

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

Interim financial report

30 June 2020

This document is available at:

www.webuildgroup.com

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

Webuild S.p.A.

Fully paid-up share capital €600,000,000

Registered office in Milan, Via dei Missaglia 97

Tax code and Milan Monza Brianza Lodi Company Registration no. 00830660155

R.E.A. no. 525502 - VAT no. 02895590962

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Company officers

Board of directors (i)

Chairperson

Deputy chairperson

Chief executive officer

Directors

Donato Iacovone (ii) (iii)

Nicola Greco

Pietro Salini

Francesca Balzani (ii)

Giuseppina Capaldo

Mario Giuseppe Cattaneo

Roberto Cera

Pierpaolo Di Stefano (ii)

Giuseppe Marazzita (ii)

Marina Natale (ii)

Ferdinando Parente

Franco Passacantando

Laudomia Pucci

Alessandro Salini

Grazia Volo

Strategic committee (iv)

Chairperson

Pierpaolo Di Stefano

Francesca Balzani

Nicola Greco

Marina Natale

Pietro Salini

Control, risk and sustainability committee (iv)

Chairperson

Mario Giuseppe Cattaneo

Francesca Balzani

Nicola Greco

Marina Natale

Ferdinando Parente

Franco Passacantando

Compensation and nominating committee (iv)

Chairperson

Ferdinando Parente

Nicola Greco

Giuseppe Marazzita

Committee for related-party transactions (iv)

Chairperson

Giuseppe Marazzita

Giuseppina Capaldo

Ferdinando Parente

Board of statutory auditors (v)

Chairperson

Standing statutory auditors

Substitute statutory auditors

Giacinto Gaetano Sarubbi

Roberto Cassader

Paola Simonelli

Roberta Mancino

Chiara Segala

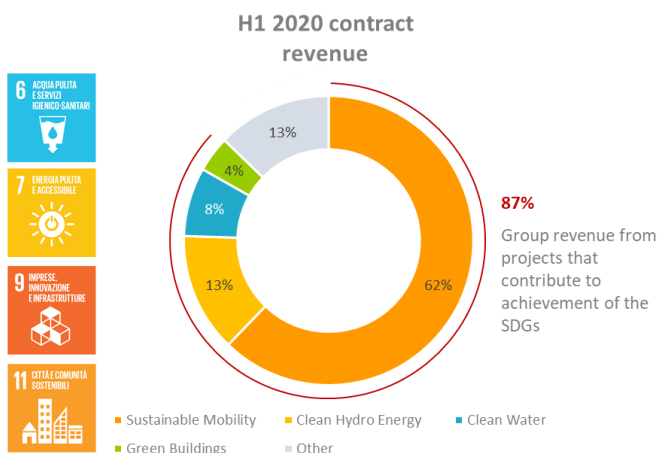
Independent auditors (vi)

KPMG S.p.A.

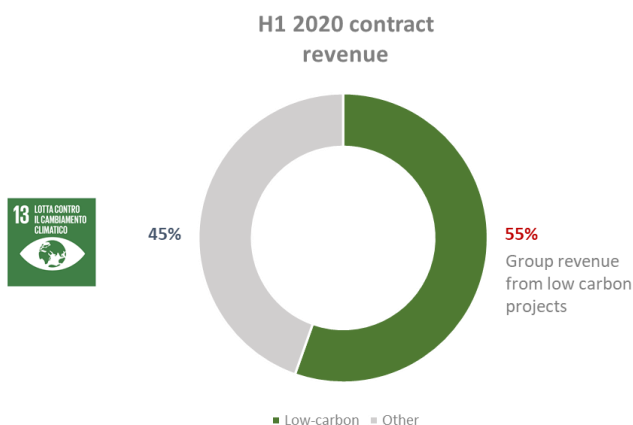
- (i) Appointed by the shareholders on 30 April 2018 (see note (ii) for the subsequent resolutions taken by the shareholders in their ordinary meeting of 4 May 2020 for the appointment of five directors); in office until approval of the financial statements as at and for the year ending 31 December 2020.
- (ii) Appointed by the shareholders on 4 May 2020; in office until approval of the financial statements as at and for the year ending 31 December 2020.
- (iii) Appointed chairperson of the board of directors as per the board's resolutions of 6 December 2019 and 4 May 2020.
- (iv) Current composition of the committees after the board resolutions of 6 December 2019 and 4 May 2020. More information is available in the press release of 4 May 2020 published in the "Media" section of the website www.webuildgroup.com.
- (v) Appointed by the shareholders on 4 May 2020; in office until approval of the financial statements as at and for the year ending 31 December 2022.
- (vi) Engaged by the shareholders on 30 April 2015; term of engagement from 2015 to 2023.

Highlights

Our contribution to the SDGs



Our contribution to the fight against climate change



Benefits of ongoing projects

3 million passengers a day

Capacity of metros under construction

-25/50%

Reduction in travel times of the ongoing high speed projects

14,000 MW

New installed capacity from renewable sources with the ongoing hydropower projects

14 million residents

Population affected by ongoing drinking water, desalination and water treatment projects and projects to decrease water pollution

7 thousand hectares

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

-15 million tonnes of CO₂

Annual emissions avoided by hydroelectric projects and metro lines

Webuild Group: Our vision and performance

Who we are

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

Wherever we are, **we always feel at home**

We are present in all 5 continents. **People are our strength.**

We compete with the main global players through the work of a multi-cultural team

50

Countries

50,000

Direct and Indirect
Employees

100

Nationalities

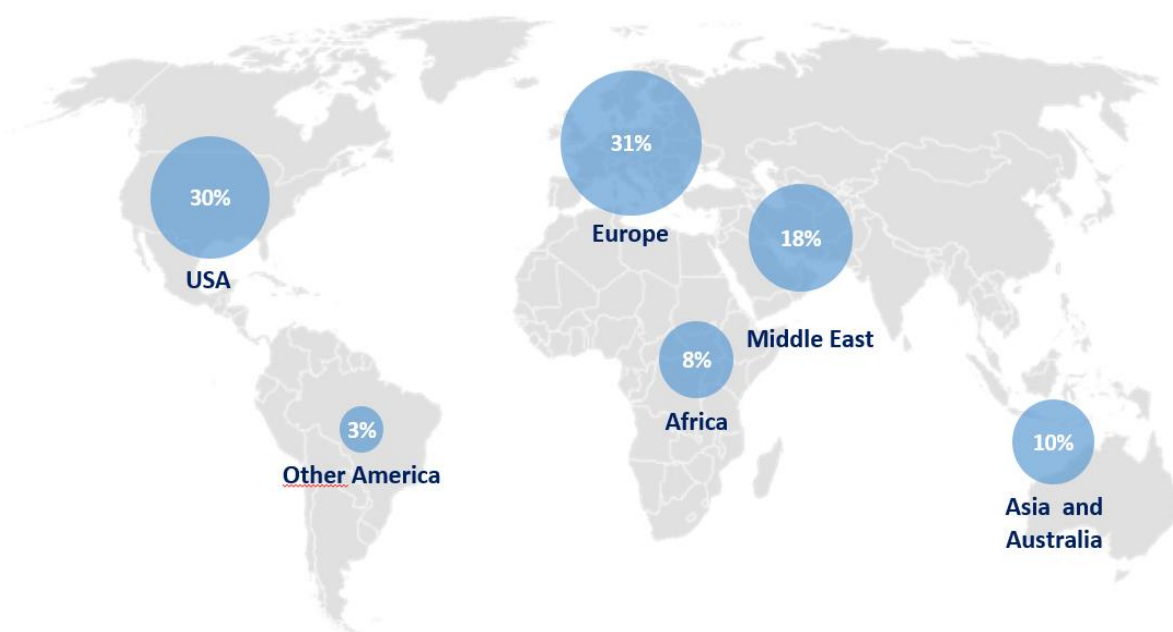
The Group has been recognised as the first global contractor in the water sector for five years by Engineering News - Record (ENR) and one of the top ten operators in the environmental sector since 2018.

In addition to being the leading Italian general contractor, Webuild is one of the top 10 contractors in the US and the Middle East in terms of its revenue generated outside its domestic market¹.

In the first half of 2020, Webuild entered the Leadership level of the ESG ratings of MSCI and VigeoEiris, supplementing the same results achieved with the CDP (ex Carbon Disclosure Project) Climate Change programme and ISS-Oekom.

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

H1 2020 revenue by geographical area



At 30 June 2020, the Group has an order backlog worth €33,903 million (including €27,416 million for construction contracts²) and revenue of €2,213.1 million³. Contract revenue includes 87% from projects tied to achievement of the United Nations' Sustainable Development Goals (SDGs), while 55% relates to climate action projects that allow the avoidance of greenhouse gas (GHG) emissions.

In the first half of 2020, the Group has continued to consolidate its growth in Italy and achieve a more competitive position in some of its more interesting markets, namely, the US, Australia and the Northern European countries. Webuild has developed a robust business model capable of creating economic value for its shareholders, investors and customers while generating social and environmental value for its employees and the stakeholders of the areas in which it operates, adopting an approach designed to create shared value.

The countless works built around the world tell the story of a Group that has based its business on its passion to build, the search for excellence and a commitment to meet global challenges, tied to the essential needs of the local areas and their communities for 114 years. It has built railway lines and metros, dams and hydropower plants, hydraulic systems, drinking water, desalination and water treatment plants, airports and motorways and civil and industrial buildings.

² Does not include Fisia Italimpianti.

³ Adjusted figures comprising the reported data increased by the results of the non-subsidiary joint ventures of Lane Group.

Business model

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

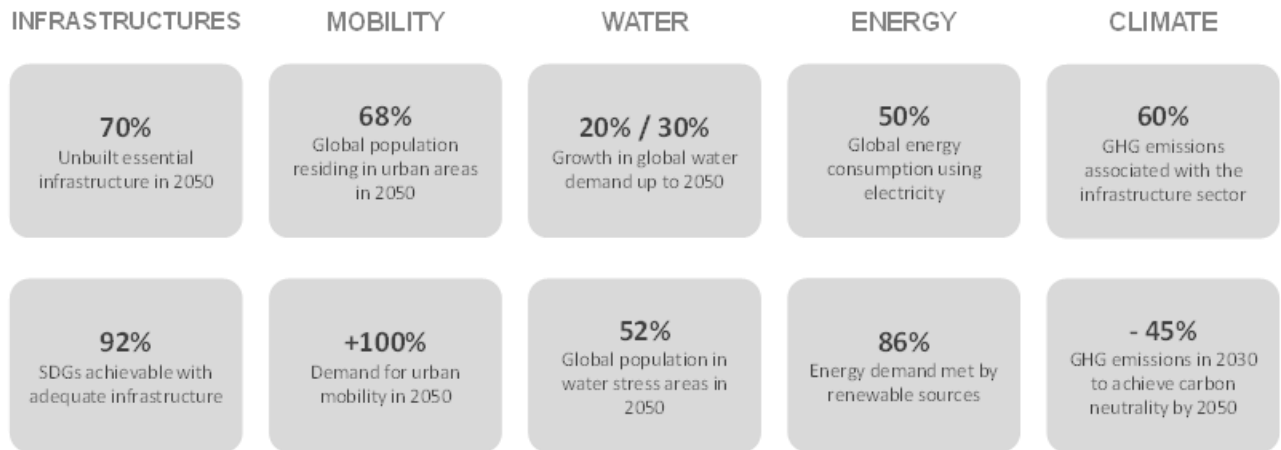


Global challenges

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

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

Main megatrends that affect the infrastructure market



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

Infrastructure directly and indirectly contributes to achievement of 92% of all the targets linked to the SDGs⁴. It is a fundamental part of the fight against climate change as it contributes more than 60% of the global GHG emissions⁵.

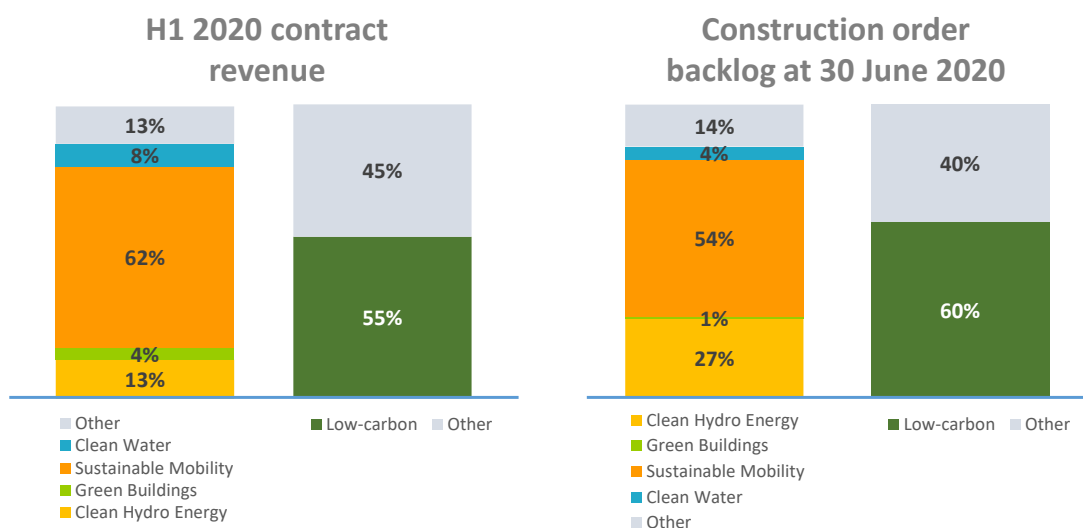
Meeting the growing global demand for infrastructure and achievement of the SDGs require investments that can only increase over the next decades.

Core Business: Our performance

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

⁴ Source: Thacker S, Adshead D, Morgan G, Crosskey S, Bajpai A, Ceppi P, Hall JW & O’Regan NO. (2018). Infrastructure: Underpinning Sustainable Development, UNOPS

⁵ Source: The Sustainable Infrastructure Imperative, New Climate Economy – The Global Commission on the Economy and Climate, 2016



Webuild's Business Areas	Sustainable Mobility	Clean Hydro Energy	Clean Water	Green Buildings
Type of Projects	Metros*, Railways*, Roads, Motorways, Bridges, Ports, and Maritime Works	Energy-generating dams and hydroelectric plants*	Purification, desalination, wastewater management plants, dams for potable water and irrigation purposes.	Civil & Industrial Buildings with Sustainable features*

*Low-carbon projects

Ongoing or completed projects at 30 June 2020 in the sustainability mobility sector accounted for **62%** of contract revenue and **54%** of the construction order backlog.

Ongoing clean hydro energy projects contributed **13%** to contract revenue and make up **27%** of the construction order backlog.

Completed or ongoing clean water projects made up **8%** of contract revenue and **4%** of the construction order backlog, while green building projects accounted for **4%** of contract revenue and **1%** of the construction order backlog.



Sustainable Mobility



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

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

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

The metro projects under construction alone will allow the fast, efficient and sustainable transportation of roughly three million people a day on state-of-the-art infrastructure, avoiding emissions of around 550 thousand tonnes of CO₂ a year. The high speed railway projects will shorten travel times by between 25% to 50%, providing around 23 million people with safe, rapid and low-carbon services. In fact, rail transportation services generate emissions up to one eighth of those of the most environmentally-friendly cars and up to one ninth of the most efficient aircraft.

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

It has constructed unique works like the new Panama Canal, which has enabled the post-Panamax ships to cross the American continent since 2016 rather than going around it, leading to an approximate 16 million tonne reduction in CO₂ emissions a year.



Clean Hydro-Energy



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

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

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

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

The ongoing hydropower projects will have capacity of more than 14,000 MW and will provide low-cost clean energy to tens of millions of people around the world, especially in the Horn of Africa (Ethiopia and surrounding countries) Central Asia (Tajikistan and adjacent countries) and Australia. This should avoid emissions of roughly 14.5 million tonnes of CO₂ a year.



