	28,952
Total	**642,486**	**640,135**	**(2,351)**

The participating financial instruments were assigned by Astaldi S.p.A. to the group companies as partial settlement of their unsecured claims and qualify as equity instruments pursuant to IAS 32, as they do not include any contractual obligation (more information is available in the "Astaldi" section in the Directors' report).

The main changes that led to differences in the carrying amounts of the equity investments are summarised below:

(€'000)	31 December 2019	31 December 2020
Change in consolidation scope	-	114,905
Capital transactions	167,362	39,845
Acquisitions, capital injections and disinvestments	(393)	(43)
Share of loss of equity-accounted investees	(34,388)	(104,523)
Dividends from equity-accounted investees	(13,876)	(12,700)
Reclassifications	(6,292)	3,311
Other changes including change in the translation reserve	(8,184)	(43,146)
Total	**104,229**	**(2,351)**

The increase in this item is due to the change in the consolidation scope following the acquisition of Astaldi Group. The balance shows the carrying amount of all the unconsolidated investees (associates and other companies) and the amount (€28.7 million) resulting from the purchase price allocation.

The item also increased due to the capital transactions of €39.8 million, mainly due to the following factors:

- the increase in Lane Group's equity investments due to capital transactions of €22.5 million;
- the increase in the Grupo Unidos por el Canal investment, mainly due to injections and payments made on its behalf of €12.6 million.

The €104.5 million decrease includes €97.9 million for the impairment of the investment in the associate Grupo Unidos por el Canal recognised in profit and loss and described below. The overall effect on profit or loss is analysed in note 35 and includes the changes in the provision for risks on equity investments set out in note 26.

As already described in previous annual reports, 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.

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 Group performed the assessments underlying the impairment test at 31 December 2020 in line with the methods applied for the year end tests. Therefore, it considered:

- internal procedures;
- the IFRS (principally IAS 36 and IFRS 9);
- the guidance and recommendations of the main market regulators, and specifically the documents dealing with Covid-19.

The Group used the actual and forward-looking (2021 forecasts) financial data prepared by the investees' management to:

- **identify the CGUs**, considering the main assessment parameters are the contracts, given the nature of the Group's business;
- **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;
- **assess any uncertainties** related to the general situation as a result of the outbreak of Covid-19 when preparing the forward-looking data (IAS 36 and IFRS 9).

Reference should be made to the "Complex accounting estimates and the effects of Covid-19" section for more information about the Group's assessments underlying the complex accounting estimates related to the Covid-19 pandemic.

The investment in GUPC subjected to impairment testing after identification of trigger events is described below.

Grupo Unidos Por El Canal S.A.

At 31 December 2020, the Group tested the investment in this Panama-based SPE.

The impairment loss was performed by discounting the expected cash flows using the assumed settlement of the claims and other assets held in 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 of 3.8% (4.1%) was defined considering:

- a risk-free component based on the five-year US bonds adjusted to reflect inflation;
- a country risk component;
- a spread that reflects the typical business risk.

The Group recognised an impairment loss of €76.4 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 decreased to €611.2 million by €31.3 million compared to 31 December 2019:

(€'000)	31 December 2019	31 December 2020	Variation
Investments in associates	116,267	163,440	47,173
Investments in jointly controlled entities	525,918	420,991	(104,927)
Investments in other companies	301	26,752	26,451
Total	**642,486**	**611,183**	**(31,303)**

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 26), decreased to €66.8 million by €2.5 million compared to 31 December 2019:

(€'000)	31 December 2019	31 December 2020	Variation
Investments in associates	(2,185)	(5,149)	(2,964)
Investments in jointly controlled entities	(63,008)	(50,622)	12,387
Investments in other companies	(4,125)	(11,018)	(6,893)
Total	**(69,319)**	**(66,789)**	**2,529**

The "Investments in jointly controlled entities" mostly refer to the Lane Group joint ventures and, in particular, the joint venture working on the I-4 Ultimate project.

The amount recognised in profit or loss is as follows:

(€'000)	2019	2020	Variation
Investments in associates	(6,003)	(19,084)	(13,081)
Investments in jointly controlled entities	(118,312)	(93,812)	24,500
Investments in other companies	(3,922)	(2,740)	1,182
Total	**(128,238)**	**(115,637)**	**12,601**

The classification of Webuild 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 2020 and 2019, 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.

Webuild 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 2020 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
Autopistas 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 Webuild Group's relationship with the above companies is provided below:

(1) the company is held directly by Webuild 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 Webuild'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 Webuild'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 Webuild'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 subsidiary 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 2019	31 December 2020
Non-current assets		
Property, plant and equipment and intangible assets	189,652	302,787
Non-current financial assets		
Other non-current assets		
Total non-current assets	**189,652**	**302,787**
Current assets		
Cash and cash equivalents and other financial assets	26,583	14,739
Other current assets	64,090	52,944
Total current assets	**90,673**	**67,683**
Total assets	**280,325**	**370,470**

€'000	31 December 2019	31 December 2020
Equity	**21,358**	**11,888**
Non-current liabilities		
Non-current financial liabilities	108,095	102,633
Other non-current liabilities	174	179
Total non-current liabilities	**108,269**	**102,812**
Current liabilities		
Current financial liabilities	83,970	77,668
Other current liabilities	66,728	178,102
Total current liabilities	**150,698**	**255,770**
Total liabilities	**280,325**	**370,470**

€'000 Group share	31 December 2019	31 December 2020
Opening equity	**1,888**	**10,322**
Comprehensive income (expense)	8,434	(4,576)
Dividends distributed		
Capital increases and other variations		
Closing equity	**10,322**	**5,746**
Loan asset		
Goodwill and other intangible assets		
Carrying amount	**10,322**	**5,746**

€'000	2019	2020
Revenue	53,080	199,267
Operating expenses	(40,277)	(201,182)
Operating profit (loss)	**12,803**	**(1,915)**
Net financing income (costs)	4,960	(4,566)
Profit (loss) before tax	**17,763**	**(6,481)**
Income taxes	(281)	(353)
Profit (loss) from continuing operations	**17,482**	**(6,834)**
Other comprehensive expense	(32)	(2,635)
Comprehensive income (expense)	**17,450**	**(9,469)**

Metro de Lima 2 S.A. (Peru)

€'000	31 December 2019	31 December 2020
Non-current assets		
Property, plant and equipment and	32	102
Non-current financial assets		
Other non-current assets		
Total non-current assets	**32**	**102**
Current assets		
Cash and cash equivalents and other financial assets	5,329	5,795
Other current assets	417,835	375,249
Total current assets	**423,164**	**381,044**
Total assets	**423,196**	**381,146**

€'000	31 December 2019	31 December 2020
Equity	**146,958**	**145,274**
Non-current liabilities		
Non-current financial liabilities		
Other non-current liabilities	4,593	4,205
Total non-current liabilities	**4,593**	**4,205**
Current liabilities		
Current financial liabilities	43,527	30,750
Other current liabilities	228,118	200,917
Total current liabilities	**271,645**	**231,667**
Total liabilities	**423,196**	**381,146**

€'000 Group share	31 December 2019	31 December 2020
Opening equity	**23,409**	**26,820**
Comprehensive income (expense)	3,411	(307)
Dividends distributed		
Capital increases and other variations		
Closing equity	**26,820**	**26,513**
Loan asset		
Goodwill and other intangible assets		
Carrying amount	**26,820**	**26,513**

€'000	2019	2020
Revenue	303,231	197,265
Operating expenses	(293,524)	(188,804)
Operating profit	**9,707**	**8,461**
Net financing income	11,114	4,653
Profit before tax	**20,821**	**13,114**
Income taxes	(4,543)	(1,581)
Profit from continuing operations	**16,278**	**11,533**
Other comprehensive income (expense)	2,410	(13,217)
Comprehensive income (expense)	**18,688**	**(1,684)**

Eurolink S.c.p.A. (Italy)

€'000	31 December 2019	31 December 2020
Non-current assets		
Current assets		
Cash and cash equivalents and other financial assets	282	593
Other current assets	60,081	59,563
Total current assets	**60,363**	**60,156**
Total assets	**60,363**	**60,156**

€'000	31 December 2019	31 December 2020
Equity	**37,500**	**37,500**
Current liabilities		
Current financial liabilities	-	-
Other current liabilities	22,863	22,656
Total current liabilities	**22,863**	**22,656**
Total liabilities	**60,363**	**60,156**

€'000 Group share	31 December 2019	31 December 2020
Opening equity	**16,875**	**16,875**
Comprehensive income (expense)	-	
Capital increases and other variations	-	
Closing equity	**16,875**	**16,875**
Carrying amount	**16,875**	**16,875**

€'000	2019	2020
Revenue	733	789
Operating expenses	(726)	(783)
Operating profit	**7**	**6**
Profit before tax	**7**	**6**
Income taxes	(7)	(6)
Comprehensive income (expense)	**-**	**-**

Autopistas del Sol S.A. (Argentina)

€'000	31 December 2019	31 December 2020
Non-current assets		
Property, plant and equipment and intangible assets	394,829	128,905
Non-current financial assets	7,872	41,605
Other non-current assets	-	-
Total non-current assets	**402,701**	**170,510**
Current assets		
Cash and cash equivalents and other financial assets	58,542	12,939
Other current assets	25,519	6,447
Total current assets	**84,061**	**19,386**
Total assets	**486,762**	**189,896**

€'000	31 December 2019	31 December 2020
Equity	**109,250**	**93,302**
Non-current liabilities		
Non-current financial liabilities	250,132	
Other non-current liabilities	41,063	35,722
Total non-current liabilities	**291,195**	**35,722**
Current liabilities		
Current financial liabilities	60,710	
Other current liabilities	25,607	60,872
Total current liabilities	**86,317**	**60,872**
Total liabilities	**486,762**	**189,896**

€'000 Group share	31 December 2019	31 December 2020
Opening equity	**41,477**	**21,653**
Comprehensive expense attributable to the owners of the parent	(23,624)	(7,226)
Dividends distributed	(9,578)	(839)
Capital increases and other variations	13,378	4,904
Closing equity	**21,653**	**18,492**
Goodwill and other intangible assets	-	-
Carrying amount (*)	**21,653**	**18,492**

€'000	2019	2020
Revenue	79,857	52,488
Operating expenses	(52,682)	(41,197)
Operating profit	**27,175**	**11,291**
Net financing costs	(92,832)	(1,728)
Profit (loss) before tax	**(65,657)**	**9,563**
Income taxes	15,827	(9,043)
Profit (loss) from continuing operations	**(49,830)**	**520**
Other comprehensive expense	(69,365)	(36,979)
Comprehensive expense	**(119,195)**	**(36,459)**

(*) the Group recognised an impairment loss of approximately €5 million on its investment in Lane after the impairment test.

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
Unionport Bridge	United States	n/a	45%	(1)	Equity
Purple Line Transit Constructors LLC	United States	n/a	30%	(1)	Equity
Skanska Granite Lane I-4	United States	n/a	30%	(1)	Equity
Grupo Unidos Por El Canal S.A.	Panama	n/a	48%[(a)]	(2)	Equity
Mobilinx Hurontario General Partnership	Canada	n/a	30.375%	(3)	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 Webuild. 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 Webuild.

(3) The company is held through the subsidiary Salini Impregilo Mobilinx Hurontario Inc. and has a contract to design, build, finance and operate a light rail transport system for a 30-year term between the cities of Mississauga and Brampton in Ontario (Canada). Information about the concession term is provided in the "Abroad" paragraph of the "Concessions" section of the Directors' report. The governance system requires qualified majority resolutions passed with the favourable vote of three members, including Webuild. The company's status as a joint venture means that its partners do not have rights or obligations.

Financial highlights of the joint venture

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.

Unionport Bridge

€'000	31 December 2019	31 December 2020
Non-current assets		
Property, plant and equipment and intangible assets	236	83
Total non-current assets	**236**	**83**
Current assets		
Cash and cash equivalents and other financial assets	9,612	7,273
Other current assets	31,261	31,496
Total current assets	**40,873**	**38,769**
Total assets	**41,109**	**38,852**

€'000	31 December 2019	31 December 2020
Equity	**27,390**	**27,260**
Non-current liabilities		
Total non-current liabilities	**-**	**-**
Current liabilities		
Current financial liabilities	-	-
Other current liabilities	13,719	11,592
Total current liabilities	**13,719**	**11,592**
Total liabilities	**41,109**	**38,852**

€'000 Group share	31 December 2019	31 December 2020
Opening equity	**5,776**	**12,326**
Comprehensive income (expense)	601	(2,816)
Dividends distributed	-	-
Capital increases and other variations	5,949	2,757
Closing equity	**12,326**	**12,267**
Loan asset	-	-
Goodwill and other intangible assets	-	-
Carrying amount	**12,326**	**12,267**

€'000	2019	2020
Revenue	43,500	40,475
Operating expenses	(42,103)	(43,958)
Operating profit (loss)	**1,397**	**(3,483)**
Net financing costs	(259)	(212)
Profit (loss) before tax	**1,138**	**(3,695)**
Income taxes	-	(86)
Profit (loss) from continuing operations	**1,138**	**(3,781)**
Other comprehensive income (expense)	197	(2,477)
Comprehensive income (expense)	**1,335**	**(6,258)**

Purple Line Tr. Constr. (Lane)

€'000	31 December 2019	31 December 2020
Non-current assets		
Property, plant and equipment and intangible assets	15,037	7,580
Non-current financial assets	10,188	1,243
Total non-current assets	**25,225**	**8,823**
Current assets		
Cash and cash equivalents and other financial assets	7,206	73,258
Other current assets	40,023	51,277
Total current assets	**47,229**	**124,535**
Total assets	**72,454**	**133,358**

€'000	31 December 2019	31 December 2020
Equity	**5,815**	**98,709**
Non-current liabilities		
Non-current financial liabilities	-	-
Total non-current liabilities	**-**	**-**
Current liabilities		
Current financial liabilities	-	-
Other current liabilities	66,639	34,649
Total current liabilities	**66,639**	**34,649**
Total liabilities	**72,454**	**133,358**

€'000 Group share	31 December 2019	31 December 2020
Opening equity	**2,547**	**1,745**
Comprehensive income (expense)	(4,822)	8,169
Dividends distributed	-	-
Capital increases and other variations	4,020	19,699
Closing equity	**1,745**	**29,613**
Loan asset	-	-
Goodwill and other intangible assets	-	-
Carrying amount	**1,745**	**29,613**

€'000	2019	2020
Revenue	303,152	361,016
Operating expenses	(321,093)	(326,404)
Operating profit (loss)	**(17,941)**	**34,612**
Net financing income	1,695	52
Profit (loss) before tax	**(16,246)**	**34,664**
Income taxes	-	-
Profit (loss) from continuing operations	**(16,246)**	**34,664**
Other comprehensive income (expense)	173	(7,433)
Comprehensive income (expense)	**(16,073)**	**27,231**

Skanska Granite Lane I-4

€'000	31 December 2019	31 December 2020
Non-current assets		
Property, plant and equipment and intangible assets	-	265
Total non-current assets	**-**	**265**
Current assets		
Cash and cash equivalents and other financial assets	4,752	11,256
Other current assets	37,681	14,526
Total current assets	**42,433**	**25,782**
Total assets	**42,433**	**26,047**

€'000	31 December 2019	31 December 2020
Equity	**(197,695)**	**(158,154)**
Non-current liabilities		
Total non-current liabilities	**-**	**-**
Current liabilities		
Current financial liabilities	-	323
Other current liabilities	240,128	183,878
Total current liabilities	**240,128**	**184,201**
Total liabilities	**42,433**	**26,047**

€'000 Group share	31 December 2019	31 December 2020
Opening equity (deficit)	**4,161**	**(59,309)**
Comprehensive expense attributable to the	(91,339)	(2,583)
Capital increases and other variations	27,869	14,446
Closing deficit	**(59,309)**	**(47,446)**
Loan asset	-	-
Goodwill and other intangible assets	-	-
Carrying amount	**(59,309)**	**(47,446)**

€'000	2019	2020
Revenue	199,457	406,291
Operating expenses	(504,924)	(429,912)
Operating loss	**(305,467)**	**(23,621)**
Loss before tax	**(305,467)**	**(23,621)**
Income taxes	-	-
Loss from continuing operations	**(305,467)**	**(23,621)**
Other comprehensive income	1,005	15,010
Comprehensive expense	**(304,462)**	**(8,611)**

GUPC (Panama)

€'000	31 December 2019	31 December 2020
Non-current assets		
Non-current financial assets		
Other non-current assets	-	-
Total non-current assets	**-**	**-**
Current assets		
Cash and cash equivalents and other financial assets	1,103	861
Other current assets	1,599,021	1,463,644
Total current assets	**1,600,124**	**1,464,505**
Total assets	**1,600,124**	**1,464,505**

€'000	31 December 2019	31 December 2020
Equity (deficit) (*)	**844**	**(12,955)**
Non-current financial liabilities		
Other non-current liabilities	38	28
Total non-current liabilities	**38**	**28**
Current liabilities		
Current financial liabilities	744,404	659,026
Other current liabilities	854,838	818,406
Total current liabilities	**1,599,242**	**1,477,432**
Total liabilities	**1,600,124**	**1,464,505**

€'000 Group share	31 December 2019	31 December 2020
Opening equity (deficit)	**(199,072)**	**324**
Comprehensive expense attributable to the owners of the parent	(1,414)	(20,180)
Dividends distributed		
Capital increases and other variations	200,810	9,818
Closing equity (deficit)	**324**	**(10,038)**
Loan asset	505,919	456,403
Impairment (*)	(9,703)	(76,427)
Carrying amount	**496,540**	**369,938**

€'000	2019	2020
Revenue	89,773	(425)
Operating expenses	(46,630)	(55,741)
Operating profit (loss)	**43,143**	**(56,166)**
Net financing income (costs)	(43,143)	330
Profit (loss) before tax	**-**	**(55,836)**
Income taxes	-	-
Profit (loss) from continuing operations	**-**	**(55,836)**
Other comprehensive income (expense)	(3,682)	3,285
Comprehensive expense	**(3,682)**	**(52,551)**

(*) the Group recognised an impairment loss of approximately €76 million on its investment after the impairment test

Mobilinx Hurontario G.P.

€'000	31 December 2019	31 December 2020
Non-current assets		
Property, plant and equipment and intangible assets	177,835	237,319
Non-current financial assets		-
Total non-current assets	**177,835**	**237,319**
Current assets		
Cash and cash equivalents and other financial assets	11,526	4,862
Other current assets	9,031	2,335
Total current assets	**20,557**	**7,197**
Total assets	**198.392**	**244.516**

€'000	31 December 2019	31 December 2020
Equity	**2,957**	**(5,323)**
Non-current liabilities		
Non-current financial liabilities	175,489	216,457
Total non-current liabilities	**175,489**	**216,457**
Current liabilities		
Current financial liabiliies		
Other current liabilities	19,946	33,382
Total current liabilities	**19,946**	**33,382**
Total liabilities	**198,392**	**244,516**

€'000 Group share	31 December 2019	31 December 2020
Opening equity	**-**	**621**
Comprehensive income attributable to the owners of the parent	621	749
Dividends distributed		
Capital increases and other variations		(2,398)
Closing equity (deficit)	**621**	**(1,028)**
Effect of Astaldi Group acquisition	-	(585)
Carrying amount	**621**	**(1,613)**

€'000	2019	2020
Revenue	85,259	152,463
Operating expenses	(82,306)	(143,892)
Operating profit	**2,953**	**8,571**
Net financing costs	(830)	(5,431)
Profit before taxes	**2,123**	**3,140**
Income taxes	-	-
Profit from continuing operations	**2,123**	**3,140**
Other comprehensive income	833	-
Comprehensive income	**2,956**	**3,140**

(*) the financial liabilities relate to a project under concession for which the partners are only liable for the amount of principle invested

The carrying amount of the investment in 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 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 2019	31 December 2020	Variation
Commitments	1,538,620	1,461,314	(77,307)

The decrease is mainly due to the reduction in the guarantees given on behalf of Grupo Unidos por el Canal (€24.2 million), the consolidation of Astaldi Group and its group companies (Sirjo, Iricav 2, Passante Dorico and Napoli Cancella) (net increase of €35.5 million) and a decrease in the guarantees given on behalf of the unconsolidated joint ventures of Lane Group (€83.4 million). The above guarantees are already included in those presented in note 30.

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..

Webuild 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 Webuild. 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 Webuild 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 Webuild 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 Webuild 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 Webuild.

10. Derivatives and non-current financial assets

Derivatives and non-current financial assets of €322.6 million are analysed in the following table:

(€'000)	31 December 2019	31 December 2020	Variation
Loans and receivables - third parties	160,048	153,934	(6,114)
Loans and receivables - unconsolidated group companies and other related parties	122,535	150,050	27,515
Other financial assets	95,689	17,968	(77,721)
Derivatives	-	665	665
Total	**378,272**	**322,617**	**(55,655)**

Loans and receivables - third parties of €153.9 million decreased by €6.1 million on 31 December 2019 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;

- €52.4 million related to the enforcement of the performance bond for the A1F, S3 Nowa Sol and S7 Checiny 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;

Loans and receivables - unconsolidated group companies and other related parties of €150.1 million (31 December 2019: €122.5 million) mainly relate to:

- the loans of €70.2 million granted by Webuild and Astaldi S.p.A. to SPV Linea M4 S.p.A.;
- €57.4 million due from Yuma Concessionaria, tested for impairment in accordance with IFRS 9 at 31 December 2020 without identifying any indicators of impairment (more details are available in the "Main risk factors and uncertainties" section in the Directors' report);
- loans of €14.3 million granted to the English associate Ochre Holding.

The Venezuelan branch's trade receivable from OIV Tocoma (31 December 2019: €24.0 million, of which a gross receivable of €120.2 million and accumulated impairment losses of €96.2 million) has been written-off on the basis of the considerations described in the "Venezuela" paragraph of the "Main risk factors and uncertainties" section of the Directors' report).

The other financial assets of €18.0 million include:

- unlisted guaranteed-return securities which mature after one year, which amount to €11.0 million and relate to the fund financing Yuma;
- securities of €6.9 million held by Astaldi Group for the OC405 project in the US, related to performance bonds deposited by the customer in an escrow account which will be released upon completion of the project.

The other financial assets decreased by €77.7 million compared to 31 December 2019, mostly due to the redemption of notes of €84.6 million at 31 December 2019 with an original maturity of 12 February 2022. These notes were issued by Astaldi and subscribed by Beyond S.r.l., set up in 2019 as part of Progetto Italia. They had been pledged to secure the bank loan given to Beyond S.r.l. by a bank syndicate, repaid at the reporting date (see note 21). This decrease partly offsets the increase of €6.9 million in the item following Astaldi Group's inclusion in the consolidation scope.

Derivatives include the fair value of the contracts agreed by Lane group to hedge its exposure to fluctuations in diesel and petrol costs. These hedges meet the criteria for application of hedge accounting for cash flow hedges as per the IFRS. Their hedging effectiveness was found to be 100%. This item is analysed below:

(€'000)	31 December 2019	31 December 2020
Commodity swaps - Cash flow hedges	-	665
Total non-current derivative assets shown in net financial indebtedness	**-**	**665**

11. Deferred tax assets and liabilities

Deferred tax assets and liabilities amount to €368.4 million and €137.2 million at 31 December 2020, respectively. They are classified under non-current assets and liabilities and are offset if possible. More information about their recoverability is available in the "Complex accounting estimates and the effects of Covid-19" section of note 1.

Changes in the year are shown in the following table:

(€'000)	31 December 2019	31 December 2020	Variation
Deferred tax assets	253,453	368,364	114,911
Deferred tax liabilities	(7,399)	(137,186)	(129,787)

Changes in 2020 and 2019 are as follows:

(€'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)**

(€'000)	31 December 2019	Increases	Decreases	Net exchange gains	Change in consolidation scope	Change in tax rate	Reclassific-ations	Other changes	31 December 2020
Deferred tax assets									
Amortisation and depreciation exceeding tax rates	6,672	(336)	(4,315)	(44)	1,041	-	(21)	-	2,997
Provisions for risks and impairment losses	156,450	32,150	(11,727)	(2,675)	65,738	-	1,924	(16)	241,844
Tax effect of capital increase	1,773	-	(443)	-	-	-	-	-	1,330
Astaldi PPA	-	3,414	-	-	45,900	-	-	-	49,314
Excess maintenance	15,520	-	(8,594)	-	-	-	-	-	6,926
Unrealised exchange losses	41,751	3,835	(40,299)	1,672	14,681	-	-	-	21,640
Other	98,907	31,157	(11,139)	(4,064)	19,578	-	(4,946)	(7,372)	122,121
Deferred tax assets before offsetting	**321,073**	**70,220**	**(76,517)**	**(5,111)**	**146,938**		**(3,043)**	**(7,388)**	**446,172**
Offsetting	(67,620)	7,001	37,368	2,238	(59,889)	-	3,094	-	(77,808)
Net deferred tax assets	**253,453**	**77,221**	**(39,149)**	**(2,873)**	**87,049**		**51**	**(7,388)**	**368,364**
Deferred tax liabilities									
Fiscally-driven amortisation and	(17,882)	(415)	-	2,922	-	-	3,141	-	(12,234)
Uncollected default interest	(6,210)	-	1,383	-	(6,952)	-	-	-	(11,779)
Astaldi PPA	-	-	-	-	(112,708)	-	-	-	(112,708)
Contract revenue or revenue items	4,316	-	2,496	(1,438)	-	-	-	5	5,379
Contract revenue taxable in future years	(2,359)	(3,407)	1,415	999	(57,754)	-	-	318	(60,788)
Unrealised exchange gains	(35,822)	(8,277)	35,775	5	-	-	3,489	-	(4,830)
Other	(17,062)	(955)	1,389	2,827	(3,807)	-	(3,588)	3,162	(18,034)
Deferred tax liabilities before offsetting	**(75,019)**	**(13,054)**	**42,458**	**5,315**	**(181,221)**		**3,042**	**3,485**	**(214,994)**
Offsetting	67,620	(7,001)	(37,368)	(2,238)	59,889		(3,094)		77,808
Net deferred tax liabilities	**(7,399)**	**(20,055)**	**5,090**	**3,077**	**(121,332)**		**(52)**	**3,485**	**(137,186)**

The €114.9 million increase in deferred tax assets is mostly due to the change in the consolidation scope after the acquisition of Astaldi Group and the impairment losses recognised during the year.

The effects of the PPA procedure shown in the above table relate to the aforesaid acquisition of Astaldi Group. More information is available in note 5.

12. Inventories

Inventories total €198.3 million at the reporting date, as shown in the following table:

(€'000)	31 December 2019 Gross amount	Allowance	Carrying amount	31 December 2020 Gross amount	Allowance	Carrying amount	Variation
Real estate projects	20,823	(17,534)	3,289	23,678	(17,534)	6,144	2,855
Finished products and goods	4,785	-	4,785	6,026	-	6,026	1,241
Raw materials, consumables and supplies	153,878	(5,584)	148,294	201,439	(15,284)	186,155	37,861
Total	**179,486**	**(23,118)**	**156,368**	**231,143**	**(32,818)**	**198,325**	**41,957**

Real estate projects

Real estate projects amount to €6.1 million and mainly relate to an area zoned for agricultural use on which it was planned to construct a trade point in Lombardy. The decrease on 31 December 2019 is due to the change in the consolidation scope after the acquisition of Astaldi Group.

Finished products and goods and Raw materials, consumables and supplies

The carrying amount of these items totals €6.0 million and €186.2 million, respectively, and mainly relates to materials and goods to be used for foreign contracts, including those in Ethiopia (€79.9 million), and finished products and goods of Astaldi Group (€37.7 million).

The carrying amount of raw materials, consumables and supplies is net of an allowance of €15.3 million, analysed below.

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**

Changes in the allowance during the year are shown below:

(€'000)	31 December 2019	Accruals	Utilisations	Reversals	Change in cons. scope	Net exchange losses	31 December 2020
Allowance - real estate projects	17,534	-	-	-	-	-	17,534
Allowance - raw materials	5,584	1,369	(244)	-	8,809	(234)	15,284
Total	**23,118**	**1,369**	**(244)**	**-**	**8,809**	**(234)**	**32,818**

13. Contract assets and liabilities

Contract assets and liabilities can be analysed as follows:

(€'000)	31 December 2019	31 December 2020	Variation
Contract assets	2,040,450	2,754,203	713,753
Contract liabilities	1,186,076	2,132,476	946,400

Contract assets mostly represent the right to consideration for work performed but not invoiced at the reporting date, net of contract advances.

Revenue recognised in 2020 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.

As a result of developments that took place during the year and the Group's impairment test of its exposure arising from its contracts in Venezuela, it wrote off its remaining exposure. The "Main risk factors and uncertainties" section of the Directors' report provides more information about this.

In addition, it adjusted contract assets and contract liabilities by €180 million and €80 million, respectively, after completion of the PPA procedure. More information is available in the "Business combinations" section.

Contract assets

Contract assets of €2,754.2 million include contracts in Italy (€372.8 million), abroad (€2,381.1 million) and Lane's contracts (€61.0 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 2019	31 December 2020	Variation
Contract work in progress	28,125,008	44,202,111	16,077,103
Progress payments (on approved work)	(25,054,997)	(40,405,362)	(15,350,365)
Advances	(1,029,561)	(1,042,546)	(12,985)
Total contract assets	**2,040,450**	**2,754,203**	**713,753**

The main contract assets relate to the projects of Astaldi Group acquired in November 2020 (€742.3 million), the Grand Ethiopian Renaissance Dam (GERD) (€216.3 million), the Rogun Hydropower Project for the hydroelectric plant on the Vakhsh River in Tajikistan (€210.3 million), the Doha Metro and the Al Bayt Stadium in Al Khor City, Qatar (€167.2 million), the Meydan One Mall in Dubai (€155.1 million) and road projects in Poland (€141.7 million).

The advances mainly refer to the contract for the metro line in Denmark (€272.8 million), the contracts in Tajikistan (€266.6 million), the National Guard SANG Villas project in Saudi Arabia (€82.3 million), the Lydco contract in Libya (€51.4 million) and the GERD project in Ethiopia (€40.3 million).

The following table shows a breakdown of the item by geographical segment:

(€'000)	31 December 2019	31 December 2020	Variation
Italy	174,794	372,792	197,998
EU (excluding Italy)	468,669	664,578	195,909
Non-EU	21,550	48,270	26,720
Asia/Middle East	615,007	783,151	168,144
Africa	454,546	480,080	25,534
Americas	224,184	221,398	(2,786)
Oceania	81,700	183,934	102,234
Total	**2,040,450**	**2,754,203**	**713,753**

Contract liabilities

This item, included in "Current liabilities", amounts to €2,132.5 million and comprises:

(€'000)	31 December 2019	31 December 2020	Variation
Contract work in progress	(14,259,442)	(17,902,972)	(3,643,530)
Progress payments (on approved work)	14,562,682	18,272,278	3,709,596
Advances	882,836	1,763,170	880,334
Total	**1,186,076**	**2,132,476**	**946,400**

The contracts that most contributed to this item are the works for the Snowy 2.0 hydropower plant in Australia (€478.7 million), the third maxi-lot of the Jonica state highway 106 (€288.1 million), the Koysha Dam in Ethiopia (€218.6 million), the high speed/capacity Milan - Genoa railway line section (COCIV) (€212.2 million), the high-speed/capacity Verona - Padua railway line section (Iricav Due) (€187.4 million), the projects of Astaldi Group acquired in November 2020 (€160.8 million), the Apice - Hirpinia section of the Naples - Bari railway line (€151.6 million) and Lane's projects in the US (€121.5 million).

The increase of €880.3 million in advances is mostly due to works for the third maxi-lot of the Jonica state highway 106 (Sirjo), the high speed/capacity Milan - Genoa railway line (COCIV), the high speed/capacity Verona - Padua railway line section (Iricav Due), Astaldi Group's projects and the Apice - Hirpinia section of the Naples - Bari railway line.

The following table shows a breakdown of the item by geographical segment:

(€'000)	31 December 2019	31 December 2020	Variation
Italy	133,110	839,419	706,309
EU (excluding Italy)	22,797	36,878	14,081
Non-EU	66,358	83,056	16,698
Asia/Middle East	63,608	121,686	58,078
Africa	393,981	292,195	(101,786)
Americas	269,774	280,513	10,739
Oceania	236,448	478,729	242,281
Total	**1,186,076**	**2,132,476**	**946,400**

Contract assets and liabilities, comprising progress payments and advances, include claims for additional consideration of €2,415.7 million and €135.9 million, respectively. They are already net of the effects of the PPA procedure carried out after the acquisition of Astaldi Group (approximately €500 million). More information is available in note 5.

They are recognised to the extent that their payment 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.

14. Trade receivables

At 31 December 2020, trade receivables amount to €1,889.9 million, a net increase of €62.8 million compared to 31 December 2019. The item includes receivables of €379.4 million from unconsolidated group companies and other related parties.

This item may be analysed in the following table:

(€'000)	31 December 2019	31 December 2020	Variation
Third parties	1,527,400	1,510,562	(16,837)
Unconsolidated group companies and other related parties	299,773	379,367	79,593
Total	**1,827,173**	**1,889,929**	**62,756**

Trade receivables from third parties may be broken down as follows:

(€'000)	31 December 2019	31 December 2020	Variation
Third parties	1,937,589	1,946,489	8,901
Loss allowance	(410,189)	(435,927)	(25,738)
Total	**1,527,400**	**1,510,562**	**(16,837)**

The balance relates to amounts due from customers for invoices issued and for work performed and approved by customers but still to be invoiced.

This item mainly includes:

- amounts due to Astaldi Group of €320.4 million;
- €127.1 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);
- €115.9 million to Lane Industries;
- €91.6 million related to HCE, including €63.9 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);
- €98.6 million for the Salerno-Reggio Calabria S.c.p.A. contract;
- approximately €65.2 million from Nigerian government agencies; no impairment losses were identified as a result of the impairment test.

Retentions amount to €135.9 million at the reporting date compared to €100.1 million at 31 December 2019.

The loss allowance increased by €25.7 million to €435.9 million at the reporting date and mainly refers to:

- the loss allowance for Venezuelan exposures of €302.5 million;
- default interest of €62.4 million, mostly related to Fibe S.p.A. and the Venezuelan branch (due to the impairment losses described in more detail later in this report).

At 31 December 2020, Webuild wrote off its exposure with the Venezuelan government agencies due to the significant deterioration in the country's credit standing. More information is available in the "Main risk factors and uncertainties" section of the Directors' report.

As a result of the agreement signed on 11 June 2020, Webuild paid Condotte €81.0 million for its discontinuation of the pending disputes related to the COCIV consortium's board of representatives' resolution of 19 December 2019, which provided for the "transfer of title" of 31% of the consortium. The amount will be paid by Webuild taking on Condotte's liabilities of €66.0 million to COCIV (trade receivables of €205.5 million, trade payables of €227.3 million and advances of €87.8 million) and payment of the outstanding €15.0 million.

At 31 December 2019, the Group had accrued €45.7 million to the loss allowance for the amount of €66 million due to COCIV, which was used in full after the out-of-court settlement agreement was signed. The difference of €20.3 million was recognised as an impairment loss.

Overall, the Group recognised a loss of €35 million at the reporting date as a result of the out-of-court settlement agreement.

Changes in the loss allowance in 2019 and 2020 are as follows:

(€'000)	31 December 2018	Impairment losses	Utilisations	Reversals	Change in consolidation scope	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**

(€'000)	31 December 2019	Impairment losses	Utilisations	Reversals	Change in consolidation scope	Reclassifications and other	Net exchange losses	31 December 2020
Trade receivables	349,917	80,117	(167)	(59,627)	-	5,889	(2,555)	373,574
Default interest	60,272	2,158	-	(211)	-	148	(14)	62,353
Total	**410,189**	**82,275**	**(167)**	**(59,838)**	**-**	**6,037**	**(2,569)**	**435,927**

Trade receivables from unconsolidated group companies and other related parties increased by €79.6 million to €379.4 million at 31 December 2020.

The item mainly comprises trade receivables from unconsolidated SPEs for works carried out by them under contracts with Italian and foreign public administrations. A complete list of transactions with group companies and other related parties is provided at the end of these notes.

The increase is mostly due to the €71.0 million rise in trade receivables following the reclassification of contract assets, mostly as a result of the agreement (*Otrosi 5*) between Yuma Concessionaria S.A. and Constructora Ariguani S.A.S. in Colombia, acknowledging the extra costs incurred and to be incurred by Constructora Ariguani S.A.S. *en reorganizacion* offset by the decrease recognised by other group companies.

The balance includes €1.9 million (€2.3 million at 31 December 2019) 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 debt with unconsolidated SPEs" as part of net financial indebtedness.

The following table shows a breakdown of the item by geographical segment:

(€'000)	31 December 2019	31 December 2020	Variation
Italy	751,242	836,635	85,393
EU (excluding Italy)	107,185	187,785	80,600
Non-EU	154,256	151,461	(2,795)
Asia/Middle East	243,379	200,572	(42,807)
Africa	246,157	129,733	(116,424)
Americas	313,015	374,622	61,607
Oceania	11,939	9,121	(2,818)
Total	**1,827,173**	**1,889,929**	**62,756**

15. Derivatives and other current financial assets

At 31 December 2020, this item of €340.6 million (31 December 2019: €241.5 million) includes the following:

(€'000)	31 December 2019	31 December 2020	Variation
Loans and receivables - third parties	193,932	265,794	71,862
Loans and receivables - unconsolidated group companies and other related parties	42,712	67,495	24,783
Government bonds and insurance shares	4,605	5,714	1,109
Derivatives	268	1,593	1,325
Total	**241,517**	**340,596**	**99,079**

Loans and receivables - third parties increased by €71.9 million and mainly consist of:

- approximately €114.4 million disbursed to non-controlling investors of the group companies, mainly active in Australia, the United Arab Emirates and Saudi Arabia;
- €50.3 million related to the net investment in leases by the COCIV consortium for assets given to the subcontractors;
- €38.6 million related to Astaldi Group and mostly comprising amounts due from the separate unit for the equity injections provided for by the composition with creditors plan to be repaid using the proceeds from the sale of the assets;
- €18.3 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). During the first half of 2020, Seli Overseas S.p.A. repaid roughly €18.2 million, offset by another disbursement by the Group of approximately €17.0 million on which interest of €1.2 million has accrued.

The increase of €71.9 million in loans and receivables from third parties principally relates to the contribution of €38.6 million by Astaldi Group after its consolidation and the loan of €28.3 million given to the joint venture partner of the Snowy 2.0 project in Australia.

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. and €15.6 million due from the Turkish associate Gaziantep Hastane Sanglik.

The government bonds and insurance shares amount to €5.7 million compared to €4.6 million at 31 December 2019. The item principally comprises securities held by the Group's Argentine companies.

Derivatives include:

- the reporting-date fair value of currency hedges of €0.3 million that did not meet the criteria for application of hedge accounting for cash flow hedges under the IFRS;
- the reporting-date fair value of commodity hedges of €1.3 million entered into to hedge against fluctuations in diesel and petrol costs that meet the criteria for application of hedge accounting for cash flow hedges under the IFRS.

Their fair value was a positive €1.6 million at the reporting date as shown below:

(€'000)	31 December 2019	31 December 2020
Currency swaps - FVTPL	268	340
Commodity swaps - Cash flow hedges		1,253
Total current derivatives shown in net financial indebtedness	**268**	**1,593**

16. Current tax assets and other current tax assets

Current tax assets amount to €114.3 million as follows:

(€'000)	31 December 2019	31 December 2020	Variation
Direct taxes	34,233	42,849	8,616
IRAP	2,105	4,408	2,303
Foreign direct taxes	54,175	67,040	12,865
Total	**90,513**	**114,297**	**23,784**

The 31 December 2020 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 increased by €97.3 million to €229.4 million at the reporting date as follows:

(€'000)	31 December 2019	31 December 2020	Variation
VAT	118,380	204,196	85,816
Other indirect taxes	13,729	25,252	11,523
Total	**132,109**	**229,448**	**97,339**

The increase is mostly due to the acquisition of Astaldi Group (€68.7 million), Sirjo (€12.2 million), Iricav Due (€17.3 million) and Hirpinia (€10.1 million).

17. Other current assets

Other current assets of €1,006.8 million show an increase of €321.8 million on the previous year end and may be analysed as follows:

(€'000)	31 December 2019	31 December 2020	Variation
Other	229,317	434,650	205,333
Advances to suppliers	309,652	331,428	21,776
Unconsolidated group companies and other related parties	31,280	45,085	13,805
Prepayments and accrued income	114,746	195,633	80,887
Total	**684,995**	**1,006,796**	**321,801**

Specifically, "Other" includes:

- €155.6 million on the sale of goods and provision of services by Astaldi Group related to its works (leases of machinery and equipment, sale of goods and provision of services) to suppliers and subcontractors;
- €71.2 million mostly due from the former consortium partner to the Cossi LGV consortium related to works for the Monte Ceneri tunnel in Switzerland. The Group has a liability of €70.6 million to the consortium partner recognised under other liabilities against this receivable;
- €47.6 million (unchanged from 31 December 2019) from the public bodies involved in managing the waste emergency in Campania to Fibe. Based on the information available at the date of preparation of these condensed interim 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;
- €27.3 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 and found that the recoverable amount is substantially in line with the

exposure's carrying amount. Based on the information available at the date of preparation of these consolidated financial statements, the Group believes that its exposure will be collected within 12 months. This classification is the best estimate, based on the negotiations with the Argentine government in which the Group was assisted by its legal advisors. More information is available in the "Main risk factors and uncertainties" section in the Directors report.

- guarantee deposits of 26.7 million given by Astaldi Group mostly to the grantor for mining projects in Chile.

Advances to suppliers increased by a net €21.8 million, mostly due to the consolidation of Astaldi Group, partly offset by the absorption of advances made in previous years for the high speed Milan - Genoa railway line section and the Al Bayt Stadium in Qatar. At the reporting date, the largest advances given to suppliers relate mostly to Astaldi Group (€82.2 million), the high speed/capacity Milan - Genoa railway line section (€66.7 million), the projects in Saudi Arabia (€43.6 million, mostly for the Riyadh Metro and the housing project (SANG Villas)) and the projects in Turkey (€30.7 million).

The item "Unconsolidated group companies and other related parties" increased by €13.8 million to €45.1 million, mostly due to the consolidation of Astaldi Group.

Prepayments and accrued income of €195.6 million show an increase of €80.9 million on 31 December 2019. 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 consolidation of Astaldi Group and the new projects in Australia.

(€'000)	31 December 2019	31 December 2020	Variation
Accrued income:			
- Insurance	46	-	(46)
- Other	36	9,429	9,393
Total accrued income	**82**	**9,429**	**9,347**
Prepayments:			
- Insurance	70,173	95,383	25,210
- Sureties	6,923	45,508	38,585
- Other contract costs	37,568	45,313	7,745
Total prepayments	**114,664**	**186,204**	**71,540**
Total	**114,746**	**195,633**	**80,887**

18. Cash and cash equivalents

At 31 December 2020, cash and cash equivalents amount to €2,455.1 million, up by €1,434.3 million, as shown below:

(€'000)	31 December 2019	31 December 2020	Variation
Cash and cash equivalents	1,020,858	2,455,125	1,434,267

A breakdown by geographical segment is as follows:

(€'000)	31 December 2019	31 December 2020	Variation
Italy	194,060	1,432,561	1,238,501
EU (excluding Italy)	35,983	209,040	173,057
Other European (non-EU) countries	30,033	53,966	23,933
Asia/Middle East	194,996	102,352	(92,644)
Africa	140,925	67,161	(73,764)
Americas	289,966	430,544	140,578
Oceania	134,895	159,501	24,606
Total	**1,020,858**	**2,455,125**	**1,434,267**

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 22).

At the reporting date, the cash and cash equivalents attributable to non-controlling interests of the consolidated SPEs amount to €193.2 million and mainly refer to the entities carrying out the work on the Snowy 2.0 hydropower station in Australia (€51.8 million)and Iricav Due (€49.6 million).

The item comprises tied-up amounts of approximately €72.2 million, which includes €33.5 million related to Astaldi Group and €34.3 million to the Arge T.P. project, part of which was freed in the first two months of 2021 (€7.4 million) and the remainder on 30 September 2021.

19. Non-current assets held for sale and discontinued operations, liabilities directly associated with non-current assets held for sale and loss from discontinued operations

Net non-current assets held for sale amount to approximately €12.0 million at 31 December 2020 and include the net assets of the USW Campania projects and the investment in Consorzio Agua Azul S.A..

The decrease compared to 31 December 2019 is mainly due to:

- the reclassification of the non-current assets held for sale and discontinued operations related to the USW Campania projects to assets (€5.7 million);
- the sale of the investment in Consorcio Agua Azul S.A. at the start of the year;

- the acquisition of the investment in Astaldi S.p.A. on 5 November 2020, which had net liabilities of €5.0 million at the reporting date related to its companies held for sale (mostly the deficit of the Honduras branch). Given Astaldi's well-known financial difficulties, the judicial authorities appointed an administrator on 25 May 2019 with full powers over the branch's assets, to manage and preserve them, in order to sell the assets to satisfy its creditors. In light of the above and considering that the industrial activities in progress in the country were interrupted upon the appointment of the administrator, Astaldi Group management classified the assets and liabilities of the Honduras branch under liabilities directly associated with non-current assets held for sale as such amount will only be recovered when the assets are sold to satisfy the creditors. At the date of preparation of these consolidated financial statements, the assets have been measured at the lower of their carrying amount and fair value less costs to sell. The analyses performed did not indicate the need to recognise any impairment losses further to those recognised in prior years.

(€'000)	31 December 2019	31 December 2020	Variation
Non-current assets held for sale	11,976	10,049	(1,927)
Liabilities directly associated with non-current assets held for sale	-	(15,111)	(15,111)
Net non-current assets (liabilities) held for sale	**11,976**	**(5,062)**	**(17,038)**

Breakdown of net non-current assets (liabilities) held for sale

(€'000)	31 December 2019	31 December 2020	Variation
USW Campania	5,684	-	(5,684)
Agua Azul	6,292	-	(6,292)
Astaldi Group	-	(5,062)	(5,062)
Net non-current assets (liabilities) held for sale	**11,976**	**(5,061)**	**(17,037)**
- Of which net financial position		*116*	*116*

Breakdown of net non-current assets (liabilities) held for sale	**31 December 2020**	
(€'000)	**Astaldi Group**	**Total**
Non-current assets	1,591	1,591
Current assets	8,458	8,458
Non-current assets held for sale	**10,049**	**10,049**
Non-current liabilities	(7,618)	(7,618)
Current liabilities	(7,493)	(7,493)
Liabilities directly associated with non-current assets held for sale	**(15,111)**	**(15,111)**
Net non-current liabilities held for sale	**(5,062)**	**(5,062)**
- Of which net financial position	*116*	*116*

Breakdown of net non-current assets (liabilities) held for sale		**31 December 2019**	
(€'000)	**USW Campania**	**Agua Azul**	**Total**
Non-current assets	5,684	6,292	11,976
Non-current assets held for sale	**5,684**	**6,292**	**11,976**
Net non-current assets held for sale	**5,684**	**6,292**	**11,976**

The loss from discontinued operations of €5.1 million for 2020 entirely relates to Astaldi Group while the loss from discontinued operations of 2019 related to the costs of 0.9 million of the USW Campania unit.

Specifically, Astaldi Group's net loss is mostly due to exchange losses (€4.5 million), incurred principally as a result of fluctuations in the Peruvian sol, as well as operating expenses for the legal, tax and administrative procedures involved in closing Astaldi S.p.A.'s foreign branches in those countries where it is discontinuing its activities.

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)**

2020		
(€'000)	Astaldi Group	Total
Revenue		
Operating revenue	1,964	1,964
Other revenue	241	241
Total revenue and other income	**2,206**	**2,205**
Operating expenses		
Raw materials and consumables	(1,995)	(1,995)
Other operating expenses	(551)	(551)
Personnel expense	(25)	(25)
Amortisation, depreciation, provisions and impairment	69	69
Total operating expenses	**(2,502)**	**(2,502)**
Operating loss	**(296)**	**(297)**
Financing income (costs) and gains (losses) on equity investments		
Net financing costs	(4,752)	(4,752)
Net financing costs and net gains (losses) on equity investments	**(4,752)**	**(4,752)**
Loss before tax	**(5,048)**	**(5,049)**
Income taxes	(40)	(40)
Loss from discontinued operations	**(5,088)**	**(5,089)**

20. Equity

Equity increased to €2,084.9 million at 31 December 2020 from €1,504.1 million at the end of 2019 as follows:

(€'000)	31 December 2019	31 December 2020	Variation
Equity attributable to the owners of the parent			
Share capital	600,000	600,000	-
Share premium reserve	654,486	654,486	-
- Legal reserve	120,000	120,000	-
- Reserve for share capital increase related charges	(10,988)	(10,988)	-
- Reserve for treasury shares	(3,291)	(3,291)	-
- Inflation reserve	42,724	56,760	14,036
- Extraordinary and other reserves	136	136	-
Total other reserves	148,581	162,617	14,036
Other comprehensive expense			
- Translation reserve	(125,993)	(240,800)	(114,807)
- Hedging reserve	(8,861)	(1,737)	7,124
- Actuarial reserve	(6,300)	(2,760)	3,540
- Fair value reserve	-	32	32
Total other comprehensive expense	(141,154)	(245,265)	(104,111)
Retained earnings	155,610	110,161	(45,449)
Profit (loss) for the year	(22,128)	146,989	169,118
Equity attributable to the owners of the parent	**1,395,395**	**1,428,989**	**33,594**
Share capital and reserves attributable to non-controlling interests	100,767	660,954	560,187
Profit (loss) for the year attributable to non-controlling interests	7,983	(5,061)	(13,044)
Share capital and reserves attributable to non-controlling interests	108,750	655,893	547,143
Total	**1,504,145**	**2,084,882**	**580,737**

On 12 November 2019, the parent completed its issue of 400,000,000 new ordinary shares for €600 million (including the premium).

The parent's new share capital amounts to €600 million 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 (€55.3 thousand), the share premium reserve (€533.7 thousand) and the legal reserve (€11.1 thousand). The related charges of €7.0 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 4 May 2020, the parent's shareholders resolved to:

- distribute €26,725,255.38 as a dividend to the holders of ordinary shares, equal to €0.030 per share, including the legal withholding, for each share with dividend rights and, therefore, excluding the 1,330,845 treasury shares currently held by the parent;
- distribute €420,027.66 as a dividend to the holders of savings shares, equal to €0.26 per share, as per article 33.b) of the by-laws, including the legal withholding;
- allocate €43,814,842.27 to retained earnings.

At the reporting date, the parent has 1,330,845 shares for €3,291,089.72. The reserve for treasury shares is unchanged from 31 December 2019. The parent does not have a share repurchase plan at 31 December 2020.

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 income items relates to the effect of fluctuations in exchange rates.

