elecnor

FINANCIAL STATEMENTS AND DIRECTORS' REPORT 2019

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Contents

Auditing

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Audit Report on Consolidated Annual Accounts
issued by an Independent Auditor

To the shareholders of Elecnor, S.A.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion
We have audited the consolidated annual accounts of Elecnor, S.A. (the parent company) and its subsidiary companies (the Group), which comprise the statement of financial position at 31 December 2019, the results account, the global result statement, the statement of changes in equity, the cash flow statement and the notes to the consolidated annual accounts, all of them consolidated, for the year ended on that date.

In our opinion, the accompanying consolidated annual accounts express, in all the significant aspects, the true and fair picture of the equity and financial position of the Group at 31 December 2019, and of its results and cash flows, all of them consolidated, for the year ended on that date, in accordance with the International Financial Reporting Standards, adopted by the European Union (IFRS-EU), and other provisions of the regulatory framework for financial reporting that are applicable in Spain.

Basis for the opinion
We conducted our audit in accordance with the regulations governing accounts auditing in force in Spain. Our responsibilities in accordance with those regulations are described below in the *Auditor's responsibilities in relation to the audit of the consolidated annual accounts* section of our report.

We are independent from the Group in accordance with the ethics requirements, including those regarding independence, applicable to our audit of consolidated annual accounts in Spain, as laid down in the regulations governing the accounts auditing activity. In this respect, we have not provided services other than those of accounts auditing, nor have there been situations or circumstances that, as set forth in the aforesaid regulatory standards, have affected the necessary independence so that it was compromised.

We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

Key audit matters
Key audit matters are those that, in our professional opinion, were of most significance in our audit of the consolidated annual accounts for the current period. These matters were dealt with in the context of our audit of the consolidated annual accounts as a whole, and in the forming our opinion about them, and we do not express an opinion separately on these matters.

Susan Meredith
Traductora - Intérprete Jurada de Inglés
Nº 343

Revenue from Construction contracts
See Note 3.u to the consolidated annual accounts

The key audit matter	*How the matter was addressed in our audit*
A large part of the revenues of the Elecnor Group are generated by construction and services provision contracts, in which the revenue is recognised over time by the resources method based on the costs incurred over the total costs expected, i.e. on the basis of the degree of performance of the contract at the end of each accounting period, it being necessary, for determining the revenue to be recognised, for the Group to make estimates of the costs and result foreseen for each of the contracts. The application of this method therefore requires a high degree of judgment on the part of the directors and exhaustive control of the estimates made and of the deviations that may occur throughout the duration of the contract. The estimates should take into account all the costs and revenues related to the contracts, including any additional cost to the one initially budgeted, and the risks or claims that are in dispute. In this respect, the revenues are only recognised when it is probable that the Group will receive economic profits from the transaction and the costs incurred and those to be incurred, and the degree of performance of the contract, on the closing date, **can be assessed reliably.** Because of the uncertainty associated with the aforesaid estimates and the fact that changes in them might give rise to material differences in the revenues registered, it was considered a key audit matter.	Our auditing procedures included, among others, the following: - Evaluating the design and implementation of controls related to the process of recognition and valuation of revenue by the resources method and with the budgetary control process and verification of the effectiveness of the key controls identified; - Checking that the methodology used by the Group for determining the revenue, calculated taking as a basis the proportion of services performed with respect to the total of services to be rendered, is one of the methodologies accepted by the applicable regulatory framework for financial information; - Evaluating the hypotheses used in drawing up the budgets for the contracts; - On the basis of certain quantitative and qualitative selection criteria, we selected a sample of the construction contracts in order to assess the estimates made in drawing up the results forecast of the contract and in the recognition of revenues. In this respect, we obtained the contracts and the support documentation on which those estimates are based and the judgements made by the Group; - Comparative analysis of the result of finalised contracts with the result budgeted, analysing the historic evolution, the budgetary control performed by the Group and the judgement applied, and assessing whether on the whole the budgets represent the best estimate considering the risks existing at every moment; - Assessing whether the provisions recognised at the close of the year relating to each of the contracts reasonably reflect present obligations which will probably generate a departure from financial profits in future, as laid down in the contracts and obtaining the documentary support that justifies their recognition and assessing the judgment applied by the Group in its estimates; and - Assessing whether the information disclosed in the consolidated annual accounts meets the requirements of the regulatory framework for financial information applicable to the Group.

Susan Meredith
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Loss of control over the Celeo Concesiones e Inversiones group See Note 2.f to the consolidated annual accounts	
The key audit matter	*How the matter was addressed in our audit*
As mentioned in note 2.f to the accompanying notes to the consolidated annual accounts, during the year 2019 the Elecnor Group undertook a shareholding restructuring transaction in the company Celeo Concesiones e Inversiones, S.L. (hereinafter Celeo CI) which was carried out through a non-cash contribution which, together with the partial sale of shares that Elecnor, S.A. possessed, enabled a new shareholder to enter with a 49% holding in its capital, so the Elecnor Group lost control of the sub-group Celeo Concesiones e Inversiones, S.L. and subsidiary companies, over which, after the restructuring carried out, it has joint control. This transaction requires thorough analysis of the composition of the bodies keeping control over the relevant activities of the company, as well as of the agreements existing between partners with regard to concluding on the existence of joint control. Likewise, accounting for these transactions constitutes a complex exercise that calls for applying value judgments in determining the dilutive effect on Elecnor of not taking part in the capital increase subscribed by the other shareholder, and in estimating the reasonable value of the holding in Celeo CI retained by the Group. We consider this transaction a key audit matter because of its significance, the high degree of judgment inherent to the reasonable value estimates and the impact that it has on the consolidated annual accounts.	Our auditing procedures included, among others, the following: - Evaluation of and discussion with the Group's Management on the analysis that they made whereby they conclude on the loss of control. - Reading and understanding the articles of association of Celeo CI and of the partner agreements; - Evaluation of the methodology and key hypotheses used to determine the reasonable value of the holding retained in Celeo CI, involving for that purpose our specialists in assessment and corroborating the Group's explanations with market data and our prior experience, and which includes: * Obtaining the valuation report on the Celeo Redes Group made by the independent expert engaged by the Group, * Understanding and assessing the hypotheses used by the Group to determine the reasonable value of the other holdings held by Celeo CI; - Making sure that the registration of the transactions carried out was performed in accordance with what is laid down by the accounting regulations applicable. In particular, that the assets and liabilities linked to the companies that have fallen outside the consolidation perimeter have been derecognised and that the holding retained over Celeo CI was registered initially at its reasonable value on the date on which the loss of control occurred. - Assessing whether the information on the transaction disclosed in the consolidated annual accounts meets the requirements of the regulatory framework for financial information applicable to the Group.

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Emphasis paragraph

We draw attention to what is indicated in note 33 of the accompanying notes to the consolidated annual accounts, in which the directors mention the subsequent event in relation to the health emergency associated with the spread of the COVID-19 Coronavirus and the principal consequences identified on the date of drawing up these consolidated annual accounts, considering the measures taken by the respective governments in which the Group operates, and the difficulties involved in estimating the potential impacts that this situation might have. Our opinion has not changed with regard to this matter.

Other information: Consolidated management report

The other information comprises exclusively the consolidated management report for the year 2019, the drawing up of which is the responsibility of the directors of the parent company and which does not form an integrated part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility for the information contained in the consolidated management report is defined in the regulations governing the accounting activity, which establishes two differentiated levels thereon:

a) A specific level that stems from application to the consolidated non-financial information statement, and to certain information included in the Annual Corporate Governance Report (ACGR), as defined in section 35.2 b) of Act 22/2015, on Account Auditing, which consists solely of checking that the aforesaid information was provided in the consolidated management report, or where applicable, that the corresponding reference to the separate report on non-financial information was included in it in the manner provided for in the regulation, or otherwise to report on it.

b) A general level applicable to the other information included in the consolidated management report, that consists of evaluating and reporting on the consistency of the aforesaid information with the consolidated annual accounts, on the basis of the knowledge of the Group obtained from conducting the audit of the aforesaid accounts and without including information other than that obtained as evidence during it, and to evaluate and report on whether the content and presentation of this part of the consolidated management report are in keeping with the regulations that prove to be applicable. If, on the basis of the work that we have carried out, we conclude that there are material misstatements, we are bound to report that fact.

On the basis of the work carried out, as described above, we have established that the information mentioned in sub-section a) above is provided in the consolidated management report and that the other information contained in the consolidated management report is consistent with that of the consolidated annual accounts for the year 2019 and its content and presentation are in line with the regulations that prove to be applicable.

Responsibility of the directors and the audit committee in relation to the consolidated annual accounts

The directors of the parent company are responsible for drawing up the accompanying consolidated annual accounts, so that they express the true picture of the equity, financial position and consolidated results of the Group, in accordance with the IFRS-EU and other provisions in the regulatory framework for financial information applicable to the Group in Spain, and for the internal control that they deem necessary to enable consolidated annual accounts to be prepared that are free from material misstatement, due to fraud or error.

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In preparing the consolidated annual accounts, the directors of the parent company are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as appropriate, the matters related to a going concern and using the going-concern accounting principle unless the aforesaid directors intend to wind up the Group or discontinue its operations, or there is no other realistic alternative.

The audit committee of the parent company is responsible for supervising the process of preparing and presenting the consolidated annual accounts.

Responsibilities of the auditor with respect to auditing consolidated annual accounts

Our objectives are to obtain reasonable assurance that the consolidated annual accounts are as a whole free from material misstatement, whether due to fraud or error, and to issue an audit report containing our opinion.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the regulations governing the account auditing activity in force in Spain will always detect a material misstatement when one exists. Misstatements may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions that users make on the basis of the consolidated annual accounts.

As part of an audit in compliance with the regulations governing the account auditing activity in force in Spain, we apply our professional judgment and maintain an attitude of professional scepticism throughout the audit. Furthermore:

- we identify and assess the risks of material misstatement in the consolidated annual accounts, whether due to fraud or error, we design and apply audit procedures to respond to those risks and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than it is in the case of a material misstatement due to error, as fraud may involve collusion, forgery, deliberate omissions, intentionally erroneous statements or the circumvention of internal control.

- we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate according to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- We evaluate the appropriateness of accounting policies applied and the reasonableness of accounting estimates and related information disclosed by the directors of the parent company.

- We conclude on the appropriateness of the parent company directors' use of the going-concern accounting principle and, based on the audit evidence obtained, we conclude on whether or not 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 audit report to the related information disclosed in the consolidated annual accounts or, if such disclosures are inadequate, to express a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. Nevertheless, future events or conditions may cause the Group to cease to be a going concern.

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- We evaluate the overall presentation, structure and content of the consolidated annual accounts, including the information disclosed, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that they manage to give the true picture.

- We obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We are solely responsible for our audit opinion.

We communicate with the parent company audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, as well as any significant deficiency in internal control that we identify during the audit.

We also provide the parent company audit committee with a statement to the effect that we have complied with the ethical requirements applicable, including those of independence, and have communicated with it to report matters that may reasonably be a threat to our independence and, where applicable, related safeguards.

Among the matters communicated to the parent company audit committee, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are, consequently, the key audit matters.

We describe those matters in our audit report unless the legal or regulatory provisions prohibit public disclosure of the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional report for the parent company audit committee

The opinion expressed in this report is consistent with what is stated in our additional report for the parent company audit committee dated 26 March 2020.

[*Continued*]

Susan Meredith
Traductora - Intérprete Jurada de
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Period of engagement
The Ordinary General Meeting of Shareholders held on 22 May 2019 appointed us as the Group's auditors for the period of one year, commencing on 1 January 2019.

Previously, we were appointed by resolution of the General Meeting of Shareholders for the period of 3 years and renewed annually so we have been performing the account auditing work continuously since the year ended 31 December 2013.

KPMG Auditors, S.L.
Registered in the Official Register of Auditors no. 80702

[*Signature mark*]
Bernardo Rücker-Embden
Registered in the Official Register of Accounts Auditors: 18,836

26 March 2020

[*Sticker*] Auditors
Institute of Chartered Accountants of Spain
KPMG AUDITORES, S.L.
2020 No. 03/20/00074
Corporate seal 96,00 EUR
Account audit report subject to Spanish or international account auditing regulations
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I, Susan Meredith,
Accredited Translator (Spanish-English), appointed by the Spanish Ministry of Foreign Affairs and for Cooperation, hereby certify that the translation above is a true and full rendering in English of a document drawn up in Spanish.

Madrid, 8 May 2020

Doña Susan Meredith,
Traductora/Intérprete Jurada de inglés, nombrada por el Ministerio de Asuntos Exteriores y de Cooperación, certifica que la que antecede es traducción fiel y completa al inglés de un documento redactado en español.

En Madrid, a 8 de mayo de 2020

Susan Meredith
Traductora - Intérprete Jurada de Inglés
Nº 343
Susan Meredith

Economic Profile of the Elecnor Group

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Elecnor, S.A. and Subsidiaries Consolidated Statement of Financial Position

at 31 December 2019 (Thousands of Euros)

Assets	31 December 2019	Restated 31 December 2018 (*)	Restated 1 January 2018 (*)
Non-current assets:			
Intangible assets-			
Goodwill (Note 9)	24,878	28,840	28,826
Other intangible assets (Note 10)	17,442	45,775	49,676
	42,320	**74,615**	**78,502**
Right-to-use assets (Note 12)	**35,166**	**-**	**-**
Property, plant and equipment (Note 11)	**715,735**	**689,358**	**753,774**
Equity-accounted investees (Note 13)	**580,567**	**339,718**	**381,335**
Non-current financial assets (Note 14)			
Investments	1,744	2,560	2,687
Other financial assets	40,227	80,840	64,285
Derivative financial instruments (Note 18)	24	109	1,036
	41,995	**83,509**	**68,008**
Deferred tax assets (Note 21)	**103,427**	**95,826**	**97,294**
Total non-current assets	**1,519,210**	**1,283,026**	**1,378,913**
Current assets:			
Inventories (Note 3,p)	**5,759**	**7,288**	**7,630**
Customer contract assets (Note 24)	**306,129**	**258,756**	**146,756**
Trade and other receivables (Note 15,a)	**682,168**	**653,773**	**741,001**
Trade receivables from related companies (Note 29)	**15,119**	**7,112**	**13,099**
Public entities, receivable	**40,633**	**35,943**	**52,164**
Current income tax assets	**6,820**	**12,853**	**8,763**
Other receivables	**20,794**	**15,221**	**21,650**
Current investments in related companies	**128**	**297**	**(6)**
Other current financial investments	**6,429**	**4,947**	**-**
Derivative financial instruments (Note 18)	**3,873**	**871**	**-**
Other current assets	**8,345**	**6,063**	**10,698**
Cash and cash equivalents (Note 15,b)	**325,116**	**293,399**	**236,642**
Non-current assets held for sale (Note 8)	**38,721**	**423**	**423**
Total current assets	**1,460,034**	**1,296,946**	**1,238,820**
Total assets	**2,979,244**	**2,579,972**	**2,617,733**

The accompanying notes form an integral part of the consolidated annual accounts.
(*) Figures restated, see Note 2.e)

EQUITY AND LIABILITIES	31 December 2019	Restated 31 December 2018 (*)	Restated 1 January 2018 (*)
Equity (Note 16):			
Equity attributable to equity holders of the Parent-			
Capital	8,700	8,700	8,700
Own shares (Note 16)	(21,963)	(21,884)	(21,232)
Other reserves	743,548	705,915	671,167
Translation differences (Note 16)	(132,494)	(199,459)	(152,004)
Valuation adjustments to equity (Note 16)	(13,569)	(51,717)	(57,381)
Profit/loss for the year attributable to the Parent	126,377	82,117	64,737
Interim dividend paid in the year (Note 5)	(4,987)	(4,795)	(4,611)
	705,612	**518,877**	**509,376**
Non-controlling interests (Note 16)	**31,708**	**47,469**	**54,370**
Total equity	**737,320**	**566,346**	**563,746**
Non-current liabilities:			
Official grants (Note 3,r)	**6,448**	**6,979**	**7,829**
Provisions for other liabilities and charges (Note 19)	**46,389**	**29,914**	**30,598**
Financial liabilities for the issuance of bonds and other marketable securities (Note 17)	**60,122**	**35,185**	**36,922**
Finance liabilities on loans and borrowings (Note 17)	**583,934**	**571,221**	**697,836**
Derivative financial instruments (Notes 17 & 18)	**14,132**	**11,413**	**0**
Lease liabilities (Note 12)	**32,710**	**-**	**-**
Other non-current liabilities	**19,634**	**24,197**	**26,563**
Deferred tax liabilities (Note 21)	**20,606**	**22,097**	**30,827**
Total non-current liabilities	**783,975**	**701,006**	**830,575**
Current liabilities:			
Provisions for other liabilities and charges (Note 19)	**64,418**	**68,029**	**48,992**
Financial liabilities for the issuance of bonds and other marketable securities (Note 17)	**74,998**	**156,825**	**101,380**
Finance liabilities on loans and borrowings (Note 17)	**96,964**	**86,035**	**69,962**
Derivative financial instruments (Notes 17 & 18)	**5,722**	**6,569**	**0**
Non-current liabilities (Note 12)	**7,410**	**-**	**-**
Trade payables to associates and related companies (Note 29)	**60**	**596**	**3,447**
Trade and other payables-			
Purchases and services received	551,744	481,468	466,059
Customer advances (Note 20)	89,013	67,543	117,669
	640,757	**549,011**	**583,728**
Customer contract liabilities (Note 24)	**357,009**	**320,310**	**252,734**
Current income tax liabilities	**52,370**	**23,795**	**20,594**
Other payables-			
Public entities, payable	56,002	49,246	52,727
Current liabilities (Note 11 and 24)	79,082	52,204	89,848
	135,084	**101,450**	**142,575**
Liabilities associated directly with non-current assets held for sale (Note 8)	**23,157**	**-**	**-**
Total current liabilities	**1,457,949**	**1,312,620**	**1,223,412**
Total liabilities and equity	**2,979,244**	**2,579,972**	**2,617,733**

The accompanying notes form an integral part of the consolidated annual accounts.
(*) Figures restated, see Note 2.e)

Elecnor, S.A. and Subsidiaries Consolidated Income Statement

for the year ended 31 December 2019 (Thousands of Euros)

	2019	Restated 2018 (*)
Continuing operations:		
Net turnover (Note 24)	2,453,726	2,250,899
Changes in inventories of finished goods and work in progress	23	(1,055)
Self-constructed assets (Note 3,i)	24,240	5,079
Materials consumed (Note 24)	(1,195,013)	(1,089,170)
Other operating income (Note 3,r)	14,495	17,740
Personnel expenses (Note 24)	(669,018)	(599,994)
Other operating expenses (Note 24)	(381,931)	(348,064)
Expense for amortisation, depreciation, impairment and charges to provisions (Note 24)	(162,122)	(104,793)
Impairment and profit/loss on disposal of fixed assets (Note 2,f)	186,742	-
Profit/loss at equity-accounted investees (Notes 7 and 13)	(46,268)	18,733
Negative difference in business combinations (Note 7)	14,802	-
Results from operating activities	**239,676**	**149,375**
Finance income (Note 24)	9,338	10,899
Finance costs (Note 24)	(54,560)	(48,609)
Translation differences	(2,552)	13,838
Impairment and profit/loss on disposal of financial instruments	(2,235)	273
Changes in the fair value of financial instruments	410	(385)
Profit before income tax	**190,077**	**125,391**
Income tax (Note 22)	(59,412)	(37,558)
Profit/loss from continuing operations	**130,665**	**87,833**
Profit/loss for the year	**130,665**	**87,833**
Attributable to:		
Shareholders of the Parent	126,377	82,117
Non-controlling interests (Note 16)	4,288	5,716
Earnings per share (in Euros) (Note 31)		
Basic	1.49	0.97
Diluted	1.49	0.97

The accompanying notes form an integral part of the consolidated annual accounts.
(*) Figures restated, see Note 2.e)

Elecnor, S.A. and Subsidiaries Consolidated Statement of Comprehensive Income

for the year ended 31 December 2019 (Thousands of Euros)

	Notes to the Report	2019	Restated 2018 (*)
CONSOLIDATED PROFIT		**130,665**	**87,833**
Other comprehensive income:			
Items to not be reclassified to profit or loss		-	-
Items to be reclassified to profit or loss			
- Cash flow hedges		53,089	(11,479)
- Exchange differences of financial statements for businesses abroad		(4,785)	(30,839)
- Share of other comprehensive income of equity-accounted investees	Note 13	(15,051)	(10,462)
- Tax effect		(1,985)	3,024
Other comprehensive income for the year, net of tax		**31,268**	**(49,756)**
Total comprehensive income attributable to:		**161,933**	**38,077**
a) Equity holders of the Parent		**153,210**	**36,833**
b) Non-controlling interests		**8,723**	**1,244**

The accompanying notes form an integral part of the consolidated annual accounts.
(*) Figures restated, see Note 2.e)

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Elecnor, S.A. and Subsidiaries Consolidated Statement of Changes in Equity

for the year ended 31 December 2019 (Thousands of Euros)

	Capital	Accumulated Reserves	Own Shares	Interim dividend paid in the year	Cash flow hedges	Translation Differences	Net profit/loss for the year	Non-controlling Interests	Total Equity
Balances at 31 December 2017 (restated)	**8,700**	**714,947**	**(21,232)**	**(4,611)**	**(61,244)**	**(183,763)**	**71,227**	**380,037**	**904,061**
Adjustments due to restatement (Note 2,e)	-	(24,093)	-	-	3,863	29,448	(6,490)	(325,667)	(322,939)
Adjustment for initial application of IFRS 15	-	(19,364)	-	-	-	2,311	-	-	(17,053)
Adjustment for initial application of IFRS 9	-	(323)	-	-	-	-	-	-	(323)
Balances at 1 January 2018 (restated)	**8,700**	**671,167**	**(21,232)**	**(4,611)**	**(57,381)**	**(152,004)**	**64,737**	**54,370**	**563,746**
Adjustments for changes in accounting policies (Note 2,g)	-	(3,493)	-	-	-	3,493	-	-	-
Total recognised income and expense for 2018	-	-	-	-	5,664	(50,948)	82,117	1,244	38,077
Distribution of profit:									
Reserves	-	39,780	-	-	-	-	(39,780)	-	-
Supplementary dividend (Note 5)	-	-	-	-	-	-	(20,346)	(5,077)	(25,423)
2017 interim dividend	-	-	-	4,611	-	-	(4,611)		-
Acquisition of own shares	-	-	(1,563)	-	-	-	-	-	(1,563)
Sale of own shares	-	334	911	-	-	-	-	-	1,245
Interim dividend paid in 2018	-	-	-	(4,795)	-	-	-	-	(4,795)
Changes in interests in subsidiaries (Note 16,e)	-	-	-	-	-	-	-	158	158
Capital reductions	-	-	-	-	-	-	-	(3,130)	(3,130)
Adjustments for hyperinflation	-	390	-	-	-	-	-	-	390
Other	-	(2,263)	-	-	-	-	-	(96)	(2,359)
Balances at 31 December 2018 (restated)	**8,700**	**705,915**	**(21,884)**	**(4,795)**	**(51,717)**	**(199,459)**	**82,117**	**47,469**	**566,346**
Adjustment for initial application of IFRS 16 (Note 2,b)	-	(5,308)	-	-	-	-	-	-	(5,308)
Adjustment for initial application of IFRIC 23 (Note 2,b)	-	(6,300)	-	-	-	-	-	-	(6,300)
Total recognised income and expense for 2019	-	-	-	-	43,487	(16,654)	126,377	8,723	161,933
Distribution of profit:									
Reserves	-	55,383	-	-	-	-	(55,383)	-	-
Supplementary dividend (Note 5)	-	-	-	-	-	-	(21,939)	(16,222)	(38,161)
2018 interim dividend	-	-	-	4,795	-	-	(4,795)	-	-
Acquisition of own shares	-	-	(1,213)	-	-	-	-	-	(1,213)
Sale of own shares	-	189	1,134	-	-	-	-	-	1,323
Interim dividend paid in 2019	-	-	-	(4,987)	-	-	-	-	(4,987)
Changes in the consolidated Group (Note 2,f)	-	-	-	-	(5,339)	83,619	-	-	78,280
Capital reductions	-	-	-	-	-	-	-	(9,360)	(9,360)
Adjustments for hyperinflation	-	(3,569)	-	-	-	-	-	-	(3,569)
Other	-	(2,762)	-	-	-	-	-	1,098	(1,664)
Balances at 31 December 2019	**8,700**	**743,548**	**(21,963)**	**(4,987)**	**(13,569)**	**(132,494)**	**126,377**	**31,708**	**737,320**

Elecnor, S.A. and Subsidiaries Consolidated Statement of Cash Flow

for the year ended 31 December 2019 (Thousands of Euros)

	2019	Restated 2018 (*)
Cash flows from operating activities:		
Consolidated profit for the year	130,665	87,833
Adjustments for:		
Depreciation and amortisation	86,723	62,710
Impairment and net profit from disposals of property, plant and equipment and intangible assets	11,581	(145)
Changes in provisions for liabilities, risk and charges (Note 24)	81,457	41,375
Capital grants taken to income	(484)	(478)
Share in (profit)/loss for the year of equity-accounted investees (Note 13)	46,268	(18,733)
Impairment and net gains on disposal of financial instruments other assets (Note 2,f)	(184,507)	-
Finance costs (Note 24)	45,222	37,710
Translation differences	2,552	(13,838)
Other income and expenses	(9,761)	1,796
Corporate Income Tax	59,412	37,558
Funds generated from operations	**269,128**	**235,788**
Changes to working capital:		
Trade and other receivables	(101,437)	(58,602)
Inventories	2,451	342
Trade and other payables	90,052	36,591
Changes in other current assets and liabilities	6,077	817
Income tax paid	(35,505)	(46,960)
Net cash flows from operating activities (I)	**230,766**	**167,976**
Cash flows from investing activities:		
Payments for acquisition of Group companies, associates and jointly-controlled entities (Note 7)	(2,871)	(28,900)
Payments for acquisition of intangible assets (Note 10)	(3,477)	(2,961)
Payments for acquisition of financial assets (Note 14)	(7,206)	(15,160)
Payments for acquisition of property, plant and equipment (Note 11)	(118,343)	(33,256)
Payments for contributions to associates (Note 13)	(7,926)	(1,086)
Dividends received from associates (Note 13)	2,294	47,468
Interest received	9,338	9,476
Proceeds from disposal of Group companies, associates and jointly-controlled entities (Notes 2,f)	28,635	9,234
Proceeds from the sale of intangible assets and property, plant and equipment (Notes 10 and 11)	4,566	3,753
Proceeds from disposal of financial assets, net (Note 14)	15,503	17,043
Net cash flows used in investing activities (II)	**(79,487)**	**5,611**
Cash flows from financing activities:		
Cash inflows from financial debt and other non-current borrowings (Note 17)	1,793,221	756,929
Interest paid	(57,222)	(47,300)
Repayment of financial debt and other non-current borrowings (Note 17)	(1,803,163)	(788,340)
Dividends paid (Note 16)	(43,148)	(34,829)
Proceeds from contribution/return of funds by/to non-controlling shareholders, net (Note 16)	(9,360)	(2,972)
Cash inflows due to disposal of own shares (Note 16)	1,323	1,245
Cash outflows due to purchase of own shares (Note 16)	(1,213)	(1,563)
Net cash flows used in financing activities (III)	**(119,562)**	**(116,830)**
Effect of changes in the consolidated group (IV)	**-**	**-**
Net increase/decrease in cash and cash equivalents (I+II+III+IV)	**31,717**	**56,757**
Cash and cash equivalents at beginning of year	293,399	236,642
Cash and cash equivalents at year end	**325,116**	**293,399**

The accompanying notes form an integral part of the consolidated annual accounts.
(*) Figures restated, see detailed in Note 2.e)

Consolidated Annual Report

Prepared under International Financial Reporting Standards as adopted by the European Union

Elecnor, S.A. and Subsidiaries Consolidated Annual Accounts

for the year ended
31 December 2019

1. NATURE, ACTIVITIES AND COMPOSITION OF THE GROUP

Elecnor, S.A., (hereinafter, the Parent), was incorporated for an indefinite period in Spain on 6 June 1958 and its registered office is located at Calle Marqués de Mondéjar 33, Madrid.

The Parent's statutory activity, according to its bylaws, is:

- Wide-ranging commercial activity in connection with the engineering, design, construction, erection, repair, maintenance and upkeep of all manner of construction projects and installation work in the broadest sense, i.e. the entire execution thereof with or without the supply of materials, on its own account or through third parties, on an exclusive basis or through associations of any kind.

- The provision of public and private services in relation to the collection of all types of waste; sweeping and cleaning of streets; transfer and transport of waste to the place of end disposal; the end disposal of such waste, recycling, treatment and deposit of public, private, industrial, hospital and pathological waste; cleaning, maintenance and upkeep of sewers; and, in general, urban water treatment services and all other ancillary services related directly or indirectly to the aforementioned services in their broadest sense.

- The design, research, development, construction, operation, maintenance and marketing of waste treatment, recovery and elimination facilities, and the purchase and sale of the by-products originating from these treatments.

- The design, research, development, construction, operation, maintenance and marketing of plants and facilities for the treatment of water, wastewater and waste, the recovery and elimination of waste, and the purchase and sale of the by-products originating from these treatments.

- The use, transformation and marketing of water of all types.

The aforementioned business activities can also be fully or partially carried out indirectly by the Parent through investments in other companies with a similar statutory activity, both in Spain and abroad. The Elecnor Group may not carry out any business activity for which specific conditions or limitations are imposed by law, unless it fully meets such conditions.

The subsidiaries basically engage in business activities comprising the aforementioned statutory activity, and in the operation of wind energy generation, solar thermal and solar PV facilities, the provision of aeronautical and aerospace software research, advisory and development services and the manufacture and distribution of solar panels and solar PV plants.

The Parent's bylaws and other related public information may be viewed on the website **www.elecnor.com** and at its registered office.

Elecnor, S.A. is the Parent of a Group comprising subsidiaries that focus on a range of activities and that, together with it, form the Elecnor Group (hereinafter, the "Group" or the "Elecnor Group"). Moreover, the Group has investments in associates and joint ventures and takes part in joint ventures with other operators.

Shares in Elecnor, S.A. are traded in the Madrid and Bilbao stock exchanges.

Appendix I includes information on equity-accounted subsidiaries and associates included in the Elecnor Group's consolidated scope.

2. BASIS OF PRESENTATION

a) Basis of presentation and regulatory financial reporting framework applicable to the Group-

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of Elecnor, S.A. and of the consolidated companies.
The consolidated annual accounts for 2019 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other applicable provisions in the financial reporting framework, to give a true and fair view of the consolidated equity and consolidated financial position of Elecnor, S.A. and subsidiaries at 31 December 2019 and consolidated results of operations and changes in consolidated equity and cash flows of the Group for the year then ended.

The Group adopted IFRS-EU on 1 January 2004 and applied IFRS 1, "First-time adoption of International Financial Reporting Standards".

The directors of the Parent consider that the consolidated annual accounts for 2019, authorised for issue on 25 March 2020, will be approved with no changes by the General Shareholders' Meeting.

The Elecnor Group's consolidated annual accounts for 2018 were authorised for issue by General Shareholders' Meeting of Elecnor, S.A. at their annual general meeting held on 22 May 2019.

These consolidated annual accounts have been prepared on a going concern basis using the historical cost principle, with the exception of derivative financial instruments, which have been recognised at fair value.

Note that the balances from the Group's Argentine and Venezuelan companies were expressed at current cost before inclusion in the consolidated annual accounts of the Elecnor Group, as per IAS 29 "Financial Reporting in Hyperinflationary Economies", as these countries' economies are considered to be hyperinflationary (see section g).

b) Adoption of International Financial Reporting Standards (IFRS)-

Standards applied for the first time

The Group has applied the following interpretations for the first time to the consolidated annual accounts commencing on 1 January 2019:

IFRS 16 Leases

IFRS 16 eliminates the double-entry accounting model for lessees that distinguishes between finance leases, which are recognised in the balance sheet, and operating leases, for which future lease payments do not have to be recognised. A single model has been developed in its place for the balance sheet, which is similar to the current finance lease model. In the case of lessors, the same model is maintained, i.e. the classification of leases as finance and operating leases.

IFRS 16 replaces the existing guidelines on leases, including IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group has opted to implement IFRS 16 using the modified retroactive method, recognising the right-of-use asset at an amount equal to its carrying amount, as though the standard had been applied since the start date, but discounted by applying the incremental interest rate of the lessee's indebtedness on the initial application date. By taking this approach, the Group does not restate comparative information.

(i) Identification of a lease

At inception of a contract, the Group assesses whether the contract contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The period in which a Group uses an asset includes consecutive and non-consecutive periods. The Group only reassesses the conditions when there is a modification to the contract.

(ii) Lessee accounting

For a contract that contains a lease component and one or more additional lease or non- lease components, the Group considers all components as a single lease component.

The Group has opted not to apply the accounting policies shown below for short-term leases and those whose underlying asset has a value of less than Euros 5 thousand, which correspond primarily to machinery leases for use in construction works, since the estimated duration of the works is less than or around one year, as such machinery tends to be leased for the duration of the project for which it has been leased. On 31 December 2019, the heading "Right-of-use assets" corresponds mainly to leases of premises and of plots of land on which wind farms are located.

The Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

At the lease commencement date the Group recognises a right-of-use asset and a lease liability.

The right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payment made at or before the commencement date, less any lease incentives received, any initial direct costs incurred and an estimate of the decommissioning or restoration costs to be incurred, as indicated in the accounting policy on provisions.

The Group measures the lease liability at the present value of the lease payments that are not paid at that date. The Group discounts lease payments at the appropriate incremental interest rate, unless it can readily determine the lessor's implicit interest rate. In this regard, for the initial measurement of the lease liability the incremental interest rate was used, representing the interest rate that a lessee would have to pay for borrowing over a similar period, with a similar guarantee, the necessary funds to obtain an asset of a value similar to that of the right-of-use asset in a similar economic context. The Group uses different discount rates for each country and depending upon the remaining lease terms, the applied discount rates being between 0.70% and 4.95% for leases in Spain, in accordance with the duration of the contracts, as this is where most of the leases subject to this standard are located.

Lease payments pending comprise fixed payments less any incentives receivable, variable payments that depend on an index or rate, initially measured using the index or rate as at the commencement date, the amounts expected to be payable under residual value guarantees, the exercise price of the purchase option if the lessee is reasonably certain to exercise that option, and the payment of penalties terminating the lease, provided that the lease term reflects the lessee exercising an option to terminate the lease.

The Group measures right-of-use assets at cost, less any accumulated depreciation and impairment, adjusted for any re-measurement of the lease liability.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the Group depreciates the right-of- use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group measures lease liabilities by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any lease modifications or to reflect revised in-substance l ease payments.

The Group recognises the amount of remeasurement of the liability as an adjustment to the right-of-use asset until this is reduced to zero and subsequently in profit or loss.

The Group remeasures lease liabilities by discounting the revised lease payments using a revised discount rate, of there is a change in the lease term or a change in assessment of an option to purchase the underlying asset.

The Group remeasures lease liabilities if there is a change in the estimated amounts payable of a residual value guarantee or a change in the index or rate used to determine the payments, including a change to reflect variations in market rental rates once there has been a review thereof.

IFRIC 23 Uncertainty over Income Tax Treatments

The IFRS Interpretations Committee (IFRIC) issued IFRIC 23, establishing how to recognise and measure taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments.

An uncertain income tax treatment is any treatment applied by an entity where there is uncertainty as to whether said approach will be accepted by the tax authority. The interpretation takes into account:

- How to determine the appropriate accounting unit, and whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments, depending on which approach better predicts the resolution of the uncertainty.

- That the entity must assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations; in other words, risk of detection must be ignored.

- That the entity must reflect the effect of uncertainty on its accounting for income tax when the taxation authority is unlikely to accept the treatment.

- That the impact of uncertainty must be measured using the most likely amount method or the expected value method, depending on which method better predicts the resolution of the uncertainty, and that the judgements and estimates used must be reassessed if the facts and circumstances change or new information becomes available.

If the Group determines that it is unlikely that the tax authority will accept an uncertain tax treatment or group of uncertain tax treatments, it considers said uncertainty when determining the taxable income, tax bases, tax loss carryforwards, deductions or tax rates. The Group determines the effect of uncertainty on the corporate income tax filing using the expected value method, when the range of potential outcomes is very broad, or the most likely amount method, when the outcome is binary or concentrated on one value. In those cases in which the tax asset or liability calculated based on these criteria exceeds the amount presented in self-assessments, it is presented as current or non-current in the consolidated statement of financial position based on the estimated recovery or payment date, considering, where appropriate, the amount of related late-payment interest on the liability as accrued in the income statement. The Group recognises changes in events and circumstances relating to tax uncertainties as a change of estimate.

The Group recognises and presents fines in accordance with the stated accounting policy for provisions.
The Group opted to apply IFRIC 23 using the retroactive method, recognising the cumulative effect of calculating uncertainty in accordance with the expected value in reserves and without restating the comparative information.

The table below summarises the impact of adopting IFRS 16 and CINIF 23 on the Consolidated Statement of Financial Position at 1 January 2019 for each of the affected headings.

Impact on the Consolidated Statement of Financial Position

1 January 2019 Thousands of Euros	Amounts restated without adoption IFRS 16 and CINIF 23	Adjustments IFRS 16	Adjustments IFRIC 23	Amounts after adoption of IFRS 16 and IFRIC 23
Assets				
Non-current assets				
Equity-accounted inves-tees	339,718	(1,190)	-	338,528
Right-to-use assets	-	29,750	-	29,750
Deferred tax assets	95,826	542	-	96,368
Total non-current as-sets	**1,283,026**	**29,102**	**-**	**1,312,128**
Total assets	**2,579,972**	**29,102**	**-**	**2,609,074**
Equity and Liabilities				
Equity				
Other reserves	705,915	(5,308)	(6,300)	694,307
Total equity	**566,346**	**(5,308)**	**(6,300)**	**554,738**
Non-current liabilities				
Lease liabilities	-	34,408	-	34,408
Total non-current liabil-ities	**701,006**	**34,408**	**-**	**735,414**
Current liabilities				
Lease liabilities	-	2	-	2
Current income tax liabili-ties	23,795	-	6,300	30,095
Total current liabilities	**1,312,620**	**2**	**6,300**	**1,318,922**
Total liabilities and equity	**2,579,972**	**29,102**	**-**	**2,609,074**

As a result of the application of IFRS 16 in relation to those leases that were previously classified as operating leases, the Group has recognised right-of-use assets amounting to Euros 35,166 thousand and lease liabilities amounting to Euros 40,120 thousand at 31 December 2019.

Likewise, and also in relation to the accounting treatment of leases under IFRS 16, the Group booked depreciation charges for right-of-use assets and finance expenses instead of lease expenses, which in the consolidated income statement at 31 December 2018 were included under the heading "Other operating expenses". Specifically, in 2019, the Group booked depreciation charges amounting to Euros 6,362 thousand, finance expenses for lease liabilities amounting to Euros 2,688 thousand, and lower operating lease expenses amounting to Euros 7,875 thousand.

The application impact of IFRS 16 on the Statement of Cash Flows in 2019 was not material.

Standards, modifications and interpretations issued but not yet in force

At the date on which these consolidated annual accounts were authorised for issue, the standards, amendments and interpretations issued but not yet in force and which the Group expects to adopt from 1 January 2020 or subsequently, are:

- IAS 1 (Amendment) and IAS 8 (Amendment) "Definition of Material"
- Modification to references of IFRS standards due to the conceptual framework.
- IBOR reform.

Existing standards, amendments and interpretations have not been adopted by the European Union

At the date on which these consolidated annual accounts were authorised for issue, the IASB and IFRS Interpretations Committee had published standards, amendments and interpretations listed below, that are pending adoption by the European Union:

- IFRS 10 (Amendment) and IAS 28 (Amendment) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture".
- IFRS 3 (Amendment) "Definition of a Business".
- IFRS 17 Insurance Contracts.

In view of the Group's activities, the effect of applying new standards, amendments or interpretations on the consolidated annual accounts when applied for the first time is not considered to be material for the Group.

c) Functional currency and presentation currency-

The figures disclosed in the consolidated annual financial statements are expressed in thousands of Euros, the Parent's functional and presentation currency.

d) Material accounting estimates and significant assumptions and judgements in applying accounting policies-

The information in these consolidated annual accounts is the responsibility of the Board of Directors of Elecnor.

The preparation of consolidated annual financial statements in accordance with EU-IFRS requires the application of material accounting estimates and significant judgements, estimates and assumptions in the process of applying the Group's accounting policies. In this connection, there follows a detailed summary of the aspects that have involved the greatest degree of judgement, complexity or in which the assumptions and estimates are not material for preparing the consolidated annual financial statements.

Material accounting estimates and significant assumptions

- The Group tests goodwill for impairment annually. Determining the recoverable value of a division to which goodwill has been assigned implies using estimates. The recoverable value is higher than the fair value less costs to sell or otherwise dispose of the item and value in use. Generally, the Group uses discounted cash flow methods to determine these values. Discounted cash flow calculations are based on 5 year projections of the budgets approved by the Group for infrastructure segment assets and projections over the entire regulatory useful life for concession assets. The flows take into account past experience and represent the best estimate on future market performance. Cash flows from the fifth year for infrastructure segment assets are extrapolated using individual growth rates. The key assumption to measure fair value less costs to sell or otherwise dispose of the item and value in use include growth rates, the discount rates and tax rates. The estimates, including the methodology used, may have a material impact on the values and on impairment losses (Note 9).
- Impairment adjustments due to customer insolvencies, the revision of individual balances based on the credit quality of customers, current market trends and a historical analysis of insolvencies on an aggregate basis involve significant level of judgements.
- The Group performs a significant portion of its activities in construction contracts with customers. The Group recognises construction contracts considering the degree of completion. This method implies the need to estimate the total cost and total income from each project, including any claims and incentives and to allocate provisions in the event that losses are estimated in the contract (Note 19). The Group continually reviews all the contract estimates and adjusts them accordingly.
- The calculation of provisions for customer claims, guarantees, litigation and contingencies is subject to considerable uncertainty.

Moreover, although the estimates performed by the Parent's directors were calculated based on the best information available at 31 December 2019, it is possible that future events might oblige their modification in the next few years. The effect on the consolidated annual financial statements of modifications that, in the event, may derive from adjustments over the next few years would be recognised prospectively.

Significant judgements in applying accounting policies

Since 17 December 2019 the Elecnor Group has, along with the investment fund APG, jointly controlled the subgroup Celeo Concesiones e Inversiones (see section f), and since that date has held at 51% shareholding, compared with a previous shareholding of 100%.

The material judgements that have led to the Elecnor Group's conclusion regarding the loss of the controlling interest it hitherto held in Celeo Concesiones e Inversiones, S.L. are as follows:

- The equitable composition of the Board of Directors and the General Shareholders' Meeting with homogeneous rights.
- The decisions adopted by the General Shareholders' Meeting must be approved by a reinforced majority of at least 75%, with only the following matters requiring a simple majority:
  - Modification of the Corporate Bylaws when such modification is required by law, provided such modification does not contravene the provisions of the shareholders' agreement.
  - Appropriation of profit/loss in order to build the Legal Reserve required by law.
- The control and functional dependence of the management of Celeo Concesiones e Inversiones, S.L., which handles the material aspects of the business and which ceases to depend on the Elecnor Group to instead report directly to the Board of Directors of Celeo Concesiones e Inversiones, S.L.
- The existence of a neutral arbitration system in the event of a dispute. In the event of any dispute between the two shareholders, a mediator will be called in to resolve it, and if this were not sufficient an arbitration process will take place, involving three arbitrators, with the shareholders each appointing one arbitrator and a third appointed by agreement of the other two arbitrators.

e) Comparative information-

In the consolidated annual accounts for 2019, we present, for comparative purposes, along with each item of the consolidated statements of financial position, consolidated income statement, comprehensive income, changes in equity, cash flows and notes to the consolidated annual accounts, in addition to the figures for 2019, those corresponding to the previous year, which differ from those approved by the Ordinary Annual General Shareholders' Meeting of the Parent on 22 May 2019 due to the restatement of the previous year's figures in relation to the following:

- The Elecnor Group has classified the income in 2019 corresponding to equity-accounted investees in previous years under the heading "Share in profit/loss of equity-accounted investees in the consolidated income statement" as part of the Group's "Operating income" in the amount of Euros 46,268 thousand in losses (Euros 3,831 thousand in 2018) for all the associates as they belong to the Group's same operating business.

  The directors of the Parent consider that the fact that the jointly controlled investees and the associates conduct the same activity as specified in the corporate purpose of the Elecnor Group, along with the incorporation of the subgroup Celeo Concesiones e Inversiones as a joint venture, which will imply an increasing contribution by these businesses to the Group's consolidated profit/loss, justifies the need for this change in the presentation in the Consolidated Financial Statements so as to more reliably reflect the financial information contained in the Group's Consolidated Annual Accounts, in accordance with Decision EECS/0114-06 – "Change of Presentation of the Share in profit/loss of Associates and Joint Ventures Accounted for Using the Equity Method" issued by the European Securities and Markets Authority (ESMA).

- The Elecnor Group has adjusted the provisional amounts relating to the acquisition by the subgroup Celeo Redes in December 2018 of shares in Jaurú Transmissora de Energia, S.A. (JTE) and in Cachoeira Paulista Transmissora de Energia, S.A. (CPTE) from Isolux Energia de Participaçoes, S.A. and assigned the relevant price of purchasing these holdings in accordance with the principles of IFRS 3 (see Note 13).

- As a result of the partnership between the Elecnor Group and APG, the world's second-largest pension fund, to jointly manage the subgroup Celeo Concesiones e Inversiones, formalised on 17 December 2019 (see section f), and after various meetings with the National Securities Market Commission (CNMV), the comparative amounts for 2018 have been re-stated in the Consolidated Annual Accounts for 2019 in order to retroactively reflect the effects had the assets and liabilities of the subgroup Celeo Redes been accounted for using the equity method since the outset of the agreement with APG.

As a result, the accompanying consolidated statement of financial position and the consolidated income statement corresponding to 2018 differ from those included in the consolidated annual accounts approved in that year, as per the following detail:

Consolidated Statements of Financial Position

31 December 2018 Thousands of Euros	31/12/2018	Adjustment to provisional amounts (IFRS 3)	Accounting of the Celeo Redes subgroup using the equity method	Restated 31/12/2018
Assets				
Non-current assets				
Intangible assets	146,616	-	(72,001)	74,615
Property, plant and equipment	1,123,276	-	(433,918)	689,358
Equity-accounted investees	164,078	5,650	169,990	339,718
Non-current financial assets	770,744	-	(687,235)	83,509
Deferred tax assets	102,198	-	(6,372)	95,826
Total non-current assets	**2,306,912**	**5,650**	**(1,029,536)**	**1,283,026**
Current assets				
Inventories	8,241	-	(953)	7,288
Trade and other receivables	675,106	-	(21,333)	653,773
Trade receivables from related companies	6,349	-	763	7,112
Public entities, receivable	41,115	-	(5,172)	35,943
Current income tax assets	14,230	-	(1,377)	12,853
Other receivables	19,799	-	(4,578)	15,221
Other current financial investments	1,804	-	(1,507)	297
Other current assets	6,545	-	(482)	6,063
Cash and cash equivalents and other current financial investments	426,837	-	(128,491)	298,346
Non-current assets held for sale	24,114	-	(23,691)	423
Total current assets	**1,483,767**	**-**	**(186,821)**	**1,296,946**
Total assets	**3,790,679**	**5,650**	**(1,216,357)**	**2,579,972**

Consolidated statement of financial position

31 December 2018 Thousands of Euros	31/12/2018	Adjustment to provisional amounts (IFRS 3)	Accounting of the Celeo Redes subgroup using the equity method	Restated 31/12/2018
Equity and Liabilities				
Equity				
Other reserves	736,498	-	(30,583)	705,915
Translation differences	(228,906)	-	29,447	(199,459)
Valuation adjustments to equity	(55,580)	-	3,863	(51,717)
Profit/loss for the year attributable to the Parent	74,262	5,650	2,205	82,117
Non-controlling interests	332,412	-	(284,943)	47,469
Total equity	**840,707**	**5,650**	**(280,011)**	**566,346**
Non-current liabilities				
Provisions for liabilities and charges	29,994	-	(80)	29,914
Financial liabilities due to the issuance of bonds and other marketable securi-ties	669,228	-	(634,043)	35,185
Finance liabilities on loans and borrow-ings	730,470	-	(159,249)	571,221
Other non-current liabilities	26,920	-	(2,723)	24,197
Deferred tax liabilities	81,403	-	(59,306)	22,097
Total non-current liabilities	**1,556,407**	**-**	**(855,401)**	**701,006**
Current liabilities				
Financial liabilities from issuing bonds and other marketable securities-commercial paper	180,577	-	(23,752)	156,825
Finance liabilities on and borrowings	104,939	-	(18,904)	86,035
Trade payables to associates and related companies	34	-	562	596
Trade and other payables	576,077	-	(27,066)	549,011
Current income tax liabilities	26,533	-	(2,738)	23,795
Other payables	110,497	-	(9,047)	101,450
Total current liabilities	**1,393,565**	**-**	**(80,945)**	**1,312,620**
Total liabilities and equity	**3,790,679**	**5,650**	**(1,216,357)**	**2,579,972**

Consolidated Income Statement 2018

Thousands of Euros	31/12/2018	Adjustment to provisional amounts (IFRS 3)	Reclassification using the equity method	Accounting of the Celeo Redes subgroup using the equity method	Restated 31/12/2018
Continuing operations					
Net Turnover	2,273,057	-	-	(22,158)	2,250,899
Self-constructed assets	43,010	-	-	(37,931)	5,079
Materials consumed	(1,092,220)	-	-	3,050	(1,089,170)
Other operating income	19,373	-	-	(1,633)	17,740
Personnel expenses	(609,556)	-	-	9,562	(599,994)
Other operating expenses	(368,737)	-	-	20,673	(348,064)
+ Expense for amortisation, depreciation, impairment and charges to provisions	(112,012)	-	-	7,219	(104,793)
Profit/loss at equity-accounted investees	-	5,650	(3,831)	16,914	18,733
Results from operating activities	**151,860**	**5,650**	**(3,831)**	**(4,304)**	**149,375**
Finance income	108,683	-	-	(97,784)	10,899
Finance costs	(98,946)	-	-	50,337	(48,609)
Translation differences	11,381	-	-	2,457	13,838
Impairment and profit/loss on disposal of financial instruments	274	-	-	(1)	273
Share of profit/loss of investees accounted for using the equity method	(3,831)	-	3,831	-	-
Profit before income tax	**169,036**	**5,650**	**-**	**(49,295)**	**125,391**
Income tax	(57,086)	-	-	19,528	(37,558)
Profit/loss from continuing opera-tions	**111,950**	**5,650**	**-**	**(29,767)**	**87,833**
Profit/loss for the year	**111,950**	**5,650**	**-**	**(29,767)**	**87,833**
Attributable to:					
Shareholders of the Parent	**74,262**	**5,650**	**-**	**2,205**	**82,117**
Non-controlling interests	**37,688**	**-**	**-**	**(31,972)**	**5,716**

The notes to these consolidated annual accounts that include breakdowns and movements for 2018 in headings affected by this restatement have also been adapted for the purpose of comparison.

In addition, when comparing the figures for 2019 included in these consolidated annual accounts with those for 2018, it is necessary to take into account the adoption on 1 January 2019 of IFRS 16 (Note 2.b).

f) Changes to the consolidated Group-

The most significant changes in the scope of consolidation in 2019 were as follows:

- On 11 July 2019, the Elecnor Group signed agreements to sell the subsidiaries Sociedad Aragonesa De Aguas Residuales, S.A.U. and Sociedad Aragonesa De Estaciones Depuradoras, S.A. and the associate Sociedad Aguas Residuales Pirineos, S.A., which all focus on the construction and operation of waste water treatment plants (see Note 8).

- On 31 July 2019, the Elecnor Group, via the company Celeo Termosolar, S.L., acquired 42.57% and 44.30% shareholdings in the companies Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., respectively, and now control those businesses whose corporate purpose is the construction and operation of three parabolic trough technology solar thermal power plants in Extremadura and Castilla La Mancha (see Note 7).

- On 20 December 2019, the Elecnor Group sold Tramperase, S.L., a company focusing on the development of projects, for Euros 11,774 thousand. The proceeds from this transaction were booked under "Impairment and profit/loss on disposal of fixed assets" in the accompanying consolidated income statement for 2019.

- On 17 December 2019, the Elecnor Group signed a shareholders' agreement with APG to jointly control the subgroup Celeo Concesiones e Inversiones, pursuant to which the Elecnor Group would hold a 51% stake in Celeo Concesiones e Inversiones, S.L. This agreement implied a loss of the control hitherto held by the Elecnor Group over the subgroup Celeo Concesiones e Inversiones (see section d).

  This new agreement is instrumented by means of the contribution by APG to the subgroup Celeo Concesiones e Inversiones of 49% of the shareholding it hitherto held in the subgroup Celeo Redes plus a cash payment of Euros 43 million to Elecnor, S.A., affording it a 49% stake in the subgroup Celeo Concesiones e Inversiones. Moreover, the parties agreed that decisions in connection with the subgroup Celeo Concesiones e Inversiones must be made collectively and therefore they would have joint control over the subgroup.

  The summary of the main accounting impacts shown in the consolidated financial statements for 2019 is as follows:

  - Derecognition of all assets and liabilities belonging to the subgroup Celeo Concesiones e Inversiones on the date of the loss of control at their carrying amount, which amounted to Euros 346,911 thousand (net assets).

  - Recognition of the investment maintained in the subgroup Celeo Concesiones e Inversiones at its fair value on the date of the loss of control, amounting to Euros 560,624 thousand, estimated, on the one hand, based on a report by an independent expert (Deloitte) hired to estimate the fair value of the subgroup Celeo Redes (Euros 513,074 thousand) and,on the other hand, in accordance with the valuation agreed by the Elecnor Group and APG for the transmission of the rest of the subgroup Celeo Concesiones e Inversiones, which implied an additional payment of Euros 42,912 thousand by APG to the Elecnor Group. Since the date of relinquishing control, the Elecnor Group has booked this shareholding as an investment in an associate, as per the provisions of IAS 28 Investments in Associates.

  - Recognition of all amounts previously booked in other comprehensive income (translation differences and valuation adjustments) in the consolidated income statement on the date of relinquishing control in the amount of Euros 83,619 thousand in expense and Euros 5,339 thousand in income, respectively.

  - Recognition of the difference in income for the year attributable to the Elecnor Group in the amount of Euros 178,345 thousand, an amount booked under "Impairment and profit/loss on disposal of fixed assets" in the accompanying consolidated income statement for 2019.

The key assumptions used in the measurement of the shareholding maintained were as follows:

- The value was obtained using the discounted equity cash flows method, estimated in the respective functional currencies of the projects (US Dollar for projects in Chile and Brazilian Real for projects in Brazil).

- The discount rates used to convert the aforementioned flows to their current value correspond to the respective costs of capital, estimated using the capital asset pricing model (CAPM), considering both the current market circumstances and those of the specific projects (7% for projects in Chile and 12% for projects in Brazil, approximately).

- The translation into Euros of the current amount obtained was performed using the exchange rates on the operation's closing date (31 December 2019).

At the date on which these consolidated annual accounts were authorised for issue, the Elecnor Group is in the process of assigning the relevant sale price to the shareholding in this Group pursuant to the principles of IFRS 3, so the amount of said investment must be considered to be provisional and, if necessary, may be restated in 2020 based on the criteria set forth in said accounting standard. However, since the date of the loss of control was 17 December 2019, any potential impact on the consolidated income statement for 2019 is not expected to be material.

The carrying amount of the assets and liabilities belonging to the subgroup Celeo Concesiones e Inversiones on the date of the loss of control is presented below (31 December 2019 was taken as a reference date since there were no significant variations with respect to 17 December 2019):

	Note	Thousands of Euros
Assets		
Goodwill	9	1,125
Other intangible assets	10	39
Right-to-use assets	12	20,517
Property, plant and equipment	11	644,271
Equity-accounted investees	13	266,733
Non-current financial assets	14	6,419
Deferred tax assets	21	78,422
Current assets		23,653
Liabilities		
Non-controlling interests	16.e	408
Non-current payables and other financial liabilities		640,471
Current liabilities		31,561
Deferred tax liabilities	21	21,828
Total net assets		**346,911**
Fair value of the shareholding maintained	13	560,624
Cash payment received		42,912

The Elecnor Group does not consider this loss of control as a discontinued business since the subgroup Celeo Concesiones e Inversiones does not correspond to a segment of activity but is within the concessions segment of the Elecnor Group. Furthermore, the loss of control does not imply withdrawing from any geographical area where the Group was present.

In 2018 there were no material changes in the consolidation scope except as explained in Note 13.

g) Classification of Argentina and Venezuela as hyperinflationary economies-

During 2018, a number of factors surfaced in the Argentine economy that led the Elecnor Group to reconsider its applied to in connection with the conversion of the financial statements of its investee in that country.

In accordance with IFRS-EU, Argentina is considered to be a hyperinflationary economy for accounting purposes for the periods ending from 1 July 2018. IAS 29 applied for the first time in Argentina in the Group's consolidated annual accounts of 2018, in accordance with the following criteria:

- The comparative figures for 2017 were not modified.
- Hyperinflationary accounting applied to all assets and liabilities of the investee Elecnor Argentina prior to translation.
- The historical cost of non-monetary assets and liabilities and the various items of equity of that company from the date of its acquisition or inclusion in the consolidated statement of financial position until the end of the reporting period adjusted to reflect changes in the purchasing power of the currency as a result of inflation.
- Opening equity reported in the stable currency will be affected by the cumulative effect of restating non-monetary items from the date they were first recognised and the effect of translating those balances to the closing rate. The Group opted to recognise the difference between the closing equity of the previous year and the opening equity of the year 2018 in reserves, together with the exchange differences accumulated through that date, 1 January 2018.

The Group adjusted the 2018 statement of profit and loss to reflect the relevant impact of inflation on net monetary assets.

Continuing with the application of the provisions above, and in order to improve the true and fair view of the consolidated annual financial statements, in 2018 the Group changed its accounting policy to recognise, under Reserves, the exchange differences generated in the translation into euros of the restated financial statements of Venezuelan subsidiaries, previously booked under "Exchange differences".

The Group changed this accounting policy as it understands that, pursuant to IAS 8, it offers more reliable and relevant information on its operations in Venezuela. The consolidated statement of changes to equity includes, under "Adjustments for hyperinflation" in reserves, both the exchange differences and the effects of restatements for inflation (see Note 3 e).

3. ACCOUNTING PRINCIPLES

a) Subsidiaries-

Subsidiaries are entities over which the Company exercises control, either directly or indirectly through subsidiaries. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Company has power over a subsidiary when it has existing substantive rights that give it the ability to direct the relevant activities.

The Company is exposed, or has rights, to variable returns from its involvement with the subsidiary when its returns from its involvement have the potential to vary as a result of the subsidiary's performance.

The income, expenses and cash flows of subsidiaries are included in the consolidated annual accounts from their acquisition date, which is the date control commences. Subsidiaries are excluded from the consolidated Group from the date on which this control is lost.

Transactions and balances with Group companies and unrealised profit or loss were eliminated in the consolidation process. However, unrealised losses were considered to be an indicator of the impairment of the assets transferred.

The accounting policies of subsidiaries were adapted to the Group's accounting policies, for transactions and other events that are similar and took place in comparable circumstances.

The annual accounts or financial statements of subsidiaries used in the consolidation process refer to the same presentation date and the same period as those of the Parent.

Non-controlling interests in the net assets of subsidiaries are recognised in equity separately from the Parent's equity. Non-controlling interests' share in consolidated profit or loss for the year (and in consolidated total comprehensive income for the year) is disclosed separately in the consolidated income statement.

Changes in the ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, i.e. any difference is recognised directly in equity.

In the reduction of the shareholding in a subsidiary that implies a loss of control thereof, the Group recognises profit/loss due to the difference between the consideration received plus the fair value of any investment retained in the company plus the carrying amount of the non-controlling interests and the value of the consolidated net assets. Other comprehensive income relating to the subsidiary is reclassified to profit or loss or reserves depending on its nature. Consolidated net assets include goodwill inasmuch as the divested entity constitutes a business. If the divested entity constitutes a business which belonged to a cash generating unit to which goodwill had been assigned, then the goodwill is assigned to the part divested and the part maintained in accordance with the fair value and recoverable value, respectively.

The fair value of the investment maintained constitutes the acquisition cost for the purposes of subsequent measurement in accordance with its classification.

b) Business combinations-

As permitted by IFRS 1 First-time Adoption of International Financial Reporting Standards, the Group has recognised only business combinations that occurred on or after 1

January 2004, the date of transition to IFRS-EU, using the acquisition method. Entities acquired prior to that date were recognised in accordance with accounting principles prevailing at that time, taking into account the necessary corrections and adjustments at the transition date.

The Group applied IFRS 3 "Business combinations" revised in 2008 to transactions conducted from 1 January 2010 onwards.

In business combinations, the Group applies the acquisition method.

The acquisition date is the date on which the Group obtains the control of the acquired business.

The consideration paid for the business combination is determined on the acquisition date based on the sum of the fair values of the assets delivered, liabilities incurred or assumed, equity instruments issued and any contingent liabilities that depend on future events or compliance with certain conditions in exchange for the control of the acquired business.

The consideration paid excludes any disbursement that does not form part of the exchange for the business acquired. Cost relating to the acquisition are recognised as an expense as they are incurred.

The Group recognises the assets acquired and liabilities assumed on the acquisition date. Liabilities assumed include contingent liabilities insofar as they represent present obligations arising from past events and their fair value may be reliably measured. Moreover, the Group recognises indemnification assets granted by the seller at the same time and on the same basis as the indemnified item of the business acquired, considering, where appropriate, the collectibility of the indemnification asset and any contractual limitations on the indemnified amount.

Excepted from the application of this criterion are non-current assets or disposal groups of items classified as held for sale.

The excess between the consideration given and the value of net assets acquired and liabilities assumed, is recognised as goodwill. Any shortfall, having measured the amount of the consideration delivered and the identification and measurement of the net assets acquired, is recognised in a separate item of the consolidated income statement.

If the business combination can only be determined provisionally, the identifiable net assets are initially booked at their provisional values, recognising the adjustments made during the valuation period as though they had been known on the acquisition date, and restating, where appropriate, the comparative figures for the previous year. In any event, adjustments to provisional values include only that information that is relevant to the facts and circumstances on the acquisition date and which, had they been known, would have affected the amounts recognised on that date.

Once that period has elapsed, adjustments to the initial measurement are made only to correct errors.

In business combinations achieved in stages, the excess between the consideration given, plus the value assigned to non-controlling interests plus the fair value of the previous shareholding in the business acquired, and the value of net assets acquired and liabilities assumed, is recognised as goodwill. Any shortfall, after evaluating the consideration given, the value assigned to non-controlling interests, the previous shareholding and the identification and measurement of net assets acquired, is recognised in profit/loss. The Group recognises the difference between the fair value of the previous shareholding in the business acquired and the carrying amount in consolidated profit/loss or other comprehensive income. Moreover, the Group reclassifies deferred amounts in other comprehensive income corresponding to the previous shareholding to reserves or profit/loss, as appropriate.

If the Group did not hold a previous interest in the business acquired, the excess between the value assigned to non-controlling interests, and the net value of assets acquired and liabilities assumed, is recognised as goodwill. Any shortfall, after evaluating the value assigned to non-controlling interests and the identification and measurement of net assets acquired, is recognised in profit/loss.

Loss of control

When the Group loses its control over a subsidiary, it derecognises the subsidiary's assets (including goodwill) and liabilities and the non-controlling interest at the carrying amount thereof at the date on which control is lost. The consideration received and the interest retained in the company are recognised at fair value at the date on which control is lost, and any difference is recognised. Other comprehensive income relating to the subsidiary is reclassified to profit or loss or reserves depending on its nature.

Non-controlling interests

Non-controlling interests in subsidiaries acquired from 1 January 2004 onwards are recognised on acquisition date by their percentage share of the fair value of identifiable net assets. Non-controlling interests in subsidiaries acquired prior to the transition date are recognised by the percentage holding in their equity on the date of first consolidation.

Non-controlling interests are presented in consolidated net equity separately from equity attributed to the shareholders of the Parent. Non-controlling interests' share in consolidated profit or loss for the year (and in consolidated total comprehensive income for the year) is disclosed separately in the consolidated income statement (Consolidated Statements of Comprehensive Income).

The Group's interest and non-controlling interests in consolidated profit and loss in the year (the global total consolidated profit and loss in the year) and in changes in the net equity of subsidiaries, having considered adjustments and eliminations deriving from consolidation, are determined on the basis of the ownership interest at year-end, not taking into account the possible exercise or conversion of potential voting rights and after discounting the dividend effect, agreed or not, of preferred shares with cumulative rights that have been classified in net equity. Nevertheless, the Group's interest and non-controlling interests are determined considering the eventual exercise of potential voting rights and other derivative financial instruments which substantially provide current access to the economic benefits associated with the ownership interests, in other words, the right to participate in future dividends and changes in the value of subsidiaries.

Excess losses attributable to non-controlling interests generated prior to 1 January 2010, not imputable thereto due to exceeding the value of their contribution to the subsidiary's equity, are recognised as a reduction in the net equity attributable to the shareholders of the Parent, except in those cases in which the non-controlling interests have a binding obligation to assume part or all of the losses and have the capacity to make the necessary additional investment. Profits obtained in subsequent years are assigned to net equity attributed to the shareholders of the Parent until the amount of losses absorbed in previous years and corresponding to the non-controlling interests have been recovered.

From 1 January 2010, profit and loss and each component of other comprehensive income are allocated to net equity attributed to the shareholders of the Parent in proportion to its interest, although this implies a payable from non-controlling interests. The agreements between the Group and non-controlling interests are recognised as a separate transaction.

c) Associates-

Associates are entities over which the Company, either directly or indirectly through subsidiaries, exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The existence of potential voting rights that are exercisable or convertible at the end of each reporting period, including potential voting rights held by the Group or other entities, are considered when assessing whether an entity has significant influence.

Investments in associates are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. However, if on the acquisition date all or part of the investment fulfils the conditions to be classified as non-current assets or disposable groups of items held for sale, it is recognised at fair value, less the costs of divestment or disposal by another means.

In associates are initially recognised at acquisition cost, also including any cost directly attributable to the acquisition and any contingent asset or liability consideration that depends on future events or the failure to fulfil certain conditions.