Clean Water



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

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

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

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



Green Buildings



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

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

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

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

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

Strategic pillars

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

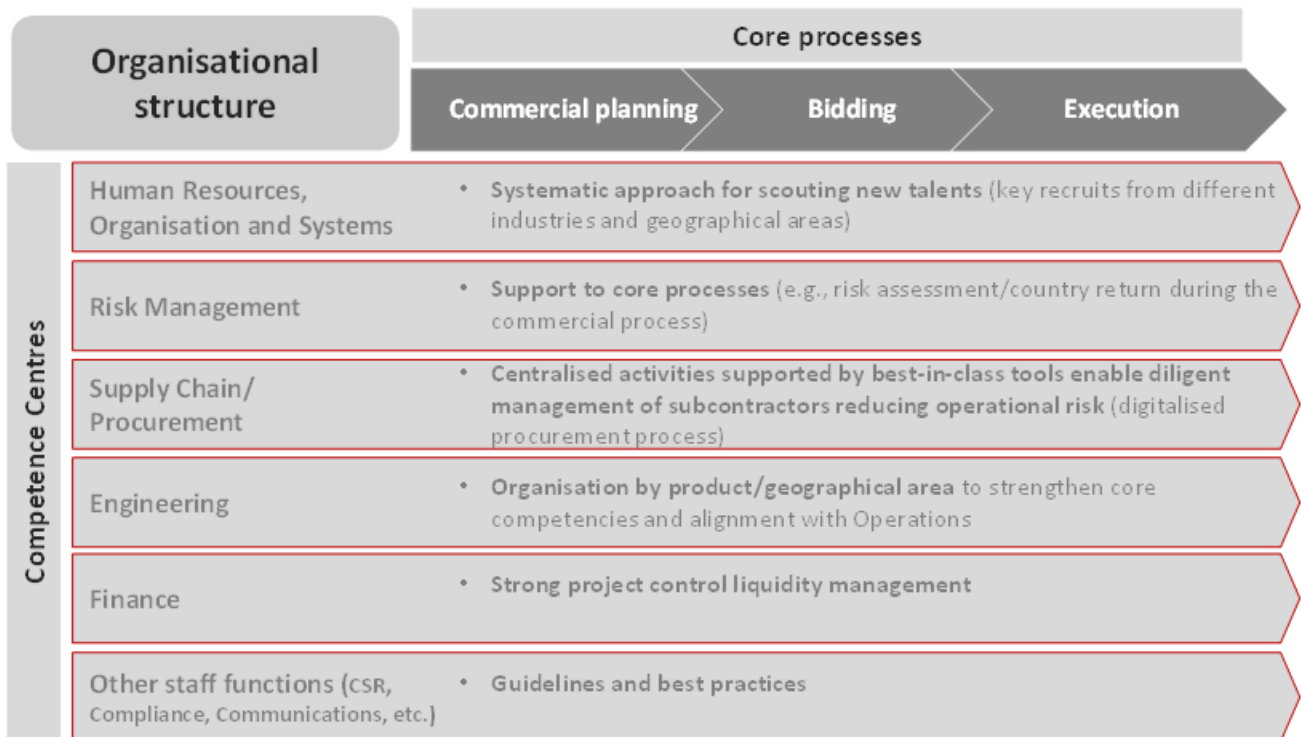
Accordingly, the Group has refreshed its organisational model significantly in recent years to ensure continuous improvement and a sharper focus on efficiency, innovation and responsible behaviour.

Efficiency

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

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

Organisational model designed to foster efficiency



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

Innovation

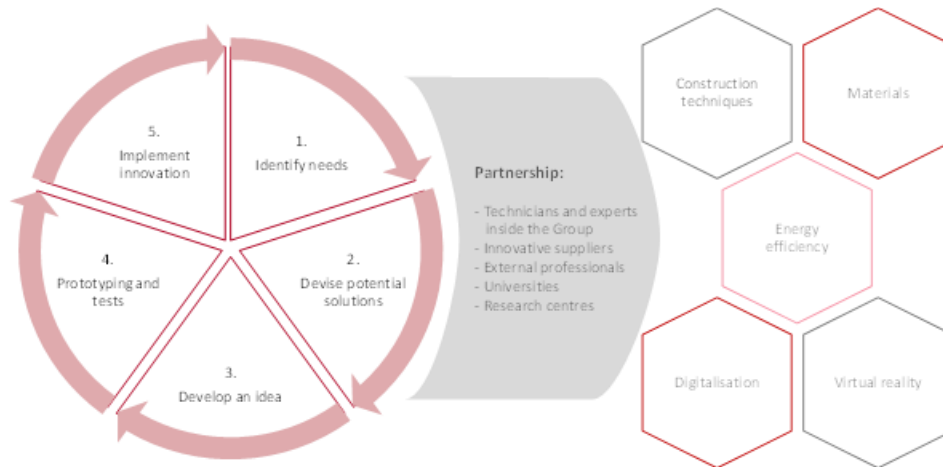
Webuild considers innovation to be fundamental for its long-term sustainable development.

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

Innovation is not only a lever to overcome the technical challenges of the projects to be built but it also underpins the Group's competitiveness, as it contributes to making its core processes more efficient, thanks to optimised performance times and costs and support processes, as well as its social and environmental performance,

because it translates into an improvement in safety conditions and a smaller impact on the environment, and, thus, on the communities where the Group operates.

Development process for innovative initiatives



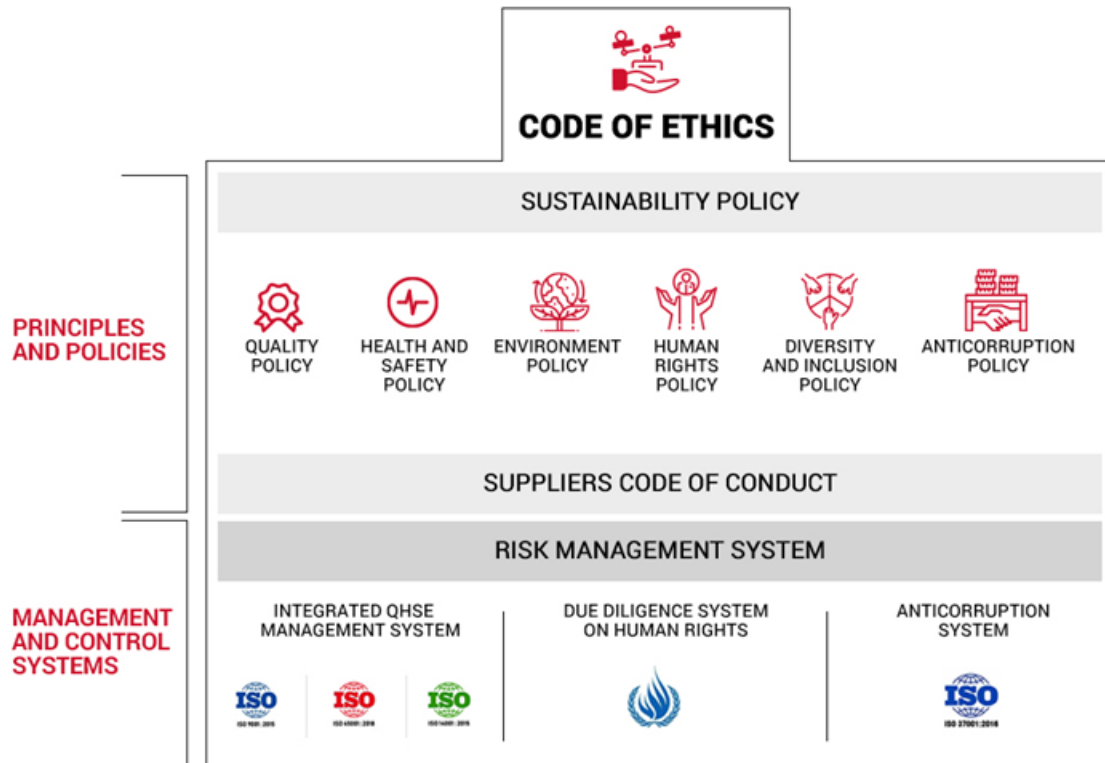
Research, development and innovation initiatives take place at project and central level. They involve the technical departments of both the Group and its partners (innovative suppliers, professionals, universities and research centres) in the development of innovative solutions to improve internal processes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

Responsible behaviour







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

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

Ethical, social and environmental responsibility framework



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

<i>Rating provider</i>	<i>Rating</i>	<i>Trend compared to previous rating</i>
	Webuild has obtained the A- rating achieving leadership level in the Climate Change project, above the sector average of B	↑
	The company qualifies as "Prime" , with an above-average rating, as a sector leader (alongside Acciona and JM)	↑
	Webuild has obtained the A rating, continuing to improve its previous ratings of BB in 2018 and BBB in 2019	↑
	Webuild has achieved Advanced level, the highest of the four-point scale, confirming its market leadership role	↑
	Webuild has a "Gold" status, well above the sector's average	↑
	The company is a "Leader" of its sector and 6th in the general classification (which includes all business sectors)	↑

Key events of the period

Progetto Italia

In 2019, Webuild (then Salini Impregilo) presented an offer for an investment in Astaldi, the second largest Italian construction company, which is an essential stepping stone for achievement of Progetto Italia. The Project's objective is to relaunch the domestic infrastructure sector, create value for the parent and all its stakeholders and grow the group, its technical expertise, professional know-how and financial solidity through the integration of other major Italian sector companies into the Group.

Early in the year, an important milestone was achieved with the creditors' approval of Astaldi's composition with creditors on a going concern basis proposal by 69.4% of the creditors with voting rights. This will speed up the last stages of the acquisition transaction.

The Rome Court set the date of 23 June 2020 for the hearing to authorise the composition with creditors procedure as per article 180 of the Bankruptcy Law. The judge acknowledged Webuild's offer to pay Astaldi's debts that have been filed (roughly €100 thousand) and granted the creditors one day to waive their right to file. On 24 June 2020, the opposing creditors waived their right to file their claims.

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

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

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

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

The average nominal amount of the 2021 notes validly offered for exchange is €120,970,000. The aggregate nominal amount of the new notes to be issued is €250,000,000.

The new notes will include notes not issued for exchange of €123,341,000 (the "additional new notes") and demand was roughly four times higher than the offer.

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

The transaction is part of the parent's plan to optimise its debt profile, extending its average debt repayment dates and maintaining a low corporate debt cost.

2020 -2022 performance share plan

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

was proposed by the compensation and nominating committee and approved by the board of statutory auditors in their opinion as per article 2389 of the Italian Civil Code.

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

PLAN OBJECTIVES

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

BENEFICIARIES

The beneficiaries are the directors with specific duties at the group companies, to be identified solely by the board of directors from the directors who cover management roles that contribute to the Group’s results and for whom retention actions can be justified as a source of creation of value, and the Group’s employees and/or consultants identified by the board of directors from among the parties that carry out duties important to the Group and for whom retention and incentivisation actions can be justified as a source of creation of value and sustainability using long-term reward mechanisms (the “beneficiaries”).

The beneficiaries may include parties belonging to the groups indicated in point 1.3.a)/b)/c) of Annex 3A, Table 7 of the Issuer Regulation.

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

CHARACTERISTICS OF THE FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

Directors' report - Part I

Covid-19

Introduction

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

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

The governments of the countries hit by the Coronavirus adopted multiple measures primarily to support business liquidity and household income as well as to ensure access to credit. Despite these initiatives that have been and are being introduced, analysts predict that economic growth in 2020 will contract drastically.

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

The Group has set up a crisis unit which assesses the situation daily and draws up and tailors processes to prevent and contain any critical situations at the work sites.

Employee management and prevention measures to deal with the pandemic

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

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

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

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

- it drew up anti-contagion protocols and introduced measures to protect its employees, not only during their work shifts but also in their free time for those that live on site (e.g., reorganisation of the accommodation into single rooms) in order that work on the strategic infrastructure projects (e.g., the Polcevera Bridge in Italy) could continue;
- global mobility: as the Group draws on its global experience and expertise to place the most appropriate personnel in the right place at the right time for each project, the restrictions on people's movements imposed by many countries made the organisation of work much more difficult. The Group dealt with this

by introducing a number of measures: a) after authorisation by senior management of individual movements, waivers of the restrictions were requested from local authorities for travel to and from the work sites; b) local recruitment was stepped up, including of managers and specialists; c) assistance was provided to workers stranded off-site or involved in projects on stand-by and the related costs monitored closely;

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

Measures introduced to prevent the spread of the disease included:

- adoption of anti-contagion security protocols at the work sites and ramping-up the emergency procedures to cover the management of suspected cases, both together with the local healthcare units and by setting up isolation units for the in-house management of cases in remote work sites;
- management of common areas to decrease gatherings;
- special measures to provide healthcare assistance when the local healthcare units were unable to treat Covid-19 patients.

The precautionary measures introduced immediately at the outbreak of the pandemic are still in place and it is also now mandatory for personnel returning to work sites from countries that have been particularly hard-hit by Covid-19, such as Italy, to undergo a molecular test before they leave. The crisis team continues to keep a close eye on developments in the emergency around the world through weekly updates and regular visits to the work sites to ensure that all relevant regulations are respected.

Operations and effects on the Group's business

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

At the date of preparation of this report, except in a few cases, the work sites have resumed activities although not all of them are operating at pre-Covid-19 levels. Production output should return to normal levels in the second half of the year.

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

Article 207 of Decree law no. 34/2020 (the Relaunch decree), converted with amendments by Law no. 77 of 17 July 2020, approved by the Italian government, provided for the receipt of contract advances of up to 30% within

the limitations and in line with the annual resources earmarked for each project. This also applies to contractors that have already used the contractually-provided for advances or have already started work on the contract without receiving an advance.

At the date of preparation of this report, the Group is not exposed to potential financial stress scenarios. It has cash and cash equivalents and a revolving credit facility sufficient to meet its short-term requirements. There are no major repayments of Webuild's corporate debt scheduled for 2020.

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

Italy

During the first six months of the year, the work sites in Italy saw slowdowns in production in March and April in Lombardy and Liguria. Specifically, starting from March, the work sites for the high speed/capacity Milan - Genoa railway line project (COCIV), Line 4 of the Milan Metro and the ENI offices were closed for short periods as agreed with the customers to comply with the regulations imposed by the government and local authorities. Work recommenced in May and is gradually returning to full production levels, despite the difficulties encountered by the subcontractors. The Brenner Base Tunnel project was affected similarly.

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

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

Europe

Due to the regulations introduced by governments and/or customers in France and Switzerland, the work for Parc du Simplon in Lausanne and Lines 14 and 16 of the Paris Metro was suspended in April and only partially resumed in May and June. At the date of preparation of this report, the works are gradually returning to normal levels.

Middle East and Asia

In Saudi Arabia, Qatar and Tajikistan, the governments issued orders that led to an average slowdown of production at the work sites of 50% in the period from April to June. Production is slated to return to normal levels in the second half of the year.

Latin America

The Group received instructions from the governments in Peru and Argentina to suspend production in the work sites for the Riachuelo and Lima Metro projects, respectively, in April and May. The Lima Metro work site then gradually started work again in June and should be fully operational in the second half of the year.

North America, Africa and Australia

There were no significant slowdowns or suspensions of work which continued regularly in the first six months of 2020 apart from Cabot Yard in the US, where production decreased in March and April.

Supply chain

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

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

As the pandemic spread to the other continents, the procurement department focused on procuring and distributing personal protective equipment to comply with international safety regulations and identified long-term ongoing supply plans.

Market trends and commercial activities

During the period, the Group stepped up its commercial activities by making more bids compared to the same period of 2019 despite the spread of Covid-19.

The pandemic meant that many calls for tenders were cancelled or postponed. In the first few months of the year, the closing dates for bids continued to be pushed forward for a total of approximately €10 billion potential contracts deferred to 2021 (mostly in Europe and the US) at the date of preparation of this report. Roughly 45% of these postponements were due to Covid-19 (e.g., the Paris Metro, the Pedemontana Lombarda connector, etc.).