(€'000)	2019	2020
Opening balance	(100,768)	(125,993)
Reclassification to profit or loss	(11,380)	-
Equity-accounted investees	12,737	(45,776)
Decrease	(26,582)	(69,031)
Total changes	(25,225)	(114,807)
Closing balance	**(125,993)**	**(240,800)**

At the reporting date, the hedging reserve shows the accumulated fair value loss of €1.6 million for the equity-accounted Canadian associate, Mobilink Hurontario GP, the fair value loss of €1.0 million for Astaldi Group and the fair value gain of €1.5 million for Lane Group. The fair value gains (losses) on financial instruments recognised in the hedging reserve are detailed below:

(€'000)	2019	2020
Opening balance	(4,036)	(8,861)
Reclassification from comprehensive income		
Net fair value gains (losses)	(4,825)	482
Exchange differences and other changes		
Net gains for equity-accounted investees		6,642
Total changes	(4,825)	7,124
Closing balance	**(8,861)**	**(1,737)**

The actuarial reserve underwent the following changes:

(€'000)	2019	2020
Opening balance	(1,110)	(6,300)
Net actuarial gains (losses) recognised in OCI	(5,190)	3,540
Closing balance	**(6,300)**	**(2,760)**

Retained earnings

This item may be analysed as follows:

(€'000)	2019	2020
Opening balance	97,698	155,610
IFRS 16 and IFRIC 23 FTA	(7,455)	
Allocation of profit (loss)	51,800	(22,128)
Dividend distribution	(840)	(27,145)
Change in consolidation scope	14,407	3,824
Closing balance	**155,610**	**110,161**

Share capital and reserves attributable to non-controlling interests

Share capital and reserves attributable to non-controlling interests are as follows:

(€'000)	2019	2020
Opening balance	96,354	108,750
IFRS 16 and IFRIC 23 FTA	(64)	
Capital increase	3,035	135,445
Profit (loss) attributable to non-controlling interests	7,983	(5,061)
Dividend distribution to non-controlling interests	(5,252)	(2,559)
Change in consolidation scope	6,485	423,196
Other changes	3,537	2,535
Components of comprehensive expense	(3,328)	(6,413)
Closing balance	**108,750**	**655,893**

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:

(€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
-Reggio Calabria S.c.p.a. in liquidatione		Italy	Construction	51.00%	51.00%	49.00%	24.5
Reggio Calabria-Scilla S.c.p.a. in liquidazione		Italy	Construction	51.00%	51.00%	49.00%	17.2
Astaldi Group		Italy	Construction	66.10%	66.97%	33.03%	418.2
Impregilo-SK E&C-Galfar al Misnad J.V.		Qatar	Construction	41.25%	41.25%	58.75%	27.9
Galfar - Salini Impregilo - Cimolai J.V.		Qatar	Construction	40.00%	40.00%	60.00%	78.7
Salini Saudi Arabia Ltd.		Saudi Arabia	Construction	51.00%	51.00%	49.00%	10.0
Western Station J.V.		Saudi Arabia	Construction	51.00%	51.00%	49.00%	18.4
SLC Snowy Hydro Joint Venture		Australia	Construction	64.99%	65.00%	35.00%	7.6
Lane Group		USA	Construction	n.a.	n.a.	n.a.	5.4
Other							48.0
Total non-controlling interests							**655.9**

A complete list of not wholly-owned subsidiaries is given in the “List of the Webuild Group companies” 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. in liquidazione

(€'000)

Statement of financial position	31 December 2019	31 December 2020	Variation
Assets			
Non-current assets	25	-	(25)
Current assets	207,458	205,282	(2,176)
Total assets	**207,483**	**205,282**	**(2,201)**
Equity and liabilities			
Equity	50,000	50,000	-
Current liabilities	157,483	155,281	(2,202)
Total equity and liabilities	**207,483**	**205,281**	**(2,202)**
Statement of profit or loss	**2019**	**2020**	**Variation**
Revenue	2,332	1,658	(674)
Profit before tax	42	99	57
Income taxes	(42)	(99)	(57)
Statement of cash flows			**2020**
Net cash flows used in operating activities			(974)
Net cash flows used in financing activities			(354)
Net decrease in cash and cash equivalents and current account overdrafts			**(1,328)**
Opening cash and cash equivalents and current account overdrafts			**1,485**
Closing cash and cash equivalents and current account overdrafts			**157**

Reggio Calabria - Scilla S.c.p.A. in liquidazione

(€'000)

Statement of financial position	31 December 2019	31 December 2020	Variation
Assets			
Non-current assets	3	-	(3)
Current assets	90,827	87,442	(3,385)
Total assets	**90,830**	**87,442**	**(3,388)**
Equity and liabilities			
Equity	35,000	35,000	-
Non-current liabilities	16	19	3
Current liabilities	55,814	52,423	(3,391)
Total equity and liabilities	**90,830**	**87,442**	**(3,388)**
Statement of profit or loss	**2019**	**2020**	**Variation**
Revenue	1,422	1,025	(397)
Profit (loss) before tax	(17)	50	67
Income taxes	17	(50)	(67)
Statement of cash flows			**2020**
Net cash flows used in operating activities			(2,149)
Net cash flows used in financing activities			(319)
Net decease in cash and cash equivalents and current account overdrafts			**(2,468)**
Opening cash and cash equivalents and current account overdrafts			**3,479**
Closing cash and cash equivalents and current account overdrafts			**1,011**

Astaldi Group (*)

(€'000)

Statement of financial position	31 December 2020
Assets	
Non-current assets	794,120
Current assets	2,444,708
Non-current assets held for sale	10,049
Total assets	**3,248,877**
Equity and liabilities	
Equity	1,198,118
Non-current liabilities	414,422
Current liabilities	1,621,226
Liabilities associated with non-current assets held for sale	15,111
Total equity and liabilities	**3,248,877**

Statement of profit or loss (**)	2020
Revenue	304,160
Profit before tax	772
Income taxes	3,645
Profit after tax	**4,417**
Loss from discontinued operations	(5,088)
Comprehensive expense	**(671)**
Comprehensive income attributable to non-controlling interests	**501**

(*) Reporting package date prepared for Webuild Group consolidation purposes, including the PPA procedure.

(**) The statement of profit or loss figures refer to the period from 5 November to 31 December 2020

Impregilo-SK E&C-Galfar al Misnad J.V. (Qatar)

(€'000)

Statement of financial position	31 December 2019	31 December 2020	Variation
Assets			
Non-current assets	4,960	-	(4,960)
Current assets	57,428	72,477	15,049
Total assets	**62,388**	**72,477**	**10,089**
Equity and liabilities			
Equity	16,520	47,572	31,052
Non-current liabilities	259	163	(96)
Current liabilities	45,609	24,742	(20,867)
Total equity and liabilities	**62,388**	**72,477**	**10,089**

Statement of profit or loss	2019	2020	Variation
Revenue	53,930	21,983	(31,947)
Profit (loss) before tax	(336)	2,389	2,725
Profit (loss) for the year	**(336)**	**2,389**	**2,725**
Other comprehensive income (expense)	319	(1,561)	(1,880)
Comprehensive income (expense)	**(17)**	**828**	**845**
Comprehensive income (expense) attributable to non-controlling interests	**(10)**	**486**	496

Statement of cash flows	2020
Net cash flows used in operating activities	(7,177)
Net cash flows generated by investing activities	4,820
Net decrease in cash and cash equivalents and current account overdrafts	**(2,357)**
Opening cash and cash equivalents and current account overdrafts	**3,186**
Closing cash and cash equivalents and current account overdrafts	**829**

Galfar - Salini Impregilo - Cimolai J.V (Qatar)

(€'000)

Statement of financial position	31 December 2019	31 December 2020	Variation
Assets			
Non-current assets	2,145	-	(2,145)
Current assets	211,886	240,370	28,484
Total assets	**214,031**	**240,370**	**26,339**
Equity and liabilities			
Equity (deficit)	(49,360)	131,242	180,602
Non-current liabilities	953	534	(419)
Current liabilities	262,438	108,594	(153,844)
Total equity and liabilities	**214,031**	**240,370**	**26,339**

Statement of profit or loss	2019	2020	Variation
Revenue	209,759	67,863	(141,896)
Loss before tax	(13,158)	(5,820)	7,338
Loss for the year	**(13,158)**	**(5,820)**	**7,338**
Other comprehensive income (expense)	(638)	486	1,124
Comprehensive expense	**(13,796)**	**(5,334)**	**8,462**
Comprehensive expense attributable to non-controlling interests	**(8,278)**	**(3,201)**	5,077

Statement of cash flows	2020
Net cash flows used in operating activities	(3,621)
Net cash flows generated by investing activities	380
Net decrease in cash and cash equivalents and current account overdrafts	**(3,241)**
Opening cash and cash equivalents and current account overdrafts	**3,895**
Closing cash and cash equivalents and current account overdrafts	**654**

Salini Saudi Arabia Ltd Co

(€'000)

Statement of financial position	31 December 2019	31 December 2020	Variation
Assets			
Non-current assets	10,561	8,420	(2,141)
Current assets	145,380	131,026	(14,354)
Total assets	**155,941**	**139,446**	**(16,495)**
Equity and liabilities			
Equity	13,348	10,268	(3,080)
Non-current liabilities	1,879	1,873	(6)
Current liabilities	140,714	127,305	(13,409)
Total equity and liabilities	**155,941**	**139,446**	**(16,495)**
Statement of profit or loss	**2019**	**2020**	**Variation**
Revenue	262,036	212,958	(49,078)
Profit (loss) before tax	15,224	(2,111)	(17,335)
Income taxes	(2,123)	(201)	1,922
Profit (loss) for the year	**13,101**	**(2,312)**	**(15,413)**
Other comprehensive expense	(168)	(771)	(603)
Comprehensive income (expense)	**12,933**	**(3,083)**	**(16,016)**
Comprehensive income (expense) attributable to non-controlling interests	**6,337**	**(1,511)**	**(7,848)**
Dividends paid to non-controlling interests	**5,250**	**-**	**(5,250)**

Statement of cash flows	2020
Net cash flows used in operating activities	(36,889)
Net cash flows used in investing activities	(2,115)
Net cash flows generated by financing activities	4,059
Net decrease in cash and cash equivalents and current account overdrafts	**(34,945)**
Opening cash and cash equivalents and current account overdrafts	**56,518**
Closing cash and cash equivalents and current account overdrafts	**21,573**

Western Station Joint Venture (Saudi Arabia)

(€'000)

Statement of financial position	31 December 2019	31 December 2020	Variation
Assets			
Non-current assets	6	-	(6)
Current assets	157,353	120,697	(36,656)
Total assets	**157,359**	**120,697**	**(36,662)**
Equity and liabilities			
Equity	49,330	37,571	(11,759)
Current liabilities	108,029	83,127	(24,902)
Total equity and liabilities	**157,359**	**120,698**	**(36,661)**

Statement of profit or loss	2019	2020	Variation
Revenue	78,251	5,015	(73,236)
Profit (loss) before tax	12,221	(8,155)	(20,376)
Profit (loss) for the year	**12,221**	**(8,155)**	**(20,376)**
Other comprehensive income (expense)	658	(3,604)	(4,262)
Comprehensive income (expense)	**12,879**	**(11,759)**	**(24,638)**
Comprehensive income (expense) attributable to non-controlling interests	**6,311**	**(5,762)**	**(12,073)**

Statement of cash flows	2020
Net cash flows used in operating activities	(728)
Net cash flows generated by financing activities	677
Net decrease in cash and cash equivalents and current account overdrafts	**(51)**
Opening cash and cash equivalents and current account overdrafts	**299**
Closing cash and cash equivalents and current account overdrafts	**248**

SLC Snowy Hydro Joint Venture (Australia)

(€'000)

Statement of financial position	31 December 2019	31 December 2020	Variation
Assets			
Non-current assets	22,437	146,403	123,966
Current assets	245,333	446,619	201,286
Total assets	**267,770**	**593,022**	**325,252**
Equity and liabilities			
Equity	7,109	21,643	14,534
Non-current liabilities	763	1,403	640
Current liabilities	259,898	569,976	310,078
Total equity and liabilities	**267,770**	**593,022**	**325,252**

Statement of profit or loss	2019	2020	Variation
Revenue	127,369	172,872	45,503
Profit before tax	7,059	13,918	6,859
Profit for the year	**7,059**	**13,918**	**6,859**
Other comprehensive income	50	616	566
Comprehensive income	**7,109**	**14,534**	**7,425**
Comprehensive income attributable to non-controlling interests	**2,488**	**5,087**	**2,599**

Statement of cash flows	2020
Net cash flows generated by operating activities	301,051
Net cash flows used in investing activities	(125,381)
Net cash flows used in financing activities	(111,834)
Net increase in cash and cash equivalents and current account overdrafts	**63,836**
Opening cash and cash equivalents and current account overdrafts	**84,055**
Closing cash and cash equivalents and current account overdrafts	**147,891**

Reconciliation between equity and loss of Webuild S.p.A. with consolidated equity and consolidated profit

The following table shows the reconciliation of equity and loss of the parent with the corresponding consolidated items:

€'000	Equity	Profit (loss) for the year
Equity and loss for the year of Webuild S.p.A.	**1,110,438**	**(351,072)**
Elimination of consolidated investments	(1,007,034)	49,824
Elimination of the provision for risks on equity investments	39,629	42,636
Equity and profit or loss of consolidated companies	1,048,641	(183,960)
Other consolidation entries		
Other consolidation entries	(945)	(319)
Purchase price allocation	224,868	536,534
Unrealised net exchange gains	2,086	64,198
Tax effects	(11,595)	(15,084)
Elimination of national tax consolidation system effects	22,902	4,234
Equity and profit for the year attributable to the owners of the parent	**1,428,990**	**146,990**
Equity and profit for the year attributable to non-controlling interests	655,893	(5,061)
Consolidated equity and profit for the year	**2,084,883**	**141,930**

21. Bank and other loans, current portion of bank loans and current account facilities

Bank and other loans and borrowings increased by €861.9 million over 31 December 2019 to €1,844.8 million at year end, as summarised below:

(€'000)	31 December 2019	31 December 2020	Variation
Non-current portion			
- Bank and other loans and borrowings	751,256	767,494	16,238
Current portion			
- Current account facilities and other loans	231,640	1,077,309	845,669
Total	**982,896**	**1,844,803**	**861,907**

The Group's financial indebtedness is broken down by loan type in the following table:

	31 December 2019			31 December 2020		
(€'000)	Non-current	Current	Total	Non-current	Current	Total
Bank corporate loans	604,158	44,305	648,463	547,805	693,982	1,241,787
Bank construction loans	48,094	28,668	76,762	189,021	173,931	362,952
Bank concession financing	11,831	1,037	12,868	11,833	1,123	12,956
Other financing	87,173	65,721	152,894	18,835	80,516	99,351
Total bank and other loans and borrowings	**751,256**	**139,731**	**890,987**	**767,494**	**949,552**	**1,717,046**
Current account facilities	-	79,814	79,814		68,446	68,446
Factoring liabilities	-	1,232	1,232		42,257	42,257
Loans and borrowings - unconsolidated group companies	-	10,863	10,863		17,054	17,054
Total	**751,256**	**231,640**	**982,896**	**767,494**	**1,077,309**	**1,844,803**

Bank corporate loans

Bank corporate loans amount to €1,241.8 million at the reporting date (31 December 2019: €648.5 million) and refer to the parent.

The main conditions of the bank corporate loans in place at 31 December 2020 are as follows:

	Company	Interest rate	Expiry date	Note
Banca IMI (term facility loan)	Webuild	Euribor	2022	(1)
Monte dei Paschi di Siena	Webuild	Fixed	2022	(1)
UBI (revolving facility)	Webuild	Euribor	2024	(1)
Banca IMI (revolving facility)	Webuild	Euribor	2022	(1)
MPS (revolving facility)	Webuild	Euribor	2021	
Banca Popolare di Milano (€50 million)	Webuild	Euribor	2024	(1)
Banca Popolare di Milano (€40 million)	Webuild	Euribor	2025	(1)
Banca IMI (€102 million)	Webuild	Euribor	2024	(1)
Banca IMI (€200 million new revolving facility)	Webuild	Euribor	2024	(1)
Banca del Mezzogiorno	Webuild	Euribor	2021	(1)
BBVA	Webuild	Fixed	2021	(1)

(1) As part of a wide-ranging action plan implemented at group level to mitigate the impacts of Covid-19, Webuild negotiated the temporary suspension of checks of certain financial covenants at 31 December 2020 and 31 June 2021 with some of its lending banks.

The increase in corporate loans during the year was principally a result of the Group's use of its revolving credit facilities made available by some of its 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 (bank syndicate)	Webuild	Italy	440,968	389,092	51,876	
Banca Popolare di Milano	Webuild	Italy	56,703	9,711	46,992	
Monte dei Paschi	Webuild	Italy	50,134	50,134	-	
Total			**547,805**	**448,937**	**98,868**	**-**

The fair value of the bank corporate loans, measured as set out in the "Accounting policies" section, is €1,245.4 million.

Bank construction loans

Bank construction loans amount to €363.0 million at the reporting date and mainly relate to:

- Astaldi (€229.1 million);
- Lane (€49.0 million);
- projects in Colombia (€39.7 million);

- HCE (€13.1 million).

The increase mostly refers to the loans of Astaldi, which was acquired in the second half of 2020, and the new revolving credit facilities (€49.0 million) obtained by Lane Group in December 2020.

The conditions of the main construction loans in place at year end may be summarised as follows:

	Company	Country	Interest rate	Expiry date
Various banks	Astaldi Group	Italy	Fixed	2025
Banco de Bogotà	ICT II	Colombia	Fixed	2021
Various banks	Lane Group	United States	Floating	2021
Various banks	HCE	Italy	Fixed	2021

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 months	Due after 25 months but within 60 months	Due after 60 months
Various banks	Astaldi Group	Italy	183,657	5,444	178,213	
Banca del Ticino	CSC Costruzioni	Switzerland	2,314		2,314	
Various banks	Cossi	Italy	3,050		3,050	
Total			**189,021**	**5,444**	**183,577**	**-**

The fair value of the construction loans, measured as set out in the "Accounting policies" section, is €360.8 million.

Bank concession financing

At 31 December 2020, bank concession financing amounts to €11.8 million as follows:

€'000	Company	Currency	Country	31 December 2019 Total concession financing	Current	Non-current	31 December 2020 Total concession financing	Current	Non-current
Monte dei Paschi di Siena	Corso del Popolo S.p.A.	Euro	Italy	6,774	531	6,243	6,774	531	6,243
Credito Sportivo	Piscine dello Stadio S.r.l.	Euro	Italy	5,909	321	5,588	6,182	592	5,590
Various	Other	Euro	Italy	185	185		-		
Total				**12,868**	**1,037**	**11,831**	**12,956**	**1,123**	**11,833**

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	5,590	268	1,217	4,105
Total			**11,833**	**835**	**3,770**	**7,228**

The fair value of the concession financing, measured as set out in the "Accounting policies" section, is €13.1 million.

Other financing

This item may be analysed as follows:

€'000			31 December 2019			31 December 2020		
	Company	Country	Total other financing	Current	Non-current	Total other financing	Current	Non-current
Various	Astaldi Group	Various				53,137	47,986	5,151
Società Italiana Condotte d'Acqua	Webuild	Italy	-			9,541		9,541
Non-controlling interests	Sabrom	Italy	7,185	7,185	-	7,962	7,962	-
Various	Galfar Cimolai JV	Qatar	13,490	13,490	-	6,763	6,763	
Non-controlling	NRW JV	Australia				4,048	4,048	
Non-controlling	Cossi Costruzioni	Italy				3,942		3,942
Banca IMI	Beyond	Italy	85,089	215	84,874	-		
Swan SPE	Webuild	Italy	10,003	10,003	-	-		
Various	Galfar	Qatar	10,057	10,057	-	-		-
Cat Finance	Webuild	Italy	5,407	5,407	-	-	-	-
Other	Other	Various	21,663	19,364	2,299	13,958	13,757	201
Total			**152,894**	**65,721**	**87,173**	**99,351**	**80,516**	**18,835**

The decrease in other financing is mostly related to Beyond's prepayment of its loan, which amounted to €85.0 million at 31 December 2019. The loan was taken out as part of Progetto Italia and was agreed with a bank syndicate in 2019 to be used solely to purchase bonds issued by Astaldi (see note 10). 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
Various banks	Astaldi Group	Italy	Euribor/Fixed rate	2022
Società Italiana Condotte d'Acqua	Webuild	Italy	Interest free rate	2024
Galfar Al Misnad	Galfar Cimolai JV	Qatar	Fixed rate	2021
Non-controlling interests	Sabrom	Italy	Fixed rate	2021

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
Società Italiana Condotte d'Acqua	Head office	Italy	9,541	1,000	8,541	
Various	Astaldi Group	Italy	5,151	5,151		
Non-controlling interests	Cossi Costruzioni	Italy	3,942		3,942	
Non-controlling interests	Consorzio LGV Ceneri	Italy	201			201
Total			**18,835**	**6,151**	**12,483**	**201**

The fair value of the other financing, measured as set out in the "Accounting policies" section, is €99.4 million.

Current account facilities

Current account facilities decreased by €11.4 million to €68.4 million at the reporting date.

Factoring liabilities

(€'000)	31 December 2019	31 December 2020	Variation
Astaldi Group (Unicredit)		35,598	35,598
Ethiopian branch (Factorit)	1,072	3,019	1,947
Astaldi Group (various)	-	3,640	3,640
Other	160		(160.00)
Total	**1,232**	**42,257**	**41,025**

Factoring liabilities relate to the factoring of receivables and increased by €41.0 million, mainly due to the acquisition of Astaldi Group.

Net financial indebtedness of Webuild Group

(€'000)	Note (*)	31 December 2019	31 December 2020	Variation
Non-current financial assets	10	378,272	321,952	(56,320)
Current financial assets	15	241,249	339,002	97,753
Cash and cash equivalents	18	1,020,858	2,455,125	1,434,267
Total cash and cash equivalents and other financial assets		**1,640,379**	**3,116,079**	**1,475,700**
Bank and other loans and borrowings	21	(751,256)	(767,494)	(16,238)
Bonds	22	(1,091,890)	(1,288,620)	(196,730)
Lease liabilities	23	(98,709)	(98,881)	(172)
Total non-current indebtedness		**(1,941,855)**	**(2,154,995)**	**(213,140)**
Current portion of bank loans and borrowings and current account facilities	21	(231,640)	(1,077,309)	(845,669)
Current portion of bonds	22	(13,295)	(246,910)	(233,615)
Current portion of lease liabilities	23	(61,673)	(79,557)	(17,884)
Total current indebtedness		**(306,608)**	**(1,403,776)**	**(1,097,168)**
Derivative assets	10-15	268	2,259	1,991
Derivative liabilities	24	(2,012)	-	2,012
Net financial debt with unconsolidated SPEs (**)		(21,595)	(1,461)	20,134
Total other financial assets (liabilities)		**(23,339)**	**798**	**24,137**
Net financial indebtedness - continuing operations		**(631,423)**	**(441,894)**	**189,529**
Net financial position - discontinued operations		-	116	116
Net financial indebtedness including discontinued operations		**(631,423)**	**(441,778)**	**189,645**

(*) 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. 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.

22. Bonds

The outstanding bonds of €1,535.5 million at 31 December 2020 relate to the parent, Webuild . They are analysed in the following table:

(€'000)	31 December 2019	31 December 2020	Variation
Non-current portion	1,091,890	1,288,620	196,730
Current portion	13,295	246,910	233,615
Total	**1,105,185**	**1,535,530**	**430,345**

A breakdown of this item is set out in the following table:

		31 December 2019			31 December 2020		
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 (net of related charges)
Webuild 3.75% Call 24gn21	24.06.2021	600,000	595,612	11,712	236,674		235,542
Webuild 1.75% Call 26ot24	26.10.2024	500,000	496,278	1,583	500,000	497,052	1,582
Webuild 5.875% Call 15dc25	15.12.2025				550,000	542,643	1,416
Webuild 3.625% Call 28ge27	28.01.2027				250,000	248,925	8,370
Total		**1,100,000**	**1,091,890**	**13,295**	**1,536,674**	**1,288,620**	**246,910**

The bonds are listed on the Dublin Stock Exchange and are backed by covenants, which were fully complied with at the reporting date.

The fair value of the bonds at the reporting date, measured as set out in the "Accounting policies" section, is € 1,505.1 million.

On 17 January 2020, the parent placed new notes on the market for €250,000,000, part of which were used to exchange the outstanding "€600,000,000 3.75 per cent. Notes due 24 June 2021" 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%.

On 15 December 2020, the parent placed additional new notes for with an aggregate nominal amount of € 550,000,000, with a maturity date of 15 December 2025 and a coupon of 5.875%. The proceeds from this issue are mainly to be used to fully redeem the outstanding 2021 notes, which was partly carried out on 15 December 2020 by redeeming notes with a nominal amount of €242,356,000, while the residual notes with a nominal amount of €236,674,000 will be redeemed on the due date of 24 June 2021.

On 21 January 2021, Webuild successfully placed additional notes with an aggregate nominal amount of € 200,000,000 (the "additional notes") reserved to institutional investors. They were consolidated and form a single series with the €550,000,000 notes issued on 15 December 2020 with a maturity date of 15 December 2025, bringing the total size of such notes to €750,000,000. The proceeds from the issuance of the additional notes will be used by Webuild to repay the Group's existing indebtedness.

23. Lease liabilities

Lease liabilities may be broken down as follows at 31 December 2020:

(€'000)	31 December 2019	31 December 2020	Variation
Non-current portion	98,709	98,881	172
Current portion	61,673	79,557	17,884
Total	**160,382**	**178,438**	**18,056**

The present value of the minimum lease payments is €178.4 million (31 December 2019: €160.4 million) as follows:

(€'000)	31 December 2019	31 December 2020
Minimum lease payments:		
Due within one year	66,038	83,410
Due between one and five years	100,476	103,794
Due after five years	7,820	531
Total	**174,334**	**187,735**
Future interest expense	(13,952)	(9,297)
Net present value	**160,382**	**178,438**
The net present value is as follows:		
Due within one year	61,673	79,557
Due between one and five years	92,465	98,370
Due after five years	6,244	511
Total	**160,382**	**178,438**

24. Derivatives and other financial liabilities

At 31 December 2019, these items showed the reporting-date fair value of the currency hedges. At the reporting date, the balance is nil, as follows:

(€'000)	31 December 2019	31 December 2020	Variation
Current portion	2,012		(2,012)
Total	**2,012**	**-**	**(2,012)**

The following table analyses the item:

(€'000)	31 December 2019	31 December 2020	Variation
Forward currency purchases and sales - FVTPL	2,012		(2,012)
Total derivatives presented in net financial indebtedness	**2,012**	**-**	**(2,012)**

25. Post-employment benefits and employee benefits

At 31 December 2020, the Group's liability due to its employees determined using the criteria set out in IAS 19 is €63.3 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: 0.8%.

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 Webuild S.p.A. 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 2018	Accruals	Reversals	Payments	Net actuarial losses	Change in consolidation scope and other changes	Contributions 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

(€'000)	31 December 2019	Accruals	Payments	Net actuarial gains	Contributions paid to INPS treasury and other funds	Other changes	31 December 2020
Post-employment benefits and employee benefits	61,868	14,616	(13,768)	(3,541)	(1,389)	5,563	63,349

"Net actuarial losses" include the actuarial gains and losses recognised in the actuarial reserve as per the revised IAS 19 while the "Other changes" mainly relate to changes in the consolidation scope, following the acquisition of Astaldi Group on 5 November 2020, and exchange gains and losses.

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)	Liability for employee benefits	Plan assets	Variation
1 January 2020	**199,945**	**(168,246)**	**31,699**
Service cost	296	-	296
Interest	6,232	(5,270)	962
Net gains on payments	-	(22,882)	(22,882)
Net losses on changes in the financial assumptions	24,311	-	24,311
Net gains on changes in the demographic assumptions	(935)	-	(935)
Net gains from experience	(5,490)	-	(5,490)
Employer contributions	(523)	-	(523)
Payments	(8,804)	8,804	-
Administrative fees charged to plan assets	-	333	333
Net exchange (gains) losses	(18,586)	16,166	(2,420)
31 December 2020	**196,446**	**(171,095)**	**25,351**

The following tables show the assumptions used to calculate the liability for employee benefits:

	Pension benefits		Other benefits	
	31 December 2019	**31 December 2020**	**31 December 2019**	**31 December 2020**
Discount rate	3.23%	2.37%	2.52%	1.35%
Expected rate of return on plan assets	6.40%	5.25%	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 2019	31 December 2020
Annual growth rate	6.68%	6.63%
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%	(26,084)	33,882
Salary increase rate	1.00%	330	(302)

The following table presents the plan asset categories as a percentage of total invested assets:

(€'000)	31 December 2019	%	31 December 2020	%
Common / collective trusts	167,623	99.63%	170,497	99.65%
Interest-bearing deposits	623	0.37%	598	0.35%
Total	**168,246**	**100.00%**	**171,095**	**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 73% in fixed income funds, about 13% in large and small cap equity investments, approximately 11% in international equities and about 3% in diversified hedge funds. The subsidiary'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 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**

(€'000)	Listed prices	Other observable significant inputs	Other non-observable significant inputs	31 December 2020
	Level 1	Level 2	Level 3	Total
Common / collective trusts	170,497	-	-	170,497
Interest-bearing deposits	598	-	-	598
Total	**171,095**	**-**	**-**	**171,095**

The following table shows the estimated undiscounted future payments for employee benefits:

(€'000)	Period	Pension benefits	Other benefits
	2020	7,442	139
	2021	7,556	139
	2022	7,828	141
	2023	8,009	126
	2024	7,959	101
	2025-2029	42,887	426

26. Provisions for risks

These provisions amount to €196.4 million at the reporting date, as follows:

(€'000)	31 December 2019	31 December 2020	Variation
Provisions for risks on equity investments	69,319	66,789	(2,530)
Other provisions	68,603	129,562	60,959
Total	**137,922**	**196,351**	**58,429**

The provisions for risks on equity investments relates to expected impairment losses on the carrying amount of the Group's investments in associates and joint ventures for the part that exceeds their carrying amounts.

Changes in the provisions for risks on equity investments are detailed below:

(€'000)	2020
Share of loss of equity-accounted investees	(11,367)
Other changes including change in the translation reserve	13,897
Total	**2,530**

Other provisions comprise:

(€'000)	31 December 2019	31 December 2020	Variation
USW Campania projects	28,313	27,739	(574)
Provisions set up by entities in liquidation	9,902	8,690	(1,212)
Provision for ongoing litigation	5,882	19,251	13,369
Provisions for risks relating to ongoing contracts	-	49,857	49,857
Other	24,506	24,025	(481)
Total	**68,603**	**129,562**	**60,959**

The provision for the USW Campania projects mainly consists of the estimated potential costs for the environmental remediation. 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 entities in liquidation include accruals made for probable future charges related to the closing of contracts and potential developments in ongoing litigation.

Provisions for risks relating to ongoing contracts mainly refer to:

- Astaldi Group (€26.5 million, of which €11.2 million resulting from the purchase price allocation, as described in note 5), mostly relating to Italy, Poland and Algeria;
- Lane Group (€19.0 million) chiefly attributable to the Cabot Yard contract;
- head office (€14.7 million), of which €4.4 million relating to the ENI offices construction project.

These provisions are measured in accordance with paragraphs 66-69 of IAS 37 - Provisions, contingent liabilities and contingent assets and cover the estimated costs to fulfil certain contracts (net of the related economic benefits).

The increase in the provision for ongoing litigation is mostly due to Astaldi Group for litigation in Canada, Italy and South America.
Changes in the previous year are as follows:

(€'000)	31 December 2018	Accruals	Utilisations / Releases	Reclassifications	Exchange gains (losses) and other changes	31 December 2019
Other provisions	82,413	6,912	(7,624)	(14,222)	1,124	68,603

Changes in the item in the year are summarised below:

(€'000)	31 December 2019	Accruals	Utilisations / Releases	Change in consolidation scope	Exchange gains (losses) and other changes	31 December 2020
Other provisions	68,603	26,520	(11,799)	46,889	(651)	129,562

The most significant increase in the provision is due to the change in consolidation scope resulting from the acquisition of Astaldi Group and incorporates the effect of the purchase price allocation (see note 5).

The main accruals for the year are those made to provisions for risks relating to ongoing contracts by Webuild and Lane Group, as shown above.

Utilisations/releases chiefly relate to:

- releases of €1.8 million by HCE Group;
- utilisations of €4.4 million by Astaldi Group;
- utilisations of €1.7 million by the head office.

More information is available in the section on the "Main risk factors and uncertainties" in the Directors' report.

27. Trade payables

Trade payables amount to €2,706.6 million at the reporting date, an increase of €93.8 million on 31 December 2019. They are made up as follows:

(€'000)	31 December 2019	31 December 2020	Variation
Third parties	2,319,738	2,552,679	232,941
Unconsolidated group companies and other related parties	292,999	153,897	(139,102)
Total	**2,612,737**	**2,706,576**	**93,839**

The increase in trade payables to third parties is mostly related to the acquisition of Astaldi Group, partly offset by the decrease in amounts due by the COCIV consortium to Condotte following the offsetting of amounts receivable and payable for €227.3 million during the first half of the year and the settlement of trade payables as part of the normal business activities (mainly for the COCIV consortium and the Qatari contracts).

Trade payables to unconsolidated group companies and other related parties decreased by €153.9 million to €139.1 million as a result of the different consolidation treatment of certain consortia and consortium companies after the acquisition of control of Astaldi Group.

The item mainly comprises trade payables to unconsolidated SPEs for work carried out by them under contracts with public administrations. A complete list of transactions with group companies and other related parties is provided at the end of these notes.

The balance includes €3.3 million (€23.9 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.

28. Current tax liabilities and other current tax liabilities

Current tax liabilities of €127.3 million increased by €40.2 million over 31 December 2019. They may be analysed as follows:

(€'000)	31 December 2019	31 December 2020	Variation
IRES	4,881	46,675	41,794
IRAP	995	1,608	613
Foreign taxes	81,261	79,012	(2,249)
Total	**87,137**	**127,295**	**40,158**

Other current tax liabilities of €76.0 million increased by €27.8 million over 31 December 2019, mainly due to the acquisition of Astaldi Group. They may be analysed as follows:

(€'000)	31 December 2019	31 December 2020	Variation
VAT	25,661	41,312	15,651
Other indirect taxes	22,526	34,666	12,140
Total	**48,187**	**75,978**	**27,791**

29. Other current liabilities

Other current liabilities of €530.5 million (€323.1 million) comprise:

(€'000)	31 December 2019	31 December 2020	Variation
State bodies	33,288	33,288	-
Other liabilities	158,162	277,827	119,665
Employees	68,639	91,035	22,396
Social security institutions	18,448	48,655	30,207
Unconsolidated group companies and other related parties	23,381	34,455	11,074
Compensation and compulsory purchases	3,709	6,504	2,795
Accrued expenses and deferred income	17,449	38,780	21,331
Total	**323,076**	**530,544**	**207,468**

"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. 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 €277.8 million (€158.2 million) increased by roughly €119.7 million, mainly as a result of the acquisition of Astaldi Group (€113.8 million). At the reporting date, the item mainly refers to the Astaldi Group, as well as amounts due to the former consortium member of Cossi Group (see note 17 "Other current assets"), the high speed/capacity projects, Lane's American projects and some foreign projects in Nigeria, 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 €34.5 million and increased by €11.1 million, mainly due to the consolidation of Astaldi Group. The year-end balance principally refers to the Argentine group companies involved in the environmental remediation project in the Buenos Aires province, Astaldi Ingegneria Y Costruccion Limitada active in Chile and the Churchill Hospital joint venture active in the UK hospital sector.

Accrued expenses and deferred income increased by €21.3 million to €38.8 million, mainly attributable to the works relating to Astaldi Group, as shown in the following table:

(€'000)	31 December 2019	31 December 2020	Variation
Accrued expenses:			
- Commissions on sureties	3,577	3,326	(251)
- Other	11,240	34,475	23,235
Total accrued expenses	**14,817**	**37,801**	**22,984**
Deferred income:			
- Provision of services	2,632	979	(1,653)
Total deferred income	**2,632**	**979**	**(1,653)**
Total	**17,449**	**38,780**	**21,331**

30. Guarantees, commitments, risks and contingent liabilities

Guarantees and commitments

The key guarantees given by the Group are set out below:

- contractual sureties: these total €14,827.7 million (including €5,190.0 million and €2,353.8 million issued directly by Lane Group and Astaldi Group, respectively) 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 their subcontractors;
- sureties for bank loans: they amount to €120.9 million and include €20.7 million relating to Astaldi Group;
- sureties granted for export credit: €152.0 million;
- other guarantees: they amount to €1,593.7 million and comprise guarantees related to customs and tax obligations (€9.3 million) and other commitments (such as environmental remediation and export credit) (€ 1,584.4 million);
- collateral related to a lien on the shares of a SPE (€13.2 million).

Tax disputes

Webuild 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 Webuild S.p.A.) of its investment in the Chilean operator Costanera Norte 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 on 29 November 2018. 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 Supreme Court hearing was held on 17 January 2020 to discuss the reimbursement of tax assets with a nominal amount of €12.3 million acquired from third parties as part of previous non-recurring transactions. The court quashed the second level ruling ordering the case to be transferred to the Regional Tax Commission. The parent filed a petition for the resumption of the hearing within the legal term;
- 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 €0.4 million), 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 Supreme Court found the tax authorities' appeal to be inadmissible;
- on 23 December 2019, the parent received an assessment notice for assessed IRES tax for 2014 of approximately €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 €0.7 million; (ii) the alleged undue deduction of the "ACE relief" (Aid for Economic Growth) of €3.5 thousand contrary to the provisions of article 10 of the Ministry of the Economy and Finance's decree of 14 March 2012. The dispute was settled using the mutually-agreed settlement procedure as proposed by the tax authorities which decreased the total claim (taxes, fines and interest) from roughly €2.4 million to around €0.4 million;
- after their tax inspection into 2015, the tax authorities notified Constructor M2 Lima consortium of an assessment notice claiming approximately €15.9 million. The main allegation made by the local tax authorities (SUNAT) is due to a different interpretation of the accounting treatment of revenue from contract with customers for work carried out under the IFRS. The parent's investment in the consortium is 25.5%, which means the portion of assessed tax attributable to it is about €4.06 million. Since the consortium deems that the accounting treatment it adopted is correct, it challenged the above assessment notice within the term prescribed by the local law;
- on 21 January 2021, the local tax authorities (ERCA) served an assessment notice to the Ethiopian branch relating to the 2017, 2018 and 2019 corporate income tax. The most significant assessment relates to the calculation of revenue. Indeed, the tax inspectors did not agree on the adoption of the cost to cost method, despite it being provided for by the local tax law and the IFRS. The tax authorities' treatment would increase the tax base by about €324 million in local currency. Since the parent deems that the accounting treatment it adopted is correct, assisted by its advisors, it duly challenged the part relating to revenue recognition of the above assessment notice within the term prescribed by the local law, while settling the other "minor" assessments by paying the claimed amount.

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 has deemed that it would be opportune to settle the dispute, as explained earlier in more detail, it exercised the options to agree as provided for by the relevant legislation, such as the procedure for the out-of-court settlement of pending disputes, the procedure for the out-of-court settlement of the positions assigned to the collection agency, the court-ordered settlement procedure after the mutually-agreed settlement procedure.

Imprepar S.p.A.

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 Law decree 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 (which writes off fines and interest) for the pending tax disputes (payment of €0.4 million) and opted for payment by instalment.

On 18 June 2018, Imprepar received a notice to pay assessed registration tax of approximately €0.7 million. 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 S.p.A.

After the 2013 IRES tax audit 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 €0.3 million 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 subsidiary appealed to the competent tax commission commencing the relevant legal proceedings. The competent tax commission has issued its ruling (i) partly accepting the subsidiary's appeal for 2013, (ii) rejecting the appeal for 2014, and (iii) fully accepting its appeal for 2015 thereby cancelling the assessment notice. An appeal has been filed for all cases.

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 S.p.A.

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 subsidiary 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 subsidiary 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 subsidiary 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 subsidiary 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 subsidiary, 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 subsidiary has appealed to the Supreme Court and the hearing date has been deferred.

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 subsidiary 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 subsidiary 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 subsidiary has appealed to the Supreme Court.

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.

<u>Astaldi S.p.A.</u>

With respect to the principal dispute with the Italian and foreign tax authorities:

- on 14 April 2020, the Italian tax authorities notified the subsidiary of their refusal to its proposal to settle tax liabilities as per article 182-ter of the Bankruptcy Law presented as part of its composition with creditors procedure. The above proposal requested the cancellation due to non-application of the higher fines, amounting to approximately €8 million, on the tax liabilities attributable exclusively to the prohibition imposed by the composition with creditors procedure to pay liabilities already due prior to the filing of the related application with reservation. The subsidiary presented its appeal on 9 July 2020, challenging a number of issues of the refusal on the merits and in law. As provided for in the composition with creditors proposal, the subsidiary will pay the preferential tax liabilities in full, taking into account the above-mentioned refusal and, should the outcome of the dispute be favourable for it, it will recover the higher amounts paid;
- on 28 August 2020, the Italian tax authorities notified the subsidiary of a recovery notice for alleged undue offsetting of excess VAT transferred by subsidiaries under the 2017 group VAT scheme. The assessed amount is €4.8 million, plus fines and interest of €1.4 million and €0.5 million, respectively. This notice arises from a dispute about the 2017 VAT assets claimed for reimbursement through the tax return. As part of the investigation carried out by the Italian tax authorities into the reimbursability of such tax assets, the tax authorities challenged the methods used by Astaldi to calculate the net output/input VAT balances transferred by the subsidiaries to it as the tax consolidator under the group VAT scheme. As a result of this different interpretation, the Italian tax authorities partially disallowed the reimbursement, due to non-compliance with the requirements provided for by the applicable legislation and authorised the carrying forward of the part of the claim (allegedly) not reimbursable. Since it believes that it has acted correctly, the subsidiary challenged the partial disallowance in court, also supported by the tax authorities' own practices.

The dispute is still pending. Should the subsidiary lose the case, the tax consequences will be immaterial, including in terms of fines, as it will only carry forward a higher amount of tax assets.

The above recovery notice for alleged undue offsetting is the result of a different interpretation by the tax authorities of how the net output/input VAT transferred by companies within a group VAT scheme should be calculated. Under this interpretation, the subsidiary should also recalculate the interim net excesses of VAT offset on a monthly basis. Since the resulting higher amounts offset have not been confirmed when filing the annual VAT return, the tax authorities issued the related recovery notice. The subsidiary duly challenged such recovery notice in court and also this dispute is still pending. Also in this case, should the subsidiary lose the case, against the tax authorities' recovery of the amount allegedly unduly offset, the subsidiary will carry forward a higher amount of VAT assets and will solely bear the related fines and interest. Supported by the opinion of its advisors, the subsidiary believes that the risk of losing the case is remote;

- Costa Rican branch: in 2013, the local tax authority commenced an audit of the branch's calculation of its 2010 direct tax base. The audit concluded with the notification of an assessment of higher taxable amount due to the disallowance of the deductibility of various costs (amortisation and depreciation, personnel remuneration, losses and travel and transport costs), for an amount due of CRC776,803,156 (to the equivalent of approximately €1.2 million at current exchange rates). A separate notice imposed fines of CRC194,200,789 (to the equivalent of approximately €0.3 million at current exchange rates). With the assistance of its advisors, the subsidiary has commenced the local administrative and legal procedures to challenge the above assessment and to defend the correctness of its actions. On 3 December 2020, the tax authorities issued a resolution confirming the subsidiary's amounts. The procedures for having the proceeding declared closed are currently being assessed.

  In 2015, the same branch received a notice from the local tax authorities that disallowed certain withholding tax assets for 2011, 2012 and 2013. The initial assessed amount is CRC640,694,557 (to the equivalent of about €0.9 million at current exchange rates) against which the subsidiary has commenced the local administrative and legal procedures with the assistance of its advisors. The tax authorities subsequently decreased the assessed amount to CRC132,305,779 (to the equivalent of approximately €0.2 million at current exchange rates). The proceedings are still ongoing with a remote risk of losing the case;
- Salvadoran branch: in 2016, this branch received a notice of assessment from the local tax authorities relating to its tax base and related income taxes for 2012. In this assessment, the local tax authorities alleged undeclared revenue and income and costs and disallowed the deductibility of certain expenses and specifically: (i) allegedly undeclared revenue of USD23.5 million (to the equivalent of approximately €20.5 million) for the proceeds arising from the out-of-court agreement settling the dispute related to the El Chaparral hydroelectric power plant project, (ii) interest income of USD0.8 million (equal to about €0.7 million) allegedly accrued on intragroup loans, (iii) revenue and income reported as tax-exempt or non-taxable amounting to USD13.4 million (to the equivalent of roughly €11.7 million), (iv) costs of USD15.4 million (to the equivalent of approximately €13.5 million) whose deductibility was contested. As a result, the local tax authorities recalculated the income tax due by the branch for 2012 and assessed higher taxes of USD9.1 million (equal to approximately €8 million), plus fines and interest. With the assistance of its

advisors, the subsidiary has commenced the procedures to challenge all assessments. The proceedings are still ongoing with a remote risk of losing the case;

- COMERI S.p.A.: on 3 November 2010, upon completion of a general direct and indirect tax audit, this Astaldi group company received a preliminary assessment report from the Rome tax police. In 2015, the tax authorities notified the company of the related assessment notice that repeated the same issues raised in the above preliminary assessment report. The company promptly appealed against the above-mentioned notice and concurrently started discussions with the tax authorities to obtain the administrative cancellation of the assessment. The Rome Provincial Tax Commission allowed the appeal with ruling no. 29543/50/16filed on 17 November 2016. The date of the second level hearing is still to be fixed. For completeness, it should be noted that the above preliminary assessment report also challenges the tax treatment of the out-of-court agreement signed by Astaldi and ANAS S.p.A. on 3 May 2010 to settle the technical claims recognised in the work site's accounts up to 31 December 2008. The tax police have mistakenly considered the amounts as additional consideration rather than compensation for damage, therefore applying VAT at 20%. Furthermore, COMERI S.p.A. had previously submitted the out-of-court agreement in question to the tax authorities on 15 June 2010, which requested and accepted payment of the proportional registration tax on the above claims, confirming, by conduct, that they should be subject to indirect taxes, having considered them to have a compensation nature and being, therefore, VAT-exempt. Supported by the opinion of its advisors, the company believes that the risk of losing the case is remote;
- Astaldi Canada Inc: in September 2019, as a result of an audit carried out by the local tax authorities, Astaldi Canada Inc., Astaldi's Canadian subsidiary, received a tax notice alleging omitted withholdings of about CAD1.7 million (to the equivalent of about €1.1 million) on Astaldi's fees for the guarantees it gave on behalf and in the interest of the Canadian subsidiary in 2015 and 2016. With the assistance of its advisors, the latter has commenced the procedure to challenge the assessment notice and defend its position to support the fact that it had acted correctly. The case is still pending. Supported by the opinion of its advisors, the Canadian subsidiary believes that the risk of losing the case is remote;
- Astaldi Arabia Ltd.: the local tax authorities adjusted the 2007, 2008 and 2009 income tax returns of this Astaldi group company with registered office in Saudi Arabia. As a result of these adjustments, based on the disallowance of certain costs (imports, interest and other costs and expenses), the higher assessed tax amounts to SAR1.4 million, SAR20.2 million and SAR36.6 million, respectively (to the equivalent of a total of approximately €13 million), plus fines totalling SAR76 million (to the equivalent of roughly €17 million). With the assistance of its local advisors, the subsidiary has commenced the necessary procedures to challenge the above-mentioned tax assessment, also taking into account the possibility to avail of the option provided for by the relevant legislation, which allows the settlement of the entire pending case through the payment of only the higher tax and full cancellation of the fines.

  Moreover, the local tax authorities have contested irregularities for VAT purposes (introduced into local law in 2018) assessing taxes and fines totalling SAR137.7 million (to the equivalent of approximately €30.8 million). With the assistance of its local advisors, the subsidiary has commenced the necessary procedures to have the tax assessment dismissed in its entirety.

31. 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 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	10	378,272				378,272	378,272
Trade receivables	14	1,827,173				1,827,173	1,827,173
Other current financial assets	15	241,249	268			241,517	241,517
Cash and cash equivalents	18	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	21	982,896				982,896	985,716
Bonds	22	1,105,185				1,105,185	1,081,060
Lease liabilities	23	160,382				160,382	160,382
Derivatives and other current financial liabilities	24		2,012			2,012	2,012
Trade payables	27	2,612,737				2,612,737	2,612,737
Total		**4,861,200**	**2,012**			**4,863,212**	**4,841,907**

31 December 2020 (€'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	10	321,952		665		322,617	322,617
Trade receivables	14	1,889,929				1,889,929	1,889,929
Other current financial assets	15	338,337	2,259			340,596	340,596
Cash and cash equivalents	18	2,455,125				2,455,125	2,455,125
Total		**5,005,343**	**2,259**	**665**		**5,008,267**	**5,008,267**

31 December 2020 (€'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	21	1,844,803				1,844,803	1,848,479
Bonds	22	1,535,530				1,535,530	1,505,066
Lease liabilities	23	178,438				178,438	178,438
Derivatives and other current financial liabilities	24						
Trade payables	27	2,706,576				2,706,576	2,706,576
Total		**6,265,347**				**6,265,347**	**6,238,559**

Risk management

The Group is exposed to financial risks which encompass all the risks related to capital availability, affected by credit and liquidity management.

	2019		2020	
(€m)	-5%	+5%	-5%	+5%
US dollar	8.33	(8.33)	(1.60)	1.60
Ethiopian birr	5.19	(5.19)	2.37	(2.37)
Australian dollar	0.18	(0.18)	1.35	(1.35)
Colombian peso	2.93	(2.93)	3.45	(3.45)
Tajikistani somoni	(0.11)	0.11	0.53	(0.53)
South African rand	(1.15)	1.15	(1.00)	1.00

This analysis excludes the effects of the translation of the equity of group companies with a currency other than the Euro.