The excess between the cost of the investment and the percentage corresponding to the Group in fair values of identifiable net assets is registered as goodwill and included in the accounting value of the investment. The defect, having measured the amounts of the cost of the investment and the identification and measurement of the net assets of the associate, is recognised as income when determining the investors interest in the associate's profit and loss in the year in which it is acquired.

If the investment is the result of a loss of control of a subsidiary that did not constitute a business, the cost of the investment is the fair value, net of the derecognitions deriving from the loss of control.

The accounting policies of associates were harmonised in time and valuation terms in line with those used at subsidiaries.

The Group's share of the profit or loss of an associate from the date of acquisition is recognised as an increase or decrease in the value of the investments, with a credit or debit to "Profit/loss from equity-accounted investees" in the consolidated income statement. The Group's share of other comprehensive income of associates from the date of acquisition is recognised as an increase or decrease in the value of the investments in associates with a balancing entry, based on the nature of the investment, in other comprehensive income in the consolidated statement of comprehensive income. The distribution of dividends is recognised as a decrease in the value of the investment. The Group's share of profit or loss, including impairment losses recognised by the associates, is calculated based on income and expenses arising from application of the acquisition method.

The Group's share in the profit and loss of associates and in changes to net equity is determined based on the ownership interest at the end of each year, not taking into account the potential exercise of conversion of potential voting rights. Nevertheless, the Group's interest is determined considering the eventual exercise of potential voting rights and other derivative financial instruments which substantially provide current access to the economic benefits associated with the ownership interests, in other words, the right to participate in future dividends and changes in the value of associates.

Losses of an associate attributable to the Group are limited to the extent of its net investment, except where the Group has legal or constructive obligations or when payments have been made on behalf of the associate. For the purpose of recognising impairment losses in associates, net investments are considered as the carrying amount of the investment after applying the equity method plus any other item which in substance forms part of the investment in the associate. The excess of the losses over the equity instrument investment is applied to the remaining items in reverse order of settlement. Subsequent profits obtained by associates for which impairment losses are limited to the value of the investment are recognised to the extent that they exceed previously unrecognised losses.

If the Group's share of losses in an associate equals or exceeds its investment in the associate, it does not recognise its share of any further losses. The investment in the associate is the carrying amount of the investment determined using the equity method, plus any other non-current portion that, in substance, forms part of the Group's net investment in the associate.

Profit and loss not realised in transactions between the Group and associates are only recognised insofar as they correspond to the holdings of other unrelated investors. The exception in the application of this criterion is the recognition of unrealised losses that constitute evidence of the impairment of the transferred asset. Nevertheless, profit and loss deriving from transactions between the Group and associates involving net assets that constitute a business are recognised in their entirety.

In the reduction of a shareholding in an associate that does not imply a significant loss of influence or when the Group loses the joint control of a joint venture and maintains a significant influence, the Grup recognises the result as the difference between the consideration received and the proportionate part of the carrying amount of the divested shareholding. Other comprehensive income corresponding to the proportionate part of the divested associated is reclassified to profit/loss or reserves as though the associate had directly sold the assets and liabilities linked to it. If the transaction implies a loss, the Group tests the impairment in the residual value maintained.

Impairment

Once the equity method has been applied, the Group assesses whether or not there is objective evidence of an impairment in the net investment in the associate.

Calculation of impairment is determined as a result of the comparison between the carrying amount linked to the net investment in the associate and its recoverable value, understood as the higher between value in use and fair value less the costs to sell or otherwise dispose of the item. In this connection, value in use is calculated as a function of the Group's interest in the current value of estimated cash flows in ordinary activities and the amounts potentially resulting from the final disposal of the associate.

The recoverable amount of the investment in an associate is assessed in relation to each associate, unless it does not constitute a cash-generating unit (CGU).

d) Joint arrangements-

Joint arrangements are those in which there is a contractual agreement to share the control over an economic activity, in such a way that decisions about the relevant activities require the unanimous consent of the Group and the remaining venturers or operators. The existence of joint control is assessed considering the definition of control over subsidiaries.

- Joint ventures: investments in joint ventures are accounted for using the equity method described in the letter above.

- Joint operations: for joint operations, the Group recognises the assets, including its share of any assets held jointly, the liabilities, including its share of any liabilities incurred jointly with the other operators, the revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and the expenses, including its share of any expenses incurred jointly, in the consolidated annual accounts.

  The Group has joint control in various Joint Ventures since it has contractual agreements that require the consent of both shareholders to make decisions on important activities. The Group has classified the investments as joint operations since the shareholders have rights on the assets and obligations on the liabilities. Said right are principal and not subsidiary. In addition, the Group includes in this category certain foreign entities considered to be a similar vehicle to a UTE, through which it carries out part of its business activities.

  The Group's acquisition of the initial and subsequent shareholding in a joint operation that constitutes a business is recognised by applying the criteria developed for business combinations by the percentage stake in the individual assets and liabilities.

e) Foreign currency transactions and balances-

Foreign currency transactions, balances and cash flows

Transactions in foreign currency are translated at the spot exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies have been translated into Euros at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date. Non-monetary assets measured at fair value have been translated into Euros at the exchange rate at the date that the fair value was determined.

Translation of foreign operations

The Group has applied the exemption permitted by IFRS 1, First-time Adoption of International Financial Reporting Standards, relating to accumulated translation differences. Consequently, translation differences recognised in the consolidated annual accounts generated prior to 1 January 2004 are recognised in retained earnings. As of that date, foreign operations whose functional currency is not the currency of a hyperinflationary economy have been translated into Euros as follows:

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, including comparative amounts, are translated at the closing rate at the reporting date.

- Income and expenses, including comparative amounts, are translated at the exchange rates prevailing at each transaction date.

- All resulting exchange differences are recognised as translation differences in other comprehensive income.

These criteria are also applicable to the translation of the financial statements of equity-accounted companies, with translation differences attributable to the Group recognised in other comprehensive income.

The translation differences recognised in other comprehensive income are recognised as an adjustment in the profit/loss on the sale, based on the criteria set forth in the sections on subsidiaries and associates.

Foreign operations in hyperinflationary economies

The financial statements of Group companies whose functional currency is the currency of a hyperinflationary economy are restated in terms of the measuring unit at the reporting date.

The results and financial position of the Group's foreign operations whose functional currency is the currency of a hyperinflationary economy are translated into Euros as follows:

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, assets and liabilities, income and expenses, and cash flows are translated at the closing rate at the most recent reporting date.

- Comparative amounts are those that were included in the prior year consolidated annual accounts and are not adjusted for subsequent changes in the price level or in exchange rates. The effect of the adjustment on the prior year's balances is recognised in reserves in consolidated net equity.

None of the functional currencies of the consolidated companies and associates located abroad are those of a hyperinflationary economy as defined by IFRS, except in the cases of Venezuela and, from 1 January 2018, Argentina (see section g of Note 2).

At the 2019 and 2018 reporting dates the aforementioned financial statements were restated using the measuring unit current at 31 December 2019 and 2018. The financial statements of Venezuela and Argentina were prepared using the historical cost method and were restated applying a general price index, which in Venezuela's case was of 4,679.5% (334,402% in 2018). At 31 December 2019, the cumulative impact of this restatement on equity amounts to approximately Euros 2,163 thousand (approximately Euros 1,656 thousand at 31 December 2018).

f) Borrowing costs-

The Group recognises interest expenses directly attributable to the acquisition, construction or production of qualifying assets as higher value thereof. Qualifying assets are those that require a substantial period before being used or disposed of. To the extent that the financing was obtained specifically for the qualifying asset, the amount of interest to capitalise is determined as a function of the actual costs incurred during the year less the returns obtained on temporary investments with said funds.

Capitalisation of interest starts when expenses related with the assets are incurred, interest is accrued and the necessary activities to prepare the assets or a portion thereof for their intended use or sale are being performed and ends when all or practically all of the activities necessary to prepare the assets or portions thereof for their intended use or sale have been completed. Nevertheless, the capitalisation of interest is suspended during periods in which active development is interrupted over a significant period of time, unless the delay is necessary to place the asset in operating condition or prepare it for sale.

g) Non-current assets held for sale-

Non-current assets or disposal groups whose carrying amount will be recovered primarily through a sale transaction, rather than through continuing use, are classified as non-current assets held for sale. To be classified as non-current assets or disposable groups as held for sale, they must available in their current state for disposal, subject only to the usual and widely accepted terms of sale transactions, and the transaction must also be considered to be highly probable.

Non-current assets or disposal groups classified as held for sale are measured at the lower of the carrying amount and fair value less the costs of disposal and are not depreciated.

The Group classifies on the acquisition date a non-current asset or disposable group of items, including subsidiaries, and all or part of the investment in associates or joint ventures acquired solely for the purpose of their subsequent disposal or exchange, as held for sale, if the planned transaction is expected to take place in the following year and the sale fulfils the requirements to be considered highly probable within a short period after the acquisition. At the time of the initial recognition of this kind of assets, their initial measurement is determined by the lower of the value that would have been recognised if they had not been classified as available for sale and their fair value less costs to sell or otherwise dispose of the assets.

h) Intangible assets-

Goodwill

Goodwill is measured using the criteria outlined in the section on business combinations.

Goodwill is not amortised, but is impairment tested annually or sooner if there are signs of a potential impairment in the asset's value. In this connection, the goodwill resulting from a business combination is allocated to each cash generating unit (CGU) or group of CGUs in the Group that are expected to benefit from the synergies of the combination and the criteria to which section j) impairment refers. After initial recognition, goodwill is measured at cost less cumulative impairment losses.

An impairment loss recognised for goodwill may not be reversed in a subsequent period.

Internally generated goodwill is not recognised as an asset.

Other intangible assets

Intangible assets are presented in the consolidated statement of financial position at cost less amortisation and cumulative impairment losses.

Intangible assets are amortised on a straight-line basis over their useful lives.

Impairment

The Group measures and determines the intangible asset's impairment losses and reversals in accordance with the criteria set forth in section j).

i) Property, plant and equipment-

Initial recognition

Property, plant and equipment is measured at cost, less cumulative depreciation and, in the event, cumulative impairment losses. However, prior to 1 January 2004, the Elecnor Group revalued certain items of property, plant and equipment as permitted by applicable legislation. In accordance with IFRS, the Elecnor Group treated the amount of these revaluations as part of the cost of these assets because it considered that the revaluations reflected the effect of inflation.

The cost of property, plant and equipment includes the estimated decommissioning or removal costs, as well as the cost of restoring the location, provided these are obligations incurred as a consequence of its use and for purposes other than the production of inventories. In this regard, since the Elecnor Group does not have to incur significant costs in relation to the closure of its facilities, the accompanying consolidated statement of financial position does not include any related provision, except for a Euros 5 million provision for dismantling relating to the wind farm in Canada and Euros 3 million for the wind farms in Brazil (Note 19).

Capitalised costs include borrowing costs on external financing accrued during the construction period on construction work exceeding one year.

Self-constructed assets property, plant and equipment is recognised at accumulated cost; i.e. external costs plus in-house costs, determined on the basis of warehouse materials consumed, and manufacturing costs calculated using hourly absorption rates similar to those used for the measurement of inventories. In 2019, Euros 21,495 thousand was recognised for this item under "Self-constructed assets" in the consolidated income statement, mainly relating to a wind farm in Spain.

Subsequent costs

Subsequent to the initial recognition of the asset, only those costs that will generate future economic benefits that may reasonably be described as probable, and whose amount can be measured reliably, are capitalised. In this connection, the costs deriving from the daily upkeep of property, plant and equipment are recognised as they are incurred.

The replacement of items of property, plant and equipment that may potentially be capitalised implies reducing the carrying value of the items replaced. In those cases in which the cost of the replaced items has not been independently depreciated and it is not feasible to determine their carrying amount, the replacement cost is used to indicate the cost of the items at the time of their acquisition or construction.

Depreciation and amortisation

Property, plant and equipment is depreciated by distributing the depreciable amount using the straight-line method over its useful life.

Depreciation of property, plant and equipment is determined by applying the following criteria:

	Years of useful life	
	2019	2018
Buildings	33-50	33-50
Technical installations and machinery (*)	10-25	10-25
Hand and machine tools	3-10	3-10
Furniture and fixtures	3-10	3-10
Information technology equipment	3-5	3-5
Motor vehicles	2-10	2-10
Other property, plant and equipment	3-10	3-10

(*) Includes machinery and facilities used in wind projects, basically wind turbines.

The Group reviews the residual value, useful life and depreciation method of the property, plant and equipment at the end of each financial year. Any changes to the initially established criteria are recognised as a change in estimate.

Impairment

The Group measures and determines the property, plant and equipment's impairment losses and reversals in accordance with the criteria set forth in section j).

The Parent's directors consider that the carrying amount of the assets does not exceed their recoverable amount, which is calculated on the basis of the future cash flows that the assets will generate (See Note 3.j).

j) Impairment of non-financial assets carried at amortised or depreciated cost-

The Group evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount.

Likewise, regardless of the existence of any indication of impairment, the Group reviews, at least once yearly, the potential impairment that might affect goodwill and intangible assets with an indefinite useful life.

The recoverable amount of the assets is the higher amount between fair value less costs to sell and value in use.

The asset's value in use is calculated as a function of the estimated future cash flows deriving from the use of the asset, the expectation about possible changes in timing of those cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset and other factors that market participants would reflect in pricing the future cash flows expected to derive from the asset.

Where the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised for the difference with a charge to depreciation, amortisation, impairment and provisions in the accompanying consolidated income statement.

At each closing date, the Group tests for any signs that the impairment recognised in previous years no longer exists or may have diminished. Impairment losses corresponding to goodwill are not reversible. Impairment losses from the rest of assets are only reversed if there has been a change in the estimates used to determine the asset's recoverable value.

k) Leases (applicable until 31 December 2018)-

The Group classifies as financial leases those contracts whose terms transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. Otherwise they are classified as operating leases.

The Group has been assigned the right to use certain assets under lease agreements.

Finance leases

At the start of the lease period, the Group recognises an asset and liability as the lower of the fair value of the leased asset or the current value of the minimum lease payments. Initial direct costs are included as the higher asset value. Minimum payments are divided between the financial charge and the reduction of the outstanding debt. Finance expenses are imputed to consolidated income statement, by applying the effective interest rate method.

The accounting principles applied to the assets used by the Group pursuant to lease agreements classified as finance leases are those outlined in section i). Nevertheless, if there is no reasonable certainty that the Group will obtain ownership at the end of the asset lease period, they are amortised over the lower of the useful life or the term thereof.

Operating leases

The instalments of operating leases are recognised as an expense under the heading "Other operating expenses" of the consolidated income statement using the straight-line method over the lease period unless another basis of distribution is more representative to better reflect the timing of the rewards of the lease.

In 2018, the Elecnor Group's most significant operating leases were for machinery and motor vehicles, and buildings used to carry out its business activities.

At the 2018 closes, the Group had contractually agreed the following minimum lease payments with lessors, based on the leases currently in force, without taking into account any shared expenses passed on, future CPI increases or future contractual lease payment reviews (in thousands of Euros):

Operating lease Minimum payments	Nominal amount
	Restated 2018
Less than one year	17,610
Between 1 and 5 years	28,982
More than 5 years	37,329
Total	**83,921**

The minimum operating lease payments did not include machinery and motor vehicles, which are leased over the term of the construction work performed by the Group, since the Parent's directors consider that there are no long-term commitments in relation to these leases.

l) Financial instruments-

Recognition and classification of financial instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument in IAS 32 "Financial Instruments: Presentation".

The Group recognises financial instruments when it becomes a party to the contract or legal transaction, in accordance with the terms set out therein.

For measurement purposes, the Group classifies financial instruments in the categories of financial assets and liabilities at fair value through profit or loss, separating those initially designated from those held for trading or that measured at fair value through profit or loss, financial assets and liabilities at amortised cost and financial assets at fair value through other comprehensive income, separating equity instruments designated as such from the rest of financial assets. The Group classifies financial assets designated at fair value through profit or loss and equity instruments designated at fair value through other comprehensive income in accordance with the business model and nature of the contractual flows. The Group classifies financial liabilities as measured at amortised cost, except those designated at fair value through profit or loss and those held for trading.

The Group classifies a financial asset at amortised cost if it is held within the framework of a business model aimed at holding financial assets in order to obtain contractual cash flows and the contractual conditions of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the unpaid principal.

The Group classifies a financial assets at fair value through other comprehensive income if it is held within the framework of a business model aimed at obtaining contractual cash flows and selling financial assets and the contractual conditions of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the unpaid principal.

The business model is determined by key staff at the Group at a level reflecting the manner in which groups of assets are managed jointly to achieve the aim of a specific business. The Group's business model represents the manner in which it manages its financial assets to generate cash flows.

The financial assets within the framework of a business model aimed at holding assets to receive contractual cash flows are managed to generate cash flows in the form of contractual receipts during the life of the instruments. The Group manages the assets held on the portfolio so as to receive these specific contractual cash flows. To determine whether the cash flows are obtained by receiving contractual cash flows from the financial assets, the Group considers the frequency, value and calendar of sales in previous years, the reasons for those sales and the expectations in relation to the future sales activity. Nevertheless, sales do not, of themselves, determine the business model and, accordingly, cannot be considered on their own. Instead, it is information on past sales and expectations of future sales that offers an indication of the way to achieve the Group's stated goal with regard to the management of financial assets and, more specifically, how the cash flows are obtained. The Group considers information on past sales in the context of the reasons for those sales and the conditions at that time as compared to current conditions. To this end, the Group considers that trade and other receivables that will be assigned to third parties and will not be derecognised are maintained in this business model.

Although the goal of the Group's business model is to hold financial assets in order to receive contractual cash flows, this does not mean that the Group holds all the instruments to maturity. Consequently, the Group's business model is to hold financial assets to receive contractual cash flows even when there have been or there are expected to be sales of these assets. The Group understands that this requirement is fulfilled provided the sales take place due to an increase in the credit risk of the financial assets. In the rest of cases, in individual and aggregate terms, sales may not be significant even if they are frequent or must be infrequent where they are significant.

The contractual cash flows that are solely payments of principal and interest on the unpaid principal are consistent with a basic loan agreement. In a basic loan agreement, the main items of interest are generally the consideration for the time value of money (TVM) and credit risk. Nevertheless, in an agreement of this kind, interest also includes consideration for other risks, such as liquidity and costs, like the administrative risks of a basic loan associated with maintaining the financial asset for a certain period. Moreover, interest may include a profit margin consistent with a basic loan agreement.

The Group designates a financial liability initially at fair value through profit or loss, if by doing so it eliminates or significantly reduces any inconsistency in the measurement or recognition that would otherwise emerge, if the measurement of the assets or liabilities or recognition of the profit/loss thereof were performed on different bases or a group of financial liabilities or of financial assets and financial liabilities is managed, and its performance assessed, on a fair value basis, in accordance with a documented investment strategy or risk management strategy, and information is provided internally concerning said group on the same basis to key staff from the Group's management.

The Group classifies the rest of financial liabilities, except financial guarantee contracts, commitments to grant a loan at a lower-than-market rate and financial liabilities resulting from a transfer of assets not fulfilling the requirements for derecognition from accounts or accounted for using the ongoing involvement approach, as financial liabilities at amortised cost.

Financial assets at fair value

An analysis of financial instruments measured at fair value at 31 December 2019 and 2018 subsequent to their initial recognition, classified into levels 1 to 3 based on the fair value measurement method, is as follows:

- Level 1: their fair value is obtained from directly observable quoted prices in active markets for an identical asset or liability.
- Level 2: their fair value is determined using market inputs, other than the quoted prices included in level 1, that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: their fair value is determined using measurement techniques that include inputs for the assets and liabilities that are not directly observable market data.

	Fair value at 31 December 2019			
	Thousands of Euros			
	Level 1	Level 2	Level 3	Total
Non-current financial assets				
Derivative financial instruments (Note 18)	-	24	-	24
Current financial assets				
Derivative financial instruments (Note 18)	-	3,873	-	3,873
Non-current liabilities				
Derivative financial instruments (Note 18)	-	(14,132)	-	(14,132))
Current liabilities				
Derivative financial instruments (Note 18)	-	(5,722)	-	(5,722)
	-	**(15,957)**	**-**	**(15,957)**

	Fair value at 31 December 2018			
	Thousands of Euros			
	Level 1	Level 2	Level 3	Total
Non-current financial assets				
Derivative financial instruments (Note 18)	-	109	-	109
Current financial assets				
Derivative financial instruments (Note 18)	-	871	-	871
Non-current liabilities				
Derivative financial instruments (Note 18)	-	(11,413)	-	(11,413)
Current liabilities				
Derivative financial instruments (Note 18)	-	(6,569)	-	(6,569)
	-	**(17,002)**	**-**	**(17,002)**

Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, plus or minus transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method.

Financial assets measured at cost

Investments in equity instruments for which there is insufficient information for their measurement or those in which there is a broad range of measurements and derivative instruments linked thereto that must be settled on delivery of said investments, are measured at cost. However, if at any time the Group may obtain a reliable measurement of the asset or the contract, they will be recognised at that time at fair value, booking profit or loss in income or other comprehensive income, if the instrument is designated at fair value through comprehensive income.

Impairment

The Group recognises in income an impairment for expected credit losses in financial assets measured at amortised cost, fair value through other comprehensive income, accounts receivable from finance leases, contract assets, loan commitments and financial guarantees.

For financial assets at fair value through other comprehensive income, the expected credit loss is recognised in other comprehensive income and does not reduce the fair value of the assets.

At each balance sheet date, the Group measures the impairment in an amount equal to the expected credit losses in the following twelve months, for financial assets for which credit risk has not significantly increased since initial recognition or when it considers that the credit risk of a financial asset has no longer significantly increased.

When assessing whether there is a significant increase in credit risk, the Group considers all the reasonable and supportable prospective information, specifically:

- Internal and external credit risk ratings;
- Current or expected adverse changes in the business, financial or economic conditions that might trigger a significant change in the borrower's ability to meet its obligations;
- Current or expected significant changes in the borrower's operating income;
- Significant increases in credit risk in other financial instruments of the same borrower;
- Significant changes in the value of the guarantee securing the obligation or as third-party guarantees or credit enhancements;

Nevertheless, the Group recognises the expected credit loss throughout the life of the instrument for trade receivables or contract assets.

Interest and dividends

Interest is recognised by the Group using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of a financial instrument to the net carrying amount of that financial instrument based on the contractual terms of the instrument and not considering expected credit losses, except for financial assets acquired or originated with losses incurred.

Dividends from investments in equity instruments are recognised in profit or loss when the Group is entitled to receive them, it is likely to receive the economic benefits and the amount can be reliably estimated.

Derecognitions and modifications of financial liabilities

The Group derecognises a financial liability or a portion thereof when it has fulfilled the obligation contained in the liability or when it is legally released from the principal responsibility contained in the liability either pursuant to judicial proceedings or by the creditor.

The exchange of debt instruments between the Group and the counterparty or substantial modifications to initially recognised liabilities are recognised as an extinguishment of the original financial liability and recognition of a new financial liability, provided the instruments have substantially different terms.

The Group considers that the terms are substantially different if the current value of the cash flow discounted under the new terms, including any fees paid net of any fees received, and using for the purpose of the discount the original effective interest rate, differs by at least 10 per cent from the current discounted value of the remaining cash flows of the original financial liability.

If the exchange is recognised as the extinguishment of the original financial liability, the costs or fees are recognised in profit and loss. Otherwise, the modified flows are discounted at the original effective interest rate, recognising any difference with the previous carrying amount in profit and loss. Moreover, the costs or fees adjust the finance liability's carrying amount and are amortised using the amortised cost method during the remaining life of the modified liability.

The Group recognises the carrying amount of the financial liability or a part thereof cancelled or assigned to a third party and the consideration paid, including any assigned asset other than the cash or liability assumed in profit and loss.

The Group has arranged confirming lines with various financial institutions to manage supplier payments. The Group applies the aforementioned criteria to assess whether the original liability should be extinguished with trade creditors and a new liability should be recognised with the financial institutions. Trade payables the settlement of which is managed by the financial institutions are shown under trade and other accounts payable, insofar as the Group has only assigned the management of payment to the financial institutions, but remains the primary party obliged to pay the debts to trade creditors.

Moreover, bank borrowings as a result of the sale of trade accounts payable are recognised under trade payables due to confirming operations, in trade and other accounts payable in the consolidated statement of financial position.

m) Hedge accounting-

Derivative financial instruments are initially recognised based on the criteria set forth above for financial assets and liabilities. Derivative financial instruments that do not meet the hedge accounting criteria below are classified and measured as financial assets or liabilities at fair value through changes in profit and loss. Derivative financial instruments that meet the criteria for hedge accounting are initially recognised at fair value, plus, in the event, the transaction costs that are directly attributable to their contracting, or less, in the event, the transaction costs that are directly attributable to their issuance. Notwithstanding transaction costs, they are subsequently recognised in income, to the extent that they do not form a part of the effective change in hedging.

At the inception of the hedge the Group formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. The documentation includes the identification of the hedge instrument, the item hedged, the nature of the hedged risk and the manner in which the Group measures the effectiveness of the hedge.

Accounting for hedge operations is only applicable when there is an economic relationship between the hedged item and the hedging instrument, credit risk does not exert a dominant effect on the value adjustments resulting from this economic relationship and the coverage ratio of the hedge relation is the same as the one resulting from the amount of the hedged item the Group actually uses to cover said amount of the hedged item. Nevertheless, that designation must not reflect an imbalance between the weightings of the hedged item and the hedging instrument such that a hedging ineffectiveness is generated, regardless of whether or not it is recognised, that might give rise to an accounting result contrary to the purpose of hedge accounting.

For cash flow hedges of forecast transactions or a component thereof, the Group assesses whether these transactions are highly probable and if they present an exposure to variations in cash flows that could ultimately affect profit or loss.

At the start of the hedge relation and continuously the Group assesses whether the relationship prospectively fulfils the effectiveness requirements. The Group assesses effectiveness at each balance sheet date or when there are significant changes that affect effectiveness requirements.

The Group performs a qualitative assessment of effectiveness, provided the fundamental conditions of the instrument and the hedged item coincide. When the fundamental conditions do not coincide fully, the Group uses a hypothetical derivative with fundamental conditions equivalent to the hedged item to assess and measure ineffectiveness.

The Group only designates as hedged items assets, liabilities, firm commitments and highly probable planned transactions. The hedged item may be an individual item or a group of items.

The Group only designates as hedged items those that involve a party external to the Group.

The Group designates derivative financial instruments, essentially foreign currency forward contracts and options and interest rate swaps to hedge against the various risks.

Cash flow hedges

The Group recognises in other comprehensive income the gains or losses from fair value measurement of the hedge instrument corresponding to the part identified as effective hedge. The part of the hedge considered to be ineffective, and the part of the gain or loss or cash flow relating to the hedge instrument excluded from the assessment of hedge effectiveness are recognised as a charge or credit to finance expense or income.

In hedges of planned transactions that give rise to the recognition of a financial asset or liability, the associated gains or losses that were recognised in other comprehensive income are reclassified to profit and loss in the same year or years during which the asset acquired or liability assumed affects profit and loss and under the same heading of the consolidated income statement.

Discontinuation of hedge accounting

If the hedge relation ceases to fulfil the effectiveness requirements linked to the coverage ratio, but the risk management goal remains the same for said relationship, the Group adjusts the coverage ratio so as to continue to fulfil the hedge relation criteria (rebalancing). Rebalancing refers to the adjustments made to the amounts designated of the hedged item or the hedging instrument of an existing relationship in order to maintain the coverage ratio that fulfils the hedge effectiveness requirements. The Group accounts for rebalancing as a continuation of the hedge relation. On the rebalancing date, the Group determines the ineffectiveness of the relation and recognises any ineffectiveness in profit and loss.

The Group discontinues the hedge relation prospectively only when all or part of the hedge relation ceases to fulfil the eligibility requirements. This includes situations in which the hedge instrument expires or is sold, finalised or exercised. In this connection, the replacement or renewal of a hedge instrument is not an expiry or finalisation, provided that the operation is consistent with the Group's documented risk management goal.

In cash flow hedges, the cumulative amount in other comprehensive income is not taken to income until the planned transaction takes place. Notwithstanding the foregoing, the cumulative amounts in other comprehensive income are classified as finance income or expense as soon as the Group no longer expects the planned transaction to take place.

n) Issuance and acquisition of equity instruments and recognition of dividends-

The acquisition by the Group of equity instruments of the Parent is presented at acquisition cost separately as a reduction in equity in the consolidated statement of financial position, regardless of the reason for the acquisition. No profit or loss was recognised in transactions with own equity instruments.

The subsequent amortisation of the Parent's instruments leads to a capital reduction in the nominal amount of said shares and the positive or negative difference between the acquisition price and the nominal share price is charged or credited to reserves.

Dividends, whether in cash or in kind, are recognised as a reduction in net equity when they are approved by the General Shareholders' Meeting.

o) Hedge accounting-

Basic earnings per share are calculated by dividing the net profit for the year attributable to the Elecnor, S.A. by the weighted average number of ordinary shares outstanding in the year, excluding the average number of Elecnor, S.A. shares held.

Diluted earnings per share are calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding in the year, adjusted by the weighted average number of ordinary shares that would be issued on the conversion of all of the potential ordinary shares into ordinary shares of the Parent.

At 31 December 2019 and 2018, basic earnings per share are the same as diluted earnings per share, since there were no potential shares outstanding during the years then ended.

p) Inventories-

This item reflects the assets that the Elecnor Group:

- Has under production, construction or development for this purpose, except for construction in progress for which revenue is recognised as indicated in section u.1) ; or
- Expects to consume in the production process or in the rendering of services.

Inventories are measured at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of items that are not ordinarily interchangeable is assigned by using specific identification of their individual costs; the weighted average cost is used for the remainder.

Net realisable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Details of the Elecnor Group's inventories for 2019 and 2018 are as follows:

	Thousands of Euros	
	31/12/2019	Restated 31/12/2018
Raw materials and other supplies	3,547	4,063
Goods for resale	529	488
Semi-finished and finished goods	1,683	2,737
	5.759	**7.288**

q) Cash and cash equivalents-

Cash and cash equivalents include cash on hand and sight bank deposits placed with credit institutions. This heading also includes other highly liquid short term investments which can be readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Accordingly, this heading includes investments that are redeemable within less than three months from their acquisition date.

The Group classifies cash flows corresponding to interest received and paid and dividends received and paid as financing and investment activities.

r) Official grants from Public Administrations-

Official grants from Public Administrations are recognised when there is reasonable certainty of compliance with the conditions associated with their being awarded and received.

Capital grants

Capital grants awarded in the form of monetary assets are recognised as a credit entry under "Non-current liabilities – Official grants", in the consolidated statement of financial position and are imputed to other income as the related financed assets are amortised.

At 31 December 2019, the Elecnor Group had received capital grants amounting to Euros 6,448 thousand (Euros 6,979 thousand in 2018), which had not yet been recognised as income. Government capital grants recognised in 2019 amount to approximately Euros 484 thousand (Euros 478 thousand in 2018) and are recognised as other operating income in the accompanying consolidated income statement.

Operating grants

Operating grants are allocated to income in the year in which the related expenses are incurred, with a credit to the heading "Other operating income".

Other operating income in the consolidated income statements for 2019 and 2018 includes approximately Euros 3,241 thousand and Euros 3,377 thousand, respectively. Most operating grants received by the Elecnor Group in 2019 and 2018 related to the costs borne by Deimos Space, S.L.U. and its subsidiaries in carrying out their activities.

s) Provisions-

The Group recognises provisions for the estimated amount required to settle its liabilities, whether legal or constructive, probable or certain, associated with contingencies, ongoing litigation or obligations, when such liabilities arise as a result of past events, it is probable that an outflow of resources will be required and a reliable estimate can be made of the amount of the obligation. Provisions are recognised when the liability or obligation arises (see Note 19), with a charge to the relevant statement of profit and loss heading based on the nature of the obligation, and for the present value thereof, when the effect of discounting the obligation is material.

The amounts recognised in the consolidated statement of financial position correspond to the best estimate at year-end of the disbursements necessary to extinguish the present obligation, having taken into account the risks and uncertainties linked to the provision.

Provisions do not include the tax effect.

Provisions are reversed against profit and loss when there is not likely to be an outflow of resources to extinguish the obligation. The reversal is performed against the item of profit and loss in which the relevant expense was recognised, and the excess, where applicable, is recognised under other income.

Contingent liabilities relating to possible obligations (dependent on the occurrence or non-occurrence of uncertain future events) or to present obligations that do not qualify for the recognition of a provision (because they are not probable or they cannot be measured reliably) are not recognised (see Notes 19 and 23).

Decommissioning provisions

The provisions to which this section refers are recognised based on the general criteria for recognising provisions and are booked as higher cost value of the items of property, plant and equipment to which they relate (see section i).

t) Termination benefits-

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring that involves the payment of termination benefits.

For termination benefits payable as a result of an employee's decision to accept an offer, the time when the Group can no longer withdraw the offer of termination benefits is the earlier of when the employee accepts the offer and when a restriction on the Group's ability to withdraw the offer takes effect.

In the case of involuntary termination benefits, the Group can no longer withdraw the offer when it has communicated to the affected employees or trade union representatives the plan; the actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made; the plan identifies the number of employees whose employment is to be terminated, their job classifications or functions and their locations and the expected completion date; the plan establishes the termination benefits that employees will receive in sufficient detail that employees can determine the type and amount of benefits they will receive when their employment is terminated.

u) Revenue from contracts with customers-

u.1 Revenue from the sale of construction contracts

The Group carries out various construction projects for customers. The projects are considered to be a single execution obligation satisfied over time. This is because projects are tailored specifically for customers and they tend to be highly integrated. Income from projects is recognised over time because the Group's execution produces an asset controlled by customers and with no alternative use for the Group, which is entitled to payment for execution completed until year end.

The Group recognises the income from contracts using the percentage of completion method based on costs incurred over total estimated costs. The Group makes adjustments in accordance with the progress for inefficiencies not initially envisaged in the contract. Moreover, the Group only recognises revenue for cost incurred to the extent that the Group delivers a good that is not different, the customer expects to obtain control of the good prior to obtaining service therefrom, the cost of the good delivered is significant in relation to the total estimated costs and the Group acquires the good from a supplier and is not significantly involved in designing and manufacturing the good.

The Group adjusts progress towards completion as the circumstances change and books the impact prospectively as a change in estimate.

Income recognised by the percentage completion method, a liability is recognised by contract, to the extent that the amount is not due and as a receivable if there is an unconditional right to payment. If the payment received by the customer exceeds the recognised income, a contractual liability is recognised. If the time elapsed between accrual of the income and the estimated payment date exceeds twelve months, the Group recognises the income at the current estimated value of the amount receivable discounted at an interest rate that reflects the customer's credit risk. The Group subsequently recognises finance income. If the time elapsed between receiving the payment from the customer and booking the income as a percentage of completion exceeds twelve months, the Group recognises a finance expense charged to liabilities from the date on which the advance is received to the date on which the income is booked. The interest rate used to recognise the finance expense is determined by the Group's incremental interest rate.

u.2 Rendering of services

Ordinary income from rendering services is recognised considering the degree of completion of the rendering at the balance sheet date, providing that the result of the transaction may be reliably estimated. This is the case when the amount of revenues, degree of completion, costs already incurred and those pending can be reliably measured and it is likely that the economic rewards deriving from rendering the service will be received.

u.3 Contractual modifications

The Group recognises contractual modifications when they have been approved by the parties.

The Group recognises a contractual modification as a separate contract when:

a) The scope of the contract is increased due to the addition of different goods or services, and

b) The contract price increases by an amount reflecting the individual price of the additional goods or services, plus any adjustment to reflect the specific circumstances of the contract.

If there is no separate contract, then the original contract is completed to the extent that the residual goods or services are different from those previously delivered. In this case, the Group recognises the residual consideration and the new consideration, prospectively with the different obligations or goods or services within an obligation, pending delivery.

Otherwise, the amount of the modification is assigned to all obligations, including those that may already have been delivered, recognising an adjustment in the income accrued to date.

The Group assigns changes in the transaction price to the contractual obligations in the same way as at the start of the contract, so the Group does not reassign the transaction price to reflect changes in independent sale prices after the contract has commenced. The amounts assigned to fulfilled obligations are recognised as income or a reduction in income when the modification takes place. The Group recognises a change in the transaction price, applying the aforementioned criteria concerning contractual modifications.

However, in the event of a change in the transaction price subsequent to a contractual modification, the Group assigns the effect of the change to the obligations identified prior to the modification, to the extent that the price change is attributable to a variable consideration pledged prior to the modification and the modification is not accounted for as a separate contract, but as a completion of the original contract. On other occasions when modifications are not recognised as a separate contract, the Group assigns the change in the transaction price to the obligations of the modified contract, in other words, the obligations pending execution or partially pending execution following the modification.

In contractual modifications accepted by the parties, but in which approval of the transaction price is pending, the Group recognises the modification in the amount it is considered highly probable will not produce a significant reversal of the income. The Group adjusts estimated transaction prices at each balance sheet date.

v) Income tax-

Income tax revenue or expenses include both current and deferred taxes.

Current tax is the amount payable or recoverable for taxes on consolidated fiscal profit or loss in the year. Current tax assets or liabilities are measured by the amounts expected to be paid to or recovered from the tax authorities, based on the tax rules and rates that have been approved or are about to be approved as of year-end.

Deferred tax liabilities are corporate income tax amounts payable in the future relating to temporary differences, while deferred tax assets are corporate income tax amounts recoverable due to the existence of deductible temporary differences, tax loss carryforwards or deductions pending application. In this connection, a temporary difference is understood to mean the difference between carrying the value of assets and liabilities and their taxable base.

Current or deferred income tax is recognised in profit and loss unless there is a transaction or economic event that has been recognised in the same financial year or another year, against net equity or from a business combination.

Recognition of deferred tax liabilities

The Group recognises deferred tax liabilities in all cases except:

- those arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither accounting profit nor taxable income;

- those corresponding to differences relating to investments in subsidiaries, associates and joint ventures on which the Group has a capacity to control when they are reversed and when they are unlikely to be reversed in the foreseeable future.

Recognition of deferred tax assets

The Group recognises deferred tax assets provided that:

- it is likely that sufficient taxable profits will be obtained in the future to offset those items, or when tax legislation allows for the future conversion of deferred tax assets into an enforceable credit in respect of the Public Administration. However, assets arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income are not recognised;

- they correspond to temporary differences relating to investments in subsidiaries, associates and joint arrangements insofar as the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

It is considered likely that the Group will obtain sufficient taxable profits in the future to offset deferred tax assets, provided there are sufficient deductible temporary differences, relating to the same tax authority and referring to the same taxpayer, the reversal of which is expected in the same tax year as the deductible temporary differences are expected to be reversed or in years in which a tax loss emanating from a deductible temporary difference may be offset against prior or subsequent profit.

In determining future taxable profit, the Group takes into account tax planning opportunities, provided it intends to adopt them or is likely to adopt them.

Measurement of deferred tax assets and liabilities

Deferred tax assets and liabilities are measured by the applicable tax rates in the years in which the assets are expected to be realised or the liabilities paid, based on rules and rates that are approved or about to be approved and having considered the fiscal consequences deriving from the manner in which the Group expects to recover the assets or settle the liabilities. In this connection, the Group has considered the deduction due to the reversal of temporary measures pursuant to transitory provision thirty-seven of Corporate Income Tax Law 27/2014, dated 27 November, as an adjustment in the tax rate applicable to the deductible temporary difference associated with the non-deductibility of amortisations performed in 2013 and 2014 and the updating of balances under Law 16/2012, of 27 December.

At the end of each year, the Group reviews the carrying amount of deferred tax assets with a view to reducing that value to the extent that it is not likely that there will be sufficient future tax credit carryforwards to offset them. Deferred tax assets that do not meet the aforementioned criteria are not recognised in the consolidated statement of financial position. At the end of each year, the Group reviews whether or not the conditions have been fulfilled to recognise deferred tax assets that have not previously been recognised.

Tax uncertainties

If the Group determines that it is unlikely that the tax authority will accept an uncertain tax treatment or group of uncertain tax treatments, it considers said uncertainty when determining the taxable income, tax bases, tax loss carryforwards, deductions or tax rates. The Group determines the effect of uncertainty on the corporate income tax filing using the expected value method, when the range of potential outcomes is very broad, or the most likely amount method, when the outcome is binary or concentrated on one value. In those cases in which the tax asset or liability calculated based on these criteria exceeds the amount presented in self-assessments, it is presented as current or non-current in the consolidated statement of financial position based on the estimated recovery or payment date, considering, where appropriate, the amount of related late-payment interest on the liability as accrued in the income statement. The Group recognises changes in events and circumstances relating to tax uncertainties as a change of estimate.

The Group recognises and presents fines in accordance with the stated accounting policy for provisions.

Classification

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position as non-current assets or liabilities, irrespective of the expected date of realisation or settlement.

w) Statement of cash flows-

The Group presents the cash flow statement using the direct method, using the following expressions with the following meanings:

- Cash flows. Inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

- Operating activities. The principal revenue-producing activities of the Elecnor Group companies and other activities that are not investing or financing activities. The Group presents reverse factoring ("confirming") of trade payables as an operating activity.

- Investing activities. The acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents. The Group classifies interest and dividends received as an investment activity.

- Financing activities. Activities that result in changes in the size and composition of the equity and liabilities that are not operating activities.

The cash flows from operating activities of 2019 and 2018 relate to the Group's routine operations. In this connection, in 2019 there has been an improvement in changes in working capital with respect to 2018, which, coupled with the notable improvement in resources from operations, implied significantly higher cash flows from operating activities than in 2018. Moreover, in relation to the same heading, the Parent did not have any drawn down amount in its factoring lines at year end of either 2019 or 2018.

Net cash flows from investment activities in 2019 and 2018 stemmed mainly from the new investments in property, plant and equipment (see Note 11) and the net cash flows from certain corporate transactions carried out in both years, as described in Notes 2.f and 7. Furthermore, in 2018 note the cash flows received as a result of the dividends paid by the subgroup Celeo Redes (Note 13).

Lastly, the main movements in cash flows from financing activities in both 2019 and 2018 correspond to new issuance and redemptions of commercial paper issued in the Alternative Fixed-Income Market (MARF). In addition, in 2019 note the financing secured through wind power projects in Spain and Brazil and the issuance of project covered bonds by the subsidiary Ventos do Sul Energia, S.A., which used part of these funds to cancel the entirety of the previous funding of its wind project (Note 17). In connection with 2018, note the issuance of financing secured through wind projects in Spain and the early repayment of Euros 100 million in the context of the renewal of corporate syndicated financing in the year (Note 17).

x) Segment reporting-

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

y) Environmental issues

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as other operating expenses in the period in which they are incurred.

Items of property, plant and equipment acquired by the Group for consistent use in its activity and whose main purpose is to minimise the environmental impact of its activity and protect and improve the environment, including the reduction and elimination of future pollution from the Group's activities, are recognised as assets, applying the measurement, presentation and disclosure criteria described in section i).

4. FINANCIAL RISK MANAGEMENT POLICY

Elecnor Group is exposed to certain financial risks, which it manages by grouping together its systems for identifying, measuring and supervising risks and limiting the concentration thereof. Financial risk management and containment is performed on a coordinated basis by corporate management and the various business units and subsidiaries that comprise the Group. Financial risk management activities are approved at the highest executive level, in accordance with the rules, policies and procedures in place.

Currency risk-

Exchange risk to be mitigated arises from the transactions that the Group performs on the international markets in the course of its business, namely market risk due primarily to foreign currency risk. Certain income and procurement costs are denominated in currencies other than the Euro. For this reason, the risk of fluctuating exchange rates of these currencies against the functional currency could have an impact on the Group's profit/loss.

In order to manage and minimise this risk, Elecnor uses hedging strategies, since its objective is to generate profits only through its ordinary business, and not by speculating in relation to exchange rate fluctuations.

The instruments used to achieve this hedging are essentially borrowings tied to the contract's collection currency, foreign currency hedges and swaps, whereby Elecnor and the bank exchange the cash flows arising from a loan denominated in Euros for the flows of another loan denominated in the currency in question, as well as the use of "currency baskets" in order to hedge mixed financing tied to various currencies.

At 31 December 2019, if the euro had depreciated/appreciated by 10% against the US dollar, with all other variables remaining constant, consolidated profit after tax would have been Euros 4,305 thousand higher or Euros 3,522 thousand lower, respectively (Euros 2,666 thousand and Euros 1,749 thousand, respectively in 2018), due mainly to the translation of trade receivables and accounts payable.

The Group is exposed primarily to foreign exchange risk from operations involving US Dollars.

The Group's main exposures to foreign exchange risk at 31 December 2019 and 2018 are detailed below. The attached tables reflect the carrying amounts of the Group's financial instruments or classes of financial instruments denominated in foreign currencies:

2019

Thousands of Euros	Long-term credits to Group companies	Trade and other receivables	Cash and cash equivalents	Trade and payables
MXN	-	567	809	-
EUR	-	1,500	1,178	(2,350)
USD	10,561	54,884	107,365	(16,138)
DZD	-	19,741	294	(17,012)
GBP	-	54	8	(14)
HTG	-	12,921	-	(2,601)
JOD	-	8,695	163	(5,082)
OMR	-	13,380	791	(786)
AOA	-	14,229	1,974	-
NOK	-	7,394	6,003	(4,158)
DOP	-	26,355	4,862	(11,429)
XAF	-	4,813	3,578	-
MAD	-	302	3,970	-
MRO	-	11,056	701	(2,048)
VES	-	-	-	(766)
GHS	-	5,778	239	(1,596)
HNL	-	4,195	611	(446)
XOF	-	3,028	865	(2,095)
Other	-	4,768	1,224	(3,332)
Total	**10,561**	**193,660**	**134,635**	**(69,853)**

2018 – restated

Thousands of Euros	Long-term credits to Group companies	Trade and other receivables	Cash and cash equivalents	Trade and payables
MXN	-	316	15	(48)
EUR	-	4,347	1,521	(1,217)
USD	26,628	41,953	77,422	(17,337)
DZD	-	22,788	364	(22,915)
GBP	-	208	1	(8)
HTG	-	9,402	-	(1,120)
JOD	-	5,451	761	(3,752)
OMR	-	2,120	98	(1,051)
AOA	-	867	896	(7,225)
AUD	-	64	-	-
NOK	-	7,005	1,518	(4,221)
RB	-	1,792	-	-
CLP	-	14,294	74,968	(7,225)
DOP	-	25,222	2,795	(6,211)
PAB	-	14,859	1,388	(5,819)
XAF	-	2,381	390	-
MAD	-	1,099	3,403	-
MRO	-	5,533	1,698	(4,031)
VES	-	-	-	(2,372)
Other	-	7,479	3,168	(2,601)
Total	**26,628**	**167,180**	**170,406**	**(87,153)**

Interest rate risk-

Interest rate fluctuations change the fair value of assets and liabilities that accrue interest at fixed rates and the future cash flows from assets and liabilities indexed to floating interest rates. Elecnor has arranged borrowings to enable it to carry on its operations, mainly in connection with the development, construction and operation of wind farms, thermosolar projects and electricity infrastructure concessions, which it does under project financing arrangements. This kind of arrangement requires under contract that interest rate risk be covered using hedging instruments.

In the case of both project and corporate financing, borrowings are arranged mainly at floating rates and, where appropriate, hedging instruments are used to minimise the related interest rate risk. The hedging instruments, which are specifically assigned to financial debt and are limited to the same nominal value as the latter and the same maturity dates as the hedged items, are essentially IRSs, the aim of which is to convert loans originally arranged at variable rates to fixed rates. In any case, the interest rate hedges arranged are all effective for accounting purposes.

If interest rates at 31 December 2019 had been 5 basis points higher or lower and the rest of variables unchanged, consolidated profit before tax would have amounted to Euros 2,241 thousand and Euros 2,241 thousand higher/lower, respectively, mainly due to a higher/lower finance expense on borrowings at floating rates (Euros 1,684 thousand and Euros 2,075 thousand higher/lower, respectively, in 2018).

Other price risks-

The Group is also exposed to its risk that cash flows and profits may be affected by changes in energy prices and by oil prices, among other issues. In order to manage and minimise these risks the Group occasionally uses hedging strategies.

Liquidity risk-

Liquidity risk is mitigated through Elecnor's policy of holding cash and highly liquid non-speculative short-term instruments, such as the acquisition of treasury bills under non-optional repurchase agreements and very short-term US dollar deposits, through leading banks in order to be able to meet its future commitments and the arrangement of committed credit facilities of sufficient amount to cover its projected needs.

Note 17 provides details of the maturities of financial liabilities.

Credit risk-

The main credit risk arises from trade receivables, when the counterparty or customer does not meet their contractual obligations. To mitigate this risk, the Group operates with customers that have adequate credit records. In view of its activities and the sectors in which it operates, Elecnor has customers with very high credit ratings. However, in the case of non-recurrent international sales to customers, mechanisms such as advances, irrevocable letters of credit and insurance policies are used to ensure collection. Furthermore, the financial solvency of customers is analysed and specific terms and conditions are included in contracts, aimed at guaranteeing customer payments of the stipulated price.

In the case of the wind farms, the power produced - in accordance with the legislative framework in force for the electricity industry - is sold in the Iberian Electricity Market (MIBEL) and income is collected from the operator of the Spanish Electricity Market (OMIE) through a payment-guarantee system and from the Spanish National Markets and Competition Commission (CNMC), which regulates energy markets in Spain and reports to the Ministry of Industry. Ventos do Sul Energia, S.A., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral Energía, S.A. and Ventos dos Índios Energia, S.A. (Brazil) entered into long-term agreements with the corresponding Brazilian electricity distribution companies to sell the electric power that they will generate for a period of 20 years. Furthermore, Eóliennes de L'Érable has signed a 20 year contract to sell the electricity it generates to Canadian electric utility Hydro-Québec.

Elecnor seeks always to implement the strictest measures to mitigate this risk and conducts periodic analyses of its exposure to credit risk, making the relevant impairment corrections where necessary. Note 15.a) includes a breakdown of the amount of trade and other receivables past due and the amount impaired at 31 December 2019 and 2018.

Regulatory risk-

Elecnor closely monitors regulatory risk, particularly that affecting renewable energy, to adequately reflect its impact on the consolidated income statement.

Other risks-

In addition to the risks outlined above, the Elecnor Group is exposed to various risk factors (governance, strategic, planning and economic environment, operating, reporting and compliance risks) linked to the sectors in which it operates and the long list of countries in which it operates, either consistently or by means of one-off projects. The Group uses its Risk Management System to continually manage and prevent these risks, reducing to acceptable levels the probability of their materialising and mitigating their potential impact, where applicable, on business volume, profitability and efficiency, reputation and sustainability. The pillars of this Risk Management System are the ongoing identification and assessment of the risks to which the Group is exposed, the improvement of related management mechanisms and tools and the permanent oversight and monitoring of the entire process.

5. APPROPRIATION OF PROFIT

The proposed appropriation of the Parent's 2019 profit/loss, to be presented to the General Shareholders' Meeting, is as follows:

	2019
Basis of appropriation	
Profit/loss for the year	30,122
Voluntary reserves	2,151
Total	**32,273**
Appropriation	
Voluntary reserves	1,249
Capitalisation reserves Law 27/2014	2,151
Interim dividend	4,987
Supplementary dividend	23,886
Total	**32,273**

At the General Shareholders' Meeting held on 22 May 2019 a supplementary dividend of Euros 21,939 thousand (Euros 0.31 per share) was approved, taking into account the interim dividend of Euros 4,795 thousand out of 2018 profit paid in December 2018.

At the meeting held on 23 October 2019, the Board of directors of the Parent agreed to distribute an interim dividend for 2019 of Euros 4,987 thousand, which was recognised as a reduction in equity under "Interim dividend paid in the year" on the liability side of the accompanying consolidated statement of financial position, and paid on 11 December 2019.

These distribution amounts did not exceed the profit obtained in the last year by the Parent, having deducted the estimated corporate income tax payable on said profit, in accordance with the provisions of article 277 of the Revised Spanish Companies Act.

The provisional accounting statement prepared in accordance with legal requirements evidencing the existence of sufficient liquidity for the distribution of the dividend was as follows:

Working Capital Position at 30 September 2019

(Excluding inventories and prepayments)

	Thousands of Euros
Realisable values-	
Trade receivables	694,611
Other accounts	112,119
	806,730
Current payables-	
Suppliers	272,406
Current loans	293,745
Other accounts	187,613
	753,764
Total working capital	**52,966**
Liquidity available:	
Cash on hand and at banks (including foreign currency)	66,949
Total liquidity available	**66,949**
Gross interim dividend proposed-	
(Euros 0.05732 for 87,000,000 shares)	4,987
% of net profit at 31/10/2016 and 30/10/2015	75.03%
% of working capital + liquidity available	4.16%

6. SEGMENT REPORTING

IFRS 8 requires operating segments to be identified based on the information that the entity's management uses to make decisions about operating matters. The Parent's directors consider that the segments that must be reported, since they form the basis on which the Group makes its decisions for allocating resources and whose operating profits are reviewed regularly at the highest executive level to assess their performance, are Infrastructure and Concessions (previously Investments). In each of these markets, the Group obtains revenue from the various business activities carried on by it.

The Concessions segment includes the concession and operating activities for wind farms, as the performance and monitoring of the results generated by both activities is measured and managed together; this is also the case for corporate decision-making.

a) Information on operating segments-

Assets and liabilities for general use and the income and expenses arising therefrom were not allocated to the other segments. Similarly, the reconciling items arising from the comparison of the result of integrating the financial statements of the various operating segments (prepared on the basis of management criteria) with the consolidated financial statements of the Elecnor Group, were not allocated. These items are included under the heading "Corporate" in the information shown below.

Information on these operating segments is presented below:

a) Details of the consolidated income statement items by segment at 31 December 2019 and 2018 are as follows:

2019

Thousands of Euros	Infrastructure	Concessions	Corporate	Intersegment	Total at 31/12/2019
Statement of profit and loss					
Net Turnover	2,279,501	190,769	-	(16,544)	2,453,726
Results from operating activities	119,585	87,474	38,978	(6,361)	239,676
Finance income	6,392	2,946	-	-	9,338
Finance costs	(17,837)	(36,723)	-	-	(54,560)
Change in fair value of financial instruments	(3)	413	-	-	410
Translation differences	(2,484)	(68)	-	-	(2,552)
Impairment and profit/loss on disposal of financial instruments	(655)	(1,580)	-	-	(2,235)
Income tax	(38,385)	(11,543)	(9,418)	(66)	(59,412)
Attributable to non-controlling interests	(94)	(4,194)	-	-	(4,288)
Consolidated profit/loss attributable to the Parent	66,519	36,726	29,560	(6,428)	126,377
EBITDA	176,717	144,712	72,637	(7,070)	386,996

Restated 2018

Thousands of Euros	Infrastructure	Concessions	Corporate	Intersegment	Total restated at 31/12/18
Statement of profit and loss					
Net Turnover	2,096,046	158,643	-	(3,790)	2,250,899
Results from operating activities	108,092	67,418	(24,938)	(1,197)	149,375
Finance income	6,826	2,650	1,423	-	10,899
Finance costs	(20,476)	(28,578)	-	445	(48,609)
Change in fair value of financial instruments	(3)	(382)	-	-	(385)
Translation differences	14,222	(301)	-	(83)	13,838
Impairment and profit/loss on disposal of financial instruments	168	105	-	-	273
Income tax	(43,648)	(9,832)	16,127	(205)	(37,558)
Attributable to non-controlling interests	(78)	(5,638)	-	-	(5,716)
Consolidated profit/loss attributable to the Parent	65,104	25,442	(7,388)	(1,041)	82,117
EBITDA	171,481	114,921	(30,693)	(1,541)	254,168

b) Details of assets and liabilities by segment at 31 December 2019 and 2018 are as follows:

2019

Thousands of Euros	Infrastructure	Concessions	Corporate	Intersegment	Total al 31/12/2019
Assets-					
Property, plant and equipment	143,121	582,390	-	(9,776)	715,735
Intangible assets	29,692	12,628	-	-	42,320
Right-to-use assets	19,284	15,882	-	-	35,166
Deferred tax assets	69,924	13,421	17,085	2,997	103,427
Inventories	5,647	112	-	-	5,759
Trade receivables	737,648	21,480	15,119	(368)	773,879
Customer contract assets	306,129	-	-	-	306,129
Investees accounted for using the equity method	20,015	560,552	-	-	580,567
Non-current financial assets	17,710	19,301	4,984	-	41,995
Non-current assets held for sale	5,747	32,974	-	-	38,721
Other assets (*)	267,084	68,326	128	8	335,546
Total assets	1,622,001	1,327,066	37,316	(7,139)	2,979,244
Liabilities and equity-					
Non-current financial liabilities	26,231	355,009	276,948	-	658,188
Provisions for liabilities and charges	7,819	18,220	20,350	-	46,389
Deferred income and grants	4,683	1,765	-	-	6,448
Non-current lease liabilities	15,378	17,332	-	-	32,710
Other non-current liabilities	6,292	13,342	-	-	19,634
Deferred tax liabilities	6,909	13,079	618	-	20,606
Current provisions	60,062	4,356	-	-	64,418
Current financial debt	141,762	34,184	1,738	-	177,684
Current lease liabilities	5,208	2,202	-	-	7,410
Current non-financial debt	1,108,554	45,592	31,406	(272)	1,185,280
Liabilities associated with non-current assets held for sale	-	23,157	-	-	23,157
Other liabilities (*)	53,627	109,899	587,515	(13,721)	737,320
Total liabilities	**1,436,525**	**638,137**	**918,575**	**(13,993)**	**2,979,244**

(*) Includes mainly cash and cash equivalents.

Restated 2018

Thousands of Euros	Infrastructure	Concessions	Corporate	Intersegment	Total restated at 31/12/18
Assets-					
Property, plant and equipment	120,302	578,371	-	(9,315)	689,358
Intangible assets	33,749	40,866	-	-	74,615
Deferred tax assets	68,345	22,923	1,649	2,909	95,826
Inventories	7,262	26	-	-	7,288
Trade receivables	703,867	19,986	7,112	1	730,966
Customer contract assets	258,756	-	-	-	258,756
Equity-accounted investees:	22,281	317,437	-	-	339,718
Non-current financial assets	51,539	28,248	3,722	-	83,509
Non-current assets held for sale:	423	-	-	-	423
Other assets (*)	235,223	63,995	295	-	299,513
Total assets	**1,501,747**	**1,071,852**	**12,778**	**(6,405)**	**2,579,972**
Liabilities and equity-					
Non-current financial liabilities	15,181	348,642	253,996	-	617,819
Provisions for liabilities and charges	16,778	13,136	-	-	29,914
Deferred income and grants	5,169	1,810	-	-	6,979
Other non-current liabilities	7,256	16,941	-	-	24,197
Deferred tax liabilities	7,569	13,773	755	-	22,097
Current provisions	62,667	5,362	-	-	68,029
Current financial debt	203,253	44,429	1,747	-	249,429
Current non-financial debt	960,435	31,757	2,974	-	995,166
Equity	47,045	(11,282)	538,528	(7,949)	566,342
Total liabilities	**1,325,353**	**464,568**	**798,000**	**(7,949)**	**2,579,972**

(*) Includes mainly cash and cash equivalents.

b) Information on products and services-

The Elecnor Group's business activities are as follows:

- Electricity
- Power generation
- Telecommunications and space
- Construction, environment and water
- Maintenance
- Facilities
- Gas
- Railways

The generation of electricity (included in Energy Generation) using mainly wind farms and solar thermal power plants is one of the lines of business of the Elecnor Group that is carried out through the Enerfín subgroup in the case of wind farms, and by Celeo Termosolar, S.L. (subgroup Celeo Concesiones e Inversiones), in the case of solar thermal plants. Both activities belong to the Concessions segment.

Both activities are included in the Concessions and Investments segment. The electricity generation business of the Elecnor Group's Spanish subsidiaries is regulated by Electricity Industry Law 24/2013 of 26 December 2013, which repeals Law 54/1997 of 27 November 1997, and by the subsequent implementing regulations.

On 28 December 2012, Law 15/2012 of 27 December 2012 on Tax Measures for Energy Sustainability was published, introducing a new tax on the value of electricity output applicable to activities involving the production and feeding of electricity into the Spanish electricity system. The tax base consists of the total amount receivable by the taxpayer for the power output produced and the electricity fed into the system during the tax period, which coincides with the calendar year, and this amount is subject to a 7% tax charge.

Additionally, Final Provision One of this Law amended Law 54/1997, whereby the electricity attributable to the use of fuels at a generation facility that uses any non-consumable renewable energy as a primary energy source will not qualify for the feed-in tariff system, which could affect the Group's thermosolar power plants under operation.

On 2 February 2013, Royal Decree-Law 2/2013 of 1 February 2013 on Urgent Measures in the Electricity System and in the Financial Sector was published, addressing, inter alia, the following:

- Effective from 1 January 2013, all remuneration, tariffs and feed-in tariffs received by the parties to the electricity system, which were tied to the CPI prior to the entry into force of this Royal Decree-Law, will be updated using as a reference the CPI at a constant tax rate, excluding unprocessed foods and energy products.

- Additionally, this Royal Decree-Law amended Royal Decree 661/2007 of 25 May 2007, which governs electricity production under the special regime, establishing a single remuneration option for facilities falling under the special regime, i.e. this remuneration will be treated as a regulated tariff except when the facilities decide to receive only the market price (no feed-in tariff). The pool plus feed-in tariff option normally used by these facilities was therefore eliminated.

Royal Decree-Law 9/2013 of 12 July 2013, adopting urgent measures to ensure the financial stability of the electricity system, was approved on 13 July 2013 and addresses, inter alia, the following:

- The government will be responsible for approving a new legal and economic regime for existing facilities that generate electricity using renewable energy sources, cogeneration and waste. To this end, article 30.4 of Electricity Industry Law 54/1997 of 27 November 1997 was amended to include the specific principles for drawing up this regime, in order to limit the government's scope of activities to the development of remuneration models for these facilities. This regime will be based on facilities receiving revenues for their participation in the market, plus additional remuneration, where necessary, to cover the investment costs that cannot be recovered by an efficient, well-managed company in the market. To this end, in accordance with EU legislation, an efficient, well-managed company is understood to be a company provided with the means necessary to carry out its activity, with costs that correspond to an efficient company engaging in this activity, taking into account the corresponding revenue and a reasonable profit for carrying out its activities.

- Calculation of the specific remuneration for a 'standard' facility will consider the revenues from energy sales at production market prices, the average operating expenses necessary to carry out the activity and the value of the initial investment for a 'standard' facility operated by an efficient, well-managed company. As such, the remuneration model will be based on fixed parameters on the basis of the different 'standard' facilities listed.

- In order to define this new model, the following pieces of legislation were repealed: article 4 of Royal Decree-Law 6/2009 of 30 April 2009, adopting certain measures in the energy sector and approving the social tariff; Royal Decree 661/2007 of 25 May 2007, which regulates the production of electricity under the special regime; and Royal Decree 1578/2008 of 26 September 2008, regulating the revenues from photovoltaic solar electricity production activities for facilities entering into service after the end date for remuneration, under Royal Decree 661/2007 of 25 May 2007, for this technology. However, with a view to maintaining the flow of remuneration to facilities as well as other procedures, rights and obligations, the repealed legislation above will continue to apply temporarily until the regulation developing this Royal Decree-Law has been enacted, except in certain extreme cases.

- To this end, where appropriate, facilities will be entitled to a settlement on account under this temporary system and, once the legislative provisions necessary to apply the new economic regime have been enacted, the pertinent adjustments will be made to the rights to receivables or payment obligations arising as a result of application of the new methodology, effective from the entry into force of this Royal Decree-Law.

- Consequently, although the effectiveness of the legislative provisions governing remuneration that will be enacted has been determined, effective from the entry into force of this Royal Decree-Law, the legislation provides agents with the necessary information as regards the amount of the remuneration mechanism established, considering participation in the market and a return on the investment, and also determines the reasonable rate of return for the 'standard' facility.

- Moreover, for those facilities with the right to the premium financial regime upon the entry into force of the royal decree-law, a reasonable pre-tax profitability shall be determined, which may be revised after six years.

Royal Decree 403/2014 of 6 June 2014, regulating electricity generated from renewable energy sources, cogeneration and waste, was published on 10 June 2014. Subsequently, on 21 June 2014, Ministry of Industry, Energy and Tourism Order IET/1045/2014 of 16 June 2014 was published, approving the remuneration parameters for standard facilities, applicable to certain facilities that produce electricity through renewable sources, cogeneration and waste.

In line with the above, and considering that the government's aim is to reduce feed-in tariffs for the renewables sector, the Elecnor Group has re-estimated the future cash flows of all assets subject to this legislation, as it considers that there could be indications of impairment thereon.

In this connection, sector regulations changed over the course of 2014, building on the reforms commenced in 2013. As a result, the main standards governing the sector are:

- Electricity Sector Law 24/2013, of 26 December. This Law repeals Electricity Sector Law 54/1997, of 27 November, except for additional provisions six, seven, twenty-one and twenty-three, and articles 3 and 4 of Royal Decree Law 2/2013.
- Royal Decree 413/2014 in June and the associated Order of Parameters IET/1045/2014, updated for the 2017-2019 period by Order ETU/130/2017, of 17 February, enforcing the provisions of Royal Decree Law 9/2013, and facilities start operating in the Market, some of them being subject to a specific fixed annual remuneration framework depending on their nature, age and profitability (remuneration on investment and remuneration on operation). The reform of the electricity sector regulation in 2013 and 2014 did not alter Law 15/2012, of 27 December, whereby the Spanish government passed a general tax of 7% on electric power generation, and new taxes on nuclear and large-scale hydroelectric power, as well as a new levy on coal. The tax has been applied since January 2013.

Lastly, this year Royal Decree-Law 17/2019 was approved, adopting urgent measures for the necessary adaptation of remuneration parameters affecting the electricity system. This legislation established a reasonable return of 7.09% for renewable, cogeneration and waste facilities, applicable in the second regulatory period (2020-2025). However, renewable, cogeneration and waste facilities that were remunerated when Royal Decree-Law 9/2013 came into force and in certain circumstances were allowed to maintain, during the second and third regulatory periods (2020-2031) the reasonable return established for the first regulatory period, of 7.398%. Wind farms belonging to the subgroup Enerfín will maintain that reasonable return for this period.

Electricity sale and purchase contracts have been arranged for wind farms in Brazil and Canada with a number of buyers (Eletrobras, the Chamber for the Commercialisation of Electricity and Hydroquebec). These contracts cover a period of 20 years and have been arranged as part of the programme implemented by the Federal Government of Brazil.