Pre-qualification activities contributed positively to the six months with the Group being pre-qualified for contracts worth over €20 billion, which is a considerable improvement on the previous year. This satisfactory trend is partly due to the significant growth in pre-qualification volumes in the US in the last 12 months related to a number of mega infrastructure projects that the Group has bid for as part of a joint venture with the American group company. As a result, its potential market is more in line with the Group's model.

The outcome of a large number of contracts is still pending (over €11 billion in "awaiting outcome"), again due to the widespread delays or suspensions of the awarding of contracts due to Covid-19.

Despite the complexities and uncertainties, the Group's widespread geographical footprint enabled it to acquire new orders worth approximately €2 billion and to expand its projects for the rest of this year and for the coming years ensuring a solid order pipeline. Specifically, commercial opportunities have increased by 17% in Australia and nearly 30% in the US and Canada.

Order backlog

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

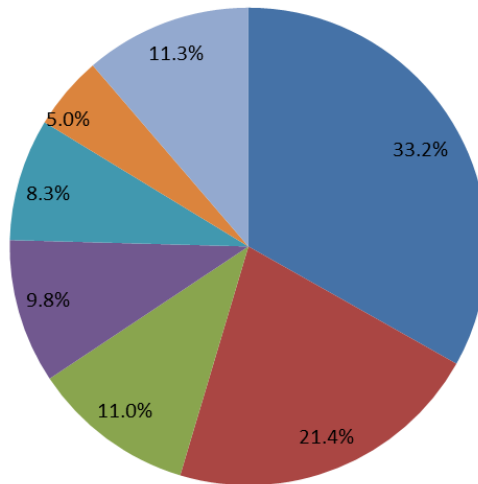
(Share in millions of Euros)

Area	Residual order backlog at 31 December 2019	Percentage of total	Residual order backlog at 30 June 2020	Percentage of total
Italy	12,016.2	33.2%	11,724.0	34.6%
Africa and Asia	7,770.7	21.4%	7,402.3	21.8%
Americas (excluding Lane)	4,003.1	11.0%	3,723.1	11.0%
Oceania	3,536.3	9.8%	3,338.4	9.8%
Europe	2,998.6	8.3%	2,753.0	8.1%
Middle East	1,808.2	5.0%	1,670.8	4.9%
Abroad	20,116.9	55.5%	18,887.6	55.7%
Lane	4,096.2	11.3%	3,291.4	9.7%
Total	36,229.3	100.0%	33,903.0	100.0%

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

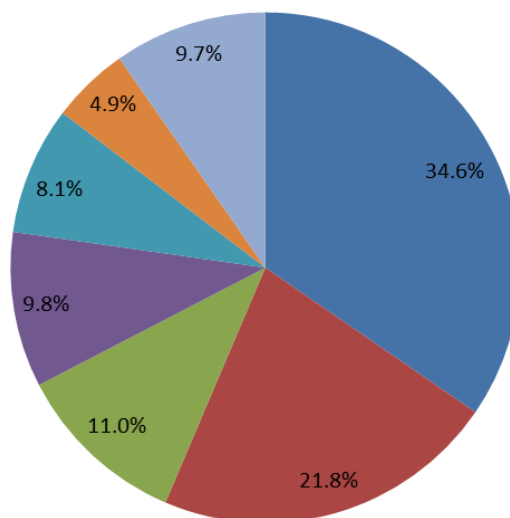
Breakdown of the order backlog 31 December 2019

■ Italy ■ Africa and Asia ■ Americas (excluding Lane) ■ Oceania ■ Europe ■ Middle East ■ Lane



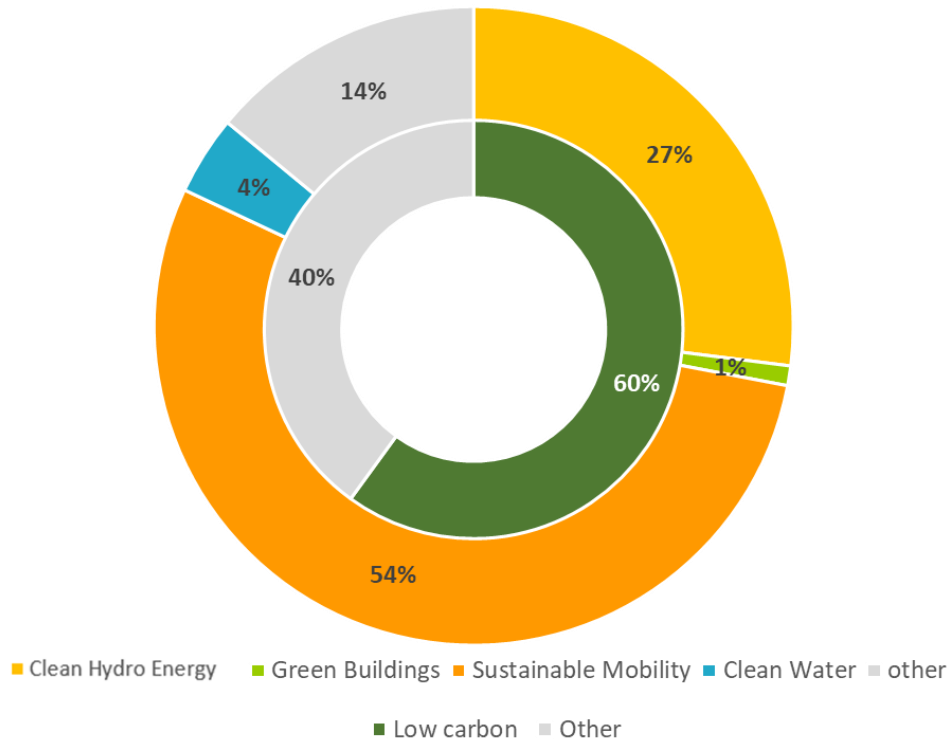
Breakdown of the order backlog 30 June 2020

■ Italy ■ Africa and Asia ■ Americas (excluding Lane) ■ Oceania ■ Europe ■ Middle East ■ Lane



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

Breakdown of the construction order backlog at 30 June 2020 by business area



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

Order backlog

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

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

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

The value of the order backlog decreases:

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

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

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

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

The above measurement method differs from the method used to prepare the disclosure on performance obligations yet to be satisfied in accordance with IFRS 15 as set out in note 32 to the condensed interim consolidated financial statements. Specifically, the main contract revenue included in the order backlog and not considered in the notes includes:

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

Performance by geographical area

Italy

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

Reference context and macroeconomic scenario

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

SDG	STATUS	TREND	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	
	Goal not yet reached Residual challenges remain	↑ On track to achieve the goal in 2030	Wastewater treated	79.6%
	Goal not yet reached Residual challenges remain	↗ Improving, but progress insufficient	Renewable energy in final consumption	16.5%
	Goal not yet achieved Very significant challenges remain	↗ Improving, but progress insufficient	Quality of road infrastructure (1-7)	4.4
	Goal not yet achieved Significant challenges remain	→ Stable or with insufficient improvement	Satisfaction with public transport	42.4%
	Goal not yet achieved Very significant challenges remain	→ Stable or with insufficient improvement	Per capita CO ₂ emissions (ton)	5.3

As one of the first countries that had to deal with the Covid-19 pandemic, Italy led continental Europe in introducing tough lockdown measures, adversely affecting industrial production and consumption. After other countries started to implement their own lockdowns, Italy's export sector was also hit hard and this has triggered a sharp drop in GDP, seen right from the first quarter of the year. According to the most recent ISTAT (the national statistics institute) figures published in May 2020, the Italian GDP dropped 5.3% in the first three months of the year compared to the previous quarter.

The IMF's June 2020 projections are for a 12.8% fall in GDP in 2020, after growth of 0.3% in 2019, but it should grow by 6.3% in 2021.

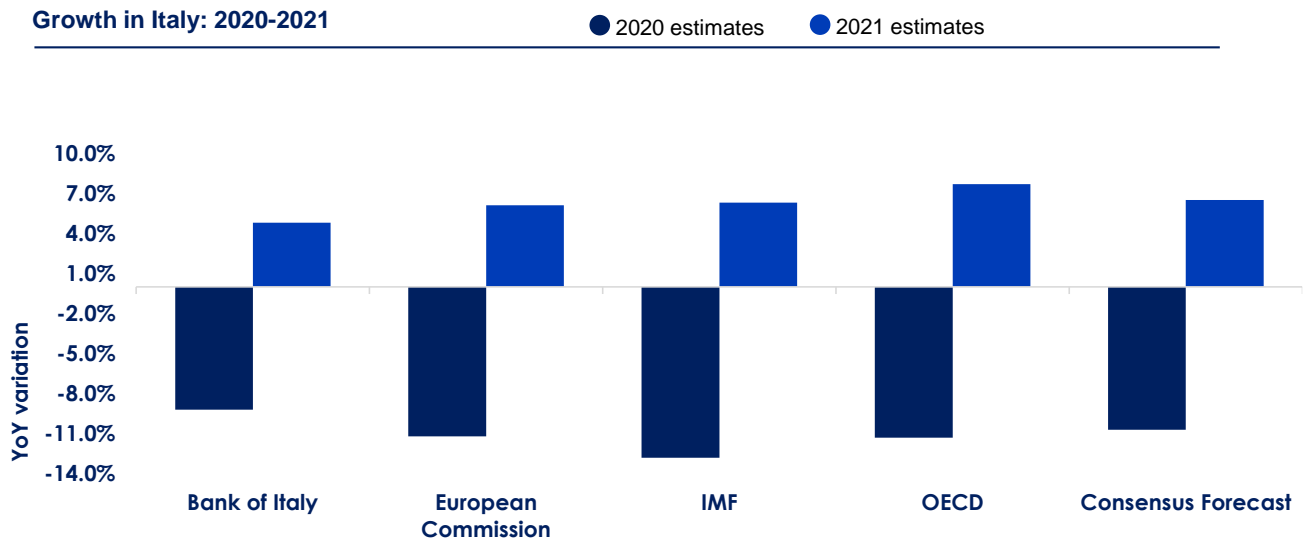
The Italian government's main measures adopted so far to counter the pandemic and stimulate the economy are contained in three decrees. On 17 March, it approved a €25 billion "Cura Italia" emergency package (equal to 1.4% of GDP) which includes (i) funds earmarked for the public health system and the civil protection service (€3.2 billion); (ii) measures to protect employment and supplement the income of employees who have been let go and free-lance workers (€10.3 billion); (iii) other measures to bolster companies, including postponement of tax and utilities payments in the most hard-hit municipalities (€6.4 billion); as well as (iv) measures to boost

lending (€5.1 billion). On 8 April, the Liquidity decree provided for government-backed loans for another €400 billion (25% of GDP). On 19 May, the government put together another package of fiscal measures to “relaunch” the economy of €55 billion (3.2% of GDP), providing additional household income support (€14.5 billion), funding for the healthcare service (€3.3 billion) and further measures for companies, including subsidies for SMEs and the postponement of tax payments (€16 billion).

In order to relaunch the economy, on more than one occasion, members of the government and the majority have issued declarations of intent for a new long-term investment plan for the reorganisation of the country’s infrastructure.

Decree law no. 76/2020 (the “Simplification decree”) is part of this plan and is designed to streamline the calls for tenders procedure and the timeline between the tender award and the start of the works. It introduces sanctions for public officials who hinder the performance of public works, reduces the award times to within six months of the closure of a call for tenders, shortens the time involved in collecting receivables to improve working capital and adopts a model with extraordinary commissioners to manage and supervise strategic projects to ensure they are carried out rapidly. These infrastructure projects are essential to relaunch Italy’s economy and have been included in the “Italia Veloce” plan (the Italy fast-track plan) and comprise railway, road and motorway, airport and port works with an investment programme of around €130 billion.

Growth in Italy: 2020-2021



Sources:
Bank of Italy, July 2020

Outlook for 2020

In line with the new direction undertaken in 2014 with the decree to mobilise work sites (Decree law no. 133/2014), the 2020 budget law (Law no. 160 of 27 December 2019) includes measures to boost infrastructure investments of approximately €20.8 billion, mostly in the period from 2020 to 2034. They include grants for municipalities for the implementation of safety measures for buildings and the local areas (€4.9 billion to €8.8 billion), funds for municipalities for infrastructure investments (€400 million per year from 2025 to 2034), definitive and executive design costs borne by local entities (€2.7 billion - safety measures, hydrogeological risk, public

buildings and municipal assets and roads), a fund for municipality-run playschools (€2.5 billion) and for the road system and schools operated by provinces and metropolitan cities (€6.1 billion). The 2020 budget law should extend the timeline for compliance with the requirements to tender and set up work sites for the work envisaged in the decree to mobilise work sites (Decree law no. 133/2014) in line with its stated intention and to relaunch public investments in the infrastructure sector. It should also confirm the strategies designed to identify the country's infrastructure requirements up to 2034. Part of the requirements for the procurement and setting up of work sites for the work envisaged in the decree led to the implementation and, in certain cases the completion, of the works for strategic projects such as the high speed Milan – Venice railway line, the Giovi third railway crossing and especially projects for southern Italy (the high speed/capacity Naples - Bari railway line and the doubling of the Palermo - Catania - Messina railway line).

Main ongoing projects

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

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 30 June 2020	Percentage of completion
Cociv Lot 1-6	2,786.0	41.4%	2,582.7	45.8%
Iricav Due	1,430.1	1.2%	1,429.3	1.3%
Other	3,555.2		3,467.9	
Total	7,771.3		7,479.9	

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



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

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

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

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

At 30 June 2020, all the six lots provided for in the rider of 11 November 2011 were fully financed.

The calls for tenders for the last lots to be assigned (railway equipment and the Novi Ligure interconnection) will start up again in the second half of 2020 in accordance with the contractual obligations.

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



High-speed/capacity Verona - Padua Railway Project (Iricav Due)

The Iricav Due consortium is RFI's general contractor for the design and construction of the high speed/capacity Verona – Padua railway line section as per the agreement of 15 October 1991.

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

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

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

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

The consortium updated its offer for the first functional lot due to the significant work involved in changing the designs and the extensive preliminary activities carried out by Italferr S.p.A., the technical expert appointed by RFI. It commenced the final round of negotiations which should mean that the rider to the agreement will be signed shortly and work commenced during the year.

Webuild's involvement in the consortium is 34.09%.

As a result of the procedure commenced in 2019 by the extraordinary commissioner of the consortium partner Condotte for the sale of its interest in the consortium (11.35%), Webuild made a binding offer to acquire such interest. On 9 March 2020, with the authorisation of the Ministry of Economic Development, the commissioner accepted Webuild's offer and the parent should acquire the interest in the next few months when the related conditions precedent are met.

Other projects in Italy



Naples - Bari railway line, Naples - Cancellone section

The high capacity Naples - Bari railway line is of strategic importance to southern Italy as it connects its two most important economic and urban areas, which contribute more than 40% to the south's total production

output. The project will extend the high speed/capacity service to southern Italy, connecting it to the rest of Italy and reducing travel times by between 20% to 45%.

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

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

On 26 November 2019 and 7 May 2020, the joint venture signed two riders with RFI for the supply of crushed stone by it and the removal of the above-ground materials in areas located in the Casoria Municipality and for archaeological investigations and excavations. This increased the contract consideration to approximately €421.7 million.



Naples - Bari railway line, Apice - Hirpinia section

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

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

During the first half of 2020, the consortium completed the activities for the executive design and related geognostic investigations. It delivered the executive design to the site manager Italferr S.p.A. and the customer RFI on 22 February 2020.



Palermo - Catania railway line, Bicocca - Catenanuova section

Again with respect to railway works, as leader of a consortium (51.3%), Webuild signed a contract with RFI to double the tracks on the Bicocca - Catenanuova section of the Palermo - Catania railway line, including the executive design. The contract is worth approximately €194 million.

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

In the first half of 2020, the ongoing works included the construction of the viaducts, railway overpasses and underpasses, the construction of water courses and related manholes, the formation of trenches and the embankment floors, the construction and renovation of railway buildings as well as activities relating to electric traction, light and driving force.



Brenner base tunnel - Isarco River Underpass

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

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



Milan - Metro Line 4

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

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

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

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

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

The works for the first functional section (Linate - Forlanini F.S.) have almost been completed and the commissioning activities are underway for the integrated system and pre-operating trials.