Interest rate risk

Considering the Group's predominantly fixed rate debt structure in 2020, had interest rates increased or decreased by an average 75 basis points in 2020, the profit before tax would have been respectively smaller or greater by a maximum of €11.3 million (2019: €6.2 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 2019	31 December 2020
Italy	(148,344)	(261,384)
Other EU countries	451,345	368,964
Other non-EU countries	(37,341)	(45,157)
Americas (Lane and other group contracts)	86,675	(41,750)
Asia/Middle East	14,032	368,107
Africa	311,004	452,503
Australia	(68,680)	(360,166)
Total	**608,691**	**481,118**

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)	Trade receivables	Contract assets	Contract liabilities	Total	Allowances
31 December 2019					
Italy	751,242	174,794	(133,110)	792,926	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	224,184	(269,774)	267,425	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**	**362,527**
31 December 2020					
Italy	836,635	372,791	(839,420)	370,006	93,009
Other EU countries	187,785	664,578	(36,878)	815,485	6,161
Other non-EU countries	151,461	48,270	(83,056)	116,675	-
Americas	374,623	221,398	(280,512)	315,509	312,013
Asia/Middle East	200,572	783,152	(121,686)	862,037	5,970
Africa	129,733	480,080	(292,195)	317,618	12,850
Australia	9,121	183,934	(478,729)	(285,675)	-
Total	**1,889,929**	**2,754,203**	**(2,132,476)**	**2,511,656**	**430,003**

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 2021	31 December 2022	31 December 2023	After	Total
Current account facilities	68,446				68,446
Bonds	295,674	50,125	50,125	1,409,625	1,805,549
Bank loans and borrowings	944,611	462,748	46,253	244,392	1,698,004
Lease liabilities	83,401	46,162	43,652	14,473	187,688
Gross financial liabilities	**1,392,132**	**559,035**	**140,030**	**1,668,490**	**3,759,687**
Trade payables	2,706,576				2,706,576
Total	**4,098,708**	**559,035**	**140,030**	**1,668,490**	**6,466,263**

The previous year figures are as follows:

(€'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 swaps	2,012				2,012
Gross financial liabilities	**300,879**	**771,653**	**618,395**	**664,388**	**2,355,315**
Trade payables	2,612,737				2,612,737
Total	**2,913,616**	**771,653**	**618,395**	**664,388**	**4,968,052**

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 22).

Liquidity risk management is mainly based on maintaining a balanced financial position. This strategy is pursued by each of the Group's operating companies.

Webuild has constantly monitored this risk and has not currently identified particular problems considering its cash and cash equivalents at 31 December 2020.

(€'000)	Total financial commitments due before 31 March 2021 (*)	Cash and cash equivalents (**)	Difference
Webuild (head office and branches)	859,637	879,975	20,338
Subsidiaries	694,354	586,167	(108,187)
SPEs	644,017	735,730	91,713
Joint operations	96,090	181,045	84,955
Total	**2,294,098**	**2,382,917**	**88,819**

(*) does not include amounts due to group companies.

(**) net of tied-up liquidity. At the reporting date, Webuild has suitable cash and cash equivalents and available credit facilities to meet the above obligations.

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	10	-	268	-
Derivative liabilities	24	-	(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	(69,278)	5,410	(46,894)	9,503	156,915	**55,656**
Derivatives and other current financial assets	49,515	(27,781)	(145,668)	-	24,855	**(99,079)**
Non-current derivatives	(7)				7	**-**
Non-current financial liabilities - related parties and other unconsolidated group companies	(2,665)		2,665			**-**
Current financial liabilities - related parties and other unconsolidated group companies	(315)	5,473		-	1,032	**6,190**
Derivatives and other current financial liabilities	(2,012)				-	**(2,012)**
	(24,762)	**(16,898)**	**(189,897)**	**9,503**	**182,809**	**(39,245)**

Statement of profit or loss

32. Revenue

Revenue for 2020 amounts to €5,021.8 million, down 2.1% on the previous year.

(€'000)	2019	2020	Variation
Revenue from contracts with customers	4,770,634	4,247,167	(523,467)
Other income	359,328	226,478	(132,850)
Gain from bargain purchase	-	548,177	548,177
Total	**5,129,962**	**5,021,822**	**(108,140)**

The main 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 Australia to design, build and maintain the Perth Metro and the civil engineering and electromechanical works for the Snowy 2.0 project, the projects in Saudi Arabia including the design and building of the new Riyadh Metro and the Rogun Dam in Tajikistan.

On 5 November 2020, Webuild acquired Astaldi, which contributed revenue of €304.2 million for the period from its acquisition date to the reporting date.

A breakdown of revenue and other income by geographical segment is as follows:

(€'000)	2019	Percentage of total	2020	Percentage of total
Italy	**882,284**	**17%**	**1,528,435**	**30%**
Middle East	1,340,214	26%	687,034	14%
Oceania	297,212	6%	374,432	7%
Non-EU	203,134	4%	344,083	7%
Africa	488,546	10%	332,677	7%
EU (excluding Italy)	427,462	8%	319,022	6%
Asia	254,190	5%	237,218	5%
Americas (excluding Lane)	198,142	4%	211,893	4%
Abroad	**3,208,900**	**63%**	**2,506,359**	**50%**
Lane	**1,038,778**	**20%**	**987,028**	**20%**
Total	**5,129,962**	**100%**	**5,021,822**	**100%**

A breakdown of revenue is given in the following table:

(€'000)	2019	2020	Variation
Works invoiced to customers	4,624,506	4,172,504	(452,002)
Services	120,087	63,032	(57,055)
Sales	33,241	11,631	(21,610)
Real estate projects	(7,200)	-	7,200
Total	**4,770,634**	**4,247,167**	**(523,467)**

Variable consideration was equal to 4.2% of revenue from contracts with customers during the year.

The transaction price of ongoing contracts allocated to the unsatisfied performance obligations amounts to € 30,419.2 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 2021 to 2023	of which: after
Total		19,509.3	10,910.0

Ongoing contracts include contracts with customers if they meet the criteria of IFRS 15.9[70]. The item includes variable consideration when its realisation is highly probable.

A breakdown of other income is given in the following table:

(€'000)	2019	2020	Variation
Recharged costs	132,325	104,923	(27,402)
Other income from joint ventures and consortia	140,172	33,676	(106,496)
Gains on the disposal of non-current assets	22,080	10,262	(11,818)
Insurance compensation	2,844	11,192	8,348
Other	61,907	66,425	4,518
Total	**359,328**	**226,478**	**(132,850)**

"Other income" mostly refers to contract work in progress and specifically industrial activities and related works not directly related to contracts with customers. The decrease of €132.9 million is mostly due to the smaller income from cost recharges to non-controlling consortium members (other income in the consortium's financial statements) as a result of the reduction of Condotte's interest in the COCIV consortium to the minimum during 2019 (as described in the 2019 Annual Report). Webuild 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".

The gain from bargain purchase of €548.2 million was recognised as a result of the PPA procedure for the acquisition of Astaldi Group (see note 5).

[70] 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)	2019	2020	Variation
Gain from bargain purchase	-	548,177	548,177
Total	**-**	**548,177**	**548,177**

33. Operating expenses

Operating expenses for the year amount to €4,620.4 million compared to €4,873.2 million for 2019.

The item may be broken down as follows:

(€'000)	2019	2020	Variation
Purchases	571,283	575,127	3,844
Subcontracts	1,773,965	1,498,284	(275,681)
Services	1,282,093	1,181,931	(100,162)
Personnel expenses	791,210	845,062	53,852
Other operating expenses	180,252	161,418	(18,834)
Amortisation, depreciation, provisions and impairment	274,360	358,602	84,242
Total	**4,873,163**	**4,620,424**	**(252,739)**

In addition to the impact of Covid-19, the variations in the individual items compared to 2019 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.

33.1 Purchases

The cost of raw materials and consumables incurred in 2020 increased by €3.8 million to €575.1 million.

(€'000)	2019	2020	Variation
Purchases of raw materials and consumables	542,136	573,017	30,881
Change in raw materials and consumables	29,147	2,110	(27,037)
Total	**571,283**	**575,127**	**3,844**

33.2 Subcontracts

Costs of subcontracts decreased to €1,498.3 million, down €257.7 million on the previous year, as shown in the following table:

(€'000)	2019	2020	Variation
Subcontracts	1,773,965	1,498,284	(275,681)
Total	**1,773,965**	**1,498,284**	**(275,681)**

The decrease is chiefly due to the reduction in subcontracting costs for the South Al Mutlaa Housing Project in Kuwait, Lane Group, the Cityringer Metro in Copenhagen and the ongoing projects in Qatar.

33.3 Services

This item decreased to €1,181.9 million, down €100.2 million on the previous year, as shown in the following table:

(€'000)	2019	2020	Variation
Consultancy and technical services	559,300	550,874	(8,426)
Recharging of costs by consortia	279,769	267,181	(12,588)
Leases	165,913	144,178	(21,735)
Insurance	67,969	42,328	(25,641)
Transport and customs	72,601	52,887	(19,714)
Maintenance	22,879	26,656	3,777
Fees to directors, statutory auditors and independent	12,973	12,426	(547)
Other	100,689	85,401	(15,288)
Total	**1,282,093**	**1,181,931**	**(100,161)**

Leases include rent and leases with variable payments for assets of a low value and leases with a term of less than 12 months. The related payments are recognised in profit or loss immediately.

"Consultancy and technical services" decreased by €8.4 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)	2019	2020	Variation
Design and engineering services	326,791	308,474	(18,317)
Construction	108,937	142,019	33,082
Legal, administrative and other services	122,871	99,885	(22,986)
Other	701	496	(205)
Total	**559,300**	**550,874**	**(8,426)**

33.4 Personnel expenses

Personnel expenses for the year amount to €845.1 million, up €53.9 million on 2019. The item is made up as follows:

(€'000)	2019	2020	Variation
Wages and salaries	615,397	642,055	26,658
Social security and pension contributions	115,343	134,387	19,044
Post-employment benefits and employee benefits	13,614	14,616	1,002
Other	46,856	54,004	7,148
Total	**791,210**	**845,062**	**53,852**

The increase is partly (€35.8 million) due to the consolidation of Astaldi Group from 5 November 2020.

"Other" mainly relates to termination benefits and reimbursements of travel expenses.

33.5 Other operating expenses

Other operating expenses amount to €161.4 million, down €18.8 million on the previous year.

This item is made up as follows:

(€'000)	2019	2020	Variation
Other operating costs	71,636	70,690	(946)
Commissions on sureties	71,108	66,497	(4,611)
Bank charges	16,372	5,177	(11,195)
Losses on disposals	3,959	8,914	4,955
Other non-recurring costs	17,177	10,140	(7,037)
Total	**180,252**	**161,418**	**(18,834)**

The decrease of €18.8 million is mostly due to operating bank charges and other non-recurring costs. Other operating costs include the cost of the out-of-court agreement with Società Italiana per Condotte d'Acqua S.p.A. under extraordinary administration (€15.0 million).

33.6 Amortisation, depreciation, provisions and impairment losses

This item includes amortisation, depreciation and provisions of €185.0 million and impairment losses of €173.6 million, showing an increase of €13.1 million and €71.2 million on the previous year, respectively. It may be analysed as follows:

(€'000)	2019	2020	Variation
Total impairment losses	**102,423**	**173,583**	**71,160**
- Depreciation of property, plant and equipment	92,924	75,389	(17,535)
- Depreciation of right-of-use assets	51,052	52,322	1,270
- Amortisation of contract costs	25,232	31,216	5,984
- Amortisation of rights to infrastructure under concession	1,135	1,470	335
- Amortisation of intangible assets	593	624	31
Amortisation and depreciation	170,936	161,021	(9,915)
Provisions	1,001	23,998	22,997
Total amortisation, depreciation and provisions	**171,937**	**185,019**	**13,082**
Total	**274,360**	**358,602**	**84,242**

"Impairment losses" of €173.6 million mainly relate to:

- the impairment losses on assets in Venezuela (€122.5 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);
- impairment losses of €20.3 million recognised as a result of the out-of-court agreement with Condotte;

Amortisation, depreciation and provisions of €185.0 million (€171.9 million) mostly comprise:

- depreciation of €127.7 million (€144.0 million) on property, plant and equipment of €75.4 million (€93.0 million) and right-of-use assets of €52.3 million (€51.1 million), down €16.3 million on the previous year. The variation is chiefly due to the high speed railway line works after the transfer of the use of plant and machinery to the subcontractors working on the Milan - Genoa railway line as provided for in the related contracts, as well as works for the construction of the Forrestfield - Airport Link Metro line in Australia nearing completion;
- amortisation of €33.3 million (€27.0 million) on contract costs and intangible assets;
- provisions of €24.0 million measured in accordance with paragraphs 66-69 of IAS 37 - Provisions, contingent liabilities and contingent assets to cover the estimated costs to fulfil certain contracts (net of the related economic benefits), mostly relating to Lane Group.

34. Net financing costs

Net financing costs amount to €118.5 million compared to €73.2 million for 2019.

The item may be broken down as follows:

(€'000)	2019	2020	Variation
Financial income	69,587	80,990	11,403
Financial expense	(147,061)	(155,606)	(8,545)
Net exchange gains (losses)	4,288	(43,907)	(48,195)
Net financing costs	**(73,186)**	**(118,523)**	**(45,337)**

34.1 Financial income

Financial income totals €81.0 million (2019: €69.6 million) and is made up as follows:

(€'000)	2019	2020	Variation
Interest and other financial income	**56,421**	**61,387**	**4,966**
- Other	35,106	37,642	2,536
- Interest on receivables	5,736	16,805	11,069
- Bank interest	15,579	6,940	(8,639)
Interest and other income from unconsolidated group companies and other related parties	**9,022**	**13,767**	**4,745**
Income from inflation adjustment	**3,718**	**5,705**	**1,987**
Gains on securities	**426**	**131**	**(295)**
Total	**69,587**	**80,990**	**11,403**

The €11.4 million increase is chiefly related to:

- default interest of €13.0 million on the Romanian branch's claims for the Logoj-Deva project as per the related arbitration;
- interest income of €9.1 million accrued on the bonds held by the subsidiary Beyond S.r.l. as part of Progetto Italia;
- an increase of €4.8 million in financial income from unconsolidated group companies and other related parties (principally Yuma Concessionaria S.A.);
- partially offset by a decrease of €16.8 million in interest income attributable to Constructora Ariguani, which, in 2019, recognised interest of €17.0 million as compensation on the recovery of the advance following settlement of the dispute with the former partner/subcontractor Conalvias.

34.2 Financial expense

Financial expense totals €155.6 million (2019: €147.1 million) and is made up as follows:

(€'000)	2019	2020	Variation
Intragroup interest and other expense	**(10,523)**	**(5,473)**	**5,050**
Interest and other financial expense	**(136,538)**	**(150,133)**	**(13,595)**
- Bank interest on accounts and financing	(37,254)	(42,305)	(5,051)
- Interest on bonds	(34,982)	(41,674)	(6,692)
- Other	(34,986)	(38,980)	(3,994)
- Bank fees	(3,825)	(14,424)	(10,599)
- Leases	(6,456)	(6,219)	237
- Expense for inflation adjustments	(5,122)	(5,855)	(733)
- Interest on tax liabilities	(13,913)	(676)	13,237
Total	**(147,061)**	**(155,606)**	**(8,545)**

The rise in financial expense is mainly due to:

- a €17.3 million increase in financial expense due to the new bonds issued in 2020;
- a €5.7 million increase in interest expense on the loan used solely to purchase bonds issued by Astaldi S.p.A. in 2020 (by the subsidiary Beyond S.r.l.), partly offset by:
- a €13.2 million decrease in interest on tax liabilities, since the Ethiopian branch paid interest of €13.7 million as part of a tax assessment in 2019.

34.3 Net exchange losses

Net exchange losses of €43.9 million chiefly relate to the performance of the US dollar, the Ethiopian Birr and Qatari Riyal against the Euro, as well as of the currencies of the Latin American countries, which were heavily impacted by the healthcare crisis.

35. Net losses on equity investments

Net losses on equity investments amount to €108.8 million, showing an improvement on the 2019 net losses of €127.7 million. The decrease is due to the losses of €115.6 million recognised by the equity-accounted investees, partly offset by the gain of €6.7 million on the sale of the investment in Consorcio Agua Azul S.A..

(€'000)	2019	2020	Variation
Share of loss of equity-accounted investees	(128,279)	(115,637)	12,642
Dividends	102	149	47
Gain on the disposal of equity investments	-	6,672	6,672
Other income	473	-	(473)
Total	**(127,704)**	**(108,816)**	**18,888**

The share of loss of equity-accounted investees is principally the result of the impairment test of the investment in the associate Grupo Unidos por el Canal (which includes the loss recognised by the associate). Reference should be made to the section on "Equity investments" for more information on impairment testing.

The following table provides a breakdown of "Share of loss of equity-accounted investees":

(€'000)	2019	2020	Variation
JV Lane Group	(108,613)	4,058	112,671
Autopistas del Sol S.A.	(9,877)	(4,896)	4,981
Gupc	(9,703)	(97,868)	(88,165)
Fisia Abeima LCC	(5,024)	(2,854)	2,170
Yuma Concessionaria	5,349	(203)	(5,552)
Other	(411)	(13,874)	(13,463)
Total	**(128,279)**	**(115,637)**	**12,642**

36. Income taxes

The Group's income taxes for the year amount to €27.0 million as follows. The Group has calculated income taxes by duly applying the applicable tax legislation:

(€'000)	2019	2020	Variation
Current taxes (income taxes)	77,193	60,686	(16,507)
Deferred taxes	(39,470)	(23,107)	16,363
Prior year taxes	25,672	(11,366)	(37,038)
Total	**63,395**	**26,213**	**(37,182)**
IRAP	5,765	828	(4,937)
Total	**69,160**	**27,041**	**(42,119)**

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 taxes

	2019		2020	
	€m	%	€m	%
Profit before tax	55.9		174.0	
Theoretical tax expense	13.4	24%	41.8	24%
Effect of permanent differences	18.0	32%	(69.0)	(40%)
Net effect of foreign taxes	3.0	5%	61.5	35%
Prior year and other taxes	29.0	52%	(8.1)	(5%)
Total	**63.4**	**113%**	**26.2**	**15%**

The tax expense for the year is mostly affected by variations in the profits or losses of group companies in the countries where they operate and certain permanent differences (especially the gain from the bargain purchase resulting from the PPA procedure for Astaldi S.p.A.).

An analysis and reconciliation of the theoretical IRAP tax rate and the effective tax rate are set out below:

IRAP

	2019		2020	
	€m	%	€m	%
Operating profit	256.8		401.4	
Personnel expenses	791.2		845.1	
Provisions and impairment losses	103.4		197.6	
Revenue	**1,151.4**		**1,444.0**	
Theoretical tax expense	44.9	3.9%	56.3	3.9%
Tax effect of foreign companies' production	(18.7)	(1.6%)	(20.5)	(1.4%)
Tax effect of foreign production by resident companies	(17.9)	(1.6%)	(8.9)	(0.6%)
Tax effect of permanent differences	(2.5)	(0.2%)	(26.0)	(1.8%)
Total	**5.8**	**0.5%**	**0.8**	**0.1%**

Net deferred taxes contribute to the consolidated profit for €23.1 million as shown below:

(€'000)	2019	2020	Variation
Deferred tax expense for the year	(37,926)	(20,055)	17,871
Use of deferred tax liabilities recognised in previous years	22,657	5,089	(17,568)
Deferred tax income for the year	101,052	77,222	(23,830)
Use of deferred tax assets recognised in previous years	(46,313)	(39,149)	7,164
Total	**39,470**	**23,107**	**(16,363)**

The net deferred taxes are mainly due to the impairment losses recognised during the year and the parent's tax loss for the year.

37. 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 Webuild 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 Webuild, 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	Lease liabilities	Guarantees	Total revenue	Total operating expenses	Net financing income (costs)
C.Tiburtino	119						15		
Casada S.r.l.	126						16		
CDP S.p.A.			855			439,793		(2,440)	
CEDIV S.p.A.	2,136	3,241					18		114
Corso del Popolo S.r.l.	879			(12)					
Dirlan S.r.l.	106						22		
Eni S.p.A.				(160)				(653)	
Fincantieri S.p.A.				(271)					
Fincantieri Inf. S.p.A.	1		1,813	(19,452)			1	(5,723)	
Fintecna S.p.A.	6			(72)					
G.A.B.I.RE S.r.l.	2,554	18,001					20		630
Galla Placida S.c.a.r.l.	135						18		
Gruppo PSC S.p.A.	19,550			(14,904)				(1,265)	
Imm. Agricola San Vittorino S.r.l.	172						19		
Infernetto S.r.l.	35						9		
Iniziative Immobiliari Italiane S.p.A.					(4,122)			(33)	(134)
Madonna dei Monti S.r.l.	106				(57)		19	(2)	
Nores S.r.l.	79						11		
Plus S.r.l.	138						34		
Poste Italiane S.p.A.				(4)				(14)	
Sace BT			13			263,088		(598)	
Sace FCT				(627)				(2,914)	(865)
Sace S.p.A.				(671)	(3,968)	142,043		(729)	(1,538)
Salini Costruttori S.p.A.	12	2,985	11,955	(1)		510,270	153	(3,645)	126
Salini Simonpietro & C.	76						14		
Simest S.p.A.					(6,319)				(63)
SNAM Rete gas S.p.A.	1,241			(564)				(564)	
SNAM S.p.A.	85								
Studio Avv. Grazia Volo				(70)				(460)	
Terna S.p.A.			3	(5)				(8)	
Terna Rete Italy S.p.A.								(5)	
Zeis S.r.l.	19	2,175		(7)	(358)		224		50
Total	**27,575**	**26,402**	**14,639**	**(36,820)**	**(14,824)**	**1,355,194**	**593**	**(19,053)**	**(1,680)**

During the year, Cassa Depositi e Prestiti S.p.A. ("CDP") and its subsidiaries and associates were included in the list of related parties as Cassa Depositi e Prestiti S.p.A. has significant influence over Webuild S.p.A. according to the communications between the parties during the year.

As a result, the transactions with the CDP Group companies were analysed to identify the assets, liabilities, operating expenses, revenue and guarantees as summarised in the above table. Specifically, the guarantees issued by CDP and SACE relate to:

- tax requirements in favour of the tax authorities;
- advance payment bonds, performance bonds and other guarantees to customers;
- guarantees to secure financing to banks.

During the year, the Group factored receivables with recourse to Sace Factoring for €235.3 million. They mostly comprise trade receivables from customers and progress billings which qualify for derecognition under IFRS 9. The Group also has a trade finance policy of USD7.9 million with Sace S.p.A. for the recourse factoring of receivables to other factors, again in accordance with the provisions of IFRS 9.

The above transactions qualify as ordinary transactions based on the parent's related party transactions procedure. Therefore, they are exempt from such procedure.

Most of the Group's production is carried out through SPEs, set up with other partners that have participated with Webuild S.p.A. in tenders. The SPEs carry out the related contracts on behalf of their 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:

		2019			2020	
(€'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	7,180		7,180	8,296		8,296
Key management personnel	11,785		11,785	8,773	2,881	11,654
Total	**18,965**	**-**	**18,965**	**17,069**	**2,881**	**19,950**

38. 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 20 "Equity".

(€'000)	2019	2020
Profit (loss) from continuing operations	(13,251)	147,018
Non-controlling interests	(7,983)	5,061
Profit (loss) from continuing operations	**(21,234)**	**152,079**
Profit (loss) from continuing and discontinued operations	(14,145)	141,930
Non-controlling interests	(7,983)	5,061
Profit (loss) from continuing and discontinued operations attributable to the owners of the parent	**(22,128)**	**146,991**
Profit earmarked for holders of savings shares	**588**	**588**
Average outstanding ordinary shares	545,637	890,842
Average outstanding savings shares	1,615	1,615
Average number of shares	**547,252**	**892,458**
Average number of diluted shares	**547,252**	**892,458**

Basic earnings (loss) per share (from continuing operations)	**(0.04)**	**0.17**
Basic earnings (loss) per share (from continuing and discontinued operations)	**(0.04)**	**0.16**

Diluted earnings (loss) per share (from continuing operations)	**(0.04)**	**0.17**
Diluted earnings (loss) per share (from continuing and discontinued operations)	**(0.04)**	**0.16**

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 did not receive any grants for training courses from Fondimpresa, Fondirigenti or government grants from public administrations in 2020.

Moreover, 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.

39. Events after the reporting date

No significant events have taken place since the reporting date other than those described in the Directors' report.

40. Significant non-recurring events and transactions

Except for the acquisition of Astaldi Group, 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[71].

41. Balances or transactions arising from atypical and/or unusual transactions

During the year, Webuild Group did not carry out any atypical and/or unusual transactions, as defined in the above Consob communication no. DEM/6064293[72].

On behalf of the board of directors

Chairman

Donato Iacovone

(signed on the original)

[71] Significant non-recurring events and transactions are those that do not frequently occur in the normal course of business

[72] 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 Group's assets and non-controlling interests

Consolidated financial statements of Webuild Group – Intragroup transactions

Asset and liabilities at 31 December 2020

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets	Trade Payables	Non-current portion of bank loans, other financing and lease liabilities	Current portion of bank loans and borrowings 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	346,962	-	-	-	346,962	-	-	-	-	-	346,962
Acqua Campania S.p.A.	-	-	-	12,684	12,684	-	-	-	-	-	12,684
Aegek - Impregilo - Alstom J.V.	-	-	-	-	-	-	-	-	1,207	1,207	(1,207)
Agua AZ	7,600	-	-	-	7,600	-	-	-	-	-	7,600
Agua BA	17,518	-	-	-	17,518	-	-	-	439	439	17,079
Arge Haupttunnel Eyholz	25,550	-	-	-	25,550	-	-	-	-	-	25,550
Astaldi Canada Design & Construction Inc.	-	-	-	-	-	675,081	-	-	-	675,081	(675,081)
Aurelia 98 S.c.r.l.	-	-	-	-	-	16,121	-	-	-	16,121	(16,121)
Autopistas del Sol S.A.	-	-	-	-	-	-	-	-	43	43	(43)
Autostrada Nogara Mare Adriatico Scpa	-	-	-	-	-	39,835	-	-	-	39,835	(39,835)
Avola S.c.r.l.	641,158	-	-	-	641,158	162,482	-	-	-	162,482	478,676
Avrasya Metro Grubu S.r.l.	-	-	-	-	-	36,655	-	-	-	36,655	(36,655)
BARNARD	-	-	-	1,098,598	1,098,598	-	-	-	-	-	1,098,598
Brennero Tunnel Construction S.c.ar.l.	235,304	4,117,824	4,345,323	14,643,519	23,341,970	6,771,954	-	-	164	6,772,118	16,569,852
C.F.C. S.c.r.l.	-	-	-	224	224	-	-	-	33,393	33,393	(33,169)
C.F.M. S.c.r.l.	19,384	-	-	146,897	166,281	54,645	-	-	103,982	158,627	7,654
Cagliari 89 S.c.r.l.	1,511,006	-	561,692	-	2,072,698	1,930,913	-	-	-	1,930,913	141,785
CENTOQUATTRO S.c.ar.l.	648,575	6,035	-	-	654,610	1,365,229	-	-	-	1,365,229	(710,619)
CENTOTRE S.c.ar.l.	136,688	6,260	-	-	142,948	959,236	-	-	-	959,236	(816,288)
Churchill Consortium	8,020	-	-	-	8,020	-	-	-	-	-	8,020
Churchill Hospital J.V.	34,704	-	-	-	34,704	-	-	-	3,775,053	3,775,053	(3,740,349)
CMC Consorzio Monte Ceneri lotto 851	519,739	-	-	-	519,739	-	-	-	-	-	519,739
CMR Consorzio	702,375	-	-	-	702,375	-	-	-	-	-	702,375
Colli Albani S.c.r.l.	800,996	-	-	-	800,996	343,345	-	-	-	343,345	457,651
Cons. A.F.T. Taksebt	112,161	-	300,000	45,398	457,559	31,702	-	-	85	31,787	425,772
Cons. Astaldi Federici Todini Kramis	3,606,581	2,584,250	285,000	-	6,475,831	1,423,458	-	-	82	1,423,540	5,052,291
Consorcio Contuy Medio	-	-	492,336	-	492,336	40	-	-	214,123	214,163	278,173
Consorcio Federici/Impresit/Ice Cochabamba	-	-	1,461	-	1,461	-	-	102,486	-	102,486	(101,025)
Consorcio Grupo Contuy-Proyectos y Ob. De F.	-	-	-	-	-	-	-	169,267	-	169,267	(169,267)
Consorcio OIV-TOCOMA	-	-	631,890	-	631,890	-	-	-	5,479,460	5,479,460	(4,847,570)
Consorcio VIT Tocoma	-	-	3,360,848	-	3,360,848	-	-	-	-	-	3,360,848
Consorio.Kallidromo	38,232	-	-	-	38,232	-	-	38,232	-	38,232	-
Consortium CSC S.A.-Zuttion Construction S.A.	174,212	-	87,947	-	262,159	-	-	-	-	-	262,159
Consorzio 201 Quintai	1,500,473	-	-	-	1,500,473	239,409	-	-	-	239,409	1,261,064

Asset and liabilities at 31 December 2020

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets	Trade Payables	Non-current portion of bank loans, other financing and lease liabilities	Current portion of bank loans and borrowings and current account facilities	Other current liabilities	Total liabilities	Net balance
Consorzio 202 Quintai	497,637	-	-	-	497,637	-	-	-	-	-	497,637
Consorzio Asse Sangro	-	-	-	5,065	5,065	5,126	-	-	-	5,126	(61)
Consorzio Cà di Ferro	376,483	-	-	-	376,483	-	-	-	-	-	376,483
Consorzio Cavalcavia A2 - Nodo di Camorino	58,233	-	-	-	58,233	-	-	-	-	-	58,233
Consorzio CEMS	-	-	-	-	-	29,456	-	-	-	29,456	(29,456)
Consorzio Centro Uno	52,108	-	-	-	52,108	-	-	-	-	-	52,108
Consorzio Consarno	-	-	126,862	-	126,862	52,155	-	-	-	52,155	74,707
Consorzio Costruttori TEEM	38	-	-	-	38	71	-	-	-	71	(33)
Consorzio CPR 3	7,602	-	-	-	7,602	(12,738)	-	-	-	(12,738)	20,340
Consorzio CPR 2	-	-	53,203	-	53,203	309,945	-	-	-	309,945	(256,742)
Consorzio del Sinni	-	-	-	-	-	29,829	-	-	-	29,829	(29,829)
Consorzio EPC	974,457	-	-	-	974,457	207,574	-	-	-	207,574	766,883
Consorzio Ferrofir	111,038	-	-	-	111,038	378,445	-	-	-	378,445	(267,407)
Consorzio Gi.It. (in liquidazione)	-	-	-	-	-	89,365	-	-	-	89,365	(89,365)
Consorzio H20 Morobbia	75,189	-	-	-	75,189	-	-	-	-	-	75,189
Consorzio Imprese Lavori FF.SS. di Saline - FEIC	5,055	-	-	-	5,055	-	-	-	-	-	5,055
Consorzio Iniziative Ferroviarie - INFER	3,044	-	-	-	3,044	-	-	-	-	-	3,044
Consorzio Iricav Uno	256,893	-	-	-	256,893	561,386	-	-	-	561,386	(304,493)
Consorzio Ital.Co.Cer.	-	-	-	37,612	37,612	218,666	-	-	-	218,666	(181,054)
Consorzio Italvenezia	-	-	-	-	-	157,993	-	-	-	157,993	(157,993)
Consorzio Lotto 742-01	12,633	-	-	-	12,633	-	-	-	-	-	12,633
Consorzio Lotto 822 - Vezia	4,719	-	-	-	4,719	-	-	-	-	-	4,719
Consorzio Masnan	9,232	-	-	-	9,232	-	-	-	-	-	9,232
Consorzio MEGE	275,906	-	-	-	275,906	-	-	-	-	-	275,906
Consorzio MM4	3,423,490	-	-	-	3,423,490	3,782,702	-	-	310,500	4,093,202	(669,712)
Consorzio NOG.MA	-	-	-	-	-	82,313	-	-	-	82,313	(82,313)
Consorzio Novocento	20,000	-	22,418	298,921	341,339	75,173	-	-	-	75,173	266,166
Consorzio Pedelombarda 2	2,318	-	-	-	2,318	-	-	-	-	-	2,318
Consorzio Piottino	39,296	-	-	-	39,296	-	-	-	-	-	39,296
Consorzio Portale Vezia	16,077	-	-	-	16,077	-	-	-	-	-	16,077
Consorzio Probin	-	-	-	-	-	1,881,611	-	-	-	1,881,611	(1,881,611)
Consorzio Rasoira	630,775	-	-	-	630,775	-	-	-	-	-	630,775
Consorzio San Cristoforo	-	-	-	-	-	35,609	-	-	-	35,609	(35,609)
Consorzio Sarda Costruzioni Generali	-	-	7,549	-	7,549	42,524	-	-	-	42,524	(34,975)
Consorzio TDB Teris - 2	12,906	-	-	-	12,906	-	-	-	-	-	12,906

Asset and liabilities at 31 December 2020

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets	Trade Payables	Non-current portion of bank loans, other financing and lease liabilities	Current portion of bank loans and borrowings and current account facilities	Other current liabilities	Total liabilities	Net balance
Consorzio TRA.DE.CI.V.	-	-	-	801	801	578,402	-	-	-	578,402	(577,601)
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 Vedeggio	501,986	-	-	-	501,986	-	-	-	-	-	501,986
Consorzio Vertiaz	935,415	-	-	-	935,415	-	-	2,777,263	-	2,777,263	(1,841,848)
Consorzio VIT Caroni Tocoma	-	-	-	-	-	-	-	1,339,825	-	1,339,825	(1,339,825)
Consorzio Zeb	844,458	-	-	-	844,458	-	-	-	-	-	844,458
Depurazione Palermo S.c.r.l.	-	-	-	-	-	-	-	-	3,615	3,615	(3,615)
Diga di Blufi S.c.r.l.	6,211,566	-	-	636,271	6,847,837	5,476,968	-	-	28,315	5,505,283	1,342,554
E.R. Impregilo/Dumez y Asociados para Yaciretê	16,190,935	-	711,090	-	16,902,025	10,648	-	-	11,427,871	11,438,519	5,463,506
Ecosarno S.c.r.l.	-	-	-	-	-	154,242	-	-	-	154,242	(154,242)
Emittenti Titoli S.p.A.	-	-	-	-	-	-	-	247,575	-	247,575	(247,575)
Enecor	596	-	-	14,528	15,124	-	-	-	-	-	15,124
Etlik Hastane PA S.r.l.	37,859	-	-	8,024,275	8,062,134	4,664,281	-	-	-	4,664,281	3,397,853
Eurolink S.c.p.a.	9,935,261	-	-	-	9,935,261	15,387,689	-	-	-	15,387,689	(5,452,428)
Executive J.V. Impregilo S.p.A. Terna S.A.	-	-	9,991	-	9,991	-	-	-	-	-	9,991
FISIA ABEIMA LCC	-	-	3,093,766	-	3,093,766	-	-	-	-	-	3,093,766
Fisia Italimpianti succ.Arge.-Acciona Agua succ.Arge - UTE	86,780	-	-	-	86,780	-	-	-	-	-	86,780
Forum S.c. a r.l.	-	-	-	-	-	734,286	-	-	-	734,286	(734,286)
Fosso Canna S.c.r.l.	247,924	-	182,968	6,193	437,085	77,755	-	-	-	77,755	359,330
Fusaro S.C.r.l.	-	-	-	-	-	3	-	-	-	3	(3)
Gaziantep Hastane Saglik	-	-	15,586,967	-	15,586,967	352,329	-	-	-	352,329	15,234,638
Generalny Wikonawca Salini Polska	36,499	-	-	-	36,499	108,456	-	-	-	108,456	(71,957)
Group. d'entreprises Salini Strabag (Guinea)	-	-	210,934	-	210,934	498,095	-	-	-	498,095	(287,161)
Grupo Empresas Italianas - GEI	-	-	210,994	565,486	776,480	-	-	-	16,565	16,565	759,915
GUP CANAL	36,411,504	-	-	-	36,411,504	-	-	-	-	-	36,411,504
IGL Arabia	73,235	-	-	-	73,235	509,076	-	-	-	509,076	(435,841)
IGL Sas	-	-	-	-	-	41	-	-	-	41	(41)
HCE Sede	-	-	-	-	-	-	-	65,318	-	65,318	(65,318)
Infraflegrea S.c.r.l.	460,038	-	-	148,091	608,129	562,137	-	-	-	562,137	45,992
Irina Srl in liquidazione	62,400	-	-	-	62,400	-	-	4,161	-	4,161	58,239
Isarco S.c.r.l.	8,138,785	-	-	-	8,138,785	10,574,768	-	-	-	10,574,768	(2,435,983)
Joint Venture (AIASA JV)	11,386	-	-	-	11,386	843	-	-	-	843	10,543
Joint Venture Aktor S.A. - Impregilo S.p.A.	-	-	332	-	332	-	-	-	-	-	332
Joint Venture Impregilo S.p.A. - Empedos S.A. - Aktor	-	-	31,834	870,199	902,033	-	-	-	-	-	902,033

Asset and liabilities at 31 December 2020

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets	Trade Payables	Non-current portion of bank loans, other financing and lease liabilities	Current portion of bank loans and borrowings and current account facilities	Other current liabilities	Total liabilities	Net balance
Lambro Scrl	6,611	-	134	-	6,745	662	-	-	-	662	6,083
Line 3 Metro Stations	90,986	-	317,100	-	408,086	-	-	-	263,288	263,288	144,798
M.N. 6 S.c.r.l.	-	-	-	15,941	15,941	375,292	-	-	-	375,292	(359,351)
Metro 5 S.p.A.	2,266	1,369,351	-	135,050	1,506,667	3,317	-	-	-	3,317	1,503,350
METRO C S.c.p.A.	50,090,501	-	-	5,924	50,096,425	11,923,896	-	-	-	11,923,896	38,172,529
Metrogenova S.c.r.l.	163,716	-	-	82,425	246,141	465,091	-	-	3,712	468,803	(222,662)
Metropolitana di Napoli S.p.A.	43,343	-	-	19	43,362	396,994	-	-	-	396,994	(353,632)
Mobilink Hurontario General Partnership	24,242,787	-	-	36,044	24,278,831	-	-	-	310,326	310,326	23,968,505
Mobilinx Hurontario Contractor	994,489	-	-	-	994,489	-	-	-	-	-	994,489
Mobilinx Hurontario DBJV	5,944	-	169,224	54,219	229,387	-	-	-	-	-	229,387
Mose Bocca di Chioggia S.c.ar.l.	141,034	-	-	-	141,034	246,260	-	-	1	246,261	(105,227)
MOSE OPERAE S.C.a rl.	127	-	-	4,600	4,727	172,620	-	-	-	172,620	(167,893)
Mose-Treporti S.c.r.l.	778,240	-	-	-	778,240	964,108	-	-	603	964,711	(186,471)
N.P.F. - Nuovo Polo Fieristico S.c.r.l.	2,351	-	-	212,866	215,217	61	-	-	-	61	215,156
OCHRE HOLD	-	14,328,851	-	-	14,328,851	-	-	-	-	-	14,328,851
Ochre Solutions Ltd	419,117	-	-	-	419,117	-	-	-	-	-	419,117
Olbia 90 S.c.r.l.	94,846	-	-	-	94,846	-	-	-	-	-	94,846
Passante di Mestre S.c.p.A.	606,423	-	-	-	606,423	240,655	-	-	-	240,655	365,768
Pedelombarda S.c.p.a.	3,305,810	-	2,463	92,988	3,401,261	3,058,734	-	-	-	3,058,734	342,527
Pedemontana Lombarda Manutenzioni S.c.a.r.l.	-	-	-	-	-	14,373	-	-	-	14,373	(14,373)
Pegaso S.c.r.l.	693	-	-	176,782	177,475	6,222	-	-	-	6,222	171,253
PerGenova	10,793,252	-	-	-	10,793,252	8,609,288	-	-	-	8,609,288	2,183,964
Piana di Licata S.c.r.l.	256,879	-	155,789	1,800	414,468	139,073	-	-	-	139,073	275,395
Puentes	6,583	-	-	-	6,583	-	-	-	-	-	6,583
S. Leonardo S.c.r.l.	2,604,005	-	-	-	2,604,005	697,905	-	-	-	697,905	1,906,100
S.E.I.S. S.p.A.	36,542	-	5,541,484	-	5,578,026	-	-	-	-	-	5,578,026
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)
SA.T S.p.A.	25,608,603	-	-	4,400	25,613,003	4,371,485	-	-	60,000	4,431,485	21,181,518
Sailini Impregilo - NGE Genie Civil S.a.s	3,204,647	-	-	-	3,204,647	-	-	-	-	-	3,204,647
Salini Impregilo - Kolin	6,850,886	-	20,542	-	6,871,428	-	-	-	-	-	6,871,428
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	67,678	57,608	-	-	125,286	26,240	-	-	-	26,240	99,046
Segrate	310,037	-	1,229,670	-	1,539,707	2,996,245	-	-	-	2,996,245	(1,456,538)
Sellero S.c.r.l. (in liq.)	-	-	30,545	-	30,545	-	-	-	-	-	30,545
SFI leasing	-	-	2,689,267	-	2,689,267	-	-	-	1,671,303	1,671,303	1,017,964

Asset and liabilities at 31 December 2020

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets	Trade Payables	Non-current portion of bank loans, other financing and lease liabilities	Current portion of bank loans and borrowings and current account facilities	Other current liabilities	Total liabilities	Net balance
SHIMMICK	41,058,978	-	-	-	41,058,978	3,174	-	-	3,854,042	3,857,216	37,201,762
Sibar Arge	586,078	-	333,272	-	919,350	73,619	-	-	-	73,619	845,731
Sistranyac S.A.	311	-	-	-	311	-	-	-	-	-	311
SOC 24, Russia	-	-	-	44,541	44,541	-	-	-	-	-	44,541
SPV Linea M4 Spa	333,840	70,165,723	-	169,434	70,668,997	97,333	-	-	-	97,333	70,571,664
Tangenziale Seconda S.c.r.l.	87,793	-	-	3,909	91,702	26,850	-	-	-	26,850	64,852
Tartano S.r.l. Società Agricola	-	-	35,000	-	35,000	-	-	-	-	-	35,000
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A	-	-	-	2,732,749	2,732,749	-	-	2,023,112	674,371	2,697,483	35,266
TM-Salini Consortium	76,773	-	-	-	76,773	-	-	-	-	-	76,773
Tokwe Mukorsi Dam	7,522	-	-	-	7,522	73,538	-	-	-	73,538	(66,016)
Trieste Due S.c.a.r.l. (in liq.)	-	-	150,001	-	150,001	812	-	-	-	812	149,189
UJV Astaldi S.p.A. (Succursale Cile), VCGP (Agencia en Chile) e VCGP–Astaldi Ing	6,875,294	-	-	-	6,875,294	21,339	-	-	6,220,995	6,242,334	632,960
Valdostana Condotte - Cossi	-	-	16,422	-	16,422	2,899	-	-	-	2,899	13,523
Veneta Sanitaria Finanza di Progetto S.p.A. - V.S.F.P. S.p.A.	27,916	-	-	116,974	144,890	3,848	-	-	1,417	5,265	139,625
Yacilec	2,489	-	-	-	2,489	-	-	-	-	-	2,489
Yuma	72,496,343	57,413,821	-	-	129,910,164	2,303,733	-	-	-	2,303,733	127,606,431
ZUTTION-CSC-ORRLATI	219,688	-	-	-	219,688	-	-	-	-	-	219,688
Total - group companies	**351,792,172**	**150,049,723**	**41,092,678**	**30,445,427**	**573,380,000**	**117,077,050**	**-**	**6,767,239**	**34,454,981**	**158,299,270**	**415,080,730**
C. Tiburtino	118,603	-	-	-	118,603	-	-	-	-	-	118,603
Casada S.r.l.	125,928	-	-	-	125,928	-	-	-	-	-	125,928
CDP SpA	-	-	-	855,232	855,232	-	-	-	-	-	855,232
CEDIV SPA	2,135,992	-	3,241,000	-	5,376,992	-	-	-	-	-	5,376,992
Corso del Popolo S.r.l.	879,464	-	-	-	879,464	11,685	-	-	-	11,685	867,779
Dirlan S.r.l.	105,684	-	-	-	105,684	-	-	-	-	-	105,684
Eni S.p.A.	-	-	-	-	-	160,296	-	-	-	160,296	(160,296)
Fincantieri S.p.A.	-	-	-	-	-	271,264	-	-	-	271,264	(271,264)
Fincantieri Infrastrutture S.p.A.	697	-	-	1,812,886	1,813,583	19,452,325	-	-	-	19,452,325	(17,638,742)
Fintecna SpA	6,325	-	-	-	6,325	72,467	-	-	-	72,467	(66,142)
G.A.B.I.RE. Srl	2,554,214	-	18,001,297	-	20,555,511	-	-	-	-	-	20,555,511
Galla Placidia S.c.a.r.l.	134,717	-	-	-	134,717	-	-	-	-	-	134,717
Gruppo PSC S.p.A.	19,550,151	-	-	-	19,550,151	14,904,125	-	-	-	14,904,125	4,646,026
Imm. Agricola San Vittorino S.r.l.	172,160	-	-	-	172,160	-	-	-	-	-	172,160
Infernetto S.r.l.	35,385	-	-	-	35,385	-	-	-	-	-	35,385
Iniziative Immobiliari Italiane S.p.A.	-	-	-	-	-	-	4,122,026	-	-	4,122,026	(4,122,026)
Madonna dei Monti Srl	105,850	-	-	-	105,850	-	57,319	-	-	57,319	48,531
Nores S.r.l.	79,243	-	-	-	79,243	-	-	-	-	-	79,243
Plus S.r.l.	137,667	-	-	-	137,667	-	-	-	-	-	137,667
Poste Italiane S.p.A.	-	-	-	-	-	3,598	-	-	-	3,598	(3,598)
SACE BT	-	-	-	12,513	12,513	-	-	-	-	-	12,513
SACE FT	-	-	-	-	-	627,071	-	-	-	627,071	(627,071)
SACE S.p.A.	-	-	-	-	-	670,411	-	3,968,427	-	4,638,838	(4,638,838)
Salini Costruttori	12,093	-	2,984,613	11,955,426	14,952,132	986	-	-	-	986	14,951,146
SALINI SIMONPIETRO & C. S.A.P.A.	75,638	-	-	-	75,638	-	-	-	-	-	75,638

Asset and liabilities at 31 December 2020

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets	Trade Payables	Non-current portion of bank loans, other financing and lease liabilities	Current portion of bank loans and borrowings and current account facilities	Other current liabilities	Total liabilities	Net balance
Simest S.p.A.	-	-	-	-	-	-	-	6,318,695	-	6,318,695	(6,318,695)
Studio Grazia Volo	-	-	-	-	-	70,122	-	-	-	70,122	(70,122)
SNAM RETE GAS S.p.A.	1,240,658	-	-	-	1,240,658	564,000	-	-	-	564,000	676,658
SNAM S.p.A.	85,428	-	-	-	85,428	-	-	-	-	-	85,428
Terna S.p.A.	-	-	-	3,050	3,050	5,000	-	-	-	5,000	(1,950)
Zeis S.r.l.	19,248	-	2,175,236	-	2,194,484	7,072	357,588	-	-	364,660	1,829,824
Total - other related parties	**27,575,145**	**-**	**26,402,146**	**14,639,107**	**68,616,398**	**36,820,422**	**4,536,933**	**10,287,122**	**-**	**51,644,477**	**16,971,921**
Total	**379,367,317**	**150,049,723**	**67,494,824**	**45,084,534**	**641,996,398**	**153,897,472**	**4,536,933**	**17,054,361**	**34,454,981**	**209,943,747**	**432,052,651**

Revenue and costs for 2020

	Revenue	Other revenue and income	Purchases	Subcontracts	Services	Personnel expense	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
ABEIMA FISIA - SALALAH UTE	-	306,134	-	-	-	-	-	-	-	-
ACE CHIASSO 2	945,798	-	-	-	556,161	-	-	-	-	-
Aegek - Impregilo - Alstom J.V.	137	-	-	-	598	-	-	-	-	-
Agua AZ	-	7,600	-	-	42,884	1,990	-	-	-	-
Agua BA	18,466	-	-	-	-	-	-	-	-	-
ANM	-	105,308	-	-	223,727	-	-	-	-	-
ARGE T.PF.	-	-	-	-	-	-	-	-	-	46,985
Astaldi Canada Design & Construction Inc.	-	-	560	-	2,135,837	-	-	-	-	-
Autostrada Nogara Mare Adriatico Scpa	-	-	-	-	1,306	-	-	-	-	-
BARNARD	96,341	-	-	-	4,052	-	12,020	-	-	-
Brennero Tunnel Construction S.c.ar.l.	31,466	23,942	-	-	16,666,398	-	-	-	51,311	-
Cagliari 89 S.c.r.l.	-	103,121	-	-	-	-	-	-	-	-
CENTOQUATTRO S.c.ar.l.	-	-	-	-	476,699	-	-	-	-	-
CENTOTRE S.c.ar.l.	-	-	-	-	398,434	-	-	-	-	-
Churchill Consortium	13,488	-	-	-	-	-	-	-	-	-
Churchill Hospital J.V.	26,975	-	-	-	172,225	-	-	-	-	-
CIVIL WORK	-	-	-	-	958	-	-	-	-	-
CMC Consorzio Monte Ceneri lotto 851	59,710	-	-	-	93,691	-	-	-	-	-
CMR Consorzio	1,833,636	-	-	-	695,293	-	-	-	-	-
Cons. A.F.T. Taksebt	-	-	-	-	24,717	-	-	-	-	-
CONS. OHL	-	157	-	-	156	-	-	-	-	-
Consorcio Contuy Medio	-	-	-	-	170,102	-	-	-	-	-
Consorcio Federici/Impresit/Ice Cochabamba	-	-	-	-	-	-	-	100,000	-	-
Consorcio Grupo Contuy-Proyectos y Ob. De F.	129,570	-	-	-	312,113	-	-	-	-	-
Consorcio OIV-TOCOMA	285,845	-	-	-	1,344,401	-	-	14,520,998	-	-
Consorcio VIT Tocoma	260,231	-	-	-	-	-	-	-	-	-
Consortium CSC S.A.-Zuttion Construction S.A.	300,937	-	-	-	465,203	-	-	-	-	-
Consorzio 201 Quintai	1,002,362	-	-	-	983,652	-	-	-	-	-
Consorzio 202 Quintai	106,774	-	-	-	-	-	-	-	-	-
Consorzio ACE Chiasso	2,650,604	-	-	-	1,780,929	-	-	-	-	-
Consorzio Cà di Ferro	1,312,162	-	-	-	945,193	-	-	-	-	-
Consorzio Cavalcavia A2 - Nodo di Camorino	1,298	-	-	-	5,197	-	-	-	-	-
Consorzio Consarno	-	-	-	-	8,763	-	-	-	-	-
Consorzio EPC	42,035,992	11,015	-	-	1,551,027	-	-	-	-	-
Consorzio Ferrofir	-	-	-	-	35,000	-	-	-	-	-
Consorzio Ferroviario Milanese	-	-	-	-	-	-	42,823	-	-	-
Consorzio Galliera Roveredo	45,086	-	-	-	-	-	-	-	-	-
Consorzio H20 Morobbia	405,705	-	-	-	829,877	-	-	-	-	-