The directors do not consider that any other renewable energy-related regulation has been enacted that could significantly affect the consolidated annual accounts at 31 December 2019.

c) Geographical information-

Following are details of revenues from external customers and non-current assets that are not financial instruments for the most significant countries at 31 December 2019 and 2018:

Revenue

Thousands of Euros		
Country	2019	Restated 2018
Spain	1,168,656	987,979
Brazil	417,275	240,404
Angola	42,048	68,830
USA	205,373	181,030
Australia	32,114	159,874
Chile	83,247	73,603
Mexico	45,874	55,355
Panama	70,886	21,820
Dominican Republic	50,858	89,683
Italy	43,158	37,723
Other	294,237	334,598
	2,453,726	**2,250,899**

Non-current assets

Thousands of Euros	2019			
Country	Intangible assets	Goodwill	Property, plant and equipment	Right-to-use assets
Canada	-	-	173,484	3,379
Brazil	34	-	289,719	2,821
Chile	-	-	1,190	-
Peru	-	-	1,404	-
UK	-	5,690	307	1,157
Ecuador	-	1,377	29,472	
USA	773	313	10,986	-
Spain	16,234	17,076	205,584	27,656
Other	401	422	3,589	153
	17,442	**24,878**	**715,735**	**35,166**

Non-current assets

Thousands of Euros	Restated 2018		
Country	Intangible assets	Goodwill	Property, plant and equipment
Canada	-	-	180,243
Brazil	-	-	256,879
Portugal	-	4,385	-
UK	-	5,690	-
USA	1,004	310	10,554
Spain	44,649	18,455	222,841
Other	122	-	18,841
	45,775	**28,840**	**689,358**

7. BUSINESS COMBINATIONS

On 31 July 2019, the Group, via the company Celeo Termosolar, S.L., acquired holdings of 42.57% and 44.30% in the companies Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., respectively. On that date the Group had a non-controlling interest in both companies (see Note 13). Both companies are domiciled in Madrid and their main activity is the construction and operation of three parabolic trough technology solar thermal power plants in Extremadura and Castilla-La Mancha.

The acquired business generated an ordinary loss and consolidated loss of Euros 35,053 thousand and Euros 1,418 thousand, respectively, for the Group between the acquisition date and the end of the period.

Had the acquisition taken place on 1 January 2019, the Group ordinary revenues and consolidated profit/loss for the year ended on 31 December 2019 would have exceeded Euros 55,505 thousand and Euros 5,750 thousand, respectively.

The details of the consideration paid, the fair value of the net assets acquired and the excess of net assets acquired over the cost of the combination are as follows:

Thousands of Euros	Dioxipe Solar, S.L.	Aries Solar Termoeléctrica, S.L.
Consideration paid		
Cash paid	3,403	10,846
Total consideration paid	3,403	10,846
Non-controlling interests	735	-
Fair value of the prior investment in the business	12,910	24,169
Fair value of the net assets acquired	23,473	43,392
Excess of net assets acquired over the cost of acquisition	6,425	8,377

The excess of net assets acquired over the cost of acquisition was recognised under "Negative differences in business combinations" in the accompanying consolidated income statement for 2019.

The fair value measurement of 55% and 55.7% of the previous shareholding in the acquired businesses (Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., respectively), which amounted to Euros 46,332 thousand, implied the recognition of a loss totalling Euros 9,253 thousand, which was booked under "Profit/loss at equity-accounted investees" in the consolidated income statement for 2019.

In addition, the transfer to the income statement of the valuation adjustments held by the Elecnor Group in net equity on the date of taking control associated with the shareholdings in these companies implied the recognition of a loss totalling Euros 47,445 thousand, which was booked under "Profit/loss at equity-accounted investees" in the consolidated income statement for 2019.

The fair value of the main assets acquired is shown below:

Thousands of Euros	Dioxipe Solar, S.L.	Aries Solar Termoeléctrica, S.L.
Assets		
Right-of-use assets (Note 12)	-	19,159
Property, plant and equipment (Note 11)	214,191	410,083
Current assets	15,901	31,958
Other assets (Note 14)	4,358	125
Deferred tax assets (Note 21)	26,928	53,823
Liabilities		
Non-current payables and derivatives	215,967	420,020
Current liabilities	15,346	27,009
Other liabilities	2,773	8,596
Deferred tax liabilities (Note 21)	3,819	16,131
Total net assets	23,473	43,392
Amount paid in cash	3,403	10,846
Cash and cash equivalents of the acquiree	6,220	12,155
Effect of the cash from the acquisition	(2,817)	(1,309)

The criterion for calculating the main assets and liabilities on the date control is obtained is outlined below:

- Licence: valued using the multi-period excess earnings method (MPEEM), which calculates the value of the asset as the sum of excess future earnings discounted at their current value having deducted contributory asset charges. The key parameters used in measuring this intangible were EBITDA and a discount rate of 6.52%. This asset was measured at Euros 20 million and is recognised along with property, plant and equipment.

- Property, plant and equipment: this was measured using the depreciated replacement cost.

- Deferred assets: measured in accordance with the best estimate of future taxable profit and based on tax regulations in force at the time of taking control.

8. NON-CURRENT ASSETS HELD FOR SALE

The Group has classified the assets and liabilities of waste water treatment plants as held for sale based on the sale agreements signed on 11 July 2019 (Note 2.f). The sale transactions are expected to be effective in the first half of 2020, once all the relevant permits are obtained.

The disposable group of items comprised assets with a net carrying amount of Euros 38,332 thousand and liabilities of Euros 23,157 thousand. Since the fair value less cost to sell of the disposable group are higher than the net carrying amount at 31 December 2019, it was not necessary to recognise any impairment loss.

Details of assets and liabilities held for sale and other comprehensive income relating to the waste water treatment plants at 31 December 2019 are as follows:

Thousands of Euros	
Non-current assets held for sale:	
Other intangible assets (Note 10)	24,607
Other non-current financial assets (Note 14)	1,584
Equity-accounted investees (Note 13)	3,522
Deferred tax assets (Note 21)	2,097
Other current assets	683
Cash and cash equivalents	5,839
Total assets	38,332
Liabilities associated with non-current assets held for sale:	
Finance liabilities on loans and borrowings (Note 17)	21,329
Other non-current liabilities	1,350
Trade and other payables	478
Total liabilities	23,157
Other comprehensive income	1,302

9. GOODWILL

Details, by company, of intangible assets - goodwill in the consolidated statements of financial position at 31 December 2019 and 2018 and of the changes therein in those years are as follows:

2019

Thousands of Euros	Balance at 31/12/2018	Impairment (Note 24)	Additions	Change to the consolidated Group (Note 2.f)	Balance at 31/12/2019
Fully-consolidated companies:					
Wind farms:					
- Galicia Vento, S.L.	8,702	-	-	-	8,702
- Aerogeneradores del Sur, S.A.	3,630	-	-	-	3,630
- Parque Eólico Montañes, S.L.	-	-	10	-	10
Other businesses:					
- Deimos Space, S.L.U.	158	-	-	-	158
- Deimos Engenharia, S.A.	4,227	(4,227)	-	-	-
- Ehisa Construcciones y Obras, S.A.	1,932	-	-	-	1,932
- Hidroambiente, S.A.U.	388	-	-	-	388
- Instalaciones y Proyectos de Gas, S.A.U. - merged with Elecnor, S.A.	1,031	-	-	-	1,031
- Helios Inversión y Promoción Solar, S.L.U.	1,125	-	-	(1,125)	-
- Jomar Seguridad, S.L.U.	1,647	-	-	-	1,647
- Belco Elecnor Electric, Inc.	310	-	3	-	313
- IQA Operations Group Limited	5,690	-	-	-	5,690
- Wayraenergy, S.A.	-	-	1,377	-	1,377
	28,840	**(4,227)**	**1,390**	**(1,125)**	**24,878**

2018

Thousands of Euros	Balance at 01/01/2018	Impairment (Note 24)	Disposals	Other	Balance at 31/12/2018
Fully consolidated companies:					
Wind farms:					
- Galicia Vento, S.L.	8,702	-	-	-	8,702
- Aerogeneradores del Sur, S.A.	3,630	-	-	-	3,630
Other businesses:					
- Deimos Space, S.L.U.	158	-	-	-	158
- Deimos Engenharia, S.A.	4,227	-	-	-	4,227
- Ehisa Construcciones y Obras, S.A.	1,932	-	-	-	1,932
- Hidroambiente, S.A.U.	388	-	-	-	388
- Instalaciones y Proyectos de Gas, S.A.U. - merged with Elecnor, S.A.	1,031	-	-	-	1,031
- Helios Inversión y Promoción Solar, S.L.U.	1,125	-	-	-	1,125
- Jomar Seguridad, S.L.U.	1,647	-	-	-	1,647
- Belco Elecnor Electric, Inc.	296	-	-	14	310
- IQA Operations Group Limited	5,690	-	-	-	5,690
	28,826	**-**	**-**	**14**	**28,840**

As indicated in Note 3.j, at each reporting date the Group reviews goodwill for impairment.

The cash-generating units considered for the purpose of the impairment tests on goodwill, included in the table above, are the companies to which the goodwill was allocated, since these companies are generally set up as single-project entities.

Recoverable amount is the higher of fair value less costs to sell and value in use, which is deemed to be the present value of the estimated future cash flows approved by management and considered reasonable. In assessing value in use, the assumptions used include discount rates, growth rates and expected changes in selling prices and costs. The directors of the Parent estimate discount rates that reflect the time value of money and the risks specific to the cash-generating unit.

In particular, with respect to the impairment tests on the goodwill allocated to wind farms and wind power projects in Spain, performed taking into account the value of the farms and projects together with the value of the related property, plant and equipment, which amounts to Euros 53 million (Euros 60 million in 2018), turnover is estimated in accordance with sector forecasts relating to the pool price and applicable legislation (see Note 6.b), which considers annual increases based on a prudent estimate of the changes in the price index and the average production levels obtained in prior years or those estimated as a result of studies. The main assumptions used by the Parent's directors when testing for impairment in 2019 are as follows:

- Revenues: based on internal estimates and, where applicable, external sources. The pool price applied for 2020 has been estimated at €49.30/MWh.
- Discount rate: 5.32% (*).
- Projection period: depending on the remaining useful life of the asset (Note 3.i.).

(*) The rate after the tax effect, as in this type of projects the tax component is very high and a fundamental variable when deciding whether to invest. These tests used net tax flows.

No impairment has emerged from the results obtained in these tests, or from the sensitivity analyses conducted by Management.

The sensitivity analyses performed by management using variations in accordance with the deviations in the main estimates from the previous year did not evidence any indications of impairment.

Additionally, with respect to the impairment tests on the remaining goodwill, the discount rates applied were between 6% and 8%, and in estimating perpetual return, growth rates of between 1.5% and 2% were considered.

In 2019, the Group impaired the goodwill of Deimos Engenharia, S.A. in the amount of Euros 4,227 thousand based on the impairment test carried out in the year and considering that the operating cash flows had decreased by 5% with respect to 2018 and that the Group does not expect growth in the near term.

10. OTHER INTANGIBLE ASSETS

Movement under this heading of the consolidated statement of financial position in 2019 and 2018 is as follows:

Thousands of Euros	Development expenses	Industrial property	Computer software	Administrative concessions	Other intangible assets	Total
Balance at 01/01/2018 restated	**1,409**	**3,110**	**12,666**	**51,480**	**27,886**	**96,551**
Changes in the consolidation scope	38	-	-	-	-	38
Additions	312	-	2,499	150	-	2,961
Disposals	(102)	-	(93)	-	(340)	(535)
Transfers	-	-	-	-	(36)	(36)
Translation differences	(1)	39	90	-	(9)	119
Balance at 31/12/2018 restated	**1,656**	**3,149**	**15,162**	**51,630**	**27,501**	**99,098**
Changes in the consolidation scope (Note 2.f)	(1)	-	(59)	-	-	(60)
Additions	313	-	3,281	21	-	3,615
Disposals	-	-	(471)	-	-	(471)
Translation differences	(1)	9	(248)	(3)	-	(243)
Balance at 31/12/2019	**1,967**	**3,158**	**17,665**	**51,648**	**27,501**	**101,939**
Accumulated amortisation and depreciation restated						
Balance at 01/01/2018	**1,099**	**2,618**	**8,870**	**21,567**	**12,721**	**46,875**
Charge (Note 24)	30	87	1,684	2,610	1,972	6,383
Disposals	67	-	(94)	-	-	(27)
Transfers	-	(15)	15	-	-	-
Translation differences	-	20	72	-	-	92
Balance at 31/12/2018 restated	**1,196**	**2,710**	**10,547**	**24,177**	**14,693**	**53,323**
Changes in the consolidation scope (Note 2.f)	-	-	(21)	-	-	(21)
Charge (Note 24)	46	89	2,393	2,582	1,972	7,082
Disposals	-	-	(253)	-	-	(253)
Translation differences	-	3	(246)	-	2	(241)
Balance at 31/12/2019	**1,242**	**2,802**	**12,420**	**26,759**	**16,667**	**59,890**
Total other intangible assets, net	**725**	**356**	**5,245**	**24,889**	**10,834**	**42,049**
Transfer to non-current assets held for sale (Note 8)	**-**	**-**	**-**	**(24,607)**	**-**	**(24,607)**
Net cost at 31/12/2019	**725**	**356**	**5,245**	**282**	**10,834**	**17,442**

Other intangible assets in the above table include a gross amount of Euros 27,507 thousand reflecting the estimated fair value of the contracts with public entities for road maintenance and upkeep relating to the subsidiary Audeca, S.L.U. at the date on which this company was acquired by the Elecnor Group in 2010. The Group amortises this asset over a period of 15 years which, based on past experience, is the estimated average term of the aforementioned contracts including the related renewals. The amortisation of this item in 2019 and 2018 amounted to approximately Euros 1,972 thousand, respectively.

Administrative concessions at 31 December 2018 include approximately Euros 27,160 thousand reflecting the estimated fair value (based on the fair value of the consideration given, i.e. the construction), less amortisation, of the investments made in various waste water treatment plants, which were constructed and are operated under a concession arrangement pursuant to the administrative concessions granted by the Aragón Water Institute. Under these concessions, the Elecnor Group operates the aforementioned water treatment plants obtaining revenue on the basis of the volume of cubic metres of water treated. At 31 December 2018, all the water treatment plants were in operation, with a concession term of 20 years. In 2019, these assets were transferred to non-current assets held for sale on the basis of the sale contracts signed in the year (see Note 8).

In 2019, the income generated by these concessions amounted to approximately Euros 6,303 thousand (Euros 6,589 thousand in 2018), and was recognised under turnover in the accompanying consolidated income statement.

The cost of intangible assets in operation, fully amortised at 31 December 2019 and 2018 is as follows:

Thousands of Euros	2019	2018
Development expenses	1,030	910
Industrial property	2,265	2,265
Computer software	8,220	6,807
	11,515	**9,982**

11. PROPERTY, PLANT AND EQUIPMENT

Movement under this heading of the consolidated statement of financial position in 2019 and 2018 is as follows:

Thousands of Euros	Land	Buildings, technical installations and machinery	Hand and machine tools	Furniture and fixtures	Information technology equipment	Motor vehicles	Other items of property, plant and equipment	Assets under construction	Total
COST:									
Balance at 01 January 2018 restated	**29,013**	**1,203,492**	**16,593**	**8,866**	**14,000**	**34,236**	**8,046**	**19,017**	**1,333,263**
Additions	-	14,593	4,611	777	1,616	4,556	5,662	1,441	33,256
Disposals	-	(6,885)	(2,781)	(85)	(574)	(2,982)	(607)	(278)	(14,192)
Transfers	-	6,016	19	(20)	391	(161)	(239)	(18,995)	(12,989)
Translation differences	706	(43,300)	344	204	212	3,766	5	(166)	(38,229)
Balance at 31 December 2018 restated	**29,719**	**1,173,916**	**18,786**	**9,742**	**15,645**	**39,415**	**12,867**	**1,019**	**1,301,109**
Changes in the consolidated Group (Note 2.f)	(39)	(663,094)	-	(262)	(118)	-	-	-	(663,513)
Business combinations (Note 7)	-	624,274	-	-	-	-	-	-	624,274
Additions	10	31,162	4,563	957	1,874	5,696	7,328	96,984	148,574
Disposals	(6)	(23,734)	(5,549)	(287)	(348)	(2,211)	(967)	(467)	(33,569)
Transfers	-	341	21	-	2	1,348	-	(1,714)	(2)
Translation differences	(2,105)	(21,016)	(67)	(841)	(766)	(14,170)	(66)	(1,724)	(40,755)
Balance at 31 December 2019	**27,579**	**1,121,849**	**17,754**	**9,309**	**16,289**	**30,078**	**19,162**	**94,098**	**1,336,118**
ACCUMULATED DEPRECIATION:									
Balance at 01 January 2018 restated	**-**	**526,369**	**4,039**	**6,386**	**9,862**	**24,448**	**5,240**	**-**	**576,344**
Charge (Note 24)	-	47,518	1,196	843	1,503	2,596	1,687	-	55,343
Disposals	-	(3,385)	(134)	(214)	(549)	(1,329)	(523)	-	(6,134)
Transfers	-	(11,086)	(7)	(5)	400	(74)	-	-	(10,772)
Translation differences	-	(10,801)	241	268	249	3,845	23	-	(6,175)
Balance at 31 December 2018 restated	**-**	**548,615**	**5,335**	**7,278**	**11,465**	**29,486**	**6,427**	**-**	**608,606**
Changes in the consolidated Group (Note 2.f)	-	(19,059)	-	(103)	(80)	-	-	-	(19,242)
Charge (Note 24)	-	62,922	1,072	534	1,802	3,222	3,727	-	73,279
Disposals	-	(16,447)	(765)	(239)	(334)	(1,929)	(668)	-	(20,382)
Transfers	-	3,057	(2)	-	-	(13)	(20)	-	3,022
Translation differences	-	(16,442)	(48)	(801)	(727)	(13,733)	(9)	-	(31,760)
Balance at 31 December 2019	**-**	**562,646**	**5,592**	**6,669**	**12,126**	**17,033**	**9,457**	**-**	**613,523**
IMPAIRMENT									
Balance at 01 January 2018	**1,433**	**1,712**	**-**	**-**	**-**	**-**	**-**	**-**	**3,145**
Balance at 31 December 2018 restated	**1,433**	**1,712**	**-**	**-**	**-**	**-**	**-**	**-**	**3,145**
Impairment losses	3,506	1,765	-	-	-	-	-	-	5,271
Irreversible impairment losses	-	(1,556)	-	-	-	-	-	-	(1,556)
Balance at 31 December 2019	**4,939**	**1,921**	**-**	**-**	**-**	**-**	**-**	**-**	**6,860**
Net cost at 31 December 2019	**22,640**	**557,282**	**12,162**	**2,640**	**4,163**	**13,045**	**9,705**	**94,098**	**715,735**

The heading "Buildings, technical installations and machinery" at 31 December 2019 includes mainly assets at wind farms operated by the Group in Brazil and Spain amounting to Euros 937,881 thousand (Euros 946,477 thousand at 31 December 2018).

At 31 December 2019, the heading "Assets under construction" of the above table corresponds mainly to investments in the year for the refurbishment and commissioning of oil wells for an approximate amount of Euros 15,125 thousand and investments in wind farms amounting to Euros 77,786 thousand. The heading "Other current liabilities" at 31 December 2019 includes an amount of Euros 19,824 thousand corresponding to suppliers of fixed assets in relation to investments in oil wells.

The main additions to property, plant and equipment in 2019 were investments in wind farms in Brazil and Spain and in oil wells, as explained in the previous paragraph (in 2018 there were no individually significant additions).

At 31 December 2019, the carrying amount, before depreciation, of the property, plant and equipment pledged to secure certain bank loans, mainly to finance the wind power projects undertaken by Group companies, amounted to approximately Euros 13,123 thousand (Euros 13,331 thousand in 2018) (Note 17).

The offices used by the Group to carry on its business activities, except for those leased in 2007 under the finance lease, are mostly rented.

The cost of the Group's property, plant and equipment which, at 31 December 2019 and 2018, is fully depreciated and in use as follows:

Thousands of Euros	2019	2018
Buildings, technical installations and machinery	60,379	59,894
Furniture and fixtures	3,360	2,703
Information technology equipment	6,531	5,138
Motor vehicles	5,674	2,940
	75,944	**70,675**

The Group takes out insurance policies to cover the possible risks to which its property, plant and equipment are exposed and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The details and movements by class of right-of-use assets in 2019 were as follows:

a) Nature of lease contract-

Thousands of Euros	Land	Buildings	Motor vehicles	Other	Total
Balance at 1 January 2019	**21,796**	**23,940**	**1,785**	**3,312**	**50,833**
Additions	6,657	5,226	1,102	128	13,113
Disposals	-	(2,430)	(1,068)	-	(3,498)
Value adjustments	15	66	39	2	122
Business combination (Note 7)	19,159	-	-	-	19,159
Translation differences	(71)	58	-	-	(13)
Derecognition from the consolidation scope (Note 2.f)	(20,676)	-	-	(1,368)	(22,044)
Balance at 31 December 2019	**26,880**	**26,860**	**1,858**	**2,074**	**57,672**
Accumulated depreciation at 1 January 2019	**9,623**	**9,625**	**976**	**859**	**21,083**
Charge (Note 24)	1,477	3,317	846	722	6,362
Disposals	-	(2,405)	(1,007)	-	(3,412)
Departures from the consolidated Group (Note 2.f)	(779)	-	-	(748)	(1,527)
Accumulated depreciation at 31 December 2019	**10,321**	**10,537**	**815**	**833**	**22,506**
Net cost at 31 December 2019	**16,559**	**16,323**	**1,043**	**1,241**	**35,166**

b) Details of lease payments and liabilities-

The analysis of the contractual maturity of lease liabilities, including future interest payable, as at 31 December 2019, is as follows:

	Thousands of Euros
Up to six months past due	3,761
Six months to one year	3,649
From one to two years	3,379
From two to three years	2,919
From three to four years	2,563
More than four years	23,849
	40,120

13. EQUITY-ACCOUNTED INVESTEES

Details of the Elecnor Group's investments in associates and joint ventures at 31 December 2019 and 2018, which are accounted for using the equity method (see Note 3.c), are as follows:

Thousands of Euros Company	2019	Restated 2018
Celeo Redes subgroup	-	254,186
Woolsthorpe Holding TRUST	(140)	548
Cosemel Ingeniería, A.I.E	46	56
Parque Eólico Gaviota, S.A.	68	-
Sociedad Aguas Residuales Pirineos, S.A.	-	4,248
Gasoducto de Morelos, S.A.P.I. de C.V.	19,666	17,914
Dioxipe Solar, S.L.	-	24,032
Aries Solar Termoeléctrica, S.L.	-	34,422
Morelos O&M, SAPI de C.V.	261	275
Morelos EPC, SAPI de C.V.	87	4,037
Celeo Concesiones e Inversiones subgroup (Note 2.f)	560,624	-
Other	(45)	-
	580,567	**339,718**

Details of the key indicators of equity-accounted investees are provided in Appendix III.

At 31 December 2019, as a result of the operation described in Note 2.f, whereby the Elecnor Group took joint control with APG of the subgroup Celeo Concesiones e Inversiones, the Elecnor Group derecognised its equity-accounted investment in the subgroup Celeo Redes amounting to Euros 266,733 thousand and recognised the shareholding it retained in the aforementioned subgroup Celeo Concesiones e Inversiones at its fair value (see Note 2.f).

Moreover, as a result of taking control on 31 July 2019 of the companies Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., the Elecnor Group has derecognised these equity-accounted investments (see Note 7), whose total value on said date was Euros 46,332 thousand.

Lastly, as a result of the agreements signed in 2019 for the sale of the investment in Sociedad Aguas Residuales Pirineos, S.A., the Elecnor Group transferred its equity-accounted investment to non-current assets held for sale, since the sale is expected to be effective during 2020 (see Note 8).

On 26 December 2018, the Celeo Redes subgroup, via its subsidiary Celeo Redes Brasil, S.A., completed the purchase of shares in two companies (33% of shares in Jaurú Transmissora de Energia, S.A. (JTE) and 100% of shares in Cachoeira Paulista Transmissora de Energia, S.A. (CPTE)) from Isolux Energia de Participaçoes, S.A., for a total of Euros 46.7 million. These acquisitions were part of an agreement with an investment fund whereby said investments will be included in a company in which Celeo Redes Brasil, S.A. and said investor group each hold a 50% interest, so the investments in said companies were presented as associates within the subgroup Celeo Redes in the amount of Euros 23.7 million.

In 2019, the subgroup Celeo Redes completed the assignment of the purchase price corresponding to the shareholding in these associated in accordance with the principles of IFRS 3. This assignment was performed internally and resulted in a negative consolidation difference amounting to Euros 5,650 thousand, which was restated in the consolidated financial statements for 2018 in accordance with the criteria set forth in IFRS 3 (Note 2.e). Since those associates correspond to concessions under the financial asset model, the key parameters used in measuring this asset were estimated cash flows assigned to the investment and a risk-free rate of 12%.

At 31 December 2019, the investment in the subgroup Celeo Redes was derecognised as a result of the loss of control of the subgroup Celeo Concesiones e Inversiones (see Note 2.f).

Movement in equity-accounted investees in 2019 and 2018 is as follows:

Thousands of Euros	2019	Restated 2018
Opening balance	**339,718**	**381,225**
Acquisitions	-	1,086
Capital increase	7,926	-
Capital reductions	(818)	-
Transfers to assets held for sale (Note 8)	(3,522)	-
Departures from the consolidated scope (Notes 2.f and 7)	(313,065)	-
Entries in the consolidated scope (Note 2.f)	560,624	-
Share in profits/(loss)	10,430	18,733
Impairment losses	(1,166)	(164)
Translation differences	(7,504)	(24,640)
Dividends received	(1,476)	(47,468)
Share in other comprehensive income	(7,547)	14,178
Impact of IFRS 16 (Note 2.b)	(1,190)	-
Other movements	(1,843)	(3,232)
Closing balance	**580,567**	**339,718**

In 2010 the Group acquired 55% of the subsidiaries Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., whose statutory activities comprise the construction and operation of three parabolic trough technology thermosolar power plants in Extremadura and Castilla La Mancha. In 2010 various agreements were entered into between the shareholders of these companies, governing their relationships as shareholders, their relationships with the companies, the management and administration thereof and various aspects relating to the development and subsequent phases of projects. Specifically, certain matters for which unanimous approval is required in order to adopt decisions were defined.

Matters requiring the unanimous approval of the shareholders at the general meeting are as follows:

a) Reimbursement of share premiums, capital increases or reductions, amendments to the bylaws and, in particular, approval of any clauses relating to restrictions on the transfer of shares;

b) Mergers, spin-offs, transformations, dissolutions or transfers en bloc of assets and liabilities and disposals of a substantial portion of assets;

c) Investments in any joint venture, company or association or acquisitions of any shares, assets or businesses of any other company;

d) Arrangement, amendment and/or termination of any agreements with shareholders or companies forming part of their group or approval of any transactions with companies related thereto;

e) Approval of loans, pledges or guarantees of any kind extended to shareholders or related companies;

f) Changes in the number of directors;

g) Appointment or removal of auditors;

h) Changes in the policy of maximising dividends to shareholders;

i) Agreements relating to key project decisions on any changes in activity, arrangement of any transactions, agreements or operations that alter the nature of the business or significantly modify the scope of the project, discontinuation of the project and arrangement of any agreements that are unrelated to the Company's ordinary business activity or outside its ordinary course of business;

j) Changes in the tax regime;

k) Agreements relating to the arrangement of project financing and any possible refinancing; and

l) Amendments to the terms and conditions of the project financing agreements which affect the internal rate of return on the investment at the reporting date, the financing guarantees or the termination of the agreements.

Matters requiring the unanimous approval of the Board of Directors are as follows:

a) Any loans, credit facilities, any other form of financing or guarantees extended to a third party;

b) Arrangement of any debt or provision of guarantees other than those required by current suppliers;

c) Approval of business plans and initial operating budgets;

d) Approval of the operating budget when it includes a total expenditure increase of more than 10% on the prior year's budget;

e) Granting of powers of attorney in regard of reserved powers;

f) Amendment of project financing agreements;

g) Incorporation of subsidiaries or acquisition of shares of other companies;

h) Capital increases;

i) Award of provisional and definitive acceptance certificates for plants in accordance with the Engineering, Procurement and Construction (EPC) contract, approval of waivers and changes in EPC, O&M and/or Owner's Engineering contracts.

In view of the nature of the above matters and the unanimity required in order to adopt decisions thereon, and in accordance with the consolidation principles indicated in Note 3.c, the Elecnor Group considered that the interests in these companies should be classified as joint ventures, specifically as jointly controlled entities. Accordingly, these interests were accounted for using the equity method until it took control of them in 2019 (see Note 7).

The borrowers also acquired certain obligations, which, if not met, could constitute grounds for the mandatory early repayment of the aforementioned loans. The Parent's directors consider that the obligations for the majority of the financing facilities have been met in 2019 and no breaches are expected in the future.

14. NON-CURRENT FINANCIAL ASSETS

Details of non-current financial assets other than equity-accounted investees are as follows:

			Financial assets at amortised cost			
	Equity instruments at cost	Hedge derivatives (Note 18)	Non-current loans (Note 29)	Trade and other receivables	Other non-current assets	**Total**
Balance at 1 January 2018 restated	**2,687**	**1,036**	**29,787**	**-**	**34,498**	**68,008**
Additions	-	-	-	-	9,910	9,910
Disposals	(127)	(927)	(13,473)	-	(3,600)	(18,127)
Transfers	-	-	-	26,455	(1,142)	25,313
Translation differences	-	-	-	172	(1,767)	(1,595)
Balance at 31 December 2018 restated	**2,560**	**109**	**16,314**	**26,627**	**37,899**	**83,509**
Additions	-	-	-	22	7,184	7,206
Disposals	(813)	(85)	(5,753)	-	(11,644)	(18,295)
Impairment (Note 24)	-	-	-	(25,484)	-	(25,484)
Other	-	-	-	(1,966)	-	(1,966)
Translation differences	-	-	-	831	(286)	545
Transfers to assets held for sale (Note 8)	-	-	-	-	(1,584)	(1,584)
Changes in the consolidation scope (Note 2.f)	(3)	-	-	-	(6,416)	(6,419)
Business combination (Note 7)	-	-	-	-	4,483	4,483
Balance at 31 December 2019	**1,744**	**24**	**10,561**	**30**	**29,636**	**41,995**

a) Non-current loans-

Non-current loans in the above table at 31 December 2019 basically include various loans extended to associates of the Elecnor Group.

In 2012, the Group made various contributions to associate Gasoducto de Morelos S.A.P.I. de C.V. for future capital increases amounting to a total of approximately USD 33,483 thousand, some of which were instrumented through various loans whose balance on 31 December 2019 and 2018 amounted to Euros 10,561 thousand and Euros 16,176 thousand, respectively (USD 11,801 thousand and USD 18,255 thousand, respectively), and which accrue interest at an annual rate of 7.5%. In 2019 the Group received approximately Euros 5.8 million in payments relating to these loans (Euros 6 million in 2018).

b) Trade and other receivables-

On 31 January 2017, Consorcio Constructor Ductos del Sur, a customer of the subsidiary Elecnor Perú, S.A.C., notified the latter of the termination of the construction contract as a consequence of the completion of the Southern Peruvian Gas Pipeline contract between the customer and the Peruvian government. The subsidiary immediately commenced proceedings to collect all outstanding amounts owed. In this connection, the subsidiary filed an arbitration request against Consorcio Constructor Ductos del Sur and, in mid-2018, the two parties reached an agreement whereby Consorcio Constructor Ductos del Sur recognised the debt payable to Elecnor Perú, S.A.C. and a payment schedule was established. This debt accrues annual interest at a rate of 30-day Libor + 1.5%.

At 31 December 2018, the heading "Trade and other accounts receivable" under non-current assets corresponds entirely to the balances maintained by Elecnor Perú, S.A.C. with the customer Consorcio Constructor Ductos del Sur, which, in the wake of the agreement reached in 2018, mature primarily in 2021, and for which Odebrecht (a partner in the aforementioned consortium) is liable. In 2019, due to Odebrecht's financial difficulties, the Group booked an impairment in relation to this balance.

c) Other non-current assets-

Details of other non-current assets in the above table are as follows:

Thousands of Euros	2019	Restated 2018
Debt service reserve account	12,461	19,228
Guarantees	4,067	3,570
Other	13,108	15,101
	29,636	**37,899**

The heading "Debt service reserve account" at 31 December 2019 corresponds entirely to the amounts which Spanish and Brazilian subsidiaries focusing on wind farm operation must maintain in bank deposit accounts pursuant to the financing contracts they have entered into (Note 17) (Euros 15,511 thousand at 31 December 2018).

Furthermore, at 31 December 2018, this heading included the amount of the debt service reserve account of Spanish and solar PV concessions, totalling Euros 3,717 thousand. These assets were derecognised on 31 December 2019 as a result of the loss of control of the subgroup Celeo Concesiones e Inversiones (see Note 2.f).

The deposits accrue interest at market rates.

In addition, at 31 December 2019, Elecnor, S.A. holds security and other deposits mainly relating to leases amounting to approximately Euros 4,022 thousand (Euros 3,523 thousand at 31 December 2018).

At 31 December 2019 and 2018, non-current assets are recognised at amortised cost, except in the case of derivative instruments, which are recognised at fair value.

15. CURRENT FINANCIAL ASSETS

a) Trade and other receivables-

Trade and other receivables in the accompanying consolidated statement of financial position include the Group's receivables arising as a result of transactions with third parties.

Retentions on payments made by customers in 2019 amount to Euros 26,313 thousand (Euros 23,490 thousand in 2018) and are recognised in "Trade and other receivables" under current assets on the accompanying consolidated statement of financial position.

At 31 December 2019 and 2018 the Group had no construction contracts with negative margins the loss of which could be deemed significant (see Note 19).
At 31 December 2019 and 2018, unimpaired past-due receivables amounted to Euros 99,497 thousand and Euros 79,680 thousand, respectively.

The ageing analysis of the balance of "Trade and other receivables" is as follows:

Thousands of Euros	2019	Restated 2018
Unmatured balances	582,671	574,093
Up to six months past due	48,295	56,830
Between six and twelve months past due	40,298	15,620
Over twelve months past due	10,904	7,230
Total	**682,168**	**653,773**

The Group makes provision to cover debts classed as non-performing due to late payment, suspension of payments, insolvency or other reasons, following a case-by-case study of their collectability. Provision is made on the basis of the best estimates at year end.

Details of impairment losses on accounts receivable at 31 December 2019 and 2018 and movement in 2019 and 2018 are as follows:

Thousands of Euros	31/12/2018	Charge (Note 24)	Application	Reversal (Note 24)	Reclassifications	Translation differences	31/12/2019
Impairment	98,421	29,403	(30,532)	(774)	-	(154)	96,364

Thousands of Euros	01/01/2018	Charge (Note 24)	Application	Reversal (Note 24)	Reclassifications	Translation differences	31/12/2018
Impairment	75,098	22,619	(2,254)	(128)	3,383	(297)	98,421

b) Cash and cash equivalents

Details of cash and cash equivalents are as follows:

Thousands of Euros	2019	Restated 2018
Cash equivalents	131,485	91,851
Cash	193,631	201,548
	325,116	**293,399**

Cash equivalents at 31 December 2019 mainly include fixed-income securities and fixed-term deposits that mature in under three months contracted by Elecnor Chile, S.A. and Elecnor do Brasil, S.A., which earn interest at market rates.

At 31 December 2019, this heading includes approximately Euros 48 million contributed by wind farms and concession operators (Euros 46 million at 31 December 2018 from wind farms and solar PV).

16. EQUITY

a) Share capital-

At 31 December 2019 and 2018, the share capital of Elecnor, S.A. was represented by 87,000,000 book entry shares, each with a par value of Euros 0.10, fully subscribed and paid in.

The shares of Elecnor, S.A. are listed on the Spanish electronic stock market.

At 31 December 2019 and 2018, the Parent's shares were held as follows:

	% Stake 2019	% Stake 2018
Cantiles XXI, S.L.	52.76%	52.76%
Bestinver Gestión, S.A., S.G.I.I.C.	-	4.76%
Santander Asset Management, S.A., SGIIC	3.09%	-
Other (*)	44.15%	42.48%
	100.00%	**100.00%**

(*) All with a percentage ownership of less than 3%.

b) Valuation adjustments to equity-

Movement in 2019 and 2018 was as follows:

Thousands of Euros	Restated 31/12/2017	Change in market value	Settlement of derivatives	Reexpresado 31/12/2018	Change in market value	Settlement of derivatives	Business combination (Note 7)	Departures from consolidation scope (Note 2.f)	31/12/2019
Fully consolidated companies									
Cash flow hedges:									
Interest rate swaps (Note 18)	(9,181)	(4,456)	3,961	(9,676)	(1,387)	3,380	-	(3,720)	(11,403)
Exchange rate insurance (Note 18)	4,031	(4,864)	(2,764)	(3,597)	(7,195)	-	-	-	(10,792)
Energy price	-	(3,729)	-	(3,729)	3,489	3,729	-	-	3,489
Other	210	-	-	475	593	-	-	492	1,560
	(4,940)	(12,784)	1,197	(16,527)	(4,500)	7,109	-	(3,228)	(17,146)
Deferred taxes arising on valuation adjustments (Note 21)	1,267	3,163	(32)	4,398	1,906	(781)	-	-	5,523
Total adjustments in equity due to full consolidation	**(3,673)**	**(9,621)**	**1,165**	**(12,129)**	**(2,594)**	**6,328**	**-**	**(3,228)**	**(11,623)**
Equity-accounted investees	**(54,014)**	**5,465**	**8,714**	**(39,835)**	**(7,093)**	**(455)**	**47,445**	**(2,111)**	**(2,049)**
Non-controlling interests	**306**	**(88)**	**29**	**247**	**(144)**	**-**	**-**	**-**	**103**
Total valuation adjustments	**(57,381)**	**(4,244)**	**9,908**	**(51,717)**	**(9,831)**	**5,873**	**47,445**	**(5,339)**	**(13,569)**

c) Other reserves-

At 31 December, the amounts of services not available for distribution are as follows:

Thousands of Euros	2019	2018
Legal reserve	1,743	1,743
Goodwill reserve	619	722
Capitalisation reserve	4,408	3,149
Reserves from translation to Euros	15	15
Total	**6,785**	**5,629**

Legal reserve-

Under article 274 of the Revised Spanish Companies Act, an amount equivalent to 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of share capital. The legal reserve has reached the stipulated level.

The legal reserve can be used to increase share capital provided that the balance left on the reserve is at least equal to 10% of the nominal amount of the total share capital after the increase. Except for the aforementioned purpose, unless the legal reserve exceeds 20% of the share capital it may only be used to offset losses if no other reserves are available.

At 31 December 2019 and 2018, the Parent has appropriated to this reserve the minimum amount required by law.

Goodwill reserve-

The goodwill reserve was appropriated in compliance with article 273.4 of the revised Spanish Companies Act, which requires companies to transfer profits equivalent to 5% of goodwill to a non-distributable reserve until this reserve reaches an amount equal to recognised goodwill. In the absence of profit, or if profit was insufficient, freely distributable reserves were to be used. This reserve has been freely available since 1 January 2016, for the amount exceeding the net carrying amount of the goodwill recorded in the Parent's balance sheet.

Capitalisation reserve-

The capitalisation reserve has been appropriated in accordance with article 25 of the Corporate Income Tax Law, which requires that an amount equal to the reduction in taxable income for the year be appropriated to the reserve. The amount by which taxable income may be reduced is equal to 10% of the increase in equity, as defined in the aforementioned article. In no case may the amount of the reduction exceed 10% of the taxable income for the tax period prior to the reduction, before the integration referred to in article 11.12 of the Law and before offsetting tax loss carryforwards. However, if the reduction cannot be applied due to insufficient taxable income, the outstanding amounts may be applied in the tax periods ending in the two years immediately after the end of the tax period in which the reduction entitlement was generated, together with any reduction applicable in that period, subject to the limit indicated. The reserve is restricted and the increase in equity must be maintained for a five year period from the end of the tax period in which the reduction is generated, unless accounting losses are incurred.

d) Own shares-

According to the minutes of the General Shareholders' Meeting of 16 May 2017, the Board of directors is authorised to acquire own shares in the Parent on behalf of the latter or of subsidiaries, up to a maximum established by law and in mandatory legal provisions at each given time and which, at present, in combination with those already held by the Parent, may not exceed 10% of its share capital, with a minimum acquisition price of the nominal value of the shares and a maximum price that may not exceed 30% of its share price, over a period of five years, superseding and leaving without effect the authorisation granted in the General Shareholders' Meeting of 23 May 2012.

At 31 December 2019 and 2018, the Parent held own shares amounting to Euros 21,963 thousand and Euros 21,884 thousand, respectively, which are booked under "Own shares" in equity in the consolidated statement of financial position.

Details of own shares and movement in 2019 and 2018 are as follows:

	No. of shares
Own shares at 01 January 2018	**2,310,650**
Acquisition of own shares	124,061
Sale of own shares	(98,215)
Own shares at 31 December 2018	**2,336,496**
Acquisition of own shares	104,509
Sale of own shares	(120,196)
Own shares at 31 December 2019	**2,320,809**

The purchase and sale of own shares at 31 December 2019 amounted to approximately Euros 1,213 thousand and Euros 1,323 thousand (Euros 1,563 thousand and Euros 1,245 thousand, respectively, at 31 December 2018), giving rise to a capital gain of Euros 189 thousand, recognised directly in reserves (capital gain of Euros 334 thousand in 2018).

All the own shares held by the Parent at 31 December 2019 and represented 2.67% of the total share capital of Elecnor, S.A. at that date (2.69% at 31 December 2018).

e) Non-controlling interests-

Details of non-controlling interests in 2019 and 2018 are as follows:

Thousands of Euros	2019	Restated 2018
Elecven Construcciones, S.A.	-	12
Sociedad Aragonesa de Estaciones Depuradoras, S.A.	1,496	1,333
Ventos Do Sul Energia, S.A.	253	12,824
Parque Eólico Malpica, S.A.	485	498
Galicia Vento, S.L.	916	524
Páramo de Poza, S.A.	2,484	2,673
Parques Eólicos Palmares, S.A.	5,621	5,807
Ventos do Litoral Energia, S.A.	4,863	5,174
Ventos da Lagoa, S.A.	4,935	5,172
Éoliennes de L'Érable, SEC.	6,603	8,921
Ventos dos Índios Energia, S.A.	3,600	3,749
Betonor, Ltda.	103	338
Elecnor Angola Group	46	243
Other	303	201
	31,708	**47,469**

Movement in non-controlling interests in 2019 and 2018 is as follows:

	Thousands of Euros
Balance at 01 January 2018 restated	**54,370**
- Share in profit/loss	5,716
- Change in fair value of hedging instruments	59
- Dividends paid	(5,077)
- Translation differences	(4,531)
- Capital reduction	(3,130)
- Change in equity investments	158
- Other	(96)
Balance at 31 December 2018 restated	**47,469**
- Share in profit/loss	4,288
- Change in fair value of hedging instruments	70
- Dividends paid	(16,222)
- Translation differences	4,365
- Capital reduction	(9,360)
- Other	1,098
Balance at 31 December 2019	**31,708**

The information relating to significant non-controlling interests in subsidiaries at 31 December 2019 and 2018 is as follows (financial information is disclosed prior to carrying out intragroup eliminations):

Thousands of Euros	2019	2018
	Éoliennes de L'Erable	Eoliennes de L'Erable
Current assets	7,822	7,723
Non-current assets	176,822	180,225
Current liabilities	20,124	18,189
Non-current liabilities	151,013	151,521
Revenue	29,684	26,791
Profit/loss for the year	2,449	1,044
Total comprehensive income	2,036	1,350

f) Translation differences-

The cumulative translation differences recognised in equity at 31 December 2019 and 2018 for each of the main currencies are as follows:

Thousands of Euros		
Translation differences	2019	Restated 2018
Brazil	(120,714)	(191,585)
Canada	(7,674)	(7,892)
Chile	(4,296)	(130)
USA	1,543	1,012
Other	(1,353)	(864)
Total	**(132,494)**	**(199,459)**

The reduction in Translation differences at 31 December 2019 was due mainly to the imputation to profit/loss, as an adjustment to income in the sale, deriving from the loss of control of the subgroup Celeo Concesiones e Inversiones, in the amount of Euros 83,619 thousand (see Note 2.f).

17. FINANCIAL DEBT

Key to the Group's strategy is its policy of maximum financial prudence. The target capital structure is defined by this commitment to solvency and the aim of maximising shareholder returns.

However, certain projects, specifically the construction and operation of wind farms and the related electricity interconnection lines and substations, as well as the electricity distribution infrastructure and wastewater treatment plants, which the Group operates and holds on a concession basis, are mostly financed through syndicated loans under project financing arrangements. Under these loans the subsidiaries that operate these projects accept certain restrictions on the distribution of dividends, conditional upon certain requirements being met, such as the creation of a debt service reserve account. These subsidiaries must also maintain a specified debt/equity ratio and a specified equity structure.

The target capital structure, excluding the effect of the projects financed with non-recourse financing, is quantified at the following ratio of net financing to equity:

$$\frac{\text{Net financial debt}}{\text{Net financial debt + Equity}}$$

Net financial debt includes the following line items in the consolidated statement of financial position (having eliminated the effect of net financial debt relating to the projects financed with non-recourse financing):

Thousands of Euros	2019	Restated 2018
Non-current liabilities – Financial debt	284,147	252,877
Current liabilities – Financial debt	138,849	204,029
Current financial assets – Other investments	(10,161)	(5,711)
Cash and cash equivalents	(277,163)	(246,803)
Net financial debt	**135,672**	**204,392**

At 31 December 2019 and 2018, "Current and non-current liabilities – financial debt" relates mainly to total financial debt and derivatives in the following table, excluding all loans to concessions, wind farm syndicated loans, financial liabilities due to the issuance of bonds and other marketable securities (solar photovoltaic and wind farms), interest accrued associated with wind farms, solar PV and concessions, derivatives associated with wind farms, solar PV projects and concessions, derivatives associated with currency exchange hedges (Note 18), other borrowings relating to the Parent's forfaiting contracts, and adding Euros 5.2 million in loans granted by public entities that accrue interest booked under other "Current and non-current liabilities" (Euros 4.2 million and Euros 1.1 million, respectively) in the accompanying consolidated statement of financial position (Euros 6.2 million in 2018, of which Euros 5.2 million under non-current and Euros 1 million under current).

At 31 December 2019, "Current financial assets and cash and cash equivalents" comprise all cash and cash equivalents in the accompanying consolidated statement of financial position, excluding cash for projects funded through non-recourse financing amounting to approximately Euros 48 million (Euros 46 million at 31 December 2018) (see Note 15-b) and including the current amount of derivatives.

Changes in this ratio are analysed on an ongoing basis and prospective estimates are also made as a key restrictive factor to be taken into account in the Group's investment strategy and dividends policy.

Details of "Financial liabilities for the issuance of bonds and other marketable securities, bank borrowings and derivatives", under non-current and current liabilities in the accompanying consolidated statement of financial position at 31 December 2019 and 2018, are as follows:

Thousands of Euros	2019		Restated 2018	
	Non-current	Current	Non-current	Current
Syndicated loans and credit facilities	258,638	-	226,159	-
Syndicated loans – wind farms	294,257	27,057	291,847	33,836
Loans secured with personal guarantee	1,240	6,524	3,381	2,112
Mortgage loans	5,825	980	5,832	691
Loans to concessions	-	-	19,357	2,448
Financial liabilities for the issuance of bonds and other marketable securities-commercial paper	-	69,989	-	155,022
Financial liabilities for the issuance of bonds and other marketable securities-photovoltaic	-	-	35,185	1,803
Financial liabilities for the issuance of bonds and other marketable securities-wind farms	60,122	5,009	-	-
Other payables	15,948	1,713	17,662	1,640
Credit facilities	-	51,544	-	40,002
Unmatured bills and notes	-	30	-	105
Accrued interest payable				
Wind and solar PV farms and concessions	-	1,972	-	1,915
Other	-	4,898	551	1,892
Finance lease payables (Note 11)	8,026	2,246	6,432	1,394
Derivative hedging instruments (Note 18)				
Wind and solar PV farms and concessions	630	2	2,254	4,459
Other	13,502	5,720	9,159	2,110
Total	**658,188**	**177,684**	**617,819**	**249,429**

At 31 December 2019 and 2018, all of the Group's financial liabilities correspond to financial liabilities at amortised cost, except hedge derivatives which are measured at fair value.

The main characteristics of the most significant financial liabilities for the issuance of bonds and other marketable securities and bank borrowings at 31 December 2019 and 2018 are as follows:

		2019					
Type	Company	Currency	Interest rate	Due date	Nominal amount	Current	Non-current
Financial liabilities for the issuance of bonds and other marketable securities							
	Elecnor, S.A.	EUR	-	2020	300,000	69,989	-
	Ventos Do Sul, S.A.	BRL	-	31/12/2025	325,000	5,009	60,122
Loans and borrowings							
Syndicated loans and credit facilities							
	Elecnor, S.A. (*)	EUR	Euribor + spread	19/07/2024	324,200	-	223,557
	Elecnor, S.A. (*)	USD	Libor + spread	19/07/2024	75,000	-	26,848
	Electrificaciones del Ecuador, S.A. (*)	USD	Libor + spread	19/07/2024	75,000	-	8,233
Syndicated loans – wind farms							
	Parque Eólico Malpica, S.A.	EUR	Euribor+ 2%	24/06/2024	11,950	1,018	8,027
	Ventos do Litoral Energia, S.A.	BRL	TJLP +2.34 %	15/07/2029	23,083	2,040	17,188
	Ventos Dos Indios Energia, S.A.	BRL	TJLP + 2.45%	15/02/2032	23,059	1,964	21,095
	Parque Eólico Palmares, S.A.	BRL	TJLP + 2.34 %	31/07/2029	24,583	2,274	18,017
	Ventos Do Lagoa, S.A.	BRL	TJLP + 2.34 %	15/02/2029	23,512	2,126	17,364
	Parque Éoliennes de L'Érable, SEC	CAD	5.015%	31/03/2033	169,929	7,594	117,697
	Parque Éoliennes de L'Érable, SEC	CAD	7.123%	18/04/2033	23,790	734	20,593
	Galicia Vento, S.L.	EUR	1.75% + Euribor	31/12/2024	38,500	6,515	24,979
	Aerogeneradores del Sur, S.A.	EUR	1.75% + Euribor	31/12/2024	16,500	2,793	10,706
	Ventos do São Fernando I Energia	BRL	HICP + 2.1851%	15/01/2039	24,941	-	24,941
	Parque Eólico Cofrentes, S.L.U.	EUR	Euribor	30/06/2038	35,775	-	13,650
						102,056	**613,017**

(*) Referring to the same loan. See Syndicated loans and credit facilities.

Type Company	Currency	Interest rate	Due date	Nominal amount	Current	Non-current
	Restated 2018					
Financial liabilities from issuing bonds and other marketable securities						
Elecnor, S.A.	EUR	-	2019	300,000	154,816	-
Celeo Fotovoltaico, S.L.U.	EUR	3.95%	31/12/2031	41,600	1,803	35,185
Loans and borrowings						
Syndicated loans and credit facilities					-	
Elecnor, S.A.	EUR	Euribor + spread	19/07/2024	400,000	-	226,159
Loans to concessions						
Sociedad Aragonesa De Estaciones Depuradoras, S.A.	EUR	Euribor+ 2.8%	31/12/2026	15,500	1,000	8,314
Sociedad Aragonesa De Aguas Residuales, S.A.U.	EUR	0.779%	05/12/2026	23,000	1,418	11,044
Syndicated loans – wind farms						
Parque Eólico Malpica, S.A.	EUR	Euribor+ 2%	24/06/2024	11,950	1,006	9,804
Ventos do Litoral Energia, S.A.	BRL	TJLP +2.34 %	15/07/2029	32,008	2,104	19,832
Ventos Dos Indios Energia, S.A.	BRL	TJLP + 2.45%	15/02/2032	28,787	2,441	23,484
Parque Eólico Palmares, S.A.	BRL	TJLP + 2.34 %	31/07/2029	34,819	2,345	20,920
Ventos Do Lagoa, S.A.	BRL	TJLP + 2.34 %	15/02/2029	34,177	2,193	20,102
Ventos Do Sul, S.A.	EUR	TJLP + spread	15/07/2019	105,373	6,017	-
Ventos Do Sul, S.A.	BRL	Annual Euribor + spread	30/09/2022	14,543	3,541	10,201
Parque Éoliennes de L'Érable, SEC	CAD	5.015%	31/03/2033	165,618	7,020	121,599
Parque Éoliennes de L'Érable, SEC	CAD	7.123%	18/04/2033	35,000	651	21,083
Galicia Vento, S.L.	EUR	1.75% + Euribor	31/12/2024	38,500	4,563	31,376
Aerogeneradores del Sur, S.A.	EUR	1.75% + Euribor	31/12/2024	16,500	1,955	13,446
					192,873	**572,549**

Details, by maturity, of the above debt for 2019 and 2018 are as follows:

Debts maturing in	Thousands of Euros 31/12/2019
2021	60,031
2022	79,814
2023	74,773
2024 and thereafter	443,570
Total	**658,188**

Debts maturing in	Thousands of Euros 31/12/2018
2020	41,918
2021	39,496
2022	58,752
2023 and thereafter	477,653
Total	**617,819**

Syndicated loans and credit facilities-

On 21 July 2014, Elecnor arranged syndicated financing of Euros 600 million with a group of 19 financial institutions, which replaced the Euros 401 million that had been drawn down at that date in the syndicated financing arranged in 2012. This financing was structured into two tranches: one loan tranche totalling Euros 300 million, repayable in instalments, and a revolving credit tranche with a limit of Euros 300 million, maturing in July 2019.

On 2 July 2015, Elecnor signed an initial novation of this agreement, subscribed by 18 of the 19 lenders, in order to amend the financial conditions (reducing the applicable margin) and extend the term of the financing.

On 29 June 2016, Elecnor signed a second novation of this agreement, subscribed by 17 of the 18 lenders. Bankinter assigned Euros 22 million, of which Euros 16 million were subscribed by Abanca and Euros 6 million by Kutxabank, while Crédit Agricole assigned Euros 25 million entirely to Abanca.

On 31 October 2017, Elecnor signed a third novation of this agreement, subscribed by 16 of the 17 lenders. This novation implied:

- a decrease in the available limit of the credit tranche (B) of the syndicated financing to Euros 200 million,
- a new tranche in the margin scale applicable as a function of the net financial debt-EBITDA ratio,
- Extend the term of the financing. one year deferral of the date of each loan instalment and the repayment of the credit facility, thereby pushing back its maturity to July 2022.

On 14 November 2018, Elecnor signed a fourth novation of this contract, subscribed by 14 of the lenders (two of them merged). This renewal entailed the following agreements:

- voluntary prepayment of the loan tranche (tranche A), amounting to Euros 100 million, bringing the total limit of this tranche to Euros 200 million.
- the extension of the financing term, delaying final maturity until July 2024.

On 27 June 2019, Elecnor signed a fifth novation of this agreement, subscribed by the 14 lenders. This renewal entailed the addition as a borrower of Electrificaciones del Ecuador, S.A. (Elecdor), the division of the credit tranche (tranche B) into two sub-tranches, one sub-tranche (sub-tranche B1) with a ceiling of Euros 134.2 million available for Elecnor and one sub-tranche (sub-tranche B2) with a ceiling of USD 75 million available for both Elecnor and Elecdor.

The Company analysed whether or not the conditions had been substantially modified, and concluded that there was no extinguishment of the original liabilities in any of the years.

With respect to interest rate hedging, swaps had been arranged prior to the novation to cover the loan for 70% of the loan calendar generated by the renewal of 2018. In June 2019, it was decided to cover the interest rate risk of the remaining 30%, for which purpose another 8 interest rate swaps (IRS) were arranged, with an initial notional amount of Euros 1.5 million and a maximum notional amount of Euros 54 million and a new basis swap with an initial notional amount of Euros 1.5 million and a maximum notional amount of Euros 54 million. At 31 December 2019, there are 39 IRSs and 5 basis swaps, assigned mainly to hedging interest rate risk in syndicating financing and, to a lesser extent, to hedging interest rate risk on commercial paper issuance in the Alternative Fixed Income Market (MARF). The maturities and interest settlement dates of the swaps coincide with those of the financing contracts to which they are assigned.

This syndicated financing bears interest pegged to Euribor for the interest term chosen by the borrower (1, 3 or 6 months) for drawdowns in euros and to Libor for the interest period chosen by the borrower (1, 3 or 6 months), plus a spread tied to the net financial debt/(EBITDA + dividends from projects) ratio. The Parent has undertaken to comply with different ratios over the term of the bank financing agreement ((Net financial debt/EBITDA), (EBITDA/net finance expense), and (Net financial debt/equity)), which are calculated on the basis of the Elecnor Group's consolidated figures. Non-compliance could be cause for terminating the contract, although, at 31 December 2019, all the ratios linked to this financing were compliant.

At 31 December 2019, the drawn down amount of the syndicated financing contract totals Euros 265 million and corresponds to Euros 200 million of the loan tranche, Euros 30 million of the loan tranche in Euros, Euros 27 million (USD 30 million) of the loan tranche in Dollars drawn down by Elecnor, S.A. and Euros 8 million (USD 9.2 million) of the credit tranche in Dollars drawn down by Elecdor (Euros 235 million at 31 December 2018, Euros 200 million corresponding to the loan tranche and Euros 35 million to the credit tranche).

Taking into account the effect of the hedges amounting to Euros 2,273 thousand, the aforementioned syndicated financing agreement (loan tranche and credit facility tranche) accrued interest at an average rate of 2.37%, totalling Euros 5,182 thousand in 2019 (Euros 6,319 thousand in 2018, including hedging finance costs amounting to Euros 2,618 thousand), which the Group has recognised as "Finance expenses" in the accompanying consolidated income statement for 2019.

Moreover, at 31 December 2019, the credit tranche accrued finance expenses relating to availability fees amounting to Euros 690 thousand (Euros 736 thousand in 2018).

Syndicated loans – wind farms-

For loans arranged in Brazilian Reals through the Brazilian Development Bank BNDES, the applicable interest rate is the result of adding a spread to the country's long-term floating interest rate (TJLP). These loans entail an obligation to maintain coverage ratios to service debt within certain limits, and to deposit in a reserve account a sum covering at least three instalments of the principal and interest. The Parent's directors consider that there have been no problems as regards complying with the covenants.

To secure the loans of the subsidiaries P.E. Malpica, S.A., Aerogeneradores del Sur, S.A. and Galicia Vento, S.L., a real right of pledge was established on shares of the relevant subsidiary, as well as on any indemnities, compensation and/or penalty payments which may accrue in its favour, and in relation to the construction and operating management agreements, and all the cash accounts of the aforementioned company. Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral, S.A. and Ventos dos Índios have signed a surety bond over property, plant and equipment with the BNDES.

In addition, in 2019 the Group arranged two new loans to finance the projects under construction in Brazil (Vento do Sao Fernando) and Spain (P.E. Cofrentes). The loans arranged in Brazilian Reals through BNB (Banco do Nordeste do Brasil) accrue an interest rate that is the result of adding a spread to the Brazilian inflation rate (IPCA). This financing has not been fully disbursed and entails an obligation to maintain coverage ratios within certain limits, and to deposit in a reserve account a sum covering at least three instalments of the principal and interest. It was necessary to arrange a bank guarantee with Bradesco to secure this financing. The financing obtained to fund the wind farm under construction, P.E. Cofrentes is guaranteed by a real right of pledge established on shares of the relevant subsidiary, as well as on any indemnities, compensation and/or penalty payments which may accrue in its favour, and in relation to the construction and operating management agreements, and all the cash accounts of the aforementioned company.

Furthermore, the subsidiaries have certain limitations in relation to these loans consisting basically of restrictions on the disposal of their property, plant and equipment and on the payment of dividends. These restrictions are subject to compliance with certain conditions, such as the ongoing fulfilment of the debt service coverage ratio established in the financing loan agreement and the setting up of a debt servicing reserve account (see Note 14).

The directors consider that all the conditions of the syndicated loans are being met and that the project financing will be serviced on a normal basis, using the revenue generated from each wind power project.

Financial liabilities from issuing bonds and other marketable securities-commercial papers-

At the beginning of 2019 Elecnor, S.A. had issued commercial paper on the Alternative Fixed-Income Market for an amount of Euros 155 million. New issues in 2019 totalled Euros 1,601 million while maturities totalled Euros 1,686 million. The outstanding balance at 31 December 2019 was therefore Euros 70 million, reflecting 700 securities with a nominal value of Euros 100 thousand each.

At the beginning of 2018 Elecnor, S.A. had issued promissory notes on the Alternative Fixed-Income Market for an amount of Euros 100 million. New issues in 2018 totalled Euros 658 million while maturities totalled Euros 603 million. The outstanding balance at 31 December 2018 was therefore Euros 155 million, reflecting 1,550 securities with a nominal value of Euros 100 thousand each.

The commercial paper programmes in force in 2019 and June 2018 provided for a maximum of outstanding issues at all times of Euros 300 million and Euros 250 million, respectively.

In 2019, these commercial papers accrued interest and fees totalling Euros 1,216 thousand (Euros 1,276 thousand in 2018) which the Parent recognised under "Finance expenses" in the accompanying income statement.

Financial liabilities for the issuance of bonds and other marketable securities-wind farms-

In 2019, the subsidiary Ventos do Sul Energia, S.A. issued bonds amounting to BRL 325 million in two tranches; one BRL 227 million tranche pegged to the CDI plus a market spread and one BRL 98 million tranche indexed to IPCA plus a market spread. This financing was used to cancel the previous financing and the drawn down balance at 31 December 2019 amounted to Euros 65 million.

This issue, maturing in December 2025 (a 6.5 year term) is project-backed and earmarked for corporate use by the issuing company or its partners.

Financing secured with personal guarantees-

In 2019, the Group received funding secured with a personal guarantee for the company Dunor Energía S.A.P.I de C.V. in the amount of Euros 4 million (zero in 2018).

Other payables-

At 31 December 2019, other payables included a financing agreement for Euros 9,200 thousand, arranged on 18 August 2017, between Elecnor, S.A. and the European Energy Efficiency Fund, S.A., SICAV-SIF, maturing in 2031 and linked to the assignment of future credit rights of the company. The amount pending repayment at 31 December 2019 is approximately Euros 8,350 thousand (Euros 8,900 thousand at 31 December 2018).

Moreover, on 13 March 2018, the Group arranged a financing contract through a policy for the assignment of credit rights with the Efficiency Solutions fund, amounting to Euros 11,500 thousand, and maturing in June 2027. The amount outstanding at 31 December 2019 is approximately Euros 9,311 thousand (Euros 10,042 thousand at 31 December 2018).

In 2019 these borrowings accrued interest of Euros 818 thousand (Euros 782 thousand in 2018).

Other financing-

In 2007 the Elecnor Group arranged a mortgage loan in order to acquire an industrial building in Valencia in which to conduct its solar panel manufacturing business (see Note 11). The unmatured balance of this loan amounts to approximately Euros 5,842 thousand at 31 December 2019 (Euros 6,512 thousand at 31 December 2018).

Excluding tranche B of the syndicated loan, at 31 December 2019 and 2018 Elecnor, S.A. had seven open credit facilities with financial institutions, with a maximum total limit of Euros 111 million (Euros 50 million and Euros 39 million drawn down, respectively). These bilateral credit facilities bear interest pegged to EURIBOR/LIBOR plus a market spread, and most of them mature at one year, or annually with automatic renewals up to a maximum of three years.

All the above financing lines have a personal guarantee attached.

This bank financing accrued interest during 2019 of approximately Euros 380 thousand, which the Group recognised under "Finance expenses" in the accompanying consolidated income statement (approximately Euros 1,280 thousand in 2018).

At 31 December 2019 and 2018, the Elecnor Group does not have any significant bank borrowings bearing interest at fixed rates, except for the hedging instruments described in Note 18.

18. DERIVATIVE FINANCIAL INSTRUMENTS

The Elecnor Group uses derivative financial instruments to cover the risks to which its business activities, operations and future cash flows are exposed as a result of exchange rate and interest rate fluctuations, which affect the Group's results. Details of the balances reflecting the measurement of derivatives at 31 December 2019 and 2018 are as follows:

Thousands of Euros	2019				2018			
	Non-current assets (Note 14)	Current assets	Non-current liabilities (Note 17)	Current liabilities (Note 17)	Non-current assets (Note 14)	Current assets	Non-current liabilities (Note 17)	Current liabilities (Note 17)
INTEREST RATE HEDGES								
Cash flow hedges:								
Interest rate swap	-	292	6,873	1,512	109	-	7,626	2,159
EXCHANGE RATE HEDGES								
Cash flow hedges:								
Exchange rate insurance	24	92	7,259	4,210	-	871	3,787	681
ENERGY PRICE HEDGES	-	3,489	-	-	-	-	-	3,729
	24	**3,873**	**14,132**	**5,722**	**109**	**871**	**11,413**	**6,569**

Exchange rate-

The Elecnor Group uses exchange rate hedges basically to mitigate the possible adverse effect of exchange rate fluctuations on future cash flows relating to two types of transactions:

- Payments relating to works and supply agreements denominated in a currency other than the functional currency.

- Receipts relating to works agreements denominated in a currency other than the functional currency.

At 31 December 2019 and 2018, the total nominal amount of the items for which exchange rate hedges had been arranged was as follows:

Currencies	31/12/2019	31/12/2018
Thousands of US Dollars (*)	15,256	7,019
Thousands of Chilean Peso (*)	81,544,070	65,187,988
Thousands of Pounds Sterling (*)	120	-
Thousands of Euros	-	4,893

(*) Datos expresados en la divisa correspondiente.

Of the nominal total hedged at 31 December 2019:

- Euros 12,151 thousand corresponds to sales insurance in US Dollars to cover future payments to suppliers in US dollars,

- Euros 95,608 thousand corresponds to purchases of Chilean Pesos against US Dollars to cover the risk of payments to suppliers in Chilean pesos,

- Euros 18,440 thousand corresponds to purchases of US Dollars to cover future payments received in that currency,

- Euros 144 thousand corresponds to the purchase of Pounds Sterling to cover future payments received in that currency.