Rebuilding of the Polcevera Bridge of the A10 motorway

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

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

On 18 January 2019, the extraordinary commissioner signed the contract to rebuild the Polcevera Bridge, part of the A10 motorway, with PerGenova S.C.p.A., the consortium company limited by shares set up by Webuild

and Fincantieri Infrastructure S.p.A. (50:50). The contract covers the design and performance of the works and services to build the new bridge. The consortium company received the contract advance on 25 February 2019. The work areas were delivered on 15 April 2019 and work was scheduled to take 473 days after the extension granted by the customer on 4 April 2020.

On 1 October 2019, the first section of the deck was installed and the main deck was completed on 28 April 2020. The pouring of the concrete deck slab is currently ongoing.

On 25 May 2020, the extraordinary commissioner authorised integration of the contract advance in accordance with article 207.2 of Decree law no. 34 of 19 May 2020 (another 10% of the remainder of the work to be recorded).



Jonica state highway 106 - Third maxi-lot

Sirjo S.c.p.A. (Webuild's investment: 40%) is the general contractor for the design-build contract signed on 12 March 2012 for the third maxi-lot of Jonica state highway 106. The contract is worth approximately €980 million as defined in the first rider to the contract signed on 7 April 2020.

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

Sirjo S.C.p.A. sent the executive designs to the customer on 15 April 2019 for checks of the quality, technical and financial adequacy and compliance with the ruling regulations. These checks were completed on 24 September 2019 with the issue of a report with a positive opinion. On 9 March 2020, ANAS' board of directors approved the executive designs and on 27 March 2020 issued its authorisation for the second rider to the contract based on Conformity Deed no. 3.

In March and April 2020, work was carried out to finalise the executive design phase before commencement of the work.

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

In June 2020, the contractor commenced work site preparatory activities and its archaeological investigations while work related to the construction of the project's roads is slated to start shortly.



ENI headquarters

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

Work began at the end of 2017 and continued in the first half of 2020 to complete construction of the three buildings. Activities for the bulk of the project, such as the installation of the systems and facades, have been stepped up.

During the period, negotiations with the customer about the internal finishings of the buildings were intensified to be settled with a rider with a value of approximately €18 million and the lengthening of the delivery times of about 12 months.

...

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



Italian concessions

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

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

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

MOTORWAYS

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

METROS

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

CAR PARKS

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

OTHER






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

Lane operating segment

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

Reference context and macroeconomic scenario

The US is ranked 31st in the SDG Global Rank, the index that measures progress towards achievement of the SDGs in 166 countries around the world. The US shows progress in the majority of the goals that are most pertinent to the Group's business areas although it still faces tough challenges with respect to, in particular, the fight against climate change.

SDG	STATUS	TREND	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	
	Goal not yet reached Residual challenges remain	↑	On track to achieve the goal in 2030	Population with access to adequate wastewater treatment systems 89.5%
	Goal not yet achieved Significant challenges remain	↗	Improving, but progress insufficient	Renewable energy in final consumption 8.7%
	Goal not yet achieved Significant challenges remain	↑	On track to achieve the goal in 2030	Quality of road infrastructure (1-7) 5.5
	Goal not yet achieved Significant challenges remain	↑	On track to achieve the goal in 2030	Satisfaction with public transport 51.3%
	Goal not yet achieved Very significant challenges remain	→	Stable or with insufficient improvement	Per capita CO ₂ emissions (ton) 16.5

The US economy was impacted by the stay-at-home orders issued by the state governments in March to deal with the Covid-19 pandemic. The most recent estimates of the Bureau of Economic Analysis (July 2020) show that GDP contracted by 5.0% in the first quarter of the year compared to the previous quarter. This drop was mostly due to the reduction in domestic demand, mainly by private consumers, and in manufacturing.

According to the IMF's latest projections of June 2020, GDP is expected to decrease by 8.0% on a year-on-year basis in 2020 while it grew by 2.3% in 2019. The US Department of Labour's statistics for April showed an unemployment rate up above the previous high seen in 1982 at 14.7%, which then started to improve in May and June, decreasing to 11.1%.

The lockdown measures began to be eased in June, which should help to stabilise the economy in the second half of the year, thanks also to unprecedented fiscal and monetary stimulus packages approved by the central government and the Federal Reserve. The economy should pick up in 2021 when the IMF has forecast that GDP will show an about-turn to grow by an expected 4.8%.

Sizeable public investments in the large infrastructure sector should also bolster the economy. Based on the March 2020 estimates of IHS Markit, spending in public infrastructure construction should increase by an average 1% per year from 2021 to 2024.

The Trump Administration has prioritised the construction of infrastructure during its mandate and, since 2017, has announced projects worth more than USD1,000 billion will be rolled out before 2027 in the energy and transport sectors. It relaunched this plan in March 2020 to combat the negative economic effects of Covid-19 and increased the funding to €2,000 billion availing of the near zero interest rate policy.

Outlook for 2020

The Group's reference market in the US should offer a pipeline of possible calls to tender worth USD16.2 billion (Lane's share: USD13.1 billion) in 2020 as follows:

- roughly 30% in tunnel works, airports and the water/energy sectors;
- roughly 50% in highways and bridges;
- roughly 20% in railway projects.

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

Main ongoing projects

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

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 30 June 2020	Percentage of completion
I-10 Corridor – California	539.6	10.0%	507.2	15.7%
C43 Water Management Builders – Florida	453.6	2.7%	435.9	6.9%
Southern Wake Freeway – North Carolina	322.0	10.3%	300.9	17.2%
I-440 Beltline Widening – North Carolina	278.8	9.5%	255.4	17.6%
I-405 Renton/Bellevue (Flatiron-Lane JV) – Washington	240.0	4.4%	232.0	7.9%
West Ship Canal CSO – Washington	224.0	1.3%	216.2	5.2%
North-East Boundary Tunnel - Washington	280.8	43.2%	215.7	56.7%
I-40/I-77 Interchange – North Carolina	206.7	10.8%	186.8	20.1%
Wekiva Parkway – Florida	200.8	10.9%	178.7	21.5%
I-4 Ultimate - Orlando – Florida	194.1	70.5%	132.2	80.0%
Purple Line – Maryland	364.9	38.3%	-	100.0%
Other	791.0		630.4	
Total	4,096.2		3,291.4	

Purple Line - Maryland

In March 2016, the Purple Line Transit joint venture, which includes Lane Construction, was selected as the best bidder for the design and construction of the Purple Line transit system worth USD2 billion (increased to



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

The project includes the construction of 21 stations along a 16-mile alignment, mainly between New Carrollton and Bethesda, north of Washington DC. It will be able to carry 74 thousand passengers a day by 2040, saving an estimated approximate 17 thousand car journeys a day. Employment created by the construction work will be in excess of 6,300 workers, 22% of whom from disadvantaged categories (Disadvantaged Business Enterprises - DBE).

On 1 May 2020, the joint venture exercised its right to terminate the contract due to the excessive delays caused by the operator and the end customer. As per the contract terms, termination should be finalised by September 2020.



North-East Boundary Tunnel - Washington D.C.

In July 2017, the Lane Construction and Salini Impregilo (now Webuild) joint venture won the design-build contract for the mechanised excavation of an 8.2 km tunnel and related works in Washington D.C. worth USD580 million (decreased to approximately USD559 million as a result of contract variations). The works are part of the clean rivers project for the Anacostia River, which will help reduce combined sewer overflows to the River by 98% and the chance of flooding in the areas it serves from about 50% to 7% in any given year. The customer issued the notice to proceed in September 2017. Construction work, including the tunnel excavation, started in March 2018.



C43 Water Management Builders - Florida

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



West Ship Canal CSO - Washington

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

I-4 Ultimate - Orlando - Florida



In September 2014, I-4 Mobility Partners entered into a concession agreement with the Florida Department of Transportation (FDOT) to design, build, finance and operate the USD2.3 billion I-4 Ultimate Project (the contract

value was increased to approximately USD2.5 billion to include contract variations). The operator subsequently assigned the works to a joint venture composed of Skanska (40%, leader), Granite (30%) and Lane Construction (30%).

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



I-10 Corridor - California

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



Wekiva Parkway - Florida

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



I-440 Beltline Widening - North Carolina

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



I-40/I-77 Interchange - North Carolina

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



Southern Wake Freeway - North Carolina

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



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

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

Abroad

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

Macroeconomic scenario

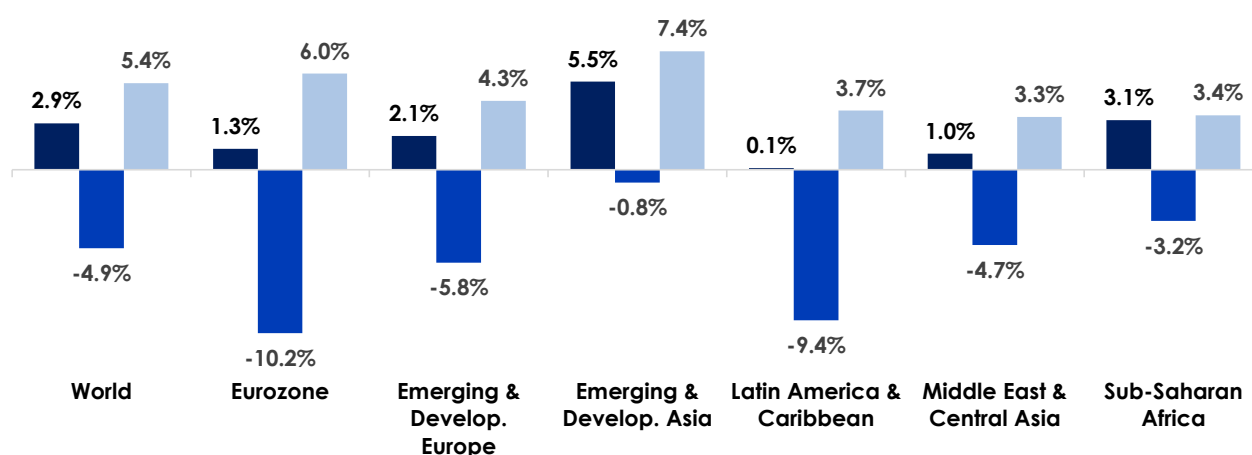
Based on the IMF's most recent projections of June 2020, global GDP is projected to contract by 4.9% in 2020 compared to the 2.9% growth seen in 2019. In a scenario which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow strongly by 5.4% in 2021.

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

Many hard-hit advanced economies like Australia, France, Germany, Italy, Japan, Spain, the UK and the US responded rapidly with extensive fiscal measures. A large number of the emerging and developing economies like China, Indonesia and South Africa have also rolled out or announced significant fiscal assistance for those sectors and workers that have been the worst hit.

In the first few months of the year, the main central banks also announced monetary stimulus packages and liquidity structures to alleviate the systematic stress. These actions bolstered confidence and helped limit the shock's reverberations so that the economy is in the best possible position to recoup its position.

Estimates and forecasts about economic growth ● 2019 actuals ● 2020 estimates ● 2021 estimates



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

With respect to the Group's reference sectors, according to the IHS Markit March 2020 report, global infrastructure investments grew by 2.8% in 2019 and are expected to increase by 0.7% in 2020.

Faster growth in investments is projected for 2021 (more than 2.8%).

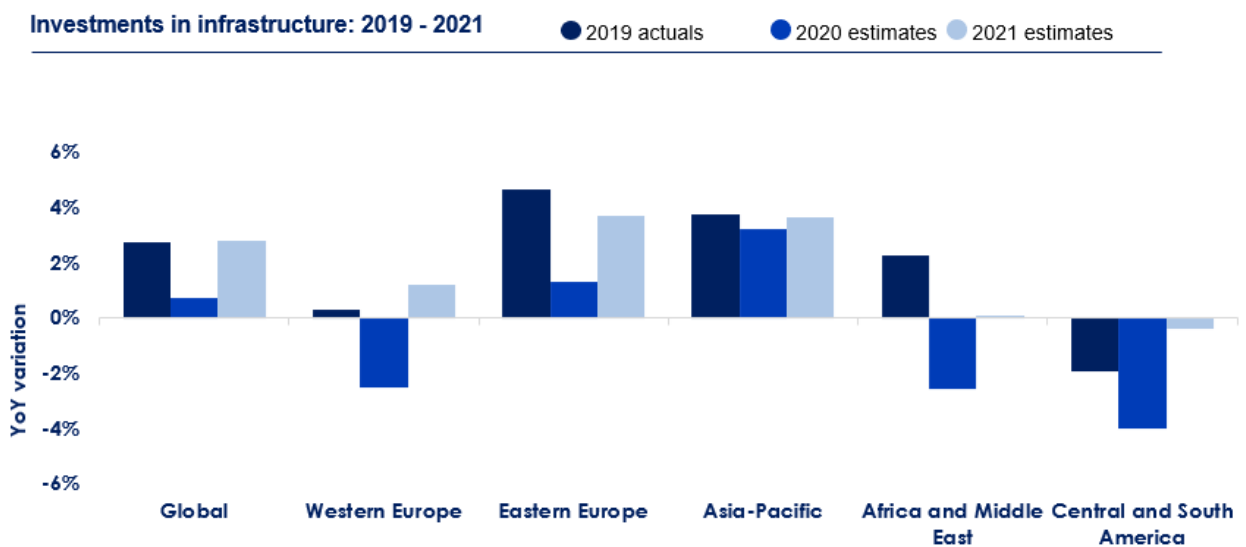
The increase in infrastructure investments in 2020 is expected to be driven by Asia Pacific and Eastern Europe, which recorded growth rates of above 3.7% in 2019. Their investments growth rate is expected to be 3.2% and 1.3% for 2020, respectively, and 3.7% for 2021.

Due to the shutdown of production activities in many countries, investments in infrastructure in 2020 are expected to be smaller than in 2019 in all the other regions.

Western Europe recorded an 0.3% increase in investments in infrastructure in 2019 and will probably see a contraction of 2.5% in 2020 although this trend is projected to reverse in 2021 to a growth trend of 1.2%.

Investments in infrastructure in Africa and the Middle East are expected to contract by roughly 2.5% in 2020 compared to growth of 2.3% in 2019. These investments should remain unchanged in 2021.

IHS Markit forecasts an ongoing slump in investments in infrastructure in Latin America: the 1.9% reduction seen in 2019 is expected to be followed by a 4% and 0.4% decrease in 2020 and 2021, respectively.








Source: IHS Markit, March 2020

Oceania

Australia

Reference context and market scenario

Australia is ranked 37th in the SDG Global Rank. It shows progress in the majority of the goals that are most pertinent to the Group's business areas in this country, although it still faces tough challenges with respect to, in particular, energy and the fight against climate change.

SDG	STATUS	TREND	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	
	Goal not yet reached Residual challenges remain	↗ Improving, but progress insufficient	Population with access to adequate wastewater treatment systems	74.2%
	Goal not yet achieved Very significant challenges remain	↗ Improving, but progress insufficient	Renewable energy in final consumption	9.2%
	Goal not yet achieved Significant challenges remain	↗ Improving, but progress insufficient	Quality of road infrastructure (1-7)	4.9
	Goal not yet achieved Residual challenges remain	→ Stable or with insufficient improvement	Satisfaction with public transport	53.5%
	Goal not yet achieved Very significant challenges remain	→ Stable or with insufficient improvement	Per capita CO ₂ emissions (ton)	15.4

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

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

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

The government bodies continued to screen and award contracts during the lockdown period imposed to combat the spread of Covid-19. The start date of many projects has been brought forward to use public infrastructure works to kick- start the local economy.

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

Outlook for 2020

The Group deems that the Australian market is fundamental for its growth strategy and has presented bids for several potential contracts which are worth over AUD10 billion.

Main ongoing projects

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

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 30 June 2020	Percentage of completion
Snowy Hydro 2.0	3,250.9	3.8%	3,143.7	5.6%
Forrestfield Airport Link	284.0	66.5%	193.9	77.2%
Other	1.5		0.8	
Total	3,536.3		3,338.4	

Snowy Hydro 2.0



On 4 April 2019, as leader of the joint venture (65% stake) with the Australian partner Clough (35%), the Group won the contract for the civil works and electromechanical component of the Snowy 2.0 project.