Revenue and costs for 2020

	Revenue	Other revenue and income	Purchases	Subcontracts	Services	Personnel expense	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
Consorzio Hirpinia (*)	67,689	333,141	-	-	4,982,731	-	-	-	-	-
Consorzio Iniziative Ferroviarie - INFER	-	-	-	-	12,275	-	-	-	-	-
Consorzio Iricav Due (*)	-	40,005	-	-	2,561,880	57,000	-	-	-	-
Consorzio Iricav Uno	-	-	-	-	72,643	-	-	-	-	-
Consorzio Italvenezia	-	-	-	-	124,073	-	-	-	-	-
Consorzio Lotto 202 Cossi-LGV	5,234	-	-	-	6,643	-	-	-	-	-
Consorzio Lotto 742-01	10,451	-	-	-	2,403	-	-	-	-	-
Consorzio Lotto 822 - Vezia	-	-	-	-	22	-	-	-	-	-
Consorzio Masnan	-	-	-	-	8,738	-	-	-	-	-
Consorzio Matro Sud	30,032	-	-	-	-	-	-	-	-	-
Consorzio MEGE	5,802,316	-	-	-	3,868,803	-	-	-	-	-
Consorzio MM4	496,081	493,154	-	-	1,368,625	-	-	-	-	-
Consorzio Portale Vezia	149	-	-	-	-	-	-	-	-	-
Consorzio Probin	35,237	-	-	-	531,113	-	-	-	-	-
Consorzio Rasoira	1,894,615	-	-	-	1,209,715	-	-	-	-	-
Consorzio Sardo d'Imprese	-	-	-	-	3,038	-	7,354	-	-	-
Consorzio TDB Teris - 2	88,940	-	-	-	14,550	-	-	-	-	-
Consorzio TRA.DE.CI.V.	-	-	-	-	87,518	-	-	-	-	-
Consorzio Vedeggio	827,788	-	-	-	700,422	-	-	-	-	-
Consorzio Vertiaz	11,512,432	-	-	-	9,410,545	-	-	-	-	3,593
Consorzio VIT Caroni Tocoma	-	-	-	-	1,288,668	-	-	-	-	-
Consorzio Zeb	5,153,237	-	-	-	3,433,629	-	-	-	-	-
Diga di Blufi S.c.r.l.	-	-	-	-	200	-	-	-	-	-
E.R. Impregilo/Dumez y Asociados para Yaciretê	47,325	-	-	-	3,578,708	-	-	-	618,018	1,017,529
Ecosarno S.c.r.l.	-	-	-	-	52,321	-	-	-	-	-
Enecor	7,080	-	-	-	-	-	275	-	-	-
Eurolink S.c.p.a.	30,000	150,228	-	-	339,154	-	-	-	-	-
Fisia Italimpianti succ.Arge.-Acciona Agua succ.Arge - UTE	263,133	50,455	-	-	-	-	-	-	107,790	-
Forum S.c. a r.l.	-	-	-	-	133,774	35,910	-	-	-	-
Gaziantep Hastane Saglik	-	-	-	-	350,887	-	-	-	915,838	-
Gaziantep Hastanesi Isletme Ve Bakim Hizmetleri	-	-	-	-	-	-	-	-	1,564	-
GE NAPO	-	-	-	-	-	-	242	-	-	-
Generalny Wikonawca Salini Polska	-	-	-	-	37,448	-	-	-	-	-
GHAZI JV	-	8,870	-	-	-	-	-	-	-	-
Grupo Empresas Italianas - GEI	88,370	-	-	-	432,484	-	-	-	-	-
GUP CANAL	1,386,364	91,698	-	-	-	-	-	-	-	-
IGL Arabia	560	6,784	-	-	-	-	-	8,000	-	540,576
IGL Sas	-	-	-	-	183	238	-	-	-	-

Revenue and costs for 2020

	Revenue	Other revenue and income	Purchases	Subcontracts	Services	Personnel expense	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
Impresit Bakolori Plc	-	-	-	-	-	-	-	-	-	1,026,121
Infraflegrea S.c.r.l.	-	-	-	-	38,870	-	-	-	-	-
Isarco S.c.r.l.	116,069	1,378,006	-	-	19,447,519	156,793	-	-	-	-
Joint Venture (AIASA JV)	-	102,500	-	-	-	-	-	-	-	-
Lambro Scrl	-	-	-	-	28	-	-	-	-	-
Line 3 Metro Stations	1	-	-	-	31,563	-	-	-	-	-
M.N. 6 S.c.r.l.	-	-	-	-	120,000	-	-	-	-	-
Metro 5 S.p.A.	13,269	-	-	-	-	-	-	-	12,201	-
METRO BLU (*)	37,500	466,142	-	-	61,322,292	-	-	-	-	-
METRO C S.c.p.A.	41,934	-	-	-	2,844,434	-	-	-	-	-
Metrogenova S.c.r.l.	-	10,692	-	-	15,415	-	-	-	-	-
Metropolitana di Napoli S.p.A.	8,437	-	-	-	18,468	-	772	-	-	-
Mobilink Hurontario General Partnership	630,519	12,165	-	-	-	-	-	-	-	-
Mobilinx Hurontario Contractor	1,883,761	34,394	-	-	-	-	-	-	-	-
Mobilinx Hurontario DBJV	91,811	-	-	-	191,404	7,391	10,070	-	-	-
Mose-Treporti S.c.r.l.	7,333	-	-	-	-	-	-	-	-	-
Napoli Cancello Alta Velocità S.c.r.l. (*)	9,923	1,308,906	-	-	34,630,404	81,000	-	-	79,448	-
N.P.F. - Nuovo Polo Fieristico S.c.r.l.	-	-	-	-	60,349	-	-	-	-	-
OCHRE HOLD	-	-	-	-	-	-	-	-	898,475	-
Ochre Solutions Ltd	50,756	-	-	-	-	-	-	-	-	-
Passante di Mestre S.c.p.A.	-	3,118	-	-	33,361	-	-	-	-	-
Pedelombarda S.c.p.a.	44,079	583	-	-	(168,146)	-	-	-	-	-
Pedemontana Veneta S.p.A.	-	-	-	-	-	-	3,882	-	-	-
Pegaso S.c.r.l.	14	-	-	-	17,331	-	-	-	-	-
PerGenova	10,268,502	1,999,365	-	-	44,720,742	30,752	2	-	-	-
Puentes	10,166	-	-	-	3,312	-	-	(1,288,017)	-	82,447
S.AGATA (*)	26,458	1,148,565	-	-	19,134,349	-	-	-	25,195	6,616
S.E.I.S. S.p.A.	833	-	-	-	-	-	-	-	64,674	-
SA.T S.p.A.	-	-	-	-	96,074	-	-	-	-	-
Sailini Impregilo - NGE Genie Civil S.a.s	4,703,843	4,359,401	-	-	-	-	-	-	-	-
Salini Impregilo - Kolin	8,276,437	-	-	-	-	-	-	-	-	-
Salini Impregilo - Salini Insaat - NTF J.V - Branch	-	-	-	-	-	-	18,740	-	-	-
Sedi scarl	-	10	-	-	8,886	-	-	-	-	-
Segrate	-	13,131	-	-	3,683,617	-	-	-	18,083	1,307
Sellero S.c.r.l. (in liq.)	-	-	-	-	22,916	-	-	-	-	-
SFI leasing	1,891	-	-	-	492,136	-	-	-	-	-
SHIMMICK	22,630,962	-	-	-	25,999,864	-	-	-	-	-
Sibar Arge	683,274	-	-	-	653,900	-	-	-	-	-

Revenue and costs for 2020

	Revenue	Other revenue and income	Purchases	Subcontracts	Services	Personnel expense	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
Sirjo S.c.p.A. (*)	-	509,783	-	-	4,095,843	-	-	-	107,084	139,485
Sistranyac S.A.	3,694	-	-	-	-	-	353	-	-	-
South Al Mutlaa Joint Venture	-	-	-	-	4,520	-	-	-	-	-
SPV Linea M4 Spa	41,895	251,865	-	-	83,758	-	-	-	1,869,968	-
Tangenziale Seconda S.c.r.l.	-	-	-	-	137	-	-	-	-	-
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A	-	-	-	-	948,960	-	-	-	-	-
Todedil scarl	-	1,474	-	-	10,571	-	-	-	-	-
Trieste Due S.c.a.r.l. (in liq.)	-	-	-	-	666	-	-	-	-	-
Ute Abeima Fisia Shuaibah	-	125,112	-	-	-	-	-	-	-	-
Veneta Sanitaria Finanza di Progetto S.p.A. - V.S.F.P. S.p.A.	35,104	-	-	-	-	-	-	-	-	-
Yacilec	20,523	-	-	-	-	-	1,739	-	-	-
Yuma	201,998	-	-	-	174,500	-	-	-	8,067,887	-
ZUTTION-CSC-ORRLATI	490,957	-	-	-	524,054	-	-	-	-	-
Total - group companies	**129,641,559**	**13,456,824**	**560**	**-**	**283,799,883**	**371,074**	**98,272**	**13,340,981**	**12,837,536**	**2,864,659**
C. Tiburtino	11,253	3,226	-	-	-	-	-	-	-	-
Casada S.r.l.	12,499	3,431	-	-	-	-	-	-	-	-
CDP SpA	-	-	-	-	1,247,286	-	1,192,577	-	-	-
CEDIV SPA	17,273	966	-	-	-	-	-	-	113,435	-
Dirlan S.r.l.	18,941	3,203	-	-	-	-	-	-	-	-
Eni S.p.A.	-	-	653,064	-	-	-	-	-	-	-
Fincantieri Infrastrutture S.p.A.	-	697	-	5,723,073	-	-	-	-	-	-
G.A.B.I.RE. Srl	17,454	2,948	-	-	-	-	-	-	630,045	-
Galla Placidia S.c.a.r.l.	15,143	3,178	-	-	-	-	-	-	-	-
Gruppo PSC S.p.A.	-	-	-	1,264,799	-	-	-	-	-	-
Imm. Agricola San Vittorino S.r.l.	15,790	3,253	-	-	-	-	-	-	-	-
Infernetto S.r.l.	5,461	3,203	-	-	-	-	-	-	-	-
Iniziative Immobiliari Italiane S.p.A.	-	-	-	-	24,805	-	8,633	-	-	133,663
Madonna dei Monti Srl	15,635	2,898	-	-	1,206	-	717	-	-	478
Nores S.r.l.	7,721	3,323	-	-	-	-	-	-	-	-
Plus S.r.l.	30,632	3,323	-	-	-	-	-	-	-	-
Poste Italiane S.p.A.	-	-	-	-	10,931	-	3,000	-	-	-
SACE BT	-	-	-	-	15,016	-	583,153	-	-	-
SACE FCT	-	-	-	-	15,133	-	2,899,136	-	-	864,758
SACE S.p.A.	-	-	-	-	11,255	-	717,671	-	-	1,537,711
Salini Costruttori S.p.A.	150,085	3,323	2,959,803	-	-	-	685,582	-	126,475	-
SALINI SIMONPIETRO & C. S.A.P.A.	14,394	-	-	-	-	-	-	-	-	-
Simest S.p.A.	-	-	-	-	-	-	-	-	-	62,916
SNAM RETE GAS S.p.A.	-	-	-	-	564,000	-	-	-	-	-
Studio Grazia Volo	-	-	-	-	459,680	-	-	-	-	-
Terna S.p.A.	-	-	-	-	7,500	-	-	-	-	-
Terna Rete Italia S.p.A.	-	-	-	-	5,000	-	-	-	-	-
Zeis S.r.l.	128,983	95,455	-	-	-	-	-	-	59,389	9,107
Total - other related parties	**461,264**	**132,427**	**3,612,867**	**6,987,872**	**2,361,812**	**-**	**6,090,469**	**-**	**929,344**	**2,608,633**
Total	**130,102,823**	**13,589,251**	**3,613,427**	**6,987,872**	**286,161,695**	**371,074**	**6,188,741**	**13,340,981**	**13,766,880**	**5,473,292**

(*) Refers to first ten months of the year before the acquisition of Astaldi.

Consolidated financial statements of Webuild Group - Equity investments

Equity investments of Webuild Group S.p.A. at 31 December 2020 - Positive carrying amount

Equity Investement	31 December 2019	Change in cons. method	Acquisitions	Capital transactions	(Disinvestments and liquid.)	Share of profit or loss of equity-accounted investees	Reval./Impairment losses	Other effects recognised 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	Reclassifications	Monetary adjustment	Other changes	31 December 2020
A.Constructor J.V Kallidromo	1															1
Acqua Campania S.p.A.	9,607															9,607
Autopistas del Sol S.A.	21,653,286					103,013		(4,998,638)	(838,580)		(7,331,070)			4,904,023		13,492,043
Cons. A.F.T. Taksebt	15,494															15,494
Consorcio Federici/Impresit/Ice Cochabamba	15,818															15,818
Consorzio Casale Nei	775															775
Consorzio CPR 2	37															37
Consorzio CPR 3	747															747
Consorzio del Sinni	12,395															12,395
Consorzio Ferrofir	182,569															182,569
Consorzio Ferroviario Milanese	28,276				(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			58,618											(234,678)	-
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
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
Flatiron West Inc.- The Lane Constr. Corp. J.V.	663,228					3,174,836			(7,879,531)			(10,916)	4,052,383			-
FLUOR-LANE LLC	77															70
FLUOR-LANE SOUTH CAROLINA	29,404					50,165						(5,956)				73,614
FLUOR-LANE95 LLC	18,301											(1,547)				16,755
Forum S.c. a r.l.	10,329															10,329
Gaziantep Hastane Saglik	3,832,112			2,667,701		(11,906,921)				8,402,463						2,995,355
Gaziantep Hastanesi Isletme Ve Bakim Hizmetleri	687,419			620,132		(1,225,083)										82,468
Grassetto S.p.A.	7,747															7,747

Equity Investement	31 December 2019	Change in cons. method	Acquisitions	Capital transactions	(Disinvestments and liquid.)	Share of profit or loss of equity-accounted investees	Reval./Impairment losses	Other effects recognised 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	Reclassifications	Monetary adjustment	Other changes	31 December 2020
Grupo Unido por el Canal	496,539,991			12,642,396		(97,868,169)					(41,376,787)					369,937,432
I4 LEASING LLC	14,058,238					(762,993)			(3,871,476)			(867,389)				8,556,380
IGL Arabia	22,038												(22,038)			-
Immobiliare Golf Club Castel D'Aviano S.r.l.	20,190															20,190
Irina Srl in liquidazione	308,344															308,344
Isarco	43,672															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 2 S.A.	26,819,762					2,104,779					(2,412,114)					26,512,427
Metrogenova S.c.r.l.	8,257															8,257
Mobilink Hurontario General Partnership	620,892												(620,892)			-
Napoli Cancello Alta Velocità S.c.r.l.	6,000														(6,000)	-
Nomisma spa	27,015															27,015
OCHRE HOLD	1,774,715					(1,206,167)					322,082					890,634
Olbia 90 S.c.r.l.	2,531															2,531
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					(42,934)										1,195,118
Pergenova	500,000															500,000
PURPLE LINE TRANSIT CONSTRUCTORS LLC	1,744,533			19,698,827		10,399,328						(2,229,845)				29,612,843
Renovation Palais Des Nations S.A.	15,662											76				15,738
S. Agata	12,167														(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
Sirjo S.c.p.A.	3,000,000														(3,000,000)	-
Sistranyac S.A.	149,965															149,965
Skiarea Valchiavenna S.p.A.	98,370															98,370
SPV Linea M4 Spa	22,310,800			1,399,600												23,710,400
Tangenziale Esterna di Milano S.p.A.	100															100

Equity Investement	31 December 2019	Change in cons. method	Acquisitions	Capital transactions	(Disinvestments and liquid.)	Share of profit or loss of equity-accounted investees	Reval./Impairment losses	Other effects recognised 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	Reclassifications	Monetary adjustment	Other changes	31 December 2020
Tartano S.r.l. Società Agricola	995,933					(1,471)										994,462
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	12,325,681			2,757,836		(1,701,445)						(1,114,711)				12,267,362
Valdostana Condotte - Cossi	52,216					(32,216)										20,000
VE.CO. S.c.r.l.	2,582															2,582
Yacilec	608,104					107,389			(110,340)		(148,994)			(2,277)		453,883
Yuma	7,222,280					(203,416)					(1,273,332)					5,745,531
Gruppo Astaldi - Ankara Etlik Hastane Isletme Ve Bakim Anonim Sirketi	-					(168,882)									21,279,118	21,110,236
Gruppo Astaldi - Astaldi PPA	-														581	581
Gruppo Astaldi - Autostrada Nogara Mare Adriatico Scpa	-														27,600	27,600
Gruppo Astaldi - Brennero Tunnel Construction S.c.ar.l.	-														47,230	47,230
Gruppo Astaldi - C.F.C. S.c.r.l.	-														5	5
Gruppo Astaldi - C.F.M. S.c.r.l.	-														20,659	20,659
Gruppo Astaldi - CENTOQUATTRO S.c.ar.l.	-														1,207	1,207
Gruppo Astaldi - CENTOTRE S.c.ar.l.	-														1,252	1,252
Gruppo Astaldi - Co.Sa.Vi.D. S.c.r.l.	-														3	3
Gruppo Astaldi - Cons. A.F.T. Taksebt	-														15,494	15,494
Gruppo Astaldi - Cons. Astaldi Federici Todini Kramis	-														49,995	49,995
Gruppo Astaldi - Consorzio Centro Uno	-														3,099	3,099
Gruppo Astaldi - Consorzio Consarno	-														5,166	5,166
Gruppo Astaldi - Consorzio Ferrofir	-														20,658	20,658
Gruppo Astaldi - Consorzio Gi.It. (in liquidazione)	-														1,290	1,290
Gruppo Astaldi - Consorzio Groupement Lesi-Dipenta	-														21	21
Gruppo Astaldi - Consorzio Iricav Uno	-														123,951	123,951
Gruppo Astaldi - Consorzio Ital.Co.Cer.															15,495	15,495
Gruppo Astaldi - Consorzio Italvenezia	-														19,367	19,367
Gruppo Astaldi - Consorzio MM4	-														64,270	64,270
Gruppo Astaldi - Consorzio TRA.DE.CI.V.	-														27,571	27,571
Gruppo Astaldi - Diga di Blufi S.c.r.l.	-														23,242	23,242
Gruppo Astaldi - Ecosarno S.c.r.l.	-														17,043	17,043
Gruppo Astaldi - Etlik Hastane PA S.r.l.	-					10,713									67,742	78,455
Gruppo Astaldi - Fusaro S.C.r.l.	-														1	1
Gruppo Astaldi - Grupo Empresas Italianas - GEI	-														654,883	654,883
Gruppo Astaldi - ICA LT Limited Liability Company	-											12			443	455
Gruppo Astaldi - Infraflegrea S.c.r.l.	-														23,300	23,300

Equity Investement	31 December 2019	Change in cons. method	Acquisitions	Capital transactions	(Disinvestments and liquid.)	Share of profit or loss of equity-accounted investees	Reval./Impairment losses	Other effects recognised 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	Reclassifications	Monetary adjustment	Other changes	31 December 2020
Gruppo Astaldi - M.N. 6 S.c.r.l.	-														510	510
Gruppo Astaldi - Metro 5 S.p.A.	-														1,644,630	1,644,630
Gruppo Astaldi - METRO C S.c.p.A.	-					(7,706)									19,678,840	19,671,134
Gruppo Astaldi - Metrogenova S.c.r.l.	-					111									5,055	5,166
Gruppo Astaldi - Metropolitana di Napoli S.p.A.	-														5,110,338	5,110,338
Gruppo Astaldi - Mose Bocca di Chioggia S.c.ar.l.	-														1,500	1,500
Gruppo Astaldi - MOSE OPERAE S.C.a rl.	-														1,728	1,728
Gruppo Astaldi - Mose-Treporti S.c.r.l.	-														3,500	3,500
Gruppo Astaldi - N.P.F. - Nuovo Polo Fieristico S.c.r.l.	-														20,000	20,000
Gruppo Astaldi - Otoyol deniz tasimaciligi A.S.	-					8,175									103,451	111,626
Gruppo Astaldi - Otoyol Isletme Ve Bakim Anonim Sirketi	-					(67,899)									7,617,267	7,549,368
Gruppo Astaldi - Pavimental S.p.A.	-														62,007	62,007
Gruppo Astaldi - Pedelombarda	-														1,200,000	1,200,000
Gruppo Astaldi - Pedemontana Lombarda Manutenzioni S.c.a.r.l.	-														3,540	3,540
Gruppo Astaldi - Pegaso S.c.r.l.	-														113,749	113,749
Gruppo Astaldi - PROG.ESTE. S.p.A.	-														161,808	161,808
Gruppo Astaldi - DIRPA S.c.r.l. in A.S. Amministrazione	-												(98,808)		98,808	-
Gruppo Astaldi - S.E.I.S. S.p.A.	-					18,720									8,684,655	8,703,375
Gruppo Astaldi - SA.T S.p.A.	-														361,052	361,052
Gruppo Astaldi - Skiarea Valchiavenna S.p.A.	-														17,838	17,838
Gruppo Astaldi - SPV Linea M4 Spa	-														23,710,400	23,710,400
Gruppo Astaldi - Tangenziale Seconda S.c.r.l.	-														19,861	19,861
Gruppo Astaldi - VCGP - Astaldi Ingenieria y Construccion Limitada	-					(78,045)									78,045	-
Gruppo Astaldi - Veneta Sanitaria Finanza di Progetto S.p.A. - V.S.F.P. S.p.A.	-														512,102	512,102
SFP - We Build Sede Branch	-														177,077	177,077
SFP - Consorzio Libyan Expressway Contractor	-														30,011	30,011
SFP - Consorzio Iricav due	-														2,676,664	2,676,664
SFP - Napoli Cancello Alta Velocità S.c.r.l.	-														240,596	240,596
SFP - S. Agata	-														256,442	256,442
SFP - Sirjo S.c.p.A.	-														1,934,650	1,934,650
SFP - Gruppo Astaldi	-							(228,844)							23,865,285	23,636,441
Total equity investment with positive carring amount	**642,486,185**	**-**	**-**	**39,845,110**	**(43,164)**	**(99,296,118)**	**-**	**(5,227,482)**	**(12,699,927)**	**8,402,463**	**(52,220,215)**	**(4,230,276)**	**3,310,645**	**4,901,746**	**114,905,678**	**640,134,655**

Equity investments al 31 December 2020 of Webuild Group - Negative carrying amount

	31 December 2019	Change in cons. method	Acquisitions	Disinvestments/Liquidations	Capital transactions	Share of profit or loss of equity-accounted investees	Other effects recognised 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	Reclassifications	Other changes	31 December 2020
AGL JV	(3,699,685)				245,141	(17,958)				297,112				(3,175,390)
Cagliari 89 S.c.r.l.	(132,850)													(132,850)
Cons. Astaldi Federici Todini Kramis	(1,833,580)													(1,833,580)
Consorzio Aree Industriali Potentine	(666)			666										-
FISIA ABEIMA LCC	(3,883,556)					(2,854,231)				543,109				(6,194,678)
Flatiron West Inc.- The Lane Constr. Corp. J.V.	-									280,374		(4,052,383)		(3,772,009)
IGL Arabia - Legal	-				(22,037)	(2,189,384)				301,120		22,037		(1,888,264)
Mobilink Hurontario General Partnership	-					659,429			(2,398,153)			620,892		(1,117,832)
Mobilink Hurontario General Partnership						89,574			(25,203)				(559,705)	(495,334)
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	(59,308,592)				14,445,806	(7,086,243)				4,502,872				(47,446,157)
Soingit S.c.r.l.	(50,000)			50,000										-
Tokwe Mukorsi Dam	(7,522)													(7,522)
VCGP - Astaldi Ingenieria y Construccion Limitada	-					32,041							(354,996)	(322,955)
Total equity investments with negative carrying amount	**(69,318,665)**	**-**	**-**	**50,666**	**14,668,910**	**(11,366,772)**	**-**	**-**	**(2,423,356)**	**5,924,587**	**-**	**(3,409,454)**	**(914,701)**	**(66,788,785)**

List of Webuild Group companies

List of Webuild Group companies

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Indirect parent	Consolidation or measurement method
Webuild S.p.A.	Italy	Euro	600,000,000	100	100			line-by-line
Astaldi S.p.A.	Italy	Euro	340,431,460	66.966	66.101	0.865	Various	line-by-line (*)
3E System S.r.l. (in liq.)	Italy	Euro	10,000	66.966		66.966	NBI S.p.A.	line-by-line (*)
A1 Motorway Tuszyn-Pyrzowice lot F Joint Venture	Poland	PLN		100	94.99	5 0.01	Salini Polska L.t.d. Liability Co HCE Costruzioni S.p.A.	line-by-line
A10 S.c.r.l.	Italy	Euro	10,000	41.867	-	41.867	NBI S.p.A.	line-by-line (*)
Afragola FS S.c.a r.l. (in liq.)	Italy	Euro	10,000	66.966		55.274 11.692	Astaldi S.p.A. NBI S.p.A.	line-by-line (*)
AGN HAGA AB	Sweden	SEK	1,000	26.786		26.786	Astaldi S.p.A.	line-by-line (*)
Aguas de Punilla Sociedad Concesionaria S.A.	Chile	CLP	40,000,000,000	66.965		66.965	Astaldi Concessions S.p.A.	line-by-line (*)
Al Maktoum International Airport J.V.	United Arab Emirates			29.4		29.4	Lane Mideast Contracting LLC	line-by-line
AR.GI. S.c.p.A.	Italy	Euro	35,000,000	66.959		66.959	Astaldi S.p.A.	line-by-line (*)
AS.M. S.c.r.l.	Italy	Euro	10,000	50.834		50.834	Astaldi S.p.A.	line-by-line (*)
Associazione Astaldi-SOMET-TIAB-UTI GRUP	Romania			26.786		26.786	Astaldi S.p.A.	line-by-line (*)
Astaldi Algerie-E.u.r.l.	Algeria	DZD	50,000,000	66.966		66.966	Astaldi S.p.A.	line-by-line (*)
Astaldi Arabia Ltd.	Saudi Arabia	SAR	5,000,000	66.966		40.180 26.786	Astaldi S.p.A. Astaldi International Ltd.	line-by-line (*)
Astaldi Bulgaria L.t.d. (in liq.)	Bulgaria	BGN	5,000	66.966	-	66.966	Astaldi S.p.A.	line-by-line (*)
Astaldi Canada Design and Construcion Inc.	Canada	CAD	20,000	66.966		66.966	Astaldi Canada Enterprises Inc.	line-by-line (*)
Astaldi Canada Enterprises Inc.	Canada	CAD	10,000	66.966		66.966	Astaldi S.p.A.	line-by-line (*)
Astaldi Canada Inc.	Canada	CAD	20,000	66.966		66.966	Astaldi S.p.A.	line-by-line (*)
Astaldi Concessioni S.p.A.	Italy	Euro	22,635,327	66.966		66.966	Astaldi S.p.A.	line-by-line (*)
Astaldi Concessions S.p.A.	Italy	Euro	300,000	66.966		66.966	Astaldi S.p.A.	line-by-line (*)
Astaldi Construction Corporation	USA	USD	18,972,000	44.072		44.072	Astaldi S.p.A.	line-by-line (*)
Astaldi de Venezuela C.A.	Venezuela	VEB	110,300	66.834		66.834	Astaldi S.p.A.	line-by-line (*)
Astaldi India Services LLP	India	INR	30,003,000	66.959		66.959	Astaldi S.p.A.	line-by-line (*)
Astaldi International Inc.	Liberia			66.966		66.966	Astaldi S.p.A.	line-by-line (*)

List of Webuild Group companies

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Indirect parent	Consolidation or measurement method
Astaldi International Ltd. (in liq.)	UK			66.966		66.966	Astaldi S.p.A.	line-by-line (*)
Astaldi Mobilinx Hurontario GP Inc.	Canada			66.966		66.966	Astaldi Canada Enterprises Inc.	line-by-line (*)
Astaldi Polska zo.o. (in liq.)	Poland	PLZ	120,000	66.966	-	66.966	Astaldi S.p.A.	line-by-line (*)
Astaldi-Max Bogl-CCCF J.V.	Romania	RON	40,000	44.198		44.198	Astaldi S.p.A.	line-by-line (*)
Astalnica S.A.	Nicaragua	NIO	2,000,000	65.627		65.627	Astaldi S.p.A.	line-by-line (*)
Astalrom S.A.	Romania	RON	3,809,897	66.77		66.77	Astaldi S.p.A.	line-by-line (*)
Astur Construction and Trade A.S.	Turkey	TRY	35,500,000	66.966		66.966	Astaldi S.p.A.	line-by-line (*)
Beyond S.r.l. (in liq.)	Italy	Euro	10,000	100	100			line-by-line
Bielle Impianti S.c.r.l. (in liq.)	Italy	Euro	100,000	50.225		50.225	NBI S.p.A.	line-by-line (*)
Brennero Galleriaacque S.c.r.l.	Italy	Euro	10,000	51		51	Fisia Italimpianti S.p.A.	line-by-line
Bussentina S.c.r.l. (in liq.)	Italy	Euro	25,500	52.838		52.838	Astaldi S.p.A.	line-by-line (*)
C.O.MES. S.c.r.l. (in liq.)	Italy	Euro	20,000	36.831		36.831	Astaldi S.p.A.	line-by-line (*)
C43 Water Management Builders	USA			100	30	70	Lane Construction Corporation	line-by-line
Capodichino AS.M. S.c.r.l.	Italy	Euro	10,000	44.753		44.753	Astaldi S.p.A.	line-by-line (*)
CDE S.c.a.r.l.	Italy	Euro	10,000	60	60			line-by-line
CO.ME.NA. S.c.r.l. (in liq.)	Italy	Euro	20,658	47.166		47.166	Astaldi S.p.A.	line-by-line (*)
CO.MERI S.p.A.	Italy	Euro	35,000,000	66.959		66.959	Astaldi S.p.A.	line-by-line (*)
CO.VA. S.c.r.l. (in liq.)	Italy	Euro	10,000	40.18		40.18	NBI S.p.A.	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.	Italy	Euro	200,000	100	100			line-by-line
Consorcio Constructor Salini Impregilo - Cigla	Brazil			100	60	40	Cigla S.A.	line-by-line
Consorcio Impregilo - OHL	Colombia			100		100	Impregilo Colombia SAS	(°)
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	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

List of Webuild Group companies

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Indirect parent	Consolidation or measurement method
						20	CSC Costruzioni S.A.	
Consorzio Hirpinia AV	Italy	Euro	10,000	86.786	60	26.786	Astaldi S.p.A.	line-by-line(**)
Consorzio Iricav Due	Italy	Euro	510,000	70.546	45.44	25.106	Astaldi S.p.A.	line-by-line(**)
Consorzio Libyan Expressway Contractor	Italy	Euro	10,000	58	58			line-by-line
Consorzio Scilla (in liq.)	Italy	Euro	1,000	51		51	HCE Costruzioni S.p.A.	line-by-line
Consorzio Stabile Busi (in liq.)	Italy	Euro	100,000	63.634		62.948	NBI S.p.A.	line-by-line (*)
						0.016	C.I.T.I.E. (in liq.)	
						0.670	3E System S.r.l. (in Liq.)	
Consorzio Stabile Operae	Italy	Euro	500,000	66.296		65.627	Astaldi S.p.A.	line-by-line (*)
						0.670	NBI S.p.A.	
Constructora Ariguani SAS En Reorganizacion	Colombia	COP	100,000,000	100	100			line-by-line
Constructora Astaldi Cachapoal Limitada	Chile	CLP	10,000,000	66.296		66.296	Astaldi S.p.A.	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
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 Costruzioni S.A.	Switzerland	CHF	2,000,000	100	100			line-by-line
CSI Simplon Consorzio	Switzerland			100	0.01	99.99	CSC Costruzioni S.A.	line-by-line
DEAS S.c.r.l.	Italy	Euro	10,000	38.171		38.171	NBI S.p.A.	line-by-line (*)
DIRPA 2 S.c.r.l.	Italy	Euro	50,020,000	66.296		66.296	Consorzio Stabile Operae	line-by-line (*)
DMS Design Consortium S.c.r.l.	Italy	Euro	10,000	40.18		40.18	Astaldi S.p.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

List of Webuild Group companies

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Indirect parent	Consolidation or measurement method
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
Garbi Linea 5 S.c.r.l. (in liq.)	Italy	Euro	10,000	66.966		66.966	Astaldi S.p.A.	line-by-line (*)
GE.SAT. S.c.a r.l.	Italy	Euro	10,000	36.061		23.438 12.623	Astaldi S.p.A. Astaldi Concessions S.p.A.	Line-by-line (*)
Generalny Wykonawca Salini Polska - Impregilo -	Poland			66.68	33.34	33.34	Salini Polska L.t.d. Liability Co	line-by-line
Groupe Mediterraneen di Travaux d'Infrastructures (in	Algeria	DZD	1,000,000	98		98	HCE Costruzioni S.p.A.	line-by-line
Groupement Astaldi - Consider TP	Algeria			40.18		40.18	Astaldi S.p.A.	line-by-line (*)
Groupement de Raccordement de la Station	Algeria			66.966		34.153 32.813	Astaldi S.p.A. Astaldi Algerie - E.u.r.l.	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			(°)
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	UK	GBP	2	100		100	Impregilo Intern. Infrastruc. N.V.	line-by-line
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
INC - Il Nuovo Castoro Algerie S.a.r.l.	Algeria	DZD	301,172,000	99.983	99.983			line-by-line
Infraflegrea Progetto S.p.A.	Italy	Euro	500,000	34.153		34.153	Astaldi S.p.A.	line-by-line (*)
IS Joint Ventures	Australia			100	50	50	Salini Australia PTY L.t.d.	line-by-line

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Italstrade CCCF JV Romis S.r.l.	Romania	RON	540,000	34.153		34.153	Astaldi S.p.A.	line-by-line (*)
Italstrade S.p.A.	Italy	Euro	611,882	66.966		66.966	Astaldi S.p.A.	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
Laguna S.c.r.l. (in liq.)	Italy	Euro	10,000	56.72		56.72	NBI S.p.A.	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 Securety Paving J.V.	USA			60		60	Lane Construction Corporation	line-by-line
Lane Water LLC	USA			100		100	Lane Construction Corporation	line-by-line
Lane Worldwide Infrastructure Inc..	USA	USD	10	100		100	Lane Industries Incorporated	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	HCE Costruzioni S.p.A.	line-by-line
Mercovia S.A.	Argentina	ARS	10,000,000	60		60	Impregilo Intern. Infrastruc. N.V.	line-by-line
Messina Stadio S.c.r.l. (in liq.)	Italy	Euro	30,600	66.966		66.966	Astaldi S.p.A.	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
Metro Blu S.c.r.l.	Italy	Euro	10,000	83.483	50	33.483	Astaldi S.p.A.	line-by-line(**)
Mondial Milas-Bodrum Havalimani Uluslararasi Terminal İşletmeciliği Ve	Turkey	TRY	37,518,000	53.573		53.573	Astaldi Concessions S.p.A.	line-by-line (*)
Mosconi S.r.l.	Italy	Euro	100,000	63.5		63.5	Cossi Costruzioni S.p.A.	line-by-line

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Napoli Cancello Alta Velocità S.c.r.l.	Italy	Euro	10,000	86.786	60	26.786	Astaldi S.p.A.	line-by-line(**)
NBI Elektrik Elektromekanik Tesisat Insaat Ve Ticaret I.S.	Turkey	TRY	10,720,000	66.966		63.617	NBI S.p.A.	line-by-line (*)
						3.349	Astur Construction and Trade A.S.	
NBI S.p.A.	Italy	Euro	7,500,000	66.966		66.966	Astaldi S.p.A.	line-by-line (*)
Nlf Nowa Lodz Fabryczna Sc	Poland			33.483		33.483	Astaldi S.p.A.	line-by-line (*)
Nuovo Ospedale Sud Est Baresen S.c.r.l. – NOSEB	Italy	Euro	35,000	66.966		66.966	Astaldi S.p.A.	line-by-line (*)
Ospedale del Mare S.c.r.l. (in liq.)	Italy	Euro	50,000	66.966		66.966	Astaldi S.p.A.	line-by-line (*)
Ospedale Monopoli Fasano S.c.r.l.	Italy	Euro	10,000	34.153		34.153	NBI S.p.A.	line-by-line (*)
Partenopea Finanza di Progetto S.c.p.A.	Italy	Euro	9,300,000	66.959		66.959	Astaldi S.p.A.	line-by-line (*)
Passante Dorico S.p.A.	Italy	Euro	24,000,000	63.072	47	16.072	Astaldi S.p.A.	line-by-line(**)
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	HCE Costruzioni S.p.A.	line-by-line
Piscine dello Stadio S.r.l.	Italy	Euro	851,000	96.023		96.023	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
Portovesme S.c.r.l. (in liq.)	Italy	Euro	25,500	66.953		66.953	Astaldi S.p.A.	line-by-line (*)
Redo-Association Momentanée	Congo			66.966		50.225	Astaldi S.p.A.	line-by-line (*)
						16.742	Astaldi Internationale Inc.	
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
Romairport S.r.l.	Italy	Euro	500,000	66.472		66.472	Astaldi S.p.A.	line-by-line (*)
S. Agata FS S.c.r.l.	Italy	Euro	20,000	86.786	60	26.786	Astaldi S.p.A.	line-by-line(**)
S. Filippo S.c.r.l. (in liq.)	Italy	Euro	10,200	53.573		53.573	Astaldi S.p.A.	line-by-line (*)
S.P.T.-Società Passante Torino Sc.r.l.	Italy	Euro	50,000	55.247		55.247	Astaldi S.p.A.	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	HCE Costruzioni S.p.A.	(°)

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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 - 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	Argentina	ARS	10,000	75	73	2	Lane Construction Corporation	line-by-line
Salini Insaat Taahhut Sanayi Ve Ticaret Anonim Sirketi (in	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
Salini Polska - Todini - Salini Impregilo - S7 JV	Poland	PLN		100	74.99	25 0.01	Salini Polska L.t.d. Liability Co HCE Costruzioni S.p.A.	line-by-line
Salini Polska - Todini - Salini Impregilo - Pribex - S3 JV	Poland	PLN		95	71.24	23.75 0.01	Salini Polska L.t.d. Liability Co HCE Costruzioni S.p.A.	line-by-line
Salini Polska - Todini - Salini Impregilo - Pribex - S8 JV	Poland	PLN		95	71.24	23.75 0.01	Salini Polska L.t.d. Liability Co HCE Costruzioni S.p.A.	line-by-line
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
Sartori Tecnologie Industriali S.r.l. (in liq.)	Italy	Euro	500,000	66.966	-	66.966	NBI S.p.A.	line-by-line (*)
SC Hydro Pty Ltd	Australia			50		50	Salini Australia PTY L.t.d.	line-by-line

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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
Scuola Carabinieri S.c.r.l. (in liq.)	Italy	Euro	50,000	51.162		51.162	Astaldi S.p.A.	line-by-line (*)
Seac S.c.r.l. (in liq.)	Congo			66.966		66.966	Astaldi S.p.A.	line-by-line (*)
Seli Tunneling Denmark A.p.s.	Denmark	DKK	130,000	100		100	HCE Costruzioni S.p.A.	line-by-line
Sirjo S.c.p.A.	Italy	Euro	30,000,000	80.18	40	40.18	Astaldi S.p.A.	line-by-line(**)
SLC Snowy Hydro Joint Venure	Australia			65	64.99	0.01	Lane Construction Corporation	line-by-line
Sociedad Austral Mantenciones y Operaciones	Chile	CLP	1,000,000	66.966		50.225	Astaldi Concessions S.p.A.	line-by-line (*)
						16.742	NBI S.p.A.	
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 Costruzioni S.A.	line-by-line
Susa Dora Quattro S.c.r.l. (in liq.)	Italy	Euro	51,000	60.269		60.269	Astaldi S.p.A.	line-by-line (*)
T.E.Q Construction Enterprise Inc.	Canada	CAD	10,000	66.966		66.966	Astaldi Canada Enterprises Inc.	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
Tione 2008 S.C.ar.l. (in liq.)	Italy	Euro		50.907		50.907	Consorzio Stabile Busi (in Liq.)	line-by-line (*)
Todini Akkord Salini	Ukraine			100	25	75	HCE Costruzioni S.p.A.	line-by-line
Toledo S.c.r.l. (in liq.)	Italy	Euro	50,000	60.533		60.533	Astaldi S.p.A.	line-by-line (*)
Transmisora del Sur S.p.A.	Chile	CLP	1,000,000	66.966		66.966	Astaldi Concessions S.p.A.	line-by-line (*)
Valle Aconcagua S.A.	Chile	CLP	19,064,993	56.458		56.458	Astaldi Concessioni S.p.A.	line-by-line (*)
VSL Electrical, Signing, Lighting LLC	USA			100		100	Lane Construction Corporation	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.
AGP Metro Polska	Poland			33.483		33.483	Astaldi S.p.A.	joint oper. (*)
Ankara Etlik Hastane Sglik hizmetleri isletme yatirim	Turkey	TRY	267,240,000	34.153		30.804	Astaldi Concessioni S.p.A.	joint oper. (*)

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						3.348	Astaldi S.p.A.	
Arge Tulfes Pfons	Austria	Euro	1,000	49	49			joint oper.
Arriyad New Mobility Consortium	Saudi Arabia			33.48	33.48			joint oper.
Asocierea Astaldi - Euroconstruct Trading 98	Romania			46.876		46.876	Astaldi S.p.A.	joint oper. (*)
Asocierea Astaldi S.p.A-IHI Infrastructure Systems SO,	Romania			40.18		40.18	Astaldi S.p.A.	joint oper. (*)
Asocierea Astaldi Spa – Max Boegl Romania Srl – Astalrom Sa – Consitrans	Romania			33.463		26.786	Astaldi S.p.A.	joint oper. (*)
						6.677	Astalrom S.A.	
Asocierea Astaldi Spa - Euroconstruct Trading 98	Romania			33.483		33.483	Astaldi S.p.A.	joint oper. (*)
Asocierea Astaldi-FCC-Salcef-Thales, lot 2°a	Romania			33.148		33.148	Astaldi S.p.A.	joint oper. (*)
Asocierea Astaldi-FCC-Salcef-Thales, lot 2°b	Romania			33.148		33.148	Astaldi S.p.A.	joint oper. (*)
Asocierea JV Astaldi S.p.A. - Max Bogl	Romania			40.18		40.18	Astaldi S.p.A.	joint oper. (*)
Asocierea Lot 3 FCC-Astaldi-Convensa	Romania			33.148		33.148	Astaldi S.p.A.	joint oper. (*)
Astadim S.C.	Poland	PLZ	10,000	60.269		60.269	Astaldi S.p.A.	joint oper. (*)
Astaldi S.p.A. – Astalrom S.A. Joint Venture	Romania			66.917		50.225	Astaldi S.p.A.	joint oper. (*)
						16.693	Astalrom S.A.	
Astaldi-FCC Joint Venture	Romania			33.483		33.483	Astaldi S.p.A.	joint oper. (*)
Astaldi-FCC-Delta ACM-AB Construct	Romania			31.806		31.806	Astaldi S.p.A.	joint oper. (*)
Astaldi-FCC-UTI-ACTIV (Metro 5) Asocierea	Romania			26.110		26.110	Astaldi S.p.A.	joint oper. (*)
Astaldi-Gulermak Joint Venture	Turkey	TRY	1,500	34.153		34.153	Astaldi S.p.A.	joint oper. (*)
Astaldi-Max Boegl Romania	Romania			33.483		33.483	Astaldi S.p.A.	joint oper. (*)
Astaldi-Max Boegl Romania-Nadlac Arad Lot 2 Joint	Romania			33.483		33.483	Astaldi S.p.A.	joint oper. (*)
Astaldi-Max Bogl-Euroconstruct-Tecnologica-	Romania			18.523		18.523	Astaldi S.p.A.	joint oper. (*)
Astaldi-SC Euroconstruct Tranding 98-SC Astalrom	Romania			66.95		63.611	Astaldi S.p.A.	joint oper. (*)
						3.339	Astalrom S.A.	
Astaldi-Tukerler Ortak Girisimi Joint Venture	Turkey	TRY	1,500	34.153		34.153	Astaldi S.p.A.	joint oper. (*)
Astaldi-UTI-Romairport J.V.	Romania			46.728		26.786	Astaldi S.p.A.	joint oper. (*)

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						19.942	Romairport S.r.l.	
Aster Astaldi-TIM-Termomeccanica Ecologica	Poland			34.153		34.153	Astaldi S.p.A.	joint oper. (*)
Aster Dantiscum	Poland	PLZ	10,000	34.153		34.153	Astaldi S.p.A.	joint oper. (*)
Aster Resovia TM e Termomeccanca Ecologica	Poland			32.813		32.813	Astaldi S.p.A.	joint oper. (*)
Avrasya Metro Grubu - AMG J.V.	Turkey	TRY	1,000	28.126		28.126	Astaldi S.p.A.	joint oper. (*)
BSS-KSAB JV	Saudi Arabia			37.5	37.5			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.
Consorcio Amancae	Peru			40	40			joint oper.
Consorcio Ana Cua	Paraguay			36.831		36.831	Astaldi S.p.A.	joint oper. (*)
Consorcio Constructor Tumarin	Nicaragua			33.483		33.483	Astaldi S.p.A.	joint oper. (*)
Consorcio Contuy Medio Grupo A C.I. S.p.A. Ghella	Venezuela			36.4	36.4			joint oper.
Consorcio Europeo Hospital de Chinandega	Nigaragua			23.518		23.518	Astaldi S.p.A.	joint oper. (*)
Consorcio Rio Mantaro	Peru			33.483		33.483	Astaldi S.p.A.	joint oper. (*)
Consorcio Rio Urubamba	Peru			26.786		26.786	Astaldi S.p.A.	joint oper. (*)
Consorzio Constructor M2 Lima	Peru			25.5	25.5			joint oper.
Consorzio Constructora El Arenal	Honduras			32.813		32.813	Astaldi S.p.A.	joint oper. (*)
Consorzio Gdansk	Poland			34.153		34.153	Astaldi S.p.A.	joint oper. (*)
Consorzio Lublino	Poland			63.604		63.604	Astaldi S.p.A.	joint oper. (*)
Daelim-Astaldi-WIKA Joint Venture	Indonesia			20.09		20.09	Astaldi S.p.A.	joint oper. (*)
FCC Construccion S.A. – Astaldi S.p.A., Joint Venture	Romania			33.483		33.483	Astaldi S.p.A.	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			65		65	Fisia Italimpianti filiale Argentina	joint oper.
G.R.B.K. Barrage de Kerrada et Adduction Chelif-Kerrada	Algeria			45.992		45.992	Astaldi S.p.A.	joint oper. (*)
Gebze-İzmir Otoyolu İnşaati (NOMAYG) Adi Ortakligi	Turkey	TRY	50,000	11.719		11.719	Astaldi S.p.A.	joint oper. (*)
Ghazi-Barotha Contractors J.V.	Pakistan			57.8	57.8			joint oper.