Of the nominal total hedged at 31 December 2018:

- Euros 4,893 thousand corresponded to sales insurance in Australian Dollars to cover future payments to suppliers in US Dollars,

- Euros 84,025 thousand corresponded to purchases of Chilean Pesos against Dollars US to cover the risk of payments to suppliers in Chilean pesos,

- Euros 6,220 thousand corresponded to forward sale US Dollars to cover payments received in that currency.

The equivalent Euro value of the nominal amount under exchange rate hedges at 31 December 2019 was approximately Euros 109,405 thousand (approximately Euros 95,138 thousand in 2018).

The expiration of these exchange rate hedges is expected to coincide with the forecast flow of the payments and receipts being hedged. The risk of changes in the estimated cash flows is very low.

Details of the maturities of the maturities of the nominal amounts hedged by derivative financial instruments at 31 December 2019 and 2018 are as follows:

Thousands of Euros	Maturity 31/12/2019					
	2020	2021	2022	2023	2024 and thereafter	Total
Exchange rate hedge:						
USD sales (*)	12,078	1,500	-	-	-	13,578
Chilean Peso purchases (*)	24,537,131	32,906,939	24,100,000	-	-	81,544,070
Purchases of Pounds Sterling (*)	120	-	-	-	-	120
USD purchases (*)	1,678	-	-	-	-	1,678

(*) Figures expressed in the relevant currency.

Thousands of Euros	Maturity 31/12/2018					
	2019	2020	2021	2022	2023 and thereafter	Total
Exchange rate hedge:						
USD sales (*)	7,019	-	-	-	-	7,019
Chilean Peso purchases (*)	7,743,919	24,537,131	32,906,939	-	-	65,187,989
Euro purchases	4,893	-	-	-	-	4,893

(*) Figures expressed in the pertinent currency.

Interest rate-

The Elecnor Group uses interest rate hedging instruments in accordance with its risk management policy. The purpose of these transactions is to mitigate the effect that changes in interest rates could have on future cash flows from certain loans and credit facilities pegged to floating interest rates, associated with the corporate financing obtained by the Parent and project financing. At 31 December 2019 the total nominal value of the liabilities hedged by interest rate hedges amounted to Euros 337,776 thousand (Euros 339,265 thousand in 2018).

The nominal amounts of the various interest rate derivative financial instruments described above mature as follows:

Thousands of Euros	Maturity 31/12/2019					
	2020	2021	2022	2023	2024 and thereafter	Total
Interest rate hedges	56,506	40,690	30,315	40,586	169,679	337,776

Thousands of Euros	Maturity 31/12/2018					
	2019	2020	2021	2022	2023 and thereafter	Total
Interest rate hedges	48,146	54,294	71,585	17,118	148,122	339,265

The nominal amount of the interest rate swaps is, at most, equal to or lower than that of the outstanding principals of the hedged loans and their maturity and settlement dates are the same as those of the loans that are being hedged.

Neither in the case of exchange rate hedges or interest rate hedges did any circumstances arise in 2019 or 2018 that required changing the hedge accounting policy initially adopted for recognising the derivatives. In 2019 and 2018 the Elecnor Group did not have any derivatives that do not qualify for hedge accounting.

Adjustments-

The market value of the different financial derivatives is calculated as follows:

- For derivatives quoted on an organised market, their quoted value at year end.
- For derivatives not traded on an organised market, the Elecnor Group uses measurements provided by financial institutions, assumptions based on year-end market conditions. Specifically, the market value of interest rate swaps is calculated by discounting the difference between the swap rates at a market interest rate, and the market value of future exchange rate contracts is determined by discounting the estimated future cash flows using the future exchange rates at year end.

This procedure is also used to determine the market value of loans and receivables arising from cross currency swaps, through which the Group and the related bank exchange the flows from a loan in Euros for the flows from another loan in Dollars (Canadian/US) or pounds. Any resulting differences are settled on maturity. At year end, the Group translates the loan into US Dollars (plus the accrued interest) at the closing exchange rate and compares it with the loan in Euros (plus the accrued interest), and the net value (i.e. the difference) is recognised under other current or non-current assets or financial debt, depending on whether the difference is positive or negative and on the maturity thereof, giving rise to a balancing entry under exchange gains or losses.

Details of cross-currency swaps at 31 December 2019 and 2018 are as follows:

Thousands of Euros	2019	2018
Notional amount in foreign currency (USD)	-	11,600
Equivalent value in Euros	-	10,279
Fair value at the reporting date	-	(510)

At 31 December 2019 there are no cross currency swaps in force.

Swaps in force at 31 December 2018 came into effect on 20 and 21 December 2018, and all expired in January 2019.

Given that these financial instruments were not designated as hedges, at each reporting date the Group recognises the changes in their fair values directly in the consolidated income statement.

19. PROVISIONS

The breakdown of provisions for liabilities and charges, and their classification as current or non-current at 31 December 2019 and 2018, is as follows:

Thousands of Euros	2019		Restated 2018	
	Non-current	Current	Non-current	Current
Litigation and liabilities	15,785	22,257	14,418	26,353
Decommissioning	9,889	275	15,415	206
Other	20,715	41,886	81	41,470
Total	**46,389**	**64,418**	**29,914**	**68,029**

Details of Provisions for liabilities and charges" in the accompanying consolidated statement of financial position, and movement in 2019 and 2018, are as follows:

Thousands of Euros	Litigation and liabilities	Decommissioning	Other	Total
Balance at 01 January 2018 restated	**38,790**	**16,286**	**24,514**	**79,590**
Provisions charged to profit and loss (Note 24)	16,255	91	25,309	41,655
Reclassification	2,079	455	2,681	5,215
Translation differences	(985)	(9)	-	(994)
Application	(10,812)	-	(9,502)	(20,314)
Reversals (Note 24)	(4,556)	(1,202)	(1,451)	(7,209)
Balance at 31 December 2018 restated	**40,771**	**15,621**	**41,551**	**97,943**
Provisions charged to profit and loss (Note 24)	9,800	4,641	44,318	58,759
Reclassification	300	-	(186)	114
Translation differences	(538)	136	(95)	(497)
Application	(4,001)	-	(10,861)	(14,862)
Reversals (Note 24)	(8,290)	(10,234)	(12,126)	(30,650)
Balance at 31 December 2019	**38,042**	**10,164**	**62,601**	**110,807**

The Group estimates the amount of the liabilities arising from litigation and similar events. With the exception of certain liabilities in which it can be estimated that the outflows will be in the short term, the Group cannot reliably estimate the precise timing of the outflows and, accordingly, does not include the updating effect.

Due to the nature of its activities, the Group is exposed to a number of claims and lawsuits. Provisions for litigation and liabilities in the foregoing table reflect the Group's best estimate of potential penalties and other contingencies that could arise from the execution of various projects mainly carried out abroad. The directors estimated that the provision recognised reasonably covers the payments that are likely to arise in the future as a result of past events.

On 31 May 2017, Spain's competition watchdog (CNMC) notified the Parent that it was opening disciplinary proceedings against it and another 15 companies, for a potential infringement in the sphere of the construction and maintenance of electrification systems and electromechanical equipment in railway lines. On 14 March 2019, the CNMC Council issued a resolution reducing the fine with respect to that proposed in the resolution of 31 August 2018 to Euros 20.4 million. In May 2019, the Parent successfully lodged an appeal and on 16 July 2019 the National Court (Audiencia Nacional) suspended execution of the CNMC resolution of 14 March 2019, dependent upon the presentation of bank guarantees.

On 26 September 2019, the Parent received an incidental request to bring proceedings, said proceedings having been brought in proper and timely manner on 11 November 2019.

In light of these events, and based on the assessment of the Parent's legal advisers, although they consider that there are still solid arguments to challenge the CNMC's inspection, due to recent events in connection with other appeals against the Resolution, and the developments in other proceedings in the National Court in the last 12 months when the arguments presented by the parties have been rejected and the CNMC's decision confirmed, the directors of the Parent have booked a provision of Euros 20.4 million to cover this risk, since they estimate that there is a probability of the appeal prospering of less than 50%.

The category "Other" includes provisions for construction contracts with negative margins for a total amount of Euros 25,897 thousand (Euros 8,222 thousand at 31 December 2018), the most significant of which was booked in 2019 in relation to the "Mataquito Transmisora de Energía" developed in Chile, amounting to Euros 12,523 thousand.

Reversals in 2019 and 2018 correspond to penalties and other contingencies in relation to the execution of various projects that were completed in 2019 and 2018, respectively, and that were resolved favourably for the Group.

Decommissioning provisions at 31 December 2019 correspond to the provision for the wind farm owned by the Group in Canada and for the farms in Brazil, booked in 2019. Decommissioning provisions at 31 December 2018 included the provision for the Group's Canadian wind farm and the provision for the decommissioning of Elecnor Perú, S.A.C. relating to the estimate costs necessary to buy back the lands and roads affected in the development of the construction of the Gasoducto Sur Peruano (Southern Peruvian Gas Pipeline), which was reversed in 2019 on the basis of the analysis conducted by the company's management in cooperation with its legal advisers which finds that Elecnor Perú, S.A.C. fulfilled its contractual obligations in accordance with Consorcio Constructor Ductos del Sur.

20. ADVANCES FROM CUSTOMERS

Advances from customers basically reflect payments made in advance by customers prior to the start of the related contracts. These advances are discounted from invoices issued during the execution of the contracts.

21. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Details of "Deferred tax assets" and "Deferred tax liabilities" in the accompanying consolidated statement of financial position, and movement in 2019 and 2018, are as follows:

	Restated 01/01/2018	Transfers	Credit/charge to the statement of profit/loss	Credit/charge to the assets and liabilities valuation reserve	Translation differences	Other
Deferred tax Assets:						
Valuation of derivative financial instruments (Note 18)	2,404	105	32	2,220	(35)	-
Property, plant and equipment /intangible assets	7,728	253	(549)	-	(1)	-
Tax credits	20,467	19	11,272	-	(694)	(460)
Deductions and credits pending application	4,280	(385)	1,627	-	1	-
Losses at external branches	336	-	(354)	-	-	-
Non-deductible provisions (Note 19)	34,047	(540)	4,147	-	(480)	(218)
Other deferred tax assets	28,032	(90)	(17,337)	-	(1)	-
	97,294	**(638)**	**(1,162)**	**2,220**	**(1,210)**	**(678)**
Deferred tax liabilities:						
Property, plant and equipment/intangible assets	15,734	(2)	(1,423)	-	(775)	-
Goodwill	2,545	-	(772)	-	-	-
Measurement of derivative financial instruments (Note 18)	1,137	-	-	(804)	(5)	-
Other deferred tax liabilities	11,411	2,989	(7,940)	399	2	(399)
	30,827	**2,987**	**(10,135)**	**(405)**	**(778)**	**(399)**

	Restated 31/12/2018	Transfers	Credit/charge to the statement of profit/loss	Taken to the assets and liabilities valuation reserve	Translation differences	Business combination (Note 7)	Transfer to non-current assets held for sale (Note 8)	Changes in the consolidated Group (Note 2.f)	31/12/2019
Deferred tax Assets:									
Valuation of derivative financial instruments (Note 18)	4,726	297	(1,873)	(2,207)	(278)	28,512	(484)	(23,067)	5,626
Property, plant and equipment / intangible assets	7,431	(119)	(386)	294	-	5,528	(1,526)	(5,872)	5,350
Tax credits	30,604	98	249	-	(53)	36,293	(87)	(36,293)	30,811
Deductions and credits pending application	5,523	375	(1,829)	-	(1)	-	-	(172)	3,896
Losses at external branches	(18)	-	-	-	-	-	-	-	(18)
Non-deductible provisions (Note 19)	36,956	(479)	14,409	-	(1,332)	-	-	-	49,554
Other deferred tax assets	10,604	(193)	1,079	-	(682)	10,418	-	(13,018)	8,208
	95,826	**(21)**	**11,649**	**(1,913)**	**(2,346)**	**80,751**	**(2,097)**	**(78,422)**	**103,427**
Deferred tax liabilities:									
Property, plant and equipment/ intangible assets	13,534	-	(733)	-	(186)	13,100	-	(14,657)	11,058
Goodwill	1,773	-	(934)	-	-	-	-	-	839
Measurement of derivative financial instruments (Note 18)	328	-	-	(222)	(3)	-	-	-	103
Other deferred tax liabilities	6,462	(1,368)	4,026	(199)	6	6,850	-	(7,171)	8,606
	22,097	**(1,368)**	**2,359**	**(421)**	**(183)**	**19,950**	**-**	**(21,828)**	**20,606**

Deferred tax assets and liabilities that are expected to be realised or reversed in periods of less than 12 months are not significant.

Deferred tax assets and liabilities: property, plant and equipment and intangible assets, in the foregoing table mainly reflect taxable temporary differences arising from differences between the carrying amount of certain property, plant and equipment and intangible assets and their tax base, as well as the timing differences derived from the depreciation and amortisation of these non-current assets for accounting and tax purposes.

Deferred tax assets: tax credits and available deductions and credits, in the foregoing table, include, respectively, unused tax loss carryforwards and available deductions of various Group companies, which have been capitalised as the Parent's directors consider that they will be recovered against estimated profits in the coming years.

Deferred tax assets: non-deductible provisions, in the above table mainly include the tax impact of adjustments to accounting profit/loss as a consequence of various provisions that were not considered deductible when they were recognised (see notes 15.a and 19).

At 31 December 2019 and 2018, the tax credits for capitalised tax loss carryforwards and the deferred tax assets and liabilities by entity/subgroup are as follows:

Thousands of Euros	2019		
	Tax credits	Deferred tax assets	Deferred tax liabilities
Elecnor, S.A.	15,133	42,211	3,766
Aplicaciones Técnicas de la Energía, S.A.	3,421	4,492	-
Enerfín subgroup	6,696	15,871	13,079
Audeca, S.L.U.	-	87	2,946
Elecnor do Brasil, Ltda	-	10,224	-
Elecnor Chile, S.A.	-	12,459	-
Elecnor Inc	5,546	-	-
Other	15	18,083	815
Total	**30,811**	**103,427**	**20,606**

Thousands of Euros	Restated 2018		
	Tax credits	Deferred tax assets	Deferred tax liabilities
Elecnor, S.A.	15,655	42,861	3,878
Aplicaciones Técnicas de la Energía, S.A.	3,421	4,487	61
Subgroup Celeo Concesiones e Inversiones	123	3,554	1,397
Enerfín subgroup	8,441	19,165	12,377
Audeca, S.L.U.	-	-	3,228
Elecnor do Brasil, Ltda	429	4,166	-
IQA Operations Group, Ltd	-	-	-
Elecnor Chile, S.A.	2,272	10,915	-
Other	263	10,678	1,156
Total	**30,604**	**95,826**	**22,097**

Details of the amounts and expiry years of uncapitalised tax loss carryforwards of the most significant entities/tax groups at 31 December 2019 and 2018 are as follows:
(in thousands of Euros)

2019	Unused, uncapitalised tax loss carryforwards	Expiry year
Aplicaciones Técnicas de la Energía, S.A.	4,596	Unlimited
Montelecnor, S.A.	13,627	2020 - 2021
IQA Operations Group, Ltd	5,896	Unlimited
Elecnor South Africa	2,463	Unlimited
Dunor	15,212	2029
	41,794	

Restated 2018	Unused, uncapitalised tax loss carryforwards	Expiry year
Aplicaciones Técnicas de la Energía, S.A.	3,128	Unlimited
Celeo Concesiones e Inversiones, S.L.	1,441	Unlimited
Montelecnor, S.A.	14,806	2020 - 2021
Elecnor South Africa	1,986	Unlimited
IQA Operations Group, Ltd	6,802	Unlimited
Elecnor Inc	38,761	Unlimited
	66,924	

22. INCOME TAX

The Parent has the following years open to inspection by the tax authorities in respect of the main taxes applicable to it:

Tax	Years open to inspection
Corporate Income Tax (*)	2014 – 2018
Value Added Tax	2015 – 2019
Personal Income Tax	2015 – 2019
Social security	2015 – 2019
Capital Gains Tax	2015 – 2019
Non-residents	2015 – 2019

(*) The deadline for filing corporate income tax returns is 25 calendar days after the six months subsequent to conclusion of the tax periods, so corporate tax corresponding to 2019 will not be open to inspection until 25 July 2020.

Inspections conducted by the Tax Authority's Large Taxpayers Division at the Parent, and commenced by notification on 1 July 2016, concluded in 2018.

Said inspections encompassed the following taxes and periods:

- Corporate Income Tax for the tax periods 2011 to 2013,
- Value Added Tax for the tax periods 06/2012 to 12/2014,
- Withholdings and payments on account for earnings for personal work and professional activities for the tax periods 06/2012 to 12/2014,
- Withholdings and payments on account for capital gains for the periods 06/2012 to 12/2014,
- Withholdings and payments on account for real estate earnings for the tax periods 06/2012 to 12/2014,
- Withholdings on account for non-residents tax for the tax periods 06/2012 to 12/2014,

The aforementioned inspections concluded in 2018 and the Group signed statements of conformity for a total payment in Euros 10,915 thousand in tax, late payment interest and, where applicable, fines, the expense of which is recognised in the accompanying consolidated income statement; it also signed statements of disconformity whose settlement implies a payment obligation totalling Euros 14,208 thousand.

Against the settlement agreements deriving from the disconformity statements the Parent filed economic-administrative appeals on 28 December 2018 before the Central Economic-Administrative Court which, the payment obligation having been suspended while the proceedings are completed, are pending administrative processing on the date of authorising these consolidated annual accounts for issue, the records of the proceedings not yet having been made available or the procedure for presenting arguments yet arranged by the Central Economic-Administrative Court.

In light of this situation, and although there are weighty arguments to underpin the position of the Parent, the latter's directors, on the basis of considerations put forward by its tax advisers, have decided to book a provision this year for the amounts claimed in the appealed settlement agreements in connection with differences in interpretation in relation to related-party transactions amounting to Euros 7,559 thousand, since they consider that in 2019 retroactivity has been ruled out and, accordingly, the reviewing bodies are more likely to approve the Tax Administration's position than not, and considering the impact for the rest of years open to inspection.

In addition to the foregoing, on 29 October 2019, the Parent received a notification of the commencement of an inspection in relation to the following taxes and years:

- Corporate Income Tax for the tax periods 2014 to 2016,
- Value Added Tax for the tax periods 09/2015 to 12/2016,
- Withholdings and payments on account for earnings for personal work and professional activities for the tax periods 09/2015 to 12/2016,
- Withholdings and payments on account for capital gains for the periods 09/2015 to 12/2016,
- Withholdings and payments on account for real estate earnings for the tax periods 09/2015 to 12/2016,
- Withholdings on account for non-residents tax for the tax periods 09/2015 to 12/2016,

However, the Administration's entitlement to verify or investigate tax loss carryforwards offset or pending offsetting, deductions for double taxation and deductions to encourage certain activities applied or pending application prescribes after 10 year from the day after the end of the established period for filing the tax return or self-assessment for the tax period in which the Company's entitlement to offsetting or application was generated. Once that period has elapsed, the Group must accredit tax losses or deductions by presenting the settlement or self-assessment and the accounts, and also evidencing that they have been filed during the aforementioned period in the Companies Register.

Details of the income tax expense accrued in 2019 and 2018 are as follows:

Thousands of Euros	2019	Restated 2018
Consolidated profit before income tax	**190,077**	**125,391**
Non-deductible expenses	66,539	5,339
Non-taxable income (**)	(205,796)	(11,958)
Profit/loss at equity-accounted investees (Note 13)	46,268	(18,733)
Other	(513)	(1,208)
Capitalisation reserve	(351)	-
Uncapitalised tax credits applied	(8,133)	(7,664)
Uncapitalised tax loss carryforwards (***)	32,408	18,608
Adjusted accounting profit	**120,499**	**109,775**
Gross tax calculated at the tax rate in force in each country (*)	42,682	37,991
Tax deductions for incentives and other	(472)	(782)
Adjustment to prior year's corporate income tax expense	1,836	1,643
Effect of tax rate changes on deferred taxes	(484)	(484)
Other adjustments	15,850	(810)
Income tax expense	**59,412**	**37,558**

(*) The fully consolidated foreign subsidiaries and branches calculate the corporate income tax expense and the amount due in respect of the various other applicable taxes in accordance with the prevailing tax rates and legislation in their respective countries.

(**) Non-taxable income in 2019 and 2018 mainly reflected adjustments to the accounting profit for income from the sale of investments which are exempt from taxation (see notes 2.f).

(***) Corresponding mainly, in 2019, to the companies Dunor Energia S.A.P.I de C.V., in the amount of Euros 18 million, and the subgroup Enerfín, in the amount of Euros 6.9 million (Proyectos Eléctricos Agua Prieta, SAPI de CV, in the amount of Euros 8.5 million, IQA Operations Group, Ltd in the amount of Euros 1.3 million and the Enerfín subgroup, in the amount of Euros 5.4 million in 2018).

Details of the main components of the income tax expense accrued in 2019 and 2018 were as follows:

Thousands of Euros	2019	Restated 2018
Current tax		
Present year	51,016	51,341
Prior year adjustments	1,836	1,643
Other adjustments	15,850	(810)
Deferred tax		
Deferred tax expense/income relating to the origination and reversal of temporary differences	(9,290)	(14,616)
Income tax expense	**59,412**	**37,558**

Details of the amounts and expiry years of deductible temporary differences, tax losses or credits for which deferred tax assets have not been recognised in the consolidated statements of financial position at 31 December 2019 and 2018, are as follows (in thousands of Euros):

Unused tax loss carryforwards	31.12.19
Expiry year:	
2020	4,087
2021	9,731
2022	920
2023	1,753
2024	97
2028	263
2029	15,212
Unlimited	20,004
Total	**52,067**

Unused tax loss carryforwards	Restated at 31/12/2018
Expiry year:	
2019	11
2020	4,780
2021	10,134
2022	1,130
2023	645
2026	142
2027	111
Unlimited	30,234
Total	**47,187**

Unused tax credits for deductions and other items	31/12/2019
Expiry year:	
2027	592
2028	890
2029	451
2030	124
2031	141
Unlimited	1,909
Total	**4,107**

Unused tax credits for deductions and other items	31/12/2018
Expiry year:	
2027	622
2028	890
2029	451
2030	124
2031	141
Unlimited	2,278
Total	**4,506**

The unused tax loss carryforwards and tax credits for deductions and other items described above were generated by various companies in the Elecnor Group and their future recoverability is conditional upon these companies' ability to generate sufficient taxable profits.

Due to the treatment permitted by prevailing fiscal legislation, additional tax liabilities that cannot be objectively quantified could arise in the event of inspection. However, the Parent's directors consider that the possibility of such contingent liabilities arising during future tax inspections of Group companies is remote and that, in any case, the tax liability that could result therefrom would not materially affect the consolidated annual accounts of the Elecnor Group.

23. GUARANTEE COMMITMENTS WITH THIRD PARTIES AND CONTINGENCIES

Guarantee commitments with third parties-

At 31 December 2019 and 2018, details of the risk exposure relating to bank guarantees received and other bid, completion and performance bonds, extended mainly by the Parent, are as follows:

Thousands of Euros	2019	Restated 2018
Completion bonds	665,788	570,845
Advances on contracts:		
Current	213,881	175,649
To be cancelled	47	69
Performance bonds	193,060	188,290
Bid bonds	63,129	52,899
Other	39,181	16,769
Total	**1,175,086**	**1,004,521**

At 31 December 2019 and 2018, the Parent had provided guarantees to the customer Empresa de Transmisión Energía for Euros 33 million and Euros 29 million, respectively. It had also provided guarantees to the customer Toabré for Euros 26 million and Euros 25 million, respectively.

The remaining amount of the guarantees at 31 December 2019 and 2018 consists of a number of guarantees of insignificant individual amounts.

The Parent's directors consider that any liabilities that might arise from the bank guarantees provided would not give rise to significant losses in the accompanying consolidated financial statements.

Contingencies-

On 17 January 2020, the Central Court of Instruction No. 5 issued an order decreeing the commencement of a trial concerning a former employee of the Group and concerning the company Deimos Space, S.L., the latter for alleged criminal liability as a legal entity for possible crimes of corruption in international commercial transactions and money laundering, requiring that the company provide a guarantee of Euros 1,460 thousand to cover civil liability., and additional guarantees of Euros 10,240 thousand and Euros 2,625 thousand to cover possible future pecuniary sanctions and confiscations.

The Group is in complete disagreement with the legal decision and is exercising its rights in the proceedings, appealing the guarantee amount required and requesting its free acquittal, as is the former Group employee and the latter's legal team, and it considers that there has been no proof in the proceedings to presume with a sufficient degree of certainty, beyond all reasonable doubt, that either Deimos Space, S.L. or its former employee will be sentenced, so that the directors of the Parent, in accordance with the terms of the plaintiff's defence writ, consider that the probable result of the trial will be an acquittal, and that therefore no criminal or civil liability will be enforced.

24. INCOME AND EXPENSES

Net turnover-

Details of this item in 2019 and 2018 are as follows:

Thousands of Euros	2019	Restated 2018
Construction contracts and services rendered	2,283,979	2,102,581
Sale of goods and energy	169,747	148,318
Total	**2,453,726**	**2,250,899**

The breakdown of the Group's turnover in 2019 and 2018, by both geographic areas and products, is as follows:

Thousands of Euros	2019	Restated 2018
By geographical area		
Domestic	1,168,656	987,979
International	1,285,070	1,262,920
Total	**2,453,726**	**2,250,899**
By line of business		
Electricity	908,347	744,732
Power generation	573,375	631,087
Telecommunications and space	247,719	252,914
Construction, environment and water	181,276	169,725
Maintenance	171,830	160,396
Facilities	215,105	165,821
Gas	106,793	102,594
Railways	49,281	23,630
Total	**2,453,726**	**2,250,899**

Income from Contracts with Customers

Movement in assets and liabilities from contracts with customers in 2019 is as follows:

Thousands of Euros	Assets	Liabilities
At 1 January 2019	258,756	(320,310)
Revenues recognised	2,377,252	2,377,252
Reclassification to income	(2,325,392)	(2,419,727)
Translation differences	(4,487)	5,776
At 1 December 2019	**306,129**	**(357,009)**

Materials consumed-

Details of this item in 2019 and 2018 are as follows:

Thousands of Euros	2019	Restated 2018
Purchases of raw materials and other supplies	759,959	689,622
Work carried out by other companies	432,762	398,443
Changes in goods for resale, raw materials and other inventories	2,292	1,105
Total	**1,195,013**	**1,089,170**

Other operating expenses-

Details of this item in 2019 and 2018 are as follows:

Thousands of Euros	2019	Restated 2018
Leases	71,721	62,507
Repairs and maintenance	23,963	19,172
Independent professional services	122,005	102,012
Transportation	6,622	5,931
Insurance premiums	9,482	10,237
Banking services	10,740	8,516
Advertising and publicity	1,677	1,465
Utilities	41,702	29,245
Taxes	28,414	29,874
Other expenses	65,605	79,105
Total	**381,931**	**348,064**

Personnel expenses-

Details of this item in 2019 and 2018 are as follows:

Thousands of Euros	2019	Restated 2018
Salaries and wages	503,473	453,955
Termination benefits	7,033	6,105
Social Security payable by the Company	110,746	98,100
Other employee benefits expenses	47,766	41,834
Total	**669,018**	**599,994**

At 31 December 2019, the heading "Other current liabilities" includes approximately Euros 29 million in remuneration pending payment (Euros 20 million at 31 December 2018).

Depreciation, amortisation and provisions-

Details of this item in 2019 and 2018 are as follows:

Thousands of Euros	2019	Restated 2018
Provisions for depreciation of property, plant and equipment (Note 11)	73,279	55,343
Amortisation of intangible assets (Note 10)	7,082	6,383
Changes in provisions for risks and charges without decommissioning (Note 19)	33,702	35,557
Impairment of fixed assets (Note 11)	5,271	-
Depreciation charge for right-of-use assets (Note 12)	6,362	-
Change in impairment of receivables (Notes 14.c) and 15)	47,755	22,491
Impairment of goodwill (Note 9)	4,227	-
Other	(15,556)	(14,981)
Total	**162,122**	**104,793**

The heading "Other" at 31 December 2019 and 2018 corresponds mainly to the application of provisions the Group recognises against this heading, taking expenses for provisioned payments at 31 December 2018 and 2017 by their type in the accompanying consolidated income statement.

Finance income-

Finance income derives from the application of the effective interest rate method to financial assets in the category of financial assets at amortised cost.

Finance expenses-

Details of this item in 2019 and 2018 are as follows:

Thousands of Euros	2019	Restated 2018
Finance expenses from issuing bonds and other marketable securities	5,307	3,422
Finance costs on loans and borrowings (*)	44,362	38,753
Other finance costs	4,891	6,434
	54,560	**48,609**

(*) Arising mainly from project finance arrangements for wind farms, Elecnor, S.A.'s syndicated loans and interest rate swaps (see Notes 17 and 18).

Finance expenses derive practically entirely from the application of the effective interest rate method to financial liabilities in the category of financial liabilities at amortised cost.

25. INTERESTS IN JOINT VENTURES

In 2019 and 2018 the balance sheets and income statements of joint ventures (known in Spain as UTEs) in which Elecnor, S.A. or its subsidiaries hold interests were proportionately consolidated in the accompanying consolidated annual financial statements, in accordance with IAS 31.

Details of UTEs and the Group's percentage ownership therein at 31 December 2019 and 2018, the amount of revenues from construction work performed in 2019 and 2018 and the order book at year end are included in Appendix II to these consolidated annual accounts.

The contribution of UTEs to the various items in the accompanying consolidated statements of financial position and of profit and loss at 31 December 2019 and 2018 are as follows:

Thousands of Euros ASSETS	2019	2018	LIABILITIES	2019	2018
Intangible assets	124	-	Profit for the year	(23,069)	12,623
Property, plant and equipment	31,342	2,720	Loans and borrowings	-	937
Financial assets	1,589	152	Non-current payables	3,359	42
Inventories	2,399	10,491	Current trade payables	167,280	98,972
Trade receivables	78,535	58,320			
Current investments	1,083	(982)			
Cash	32,074	41,578			
Prepayments	424	295			
Total	**147,570**	**112,574**	**Total**	**147,570**	**112,574**

Thousands of Euros Statement of profit and loss	2019	2018
Revenues	130,786	148,524
Increase in inventories of finished goods and work in progress	-	(24)
Materials consumed	(90,589)	(100,782)
Non-trading income	1,213	3,005
Personnel expenses	(11,849)	(12,285)
External services	(24,212)	(18,095)
Taxes	(1,902)	(2,060)
Impairment losses and changes in provisions for trade operations	(8,066)	(962)
Other operating expenses	(371)	(750)
Depreciation and amortisation	(3,788)	(1,282)
Impairment and profit/loss on disposal of fixed assets	(2)	59
Excess provisions	-	2
Finance income	1,847	1,034
Finance costs	(6,901)	(6,405)
Translation differences	(8,275)	3,897
Foreign taxes	(960)	(1,253)
Total	**(23,069)**	**12,623**

26. ORDER BOOK

Details, by line of business, of the Parent's order backlog at 31 December 2019 and 2018, excluding temporary joint ventures – UTEs (see Note 25), are as follows:

Thousands of Euros	2019	2018
By geographical area		
Domestic	460,249	363,388
International	1,128,920	922,596
Total	**1,589,169**	**1,285,984**
By line of business		
Electricity	632,051	488,849
Power generation	288,748	442,738
Telecommunications and space	169,774	129,509
Construction, environment and water	314,918	48,778
Maintenance	28,559	40,671
Facilities	64,056	29,457
Gas	24,754	30,701
Railways	66,309	75,281
Total	**1,589,169**	**1,285,984**

At 31 December 2019 the order backlog of subsidiaries amounts to Euros 633,547 thousand (Euros 841,399 thousand in 2018) and mainly comprises work for companies in the electricity sector.

27. AVERAGE SUPPLIER PAYMENT PERIOD. FINAL PROVISION TWO OF LAW 31/2014 OF 3 DECEMBER 2014

Information on deferred payments to suppliers by consolidated Spanish companies is as follows:

	2019	2018
Days		
Average supplier payment period	63	64
Transactions paid ratio	70	71
Transactions payable ratio	44	43
Expressed in thousands of Euros		
Total payments made	861,025	802,457
Total payments outstanding	248,389	210,708

The payments to suppliers reflected in the above table are trade payables as they relate to goods and services. They therefore include "Trade and other payables - trade payables for purchases or services".

28. INFORMATION ON EMPLOYEES

The average headcount, by professional category (not including joint ventures), in 2019 and 2018 was as follows:

	Average headcount	
Professional category	2019	Restated 2018
Management	178	152
Executive	1,081	885
Technician	3,010	2,206
Base	10,284	10,034
Total	**14,553**	**13,277**

Of the Group's average headcount in 2019, a total of 5,709 employees had temporary employment contracts (5,865 employees in 2018).

Moreover, the breakdown by gender at the end of 2019 and 2018, specified by category, of staff and directors, not including joint ventures, is as follows:

	31/12/2019		Restated 31/12/2018	
Professional category	Male	Female	Male	Female
Directors	13	2	13	2
Management	145	19	135	20
Executive	897	201	683	239
Technician	2,125	1,120	1,406	868
Base	9,895	453	9,804	422
Total	**13,075**	**1,795**	**12,041**	**1,551**

The average number of employees at the Parent with a disability equal to or greater than 33%, by category, is as follows:

Professional category	2019	2018
Executive	6	6
Technician	7	5
Base	34	32
Total	**47**	**43**

At the 2019 year end Elecnor, S.A. had a headcount of 8,374 employees in Spain (7,981 in 2018), 47 of whom were disabled, representing 0.56% of the workforce in Spain. Elecnor, S.A. has been granted exemption from this requirement through the adoption of alternative measures. Certified purchases made from Special Employment Centres amounted to Euros 3,458 thousand in 2019 (Euros 2,539 thousand in 2018), which is equivalent to hiring an additional 31% of disabled employees (1.93% of disabled employees in 2018). This would result in a total of 2.62%, thereby exceeding the mandatory quota (2%).

29. RELATED PARTY BALANCES AND TRANSACTIONS

29.1. Related party balances and transactions of the Group

Related party transactions have been carried out at arm's length. Transactions carried out by the Group with investees that are not fully or proportionately consolidated and with other non-consolidated companies during 2019 and 2018 are as follows:

2019

Thousands of Euros	Sales and other operating income	Finance income
Equity-accounted investees:		
Celeo Concesiones e Inversiones, S.L.U.	1	25
Gasoducto de Morelos, SAPI de CV	89	1,382
Celeo Concesiones e Inversiones Group		
Celeo Termosolar, S.L.	60	-
Dioxipe Solar, S.L.	5,602	-
Aries Solar Termoeléctrica, S.L.	9,421	-
Celeo Redes Chile, Ltda	965	-
Celeo Fotovoltaico, S.L.U.	317	-
Casablanca Transmisora de Energía, S.A.	5,009	-
Mataquito Transmisora de Energía, S.A.	12,938	-
Diego de Almagro Transmisora de Energía, S.A.	28,382	-
Celeo São João Do Piaui FV I, S.A. (7 companies)	127,901	-
Integraçao Maranhense Tranmissora de Energia, S.A.	159	-
Pedras Transmissora de Energia, S.A.	274	-
Serra De Ibiapa Transmissora de Energia, S.A.	54,517	-
Total	**245,635**	**1,407**

Restated 2018

Thousands of Euros	External services and other expenses	Sales and other operating income	Finance income
Equity-accounted investees:			
Dioxipe Solar, S.L.	-	5,416	-
Aries Solar Termoeléctrica, S.L.	-	9,882	-
Gasoducto de Morelos, SAPI de CV	-	597	-
Morelos EPC, SAPI de CV	-	6,751	2,605
Celeo Redes Group			
Celeo Redes Chile, Ltda	87	1,655	-
Charrúa Transmisora de Energia, S.A.	201	7,903	-
Diego de Almagro Transmisora de Energía S.A.	-	29,607	-
Alto Jahuel Transmisora de Energia, S.A.	67	-	-
Celeo São João Do Piaui FV I, S.A. (7 companies)-	4,881	-	
Cantareira Transmissora de Energia, S.A.	-	8,619	-
Jaurú Transmissora de Energia, S.A.	-	1,388	-
Pedras Transmissora de Energia, S.A.	-	5,671	-
Serra De Ibiapa Transmissora de Energia, S.A.	-	4,444	-
Total	**355**	**86,814**	**2,605**

At 31 December 2019 and 2018, balances receivable from and payable to investees that are not fully or proportionately consolidated and other non-consolidated companies, deriving from the above transactions, are as follows:

Thousands of Euros	2019			Restated 2018		
	Amounts receivable		Amounts payable	Amounts receivable		Amounts payable
	Other financial investments (Note 14)	Trade Receivables, related companies	Trade Payables, associates and related companies	Other financial investments (Note 14)	Trade Receivables, related companies	Trade Payables, associates and related companies
Accounted for using the equity method:						
Dioxipe Solar, S.L.	-	2,289	-	-	3,415	-
Aries Solar Termoeléctrica, S.L.	-	2,387	-	138	2,195	-
Gasoducto Morelos S.A.P.I. de CV	10,561	379	-	16,176	152	20
Serra De Ibiapa Transmissora de Energia, S.A. - SITE	-	2,223	-	-	-	-
São João do Piauí	-	6,314	-	-	-	-
Other	-	1,527	60	-	1,350	576
	10,561	**15,119**	**60**	**16,314**	**7,112**	**596**

At 31 December 2019 Santander Asset Management, S.A., SGIIC has a significant investment in Elecnor, S.A., the Parent of the Elecnor Group. No transactions have been carried out with this company during the year and there were no balances receivable or payable at 31 December 2019.

At 31 December 2018 Bestinver Gestión, S.A., S.G.I.I.C. had a significant investment in Elecnor, S.A., the Parent of the Elecnor Group. No transactions were carried out with this company during the year and there were no balances receivable or payable at 31 December 2018.

29.2. Remuneration of the board of directors

a) Remuneration and other benefits-

In 2019 the members of the Parent's Board of directors received remuneration amounting to Euros 5,200 thousand (Euros 4,937 thousand in 2018). This remuneration includes that earned in their capacity as management personnel.

The Parent has paid approximately Euros 4,1 thousand for life insurance arranged for former or current members of its Board of directors in both years.

At 31 December 2019 and 2018, the Parent does not have any pension obligations with former or current members of the board of directors nor has it extended any guarantees on their behalf or granted any loans thereto.

At 31 December 2019 and 2018, the board of directors of the Parent is formed by 15 individuals, two of whom are female.

At 31 December 2019 and 2018 the amount paid by the Parent with regard to public liability insurance for all or some of the directors in relation to damage caused due to acts or omissions in discharging their duties was not significant.

b) Conflicts of interest concerning the directors-

The members of the board of directors of Elecnor, S.A. and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

c) Transactions other than ordinary business or under terms differing from market conditions carried out by the directors-

In 2019 and 2018 the directors of the Parent have not carried out any transactions other than ordinary business or applying terms that differ from market conditions with the Company or any other Group company.

29.3. Remuneration to the Management Team

In 2019, the Company's Management Team received remuneration amounting to Euros 4,661 thousand (Euros 1,186 thousand in 2018).

30. AUDIT FEES

The auditor (KPMG Auditores, S.L.) of the Group's annual financial statements invoiced the following net fees for professional services at 31 December 2019 and 2018:

Thousands of Euros		
Description	2019	Restated 2018
For audit services	334	228
For other accounting verification services	98	112
For other services	12	-
Total	**444**	**340**

The above amount includes all fees relating to services provided in 2019 and 2018, regardless of when they were invoiced.

Other verification services refer to the limited review of interim financial statements and procedures in regard to ICSFR, provided by KPMG Auditores, S.L. to Elecnor S.A. in the years ended 31 December 2019 and 2018.

Other services refer to procedural reports regarding compliance with covenants and other procedures agreed provided by KPMG Auditores, S.L. to Elecnor, S.A. in the years ended 31 December 2019 and 2018.

Moreover, other affiliates of KPMG International invoiced the Group in the years ended on 31 December 2019 and 2018 for net fees relating to professional services, as follows:

Thousands of Euros		
Description	2019	Restated 2018
For audit services	170	149
For other accounting verification services	38	19
For tax advisory services	4	17
For other services	1,356	2,368
Total	**1,568**	**2,553**

Other auditors also invoiced the Group in the years ended on 31 December 2019 and 2018 for net fees relating to professional services, as follows:

Thousands of Euros		
Description	2019	2018
Audit services	563	579
For other accounting verification services	80	32
Tax advisory services	680	678
Other services	541	270
Total	**1,864**	**1,559**

31. EARNINGS PER SHARE

Details of basic earnings per share in 2019 and 2018 are as follows:

	2019	Restated 2018
Attributable net profit (thousands of Euros)	126,377	82,117
Total number of shares outstanding	87,000,000	87,000,000
Less, own shares (Note 16-d)	(2,320,809)	(2,336,496)
Weighted average number of shares outstanding	84,679,191	84,663,504
Basic earnings per share (Euros)	1.49	0.97

At 31 December 2019 and 2018 Elecnor, S.A., the Parent of the Elecnor Group, has not issued any financial instruments or other contracts entitling the holder to receive ordinary shares from the Company, and therefore diluted earnings per share coincide with basic earnings per share.

32. ENVIRONMENTAL INFORMATION

Respect for the environment and sustainability are an integral part of Elecnor's core values and culture. The Company is committed to protecting the environment and fostering efficiency in the consumption of energy resources. Elecnor's Environmental Management System defines a procedure to identify, assess and record the environmental aspects originating in the company's activities in order to determine which are significant and apply the most efficient corrective measures to minimise their impact.

In 2019, AENOR multi-site certification audits were conducted according to ISO standards 9001:2015 and ISO 14001:2015. This is a single certificate for all of the Organisations in the Elecnor infrastructures area that contains all of the scopes of the various activities and all of the work centres which, up until now, obtained certification individually.

The Quality Management (ER-0096/1995) and Environmental Management (GA-2000/0294) certification includes the following Group areas:

- Major Networks Unit
- Major Energy Unit
- Major Engineering Unit
- Major Facilities and Networks Unit: Central Regional Office and Northern Branches, North-Eastern Regional Office, Eastern Regional Office, Southern Regional Office, Elecnor Medio Ambiente, Elecnor Seguridad, Area 3 Equipamiento, Diseño e Interiorismo; Elecnor Infrastrutture S.R.L. (Italy); Ehisa Construcciones y Obras; Aplicaciones Técnicas de la Energía and Jomar Seguridad.

Environmental Management certificates are also held for the following affiliates:

- Audeca, (GA-1999/0134)
- Deimos, (ES 028048-2)
- Hidroambiente, (SGI 1201167/12)
- Enerfín, (GA-2003/0416)

In 2019, Elecnor renewed its environment certificate for carbon dioxide emissions, obtained from the Spanish Association for Standardisation and Certification (AENOR) and verified in accordance with ISO standard 14064-1. Through this verification the Company obtains independent and rigorous endorsement of the amount of GHG emissions caused by its activities, thereby seeking to improve its environmental and energy management.

Elecnor renewed its certification of registration in the National Register for Carbon Footprint, Offsetting and Absorption of Carbon Dioxide at Spain's Ministry for Ecological Transition's Office for Climate Change (OECC), obtaining the REDUZCO seal, having managed to reduce its carbon footprint for 5 consecutive years.

It also renewed its AENOR Energy Management System certification (GE-2013/0033), as per the UNE-EN ISO 50001:2011 standard.

In 2018, Elecnor devised a Climate Change Strategy to reduce its impact, boost its resilience and tap into the potential opportunities provided by climate change, so as to grow as a Group in a sustainable manner.

Lastly, Elecnor joined the CDP sustainability index and has been rated a B for two consecutive years (2018 and 2019), which implies international recognition of its strategy to combat climate change, since it means that in 2019 Elecnor was recognised as having the highest level of climate change management. Elecnor's B rating is above the electric utilities sector average and above the regional European average.

33. EVENTS AFTER THE REPORTING PERIOD

The outbreak of the novel coronavirus causing the disease known as COVID-19 in China in January 2020 and its recent spread to numerous countries across the globe led the World Health Organisation to declare a pandemic on 11 March 2020.

Considering the complexity of markets due to their globalisation and the absence, for now, of an effective treatment against the virus, the consequences for the operations of the Elecnor Group are uncertain, and will depend largely on how the pandemic evolves and spreads over the next few months, as well as the capacity of all the economic agents involved to react and adapt.

Consequently, on the date of authorising these Annual Accounts for issue it is too soon to perform a detailed assessment or quantification of the potential impact of COVID-19 on Elecnor and its group of companies, as the short-, medium- and long-term consequences remain uncertain. In any event, the consequences of COVID-19 are considered a subsequent event that does not require an adjustment of the consolidated annual accounts of 2019, without prejudice to their being recognised in the consolidated annual accounts of 2020.

In this regard, there has already been a downturn in the Group's estimated activity in the first few months of 2020 as a result of the COVID-19 outbreak, and it is not yet possible to gauge whether this situation will persist and to what extent.

Nevertheless, the Company's directors and Management, considering the measures adopted by the various governments of the countries in which the Elecnor Group operates to help manage the health crisis unleashed by the COVID-19 pandemic, has conducted a preliminary assessment of the current situation based on the best available information. Due to the aforementioned considerations, this information may be incomplete. Of the findings of that assessment, we highlight the following aspects:

- Liquidity risk: the general market situation may foreseeably trigger a widespread increase in liquidity stresses in the economy, as well as a contraction in the credit market. In this regard, the Group's financial situation is solid and it has sizeable undrawn credit lines (Note 17), which, coupled with the launch of specific plans to boost and efficiently manage liquidity, will enable it to tackle these stresses.

- Operating risk: the changing and unpredictable nature of events could lead to the risk of the temporary disruption of some of the Group's activities. Accordingly, specific working groups and procedures have been established aimed at monitoring and managing developments in its operations at all times, in order to minimise the impact on its business.
- Risk of variation of certain financial figures: the aforementioned factors could trigger a reduction in the next financial statements of the amounts booked under significant headings for the Elecnor Group, such as "Net turnover" or "Profit after tax", or key indicators thereof (EBITDA/Net financial debt ratio) although for now it is not possible to reliably quantify the impact of this, considering the conditioning factors and restrictions we have already mentioned.

Lastly, note that the directors and Management of Elecnor are constantly monitoring the situation as it unfolds, in order to successfully tackle any potential impacts, both financial and non-financial.

Appendix I: Company information

(Thousands of Euros)

2019	Parent	Company	Registered office	Auditor	Activity	Direct or indirect ownership percentage
Consolidation method Fully consolidated companies						
	ELECNOR, S.A.	Andes Solares, SAS (****)	COLOMBIA	***	Development and operation of renewable energy sources	100.00%
		Aplicaciones Técnicas de la Energía, S.L.U. (ATERSA)	SPAIN	Deloitte	Solar energy	100.00%
		Area 3 Equipamiento y Diseño Interiorismo, S.L.U.	SPAIN	***	Interior design	100.00%
		Audeca, S.L.U.	SPAIN	KPMG	Environmental restoration and reforestation and operation of roads	100.00%
		Betonor, S.L.	ANGOLA	***	Dormant	51.00%
		Celeo Concesiones e Inversiones, S.L.U.	SPAIN	KPMG	Management and administration of companies	51.00%
		Corporacion Electrade, S.A.	VENEZUELA	***	Construction and assembly	100.00%
		Deimos Space, S.L.U.	SPAIN	KPMG	Analysis, engineering and development of space missions and software	100.00%
		Ehisa Construcciónes y Obras, S.A.U.	SPAIN	Jose Francisco Villamonte Fernando	Construction and assembly	100.00%
		Elecdal, URL	ALGERIA	***	Construction and assembly	100.00%
		Elecdor, S.A.	ECUADOR	Seel & Company, S.A.	Construction and assembly	100.00%
		Elecen, S.A.	HONDURAS	***	Construction and assembly	100.00%
		Elecnor Argentina, S.A.	ARGENTINA	SMS	Construction and assembly	100.00%
		Elecnor Australia PTY LTD	AUSTRALIA	ESV	Management and administration of companies	100.00%
		Elecnor Cameroun Société Anonyme	CAMEROON	***	Construction and assembly	100.00%
		Elecnor Chile, S.A.	CHILE	KPMG	Construction and assembly	100.00%
		Elecnor de Mexico, S.A.	MEXICO	KPMG	Construction and assembly	100.00%
		Elecnor Do Brasil, L.T.D.A.	BRAZIL	KPMG	Construction and assembly	100.00%
		Elecnor Energie und Bau, GmbH	GERMANY	***	A broad range of business activities in the areas of engineering, development, construction, assembly, repairs and maintenance of all types of works, installation work of any kind, particularly in energy efficiency and renewable energies.	100.00%
		Elecnor Infrastruttre e Aerospaziale, S.R.L.	ITALY	***	Construction and assembly	100.00%
		Elecnor Infrastruture, LLC	OMAN	***	Construction and maintenance	70.00%
		Elecnor Perú, S.A.C.	PERU	Portal Vega & Asociados	Construction and assembly	100.00%

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(Thousands of Euros)

2019	Parent	Company	Registered office	Auditor	Activity	Direct or indirect ownership percentage
		Elecnor Seguridad, S.L.U.	SPAIN	***	Installation and maintenance of fire prevention and safety systems	100.00%
		Elecnor South Africa (PTY) LTD	South Africa	***	Construction and assembly	100.00%
		Elecnor, INC	USA	RP&B	Facilities	100.00%
		Electrificaciones Del Norte, S.A.	SPAIN	***	A broad range of business activities	100.00%
		Electrolineas del Ecuador, S.A.	ECUADOR	Seel & Company, S.A.	Construction and assembly	100.00%
		Elecven Construcciones, S.A.	VENEZUELA	Deloitte	Construction and assembly	100.00%
		Enertel, S.A. de C.V.	MEXICO	KPMG	Construction and assembly	99.99%
		Eresma Solar, S.L.U. (****)	SPAIN	***	Development, construction and operation of companies linked to renewable energy	100.00%
		Elecnor Angola Group	ANGOLA	***	Activities in the areas of public works and civil engineering	55.00%
		Hidroambiente, S.A.U.	SPAIN	KPMG	Environmental activities	100.00%
	IDDE, S.A.U.		SPAIN	***	Sales	100.00%
		IQA Operatios Group, LTD	SCOTLAND	KPMG	Electrical installations	100.00%
		Jomar Seguridad, S.L.U.	SPAIN	***	Sales, installation and maintenance of fire prevention and safety systems	100.00%
		Montelecnor, S.A.	URUGUAY	Ernst & Young	Construction and assembly	100.00%
		Omninstal Electricidade, S.A.	PORTUGAL	KPMG	Construction and assembly	100.00%
		Parque Eólico Montañes, S.L.U. (****)	SPAIN	***	Construction and operation of wind farm	100.00%
		Parque Solar Porton, SAS	COLOMBIA	***	Power generation	100.00%
		Stonewood Desarrollos, S.L.	SPAIN	***	Sales	100.00%
		Yariguies Solar, SAS (****)	COLOMBIA	***	Development and operation of renewable energy sources	100.00%
	CORPORACION ELECTRADE					
		Electrade Investment, Ltda (*)	BARBADOS	***	Sale of materials	100.00%
	DEIMOS SPACE, S.L.U.					
		Deimos Atlantic Launchers, S.A. (*)	ITALY	***	Space transport, launch of satellites and space vehicles	100.00%
		Deimos Engenharia, S.A.	PORTUGAL	ESAC Espirito Santo Associados	Services in the areas of telecommunications and aeronautic and space energy	100.00%
		Deimos Engineering and Systems, S.L.U. .(*)	SPAIN	KPMG	Software development, engineering and technical assistance in the field of remote sensing	100.00%
		Deimos Space UK, Limited (*)	ENGLAND	James Cowper Kreston	Analysis, engineering and development of space missions and software	100.00%

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(Thousands of Euros)

2019	Parent	Company	Registered office	Auditor	Activity	Direct or indirect ownership percentage
		S.C. Deimos Space, S.R.L. (*)	ROMANIA	***	Analysis, engineering and development of space missions and software	100.00%
	ELECNOR AUSTRALIA					
		Green Light Contractors PTY, LTD (*)	AUSTRALIA	ESV	Construction of a PV farm	100.00%
	ELECNOR INC					
		Belco Elecnor Electric, INC (*)	USA	RP&B	Electrical installations	100.00%
		Elecnor Hawkeye, LLC (*)	USA	RP&B	Electrical installations	100.00%
	ELECTRIFICACIONES DEL NORTE, ELECNOR,S.A.					
		WAYRA ENERGY, S.A. (*)	ECUADOR	***	Oil and natural gas extraction	50.00%
		Zogu, S.A.(*)	ECUADOR	Seel & Company, S.A.	Construction and assembly	100.00%
		ENERFÍN ENERGY CO OF CANADA				
		Lambton Enerwind General Partner Inc (Gp) (*)	CANADA	***	Administration and advisory services	100.00%
		Lambton Enerwind Limited Partnership (Sec) (*)	CANADA	***	Wind farm development	100.00%
		ENERFÍN ENERGY COMPANY OF CANADA, INC				
		Investissements Éoliennes de L'Érable, INC. (*)	CANADA	***	Administration and advisory services	100.00%
		Investissements Éoliennes de L'Érable, SEC. (*)	CANADA	***	Administration and advisory services	100.00%
		ENERFÍN ENERVENTO EXTERIOR, S.L.				
		Gran Sul Geração de Energia (*)	BRAZIL	***	Wind farm development	100.00%
		Guajira Eolica II, S.A.S. (*)	COLOMBIA	***	Wind farm development	100.00%
		Prairie Winds General Partner (*)	CANADA	***	Management and administration of companies	70.00%
		Prairie Winds Limited Partner (*)	CANADA	***	Wind farm development	25.00%
		Rio Norte I Energia (*)	BRAZIL	***	Management and administration of companies	100.00%
		Rio Sul 1 Energia, Ltda (*)	BRAZIL	Deloitte	Management and administration of companies	100.00%
		Rio Sul 2 Energia, Ltda (*)	BRAZIL	***	Management and administration of companies	100.00%
		Vientos De Panabá, S.A. de CV (*)	MEXICO	***	Wind farm development	100.00%
	ENERFIN ENERVENTO, S.L.U.					
		Aerogeneradores del Sur, S.A. (*)	SPAIN	Deloitte	Construction, operation and use of wind farm resources	100.00%
		Eólica Montes de Cierzo, S.L. (*)	SPAIN	Deloitte	Operation of power plants	100.00%

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(Thousands of Euros)

2019	Parent	Company	Registered office	Auditor	Activity	Direct or indirect ownership percentage
		Eólica Páramo de Poza, S.A. (*)	SPAIN	Deloitte	Operation of power plants	70.00%
		Galicia Vento, S.L. (*)	SPAIN	Deloitte	Operation of power plants	90.60%
		Parque Eólico Malpica, S.A.(*)	SPAIN	Deloitte	Operation of power plants	95.55%
	ENERFIN SOCIEDAD DE ENERGÍA, S.L.					
		Enerfera, S.R.L. (*)	ITALY	***	Construction, operation and use of wind farm resources	100.00%
		Enerfín Developments British Columbia, Inc (*)	CANADA	***	Development and management of wind farm activities	100.00%
		Enerfín do Brasil Sociedad de Energia, LTDA (*)	BRAZIL	***	Development and management of wind farm activities	100.00%
		Enerfin Energy Company, INC (*)	USA	***	Development and management of wind farm activities	100.00%
		Enerfín Energy Company of Canada, INC (*)	CANADA	***	Management and administration of companies	100.00%
		Enerfín Enervento Exterior, S.L. (*)	SPAIN	Deloitte	Management and administration of companies	100.00%
		Enerfín Enervento, S.L.U. (*)	SPAIN	***	Administration and advisory services	100.00%
		Enerfín Québec Services, INC (*)	CANADA	***	Management and administration of companies	100.00%
		Enerfín Sociedad de Energía, S.L.U.	SPAIN	Deloitte	Management and administration of companies	100.00%
		Eolica La Vela (*)	COLOMBIA	***	Wind farm development	100.00%
		Eolica Los Lagos (*)	CHILE	***	Wind farm development	100.00%
		Eolica Musichi (*)	COLOMBIA	***	Wind farm development	100.00%
		Guajira Eólica I, S.A.S. (*)	COLOMBIA	***	Wind farm development	100.00%
		Parque Eólico Cofrentes, S.L.U. (*)	SPAIN	***	Operation of power plants	100.00%
		Vientos de Sucilá, S.A. de CV (*)	MEXICO	***	Wind farm development	100.00%
		Vientos De Yucatán, S.A. De Cv (*)	MEXICO	***	Wind farm development	100.00%
	EOLIENNES DE L'ERABLE COMMANDITAIRE					
		Éoliennes de L'Érable, SEC. (*)	CANADA	Deloitte	Operation of power plants	51.00%
		Éoliennes De L'Érable Commandite Inc (*)	CANADA	***	Administration and advisory services	100.00%
	INVESTISSEMENTS EOLIENNES DE L'ÉRABLE SEC					
		Éoliennes L'Érable Commanditaire Inc (*)	CANADA	***	Operation of power plants	100.00%

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(Thousands of Euros)

2019	Parent	Company	Registered office	Auditor	Activity	Direct or indirect ownership percentage
	RIO NORTE I ENERGÍA, LTDA					
		Ventos do São Fernando I Energia (*)	BRAZIL	***	Wind farm development	100.00%
		Ventos do São Fernando II Energia (*)	BRAZIL	***	Wind farm development	100.00%
		Ventos do São Fernando III Energia (*)	BRAZIL	***	Wind farm development	100.00%
	RIO SUL 1 ENERGÍA, Ltda					
		Parques Eólicos Palmares, S.A. (*)	BRAZIL	Deloitte	Operation of electricity transmission service concessions	80.00%
		Ventos da Lagoa, S.A. (*)	BRAZIL	Deloitte	Operation of power plants	80.00%
		Ventos do Litoral Energia, S.A. (*)	BRAZIL	Deloitte	Operation of power plants	80.00%
		Ventos do Sul, S.A. (*)	BRAZIL	Deloitte	Operation of power plants	80.00%
		Ventos Dos Índios Energia, S.A.(*)	BRAZIL	Deloitte	Operation of power plants	80.00%
Equity-accounted investees (Note 13)						
	ELECNOR, S.A.					
		Cosemel Ingenieria, Aie	SPAIN	***	Development, construction and operation of installations and electrifications of high-speed railway lines	33.33%
		Dunor Energia, Sapi De Cv	MEXICO	KPMG	Construction of the Empalme II combined cycle power plant 313	50.00%
		GASODUCTO DE MORELOS, S.A.P.I. (Sdad Anónima Promotora de Inversión) DE C.V.	MEXICO	Deloitte	Operation and maintenance of the Morelos gas pipeline	50.00%
		Morelos Epc S.A.P.I. De Cv	MEXICO	Deloitte	Construction, engineering and supply of Morelos gas pipeline	50.00%
		Morelos O&M, Sapi, Cv	MEXICO	***	Maintenance of the Morelos gas pipeline	50.00%
	CELEO CONCESIONES E INVERSIONES, S.L.U.					
		Celeo Energia, S.L. (*)	SPAIN	***	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	51.00%
		Celeo Redes, S.L.U. (*)	SPAIN	KPMG	Management and administration of companies	51.00%

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(Thousands of Euros)

2019	Parent	Company	Registered office	Auditor	Activity	Direct or indirect ownership percentage
		Celeo Termosolar, S.L. (*)	SPAIN	KPMG	Construction and subsequent operation of thermosolar plants	51.00%
		Helios Inversión Y Promoción Solar, S.L.U. (*)	SPAIN	***	Development, construction and operation of PV farms	51.00%
	CELEO ENERGÍA, SLU					
		Celeo Energia Brasil, LTDA (*)	BRAZIL	***	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	51.00%
		Celeo Energia Chile, SPA (*)	CHILE	KPMG	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	51.00%
		Celeo Luz de Mexicali I, S.A. de C.V. (*)	MEXICO	***	Development, energy production	51.00%
		Celeo Luz de Mexicali II, S.A. de C.V. (*)	MEXICO	***	Development, energy production	51.00%
	CELEO REDES BRASIL, S.A.					
		Brilhante II Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	25.50%
		Brilhante Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	25.50%
		Cachoeira Paulista Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Caiuá Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	26.01%
		Cantareira Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	26.01%
		Celeo Redes Expansoes, S.A. (*)(****)	BRAZIL	***	Holdings in other national or foreign entities and in consortia	51.00%
		Celeo Redes Transmissao de Energia, S.A. (*)	BRAZIL	KPMG	Holdings in other national or foreign entities and in consortia	51.00%
		Celeo Redes Transmissao e Renovaveis, S.A. (*)	BRAZIL	KPMG	Comercialiçao enegia eletrica de origem solar e manutençao redes de transmissao	51.00%
		Coqueiros Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Encruzo Novo Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%

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(Thousands of Euros)

2019	Parent	Company	Registered office	Auditor	Activity	Direct or indirect ownership percentage
		Integraçao Maranhense Tranmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	26.01%
		Linha De Transmissão Corumbá, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Parintins Amazonas Transmissora de Energia, S.A. (*)	BRAZIL	***	Operation of public service concessions for electricity transmission	51.00%
		Pedras Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Serra De Ibiapa Transmissora de Energia, S.A. - SITE (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
	CELEO REDES CHILE LTDA.					
		Celeo Redes Operación Chile, S.A.	CHILE	KPMG	Operation of power plants	51.00%
		CRC Transmisión, SPA (*)	CHILE	KPMG	Operation of power plants	51.00%
	CELEO REDES EXPANSOES, S.A.					
		Jaurú Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
	CELEO REDES OPERACIÓN CHILE, S.A.					
		Alto Jahuel Transmisora de Energia, S.A.	CHILE	KPMG	Development, construction and operation of electrical facilities	51.01%
		Charrúa Transmisora de Energia, S.A.	CHILE	KPMG	Assembly, installation, operation of the new 2 x 500 Charrúa – Ancoa line	51.01%
	CELEO REDES T. DE ENERGÍA,S.A.					
		Lt Triângulo, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Vila Do Conde Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%

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Appendix I: Company information

(Thousands of Euros)

2019	Parent	Company	Registered office	Auditor	Activity	Direct or indirect ownership percentage
	CELEO REDES T. E RENOVAVEIS, S.A.					
		Celeo São João Do Piaui FV I, S.A. (*)	BRAZIL	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piaui FV II, S.A. (*)	BRAZIL	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piaui FV III, S.A. (*)	BRAZIL	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piaui FV IV, S.A. (*)	BRAZIL	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piaui FV V, S.A. (*)	BRAZIL	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piaui FV VI, S.A. (*)	BRAZIL	KPMG	Generation and sale of solar power	51.00%
	CELEO REDES, S.L.					
		Celeo Redes Brasil, S.A. (*)	BRAZIL	KPMG	Development, construction and operation of electrical facilities	51.00%
		Celeo Redes Chile, Ltda (*)	CHILE	KPMG	Operation of power plants	51.00%
	CELEO TERMOSOLAR					
		Aries Solar Termoeléctrica, S.L. (*)	SPAIN	KPMG	Development, construction and operation of thermosolar plants	51.00%
		Dioxipe Solar, S.L. (*)	SPAIN	KPMG	Development, construction and operation of thermosolar plants	49.76%
		Solar Renewables Spain, S.A.R.L. (*)(****)	LUXEMBOURG	***	Development, construction and operation of thermosolar plants	51.00%
	CRC TRANSMISION, SPA					
		Casablanca Transmisora de Energía, S.A. (*)	CHILE	KPMG	Development, construction and operation of electrical facilities	51.00%
		Diego de Almagro Transmisora de Energía, S.A. (*)	CHILE	KPMG	Development, construction and operation of electrical facilities	51.00%
		Charrúa Transmisora de Energía, S.A. (*)(****)	CHILE	KPMG	Development, construction and operation of electrical facilities	51.00%
	ENERFIN ENERVENTO EXTERIOR, S.L					
		Woolsthorpe Holding Pty, Ltd (*)(****)	AUSTRALIA	***	Management and administration of companies	50.00%
		Woolsthorpe Holding Trust (*)	AUSTRALIA	***	Management and administration of companies	50.00%

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Appendix I: Company information

(Thousands of Euros)

2019	Parent	Company	Registered office	Auditor	Activity	Direct or indirect ownership percentage
	ENERFIN ENERVENTO, S.L.U.					
		Parque Eólico La Gaviota,S.A.(*)	SPAIN	Ernst & Young	Operation of power plants	37.33%
	ENERFIN SOCIEDAD DE ENERGÍA, S.L.					
		Gestión de Evacuación La Serna, S.L. (Gelaserna)(*)	SPAIN	***	Wind farm development	15.00%
	HELIOS INVERSION					
		Celeo Fotovoltaico, S.L.U. (*)	SPAIN	KPMG	Development, construction and operation of PV farms	51.00%

Appendix I: Company information

(Thousands of Euros)

2018	Parent	Company	Registered office	Auditor	Activity	Direct or indirect ownership percentage
Consolidation method Fully consolidated companies						
	ELECNOR, S.A.					
		Aplicaciones Técnicas de la Energía, S.L.U. (ATERSA)	SPAIN	Deloitte	Solar energy	100.00%
		Area 3 Equipamiento y Diseño Interiorismo, S.L.U.	SPAIN	***	Interior design	100.00%
		Audeca, S.L.U.	SPAIN	KPMG	Environmental restoration and reforestation and operation of roads	100.00%
		Barcaldine Remote Community Solar Farm PTY, LTD (*)	AUSTRALIA	ESV	Development, construction and operation of PV farms	20.00%
		Betonor, S.L.	ANGOLA	***	Dormant	51.00%
		Celeo Concesiones E Inversiones, S.L.U.	SPAIN	KPMG	Management and administration of companies	100.00%
		Corporacion Electrade, S.A.	VENEZUELA	***	Construction and assembly	100.00%
		Deimos Space, S.L.U.	SPAIN	KPMG	Analysis, engineering and development of space missions and software	100.00%
		Ehisa Construcciónes y Obras, S.A.U.	SPAIN	Luis Ruiz Apilanez	Construction and assembly	100.00%
		Elecdal, URL	ALGERIA	***	Construction and assembly	100.00%
		Elecdor, S.A.	ECUADOR	Batallas s & Batallas Auditore	Construction and assembly	100.00%
		Elecen, S.A.	HONDURAS	***	Construction and assembly	100.00%
		Elecfrance, SASU Conseil	FRANCE	Excelia	Study and performance of electricity activities	100.00%
		Elecnor Argentina, S.A.	ARGENTINA	SMS	Construction and assembly	100.00%
		Elecnor Australia PTY LTD	AUSTRALIA	ESV	Management and administration of companies	100.00%
		Elecnor Chile, S.A.	CHILE	Armando Vergara Gutiérrez	Construction and assembly	100.00%
		Elecnor de Mexico, S.A.	MEXICO	KPMG	Construction and assembly	100.00%
		Elecnor Do Brasil, L.T.D.A.	BRAZIL	KPMG	Construction and assembly	100.00%
		Elecnor Energie und Bau, GmbH	GERMANY	***	A broad range of business activities in the areas of engineering, development, construction, assembly, repairs and maintenance of all types of works, installation work of any kind, particularly in energy efficiency and renewable energies	100.00%
		Elecnor Infrastruttre e Aerospaziale, S.R.L.	ITALY	***	Construction and assembly	100.00%
		Elecnor Peru, S.A.C	PERU	KPMG	Construction and assembly	100.00%