The project provides for the development of another network of hydro power stations in the Snowy Mountains Hydro-electric Scheme, helping to underpin Australia's renewable energy future.

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

The project is worth AUD5.3 billion.

Forrestfield Airport Link



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

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

In April 2020, the excavations of the line were completed with the breakthrough of the second TBM.

Europe

France

Reference context and market scenario

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

SDG	STATUS	TREND	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	
	Goal not yet reached Residual challenges remain	 Improving, but progress insufficient	Population with access to adequate wastewater treatment systems	92.1%
	Goal not yet achieved Residual challenges remain	 Improving, but progress insufficient	Renewable energy in final consumption	13.5%
	Goal not yet achieved Residual challenges remain	 On track to achieve the goal in 2030	Quality of road infrastructure (1-7)	5.4
	Goal not yet achieved Residual challenges remain	 Improving, but progress insufficient	Satisfaction with public transport	62.9%
	Goal not yet achieved Very significant challenges remain	 Stable or with insufficient improvement	Per capita CO ₂ emissions (ton)	4.6

From an economic standpoint, France is undergoing a modest growth phase and the 2019 growth rate was 1.3%. According to the Bank of France, the forecast for 2020 is a contraction of 10.3% caused by the Covid-19 public health emergency. The country's infrastructure development plan envisages public spending concentrated mainly in the transport sector and private works while the construction sector is also very buoyant (building blocks, supermarkets, iconic buildings, etc.).

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

Outlook for 2020

Covid-19 has spread throughout the world surprisingly swiftly since January 2020. The lack of a vaccine and the increasing difficulties of healthcare services in dealing with the crisis made it necessary for many countries to take drastic steps to slow down the virus' circulation. These measures have rattled the global economic activities, which have shrunk considerably in the first half of 2020. In the Eurozone, where most countries adopted containment measures, GDP decreased by 3.8% in the first quarter and is expected to contract by another 13% in the second quarter according to the Eurosystem's most recent projections.

France was put into strict lockdown in mid-March. The national statistics institute's (INSEE) quarterly figures published at the end of May show that this country's GDP dropped by 5.3% in the first quarter of the year.

The Group is monitoring the local market to avail of any new opportunities in the transport sector, especially the metro lines of the Grand Paris Express project, Toulouse, Lyon and Marseilles, as well as railway lines such as the cross-border tunnel of the Lyon - Turin line and its extension from Saint Jean de Maurienne to Lyon, building blocks, large shopping centres, iconic buildings used for exhibitions and the nuclear sector through its branch. During the period, the Group qualified as preferred bidder and is currently finalising the contract to build a lot of the high speed/capacity line between Lyon and Turin as part of a joint venture with VINCI Group.

It has also submitted bids for other lots of the new GPE metro line and specifically Lots 16/3, 17/2 and 15-3CR, which are already under construction.

Main ongoing projects

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

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2019	Percentage of completion *	Residual order backlog at 30 June 2020	Percentage of completion *
Metro Line 16 Lot 2 - Line 14 Lot 4	464.7	18.7%	411.9	29.4%
Total	464.7		411.9	

* The percentage of completion is 10.3% and 57.5% for Line 16, Lot 2 and Line 14, Lot 4, respectively at 31 December 2019 while it is 18.6% and 77.8% at 30 June 2020, respectively.

Line 16 Lot 2



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

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



Line 14 Lot 4

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

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

Norway

Reference context and market scenario

Norway is ranked 6th in the SDG Global Rank. It shows progress in the majority of the goals that are most pertinent to the Group's business areas in this country, although it still faces tough challenges with respect to, in particular, the fight against climate change and, to a lesser extent, mobility.

SDG	STATUS	TREND	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	
	Goal not yet achieved Significant challenges remain	→ Stable or with insufficient improvement	Population with access to adequate wastewater treatment systems	78.4%
	Goal achieved	↑ On track to achieve the goal in 2030	Renewable energy in final consumption	57.8%
	Goal not yet achieved Residual challenges remain	↗ Improving, but progress insufficient	Quality of road infrastructure (1-7)	4.5
	Goal not yet achieved Residual challenges remain	↑ On track to achieve the goal in 2030	Satisfaction with public transport	57.4%
	Goal not yet achieved Very significant challenges remain	→ Stable or with insufficient improvement	Per capita CO ₂ emissions (ton)	9.3

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

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

Outlook for 2020

The Covid-19 pandemic has become the most serious public health emergency of the last 100 years and the measures taken to curb its spread have come at an enormous cost. While the economy will pick up as the locked-down communities gradually begin to re-open, it will take a long time before its scars are completely healed.

Like elsewhere in the world, the Nordic economies have been devastated by the containment measures and the global recession. However, thanks to their solid public finances, they are a bit better prepared to deal with the long-term consequences of the Coronavirus' outbreak.

Low oil prices are an extra challenge facing Norway although its economy has become less dependent on this commodity and the country has headroom to stimulate the economy with fiscal and monetary policies. Interest

rates, which will be kept low for a good while, are a powerful lever that can be used to shore up property prices and household incomes, despite the rise in unemployment.

Main ongoing projects

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

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 30 June 2020	Percentage of completion
Nykirke - Barkaker railway line	380.1	0.2%	333.8	5.8%
Total	380.1		333.8	



Nykirke - Barkaker railway line

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

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

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






As a result of the Covid-19 pandemic, Bane Nor and the joint venture (SAPI NOR) signed a variation order for NOK110 million (roughly €10 million). The customer also presented four variation orders at the start of the year which are under negotiation.

Middle East

Saudi Arabia

Reference context and market scenario

Saudi Arabia is ranked 97th in the SDG Global Rank. It shows progress in the majority of the goals that are most pertinent to the Group's business areas in this country, although it still faces tough challenges with respect to, in particular, energy and the fight against climate change.

SDG	STATUS	TREND	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	
	Goal not yet achieved Very significant challenges remain	↗ Improving, but progress insufficient	Wastewater treated	32.5%
	Goal not yet achieved Residual challenges remain	↗ Improving, but progress insufficient	Renewable energy in final consumption	0.01%
	Goal not yet achieved Significant challenges remain	↗ Improving, but progress insufficient	Quality of road infrastructure (1-7)	5.2
	Goal not yet achieved Significant challenges remain	↗ Improving, but progress insufficient	Satisfaction with public transport	71%
	Goal not yet achieved Very significant challenges remain	↗ Improving, but progress insufficient	Per capita CO ₂ emissions (ton)	19.4

The Saudi market continues to be of great interest to Webuild.

Outlook for 2020

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

Main ongoing projects

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

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 30 June 2020	Percentage of completion
Riyadh National Guard Military (SANG Villas)	967.5	14.6%	857.1	24.6%
Riyadh Metro Line 3	427.9	85.7%	337.0	88.7%
Other	22.4		291.8	
Total	1,417.8		1,485.9	

Riyadh Metro Line 3



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

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

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



Riyadh National Guard Military (SANG Villas)

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

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

Africa and Asia

Ethiopia

Reference context and market scenario

Ethiopia is ranked 136th in the SDG Global Rank. With respect to the goals that are most pertinent to the Group's business areas in the country, it shows significant progress with respect to the fight against climate change, mainly thanks to the considerable investments in renewable energy, although it still faces tough challenges with respect to water and mobility.

SDG	STATUS	TREND	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	
	Goal not yet achieved Very significant challenges remain	→ Stable or with insufficient improvement	Population with access to drinking water	39.1%
	Goal not yet achieved Very significant challenges remain	↗ Improving, but progress insufficient	Access to electricity	42.9%
	Goal not yet achieved Very significant challenges remain	↗ Improving, but progress insufficient	Quality of road infrastructure (1-7)	3
	Goal not yet achieved Very significant challenges remain	→ Stable or with insufficient improvement	Satisfaction with public transport	43.8%
	Goal achieved	↑ On track to achieve the goal in 2030	Per capita CO ₂ emissions (ton)	0.1

Ethiopia is one of the fastest growing economies in Africa with steady GDP growth. Covid-19's impact on GDP and the ongoing contracts will be seen in the second half of this year.

Thanks to the growing prestige of the leader Abiy Ahmed, the country continues to work closely with Europe, the United States and the East.

Important reforms have been introduced, along with measures to modernise the local economy and society, which include the integration of the nation's various ethnic communities.

The International Monetary Fund and the World Bank are among the supranational bodies that provide support and ongoing guidance to the country while the European Union continues to assist the government with its ongoing political and economic reforms.

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

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

Outlook for 2020

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

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

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

The country and the work sites have adopted appropriate measures to contain the spread of Covid-19 and limit its impact on the public healthcare system and the economy as far as possible.

Main ongoing projects

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

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 30 June 2020	Percentage of completion
Koyssha	1,864.8	28.5%	1,761.0	31.6%
Gerd	957.2	78.1%	850.1	80.3%
Total	2,822.0		2,611.1	



Koyssha Hydroelectric Project

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

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

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

During the first six months of 2020, work continued with the start of the pouring of the reinforced concrete for the powerhouse and the dam foundations.



Gerd

The Gerd project, located approximately 500 km north west of the capital Addis Ababa, consists of the construction of a hydroelectric power plant, the Grand Ethiopian Renaissance Dam (GERD), and the largest dam in the African continent (1,800 metres long, 170 metres high). The project also includes the construction of two power stations on the banks of the Blue Nile, equipped with 16 turbines with total installed capacity of 6,350 MW. The customer notified a reduction of the turbines from 16 to 13. Salini Impregilo has requested more information and has issued a variation order for the additional design costs due to the change in the plant's configuration and the additional design work. The amended project is currently being repriced.






On 22 January 2020, EEP confirmed its intention of carrying out the first stage of the work for the early generation of energy during reservoir impounding from June 2020.

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

Tajikistan

Reference context and market scenario

Tajikistan is ranked 78th in the SDG Global Rank. It shows progress in the majority of the goals that are most pertinent to the Group's business areas in this country, although it still faces tough challenges with respect to, in particular, water and mobility.

SDG	STATUS	TREND	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	
	Goal not yet achieved Significant challenges remain	↑ On track to achieve the goal in 2030	Population with access to drinking water	74.1%
	Goal not yet achieved Residual challenges remain	↑ On track to achieve the goal in 2030	Renewable energy in final consumption	44.7%
	Goal not yet achieved Very significant challenges remain	→ Stable or with insufficient improvement	Quality of road infrastructure (1-7)	4.5
	Goal not yet achieved Significant challenges remain	→ Stable or with insufficient improvement	Satisfaction with public transport	81.7%
	Goal achieved	↑ On track to achieve the goal in 2030	Per capita CO ₂ emissions (ton)	0.6

The outlook for 2020 includes a deceleration in GDP with a growth rate around 5.5% (-2% on 2019), mainly due to the Covid-19 pandemic, which has led to smaller levels of public investments and direct foreign investment compared to the recent past. The inflation rate is estimated to hover around 7% (-1% on 2019) by the end of the year.

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

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

Outlook for 2020

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

Main ongoing projects

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

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 30 June 2020	Percentage of completion
Rogun Hydropower Project	1,657.1	31.3%	1,570.7	34.5%
Total	1,657.1		1,570.7	



Rogun Hydropower Project

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






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

Americas

Canada

Reference context and market scenario

Canada is ranked 21st in the SDG Global Rank. It shows progress in the majority of the goals that are most pertinent to the Group's business areas in this country, although it still faces tough challenges with respect to, in particular, mobility, water and the fight against climate change.

SDG	STATUS	TREND	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	
	Goal not yet reached Residual challenges remain	→ Stable or with insufficient improvement	Population with access to adequate wastewater treatment systems	76.8%
	Goal not yet achieved Residual challenges remain	↗ Improving, but progress insufficient	Renewable energy in final consumption	22%
	Goal not yet achieved Significant challenges remain	↗ Improving, but progress insufficient	Quality of road infrastructure (1-7)	5
	Goal not yet achieved Residual challenges remain	→ Stable or with insufficient improvement	Satisfaction with public transport	58.5%
	Goal not yet achieved Very significant challenges remain	→ Stable or with insufficient improvement	Per capita CO ₂ emissions (ton)	15.2

Outlook for 2020

The Group will pursue any new business opportunities that may arise in Canada in 2020, such as the ongoing Edmonton LRT call for tenders and various pre-qualification rounds in the provinces of Alberta, Ontario and Quebec.

Main ongoing projects

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

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 30 June 2020	Percentage of completion
Hurontario Light Rail Project	381.0	1.1%	350.8	4.5%
Total	381.0		350.8	



Hurontario Light Rail Project

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











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

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

Peru

Reference context and market scenario

Peru is ranked 61st in the SDG Global Rank. It shows progress in the majority of the goals that are most pertinent to the Group's business areas in this country, although it still faces tough challenges with respect to, in particular, mobility.

SDG	STATUS	TREND	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	
	Goal not yet achieved Significant challenges remain	 Improving, but progress insufficient	Population with access to adequate wastewater treatment systems	76.8%
	Goal not yet achieved Residual challenges remain	 On track to achieve the goal in 2030	Renewable energy in final consumption	25.5%
	Goal not yet achieved Significant challenges remain	 Stable or with insufficient improvement	Quality of road infrastructure (1-7)	3.2
	Goal not yet achieved Significant challenges remain	 Improving, but progress insufficient	Satisfaction with public transport	54.1%
	Goal not yet achieved Residual challenges remain	 Stable or with insufficient improvement	Per capita CO ₂ emissions (ton)	2.1

Outlook for 2020

As a result of the outbreak of Covid-19 and the concurrent enactment of Supreme Decree no. 044-2020-PCM, as subsequently amended, production activities envisaged for 2020 have been heavily curtailed by the related restrictions imposed by the Peruvian government and the containment measures recommended by the WHO.

Main ongoing projects

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

(Share in millions of Euros)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 30 June 2020	Percentage of completion
Lima Metro Line 2	540.7	22.2%	524.7	24.8%
Total	540.7		524.7	



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

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

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

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

The contract consideration is approximately USD3 billion.

...

Unforeseen costs have been incurred on the Forrestfield Airport Link (Australia), Line 16, Lot 2 (France), Line 14, Lot 4 (France), Koysha Hydroelectric Project (Ethiopia), Gerd (Ethiopia) and Rogun Hydropower Project (Tajikistan) contracts referred to above and the contractors have accordingly presented their requests for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.



Foreign concessions

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

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

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

MOTORWAYS

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

METROS

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

ENERGY FROM RENEWABLE SOURCES

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

INTEGRATED WATER CYCLE

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

HOSPITALS

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

Financial highlights

The “Adjusted reclassified statement of profit or loss” table presents the Group’s adjusted key figures for the first half of 2020 compared to those for the corresponding period of 2019.

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

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

Joint ventures not controlled by Lane

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

Condotte out-of-court agreement

Definition of the out-of-court agreement with Società Italiana per Condotte d’Acqua S.p.A. under extraordinary administration (“Condotte”) led Webuild to recognise the cost of the compensation (€35.3 million) paid to Condotte for its discontinuation of the pending disputes related to the COCIV consortium’s board of representatives’ resolution of 19 December 2019, which provided for the “transfer of title” of Condotte’s 31% interest in the COCIV consortium by recognising an impairment loss of €20.3 million on its receivables due from Condotte at 30 June 2020 and compensation of €15.0 million recognised under other operating expenses.