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Groupement Astaldi-Somatra Get (G.A.S.)	Tunisia			40.18		40.18	Astaldi S.p.A.	joint oper. (*)
Groupement ASTEH	Algeria			34.153		34.153	Astaldi S.p.A.	joint oper. (*)
Groupement GR-RDM	Algeria			34.153		34.153	Astaldi S.p.A.	joint oper. (*)
I 405 Partners Joint Venture	USA			17.629		17.629	Astaldi Construction Corporation	joint oper. (*)
Ika Izmir Demiryolu Joint Venture	Turkey	TRY	10,000	22.099		22.099	Astur Construction and Trade A.S.	joint oper. (*)
Ilka Metro Yapim Joint Venture	Turkey	TRY	10,000	10.045		10.045	Astur Construction and Trade A.S.	joint oper. (*)
Impregilo-Healy-Parsons J.V.	USA	USD		65	45	20	Lane Construction Corporation	joint oper. (*)
Lodz Consorzio	Poland			26.786		26.786	Astaldi S.p.A.	joint oper. (*)
Max Boegl-Astaldi, Joint Venure	Romania			26.786		26.786	Astaldi S.p.A.	joint oper. (*)
Mobilinx Hurontario Contractor	Canada			60.750		42	Salini Impregilo Civil Works	joint oper.(**)
						18.750	Astaldi Canada Design & Construction Inc.	
Mobilinx Hurontario DBJV	Canada			42.125		42.125	Mobilinx Hurontario Contractor	joint oper.(**)
Nadlac-Arad JV	Romania			33.483		33.483	Astaldi S.p.A.	joint oper. (*)
Nathpa Jhakri J.V.	India	USD	1,000,000	60		60	HCE Costruzioni S.p.A.	joint oper.
NBI-A4 Joint Venture	Turkey	TRY	1,500	66.959		66.959	NBI Elektrik Elekt. Tesisat Insaat	joint oper. (*)
NBI-A4 Tunnel Joint Venture	Turkey			66.959		66.959	NBI S.p.A.	joint oper. (*)
NGE Genie Civil S.a.s. - Salini Impregilo S.p.A.	France			50	50			joint oper.
Obrainsa - Astaldi Consorzio	Peru			34.153		34.153	Astaldi S.p.A.	joint oper. (*)
Reliance-Astaldi, J.V.	India			33.483		33.483	Astaldi S.p.A.	joint oper. (*)
Rinfra-Astaldi, J.V.	India			17.411		17.411	Astaldi S.p.A.	joint oper. (*)
Sailini Impregilo - NGE Genie Civil S.a.s	France			65	65			joint oper.
South Al Mutlaa J.V.	Kuwait			55	55			joint oper.
Southland Astaldi, Joint Venture	Canada			20.090		20.090	Astaldi Canada Design & Construction Inc.	joint oper. (*)
Telt Villarodin-Bourget Modane Avrieux	France			33.33	33.33			joint oper.
Tristar Salini Joint Venture	United Arab Emirates			40	40			joint oper. (a)
UJV Astaldi S.p.A. (Suc. Cile), VCGP (Ag en Chile) e VCGP–Astaldi Ingenieria y	Chile			33.483		33.148	Astaldi S.p.A.	joint oper. (*)

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						0.335	VCGP - Astaldi Ingenieria y Construccion Limitada	
UTE Abeima Fisia Shoaibah	Saudi Arabia			50		50	Fisia Italimpianti S.p.A.	joint oper.
Uti Grup S.A.-Astaldi S.p.A.	Romania			43.528		43.528	Astaldi S.p.A.	joint oper. (*)
Aegek-Impregilo-Aslom J.V.	Greece			45.8	45.8			equity
AGL 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.	
Ankara Etlik Hastane Isletme Ve Bakim Anonim Sirketi	Turkey	TRY	50,000	34.153		34.153	Astaldi Concessions S.p.A.	equity (*)
Arge Haupttunnel Eyholz	Switzerland			36		36	CSC Costruzioni S.A.	equity
Atayde North Holding	Mexico			26.786		26.786	Astaldi S.p.A.	equity (*)
Autopistas del Sol S.A.	Argentina	ARS	175,396,394	19.818		19.818	Impregilo Intern. Infrastruc. N.V.	equity
Autostrada Nogara Mare Adriatico S.c.r.l. (in liq.)	Italy	Euro	120,000	15.402		8.706	Astaldi Concessioni S.p.A.	equity (*)
						6.697	Astaldi S.p.A.	
Avola S.c.r.l. (in liq.)	Italy	Euro	10,200	33.483		33.483	Astaldi S.p.A.	equity (*)
Avrasya Metro Grubu S.r.l . (in Liq.)	Italy	Euro	10,000	28.126		28.126	Astaldi S.p.A.	equity (*)
Barnard Impregilo Healy J.V.	USA			45	25	20	Lane Construction Corporation	equity
Biomedica S.c.r.l. (in liq.)	Italy	Euro	10,000	28.572		28.572	Consorzio Stabile Busi (in liq.)	equity (*)
Brennero Tunnel Construction S.c.r.l.	Italy	Euro	100,000	31.628		31.628	Astaldi S.p.A.	equity (*)
C.F.M. S.c.r.l. (in liq.)	Italy	Euro	40,800	33.483		33.483	Astaldi S.p.A.	equity (*)
C.P.R.2	Italy	Euro	2,066	35.97		35.97	HCE Costruzioni S.p.A.	equity
C.P.R.3	Italy	Euro	2,066	35.97		35.97	HCE Costruzioni S.p.A.	equity
Cagliari 89 S.c.r.l. (in liq.)	Italy	Euro	10,200	49		49	HCE Costruzioni S.p.A.	equity
CGR Consorzio Galliera Roveredo	Switzerland			37.5		37.5	CSC Costruzioni S.A.	equity
Churchill Construction Consortium	UK			30		30	Impregilo New Cross Ltd	equity
Churchill Hospital J.V.	UK			50		50	Impregilo New Cross Ltd	equity
CMC - Consorzio Monte Ceneri lotto 851	Switzerland			40		40	CSC Costruzioni S.A.	equity
CMR Consorzio	Switzerland			47.5		47.5	CSC Costruzioni S.A.	equity

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CMS Consorzio	Switzerland			70		70	CSC Costruzioni S.A.	equity
CO.SAT S.c.r.l. (in liq.)	Italy	Euro	10,000	33.483		33.483	Astaldi S.p.A.	equity (*)
Colli Albani S.c.r.l. (in liq.)	Italy	Euro	25,500	40.18		40.18	Astaldi S.p.A.	equity (*)
Consorcio Contuy Medio	Venezuela			47.991	29.04	18.951	Astaldi S.p.A.	equity(**)
Consorcio Federici/Impresit/Ice	Bolivia	USD	100,000	25		25	HCE Costruzioni S.p.A.	equity
Consorcio Grupo Contuy-Proyectos y Obras de	Venezuela			55.648	33.329	22.319	Astaldi S.p.A.	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. Tocoma	Venezuela			30	30			equity
Consortium CSC S.A.-Zuttion Construction S.A.	Switzerland			50		50	CSC Costruzioni S.A.	equity
Consortium Zuttion Constructions-CSC-Orrlati	Switzerland			40		40	CSC Costruzioni S.A.	equity
Consorzio 201 Quintai	Switzerland			60		60	CSC Costruzioni S.A.	equity
Consorzio 202 Quintai	Switzerland			30		30	CSC Costruzioni S.A.	equity
Consorzio ACE Chiasso	Switzerland			50		50	CSC Costruzioni S.A.	equity
Consorzio ACE Chiasso 2	Switzerland			50		50	CSC Costruzioni S.A.	equity
Consorzio Astaldi-Federici-Todini (in liq.)	Italy	Euro	46,000	55.660		33.34	HCE Costruzioni S.p.A.	equity(**)
						22.320	Astaldi S.p.A.	
Consorzio Astaldi-Federici-Todini Kramis	Italy	Euro	100,000	83.475		49.995	HCE Costruzioni S.p.A.	equity(**)
						33.480	Astaldi S.p.A.	
Consorzio Cà di Ferro	Switzerland			50		50	CSC Costruzioni S.A.	equity
Consorzio Cavalcavia A2 - Nodo di Camorino	Switzerland			33.34		33.34	CSC Costruzioni S.A.	equity
Consorzio CEMS	Switzerland			33.4		33.4	CSC Costruzioni S.A.	equity
Consorzio Consarno	Italy	Euro	20,658	16.742		16.742	Astaldi S.p.A.	equity (*)
Consorzio del Sinni	Italy	Euro	51,646	43.16		43.16	HCE Costruzioni S.p.A.	equity
Consorzio di Penta Ugo Vitolo (in liq.)	Italy	Euro	2,582	33.483		33.483	Astaldi S.p.A.	equity (*)

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Consorzio di Riconversione Industriale Apuano - CO.RI.A.	Italy	Euro	46,481	10		10	HCE Costruzioni S.p.A.	equity
Consorzio EPC	Peru			18.25	18.25			equity
Consorzio Ferrofir (in liq.)	Italy	Euro	30,987	77.977		33.333	HCE Costruzioni S.p.A.	equity(**)
						44.644	Astaldi S.p.A.	
Consorzio Ferroviario Milanese (in liq.)	Italy	Euro	154,937	18.26		18.26	HCE Costruzioni S.p.A.	equity
Consorzio GI.IT. (in liq.)	Italy	Euro	2,582	33.483		33.483	Astaldi S.p.A.	equity (*)
Consorzio H20 Morobbia	Switzerland			50		50	CSC Costruzioni S.A.	equity
Consorzio Imprese Lavori FF.SS. di Saline - FEIC	Italy	Euro	15,494	33.333		33.333	HCE Costruzioni S.p.A.	equity
Consorzio Iniziative Ferroviarie - INFER	Italy	Euro	41,316	35.001		35.001	HCE Costruzioni S.p.A.	equity
Consorzio Iricav Uno	Italy	Euro	520,000	28.697		28.697	Astaldi S.p.A.	equity (*)
Consorzio Ital.Co.Cer. (in Liq.)	Italy	Euro	51,600	20.090		20.090	Astaldi S.p.A.	equity (*)
Consorzio Italvenezia	Italy	Euro	77,450	66.966		66.966	Astaldi S.p.A.	equity (*)
Consorzio Kallidromo	Greece	Euro	8,804	23		23	HCE Costruzioni S.p.A.	equity
Consorzio Lotto 742-01	Switzerland			50		50	CSC Costruzioni S.A.	equity
Consorzio Masnan	Switzerland			70		70	CSC Costruzioni S.A.	equity
Consorzio MEGE	Switzerland			25		25	CSC Costruzioni S.A.	equity
Consorzio MM4	Italy	Euro	200,000	53.655	32.135	21.520	Astaldi S.p.A.	equity(**)
Consorzio NOG.MA (in liq.)	Italy	Euro	600,000	16.767		16.767	HCE Costruzioni S.p.A.	equity
Consorzio Noovocento (in liq.)	Italy	Euro	51,640	27.295		27.295	Astaldi S.p.A.	equity (*)
Consorzio Piottino	Switzerland			45		45	CSC Costruzioni S.A.	equity
Consorzio Pizzarotti Todini-Kef-Eddir. (in liq.)	Italy	Euro	100,000	50		50	HCE Costruzioni S.p.A.	equity
Consorzio Portale Vezia (CPV Lotto 854)	Switzerland			60		60	CSC Costruzioni S.A.	equity
Consorzio Probin	Switzerland			50		50	CSC Costruzioni S.A.	equity
Consorzio Sarda Costruzioni Generali - SACOGEN	Italy			25		25	HCE Costruzioni S.p.A.	equity
Consorzio Sardo d'Imprese (in liq.)	Italy	Euro	103,291	34.38		34.38	HCE Costruzioni S.p.A.	equity
Consorzio TDB Teris - 2	Switzerland			25		25	CSC Costruzioni S.A.	equity
Consorzio Trevi - S.G.F. INC per Napoli	Italy	Euro	10,000	45	45			equity

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Consorzio Vedeggio	Switzerland			99		99	CSC Costruzioni S.A.	equity
Consorzio Vertiaz	Switzerland			100	0.01	99.99	CSC Costruzioni S.A.	equity
Consorzio Zeb	Switzerland			25		25	CSC Costruzioni S.A.	equity
Depurazione Palermo S.c.r.l. (in liq.)	Italy	Euro	20,000	50		50	HCE Costruzioni S.p.A.	equity
Diga di Blufi S.c.r.l. (in liq.)	Italy	Euro	45,900	33.483		33.483	Astaldi S.p.A.	equity (*)
E.R. Impregilo/Dumez y Asociados para Yaciretê -	Argentina	USD	539,400	20.75	18.75	2	Iglys S.A.	equity
Ecosarno S.c.r.l. (in Liq.)	Italy	Euro	50,490	22.322		22.322	Astaldi S.p.A.	equity (*)
EDIL.CRO S.c.r.l. (in liq.)	Italy	Euro	10,200	16.65		16.65	HCE Costruzioni S.p.A.	equity
Enecor S.A.	Argentina	ARS	8,000,000	30		30	Impregilo Intern. Infrastruc. N.V.	equity
Etlik Hastane P.A. S.r.l.	Italy	Euro	110,000	34.153		34.153	Astaldi S.p.A.	equity (*)
Eurolink S.c.p.a.	Italy	Euro	150,000,000	45	45			equity
Fifth Concession Company - 5cc	Russia			16.407		16.407	Astaldi S.p.A.	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	73.559	20	53.559	Astaldi S.p.A.	equity(**)
Fosso Canna S.c.r.l. (in liq.)	Italy	Euro	25,500	21.429		21.429	Astaldi S.p.A.	equity (*)
Gaziantep Hastane Sanglik Hizmetleri Isletme Yatrim	Turkey	TRY	175,200,000	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
Grand Capital Ring	Russia			16.808		16.808	Astaldi S.p.A.	equity (*)
Groupement Eurolep	Switzerland			14.733		14.733	Astaldi S.p.A.	equity (*)
Grupo Empresas Italianas - GEI	Venezuela	VEB	10,500,000	55.655	33.333	22.322	Astaldi S.p.A.	equity(**)

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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
ICA LT Limited Liability Company	Russia			33.483		33.483	Astaldi S.p.A.	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
Intraflegrea S.c.r.l. (in liq.)	Italy	Euro	46,600	33.483		33.483	Astaldi S.p.A.	equity (*)
IRINA S.r.l. (in liq.)	Italy	Euro	103,300	36		36	HCE Costruzioni 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	15,494	100		100	HCE Costruzioni S.p.A.	equity
J.V. Salini Impregilo - Doprastav	Czech Rep.			50	50			equity
Joint Venture Aegek-Impregilo-Ansaldo-Seli-	Greece			26.7	26.7			equity
Joint Venture Impregilo S.p.A. - Empedos S.A. - Aktor	Greece	-	-	66		66	HCE Costruzioni 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	HCE Costruzioni S.p.A.	equity
Line 3 Metro Stations	Greece			50	50			equity
M.N. Metropolitana di Napoli S.p.A.	Italy	Euro	3,655,397	15.148		15.148	Astaldi S.p.A.	equity (*)
M.O.MES. S.c.r.l.	Italy	Euro	10,000	40.180		40.180	Astaldi S.p.A.	equity (*)
Metro C S.c.p.a.	Italy	Euro	150,000,000	23.103		23.103	Astaldi S.p.A.	equity (*)
Metro de Lima Linea 2 S.A.	Peru	PEN	368,808,060	18.25	18.25			equity
Metrogenova S.c.r.l. (in liq.)	Italy	Euro	25,500	50.234	35.627	14.607	Astaldi S.p.A.	equity(**)
Mobilink Hurontario General Partnership	Canada			30.375		21	Salini Impregilo Mobilink Hur. GP Inc.	equity (a)(**)
						9.375	Astaldi Mobilinx Hur. GP Inc.	
Mobilinx Hurontario Services L.t.d.	Canada			17.357	12	5.357	Astaldi Canada Design and Cons. Inc.	equity(**)
Mose Bocca di Chioggia S.c.r.l.	Italy	Euro	10,000	10.045		10.045	Astaldi S.p.A.	equity (*)

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Mose-Treporti S.c.r.l.	Italy	Euro	10,000	23.438		23.438	Astaldi S.p.A.	equity (*)
N.P.F. – Nuovo Polo Fieristico S.c.r.l. (in liq.)	Italy	Euro	40,000	33.483		33.483	Astaldi S.p.A.	equity (*)
Nova Metro S.c.r.l. (in liq.)	Italy	Euro	40,800	16.139		16.139	Astaldi S.p.A.	equity (*)
Nuevo Pudahuel S.A.	Chile	CLP	156,099,851	10.045		10.045	Astaldi Concessioni S.p.A.	equity (*)
Ochre Solutions Holdings Ltd	UK	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	HCE Costruzioni S.p.A.	equity
Otoyol Deniz Tasimaciligi A.S.	Turkey	TRY	5,000,000	11.719		11.719	Astaldi S.p.A.	equity (*)
Otoyol Isletme Ve Bakim A.S.	Turkey	TRY	5,000,000	12.148		12.148	Astaldi S.p.A.	equity (*)
Otoyol Yatirim Ve İsletme A.S.	Turkey	TRY	4,180,000,000	12.148		12.148	Astaldi S.p.A.	equity (*)
Passante di Mestre S.c.p.A. (in liq.)	Italy	Euro	50,000,000	42.424		42.424	HCE Costruzioni S.p.A.	equity
Pedelombarda S.c.p.a.	Italy	Euro	80,000,000	63.072	47	16.072	Astaldi S.p.A.	equity(**)
Pedemontana Lombarda Manutenzioni S.c.r.l.	Italy	Euro	10,000	23.706		23.706	NBI S.p.A.	equity (*)
Pedemontana Veneta S.p.A. (in liq.)	Italy	Euro	12,000	21.345		21.345	HCE Costruzioni S.p.A.	equity
Pegaso S.c.r.l. (in Liq.)	Italy	Euro	260,000	29.298		29.298	Astaldi S.p.A.	equity (*)
PerGenova S.c.p.a.	Italy	Euro	1,000,000	50	50			equity
Piana di Licaca S.c.r.l. (in liq.)	Italy	Euro	10,200	29.294		29.294	Astaldi S.p.A.	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
Rasoira Consorzio	Switzerland			50		50	CSC Costruzioni S.A.	equity
Renovation Palais Des Nations S.A.	Switzerland	CHF	100,000	17		17	CSC Costruzioni S.A.	equity
S. Anna Palermo S.c.r.l. (in liq.)	Italy	Euro	40,800	71.6	71.6			equity
S. Benedetto S.c.r.l. (in liq.)	Italy	Euro	25,823	57		57	HCE Costruzioni S.p.A.	equity
S. Leonardo S.c.r.l. (in liq.)	Italy	Euro	10,200	34.153		34.153	Astaldi S.p.A.	equity (*)
S. Ruffillo S.c.r.l.	Italy	Euro	60,000	35	35			equity
S.E.I.S. S.p.A.	Italy	Euro	3,877,500	32.367		32.367	Astaldi S.p.A.	equity (*)
Salini Impregilo - Kolin	Turkey			50.01	50.01			equity (a)
Salini Strabag Joint Ventures	Guinea	Euro	10,000	50	50			equity

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Sclafani S.c.r.l. (in liq.)	Italy	Euro	10,400	41		41	HCE Costruzioni 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 -	USA			30	30			equity
Sibar Arge	Switzerland			60		60	CSC Costruzioni S.A.	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
SOC 24 Russia	Russia			16.808		16.808	Astaldi S.p.A.	equity (*)
Sociedad Concesionaria Metropolitana De Salud S.A.	Chile	CLP	15,000,000	34.153		34.153	Astaldi Concessions S.p.A.	equity (*)
Soingit S.c.r.l. (in liq.)	Italy	Euro	41,317	29.489		29.489	HCE Costruzioni S.p.A.	equity
Tangenziale Seconda S.c.r.l. (in liq.)	Italy	Euro	45,900	28.615		28.615	Astaldi S.p.A.	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	Argentina			35	26.25	8.75	Iglys S.A.	equity
TM-Salini Consortium	Malaysia			90	90			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
VCGP - Astaldi Ingenieria y Construccion Limitada	Chile	CLP	66,000,000	33.483		33.483	Astaldi S.p.A.	equity (*)
VE.CO. S.c.r.l.	Italy	Euro	10,200	25	25			equity
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
Asse Sangro Consorzio (in liq.)	Italy	Euro	464,811	3.189		3.189	Astaldi S.p.A.	cost (*)
BSS J.V. - Air Academy project	Saudi Arabia			5	5			cost
C.F.C. S.c.r.l. (in liq.)	Italy	Euro	45,900	0.007		0.007	Astaldi S.p.A.	cost (*)

List of Webuild Group companies

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Indirect parent	Consolidation or measurement method
C.I.T.I.E. Consorzio Inst. Tec. Idr. Elettr. Soc.	Italy	Euro	8,035	0.328		0.261	NBI S.p.A.	cost (*)
						0.067	3E System S.r.l. (in liq.)	
CE.DI.R. S.c.r.l. (in liq.)	Italy	Euro	10,200	1		1	HCE Costruzioni S.p.A.	cost
Centoquattro S.c.r.l.	Italy	Euro	10,000	8.083		8.083	NBI S.p.A.	cost (*)
Centotre S.c.r.l.	Italy	Euro	10,000	8.384		8.384	NBI S.p.A.	cost (*)
CO.SA.VI.D. S.c.r.l.	Italy	Euro	25,500	0.007		0.007	Astaldi 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	27,889	2.779		2.779	HCE Costruzioni S.p.A.	cost
Consorzio Centro Uno (in liq.)	Italy	Euro	154,937	1.339		1.339	Astaldi S.p.A.	cost (*)
Consorzio Cona (in liq.)	Italy	Euro	751,950	3.342		3.342	NBI S.p.A.	cost (*)
Consorzio Costruttori TEEM	Italy	Euro	10,000	0.01		0.01	HCE Costruzioni S.p.A.	cost (a)
Consorzio Groupement Lesi-Dipenta	Italy	Euro	258,228	0.007		0.007	Astaldi S.p.A.	cost (*)
Consorzio infrastruttura area metropolitana - Metro Cagliari	Italy	Euro	129,114	7.5		7.5	HCE Costruzioni S.p.A.	cost
Consorzio Malagrotta	Italy	Euro	2,840	0.023		0.023	Astaldi 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	HCE Costruzioni S.p.A.	cost
Consorzio Tratta Determinante Città Vitale -	Italy	Euro	155,535	11.871		11.871	Astaldi S.p.A.	cost (*)
Consorzio Utenti Servizi Salaria Vallericca	Italy	Euro	10,500	0.007		0.007	Astaldi S.p.A.	cost (*)
Consorzio Venezia Nuova	Italy	Euro	274,000	11.753		11.753	Consorzio Italvenezia	cost (*)
DIRPA S.c.r.l.	Italy	Euro	50,000,000	66.283		66.283	Consorzio Stabile Operae	cost (*)
Elektromak - Mekatronik - NBI, Joint Venture	Turkey			0.067		0.067	NBI Elektrik Elektromekanik	cost (*)
Emittenti Titoli S.p.A. (in liq.)	Italy	Euro	4,264,000	0.244	0.244			cost
Fusaro S.c.r.l. (in liq.)	Italy	Euro	10,200	0.007		0.007	Astaldi S.p.A.	cost (*)
Grassetto S.p.A. (in liq.)	Italy	Euro	111,650,000	0.001		0.001	HCE Costruzioni S.p.A.	cost
Guida Editori S.c.r.l. (in liq.)	Italy	Euro	10,329	0.703		0.703	Astaldi S.p.A.	cost (*)
Hobas Italiana S.p.A. (in liq.)	Italy			8.829		8.829	HCE Costruzioni S.p.A.	cost
Immobiliare Golf Club Castel D'Aviano S.r.l.	Italy	Euro	4,540,340	0.444		0.444	HCE Costruzioni S.p.A.	cost

List of Webuild Group companies

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Indirect parent	Consolidation or measurement method
Impregilo S.p.A.-Avax S.A.-Ate Gnomon S.A., J.V.	Greece	GRD	3,000,000	1		1	HCE Costruzioni S.p.A.	cost
Istituto per lo Sviluppo Edilizio ed Urbanistico -	Italy	Euro	2,500,000	2.534	1	1.4	HCE Costruzioni S.p.A.	cost(**)
						0.134	Astaldi S.p.A.	
Istituto Promozionale per l'Edilizia S.p.A. - Ispredil	Italy	Euro	111,045	0.119		0.119	I.L.IM. S.r.l. (in liq.)	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	HCE Costruzioni S.p.A.	cost (a)
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
Metro 5 S.p.A.	Italy	Euro	53,300,000	1.339		1.339	Astaldi S.p.A.	cost (*)
Mia Adi Ortakligi J.V.	Turkey			8.036		8.036	Astur Construction and Trade A.S.	cost (*)
Mika Adi Ortakligi J.V.	Turkey			10.045		10.045	Astur Construction and Trade A.S.	cost (*)
MN 6 S.c.r.l.	Italy	Euro	51,000	14.151		13.482	M.N. Metropolitana di Napoli S.p.A.	cost (*)
						0.670	Astaldi S.p.A.	
Mose Operae S.c.r.l.	Italy	Euro	10,000	11.572		11.572	Astaldi S.p.A.	cost (*)
Nomisma - Società di Studi Economici S.p.A.	Italy	Euro	20,433,801	0.245		0.245	HCE Costruzioni S.p.A.	cost
Normetro - Agrupamento Do Metropolitano Do Porto, ACE	Portugal	PTE	100,000	2.12		2.12	HCE Costruzioni S.p.A.	cost
Nova Via Festinat Industrias (in liq.)	Italy	Euro	10,329	0.007		0.007	Astaldi S.p.A.	cost (*)
Pavimental S.p.A.	Italy	Euro	10,116,452	0.402		0.402	Astaldi S.p.A.	cost (*)
PROG.ESTE S.p.A.	Italy	Euro	11,956,151	1.807		1.807	NBI S.p.A.	cost (*)
S.A.T. S.p.A.	Italy	Euro	19,126,000	0.67		0.67	Astaldi S.p.A.	cost (*)
S.I.MA. GEST 3 S.c.r.l. (in liq.)	Italy	Euro	50,000	0.01		0.01	HCE Costruzioni S.p.A.	cost
Salini Impregilo Bin Omran J.V.	Qatar			50	50			cost
Simple Partership Ictas-Astaldi	Russia			0.007		0.007	Astaldi S.p.A.	cost (*)
Skiarea Valchiavenna S.p.A.	Italy	Euro	12,000,000	1.035		0.925	HCE Costruzioni S.p.A.	cost(**)
						0.110	Astaldi S.p.A.	
SPV Linea M4 S.p.A.	Italy	Euro	61,531,500	16.086	9.634	6.452	Astaldi S.p.A.	cost(**)

List of Webuild Group companies

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Indirect parent	Consolidation or measurement method
Tangenziale Esterna S.p.A.	Italy	Euro	464,945,000	0.001	0.001			cost (a)
Todini-Impregilo Almaty Khorgos J.V.	Kazakhstan			0.01	0.01			cost
Transmetro - Construcao de Metropolitano A.C.E.	Portugal			5		5	HCE Costruzioni 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.	
Veneta Sanitaria Finanza di Progetto S.p.A. - V.S.F.P.	Italy	Euro	20,500,000	0.67		0.335	Astaldi S.p.A.	cost (*)
						0.335	Astaldi Concessions S.p.A.	
Wurno Construction Materials - WUCOMAT Ltd	Nigeria	NGN	3,300,000	5.071		5.071	Impresit Bakolori Plc	cost

(°) Excluded from the consolidation scope (HTM) but still included in the list of group companies

(a) Not yet active and, therefore, excluded from the consolidation scope (HFM)

(*) Astaldi investment

(**) Co-investment with Astaldi

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 Webuild 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, 19 March 2021

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 Webuild S.p.A. as at and for the year ended 31 December 2020

Statement of financial position

ASSETS (Euro)	Note	31 December 2019	of which: related parties	%	31 December 2020	of which: related parties	%
Non-current assets							
Property, plant and equipment	4	128,113,274			113,979,924		
Right-of-use assets	5	58,137,979			54,105,815		
Intangible assets	6	103,325,975			103,654,541		
Equity investments	7	1,313,339,063			1,418,547,796		
Non-current financial assets	8	128,980,101	105,691,236	82%	113,977,097	90.445.123	79%
Deferred tax assets	9	215,050,989			251,134,032		
Total non-current assets		**1,946,947,381**			**2,055,399,205**		
Current assets							
Inventories	10	111,210,612			109,440,590		
Contract assets	11	1,230,111,112			1,061,366,386		
Trade receivables	12	1,505,656,213	1,117,883,931	74%	2,338,790,413	2,039,822,518	87%
Derivatives and other current financial assets	13	916,706,548	871,522,904	95%	992,897,768	946,230,741	95%
Current tax assets	14	67,546,553			67,070,945		
Other current tax assets	14	36,499,521			44,000,992		
Other current assets	15	264,921,902	85,331,673	32%	310,516,114	137,706,647	44%
Cash and cash equivalents	16	388,614,886			1,065,865,227		
Total current assets		**4,521,267,347**			**5,989,948,435**		
Total assets		**6,468,214,728**			**8,045,347,640**		

EQUITY AND LIABILITIES (Euro)	Note	31 December 2019	of which: related parties	%	31 December 2020	of which: related parties	%
Equity							
Share capital		600,000,000			600,000,000		
Share premium reserve		654,486,000			654,486,000		
Other reserves		195,321,277			195,321,277		
Other comprehensive expense		(8,019,220)			(12,130,926)		
Retained earnings (losses carried forward)		(19,981,587)			23,833,256		
Profit (loss) for the year		70,960,125			(351,071,630)		
Total equity	17	**1,492,766,595**			**1,110,437,977**		
Non-current liabilities							
Bank and other loans and borrowings	18	604,158,468			557,347,400		
Bonds	19	1,091,889,762			1,288,619,886		
Lease liabilities	20	39,146,994			40,707,123	4,536,933	11%
Post-employment benefits and employee benefits	22	12,267,403			10,497,866		
Deferred tax liabilities	9	18,945,966			23,096,367		
Provisions for risks	23	87,358,578			57,316,638		
Total non-current liabilities		**1,853,767,171**			**1,977,585,280**		
Current liabilities							
Current portion of bank loans and borrowings and current account facilities	18	532,331,550	371,716,285	70%	1,479,977,728	715,828,975	48%
Current portion of bonds	19	13,294,521			246,910,023		
Current portion of lease liabilities	20	18,546,946			21,273,844		
Derivatives and other current financial liabilities	21	2,011,989			-		
Contract liabilities	11	544,170,940			795,462,534		
Trade payables	24	1,792,144,932	1,128,507,725	63%	2,201,900,579	1,719,429,070	78%
Current tax liabilities	25	77,687,267			74,528,534		
Other current tax liabilities	25	14,766,250			24,703,538		
Other current liabilities	26	126,726,567	53,452,873	42%	112,567,603	40,336,080	36%
Total current liabilities		**3,121,680,962**			**4,957,324,383**		
Total equity and liabilities		**6,468,214,728**			**8,045,347,640**		

Statement of profit or loss

(Euro)	Note	2019	of which: related parties	%	2020	of which: related parties	%
Revenue							
Revenue from contracts with customers	29	2,597,494,612	115,950,934	4%	1,863,671,093	95,879,894	5%
Other	29	143,495,608	64,742,705	45%	131,901,067	49,354,700	37%
Total revenue and other income		**2,740,990,220**			**1,995,572,160**		
Operating expenses							
Purchases	30.1	(202,477,486)	(43,371)	0%	(166,588,763)	(3,094,797)	2%
Subcontracts	30.2	(522,062,587)	(42,436,492)	8%	(283,125,400)	(1,177,184)	0%
Services	30.3	(1,241,376,941)	(616,669,537)	50%	(1,085,199,899)	(699,693,751)	64%
Personnel expenses	30.4	(294,927,571)	(1,817,604)	1%	(273,528,036)	(579,462)	0%
Other operating expenses	30.5	(66,663,457)	(527,738)	1%	(89,121,429)	(6,104,163)	7%
Impairment losses	30.6	(36,080,036)	(6,412,554)	18%	(124,155,675)	(13,255,515)	11%
Amortisation, depreciation and provisions	30.6	(120,429,732)			(61,124,082)		
Total operating expenses		**(2,484,017,810)**			**(2,082,843,284)**		
Operating profit (loss)		**256,972,410**			**(87,271,124)**		
Financing income (costs) and gains (losses) on equity investments							
Financial income	31.1	48,593,543	26,401,786	54%	68,565,987	34,525,134	50%
Financial expense	31.2	(119,043,004)	(29,423,366)	25%	(104,174,399)	(14,584,446)	14%
Net exchange gains (losses)	31.3	5,432,325			(74,190,924)		
Net financing costs		(65,017,136)			(109,799,336)		
Net losses on equity investments	32	(37,828,094)			(136,259,481)		
Net financing costs and net losses on equity investments		**(102,845,230)**			**(246,058,817)**		
Profit (loss) before tax		**154,127,180**			**(333,329,941)**		
Income taxes	33	(83,167,055)			(17,741,689)		
Profit (loss) for the year		**70,960,125**			**(351,071,630)**		

Statement of comprehensive income

(€'000)		2019	2020
Profit (loss) for the year (a)		**70,960**	**(351,072)**
- items that may be subsequently reclassified to profit or loss, net of the tax effect:			
Net exchange gains (losses) on the translation of foreign companies' financial		1,453	(4,137)
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	59	25
Other comprehensive expense (b)		**(8,363)**	**(4,112)**
Comprehensive income (expense) (a) + (b)		**62,597**	**(355,184)**

Statement of cash flows

(€'000)	Note	2019	2020
Operating activities			
Profit (loss) for the year		70,960	(351,072)
adjusted by:			
Amortisation of intangible assets	30	20,430	12,652
Depreciation of property, plant and equipment and right-of-use assets	30	54,162	43,054
Net impairment losses and provisions	30	91,621	129,590
Accrual for post-employment benefits and employee benefits	22	8,609	8,032
Net (gains) losses on the sale of assets	29 - 30	(874)	798
Deferred taxes	33	(15,436)	(42,118)
Net losses on equity investments	32	50,738	136,860
Income taxes	33	98,604	59,859
Net exchange gains and losses	31	(5,432)	74,191
Net interest paid during the year	31	70,450	35,608
Other non-monetary items		1,480	(4,137)
		445,312	**103,318**
Decrease (increase) in inventories and contract assets	10 - 11	(513,479)	90,701
Increase in trade receivables	12	(110,178)	(660,406)
(Decrease) increase in contract liabilities	11	(70,970)	198,305
Increase in trade payables	24	266,133	201,007
Decrease (increase) in other assets/liabilities		7,506	(75,975)
Total changes in working capital		**(420,988)**	**(246,368)**
Decrease (increase) in other items not included in working capital		16	(70,762)
Income taxes		(66,997)	(36,416)
Interest expense paid		(68,599)	(56,370)
Financial income collected		12,883	6,117
Cash flows used in operating activities		**(98,373)**	**(300,480)**
Investing activities			
Net investments in intangible assets	6	-	(12,981)
Investments in property, plant and equipment and right-of-use assets	4-5	(25,039)	(13,935)
Proceeds from the sale or reimbursement value of property, plant and equipment		9,524	10,894
Investments in non-current financial assets		(178,085)	(49,410)
Dividends distributed by subsidiaries		5,499	-
Proceeds from the sale or reimbursement value of non-current financial assets	7	3,802	-
Acquisitions and/or sales of subsidiaries and business units net of cash and cash equivalents		-	(225,000)
Cash flows used in investing activities		**(184,299)**	**(290,433)**

(€'000)	Note	2019	2020
Financing activities			
Share capital increase		592,981	-
Dividends distributed	17	(840)	(27,145)
Increase in bank and other loans	18	916,681	1,545,761
Decrease in bank and other loans	18	(996,477)	(557,201)
Decrease in lease liabilities		(29,072)	(20,759)
Change in other financial assets/liabilities		(312,460)	352,420
Cash flows generated by financing activities		**170,813**	**1,293,075**
Net exchange gains (losses) on cash and cash equivalents		**4,441**	**(10,507)**
Increase (decrease) in cash and cash equivalents		**(107,418)**	**691,655**
Cash and cash equivalents	16	547,730	388,615
Current account facilities	18	(112,335)	(60,638)
Total opening cash and cash equivalents		**435,395**	**327,977**
Cash and cash equivalents	16	388,615	1,065,865
Current account facilities	18	(60,638)	(46,234)
Total closing cash and cash equivalents		**327,977**	**1,019,631**

Statement of changes in equity

(€'000)		Share capital	Share premium reserve	Legal reserve	Share capital increase related charges	Negative goodwill	Treasury shares	LTI reserve	Total other reserves	Translation reserve	Hedging reserve	Actuarial reserve	Total other comprehensive income (expense)	Retained earnings (losses carried forward)	Profit (loss) for the year	Equity
				Other reserves						Other comprehensive expense						
As at 1 January 2019		**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 expense	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**
As at 1 January 2020	**17**	**600,000**	**654,486**	**120,000**	**(10,988)**	**89,600**	**(3,290)**	**-**	**195,322**	**(7,842)**	**-**	**(178)**	**(8,020)**	**(19,982)**	**70,960**	**1,492,767**
Allocation of profit and reserves	17								-				-	70,960	(70,960)	-
Dividend distribution	17								-				-	(27,145)		(27,145)
Other comprehensive expense	17								-	*(4,137)*	-	*25*	*(4,112)*		(351,072)	(355,184)
Comprehensive expense	17								-	*(4,137)*	-	*25*	*(4,112)*	-	*(351,072)*	(355,184)
As at 31 December 2020	**17**	**600,000**	**654,486**	**120,000**	**(10,988)**	**89,600**	**(3,290)**	**-**	**195,322**	**(11,979)**	**-**	**(153)**	**(12,132)**	**23,833**	**(351,072)**	**1,110,438**

Notes to the separate financial statements

1. Basis of preparation

Webuild S.p.A. has prepared its separate financial statements at 31 December 2020 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 2020. 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.

Complex accounting estimates and the effects of Covid-19

As disclosed in the section of the Directors' report on the effects of Covid-19 on the Group's performance, the epidemic has introduced significant uncertainties, especially about external factors.

The preparation of separate financial statements in accordance with the IFRS requires management to make judgements and accounting estimates that affect the carrying amounts of assets and liabilities and financial statements disclosures. Given the crisis situation engendered by Covid-19, these judgements and estimates consider the related uncertainties.

The utilisation of an up-to-date group 2021 budget that reflects the uncertainties as a basis for the judgements is essential. The Group's procedures include a planning process split into two parts that take place before the preparation of the annual and interim consolidated financial statements. In this case, the group 2021 budget was prepared considering the critical issues caused by Covid-19.

Firstly, the separate financial statements at 31 December 2020 have been prepared assuming the company can continue as a going concern as described earlier. This assumption was made using all the information available over 12 months, including the projected profitability and the availability of financial resources. Specifically, the directors considered the following aspects, which have already been referred to in the relevant section of the Directors' report:

- No contracts were cancelled as a result of the pandemic. While 2020 saw the temporary closure of work sites and slowdowns in production, all the company's activities except for a few cases, have resumed at the date of preparation of this report although not all of them are operating at pre-Covid-19 levels. However, production output should return to normal levels in the second quarter of 2021. The revenue not earned in 2020 as a result of the inefficiencies described has not been lost but simply deferred to the future and should already start to be recouped in the second half of this year.

- During the year, the company liaised constantly with its customers to manage the crisis situation in terms of safety and compliance with government measures. In addition, negotiations also commenced on specific contractual issues, mainly the delays due to the shuttering of work sites and the consequent inefficiencies and included discussions about the additional costs incurred due to the crisis situation which the company has so far borne almost in full.

- With respect to available financial resources, article 207 of Decree law no. 34/2020 (the Relaunch decree), converted with amendments by Law no. 77 of 17 July 2020, approved by the Italian government, provided for the receipt of contract advances of up to 30% within the limitations and in line with the annual resources earmarked for each project. This also applies to contractors that have already used the contractually-provided for advances or have already started work on the contract without receiving an advance.

  At the date of preparation of this report, the company is not exposed to potential financial stress scenarios. It has cash and cash equivalents and revolving credit facilities sufficient to meet its short-term requirements. In 2020 and early 2021, it has issued bonds of €1 billion to cover most of its 2021 repayments, including the bonds redeemable in June 2021, which is the most important short-term commitment.

  The parent also analysed its credit risk deriving from its exposure to potential losses arising from the customers' (which are mostly governments or state bodies) non-compliance with their obligations. More information about this is available in the section on the impairment of financial assets.

  In addition to that set out above, the complex accounting estimates related to:

- Impairment of non-financial assets (IAS 36). When there is an indication of impairment of property, plant and equipment and intangible assets, the company estimates the asset's recoverable amount to determine any impairment losses. This impairment test is usually carried out once a year for goodwill. Note 8 presents the results of this analysis and the sensitivity analyses.

  Information obtained during the planning process is particularly important in the current situation. In addition, given that the impairment indicators listed in IAS 36 include a check that the carrying amount of the company's net assets is more than its market capitalisation and also that the company's market value decreased as a result of Covid-19, the directors checked this difference for impairment testing purposes. Although share prices showed that the carrying amount of net assets was more than the market capitalisation throughout the year, the difference shrank steadily around the reporting date. Moreover, it should be noted that:

- the assets subject to impairment testing as per IAS 36 were carefully checked in line with the reference procedures, the reporting standards and the supervisory authorities' guidelines;
- the expected credit losses on financial assets were measured in accordance with IFRS 9, considering also the uncertainties generated by Covid-19.

As a result, the directors deemed that this indicator is not an impairment indicator.

- Impairment of financial assets (IFRS 9). The company tests the recoverable amount of financial assets 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 company 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 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.

  Given the Covid-19 situation, the company estimated the effect of the uncertainties and short-term outlook for the economies of the countries in which it operates on the measurement of expected credit losses over the entire expected life of financial instruments.

As described earlier, the company also performed a credit risk analysis in accordance with the provisions of IFRS 7. More information is available in the notes to the separate financial statements.

- Measurement of contract assets and liabilities and revenue from customers in accordance with IFRS 15. Application of this standard requires management to make judgements and estimates to determine contract revenue, including claims for additional consideration, total contract costs and the related stage of completion. 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 the performance of such contracts. Recognition of additional consideration by associates may entail adjustment of their equity due to standardisation with the company's accounting policies. Application of IFRS 15 requires the company to check the existence of the right to additional consideration and the degree of probability of collecting such consideration. Moreover, the company is required to estimate possible contract fines such as fines for the late delivery of the works compared to the agreed deadlines.

The company carefully analysed these elements, especially as part of its planning process which led it to update the group 2020 budget before preparation of the separate financial statements. It also considered all available information, including that obtained during discussions with customers (as described earlier) to confirm the judgements used in making accounting estimates.

- Assessment of the recoverability of deferred tax assets. Deferred tax assets (like deferred tax liabilities) are calculated on the basis of temporary differences between the carrying amounts of assets and liabilities and their tax bases. The company recognises deferred tax assets when their recovery is probable. It checks their carrying amount at each reporting date and decreases it when it is no longer probable that sufficient taxable profits will be earned in future years against which the deferred tax assets can be used in whole or in part. Despite the uncertainties caused by Covid-19, the fact that the company does not expect to lose profits on its order backlog as the revenue and profits have simply been deferred means that the probability of recovery of the deferred tax assets did not change.

Given the uncertain climate generated by Covid-19, actual results may differ from those estimated.

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.

With respect to the economic effects, as described in the section on Covid-19 in the Directors' report, as a global provider of engineering solutions and general contractor for infrastructure works, deemed a strategic sector essential for the economic recovery of many countries, Webuild was able to guarantee substantial continuity in many work sites and the protection of the health and safety of its employees and consultants. Some projects saw the shutdown of work site activities for a few weeks as per the lockdown measures and work was performed to align them with the new measures. As described earlier, all the company's activities have resumed at the date of preparation of this report although not all of them are operating at pre-Covid-19 levels. The restrictions imposed by customers and governments led to a reduction in production volumes and profit margins. The decrease in revenue and profitability, net of the gain from the bargain purchase, compared to 2019 are both essentially due to the above reasons. However, these decreases are of a temporary nature due to the postponement of works and should be resolved starting from 2021.

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 2020:

Standard/Interpretation	IASB application date
Amendments to references to the conceptual framework in IFRS standards	1 January 2020

Standard/Interpretation	IASB application date
Amendments to IFRS 3 (Business combinations) Definition of a business (issued on 22 October 2018)	1 January 2020
Amendments to IFRS 9 (Financial instruments), IAS 39 (Financial instruments: recognition and measurement) and IFRS 7 (Financial instruments: disclosures): Interest rate benchmark reform (issued on 26 September 2019)	1 January 2020
Amendments to IAS 1 (Presentation of financial statements) and IAS 8: (Accounting policies, changes in accounting estimates and errors) Definition of material	1 January 2020
Amendments to IFRS 16 (Leases) Covid-19-Related Rent Concessions (issued on 28 May 2020)	1 June 2020

The standards published by the IASB and endorsed by the European Union that will be applicable after 31 December 2020 are set out below:

Standard/Interpretation	IASB application date
Amendments to IFRS 4 (Insurance contracts) – Deferral of effective date of IFRS 9 (issued on 25 June 2020)	1 January 2021
Interest rates benchmark reform (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) issued on 27 August 2020	1 January 2021

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) issued on 18 May 2017 and included in the amendments to IFRS 17 issued on 25 June 2020	1 January 2023
Amendments to IAS 1 (Presentation of financial statements): Classification of liabilities as current or non-current (issued on 23 January 2020, and subsequent amendment issued on 15 July 2020)	1 January 2023
Amendments to: • IFRS 3 Business combinations;	1 January 2022

Standard/Interpretation	IASB application date
• IAS 16 Property, plant and equipment; • IAS 37 Provisions, contingent assets and contingent liabilities • Annual improvements to IFRS Standards 2015-2017 cycle issued on 14 May 2020	

The above standards and amendments applicable since 1 January 2020 have not had a significant effect on the separate financial statements.

3. Basis of presentation

Separate financial statements

The company opted to present its separate financial statements at 31 December 2020 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 2020 comply with the IFRS and are consistent with those used to prepare the 2019 separate financial statements, except for the standards enacted after 1 January 2020, 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 equipment	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.

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. It 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 transaction price should be allocated to each distinct performance obligation based on the guidance of 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 applies 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 decides 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 <u>Penalties</u>

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 <u>Significant financing component</u>

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 (IFRS 15) does not specifically cover the accounting treatment of loss-making contracts but refers to IAS 37, 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:

(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.

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:

i) the contractual rights to the cash flows from the financial asset expire;

ii) 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;

iii) 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

Webuild S.p.A. 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 tax

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 to the extent to which they can be offset them through the national tax consolidation system, taking into account any losses of the consolidating party and/or other companies that joined 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. (France), Sailini Impregilo - NGE Genie Civil S.a.s. (France) and BSS-KSAB J.V. (Saudi Arabia).

The company 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 the company. It is constructing primary urbanisation works to build a new residential area in a 12 thousand hectares site located 40 km northwest of Kuwait City 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 the company 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 the company and is engaged in the civil works for the Paris Metro as part of the Gran Paris Express project (Line 16, Lot 2).

BSS-KSAB J.V. (Saudi Arabia) is 37.5% held by the company and is engaged in the works for the King Salman Airbase.

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 Webuild.

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 and other income	**688,936**	**2,052,054**	**2,740,990**

Revenue by operating segment - 2020

(€'000)	Italy	Abroad	Total
Revenue from contracts with customers	658,479	1,205,192	1,863,671
Other income	36,823	95,078	131,901
Total revenue and other income	**695,302**	**1,300,270**	**1,995,572**

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 by operating segment - 31 December 2020

(€'000)	Italy	Abroad	Total
Net non-current assets	1,151,424	538,864	**1,690,288**
Provision for risks	(6,966)	(50,350)	**(57,317)**
Post-employment benefits and employee benefits	(5,274)	(5,223)	**(10,498)**
Net tax assets (liabilities)	289,767	(49,889)	**239,878**
Working capital	**25,876**	**588,846**	**614,722**
Net invested capital	**1,454,826**	**1,022,247**	**2,477,073**
Equity			**1,110,438**
Net financial indebtedness			**1,366,635**
Total financial resources			**2,477,073**

Statement of financial position

4. Property, plant and equipment

Property, plant and equipment amount to €114.0 million, down from the 31 December 2019 figure by €14.1 million. The historical cost and carrying amounts are given in the following table:

(€'000)	31 December 2019 Cost	Acc. amortisati	Carrying amount	31 December 2020 Cost	Acc. amortisation	Carrying amount
Buildings	48,782	(29,667)	19,114	48,823	(31,382)	17,441
Plant and machinery	517,769	(442,200)	75,569	535,125	(463,354)	71,771
Industrial and commercial equipment	81,517	(76,182)	5,334	79,557	(75,016)	4,541
Other assets	22,649	(19,866)	2,784	22,369	(20,093)	2,276
Assets under const. and payments on account	25,311	-	25,311	17,951	-	17,951
Total	**696,028**	**(567,915)**	**128,113**	**703,824**	**(589,845)**	**113,980**

Prior year changes are summarised below:

(€'000)	31 December 2018	IFRS 16 reclass. at 1 January 2019	Increases	Depreciation	Reversals of imp. losses (Imp. losses)/ Reval.	Reclassifi -cations	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)	170	75,569
Industrial and commercial equipment	5,081	(401)	1,768	(1,634)	496	-	(131)	155	5,334
Other assets	3,240	(62)	838	(1,269)	-	45	(8)	1	2,785
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)**	**667**	**128,113**

Changes during the year are summarised below:

(€'000)	31 December 2019	Increases	Depreciation	Reversals of imp. losses (Imp. losses)/	Reclassifi-cations	Disposals	Exchange gains (losses) and other changes	31 December 2020
Buildings	19,114	343	(1,987)	-	-	-	(29)	17,441
Plant and machinery	75,569	20,036	(21,564)	-	2,579	(4,594)	(255)	71,771
Industrial and commercial equipment	5,334	1,816	(1,380)	(229)	6,051	(7,037)	(13)	4,541
Other assets	2,785	373	(979)	-	169	(61)	(10)	2,277
Assets under const. and payments on account	25,311	352	-	-	(6,138)	-	(1,575)	17,950
Total	**128,113**	**22,920**	**(25,910)**	**(229)**	**2,661**	**(11,692)**	**(1,882)**	**113,980**

The most significant changes include:

- increases of €22.9 million, chiefly related to investments made for the two Paris metro lines and the Rogun Dam in Tajikistan;

- reclassifications from right-of-use assets of €2.7 million, since the company exercised the purchase option for certain leased assets. Moreover, assets under construction of €6.1 million have been reclassified, mostly to industrial and commercial equipment".

5. Right-of-use assets

Right-of-use assets amount to €54.1 million.

The historical cost and carrying amounts of the right-of-use assets are shown in the following table:

(€'000)	31 December 2019 Cost	Acc. deprecation	Carrying amount	31 December 2020 Cost	Acc. depreciation	Carrying amount
Land	83	(61)	22	112	(63)	49
Buildings	41,631	(7,929)	33,702	31,665	(14,812)	16,853
Plant and machinery	55,589	(33,059)	22,530	59,119	(23,561)	35,558
Industrial and commercial equipment	1,603	(1,225)	378	1,480	(1,331)	149
Other assets	2,870	(1,364)	1,506	3,793	(2,296)	1,497
Total	**101,776**	**(43,638)**	**58,138**	**96,169**	**(42,063)**	**54,106**

Prior year changes are summarised below:

(€'000)	IFRS 16 FTA at 1 January 2019	Increases	Depreciation	Reversals of imp. losses (Imp. losses)/ Reval.	Reclassif- ications	Decrem.	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**

Changes during the year are summarised below:

(€'000)	31 December 2019	Increases	Depreciation	Reversals of imp. losses (Imp. losses)/ Reval.	Reclassifi- cations	Decrem.	Exchange gains (losses) and other changes	31 December 2020
Land	22	36	(19)	-	-	-	10	49
Buildings	33,702	724	(7,301)	-	-	(10,272)	-	16,853
Plant and machinery	22,530	22,544	(8,700)	-	(351)	(455)	(10)	35,558
Industrial and commercial equipment	378	3,366	(285)	-	(3,310)	-	-	149
Other assets	1,506	28	(841)	-	999	(195)	-	1,497
Total	**58,138**	**26,698**	**(17,145)**	**-**	**(2,662)**	**(10,923)**	**-**	**54,106**

The most significant changes are:

- increases of €26.7 million, chiefly related to investments made for the two Paris metro lines;
- decreases due to the remeasurement of the right-of-use assets in accordance with IFRS 16 and, specifically a €10.3 million decrease in buildings following the non-renewal of leases by the head office, mainly relating to the Via dei Missaglia building;

- reclassifications arising from purchases of leased assets by the head office and the Ethiopian branch.

6. Intangible assets

Intangible assets amount to €103.7 million, substantially unchanged from the 31 December 2019 figure. The historical cost and carrying amounts of the other intangible assets are given in the following table:

	31 December 2019			31 December 2020		
(€'000)	Cost	Acc. amortisation	Carrying amount	Cost	Acc. amortisation	Carrying amount
Software	1,598	(1,467)	131	1,674	(1,504)	170
Contract costs:	**205,437**	**(102,242)**	**103,195**	**218,293**	**(114,808)**	**103,485**
- Contract acquisition costs	128,865	(85,398)	43,467	141,775	(91,736)	50,039
- Costs to fulfil the contract	76,572	(16,844)	59,728	76,518	(23,072)	53,446
Total	**207,035**	**(103,709)**	**103,326**	**219,967**	**(116,312)**	**103,655**

Previous year changes are summarised below:

(€'000)	31 December 2018	Increases	Amortisation	Reclassifi-cations	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**

Changes during the year are set out below:

(€'000)	31 December 2019	Increases	Amortisation	Reclassific-ations	Disposals	Net exchange gains (losses)	Other changes	31 December 2020
Software	131	75	(36)					170
Contract costs	103,195	12,910	(12,620)					103,485
Total	**103,326**	**12,985**	**(12,656)**	**-**	**-**	**-**	**-**	**103,655**

Contract costs of €103.5 million are substantially unchanged from 31 December 2019, due to the combined effect of the increases for the year of €12.9 million and amortisation of €12.6 million. They comprise contract acquisition costs, the incremental costs of obtaining a contract and costs to fulfil the contract.