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Appendix I: Company information

(Thousands of Euros)

2018	Parent	Company	Registered office	Auditor	Activity	Direct or indirect ownership percentage
		Elecnor Seguridad, S.L.U.	SPAIN	***	Installation and maintenance of fire prevention and safety systems	100.00%
		Elecnor South Africa (PTY) LTD	South Africa	***	Construction and assembly	100.00%
		Elecnor, INC	USA	RP&B	Facilities	100.00%
		Electrolineas del Ecuador, S.A.	ECUADOR	Batallas & Batallas Auditores	Construction and assembly	100.00%
		Elecven Construcciones, S.A.	VENEZUELA	Deloitte	Construction and assembly	100.00%
		Enertel, S.A. de C.V.	MEXICO	KPMG	Construction and assembly	99.99%
		Elecnor Angola Group	ANGOLA	***	Activities in the areas of public works and civil engineering	55.00%
		Hidroambiente, S.A.U.	SPAIN	KPMG	Environmental activities	100.00%
	IDDE, S.A.U.		SPAIN	***	Sales	100.00%
		IQA Operatios Group, LTD	SCOTLAND	KPMG	Electrical installations	100.00%
		Jomar Seguridad, S.L.U.	SPAIN	***	Sales, installation and maintenance of fire prevention and safety systems	100.00%
		Montelecnor, S.A.	URUGUAY	Ernst & Young	Construction and assembly	100.00%
		Omninstal Electricidade, S.A.	PORTUGAL	KPMG	Construction and assembly	100.00%
		PARQUE SOLAR PORTON DEL SOL, SAS (****)	COLOMBIA	***	Power generation	100.00%
		Sociedad Aragonesa De Aguas Residuales, S.A.U.	SPAIN	KPMG	Construction and operation of plants under the special water treatment plan	100.00%
		Stonewood Desarrollos, S.L.	SPAIN		Sales	100.00%
	CELEO CONCESIONES E INVERSIONES, S.L.U.					
		Celeo Energía, S.L. (*)	SPAIN	***	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	100.00%
		Celeo Redes, S.L.U. (*)	SPAIN	KPMG	Management and administration of companies	51.00%
		Celeo Termosolar, S.L.	SPAIN	KPMG	Construction and subsequent operation of thermosolar plants	100.00%
		Helios Inversión Y Promoción Solar, S.L.U. (*)	SPAIN	***	Development, construction and operation of PV farms	100.00%
		Tramperase, S.L.(*)	SPAIN	***	Development	100.00%
	CELEO ENERGÍA, S.L.U.					
		Celeo Energia Brasil, LTDA (*)	BRAZIL	***	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	100.00%

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Appendix I: Company information

(Thousands of Euros)

2018	Parent	Company	Registered office	Auditor	Activity	Direct or indirect ownership percentage
		Celeo Energia Chile, SPA (*)	CHILE	KPMG	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	100,00%
		Celeo Luz de Mexicali I, S.A. de C.V. (*)(****)	MEXICO	***	Development, energy production	100,00%
		Celeo Luz de Mexicali II, S.A. de C.V. (*)(****)	MEXICO	***	Development, energy production	100,00%
	CORPORACION ELECTRADE					
		Electrade Investment, Ltda (*)	BARBADOS	***	Sale of materials	100.00%
	DEIMOS SPACE, S.L.U.					
		Deimos Atlantic Launchers, S.A. (*)	ITALY	***	Space transport, launch of satellites and space vehicles	100.00%
		Deimos Castilla la Mancha, S.L.U. (*)	SPAIN	KPMG	Software development, engineering and technical assistance in the field of remote sensing	100.00%
		Deimos Engenharia, S.A.	PORTUGAL	ESAC Espirito Santo Associados	Services in the areas of telecommunications and aeronautic and space energy	100.00%
		Deimos Space UK, Limited (*)	ENGLAND	James Cowper Kreston	Analysis, engineering and development of space missions and software	100.00%
		S.C. Deimos Space, S.R.L. (*)	ROMANIA	***	Analysis, engineering and development of space missions and software	100.00%
	ELECNOR AUSTRALIA					
		Green Light Contractors PTY, LTD (*)	AUSTRALIA	ESV	Construction of a PV farm	100.00%
	ELECNOR INC					
		Belco Elecnor Electric, INC (*)	USA	RP&B	Electrical installations	100.00%
		Elecnor Hawkeye, LLC (*)	USA	***	Electrical installations	100.00%
	ELECTROL, S.A.					
		Zogu, S.A. (*)	ECUADOR	Batallas & Batallas Auditores	Construction and assembly	100.00%
	ENERFIN ENERGY CO OF CANADA					
		Lambton Enerwind General Partner Inc (Gp) (*)	CANADA	***	Administration and advisory services	100.00%
		Lambton Enerwind Limited Partnership (Sec) (*)	CANADA	***	Wind farm development	100.00%
	ENERFIN ENERGY COMPANY OF CANADA, INC					
		Investissements Éoliennes de L'Érable, INC. (*)	CANADA	***	Administration and advisory services	100.00%
		Investissements Éoliennes de L'Érable, SEC. (*)	CANADA	***	Administration and advisory services	100.00%

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Appendix I: Company information

(Thousands of Euros)

2018	Parent	Company	Registered office	Auditor	Activity	Direct or indirect ownership percentage
	ENERFIN ENERVENTO EXTERIOR,S.L					
		Eolica La Vela (*)	COLOMBIA	***	Wind farm development	100.00%
		Eolica Los Lagos (*)	CHILE	***	Wind farm development	100.00%
		Eolica Musichi (*)	COLOMBIA	***	Wind farm development	100.00%
		Gran Sul Geração de Energia (*)(****)	BRAZIL	***	Wind farm development	100.00%
		Guajira Eólica I, S.A.S. (*)	COLOMBIA	***	Wind farm development	100.00%
		Guajira Eolica II, S.A.S. (*)	COLOMBIA	***	Wind farm development	100.00%
		Parques Eólicos Palmares, S.A. (*)	BRAZIL	Deloitte	Operation of electricity transmission service concessions	80.00%
		Prairie Winds General Partner (*)	CANADA	***	Management and administration of companies	70.00%
		Prairie Winds Limited Partner (*)	CANADA	***	Wind farm development	25.00%
		Río Norte I Energia (*)(****)	BRAZIL	***	Management and administration of companies	100.00%
		Rio Sul 1 Energia, Ltda (*)	BRAZIL	Deloitte	Management and administration of companies	100.00%
		Rio Sul 2 Energia, Ltda (*)	BRAZIL	***	Management and administration of companies	100.00%
		Ventos da Lagoa, S.A. (*)	BRAZIL	Deloitte	Operation of power plants	80.00%
		Ventos do Litoral Energia, S.A. (*)	BRAZIL	Deloitte	Operation of power plants	80.00%
		Ventos do São Fernando I Energia (*)(****)	BRAZIL	***	Wind farm development	100.00%
		Ventos do São Fernando II Energia (*)(****)	BRAZIL	***	Wind farm development	100.00%
		Ventos do Sul, S.A. (*)	BRAZIL	Deloitte	Operation of power plants	80.00%
		Ventos Dos Índios Energia, S.A. (*)	BRAZIL	Deloitte	Operation of power plants	80.00%
		Vientos De Panabá, S.A. de CV (*)	MEXICO	***	Wind farm development	100.00%
		Vientos de Sucilá, S.A. de CV (*)	MEXICO	***	Wind farm development	100.00%
		Vientos De Yucatán, S.A. De Cv (*)	MEXICO	***	Wind farm development	100.00%
	ENERFIN ENERVENTO, S.L.U.					
		Aerogeneradores del Sur, S.A. (*)	SPAIN	Deloitte	Construction, operation and use of wind farm resources	100.00%
		Eólica Montes de Cierzo, S.L. (*)	SPAIN	Deloitte	Operation of power plants	100.00%
		Eólica Páramo de Poza, S.A. (*)	SPAIN	Deloitte	Operation of power plants	70.00%
		Galicia Vento, S.L. (*)	SPAIN	Deloitte	Operation of power plants	90.60%
		Parque Eólico Malpica, S.A. (*)	SPAIN	Deloitte	Operation of power plants	95.55%

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Appendix I: Company information

(Thousands of Euros)

2018	Parent	Company	Registered office	Auditor	Activity	Direct or indirect ownership percentage
	ENERFIN SOCIEDAD DE ENERGÍA, S.L.					
		Enerfera, S.R.L. (*)	ITALY	***	Construction, operation and use of wind farm resources	100.00%
		Enerfín Developments British Columbia, Inc (*)	CANADA	***	Development and management of wind farm activities	100.00%
		Enerfín do Brasil Sociedad de Energia, LTDA (*)	BRAZIL	***	Development and management of wind farm activities	100.00%
		Enerfín Energy Company, INC (*)	USA	***	Development and management of wind farm activities	100.00%
		Enerfín Energy Company of Canada, INC (*)	CANADA	***	Management and administration of companies	100.00%
		Enerfín Enervento Exterior, S.L. (*)	SPAIN	Deloitte	Management and administration of companies	100.00%
		Enerfín Enervento, S.L.U. (*)	SPAIN	***	Administration and advisory services	100.00%
		Enerfín Québec Services, INC (*)	CANADA	***	Management and administration of companies	100.00%
		Enerfín Sociedad de Energía, S.L.U.	SPAIN	Deloitte	Management and administration of companies	100.00%
		Parque Eólico Cofrentes, S.L.U. (*)	SPAIN	***	Operation of power plants	100.00%
	EOLIENNES DE L' ERABLE					
		Eoliennes de L'Érable, SEC. (*)	CANADA	Deloitte	Operation of power plants	51.00%
	EOLIENNES DE L' ERABLE COMMANDITAIRE					
		Éoliennes De L'Érable Commandite Inc (*)	CANADA	***	Administration and advisory services	100.00%
	HELIOS INVERSION					
		Celeo Fotovoltaico, S.L.U. (*)	SPAIN	KPMG	Development, construction and operation of PV farms	100.00%
	HIDROAMBIENTE, S.A.					
		Sdad Aragonesa De Estaciones Depuradoras, S.A. (*)	SPAIN	KPMG	Construction and operation of plants under the special water treatment plan	60.00%
	INVESTISSEMENTS EOLIENNES DE L' ÉRABLE SEC					
		Éoliennes L'Érable Commanditaire Inc (*)	CANADA	***	Operation of power plants	100.00%

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Appendix I: Company information

(Thousands of Euros)

2018	Parent	Company	Registered office	Auditor	Activity	Direct or indirect ownership percentage
Equity-accounted investees (Note 10)						
	ELECNOR, S.A.					
		Cosemel Ingenieria, Aie	SPAIN	***	Development, construction and operation of installations and electrifications of high-speed railway lines	33.33%
		GASODUCTO DE MORELOS, S.A.P.I. (Sdad Anónima Promotora de Inversión) DE C.V.	MEXICO	Deloitte	Operation and maintenance of the Morelos gas pipeline	50.00%
		Morelos Epc S.A.P.I. De Cv	MEXICO	Deloitte	Construction, engineering and supply of Morelos gas pipeline	50.00%
		Morelos O&M, Sapi, Cv	MEXICO	***	Maintenance of the Morelos gas pipeline	50.00%
		Sdad. Aguas Residuales Pirineos, S.A.	SPAIN	***	Construction and operation of plants under the special water treatment plan	50.00%
	CELEO REDES BRASIL,S.A.					
		Brilhante II Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	25.50%
		Brilhante Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	25.50%
		Jaurú Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	16.99%
		Caiuá Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	26.01%
		Cantareira Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	26.01%
		Celeo Redes Transmissao de Energia, S.A. (*)(****)	BRAZIL	KPMG	Holdings in other national or foreign entities and in consortia	51.00%
		Coqueiros Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Encruzo Novo Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Integraçao Maranhense Tranmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	26.01%
		Linha De Transmissão Corumbá, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Lt Triângulo, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Pedras Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Serra De Ibiapa Transmissora de Energia, S.A. - SITE (*)(****)	BRAZIL	***	Operation of public service concessions for electricity transmission	51.00%
		Vila Do Conde Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%

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(Thousands of Euros)

2018	Parent	Company	Registered office	Auditor	Activity	Direct or indirect ownership percentage
	CELEO REDES CHILE LTDA					
		Celeo Redes Operación Chile, S.A. (*)	CHILE	KPMG	Operation of power plants	51.00%
	CELEO REDES OPERACIÓN CHILE, S.A.					
		Alto Jahuel Transmisora de Energía, S.A.	CHILE	KPMG	Development, construction and operation of electrical facilities	50.99%
		Charrúa Transmisora de Energía, S.A.	CHILE	KPMG	Assembly, installation, operation of the new 2 x 500 Charrúa – Ancoa line	51.00%
		Diego de Almagro Transmisora de Energía, S.A. (*)	CHILE	KPMG	Development, construction and operation of electrical facilities	51.00%
	CELEO REDES, S.L.					
		Celeo Redes Brasil, S.A. (*)	BRAZIL	KPMG	Development, construction and operation of electrical facilities	51.00%
		Celeo Redes Chile, Ltda (*)	CHILE	KPMG	Operation of power plants	51.00%
	CELEO TERMOSOLAR					
		Aries Solar Termoeléctrica, S.L. (*)	SPAIN	KPMG	Development, construction and operation of thermosolar plants	55.70%
		Dioxipe Solar, S.L. (*)	SPAIN	KPMG	Development, construction and operation of thermosolar plants	55.00%
	ENERFIN ENERVENTO EXTERIOR, S.L					
		Woolsthorpe Holding Pty Ltd (*)(****)	AUSTRALIA	***	Management and administration of companies	50.00%
		Woolsthorpe Holding Trust (*)(****)	AUSTRALIA	***	Management and administration of companies	50.00%
	ENERFIN ENERVENTO, S.L.U.					
		Parque Eólico La Gaviota,S.A.(*)	SPAIN	Ernst & Young	Operation of power plants	37.33%
	ENERFIN SOCIEDAD DE ENERGÍA, S.L.					
		Gestión de Evacuación La Serna, S.L. (Gelaserna)(*)(****)	SPAIN	***	Wind farm development	15.00%

Appendix II: List of consolidated joint ventures (UTEs)

Thousands of Euros (*)	Percentage of ownership	2019 Construction work settled	2019 Backlog not yet settled	2018 Construction work settled	2018 Backlog not yet settled
UTE PUENTE MAYORGA	50.00%	--	--	--	--
UTE ELNR-CONSTUCSA E. HIDROGENO	50.00%	--	--	--	--
UTE PARQUESUR OCIO	90.00%	--	--	--	--
UTE INSTALACIONES ELECTRICAS SINCROTRON ALBA	50.00%	--	--	--	--
UTE CAMPO ARAÑUELO	50.00%	--	--	--	--
UTE MUVIM	30.00%	--	--	--	--
UTE ROTA HIGH SCHOOL	50.00%	--	--	--	--
UTE ELECNOR OSEPSA	50.00%	--	--	2	--
UTE CAN COLOMER	50.00%	--	--	--	--
UTE VILLASEQUILLA - VILLACAÑAS	21.00%	--	--	543	--
UTE AVELE	22.00%	--	--	--	--
UTE AVELE 2	22.00%	--	--	--	--
AEROPUERTO LANZAROTE SAMPOL-ELECNOR UTE	50.00%	--	--	--	--
UTE NIÑO DE ORO	100.00%	--	--	--	--
UTE EXPLOTACION ZONA 07-A	60.00%	--	--	1,039	--
CONSORCIO ELECNOR DYNATEC	100.00%	--	--	1,535	4,683
UTE ZONA P-2	50.00%	--	--	--	--
UTE SUBESTACION JUNCARIL	50.00%	--	--	(25)	--
UTE AEROPOLIS	50.00%	--	--	--	--
UTE CASA DE LAS ARTES	50.00%	--	--	--	--
UTE 2ª FASE NIÑO DE ORO	100.00%	--	--	--	--
UTE SSAA EIX DIAGONAL	50.00%	--	--	--	--
UTE MARINA BAIXA	40.00%	--	--	--	--
UTE AUDIO BARAJAS	50.00%	--	--	--	--
UTE LOS CARAMBOLOS	100.00%	--	--	--	--
UTE CENTRO DE PROSPECTIVA RURAL	100.00%	--	--	--	--
UTE CENTRO MAYORES BAENA	100.00%	--	--	--	--
UTE TARAZONA	100.00%	--	--	--	--
UTE TERMINAL DE CARGA	50.00%	--	--	--	--
UTE PCTH	100.00%	--	--	--	--
UTE LED MOLLET	70.00%	--	--	--	--
UTE VIA LA CARTUJA	20.00%	--	--	--	--
UTE GALINDO	100.00%	--	--	--	--
UTE DESVIOS LAV SEVILLA	28.85%	--	--	--	--
UTE MTO. SEG. Y EMERG. MADRID	100.00%	--	--	--	--
UTE AMPLIACION MUSEO MORERIA	100.00%	--	--	--	--
UTE FIGUERES WIFI	50.00%	--	--	--	--
UTE PLANTA RSU ACAHUALINCA	70.00%	--	--	--	--
UTE CENTRO OUPACIONAL FERROL	50.00%	--	--	--	--
UTE ELECNOR ONILSA	85.00%	--	--	--	--
UTE SAN CRISPIN	100.00%	--	--	122	--
UTE UBE LA ISLA	100.00%	--	--	40	--
UTE EXPLOTACION ZONA P2	50.00%	--	--	641	650
UTE AS SOMOZAS	50.00%	--	--	--	--
UTE SAN JERONIMO	100.00%	--	--	37	--

Continued on next page

Appendix II: List of consolidated joint ventures (UTEs)

Thousands of Euros (*)	Percentage of ownership	2019		2018	
		Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE JARDINES MOGAN	100.00%	--	--	805	--
UTE URBANIZACION PEDRO III	100.00%	--	--	--	--
UTE ELECNOR-ONDOAN SERVICIOS	50.00%	--	--	899	900
UTE ELECNOR - DEIMOS SIPA	100.00%	--	--	--	--
UTE COMUNICACIONS SANT CUGAT	100.00%	--	--	--	--
UTE VENCILLON	100.00%	--	--	--	--
UTE PATRIMONIO SEGURIDAD	66.66%	--	--	480	500
UTE ESPACIOS VERDES SAN VICENTE DEL RASPEIG	100.00%	--	--	334	--
UTE PLAZAS COMERCIALES T4	100.00%	--	--	--	--
UTE BT HOSPITAL DE ZAMORA	50.00%	--	--	--	--
UTE TRANVIA OUARGLA	49.50%	--	--	6,961	2,545
UTE ENERGIA GALICIA	20.00%	--	--	18,238	28,451
UTE AEROPUERTO DE PALMA	100.00%	--	--	--	--
GROUPEMENT INTERNATIONAL SANTE POUR HAITI	100.00%	--	--	5,241	2,658
UTE MANCOMUNIDAD DE DURANGO	60.00%	--	--	4	--
UTE ENERGIA GRANADA	33.34%	--	--	62	356
UTE MOBILIARIO HUCA	100.00%	--	--	--	--
UTE ANILLO GALINDO	25.00%	--	--	1,193	--
UTE SICA BCN	100.00%	--	--	--	--
UTE DEINOR NOAIN	100.00%	--	--	--	--
CONSORCIO NUEVA POLICLÍNICA DE CHITRE	100.00%	--	--	3,611	821
CONSORCIO NUEVA POLICLÍNICA DE CHEPO	100.00%	--	--	1,203	125
UTE ADEC LOCALES CERCANIAS	100.00%	--	--	--	--
UTE CRA ENAGAS	100.00%	--	--	--	--
UTE CAMPO DE VUELO TF NORTE	100.00%	--	--	--	--
UTE MATIKO	20.00%	--	--	--	--
UTE VOPI4-ELNR CA L'ALIER	50.00%	--	--	1,589	440
UTE REUBIC EQUIP NAV BARAJAS	100.00%	--	--	38	--
UTE MANTENIMIENTO AVE ENERGIA	12.37%	--	--	15,933	103,002
UTE ASEGOP IBIZA	65.00%	--	--	54	38
UTE ELECNOR BUTEC BELLARA	60.00%	--	--	54,397	26,597
UTE AVELE3	22.00%	--	--	--	--
UTE AVELE4	22.00%	--	--	--	--
UTE EDARES SEGOVIA	70.00%	--	--	73	--
UTE VIGILANCIA BOADILLA	100.00%	--	--	--	--
UTE SICA	100.00%	--	--	71	425
UTE CASTELFLORITE	100.00%	--	--	--	--
UTE MANTENIMIENTO AEROPUERTO DE PALMA	50.00%	--	--	1,822	--
UTE CUETO DEL MORO	25.00%	--	--	--	--
UTE ELECNOR ALGHANIM	60.00%	--	--	285	3,201
UTE MANTENIMIENTO VALEBU	50.00%	--	--	366	2,087
UTE EMBARQUE DESEMBARQUE T4	100.00%	--	--	20	--
UTE CONTAR	100.00%	--	--	53	--
UTE INST. RECERCA SANT PAU	50.00%	--	--	999	282
UTE INST. MERCAT DE SANT ANTONI	60.00%	--	--	3,589	102

Continued on next page

Appendix II: List of consolidated joint ventures (UTEs)

Miles de euros (*)	Porcentaje de participación	2019		2018	
		Producción realizada	Cartera no producida	Producción realizada	Cartera no producida
UTE TUNELES ABDALAJIS	100.00%	--	--	471	397
UTE TORRENTE - XATIVA	50.00%	--	--	--	--
UTE EMPALME II	50.00%	--	--	3,942	--
UTE CENTRO LOG. IBEREBRO	41.90%	--	--	6	--
UTE AEROPUERTO TERUEL	50.00%	--	--	--	--
UTE NAVE SESTAO	50.00%	--	--	(246)	--
UTE ENERGIA GALICIA MANTENIMIENTO	20.00%	--	--	1,599	31,626
UTE URDULIZ BARRIA	50.00%	--	--	--	--
UTE TERMINAL DE CARGA TF NORTE	50.00%	--	--	165	1
UTE URBANIZADORA RIODEL	50.00%	--	--	--	--
UTE OFICINAS IBEREBRO	100.00%	--	--	760	--
UTE FIRA PAVELLO 2	70.00%	--	--	--	--
ELECNOR TARGET LLC. JV	60.00%	--	--	4,975	5,388
UTE LINEA 1	20.00%	--	--	--	--
UTE INSTALACIONES LOIOLA	50.00%	--	--	--	--
UTE CEIP SOBRADIEL	100.00%	--	--	695	--
UTE TERMINAL E	50.00%	--	--	1,961	80
UTE QUEVEDO	50.00%	--	--	52	3
UTE HERNANI-IRUN	50.00%	--	--	2,136	1,998
UTE ACTUAC ETAPS CYII LOTE2	50.00%	--	--	144	160
UTE CARPIO Y POLLOS	50.00%	--	--	130	82
UTE METRO SAN INAZIO	100.00%	--	--	--	--
UTE CAMPO DE VUELOS ASTURIAS	100.00%	--	--	421	868
UTE BIOMASA HUERTA DEL REY	50.00%	--	--	596	15
UTE MOPAEL	80.00%	--	--	4,527	1,576
UTE OFICINAS GENCAT	60.00%	--	--	16,411	11
UTE UYUNI-YUNCHARA	49.00%	--	--	21,623	--
UTE MEGAFONIA AENA	70.00%	--	--	34	--
UTE MANTENIMIENTO SIGMA AENA	100.00%	--	--	199	249
UTE LINEA 8	20.00%	--	--	--	--
UTE RENFE AGENTE UNICO	100.00%	--	--	889	1,498
UTE RENFE CCTV	100.00%	--	--	704	4,316
UTE UCA	100.00%	--	--	216	--
UTE SIPA AENA	100.00%	--	--	510	--
JV ELECNOR AL OWN	70.00%	--	--	13,769	913
UTE BILBOPORTUA	50.00%	--	--	407	353
UTE BIZKAIKO ARGIAK	23.00%	--	--	556	--
ELECNOR AND RAY. J.V.V	60.00%	--	--	1,536	--
UTE MANTENIMIENTO LOTE 1	50.00%	--	--	1,648	587
UTE ILSSA ELECNOR	100.00%	--	--	--	--
UTE ELECNOR - EIFFAGE	50.00%	--	--	28,516	15,456
UTE LINEA 5	20.00%	--	--	3	244
UTE TIL TIL	100.00%	--	--	13,484	--
UTE EDAR LAGUNA DE NEGRILLOS	80.00%	--	--	338	150
UTE CIP ARCOSUR	100.00%	--	--	1,235	--

Continued on next page

Appendix II: List of consolidated joint ventures (UTEs)

Thousands of Euros (*)	Percentage of ownership	2019 Construction work settled	2019 Backlog not yet settled	2018 Construction work settled	2018 Backlog not yet settled
UTE PORTUKO ARGIAK	23.00%	--	--	1,388	501
UTE E&C M.I. BUSTURIA AUXILIAR	51.00%	--	--	824	721
UTE PARQUE FOTOVOL. CARRODILLA	100.00%	--	--	281	--
UTE URBANITZACIÓ MERCAT DE SANT ANTONI	60.00%	--	--	3,094	11
UTE ING PUY DU FOU	50.00%	--	--	186	274
UTE SICA 2018-2021	100.00%	--	--	339	--
UTE ELECTRIFICACIÓN VILLAFRANCA	90.00%	--	--	503	2,993
UTE TREBALLS PREVIS 1 CAMP NOU	45.00%	--	--	7,709	3,899
UTE CLINICA EUGIN BALMES	50.00%	--	--	373	4,377
UTE SALAS VIP AEROP BCN	100.00%	--	--	290	7,876
JV TAFILAH	70.00%	--	--	4,713	18,490
UTE ACCESOS BANCO DE ESPAÑA	100.00%	--	--	0	619
VARIANTE PAJARES UTE	20.00%	--	--	0	0
CONSORCIO CHIELEC DOMINICANA	100.00%	--	--	3,005	131
UTE CASETAS AEROPUERTO DE MALAGA	100.00%	--	--	263	716
UTE AMPLIACIÓN TRANVÍA VITORIA	50.00%	--	--	0	535
UTE ALSTOM RENOVABLES-ELECNOR II	25.64%	--	--	--	--
UTE OVERTAL - ELECNOR	24.00%	--	--	--	--
UTE ENERGÍA LÍNEA 9	20.00%	--	--	5,011	1,500
S.E.I. UTE (ELECNOR. S.A.-TERRES)	50.00%	--	--	--	--
UTE REMOLAR	23.51%	--	--	--	--
UTE AGENTE URBANIZADOR SECTOR 13 DE LA PLAYA DE TAVERNES	50.00%	--	--	--	--
UTE SERRANO - ELECNOR CANSALADES	40.00%	--	--	--	113
UTE ELECNOR GONZALEZ SOTO	50.00%	--	--	35	--
TERMINAL ALICANTE. UTE	20.00%	--	--	--	--
UTE VILLAGONZALO. Z - 3	35.00%	--	--	--	--
UTE LLANERA ELECNOR SECTOR TULELL	50.00%	--	--	--	--
UTE TARAGUILLA	25.00%	--	--	--	--
UTE BINACED	50.00%	--	--	--	--
UTE SAICA	50.00%	--	--	--	--
UTE ROEA EBRO	34.00%	--	--	--	--
UTE CALETA OLIVIA	100.00%	--	--	--	--
UTE ENARSA EAR-BMSA	50.00%	--	--	--	--
CONSORCIO UTE ELECDOR ELECTROL	100.00%	--	--	--	--
CONSORCIO ELECVEN ELECDOR	100.00%	--	--	2,598	--
UTE AERONAVE TIERRA	20.00%	2	--	1,712	--
UTE MELIALABS	55.00%	16	--	56	--
UTE DEIMOS -IECISA	50.00%	2,745	--	339	--
UTE NAVENTO DEIMOS. EXPEDIENTE 2017-02371	27.46%	232	--	155	--
AUCOSTA CONSERVACION UTE	50.00%	907	--	1,468	629
CONSERVACIÓN MAQUEDA UTE	50.00%	1,609	--	1,728	1,258
CORDOBA NORTE II UTE	50.00%	945	327	820	873
PARQUE PATERNA UTE	50.00%	1,122	--	158	1,087
HUELVA SURESTE II UTE	50.00%	924	--	1,111	388

Continued on next page

Appendix II: List of consolidated joint ventures (UTEs)

Thousands of Euros (*)	Percentage of ownership	2019 Construction work settled	2019 Backlog not yet settled	2018 Construction work settled	2018 Backlog not yet settled
MADRID NOROESTE UTE	50,00%	--	--	--	--
MANZANARES UTE	60,00%	--	--	1.114	--
MANZANARES II UTE	50,00%	2.272	4.420	979	6.692
PONTESUR UTE	50,00%	1.784	2.176	1.509	1.621
PONTEVEDRA SUR UTE	50,00%	--	--	--	--
PONTENORTE UTE	50,00%	959	2.359	321	3.319
TALAVERA UTE	50,00%	2.249	5.562	1.313	7.828
PUERTO GANDIA UTE	50,00%	--	--	--	--
LEÓN-3 UTE	80,00%	4.803	310	2.584	1.025
UTE MURCIA-SAN JAVIER	50,00%	--	--	97	--
SMA OLVEGA UTE	60,00%	713	3.428	711	5.283
GUADIX-BAZA UTE	51,00%	533	472	492	1.006
UTE SIERRA ESPUÑA	65,00%	(3)	--	(72)	--
UTE SIERRA BURETE	65,00%	--	--	76	--
UTE HOSPITAL REINA SOFIA	20,00%	475	1.429	749	1.904
C.S. ANTONIO GARCÍA	20,00%	56	--	386	22
SEVILLA A66 UTE	50,00%	1.942	5.531	468	7.474
BURGUILLO UTE	50,00%	--	--	419	108
RIBERAS II UTE	50,00%	--	--	--	--
UTE PEDRERA	50,00%	--	--	--	--
UTE ULTZANUETA	50,00%	--	--	--	--
UTE KARRANTZA	41,50%	--	--	--	--
ACCIONA INFRAESTRUCTURAS-ELECNOR HOSPITAL DAVID, S.A.	25,00%	952	--	10.189	(3.781)
PROYECTOS ELECTRICOS AQUAPRIETA, SAPI DE CV	50,00%	14.898	--	(3.161)	--
DUNOR ENERGIA	50,00%	19.142	--	57.132	21.443
WAYRA	50,00%	12.236	15.165	--	--
SAN CIPRIANO UTE	70,00%	757	9.019	--	--
MAQUEDA II UTE	50,00%	634	2.026	--	--
UTE CIRCUNVALACION LUCENTUM	50,00%	549	4.225	--	--
UTE AUDECA CIVISGLOBAL SECTOR O-03	70,00%	45	12.793	--	--

(*) 100% information provided, not taking into account removals.

Appendix III: Elecnor, S.A. and Subsidiaries

Condensed financial information of equity-accounted companies 31 December 2019 (Thousands of Euros)

	Gasoducto de Morelos, S.A. Promotora de Inversión de C.V.	Subgroup Celeo Concesiones	Morelos EPC, S.A.P.I. de CV
Information from the statement of financial position			
Non-current assets	259,738	2,800,000	--
Non-current liabilities	156,037	1,696,015	--
Non-current financial liabilities	127,690	1,605,950	--
Total non-current net assets	**103,701**	**1,103,985**	**--**
Current assets	23,825	272,413	337
Cash and cash equivalents	10,782	158,718	319
Current liabilities	88,194	148,439	163
Current financial liabilities	7,557	73,634	-
Total current net assets	**(64,369)**	**123,974**	**174**
Net assets	**39,332**	**1,227,959**	**174**
Percentage ownership	0.50	0.51	0.50
Share of net assets	19,666	626,259	87
Carrying amount of the investment	19,666	560,624	87
Information from the statement of profit and loss			
Revenue	37,164	44,254	--
Depreciation and amortisation	(13,147)	(16,187)	-
Interest expense	(11,606)	(9,962)	-
Income tax expense/(income)	(4,023)	(2,657)	712
Profit/loss from continued operations	6,497	227,197	(4,963)
Profit/loss for the year	6,497	227,197	(4,963)
Other comprehensive income	(2,982)	-	(87)
Total comprehensive income	**3,515**	**227,197**	**(5,050)**
Dividends received	-	8,587	1,476

Continued on next page

Appendix III: Elecnor, S.A. and Subsidiaries

Condensed financial information of equity-accounted companies 31 December 2018 (Thousands of Euros)

	Gasoducto de Morelos, S.A. Promotora de Inversión de C.V.	Dioxipe Solar, S.L.	Aries Solar Termoeléctrica, S.L.	Subgrupo Celeo Concesiones	Morelos EPC, S.A.P.I. de CV
Information from the statement of financial position					
Non-current assets	270,571	243,699	450,215	1,229,881	--
Non-current liabilities	167,090	214,643	402,429	841,077	--
Non-current financial liabilities	126,877	210,680	388,189	793,291	--
Total non-current net assets	**103,481**	**29,056**	**47,786**	**388,804**	**--**
Current assets	30,223	8,376	17,017	188,193	8,213
Cash and cash equivalents	15,705	1,852	3,648	128,491	7,307
Current liabilities	97,878	15,044	21,022	82,317	--
Current financial liabilities	9,778	10,481	18,172	42,656	-
Total current net assets	**(67,655)**	**(6,668)**	**(4,005)**	**105,876**	**8,213**
Net assets	**35,826**	**22,388**	**43,781**	**494,680**	**8,213**
Percentage ownership	0.50	0.55	0.56	0.51	0.50
Share of net assets	17,913	12,313	24,386	252,287	4,107
Carrying amount of the investment	17,913	24,033	34,360	254,186	4,107
Information from the income statement					
Revenue	34,827	28,260	58,674	65,697	5,186
Depreciation and amortisation	(12,596)	(12,081)	(24,992)	(5,882)	-
Interest income	-	-	-	97,783	-
Interest expense	(12,192)	(11,436)	(24,842)	(50,336)	-
Income tax expense/(income)	(3,996)	44	1,775	(20,159)	730
Profit/loss from continued operations Continuity	4,525	(7,088)	(7,615)	50,376	(1,184)
Profit/loss for the year	4,525	(7,088)	(7,615)	50,376	(1,184)
Other comprehensive income	3,750	1,973	4,018	19,585	(74)
Total comprehensive income	**8,275**	**(5,115)**	**(3,597)**	**69,961**	**(1,258)**
Dividends received	-	-	-	40,109	7,335

elecnor

2019 Director´ Report Elecnor Group

for the year ended 31 December 2019

Contents

1. BUSINESS MODEL AND ECONOMIC CONTEXT

1.1. Business model

Elecnor is a Spanish corporation that operates in more than 50 countries globally, with two complementary and mutually enriching major business areas:

- **Infrastructure:** execution of engineering, construction and services projects, most notably in the electricity, power generation, gas, telecommunications and systems, railways, maintenance, facilities, construction, water, environment and space sectors.

- **Concessions:** operation of services through investment in energy transportation, wind, solar PV and solar thermal power and other strategic assets.

1.2. Economic context [1]

In addition to its huge toll on public health, the coronavirus crisis will also have an impact on the macroeconomic environment that is difficult to gauge at the time of writing this report.

A coordinated response by the European Union, its Member States and the Spanish government will be crucial to mitigate the impact on economic activity, employment, output, the liquidity of companies and individuals alike, and to accelerate the subsequent reactivation phase. The European Commission has stated its intention to use all the resources available to it to support companies and citizens, increasing the availability of cohesion funds, rendering fiscal policies and deficit monitoring criteria more flexible, thereby suggesting that Member States will implement aggressive fiscal policies. Meanwhile, the Spanish government is implementing a raft of social and economic measures by means of programmes infused with sizeable funds. Other countries, like the United States, have also unveiled significant fiscal and monetary measures. The main questions are how far the effects of this pandemic will reach, the scale of the disaster it has unleashed in markets and the potential macroeconomic implications. Accordingly, the response of governments and central banks is crucial to avoid an entering an even more negative scenario and undermining growth forecasts.

Below is a description of the macroeconomic outlook available prior to the crisis. This scenario will have to be adjusted in accordance with the duration and depth of the crisis, and the aforementioned measures introduced by public institutions. At present, it is too soon to attempt to depict a new macroeconomic scenario, so the Group has opted to continually monitor the crisis as it unfolds and to keep close track of its impact on operations.

According to estimates by the International Monetary Fund (IMF), global growth is projected to rise from an estimated 2.9% in 2019 to 3.3% in 2020 and 3.4% for 2021. These growth estimates are down 0.1 percentage point for 2019, compared to the figures presented in the previous edition of the report. This downward revision primarily reflects negative surprises in economic activity in some emerging economies, most notably India. On the other hand, these negative effects were offset by the improved performance in international trade, a broad-based shift toward accommodative monetary policy, diminished fears of a no-deal Brexit and an intermittent easing of trade tensions between the United States and China.

In general, growth across advanced economies is expected to stabilise at around 1.6% between 2020 and 2021. This growth slowdown is due mainly to downward revisions for the United States, euro area and United Kingdom, and downgrades to other advanced economies in Asia.

Growth in the US is expected to moderate to 2% in 2020 and 1.7% in 2021, reflecting a return to a more neutral fiscal stance and the anticipated waning support from further loosening of financial conditions.

With regard to the euro area, growth is expected to pick up from 1.2% in 2019 to 1.3% in 2020. The WEO forecasts are unchanged for France and Italy: Italy is expected to continue to bear its financial risks. Forecasts for Germany continue to decrease due to the contraction of manufacturing activity. In the United Kingdom, growth is expected to stabilise at 1.4% in 2020, based on an orderly exit from the European Union followed by a gradual transition to a new economic relationship.

Spain is slowly but surely nearing the levels of activity of the euro area on which it is so dependent. In terms of average annual rates, the increase in GDP in 2019 is projected to be 2% (four ticks less than in 2018), and it is expected to ease to 1.7%, 1.6% and 1.5% through 2022. The pace of growth in the Spanish economy and employment in the country have contracted more swiftly than expected, although, for now, a recession appears unlikely. Spain's growth, which was underpinned by internal demand, stalled due to households and companies adjusting their levels of consumer spending and investment to a less favourable outlook. Conversely, public spending is still out of control.

The coming deceleration brings with it certain patterns already well-known in Spain: an external impact triggered by stagnation in Europe coupled with an internal problem that resides in the inability to prevent public spending from clashing with the economy. This is not a transitory or temporary problem. Government debt currently amounts to Euros 1.2 trillion, a deficit that has not been used to boost growth but to finance current expenditure, most notably the pensions system and Spain's regions. These items account for 56% of public expenditure, something the economy will struggle to maintain.

Emerging and developing economies are expected to post 4.4% growth in 2020 and 4.6% in 2021.

In Latin America, the World Economic Outlook (WEO) projects a recovery in growth from 0.1% in 2019 to 1.6% in 2020 and 2.3% in 2021. By country, the experts expect a decrease in Mexico's growth prospects in 2020-21, due to sluggish investment. In this connection, the OECD has urged Mexico to tackle the lack of competition to relaunch productivity and growth. Forecast growth for Chile has also been cut, amid social unrest in the country. These revisions in the forecasts for the two countries (in relation to the forecasts of previous months) are offset by an improvement in the outlook for Brazil in 2020, owing to the passage of pension reform and the fading of supply disruptions in the mining sector.

The IMF expects growth in emerging and developing economies in Asia to inch up slightly from 5.6% in 2019 to 5.8% in 2020 and 5.9% in 2021. These forecasts are due to the markdown in the projection for India, where domestic demand slowed more sharply than expected amid stress in the non-bank financial sector and a decline in credit growth. As for China, growth is expected to slip slightly from an estimated 6.1% to 6.0% in 2020 and 5.8% in 2021, according to the WEO update. The envisaged partial roll-back of tariffs and the pause in additional tariff hikes as part of a "Phase I" trade deal with the US will likely alleviate near-term cyclical weakness. However, according to the IMF economists, unresolved disputes on broader US-China economic relations can be expected to continue weighing on activity.

The situation in Africa remains a complex one, with inherited constraints that hamper its real but fragile growth. The opportunities in Sub-Saharan Africa are huge, and the region is expected to log 3.5% growth in 2020 and 2021. These figures conceal vast differences between the different countries. Four of the world's fastest-growing economies in 2019 are located in Africa: Côte d'Ivoire, Ethiopia, Ghana and Rwanda. At the same time, the recovery in Nigeria, Angola and South Africa remains slow. In Nigeria, growth outside the oil sector has slowed, while in Angola the oil sector remains lacklustre. In South Africa, the perception of sluggish investment is hampering economic activity. Excluding Nigeria, South Africa and Angola, growth in the rest of Sub-Saharan Africa is expected to remain robust, although it will be slower in some countries than in others.

With regard to Australia, in mid-December the country's government cut its economic growth forecast to 2.25% for the 2019-2020 fiscal year amid a weakened global economy and on the back of the severe drought and bushfires that have beset the country. In their report, the Australian authorities forecast an increase in growth to 2.75% for the 2020-21 fiscal year. The economy remains strong in the face of global economic weakness and domestic challenges such as the devastating effects of the drought and bushfires.

Although growth forecasts are positive, the reality points to a set of risks the materialisation of which could trigger a decline in global growth below the forecast levels. Downside risks include a worsening of geopolitical tensions, especially between the United States and Iran, increased social unrest, a further souring of relations between the US and its trade partners, and deepening economic friction between other countries.

To strengthen economic activity and prevent these downside risks, policy missteps that would further enfeeble an already weak global economy must be avoided. More solid multilateral cooperation is necessary, and national policies that strengthen social cohesion must be adopted. Closer cross-border cooperation is needed on multiple fronts and tariff grievances must be ended. If trade- and

(1) Sources:
- International Monetary Fund (IMF). World Economic Outlook. World Economic Outlook Update. January 2020.
- World Economic Outlook (WEO). October 2019 Report.
- Situation report. Fourth quarter of 2019. Author: Antxon Pérez Calleja.

technology-related disputes are not resolved, confidence will be further undermined and investment will weaken. Low investment leads to job losses, low productivity and a decline in levels of well-being. Consequently, the economic policies of the most advanced economies must focus on allocating a pivotal role to investment, to mitigate climate change, underpin potential growth and ensure that gains are widely shared in areas such as education, health, workforce skills and infrastructure.

2. ECONOMIC AND FINANCIAL PERFORMANCE IN THE PERIOD

2.1. Profit/loss for the year

The Elecnor Group's **Consolidated Net Profit** in 2019 amounted to Euros 126.4 million, a 53.9% increase on the previous year (Euros 82.1 million [2]). This increase was the result of sustained and organic business growth, and was buoyed by positive results from the strategic partnership with APG which amply offset other, non-recurring negative results described below.

Corporate transactions

- On 7 November 2019, Elecnor, S.A. and Dutch group APG, which manages the world's second-largest pension fund, entered into a strategic partnership to jointly invest and develop transmission and renewable energy projects other than wind power. This agreement was sealed on 17 December 2019, having fulfilled all the conditions and obtained all the approvals required for the operation, from both lending financial institutions and the relevant competition authorities. This positive agreement includes a commitment by both parties to make capital investments in new projects of Euros 400 million over the next five years, which will unquestionably be a growth lever for the Elecnor Group's Concessions and Infrastructure businesses.

  Prior to the date of the operation, Elecnor, via its subsidiary Celeo Concesiones e Inversiones, S.L. (hereinafter, Celeo) held a 51% shareholding in Celeo Redes (the company that manages the electricity transmission systems in Brazil and Chile, by means of concession), while APG owned the remaining 49% shareholding. Under the agreement, APG joins Celeo Concesiones e Inversiones, S.L., a company 100%-owned by the Elecnor Group, with 49% of the shareholding. This involves the contribution of APG's shares in Celeo Redes and a payment of Euros 43 million, whereby Celeo Redes becomes fully-owned by Celeo Concesiones e Inversiones, S.L. As a result of the operation, Celeo Concesiones e Inversiones, S.L. is jointly managed by Elecnor and APG.

  In application of IFRS 3 Business Combinations, this operation implies recognition of the fair value of the shared assets. In 2019, this recognition generates a positive impact on the consolidated income statement of the Elecnor Group amounting to Euros 178.3 million (see Note 2.f of the Notes to the Annual Accounts of Elecnor, S.A. and subsidiaries).

- On 31 July 2019, the Group acquired 42.57% and 44.30% interests in the companies Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., respectively, via the company Celeo Termosolar, S.L. (which is fully owned by Celeo Inversiones y Concesiones, S.L.). This affords it control of these businesses, whose statutory activities comprise the construction and operation of three parabolic trough technology solar thermal power plants in Extremadura and Castilla-La Mancha. Said control was maintained up to the date of the aforementioned operation with APG. The most significant effect of this operation on the Group's income statement is the recognition of a loss amounting to Euros 47.4 million as a result of valuation adjustments in the balance sheets of those companies on the date their control was obtained (see Note 7 concerning Business Combinations in the Notes to the Annual Accounts of Elecnor, S.A. and subsidiaries).

- In another notable corporate milestone, although it has not had a significant impact on the bottom line in the year, in May, Elecnor signed a strategic agreement with international engineering and construction company Vinccler to enter the oil and gas business in Ecuador. In this connection, the Group invested in Wayra Energy, S.A., Vinccler's subsidiary operating in Ecuador. The goal of this operation is to jointly develop projects awarded to that company by the government of Ecuador through contracts with State-owned company Petroamazonas EP. This agreement heralds the start of Elecnor's activity, on both the domestic and international stage, in the upstream sector.

Other non-recurring impacts on profit/loss for the year

- On 31 May 2017, Spain's competition watchdog (CNMC) notified Elecnor, S.A., that it was opening disciplinary proceedings against it and another 15 companies, for a potential infringement in the sphere of the construction and maintenance of electrification systems and electromechanical equipment in railway lines. On 14 March 2019, the CNMC Council issued a resolution establishing a Euros 20.4 million fine. In May 2019, Elecnor lodged an appeal and on 16 July 2019 the National Court (Audiencia Nacional) suspended execution of the CNMC resolution of 14 March 2019, dependent upon the presentation of bank guarantees. In light of these events, a provision was allocated to cover this risk in its entirety (see Note 19 to the Annual Accounts of Elecnor, S.A. and subsidiaries and Note 12 to the Annual Accounts of Elecnor, S.A.).
- In 2019, due to the situation of Odebrecht, the Group recognised an impairment in the amount owed by the subsidiary Elecnor Perú, S.A.C. to the client Consorcio Constructor Ductos del Sur which is payable primarily by Odebrecht (see Note 14 to the Annual Accounts of Elecnor, S.A. and subsidiaries).
- The Group has decided to this year recognise the amounts claimed by the Tax Authority in the settlement agreements against which appeals have been lodged in connection with discrepancies of interpretation in relation to related-party transactions, as well as the impact for the rest of the years open to inspection (see Note 22 to the Annual Accounts of Elecnor, S.A. and subsidiaries and Note 16 to the Annual Accounts of Elecnor, S.A.).
- As a result of the partnership between the Elecnor Group and APG to jointly manage the subgroup Celeo Concesiones e Inversiones, formalised on 17 December 2019 (see section 2.f of the Consolidated Annual Accounts), and after various meetings with the National Securities Market Commission (CNMV), the comparative amounts for 2018 have been restated in the Consolidated Annual Accounts for 2019 in order to retroactively reflect the effects had the assets and liabilities of the subgroup Celeo Redes been accounted for using the equity method since the outset of the agreement with APG.

2.2. Key figures in profit/loss for the year

As a result of the foregoing, the following are key figures in the Consolidated Income Statement:

Key Figures

Thousands of Euros	2019	2018 Restated	Change (%)
Turnover	2,453,726	2,250,899	9.0%
Domestic	1,168,656	987,979	18.3%
International	1,285,070	1,262,920	1.8%
EBITDA	386,996	254,168	52.3%
Profit before income tax	190,077	125,391	51.6%
Consolidated net profit	126,377	82,117	53.9%

[2] Restated as indicated in Note 2.e concerning Comparative Information on the Annual Accounts of Elecnor, S.A. and subsidiaries and in the Appendix hereto concerning Alternative Performance Measures.

Elecnor continues its internationalisation process and is a flagship company in the sectors of the domestic market in which it operates. The Group's **Turnover** in 2019 amounted to Euros 2,453.7 million, an increase of 9% with respect to the previous year. The international market contributed Euros 1,285.1 million to Turnover.

On the other hand, the Group has implemented a constant policy of cost containment and control which is at present underpinned by the development of various digitalisation projects to enhance the efficiency of its business processes, some of which were launched in the year and which are expected to start yielding returns in the short term.

The **backlog of contracts** pending amounts to Euros 2,222.7 million. Compared with the previous year-end figure, and considering the restatement, the backlog of contracts pending has increased by 4.5%. 75% of the backlog corresponds to the international market.

Turnover by segments

Thousands of Euros	2019	2018 Restated	Change (%)
Infrastructure	2,279,501	2,096,046	8.8%
Concessions business	190,769	158,643	20.3%
Operations between segments	(16,544)	(3,790)	-
	2,453,726	**2,250,899**	9.0%

By segment, the Infrastructure Business logged revenues amounting to Euros 2,279.5 million, an 8.8% increase on the previous year, while the Concessions Business logged revenue growth of 20.3%, compared with 2018, to Euros 190.8 million.

EBITDA by segments

Thousands of Euros	2019	2018 Restated	Change (%)
Infrastructure	176,717	171,481	3.1%
Concessions business	144,712	114,921	25.9%
Corporation	72,637	(30,693)	-
Operations between segments	(7,070)	(1,541)	-
EBITDA	**386,996**	**254,168**	52.3%
NET **EBITDA** FROM CORPORATE TRANSACTIONS	**265,350**	**248,518**	6.8%

NET EBITDA from corporate transactions [3] rose 6.8% in the year to **Euros 265.3 million.** This positive EBITDA performance evidences the robustness of the Group's two businesses: Infrastructure and Concessions (with growth of 3.1% and 25.9%, respectively). We highlight the sound performance by the activities conducted by the Parent in Spain and its permanent establishments abroad, and that of the Group's subsidiaries operating in Brazil, United States, Chile, Angola, Australia, etc.).

The effect of the business combination on EBITDA in the year (Euros 121.6 million) is set forth in the Corporation segment of the attached table and contributed to increasing EBITDA in 2019 to Euros 387.0 million.

Both Revenues and EBITDA in **Operations between segments** evidence the construction by the Infrastructure Business in wind farms both domestically and abroad, developed by Group subsidiaries corresponding to the Concessions Business. The increase in these operations this year is due mainly to new investments in energy-generating assets using renewable sources, such as the Cofrentes wind farm (Spain), and the San Fernando wind farms (Brazil).

Business performance

The **Infrastructure Business** logged growth of 9% in Revenues and 3% in EBITDA. Net profit, amounted to Euros 66.5 million, an increase of 2%.

Infrastructure

Thousands of Euros	2019	2018 Restated	Change (%)
Turnover	2,279,501	2,096,046	8.8%
EBITDA	176,717	171,481	3.1%
Attributable net profit	66,519	65,104	2.2%

In this business, Elecnor remains a leader in the **national market** for services to large operators, mainly electric utilities and telecommunications companies. Moreover, the construction of six wind farms in Zaragoza (Spain) with a total installed capacity of 231 MW, developed by Forestalia, and of one 50 MW wind farm in Cofrentes (Valencia, Spain), developed by the Elecnor Group's wind energy development subsidiary Enerfín, contributed to the Group's increased activity in the Spanish renewables sector.

In addition, the Infrastructure Business in the **international market** is developing significant projects, including, most notably, on the basis of their positive contribution to results:

- The construction of electricity transmission lines in Brazil;
- Growth in operations in Africa on the back of involvement in various construction projects, including: Hydroelectric plants and transmission lines in Angola (electromechanical assembly of the 2,070 MW Laúca hydroelectric plant); Balance of Plant (BOP) contract and water treatment plant for the Bellara steel complex in Algeria; Refurbishment of the Inga hydropower sub-station in the Democratic Republic of Congo;

(3) See appendix on Alternative Performance Measures.

construction project of the electricity interconnection grid for OMVG ("Organisation pour la Mise en Valeur du Fleuve Gambie").

- Construction of the solar PV plant in Canoa Solar, Dominican Republic (25 MW).
- Development of wind farms in Toabré (Panama), Tafilah (Jordan), the Magallanes Region (Chile), and Boulenouar (Mauritania).
- Railway tunnels in Norway.

In addition, the Group's subsidiaries continue to provide construction and maintenance services to strategic sectors in countries offering excellent opportunities for organic growth:

- In the United States, the operations focus on the electricity and traffic sectors
- In the United Kingdom, on the electricity and telecommunications sectors.

Last December, Elecnor was awarded the Vilnius-Klaipeda railway electrification project, one of the strategic projects in the coming years for Lithuania's state-run railway company Lietuvos Geležinkeliai (Lithuanian Railways, LG), valued at Euros 350 million. For this project, Elecnor joined forces with Abengoa in a 50%-owned consortium. The project's engineering and construction is expected to last four years.

After the balance sheet date, the Group was awarded a contract to carry out one of the largest efficient water transmission and supply projects in Oman. The contract, worth Euros 192 million, was awarded by the Public Authority for Water (Diam) in a highly competitive international tender. Elecnor will build this project in a consortium with Omani company Target. The construction of this infrastructure strengthens the Group's position in the Sultanate, where Elecnor was awarded another, Euros 50 million project to transport drinking water in 2016.

Moreover, Elecnor will build four solar PV facilities for AES Panamá, with a total installed capacity of 40 megawatts (MW) (USD 50 million)

The **Concessions Business,** which comprises the operation of wind farms, solar PV and solar thermal facilities, electric power transmission lines and water treatment plants, logged growth of 20.3% in Revenues and 25.9% in EBITDA. Net profit increased by 44.3% to Euros 36.7 million in the year.

Concessions business

Thousands of Euros	2019	2018 Restated	Change (%)
Turnover	190,769	158,643	20.3%
EBITDA	144,712	114,921	25.9%
Attributable net profit	36,726	25,442	44.4%

These rates of growth were driven: firstly, by the higher electric power output at domestic wind farms; secondly, by the growth of the transmission business underpinned by new projects acquired last year; thirdly, by the proceeds from the sales of solar PV developments, an activity also encompassed by this business; and, finally, by the results of having fully consolidated for five months the income from the solar thermal plants which the previous year were equity-accounted (see Note 7 to the Annual Accounts of Elecnor, S.A. and subsidiaries).

Results at wind projects were boosted by the increased output of electric power in farms in Spain, Brazil and Canada. The Group has an installed capacity of 1,349 MW in wind farms in operation and construction in these three countries. Currently under construction are the wind farms in Cofrentes (50 MW) in Spain and San Fernando (173 MW) in Brazil. Note the recent adjudication of a new phase to expand the wind projects at San Fernando (83 MW). The development, operation and maintenance of these wind farms will be carried out by subsidiaries of the Group's Concessions Business.

With regard to electric power transmission projects, the Group is involved in the operation of 5,740 km of power lines in Chile and Brazil. In Brazil, results were boosted by the contribution of transmission line concession companies: Jaurú Transmissora de Energia, S.A. and Cachoeira Paulista Transmissora de Energia, S.A. acquired from Grupo Isolux (shareholdings of 33.3% and 100%, respectively). In Chile and Brazil, the Group is involved in the construction of new electric power transmission lines, to be operated by the subsidiaries of Celeo Redes Chile and Celeo Redes Brazil, respectively.

The Group is building six solar PV plants (179.8 MW) in the Brazilian state of Piauí, whose energy sales were adjudicated in 2018 to the Brazilian subsidiaries in which the Elecnor has an interest.

2.3. Financial position

Corporation net financial debt in (Euros 135.7 million) decreased by 33.5% with respect to the previous year (Euros 204 thousand as per the restated Consolidated Annual Accounts for 2018). This was due to the positive cash generation performance of the Group's businesses as a result of their operating activities.

The indebtedness ratio at year-end was 0.92x (Corporation net financial debt/EBITDA with recourse), below 1x, thereby amply meeting the benchmark ratio established in the syndicated financing contract (see Note 17 to the Annual Accounts of Elecnor, S.A. and subsidiaries).

Meanwhile, total net financial debt (Euros 494.1 million) decreased by 13.4% with respect to that calculated based on the restated figures for 2018 (Euros 570.4 million).

Net Financial Debt

Thousands of Euros, at year-end	2019
Corporation net financial debt	**135,672**
Net EBITDA of corporate transactions	265,350
With recourse	122,633
Without recourse	142,717
Ratio of Debt/EBITDA with recourse + projects div.	0.92
Total Net Financial Debt	**494,133**
With recourse	135,672
Without recourse	358,461
Net EBITDA of corporate transactions	265,350
Ratio of total net financial debt to net EBITDA of corporate transactions	1.86

With regard to the Group's **financial strategy,** we note:

- Elecnor has **renewed its Syndicated Financing Contract,** arranged in 2014, previously renewed in 2015, 2016, 2017 and 2018, extending the maturity, improving the original conditions and including the voluntary advanced repayment of Euros 100 million in 2018. The financing has a cap of Euros 400 million, distributed between the Loan Tranche of Euros 200 million and a Credit Facility Tranche of Euros 200 million. In the wake of this renewal, the Credit Facility Tranche is subdivided into two parts: one denominated in US Dollars, up to a limit of USD 75 million and available for Elecnor and its subsidiary Elecdor, and one denominated in euros up to a limit of Euros 134 million, available only to Elecnor. This renewal will afford Elecdor sufficient financial capacity to tackle the new projects in the oil and gas business being developed by the company in Ecuador. The renewal was signed by fourteen entities taking part in the financing.
- Elecnor's strategy is to diversify its short- and medium-term financing sources, beyond traditional banking sources, by issuing another **Commercial Paper programme in the Alternative Fixed-Income Market (MARF)** that will enable it to finance itself in euros and US Dollars over periods of up to 24 months, optimising the costs of funding working capital. The equivalent value of outstanding issues in euros may not exceed the ceiling of Euros 300 million. In deciding to renew the programme, Elecnor valued the flexibility of the financing periods and the lower cost than that of alternative funding sources over the same maturities.

- Elecnor, via its wind power development and operation subsidiary Enerfín, successfully completed the **issuance of bonds to strengthen its wind farm business in Brazil.** It issued bonds without recourse to the shareholder in the Brazilian securities market in the amount of BRL 325 million (Euros 73 million) for the Ventos do Sul wind farms (150 MW) located in the Brazilian state of Rio Grande do Sul. These farms commenced operation in 2006 and the financing arranged for their construction had been fully repaid before the issuance of these bonds. The funds from this bond placement will be used for investment in future projects. The issue was placed in two tranches at different costs. 70% was subscribed at the Brazilian Interbank Deposit Certificate (CDI) rate, with a spread of 0.75%, whereas the remaining 30% was linked to Brazil's Extended Consumer Price Index (IPCA) with a spread of 3.25%.

- On 25 November 2019, the Celeo Redes subgroup, which belongs to the Elecnor Group and is accounted for using the equity method, signed a bond issue to refinance transmission line projects in Chile (Diego Almagro, Casablanca and Mataquito) amounting to USD 365 million. These bonds were issued by private placement and in accordance with New York legislation, and were fully subscribed by Alliance Global Investors. The bonds, which will be fully redeemed over the course of the next 30 years, will be used to finance those projects. On 6 December 2019, the first draw-down, amounting to USD 78.7 million, was made effective.

The Elecnor Group tackles its investment projects by arranging project financing, as described in section 5.1.2 "Interest rate risk" herein, while it finances its equity with the resources generated by the businesses of which the Group is comprised.

2.4. Material changes in accounting policies

IFRS 16 Leases comes into force on 1 January 2019. This standard eliminates the double-entry accounting model for lessees that distinguishes between finance leases, which are recognised in the balance sheet, and operating leases, for which future lease payments do not have to be recognised. A single model has been developed in its place for the balance sheet, which is similar to the current finance lease model.

In addition, **IFRIC 23 Uncertainty over Income Tax Treatments** applies to annual reporting period starting from 1 January 2019. It introduces guidelines as to how to measure and recognise uncertainty relating to income tax treatments, tax bases, unused tax losses, unused tax credits and tax rates.

The Group adopted IFRS 16 Leases and IFRIC 23 Uncertainty over Income Tax Treatments on 1 January 2019.

The main effects of applying these standards correspond to:

- A reduction of Euros 5.3 million in cumulative gains arising from the difference in expenses recognised on a straight-line basis over the operating lease term and the depreciated cost of recognition when applying IFRS 16 and using the modified retroactive method, in other words, as though the standard had been applied since the start date of each lease contract.

  The Group booked depreciation charges for right-of-use assets and finance expenses instead of lease expenses, which in the consolidated statement of profit and loss at 31 December 2019 were included under the heading "Other operating expenses". In 2019, the Group booked depreciation charges amounting to Euros 6,362 thousand and finance expenses for lease liabilities amounting to Euros 2,688 thousand, instead of "Other finance expenses" amounting to Euros 7,875 thousand.

- Reduction of cumulative gains amounting to Euros 6.3 million due to the tax uncertainties estimated by the Group.

The accounting policies and methods used to prepare the consolidated annual accounts in 2019 are the same as those applied to the consolidated annual accounts in 2018, except as detailed previously.

The accounting policies and methods used to prepare the separate annual accounts in 2019 are the same as those applied to the separate annual accounts in 2018, except as detailed below.

All accounting principles with a significant effect have been applied in the drawing up of these consolidated annual accounts.

2.5. Results at the Group's Parent, Elecnor, S.A.

KEY FIGURES

Thousands of euros	2019	2018	Change (%)
Turnover	1,368,728	1,315,286	4.1%
Domestic	987,643	859,507	14.9%
International	381,085	455,779	-16.4%
Income from operating activities	(7,203)	27,391	-126.3%
Profit before income tax	54,659	59,850	-8.7%
Profit after tax	30,122	44,136	-31.8%

The operating income of the Parent's, Elecnor, S.A., was lower than in the previous year, since the international projects that have contributed most to consolidated income (in Brazil, Chile, United States, Australia) were carried out through subsidiaries.

Profit before tax totalled Euros 54.7 million, i.e. 8.7% lower than in the previous year. Finance income rose compared with the previous year (increased amount of dividends from subsidiaries), a positive effect that partially offsets the lower operating income.

2.6. Average payment period

The average payment period to suppliers of the Group's Parent, Elecnor, S.A., calculated as per Additional Provision Three of Law 15/ 2010, dated 15 July, is 65 days. The average payment period to suppliers of the Group, calculated in the same way, is 63 days.

2.7. Turnover by activity

At 31 December each year and in thousands of euros.

Turnover by activity

Thousands of euros	2019	2018 Restated	Change (%)
Electricity	908,347	744,732	22.0%
Power generation	573,375	631,087	-9.1%
Telecommunications and space	247,719	252,914	-2.1%
Facilities	215,105	165,821	29.7%
Construction, environment and water	181,276	169,725	6.8%
Maintenance	171,830	160,396	7.1%
Oil & Gas	106,793	102,594	4.1%
Railways	49,281	23,630	108.6%
	2,453,726	**2,250,899**	9.0%

Once again, the core business in terms of turnover was **Electricity,** with Euros 908.3 million, up 22% on 2018, due to improvements in both the domestic market and foreign subsidiaries (especially those in the United States). It was followed by **Power Generation,** with Euros 573.4 million, 9.1% lower than in 2018 due to the impact of the depreciation of the Brazilian Real and the completion of large power generation plants, primarily in Australia and Mexico. Note the comparative year-on-year increase in **Facilities,** into which category part of US production falls, and in **Railways,** which includes revenues from the railway tunnel projects in Norway.

3. STOCK MARKET INFORMATION

	2019	2018
Closing share price (€)	10.95	13.20
Total volume of securities (million)	3.3	4.3
Total cash traded (€ million)	37.7	53.9
Number of shares (million)	87	87
Market capitalisation (€ million)	952.6	1,148.4
PER	7.5	15.5
Dividend yield	2.4%	2.6%

Dividend yield in 2019 was 2.4%, compared to 2.6% the year before. This decrease was due to the payment of an interim dividend in 2018, which has traditionally been paid in January of the following year, but was brought forward to December 2018.

Accordingly, in 2018 three dividends were paid to shareholders (interim dividend charged to 2017, the 2017 supplementary dividend and the interim dividend charged to 2018), while in 2019 two dividends were paid (the 2018 supplementary dividend and the interim dividend charged to 2019).

4. CAPITAL MANAGEMENT POLICY

Key to Elecnor's strategy is its policy of maximum financial prudence. The capital structure is defined by the commitment to solvency and the aim of maximising shareholder returns.

5. FINANCIAL RISK MANAGEMENT POLICY

Elecnor is exposed to certain financial risks, which it manages by grouping together its systems for identifying, measuring and supervising risks and limiting the concentration thereof. Financial risk management and containment is performed on a coordinated basis by corporate management and the various business units and subsidiaries that comprise the Group. Financial risk management activities are approved at the highest executive level, in accordance with the rules, policies and procedures in place.

5.1. Currency risks

Exchange risk to be mitigated arises from the transactions that the Group performs on the international markets in the course of its business, namely market risk due primarily to foreign currency risk. Certain income and procurement costs are denominated in currencies other than the Euro. For this reason, the risk of fluctuating exchange rates of these currencies against the functional currency could have an impact on the Group's profits.

In order to manage and minimise this risk, Elecnor uses hedging strategies, since its objective is to generate profits only through its ordinary business, and not by speculating in relation to exchange rate fluctuations.

The instruments used to achieve this hedging are essentially borrowings tied to the contract's collection currency, foreign currency hedges and swaps, whereby Elecnor and the bank exchange the cash flows arising from a loan denominated in Euros for the flows of another loan denominated in the currency in question, as well as the use of "currency baskets" in order to hedge mixed financing tied to various currencies.