Adjusted reclassified statement of profit or loss

(in millions of Euros)	1st half 2019 adjusted			1st half 2020 adjusted			
	Webuild Group	Joint ventures not controlled by Lane (*)	Adjusted	Webuild Group	Joint ventures not controlled by Lane (*)	Condotte out-of-court agreement	Adjusted
Revenue	2,582.0	127.9	2,709.9	2,033.2	179.9	-	2,213.1
Gross operating profit (loss) (EBITDA)	241.9	(3.3)	238.6	87.1	8.8	15.0	110.9
<i>Gross operating profit (loss) margin (EBITDA)</i>	<i>9.4%</i>	<i>-2.6%</i>	<i>8.8%</i>	<i>4.3%</i>	<i>4.9%</i>		<i>5.0%</i>
Operating profit (loss) (EBIT)	141.1	(3.3)	137.8	(8.8)	8.8	35.3	35.3
<i>R.o.S. %</i>	<i>5.5%</i>	<i>-2.6%</i>	<i>5.1%</i>	<i>-0.4%</i>	<i>4.9%</i>		<i>1.6%</i>
Net financing costs	(26.8)	-	(26.8)	(48.6)	-	-	(48.6)
Net gains (losses) on equity investments	7.5	3.3	10.8	(1.7)	(8.8)	-	(10.5)
Profit (loss) before tax (EBT)	121.8	-	121.8	(59.2)	-	35.3	(23.9)
Income taxes	(47.3)	-	(47.3)	(26.6)	-	-	(26.6)
Profit (loss) from continuing operations	74.5	-	74.5	(85.8)	-	35.3	(50.5)
Loss from discontinued operations	(0.2)	-	(0.2)	-	-	-	-
Non-controlling interests	(11.1)	-	(11.1)	2.2	-	-	2.2
Profit (loss) for the period attributable to the owners of the parent	63.3	-	63.3	(83.5)	-	35.3	(48.3)

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

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

At the date of preparation of this report, except in a few cases, the work sites have resumed activities although not all of them are operating at pre-Covid-19 levels. Production output should return to normal levels in the second half of the year.

Adjusted revenue for the period is €2,213.1 million compared to €2,709.9 million for the corresponding period of 2019. The main contributors to the adjusted revenue are some large projects and, specifically, Lane Group's projects, the high speed/capacity railway works for the Milan - Genoa railway line section, the Ethiopian contracts, the projects in Australia to design, build and maintain the Perth Metro and the civil engineering and electromechanical works for the Snowy 2.0 project and the projects in Saudi Arabia including the design and building of the new Riyadh Metro and the Rogun Dam in Tajikistan.

The adjusted gross operating profit amounts to €110.9 million (€238.6 million) while the adjusted operating profit comes to €35.3 million (€137.8 million).

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

The net financing costs approximate €48.6 million compared to €26.8 million for the corresponding period of 2019. They include:

- financial expense of €76.8 million (€58.0 million);
- net exchange losses of €14.5 million (net gains of €9.0 million); partly offset by
- financial income of €42.6million (€22.2 million).

The adjusted net losses on equity investments come to €10.5 million compared to adjusted net gains of €10.8 million for the first half of 2019.

The adjusted loss before tax amounts to €23.9 million, down on the profit of €121.8 million for the corresponding period of 2019.

The income taxes for the period are €26.6 million (€47.3 million).

The loss attributable to non-controlling interests of €2.2 million.

Performance

This section presents the Group's reclassified statement of profit or loss and statement of financial position and a breakdown of its financial position at 30 June 2020. It also provides an overview of the main changes in the Group's financial position and results of operations compared to the corresponding period of the previous year.

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

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

Group performance

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

Table 1 - Reclassified statement of profit or loss

	Note (*)	1st half 2019	1st half 2020	Variation
(€'000)				
Revenue from contracts with customers		2,362,788	1,936,417	(426,371)
Other income		219,165	96,764	(122,401)
Total revenue and other income	32	2,581,953	2,033,181	(548,772)
Operating expenses	33	(2,340,028)	(1,946,054)	393,974
Gross operating profit (EBITDA)		241,925	87,127	(154,798)
Gross operating profit margin (EBITDA) %		9.4%	4.3%	
Impairment losses (**)	33.6	798	(27,118)	(27,916)
Amortisation, depreciation and provisions	33.6	(101,574)	(68,829)	32,745
Operating profit (loss)		141,149	(8,820)	(149,969)
R.o.S. %		5.5%	-0.4%	
Financing income (costs) and gains (losses) on equity investments				
Net financing costs	34	(26,837)	(48,631)	(21,794)
Net gains (losses) on equity investments	35	7,510	(1,726)	(9,236)
Net financing costs and net gains (losses) on equity investments		(19,327)	(50,357)	(31,030)
Profit (loss) before tax (EBT)		121,822	(59,177)	(180,999)
Income taxes	36	(47,290)	(26,577)	20,713
Profit (loss) from continuing operations		74,532	(85,754)	(160,286)
Profit (loss) from discontinued operations	20	(187)	-	187
Profit (loss) before non-controlling interests		74,345	(85,754)	(160,099)
Non-controlling interests		(11,057)	2,211	13,268
Profit (loss) for the period attributable to the owners of the parent		63,288	(83,543)	(146,831)

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

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

Revenue

Revenue for the period amounts to €2,033.2 million (€2,582.0 million), including €1,169.9 million earned abroad (€1,688.2 million), of which €493.4 million in the US (€468.5 million) and €369.9 million in Italy (€425.3 million).

"Other income" mostly refers to contract work in progress and specifically industrial activities and related works not directly related to contracts with customers. The decrease of €122.4 million is mostly due to the smaller income from cost recharges to non-controlling consortium members (other income in the consortium's financial statements) as a result of the reduction of Condotte's interest in the COCIV consortium to the minimum during 2019 (as described in the 2019 Annual Report). Webuild Group's activities involve its participation in numerous

SPEs that, especially in Italy, use the consortium structure, which works using a cost recharging system whereby the costs incurred by the SPE are invoiced to the consortium members in line with their investment percentages. As this income does not arise on the performance of the contract obligations or contract negotiations, it is recognised as “Other income”.

Operating profit (loss)

The operating loss amounts to €8.8 million for the period (profit of €141.1 million), showing a decrease on the corresponding period of the previous year.

This decrease is both due to the effects of the Covid-19 pandemic (described in more detail in the “Covid-19” section) and the definition of the out-of-court agreement with Condotte, which led Webuild to recognise the cost of the compensation (€35.3 million) paid to Condotte for of its discontinuation of the pending disputes related to the COCIV consortium’s board of representatives’ resolution of 19 December 2019, which provided for the “transfer of title” of Condotte’s 31% interest in the COCIV consortium by recognising an impairment loss of €20.3 million on its receivables due from Condotte at 30 June 2020 and compensation of €15.0 million recognised under other operating expenses.

Amortisation, depreciation and provisions of €68.8 million (€101.6 million) mainly comprises:

1. €58.5 million (€87.3 million) related to other intangible assets for €35.1 million (€51.9 million) and right-of-use assets for €23.4 million (€35.4 million), down €28.9 million on the corresponding period of the previous year. This decrease is chiefly due to the high speed railway line works after the transfer of the use of plant and machinery to the subcontractors working on the Milan - Genoa railway line as provided for in the related contracts;
2. €10.6 million (€16.2 million) related to contract costs and intangible assets;
3. €0.2 million for the release of provisions accrued in previous years.

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

The Group recorded net financing costs of €48.6 million (€26.8 million).

The item comprises:

- financial expense of €76.8 million (€58.0 million);
- net exchange losses of €14.5 million (net gains of €9.0 million); partly offset by
- financial income of €42.6 million (€22.2 million).

The rise in financial expense is mostly due to the effect of the measurement of loan assets recognised at 30 June 2020 and interest expense on the loan to be used solely to purchase bonds issued by Astaldi S.p.A. (by the group company Beyond S.r.l.) for €149.6 million.

The increase of €20.5 million in financial income is principally a result of the default interest of €13.0 million accrued on the Romanian branch’s claims for the Logoj-Deva project as per the related arbitration and interest income of €6.7 million accrued on the bonds held by Beyond S.r.l. as part of Progetto Italia.

Net exchange losses of €14.5 million chiefly relate to the currencies of the Latin American countries heavily impacted by the healthcare crisis.

Net losses on equity investments amount to €1.7 million (net gains of €7.5 million). The decrease is due to the losses of €6.5 million recognised by the equity-accounted investees, partly offset by the gain of €4.7 million on the sale of the investment in the operator Consorcio Agua Azul S.A..

Income taxes

The decrease in income taxes is mostly due to the smaller profit before tax and changes in the results of the group companies.

Loss from discontinued operations

The loss from discontinued operations of €0.2 million entirely reflects the costs of the USW Campania business unit for the period.

Non-controlling interests

Non-controlling interests amount to a loss of €2.2 million. They mainly relate to the Lane Group companies. The profit for the first half of 2019 was due to the allocation of the profits for that period to non-controlling interests.

The Group's financial position

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

Table 2 - Reclassified statement of financial position

	Note (*)	31 December 2019	30 June 2020	Variation
(€'000)				
Non-current assets	6-7-8-10	1,305,277	1,337,741	32,464
Goodwill	9	76,062	76,292	230
Net non-current assets held for sale	20	11,976	-	(11,976)
Provisions for risks	27	(137,922)	(129,815)	8,107
Post-employment benefits and employee benefits	26	(61,868)	(70,305)	(8,437)
Net tax assets	12-17-29	333,352	377,896	44,544
- Inventories	13	156,368	157,874	1,506
- Contract assets	14	2,040,450	1,998,152	(42,298)
- Contract liabilities	14	(1,186,076)	(1,240,977)	(54,901)
- Receivables (**)	15	1,824,875	1,934,970	110,095
- Liabilities (**)	28	(2,588,844)	(2,238,022)	350,822
- Other current assets	18	684,995	609,099	(75,896)
- Other current liabilities	30	(323,077)	(313,437)	9,640
Working capital		608,691	907,659	298,968
Net invested capital		2,135,568	2,499,468	363,900
Equity attributable to the owners of the parent		1,395,395	1,269,044	(126,351)
Non-controlling interests		108,750	131,876	23,126
Equity	21	1,504,145	1,400,920	(103,225)
Net financial indebtedness		631,423	1,098,548	467,125
Total financial resources		2,135,568	2,499,468	363,900

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

(**) This item shows liabilities of €23.6 million and loans and receivables of €37.1 million classified in net financial indebtedness and related to the Group's net amounts due from/to unconsolidated consortia and consortium companies (SPEs) operating under a cost recharging system. The balance reflects the Group's share of cash and cash equivalents or debt of the SPEs.

The Group's exposure to the SPEs was shown under "Liabilities" for €23.9 million and "Receivables" for €2.3 million at 31 December 2019.

Net invested capital

This item increased by €363.9 million on the previous year end to €2,499.5 million at 30 June 2020. The main changes are due to the factors listed below.

Non-current assets

Non-current assets increased by €32.5 million. They may be analysed as follows:

(€'000)	31 December 2019	30 June 2020	Variation
Property, plant and equipment	333,511	352,653	19,142
Right-of-use assets	144,184	145,345	1,161
Intangible assets	185,096	173,218	(11,878)
Equity investments	642,486	666,525	24,039
Total non-current assets	1,305,277	1,337,741	32,464

Property, plant and equipment increased by €19.1 million, mostly as a result of:

- investments of €68.5 million, mostly for the Snowy 2.0 project in Australia and Lane Group's contracts; partly offset by
- depreciation of the period of €35.1 million;
- disposals of €18.7 million.

The right-of-use assets mostly comprise plant and machinery and buildings.

Intangible assets show a net decrease of €11.9 million mainly due to amortisation.

The €24.0 million net increase in equity investments is chiefly a result of the following factors:

- the increase in Lane Group's equity investments due to capital transactions of €15.1 million;
- the increase in the investment in Grupo Unidos Por el Canal, mainly as a result of the injections and payments made on its behalf of €7.0 million.

Net non-current assets held for sale

Net non-current assets held for sale amounted to €12.0 million at 31 December 2019 and included the net assets of the USW Campania projects and the investment in Consorzio Agua Azul S.A..

The increase in the first half of 2020 is due to the reclassification of the non-current assets held for sale and discontinued operations of the USW Campania projects to assets and the sale of the investment in Consorzio Agua Azul S.A. at the beginning of the period.

Provisions for risks

These provisions of €129.8 million decreased by €8.1 million over 31 December 2019, mainly due to the losses of the equity-accounted investees of Lane Group (mostly the joint venture working on the I-4 Ultimate project).

Net tax assets

The following table analyses the item:

(€'000)	31 December 2019	30 June 2020	Variation
Deferred tax assets	253,453	240,146	(13,307)
Deferred tax liabilities	(7,399)	(4,485)	2,914
Net deferred tax assets	246,054	235,661	(10,393)
Current tax assets	90,513	109,748	19,235
Current tax liabilities	(87,137)	(76,882)	10,255
Net current tax assets	3,376	32,866	29,490
Other current tax assets	132,109	150,384	18,275
Other current tax liabilities	(48,187)	(41,015)	7,172
Net other current tax assets	83,922	109,369	25,447
Net tax assets	333,352	377,896	44,544

The increase is mainly due to the higher current tax assets, mostly related to the US group companies, the increase in VAT assets and the reduction in tax liabilities following the payment of tax liabilities in Ethiopia and the US.

Working capital

Working capital increased by €299.0 million from €608.7 million at 31 December 2019 to €907.7 million at the reporting date.

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

- loans and receivables increased by €110.1 million, mostly due to the higher trade receivables from the unconsolidated group companies and other related parties of €154.2 million, specifically:
 - i. €94.9 million chiefly related to the agreement (Otroși 5) signed in Colombia by Yuma Concessionaria S.A. and Constructora Ariguani S.A.S., which acknowledged the extra costs incurred and to be incurred and led to the reclassification of contract assets to loans and receivables; and
 - ii. €42.5 million related to the works carried out by PerGenova S.C.p.A. to rebuild the Polcevera Bridge of the A10 motorway.

The variation in trade receivables is due to the reduction in trade receivables from third parties of €44.1 million, mostly related to the amounts due to the COCIV consortium by Condotte following the offsetting of amounts receivable and payable for €212.1 million in the first half of 2020. Net of this effect, trade receivables increased by €189.4 million, mostly due to the higher amounts due for work in progress in Romania and Saudi Arabia;

- liabilities decreased by €350.8 million, mostly related to amounts due to the COCIV consortium by Condotte following the offsetting of amounts receivable and payable for €227.3 million during the period and the settlement of liabilities as part of the normal business activities (mainly for the COCIV consortium and the Qatari contracts);

- contract assets and liabilities amount to €1,998.2 million (€2,040.5 million) and €1,241.0 million (€1,186.1 million) respectively. The decrease led to a reduction of €97.2 million in working capital, mostly due to the decrease in work in progress net of the progress payments received (on certified work) and contract advances.

Net financial indebtedness

Table 3 - Net financial indebtedness

The following table shows the Group's net financial indebtedness at 30 June 2020 and 31 December 2019:

	Note (*)	31 December 2019	30 June 2020	Variation
(€'000)				
Non-current financial assets	11	378,272	424,403	46,131
Current financial assets	16	241,249	237,901	(3,348)
Cash and cash equivalents	19	1,020,858	1,331,827	310,969
Total cash and cash equivalents and other financial assets		1,640,379	1,994,131	353,752
Bank and other loans and borrowings	22	(751,256)	(731,129)	20,127
Bonds	23	(1,091,890)	(745,491)	346,399
Lease liabilities	24	(98,709)	(93,411)	5,298
Total non-current indebtedness		(1,941,855)	(1,570,031)	371,824
Current portion of bank loans and borrowings and current account facilities	22	(231,640)	(995,001)	(763,361)
Current portion of bonds	23	(13,295)	(481,520)	(468,225)
Current portion of lease liabilities	24	(61,673)	(60,924)	749
Total current indebtedness		(306,608)	(1,537,445)	(1,230,837)
Derivative assets	11-16	268	1,268	1,000
Derivative liabilities	25	(2,012)	(7)	2,005
Net financial position (debt) with unconsolidated SPEs (**)		(21,595)	13,536	35,131
Total other financial assets (liabilities)		(23,339)	14,797	38,136
Net financial indebtedness - continuing operations		(631,423)	(1,098,548)	(467,125)
Net financial indebtedness including discontinued operations		(631,423)	(1,098,548)	(467,125)

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

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

At 30 June 2020, the Group has net financial indebtedness from continuing operations of €1,098.5 million compared to €1,103.7 million at 30 June 2019 and €631.4 million at 31 December 2019.