In accordance with IFRS 15, the company has recognised 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 2018	Amortisation	Net exchange gains	31 December 2019
COCIV (Milan - Genoa railway line section)	28,759	(4,248)		24,512
Riyadh Metro (Saudi Arabia)	10,422	(4,680)		5,742
Iricav Due (Verona - Padua railway line section)	12,510			12,510
Gerald Desmond - 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)	4	88
Total costs to fulfil a contract	**70,131**	**(10,407)**	**4**	**59,728**
Total contract costs	**123,496**	**(20,305)**	**4**	**103,195**

The composition of this item and changes during the year are shown below:

(€'000)	31 December 2019	Increases	Amortisation	31 December 2020
COCIV (Milan - Genoa railway line section)	24,512	-	(2,565)	21,947
Riyadh Metro (Saudi Arabia)	5,742	-	(2,527)	3,215
Iricav Due (Verona - Padua railway line section)	12,510	12,910	(687)	24,733
Gerald Desmond - USA	588	-	(588)	-
Thessaloniki Metro	115	-	29	144
Total contract acquisition costs	**43,467**	**12,910**	**(6,338)**	**50,039**
COCIV (Milan - Genoa railway line section)	59,640		(6,239)	53,401
Riyadh Metro - Saudi Arabia	88		(43)	45
Total costs to fulfil a contract	**59,728**		**(6,282)**	**53,446**
Total contract costs	**103,195**	**12,910**	**(12,620)**	**103,485**

Contract acquisition costs include considerations paid in previous years 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.

The increase of €12.9 million related to Iricav Due (Verona - Padua railway line section) relates to the acquisition of the contractual rights/obligations of Condotte for Iricav Due. Amortisation of the acquisition cost has commenced when work started.

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.

7. Equity investments

Equity investments increased by €105.2 million to €1,418.5 million.

(€'000)	31 December 2019	31 December 2020	Variation
Investments in subsidiaries	737,877	961,478	223,601
Investments in associates	566,908	445,044	(121,864)
Participating financial instruments	-	177	177
Other equity investments	8,554	11,849	3,295
Total	**1,313,339**	**1,418,548**	**105,209**

Changes during the year are summarised below:

(€'000)	31 December 2019	31 December 2020
Capital transactions	154,381	44,114
Acquistions and capital injections	4,618	225,591
Disinvestments and payments	(136,902)	-
Net impairment losses	(28,988)	(120,558)
Net exchange gains (losses)	7,806	(42,637)
Reclassifications	(11,706)	(1,301)
Total	**(10,791)**	**105,209**

The increase in "Capital transactions" is principally due to (i) coverage of the losses of certain subsidiaries and associates, including, in particular, the SPE Grupo Unidos por el Canal, Panama (€12.6 million) and Fisia Italimpianti (€12.9 million), and (ii) the injection for the Turkish operator Gaziantep Hastane Sanglik Hizmetleri (€3.3 million) and the SPE Linea M4 (€1.4 million). The carrying amount of the investment in Grupo Unidos por el Canal comprises the injections for the same company made during the year and in previous years.

"Acquisitions and capital injections" show the acquisition of an investment in Astaldi Group for €225.0 million. Reference should be made to the section on Astaldi in the Directors' report and the "Business combinations" section in the consolidated financial statements for more information.

"Net impairment losses" mostly include the impairment losses recognised on the investments in the subsidiary HCE (€25.8 million) and Salini Polska (€14.6 million) due to the difference in their carrying amounts and the company's share of their equity based on their financial statements at 31 December 2020 and forecasts provided by management and Grupo Unidos por el Canal of €96.6 million after the impairment test described in more detail later in these notes.

For the purpose of determining whether any impairment losses or reversals of impairment losses should be recognised in the item "Equity investments", the company has analysed each investee individually according to the specific objectives it pursues in carrying out its operations.

Under this approach, "Equity investments" may be analysed as follows:

(€'000)	31 December 2019	31 December 2020	Variation
Investments in special purpose entities (SPEs)	615,973	489,927	(126,046)
Other equity investments	697,366	928,444	231,078
Participating financial instruments	-	177	177
Total	**1,313,339**	**1,418,548**	**105,209**

Special purpose entities (SPEs) are legal entities set up specifically and solely to carry out construction contracts that Webuild 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 Webuild 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.

Following the amendments to IAS 28 (applicable from 1 January 2019), the loan given to 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 held in 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 rates (3.8% e 4.1%) were defined considering:

- the estimated payment timeline;
- a country risk component.

The company recognised an impairment loss of €96.6 million as a result of the test.

Fisia Italimpianti recorded a loss of €15.6 million for 2020 and deficit of €4.4 million, compared to the investment's carrying amount of €59.1 million. Its order backlog approximated €271 million at the reporting date and principally relates to contracts for water treatment and desalination plants in Argentina, Turkey and Oman, the latter acquired during the year.

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 2021-2025 business plan approved by the subsidiary's board of directors on 4 March 2020. No indicators of impairment were found.

The company determined the subsidiary's equity value using the unlevered discounted cash flow model and the following parameters:

- long-term growth rate: 0% (0% in 2019);
- discount rate (Weighted Average Cost of Capital, WACC): 15.14% (12.9% in 2019, including 400 basis points as additional risk premium).

The company also performed sensitivity analyses, considering the potential effect of changes in the reference parameters of the discount rate (+/-0.5%). It did not identify any impairment losses.

The directors adopted the following hypothetical assumptions in the 2021-2025 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. With reference to desalination plants, 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 Middle East market, and Oman, Abu Dhabi and Saudi Arabia in particular;

- thanks to its global sales network, Webuild 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.

The company 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.

The subsidiary Salini Impregilo US Holding INC substantially broke even in 2020, with equity of approximately €230.3 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 2021-2025 five-year plan prepared and approved by the subsidiary's management.

The main parameters used for impairment testing are as follows:

- long-term growth rate: 2% (1.74% in 2019);
- post-tax discount rate: 8.9% (7.4% in 2019).

The company has adopted the discount rate calculated based on the market cost of money and the asset sector's specific risk (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 that 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 and terminal value.

As part of the impairment test of the other assets, the company considered the difference between the carrying amount and equity of each investment, as per the actual and forward-looking figures at the reporting date prepared by their management. The test has identified a total impairment loss of €44.8 million.

They mostly refer to sub-holding companies, entities holding investments in SPEs or SPEs. Based on the nature of the investee's activities, the company has applied the following treatments:

- it assessed whether the resulting difference was an impairment loss to be recognised in its separate financial statements (e.g., the expected future developments do not currently envisage the full recoverability of the losses incurred during the year by the investee).

  It recognised impairment losses on its investments in Salini Polska (€14.6 million) and Salini Australia Pty (€1.6 million), in line with their contracts' performance;

- if the difference related to investments in non-operating companies (e.g., HCE and FIBE) and the carrying amount of the investment was higher than the company's share of the investee's equity, the company recognised an impairment loss. Specifically:
  - HCE Construction S.p.A. - its activities mainly involve recovering its assets and, therefore, the company has always brought the carrying amount of this investment into line with the subsidiary's equity. This led

to the recognition of an impairment loss of €25.8 million in 2020, decreasing the investment's carrying amount to €57.6 million;

- FIBE S.p.A. - the subsidiary is inactive and only manages the outstanding disputes related to the USW Campania projects. The company has brought the carrying amount of this investment into line with the subsidiary's equity, by recognising an impairment loss of €1.1 million in 2020, decreasing the investment's carrying amount to €27.6 million.

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

The composition of this item and changes during the year are shown below:

(€'000)	31 December 2019	31 December 2020	Variation
Loans and receivables - group companies	105,691	90,445	(15,246)
Loans and receivables - third parties	13,538	13,538	-
Other financial assets	9,751	9,994	243
Total	**128,980**	**113,977**	**(15,003)**

Loans and receivables - group companies increased by €15.2 million and mainly comprise:

- €33.0 million, up €10.0 million on 31 December 2019, related to a loan granted to the SPE M4 S.p.A. which is building Line 4 of the Milan Metro;
- €57.4 million due from Yuma Concessionaria, tested for impairment in accordance with IFRS 9 at 31 December 2020 without identifying any indicators of impairment (more information is available in the "Main risk factors and uncertainties" section in the Directors' report.

The Venezuelan branch's trade receivable from OIV Tocoma (31 December 2019: €24.0 million, of which a gross receivable of €120.2 million and accumulated impairment losses of €96.2 million) has been written-off on the basis of the considerations described in the "Venezuela" paragraph of the "Main risk factors and uncertainties" section of the Directors' report and note 12 "Trade receivables" - paragraph on "Impairment - Venezuela".

At 31 December 2020, 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 about this.

The other financial assets amount to €10.0 million at the reporting date, up by €0.2 million on 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.

9. Deferred tax assets and liabilities

Deferred tax assets and liabilities amount to €251.1 million and €23.1 million at 31 December 2020, respectively. They are classified under non-current assets and liabilities and are offset if possible.

(€’000)	31 December 2019	31 December 2020	Variation
Deferred tax assets	215,051	251,134	36,083
Deferred tax liabilities	(18,946)	(23,096)	(4,150)

Changes in 2020 and 2019 are as follows.

(€'000)	31 December 2018	Increases	Decreases	Net exchange gains (losses)	Change in tax rate	Reclassifi-cations	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	15,643
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)	(5,942)
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)**

(€'000)	31 December 2019	Increases	Decreases	Net exchange losses	Change in tax rate	Reclassifi-cations	Other changes	31 December 2020
Deferred tax assets								
Amortisation and depreciation exceeding tax rates	6,306	372	(4,239)	-	-	-	-	2,439
Provisions for risks and impairment losses	153,117	32,150	(6,474)	-	-	-	-	178,793
Tax effect of capital increase	1,773	-	(443)	-	-	-	-	1,330
Excess maintenance	15,643	-	(8,717)	-	-	-	-	6,926
Unrealised exchange losses	40,881	3,029	(40,881)	-	-	-	-	3,029
Other	44,009	25,749	(2,252)	(21)	-	416	(6,014)	61,887
Deferred tax assets before offsetting	**261,729**	**61,300**	**(63,006)**	**(21)**	**-**	**416**	**(6,014)**	**254,404**
Offsetting	(46,678)	7,001	36,407	-	-	-	-	(3,270)
Net deferred tax assets	**215,051**	**68,3001**	**(26,599)**	**(21)**	**-**	**416**	**(6,014)**	**251,134**

Deferred tax liabilities								
Uncollected default interest	(5,249)	-	422	-	-	-	-	(4,827)
Unrealised exchange gains	(35,775)	7,001	35,775	-	-	-	-	7,001
Other	(5,942)	(217)	843	-	-	(416)	84	(5,648)
Deferred tax liabilities before offsetting	**(46,966)**	**6,784**	**37,040**	**-**	**-**	**(416)**	**84**	**(3,474)**
Offsetting	46,678	(7,001)	(36,407)	-	-	-	-	3,270
Net deferred tax liabilities	**(288)**	**(217)**	**633**	**-**	**-**	**(416)**	**84**	**(204)**

The €36.1 million increase in deferred tax assets is mainly due to the impairment losses recognised during the year and the tax loss for the year. The latter is included in the item "Other" together with the deferred taxes that arose upon application of the new standards.

Deferred tax liabilities of €23.1 million at the reporting date include €22.9 million relating to the provision for the national tax consolidation scheme.

This provision covers the company's liabilities with its Italian subsidiaries that have transferred their tax losses under the national IRES tax consolidation scheme pursuant to article 117 and subsequent articles of the Consolidated Income Tax Act, as per the regulations signed when they joined the scheme.

10. Inventories

Inventories may be analysed as follows:

	31 December 2019			31 December 2020			
(€'000)	Gross amount	Allowance	Carrying amount	Gross carrying	Allowance	Carrying amount	Variation
Real estate projects	19,334	(17,534)	1,800	19,334	(17,534)	1,800	-
Finished products and goods	107	-	107	1,354	-	1,354	1,247
Raw materials, consumables and supplies	114,733	(5,429)	109,304	111,561	(5,274)	106,287	(3,017)
Total	**134,174**	**(22,963)**	**111,211**	**132,249**	**(22,808)**	**109,441**	**(1,770)**

Real estate projects

Real estate projects amount to €1.8 million and relate to an area zoned for agricultural use.

Finished products and goods and Raw materials, consumables and supplies

The carrying amount of these items totals €1.4 million and €106.3 million, respectively, and mainly relates to goods to be used for foreign contracts, including those in Ethiopia (€79.9 million).

Changes in the allowance in 2018 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**

Changes in the allowance during the year are shown below:

(€'000)	31 December 2019	Accruals	Utilisations	Reversals	Reclassification /merger	Net exchange losses	31 December 2020
Allowance - real estate projects	17,534	-	-	-	-	-	17,534
Allowance - raw materials	5,429	209	(192)	-	-	(172)	5,274
Total	**22,963**	**209**	**(192)**	**-**	**-**	**(172)**	**22,808**

11. Contract assets and liabilities

Contract assets and liabilities can be analysed as follows:

(€'000)	31 December 2019	31 December 2020	Variation
Contract assets	1,230,111	1,061,366	(168,745)
Contract liabilities	544,171	795,463	251,292

Contract assets mostly represent the right to consideration for work performed but not invoiced at the reporting date, net of contract advances.

Contract liabilities mostly comprise contract advances from customers for projects for which the revenue is recognised over time.

Contract assets

Contract assets of €1,061.4 million at the reporting date include contracts in Italy (€59.6 million) and abroad (€1,001.8 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 2019	31 December 2020	Variation
Contract work in progress	16,450,649	15,920,800	(529,849)
Progress payments (on approved work)	(14,661,646)	(14,496,251)	165,395
Advances	(558,892)	(363,183)	195,709
Total contract assets	**1,230,111**	**1,061,366**	**(168,745)**

The most significant assets mainly relate to the "Grand Ethiopian Renaissance Dam" (GERD) contract in Ethiopia (€216.3 million), continuation of the industrial operations carried out for the contracts for the construction of the Rogun Dam in Tajikistan (€210.3 million), the Meydan One Mall project in the United Arab Emirates (€155.1 million), road projects in Poland (€124.5 million) and a 13.4 km motorway lot in Slovakia (€113.7 million).

The advances mainly refer to the contracts in Tajikistan (€266.6 million) and the GERD contract in Ethiopia (€40.3 million).

The following table shows a breakdown of the item by geographical segment:

(€'000)	31 December 2019	31 December 2020	Variation
Italy	206,461	59,595	(146,866)
EU (excluding Italy)	302,432	298,913	(3,519)
Asia/Middle East	382,478	473,851	91,373
Africa	303,321	228,646	(74,675)
Americas	35,419	361	(35,058)
Total	**1,230,111**	**1,061,366**	**(168,745)**

Contract liabilities

This item, included in "Current liabilities", amounts to €795.5 million, up by €251.3 million on the figure at 31 December 2019. It comprises:

(€'000)	31 December 2019	31 December 2020	Variation
Contract work in progress	(8,634,401)	(10,472,846)	(1,838,445)
Progress payments (on approved work)	8,837,468	10,302,690	1,465,222
Contractual advances	341,104	965,619	624,515
Total	**544,171**	**795,463**	**251,292**

The contracts that mostly contributed to this item are the works for the Koysha Dam in Ethiopia (€218.6 million), the high speed/capacity Milan - Genoa (COCIV) railway line section (€183.3 million), the high-speed/capacity Verona - Padua railway line section (Iricav Due) (€104.9 million), the Apice - Hirpinia section of the Naples - Bari railway line (€85.9 million), the Jonica state highway 106 - third maxi-lot (€76.2 million) and the Lima (Peru) Metro Line 2 (€38.7 million).

The most significant advances at the reporting date relate to:

- works for the high speed/capacity Milan - Genoa (COCIV) railway line section (€444.8 million) (31 December 2019: €178.1 million, classified as assets); the increase over the previous year end is mainly due to the billing of additional advances received by the consortia for Lots 2, 4 and 5 (€192.5 million), in addition to the advances of the COCIV consortium which were previously classified as relating to Condotte and have now been transferred to Webuild, following the offsetting of amounts receivable and payable during the year under the out-of-court agreement signed on 11 June 2020;
- works for the Koysha Dam in Ethiopia (€131.5 million, €148.4 million at 31 December 2019);
- works for the Jonica state highway 106 - third maxi-lot (€115.2 million, €0 at 31 December 2019);
- works for the Apice - Hirpinia section of the Naples - Bari railway line (€91.0 million, €73.0 million at 31 December 2019).

The following table shows a breakdown of the item by geographical segment:

(€'000)	31 December 2019	31 December 2020	Variation
Italy	113,914	462,238	348,324
EU (excluding Italy)	22,797	41,478	18,681
Non-EU	3,310	3,143	(167)
Asia/Middle East	55,309	31,268	(24,041)
Africa	299,222	218,636	(80,586)
Americas	49,619	38,700	(10,919)
Total	**544,171**	**795,463**	**251,292**

Contract assets and liabilities, comprising progress payments and advances, include claims for additional consideration of €910.4 million and €111.5 million, respectively. They are recognised to the extent that their payment 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 the "Main risk factors and uncertainties" section in the Directors' report provides information on pending disputes and assets exposed to country risk.

12. Trade receivables

Trade receivables amount to €2,338.8 million (31 December 2019: €1,505.7 million) of which €2,039.8 million (31 December 2019: €1,117.9 million) due from group companies and other related parties.

This item may be analysed as follows:

(€'000)	31 December 2019	31 December 2020	Variation
Third parties	387,773	298,968	(88,805)
Group companies and other related parties	1,117,884	2,039,822	921,938
Total	**1,505,657**	**2,338,790**	**833,133**

Trade receivables from third parties may be broken down as follows:

(€'000)	31 December 2019	31 December 2020	Variation
Third parties	662,856	626,620	(36,236)
Loss allowance	(275,083)	(327,652)	(52,569)
Total	**387,773**	**298,968**	**(88,805)**

Trade receivables from third parties of €299.0 million, net of the loss allowance (€327.7 million), show a net decrease of €88.8 million. The balance includes amounts mainly due from Italian, Ethiopian, Slovakian and Romanian customers for invoices issued and for work performed and approved by customers but still to be invoiced.

The loss allowance increased by €52.6 million to €327.7 million at the reporting date. The impairment losses recognised during the year mainly relate to the Venezuelan branch. The "Country risk" paragraph of the "Main risk factors and uncertainties" section in the Directors' report provides more information.

Changes during 2019 are shown in the following table:

(€'000)	31 December 2018	Impairment losses	Utilisations	Reversals	Change in scope	Reclassifications/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**

Changes in the loss allowance during the year are set out below:

(€'000)	31 December 2019	Impairment losses	Utilisations	Reversals	Change in scope	Reclassifications/Other changes	Net exchange losses	31 December 2020
Trade receivables	269,116	63,275	(7)	(12,726)	-	(15)	(103)	319,540
Default interest	5,967	2,158	-	-	-	-	(13)	8,112
Total	**275,083**	**65,433**	**(7)**	**(12,726)**	**-**	**(15)**	**(116)**	**327,652**

The trade receivables from group companies and other related parties increased to €2,039.8 million from €1,117.9 million at 31 December 2019. They mostly relate to commercial transactions. The increase is mainly related to the high speed/capacity Milan - Genoa (COCIV) railway line section due to progress billing and offsetting of amounts receivable (€227.3 million) under the out-of-court agreement reached by Webuild and Condotte on 11 June 2020.

A complete list of transactions with group companies and other related parties is provided at the end of these notes.

13. Derivatives and other current financial assets

At the reporting date, this item amounts to €992.9 million compared to €916.7 million at 31 December 2019. It is made up as follows:

(€'000)	31 December 2019	31 December 2020	Variation
Loans - group companies and other related parties	871,523	946,231	74,708
Loans and receivables - third parties	41,281	44,467	3,186
Government bonds and insurance shares	3,635	1,859	(1,776)
Derivatives	268	340	72
Total	**916,707**	**992,897**	**76,190**

Loans and receivables refer to financial transactions with group companies, other related parties and third parties.

The balance includes joint current account balances and amounts due from group companies and other related parties. A complete list of the transactions is provided in the "Intragroup transactions" annex to these notes. They are regulated by contracts.

The item includes loans and receivables with third parties of €44.5 million, which in turn, comprises a loan of €19.7 million given by South Al Mutlaa to its partner/subcontractor, a loan of €13.6 million granted by the Slovakian branch to the non-controlling investor of Salini Impregilo - Duha Joint Venture and a loan of €6.3 million given to the non-controlling investors of Civil Works.

Derivative 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 may be analysed as follows:

(€'000)	31 December 2019	31 December 2020
Currency swaps - FVTPL	268	340
Total current derivatives shown in net financial indebtedness	**268**	**340**

14. Current tax assets and other current tax assets

Current tax assets amount to €67.1 million as follows:

(€'000)	31 December 2019	31 December 2020	Variation
Direct taxes	29,957	30,305	348
IRAP	1	2,593	2,592
Foreign direct taxes	37,589	34,173	(3,416)
Total	**67,547**	**67,071**	**(476)**

The 31 December 2020 balance mainly consists of:

• direct tax assets for excess taxes paid in previous years, which the company has correctly claimed for reimbursement and which bear interest;

• foreign direct taxes for excess taxes paid abroad by the foreign entities which will be recovered as per the ruling legislation. They mostly relate to the head office, the Arabian branch (€4.9 million) and the Ethiopian branch (€5.6 million).

Other current tax assets amount to €44.0 million at the reporting date as follows:

(€'000)	31 December 2019	31 December 2020	Variation
VAT	33,110	39,738	6,628
Other indirect taxes	3,390	4,263	873
Total	**36,500**	**44,001**	**7,501**

15. Other current assets

Other current assets of €310.5 million decreased by €45.6 million over the previous year end. The composition of this item and changes during the year are shown below:

(€'000)	31 December 2019	31 December 2020	Variation
Other	78,830	62,555	(16,275)
Advances to suppliers	51,813	60,533	8,720
Group companies and other related parties	85,332	137,707	52,375
Prepayments and accrued income	48,947	49,721	774
Total	**264,922**	**310,516**	**45,594**

"Other" decreased by €16.3 million to €62.6 million, mainly due to the smaller amounts due from some of the company's partners of joint ventures, especially in Kuwait.

This item includes:

- €27.3 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, assisted by its independent experts, the company tested its exposure for impairment in accordance with IFRS 9, finding its recoverable amount to be substantially in line with its carrying amount. Based on the information available at the date of preparation of these separate financial statements, the company believes that its exposure will be collected within 12 months. This classification is the best estimate, based also on the negotiations with the Argentine government. More information is available in the “Main risk factors and uncertainties” section of the Directors’ report;

- 12.9 million due from the company’s partners of the joint ventures set up for the works for the housing project in South Al Mutlaa (Kuwait).

Advances to suppliers increased by a net €8.7 million to €60.5 million. The most significant amounts relate to the works for the Riyadh Metro in Saudi Arabia (€21.6 million) and for the Paris Metro (€8.6 million).

The item “Group companies and other related parties” increased by €52.4 million to €137.7 million at the reporting date and mainly refer to the works for the Al Bayt Stadium and the Red Line Metro in Doha, Qatar, the Riachuelo Lot 3 environmental restoration project 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 €49.7 million show an increase of €0.8 million on the previous year end.

They are broken down in the following table:

(€'000)	31 December 2019	31 December 2020	Variation
Accrued income:			
- Other	14	4	(10)
Total accrued income	**14**	**4**	**(10)**
Prepayments:			
- Insurance	17,726	17,889	163
- Sureties	2,077	1,715	(362)
- Other contract costs	29,130	30,113	983
Total prepayments	**48,933**	**49,717**	**784**
Total	**48,947**	**49,721**	**774**

16. Cash and cash equivalents

At 31 December 2020, cash and cash equivalents amount to €1,065.9 million, up by €677.3 million, as shown below:

(€'000)	31 December 2019	31 December 2020	Variation
Cash and cash equivalents	**388,615**	**1,065,865**	**677,250**

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).

Cash and cash equivalents are broken down by geographical segment below:

(€'000)	31 December 2019	31 December 2020	Variation
Italy	57,350	807,485	750,135
EU (excluding Italy)	23,160	98,087	74,927
Asia/Middle East	117,946	69,912	(48,034)
Africa	120,100	55,176	(64,924)
Americas	40,990	28,488	(12,502)
Oceania	28,619	5,056	(23,563)
Other European (non-EU) countries	450	1,661	1,211
Total	**388,615**	**1,065,865**	**677,250**

17. Equity

The company's equity decreased from €1,492.8 million at 31 December 2019 to €1,110.4 million at 31 December 2020. Changes of the year in the different equity items are summarised in the relevant schedule of the separate financial statements.

(€'000)	31 December 2019	31 December 2020	Variation
Share capital	600,000	600,000	-
Share premium reserve	654,486	654,486	-
- Legal reserve	120,000	120,000	-
- Reserve for treasury shares	(3,290)	(3,290)	-
- Reserve for share capital increase related charges	(10,988)	(10,988)	-
- Negative goodwill	89,600	89,600	-
Total other reserves	195,322	195,322	-
- Actuarial reserve	(177)	(152)	25
- Translation reserve	(7,842)	(11,979)	(4,137)
Total other comprehensive expense	(8,019)	(12,131)	(4,112)
Retained earnings (losses carried forward)	(19,982)	23,833	43,815
Profit (loss) for the year	70,960	(351,072)	(422,032)
Equity	**1,492,767**	**1,110,438**	**(382,329)**

Specifically, in their meeting held on 4 May 2020, the company's shareholders resolved to:

- distribute €26,725,255.38 as a dividend to the holders of ordinary shares, equal to €0.030 per share, including the legal withholding, for each share with dividend rights and, therefore, excluding the 1,330,845 treasury shares currently held by the company;
- distribute €420,027.66 as a dividend to the holders of savings shares, equal to €0.26 per share, as per article 33.b) of the by-laws, including the legal withholding;
- allocate €43,814,842.27 to retained earnings.

Disclosures about the individual items are set out below.

Share capital

On 12 November 2019, Salini Impregilo (now Webuild S.p.A.) completed its issue of 400,000,000 new ordinary shares for €600,000,000.00 (including the premium).

At 31 December 2020, the company's fully paid-up share capital amounts to €600,000,000 and comprises 893,788,182 shares, including 892,172,691 ordinary shares and 1,615,491 savings shares, all without a nominal amount.

The company 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:

- 5% to the legal reserve up to the legally-required amount;
- 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;
- 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	For other reasons
Share capital	**600,000**				
Equity-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	(3,290)				
Share capital increase related charges	(10,988)				
Actuarial reserve	(152)				
Translation reserve	(11,979)				
Negative goodwill	89,600	A, B, C	85,428	31,114	
Total other reserves	**183,191**				
Retained earnings	**23,833**	**A, B, C**	**23,833**		
Total	**1,461,510**		**883,747**	**31,114**	
Non-distributable portion			**471,072**		
Residual distributable portion			**412,676**		

A: capital increase

B: to cover losses

C: dividends

Other reserves

This item may be analysed as follows:

(€'000)	31 December 2019	31 December 2020	Variation
Legal reserve	120,000	120,000	-
Negative goodwill	89,601	89,601	-
Reserve for treasury shares	(3,291)	(3,291)	-
Reserve for share capital increase related charges	(10,988)	(10,988)	-
Total	**195,322**	**195,322**	**-**

Legal reserve

This reserve underwent the following changes:

(€'000)	
31 December 2018	106,551
Allocation of profit	2,397
Effects of capital increase	11,052
31 December 2019	**120,000**

(€'000)	
31 December 2019	120,000
Allocation of profit	
Effects of capital increase	
31 December 2020	**120,000**

Reserve for treasury shares

At 31 December 2020, the reserve for treasury shares is unchanged from the previous year end. At the reporting date, the company had 1,330,845 shares for €3,291,089.72.

Share capital increase related charges

At 31 December 2020, this reserve was negative by €11.0 million. In the previous year, it rose by €7.0 million, following the capital increase carried out on 12 November 2019 described earlier.

Other comprehensive expense

The most significant change in this item is related to the translation reserve, as shown below:

(€'000)	
31 December 2018	580
Reclassification to profit or loss	(9,875)
Increase	1,453
Total changes	(8,422)
31 December 2019	**(7,842)**

(€'000)	
31 December 2019	(7,842)
Reclassification to profit or loss	
Decrease	(4,137)
Total changes	(4,137)
31 December 2020	**(11,979)**

Changes in the actuarial reserve, which includes the actuarial gains and losses as required by IAS 19, are as follows:

(€'000)	
31 December 2018	(237)
Net actuarial gains recognised in OCI	59
31 December 2019	**(178)**

(€'000)	
31 December 2019	(178)
Net actuarial gains recognised in OCI	25
Reclassifications	
31 December 2020	**(153)**

18. Bank and other loans, current portion of bank loans and current account facilities

Bank and other loans and borrowings and factoring liabilities increased by €900.8 million to €2,037.3 million at the reporting date.

(€'000)	31 December 2019	31 December 2020	Variation
Bank and other loans and borrowings	604,158	557,347	(46,811)
Current account facilities and other loans	532,332	1,479,978	947,646
Total	**1,136,490**	**2,037,325**	**900,835**

The company's financial indebtedness is broken down by loan type in the following table:

(€'000)	31 December 2019 Non-current	Current	Total	31 December 2020 Non-current	Current	Total
Bank corporate loans	604,158	44,305	648,463	547,807	693,981	1,241,788
Bank construction loans		21,646	21,646		4,436	4,436
Other financing		32,795	32,795	9,540	16,478	26,018
Current account facilities		60,638	60,638		46,234	46,234
Loans and borrowings - group companies and related parties		371,716	371,716		715,829	715,829
Factoring liabilities for recourse factoring receivables		1,232	1,232		3,020	3,020
Total	**604,158**	**532,332**	**1,136,490**	**557,347**	**1,479,978**	**2,037,325**

Bank loans and borrowings

They are broken down in the following table:

€'000	Entity	Country	31 December 2019 Total loans	Current	Non-current	31 December 2020 Total loans	Current	Non-current
Banca IMI	Webuild	Italy	443,343	2,849	440,494	443,819	2,849	440,970
Banca IMI (revolving facility)	Webuild	Italy	-	-	-	402,299	402,299	-
Monte dei Paschi (revolving facility)	Webuild	Italy	-	-	-	100,280	100,280	-
Banca Popolare di Milano	Webuild	Italy	56,889	-	56,889	57,408	705	56,703
UBI (revolving facility)	Webuild	Italy	438	438	-	50,944	50,944	-
BBVA	Webuild	Italy	50,475	101	50,374	50,297	50,297	-
Monte dei Paschi	Webuild	Italy	50,277	48	50,229	50,182	48	50,134
BPER	Webuild	Italy	31,167	31,167	-	31,036	31,036	-
Banca Popolare di Sondrio	Webuild	Italy	-	-	-	30,172	30,172	-
Credi Agricole	Webuild	Italy	-	-	-	10,047	10,047	-
Banca Popolare di Lodi	Webuild	Italy	92	92	-	9,126	9,126	-
Banca del Mezzogiorno	Webuild	Italy	12,267	6,095	6,172	6,179	6,179	-
BNL	Webuild	Italia	3,515	3,515		-	-	-
Total bank corporate loans			**648,463**	**44,305**	**604,158**	**1,241,788**	**693,981**	**547,807**
Various banks	Romanian branch	Romania	21,646	21,646	-	4,436	4,436	-
Total bank construction loans			**21,646**	**21,646**	**-**	**4,436**	**4,436**	**-**

Bank corporate loans amount to €1,241.8 million at the reporting date compared to €648.5 million at 31 December 2019.

The increase in corporate loans during the year was principally a result of the company's use of its revolving credit facilities made available by some of its banks.

The main conditions of the bank loans in place at 31 December 2019 are as follows:

	Entity	Interest rate	Expiry date	Note
Banca IMI (term facility loan)	Webuild	Euribor	2022	(1)
Monte dei Paschi di Siena	Webuild	Fixed	2022	(1)
UBI (revolving facility)	Webuild	Euribor	2024	(1)
Banca IMI (revolving facility)	Webuild	Euribor	2022	(1)
MPS (revolving facility)	Webuild	Euribor	2021	
Banca Popolare di Milano (€50 million)	Webuild	Euribor	2024	(1)
Banca Popolare di Milano (€40 million)	Webuild	Euribor	2025	(1)
Banca IMI (€102 million)	Webuild	Euribor	2024	(1)
Banca IMI (new revolving facility of €200 million)	Webuild	Euribor	2024	(1)
Banca del Mezzogiorno	Webuild	Euribor	2021	(1)
BBVA	Webuild	Fixed	2021	(1)

(1) As part of a wide-ranging action plan implemented at group level to mitigate the impacts of Covid-19, Webuild negotiated the temporary suspension of checks of certain financial covenants at 31 December 2020 and 30 June 2021 with its lending banks.

The non-current portion of the above loans will be repaid at its contractual maturity, based on the following time bands:

€'000	Entity	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 (bank syndicate)	Webuild	Italy	440,970	389,094	51,876	
Banca Popolare di Milano	Webuild	Italy	56,703	9,711	46,992	
Monte dei Paschi	Webuild	Italy	50,134	50,134	-	
Total			**547,807**	**448,939**	**98,868**	**-**

The fair value of the bank corporate loans, measured as set out in the "Accounting policies" section, is €1,245.4 million.

Current account facilities

Current account facilities decreased by €14.4 million to €46.2 million and mainly refer to the head office (€35.3 million) and the Polish branch (€10.9 million).

Other financing

Other financing at 31 December 2020 totals €26.0 million and mainly includes €9.5 million due from the head office to Società Italiana Condotte d’Acqua and €8.8 million due to the non-controlling investors of Civil Works. The fair value of this liability, measured as set out in the “Accounting policies” section, is €26.0 million.

Factoring liabilities

Factoring liabilities amount to €3.0 million at the reporting date and relate to the Ethiopian branch.

Loans and borrowings - group companies and related parties

This item of €715.8 million mostly comprises amounts due to subsidiaries, including COCIV (€342.4 million), Snowy Hydro J.V. (€185.3 million) and Sirjo S.c.p.a. (€80.3 million). The €344.1 million increase principally refers to the amounts due to COCIV, which increased by €312.0 million.

Net financial indebtedness

(€'000)	Note (*)	31 December 2019	31 December 2020	Variation
Non-current financial assets	8	128,981	113,977	(15,004)
Current financial assets	13	916,438	992,558	76,120
Cash and cash equivalents	16	388,615	1,065,865	677,250
Total cash and cash equivalents and other financial assets		**1,434,034**	**2,172,400**	**738,366**
Bank and other loans and borrowings	18	(604,158)	(557,347)	46,811
Bonds	19	(1,091,890)	(1,288,620)	(196,730)
Lease liabilities	20	(39,147)	(40,707)	(1,560)
Total non-current indebtedness		**(1,735,195)**	**(1,886,674)**	**(151,479)**
Current portion of bank loans and borrowings and current account facilities	18	(532,332)	(1,479,978)	(947,646)
Current portion of bonds	19	(13,295)	(246,910)	(233,615)
Current portion of lease liabilities	20	(18,547)	(21,274)	(2,727)
Total current indebtedness		**(564,174)**	**(1,748,162)**	**(1,183,988)**
Derivative assets	13	268	340	72
Derivative liabilities	21	(2,012)	-	2,012
Net financial position (debt) with unconsolidated SPEs (**)		(21,595)	95,461	117,056
Total other financial assets (liabilities)		**(23,339)**	**95,801**	**119,140**
Net financial indebtedness including discontinued operations		**(888,674)**	**(1,366,635)**	**(477,961)**

(*) 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 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 2020, the company has net financial indebtedness of €1,366.6 million compared to €888.7 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 Webuild S.p.A." section of the Directors' report.

19. Bonds

The outstanding bond issues at 31 December 2020 amount to €1,535.5 million. They are analysed in the following table:

(€'000)	31 December 2019	31 December 2020	Variation
Non-current portion	1,091,890	1,288,620	196,730
Current portion	13,295	246,910	233,615
Total	**1,105,185**	**1,535,530**	**430,345**

		31 December 2019			31 December 2020		
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)
Webuild 3.75% Call 24gn21	24.06.2021	600,000	595,612	11,712	236,674		235,542
Webuild 1.75% Call 26ot24	26.10.2024	500,000	496,278	1,583	500,000	497,052	1,582
Webuild 5.875% Call 15dc25	15.12.2025				550,000	542,643	1,416
Webuild 3.625% Call 28ge27	28.01.2027				250,000	248,925	8,370
Total		**1,100,000**	**1,091,890**	**13,295**	**1,536,674**	**1,288,620**	**246,910**

The bonds are listed on the Dublin Stock Exchange and are backed by covenants, which were fully complied with at the reporting date.

The fair value of the bonds at the reporting date, measured as set out in the “Accounting policies” section, is € 1,505.1 million.

On 17 January 2020, the company placed new notes on the market for €250,000,000, part of which were used to exchange the outstanding “€600,000,000 3.75 per cent. Notes due 24 June 2021” 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%.

On 15 December 2020, the company placed additional new notes for with an aggregate nominal amount of €550,000,000, with a maturity date of 15 December 2025 and a coupon of 5.875%. The proceeds from this issue are mainly to be used to fully redeem the outstanding 2021 notes, which was partly carried out on 15 December 2020 by redeeming notes with a nominal amount of €242,356,000, while the residual notes with a nominal amount of €236,674,000 will be redeemed on the due date of 24 June 2021.

On 21 January 2021, Webuild successsfully placed additional notes with an aggregate nominal amount of €200,000,000 (the “additional notes”) reserved to institutional investors. They were consolidated and form a single series with the €550,000,000 notes issued on 15 December 2020 with maturity date of 15 December 2025, bringing the total size of such notes to €750,000,000. The proceeds from the issuance of the additional notes will be used by Webuild to repay the Group’s existing indebtedness.

20. Lease liabilities

Lease liabilities may be broken down as follows at 31 December 2020:

(€'000)	31 December 2019	31 December 2020	Variation
Non-current portion	39,147	40,707	1,560
Current portion	18,547	21,274	2,727
Total	**57,694**	**61,981**	**4,287**

Lease liabilities show the principal portion of future lease payments at the reporting date and amount to €62.0 million (31 December 2019: €57.7 million). The underlying assets are pledged to secure them.

The present value of the minimum lease payments is €62.0 million (31 December 2019: €57.7 million) as follows:

(€'000)	31 December 2019	31 December 2020
Minimum lease payments:		
Due within one year	19,689	21,970
Due between one and five years	38,328	42,102
Due after five years	6,675	39
Total	**64,692**	**64,111**
Future interest expense	(6,998)	(2,130)
Net present value	**57,694**	**61,981**
The net present value is as follows:		
Due within one year	18,547	21,274
Due between one and five years	33,918	40,680
Due after five years	5,229	27
Total	**57,694**	**61,981**

21. Derivatives and other current financial liabilities

At the reporting date, the balance of the item "Derivatives" was nil. At 31 December 2019, it included the negative fair value of the currency hedges that did not meet the IFRS hedge accounting requirements for cash flow hedges.

At the reporting date, the company has currency hedging derivatives with positive fair value (see note 13).

(€'000)	31 December 2019	31 December 2020
Forward currency purchases and sales - FVTPL	2,012	0
Total derivatives presented in net financial indebtedness	**2,012**	**0**

22. Post-employment benefits and employee benefits

At 31 December 2020, the company's liability due to its employees determined using the criteria set out in IAS 19 is €10.5 million.

At 31 December 2020 and 2019, 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 31 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: 0.8%.

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 2018	Accruals	Payments	Contributions paid to INPS treasury and other funds	Net actuarial gains	Other changes	31 December 2019
Post-employment benefits and employee benefits	11,667	8,609	(6,963)	(904)	(60)	(82)	12,267

(€'000)	31 December 2019	Accruals	Payments	Contributions paid to INPS treasury and other funds	Net actuarial gains	Other changes	31 December 2020
Post-employment benefits and employee benefits	12,267	8,032	(9,939)	(1,037)	(25)	1,200	10,498

The 2020 net decrease is due to payments and contributions to INPS treasury and other funds made during the year, the benefits accrued during the year and the net actuarial gains recognised in other comprehensive income, as required by IAS 19.

An increase or decrease of 0.25% in the discount rate used to calculate the liability at 31 December 2020 would have had a negative or positive effect of around €28 thousand or approximately €22 thousand, respectively. A similar increase or decrease at 31 December 2019 would have had a negative or positive effect of approximately €27 thousand or €24 thousand, respectively.

23. Provisions for risks

These provisions amount to €57.3 million at the reporting date, as follows:

(€'000)	31 December	31 December 2020	Variation
Provisions for risks on equity investments	29,500	41,635	12,135
Other provisions	57,859	15,682	(42,177)
Total	**87,359**	**57,317**	**(30,042)**

The main changes in the provisions for risks on equity investments are summarised as follows:

(€'000)	31 December 2020
Increases	1,840
Capital transactions	(4,706)
Impairment losses	16,302
Reclassifications	(1,301)
Total	**12,135**

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:

- impairment losses of €16.3 million mainly relating to Salini Polska L.t.d. Liability Co and Salini Australia PTY L.t.d;
- capital transactions of €4.7 million mostly attributable to Salini Polska L.t.d. Liability Co.

Other provisions comprise:

(€'000)	31 December 2019	31 December 2020	Variation
Provision for ongoing litigation	9,698	8,468	(1,230)
Provision for risks relating to ongoing contracts	-	4,441	4,441
Provision for tax and social security litigation	90	-	(90)
Provision for risks relating to COCIV	45,750	-	(45,750)
Other	2,321	2,772	451
Total	**57,859**	**15,682**	**(42,177)**

Changes during 2019 are shown in the following table:

(€'000)	31 December 2018	Accruals	Utilisations	Change in scope	Other changes	31 December 2019
Total	**12,401**	**45,838**	**(191)**		**(189)**	**57,859**

Changes for the year are summarised below:

(€'000)	31 December 2019	Accruals	Utilisations	Change in scope	Other changes	31 December 2020
Total	**57,859**	**5,508**	**(47,653)**		**(32)**	**15,682**

The €42,177 thousand decrease in other provisions is mainly attributable to utilisations of €45.7 million under the out-of-court agreement signed with Condotte S.p.A. on 11 June 2020.

As a result of this agreement, Webuild paid Condotte €81 million for its discontinuance of the pending disputes about COCIV's board of representatives' resolution of 19 December 2019, which provided for the "transfer of title" of 31% of the consortium.

At 31 December 2019, the company had specifically provided for €45.7 million, which it fully used as a result of the agreement.

Overall, the company recognised other operating costs of about €35.3 million for 2020 as a result of the out-of-court agreement.

24. Trade payables

Trade payables amount to €2,201.9 million (31 December 2019: €1,792.1 million) of which €1,719.4 million due to group companies and other related parties.

The increase of €409.8 million in this item is analysed in the following table:

(€'000)	31 December 2019	31 December 2020	Variation
Third parties	663,637	482,472	(181,165)
Group companies and other related parties	1,128,508	1,719,429	590,921
Total	**1,792,145**	**2,201,901**	**409,756**

The decrease of €181.2 million in trade payables to third parties is principally related to the works in Italy and United Arab Emirates.

Trade payables to group companies and other related parties increased by €590.9 million to €1,719.4 million.

The most significant change relates to the high speed/capacity Milan - Genoa (COCIV) railway line section (€569.6 million). The increase is chiefly attributable to the offsetting of amounts payable (€205.5 million) during the year under the out-of-court agreement signed on 11 June 2020 by Webuild and Condotte.

A complete list of transactions with group companies and other related parties is provided at the end of these notes.

25. Current tax liabilities and other current tax liabilities

Current tax liabilities amount to €74.5 million at the reporting date, as follows:

(€'000)	31 December 2019	31 December 2020	Variation
IRES	4,607	78	(4,529)
IRAP	353	-	(353)
Foreign taxes	72,727	74,451	1,724
Total	**77,687**	**74,529**	**(3,158)**

Other current tax liabilities of €24.7 million increased by €9.9 million over 31 December 2019. They may be analysed as follows:

(€'000)	31 December 2019	31 December 2020	Variation
Withholdings	89	87	(2)
VAT	8,217	16,926	8,709
Other indirect taxes	6,460	7,691	1,231
Total	**14,766**	**24,704**	**9,938**

26. Other current liabilities

Other current liabilities of €112.6 million (31 December 2019: €126.7 million) decreased by €14.2 million. The composition of this item and changes during the year are shown below:

(€'000)	31 December 2019	31 December 2020	Variation
Employees	35,825	30,647	(5,178)
Social security institutions	7,040	8,087	1,047
Group companies and other related parties	53,453	40,336	(13,117)
Other liabilities	25,769	30,319	4,550
Accrued expenses and deferred income	4,640	3,179	(1,461)
Total	**126,727**	**112,568**	**(14,159)**

These liabilities include:

- amounts due to employees of €30.6 million, relating to accrued unpaid remuneration;
- "Group companies and other related parties" of €40.3 million, which decreased by €13.1 million on the previous year end. They mainly relate to the joint ventures active in Argentina (€10.4 million) and IS JV (€ 15.7 million) active in Australia;
- other liabilities of €30.3 million (31 December 2019: €25.8 million), mainly relating to foreign projects in Venezuela and France;
- accrued expenses and deferred income of €3.2 million, as follows:

(€'000)	31 December 2019	31 December 2020	Variation
Accrued expenses:			
- Other	4,060	2,648	(1,412)
Total accrued expenses	**4,060**	**2,648**	**(1,412)**
Deferred income:			
- Provision of services	580	530	(50)
Total deferred income	**580**	**530**	**(50)**
Total	**4,640**	**3,178**	**(1,462)**

Accrued expenses and deferred income mostly consist of portions of costs not yet paid for contract work in progress. The €1.5 million decrease is principally attributable to works in Ethiopia.

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 €6,891.9 million and are given to customers as performance bonds, to guarantee advances, retentions 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 €568.5 million and relate to subsidiaries (€447.1 million), associates (€120.2 million) and other group companies (€1.1 million);
- sureties granted for export credit: €152.0 million;
- personal guarantees: they amount to €77.4 million and comprise guarantees related to customs and tax obligations;
- other commitments (environmental remediation and judicial requirements): €6,022.5 million;
- collateral related to a lien on the residual shares of the SPE M4 (€5.8 million).

Litigation and contingent liabilities

The company is involved in civil and administrative proceedings that, based on the information currently available and taking into account the existing provisions for risks, are not expected to have significant negative effects on the separate financial statements. With reference to the main disputes, reference should be made to the “Main risk factors and uncertainties” section of the Directors’ report.

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 Webuild S.p.A.) of its investment in the Chilean operator Costanera Norte 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 on 29 November 2018. 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 Supreme Court hearing was held on 17 January 2020 to discuss the reimbursement of tax assets with a nominal amount of €12.3 million acquired from third parties as part of previous non-recurring

transactions. The court quashed the second level ruling ordering the case to be transferred to the regional tax commission. The terms for resumption of the hearing are pending;

- 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 €0.4 million), 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 Supreme Court found the tax authorities’ appeal to be inadmissible;
- on 23 December 2019, the company received an assessment notice for assessed IRES tax for 2014 of approximately €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 €0.7 million; (ii) the alleged undue deduction of the “ACE relief” (Aid for Economic Growth) of €3.5 thousand contrary to the provisions of article 10 of the Ministry of the Economy and Finance’s decree of 14 March 2012. The dispute was settled using the mutually-agreed settlement procedure as proposed by the tax authorities which decreased the total claim (taxes, fines and interest) from roughly €2.4 million to around €0.4 million;
- after their tax inspection into 2015, the tax authorities notified Constructor M2 Lima consortium of an assessment notice claiming approximately €15.9 million. The main allegation made by the local tax authorities (SUNAT) is due to a different interpretation of the accounting treatment of revenue from contract with customers for work carried out under the IFRS. The company’s investment in the consortium is 25.5%, which means the portion of assessed tax attributable to it is about €4.06 million. Since the consortium deems that the accounting treatment it adopted is correct, it challenged the above assessment notice within the term prescribed by the local law;
- on 21 January 2021, the local tax authorities (ERCA) served an assessment notice to the Ethiopian branch relating to the 2017, 2018 and 2019 corporate income tax. The most significant assessment relates to the calculation of revenue. Indeed, the tax inspectors did not agree on the adoption of the cost to cost method, despite it being provided for by the local tax law and the IFRS. The tax authorities’ treatment would increase the tax base by about €324 million in local currency. Since the company deems that the accounting treatment it adopted is correct, assisted by its advisors, it duly challenged the part relating to

revenue recognition of the above assessment notice within the term prescribed by the local law, while settling the other “minor” assessments by paying the claimed amount.

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

The “Main risk factors and uncertainties” section of the Directors’ report provides information about 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 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
Other loans and receivables							
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				1,105,184	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**

31 December 2020 (€'000)	Note	Financial assets at amortised cost	Financial assets at fair value through profit or	Hedging derivatives	Financial assets at fair value through profit or loss	Total	Fair value
Financial assets							
Non-current financial assets	8	113,977				113,977	113,977
Trade receivables	12	2,338,790				2,338,790	2,338,790
Other current financial assets	13	992,558				992,558	992,558
Derivatives	13		340			340	340
Cash and cash equivalents	16	1,065,865				1,065,865	1,065,865
Total		**4,511,190**	**340**			**4,511,530**	**4,511,530**

31 December 2020 (€'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	2,037,325				2,037,325	2,040,899
Bonds	19	1,535,530				1,535,530	1,505,066
Lease liabilities	20	61,981				61,981	61,981
Derivatives	21						
Trade payables	24	2,201,901				2,201,901	2,201,901
Total		**5,836,737**				**5,836,737**	**5,809,847**

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 above items is based on the present value of estimated future cash flows.

Risk management

The company 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

Webuild'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 2020 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% appreciation or depreciation of the Euro against the foreign currency compared to the actual exchange rates at 31 December 2019 and 2020 to reflect the potential effects on profit (loss) and equity.

	31 December 2019		31 December 2020	
(€m)	-5%	+5%	-5%	+5%
US dollar	(2.24)	2.24	(5.17)	5.17
Ethiopian birr	5.18	(5.18)	2.37	(2.37)
Australian dollar	0.18	(0.18)	1.35	(1.35)
Colombian peso	2.87	(2.87)	3.45	(3.45)
United Arab Emirates dirham	(0.35)	0.35	(0.62)	0.62
Tajikistani somoni	(0.11)	0.11	0.53	(0.53)

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 75 basis points in 2020, the profit before tax for the year would have been respectively smaller or greater by €9.3 million (€4.9 million for 2019), 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 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 2019	31 December 2020
Italy	(149,035)	25,876
Other EU countries	252,793	33,151
Other non-EU countries	8,783	25,445
Americas	152,286	48,749
Asia/Middle East	63,487	244,736
Africa	250,270	226,088
Australia	91,868	10,677
Total	**670,452**	**614,722**

The reconciliation of the reclassified statement of financial position details the items included in working capital.