5.2. Interest rate risk

Interest rate fluctuations change the fair value of assets and liabilities that accrue interest at fixed rates and the future cash flows from assets and liabilities indexed to floating interest rates. Elecnor has arranged borrowings to enable it to carry on its operations, mainly in connection with the development, construction and operation of wind farms, thermosolar projects and electricity infrastructure concessions, which it does under project financing arrangements. This kind of arrangement requires under contract that interest rate risk be covered using hedging instruments.

In the case of both project and corporate financing, borrowings are arranged mainly at floating rates and, where appropriate, hedging instruments are used to minimise the related interest rate risk. The hedging instruments, which are specifically assigned to financial debt and are limited to the same nominal value as the latter and the same maturity dates as the hedged items, are essentially IRSs, the aim of which is to convert loans originally arranged at variable rates to fixed rates. In any case, the interest rate hedges arranged are all effective for accounting purposes.

5.3. Other price risks

The Group is also exposed to its risk that cash flows and profits may be affected by changes in energy prices and by oil prices, among other issues. In order to manage and minimise these risks the Group occasionally uses hedging strategies.

5.4. Liquidity risk

Liquidity risk is mitigated through Elecnor's policy of holding cash and highly liquid non-speculative short-term instruments, such as the acquisition of treasury bills under non-optional repurchase agreements and very short-term US dollar deposits, through leading banks in order to be able to meet its future commitments and the arrangement of committed credit facilities of sufficient amount to cover its projected needs.

5.5. Credit risk

The main credit risk arises from trade receivables, when the counterparty or customer does not meet their contractual obligations. To mitigate this risk, the Group operates with customers that have adequate credit records. In view of its activities and the sectors in which it operates, Elecnor has customers with very high credit ratings. However, in the case of non-recurrent international sales to customers, mechanisms such as advances, irrevocable letters of credit and insurance policies are used to ensure collection. Furthermore, the financial solvency of customers is analysed and specific terms and conditions are included in contracts, aimed at guaranteeing customer payments of the stipulated price.

In the case of the wind farms, the power produced - in accordance with the legislative framework in force for the electricity industry - is sold in the Iberian Electricity Market (MIBEL) and income is collected from the operator of the Spanish Electricity Market (OMIE) through a payment-guarantee system and from the Spanish National Markets and Competition Commission (CNMC), which regulates energy markets in Spain and reports to the Ministry of Industry. Ventos do Sul Energia, S.A., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral Energia, S.A. and Ventos dos Índios Energia, S.A. (Brazil) entered into long-term agreements with the corresponding Brazilian electricity distribution companies to sell the electric power that they will generate for a period of 20 years. Furthermore, Eóliennes de L'Érable has signed a 20 year contract to sell the electricity it generates to Canadian electric utility Hydro-Québec.

With regard to transmission lines, specifically those operated as concessions in Brazil, Operador Nacional do Sistema Elétrico (ONS) is responsible for coordinating collections and payments within the country's electricity system and notifies the concession holder of the companies from which collections must be made: generators, major consumers and transmission entities. Prior to connecting to the system these companies deposit a guarantee. In the event of non-payment this guarantee will be executed, they will be immediately disconnected from the system and the payment obligation will be shared among the remaining users of the system. Accordingly, the concessionaire has the guaranteed payment from the national power grid system. In this connection, in the years in which the Group has been operating these lines, there has been no non-payment by users thereof.

The transmission lines Chile belong to that country's national grid (previously known as the backbone system), in which Coordinador Eléctrico Nacional (CEN) coordinates the flow of payments to transmission companies. The current system remained until December 2018, whereby those responsible for paying the transmission companies were the generating companies. From 2019 onwards, distributors also are liable for payments, so the portfolio of payers will be more diversified from that date on. The payment guarantee of the national transmission grid is based on a CEN Procedure that establishes that, in the event of non-payments by a coordinated company (company coordinated by CEN), the defaulting party is disconnected from the grid, and the payment obligation is spread among the remaining coordinated companies.

Elecnor seeks always to implement the strictest measures to mitigate this risk and conducts periodic analyses of its exposure to credit risk, making the relevant impairment corrections where necessary.

5.6. Regulatory risk

Elecnor closely monitors regulatory risk, particularly that affecting renewable energy, to adequately reflect its impact on the consolidated income statement.

5.7. Other risks

In addition to the risks outlined above, the Elecnor Group is exposed to various risk factors (governance, strategic, planning and economic environment, operating, reporting and compliance risks) linked to the sectors in which it operates and the long list of countries in which it operates, either consistently or by means of one-off projects. The Group uses its Risk Management System to continually manage and prevent these risks, reducing to acceptable levels the probability of their materialising and mitigating their potential impact, where applicable, on business volume, profitability and efficiency, reputation and sustainability. The pillars of this Risk Management System are the ongoing identification and assessment of the risks to which the Group is exposed, the improvement of related management mechanisms and tools and the permanent oversight and monitoring of the entire process.

6. ENVIRONMENT

The commitment to the protection of the environment and efficiency in the use of energy resources are common denominators in the Group's activities.

In this connection, and with the aim of contributing to UN Global Compact Sustainable Development Goal 13 "Climate Action", Elecnor fosters the development of its activity in a sustainable manner adapted to climate conditions and always with the involvement and commitment of all persons belonging to the Group.

Climate change is a challenge in respect of which the Group has worked hard in recent years, in particular by calculating its carbon footprint in accordance with internationally accepted standards and by implementing measures to reduce GHG emissions within its scope of action.

Elecnor also conducted a strategic diagnosis of adaptation to climate change based on the recommendations of the Intergovernmental Panel on Climate Change, in order to identify opportunities and risks in that connection. On this basis it has developed its 2030 Climate Change Strategy, establishing the framework for all the Group's actions to reduce greenhouse gas emissions, adapt to climate change impacts and tap into the associated opportunities.

At present, the environmental control mechanisms of the company are based on certified Environmental Management Systems and Energy Management Systems in accordance with ISO 14001:2004 and ISO 50001 standards. The Environmental Management System defines the procedure to identify, assess and record the environmental aspects originating in Elecnor's activities in order to determine which are significant.

In global terms, the Environmental Management strategy is governed by the following guiding principles:

- The permanent quest for a balance between financial rewards and environmental protection, nurturing approaches that enable these aspects to be mutually strengthening.
- Taking into consideration the environmental component when deciding to invest in new projects and activities.
- Involving employees through relevant training and awareness actions.
- Also involving our other stakeholders (shareholders, customers, suppliers and society at large) in the joint quest for useful solutions to the challenges of preserving the environment and energy resources.

The Non-Financial Information section of this report outlines the goals, strategies and initiatives implemented in 2019 in accordance with the Group's environmental management policy.

7. HUMAN RESOURCES

Elecnor's workforce (*)

At 31 December each year	2019	2018 Restated	Changes (%)
Domestic	9,336	8,836	5.7%
International	5,519	4,741	16.4%
	14,855	**13,577**	9.4%

(*) This calculation does not include directors who are not on the Group's workforce.

People are Elecnor's main asset, and its overall strategy is underpinned by values such as talent, transparency and team work in conditions of the utmost safety. In this connection, occupational risk prevention is a common denominator throughout all the Group's activities. The commitment to prevention is part of our culture. And it is a commitment that goes beyond legal regulations and customers' requirements, with exacting and very clear goals: zero accidents and zero tolerance to non-compliances with the preventive measures established by the company.

At 2019 year-end, the Group's workforce had increased by 1,278 (9.4 %) to **14,855 employees.** In the domestic market the increase was of 5.7%, largely to cover the need to support the international business. Abroad, there was a general increase of 16.4 %. There have been increases in the workforce in Angola, Brazil, Cameroon, Ghana and Panama, as well as the inclusion of two new countries: El Salvador and Senegal.

Note that this year-end figure does not include the workforce of Celeo Concesiones e Inversiones which is now an equity-accounted investee. Had it been included, the total workforce would be 15,255 (9,370 domestic and 5,885 international), and the increase on the previous year would have been 9.8%.

8. RDI

The initiatives undertaken in the year 2019 were:

- Launch of the 2019 edition of the internal call for INNOVA project proposals for financing.
- Maintaining UNE 166.002 certification for the RDI Management systems of Elecnor and Audeca.
- Conducting a technical workshop with SAS on Industry 4.0.
- Two projects financed by Spain's Centre for the Development of Industrial Technology (CDTI). Audeca and Enerfín.
- Launch of a project with partners (Environment at the request of the Ministry for Development).
- Using RDI to boost business competitiveness.

Improvements planned for 2020:

- Technical workshops to be held in partnership with technological companies.
- Increasing the number of projects with customers and partners.
- Creation of a working panel with representatives from all the general business divisions and sub-divisions of Elecnor. RDI panel of experts.

9. SIGNIFICANT EVENTS SUBSEQUENT TO YEAR-END

Between 31 December 2019 and the time of preparation of the Individual and Consolidated Financial Statements there were no significant events that might materially alter the true and fair view of said financial statements, except what follows.

The outbreak of the novel coronavirus causing the disease known as COVID-19 in China in January 2020 and its recent spread to numerous countries across the globe led the World Health Organisation to declare a pandemic on 11 March 2020.

Considering the complexity of markets due to their globalisation and the absence, for now, of an effective treatment against the virus, the consequences for the operations of the Elecnor Group are uncertain, and will depend largely on how the pandemic evolves and spreads over the next few months, as well as the capacity of all the economic agents involved to react and adapt.

Consequently, on the date of authorising these Annual Accounts for issue it is too soon to perform a detailed assessment or quantification of the potential impact of COVID-19 on Elecnor and its group of companies, as the short-, medium- and long-term consequences remain uncertain. In any event, the consequences of COVID-19 are considered a subsequent event that does not require an adjustment of the consolidated annual accounts of 2019, without prejudice to their being recognised in the consolidated annual accounts of 2020.

In this regard, there has already been a downturn in the Group's estimated activity in the first few months of 2020 as a result of the COVID-19 outbreak, and it is not yet possible to gauge whether this situation will persist and to what extent.

Nevertheless, the Company's directors and Management, considering the measures adopted by the various governments of the countries in which the Elecnor Group operates to help manage the health crisis unleashed by the COVID-19 pandemic, has conducted a preliminary assessment of the current situation based on the best available information. Due to the aforementioned considerations, this information may be incomplete. Of the findings of that assessment, we highlight the following aspects:

- Liquidity risk: the general market situation may foreseeably trigger a widespread increase in liquidity stresses in the economy, as well as a contraction in the credit market. In this regard, the Group's financial situation is solid and it has sizeable undrawn credit lines (Note 17), which, coupled with the launch of specific plans to boost and efficiently manage liquidity, will enable it to tackle these stresses.
- Operating risk: the changing and unpredictable nature of events could lead to the risk of the temporary disruption of some of the Group's activities. Accordingly, specific working groups and procedures have been established aimed at monitoring and managing developments in its operations at all times, in order to minimise the impact on its business.
- Risk of variation of certain financial figures: the aforementioned factors could trigger a reduction in the next financial statements of the amounts booked under significant headings for the Elecnor Group, such as "Net turnover" or "Profit after tax", or key indicators thereof (EBITDA/Net financial debt ratio) although for now it is not possible to reliably quantify the impact of this, considering the conditioning factors and restrictions we have already mentioned.

Lastly, note that the directors and Management of Elecnor are constantly monitoring the situation as it unfolds, in order to successfully tackle any potential impacts, both financial and non-financial.

10. OUTLOOK FOR 2020

10.1. Economic context

As explained in section 1.2 herein, Economic context, the outlook for the coming year were for global growth, although experts have revised down growth forecasts for both advanced economies and emerging and developing markets. The Spanish economy faces a deceleration in growth and internal demand is shrinking to adjust to the unfavourable outlook.

In any event, these projections have already been superseded by the crisis unleashed by the COVID-19 outbreak.

10.2. Elecnor Group

The Elecnor Group is facing an uncertain global outlook in 2020, after logging a brilliant performance in 2019, when it successfully completed the corporate transactions outlined in this report, and posting excellent results in the ordinary course of its business, in terms of both income and cash generation and the reduction of corporate debt.

Its current situation will enable the Elecnor Group to tackle the period of uncertainty ahead on a strong footing. It is presently analysing the situation triggered by COVID-19 and its potential effects on the Group. The company will swiftly take the necessary measures at each given time to minimise the negative impact of this health crisis on its activity, as explained in the note concerning events after the reporting period in the Annual Accounts of Elecnor, S.A. and subsidiaries, and in that section of this report.

Accordingly, and despite the robust backlog, the Group is not in a position to sufficiently reliably estimate the Group's revenues or profits for 2020.

With regard to the Group's assets aimed at generating electricity using renewable energy sources in Spain, we highlight Royal Decree-Law 17/2019, implementing urgent measures for the necessary adaptation of remuneration parameters affecting the electricity system. This legislation established a reasonable return of 7.09% for renewable, cogeneration and waste facilities, applicable in the second regulatory period (2020-2025). However, renewable, cogeneration and waste facilities that were remunerated when Royal Decree-Law 9/2013 came into force were allowed to maintain, during the second and third regulatory periods (2020-2031) the reasonable return established for the first regulatory period, of 7.398%.

11. SHARE CAPITAL AND ACQUISITION OF OWN SHARES

At 31/12/2019, the share capital of Elecnor, S.A. was represented by 87,000,000 shares, each with a par value of 10 Euro cents, fully subscribed and paid in, implying a share capital of Euros 8,700,000.

Elecnor, S.A.'s shares are traded in Spain's SIBE electronic trading system, where shares in the leading Spanish companies are traded, and the market with the largest trading volume in Spain.

At 31 December 2018, Elecnor had a portfolio of 2,336,496 treasury shares. In 2019 it acquired 104,509 securities, and sold 120,196. Accordingly, at 31 December 2019 it had a total of 2,320,809 own shares, 2.7% of all shares in the company, unchanged on the previous year.

12. RELATED PARTY TRANSACTIONS

With regard to the disclosures on related party transactions, see the details in the notes to the individual and consolidated financial statements at 31 December 2019, as provided in article 15 of Royal Decree 1362/2007.

13. ANNUAL CORPORATE GOVERNANCE REPORT

In compliance with the legal stipulations and in accordance with the model circulated by the Spanish Securities Market Commission (CNMV), the Board of directors of Elecnor, S.A. has drawn up the Annual Corporate Governance Report for the year ended 31 December 2019. Said document is available on the CNMV website and at **www.elecnor.com**.

14. NON-FINANCIAL INFORMATION

14.1. About this report

This section of the Directors' Report is produced in compliance with the provisions of Law 11/2018, of 28 December, concerning non-financial information and diversity (preceded by Royal Decree-Law 18/2017, of 24 November).

Within this framework, information is included on the activities and the main economic, social and environmental impacts of the Elecnor Group, and any aspects considered relevant for the company's main stakeholders in 2019. As Appendix I, "Table of Contents of Law 11/2018, dated 28 December, concerning non-financial information and diversity" shows, in the preparation process the selected Global Reporting Initiative (GRI) standards were used as a reference, considering the requirements identified as being material for the business.

The scope of information contained in this Report encompasses the whole Elecnor Group (Elecnor, S.A. And subsidiaries), unless otherwise indicated (for example when reporting applies only to the national sphere). With regard to the environmental information, its scope is confined to those countries in which the organisation has a permanent presence. And social information concerning the Elecnor Group and the Elecnor Foundation is included.

In 2018, the Elecnor Group conducted an analysis of the material topics for the company and its stakeholders with the dual purpose of defining significant issues in connection with sustainability and prioritising the contents of this section of the Directors' Report. This materiality analysis is considered to be current.

With that in mind, the first step was to conduct an external analysis to determine the matters most significant to stakeholders (material topics). This entailed an analysis of the news and regulations concerning sustainability (especially Law 11/2018), and a benchmarking of the sustainability matrices of customers and companies in the sector, as published in their Sustainability Reports or Comprehensive Reports.

Once these material topics were identified, the next step was to prioritise those topics, a task carried out by key personnel at the organisation, in other words, persons identified by the company as being in responsible in respect of one or other of the Group's main stakeholder groups.

The head of strategic planning was also involved. The list of material topics was then approved by the Group's chief executive.

As a result of this process, the following material topics were identified, listed in accordance with their criticality.

Material topics	Criticality	Impact	
		Internal	External
1 Occupational health and safety of employees/contractors	High	X	X
2 Ethics and Compliance	High	X	X
3 Capturing and retaining talent and developing human capital	High	X	
4 Management of equality and diversity	High	X	
5 Work-life balance	High	X	X
6 Clients. Service quality	High	X	X
7 Renewable energy development	High	X	X
8 Business opportunities	High	X	
9 Risk management	High	X	
10 Cybersecurity	High	X	
11 Financial management	High	X	
12 Digital transformation	High	X	
13 Communication/Transparency	High	X	X
14 Sustainable investment	High	X	
15 Good governance	High	X	
16 Technology and innovation	High	X	X
17 Management of intangibles	High	X	
18 Environmental management /resource efficiency	Medium	X	X
19 Human rights	Medium	X	X
20 Supply chain management	Medium	X	X
21 Stable regulatory framework	Medium	X	
22 Featuring in sustainability indices	Medium	X	
23 Impact management and dialogue with local communities	Medium		X
24 Biodiversity	Disposals		X
25 Inclusive businesses	Disposals	X	X
26 Climate change strategies and impacts	Disposals	X	X
27 Energy transition	Disposals	X	X
28 Water footprint	Disposals	X	X
29 Circular economy	Disposals	X	X
30 Inclusion of social and environmental criteria in public contracting	Disposals	X	

High Medium Disposals

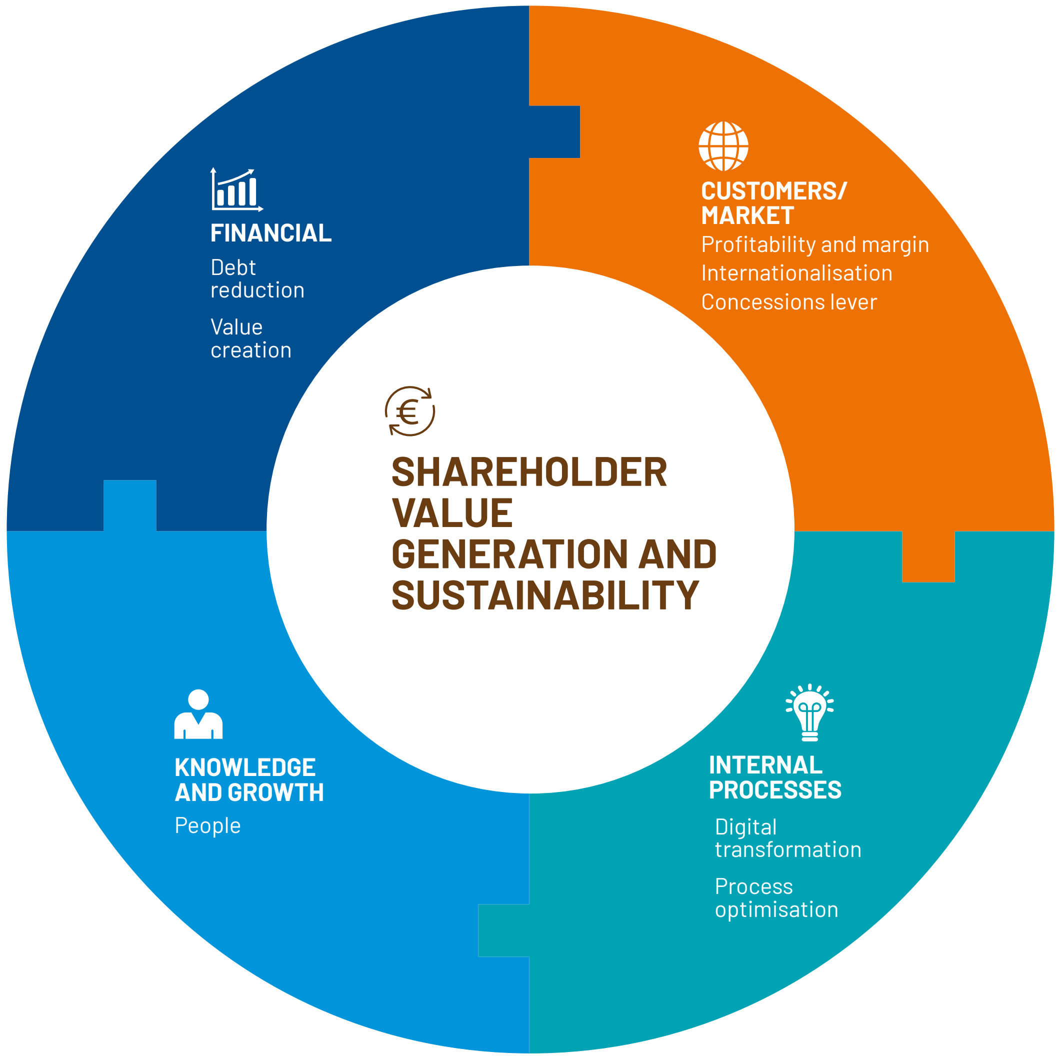
14.2. Business model

Information on the company's business model is contained in section Business model and Economic context of this Directors' Report. Information concerning the outlook for 2020 can be found in the section with that name.

Strategic goals

At Elecnor, all our business strategies are aimed at generating sustainable value for our stakeholders.

Consistent with this, the main axes of our strategic framework are:



14.3. Our people

More talent, better management

People are Elecnor's main asset. A team of more than 14,000 people of 50 different nationalities contribute their talent with the aim of boosting management efficacy and efficiency.

The Integrated Human Resources Management System is designed to deploy, foster and nurture the talent existing within the organisation. For this purpose, it encompasses aspects relating to selection, performance, compensation, development and training.

Integrated Human Resources Management System

SELECTION As a means of acquiring and attracting the best available talent in the market, prioritising internal talent.	**20%** increase in recruitment 25 positions covered by internal promotion through the eTalent system.	**14,855** employees
PERFORMANCE This is a process of analysis of the actions and results of each person in their post, as well as the identification of improvement areas.	**2,678** people Evaluation phase (assessment of skills and individual targets)	
COMPENSATION Focused on fair remuneration, that rewards and recognises merits.	Salary surveys Benefits Club Continuation of role mapping in Chile and Italy	
DEVELOPMENT This means a maximum commitment to existing potential in order to offer employees opportunities for growth and improvement over the course of their career.		
TRAINING Aimed at developing skills and broadening knowledge to achieve optimal suitability of person to post.	**285,281** Training hours **19.2** Training hours /employee	

In a global Group it is indispensable to perform efficient management. Achieving this in a company with more than 14,000 employees and sustained foreign growth involves implementing efficient management and reporting systems.

Based on this approach, a number of improvement programmes have been undertaken for some time now. This year, among other projects, the company has rolled out initiatives relating to the implementation and good operation of the record of working hours, the adoption of regulatory requirements in connection with personal data protection and guaranteeing digital rights and the introduction of Iberper payroll systems for the entire foreign workforce, except for Celeo.

Selection

Aware of the difficulties inherent to international selection processes and the level of competition in some countries due to the scarcity of skilled profiles, work is ongoing to boost the Elecnor brand as a standard-bearing company at which to work. In this regard, improvements have commenced, such as the coordination of publication of job vacancies in the foreign market by means of a single LinkedIn account.

With regard to internal promotion, a number of processes have been implemented, with the company's own employees covering as many as 25 vacancies. Moreover, the Group has an internal selection and mobility policy aimed at attracting and retaining the best available talent in the market.

At the same time, Elecnor continued to collaborate with universities and professional training schools to attract students and new graduates. Accordingly, it has attended information days and been present in on-site and virtual employment forums, including: Networking in Barcelona, Forum hosted by Universidad Carlos III, Faculty of Engineering in Seville and Aerotelecom in Barcelona.

363
Employees with training contracts

448
Interns

Fostering internal talent

Elecnor is committed to efficiently managing talent by identifying key posts and talent groups (high potential, key people and successors), thereby helping to devise specific development and career plans.

Performance management provides relevant, objective and transparent information with a view to establishing remuneration, training and development plans.

In the evaluation process which commenced in 2018 and concluded in February 2019, 2,311 employees were assessed in Spain. In 2019, the evaluation process assessed 2,678 people, 70% of whom were men (1,872) and 30% (806) women. The process was scheduled for completion in February 2020.

Accordingly, 618 people participated in various training itineraries designed to strengthen the four "core" skills and reduce the gap between expected and actual performance that emerges during the performance evaluation.

- Developing leaders at Elecnor
- Elecnor finances
- Our way of doing things: project management
- We are all sales

Talent management

Performance management

- Key posts
- Talent group
- Talent managementas a function of the group
- Development plan
- Career plan

etalent

- Setting individual targets
- Fulfilment of goals
- Self-assessment
- Evaluation of responsibility matrix
- Meeting prior to closure
- Immediate superior's assessment

Training

The Group's commitment to training has been sustained over the years. These are the main indicators of the Group.

Item	2019
Investment in training (euros)	6,867,450
Total training hours	285,281
No. of attendees *	37,952
Training hours/employee	19.20

		Attendees (*)			Hours		
Area	No. of courses	Male	Female	Total	Male	Female	Total
Management	374	731	269	1,000	7,617	2,656	10,273
Technology	1022	6,816	162	6,978	87,440	2,450	89,890
IT	56	276	116	392	2,600	1,253	3,853
Languages	534	343	193	536	12,371	5,808	18,179
Quality and Environment	206	988	230	1,218	2,777	1,159	3,936
Prevention	2,671	26,535	1,293	27,828	152,193	6,957	159,150
Total	**4.863**	**35.689**	**2.263**	**37.952**	**264.998**	**20.283**	**285.281**

Group	Attendees*	Hours
Management	182	3,544
Executive	1,767	18,042
Technician	3,517	47,912
Base	32,486	215,783
Total	**37,952**	**285,281**

Average hours of training by category in the Elecnor group

Group	Employees	Average
Management	164	21.61
Executive	1,098	20.12
Technician	3,425	13.52
Base	10,348	20.85

(*) The number of attendees measures the number of people who have received training, and one person may have completed several courses.

After completing each training itinerary, the attendees' opinions are compiled through an anonymous survey. In the global satisfaction survey, 96.48% of respondents valued the training received very highly.

This year, once again, the Management Team took part in the "People First" event for new recruits, offering a global vision of the company and the corporate essence, culture and values.

Moreover, note the launch of a personalised training and updating programme in specific skills for the members of the Group's Board of directors.

Remuneration and benefits

Elecnor has a job chart that clarifies and simplifies its organisational structure, the responsibilities of each post and the profiles required. This model is based on functional groups and organisational dependencies that prepare the organisation for possible developments. This definition of jobs and responsibilities makes it easier to adapt remuneration in a more objective and fair way, rewarding and recognising merit where due.

Elecnor offers its employees certain social benefits such as the Flexible Compensation Plan, in which employees can use part of their salary for products with tax benefits, such as health insurance, vouchers and food cards, childcare and transport.

Elecnor also offers workers help with their children's studies, regardless of their contract and working hours, provided they have been at the company for at least one year. This help goes from second-cycle pre-school and primary education to secondary education (ESO). For children with a disability, the financial aid is increased.

Moreover, in accordance with the employees' needs, circumstances and responsibility, Elecnor strives to implement other measures such as life and accident insurance, travel insurance, medical insurance, car insurance or a retirement plan.

Lastly, this year the Elecnor Benefits Club was launched for all staff at Elecnor, S.A. and its domestic subsidiaries. This is a savings and loyalty programme that affords employees access to products and services in preferential conditions. This is founded upon an agreement with 500 suppliers of all kinds of categories and services.

Remunerations Policy

Within the framework of the Integrated Human Resources Management System at Elecnor, compensation is based on a criterion of fairness, which rewards and acknowledges merits. Salary surveys were conducted in the previous year to gauge internal fairness and external competitiveness.

Average remuneration by gender, age and professional category

Below are the key figures with regard to the workforce by geographical area.

	Management		Executive		Technician		Base	
Age	Male	Female	Male	Female	Male	Female	Male	Female
Spain								
>50	125,526	96,542	53,767	56,619	33,694	27,316	22,503	20,353
From 30 to 50	93,480	92,250	47,933	47,026	32,229	27,473	21,040	19,537
<30	-	-	47,734	30,159	26,921	24,833	18,350	17,585
Europe (Italy, Norway, Portugal, United Kingdom and Romania)								
>50	-	-	50,491	46,189	52,445	22,910	31,399	-
From 30 to 50	-	-	53,476	36,943	34,371	31,192	26,886	21,334
<30	-	-	-	-	31,228	22,168	24,658	19,993
North America (United States and Canada)								
>50	180,269	*	88,627	86,510	119,041	50,676	76,368	27,666
From 30 to 50	163,507	-	88,975	71,249	63,019	49,637	63,167	81,131
<30	-	-	63,604	56,394	53,275	34,078	48,276	-
Latin America (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Honduras, Mexico, Panama, Peru, Dominican Republic and Uruguay)								
>50	-	-	60,313	40,180	27,283	10,770	9,918	5,407
From 30 to 50	-	-	47,085	46,460	19,579	14,875	7,135	5,118
<30	-	-	-	-	10,570	7,931	4,611	3,506
Asia (Jordan and Oman)								
>50	-	-	-	-	104,323	-	-	-
From 30 to 50	-	-	-	-	37,260	-	12,898	-
<30	-	-	-	-	25,038	-	5,311	*
Africa (Angola, Algeria, Cameroon, Ghana, Mauritania and Senegal)								
>50	-	-	71,822	-	17,393	11,689	5,301	1,660
From 30 to 50	-	-	29,072	26,035	21,111	5,390	6,420	1,837
<30	-	-	-	7,697	5,345	6,040	2,731	1,722
Oceania (Australia)								
>50	-	-	74,766	*	-	24,277	-	74,766
From 30 to 50	-	-	88,687	-	79,837	-	82,260	88,687
<30	-	-	-	-	30,834	-	51,735	-

(*) This information is not shown in the interest of protecting the data of the persons represented, since there is only one employee in that professional category.

The wage gap

Elecnor's wage policy is for men and women performing jobs with equal responsibility to receive equal pay.

The table below details the wage gap ratio, which represents the difference in wages by professional category in Spain.

	Ratio
Management	14.66%
Executive	2.65%
Technician	13.17%
Base	3.45%

Internationally, the wage gap is 10.4%. This figure excludes Spain as the Group's workforces abroad present significant differences in terms of headcount and categories. Accordingly, if the data were compared the ratio might be distorted.

The wage gap has been calculated as the median wage difference between men and women, expressed as a percentage. This year, the result is a lower median wage among women than among men.

The difference in salary in these results is in line with the sector track record, caused mainly by the historical trend regarding gender in the industry, which affords men presence average seniority than women, while also resulting in a majority of men in positions of responsibility within the company. In the Technical Expert category, the difference arises due to the greater presence of women in administrative support roles and of men in project execution.

Profile of the workforce

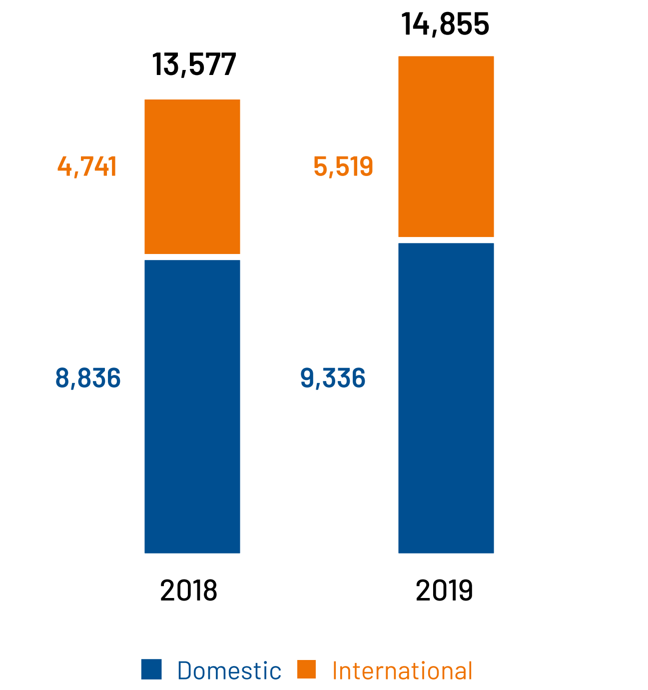
The Elecnor Group has an international, multicultural and diverse profile with a presence across five continents.

At the end of 2019, the Elecnor Group employed 14,855 people, a 9.4% increase on the previous year (13,577 employees). The increase was due mainly to the international market where the workforce grew by 16.4%. Note the 15.7% growth in the number of women in the Group as compared with 2018.

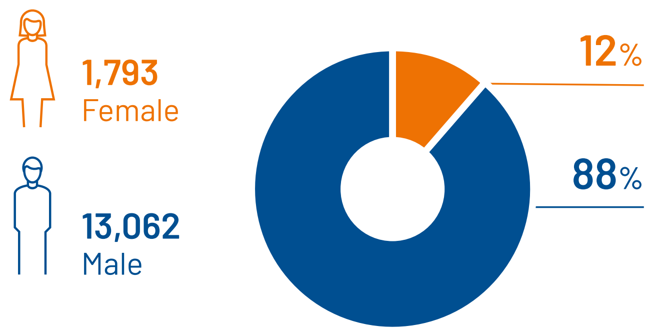
Total Elecnor's workforce

	2018	2019	% Change
	13,577	**14,855**	**9.4%**
Male	12,028	13,062	**8.6%**
Female	1,549	1,793	**15.7%**

Changes in the workforce



Workforce by gender in 2019



In 2019, the Elecnor Group's workforce comprised 30% Structural staff and 70% Works staff. In terms of gender, in Structure, 30% were women (1,340) and 70% men (3,167). In line with the historical trend in the sector, Works staff are predominantly male, with women representing just 4% of this group. This being the case, it is worth showing the breakdown by gender of the Structural workforce.

Workforce breakdown

Structural workforce by gender

Workforce data (year end)

Geographical area	2018	2019
Spain	8,836	9,336
Europe	705	796
North America	525	585
Latin America	2,778	3,140
Asia	25	15
Africa	687	969
Oceania	21	14
Total	**13,577**	**14,855**

Country	2018	2019
Spain	**8,836**	**9,336**
Europe	**705**	**796**
England	265	260
Italy	287	312
Norway	1	57
Portugal	138	153
Romania	14	14
North America	**525**	**585**
Canada	6	5
United States	519	580
Latin America	**2,778**	**3,140**
Argentina	80	92
Bolivia	1	1
Brazil	1,722	1,955
Chile	273	189
Colombia	-	3
Ecuador	16	6
El Salvador	-	17
Honduras	47	59
Mexico	66	86
Panama	45	140
Paraguay	1	1
Peru	8	8
Dominican Republic	221	280
Uruguay	237	271
Venezuela	61	32
Asia	**25**	**15**
Jordan	22	11
Oman	3	4
Africa	**687**	**969**
Angola	629	712
Algeria	1	1
Cameroon	26	102
Ghana	15	123
Mauritania	16	14
Senegal	-	17
Oceania	**21**	**14**
Australia	21	14
Total	**13,577**	**14,855**

	2018			2019		
Age	Male	Female	Total	Male	Female	Total
More than 50 years	2,287	189	2,476	2,659	209	2,868
30 to 50 years	8,036	1,051	9,087	8,630	1,206	9,836
Less than 30 years	1,705	309	2,014	1,773	378	2,151
	12,028	**1,549**	**13,577**	**13,062**	**1,793**	**14,855**

	2018			2019		
Professional category	Male	Female	Total	Male	Female	Total
Management	135	20	155	145	19	164
Executive	683	239	922	897	201	1,098
Technician	1,406	868	2,274	2,125	1,120	3,245
Base*	9,804	422	10,226	9,895	453	10,348
	12,028	**1,549**	**13,577**	**13,062**	**1,793**	**14,855**

(*) The "Base" professional category comprises mainly men as it corresponds primarily to Works personnel.

As part of its efforts to continue providing quality employment, the Group has increased the percentage of open-ended contracts by 18.2% compared to the 2018 figure. Furthermore, full-time employment has risen by 10.2%.

Type of contract by age	2018	2019
Open-ended	**7,997**	**9,455**
More than 50 years	1,740	2,120
30 to 50	5,359	6,273
Under 30	898	1,062
Temporary	**5,580**	**5,400**
More than 50 years	736	748
30 to 50	3,728	3,563
Under 30	1,116	1,089
Total	**13,577**	**14,855**

Type of contract by region	2018	2019
Open-ended	**7,997**	**9,455**
Spain	4,868	5,586
Europe	465	450
North America	224	288
Latin America	2,495	2,938
Africa	113	179
Asia	4	4
Oceania	10	10
Temporary	**5,580**	**5,400**
Spain	4,150	3,750
Europe	240	346
North America	301	297
Latin America	283	202
Africa	574	790
Asia	21	11
Oceania	11	4
Total	**13,577**	**14,855**

Type of contract by professional category	2018	2019
Open-ended	**7,997**	**9,455**
Management	155	164
Executive	825	956
Technician	1,459	2,284
Base	5,558	6,051
Temporary	**5,580**	**5,400**
Management	-	-
Executive	97	142
Technician	815	961
Base	4,668	4,297
Total	**13,577**	**14,855**

Type of contract by gender	2018	2019
Open-ended	**7,997**	**9,455**
Male	6,909	8,128
Female	1,088	1,327
Temporary	**5,580**	**5,400**
Male	5,119	4,934
Female	461	466
Total	**13,577**	**14,855**

Type of employment by age	2018	2019
Full-time	**13,260**	**14,613**
More than 50 years	2,292	2,691
30 to 50	9,011	9,791
Under 30	1,957	2,131
Part-time	**317**	**242**
More than 50 years	184	177
30 to 50	76	45
Under 30	57	20
Total	**13,577**	**14,855**

Type of employment by professional category	2018	2019
Full-time	**13,260**	**14,613**
Management	155	160
Executive	912	1,085
Technician	2,216	3,185
Base	9,977	10,183
Part-time	**317**	**242**
Management	0	4
Executive	10	13
Technician	58	60
Base	249	165
Total	**13,577**	**14,855**

Type of employment by gender	2018	2019
Full-time	**13,260**	**14,613**
Male	11,802	12,868
Female	1,458	1,745
Part-time	**317**	**242**
Male	226	194
Female	91	48
Total	**13,577**	**14,855**

Type of contract by age (Average)	2019
Open-ended	**8,844**
More than 50 years	2,075
30 to 50	5,843
Under 30	926
Temporary	**5,709**
More than 50 years	880
30 to 50	3,833
Under 30	996
Total	**14.553**

Type of contract by Gender (Average)	2019
Open-ended	**8,844**
Male	7,631
Female	1,213
Temporary	**5,709**
Male	5,209
Female	500
Total	**14,553**

Type of contract by professional category (Average)	2019
Open-ended	**8,844**
Management	178
Executive	929
Technician	2,085
Base	5,652
Temporary	**5,709**
Management	-
Executive	152
Technician	925
Base	4,632
Total	**14,553**

Type of employment by gender (Average)	2019
Full-time	**14,288**
Male	12,634
Female	1,654
Part-time	**265**
Male	206
Female	59
Total	**14,553**

Type of employment by age (Average)	2019
Full-time	**14,288**
More than 50 years	2,776
30 to 50	9,622
Under 30	1,890
Part-time	**265**
More than 50 years	179
30 to 50	54
Under 30	32
Total	**14.553**

Type of employment by professional category (Average)	2019
Full-time	**14,288**
Management	174
Executive	1,069
Technician	2,941
Base	10,104
Part-time	**265**
Management	4
Executive	12
Technician	69
Base	180
Total	**14,553**

The number of hours of absenteeism in the Elecnor Group totalled 1,187,192, implying an absenteeism** ratio of 3.7%.

(*) The following countries are not included in this scope: Algeria, Cameroon, Colombia, El Salvador, USA, Ghana, Honduras, Norway and Oman.
(**) Hours of absenteeism including all absences (unjustified, remunerated and non-remunerated leave, illness, accident, maternity and paternity)/actual hours worked.

Workforce rotation by age range, gender and region

Location	Disposals	Average employment	% rotation in 2019
Spain	**2,179**	**9,283**	**23%**
Male	1,996	8,141	25%
More than 50 years	358	2,018	18%
30 to 50	1,265	5,467	23%
Under 30	373	657	57%
Female	183	1,142	16%
More than 50 years	22	155	14%
30 to 50	119	829	14%
Under 30	42	158	27%
Europe	**234**	**772**	**30%**
Male	214	686	31%
More than 50 years	50	162	31%
30 to 50	124	411	30%
Under 30	40	113	35%
Female	20	86	23%
More than 50 years	3	10	30%
30 to 50	10	51	20%
Under 30	7	25	28%
North America	**385**	**657**	**59%**
Male	351	603	58%
More than 50 years	94	156	60%
30 to 50	184	345	53%
Under 30	73	102	72%
Female	34	54	63%
More than 50 years	7	12	58%
30 to 50	21	35	60%
Under 30	6	7	86%
Latin America	**2,434**	**3,079**	**79%**
Male	2,293	2,784	82%
More than 50 years	229	371	60%
30 to 50	1,409	1,806	53%
Under 30	655	607	72%
Female	141	295	63%
More than 50 years	7	27	58%
30 to 50	83	183	60%
Under 30	51	85	86%
Asia	**44**	**23**	**191%**
Male	41	21	195%
More than 50 years	2	1	60%
30 to 50	9	7	53%
Under 30	30	13	72%
Female	3	2	63%
More than 50 years	0	0	58%
30 to 50	0	0	60%
Under 30	3	2	86%

Continued on next page

Location	Disposals	Average employment	% rotation in 2019
Africa	**322**	**725**	**44%**
Male	297	594	50%
More than 50 years	13	30	60%
30 to 50	182	450	53%
Under 30	102	114	72%
Female	25	131	63%
More than 50 years	0	8	58%
30 to 50	17	88	60%
Under 30	8	35	86%
Oceania	**7**	**14**	**50%**
Male	5	11	45%
More than 50 years	2	2	60%
30 to 50	3	6	53%
Under 30	0	3	72%
Female	2	3	63%
More than 50 years	0	1	58%
30 to 50	1	1	60%
Under 30	1	1	86%
Total Group	**5,605**	**14,553**	**39%**

Due to the type of activity carried out by the Group, rotation levels are high as they include contract completions taking place over the course of the year. In order to implement projects, 6,426 new recruitments were made in 2019, which implies a 20% increase compared to 2018. Meanwhile, of the total of 5,605 derecognitions, dismissals amounted to 722, the details of which are shown below.

New hirings

Location	2018	2019
Spain	**1,895**	**1,969**
Male	1,741	1,725
Female	154	244
Europe	**265**	**341**
Male	246	315
Female	19	26
North America	**346**	**535**
Male	326	486
Female	20	49
Latin America	**2,349**	**2,911**
Male	2,190	2,686
Female	159	225
Asia	**23**	**37**
Male	23	35
Female	0	2
Africa	**324**	**630**
Male	318	535
Female	6	95
Oceania	**12**	**3**
Male	10	2
Female	2	1
Total	**5,214**	**6,426**

Dismissals* by gender and age

	2019		
Age	Male	Female	Total
More than 50 years	154	6	160
30 to 50	384	43	427
Under 30	126	9	135
Total	**664**	**58**	**722**

Dismissals* by gender and professional category

	2019		
Professional category	Male	Female	Total
Management	1	1	2
Executive	32	5	37
Technician	59	30	89
Base	572	22	594
Total	**664**	**58**	**722**

(*) These figures do not include temporary contract completions in Brazil, although in that country these are counted as dismissals.

Work-life balance

Work time at the Group is organised accordance with sector-specific and conventional standards applicable to the company and by means of negotiations with the labour representatives at each work centre.

The Group sees work-like balance in its broadest sense, as per some market certification systems such as EFR. In this connection, this concept encompasses measures to improve job quality, support for families, professional development, equality of opportunities and flexibility. The Group is working to improve each of these areas based on the circumstances of the company, country and individual worker.

Although there is currently no formal policy to facilitate disconnection from work, the company encourages the implementation of policies, wherever possible, that facilitate a work-life balance, such as avoiding late meetings, having flexible working hours, training in equality issues, compressed work schedules in summer or, where applicable, shorter working days, with all measures provided in the various applicable regulations being implemented.

Elecnor, S.A. and its Spanish subsidiaries also have a "Flexible Compensation Plan" to which structural personnel with open-ended contracts have access. This plan includes health insurance, meal vouchers, transport passes, training, IT and daycare.

Moreover, there is a study support programme available to all staff at Elecnor and its Spanish subsidiaries with children aged 4 to 16. 2,873 people benefited in 2019.

In aspects linked to employees' health and well-being, in addition to the stipulations in relation to prevention, within the framework of the Elecnor Benefits Club agreements have been signed with physiotherapy clinics and insurers.

Equality and diversity

The Group's Gender Equality Plan reflects its commitment to equal opportunities for men and women and non-discrimination in its guiding principles.

Elecnor is committed to equal opportunities, as set forth in its Code of Conduct: "Elecnor applies criteria of non-discrimination and equal opportunities in its selection processes as well as in the development of the professional careers of its employees. More precisely, race, colour, nationality, social origin, age, sex, marital status, sexual orientation, ideology, religion and kinship are excluded as factors for professional assessment. The only professional differentiation features used are merit, effort, the results of hard work, training, experience and future potential. Promoting equality entails a special part concerning gender balance, as stated in the recruiting and professional promotion procedures, training and general work conditions."

At the end of 2019, the Group employed a total of 14,855 people, 30% in Structure and 70% in Works. In line with historical trends in the sector, men are more highly represented in the Group, especially because Works personnel tend to be mostly men. However, in the Structure category, there is a greater balance between men and women. In Structure, 30% were women and 70% men at 31 December 2019. In Works, 4% were women and 96% men.

The commitment outlined in the Equality Plan is configured through various axes that determine the actions planned for each: training, remuneration, communication, recruitment, work-life balance, improvements in social protection and protection from harassment.

Moreover, the Group has a compliance policy and internal controls to ensure all forms of discrimination are prevented; these controls include workplace harassment, sexual harassment and pregnancy risk protocols, among others.

This year the Group set the goal of adapting the Equality Plan to the latest developments introduced in Royal Decree-Law 6/2019, of 1 March, concerning urgent measures to ensure equality of treatment and of opportunities between men and women at work. The Equality Plan Monitoring Committee held one meeting over the course of 2019.

There is an e-mail in-box, **igualdad@elecnor.com**, for employees to submit suggestions of any kind or to resolve conflicts, among other matters. No lawsuits have been filed against the Group for harassment or discrimination.

In the year, 271 male employees were entitled to paternity leave and 269 took said leave, while 100% of the female employees entitled to maternity leave (43) took said leave.

Diversity in Governing Bodies

On 22 November 2017, the Board of directors approved the "Policy for the Selection of directors and for Board Diversity", which can be accessed on the corporate website and which contains all the measures adopted in relation to the selection of directors, gender, age, experience and other diversity policies. In addition, the Appointments and Remuneration Committee regularly examines the Policy for the Selection of directors and for Board Diversity so as to make further improvements on an ongoing basis.

With regard to the goal of the number of women directors on the Board accounting for at least 30% of the total in 2020, the Company's Board of directors continues to work in this connection, with the support of the Appointments and Remuneration Committee, and fostering the actions necessary to ensure that this goal is achieved as soon as possible.

There are currently no disabled directors.

Representation of women in executive positions	2019
% of women in executive positions (*)	11.59%
% of women in the Board of Directors (**)	13.33%

(*) Considering Management category of Elecnor Group.
(**) The Board in December of the reporting year.

Disability

The Elecnor Group in Spain employs a total of 72 people with various disabilities, accounting for 0.5% of the total workforce. In parallel, and in compliance with Spain's Disabled Persons and Social Inclusion Act (LGD), Elecnor implemented alternative measures through services contracting to Special Employment Centres for a total of **Euros 3.46 million.**

Suppliers	In Euros
Protec & Marti SL	1,688,508
Comercial M. Unceta	69,361
CEE Apta	41,329
Integra PMC	55,468
I.L. SIJALON	471,086
Ditosal S. Especiales	19,347
Iturri CEE S.A.	16,803
S. S. Arza S.L.	960,302
Cemi Norte	83,070
GELIM	53,562

The Group does not currently have a formal policy on universal accessibility.

In the interests of data confidentiality, no information is reported regarding the disabled persons in the rest of countries in which the Group is present.

Communicating with everyone

During the year, the Group maintained its communication channel to continue disseminating the corporate values and culture in order to foster the commitment and motivation of all our professionals.

At the same time, and consistent with its philosophy of transparency, it has nurtured dialogue with all its stakeholders through various tools, especially in the digital environment, such as social media by means of Twitter and LinkedIn.

Some of the main campaigns developed in 2019:

Launch of new corporate Intranet, **Buenos Días Elecnor (Good Morning Elecnor).** This new tool, available in both Spanish and English, is a collaborative platform in which all Group employees in all countries have access to all the available information, documents and applications. Updated daily, Good Morning Elecnor is a new link between all those working at Elecnor.

Adherence to the Ethical Code and Compliance Policy. To comply with the most stringent ethical standards and with legislation in force, a campaign was launched to ensure that all employees expressly ratify their commitment to respect and fully uphold the Group's Ethical Code and Compliance Policy, and confirmation was obtained from everyone from whom it was sought.

In line with Elecnor's firm commitment to occupational risk prevention, in 2019 another campaign was launched to commemorate **World Day for Safety and Health at Work.** As always, the aim is to raise awareness among everyone working at Elecnor by means of specific drives aimed at achieving safe conduct at work.

This main message of this year's campaign was: Prevention is your best superpower. Use it. The aim is to convey that the only way to prevent workplace accidents is through prevention, even though so often, at work and in life in general, we behave as though we had superpowers that protect us from all unforeseen events.

Improving prevention. In order to raise awareness regarding the importance of prevention from an early age, this campaign consisted of school visits to instil preventive values in children and, by doing so, make them more sensitive in this connection over the course of their future development.

Social dialogue

In Spain, 100% of the workforce is covered by collective bargaining agreements. In the rest of countries where the Group operates, there is only comparable legislation in Argentina, Brazil, the United States, Uruguay, Jordan and Italy, and it covers our professionals in those countries.

Elecnor also has Human Resources Departments to ensure compliance with and application of the current legislation throughout the Group.

Moreover, the work centres in Spain with between 10 and 49 employees have staff delegates, with Workers' Committees representing employees at centres with 50 workers or more. Both the staff delegates and the Committee members are designated through trade union elections, in which both unions and independent groups may field candidates. At present, the majority union is Comisiones Obreras (CCOO), but others are also represented: UGT, ELA, LAB, CGT, ESK, CSIF and independent groups. In this connection, in the rest of countries the Group is compliant with legislation in force.

Labour relations at the Group are managed on the basis of provincial collective bargaining agreements within the sector. In certain cases, specific agreements are signed with particular groups. The most notable agreements were in matters such as bonuses for voltage work, travel bonuses, on-call and standby, rest periods, shifts, change of working hours, discontinuous work and schedules.

The Group has numerous channels for employee dialogue and participation, such as Intranet, eTalent and the e-mail addresses codigoetico@elecnor.com and igualdad@elecnor.com

Safety Excellence

Our commitment to employee health and safety has always been a priority for Elecnor. Consequently, working is ongoing to achieve the goal of zero accidents, zero tolerance to any breaches of preventive measures and the continuous fostering of safe conduct among employees.

Occupational risk prevention is a part of the Group's Integrated Management System. Within this framework and in order to eliminate or minimise risk situations potentially faced by persons implementing the Group's projects, a broad set of activities are conducted, such as:

- Control of the conditions in which projects are executed, through safety inspections and internal works audits.
- Information and training on health and safety for all workers.
- Monitoring and awareness meetings.
- Campaigns to increase awareness and change behaviours.

In 2019, 21 internal audits were performed in accordance with OHSAS 18001 standards. Furthermore, external audits were carried out of Elecnor and its subsidiaries Atersa, Audeca, Ehisa, Enerfín and Jomar Seguridad, all with a satisfactory outcome.

More than 92% of the Group's employees are represented in formal health and safety committees, in which aspects such as work procedures, protection equipment, etc. are discussed. In Spain the committees are specific to work centres and in other countries they may be specific to work centres or project sites.

Accident rates

	2017	2018	2019
Frequency rate	8.6	4.6	3.5
Seriousness	0.27	0.16	0.14
Incident rate	16.55	8.91	6.71

Frequency rate = (number of accidents involving more than one day's leave, not counting those on way to or from work/hours worked) x 10 ^6.
Seriousness = (number of days lost/hours worked) x 10 ^3.
Incident rate = (number of accidents involving more than one day's leave/ Average number of employees) x 10 ^3.

Figures broken down by gender

	2018		2019	
	Male	Female	Male	Female
Frequency rate	5.4	0.0	3.9	0.0
Seriousness	0.19	0.0	0.16	0.0
Occupational illness rate	0.3	0.0	1.1	1.5

(*) **Occupational illness rate** = (number of occupational illnesses/hours worked) x 10 ^6.

In 2019, the Group's frequency rate was 3.5, compared with 4.6 in 2018, and seriousness scored 0.14, compared with 0.16 in 2018. With regard to occupational illnesses, 35 cases were recorded (30 men and 5 women), of which 31 corresponded to cases of malaria and dengue fever contracted in countries where these diseases are endemic, and the remaining 4 were due to musculo-skeletal disorders in Spain.

Domestically, the final Frequency Rate was 4.1, compared with 5.8 the previous year, and was the lowest value ever obtained; and the Severity Rate was 0.20, compared with 0.23 in 2018. Note that there were fewer accidents (77 accidents, vs. 99 in 2018).

Internationally, the final Frequency Rate was 2.6, compared with 2.8 in 2018; while the Severity Rate was 0.05, unchanged on the previous year. Elecnor is very sorry to report that there was a fatal accident in 2019 involving its own employees in Africa. This tragedy has served to spur the Group on in its firm commitment to working to reach its target of zero accidents.

Main actions

- **1,236 internal works audits were conducted.**
- More than **62,300 safety inspections** were conducted throughout the Group, as a result of which more than **20,350 corrective measures were implemented.**
- **Training activities.** Training actions were held in Spain for a total of 23,000 attendees, most of whom attended more than one training action. Training hours in the Occupational Risk Prevention area amounted to a total of 129,750, a 7.7% increase on the 120,484 hours offered in 2018. There are other technological and management training areas that also have an impact on Prevention, and that are not included in that total (qualifications/ electrical permits, machinery operators, etc.). Actions were held abroad for a total of 26,800 attendees, most of whom attended more than one training action. Training hours in Occupational Risk Prevention amounted to a total of more than 145,500.
- **Campaign for World Day for Safety and Health at Work** to raise workers' awareness and disseminate the Group's commitment in this connection. Some key figures from this landmark event were:
  - Recognition of 24 work centres which in 2018 logged excellent results in terms of safety.
  - Award of recognition to Endesa for its work in Health and Safety in the Electricity Sector.
  - Award of recognition to a sub-contractor for its engagement and improvements in Health and Safety.
  - Induction of three new workers into the "Blue Jacket Club", a group of workers distinguished for their commitment to health and safety.
  - A tribute to 9 workers in Spain who earned all four "PES Stars".
  - Workshops in all business units in which the campaign was divulged. Communication was disseminated in all countries in which the Group is present.
- Some **recognitions:**
  - Celeo Redes Chile received the recognition granted by the Chilean Chamber of Construction's Safety Mutuality for the proper operation of its Occupational Health and Safety System in accordance with OHSAS 18001 standards.

- Audeca won the ACEX awards, in Category A (Magnetic Beacon System) and Category B (Rotatruck. Truck rear signalling system).

- Other **information on training:**

Courses	Participants	Hours
Basic course	760	45,590
First cycle of the TPC	1,340	10,720
Second cycle of the TPC	1,402	13,070
Working at heights	2,205	24,115
Confined spaces	1,579	12,720
First aid	1,070	4,778

"Safety Excellence" project

The project continued to make progress along different action lines: risk management, awareness, organisation, learning, motivation and continuous improvement.

Some milestones:

- Contracts with subcontractors were revised, including new Occupational Risk Prevention clauses.
- The subcontractor evaluation and monitoring system was completed to detect those least committed. Accordingly, measures can be implemented for improvement, prioritising those of the largest scale and/or risk.
- Launch of REDUX project with advice from RACE (Spain's Automobile Club) concerning road safety.
- Mandatory use of the Notific@ application and web environment for notification and investigation of accidents and incidents.
- Design of a star-rating-based motivation system for works personnel that is rewarded by personal and financial recognition.
- Continuation of the "Risk Factor" programme, attended by 590 people with a total of 3,990 training hours.
- Development of a procedure to compile ideas for improvement (Ideas MAS), having presented a total of 448 initiatives in Spain.
- Start of phase two of the project in Spain and deployment of working groups in several countries.

The digital transformation of occupational health and safety

In 2019 initiatives were launched or consolidated within the framework of the Group's Digital Transformation project. Some of them are listed below.

- Use in Spain of the Notific@ app and web environment to notify and investigate accidents, and launch its implementation in various countries.

- Use in Spain of the SegurT app and web environment to put an end to safety inspections on paper.

- The PRP (Principal Risk Permit) tool has been almost 100% rolled out in Spain, and includes an app and web environment for its management and control. PRP enables brigades to identify key aspects to prevent serious accidents and errors in the implementation of work, before the work begins.

- Roll-out of e-coordina, an evaluation process carried out by OHS experts at various business units.

- Restructuring and update of Intranet.

Health monitoring

In general terms, Elecnor employees do not perform activities with a high rate or risk of occupational illnesses. In those activities in which there might be a risk of developing an occupational illness (work at nuclear plants, involving asbestos, plant protection products, etc.) the necessary preventive measures are implemented and health monitoring performed, including checking physiological parameters that may help detect any problems in those tasks that may harm employees' health and safety.

With regard to occupational illnesses, as mentioned above, 35 cases were recorded (30 men and 5 women), of which 31 corresponded to cases of malaria and dengue fever contracted in countries where these diseases are endemic, and the remaining 4 were due to musculo-skeletal disorders in Spain.

When Elecnor employees are working in areas where there are endemic diseases (malaria, dengue, yellow fever, typhoid, AIDS, etc.), these are tackled through vaccines or preventive/prophylactic measures, backed by the relevant information campaigns.

Awareness initiatives are implemented such as campaigns to combat AIDS and sexually transmitted diseases in various countries, with actions and campaigns to foster healthy habits (avoiding cardio-respiratory disease and musculo-skeletal disorders, nurturing a healthy and balanced diet, etc.), back training, etc.

The pilot physiotherapy programme to prevent musculo-skeletal injuries (first implemented in Madrid and Logroño) was expanded to include Barcelona, Bilbao, Valladolid and Badajoz.

14.4. Operating excellence

Elecnor has an **Integrated Management System** encompassing the following aspects: Environment, Quality, Occupational Risk Prevention, Energy Management and RDI Management.

The Management System is configured around the following broad criteria, on which basis specific commitments and actions lines are established by each specific sphere: strict compliance with applicable legislation and any other requirements binding upon Elecnor in the markets in which it operates; accurate knowledge of the nature and scale of environmental impacts, customers' requirements; the health and safety of all workers and collaborators; and improvements in competitiveness through RDI enabling it to contribute value and differentiation with respect to competitors.

The Integrated Management System Policy is available in the corporate website **www.elecnor.com**.

In 2019, multisite certification audits were conducted according to ISO standards 9001:2015 and 14001:2015. This is a single certificate for all of the organisations in the Elecnor infrastructures area that contains all of the scopes of the various activities and all of the work centres.

Quality management

Elecnor's strategy in connection with Quality Management is aimed mainly at strengthening customer satisfaction management and the process of continuous improvement.

In 2019, quality targets focused on improving risk and opportunities management in operating processes, optimising quality processes and achieving further progress in the quality control of critical suppliers.

Main achievements

- Implementing a new methodology for managing risks and opportunities in the various processes.
- Development of a new platform for managing procurements.
- Launch of the Quality and Environment Management System in Elecnor Chile and Elecnor Angola.
- Performance of the relevant internal audits and System Monitoring Committees.

Customers, at the heart of the business

Elecnor periodically measures customer satisfaction by means of digital surveys. This information enables it to gauge the degree of satisfaction with the services offered, as well as to identify the strengths and areas for improvement.

The results obtained in 2019 are similar to those obtained the previous year.

Satisfaction surveys	2018	2019
Number of surveys	453	688
Average score	8.17	8.32
The most highly valued aspects	• Training and technical capacity. • Degree of communication, service and response. • Compliance with the safety requirements.	• Training and technical capacity. • Degree of communication, service and response. • Compliance with the safety requirements.

Any customer complaints are managed in accordance with the "Internal and external communication and consultation" procedure that sets forth the system to detect non-compliances and opportunities for improvement, fielding complaints from customers and suppliers, implementing solutions, analysing the causes and defining efficient remedial and preventive actions.

In 2019, 129 customer complaints were filed, most of which were linked to technical management (49%), materials and equipment (26%) and workforce (9%).

All the complaints were properly managed within the established period.

Supply chain

Guaranteeing the most stringent quality standards to customers requires constant attention to and control of the supply chain. In this connection, Elecnor affords priority to those suppliers of materials and services that can have a significant impact on the final quality provided by the Group to its customers.

The Elecnor Group's suppliers are classified as suppliers of materials or suppliers of services. Elecnor currently has more than 3,000 approved suppliers at local, national and international level.

Elecnor's Quality Management, Environment and Compliance Systems comprise procedures, policies and manuals that describe supply chain management. These are the Quality Management Procedures:

- **Procurement procedure.** Defines the general procurement conditions, including specific quality, environment and compliance requirements, among others. These conditions must be accepted and fulfilled by suppliers wishing to work with Elecnor.
- **Procedure assessing suppliers of materials/services.** Describes the system for managing suppliers of important materials/services.
- **Procedure for drafting agreements with sub-contractors.** Establishes subcontracting conditions, including quality, environment, energy management and compliance requirements.
- **Ethical code.** Among the requirements expressly stated is the evidence by the supplier of commitments in relation to conduct comparable to those set forth in Elecnor's own Ethical Code. This condition is especially important in those countries considered to pose a risk by qualified international bodies. Elecnor's employees will ensure that its image, reputation and values are safeguarded by contractors and collaborating companies.

The main risks identified in the processes relating to the supply chain currently related to communicating requirements to suppliers, past-deadline delivery or faulty material. The risks identified are assessed and in accordance with the results actions are established to mitigate their effects.

In 2019, as a result of the risks and opportunities assessment, a **logistics procedure** was devised, along with various actions implemented in the procurements tool.

In the **suppliers approval and assessment process,** suppliers of materials/services classified as important are requested to provide documentation concerning quality, environment, energy management, occupational health and safety (risk prevention), compliance, RDI, data security and other documentation in regard to ethical, employment, social and environmental issues that suppliers may provide. Depending on the requirements fulfilled, the is afforded a score.

Some indicators

- 253 suppliers were approved in 2019.
- Within the framework of improvements to the environmental control of critical suppliers, 3 internal audits were conducted on site.
- With a view to starting to calculate Scope 3 of the carbon footprint, information was requested from certain suppliers.
- Re-assessment of 26 suppliers in accordance with the quality requirements established in the Management System.
- Commercial relations were not severed with any suppliers.

14.5. Commitment to the Environment

Elecnor aims to contribute actively and decisively to the construction of a sustainable, low-carbon future by generating renewable energies, implementing energy efficiency measures, reducing its carbon footprint and through proper environmental management.

In this connection, and with the aim of contributing to UN Global Compact Sustainable Development Goal 13 "Climate Action", Elecnor fosters the development of its activity in a sustainable manner adapted to climate conditions and always with the involvement and commitment of all persons belonging to the Group.

Environmental management

The commitment to the protection of the environment and efficiency in the consumption of energy resources remain common denominators in Elecnor's activities.

The environmental control mechanisms in place at the company are based on certified Environmental Management Systems and Energy Management Systems in accordance with ISO 14001:2004 and ISO 50001 standards. The Environmental Management System defines the procedure to identify, assess and record the environmental aspects originating in Elecnor's activities in order to determine which are significant.

Elecnor S.A. has an Environmental Liability policy for its subsidiaries in Spain, the US, Canada, Brazil, Mexico, Venezuela and Chile. The figure of €20,000,000 is the general limit on the policy per claim and in the annual aggregate for all the policy guarantees and coverages.

The General Services area jointly managements the Quality Management, Environmental Management, Occupational Health and Safety (Risk Prevention), Energy Management and RDI of the organisations belonging to the Elecnor Group with the firm aim of extracting opportunities for improvement applicable to the various businesses and activities and thereby fostering synergies between them. In the Quality and Environmental Management spheres, there are 48 people focused on requiring and leading compliance with legislation, plans, programmes and SAQP ((Environment, Quality and Prevention System) documentation, taking all necessary actions to achieve this. These people are distributed between the General Services area and the various organisations of the Group, both in Spain and internationally, in order to ensure compliance with Elecnor's established Management Systems.

In 2019, environmental goals were focused on optimising environmental processes, improving the management of risks and opportunities in operating processes, and making headway to control critical suppliers and boost the Group's CDP rating.

Accordingly, during the year multi-site certification audits were performed in accordance with ISO 9001:2015 and 14001:2015 standards and the Environmental Management certificates were maintained at the following subsidiaries: Audeca, Deimos, Hidroambiente, Enerfín, Elecnor México, Elecnor do Brasil, Elecnor de Argentina, IQA and Montelecnor.

In the international sphere, the Quality and Environmental Management Systems have been implemented at Elecnor Chile and Elecnor Angola.

Moreover, Elecnor renewed its Verified AENOR CO_2 Environmental certification pursuant to standard ISO 14064-1 and its Energy Management System certification pursuant to standard UNE-EN ISO 50001:2011.

Also notable this year were the 2019 GRESB scores obtained by Celeo Redes Chile and Celeo Redes Brasil. GRESB is an independent international index that analyses companies' environmental, social and governance (ESG) performance. In the 2019 edition, Celeo Redes Chile and Celeo Redes Brasil ranked ninth and nineteenth, respectively, among the 393 infrastructure companies assessed. Furthermore, the results ranked Celeo Redes Chile as the world's top company within the electric power transmission infrastructure sector, and Celeo Redes Brasil as the world's second best electric power distribution company.

The fight against climate change

Generating electricity using renewable energy sources avoid the emission of greenhouse gases, the main culprits of climate change. In this connection, Elecnor undertakes projects in the areas of wind power, solar PV and solar thermal power, hydroelectric and biomass plants.

Climate change strategy

Climate change is a challenge in respect of which Elecnor has worked hard in recent years, in particular by calculating the carbon footprint in accordance with internationally accepted standards and by implementing measures to reduce GHG emissions within its scope of action. Elecnor also conducted a strategic diagnosis of adaptation to climate change based on the recommendations of the Intergovernmental Panel on Climate Change, in order to identify opportunities and risks in that connection.