The increase on 31 December 2019 is mostly due to the liquidity used to cover the rise in working capital during the period required by the spread of Covid-19 (explained in more detail in the "Covid-19" section), which slowed down production and collections from customers.

Gross indebtedness of €3,107.5 million shows an increase of roughly €837.4 million on the 31 December 2019 balance of €2,270.1 million, mostly as a result of the utilisation of the entire revolving credit facilities with the concurrent increase in liquidity at the head office which amounts to approximately €750 million at 30 June 2020.

Net of the debt of Beyond S.r.l. (set up in 2019 as part of Progetto Italia) of around €149.6 million, gross indebtedness would be €2,957.8 million.

The debt/equity ratio (based on the net financial indebtedness from continuing operations) is 0.78 at group level at the reporting date.

Webuild has given guarantees of €162.9 million in favour of unconsolidated group companies securing bank loans.

Presentation of the results in US dollars

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

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

- a) the Group's assets and liabilities (including the comparative data) have been translated using the closing rate of 1.1198 (1,1234 at 31 December 2019);
- b) revenue and costs have been translated using the average rates of the periods to which they refer (1.1020 in the first half of 2020 and 1.1298 in the first half of 2019).

The adjusted reclassified income statement and the reclassified income statement for the first half of 2020 and the reclassified statement of financial position at 30 June 2020 of the Group translated into US dollars are presented below. As required by IAS 21, the comparative figures for 2019 are also presented.

Adjusted reclassified income statement (in US dollars)

(in millions of US dollars)	1st half 2019 adjusted			1st half 2020 adjusted			
	Webuild Group	Joint ventures not controlled by Lane	Adjusted	Webuild Group	Joint ventures not controlled by Lane	Condotta out-of-court agreement	Adjusted
Revenue	2,917.1	144.5	3,061.6	2,240.6	198.3	-	2,438.8
Gross operating profit (loss) (EBITDA)	273.3	(3.7)	269.6	96.0	9.7	16.5	122.2
<i>Gross operating profit (loss) EBITDA margin</i>	<i>9.4%</i>	<i>-2.6%</i>	<i>8.8%</i>	<i>4.3%</i>	<i>4.9%</i>		<i>5.0%</i>
Operating profit (loss) (EBIT)	159.5	(3.7)	155.7	(9.7)	9.7	38.9	38.9
<i>R.o.S. %</i>	<i>5.5%</i>	<i>-2.6%</i>	<i>5.1%</i>	<i>-0.4%</i>	<i>4.9%</i>		<i>1.6%</i>
Net financing costs	(30.3)	-	(30.3)	(53.6)	-	-	(53.6)
Net gains (losses) on equity investments	8.5	3.7	12.2	(1.9)	(9.7)	-	(11.6)
Profit (loss) before tax (EBT)	137.6	-	137.6	(65.2)	-	38.9	(26.3)
Income taxes	(53.4)	-	(53.4)	(29.3)	-	-	(29.3)
Profit (loss) from continuing operations	84.2	-	84.2	(94.5)	-	38.9	(55.6)
Loss from discontinued operations	(0.2)	-	(0.2)	-	-	-	-
Non-controlling interests	(12.5)	-	(12.5)	2.4	-	-	2.4
Profit (loss) for the period attributable to the owners of the parent	71.5	-	71.5	(92.1)	-	38.9	(53.2)

Reclassified statement of profit or loss in US dollars

	1st half 2019	1st half 2020	Variation
(USD'000)			
Revenue from contracts with customers	2,669,478	2,133,933	(535,545)
Other income	247,613	106,634	(140,979)
Total revenue and other income	2,917,090	2,240,566	(676,524)
Operating expenses	(2,643,764)	(2,144,552)	499,212
Gross operating profit (EBITDA)	273,327	96,015	(177,312)
Gross operating profit margin (EBITDA) %	9.4%	4.3%	
Impairment losses	902	(29,884)	(30,786)
Amortisation, depreciation and provisions	(114,758)	(75,850)	38,909
Operating profit (loss)	159,470	(9,719)	(169,189)
R.o.S. %	5.5%	-0.4%	
Financing income (costs) and gains (losses) on equity investments			
Net financing costs	(30,320)	(53,591)	(23,271)
Net gains (losses) on equity investments	8,485	(1,902)	(10,387)
Net financing costs and net gains (losses) on equity investments	(21,836)	(55,494)	(33,658)
Profit (loss) before tax (EBT)	137,634	(65,213)	(202,847)
Income taxes	(53,428)	(29,288)	24,140
Profit (loss) from continuing operations	84,206	(94,501)	(178,706)
Profit (loss) from discontinued operations	(211)	-	211
Profit (loss) before non-controlling interests	83,995	(94,502)	(178,495)
Non-controlling interests	(12,492)	2,437	14,929
Profit (loss) for the period attributable to the owners of the parent	71,503	(92,065)	(163,566)

Reclassified statement of financial position in US dollars

	31 December 2019	30 June 2020	Variation
(USD'000)			
Non-current assets	1,466,348	1,498,002	31,654
Goodwill	85,448	85,431	(17)
Net non-current assets held for sale	13,454	-	(13,454)
Provisions for risks	(154,942)	(145,367)	9,575
Post-employment benefits and employee benefits	(69,503)	(78,728)	(9,225)
Net tax assets	374,488	423,168	48,680
- Inventories	175,664	176,787	1,123
- Contract assets	2,292,242	2,237,531	(54,711)
- Contract liabilities	(1,332,438)	(1,389,646)	(57,208)
- Receivables (**)	2,050,064	2,166,780	116,716
- Liabilities (**)	(2,908,307)	(2,506,138)	402,169
- Other current assets	769,523	682,069	(87,454)
- Other current liabilities	(362,945)	(350,987)	11,958
Working capital	683,803	1,016,396	332,592
Net invested capital	2,399,096	2,798,902	399,805
Equity attributable to the owners of the parent	1,567,586	1,421,075	(146,511)
Non-controlling interests	122,170	147,675	25,505
Equity	1,689,755	1,568,750	(121,005)
Net financial indebtedness	709,340	1,230,152	520,812
Total financial resources	2,399,096	2,798,902	399,807

(**) This item shows liabilities of USD26.4 million and loans and receivables of USD41.6 million classified in net financial indebtedness and related to the Group's net amounts due from/to unconsolidated consortia and consortium companies (SPEs) operating under a cost recharging system. The balance reflects the Group's share of cash and cash equivalents or debt of the SPEs.

The Group's exposure to the SPEs was shown under "Liabilities" for USD26.9 million and "Receivables" for USD2.6 million at 31 December 2019.

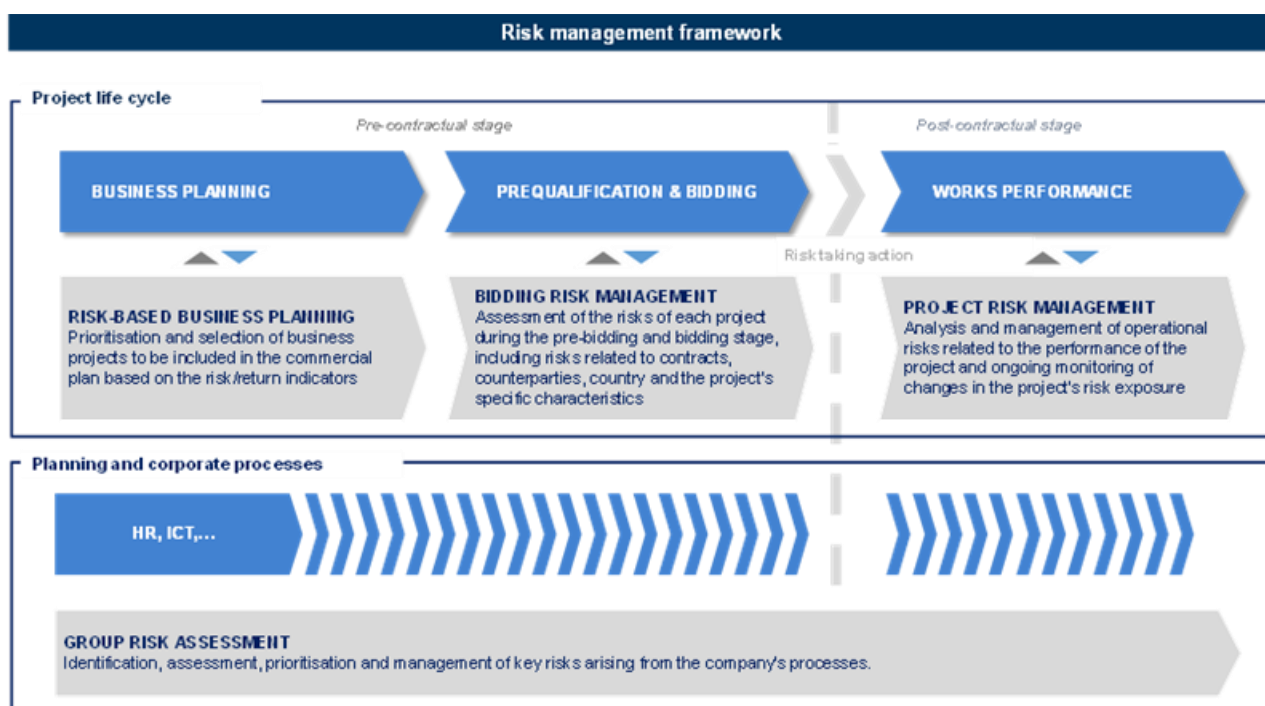
Directors' report - Part II

Risk management system

The context in which the Group currently operates, characterised by rapid macroeconomic changes, financial markets' instability and progressive developments of legal and regulatory compliance regulations, especially as a result of the recent outbreak and spread of Covid-19, and affected by megatrends such as climate change, resource scarcity and increasing urbanisation in the medium to long-term, requires clear strategies and effective management processes aimed at preserving and maximising value.

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

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



During the first six months of 2020, due to the Coronavirus emergency and the Group's timely introduction of all the necessary measures to manage the fallout, risk management activities focused on the identification and handling of the repercussions of Covid-19 on the Group's ongoing projects and its general operations.

The Group promptly set up a crisis management unit to respond to the emergency and implement the measures set out in the decrees approved by the government during the various stages of the pandemic. It also created a special crisis team, whose duties include proposing suitable measures, monitoring changes in the situation and the agreed-upon actions, including for each individual contract. It reports regularly to the top management crisis team, which includes the group risk officer. The team defined an operating model to be adopted during the crisis

period, which includes a dedicated reporting system to be used by the work sites to communicate with headquarters, which it coordinates. Via this system, top management is kept up-to-date on developments in the pandemic and its effects on the Group's contracts around the world.

The Group is also currently commencing a risk assessment to analyse the group's risk exposure, given the changes in risks which have also been impacted by the spread of Covid-19 and its effects on business management. This will form the basis of a mitigation plan that will be prepared to monitor the actions taken over time as well as changes in the Group's risk exposure.

During the first six months of 2020, the Group focused on strengthening its methods and tools to analyse contract risk during the bidding stage and to continuously include procedures for the efficient management of the most significant risks, such as country and counterparty risks (involving, therefore, customers, partners, subcontractors and significant suppliers). It also implemented procedures to analyse and manage economic, financial and non-financial risks in more depth, both at contract and corporate level.

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

Business risks

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

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

Strategic risks

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

Webuild considers risk a key element for the preliminary assessment of decisions and strategic choices, so much so that it provided for integration of the strategy definition and development process with that for the identification, measurement and management of risks. The choices pertaining to the adoption of a business or organisational model, the assessment about the opportunity of proceeding with an extraordinary transaction or

establishing a partnership are subject to preliminary analysis and evaluation of the related risks and opportunities, with the concurrent identification of risk management methods and strategies to be promptly activated should such risks arise.

Financial risks

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

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

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

Legal and compliance risk

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

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

Operational risks

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

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

To this end, the Group intends to monitor such risks starting at the bidding stage of each contract with a risk/benefit analysis of the project in the event of its award and its impact on the portfolio structure, both in terms

of risk concentration and overall risk profile. At this time, Webuild, as part of a wider process, prepares a pre-bid risk assessment aimed at identifying potential risks and impacts linked to the project, as well as the necessary mitigation and/or contingency measures to counter them. The risk surveillance activity is then performed again at tender stage and monitored and updated during contract execution in order to promptly detect the risk exposure development and swiftly implement adequate remediation measures.

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

Country risk

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

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

Counterparty risk

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

Contract risk

The contract dimension is key for an effective analysis of all risks linked to the Group's core business, since it is considered to define tools capable of identifying and monitoring so-called contract risks starting from the bidding stage in a risk prevention perspective, as part of an in-depth analysis of the risks and opportunities linked to the pursuit of a specific activity. Another fundamental aspect is the ongoing tracking of risks once they have been

consciously taken on by management, managing the resulting risk exposure in a proactive, dynamic way, as well as its ongoing development over time.

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

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

Main risk factors and uncertainties

In addition to the areas outlined in the “Business risk management” section above, the following specific situations linked to major outstanding disputes, country risk exposure and situations characterised by risk and/or uncertainty profiles at 30 June 2020 should be added to the universe of risk events that may potentially impact on operations.

Civil litigation

USW Campania projects

The Group became involved in the urban solid waste disposal projects in the Province of Naples and other provinces in Campania at the end of the 1990’s through its subsidiaries Fibe S.p.A. and Fibe Campania S.p.A..

The major issues that have characterised the Group’s activities in service contracts since 1999-2000, which have been discussed in detail and reviewed in all of the reports published by the Group starting from that time, have evolved and became more complex over the years, giving rise to a large range of disputes, some of which are major and in part still ongoing. Even given the positive developments, the general situation in terms of pending disputes is still very complex. A brief overview is provided below, especially in relation to existing risk positions.

Since Fibe Campania S.p.A. was merged into Fibe S.p.A. in 2009, unless otherwise stated, reference is made exclusively to Fibe S.p.A. in the rest of this section, even with regard to positions and events that affected the merged company.

The USW Campania issue comprises various proceedings in different jurisdictions and pending at different court levels. The main aspects of the key civil, administrative and criminal proceedings are described below.

Civil proceedings

1. In May 2005, the government commissioner filed a motion requesting compensation from Fibe S.p.A. (“Fibe”) and FISIA Italmimpianti S.p.A. (now FISIA Ambiente S.p.A., “Fisia Ambiente”) for alleged damage of about €43 million. During the hearing, the commissioner increased its claims to approximately €700 million, further to the additional claim for damage to its reputation, calculated to be €1,000 million. The companies appeared before the court and, in addition to disputing the claims made by the government commissioner, filed a counterclaim requesting compensation for damage due to contract default and sundry expenses for over €650 million, plus a further claim for reputation damage quantified at €1.5 billion. In the same proceeding, the banks that issued Fibe and Fibe Campania S.p.A.’s (“Fibe Campania”) performance bonds to the government commissioner also requested the commissioner’s claim be dismissed and, in any case, to be held harmless by Webuild, which appeared before the court and disputed the bank’s requests. In ruling no. 4253/2011, the judge declared their lack of jurisdiction referring the case to the administrative judge. The attorney general filed an appeal which was rejected on 14 February 2019 and the first level ruling was upheld. The attorney general has appealed to the Supreme Court.
2. On 30 November 2015, the Office of the Prime Minister received a new claim form served by both Fibe and

other group companies involved in various ways in the activities performed in Campania for the waste disposal service, containing claims for the damage suffered as a result of termination of the contracts in 2005.

The total amount claimed is €2,429 million. Considering that some requests are already included in other proceedings, the net amount is €2,258 million. The Office of the Prime Minister filed a counterclaim for €845 million for reasons already included in other proceedings. The court appointed an expert to appraise the subordinated claim filed by Fibe that prepared two alternative appraisals of the amount due to Fibe of approximately €56 million or approximately €114 million. The competent judge handed down the ruling on 25 October 2019, finding that Fibe was due approximately €114 million and the Office of the Prime Minister approximately €80 million. After offsetting the two amounts, the Office of the Prime Minister was ordered to pay Fibe approximately €34 million plus interest accruing from 4 December 2015. Both Fibe and the Office of the Prime Minister have filed separate appeals.