Webuild's exposure to customers, broken down by contract location, is analysed below:

(€'000)	Trade receivables	Contract assets	Contract liabilities	Total	Allowances
31 December 2019					
Italy	935,266	206,462	(113,914)	1,027,814	10,321
Other EU countries	144,826	302,432	(22,797)	424,461	
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)	437,324	
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**	**276,061**
31 December 2020					
Italy	1,915,839	59,595	(462,237)	1,513,197	8,368
Other EU countries	179,007	298,913	(41,478)	436,442	-
Other non-EU countries	16,072	-	(3,143)	12,929	-
Americas	103,957	361	(38,700)	65,618	307,915
Asia/Middle East	73,598	473,851	(31,268)	516,181	9,290
Africa	38,523	228,646	(218,636)	48,533	3,155
Australia	11,795	-	-	11,795	-
Total	**2,338,791**	**1,061,366**	**(795,462)**	**2,604,695**	**328,728**

The "Main risk factors and uncertainties" section of the Directors' report provides information about country risk for Libya, 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 with reference to 31 December 2019 and 31 December 2020:

(€'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**

(€'000)	31/12/2021	31/12/2022	31/12/2023	After	Total
Current account facilities	46,234				46,234
Bonds	295,674	50,125	50,125	1,409,625	1,805,549
Bank and other loans and borrowings	713,342	461,296	43,063	57,668	1,275,369
Lease liabilities	21,970	7,569	29,175	5,397	64,111
Gross financial liabilities	**1,077,220**	**518,990**	**122,363**	**1,472,690**	**3,191,263**
Trade payables	2,201,900				2,201,900
Total	**3,279,102**	**518,990**	**122,363**	**1,472,690**	**5,393,163**

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 new notes issued in 2020 for redemption in 2025 and 2027 (see note 19).

Loans and borrowings (principal) and trade payables (net of advances) falling due before 31 March 2021 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 2021	941,638
Cash and cash equivalents (**)	1,056,157
Difference	**114,519**

(*) Excluding amounts due to group companies.

(**) Net of tied-up liquidity. At the reporting date, the company presents liquidity such as to guarantee coverage of the commitments indicated above.

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		340	
Total		**-**	**340**	**-**

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	Change in exchange rates	Other changes	**Total changes**
Non-current financial assets	(8,797)	10,716	13,084	**15,003**
Derivatives and other current financial assets	(33,199)	-	(42,993)	**(76,192)**
Bank and other loans and borrowings - amounts due to group companies	396,428	-	(52,315)	**344,113**
Derivatives and other current financial liabilities	(2,012)	-		**(2,012)**
	352,420	**10,716**	**(82,224)**	**280,912**

Statement of profit or loss

29. Revenue

Revenue for 2020 amounts to €1,995.6 million, down 27.2% on the previous year, mainly due to the effect of the Covid-19 pandemic. It was earned in Italy (€695.3 million; 2019: €688.9 million) and abroad (€1,300.3 million; 2019: €2,052.1 million).

(€'000)	2019	2020	Variation
Revenue from contracts with customers	2,597,495	1,863,671	(733,824)
Other income	143,495	131,901	(11,594)
Total revenue and other income	**2,740,990**	**1,995,572**	**(745,418)**

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, the construction of the Rogun Dam in Tajikistan and the works for the design and building of the new Riyadh Metro and Lot 2 of the Paris Metro Line 16.

A breakdown of revenue is given in the following table:

(€'000)	2019	2020	Variation
Works invoiced to customers	2,476,143	1,808,211	(667,932)
Services	105,397	51,023	(54,374)
Sales	23,155	4,437	(18,718)
Real estate projects	(7,200)	-	7,200
Total	**2,597,495**	**1,863,671**	**(733,824)**

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 1.6% 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)	2019	2020	Variation
Recharged costs	105,158	89,066	(16,092)
Other	32,058	39,972	7,914
Gains on the disposal of non-current assets and equity	4,434	1,307	(3,127)
Rent and leases	1,846	1,556	(290)
Total	**143,496**	**131,901**	**(11,595)**

30. Operating expenses

Operating expenses for the year amount to €2,082.8 million compared to €2,484.0 million for 2019.

The item may be broken down as follows:

(€'000)	2019	2020	Variation
Purchases	202,477	166,589	(35,888)
Subcontracts	522,063	283,125	(238,938)
Services	1,241,377	1,085,200	(156,177)
Personnel expenses	294,928	273,528	(21,400)
Other operating expenses	66,663	89,121	22,458
Amortisation, depreciation, provisions and impairment losses	156,510	185,280	28,770
Total	**2,484,018**	**2,082,843**	**(401,175)**

In addition to the impact of Covid-19, the variations in the individual items compared to 2019 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 2020 decreased by €35.9 million to €166.6 million compared to the previous year.

(€'000)	2019	2020	Variation
Purchases of raw materials and consumables	180,459	163,852	(16,607)
Change in raw materials and consumables	22,018	2,737	(19,281)
Total	**202,477**	**166,589**	**(35,888)**

The decrease in the cost of raw materials and consumables is mainly related to the progress on the United Arab Emirates projects.

30.2 Subcontracts

Costs of subcontracts decreased to €283.1 million, down €238.9 million on 2019 as summarised in the following table:

(€'000)	2019	2020	Variation
Subcontracts	522,063	283,125	(238,938)
Total	**522,063**	**283,125**	**(238,938)**

The decrease is mostly due to the South Al Mutlaa project in Kuwait and the works for Line 3 of the Riyadh Metro in Saudi Arabia mainly related to the progress on the projects.

30.3 Services

This item decreased to €1,085.2 million, down €156.2 million on the previous year, as shown in the following table:

(€'000)	2019	2020	Variation
Recharging of costs by consortia	790,875	754,123	(36,752)
Consultancy and technical services	259,061	176,538	(82,523)
Leases	68,824	51,374	(17,450)
Transport and customs	35,100	29,512	(5,588)
Insurance	32,448	19,966	(12,482)
Fees to directors, statutory auditors and independent auditors	9,875	8,135	(1,740)
Maintenance	5,578	2,444	(3,134)
Other	39,616	43,108	3,492
Total	**1,241,377**	**1,085,200**	**(156,177)**

Leases include rent and leases with variable payments or that are covered by the practical expedients of IFRS 16. 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.

"Recharging of costs by consortia" of roughly €754.1 million relates to Italian consortia and consortium companies, especially the high speed/capacity Milan - Genoa railway line section.

"Consultancy and technical services" decreased by €82.5 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)	2019	2020	Variation
Design and engineering services	166,875	102,914	(63,961)
Construction	49,948	38,736	(11,212)
Legal, administrative and other services	42,164	34,881	(7,283)
Testing	74	7	(67)
Total	**259,061**	**176,538**	**(82,523)**

Fees to the independent auditors, KPMG S.p.A., and other companies of its network for 2020 are detailed as follows:

Services		Fees (€'000)
Audit	Webuild S.p.A.	1,356
Audit	Subsidiaries	1,331
Total audit		**2,688**
Other services	Webuild S.p.A.	721
Other services	Subsidiaries	87
Total other services		**808**
Total		**3,496**

30.4 Personnel expenses

Personnel expenses for the year amount to €273.5 million, down by €21.4 million on 2019. The item is made up as follows:

(€'000)	2019	2020	Variation
Wages and salaries	223,385	199,000	(24,385)
Social security and pension contributions	28,791	29,501	710
Post-employment benefits	8,609	8,032	(577)
Other	34,143	36,995	2,852
Total	**294,928**	**273,528**	**(21,400)**

The decrease is mostly due to the Meydan One Mall in Dubai.

"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:

	31 December 2019	31 December 2020	2019 average	2020 average
Managers	244	241	244	241
White collars	3,102	2,988	3,242	3,261
Blue collars	11,435	11,573	12,081	11,495
Total	**14,781**	**14,802**	**15,567**	**14,997**

30.5 Other operating expenses

Other operating expenses amount to €89.1 million, up €22.5 million on the previous year as follows:

(€'000)	2019	2020	Variation
Other	59,241	85,045	25,804
Non-recurring costs	7,422	4,076	(3,346)
Total	**66,663**	**89,121**	**22,458**

The increase in other operating expenses is mostly due to the recognition of the cost of the out-of-court agreement with Condotte.

30.6 Amortisation, depreciation, provisions and impairment losses

This item includes amortisation, depreciation and provisions of €61.1 million and impairment losses of €124.2 million, showing a decrease of €59.3 million and an increase of €88.1 million on the previous year, respectively. It may be analysed as follows:

(€'000)	2019	2020	Variation
Total impairment losses	**36,080**	**124,156**	**88,076**
- Depreciation of property, plant and equipment	31,187	25,910	(5,277)
- Depreciation of right-of-use assets	22,974	17,145	(5,829)
- Amortisation of contract costs	20,305	12,616	(7,689)
- Amortisation of intangible assets	125	36	(89)
Amortisation and depreciation	**74,591**	**55,707**	**(18,884)**
Provisions	45,838	5,417	(40,421)
Total amortisation, depreciation and provisions	**120,429**	**61,124**	**(59,305)**
Total	**156,509**	**185,280**	**28,771**

Impairment losses of €124.2 million mainly relate to the Venezuelan contracts (€122.5 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. The impairment losses recognised on the Venezuelan contracts amounted to €35.7 million in 2019.

Amortisation and depreciation of €55.7 million decreased by €18.9 million on the previous year. The decrease mainly refers to contracts in Ethiopia.

Provisions decreased by €40.4 million compared to the previous year, when the company made an accrual of €45.8 million (see note 23).

31. Net financing costs

Net financing costs amount to €109.8 million compared to €65.0 million for the previous year.

The item may be broken down as follows:

(€'000)	2019	2020	Variation
Financial income	48,594	68,566	19,972
Financial expense	(119,043)	(104,174)	14,869
Net exchange gains (losses)	5,432	(74,191)	(79,623)
Net financing costs	**(65,017)**	**(109,799)**	**(44,782)**

31.1 Financial income

Financial income totals €68.6 million (2019: €48.6 million) and is made up as follows:

(€'000)	2019	2020	Variation
Gains on securities	**3**	**2**	**(1)**
Intragroup interest and other income	**26,402**	**34,525**	**8,123**
Interest and other financial income	**22,189**	**34,039**	**11,850**
- Default interest	2,395	14,416	12,021
- Other	6,623	8,509	1,886
- Bank interest	12,760	5,325	(7,435)
- Financial discounts and allowances	59	3,983	3,924
- Income from inflation adjustment		1,313	1,313
- Interest on financing	352	493	141
Total	**48,594**	**68,566**	**19,972**

The increase is principally a result of the default interest of €13.0 million accrued on the Romanian branch's claims for the Logoj-Deva project as per the related arbitration.

Interest from group companies amounts to €34.5 million, up €8.1 million on the previous year, and relates to the following companies:

(€'000)	2019	2020	Variation
Yuma	4,965	8,068	3,103
HCE Costruzioni S.p.A.	4,973	6,108	1,135
Salini Polska	3,579	5,695	2,116
Salini Nigeria Ltd	3,436	3,900	464
CMT	1,345	1,942	597
SPE Linea M4 S.p.A.	1,195	1,452	257
ICT II	1,933	1,390	(543)
Gaziantep Hastane Saglik	102	916	814
Fisia Italimpianti	35	860	825
Constructora Ariguani	732	675	(57)
Eriday	636	588	(48)
Other	3,471	2,931	(540)
Total	**26,402**	**34,525**	**8,123**

31.2 Financial expense

2020 financial expense decreased by €14.9 million to €104.2 million as follows:

	2019	2020	Variation
Intragroup interest and other expense	**(29,446)**	**(14,584)**	**14,862**
Interest and other financial expense	**(89,597)**	**(89,590)**	**7**
- Interest on bonds	(34,982)	(40,807)	(5,825)
- Bank interest on accounts and financing	(26,089)	(25,371)	718
- Bank fees	(3,071)	(13,887)	(10,816)
- Other	(9,648)	(7,419)	2,229
- Leases	(2,083)	(1,570)	513
- Interest on tax liabilities	(13,724)	(536)	13,188
Total	**(119,043)**	**(104,174)**	**14,869**

The decrease in financial expense is mainly due to:

- a €13.2 million decrease in interest on tax liabilities, since the Ethiopian branch paid interest of €13.7 million as part of a tax assessment in 2019;
- a €14.9 million decrease in interest from group companies, due to the prior year's measurement of loan assets recognised at 31 December 2019 in accordance with IFRS 9.

The decrease was partly offset by a €16.6 increase in financial expense due to the new bond issues of 2020.

Moreover:

- interest on bank accounts and financing of €25.4 million includes the effect of the amortised cost method of €0.3 million (2019: €1.1 million) that did not give rise to cash outlays;
- interest on bonds of €40.8 million includes the effect of the amortised cost method of €4.4 million (2019: €3.7 million) that did not give rise to cash outlays;

Intragroup interest and other expense of €14.6 million on intragroup transactions decreased by €14.9 million and relate to the following companies:

(€'000)	2019	2020	Variation
Lane Construction Corporation	(12,650)	(4,950)	7,700
COCIV	(3,217)	(3,711)	(494)
SLC Snowy Hydro Joint Venure	(897)	(1,217)	(320)
E.R. Impregilo/Dumez y Asociados para Yaciretê	-	(1,009)	(1,009)
Yuma	(9,400)	-	9,400
Other	(3,282)	(3,697)	(415)
Total	**(29,446)**	**(14,584)**	**14,862**

31.3 Net exchange losses

The net exchange gains of €5.4 million recognised in 2019 decreased to net exchange losses of €74.2 million in 2020.

The €79.6 million decrease in this item is due to fluctuations in the exchange rate with certain currencies, especially the US dollar and the Ethiopian Birr.

32. Net losses on equity investments

Net losses on equity investments came to €136.3 million compared to €37.8 million for the previous year. They are made up as follows:

(€'000)	2019	2020	Variation
Impairment gains	**1,353**	**4,607**	**3,254**
- Impairment gains	1,353	4,607	3,254
Impairment losses/Provisions for equity investments	**(52,089)**	**(141,466)**	**(89,377)**
- Impairment losses/Provisions for equity investments	(52,089)	(141,466)	(89,377)
Income from equity investments	**12,908**	**600**	**(12,308)**
- Dividends	13,962	600	(13,362)
- Loss on the disposal of equity investments	(2,331)	-	2,331
- Other income	1,277	-	(1,277)
Total	**(37,828)**	**(136,259)**	**(98,431)**

Net losses on equity investments include impairment losses of €141.5 million, the largest of which are those relating to the SPE Grupo Unidos por el Canal, the subsidiaries HCE Costruzioni S.p.A. and Salini Polska L.t.d. and other minor investments.

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 €17.7 million as shown in the following table.

(€'000)	2019	2020	Variation
Current taxes (income taxes)	67,938	60,617	(7,321)
Deferred taxes	(15,437)	(42,118)	(26,681)
Utilisation of the provision for the national tax consolidation scheme	(314)	1,779	2,093
Prior year taxes	26,686	(2,539)	(29,225)
Total	**78,873**	**17,739**	**(61,134)**
IRAP	4,294	3	(4,291)
Total	**83,167**	**17,742**	**(65,425)**

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 taxes

	2019		2020	
	€m	**%**	**€m**	**%**
Profit (loss) before tax	**154.1**		**(333.3)**	
Theoretical tax expense	37.0	24.0%	(80.0)	n.a.
Effect of permanent differences	15.6	10.1%	36.2	n.a.
Net effect of foreign taxes	3.0	1.9%	60.5	n.a.
Prior year and other taxes	23.3	15.1%	1.0	n.a.
Total	**78.9**	**51.2%**	**17.7**	**n.a.**

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.

An analysis and reconciliation of the theoretical IRAP tax rate and the effective tax rate are set out below:

IRAP

	2019		2020	
	€m	**%**	**€m**	**%**
Operating profit (loss)	257.0		(87.3)	
Personnel expenses	294.9		273.5	
Provisions and impairment losses	81.9		129.6	
Revenue	**633.8**		**315.8**	
Theoretical tax expense	24.7	3.9%	12.3	3.9%
Tax effect of foreign production	(17.9)	(2.8%)	(8.9)	(2.8%)
Tax effect of permanent differences	(2.5)	(0.4%)	(3.4)	(1.1%)
Total	**4.3**	**0.7%**	**-**	**0.0%**

Deferred taxes' contribution to the company's loss is as follows:

(€'000)	**2019**	**2020**	**Variation**
Deferred tax expense for the year	(35,774)	(217)	35,557
Use of deferred tax liabilities recognised in previous years	20,569	633	(19,936)
Deferred tax income for the year	68,409	68,301	(108)
Use of deferred tax assets recognised in previous years	(37,766)	(26,599)	11,167
Total	**15,438**	**42,118**	**26,680**

The net deferred taxes are mainly due to the impairment losses recognised during the year and the tax loss for the year.

34. Related party transactions

Transactions with related parties, as defined by IAS 24, were of an ordinary nature.

Webuild 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:

1 directors, statutory auditors and key management personnel, solely related to the contracts regulating their positions within Webuild Group;

2 subsidiaries and associates; these transactions mainly relate to:

   2.1 commercial assistance with purchases and procurement of services necessary to carry out work on contracts, contracting and subcontracting;

   2.2 services (technical, organisational, legal and administrative), carried out at centralised level;

   2.3 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 Webuild, 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.

3 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	Loans and borrowings and trade payables	Lease liabilities	Guarantees	Total revenue	Total operating expenses	Net financing income (costs)
C.Tiburtino	119	-	-	-	-	-	14	-	-
Casada S.r.l.	126	-	-	-	-	-	16	-	-
CEDIV S.p.A.	761	-	-	-	-	-	18	-	-
Dirlan S.r.l.	106	-	-	-	-	-	22	-	-
Eni S.p.A.	-	-	-	(22)	-	-	-	(133)	-
G.A.B.I.RE. S.r.l.	171	-	-	-	-	-	20	-	-
Galla Placidia S.c.a.r.l.	135	-	-	-	-	-	18	-	-
Imm. Agricola San	172	-	-	-	-	-	19	-	-
Infernetto S.r.l.	35	-	-	-	-	-	9	-	-
Iniziative Immobiliari S.p.A.	-	-	-	-	(4,122)	-	-	(33)	(134)
Madonna dei Monti S.r.l.	106	-	-	-	(57)	-	19	(2)	-
Nores S.r.l.	79	-	-	-	-	-	11	-	-
Poste Italiane S.p.A.	-	-	-	(1)	-	-	-	(6)	-
Plus S.r.l.	138	-	-	-	-	-	34	-	-
Sace BT	-	-	-	-	-	171,222	-	-	-
Sace FCT	-	-	-	-	-	-	-	(2,899)	(722)
Sace S.p.A.	-	-	-	-	(3,968)	140,648	-	(221)	-
Salini Costruttori S.p.A.	12	399	-	(1)	-	510,270	153	(3,645)	9
SALINI SIMONPIETRO	76	-	-	-	-	-	14	-	-
Studio Grazia Volo	-	-	-	(23)	-	-	-	(62)	-
Zeis S.r.l.	19	2,175	-	-	(358)	-	224	-	50
Total	**2,054**	**2,574**	**-**	**(47)**	**(8,505)**	**822,140**	**593**	**(7,002)**	**(797)**

During the year, Cassa Depositi e Prestiti S.p.A. ("CDP") and its subsidiaries and associates were included in the list of related parties as Cassa Depositi e Prestiti S.p.A. has significant influence over Webuild S.p.A. according to the communications between the parties during the year.

As a result, the transactions with the CDP Group companies were analysed to identify the assets, liabilities, operating expenses, revenue and guarantees as summarised in the above table. Specifically, the guarantees issued by CDP and SACE relate to:

- tax requirements in favour of the tax authorities;
- advance payment bonds, performance bonds and other guarantees to customers;
- guarantees to secure financing to banks.

During the reporting period, the company factored receivables with recourse to Sace Factoring for €182.7 million. They mostly comprise trade receivables from customers and progress billings which qualify for derecognition under IFRS 9. The company also has a trade finance policy of USD7.9 million with Sace S.p.A. for the recourse factoring of receivables to other factors, again in accordance with the provisions of IFRS 9.

The above transactions qualify as ordinary transactions based on the company's related party transactions procedure. Therefore, they are exempt from such procedure.

Most of the company's production is carried out through SPEs, set up with other partners that have participated with Webuild in tenders. The SPEs carry out the related contracts on behalf of their 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:

	2019			2020		
(€'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	7,180		7,180	8,296		8,296
Key management personnel	11,785		11,785	8,773	2,881	11,654
Total	**18,965**	**-**	**18,965**	**17,069**	**2,881**	**19,950**

The company's production is carried out mainly through special purpose entities, which, depending on Webuild'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 the company, 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 Webuild 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 - Webuild 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 2019, 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.

2019 highlights

(€'000)	
Statement of profit or loss	
Total revenue	637
Operating loss	(2,781)
Loss before tax	(12,286)
Loss for the year	(11,569)
Statement of financial position	
Non-current assets	429,405
Current assets	110,572
Total assets	**539,977**
Equity	292,421
Non-current liabilities	210,787
Current liabilities	36,769
Total liabilities	**539,977**

Salini Costruttori S.p.A. did not have any employees at 31 December 2019.

35. Article 1.125 and 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 did not receive any grants for training courses from Fondimpresa, Fondirigenti or other similar bodies in 2020.

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 the acquisition of Astaldi Group, 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[77].

38. Balances or transactions arising from atypical and/or unusual transactions

During the year, Webuild did not carry out any atypical and/or unusual transactions, as defined in the above Consob communication no. DEM/6064293[78].

[77] Significant non-recurring events and transactions are those that do not frequently occur in the normal course of business.

[78] 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 of the board of directors to the shareholders of Webuild S.p.A.

Dear shareholders,

We propose:

- you approve the separate financial statements at 31 December 2020 which show a loss of €351,071,629.76 for the year;
- the loss of €351,071,629.76 be covered by using:
    - all the retained earnings of €23,833,255.63;
    - all the negative goodwill of €89,600,768.43;
    - part of the share premium reserve of €237,637,605.70, which will then have a balance of €416,848,394.30;
- €49,085,153.54 be distributed as a dividend to the holders of ordinary and savings shares, equal to €0.055 per share, including the legal withholding, for each share with dividend rights and, therefore, excluding the 1,330,845 treasury shares currently held by the parent using the remaining balance of the share premium reserve;
- the distribution date of these dividends be 10 May 2021, with an ex-dividend date of 12 May 2021 (record date of 11 May 2021).

On behalf of the board of directors

Chairman

Donato Iacovone

(signed on the original)

Separate financial statements of Webuild S.p.A. – Intragroup transactions

Asset and liabilities at 31 December 2020

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets	Trade payables	Bank loans, other financing and lease liabilities	Current portion of bank loans and borrowings and current account facilities	Other current liabilities	Total liabilities	Net balance
A1F Tuszyn-Pyrzowice	23,967,282	-	203,803	-	24,171,085	65,292,319	-	-	-	65,292,319	(41,121,234)
Adiyan Water Treatment Plant	387,151	-	51,271	-	438,422	-	-	-	-	-	438,422
Aegek - Impregilo - Alstom J.V.	-	-	-	-	-	-	-	-	1,207	1,207	(1,207)
Agua AZ	7,600	-	-	-	7,600	-	-	-	-	-	7,600
Agua BA	17,518	-	-	-	17,518	-	-	-	-	-	17,518
Al Maktoum International Airport J.V.	117,939	-	-	-	117,939	-	-	-	-	-	117,939
ARIGUANI	8,100,814	-	25,115,003	-	33,215,817	124	-	-	-	124	33,215,693
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
Beyond S.r.l.	877,045	-	-	-	877,045	-	-	1,134,710	-	1,134,710	(257,665)
Brennero Galleriacque S.c.r.l.	250	-	-	-	250	-	-	-	-	-	250
CAVET	655,319	-	-	-	655,319	1,887,913	-	2,548,532	-	4,436,445	(3,781,126)
CAVTOMI	60,600,102	-	-	-	60,600,102	8,389,134	-	8,215,804	-	16,604,938	43,995,164
CDE	2,403,842	-	7,111,436	-	9,515,278	17,748,988	-	-	-	17,748,988	(8,233,710)
Cigla	154,003	-	2,435,334	-	2,589,337	-	-	-	305	305	2,589,032
CIV	288,126	-	1,773,869	-	2,061,995	-	-	-	-	-	2,061,995
CMT IS	1,258,745	-	76,347,962	-	77,606,707	-	-	-	-	-	77,606,707
Co.Ge.Ma.	20,262	-	2,040,642	-	2,060,904	2,120,026	-	-	-	2,120,026	(59,122)
COCIV	1,365,885,614	-	-	-	1,365,885,614	986,422,050	-	342,440,603	-	1,328,862,653	37,022,961
Consorcio Constructor Salini Impregilo - Cigla	-	-	15,273,338	99	15,273,437	5,015	-	-	-	5,015	15,268,422
Consorcio Contuy Medio	-	-	492,336	-	492,336	-	-	-	40,721	40,721	451,615
Consorcio Grupo Contuy-Proyectos y Ob. De F.	-	-	-	-	-	-	-	169,267	-	169,267	(169,267)
Consorcio OIV-TOCOMA	-	-	631,890	-	631,890	-	-	-	5,479,460	5,479,460	(4,847,570)
Consorcio VIT Tocoma	-	-	3,360,848	-	3,360,848	-	-	-	-	-	3,360,848
Consorzio 201 Quintai	1,900	-	-	-	1,900	-	-	-	-	-	1,900
Consorzio EPC	974,457	-	-	-	974,457	207,574	-	-	-	207,574	766,883
Consorzio Hirpinia	25,270,401	-	-	11,155,708	36,426,109	4,873,669	-	-	-	4,873,669	31,552,440
Consorzio Iricav Due	126,948,083	-	-	-	126,948,083	38,378,809	-	-	-	38,378,809	88,569,274
Consorzio MM4	1,848,734	-	-	-	1,848,734	1,511,918	-	-	-	1,511,918	336,816
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	-	-	-	-	-	-	-	1,339,825	-	1,339,825	(1,339,825)
Constructora Mazar Impregilo-Herdoiza Crespo	-	-	-	19,931	19,931	-	-	-	-	-	19,931
Constr. of Inn. Sout. Expre. (ISEX)	62,450	-	13,964	-	76,414	-	-	-	-	-	76,414
Corso del Popolo	114,963	-	132,393	-	247,356	-	-	-	-	-	247,356
Corso del Popolo Engineering	692,999	-	1,551,018	-	2,244,017	-	-	-	-	-	2,244,017

Asset and liabilities at 31 December 2020

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets	Trade payables	Bank loans, other financing and lease liabilities	Current portion of bank loans and borrowings and current account facilities	Other current liabilities	Total liabilities	Net balance
Cossi Costruzioni S.p.A.	120,857	-	11,815,342	-	11,936,199	-	-	-	-	-	11,936,199
CSC Costruzioni	358,021	-	77,630	-	435,651	286,607	-	-	-	286,607	149,044
CSI Simplon Consorzio	-	-	-	-	-	-	-	2,328,545	-	2,328,545	(2,328,545)
Dev. Engin. infras. to Idu ind. area and Kar res. dist. Ab	515	-	31,699	-	32,214	-	-	-	-	-	32,214
District 1 Development	251,020	-	8,800	-	259,820	-	-	-	-	-	259,820
E.R. Impregilo/Dumez y Asociados para Yaciretê	15,329,943	-	711,090	-	16,041,033	10,648	-	-	10,377,032	10,387,680	5,653,353
Emittenti Titoli S.p.A.	-	-	-	-	-	-	-	247,575	-	247,575	(247,575)
Enecor	596	-	-	-	596	-	-	-	-	-	596
Eurolink S.c.p.A.	9,935,261	-	-	-	9,935,261	15,387,689	-	-	-	15,387,689	(5,452,428)
Executive J.V. Impregilo S.p.A. Terna S.A.	-	-	9,991	-	9,991	-	-	-	-	-	9,991
Fibe	303,824	-	927,066	-	1,230,890	-	-	-	-	-	1,230,890
Fisia - Alkatas J.V.	13,300	-	-	-	13,300	-	-	-	-	-	13,300
Fisia Ambiente S.P.A	28,122	-	-	-	28,122	-	-	15,473,783	-	15,473,783	(15,445,661)
FISIA Italimpianti S.p.A	1,041,151	-	2,628,852	-	3,670,003	300,304	-	-	-	300,304	3,369,699
Fisia Italimpianti succ.Arge.-Acciona Agua succ.Arge - UTE	59,866	-	-	-	59,866	-	-	-	-	-	59,866
FISIA LLC	15,450	-	-	-	15,450	-	-	-	-	-	15,450
Fisia Muhendislik VE Insaat Anonim Sirketi	12,600	-	-	-	12,600	-	-	-	-	-	12,600
Forum S.c. a r.l.	-	-	-	-	-	714,030	-	-	-	714,030	(714,030)
G. W. Trans. to Fed. Cap. Ter. Lot A Dam and Aa. W.	682,845	-	42,388	-	725,233	529,634	-	-	-	529,634	195,599
Galfar Salimp Cimolai JV	-	-	9,889,979	52,497,167	62,387,146	-	-	-	-	-	62,387,146
Gaziantep Hastane Saglik	-	-	15,586,967	-	15,586,967	-	-	-	-	-	15,586,967
Group. d'entreprises Salini Strabag (Guinea)	-	-	210,934	-	210,934	498,095	-	-	-	498,095	(287,161)
Grupo Empresas Italianas - GEI	-	-	210,994	-	210,994	-	-	-	-	-	210,994
Gruppo Astaldi	348,970	-	114,902	-	463,872	52,031,632	-	-	-	52,031,632	(51,567,760)
GUP CANAL	36,411,504	-	-	-	36,411,504	-	-	-	-	-	36,411,504
HCE Italia Altre	419,802	-	23,717,743	-	24,137,545	-	-	65,318	-	65,318	24,072,227
HCE Sede	-	-	159,718,584	-	159,718,584	-	-	-	-	-	159,718,584
I INT IN	19,000	-	3,292,886	-	3,311,886	-	-	-	-	-	3,311,886
ICT II	3,830,159	-	49,734,101	-	53,564,260	286,170	-	-	-	286,170	53,278,090
IGL Arabia	73,235	-	-	-	73,235	507,989	-	-	-	507,989	(434,754)
IGL-SK-GALFAR	4,542,731	-	-	19,623,495	24,166,226	81,492	-	-	-	81,492	24,084,734
Iglys	16,181	-	435	-	16,616	24,126	-	5,981	-	30,107	(13,491)
Impregilo-Healy UTE	875,492	-	-	29,697,023	30,572,515	59,521	-	8,472,237	9,537	8,541,295	22,031,220
INC Algeria	325,492	-	4,792,189	-	5,117,681	88,000	-	-	-	88,000	5,029,681
IS JV	8,031,288	-	76,386,251	-	84,417,539	-	-	-	15,726,609	15,726,609	68,690,930
Isarco S.c.r.l.	7,147,310	-	-	-	7,147,310	10,487,344	-	-	-	10,487,344	(3,340,034)
Joint Venture (AIASA JV)	11,386	-	-	-	11,386	843	-	-	-	843	10,543
Joint Venture Aktor S.A. - Impregilo S.p.A.	-	-	332	-	332	-	-	-	-	-	332

Asset and liabilities at 31 December 2020

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets	Trade payables	Bank loans, other financing and lease liabilities	Current portion of bank loans and borrowings and current account facilities	Other current liabilities	Total liabilities	Net balance
Joint Venture Impregilo S.p.A. - Empedos S.A. - Aktor	-	-	31,834	223,931	255,765	-	-	-	-	-	255,765
JV Todini - Akkord - Salini	6,859,726	-	8,654,537	-	15,514,263	-	-	-	-	-	15,514,263
JV_IGL_SGF	1,297,063	-	7,492,245	21,644	8,810,952	4,840	-	-	2,838,646	2,843,486	5,967,466
KAYI - Salini - Samsung - JV	-	-	385,082	-	385,082	-	-	-	-	-	385,082
Lane Construction Corporation	278,627	-	-	-	278,627	-	-	40,412,857	-	40,412,857	(40,134,230)
LANE MIDEAST CONTRACTING	36,674	-	-	-	36,674	-	-	-	-	-	36,674
LANE MIDEAST QATAR	-	-	-	-	-	132,579	-	-	-	132,579	(132,579)
LIBYAN LEC	1,296,049	-	31,236	-	1,327,285	1,014,049	-	-	-	1,014,049	313,236
Lidco	-	-	-	-	-	126,714	-	5,131,794	-	5,258,508	(5,258,508)
Line 3 Metro Stations	90,986	-	317,100	-	408,086	-	-	-	263,288	263,288	144,798
MERCOV	1,203	-	-	-	1,203	-	-	-	-	-	1,203
Metro 6	-	-	-	-	-	-	-	448,794	-	448,794	(448,794)
Metro B s.r.l.	1,850	-	695	-	2,545	-	-	-	-	-	2,545
Metro B1	7,145,329	-	3,301,130	-	10,446,459	16,278,353	-	-	-	16,278,353	(5,831,894)
METRO BLU	33,172,185	-	-	-	33,172,185	28,853,715	-	-	-	28,853,715	4,318,470
Metrocampania Secondigliano	138	-	-	-	138	-	-	-	-	-	138
Metrogenova S.c.r.l.	41,282	-	-	-	41,282	280,765	-	-	-	280,765	(239,483)
Millennium Park	421	-	1,607	-	2,028	-	-	-	-	-	2,028
Mobilinx Hurontario Contractor	70,300	-	-	-	70,300	-	-	-	-	-	70,300
Mosconi S.r.l.	7,408	-	-	-	7,408	-	-	167,660	-	167,660	(160,252)
Napoli Cancello Alta Velocità S.c.r.l.	24,245,247	-	-	-	24,245,247	65,891,816	-	2,095,738	-	67,987,554	(43,742,307)
New Cros	35,200	-	711,271	-	746,471	164,059	-	-	-	164,059	582,412
Nigeria Cultural Centre and Mill. Tower	274,012	-	592,523	-	866,535	-	-	-	-	-	866,535
Passante di Mestre S.c.p.A.	1,974	-	-	-	1,974	-	-	-	-	-	1,974
Passante Dorico S.p.A.	20,477	-	36,643	-	57,120	-	-	-	-	-	57,120
Pedelombarda S.c.p.a.	2,293,059	-	2,463	-	2,295,522	1,446,646	-	-	-	1,446,646	848,876
PERGENOVA	9,398,618	-	-	-	9,398,618	8,118,985	-	-	-	8,118,985	1,279,633
PGH Ltd	76,422	-	4,095,931	-	4,172,353	8,504	-	-	-	8,504	4,163,849
Pietrarossa S.c.r.l.	12,396	-	-	-	12,396	-	-	-	-	-	12,396
Piscine dello Stadio	88,159	-	252,755	-	340,914	-	-	-	-	-	340,914
Puentes	6,583	-	-	-	6,583	-	-	-	-	-	6,583
RC SCILLA	24,136,877	-	-	-	24,136,877	42,415,117	-	630,395	-	43,045,512	(18,908,635)
Rimati	132,264	-	-	-	132,264	-	-	616,000	-	616,000	(483,736)
Rivigo	186,887	-	-	-	186,887	-	-	-	-	-	186,887
S.AGATA	1,325,055	-	-	-	1,325,055	7,067,730	-	2,945,814	-	10,013,544	(8,688,489)
S.Ruffillo S.c.a.r.l.	-	-	-	-	-	17,878,405	-	-	-	17,878,405	(17,878,405)
S3 - Nowa Sol	18,668,676	-	356,959	-	19,025,635	48,651,159	-	-	-	48,651,159	(29,625,524)
S7 - Checiny	19,298,311	-	537,938	-	19,836,249	60,809,640	-	-	-	60,809,640	(40,973,391)

Asset and liabilities at 31 December 2020

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets	Trade payables	Bank loans, other financing and lease liabilities	Current portion of bank loans and borrowings and current account facilities	Other current liabilities	Total liabilities	Net balance
S8 - Marki - Radzymin	1,815,076	-	-	-	1,815,076	23,854,910	-	-	-	23,854,910	(22,039,834)
SA.PI. NOR Salini Impregilo - Pizzarotti J.V.	248,528	-	-	-	248,528	-	-	-	-	-	248,528
SA_RC	77,435,306	-	-	-	77,435,306	94,136,044	-	2,284,100	-	96,420,144	(18,984,838)
Sabrom	180,376	-	11,699,572	-	11,879,948	-	-	-	-	-	11,879,948
Sailini Impregilo - NGE Genie Civil S.a.s	3,204,647	-	-	-	3,204,647	-	-	-	-	-	3,204,647
Salimp Cleveland	12,600	-	2,933,746	-	2,946,346	-	-	60,558	-	60,558	2,885,788
Salini Australia	61,481	-	60,885,313	-	60,946,794	-	-	-	-	-	60,946,794
Salini Impregilo - Healy J.V. NEBT	51,825	-	-	-	51,825	-	-	-	-	-	51,825
Salini Impregilo - Kolin	6,850,886	-	20,542	-	6,871,428	-	-	-	-	-	6,871,428
Salini Impregilo - NRW Joint Venture	965,812	-	16,190,821	-	17,156,633	19,784	-	-	-	19,784	17,136,849
SALINI IMPREGILO - TRISTAR	2,314,637	-	-	-	2,314,637	139,786	-	-	-	139,786	2,174,851
Salini Impregilo Canada Holding Inc.	-	-	52,432	-	52,432	-	-	-	-	-	52,432
Salini Impregilo Civil Works	3,070,428	-	-	-	3,070,428	-	-	-	-	-	3,070,428
Salini Impregilo Mobilink Hurontario GP Inc.	309,886	-	-	-	309,886	-	-	-	-	-	309,886
Salini Kolin Cgf Joint Venture	384	-	-	-	384	-	-	-	-	-	384
Salini Malaysia Head Office	4,531	-	2,780,684	-	2,785,215	368	-	-	-	368	2,784,847
Salini Namibia	6,102	-	2,075,965	-	2,082,067	710,333	-	1,965,437	349	2,676,119	(594,052)
Salini Nigeria Ltd	1,644,099	-	85,851,453	-	87,495,552	-	-	-	-	-	87,495,552
Salini Polska Sp.	695,972	-	218,989,299	-	219,685,271	2,620,352	-	-	-	2,620,352	217,064,919
Salini Saudi Arabia Company Ltd	1,559,069	-	2,614,457	-	4,173,526	2,512,620	-	113,297	-	2,625,917	1,547,609
SC Hydro PTY LTD	2,456	-	-	-	2,456	-	-	-	-	-	2,456
SCI ADI Ortakligi	1,694,474	-	1,369,975	-	3,064,449	-	-	-	-	-	3,064,449
Sclafani S.c.r.l.	7,746	-	-	-	7,746	-	-	-	-	-	7,746
SCLC Polihali Diversion Tunnel J.V.	5,393,820	-	1,470,328	-	6,864,148	-	-	-	-	-	6,864,148
Sedi scarl	1,005	-	-	-	1,005	-	-	-	-	-	1,005
Segrate	305,000	-	1,229,670	-	1,534,670	2,996,245	-	-	-	2,996,245	(1,461,575)
Seli Tunneling	1,140,002	-	-	-	1,140,002	12,000	-	-	-	12,000	1,128,002
SFI leasing	-	-	2,689,267	-	2,689,267	-	-	-	1,671,303	1,671,303	1,017,964
SHIMMICK	41,058,978	-	-	-	41,058,978	3,174	-	-	3,854,042	3,857,216	37,201,762
Sirjo S.c.p.A.	13,531,703	-	5,262,487	-	18,794,190	48,991,255	-	80,337,359	-	129,328,614	(110,534,424)
Sistranyac S.A.	311	-	-	-	311	-	-	-	-	-	311
SLC Snowy Hydro Joint Venure	2,585,408	-	-	-	2,585,408	-	-	185,337,791	-	185,337,791	(182,752,383)
SNFCC	10,919	-	-	3,278,251	3,289,170	-	-	-	-	-	3,289,170
SPV Linea M4 Spa	249,505	33,031,302	-	-	33,280,807	62,394	-	-	-	62,394	33,218,413
Suleja Minna Dualisation	276,888	-	15,885	-	292,773	-	-	-	-	-	292,773
Suropca	-	-	10,340	-	10,340	-	-	789,103	-	789,103	(778,763)
TC_0206 Grecia	-	-	10,903	-	10,903	-	-	-	-	-	10,903
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A	-	-	-	2,028,224	2,028,224	-	-	2,023,112	-	2,023,112	5,112

Asset and liabilities at 31 December 2020

	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Total assets	Trade payables	Bank loans, other financing and lease liabilities	Current portion of bank loans and borrowings and current account facilities	Other current liabilities	Total liabilities	Net balance
Texas High Speed Rail	8,077,595	-	-	-	8,077,595	-	-	-	-	-	8,077,595
Thessaloniki Metro CW J.V. (AIS JV)	509,661	-	-	-	509,661	-	-	-	-	-	509,661
Todini Filiale Dubai	26,755	-	-	-	26,755	-	-	-	-	-	26,755
Tokwe Mukorsi Dam	-	-	-	-	-	19,761	-	-	-	19,761	(19,761)
Western Station JV	696,170	-	-	19,161,174	19,857,344	35,971,036	-	4,058,559	-	40,029,595	(20,172,251)
YARULL	91,411	-	2,361,576	-	2,452,987	-	-	-	73,581	73,581	2,379,406
Yuma	15,250	57,413,821	-	-	57,429,071	-	-	-	-	-	57,429,071
Total - group companies	**2,037,768,459**	**90,445,123**	**943,656,327**	**137,706,647**	**3,209,576,556**	**1,719,382,411**	**-**	**711,860,548**	**40,336,080**	**2,471,579,039**	**737,997,517**
C. Tiburtino	118,603	-	-	-	118,603	-	-	-	-	-	118,603
Casada S.r.l.	125,928	-	-	-	125,928	-	-	-	-	-	125,928
CEDIV SPA	761,325	-	-	-	761,325	-	-	-	-	-	761,325
Dirlan S.r.l.	105,684	-	-	-	105,684	-	-	-	-	-	105,684
Eni S.p.A.	-	-	-	-	-	21,950	-	-	-	21,950	(21,950)
G.A.B.I.RE. Srl	170,518	-	-	-	170,518	-	-	-	-	-	170,518
Galla Placidia S.c.a.r.l.	134,717	-	-	-	134,717	-	-	-	-	-	134,717
Imm. Agricola San Vittorino	172,160	-	-	-	172,160	-	-	-	-	-	172,160
Infernetto S.r.l.	35,385	-	-	-	35,385	-	-	-	-	-	35,385
Iniziative Immobiliari Italiane S.p.A.	-	-	-	-	-	-	4,122,026	-	-	4,122,026	(4,122,026)
Madonna dei Monti Srl	105,850	-	-	-	105,850	-	57,319	-	-	57,319	48,531
Nores S.r.l.	79,243	-	-	-	79,243	-	-	-	-	-	79,243
Poste Italiane S.p.A.	-	-	-	-	-	1,051	-	-	-	1,051	(1,051)
Plus S.r.l.	137,667	-	-	-	137,667	-	-	-	-	-	137,667
Sace S.p.A.	-	-	-	-	-	-	-	3,968,427	-	3,968,427	(3,968,427)
Salini Costruttori S.p.A.	12,093	-	399,178	-	411,271	986	-	-	-	986	410,285
SALINI SIMONPIETRO & C. S.A.P.A.	75,638	-	-	-	75,638	-	-	-	-	-	75,638
Studio Avv. Grazia Volo	-	-	-	-	-	22,672	-	-	-	22,672	(22,672)
Zeis S.r.l.	19,248	-	2,175,236	-	2,194,484	-	357,588	-	-	357,588	1,836,896
Total - other related parties	**2,054,059**	**-**	**2,574,414**	**-**	**4,628,473**	**46,659**	**4,536,933**	**3,968,427**	**-**	**8,552,019**	**(3,923,546)**
Total	**2,039,822,518**	**90,445,123**	**946,230,741**	**137,706,647**	**3,214,205,029**	**1,719,429,070**	**4,536,933**	**715,828,975**	**40,336,080**	**2,480,131,058**	**734,073,971**

Revenue and costs for 2020

	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	-	402,509	-	-	2,669,280	-	-	-	-	-
Adiyan Water Treatment Plant	-	-	-	-	-	-	-	-	2,432	-
Aegek - Impregilo - Alstom J.V.	137	-	-	-	598	-	-	-	-	-
Agua AZ	-	7,600	-	-	42,884	1,990	-	-	-	-
Agua BA	18,466	-	-	-	-	-	-	-	-	-
Al Maktoum International Airport J.V.	-	163	-	-	-	-	-	-	-	-
ANM	-	61,653	-	-	15,155	-	-	-	-	-
ARGE T.PF.	-	-	-	-	-	-	-	-	-	46,985
ARIGUANI	975,929	537,107	-	-	333	84	-	-	674,658	-
BARNARD	96,341	-	-	-	4,052	-	12,020	-	-	-
Beyond S.r.l.	877,045	398	-	-	-	-	-	-	17,426	3,290
Brennero Galleriacque S.c.r.l.	-	228	-	-	-	-	-	-	-	-
CAVET	78,516	228	-	-	534,844	-	-	-	74,829	87,740
CAVTOMI	77,150	228	-	-	1,621,331	-	8	-	47,146	38,180
CDE	58,177	735,784	-	-	24,297,077	-	-	-	174,045	-
Cigla	-	-	-	-	-	-	-	-	70,182	-
CIV	38,162	13,013	-	-	-	-	-	-	14,051	15,729
CMT IS	33,485	800,659	-	-	-	-	-	-	1,942,363	-
Co.Ge.Ma.	179,045	53,941	-	-	2,639,366	-	-	-	25,495	3,662
COCIV	277,132	1,223,439	-	-	351,047,165	-	1,954,637	-	-	3,711,257
Consorcio Constructor Salini Impregilo - Cigla	-	168,622	-	-	-	-	-	-	438,678	-
Consorcio Contuy Medio	-	-	-	-	170,102	-	-	-	-	-
Consorcio Grupo Contuy-Proyectos y Ob. De F.	129,570	-	-	-	312,113	-	-	-	-	-
Consorcio OIV-TOCOMA	285,845	-	-	-	1,344,401	-	-	14,520,998	-	-
Consorcio VIT Tocoma	260,231	-	-	-	-	-	-	-	-	-
Consorzio EPC	42,035,992	11,015	-	-	1,551,027	-	-	-	-	-
Consorzio Hirpinia	55,832	200,019	-	-	6,038,082	-	-	-	-	-
Consorzio Iricav Due	-	1,082,270	-	-	13,441,019	-	-	-	-	-
Consorzio MM4	162,259	480,244	-	-	1,112,159	-	-	-	-	-
Consorzio VIT Caroni Tocoma	-	-	-	-	1,288,668	-	-	-	-	-
Constr. of Inn. Sout. Expre. (ISEX)	-	-	-	-	-	-	-	-	665	-
Corso del Popolo	24,964	3,523	-	-	-	-	-	-	3,342	-
Corso del Popolo Engineering	15,344	3,258	-	-	-	-	-	-	45,343	-
Cossi Costruzioni S.p.A.	60,265	403,123	-	-	-	-	-	-	126,133	-
CSC Costruzioni	19,177	135,831	-	-	-	-	198,623	-	2,242	-
CSI Simplon Consorzio	-	-	-	-	-	-	-	-	-	7,019
Dev. Engin. infras. to Idu ind. area and Kar res. dist. Ab	-	-	-	-	-	-	-	-	1,509	-
District 1 Development	-	-	-	-	-	-	-	-	419	-

Revenue and costs for 2020

	Revenue	Other revenue and income	Purchases	Subcontracts	Services	Personnel expense	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
E.R. Impregilo/Dumez y Asociados para Yaciretê	47,325	-	-	-	3,491,010	-	-	-	588,149	1,009,056
Enecor	7,080	-	-	-	-	-	-	-	-	-
Eurolink S.c.p.A.	30,000	150,228	-	-	339,154	-	-	-	-	-
Fibe	187,808	158,374	-	-	-	-	-	-	-	-
Fisia - Alkatas J.V.	-	3,800	-	-	-	-	-	-	-	-
Fisia Ambiente S.P.A	24,713	993	-	-	-	-	-	-	-	215,465
FISIA Italimpianti S.p.A	300,030	228,064	-	-	31,641	-	-	-	860,318	561
Fisia Italimpianti succ.Arge.-Acciona Agua succ.Arge - UTE	-	30,600	-	-	-	-	-	-	-	-
FISIA LLC	-	3,800	-	-	-	-	-	-	-	-
Fisia Muhendislik VE Insaat Anonim Sirketi	22,932	3,800	-	-	-	-	-	-	-	-
Forum S.c. a r.l.	-	-	-	-	133,774	-	-	-	-	-
G. W. Trans. to Fed. Cap. Ter. Lot A Dam and Aa. W.	-	-	-	-	-	-	-	-	2,089	-
Galfar Salimp Cimolai JV	-	1,462,648	-	-	-	-	1,003	-	-	-
Gaziantep Hastane Saglik	-	-	-	-	-	-	-	-	915,838	-
Gaziantep Hastanesi Isletme Ve Bakim Hizmetleri	-	-	-	-	-	-	-	-	1,564	-
GE NAPO	-	-	-	-	-	-	242	-	-	-
GHAZI JV	-	8,870	-	-	-	-	-	-	-	-
Grupo Empresas Italianas - GEI	88,370	-	-	-	432,484	-	-	-	-	-
Gruppo Astaldi	-	105,758	-	-	1,821,624	-	422	-	-	-
GUP CANAL	1,386,364	91,698	-	-	-	-	-	-	-	-
HCE Italia Altre	168,276	13,700	-	-	-	-	-	-	6,107,993	62,637
HCE Sede	1,099,179	1,890,031	-	-	71,960	-	-	-	-	-
I INT IN	-	7,600	-	-	-	-	-	-	56,534	-
ICT II	-	-	-	-	-	-	-	-	1,390,216	-
IGL Arabia	560	6,784	-	-	-	-	-	8,000	-	540,576
IGL-SK-GALFAR	-	538,367	-	-	7,936	-	-	-	-	-
Impregilo-Healy UTE	1,572,628	81,089	-	-	50,000	-	9,687	-	-	-
Impresit Bakolori Plc	-	-	-	-	-	-	-	-	-	1,026,121
IS JV	895,719	756,371	-	-	-	-	-	-	-	-
Isarco S.c.r.l.	79,750	1,330,383	-	-	19,443,396	85,901	-	-	-	-
Joint Venture (AIASA JV)	-	102,500	-	-	-	-	-	-	-	-
JV Todini - Akkord - Salini	-	-	-	-	-	-	-	-	251,439	-
JV_IGL_SGF	1,273	75,000	-	-	5,478	-	-	-	-	-
KAYI - Salini - Samsung - JV	-	-	-	-	47,339	-	-	-	-	-
Lane Construction Corporation	180,000	20,414	-	-	1,591,407	-	57,816	-	45,220	4,950,319
LANE MIDEAST CONTRACTING	-	103,407	-	-	18,959	-	-	-	-	-
LIBYAN LEC	62,755	3,383	-	-	198,367	-	-	-	-	-
Lidco	-	12,881	-	-	-	-	-	-	33,823	-