On that basis, the Elecnor 2030 Climate Change Strategy was devised. With two main goals and three lines of action, it creates the framework for all the Group's actions to reduce greenhouse gas emissions, adapt to climate change impacts and tap into the associated opportunities.

The Group's climate change strategy aims to achieve two main goals:

- **Mitigation:** reduce GHG emissions by 25% by 2030 (as compared with 2014). The aim is to reduce emissions by around 1.6% every year.

- **Adaptation:** ensure the resilience of Elecnor's concessions business as climate change advances and become a leader in the sector thanks to the opportunities afforded by climate change.

There are three strategic actions lines (people, assets and knowledge) which derive in 22 climate change mitigation and adaptation actions, including aspects such as fostering training and awareness policies to help save and reduce energy, paper and water consumption by the workforce; a commitment to technology that enables unnecessary journeys associated with the business to be reduced; the gradual replacement of the company's energy-consuming equipment and vehicles by others with lower emissions; improving renewable energy facilities; and the commitment to best practices, among others.

Monitoring, evaluation and review of the climate change strategy

To ensure that the implementation of the strategy is attaining the expected results, Elecnor carries out periodic and systematic monitoring of the measures in place, as well as of the GHG emissions linked to the organisation's carbon footprint.

The initiatives carried out in 2018 led to a saving of 382,63 tCO_2e. The saving achieved in 2019 will be reported in the next fiscal year.

Below are details of some of the actions that have a particular impact on annual savings achieved in each strategic axis

Strategic axis	Action	Objective	Annual saving of tCO_2e	Scope of carbon footprint
People	Conference calls encouraged to avoid journeys.	Reduction of greenhouse gas emissions associated with business travel avoided.	225.56	3
Assets	Installation of timers for electronic devices and automatic off switches. LED lighting to replace existing fixtures.	Reduce energy consumption associated with lighting and, consequently, the related emissions.	113.99	2
Knowledge	RDI projects	Implementation of RDI projects linked to climate change	15.41	Not estimated

(*) New action not initially included in the strategy.

Emissions
Carbon footprint

Since 2014, Elecnor has calculated its carbon footprint on an annual basis in accordance with internationally recognised standards by means of a tool that enables each organisation belonging to the Group to report its electricity consumption, fuel consumption, use of coolants, with the data broken down by offices, warehouses, work sites and plants. Moreover, the Group devises strategies and plans to reduce greenhouse gas emissions.

For the fifth consecutive year, Elecnor verified direct and indirect greenhouse gas emissions in all of its activities, in accordance with UNE ISO 14064-1:2012 standards. In 2108, Elecnor obtained the "Calculo y Reduzco" seal granted by Spain's Ministry for Ecological Transition's Office for Climate Change (OECC) as part of the National Register for Carbon Footprint, Offsetting and Absorption of CO_2. Through this verification the Group has an independent and rigorous endorsement of the amount of GHG emissions caused by its activities, thereby seeking to improve its environmental and energy management.

Also notably, Elecnor is listed in the CDP international sustainability index, and obtained a B rating in 2018 and 2019 (above the average in the electric utilities sector and above the European average). This rating recognises Elecnor's strategy and management in the fight against climate change.

In 2019, for the first time, Elecnor included Scope 3 in the calculation of its carbon footprint, thereby ramping up its commitment to the environment. Accordingly, the Group has moved to address Scope 3 emissions, having managed to engage both suppliers and sub-contractors, as well as its own employees.

Elecnor's carbon footprint in 2019, in connection with Scopes 1 and 2, amounted to 63,096.03 tonnes of CO_2e. Factoring in Scope 3 emissions (value chain), the organisation's total emissions amounted to 107,164.63 tCO_2e.

Emissions (t CO_2e)

Scope	2018	2019
Scope 1	**45,357.24**	**48,797.73**
Stationary and mobile combustion (*)		
Scope 2	**16,964.96**	**14,298.30**
Consumption of electricity		
Scope 1 & 2 totals	**62,322.20**	**63,096.03**
Scope 3	**-**	**44,068.60**
Suppliers and sub-contractors		19,827.26
Business travel		5,885.51
Commutes		17,836.95
Waste, water and paper		518.88
Total	**62,322.20**	**107,164.63**

(*) Fugitive emissions were counted, but not reported since they are only reported every three years due to their representing less than 1% of the total carbon footprint.

Elecnor's carbon footprint in 2019, in connection with Scopes 1 and 2, amounted to 63,096.03 tCO_2e, and the ratio between emissions generated and number of hours worked was 2.0 $kgCO_2e$/hour. This implies a 13.58% decrease compared with the previous year (2.3 $kgCO_2e$/hour).

Examining Scope 1 and 2 emissions as a function of the type of facility where they were generated, work sites account for 76%, plants account for 20%, and offices and warehouses account for 4%.

As for Scope 3 emissions, suppliers and sub-contractors accounted for 45% of the total, commutes for 41% and business travel for 13%. Emissions from consumables and waste generated at the facilities accounted for just 1% of the total.

Mitigation through activities. Emissions avoided

The Group's electricity generation activity using renewable sources avoid the emission of greenhouse gases. Elecnor, by means of its Concessions Business, has holdings in 1,464 MW of renewable energy facilities in operation and construction in Spain, Brazil and Canada, broken down as follows:

Renewable energy	MW
Wind energy	1,299
Solar thermal energy	150
Solar PV energy	15
Total	**1,464**

Below are some of the most significant renewables projects awarded in 2019:

Wind projects

San Matías wind farm, Mexico. This involves the installation of eight wind turbine generators of 3.8 MW, providing 30 MW of installed capacity in an area of some 250 hectares.

The first wind farm in the Valencia region of Spain. Through Enerfín, the Group's wind power development subsidiary, Elecnor has commenced the construction of a new, 50 MW wind farm in the municipality of Cofrentes, in Valencia. This project, scheduled to come on stream in March 2020, will comprise 13 wind turbine generators. The project will provide clean energy for the consumption of

43,705 households, thereby avoiding 66,000 tonnes of CO_2 emissions. This wind farm is one of the projects awarded within the framework of the Valencia Regional Wind Power Plan, and it will be the first wind farm to be built in the region in the last 8 years.

La Monlora and La Sarda wind farms, Spain. Elecnor will build six wind farms in Zaragoza, with a total installed capacity of 231 MW. This project also includes the construction of three 132/30 kV sub-stations and two 132 kV power evacuation lines.

Vientos Patagónicos, Chile. This project consists of the installation of three 3.45 MW wind turbine generators, each with a height of 69 m, adding more than 10 MW to the Chilean Regional Electricity Grid. This project comes on the heels of the recent construction by Elecnor of the San Juan Wind Farm, located in the Atacama Region, with a total installed capacity of 184.8 MW.

Hydroelectric project

Nachtigal hydroelectric plant, Cameroon. By means of the 420 MW Nachtigal hydroelectric plant, the central African country will increase its installed capacity by 30%. Elecnor's work includes the installation and launch of seven 60 MW generators, the power evacuation sub-station and the ancillary systems (balance of plant - BOP).

Biomass project

Project in Ghent, Belgium. This project entails the construction of a new 19 MW electric power generation plant that includes steam production to provide service to an adjacent industry. It will be fuelled by recycled and re-usable demolition timber. The project is located in the port of the city of Ghent, in Belgium.

> Note the change in regulations on **solar PV power for self-consumption** in Spain. Publication in the Official State Gazette (BOE) of 6 April 2019 of Royal Decree 244/2019, dated 5 April 2019, led to the regulation of self-consumption such that producers and consumers can benefit from the advantages of generating their own power.
>
> Elecnor is working to adapt to the requirements of the market opened on the back of the new regulation. Since the Royal Decree's approval, 15 facilities have been adjudicated (the vast majority with installed capacities of less than 100 kW).

Consumption management

Generally, consumption increased in 2019 compared with the previous year, due mainly to the increase in the Group's activity.

The various energy consumptions are presented below.

Energy consumption (TJ)

	2018	2019
Natural gas	27.88	28.14
Diesel	54.13	37.05
Petrol	37.02	61.55
Gas oil	417.97	470.09
Biodiesel	64.48	53.57
Electricity	147.15	149.80
Non-renewable source	147.15	132.80
100% Renewable source	0	17.00*
Other fuels	1.96	2.88
Total	**750,59**	**803,08**

(*) The consumption of renewable energy reported in 2019 was at the centres in Burgos, Cádiz, Lugo, Madrid and Navarre, belonging to the wind power subsidiary Enerfin, which signed a contract to supply 100% renewable electricity.

Energy efficiency initiatives

Energy management is one of the Group's areas of activity. Elecnor is certified as an Energy Services Company (ESC), empowering it to develop projects to boost energy efficiency in buildings and facilities.

In 2019, **76,635 new street lights** were added to the portfolio of energy efficient contracts. At present, Elecnor manages 283,190 street lights in 92 Spanish municipalities.

In this connection, we highlight the adjudication of the **CLIME** innovation and energy efficiency project aimed at improving street lighting in 58 municipalities in Spain's Castilla-La Mancha region. This project entails renewing the energy facilities in these municipalities and replacing their street lighting with LED lamps. The CLIME project implies an 82.36% saving in street lighting, a 61.79% saving in the indoor lighting of buildings, and a heat saving of 10.21%. The contract includes the maintenance of 83,398 street lights, 1,250 street light command and control centres and 983 buildings.

Meanwhile, internally, over the course of 2019, a number of energy-saving and energy efficiency actions were implemented, most notably:

- Fleet renewal, including the organisation of new hybrid vehicles.
- One-off modifications to the facilities at water treatment plants to reduce electricity consumption, installing more energy-efficient machines.
- Installation of a conference calls system.
- Courses in efficient driving practices to drivers of vans and heavy vehicles.
- Installation of timers for electronic devices and automatic off switches.
- LED lighting to replace existing fixtures
- In the Páramo de Poza wind farms (Burgos) 100% of the lights in the control building and 20% in the wind turbine generators.
- In the Faro-Farelo wind farms (Galicia) 50% of lights in wind turbine generators were replaced.
- Energy audits at various drinking water treatment services, such as Pedraza and Campana de Oropesa.

Consumption of renewable energy

In 2019, the Group's wind subsidiary signed electricity supply contracts guaranteeing that the power supplied at both offices and in national wind parks is from 100% renewable sources.

In Brazil, the production of solar PV power in the Uberlândia Maintenance Base is already responsible for the production of 75% of the energy consumed at that unit. Between January and October 2019, 15.27 MWh were generated, meaning renewable energy consumption accounts for 0.7% of the total consumed at the facilities of Celeo Redes Brasil.

Other consumption

	2018	2019
Mains water consumption (hm^3)	1.7	2.3

The Group also provides water infrastructure specialist services. Celeo, the Group's Concessions subsidiary, has three water treatment subsidiaries located in the Spanish region of Aragón, called SADAR, SADEP and SAPIR, comprising 39 water treatment plants. In 2019, they treated a total of 6.5 hm^3 of water.

Elecnor uses the following raw materials: steel, cables, insulators, electrical panels, cells, pumps and pipelines. The company currently implements initiatives to recycle and re-use some of these, such as cables and steel.

Waste management

Elecnor's Environmental Management System includes the protocol for managing waste generated in order to ensure adequate protection of people's health and the environment, as well as compliance with applicable legislation. The waste generated is treated in accordance with current legislation for authorised management, seeking the best available techniques for recycling, wherever possible.

Waste (kg)	2018	2019
Non-hazardous waste	27,817,757	32,339,288
Hazardous waste	623,073	292,693

Nurturing the circular economy

EConsistent with the change of economic culture represented by the circular economy, Elecnor takes measures to reduce the use of natural resources by means of a commitment to decarbonisation and electrification, or the most sustainable use of natural resources by fostering the use of more efficient and cleaner technologies and processes. In addition, it supports research to develop new technologies and present new solutions for the use of waste and fosters responsible consumption through environmental awareness programmes.

In this connection, based on the Catalogue of Waste Usable in Construction compiled periodically by the Ministry for Ecological Transition, the managers of each project establish a list of potential recycled and recyclable materials, as well as those with an ecological label.

Other initiatives

Enerfín, the Group's wind power subsidiary is highly active in its efforts to promote the principles of reducing, re-using and recycling at its offices and wind farms. Below are some of the initiatives introduced:

- Use of recycled paper and FSC (Foral Sostenible Council).
- Campaign "Use both sides of paper" to reduce the number of printed sheets.
- Continuing with the campaign "We are thinking of a better world", 100% recycled bottles were purchased linked to the "Water to change the world project" by Aura, a social enterprise that spends its dividends on bringing water to those who don't have access to it, through projects in Cambodia, Cameroon and Ethiopia.
- More efficient monitoring and control of printing by means of PaperCut user registrations in the main office printers to reduce paper consumption.
- Measures to reduce plastic consumption.

Through Audeca the company also took part in awareness campaigns on waste in various municipalities.

For its part, Celeo continued with the "Celeo Recycles" campaign, whose purpose is to raise awareness about responsible consumption, re-use and recycling of waste, and in which 277 kg of plastic and 123 kg of paper were recycled. Moreover, in Chile it carried out a participative environmental improvement project at Escuela Charrúa, the only school in the locality of Charrúa, very close to the sub-station of that name. The initiative, involving 135 pupils, consists of environmental awareness drives and the installation of a recycling centre to separate and recycle waste.

Management of biodiversity and protection of the natural environment

The Elecnor Group has a positive impact on biodiversity by means of Audeca, the subsidiary focused on the preservation of protected areas and the conservation of the natural environment.

Some of the actions implemented by Audeca in 2019 are outlined below.

Restoration of the Zapardiel river in Lomoviejo (Valladolid)

Within the framework of this project, river restoration actions were implemented to improve the surface water masses in the section of the Zapardiel river that passes through the public land area known as "La Dehesa, Las Navas, Mullidar and Canalijas" in the municipality of Lomoviejo (Valladolid).

The main actions were the removal of dykes, connection of the main course of the river with the former mill canal and the old abandoned arm enabling water to flow through this former channel, and environmental recovery by means of the plantation of small groves of riverbank tree species along the course of the river.

Environment 4.0 Project

In consortium with INCLAM and ALVAC the Environment 4.0 RDI Project commenced, consisting of optimising brush clearing works to maintain roads by means of the analysis of weather forecast data, tele-detection and other multi-spectral sensors. Moreover, the project seeks to boost the resilience of roads to climate change. Consequently, a series of scenarios will be examined in which action in connection with vegetation impacts on the state of conservation of especially vulnerable areas.

This project is backed by Spain's Centre for the Development of Industrial Technology (CDTI), supported by the Ministry of Science, Innovation and Universities and co-funded by the European Regional Development Fund (ERDF).

The rest of Elecnor's activities do not generate significant impacts on biodiversity, except those projects implemented in areas in which species of flora and fauna may be affected. In these cases, the Group complies with the legislation applicable in each country where it operates.

In addition, when so required by the environmental assessment of the project, an environmental monitoring plan is executed, including periodic controls of the impacts and preventive or remedial measures taken to reduce them.

With regard to the Group's wind projects, the potential impacts on the environment (including flora and fauna) are taken into account throughout every phase of the project. Once the facility has entered into service, by means of a proper environmental supervision programme, the actual impacts are evaluated and, where necessary, any suitable measures are taken.

A specific example is Aerogeneradores del Sur, S.A, which owns La Herrería y Pasada de Tejeda wind farms in Cádiz, managed by Enerfín, and carries out remedial environmental measures including: a preventive shutdown of the wind turbines in situations of risk to birds, continuous monitoring of birds, periods of increased monitoring due to mass influx of birds during migration and ongoing annual control of the presence of carrion in the area in which the wind farms are located. The final goals of these measures are to minimise bird mortality in the various wind farms and ascertain the degree to which this mortality affects local populations.

For several years Enerfín has been managing the Malpica Wind Farm (La Coruña, Spain), part of which is located in the Red Natura environmental protection network, which means it is necessary to have various monitoring plans in place for birds and bats, as well as a plan for morphological, soil and plant restoration or the monitoring of noise, among others.

In October 2019, the second year in the wind farm's operating phase was completed without having generated significant impacts on the fauna and immediate surroundings of the wind farm.

During the year, no projects were carried out inside or near protected areas in any of the countries in which Elecnor manages wind farms.

The main impacts on biodiversity from the operation of electricity transmission lines by Celeo Redes subsidiaries in Brazil and Chile relate to the removal or loss of vegetation. The impacts are managed through an environmental impact assessment that defines mitigation, repair and compensation measures. The mitigation of impacts relating to the operation of electricity distribution lines is achieved through the optimisation and reduction of interventions to the minimum necessary, as well as the environmental regeneration of the areas affected.

In this connection, in Chile 65.49 hectares were replanted as part of the environmental commitments linked to AJTE (Alto Jahuel Transmisora de Energía) and CHATE (Charrúa Transmisora de Energía) projects, and in Brazil 35.7 hectares were restored under the framework of electricity transmission projects in Cantareira (15.63 ha) and Jaurú (20.4 ha).

Environmental awareness

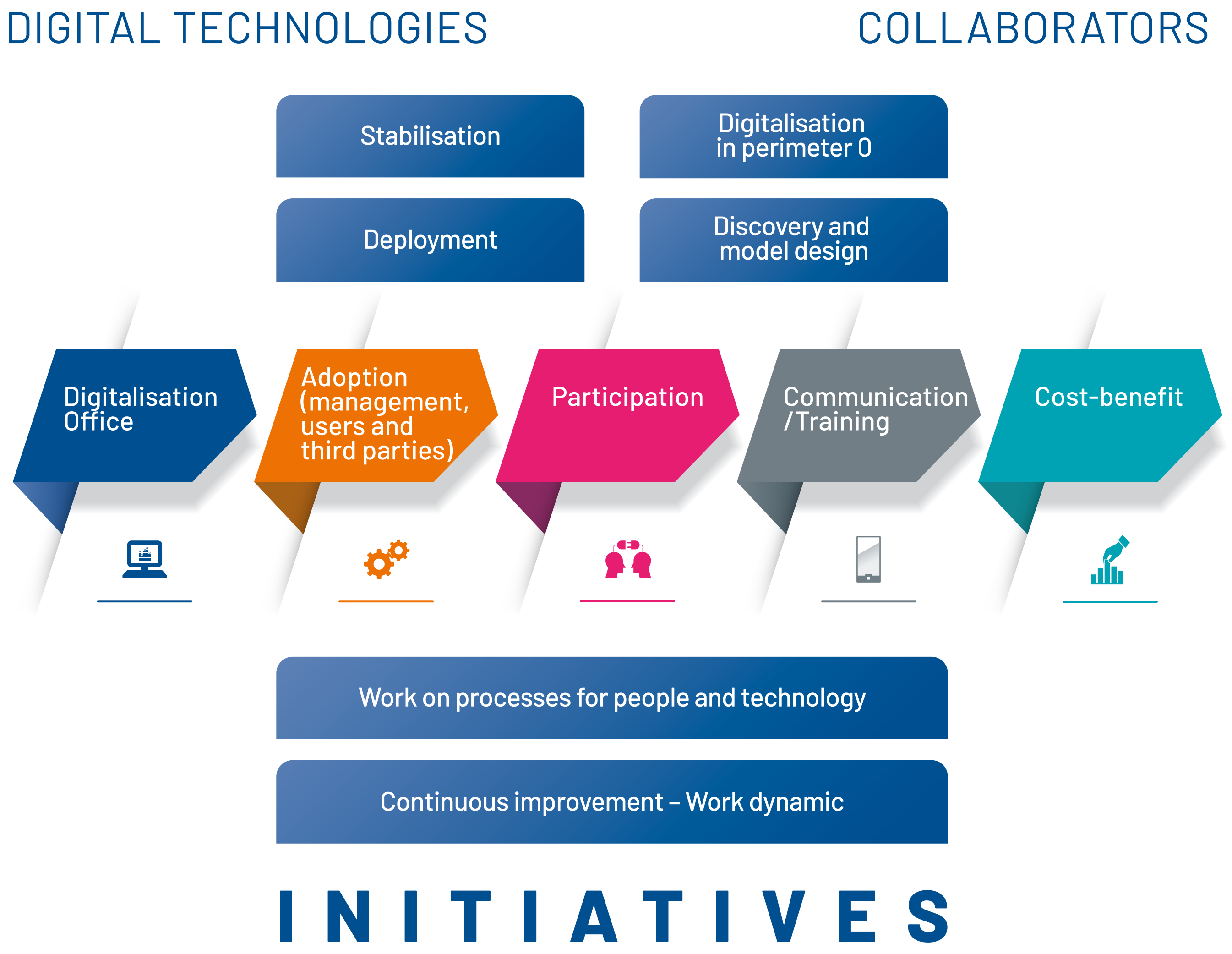
At Elecnor a number of initiatives were launched to raise environmental awareness, some at global level and others at local level.

- #Antesdeimprimir #Responsabilidad #Compromiso #MedioAmbiente (#Beforeyouprint #Responsability #Commitment #Environment). A new signature was created to raise awareness about whether it is really necessary to print e-mails and documents received daily in corporate in-boxes.
- To mark the 4th anniversary of the approval of the 2030 Agenda, the Group joined the campaign #aliadosdelosODS (#partnersofSDGs) to help familiarise people with the SDGs and encourage them to work towards them.
- World Environment Day. Elecnor marked this day with a video that conveyed its commitment to the protection of and respect for the environment, disseminating the Group's Climate Change Strategy.
- #CombatirLaContaminaciónDelAire (#CombatingAirPollution). This is an initiative rolled out by Elecnor in Angola to encourage people to cooperate with a venture such as planting a tree, using a non-polluting means of transport, and evidencing a commitment to reduce this environmental problem.
- On World Car Free Day, a competition was held to promote the use of more sustainable means of transport.
- As evidence of our commitment to reduce plastic, the company stopped buying water bottles made of that material for its meetings. Instead, jugs and recyclable glasses were provided and, when necessary, 100% recycled water bottles are used.
- Waste separation in the cafeterias and coffee corners of some offices.
- Audeca took part in the IMPERDIBLES_04 initiative, a festival offering various innovative experiences in connection with the Sustainable Development Goals.

14.6. Technology, innovation and new business opportunities

Elecnor's digital transformation. An efficient management model that aligns processes, technologies and people.

In 2016, the Elecnor Group commenced a strategic digital transformation project in order to effect cultural change, enhance processes, and boost operating efficiency and competitiveness. Since then Elecnor has managed to develop a transversal technological innovation process for management that is now in a mature phase.



This project focuses on the design, digitalisation and roll-out of an innovative management model, with organic capacity to create value in a sustainable manner over time, with technology and people as the drivers of change.

To ensure the project's success, the Digitalisation Office was created to ensure compliance with the established goals and measure progress by means of certain indices such as the Digitalisation Index or the Adoption Index.

Through various working panels, the Office coordinates all the initiatives for innovation in processes, technologies and people. Each panel examines a series of initiatives on a specific matter and involves the required number of people within the organisation to reach a decision on which process to implement and the most suitable IT medium.

The decision adopted is assessed by the Operating Committee, which includes a representation from all areas of the company and contributes a transversal business approach.

Lastly, the Operating Committee refers the decision to the Steering Committee, responsible for analysing the next steps and, where applicable, allocate the necessary resources to carry out the relevant initiatives.

Achievements 2019

- Compliance with standards and requirements defined in connection with time frames, progress, milestones or participation.
- Digitalisation rate of 79.9%, compared with 71% in the previous year.
- A significant increase in the number of initiatives sponsored by the Digitalisation Office.
- Headway in process digitalisation, both transversal (procurement management, financial reporting, closing estimates, new Intranet, etc.) and business processes (control of large construction projects, framework agreement management, work reports, CRM, etc.).
- Launch and activation of initiatives to improve and digitalise tax management, consolidation, insurance management, clocking in, management of gas contracts, various aspects of OHS and fleet management, among others.
- Continuity of initiatives regarding compliance, security and cyber-risks.
- Generation of synergies, reduction of technological risk and enhancement of intra-entrepreneurship within the organisation.
- Incorporation of Celeo with specific initiatives within the Digitalisation Office.
- 10 working panels and +50 initiatives underway.
- Increased levels of involvement: +320 participants, +5,200 users, +7,000 third parties, 800 working sessions, +70 training sessions and 18 committee meetings held.

In 2020, progress will continue to deploy the changes and tools designed and implemented at the various business units and some of the Group's subsidiaries. The aim is to ramp up the adoption of the change and materialise the benefits sought by the company as a whole. At the same time, new initiatives will be added to cover business areas and processes with scope for improvement.

Innovation and new business opportunities

Through innovation, Elecnor aims to guarantee the company's sustainability, competitiveness and differentiation by contributing greater added value to the services it provides to its customers.

The Group's main strategic lines of RDI target the following areas of activity.

Infrastructure

- Railway
- Electricity transmission/distribution
- Gas transmission/distribution
- Roads
- Construction and building solutions
- Singular projects

Energy

- Renewable/conventional generation
- Sub-stations
- Energy storage systems
- Hybrid fossil fuel + solar PV systems
- Biomass
- Construction solutions
- Improvements in efficiency, O&M and management of generation plants
- Singular projects

Facilities

- Electrical installations
- Energy services
- Safety
- Buildings and large facilities (ports, airports, industry, hospitals, etc.)
- Construction solutions
- Smart Cities
- Singular projects

Environment

- Management and treatment of waste and waste-to-energy
- Carbon capture systems (CCS)
- Soil decontamination
- Improvements in efficiency, O&M and management of plants
- Singular projects

Water

- Systems for desalinating sea water and brackish water
- Waste water treatment systems
- Drinking water purification systems
- Water transport and distribution networks
- Improvements in efficiency, O&M and management of plants and water networks
- Singular projects

Innovation is a part of the Group's Integrated Management System. Elecnor, S.A. and Audeca are currently certified in accordance with UNE standard 166002:2014.

Achievements 2019

- Maintenance of UNE 166.002 certification for RDI Management Systems of Elecnor and Audeca.
- Launch of INNOVA 2019 internal call for proposals for RDI project funding.
- Performance of various projects with customers, most notably the Entorno 4.0 Project by Audeca for Ministry for Development and the Appide Project by Elecnor Deimos in partnership with Gudnus.
- A technical workshop on Industry 4.0 and RDI was attended by 26 persons from the Group.

Innovation projects

In 2019, the Group was involved in more than 30 projects, of which 14 commenced in the year. In some of these projects, Elecnor is collaborating with various universities and technological centres and institutes, including Universidad Politécnica de Cartagena, CEBAS-CSIC, Universidad de Valladolid and UPV/EHU.

Highlighted projects

LED Project

The project's main goal is to develop and implement a passenger information system based on LED technology. This system is aimed at helping people to consult information at public transport stations and on public thoroughfares in towns and cities, so that the visual, technological and energy quality offered by LED lighting enables a step forward in visual information (with digital panels and lighted signs) towards a high-efficiency, versatile system offering a broad range of possibilities for use.

Smart Cities Project

This project consists of the design, development and integration of a new model of smart cities by means of automating irrigation and lighting systems.

This project is within the framework of the process to deploy the smart cities concept. The aim is to integrate autonomous watering systems in parks by means of a centralised system, allowing local operation in each park and in the command centre. Accordingly, resources are optimised and, using historical data, it is possible to make suitable tweaks to ensure continuous improvement in efficiency terms.

Moreover, the system can also read 100 temperature and humidity sensors over a Siemens IoT 2040 gateway through its open source programming system. This programming consists of capturing signals and processing and delivering data to the cloud by means of the SIGFOX protocol.

In addition, the project tackles the control aspect of street lighting and pilot plans for waste integration via an online platform with global access.

Meanwhile, Elecnor Deimos, the Group's technological subsidiary, is permanently involved in innovation projects, some of which are already generating business for the Group.

Some examples:

- Operating space monitoring systems commenced in international R&D projects in the sphere of the ESA and the EU.
- Kyros, a positioning-based service with approximately 10,000 mobile units in operation, began with an innovation project and subsequent product action drives.
- Marketing of a complete satellite land segment, the NAOS project, in which Deimos is the lead contractor. This project is based on developments made within the sphere of the ESA and the specific development of the ground segment of Deimos-2

Innova 2019 calls for proposals

Innova is the Elecnor Group's platform for proposals for RDI project funding. Its aim is to align RDI with the development of new business for the Group, to boost competitiveness, achieve early identification of RDI projects and enhance internal collaboration.

All Elecnor Group organisations based in Spain and foreign subsidiaries can apply for funding for RDI projects.

No. of proposals submitted: 4
No. of projects approved: 2

Highlighted project

Breaking the barriers of energy storage at wind farms

Renewables are the future of the energy sector. This, coupled with the fact that the vast majority of renewables present a problem of intermittency, means it is vital to develop new technology to integrate renewables on a large scale without compromising the quality and reliability of the electricity supply. Accordingly, it will be possible to dispense with the known back-up technologies (primarily thermal plants), which are the biggest emitters of greenhouse gases.

This technological revolution is spearheaded by the batteries sector, which is growing exponentially on the back of the economy electrification (electric vehicles, electrification of buildings, renewable energies, etc.).

In this context, the least advanced area is that of battery-assisted wind farm management, so that, by means of a pilot project, Enerfín aims to develop a control system to efficiently develop a battery and wind project.

The control system in development will enable Enerfín to boost its technological excellence, both as a developer and as an operator of wind farms.

The project targets the design, simulation, implementation and optimisation of a novel, integrated wind-battery control system to manage the power generated by a wind farms in accordance with the conditions in the electricity market and the farm/battery at any given time (the control system will take into account both the wind power generation uncertainty and the market uncertainty).

Innovating through startups

Collaboration with startups enables Elecnor to access greater knowledge, develop innovative solutions and create new business opportunities that may contribute added value to customers.

Along these lines, Elecnor again took part in the BIND 4.0 project for the acceleration of startups within the framework of Industry 4.0. Backed by the Basque

Agency for Business Development, Elecnor is one of the programme's technological partners, along with other large corporations.

Since 2018, Elecnor Deimos has held a stake in the share capital of the Anglo-Danish startup ORBEX, which focuses on the development of small satellite launchers. It is also involved in developing key areas of the launcher, such as the guidance, navigation and control system, the on-board software or the ground control segment.

Membership of RDI associations and platforms

- An associate member of Eraikune Construction Cluster in the Basque Country. Eraikune helps boost the competitiveness of companies in the Construction Industry by means of training, innovation and internationalisation.
- Founding member of Instituto Tecnológico de la Energía and, at present, member of its Governing Council. This association also affords access to the REDIT network of technological institutes in Valencia (Red de Institutos Tecnológicos de la Comunidad Valenciana), a private, non-profit organisation that has 11 associate members and offers a broad range of advanced RDI services.
- We belong to the R&D committees of TEDAE (Patronal Española de Empresas Tecnológicas de Aeronáutica, Espacio y Defensa), the European Association of Remote Sensing Companies, the European Association of Space Companies Eurospace and the Open Geospatial Consortium.

14.7. Responsible management

Corporate Governance

Elecnor fulfils the requirements established in Spanish Companies Act and the Code of Corporate Governance for Listed Companies issued by the National Securities Commission[4].

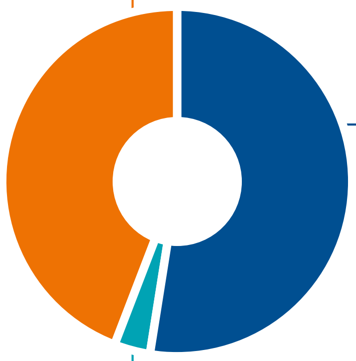
Ownership structure

Elecnor S.A. is controlled by a group of shareholders comprising ten family groups that act as the company's unit of decision and control, instrumented by means of the company Cantiles XXI, S.L.

Under the heading "Other" are shareholders with an insignificant percentage stake (less than 3%), as well as own shares in Elecnor, S.A., which accounted for 2.67% at 2019 year-end.

(4) This information is available under Corporate Governance in the Investors section of the website www.elecnor.com.

Shareholding



Governance structure

The governing bodies of the Parent are its General Shareholders' Meeting and the Board of Directors. The Executive Committee, Audit Committee and Appointments and Remuneration Committee report to the Board of Directors.

The **General Shareholders' Meeting** was held on 22 May 2019, with an attendance rate of 81.66%.

Board of Directors

15	Directors
2	Female directors
10	Proprietary directors
3	Independent directors
1	Executive director
1	External director
12	Meetings Board of Directors
100%	Attendance Meetings of the Board

Director name	Position on the Board	Professional category	Date last appointed
Jaime Real de Asúa Arteche	Chair (non-executive)	Proprietary	01/06/2018
Fernando León Domecq	Vice-Chair	Proprietary	01/06/2018
Ignacio Prado Rey-Baltar	Vice-Chair	Proprietary	01/06/2018
Rafael Martín de Bustamante Vega	Director and Chief Executive Officer	Executive	16/05/2017
Joaquín Gómez de Olea y Mendaro	Secretary	Proprietary	18/05/2016
Cristóbal González de Aguilar Alonso-Urquijo*	Deputy-Secretary	Proprietary	22/05/2019
Fernando Azaola Arteche	Director	External	01/06/2018
Miguel Cervera Earle	Director	Proprietary	01/06/2018
Isabel Dutilh Carvajal*	Director	Independent	22/05/2019
Irene Hernández Álvarez	Director	Independent	01/06/2018
Juan Landecho Sarabia	Director	Proprietary	01/06/2018
Miguel Morenés Giles	Director	Proprietary	01/06/2018
Gabriel de Oraa y Moyúa	Director	Proprietary	01/06/2018
Rafael Prado Aranguren	Director	Proprietary	01/06/2018
Emilio Ybarra Aznar*	Director	Independent	22/05/2019

(*) Re-appointed in 2019

Board of Directors' Committees

Executive Committee

The main purpose of the Executive Committee is to analyse, prior to the monthly meeting of the Board, the performance of the company and its businesses, in accordance with the strategic policies established by the Board of Directors, reporting the content of its meetings to the Board's plenary session, as per the Committee's regulations.

Name	Position	Type
Jaime Real de Asúa Arteche	Chair	Proprietary
Fernando Azaola Arteche	Secretary	External
Fernando León Domecq	Director	Proprietary
Rafael Martín de Bustamante Vega	Director	Executive
Miguel Morenés Giles	Director	Proprietary
Cristóbal González de Aguilar Alonso-Urquijo	Director	Proprietary

Executive Committee	Number	% of total
Executive directors	1	16.67%
Proprietary directors	4	66.66%
External directors	1	16.67%
Committee meetings	**22**	

Audit Committee

This committee supports the Board in the supervision of accounting, tax and financial information, internal and external audit services, compliance, internal control and risk management.

Name	Position	Type
Irene Hernández Álvarez	Chair*	Independent
Miguel Morenés Giles	Secretary	Proprietary
Emilio Ybarra Aznar	Director	Independent
Ignacio Prado Rey-Baltar	Director	Proprietary
Isabel Dutilh Carvajal	Director	Independent

(*) Appointed Chair in 2019

Audit Committee	Number	% of total
Independent directors	3	60%
Proprietary directors	2	40%
Female directors	2	40%
Committee meetings	**11**	

Over the course of the year, the Audit Committee performed the following actions:

- The review of annual, half-yearly and quarterly financial information published in markets and the goals and forecasts at year end.

- The monitoring of the main risks with the potential impact on the statement of profit and loss and other material matters relating to the annual accounts, the Risk Management System and the Internal Audit system.
- The relationship with the Group's external auditors, supervision of their independence and approval of fees.
- Supervision of the Compliance System and the activities of the Compliance Committee.
- Monitoring of the Group's Digital Transformation Project.
- Information to the General Shareholders' Meeting
- Preparation of a new Regulation for the Committee itself and its submittal to the Board for approval.

Comprehensive information of the Report on the Activities of the Audit Committee is contained in the Annual Corporate Governance Report.

Appointments and Remuneration Committee

This Committee assesses the competencies, knowledge and experience necessary in the Board. It proposes and reviews the remuneration policy for directors and Management.

Name	Position	Type
Emilio Ybarra Aznar	Chair	Independent
Fernando León Domecq	Secretary	Proprietary
Jaime Real de Asúa Arteche	Director	Proprietary
Isabel Dutilh Carvajal	Director	Independent

Appointments and Remuneration Committee	Number	% of total
Proprietary directors	2	50%
Independent directors	2	50%
Female directors	1	25%
Committee meetings	**10**	

The Appointments and Remuneration Committee has carried out the following actions:

- It continued to analyse the structure of the Board with the contribution of Spencer Stuart as an external consultant.
- Examination of the directors' scores.
- Review of the directors' questionnaire in relation to conflicts of interest.
- The action plan resulting from the assessments of the Board and its Committees continued, and further progress was made in compliance with recommendation 36 of the Code of Good Governance.
- Prior analysis of the Board of Directors' needs in connection with the appointment and re-appointment of directors which it has conveyed to the Board of Directors.
- Review of the models for assessment of the Board, its Chairman and its Committees, and assessment of the Committee itself.
- It was agreed to propose the re-appointment of Isabel Dutilh Carvajal and Emilio Ybarra Aznar as independent directors for a term of four years. Also at the Board of Directors' behest, the Committee reported favourably in connection with the re-appointment as a Proprietary Director of Cristóbal González de Aguilar Alonso-Urquijo, for a term of four years.
- The directors' remuneration policy was submitted to the General Shareholders' Meeting of 22 May 2019 and approved for the years 2020-2021 and 2022. In this connection, the justifying reports were prepared for the Board in connection with both the amendment of article 12 of the Bylaws and various articles of the Board's own Regulations.
- Proposed annual remuneration, fixed and variable, for the Executive Committee and Remuneration Reports for 2018.
- Proposed remuneration policy for the Management Team and its application, including the proposed variable remuneration linked to the targets set.
- Review of the Succession Plan for the Chairman, Chief Executive Officer, and Management, including a management assessment of the Management Committee.
- The work-life balance, equality, allowances and international mobility in connection with the Group's expatriates, along with the Talent Plan, were examined.
- A training plan for the Board of Directors was implemented.
- Moreover, in compliance with CNMV guidelines and with the Code of Good Governance, a new Regulation for the Committee itself was approved.
- The Board was apprised of all the Committee's activities, and the directors were provided with a copy of the minutes of all its meetings and the related appendices.

Comprehensive information of the Report on the Activities of the Appointments and Remuneration Committee is contained in the Annual Corporate Governance Report.

Selection of Directors and Board diversity

Elecnor has a "Policy for the Selection of Directors and Board diversity", available on the company website, which outlines all the measures adopted in relation to the selection of directors, diversity policies in connection with gender, age, experience, etc. This policy was applied in the appointment of a second female Independent Director in 2018.

This policy establishes that the Board of Directors and the Appointments and Remuneration Committee will be responsible for the selection of members of the Board of Directors.

Procedures for this selection will ensure that a diversity of experience, knowledge, competencies and gender is fostered; and that, in general, there are no implicit biases that might imply any kind of discrimination.

In particular, in no case must the selection procedures imply discrimination against the selection of female directors, so that the company can move closer to its Corporate Governance targets.

Accordingly, when the Appointments and Remuneration Committee or the Board itself, where applicable, seeks a professional profile, it will first take into account corporate interests, but when faced with two similar professional profiles it will opt for whichever belongs to the gender that is least represented.

Within the framework of this policy, in 2018, the second female Independent Director, Irene Hernández Álvarez, was appointed; Ms Hernández Álvarez was designated Chair of the Audit Committee in May 2019. On the same date, Isabel Dutilh was re-appointed as an Independent Director.

With regard to the goal of the number of women directors on the Board accounting for at least 30% of the total in 2020, the Company's Board of Directors continues to work in this connection, with the support of the Appointments and Remuneration Committee, and fostering the actions necessary to ensure that this goal is achieved as soon as possible.

In compliance with legal stipulations, the Board of Directors of Elecnor, S.A. compiled the Annual Corporate Governance Report for the year ended 31 December 2019. Said document is available on the CNMV and Elecnor websites amounted to.

Remuneration Policy

On 15 March 2017, at the proposal of the Appointments and Remuneration Committee, the Board of Directors of Elecnor approved the Remuneration Policy corresponding to the years 2017, 2018 and 2019.

Total remuneration accrued by the Board of Directors of the Elecnor Group in 2019 amounted to Euros 5,199.9 thousand, including remuneration deriving from their executive functions (CEO) and their non-executive functions.

The table below shows a breakdown of this amount, in thousands of euros, on an individual basis for each member of Elecnor's Board of Directors. This breakdown is also available in the Annual Report on Remuneration to the directors of the Company, published by the National Securities Market Commission (CNMV) and the corporate website.

Name	Fixed remuneration	Per diems	Remuneration for sitting on Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total in 2019
Jaime Real de Asúa Arteche PROPRIETARY	143.5	18	37.5	-	-	-	-	282.5	481,5
Fernando León Domecq PROPRIETARY	143.5	18	37.5	-	-	-	-	12.5	211,5
Ignacio Prado Rey-Baltar PROPRIETARY	143.5	18	15	-	-	-	-	12.5	189
Rafael Martín de Bustamante Vega EXECUTIVE	143.5	18	25	568	1.014	-	-	12.5	1,781
Joaquín Gómez de Olea y Mendaro PROPRIETARY	143.5	18	-	-	-	-	-	32.5	194
Cristóbal González de Aguilar Alonso-Urquijo PROPRIETARY	143.5	18	25	-	-	-	-	12.5	199
Fernando Azaola Arteche EXTERNAL	143.5	18	25	-	-	-	-	12.5	199
Miguel Cervera Earle PROPRIETARY	143.5	18	-	-	-	-	-	12.5	174
Isabel Dutilh Carvajal INDEPENDENT	143.5	18	29.4	-	-	-	-	-	190,9
Irene Hernández Álvarez INDEPENDENT	143.5	18	18	-	-	-	-	-	179,6
Juan Landecho Sarabia PROPRIETARY	143.5	18	-	-	-	-	-	86.3	247,8
Miguel Morenés Giles PROPRIETARY	143.5	18	40	-	-	-	-	12.5	214
Gabriel Oraa y Moyúa PROPRIETARY	143.5	18	-	-	-	-	-	-	161,5
Rafael Prado Aranguren PROPRIETARY	143.5	18	-	-	-	-	-	-	161,5
Emilio Ybarra Aznar INDEPENDENT	143.5	18	32.5	-	-	-	-	-	194

On 22 May 2019, a majority of shareholders at General Shareholders' Meeting of Elecnor agreed to approve the Remuneration Policy for directors of Elecnor, S.A. for 2020, 2021 and 2022 (hereinafter, the "Policy"), agreed by the Company's Board of Directors at its meeting on 27 March 2019, at the proposal of and subject to a prior justifying report by the Appointments and Remuneration Committee of Elecnor, in its session of 18 February 2019, establishing the maximum amount of annual remuneration to all directors, for all their duties, executive and non-executive, included in the aforementioned Remuneration Policy. This maximum amount was set at Euros 10 million and will remain valid unless and until a modification is approved by shareholders in a General Shareholders' Meeting.

This new Policy aims to reduce potential mercantile and tax risks emerging in the future in relation to the remuneration of Elecnor directors in the event of a change of legislation, as occurred at non-listed companies.

The Policy is governed by the following guiding principles:

- **Moderation:** remuneration must be reasonable, in accordance with trends and references of similar companies and in proportion to the Company's situation and the economic context at each given time.

- **Suitability:** the Policy is designed to attract, motivate and retain directors. It rewards directors' quality, dedication, responsibility and knowledge of the business, as well as their professional track record and commitment to the Company.

- **Profitability and sustainability:** remuneration to directors' performing executive duties will provide an incentive for performance and reward value creation in the long term.

- **Transparency:** the design, establishment and application of the Policy will be implemented in strict observance of transparency. In particular, the Company will make available to shareholders, at the General Meeting, this Policy and the related Report, and it will be outlined in both the notes to the Company's annual accounts and its Annual Corporate Governance Report.

- **Safeguarding** shareholders' interests

Both the new Policy and the Annual Report on Remuneration to the directors of the Company are available on Elecnor's corporate website

Board of Directors' Evaluation

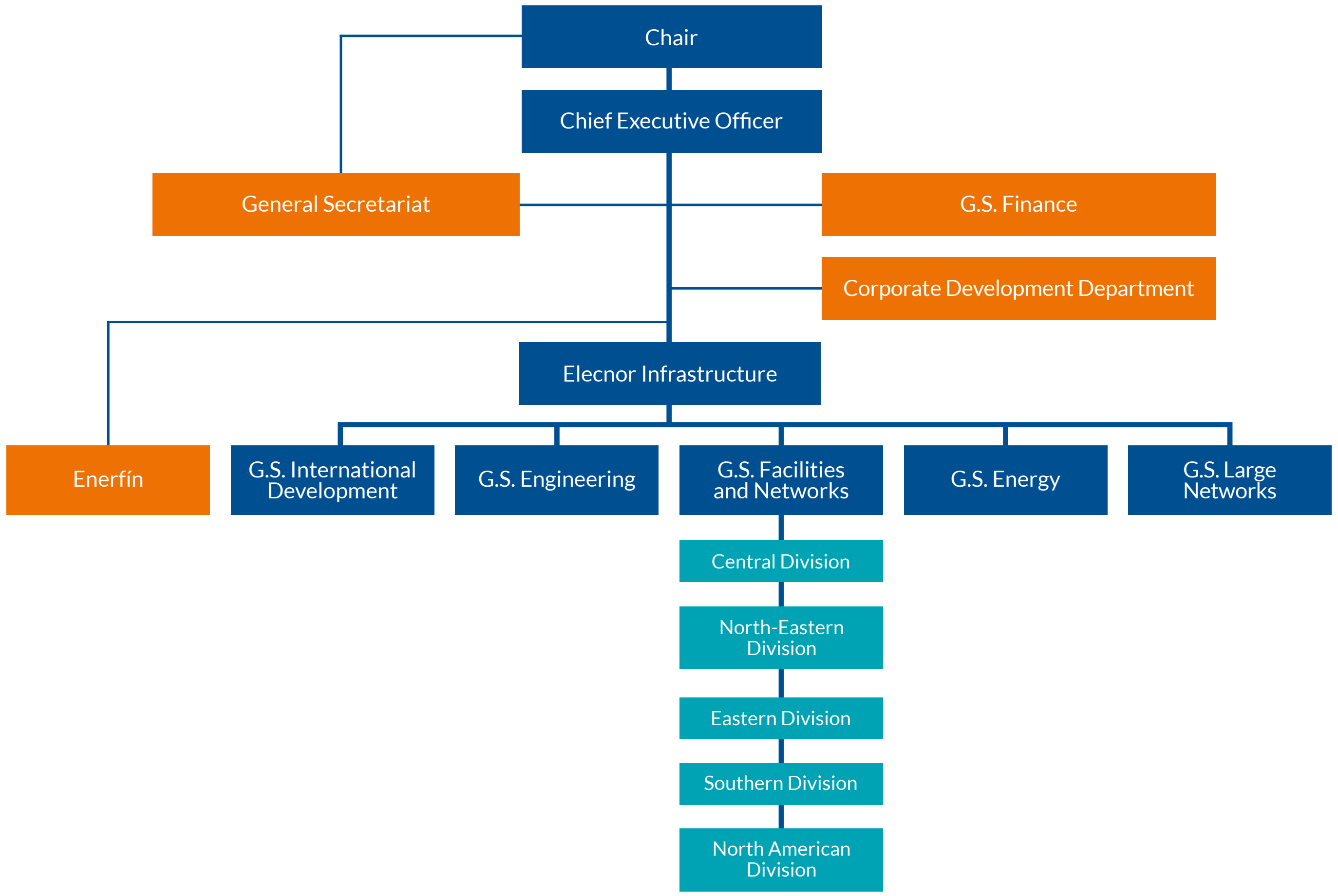
The Company's Board of Directors evaluates, by means of various questionnaires to be completed by all of its members, its own activity and that of its Committees, as well as the activity and actions of its Chair, Secretary and Chief Executive Officer, pinpointing the strengths and areas for improvement and applying the adequate remedial measures. Said questionnaires are reviewed by the respective Committees and the Appointments and Remuneration Committee reviews the questionnaire completed by the Board and the Chair.

Said questionnaires include the evaluation of areas such as the degree of compliance with targets, value creation, the strategy, composition and dynamic of the Board, risk management, transparency and relations with shareholders, Corporate Governance and Corporate Social Responsibility, the operation of the Board Committees and the duties of the Chair of the Board.

The annual evaluation performed by members of the Board of Directors in 2019 did not give rise to material changes in its internal organisation, procedures and/or activities.

Organisational structure at 31 December 2019

On 17 December 2019, Celeo Concesiones e Inversiones, S.L., became an investee of the Elecnor Group after a strategic partnership was arranged with the Dutch group APG, which manages the world's second-largest pension fund. This partnership implied the entrance of APG in the share capital of Celeo Concesiones e Inversiones, S.L., which is now jointly controlled by Elecnor (51%) and APG (49%).



Risk management

Elecnor is exposed to various risk factors linked to the sectors in which it operates and the long list of countries in which it is present, either consistently or by means of one-off projects.

The Group continually manages and prevents these risks, reducing to acceptable levels the probability of their materialising and mitigating their potential impact, where applicable, on business volume, profitability and efficiency, reputation and sustainability.

For this purpose, the Group has a structured and dynamic Risk Management System the main pillars of which are as follows:

- Continuous risk identification and evaluation and prioritisation.
- Identification of the management and control mechanisms and tools in place in connection with the main risks and assessment of their efficacy.
- Continuous improvement of risk management by means of the development and implementation of initiatives and projects aimed at enhancing management mechanisms and tools.
- Permanent supervision and monitoring of the System.

These management and control mechanisms and tools are integrated in the organisation's various processes so as to operate continuously in the daily course of business, without prejudice to other standalone initiatives and actions that may be determined for each individual case.

Elecnor's main risks are grouped into five broad categories:

- **Governance risks.** Relating to the organisation's governance structure and method (structure and composition of the governing body, risk management, social responsibility and sustainability strategy and management of stakeholders' expectations).
- **Strategic, planning and economic environment-related risks.** Those linked to the main strategic variables and decisions, with the manner in which the strategy is executed and with movements or changes in the economic environment that might have a material impact on the organisation's activities and compliance with its goals. These include:
  - Business model.
  - Managing and fulfilling the daily requirements of customers.
  - Growth.
  - Sub-contracting strategy.
  - Business concentration.
  - Changes in the market, industry and competition.
  - Laws and regulations.
  - Political or social situation.
  - Changes in exchange and interest rates.
- **Operating risks.** Comprising the manner in which the organisation carries out its activity and administers its resources in accordance with the established processes and procedures. These include, among others, risks relating to the management of projects, management and maintenance of assets, supply chain, commercial management, financing, credit, liquidity, financial and budget planning, legal aspects, human resources, information systems, etc.
- **Reporting risks.** Risks relating to information at both internal and external level, including risks ranging from the capture and processing of information to the preparation of reports and distribution thereof to designated recipients, whether management reports or mandatory reports (annual accounts, reports and tax filings, etc.).
- **Compliance risks.** Relating to the mechanisms in place to ensure compliance with laws and regulations and with the organisation's policies and procedures, emphasising areas such as the promotion and consolidation of the culture of compliance, management of risks of this kind, communications or incident management.

With regard to Compliance risks and within the framework of its Compliance System, the Group has identified those situations in which, in accordance with the provisions of Spain's current Criminal Code and equivalent local regulations, legal persons may be criminally liable for certain offences committed by their employees or by certain related parties. Accordingly, the Group has implemented the necessary controls to ensure adequate prevention and management of the risk that such situations might arise.

Due to the very nature of these risks, inasmuch as they imply a potential criminal liability, their possible impacts would be both short- and long-term, so the Group lays particular emphasis on preventive management in this regard.

The main risks associated with these offences potentially imputable to legal persons and that could potentially affect the Group are described below:

Type of risk	Impact
Foreign citizens and human trafficking.	Imposition of forced labour or services, slavery or similar practices and helping persons to remain unlawfully.
Bribery and corruption.	Inducement to lack of impartiality or obtaining undue benefits by delivering or promising gifts, favours, etc.
Natural resources and environment.	Failure to comply with laws, legal provisions or regulations.
Taxation authorities and Social Security.	Evading taxes or Social Security contributions (including false accounting) and improperly obtaining grants, aid or funds.
Money laundering.	Using, performing transactions with or concealing the unlawful origin of goods obtained through criminal activity.
Financing of terrorism.	Performing activities with goods or securities in the knowledge that they will be used in terrorist activities.
Market and consumer fraud.	Deceiving in order to make a profit, changing prices, disseminating, revealing or passing on trade secrets and using insider information.
Industrial and intellectual property.	Profit from goods protected by industrial and/or intellectual property rights without the rights holder's consent.
Discovery and revelation of secrets.	Discovering secrets or breaching privacy or using private information without permission.
IT damage.	Erasing or damaging computer data or hampering the operation of systems.
Illegal financing of political parties.	Performing donations or making contributions to political parties or similar organisations in breach of the law.

For each of the risks identified, Elecnor has specific controls in place, including the Ethical Code, Compliance Policy, periodic internal and external audits of the Integrated Management System, Payment Management and Control Procedure, Recruitment Policy, Ethical Code whistleblower channel, Supplier Assessment System, etc.

Ethical management and regulatory compliance

Guaranteeing responsible management and ethical, honest and transparent conduct with stakeholder groups is underpinned by the definition of the organisation's own values and the implementation of ethical management and regulatory compliance systems. Hence, the Company has the necessary tools to ensure compliance with legislation in force and a responsible corporate style in its relations with shareholders, employees, customers, suppliers, competitors and social representatives.

Mission: Elecnor's mission is to contribute, in the performance of all its activities, to the economic and technological progress, social welfare and sustainable development of the markets in which it operates. Accordingly, the Group aspires to lead the market as a highly competitive, ground-breaking company, in continuous growth and with an international presence.

The goal is to be known for the quality of our actions, the high standards of our team of professionals, and our social responsibility, commitment to customers, technical and financial solvency and values.

Values:

- Reliability
- Commitment and effort
- Customer focus
- Solvency
- Innovation

Compliance system

The Elecnor Group and each of its employees undertake, as expressed in its Ethical Code and its Compliance Policy, to discharge their activities in accordance with applicable legislation in the territories and countries in which it operates, as well as to comply with and uphold human rights and respect labour rights, act in a diligent and professional manner, with integrity, quality, care for the environment, ensuring occupational health and safety and exercising corporate social responsibility.

The Elecnor Group's Compliance System has embodied those principles and values and strives for the ongoing improvement of its practices and management procedures with a view to strengthening its Corporate Governance.

The scope of the System covers all countries in which Elecnor and its subsidiaries and investees operate, notwithstanding the necessary adaptations in line with each country's specific characteristics.

Elecnor was the first company in its sector in Spain to achieve certification under the **UNE-ISO 37001 anti-bribery management system standard** and also one of the first nationwide and internationally, reflecting the Group's commitment to the ongoing improvement of its management practices and procedures, an area in which the organisation has led the way.

Furthermore, in 2019, Elecnor obtained **UNE 19601 criminal compliance management system certification,** the main benchmark in Spain for the design and articulation of criminal risk prevention systems and based on one of the highest international standards in this connection.

Certification to UNE-ISO 37001 anti-bribery management system standard

UNE-ISO 37001 is the most modern and stringent international standard on anti-bribery management systems and the adoption of compliance protocols in general.

Certification to UNE 19601 criminal compliance management standard

A national standard based on the requirements of UNE-ISO 37001. This standard establishes the requirements to implement, maintain and continuously improve the criminal compliance management system in order to prevent crimes being committed inside the organisation and to reduce criminal risk by fostering a culture of ethical behaviour and compliance.

The main elements of the System are as follows:

- Ethical Code
- Compliance Policy
- Compliance Management System Manual
- Compliance Committee
- Map of Compliance Risks and Procedures and mandatory internal controls
- Ethical Code whistleblower channel

The Compliance Committee compiles an Annual Compliance Report describing the main actions conducted during the year in the spheres of prevention and monitoring of and response to compliance risks, and this report is submitted to the Audit Committee and the Management Team to help them in their duties of supervision of the system.

In this connection, the Elecnor Group permanently seeks to ensure that all its actions are carried out in accordance with the strictest ethical standards, applying a principle of zero tolerance to ethical malpractice and a lack of professional integrity, and it expects its employees and the persons with whom it interacts to adhere to the Code's principles, guiding rules and implementing procedures. The maximum exponent of this commitment is the Group's Ethical Code.

Elecnor has set up a procedure to enable all its employees to report, confidentially, in good faith and with no fear of reprisals, any irregular conduct in connection with matters covered by the Code, the rules on which it is based, its implementing policies and procedures, or the law. For this purpose, the e-mail address codigoetico@elecnor.com and post office box 26-48080 are in use.

The organisation's employees may also resolve queries or propose improvements in the internal control systems in place.

In 2019, no complaints were received in the sphere of human rights in connection with respect for freedom of association and the right to collective bargaining, the abolition of forced or compulsory labour or the effective abolition of child labour. Likewise, neither were any complaints received in connection with corruption, bribery or money laundering.

The nine complaints received over the course of the year via the Ethical Code whistleblower channel and managed by the Compliance Committee refer mainly to job-related issues. At the time of completing this report, six of those complaints had been resolved and the remainder were in the process of investigation and resolution.

Actions in 2019

- **Review and improvement of the procedures and controls established to prevent and avoid anti-trust practices.** As part of this project, in the first few months of 2020 specific training on this topic is scheduled to be provided to the Group's management team (more than 150 people). To implement this initiative, Elecnor has benefited from the specialist advice of Deloitte.
- **Campaign to confirm compliance with the main principles and values established in the Ethical Code and Compliance Policy** by those persons who received training on this topic in the last three years and by the Board of Directors and members of the Management Committee (more than 750 people). Over the coming months, this initiative will be extended to the rest of the workforce of the Elecnor Group.
- **Signing of a collaboration agreement with IE Law School to create the "IE-Elecnor Observatory on Sustainable Compliance Cultures".** The Observatory, with an initial duration of two years, is aimed at analysing the adoption of compliance at medium-sized and even large companies from a global and comparative perspective, with a view to gleaning an in-depth understanding of the reality of the challenges involved, examining potential solutions and disseminating the knowledge generated.
- **Compliance Training**

2019

Design and approval of in-person and online training for +2,000 people.

Last 3 years

+3,000 people within the Group

(national and international level), ranging from the Management Team to middle management and personnel devoted to supporting, advisory and control duties.

In this connection, for the third consecutive year, the Chair of the Compliance Committee, supported by an external expert, shared with new recruits the main elements of the Compliance System as well as the main messages, principles and values of the Group.

- **Procedural review encompassing from the detection and assessment of the opportunity to the negotiation and signing of a contract for singular projects** so as to continue to improve their structure, systematisation, risk assessment (including compliance risk), interdepartmental coordination and the review and monitoring of the process by advisory and supervisory functions.

- Continuation of the **consolidation and improvement of the Compliance System at the various subsidiaries and organisations belonging to the Group,** in accordance with the Compliance System Rollout Plan. There was notable activity in US operations in 2019.

- The technological subsidiary **Deimos** obtained **certification** to **UNE-ISO 37001 anti-bribery management system standard and UNE 19601** criminal compliance management system standard. Moreover, **Celeo's subsidiary in Chile also has a certified model for preventing crime.**

- **The Compliance Committee's capacities were further strengthened** by the participation of some of its members and other persons responsible for the Compliance System in an "Advanced Compliance Programme" taught by a prestigious business school in partnership with external experts in this area.

- **A specific working group was set up to improve compliance risk management,** led by a member of the Group's Management Committee.

- **Improvement in visibility of the Compliance scope in the corporate Intranet.**

In 2020, work will be working in relation to the following goals:

- Improvement in systems relating to the preparation, issuance and approval, dissemination, review and monitoring of the mandatory Corporate Policies and Procedures.

- Development and consolidation of the IE-Elecnor Observatory on Sustainable Compliance Cultures.

- Design and implementation of a Compliance Training Model for the on-boarding stage of new recruits.

- Continuation of the consolidation and improvement of the Group's Compliance System at the various subsidiaries in accordance with the Compliance System Rollout Plan.

The Elecnor Group has partnered various sector associations in order to continue driving the sectors of activity in which it operates. Nevertheless, in accordance with its Compliance System, it never makes financial contributions that are unlawful or aimed at obtaining special treatment. In 2019, the Elecnor Group contributed Euro 1.3 million to sector associations.

Human rights

Since it commenced its activities, the Elecnor Group has been fully committed to supporting, respecting and safeguarding human rights in all spheres of action, based on its ethical principles and its corporate social responsibility.

As outlined in its Human Rights Policy, all the Group's companies are unwaveringly committed to compliance with and defence of human rights in developing their activities in all of the countries where they operate. Moreover, this Policy extends to all the Company's stakeholders with a view to sharing and requiring the same exacting level of commitment in its relationships with them.

This Policy is fully aligned with the Group's Corporate Social Responsibility Policy and its Ethical Code, as well as with the UN Universal Declaration of Human Rights, the principles of the UN Global Compact and the Sustainable Development Goals, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises.

The Human Rights Policy lays particular emphasis on equality of opportunities regardless of people's characteristics, as well as the avoidance of child labour and forced labour and respect for the rights of ethnic or indigenous minorities.

The Group is also a Signatory of the UN Global Compact, and has undertaken to incorporate the 10 principles in relation to human rights, labour, environment and anti-bribery into its corporate strategy, and to promote the Sustainable Development Goals (SDGs), primarily linked to the defence of human rights and the fight against climate change.

THE GLOBAL COMPACT
APOYAMOS
EL PACTO MUNDIAL

Celeo Redes in Chile and Brazil have also subscribed to the Global Compact.

With regard to ethical management and regulatory compliance, this report includes detailed information on the Elecnor Group's commitment to responsible management and ethical and honest conduct that is transparent with its stakeholders.

Fiscal transparency

Elecnor publishes its tax information in an exercise of reporting transparency.

Elecnor has made its best estimate of the breakdown of results by country, as well as the payments made in income tax by country, based on the data available at the time of preparing these Annual Accounts. For this breakdown by country, the same criteria were used as applied to preparing the Consolidated Annual Accounts, likewise breaking down harmonisations and removals as required for the presentation of the Consolidated Income Statement.

Profit before tax by country

Figures in thousands of Euros Country	2019
Germany	- 18
Angola	19,991
Algeria	-884
Argentina	1,690
Australia	-130
Bolivia	-91
Brazil	57,422
Cameroon	704
Canada	1,430
Chile	11,247
Colombia	- 2,952
Ecuador	-879
El Salvador	267
Spain	94,756
United States	6,520
France	2,589
Ghana	-537
Guatemala	-2
Guinea	21
Honduras	1,592
Italy	4,318
Jordan	2,638
Kuwait	3
Morocco	-91
Mauritania	557
Mexico	-11,212
Norway	3,946
Oman	56
Panama	4,129
Peru	-1,270
Portugal	-632
UK	781
Dominican Republic	-7,888
Senegal	90
South Africa	37
Uruguay	869
Venezuela	1,010
Total	**190,077**

Continued

Income taxes

Figures in thousands of Euros Country	2019
Angola	6,192.99
Argentina	204.86
Australia	4,358.24
Bolivia	9.00
Brazil	14,468.00
Cameroon	124.00
Canada	63.23
Chile	-479.06
Ecuador	230.58
El Salvador	34.00
Spain	1,815.53
United States	5,433.37
France	76.00

Continued on next page

Figures in thousands of Euros Country	2019
Ghana	7.00
Great Britain	472.87
Honduras	519.71
Italy	183.39
Jordan	244.25
Kuwait	17.00
Morocco	0.28
Mauritania	120.00
Mexico	13.70
Panama	215.00
Peru	551.33
Portugal	-27.09
Dominican Republic	263.48
Romania	1.10
Senegal	10.00
Uruguay	375.94
Venezuela	6.53
Total	**35,505.23**

Estimated corporate income tax payments in countries in which the Group operates, correspond mainly to the final settlement of taxes accrued in 2018, and to payments on account of taxes accrued in 2019 which will be settled in 2020

Public grants received

In 2019, the Elecnor Group received public grants amounting to Euros 3,240.6 thousand, compared with Euros 3,376.6 thousand in the previous year, as detailed below.

Figures in thousands of Euros Country	2019
Spain	1,947.0
Canada	119.8
Great Britain	478.5
Portugal	695.3
Total	**3,240.6**

14.8. Social impact

Via its various activities, Elecnor has a direct impact on employment, progress and social well-being, while helping to resolve some of the major challenges facing society (tackling climate change, reducing the energy gap, safe access to essential resources like energy or drinking water, etc.) which are currently included in the 2030 Agenda and the Sustainable Development Goals (SDGs).

Meanwhile, the Elecnor Foundation strengthens the Group's social commitment through social infrastructure projects in the countries where these are most necessary and through a commitment to the training and employability of young people.

In addition, there are a number of social and/or environmental programmes being carried out with local communities.

Thanks to sustained growth, the Elecnor Group can also distribute direct financial value to its main stakeholders: shareholders, suppliers, employees, governments, etc.

Value generation

Direct financial value generated and distributed

In thousands of Euros	2018	2019
Generated financial value	**2,283,177**	**2,703,775**
Income [1]	2,283,177	2,703,775
Distributed financial value	**1,961,874**	**2,435,948**
Operating costs [2]	1,245,020	1,630,566
Personnel expenses [3]	599,994	669,018
Payments to capital providers [4]	69,600	100,259
Tax contribution [1]	49,960	35,505
Investment in the community [1]	300	600

Source. Figures from the income statement in the consolidated annual accounts for 2019, except for dividend payments and income tax payments shown in the statement of cash flows included in the annual accounts.

(1) Including: Net turnover + changes in inventories of finished goods + own work capitalised + other operating income + capital grants + profit/loss on disposals and others + negative difference in business combinations + finance income + change in the fair value of financial instruments.
(2) Including: Materials consumed + external services + taxes + other management expenses + impairment and losses from tangible and intangible assets + minority interest + income from equity accounted investees (negative).
(3) Including: Salaries and social benefits for employees.
(4) Including: finance expenses + exchange losses + dividend payments (statement of cash flows).
(5) Including: income tax payments (from the statement of cash flows).
(6) Including: Contributions to the Elecnor Foundation.

Job creation

Elecnor contributes to the development and well-being of local communities by means of direct job creation and by contracting local employees and suppliers.

Workforce	2018	2019	Changes
Domestic	8,836	9,336	5.6%
International	4,741	5,519	16.4%
Total	**13,577**	**14,855**	**9.4%**

At the end of 2019, the Group's workforce had increased by 1,278 people (up 9.4% on the previous year).