Revenue and costs for 2020

	Revenue	Other revenue and income	Purchases	Subcontracts	Services	Personnel expense	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
Line 3 Metro Stations	1	-	-	-	31,563	-	-	-	-	-
MERCOV	14,282	-	-	-	-	-	-	-	-	-
Metro B s.r.l.	-	788	-	-	-	-	-	-	20	-
Metro B1	31,595	11,683	-	-	1,289,477	-	2	-	97,672	4,685
METRO BLU	45,000	569,032	-	-	73,016,453	-	-	-	-	-
Metrogenova S.c.r.l.	-	10,692	-	-	10,783	-	-	-	-	-
Millennium Park	-	381	-	-	-	-	-	-	77	-
Mobilinx Hurontario Contractor	35,000	59,300	-	-	-	-	-	-	-	-
Mosconi S.r.l.	2,623	10,001	-	-	-	-	-	-	150	-
Napoli Cancello Alta Velocità S.c.r.l.	18,513	1,393,378	-	-	45,883,011	-	-	-	84,304	-
New Cros	-	6,400	-	-	-	-	-	-	25,723	-
Nigeria Cultural Centre and Mill. Tower	-	-	-	-	-	-	-	-	28,609	-
Passante di Mestre S.c.p.A.	-	3,118	-	-	-	-	-	-	-	-
Passante Dorico S.p.A.	30,434	3,813	-	-	-	-	-	-	-	-
Pedelombarda S.c.p.a.	44,079	583	-	-	(171,592)	-	-	-	-	-
PERGENOVA	93,497	199,058	-	-	44,705,182	-	-	-	-	-
PGH Ltd	-	-	-	-	-	-	-	-	73,806	-
Piscine dello Stadio	22,019	3,283	-	-	-	-	-	-	5,214	-
Piscine dello Stadio scrl	-	-	-	-	-	-	3,941	-	-	-
Puentes	10,166	-	-	-	-	-	-	(1,288,017)	-	82,447
RC SCILLA	26,158	3,483	-	-	234,198	-	-	-	-	8,752
Rimati	-	5,458	-	-	5,081	-	-	-	-	-
Rivigo	-	7,868	-	-	-	-	-	-	-	-
S.AGATA	53,568	1,270,206	-	-	23,673,685	-	-	-	25,195	9,626
S3 - Nowa Sol	-	634,265	-	-	3,516,607	-	-	-	-	-
S7 - Checiny	-	555,279	-	-	5,814,256	-	-	-	-	-
S8 - Marki - Radzymin	-	-	-	-	2,701,378	-	-	-	-	-
SA.PI. NOR Salini Impregilo - Pizzarotti J.V.	1,032,928	2,718,474	-	-	-	-	-	-	-	-
SA_RC	17,592	5,998	-	-	459,844	-	-	-	-	16,466
Sabrom	48,198	3,813	-	-	-	-	-	-	303,405	2,690
Sailini Impregilo - NGE Genie Civil S.a.s	4,703,843	4,359,401	-	-	-	-	-	-	-	-
Salini Australia	-	22,796	142	-	65,944	729,397	28,893	-	1,375	-
Salini Impregilo - Healy J.V. NEBT	-	70,287	-	-	-	-	-	-	-	-
Salini Impregilo - Kolin	8,276,437	-	-	-	-	-	-	-	-	-
Salini Impregilo - NRW Joint Venture	-	3,330,398	1,367	-	46,676	22,890	-	-	85,225	-
Salini Impregilo - Salini Insaat - NTF J.V - Branch	-	-	-	-	-	-	18,740	-	-	-
SALINI IMPREGILO - TRISTAR	-	-	-	-	588,028	-	168	-	-	-
Salini Impregilo Canada Holding Inc.	-	20,880	-	-	-	-	-	-	1,705	7

Revenue and costs for 2020

	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 Civil Works	-	20,959	-	-	-	-	-	-	-	-
Salini Kolin Cgf Joint Venture	647	-	-	-	-	-	-	-	-	-
Salini Malaysia Head Office	-	57,149	-	-	-	-	-	-	415,219	188,788
Salini Namibia	-	176,408	-	-	-	-	-	-	53,172	87,775
Salini Nigeria Ltd	1,085,145	10,834	-	-	-	-	-	-	3,900,139	-
Salini Polska Sp.	-	27,764	-	-	-	317,123	-	-	5,695,265	-
Salini Saudi Arabia Company Ltd	-	2,821,332	-	1,177,184	1,627,340	-	219	-	-	-
SC Hydro PTY LTD	-	2,189	-	-	-	-	-	-	-	-
SCI ADI Ortakligi	509	1,694,162	-	-	-	-	-	-	-	-
SCLC Polihali Diversion Tunnel J.V.	540,113	2,136,910	-	-	-	-	-	-	40,494	-
Segrate	-	-	-	-	3,683,617	-	-	-	18,083	1,307
SFI leasing	1,891	-	-	-	492,136	-	-	-	-	-
SHIMMICK	22,630,962	-	-	-	25,999,864	-	-	-	-	-
Sirjo S.c.p.A.	-	489,214	-	-	29,342,351	-	-	-	132,278	337,359
Sistranyac S.A.	3,694	-	-	-	-	-	-	-	-	-
SLC Snowy Hydro Joint Venure	4,137,239	9,145,377	-	-	-	-	-	-	-	1,216,857
SNFCC	7,400	-	-	-	-	-	-	-	-	-
South Al Mutlaa Joint Venture	-	-	-	-	4,520	-	-	-	-	-
SPV Linea M4 Spa	-	249,505	-	-	55,879	-	-	-	1,451,813	-
Suleja Minna Dualisation	-	-	-	-	-	-	-	-	756	-
Suropca	-	-	-	-	-	-	-	-	-	16,456
TB Metro in liquidazione	8,856	3,356	-	-	-	-	-	14,534	26,811	27,121
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A	-	-	-	-	712,130	-	-	-	-	-
Texas High Speed Rail	-	2,143,532	-	-	-	(577,923)	-	-	-	-
Thessaloniki Metro CW J.V. (AIS JV)	380,417	292,000	-	-	-	-	-	-	-	-
Todedil scarl	-	1,474	-	-	-	-	-	-	-	-
Western Station JV	-	1,085,071	-	-	-	-	-	-	-	-
YARULL	-	70,220	-	-	-	-	-	-	8,188	-
Yuma	201,998	-	-	-	-	-	-	-	8,067,887	-
Total - group companies	**95,418,630**	**49,222,970**	**1,509**	**1,177,184**	**699,602,596**	**579,462**	**2,286,421**	**13,255,515**	**34,456,726**	**13,718,933**
Associazione Professionale			-	-	62,400	-	-	-	-	-
C. Tiburtino	11,253	3,226	-	-	-	-	-	-	-	-
Casada S.r.l.	12,499	3,431	-	-	-	-	-	-	-	-
CEDIV SPA	17,273	966	-	-	-	-	-	-	-	-
Dirlan S.r.l.	18,941	3,203	-	-	-	-	-	-	-	-
Eni S.p.A.	-	-	133,485	-	-	-	-	-	-	-
G.A.B.I.RE. Srl	17,454	2,948	-	-	-	-	-	-	-	-
Galla Placidia S.c.a.r.l.	15,143	3,178	-	-	-	-	-	-	-	-

Revenue and costs for 2020

	Revenue	Other revenue and income	Purchases	Subcontracts	Services	Personnel expense	Other operating expenses	Amortisation, depreciation, provisions and impairment losses	Financial income	Financial expense
Imm. Agricola San Vittorino	15,790	3,253	-	-	-	-	-	-	-	-
Infernetto S.r.l.	5,461	3,203	-	-	-	-	-	-	-	-
Iniziative Immobiliari Italiane S.p.A.	-	-	-	-	24,805	-	8,633	-	-	133,663
Madonna dei Monti Srl	15,635	2,898	-	-	1,206	-	717	-	-	478
Nores S.r.l.	7,721	3,323	-	-	-	-	-	-	-	-
Poste Italiane S.p.A.	-	-	-	-	2,744	-	3,000	-	-	-
SACE FCT	-	-	-	-	-	-	2,899,136	-	-	722,265
SACE Spa	-	-	-	-	-	-	220,674	-	-	-
Plus S.r.l.	30,632	3,323	-	-	-	-	-	-	-	-
Salini Costruttori S.p.A.	150,085	3,323	2,959,803	-	-	-	685,582	-	9,019	-
SALINI SIMONPIETRO & C. S.A.P.A.	14,394	-	-	-	-	-	-	-	-	-
Zeis S.r.l.	128,983	95,455	-	-	-	-	-	-	59,389	9,107
Total - other related parties	**461,264**	**131,730**	**3,093,288**	**-**	**91,155**	**-**	**3,817,742**	**-**	**68,408**	**865,513**
Total	**95,879,894**	**49,354,700**	**3,094,797**	**1,177,184**	**699,693,751**	**579,462**	**6,104,163**	**13,255,515**	**34,525,134**	**14,584,446**

Separate financial statements of Webuild - Equity investments

Equity investments al 31 December 2020 - Webuild S.p.A.

Name	% invest- ment	Registered office	Amount Webuild S.p.A. 1.1.2019 (€)	Increases in the year	no.	Decreases in the year	No.	Amount Webuild S.p.A. 31.12.2020 (€)	Share of equity	Diff. between invest. net of uncalled-up share/quota capital and equity	Date of equity
SUBSIDIARIES											
Astaldi S.p.A.	66.966	Italy	-	225,050,968	B,D			225,050,968	-	-	n.a.
Beyond S.r.l. (in liq.)	100.000	Italy	10,000					10,000	84,973	(74,973)	31/12/2019
CDE S.c.a.r.l.	60.000	Italy	6,000					6,000	6,000	(4,000)	31/12/2018
Collegamenti Integrati Veloci C.I.V. S.p.A.	85.000	Italy	12,940,477					12,940,477	17,998,651	(8,234,407)	31/12/2019
Compagnia Gestione Macchinari CO.GE.MA. S.p.A.	100.000	Italy	2,059,428					2,059,428	2,878,210	(818,782)	31/12/2019
Consorzio Alta Velocità Torino/Milano - C.A.V.TO.MI.	74.690	Italy	3,734,234	266	D	(1,744)	E	3,732,756	3,732,778	(1,264,939)	31/12/2020
Consorzio C.A.V.E.T. - Consorzio Alta Velocità Emilia/Toscana	75.983	Italy	4,119,271	1,134	D	(4,984)	E	4,115,420	4,115,419	(1,300,817)	31/12/2020
Consorzio Cociv	99.999	Italy	330,532					330,532	516,452.00	(185,925.00)	31/12/2020
Consorzio Hirpinia AV	86.786	Italy	6,000					6,000	8,652	(4,000)	n.a.
Consorzio Iricav Due	70.546	Italy	175,566	57,885	B			233,451	363,029	(283,006)	31/12/2018
Consorzio Libyan Expressway Contractor	58.000	Italy	5,800					5,800	5,800	(4,200)	31/12/2020
Cossi Costruzioni S.p.A.	63.500	Italy	4,602,117					4,602,117	5,368,126	(3,851,625)	31/12/2019
Fibe S.p.A.	99.998	Italy	27,588,742			(1,084,244)	E	26,504,498	27,588,191	(1,084,245)	31/12/2019
Fisia Ambiente S.p.A.	100.000	Italy	21,580,565					21,580,565	42,518,854	(20,938,289)	31/12/2019
Fisia Italimpianti S.p.A.	100.000	Italy	46,219,435	12,865,982	D			59,085,418	(1,592,433)	60,677,851	31/12/2019
HCE Costruzioni S.p.A.	100.000	Italy	-	58,941,191	D, H	(27,137,688)	E,H	31,803,503	(1,295,438.00)	33,098,941.00	31/12/2019
Metro B S.r.l.	52.520	Italy	1,389,018	131,300	D			1,520,318	10,157,143.00	(17,819,254.00)	31/12/2019
Metro B1 S.c.a.r.l.	80.700	Italy	1,952,940					1,952,940	1,952,940	(467,060)	31/12/2019
Metro Blu S.c.r.l.	83.483	Italy	5,000					5,000	8,315	(5,000)	31/12/2018
Napoli Cancello Alta Velocità S.c.r.l.	86.786	Italy	6,000					6,000	8,652.00	(4,000.00)	31/12/2018
Passante Dorico S.p.A.	63.072	Italy	2,737,572			(43,983)	E	2,693,589	14,954,244	(21,077,416)	31/12/2019
Reggio Calabria - Scilla S.c.p.a. (in liq.)	51.000	Italy	17,850,000					17,850,000	17,850,000	(17,150,000)	31/12/2019
RI.MA.TI. S.c.a.r.l. (in liq.)	83.420	Italy	699,420					699,420	83,420	599,420	31/12/2018
S. Agata FS S.c.r.l.	86.786	Italy	12,000					12,000	17,301.00	(7,998.00)	31/12/2018
Salerno-Reggio Calabria S.c.p.a. (in liq.)	51.000	Italy	25,500,000					25,500,000	25,500,000	(24,500,000)	31/12/2019
Sirjo S.c.p.A.	80.180	Italy	3,000,000					3,000,000	5,983,050	(4,500,000)	31/12/2017
Società Autostrada Broni - Mortara S.p.A.	60.000	Italy	14,957,844			(182,661)	E	14,775,183	14,957,345	(10,153,726)	31/12/2019
TB Metro S.r.l. (in liq.)	51.000	Italy	35,754					35,754	(839,684)	1,682,193	31/12/2019
Forum S.c.r.l.	73.559	Italy	10,329					10,329	37,711	(41,317)	31/12/2016
I.L.IM. - Iniziative Lombarde Immobiliari S.r.l. (in liq.)	100.000	Italy	-					-	-	-	n.a.
S. Anna Palermo S.c.r.l. (in liq.)	71.600	Italy	-					-	29,583.00	(41,317.00)	31/12/2017
A1 Motorway Tuszyn-Pyrzowice lot F Joint Venture	100.000	Poland	-					-	-	-	n.a.
Copenaghen Metro Team I/S	99.989	Denmark	9,272,673					9,272,673	2,023.00	9,270,650.00	31/12/2020
Generalny Wykonawca Salini Polska - Impregilo - Kobylarnia S.A.	66.680	Poland	-					-	-	-	n.a.
Impregilo-Terna SNFCC J.V.	51.000	Greece	51,000					51,000	3,331,136	(6,480,639)	31/12/2018

Equity investments al 31 December 2020 - Webuild S.p.A.

Name	% invest-ment	Registered office	Amount Webuild S.p.A. 1.1.2019 (€)	Increases in the year	no.	Decreases in the year	No.	Amount Webuild S.p.A. 31.12.2020 (€)	Share of equity	Diff. between invest. net of uncalled-up share/quota capital and equity	Date of equity
Joint Venture Impregilo S.p.A. - S.G.F. INC S.p.A.	100.000	Greece	-				-	-	-		n.a.
Salini Impregilo - Duha Joint Venture	75.000	Slovakia	-					- -	-		n.a.
Salini Polska L.t.d. Liability Co	100.000	Poland -					-		(9,260,706)	9,260,706	31/12/2018
Salini Polska - Todini - Salini Impregilo - Pribex - S8 JV	95.000	Poland	-					- -		-	n.a.
Salini Polska - Todini - Salini Impregilo - Pribex - S3 JV	95.000	Poland	-					-	-	-	n.a.
Salini Polska - Todini - Salini Impregilo - S7 JV	100.000	Poland	-				-	-		-	n.a.
Thessaloniki Metro CW J.V. (AIS JV)	50.000	Greece	1,002,420					1,002,420 -		-	n.a.
CSI Simplon Consorzio	100.000	Switzerland -					-		1,656,058	(1,656,058)	31/12/2019
HCE Costruzioni Ukraine LLC	100.000	Ukraine -					-		329	(329)	31/12/2018
Kayi Salini Samsung Joint Venture	33.000	Turkey -					-		119,673	(362,646)	31/12/2018
Salini Insaat Taahhut Sanayi Ve Ticaret Anonim Sirketi (in liq.)	100.000	Turkey	-	130,026	D	(88,635)	E	41,391	(754,848)	796,239	31/12/2017
Salini-Kolin-GCF Joint Venture	38.000	Turkey	-					-	598	(1,573)	31/12/2018
SA.PI. NOR Salini Impregilo - Pizzarotti J.V.	51.000	Norway -					-				31/12/2019
Todini Akkord Salini	100.000	Ukraine	763,217			(74,952)	E	688,265	(1,401.00)	689,666.00	31/12/2019
CSC Costruzioni S.A.	100.000	Switzerland	9,521,592					9,521,592	9,949,577	(427,985)	31/12/2019
SCI ADI Ortakligi	50.000	Turkey -					-	-		-	n.a.
Consorzio Vertiaz	100.000	Switzerland -					-	-		-	n.a.
Salini Malaysia SDN BHD	100.000	Malaysia	610,468					610,468	4,576,823.00	(3,966,355.00)	31/12/2020
SLC Snowy Hydro Joint Venure	65.000	Australia -					-	-		-	n.a.
TM-Salini Consortium	90.000	Malaysia -					-	-	-		n.a.
Impregilo Lidco Libya Co	60.000	Libya	780,760			(14,296)	E	766,464	1,279,242	(1,365,606)	31/12/2017
INC - Il Nuovo Castoro Algerie S.a.r.l.	99.983	Algeria -					-		(6,807,277.00)	6,808,434.00	31/12/2020
PGH Ltd	100.000	Nigeria -					-		762	(762)	31/12/2016
Salini Namibia Proprietary L.t.d.	100.000	Namibia	358					358	9,971,464.00	(9,971,106.00)	31/12/2019
Salini Nigeria L.t.d.	100.000	Nigeria	-					-	8,273	(8,273)	31/12/2019
Salini - Impregilo Joint Venture for Mukorsi	100.000	Zimbabwe -					-		-	-	n.a.
Galfar - Salini Impregilo - Cimolai J.V.	40.000	Qatar	-					-	(14,549,678.00)	36,374,196.00	31/12/2018
Impregilo-SK E&C-Galfar al Misnad J.V.	41.250	Qatar	-					-	6,814,643.00	(16,520,346.00)	31/12/2019
Salini Impregilo - Tristar	60.000	United Arab Emirates	-					- -		-	n.a.
Salini Saudi Arabia Company L.t.d.	51.000	Saudi Arabia	3,795,079					3,795,079	17,668,945	(30,849,913)	31/12/2016
Western Station J.V,	51.000	Saudi Arabia -					-		8,036,779.00	(15,758,391.00)	31/12/2016
C43 Water Management Builders	100.000	USA -					-		-	-	n.a.
Salini Impregilo - Healy J.V. (Cleveland)	100.000	USA -					-		-	-	n.a.
Salini Impregilo - Healy J.V. (Tunnel 3RPORT Indiana)	100.000	USA	4,197,094	355,403	B			4,552,497 -		-	n.a.
Salini Impregilo - Healy J.V. NEBT	100.000	USA -					-		-	-	n.a.
Salini Impregilo - US Holdings Inc.	100.000	USA	468,351,670					468,351,670	-	-	n.a.
Texas High Speed Rail	100.000	USA -					-		-	-	n.a.

Equity investments al 31 December 2020 - Webuild S.p.A.

Name	% invest-ment	Registered office	Amount Webuild S.p.A. 1.1.2019 (€)	Increases in the year	no.	Decreases in the year	No.	Amount Webuild S.p.A. 31.12.2020 (€)	Share of equity	Diff. between invest. net of uncalled-up share/quota capital and equity	Date of equity
Salini Impregilo Canada Holding Inc.	100.000	Canada	-					-			31/12/2020
Consorcio Constructor Salini Impregilo - Cigla (florianopolis)	100.000	Brazil	-					-	1,616.00	(1,616.00)	31/12/2019
Consorcio Impregilo Yarull	70.000	Dom. Republic	-					-	(179,873.00)	256,961.00	31/12/2020
Constructora Ariguani SAS En Reorganizacion	100.000	Colombia	-					-	(13,166.00)	13,166.00	31/12/2018
Construtora Impregilo y Associados S.A.-CIGLA S.A.	100.000	Brazil	-					-	(557,109.00)	557,109.00	31/12/2018
Empresa Constructora Metro 6 L..t.d.a.	100.000	Chile	6,390,150			655,108	E	7,045,258	1,762,889	5,282,369	31/12/2020
Grupo ICT II SAS	100.000	Colombia	135,445					135,445	10,968	124,477	31/12/2018
Salini Impregilo S.p.A. - The Lane Construction Co. - Jose J Chediack S.A. UTE	75.000	Argentina	669,470					669,470	182,584,157	(242,776,072)	31/12/2016
Suramericana de Obras Publicas C.A.- Suropca C.A.	100.000	Venezuela	788,614					788,614	63,705,618	(62,917,004)	31/12/2019
IS Joint Ventures	100.000	Australia	-					-	(31,397,667)	31,397,667	31/12/2020
Salini Australia PTY L.t.d.	100.000	Australia	-					-	2,126,749	(2,126,749)	31/12/2017
Salini Impregilo - NRW Joint Venture	80.000	Australia	-					-	927,460	(1,159,326)	31/12/2016
Imprepar-Impregilo Partecipazioni S.p.A.	100.00	Italy	45,941,191		H	(45,941,191)	H	-	46,421,142	(46,421,142)	31/12/2019
Equity investments - Subsidiaries			**743,805,245**	**297,534,155**	**-**	**(73,919,270)**	**-**	**967,420,130**			
ASSOCIATES											
Consorzio MM4	53.655	Italy	64,270					64,270	106,875	(135,730)	31/12/2020
Consorzio Trevi - S.G.F. INC per Napoli	45.000	Italy	4,500					4,500	4,500.00	(5,500.00)	31/12/2016
Eurolink S.c.p.A.	45.000	Italy	16,875,000					16,875,000	67,500,000.00	(133,125,000.00)	31/12/2019
Isarco S.c.r.l.	41.000	Italy	41,000					41,000	41,000	(59,000)	31/12/2018
Metrogenova S.c.r.l. (in liq.)	50.234	Italy	8,257					8,257	12,934	(17,566)	31/12/2013
Pedelombarda S.c.p.a.	63.072	Italy	2,350,000					2,350,000	3,145,480.00	(2,650,000.00)	31/12/2019
S. Ruffillo S.c.r.l.	35.000	Italy	21,000					21,000	21,000	(39,000)	31/12/2016
VE.CO. S.c.r.l.	25.000	Italy	2,582					2,582	-	-	n.a.
Aegek-Impregilo-Aslom J.V.	45.800	Greece	-					-	-	-	n.a.
Joint Venture Aegek-Impregilo-Ansaldo-Seli-Ansaldobreda (AIASA JV)	26.700	Greece	-					-	(161,382)	604,426	31/12/2018
Joint Venture Terna - Impregilo	45.000	Greece	-					-	2,939,193	(6,531,539)	31/12/2018
Line 3 Metro Stations	50.000	Greece	-					-	-	-	n.a.
Gaziantep Hastanesi Isletme Ve Bakim Hizmetleri	50.000	Turkey	687,419	620,132	D	(1,225,083)	E	82,468	44,835	(7,202)	31/12/2017
Impregilo Arabia Ltd	50.000	Saudi Arabia	1,792,956			(22,037)	D	1,770,919	-	-	n.a.
Impresit Bakolori Plc	50.707	Nigeria	-					-	-	-	n.a.
Barnard Impregilo Healy J.V.	45.000	USA	-					-	1,968,075	(4,373,500)	30/06/2016
SFI Leasing Company	30.000	USA	-					-	-	-	n.a.
Shimmick CO. INC. - FCC CO S.A. - Impregilo S.p.A -J.V.	30.000	USA	-					-	1,072,309	(3,574,364)	31/12/2013
Mobilinx Hurontario Services L.t.d.	17.357	Canada	-	8	D			8			n.a.
Aguas del Gran Buenos Aires S.A. (in liq.)	42.589	Argentina	-					-	(48,334.00)	113,490.00	31/12/2017
Consorcio Contuy Medio	47.991	Venezuela	-					-	-	-	n.a.
Consorcio Grupo Contuy-Proyectos y Obras de Ferrocarriles	55.648	Venezuela	-					-	(40,880.00)	73,760.00	31/12/2014

Equity investments al 31 December 2020 - Webuild S.p.A.

Name	% invest-ment	Registered office	Amount Webuild S.p.A. 1.1.2019 (€)	Increases in the year	no.	Decreases in the year	No.	Amount Webuild S.p.A. 31.12.2020 (€)	Share of equity	Diff. between invest. net of uncalled-up share/quota capital and equity	Date of equity
Consorcio OIV-TOCOMA	40.000	Venezuela	-					-	(240,485)	601,212	31/12/2015
Consorzio EPC	18.250	Peru	-					-	-	-	n.a.
Grupo Empresas Italianas - GEI	55.655	Venezuela	-					-	1,246	(2,248)	31/12/2014
Grupo Unidos Por El Canal S.A.	48.000	Panama	496,539,743	12,642,396	D	(139,244,709)	E,G	369,937,430	(247,096,147.00)	884,721,069.00	31/12/2016
Metro de Lima Linea 2 S.A.	18.250	Peru	18,481,628					18,481,628	- -		n.a.
Puentes del Litoral S.A. (in liq.)	26.000	Argentina	-					-	(5,289,885)	20,345,710	31/12/2016
Yuma Concessionaria S.A.	48.326	Colombia	1,805,551	3,952,000	E			5,757,551	10,321	5,736,193	31/12/2019
Equity investments - Associates			**538,673,906**	**17,214,536**		**(140,491,829)**		**415,396,613**			
OTHER											
PerGenova S.c.p.a.	50.000	Italy	500,000					500,000	-	-	n.a.
Segrate S.c.r.l.	35.000	Italy	3,500					3,500	-	-	n.a.
JV Salini - Secol	80.000	Romania	-					-	-	-	n.a.
Consorcio Normetro	13.180	Portugal	-					-	-	-	n.a.
J.V. Salini Impregilo - Doprastav	50.000	Czech Rep.	-					-	-	-	n.a.
Gaziantep Hastane Sanglik Hizmetleri Isletme Yatrim Joint Stock Company	24.500	Turkey	7,995,375	3,294,464	D			11,289,839	-		31/12/2018
SCLC Polihali Diversion Tunnel J.V.	69.990	Lesotho	-					-	-	-	n.a.
Salini Strabag Joint Ventures	50.000	Guinea	-					-	-	-	n.a.
Consorcio V.I.T. - Tocoma	35.000	Venezuela	-					-	239,199.00	(683,425.00)	31/05/2016
Consorcio V.I.T. Caroni - Tocoma	35.000	Venezuela	-					-	(1,329,756)	3,799,303	31/12/2016
Consorcio V.S.T. Tocoma	30.000	Venezuela	-					-	85	(283)	31/01/2016
E.R. Impregilo/Dumez y Asociados para Yaciretê - ERIDAY	20.750	Argentina	-					-	-	-	n.a.
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A.-Iglys S.A. UTE	35.000	Argentina	3,944					3,944	4,126,371.00	(11,785,688.00)	31/12/2018
Arge Tulfes Pfons	49.000	Austria	-					-	10,427,032.00	(21,279,657.00)	31/12/2018
NGE Genie Civil S.a.s. - Salini Impregilo S.p.A.	50.000	France	-					-	-	-	n.a.
Sailini Impregilo - NGE Genie Civil S.a.s	65.000	France	-					-	-	-	n.a.
Telt Villarodin-Bourget Modane Avrieux	33.330	France	-					-	-	-	n.a.
Salini Impregilo - Kolin	50.010	Turkey	-					-	-	-	n.a.
CMC - Mavundla - Impregilo J.V.	39.200	South Africa	-					-	17,888,123.00	(45,632,967.00)	31/12/2016
BSS J.V. - Air Academy project	5.000	Saudi Arabia	-					-	-	-	n.a.
BSS-KSAB JV	37.500	Saudi Arabia	-					-	-	-	n.a.
Ghazi-Barotha Contractors J.V.	57.800	Pakistan	-					-	(1,530,663)	2,648,206	31/12/2020
Arriyad New Mobility Consortium	33.480	Saudi Arabia	-					-	-	-	31/12/2019
Civil Works Joint Ventures	59.140	Saudi Arabia	-					-	18,455,538	(31,206,523)	31/12/2019
South Al Mutlaa J.V.	55.000	Kuwait	-					-	1,315,776.00	(2,392,319.00)	31/12/2018
Tristar Salini Joint Venture	40.000	United Arab Emirates	-					-	-	-	n.a.
Impregilo-Healy-Parsons J.V.	65.000	USA	-					-	-	-	n.a.
Consorcio Amancae	40.000	Peru	-					-	-	-	n.a.

Equity investments al 31 December 2020 - Webuild S.p.A.

Name	% invest-ment	Registered office	Amount Webuild S.p.A. 1.1.2019 (€)	Increases in the year	no.	Decreases in the year	No.	Amount Webuild S.p.A. 31.12.2020 (€)	Share of equity	Diff. between invest. net of uncalled-up share/quota capital and equity	Date of equity
Consorcio Contuy Medio Grupo A C.I. S.p.A. Ghella Sogene C.A., Otaola C.A.	36.400	Venezuela -					-		37,806.00	(103,863.00)	31/12/2015
Consorzio Constructor M2 Lima	25.500	Peru -						-	11,163	(43,775)	31/12/2019
Emittenti Titoli S.p.A. (in liq.)	0.244	Italy	10,832					10,832	-	-	n.a.
Istituto per lo Sviluppo Edilizio ed Urbanistico - ISVEUR S.p.A. (in liq.)	2.534	Italy	34,086					34,086	-	-	n.a.
Markland S.r.l. (in liq.)	1.900	Italy	1,269					1,269	-	-	n.a.
SPV Linea M4 S.p.A.	16.086	Italy	22,310,800	1,399,600	D			23,710,400 -		-	n.a.
Tangenziale Esterna S.p.A.	0.001	Italy	100					100 -		-	n.a.
Joint Venture Aktor S.A. - Impregilo S.p.A.	0.100	Greece -						- -		-	n.a.
Todini-Impregilo Almaty Khorgos J.V.	0.010	Kazakhstan	-					- -		-	n.a.
Salini Impregilo Bin Omran J.V.	50.000	Qatar -						- -		-	n.a.
ASTALDI participating financial instruments			-	177,077				177,077			
Total - Other companies			**30,859,906**	**4,871,141**		**-**		**35,731,047**			
Total equity investments			**1,313,339,057**	**319,619,832**		**(214,411,099)**		**1,418,547,796**			

Summary of variations in equity investments

Euro

		Increases	Decreases	Total
Decreases	A			
Incorporations and subscriptions	B	225,590,365		225,590,365
Capital transactions	D	44,136,277	(22,037)	44,114,240
Impairment losses	E	3,952,000	(124,509,620)	(120,557,620)
Net exchange gains (losses)	G		(42,637,054)	(42,637,054)
Reclassifications	H	45,941,191	(47,242,388)	(1,301,197)
Dividends	I			
IFRS 15	L			
Total		**319,619,834**	**(214,411,099)**	**105,208,733**

Equity investments al 31 December 2020 - Webuild S.p.A.

Name	% invest-ment	Registered office	Amount Webuild S.p.A. 1.1.2019 (€)	Increases in the year	No.	Decreases in the year	No.	Amount Webuild S.p.A. 31.12.2020 (€)	Share 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											
Agba - Aguas Gran B Aires Sa in liq (Argentina)	16.500	Argentina	17,598	13,772	D	(13,055)	C	18,315	(48,334)	113,490	31/12/2017
Constructora Ariguani Sas	100.000	Colombia	12,999,053					12,999,053	(12,999)	12,999	31/12/2018
Cigla Constructora Sa (Brasile)	100.000	Brazil	2,540,169	50,479	D			2,590,648	(553,273)	553,273	31/12/2018
Grupo Unidos por el Canal (Panama)	48.000	Panama	1					1	(247,096,147)	884,721,069	31/12/2016
HCE Costruzioni	100.000	Italy	1,301,197			(1,301,197)	-		(1,295,438)	33,098,941	31/12/2019
HCE Costruzioni Ukraine Llc	1.000	Ukraine	6,820	57,158	D			63,978	356	(356)	31/12/2018
Salini Insaat Taahhut Sanayi Ve Ticaret	100.000	Turkey	-					-	(754,848)	796,239	31/12/2017
Salini Polska L.t.d. Liability Co	100.000	Poland	2,292,639	14,569,479	D	(3,467,487)	C	13,394,631	(9,260,706)	9,260,706	31/12/2018
Impregilo Arabia Ltd	50.000	Saudi Arabia	1,770,919					1,770,919 -	-		n.a.
Inc Il Nuovo Castoro Algerie	99.980	Algeria	6,307,054					6,307,054	(6,831,943)	6,833,105	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	1,658,434					1,658,434	762	(762)	31/12/2016
Salini Impregilo - Kolin	50.010	Turkey	165,907					165,907 -	-		n.a.
Salini Kolin Cgf Joint Venture	38.000	Turkey	126,064					126,064	627	(1,650)	31/12/2018
Salini Impregilo - Healy J.V. NEBT	30.000	America -		1,839,878	A			1,839,878 -	-		n.a.
Salini Australia Pty Ltd	100.000	Australia	296,144	1,610,974	D	(1,225,190)	C	681,928	2,012,151	(2,012,151)	31/12/2017
Total investments in subsidiaries, associates and jointly controlled entities, consolidated with negative carrying amount			**29,499,971**	**18,141,740**		**(6,006,929)**		**41,634,782**			

Summary of variations in equity investments

Euro

		Increases	Decreases	Total	
Increase	A	1,839,878			
Acquisitions (Disinvestments and liquidations)	B				
Capital transactions	C		(4,705,732)	-	
Impairment losses	D	16,301,862		**(4,705,732)**	
Reversals of impairment losses	E			**16,301,862**	
Reclassifications	L		(1,301,197)	-	
Other variations	M			**(1,301,197)**	
Total		18,141,740	(6,006,929)	**10,294,933**	-

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 Webuild 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, 19 March 2021

Chief executive officer	Manager in charge of financial reporting
Pietro Salini	Massimo Ferrari
(signed on the original)	(signed on the original)

Reports

KPMG

KPMG S.p.A.
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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
Webuild S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Webuild Group (the "group"), which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss, 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 Webuild Group as at 31 December 2020 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 Webuild 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.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

Ancona Bari Bergamo
Bologna Bolzano Brescia
Catania Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Varese Verona

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Capitale sociale
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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated 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.

Purchase price allocation of the Astaldi Group

Notes to the consolidated financial statements: notes 4 "Basis of presentation"; 5 "Business combinations", 7.3 "Intangible assets", 9 "Equity investments", 11 "Deferred tax assets and liabilities", 13 "Contract assets and liabilities", 26 "Provisions for risks", 32 "Revenue" and 40 "Significant non-recurring events and transactions"

Key audit matter	Audit procedures addressing the key audit matter
On 5 September 2020, the group completed its acquisition of Astaldi S.p.A. and its subsidiaries (the "Astaldi Group"). The group carried out the purchase price allocation ("PPA") required by IFRS 3 - Business combinations and its consolidated financial statements at 31 December 2020 present the assets acquired and liabilities assumed at fair value. Specifically, the consolidated financial statements reflect the allocation of the consideration transferred (€225 million) and the group's indirect equity investments (€2 million), considering the fair value of the net assets acquired (€1,200.9 million, including €425.7 million attributable to non-controlling interests). As a result of the PPA procedure, the group has recognised a gain from a bargain purchase of €548.2 million. The group measured the fair value of the net assets acquired at the acquisition date (5 November 2020) taking into account the effects of the implementation of the complex composition with creditors plan that was approved by the Rome Court on 17 July 2020. For PPA purposes, the group has identified the relevant assets and liabilities and measured their fair value mostly using a method based on the discounted cash flow model. The fair value attributed to the net assets acquired has been confirmed by the appraisal prepared by an external expert.	Our audit procedures included: — obtaining and analysing the appraisal of the external expert assisting the group in measuring the fair value of the assets acquired and liabilities assumed as part of the acquisition of the Astaldi Group; — checking the reasonableness of the valuation methods and application parameters used to measure the fair value of the net assets acquired; — involving experts of the KPMG network in the assessment of the reasonableness of the Astaldi Group's PPA; — checking the consolidation entries made by the parent in connection with the Astaldi Group's PPA; — assessing the appropriateness of the disclosures provided in the notes about the Astaldi Group's PPA.

Key audit matter	Audit procedures addressing the key audit matter
The model is very complex and entails the use of estimates which, by their very nature, are uncertain and subjective about: — the risk relating to the expected uncertainty of the amount and timing of the cash flows; — the risk relating to the parameters used to determine the discount rate. For the above reasons and due to the materiality of the captions affected by the allocation, we believe that the Astaldi Group's PPA is a key audit matter.	

Current and prospective analysis of the 2021 cash flows

Notes to the consolidated financial statements: notes 1 "Basis of preparation", 18 "Cash and cash equivalents", 21 "Bank and other loans, current portion of bank loans and current account facilities", 31 "Financial instruments and risk management" and 39 "Events after the reporting date"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2020 show gross financial indebtedness of €3,560.2 million and net financial indebtedness of €441.8 million. The €189.6 million improvement in the net financial indebtedness seen in 2020 is mainly due to the decrease in net working capital compared to the previous year end and the cash contributed by a number of investees that have been consolidated as a result of the acquisition of the Astaldi Group. 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 public health emergency caused by the outbreak of Covid-19, forecasting cash flows has become even more complex than usual. Considering the above, we believe that the current and prospective analysis of the 2021 cash flows is a key audit matter.	Our audit procedures included: — understanding the process adopted by the group to prepare the 2021 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 2021 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.

Significant litigation and disputes

Notes to the consolidated financial statements: notes 4 "Basis of presentation", 7.3 "Intangible assets", 9 "Equity investments", 10 "Derivatives and non-current financial assets", 13 "Contract assets and liabilities", 14 "Trade receivables", 15 "Derivatives and other current financial assets", 17 "Other current assets", 26 "Provisions for risks", 29 "Other current liabilities", 30 "Guarantees, commitments, risks and contingent liabilities", 31 "Financial instruments and risk management" and 33.6 "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", 13 "Contract assets and liabilities", 31 "Financial instruments and risk management" and 32 "Revenue"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2020 include contract assets of €2,754.2 million, contract liabilities of €2,132.5 million and revenue for works invoiced to customers of €4,247.2 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, whose carrying amount totals approximately €2,551.6 million at 31 December 2020; — 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.	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 operation 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 operation controllers; — assessing the appropriateness of the disclosures provided in the annual report about contract assets and liabilities.

Measurement of investments in associates and joint ventures

Notes to the consolidated financial statements: notes 4 "Basis of presentation", 9 "Equity investments", 26 "Provisions for risks" and 35 "Net losses on equity investments"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2020 include investments in associates and joint ventures of €584.4 million measured using the equity method. They comprise €369.9 million relating to the	Our audit procedures included: — understanding the process for the measurement of investments in associates and joint ventures and

Key audit matter	Audit procedures addressing the key audit matter
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.	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.

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", 10 "Derivatives and non-current financial assets", 13 "Contract assets and liabilities", 14 "Trade receivables", 31 "Financial instruments and risk management" and 33.6 "Amortisation, depreciation, provisions and impairment losses"

Key audit matter	Audit procedures addressing the key audit matter
At 31 December 2020, the group's gross exposure relating to projects carried out in Venezuela (€637.2 million, already impaired by €514.7 million at 31 December 2019) was written off, giving rise to a loss of €122.5 million. This write off was made considering the country's current conditions and the expected changes in its socio-economic and political environment. 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.	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

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.	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.

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 2020 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 2020 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 2020 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 Webuild 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, 6 April 2021

KPMG S.p.A.

(signed on the original)

Paola Maiorana
Director of Audit

KPMG

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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
Webuild S.p.A.

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Webuild S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss, 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 Webuild S.p.A. as at 31 December 2020 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.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the 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 2021 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 2020 show gross financial indebtedness of €3,634.8 million and net financial indebtedness of €1,366.6 million. Net financial indebtedness increased by €478 million during the year, mainly due to the cash flows used in operating activities and the cash paid for the acquisition of the Astaldi Group. Gross financial indebtedness rose by roughly €1,313.9 million, chiefly as a result of the use of the revolving credit facilities, the issue of new bonds and the increase in loans with other group companies. 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 public health emergency caused by the outbreak of Covid-19, forecasting cash flows has become even more complex than usual. Considering the above, we believe that the current and prospective analysis of the 2021 cash flows is a key audit matter.	Our audit procedures included: – understanding the process adopted by the company to prepare the 2021 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 2021 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.

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 2020 include contract assets of €1,061.4 million, contract liabilities of €795.5 million and revenue for works invoiced to customers of €1,863.7 million recognised	Our audit procedures included: – understanding the process for the measurement of contract assets and liabilities and assessing the design and implementation of controls;

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, whose carrying amount totals approximately €1,021.9 million at 31 December 2020;
– 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.
	– 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 operation 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 operation controllers;
	– assessing the appropriateness of the disclosures provided in the annual report about 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 2020 include equity investments of €1,418.5 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	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' 2020 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

Key audit matter	Audit procedures addressing the key audit matter
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. Considering the above, we believe that the measurement of equity investments is a key audit matter.	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.

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
At 31 December 2020, the company's gross exposure relating to projects carried out in Venezuela (€637.2 million, already impaired by €514.7 million at 31 December 2019) was written off, giving rise to a loss of €122.5 million. This write off was made considering the country's current conditions and the expected changes in its socio-economic and political environment. 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.	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

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.	amount of contract assets, trade receivables and non-current financial assets relating to projects carried out in Venezuela.

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 company's separate financial statements 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 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 2020 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 2020 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 2020 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, 6 April 2021

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 LEGISLATIV DECREE NO. 58/1998
TO THE SHAREHOLDERS' MEETING OF 30 APRIL 2021

Dear shareholders,

The current board of statutory auditors was appointed by the shareholders of Webuild S.p.A. (the "**company**" or "**Webuild**") on 4 May 2020. 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 2022. The chairperson of the board of statutory auditors held the same position in the board's previous mandate.

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 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 ordinary and extraordinary shareholders' meeting called to meet on 30 April 2021 on single call to approve the separate financial statements as at and for the year ended 31 December 2020 (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 2020.

With respect to bond issues:

- on 28 January 2020, the company completed its issuance of new unsecured fixed rate senior notes of €250 million, partly to which to be offered for exchange with the outstanding "€600,000,000 3.75 per cent. Notes due 24 June 2021". The proceeds from the new notes not issued for exchange were used to refinance the company's existing bank debt;
- on 15 December 2020, the company placed new unsecured fixed rate notes of €550 million, with a maturity in 2025, to be used to repurchase its outstanding "€600,000,000 3.75 per cent. Notes due 24 June 2021". It subsequently issued additional notes of €200 million, consolidated in a single series, increasing the total notes' nominal amount to €750 million.

With respect to Progetto Italia:

- on 5 November 2020, after the publication of the Rome Court's ruling no. 2900/2020 authorising the composition with creditors on a going concern basis procedure as per article 161 and subsequent articles of the Bankruptcy Law applied for by Astaldi S.p.A. ("Astaldi") on 28 September 2018, Webuild completed its acquisition of 66.101% of Astaldi. The acquisition took the form of a cash capital increase of €225 million reserved to Webuild, the proceeds of which were partly used to settle the secured and pre-deductible claims and partly to support Astaldi's continuity plan. Webuild financed the transaction using the liquidity obtained with the capital increase that was fully subscribed and paid up by Salini Costruttori S.p.A., CDP Equity S.p.A., Banco BPM S.p.A., Intesa Sanpaolo S.p.A., UniCredit S.p.A. and other institutional investors in November 2020;

- after the reporting date, the boards of directors of Astaldi and Webuild:
  (i) on 15 March 2021, agreed on the proportionate partial demerger as per article 2506 and subsequent articles of the Italian Civil Code of Astaldi to Webuild and defined an exchange rate of 203 ordinary Webuild shares for every 1,000 ordinary Astaldi shares held for the Astaldi shareholders other than Webuild (the "exchange ratio") after consulting their related party committees and assisted by their financial advisors;
  (ii) on 19 March and 20 March 2021, Webuild and Astaldi, respectively, approved the proportionate partial demerger of Astaldi to Webuild and called the related shareholders' meetings to take the necessary resolutions for 29 and 30 April 2021 (the "demerger").

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.

Specifically, we participated at all the meetings of the committee for related-party transactions, which reviewed the demerger and expressed its positive opinion on the company's interest in completing this transaction, as it is based on valid economic and strategic reasons, and on the acceptability and substantial correctness of the related terms, including the exchange ratio, as per their opinion provided in accordance with Consob regulation no. 17221/2010 and Webuild's related parties procedure.

3. Comments on and proposals about the findings and disclosures in the independent auditors' report

On 6 April 2021, 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 Webuild S.p.A. give a true and fair view of the financial position of the company and the Group as at 31 December 2020 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 2020 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 6 April 2021, KPMG S.p.A. also issued its additional report pursuant to article 11 of Regulation (EU) no. 537/2014 confirming, inter alia, that no significant deficiencies in internal control and/or the accounting system were identified, except for the application of the procedure to manage claims of the subsidiary Lane Industries Inc..*

KPMG S.p.A.'s reports detail the key audit matters with respect to which reference should be made thereto.

On 6 April 2021, KPMG S.p.A. issued its attestation of compliance on the information provided in the Consolidated Non-financial Statement required by articles 3 and 4 of Legislative decree no. 254/2016.

4. Complaints as per article 2408 of the Italian Civil Code, actions taken by the board of statutory auditors and related outcome

We received a complaint as per article 2408 of the Italian Civil Code from a non-controlling investor. We performed the appropriate checks and did not identify any matters to be reported to you.

We did not receive any 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 €721,000. This amount consists of €651,000 for engagements approved by us in advance and €70,000 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 2020 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.

6. Main opinions issued by the board of statutory auditors in accordance with the ruling regulations

During 2020, we specifically:

- examined and found in favour of the 2020 audit plan prepared by the internal audit supervisor approved by the board of directors. We were also informed that this plan was revisited in the light of the Covid-19 emergency;
- 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;
- 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;
- examined and found in favour of the update to the mandate and manual of the internal audit unit.

During the period from 31 December 2020 and up until the date of preparation of this report, we also:

- examined and found in favour of the 2021 audit plan prepared by the internal audit supervisor approved by the board of directors;
- examined and found in favour of the update to the guidelines on the design of accounting and administrative processes as per Law no. 262/2005 and the related risk control matrix.

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 2020.

7. Frequency of attendance at company body meetings

Starting from March 2020, all meetings were held using the video conference platform made available by the company in accordance with the regulations and measures brought in to contain the Covid-19 emergency.

As the company was able to ensure reliably that meetings were held correctly and on a timely basis and it has an adequate information communication system, we believe that adoption of this method did not diminish or affect the reliability of the information received or the effectiveness of our activities.

In 2020, we attended all 19 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 20 times during 2020 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 12 meetings of the control, risk and sustainability committee, 11 meetings of the compensation and nominating committee, five meetings of the committee for related-party transactions and ten meetings of the strategic committee (attended by our chairperson), obtaining information on the work they performed during the year.

We also participated in the ordinary and extraordinary shareholders' meeting held on 4 May 2020.

During 2021 and up to the date of this report, we attended all the meetings of the company bodies and, specifically, six meetings of the board of directors, four meetings of the control, risk and sustainability committee, nine meetings of the compensation and nominating committee, nine meetings of the committee for related-party transactions and three meetings of the strategic committee (attended either by our chairperson or a statutory auditor). We have met nine 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 systems.

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 chief executive officer, 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 Corporate Governance 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 October 2020;
- checked that the company has an anti-corruption model, which the board of directors last updated on 15 December 2020*;*
- 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 HCE Costruzioni 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 2020;

c) acknowledged the board of directors' positive assessment of the adequacy and effective working of internal controls and risk management in 2020.

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 2020 Annual Report and the 2020 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 26 February 2021, the board of directors approved the impairment test applied by the company during preparation of the financial statements at 31 December 2020 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 2020 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 2020 Interim Financial Report and the 2020 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, except for the application of the procedure to manage claims by the subsidiary Lane Industries Inc.;

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 updated in July 2018. On 26 February 2021, the board of directors resolved to comply with the new 2020 Code of Corporate Governance for Listed Companies, applicable since 1 January 2021.

During 2020 and up until the date of preparation of this report, we checked that the corporate governance rules applicable from time to time were properly complied with in accordance with article 149.1.c-bis) of the TUF. Specifically:

- the correct application of the criteria and procedures used by the board of directors to assess the independence of its members;
- the self-assessment performed by the board of directors and its committees;
- the company's corporate governance structure.

We examined the 2020 remuneration report approved by the board of directors in its meeting of 25 March 2021. We checked that the 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 22 December 2020 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 and the Code of Corporate Governance; 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 2020;

- 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. DEM/9017893 of 26 February 2009 and the correct presentation of the lists, given that a new board of directors is to be elected for the 2021-2023 three-year term;

- prepared the reports summarising our control activities performed in 2020 as required by Consob communication no. 1025564 of 6 April 2001;

  - checked the report on corporate governance and the ownership structure approved by the board of directors in its meeting of 25 March 2021 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.

15. Comments on COVID-19

We exchanged information constantly with the independent auditors despite the objective operating difficulties due to the public health emergency caused by COVID-19.

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 Consob and ESMA guidelines, the directors specified the actions taken to manage and contain the pandemic considering the health of its employees and partners in the "Covid-19" section of the Directors' report. Thanks to these measures, the company was able to continue its projects although work was slowed down and in some cases suspended. A multi-functional task force monitored the situation on a daily basis at the head office and the work sites.

The directors stated that they have not identified critical factors that could trigger a financial stress scenario at the date of preparation of this report.

In addition, the directors set out the company's strategies in the "Outlook" section of their report and the 2021 objectives for the group. These objectives may be revised given the uncertainty about how the Covid-19 pandemic will progress.

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 2020, 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 Webuild S.p.A. and the consolidated financial statements of Webuild Group as at and for the year ended 31 December 2020 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 19 March 2021 and the expression by the independent auditors on 6 April 2021 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 2020 presented to you by the board of directors together with its report and proposal.

Milan, 6 April 2021

Board of statutory auditors

Giacinto Sarubbi - Chairperson (signed on the original)

Paola Simonelli - Standing statutory auditor (signed on the original)

Roberto Cassader - Standing statutory auditor (signed on the original)