Local employment

	2019	
Location	Employees	% local employment
África	969	90%
América	3.725	98%
Asia	15	93%
España	9.336	95%
Europa	796	77%
Oceanía	14	50%
Total	**14,855**	**94%**

Procurements from local suppliers

In Euros Location	Procurements	Grupo Elecnor % of local procurements
Spain	**292,570,830**	**100%**
Europe		
Italy	6,587,194	100%
Portugal	7,090,339	100%
Norway	5,815,997	50%
France	442,232	50%
UK	12,190,737	50%
Romania	-30,802	50%
North America		
United States	55,313,759	50%
Mexico	20,121,147	75%
Panama	11,312,028	98%
El Salvador	119,667	25%

Continued

In Euros Location	Procurements	Grupo Elecnor % of local procurements
Latin America		
Venezuela	181,318	97%
Dominican Republic	5,962,632	99%
Chile	25,972,227	50%
Ecuador	516,671	50%
Honduras	856,188	65%
Guatemala	500	50%
Uruguay	3,483,173	50%
Peru	315,861	50%
Brazil	113,841,159	50%
Argentina	487,354	50%
Bolivia	103,935	50%
Asia		
Jordan	17,634,464	45%
Oman	48,027	0%
Oceania		
Australia	16,184,704	50%
Africa		
Algeria	1,390,933	100%
Angola	5,167,910	65%
Congo	6,277,123	8%
Ghana	7,730,450	28%
Guinea	7,921,033	1%
Cameroon	9,148,707	8%
Senegal	1,054,793	29%
Liberia	1,919,082	0%
Morocco	4,127	50%
Mauritania	7,993,313	50%
Total	**645,728,811**	

Profitability for shareholders

Elecnor, S.A.'s shares are traded in Spain's SIBE electronic trading system, where shares in the leading Spanish companies are traded, and the market with the largest trading volume in Spain.

The Company has been able to consistently create value for its shareholders in the last few years.

Stock market indicators	2018	2019
Closing share price (€)	13.20	10.95
Dividend yield	2.6%	2.4%

Dividend yield in 2019 was 2.4%, compared to 2.6% the year before. This decrease was due to the payment of an interim dividend in 2018, which has traditionally been paid in January of the following year, but was brought forward to December 2018.

Accordingly, in 2018 three dividends were paid to shareholders (interim dividend charged to 2017, the 2017 supplementary dividend and the interim dividend charged to 2018), while in 2019 two dividends were paid (the 2018 supplementary dividend and the interim dividend charged to 2019).

The Elecnor Group's social action

The Group's social action is articulated mainly by means of the Elecnor Foundation.

In 2019, Elecnor donated a total of Euros 621,505 to various associations, foundations and non-profit entities to support a range of social causes initiatives. Of that amount, Elecnor contributed Euros 600,000 to Elecnor Foundation.

Elecnor Foundation

The Foundation's work is closely linked to Elecnor's own activity. The Foundation's purpose is to help improve the living conditions and enhance the economic and social progress of the communities in which Elecnor has a stable presence.

The Foundation continued bringing to the fore the most human aspect of engineering through various projects in its two areas of action:

- The development of **water and energy infrastructure** for social purposes to benefit those who most need it as well as the environment.
- Fostering **training and research** to nurture the professional development and projection of young people.

In 2019, the Foundation had a presence in Spain, Honduras, Dominican Republic, Ghana, Chile, Uruguay, Angola, Nicaragua Cameroon and Mexico. Since it was first set up, Elecnor has donated funds amounting to Euros 5.5 million. Moreover, the Foundation has obtained Euros 4.2 million in funds. Combining the two, the Elecnor Foundation has led projects worth a total of Euros 9.7 million.

Social Infrastructure Projects

» Énergie Solaire pour l'Éducation, Cameroon. Third project in Africa

This project combines the development of social infrastructure with training and employment opportunities.

The aim of the project is to consolidate the socio-educational activities of the Salesians of Don Bosco in Ebolowa, providing stable and quality electricity to projects underway via a solar PV system to guarantee the activities being conducted at the technical institute, boarding school, youth centre, radio and free water supply to the community.

Through this renewable facility, the Elecnor Foundation helps improve the education of more than 750 pupils.

The proposed design comprises a 62 kWp solar array of 180 panels each with a unit capacity of 345 W, capable of providing 63% of the energy consumed. This array will work together with a cluster of 48 kWn inverse chargers able to supply the necessary power and with 3500 Ah 48 V batteries providing up to 12 hours of autonomy, sufficient to last overnight.

With the cooperation of the Joint Workplace Health and Safety Service and Elecnor Cameroon, safety training was provided to people working in the project's execution and a large number of students at the professional training centre.

Training data

- 24 pupils from the institute
- teachers from the institute
- 6 Elecnor employees
- 8 graduates

The most salient aspect of this project is that 7 graduates were hired to join the Group workforce. These students, along with Elecnor's professional team, will install the solar PV systems on the institute's roof.

» Rebuilding La Nopalera, Mexico

The Board of Trustees of the Elecnor Foundation unanimously approved the solar street lighting project in the town of La Nopalera, in Mexico. This small, underprivileged town in the State of Morelos suffered the devastating consequences of the earthquake of 19 September 2017.

The aim of this project is to light the entire town with the same quality and intensity as any other developed town, all in accordance with the strictest quality standards. The smart street lighting to be installed will improve security in urban areas and enhance the quality of life of the inhabitants of La Nopalera. This is a commitment to a kind of renewable energy that will help nurture an optimum environment.

The Elecnor Foundation and Fundación de la Casa de México in Madrid signed an agreement to explore channels for collaboration in social infrastructure projects in Mexico. The project was unveiled to mark the first anniversary of Casa de México in Spain.

» Luces para aprender, Uruguay

The Elecnor Foundation, Administración Nacional de Usinas y Transmisiones Eléctricas (UTE) and the Organisation of Ibero-American States (OEI) in June 2018 signed an addendum to the Luces Para Aprender (Lights to Learn) agreement, in another step forward in the installation of solar PV systems in rural areas of Uruguay.

This addendum allows for the relocation of renewable energy equipment previously installed in rural schools when they did not have energy or connectivity. Of the 85 rural schools originally benefiting from this project, 35 were hooked up to the national grid.

In this latest phase, the proposal is to continue promoting inter-institutional actions in inland areas of the country so as to further the development of knowledge, capacities and commitments in connection with renewable energies.

Work was ongoing on identifying sites to install solar PV systems at university centres and social undertakings. Within the framework of the second phase of the Luces para Aprender project, the first renewable energy hub was installed at UTEC's South-Central Regional Technological Institute, in Durazno.

The aim is to develop a university-based one-stop-shop for information, awareness and promotion of clean energies and their impact on the environment and development. This is targeted to the Durazno community and its surrounding area, and is aimed especially at children and school-aged children.

The Luces para Aprender project has expanded its horizon of solidarity to reach Africa. Two solar PV systems were installed in the Amour and Turisemi orphanages in Goma, a city in the Democratic Republic of Congo with 160,000 inhabitants. These two solar power systems were installed by the Blue Helmet peacekeeping force from the Uruguayan Army. They were equipped by technical experts from UTE and the Elecnor Foundation, who will also be responsible for their future maintenance.

National Energy Efficiency Awards 2019

A rural school in Cerro Largo, a town in Minas (Lavalleja) and a lycée in Colonia, along with the Montevideo council and various private sector companies were winners of the National Energy Efficiency Awards in 2019. These awards are a recognition of institutions, bodies and companies for their efforts and achievements in relation to electricity saving and usage in various sectors of activity.

The National Energy Efficiency Awards, an initiative of the Industry, Energy and Mining Ministry, were first launched more than 10 years ago to raise the visibility of institutional commitment and foster investment in the development of new projects.

This time, the Elecnor Foundation, the UTE and the OEI gave an energy efficiency award within the framework of the Luces para Aprender programme.

» Volunteering 2019

A new corporate volunteer initiative was launched within the framework of the Cameroon project. The challenge is to provide training to teachers and alumni of the Institute of Professional Training in Ebolowa.

60 people received training in solar PV power over the two weeks in which four volunteers were in the country.

With the collaboration of experts from Atersa, the Group's solar PV subsidiary, and of employees from Cameroon, the volunteers audited the solar energy system installed and compiled training course content, which included a module on occupational health and safety (risk prevention).

Training courses

» **The Elecnor Foundation's participation in the SDG MOOC: an inevitable transformation, organised by Madrid's Universidad Politécnica.**

» **Compliance Observatory for medium-sized enterprises**

The Elecnor Foundation and Fundación IE, with the collaboration of the Eversheds Sutherland legal offices, signed a collaboration agreement to create the **IE-Elecnor Observatory on Sustainable Compliance Cultures** which responds to the Elecnor Foundation's concern for the compliance development at small and medium-sized enterprises.

The main goals of the Observatory are to:

- **Harness and develop know-how** to understand the challenges facing medium-sized enterprises in the implementation of a culture of compliance.

- **Develop proposals** to facilitate the implementation of compliance at medium-sized enterprises and those with limited resources.

- **Disseminate the know-how generated** in order to enhance the development of compliance in the business fabric outside of large corporations, multinationals and early adopters.

- **Facilitate understanding and a common framework in connection with compliance** by tackling collaborative and inter-company initiatives and projects, especially in highly integrated value chains.

» **Cities Lab chair of excellence, Universidad de Deusto**

The Elecnor Foundation is a member of the Board of Trustees of the Cities Lab chair of excellence, pursuant to an agreement signed with Deusto Business School.

The aim is to examine integrated solutions for smart cities, cross-checking and analysing information from urban services to adapt public policies to the needs of cities, cutting costs and providing a better service to citizens.

At present, a laboratory scheme is underway in cooperation with the municipal council of Alcalá de Guadaira, focusing on the role of technological solutions in the sustainable development of cities. The aim is to make Alcalá de Guadaira into an innovation ecosystem to better integrate sustainable urban development using technological innovation.

» **Awards and Grants Programme with Escuela Técnica Superior de Industriales (Universidad Politécnica de Valencia — UPV)**

In the 2018-2019 edition, five students received grants for their end-of-Master's theses. The Foundation also awarded the prize (Euros 1,500) to the best project presented.

» **Visit to the ASTE solar thermal plant**

42 students from the Industrial and Electrical Engineering Master at ETSII (the Industrial Engineering Faculty of Madrid's Universidad Politécnica) visited Elecnor's facilities in Ciudad Real (Spain).

» **Specialist Post-Cycle Course in Medium- and Low-Voltage Electrical Installations**

The Group continued to train future professionals within the framework of our cooperation with Colegio Salesianos Deusto. This year, two students who attended the course in 2016 were hired.

» **Telecommunications Specialisation Course**

The course aimed at students of middle grade vocational training was conducted in Valencia at Colegio Juan Comenius.

Impact on and dialogue with local communities

Social factors in project development are becoming increasingly significant, so suitable dialogue with and proximity to the communities is considered a key aspect for a project's success.

Elecnor has a clear commitment to the communities where it operates, and programmes to foster social, environmental and economic development in the surrounding communities have become especially significant. Below are some of the initiatives launched by the Concessions subsidiaries Celeo and Enerfín.

» **Canada**

- Enerfín held an open day at its Winnifred project in the province of Alberta, to keep the local community informed regarding the progress and to enable local inhabitants to express their opinions, comments and concerns in connection with the project. The public consultation project includes sending information bulletins to residents within a radius of 2 km of the project's area, and direct contact with residents.

- The wind power subsidiary, continued, as in previous year, providing support to community organisations and events in the municipalities of Saint Ferdinand, Saint-Pierre-Baptiste and Sainte-Sophie-d'Halifax. Note the sponsorship of initiatives and activities such as annual festivals, cultural activities for the elderly, families day, the summer sports camp, a local traditional music competition, funds for the construction of a centre for the elderly experiencing loss of independence, etc. Total collaboration is estimated to have amounted to CAD 40 thousand.

- In Saskatchewan, Enerfín sponsored a kite festival in a community near an area where there are various wind projects under development.

- Guided tours of the L'Erable wind farm, organised in collaboration with the local tourism office, continued in 2019, with more than 480 tourists and 133 school children visiting.

» **Brazil**

- Ventos do Sul, Enerfín's operating subsidiary in Brazil, with the aim of fostering culture, sports and social investment, contributed with social projects approved by the Brazilian government and in accordance with tax incentive legislation. For example, with Futebol de Rua pela Educação, a social and sports programme that presents an education proposal based on the concept of sport for human development.

- In 2019, more than 6,000 people visited the Osorio wind complex's visitor centre. Visits are organised every year, mainly for school children, and content divulged regarding wind power and sustainability, and information is disseminated regarding the main tourist attractions in the municipality of Osorio.

- Within the framework of legislation on incentives for culture, and backed by the Ministry of Citizenship, Celeo Redes took part in various initiatives such as the following:

  - Story chest. This initiative is aimed at encouraging reading by means of free distribution of small mobile libraries to schools, entities and public institutions, as well as story-telling workshops.

  - These stories arrived by train, and were a fun and entertaining way to tackle topics linked to railways, focusing on the benefits of this means of transport. Furthermore, the play dealt with accident prevention in regions where there are railway lines. Five children's theatre projects were conducted in the year at schools and social institutions.

- "Vivir bien en Caetetuba" project. This consists of the refurbishment and construction of an appendix at a train station in the district of Caetetuba, which will enable a social centre to be installed. Moreover, the project will involve professional training courses for the residents of the district, as well as the revitalisation of the square outside the train station. This project is conducted in partnership with the municipal council's social welfare and works and infrastructure departments.

- Celeo has implemented the Integra programme, aimed at ascertaining the needs and characteristics of the communities in those areas, enabling it to perform actions to support their development and protection. Within the framework of this programme, communication campaigns are also conducted in relation to the restrictions on the use of rights of way and fire prevention, among other matters.

» **Chile**

- The impacts generated by the Mataquito and Casablanca projects on the local communities were analysed. These impacts consist essentially of noise, dust particles in suspension and the emission of electromagnetic fields. To mitigate these impacts the Company considered installing noise barriers in those areas where it is necessary, limiting the speed of works trucks, watering down access routes, and launching drives to measure noise levels and electromagnetic fields to ensure compliance with regulations.

- Environmental education project focusing on biodiversity. The contents will encompass the study of birds, interaction between birds and plant life and the ecosystem. The aim is to work with annual goals designed in partnership with the community.

- Club Deportivo Celeo Redes will host an activity involving 20 children at social risk in order to help reinforce the concept of team work.

Integration and respect for the environment

In some cases, infrastructure projects are carried out in areas that are considered vulnerable. Specifically, Elecnor executes some projects close to indigenous communities. In these cases, the social and/or environmental impacts on the affected areas are analysed and, where necessary, measures are implemented to mitigate them.

» Colombia

- Enerfín, continuing the dialogue established with local communities and respecting the habits, customs and traditions of the various ethnic groups, conducted preliminary consultation processes with a number of indigenous peoples, such as the Koguis, Wiwas, Arhuacos, Kankuamos and Wayuus, establishing a real and effective engagement with these communities.

- The subsidiary in Colombia (Guajira Eólica I SAS) conducted a preliminary consultation process regarding the El Ahumado wind farm and its 110 KV transmission line with indigenous peoples in the Sierra Nevada de Santa Marta area (Koguis, Wiwas, Arhuacos and Kankuamos). In the inter-cultural dialogue established with the elders of these ancestral peoples, they highlighted the good relations, as evidenced by the agreements reached with all four indigenous communities.

- Likewise, in the 110 KV transmission line project, 12 preliminary consultations were held with indigenous Wayuu communities. Several meetings were held, involving State entities and supervisory bodies, to present the project and explain each of its phases. The communities were actively involved in these processes and all of them gave their approval and consent. As a result, various measures were agreed in connection with prevention, mitigation and compensation, with the ultimate aim of preserving and maintaining the ethnic identity of these ancestral communities.

- Enerfín, as part of its expansion into new areas and with a view to developing environmentally and socially sustainable projects, at the end of 2019 planned to commence more than 22 preliminary consultation processes involving indigenous Wayuu communities, since dialogue, engagement and respect for ethnic communities are a binding commitment.

» Canada

- Enerfín belongs to various associations that foster initiatives to promote wind power and optimise its integration into the environment and rural communities. At a national level, these initiatives include the Canadian Wind Energy Association (CANWEA), and at a provincial level L'Association des Producteurs d'Énergie Renouvelable du Québec (AQPER) and the First Nation Power Authority (FNPA) in Saskatchewan.

- The FNPA seeks to promote the involvement of aboriginal communities in renewable energy projects, advocating the inclusion of minimum quotas of aboriginal participation in provincial tenders and nurturing dialogue and partnerships between these communities and private promoters.

- Talks that began in previous years with first nations and tribal councils in the province of Saskatchewan continued in the year, and an agreement was reached with the Moossomin First Nation.

» Mexico

- In the second half of the previous year, the Energy Department and Enerfín together commenced a free and informed preliminary consultation with five Mayan indigenous communities located in the catchment areas of the Panabá 1A, Panabá 1B, Panabá 2 and Sucilá projects in the state of Yucatan, in accordance with ILO Convention 169. The aim is to obtain the community's consent to develop the projects and its agreement on the social benefits deriving therefrom.

» Brazil

- Talks continued with FUNAI (Fundação Nacional do Índio) to approve the Indigenous Component Study (ICS) of Caiuá, a study which presents the impacts on indigenous communities in the area around the project.

- Furthermore, during execution of the environmental impact study of Parintins Amazonas Transmissora de Energia, two remaining quilombo settlements were identified in the project's implementation area. Studies were carried out to gauge the impact of the project on these communities, and subsequently to propose measures to mitigate this impact on their populations.

Elecnor, committed to the SDGs

Elecnor's sustainability vision, embodied by the Elecnor Foundation and in the actions carried out by the Group, is fully in step with the challenges presented by the Sustainable Development Goals. Because of the nature of its activity, the Elecnor Group is a key player in society's development and progress. Its infrastructure, renewable energy, water and environmental projects contribute solutions to some of the current and future challenges such as climate change, the reduction of inequalities, the energy gap, and others.

Contribution deriving from the main businesses

Contribution deriving from social action

Elecnor Foundation

However, the Elecnor Group's contribution is much broader, and is embodied by its active commitment to the health and safety of its employees and collaborators, setting a zero accidents target **(SDG 3);** the quality training and development it offers its employees **(SDGs 4 and 10);** and value generation for its stakeholders **(SDG 8).**

SDGs	Some projects and initiatives by the Elecnor Group and Elecnor Foundation
	**Atersa** Rural electrification project **Celeo** Energy transportation projects. Social projects (Chile and Brazil). **Enerfín** Social projects (Canada and Brazil).
	**Elecnor Foundation** Sinergia project (Chile). Luces para Aprender (Uruguay). H$_2$OMe project (Angola).

SDGs	Some projects and initiatives by the Elecnor Group and Elecnor Foundation
	**Elecnor Group** Safety Excellence project. Awareness campaign coinciding with World Day for Safety and Health at Work. Campaigns linked to healthy habits.

SDGs	Some projects and initiatives by the Elecnor Group and Elecnor Foundation
4 QUALITY EDUCATION	**Elecnor Group** Collaboration with universities and vocational training centres. Project Talent. Training itineraries. **Elecnor Foundation** Project in Ebolowa (Cameroon). Specialist Post-Cycle Course in Medium- and Low-Voltage Electrical Installations. **Celeo** Initiatives with children from rural schools in Chile. **Enerfín** School visits to L'Erable wind farm (Canada). **Atersa** Local training in Africa to maintain projects.
5 GENDER EQUALITY	**Elecnor Group** Equality Plan. A 15.7% increase in the number of women in the workforce in 2019.
6 CLEAN WATER AND SANITATION	**Elecnor Group** Water infrastructure specialist services (e.g. waste water treatment concessions). **Atersa** Water pumping projects in developing countries. **Audeca** Water and waste water treatment projects. **Celeo** Waste water treatment plant in Aragón. **Hidroambiente** Water treatment solutions. **Elecnor Foundation** H$_2$OME Project (Angola).

SDGs	Some projects and initiatives by the Elecnor Group and Elecnor Foundation
7 AFFORDABLE AND CLEAN ENERGY	**Elecnor Group** Energy efficiency initiatives Projects to boost energy efficiency. **Celeo** Energy transportation projects. **Enerfín** Wind farms. **Atersa** Solar PV plants. **Elecnor Foundation** Luces para Aprender (Uruguay). Project in Ebolowa (Cameroon).
8 DECENT WORK AND ECONOMIC GROWTH	**Elecnor Group** Creation and promotion of local employment. Hiring local suppliers. Signatories of the Global Compact. **Elecnor Foundation** Specialist post-cycle course in medium- and low-voltage electrical installations. Collaboration with universities and vocational training centres. Project in Ebolowa (Cameroon).
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Elecnor Group** Initiatives involving startups. BIND 4.0 Project. Innova calls for proposals. Innovation projects. Digital Transformation Plan.
10 REDUCTION IN INEQUALITIES	**Elecnor** Equality plan. **Atersa** Rural electrification project. **Celeo** Energy transportation projects. Social projects (Chile and Brazil). **Enerfín** Social projects (Canada and Brazil). **Elecnor Foundation** All projects.

SDGs	Some projects and initiatives by the Elecnor Group and Elecnor Foundation
11 SUSTAINABLE CITIES AND COMMUNITIES	**Elecnor** Smartcities projects. Managing street lighting. Energy efficiency projects. **Audeca** Urban waste collection projects.
12 RESPONSIBLE PRODUCTION AND CONSUMPTION	**Elecnor** Smartcities projects. Managing street lighting. Energy efficiency projects. Projects to foster efficient energy consumption. **Audeca** Environmental management projects. **Enerfín** Consumption of 100% renewable energy at some offices. **Celeo** 45% of the energy consumed by Celeo Redes Chile is from renewable sources.
13 CLIMATE ACTION	**Elecnor Group** Renewable energy projects: wind, solar PV, biomass, hydroelectric. Climate change strategy. Calculation and verification of the carbon footprint. Emission reduction plan. World Environment Day campaign.
14 LIFE BELOW WATER	**Audeca** Water and waste water treatment projects. Projects to preserve natural spaces. **Hidroambiente** Water treatment solutions.

SDGs	Some projects and initiatives by the Elecnor Group and Elecnor Foundation
15 LIFE IN LAND ECOSYSTEMS	**Celeo** Compensatory measures. Bird identification workshop. Birdwatching club. **Enerfín** Plan to monitor bird life in wind projects. **Audeca** Projects to preserve natural spaces.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**Elecnor Group** Certification to ISO 37001 anti-bribery management system standard and UNE 19601 criminal compliance management system standard. Review and improvement of the procedures and controls established to prevent and avoid anti-trust practices. Compliance Training. **Deimos** Certification to ISO 37001 anti-bribery management system standard and UNE 19601 criminal compliance management system standard.
17 PARTNERSHIPS FOR THE GOALS	**Elecnor Group** Partnerships and collaborations with entities and associations. Participation in forums. **Elecnor Foundation** Partnerships and collaborations with entities and associations.

Other channels for engagement with society

Dialogue with stakeholders

Elecnor is in fluent and constant dialogue with its various stakeholder groups through a number of channels, through which it aims to ascertain and respond to their needs and expectations. The main communication channels are outlined below:

Stakeholder group	Communication channel
Shareholders and investors	General Shareholders' Meeting Individual and consolidated annual and half-yearly accounts Comprehensive report Elecnor Foundation report Group website Shareholder services channel Shareholder forum Meetings with investors
Customers	Periodic visits Periodic communications Individual and consolidated annual and half-yearly accounts Trade fairs Corporate websites Satisfaction surveys Comprehensive report Elecnor Foundation report Social media
Employees	Periodic meetings Work groups Comprehensive report Communication campaigns Training sessions and courses Corporate websites Intranet Newsletter eTalent Ethical Code whistleblower channels E-mail igualdad@elecnor.com
Public administrations and regulatory bodies	Group website Official filings Individual and consolidated annual and half-yearly accounts Comprehensive report Elecnor Foundation report Social media

Stakeholder group	Communication channel
Suppliers and partners	Meetings and work groups Conventions, fairs and congresses Audits Comprehensive report Group website Social media
Local community	Corporate websites Specific project websites Elecnor Foundation report Sponsorships and patronage Social projects Comprehensive report Social media
Media	Press releases Information briefings Group website Individual and consolidated annual and half-yearly accounts Comprehensive report Elecnor Foundation report Social media
Technological centres and universities	Collaboration agreements Forums, fairs and congresses Comprehensive report Elecnor Foundation report Elecnor Foundation website Social media

Involvement in associations and forums

The Elecnor Group is actively involved in the flagship associations in the industries and countries where it operates. Those considered to be most significant are listed below:

Spain

ACEX, Asociación de Empresas de Conservación y Explotación de Infraestructura.
ADEMI, Asociación de Empresas de Ingeniería, Montajes, Mantenimientos y Servicios Industriales.
AEDYR, Asociación de Desalación y Reutilización del Agua.
AEE, Asociación Empresarial Eólica.
AELEC, Asociación de Empresas de Energía Eléctrica.
AESPLA, Asociación Española de Servicios de Prevención Laboral.
ANESE, Asociación Nacional de Empresas de Servicios Energéticos.
APECYL, Asociación de Promotores de Energía Eólica de Castilla y Léon.
APPI-Almussafes, Asociación de Propietarios del Parque Industrial de Almussafes.
ASAGUA, Asociación Española de Empresas de Tecnologías del Agua.
ASEJA, Asociación Española de Empresas de Jardinería.
ASERPYMA, Asociación de Empresas Restauradoras del Paisaje y Medio Ambiente.
ATC, Asociación Técnica de Carreteras y Asociación Mundial de Carreteras.
CEOE, Confederación Española de Organizaciones Empresariales.
CONFEMETAL, Confederación Española de Organizaciones Empresariales del Metal.
EGA, Asociación Eólica de Galicia.
Plataforma enerTIC.
ESF, Energía sin Fronteras.
FEMEVAL, Federación Metalúrgica Valenciana.
ITE, Instituto Tecnológico de la Energía.
PROTERMOSOLAR, Asociación Española para la Promoción de la Industria Termosolar.
SERCOBE, Asociación Nacional de Fabricantes de Bienes de Equipo.
UNEF, Unión Española Fotovoltaica.

Brazil

Spanish Chamber of Commerce in Brazil.
CIGRE, Comitê Nacional Brasileiro de Produção e Transmissão de Energia Elétrica.
COGEN - Associação da Indústria de Cogeração de Energia.

Canada

Canadian Chamber of Commerce.

Elecnor also took part in various significant events:

- Feria Energyear Tour 2019, Dominican Republic. This event fosters discussions and synergies between the main players in the energy, technology and mobility sectors, tackling political, industrial, financial and technological issues.
- Achilles Live trade show, Oslo. This is an event connecting buyers and suppliers in the power and utilities sector in order to share insights and knowledge.
- INTERSOLAR Europe trade exhibition, Munich. This is world's leading exhibition for the solar industry. At this event, Elecnor Deimos presented the prototype for the Automatic Photovoltaic Plant Inspection and Data Explotation (APPIDE) project.
- National Congress on Women in Engineering, Technology and Industry, in Valencia.
- EnerTIC Energy Efficiency and Sustainability Forum at Industry 4.0, in Bilbao.
- First Mixed Commission on Economic and Commercial Cooperation between Jordan and Spain.
- Partnership for Safety, organised by Enel in Rome. Elecnor was one of the presenters as a standard-bearer in policies and campaigns to raise awareness with a view to improving occupational health and safety.
- Audeca organised an event to mark World Wood Day in Boqueijón (La Coruña), which was presided over by King Felipe VI of Spain.

Elecnor is a member of the Spain-Peru Council Foundation, an organisation launched in 2018 to boost economic, commercial, business, scientific and cultural cooperation between Spain and Peru, to strengthen mutual recognition and the image of Peru in Spain and Spain in Peru, and to propose to the two countries' governments actions aimed at nurturing the bilateral relationship.

The Foundation's board of trustees comprises prestigious members of the business community, the public administration, politics and cultural and academic institutions of the two countries. Elecnor's Chairman sits on the board.

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Some recognitions

- **Viesgo** recognised Elecnor's Health and Safety Policies in the **Health and Safety Awards,** an annual event at which it rewards best health and safety practices among its collaborators.
- **Orange** recognised the telecommunications activity for the Fiber to the Home (FTTH) project.
- Elecnor won the **"Award for construction excellence in solar PV EPC projects"** within the framework of the "2nd Solar + Energy Storage & Finance Summit", in China.
- Audeca received two distinctions in the **15th edition of the ACEX National Awards for Safety in Road Maintenance.**
- **Finalists in the 10th edition of the Premios Corresponsables Awards** in the categories "Best Press Ad" and "Best Social Media Campaign" for the campaign A Fairy Tale Come True in Malawi. These awards recognise the best initiatives and best practices in CSR, sustainability and communication.
- **Finalists in the 2019 Ocare Awards** for the awareness campaign Estrellas PES. Ocare is the Corporate Responsibility Communication and Action Observatory.
- The **Technical Road Association (Asociación Técnica de Carreteras – ATC) and Spain's PIARC National Committee** awarded the subsidiary Audeca a medal in recognition of its **"Technical Contribution to Roadways".**
- **The Elecnor Foundation's H_2OMe Project was a finalist in the 2nd edition of the go!ODS awards organised by the Spanish Network of the UN Global Compact.** This award is to recognise and support those innovative projects that help achieve the UN Sustainable Development Goals.

Appendix I

Index of content required by Law 11/2018, of 28 December, concerning non-financial reporting and diversity

CONTENTS	Page of the report featuring response	Materiality	Reporting criterion GRI chosen[5]
General information			
Description of the business model.	24-25	Material	GRI 102-2 GRI 102-7
Markets where it operates.	24-25	Material	GRI 102-4 GRI 102-6
Goals and strategies.	24-25; 64-65	Material	GRI 102-14
Main factors and trends affecting future performance.	76-78	Material	GRI 102-14 GRI 102-15
Reporting framework used.	22-23	Material	GRI 102-54
Principle of Materiality.	22-24	Material	GRI 102-46 GRI 102-47
Social matters and issues concerning staff			
Management approach	**25-48**	**Material**	**GRI 102-15 GRI 103-2**
Employment			
Total number of employees and breakdown by country, gender, age and professional category.	31-36	Material	GRI 102-8 GRI 405-1
Total number and distribution of contract modalities and annual average numbers of open-ended, temporary and part-time contracts by gender, age and professional category.	36-38	Material	GRI 102-8
Number of layoffs by gender, age and professional category.	38-41	Material	GRI 103-2
Average remuneration and evolution thereof by gender, age and professional category or equal value.	30-31	Material	GRI 103-2 GRI 405-2
Wage gap, remuneration of equal jobs or company average.	30-31	Material	GRI 103-2 GRI 405-2
Average remuneration of directors and executives, including variable remuneration, per diem expenses, termination benefits, payments to long-term benefit schemes and any other items, broken down by gender.	72-74	Material	GRI 103-2 GRI 405-2
Policies to facilitate disconnection from work.	41-42	Material	GRI-103
Number of disabled employees.	43	Material	GRI 405-1
Organisation of work			
Organisation of work time.	41-42	Material	GRI-103-2
Number of hours of absenteeism.	38	Material	GRI 403-2
Measures aimed at facilitating work-life balance and fostering a mutually responsible approach thereto by both parents.	41-42	Material	GRI 103-2 GRI 401-3
Health and Safety			
Occupational health and safety conditions.	44-48	Material	GRI 103-2
Workplace accidents, in particular their frequency and severity, as well as occupational illnesses; broken down by gender.	45-46	Material	GRI 403-2 GRI 403-3

(5) Unless otherwise indicated, this refers to the GRI content chosen in the 2016 version.

Continued on next page

CONTENTS	Page of the report featuring response	Materiality	Reporting criterion GRI chosen[5]
Social relations			
Organisation of social dialogue, including procedures to inform and consult employees and to negotiate with them.	43-45; 99-101	Material	GRI 103-2
Percentage of employees covered by collective bargaining agreements by country.	44-45	Material	GRI 102-41
Balance of collective bargaining agreements, especially in connection with occupational health and safety.	44-45	Material	GRI 403-1
Training			
Training policies implemented.	25-29	Material	GRI 103-2 GRI 404-2
Total number of training hours by professional category.	28-29	Material	GRI 404-1
Integration and universal access for disabled people	**42-43**	**Material**	**GRI 103-2**
Equality			
Measures implemented to promote equal treatment and equal opportunities for women and men.	41-44	Material	GRI 103-2
Equality plans, measures adopted to promote employment, protocols against sexual harassment and gender-based harassment.	42-43	Material	GRI 103-2
Policy against any kind of discrimination and, in the event, for managing diversity.	42-45; 72	Material	GRI 103-2
Environmental issues			
Management approach	**51-62**	**Material**	**GRI 102-15 GRI 103-2**
Detailed general information			
Detailed information concerning current and foreseeable effects of the Company's activities on the environment and, where applicable, health and safety.	51-52	Material	GRI 102-15
Procedures for environmental assessment or certification.	51-52	Material	GRI 103-2
Resources allocated to preventing environmental risks.	51-52	Material	GRI 103-2
Application of the precautionary principle.	51-52	Material	GRI 102-11
Amount of provisions and guarantees for environmental risks.	51-52	Material	GRI 103-2
Pollution			
Measures to prevent, reduce or remedy severe environmental emissions; taking into account any kind of atmospheric pollution specific to an activity, including noise and light pollution.	52-58	Material	GRI 103-2
Circular economy and waste prevention and management			
Prevention, recycling, re-use, other methods of waste recovery and elimination.	58-59	Material	GRI 103-2 GRI 306-2
Actions for combating food wastage.		Not material	
Sustainable use of resources			
Water consumption and water supply in accordance with local constraints.	58	Material	GRI 303-1
Consumption of raw materials and measures implemented to boost efficiency in their usage.	58	Material	GRI 301-1
Direct and indirect energy consumption.	57-58	Material	GRI 302-1
Measures to boost energy efficiency.	53-58	Material	GRI 302-4
Renewable energy use.	57-58	Material	GRI 302-1
Climate change			
Greenhouse gas emissions generated as a result of the Company's activities, including the use of the goods and services it produces.	52-56	Material	GRI 305-1 GRI 305-2 GRI 305-3
Measures implemented to adapt to the consequences of climate change.	52-59	Material	GRI 201-2
Targets established voluntarily in the medium and long term to reduce greenhouse gas emissions and the measures implemented for that purpose.	52-56	Material	GRI 305-5

(5) Unless otherwise indicated, this refers to the GRI content chosen in the 2016 version.

Continued on next page

CONTENTS	Page of the report featuring response	Materiality	Reporting criterion GRI chosen[5]
Biodiversity			
Measures to preserve or restore biodiversity.	59-61	Material	GRI 103-2 GRI 304-3
Impacts of the activities or operations on protected areas.	59-61	Material	GRI 103-2 GRI 304-2
Information on respect for human rights			
Management approach	**76-82**	**Material**	**GRI 102-15 GRI 103-2**
Application of due diligence procedures			
Application of due diligence procedures in connection with the prevention of risks of human rights breaches and, where applicable, measures to mitigate, manage and remedy potential abuse.	76-82	Material	GRI 102-16 GRI 102-17 GRI 410-1
Complaints human rights breaches.	80	Material	GRI 103-2 GRI 406-1
Measures implemented for the promotion and compliance with the provisions of ILO fundamental conventions relating to respect for freedom of association and the right to collective bargaining; elimination of discrimination in the workplace and occupation; elimination of forced or compulsory labour; effective abolition of child labour.	76-82	Material	GRI 103-2
Information concerning combating bribery and corruption			
Management approach	**67-82**	**Material**	**GRI 102-15 GRI 103-2**
Measures to prevent bribery and corruption.	76-82	Material	GRI 103-2 GRI 102-16 GRI 102-17
Anti-money laundering measures.	76-82	Material	GRI 103 GRI 102-16 GRI 102-17 GRI 205-2 GRI 205-3
Contributions to foundations and non-profit organisations.	81; 85; 101	Material	GRI 102-13 GRI 201-1
Company information			
Management approach	**49-51; 81-84; 84-103**	**Material**	**GRI 102-15 GRI 103-2**
The company's commitment to sustainable development			
Impact of the business on society, with regard to jobs and local development	85-87	Material	GRI 103-2 GRI 203-2 GRI 204-1
The impact of the business on local communities and territory	91-99	Material	GRI 413-1 GRI 413-2
Relations with the stakeholders in local communities and modalities of dialogue with them.	87-94; 99-103	Material	GRI 102-43 GRI 413-1
Association or sponsorship actions	67; 81; 85; 87-91; 101-102	Material	GRI 103-2 GRI 201-1

(5) Unless otherwise indicated, this refers to the GRI content chosen in the 2016 version.

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CONTENTS	Page of the report featuring response	Materiality	Reporting criterion GRI chosen[(5)]
Subcontracting and suppliers			
Inclusion in procurements policy of social issues, equality and environmental considerations.	50-51	Material	GRI 103-2
Consideration, in relations with suppliers and sub-contractors, of their social and environmental responsibility.	50-51	Material	GRI 102-9 GRI 308-1 GRI 414-1
Supervisory system and audits, and findings thereof.	50-51	Material	GRI 102-9 GRI 308-1 GRI 414-2
Consumers			
Measures to ensure consumer health and safety	49-51	Material	GRI 103-2 GRI 416-1
Complaints systems, complaints received and results	50	Material	GRI 103-2
Tax disclosures and transparency			
Profit/loss obtained by country	82-83	Material	GRI 207-4 (2019 version)
Income tax paid	83-84	Material	GRI 207-4 (2019 version)
Public grants received	84	Material	GRI 201-4

(5) Unless otherwise indicated, this refers to the GRI content chosen in the 2016 version.

Appendix II

Index of GRI indicators

General contents

GRI standard	Contents	Page of the report featuring response	Omissions
GRI 101: 2016 background			
GRI 102: 2016 general content			
Profile of the organisation			
102-1	Name of the organisation.	23	-
102-2	Activities, brands, products and/or services.	24-25	-
102-3	Location of the organisation's headquarters.	Paseo de la Castellana, 81 - Planta 20 28046 - Madrid - Spain	-
102-4	Number of countries where the organisation operates.	24-25	-
102-5	Nature of ownership and legal form.	22-23	-
102-6	Markets served.	24-25	-
102-7	Size of organisation.	85-87	-
102-8	Information on employees.	31-41	-
102-9	Supply chain.	50-51	-
102-10	Significant changes in the organisation and its supply chain.	There have not been any significant changes.	-
102-11	Precautionary principle or approach.	51-52	-
102-12	Support for external initiatives.	82; 94-99	-
102-13	Membership of associations.	67; 81; 85; 101	-
Strategy			
102-14	Declaration from the person charged with ultimate authority in the organisation.	The Chairman's Letter is published in the 2019 Integrated Report available at https://www.elecnor.com/annual-reports	-
Ethics and integrity			
102-16	Values, principles, standards and rules of conduct.	76-82	-
Governance			
102-18	The organisation's governance structure.	68-69	-
Involvement of stakeholders			
102-40	List of stakeholders.	99-101	-
102-41	Collective bargaining agreements.	44-45	-
102-42	Identification and selection of stakeholders.	22-23	-
102-43	Focus for the involvement of stakeholders.	22-23	-
102-44	Key topics and concerns mentioned.	99-101	-

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GRI standard	Contents	Page of the report featuring response	Omissions
Best practices for preparing reports			
102-45	Entities included in the consolidated financial statements.	22-23	-
102-46	Definition of the contents of reports and coverage of the topic.	24	-
102-47	List of material topics.	24	-
102-48	Restatement of information.	Note (6)	-
102-49	Changes in how reports are compiled.	There have not been any significant changes.	-
102-50	Period covered by the report.	2019	-
102-51	Date of the last report.	2018	-
102-52	Report drafting cycle.	Annual	-
102-53	Contact address for queries regarding the report.	elecnor@elecnor.com	-
102-54	Declaration that the report was compiled in accordance with GRI standards	This report was prepared in accordance with the Essential option of GRI standards.	-
102-55	Índice de contenidos GRI.	107-113	-
102-56	Verificación externa.	114-116	-

(6) In accordance with CNMV guidelines, in the 2019 the comparative figures for 2018 have been restated in order to retroactively reflect the effects that would have derived from equity-accounting the assets and liabilities of the Celeo Redes subgroup from the initial agreement with APG. This restatement will enhance the comparability of the information for the year 2018 with that of the year 2019.

Material topics

GRI standard	Contents	Page of the report featuring response	Omissions
Economic performance			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its coverage.	51-53; 84-87	-
103-2	Management approach and components thereof.	51-53; 84-87	-
103-3	Assessment of the management approach.	51-53; 84-87	-
GRI 201: Economic performance 2016			
201-1	Direct financial value generated and distributed.	85	-
201-2	Financial implications and other risks and opportunities deriving from climate change.	52-59	-
201-4	Financial aid received from the government.	84	-
Indirect economic impacts			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its coverage.	85-91	-
103-2	Management approach and components thereof.	85-91	-
103-3	Assessment of the management approach.	85-91	-
GRI 203: Indirect economic impacts 2016			
203-1	Investment investments in infrastructures and services supported.	88-91	-
203-2	Significant indirect economic impacts.	85-87	-

Continued on next page

GRI standard	Contents	Page of the report featuring response	Omissions
Acquisition practices			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its coverage.	85-87	-
103-2	Management approach and components thereof.	85-87	-
103-3	Assessment of the management approach.	85-87	-
GRI 204: Procurement practices 2016			
204-1	Proportion of spending on local suppliers.	85-87	-
Anti-Corruption			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its coverage.	67-82	-
103-2	Management approach and components thereof.	67-82	-
103-3	Assessment of the management approach.	67-82	-
GRI 205: Anti-Corruption 2016			
205-1	Operations assessed for risks related to corruption.	76-82	-
205-2	Communication and training about anti-corruption policies and procedures.	76-82	-
205-3	Confirmed incidents of corruption and actions taken.	80	-
Energy			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its coverage.	57-58	-
103-2	Management approach and components thereof.	57-58	-
103-3	Assessment of the management approach.	57-58	-
GRI 302: Energy 2016			
302-1	Energy consumption within the organisation.	57-58	-
302-4	Reduction of energy consumption.	53-58	-
Water			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its coverage.	58	-
103-2	Management approach and components thereof.	58	-
103-3	Assessment of the management approach.	58	-
GRI 303: Water 2016			
303-1	Water withdrawal (by sources).	58	-
303-3	Water recycling and re-use.	58	-
Biodiversity			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its coverage.	59-61	-
103-2	Management approach and components thereof.	59-61	-
103-3	Assessment of the management approach.	59-61	-
GRI 304: Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	59-61	-
304-2	Significant impacts of activities, products, and services on biodiversity.	59-61	-
304-3	Habitats protected or restored.	59-61	-

Continued on next page

GRI standard	Contents	Page of the report featuring response	Omissions
Emissions			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its coverage.	52-56	-
103-2	Management approach and components thereof.	52-56	-
103-3	Assessment of the management approach.	52-56	-
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions.	55	-
305-2	Energy indirect (Scope 2) GHG emissions.	55	-
305-3	Other indirect (Scope 3) GHG emissions.	55	-
305-4	GHG emissions intensity.	54-55	-
305-5	Reduction of GHG emissions.	54-55	-
Effluents and discharges			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its coverage.	58-59	-
103-2	Management approach and components thereof.	58-59	-
103-3	Assessment of the management approach.	58-59	-
GRI 306: Effluents and waste 2016			
306-2	Waste by type and disposal method.	58-59	Note (7)
Environmental compliance			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its coverage.	51-52	-
103-2	Management approach and components thereof.	51-52	-
103-3	Assessment of the management approach.	51-52	-
GRI 307: Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations.	Note (8)	-
Supplier Environmental Assessment			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its coverage.	50-51	-
103-2	Management approach and components thereof.	50-51	-
103-3	Assessment of the management approach.	50-51	-
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria.	51	-
Employment			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its coverage.	29-32; 38-40	-
103-2	Management approach and components thereof.	29-32; 38-40	-
103-3	Assessment of the management approach.	29-32; 38-40	-
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover.	38-40	-
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees.	29-30	-

(7) The Group is working to provide a breakdown of waste by type and disposal method in 2021.
(8) No noteworthy incidents or aspects are known.

Continued on next page

GRI standard	Contents	Page of the report featuring response	Omissions
Occupational Health and Safety			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its coverage.	44-48	-
103-2	Management approach and components thereof.	44-48	-
103-3	Assessment of the management approach.	44-48	-
GRI 403: Occupational Health and Safety 2016			
403-1	Workers representation in formal joint management-worker health and safety committees.	44-45	-
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	45-46	-
403-3	Workers with high incidence or high risk of diseases related to their occupation.	45-46	-
Training and education			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its coverage.	25-29	-
103-2	Management approach and components thereof.	25-29	-
103-3	Assessment of the management approach.	25-29	-
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee.	28-29	-
404-2	Programs for upgrading employee skills and transition assistance programs.	27-28	-
404-3	Percentage of employees receiving regular performance and career development reviews.	27	-
Diversity and Equal Opportunity			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its coverage.	30-36; 43; 72-74	-
103-2	Management approach and components thereof.	30-36; 43; 72-74	-
103-3	Assessment of the management approach.	30-36; 43; 72-74	-
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees.	31-36; 43	-
405-2	Ratio of basic salary and remuneration of women to men.	30-31; 72-74	-
Non-discrimination			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its coverage.	42-45; 72	-
103-2	Management approach and components thereof.	42-45; 72	-
103-3	Assessment of the management approach.	42-45; 72	-
GRI 406: Non-Discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken.	80	-

Continued on next page

GRI standard	Contents	Page of the report featuring response	Omissions
Human Rights Assessment			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its coverage.	81-82	-
103-2	Management approach and components thereof.	81-82	-
103-3	Assessment of the management approach.	81-82	-
GRI 412: Human Rights Assessment 2016			
412-2	Employee training on human rights policies or procedures.	80; 81-82	-
Local communities			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its coverage	87-99	-
103-2	Management approach and components thereof	87-99	-
103-3	Assessment of the management approach	87-99	-
GRI 413: Local communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs.	91-99	-
413-2	Operations with significant actual and potential negative impacts on local communities.	91-99	-
Supplier Social Assessment			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its coverage.	50-51	-
103-2	Management approach and components thereof.	50-51	-
103-3	Assessment of the management approach.	50-51	-
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria.	51	-

APPENDIX. ALTERNATIVE PERFORMANCE MEASURES

ALTERNATIVE MEASUREMENTS OF THE ELECNOR GROUP'S PERFORMANCE

Key figures

Thousands of Euros	2019	2018 Restated	Change (%)
Turnover	2,453,726	2,250,899	9.0%
Domestic	1,168,656	987,979	18.3%
International	1,285,070	1,262,920	1.8%
EBITDA	386,996	254,168	52.3%
Profit before income tax	190,077	125,391	51.6%
Consolidated net profit	126,377	82,117	53.9%

Turnover by segments

Thousands of Euros	2019	2018 Restated	Change (%)
Infrastructure	2,279,501	2,096,046	8.8%
Concessions business	190,769	158,643	20.3%
Operations between segments	(16,544)	(3,790)	-
	2,453,726	**2,250,899**	9,0%

Turnover by activity

Thousands of Euros	2019	2018 Restated	Change (%)
Electricity	908,347	744,732	22.0%
Power generation	573,375	631,087	-9.1%
Telecommunications and space	247,719	252,914	-2.1%
Facilities	215,105	165,821	29.7%
Construction, environment and water	181,276	169,725	6.8%
Maintenance	171,830	160,396	7.1%
Oil & Gas	106,793	102,594	4.1%
Railways	49,281	23,630	108.6%
	2,453,726	**2,250,899**	9,0%

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EBITDA:

Earnings before interest, taxes, depreciation and amortisation, or gross operating profit.

Thousands of Euros	2019	2018 Restated	Change (%)
EBITDA = Gross operating profit:	**386,996**	**254,168**	52.3%
Results from operating activities	239,676	149,375	-
+ Expense for amortisation, depreciation, impairment and charges to provisions	162,122	104,793	-
+ Negative difference in business combinations	-14,802	0	-
EBITDA from corporate transactions in the year	121,646	5,650	-
NET EBITDA FROM CORPORATE TRANSACTIONS	**265,350**	**248,518**	6.8%

EBITDA from corporate transactions

Thousands of Euros	2019	2018 Restated
Income at equity-accounted investees:		
Income from business combinations as per Note 2.f of the Annual Accounts of Elecnor, S.A. and Subsidiaries.	178,345	-
Income from business combinations as per Note 7 of the Annual Accounts of Elecnor, S.A. and Subsidiaries.	-47,445	-
Income from business combinations (solar thermal companies) as per Note 7 of the Annual Accounts of Elecnor, S.A. and Subsidiaries.	-9,254	-
Assignment of purchase price of Jaurú to Celoe Redes (as per Note 13 of the Annual Accounts of Elecnor, S.A. and Subsidiaries)	-	5,650
EBITDA de las operaciones societarias del ejercicio	**121.646**	**5.650**

Note on income from operating activities:

As explained in the accompanying Annual Accounts, operating income for 2018 has been restated to include income from equity-accounted investees.

The calculation of EBITDA last year is as follows.

In addition, as explained in Note 2.e to the Annual Accounts of Elecnor, S.A. and subsidiaries, income for 2018 was modified by adjusting the provisional values relating to the acquisition in December 2018 of shares in Jaurú Transmissora de Energia, S.A. and Cachoeira Paulista Transmissora, S.A. from Isolux Energia de Participacoes, S.A., allocating the purchase price of the shareholdings in those companies in accordance with the principles of IFRS 3. Accordingly, in the Consolidated Income Statement for 2018, there is additional income of Euros 5,650 thousand under the heading "Share in profit/loss of equity-accounted investees in the consolidated income statement".

	2018
EBITDA not restated from 2018	**338,603**
Operating income not restated	151,860
+ Expense for amortisation, depreciation, impairment and charges to provisions	112,012
+ Amortisation and depreciation + harmonisation of sales in Brazil concessions due to the effect of applying IFRIC 12	74,731

EBITDA by segments

Thousands of Euros	2019	2018 Restated	Change (%)
Infrastructure	176,717	171,481	3.1%
Concessions business	144,712	114,921	25.9%
Corporation	72,637	(30,693)	-
Operations between segments	(7,070)	(1,541)	-
EBITDA	**386,996**	**254,168**	52.3%
NET **EBITDA** FROM CORPORATE TRANSACTIONS	**265,350**	**248,518**	6.8%

Consolidated net profit

Thousands of Euros, at year-end	2019	2018 Restated	Change (%)
Infrastructure	66,519	65,104	2.2%
Concessions business	36,726	25,442	44.4%
Corporation	29,560	(7,388)	-
Operations between segments	(6,428)	(1,041)	-
	126,377	**82,117**	53.9%

Alternative measures of income of the Parent of the Elecnor Group

Key figures

Thousands of Euros	2019	2018	Change (%)
Turnover	1,368,728	1,315,286	4.1%
Domestic	987,643	859,507	14.9%
International	381,085	455,779	-16.4%
Results from operating activities	(7,203)	27,391	-126.3%
Profit before income tax	54,659	59,850	-8.7%
Profit after tax	30,122	44,136	-31.8%

Thousands of Euros	2019	2018	Change (%)
EBITDA = Gross operating profit	**18,160**	**77,461**	-76.6%
Results from operating activities	(7,203)	27,391	-
+ Expense for amortisation, depreciation, impairment and charges to provisions	25,364	50,072	-

Stock market information

	2019	2018
Closing share price (€)	10.95	13.20
Total volume of securities (million)	3.3	4.3
Total cash traded (€ mn)	37.7	53.9
Number of shares (million)	87	87
Market capitalisation (€ mn)	952.6	1,148.40
PER	7.5	15.5
Dividend yield	2.4%	2.6%

Group backlog

Backlog

(thousands of euros, at year-end)	2019	2018 Restated	% of total (2019)
Domestic	547,368	445,698	25 %
International	1,675,349	1,681,685	75 %
TOTAL	**2,222,717**	**2,127,383**	**-**
Percentage growth	4.5%	-	-

Alternative debt measures; indebtedness ratio

Net Financial Debt

(thousands of euros, at year-end)	2019
Corporation Net Financial Debt	135,672
Net EBITDA of corporate transactions	265,350
With recourse	*122,633*
Without recourse	*142,717*
Ratio of Debt/EBITDA with recourse + projects div.	0.92
Total Net Financial Debt	494,133
With recourse	*135,672*
Without recourse	*358,461*
Net EBITDA of corporate transactions	265,350
Ratio of total net financial debt to net EBITDA of corporate transactions	1.86

	2019
Corporation Net Financial Debt	**135,672**
(Net Financial Debt in Note 17 of the Annual Accounts of Elecnor, S.A. and Subsidiaries)	
Net EBITDA of corporate transactions	265,350
EBITDA without recourse (from projects financed via funding without recourse)	*142,717*
EBITDA with recourse	*122,633*
Dividends from projects financed via funding without recourse	30,719
Reversal of the effect on EBITDA with recourse of the application of IFRS 16	-6,385
EBITDA with recourse + Dividends from projects without recourse net of the effect of IFRS 16	**146,967**
Indebtedness ratio = Net corporate financial debt/(EBITDA with recourse + Dividends from projects)	**0.92**

Calculation of Total Net Financial Debt

	2019	2018 Restated
+ Financial liabilities from issuing bonds and other marketable securities	135,120	192,010
+ Finance liabilities on loans and borrowings	680,898	657,256
+ Derivative financial instruments (from Non-current liabilities and Current liabilities in the Consolidated Statement of Financial Position)	19,854	17,982
- Current investments in related companies	(128)	(297)
- Derivative financial instruments	(3,873)	(871)
- Cash and cash equivalents	(325,116)	(293,399)
- Other current financial investments	(6,429)	(4,947)
Loans granted by public entities (Note 17)	5,277	6,243
+ Derivative financial instruments (from Current assets in the Consolidated Statement of Financial Position) for currency exchange hedges (Note 18)		871
- Derivative financial instruments (from Non-current liabilities and Current liabilities in the Consolidated Statement of Financial Position) for currency exchange hedges (Note 18)	(11,469)	(4,468)
Total Net Financial Debt	**494,134**	**570,380**
	-13.4%	

[*Logo*] KPMG

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Independent Verification Report on the Non-Financial Information Statement of the Consolidated Management Report of Elecnor, S.A. and subsidiary companies for the year 2019

To Elecnor, S.A. shareholders:

We have been asked by the management of Elecnor, S.A. to undertake the verification, with limited assurance scope, of the Non-Financial Information Statement of the accompanying Consolidated Management Report for the year ended 31 December 2019 of Elecnor, S.A. (hereinafter the Parent company) and subsidiary companies (hereinafter, the Group), prepared according to Sustainability Reporting Standards in their Global Reporting Initiative (GRI standards) core option (hereinafter, "the Report").

Likewise, in accordance with article 49 of the Code of Commerce, we have made the verification, with limited assurance scope, that the Group's Consolidated Non-Financial Information Statement (hereinafter CNFIS) for the year ended 31 December 2019, included in the Report and which in turn forms part of the Group's Consolidated Management Report for the year 2019, was prepared in accordance with the contents set forth in the trade regulations currently in force.

The content of the Report includes additional information to that required by GRI standards in their core option and by current trade regulations regarding non-financial information that has not been subject to our verification work. In this respect, our work has been confined exclusively to verifying the information identified in the tables "Appendix 1. Table of contents of Act 11/2018 of December, on non-financial information and diversity" and "Appendix II. Table of GRI contents" contained in the accompanying report.

Responsibility of the Directors and of the Management of the parent company

The management of the parent company is responsible for preparing and presenting the Report in accordance with GRI standards, in their core option, as mentioned for each subject matter in the table "Appendix II. Table of GRI content" of the Report.

Likewise, the directors of the parent company are responsible for drawing up the CNFIS included in the Report, and for its content. The CNFIS was prepared in accordance with the contents set forth in the trade regulations currently in force and following the criteria of the GRI standards selected in accordance with what is mentioned for each subject matter in the table "*Appendix I. Table of contents of Act 11/2018, of 28 December, on non-financial information and diversity*" of the aforesaid Report.

Susan Meredith
Traductora - Intérprete Jurada de Inglés
Nº 343

These responsibilities also include the design, implementation and maintenance of the internal control deemed necessary to enable the Report to be free from material misstatement, whether due to fraud or error.

The directors of the parent company are also responsible for defining, implementing, adapting and maintaining the management systems from which the information needed to prepare the Report is obtained.

Our independence and quality control
We have complied with the requirements of independence and other ethical requirements of the Code of Ethics for Accounting Professionals issued by the International Ethics Standards Board for Accounting Professionals (IESBA) which is based on the fundamental principles of integrity, objectivity, professional competence, diligence, confidentiality and professionalism.

Our firm applies International Quality Control Standard 1 (IQCS 1) and, consequently, maintains a global quality-control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The work team was made up of professionals who are experts in reviews of Non-Financial Information and, specifically, in information on economic, social and environmental performance.

Our responsibility
Our responsibility is to express our conclusions in an independent limited assurance verification report based on the work undertaken.

We have carried out our review work in accordance with the requirements laid down in the current Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than the Audit and the Review of Historical Financial Information (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Guidelines for Action for Non-Financial Information Statement verification engagements, issued by the Spanish Institute of Chartered Accountants.

In a limited assurance engagement, the procedures carried out vary in nature and time and are shorter in length than those undertaken in a reasonable assurance engagement and, therefore, the assurance provided is less, as well.

Our work consisted of posing questions to the management, as well as to the various units and responsible areas of the parent company that took part in preparing the report, of reviewing the processes for compiling and validating the information presented in the report, and of applying certain analytical procedures and sampling-based review tests which are described below:

- Meetings with parent company staff to get to know the business model, policies and management approaches applied, the principal risks connected with those matters and to obtain the information necessary for the external review.

Susan Meredith
Traductora - Intérprete Jurada de
Inglés
Nº 343

- Analysis of the scope, relevance and integrity of the contents included in the Report on the basis of the materiality analysis made by the parent company and described in the "Introduction" section, considering the contents required under the trade regulations currently in force.
- Analysis of processes for collecting and validating the data presented in the Report for the year 2019.
- Review of the information regarding the risks, policies and management approaches applied in relation to the material aspects presented in the Report for the year 2019.
- Checking, by means of tests, on the basis of the selection of a sample, the information related to the contents included in the Report for the year 2019 and the appropriate compilation thereof on the basis of the data supplied by the sources of information.
- Obtaining a representation letter from the directors and the management.

Conclusion
Basing ourselves on the procedures carried out in our verification and on the evidence we obtained, no aspect at all has come to our attention that leads us to believe that:

a) The Non-Financial Information Statement of the Consolidated Management Report of Elecnor, S.A. and subsidiary companies for the year ended 31 December 2019 was not prepared, in all significant aspects, in accordance with GRI standards, in their core option, as set out in point 102-54 of the Table of GRI contents of the Report.
b) The CNFIS of Elecnor, S.A. and subsidiary companies, for the annual period ended 31 December 2019, was not prepared, in all its significant aspects, in accordance with the contents set forth in the trade regulations currently in force and following the criteria of the GRI standards selected, as mentioned for each subject matter in the table "*Appendix 1. Table of contents of Act 11/2018, of 28 December, on non-financial information and diversity*" of the Report.

Use and distribution
In accordance with the terms and conditions of our engagement letter, this Report was prepared for Elecnor, SA. in relation to its Non-Financial Information Statement in the Consolidated Management Report and therefore it has no other purpose and cannot be used in another context.

With regard to the Consolidated Statement of Non-Financial Information, this report was drawn up in response to the requirement laid down under the trade regulations currently in force in Spain, so it might not be suitable for other purposes or jurisdictions.

KPMG Asesores, S.L.
[*Signature mark*]
Patricia Reverter Guillot
26 March 2020

I, Susan Meredith, Accredited Translator (Spanish-English), appointed by the Spanish Ministry of Foreign Affairs and for Cooperation, hereby certify that the translation above is a true and full rendering in English of a document drawn up in Spanish.

Madrid, 8th May 2020

Doña Susan Meredith, Traductora/Intérprete Jurada de inglés, nombrada por el Ministerio de Asuntos Exteriores y de Cooperación, certifica que la que antecede es traducción fiel y completa al inglés de un documento redactado en español.

En Madrid, a 8 de mayo de 2020

Susan Meredith
Traductora - Intérprete Jurada de
Inglés
Nº 343
Susan Meredith

Economic Profile of Elecnor, S.A. 2019

Elecnor, S.A.
Balance Sheets

At 31 December 2019 (Thousands of Euros)

ASSETS	2019	2018
NON CURRENT ASSETS	988,608	1,017,224
Intangible Assets	**4,766**	**4,422**
Administrative Concessions	38	40
Goodwill	619	722
Software	4,109	3,660
Property, Plant and Equipment	**63,294**	**62,132**
Land and buildings	16,959	18,821
Plants and other Items fo Property, Plant and Equipment	46,335	43,311
Investments in group companies and associates	**871,077**	**903,126**
Equity instruments	860,516	876,173
Loans to companies	10,561	26,953
Non current financial investments	**7,261**	**4,684**
Equity instruments	1,040	1,040
Loans to third parties	2,176	12
Financial Derivatives	23	109
Other financial assets	4,022	3,523
Deferred tax assets	**42,210**	**42,860**
CURRENT ASSETS	953,883	848,310
Non-current assets held for sale	**10,784**	**131**
Inventories	**13,494**	**22,955**
Raw materials and other supplies	2,359	2,182
Short cycle finished goods	823	811
Advances to suppliers	10,312	19,962
Trade and other receivables	**830,513**	**732,856**
Trade receivables	774,940	684,445
Receivable from group companies and associates	18,537	20,643
Other receivables	10,530	3,653
Personnel	159	31
Current income tax assets	6,588	8,581
Other receivables from Public Administrations	19,759	15,503
Investments in Group companies and associates	**8,650**	**11,113**
Loans to companies	6,887	9,272
Other financial assets	1,763	1,841
Current financial investments	**1,624**	**1,510**
Loans to third parties	56	17
Financial Derivatives	384	330
Other financial assets	1,184	1,163
Accruals	**1,285**	**538**
Cash and cash equivalents	**87,533**	**79,207**
Cash	87,110	78,878
Cash equivalents	423	329
TOTAL ASSETS	1,942,491	1,865,534

The accompanying notes form an integral part of the annual accounts.

EQUITY AND LIABILITIES	2019	2018
EQUITY	591,200	588,743
OWN FUNDS	**596,828**	**593,523**
Share Capital	**8,700**	**8,700**
Issued Capital	8,700	8,700
Reserves	**584,956**	**567,366**
Legal and statutory reserves	1,743	1,743
Other reserves	583,213	565,623
Treasury shares and equity investments	**(21,963)**	**(21,884)**
Profit / loss of the year	**30,122**	**44,136**
Interim dividend	**(4,987)**	**(4,795)**
UNREALISED ASSET AND LIABILITY REVALUATION RESERVE-		
Hedging instruments	**(5,628)**	**(4,780)**
NON CURRENT LIABILITIES	323,840	1,020,703
Provisions for other liabilities and charges	**40,653**	**-**
Other provisions	40,653	-
Borrowings	**279,421**	**257,014**
Bank borrowings	268,826	246,839
Obligations under finance leases	4,352	4,803
Derivates	6,243	5,372
Deferred tax liabilities	**3,766**	**3,877**
CURRENT LIABILITIES	1,027,451	1,015,900
Provisions for other liabilities and charges	**41,518**	**60,939**
Current payables	**132,689**	**203,955**
Obligations and other securities	69,989	154,816
Bank borrowings	52,932	42,156
Obligations under finance leases	437	415
Derivates	1,656	1,428
Other financial liabilities	7,675	5,140
Borrowings from group companies and associates	**27,612**	**46,832**
Trade and other payables	**823,975**	**702,512**
Suppliers	336,786	312,262
Suppliers group companies and associates	6,722	5,763
Other payables	42,693	29,414
Employee benefits payable	23,918	16,439
Current tax liabilities	4,717	12,999
Other payables to Public Administrations	35,261	31,819
Customer advances	373,878	293,816
Accruals	**1,657**	**1,662**
TOTAL LIABILITIES AND EQUITY	1,942,491	1,865,534

The accompanying notes form an integral part of the annual accounts

Elecnor, S.A.
Income Statements

For the years ended 31 December 2019 and 2018 (Thousands of Euros)

	2019	2018
CONTINUING OPERATIONS		
Net sales	**1,368,728**	**1,315,286**
Net sales	1,368,728	1,315,286
Changes in inventories of finished goods	**12**	**(513)**
Work performed by the entity and capitalised	**2,156**	**3,837**
Supplies	**(740,717)**	**(685,388)**
Consumption of raw materials and other consumables	(374,157)	(305,727)
Work performed by third parties	(366,560)	(379,661)
Other operating income	**8,046**	**8,917**
Ancillary income	7,265	8,173
Grants related to income	781	744
Personnel expenses	**(428,427)**	**(387,333)**
Wages, salaries and other	(336,420)	(302,200)
Social security costs	(92,007)	(85,133)
Other operating expenses	**(201,521)**	**(217,802)**
External services	(182,985)	(164,269)
Taxes	(5,540)	(10,272)
Losses on, impairment of and change in trade provisions	(9,886)	(40,685)
Other operating expenses	(3,110)	(2,576)
Depreciation and amortisation	**(12,975)**	**(9,388)**
Impairment losses and gains/losses on disposal of non current assets	**(2,505)**	**(225)**
Gains/losses on disposals and other gains and losses	(2,505)	(225)
OPERATING PROFIT	**(7,203)**	**27,391**
Finance income	**87,141**	**50,795**
From equity investments		
- In group companies and associates	83,278	46,817
From trade securities and other equity instruments		
- In group companies and associates	3,764	3,736
- In third parties	99	242
Finance costs	**(13,009)**	**(17,402)**
Borrowings from group companies and associates	(567)	(444)
Third-party borrowings	(12,442)	(16,958)
Exchange differences	**243**	**7,602**
Impairment losses and gains/losses on disposal of financial instruments	**(12,513)**	**(8,536)**
Impairment and losses	(27,372)	(8,809)
Ganis/losses on disposal and others	14,859	273
FINANCIAL GAINS	**61,862**	**32,459**
PROFIT BEFORE INCOME TAX	**54,659**	**59,850**
Income tax	(24,537)	(15,714)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**30,122**	**44,136**
PROFIT FOR THE YEAR	**30,122**	**44,136**

The accompanying notes form an integral part of the annual accounts.

For any further information or queries
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