3. There is another proceeding commenced by the Office of the Prime Minister for the return of the advance of approximately €52 million paid for the construction of the waste-to-energy plants ("WtE plants"). Fibe has claimed that the receivables due from the Office of the Prime Minister, mostly for work performed on its behalf and for the fees due to Fibe, would offset this advance. The first level hearing ended with ruling no. 4658/2019 in which the Naples Court only allowed part of Fibe's receivables (the fees already collected by the Office of the Prime Minister) for offsetting purposes, ordering the company to return the difference between the advance collected and the receivables allowed for offsetting, with the result that Fibe owed roughly €10 million, plus interest, to the Office of the Prime Minister. This ruling is contrary to the report prepared by the court-appointed expert which found that Fibe was due the entire amount of its receivables. Fibe has filed its appeal. The above amount (approximately €10 million) could be offset against Fibe's larger receivable as per the ruling described in the section on the administrative litigation - the USW Campania projects below.

Given the complexity and range of the different disputes disclosed in the previous sections, the Group cannot exclude that events may arise in the future that cannot currently be foreseen which might require changes to these assessments.

Panama Canal extension project

Certain critical issues arose during the first stage of full-scale production on the project to expand the Panama Canal which, due to their specific characteristics and the materiality of the work to which they relate, made it necessary to significantly negatively revise the estimates made during the early phases of the project. The most critical issues related, inter alia, to the geological characteristics of the excavation areas, specifically with respect to the raw materials required to produce concrete and the processing of such raw materials during normal production activities. Additional problems arose due to the adoption by the customer of operational and management procedures substantially different from those contractually agreed, specifically with regard to the processes for the approval of technical and design solutions suggested by the contractor. These facts, which were the subject of specific disclosures in previous reports published by the Group, continued in 2013 and 2014. Faced with the customer's persistent unwillingness to reasonably implement appropriate, contractually provided for measures to manage such disputes, the contractor - and thus the original contracting partners - was forced

to acknowledge the resulting impossibility to continue the construction activities needed to complete the project at its full and exclusive risk by undertaking the relevant full financial burden without any guarantee of the commencement of objective negotiations with the counterparty. In this context, at the end of 2013, formal notice was sent to the customer to inform it of the intention to immediately suspend work if the customer refused once again to address this dispute in accordance with a contractual approach based on good faith and the willingness of all parties to reach a reasonable agreement.

Negotiations between the parties, supported by the respective consultants and legal experts, were carried out through February 2014 and, on 13 March 2014, an agreement was signed. The essential elements of the agreement provided that the contractor would resume works and functionally complete them by 31 December 2015, while the customer and contracting companies agreed to provide financial support for the works to be finished up to a maximum of about €1.3 billion. The customer met its obligation by granting a moratorium on the refunding of already disbursed contract advances totalling about €729 million and disbursing additional advances amounting to approximately €91 million. The group of contracting companies met their obligation by directly disbursing approximately €91 million and additional financial resources, through the conversion into cash of existing contractual guarantees totalling around €360 million.

While the 13 March 2014 agreement provided for financial support to complete the Canal, claims were made by the contractor Grupo Unidos Por el Canal (“GUPC”) to the customer during the contract’s execution.

After the pre-litigation stage before the Dispute Adjudication Board (“DAB”) to discuss the claims as provided for contractually, there are a number of separate arbitration hearings ongoing before the International Chamber of Commerce between GUPC (with its European partners Sacyr, Webuild (previously Salini Impregilo) and Jan De Nul) and the Panama Canal Authority (“PCA”) as described below.

The following arbitration proceedings are still in place:

1. the arbitration about the DAB’s decisions on the claims presented by GUPC about the inadequate quality of the basalt compared to the quality guaranteed by PCA and the lengthy delays caused by PCA to approve the design formula for the concrete mix. After the stage performed to confirm the arbitration tribunal’s competence to rule which ended with the award that the tribunal was competent to rule on the damages incurred by the individual members of the consortium, the merits proceedings are at a preliminary stage;
2. the arbitration about the extra costs incurred by GUPC due to certain unjustified conditions imposed by ACP for the design of the lock gates and other claims about labour costs. The proceedings are at an initial stage;
3. the arbitration commenced in 2016 involving the sundry claims mentioned in the completion certification; GUPC filed its statement of claim at the beginning of the year.

On 11 March 2020, Webuild filed its arbitration application with the International Centre for Settlement of Investment Disputes (ICSID) against Panama. It has claimed damage for the Central American country’s repeated violations of the bilateral investment treaty agreed by its government with the Italian government in 2009 to promote and protect investments. The arbitration tribunal is currently being set up.

Already in previous years, the Group applied a valuation approach to the project on the basis of which significant losses to complete the contract were recognised, offset in part by the corresponding recognition of the additional

consideration claimed from the customer and determined based on the expectation that recognition of such consideration could be reasonably deemed to be highly probable based on the opinions expressed by its legal experts and in light of the damages awarded by the DAB.

In the first half of 2020, the estimate for the extra costs to complete the project was updated, as well as the additional consideration claimed from the customer (again with the support of the Group's experts). The Group has reflected this situation in its condensed interim consolidated financial statements.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that currently unforeseeable events may arise in the future which could require changes to the assessments made to date.

CAVTOMI Consortium (high speed/capacity Turin-Milan line)

With respect to the contract for the high speed/capacity Turin - Milan railway line - Novara - Milan sub-section, the general contractor Fiat S.p.A. (now FCA N.V., "FCA") is required to follow the registered claims of the general subcontractor CAVTOMI Consortium ("CAVTOMI" or the "consortium"), in which Salini Impregilo (now Webuild) has a share of 74.69%, against the customer Rete Ferroviaria Italiana ("RFI").

Accordingly, in 2008, FCA initiated contractual arbitration proceedings against RFI for the award of damages suffered for delays in the works ascribable to the customer, non-achievement of the early completion bonus also due to the customer and higher consideration. On 9 July 2013, the arbitration tribunal handed down an award in favour of FCA, ordering RFI to pay approximately €187 million (of which about €185 million pertaining to CAVTOMI).

RFI appealed against the award before the Rome Appeal Court in 2013 and paid the amount due to FCA, which in turn forwarded the relevant share to CAVTOMI. The ruling of 23 September 2015 of the Rome Appeal Court cancelled a large part of the aforementioned arbitration award. FCA appealed to the Supreme Court.

Following the Appeal Court's ruling, RFI notified FCA of a writ of enforcement of approximately €175 million and subsequently the two parties reached an agreement whereby FCA provided RFI with the following in order to prevent enforcement of the aforementioned ruling, without prejudice to the parties' substantive rights, which are subject to final judgement: (i) payment of an amount of approximately €66 million, and (ii) issue to RFI of a bank surety of €100 million (€75 million by Webuild).

The consortium is confident that its arguments will be accepted at the end of the dispute supported by the opinion of its legal advisors.

A date for the merits hearing has yet to be set.

Moreover, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

In addition, FCA and the consortium have commenced the following actions:

- filing of an appeal by FCA with the Lazio Regional Administrative Court on 11 November 2016 for the claims of approximately €18 million presented during the contract's term and not covered by the previous award of 2013. This proceeding was firstly suspended from the register and then resumed. It is currently pending before the competent administrative judge;

- on 12 October 2017, presentation of a claim form to the Rome Court by FCA for claims made during the contract term and not covered by the previous award for €109 million. The court-appointed expert is currently carrying out their appraisal.

COCIV Consortium

With the claim form notified to the COCIV consortium (“COCIV”) on 18 September 2014, the customer RFI challenged the validity of the inter partes arbitration award of 20-21 June 2013 and also requested the return of about €108 million (approximately €74 million for Webuild, formerly Salini Impregilo) collected by COCIV as a result of the award. The Appeal Court rejected RFI’s challenge in its ruling of 28 October 2019 and RFI has not presented an appeal.

Strait of Messina bridge - Eurolink

In March 2006, as lead contractor of the joint venture created for this project (interest of 45%) (subsequently merged into the SPE Eurolink S.C.p.A., “Eurolink”), Impregilo (now Webuild) signed a contract with Stretto di Messina S.p.A. (“SDM”) for its engagement as general contractor for the final and executive designs and construction of the Strait of Messina Bridge and related roadway and railway connectors.

A bank syndicate also signed the financial documentation required in the General Specifications after the joint venture won the tender, for the concession of credit lines of €250 million earmarked for this project (subsequently decreased to €20 million in 2010). The customer was also given performance bonds of €239 million, as provided for in the contract.

SDM and Eurolink signed a rider in September 2009 which covered, inter alia, suspension of the project works carried out since the contract was signed and until that date. As provided for by the rider, the final designs were delivered to the customer and its board of directors approved them on 29 July 2011.

Decree law no. 187 was issued on 2 November 2012 providing for “Urgent measures for the renegotiation of the contracts with Stretto di Messina S.p.A. (the customer) and for local public transport”. Following enactment of this decree and given the potential implications for its position, Eurolink, led by Webuild, notified the customer of its intention to withdraw from the contract under the contractual terms, also to protect the positions of all the Italian and foreign co-venturers. However, given the immense interest in constructing the works, Eurolink also communicated its willingness to review its position should the customer demonstrate its real intention to carry out the project. To date, the ongoing negotiations have not been successful despite the efforts made. Eurolink has commenced various legal proceedings in Italy and the EU, arguing that the provisions of the above decree are contrary to the Constitution and EU treaties and that they damage Eurolink’s legally acquired rights under the contract. It has also requested that SDM be ordered to pay the amounts requested due to the termination of the contract for reasons not attributable to it. With regard to the actions filed at EU level, in November 2013, the European Commission communicated its decision not to follow up the proceedings, as no treaties were violated, and confirmed this on 7 January 2014, with a communication dismissing the case. As regards the civil action in Italy, Webuild and all the members of Eurolink have jointly and separately asked that SDM be ordered to pay the amounts due, for various reasons, as a result of the termination of the contract for reasons not attributable to them (€657 million).

With its ruling no. 22386/2018 issued on 16 October 2018, the Rome Court rejected the applications filed by the claimants and the counterclaims filed by SDM. Conversely, the Rome Court declared that the customer's termination of the contract with Parsons Transportation Group Inc. ("Parsons"), engaged by SDM for the project management services, was legitimate (referring calculation of the compensation for damage to Parsons to the judgment of the Constitutional Court). As the process is joined to that of Eurolink, Webuild deems that the legal approach which led to the ruling in the latter case is, *mutatis mutandis*, also applicable to Eurolink.

Eurolink and Webuild filed their appeal against this ruling before the Rome Appeal Court on 28 December 2018. The appeal hearing is at an initial stage.

In the meantime, the Constitutional Court found the issue of legitimacy of the Decree law for Parson's position to be inadmissible as the order for its re-examination by the court was insufficiently documented and not because it found that the amount of the compensation to be irrelevant or unfounded. The Rome Court will now have to review the application and possibly defer it again to the Constitutional Court.

The Constitutional Court's ruling does not affect the Appeal Court's hearing about constitutionality refiled by Eurolink.

Given the complexity of the pending proceedings, while the experts assisting Webuild and the general contractor are confident about the positive outcome of the legal actions and recovery of the outstanding assets (mainly contract assets recognised for this project), they cannot exclude that currently unforeseeable events may arise which would require changes to the assessments made to date.

Orastie - Sibiu motorway

In July 2011, Salini Impregilo (now Webuild) commenced work on the highway contract to build the Orastie - Sibiu section (Lot 3), which included 22.1 km of two lane highway in each direction (in addition to the emergency lanes).

The contract was entered into with the Romanian National Road & Highways Company ("CNAIR") and 85% financed with EU structural funds and 15% by the Romanian government.

Progress on the contract has been adversely affected by a number of events outside Webuild's control such as unpredictable vast landslides on approximately 6.6 km of the route.

Despite this, the lot was delivered to the customer and opened to the traffic on 14 November 2014 while additional work made necessary by the landslides was still under completion.

Notwithstanding the first favourable ruling by the DAB and the award of approximately €6 million to Webuild, the customer refused to acknowledge the unpredictable nature of the landslides and to pay the amounts due.

In June 2015, Webuild stopped work due to non-payment of the amounts awarded to it by the DAB.

In September 2015, Webuild presented an application for arbitration and the first partial award of €18 million was issued in March 2017 which it subsequently collected.

In January 2016, with works completion at 99.9%, following a number of disputes between the parties, the customer terminated the contract and enforced the contractual guarantees of approximately €13 million on 20

April 2016, motivating such unilateral decision as being due to the alleged non-resolution of non-compliances notified by works management. The parent promptly formally contested the contract termination.

On 28 January 2020, the parent presented an application for arbitration to the Court of International Commercial Arbitration (“CCIR”) attached to the Romanian Chamber of Commerce and Industry challenging the validity of CNAIR’s enforcement of the performance bond and requesting the return of the related amounts plus compensation and interest. The parties are discussing the appointment of a sole arbitrator, who will be appointed by the CCIR if they cannot come to an agreement.

With respect to the arbitration proceedings commenced before the International Chamber of Commerce for the delays and additional costs of €57 million, on 17 October 2019, the award was handed down rejecting the Group’s requests and awarding damages for delays to the customer of approximately €19 million. On 2 July 2020, the parent has presented an application for the cancellation of the final award to the Romanian courts and the Bucharest Appeal Court cancelled this award and the related suspended enforcement.

The directors are confident that its arguments will be accepted at the end of the dispute supported by the opinion of their legal advisors.

Unforeseen costs have been incurred and the Group has accordingly presented its request for additional consideration. The costs are included in the measurement of the contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group’s advisors.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that currently unforeseeable events may arise in the future which could require changes to the assessments made to date.

Contorno Rodoviario Florianópolis (Brazil)

On 21 September 2016, the Salini Impregilo (now Webuild) and Cigla Constructora Impregilo e Associados S.A. (“CCSIC”) joint venture signed a contract with Autopista Litoral Sul S.A. worth approximately €75 million for the construction of a new dual carriageway to reduce the large volume of traffic in the Florianópolis metropolitan region.

The project immediately ran into critical engineering problems due to the damp soil and the area’s weather conditions, which CCSIC attempted to resolve by proposing new solutions to the customer (although it was not contractually obliged to do so).

In June 2018, CCSIC presented claims to the customer for higher costs and extension of the contract term. Despite the fact that the negotiations were still ongoing and the related memorandum of understanding was supposed to be signed in the near future, in January 2019, the customer informed CCSIC of its intention to terminate the contract. CCSIC deems that this termination is illegal and contrary to the principle of good faith. Therefore, in 2019, it filed an appeal with the competent local judicial authorities requesting payment of the higher dismantlement costs of approximately €2 million. The proceedings are at an initial stage and the judge has guaranteed the judicial blocking of enforcement of the bank guarantee for the advance (roughly €2.3 million) and the insurance performance bond (around €7 million) by the customer. On 4 October 2019, CCSIC commenced an arbitration proceeding for claims of approximately €20 million notified before the contract had been terminated. The customer has recently obtained the suspension of the arbitration proceedings from the

Brazilian judge, which CCSIC immediately appealed. At the date of preparation of this report, the Appeal Court's ruling on this suspension is pending.

The consortium is confident that its arguments will be accepted supported by the opinion of its legal advisors.

Unforeseen costs have been incurred and the Group has accordingly presented its request for additional consideration. The costs are included in the measurement of the contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Rome Metro

As part of the contract for the design and construction of the works for the B1 line of the Rome Metro, Webuild (formerly Salini Impregilo) commenced three legal proceedings in its name and as lead contractor of the joint venture against Roma Metropolitana S.r.l. ("Roma Metropolitana") and Roma Capitale requesting they be ordered to pay the disputed claims recorded during works execution, for which a technical appraisal by a court-appointed expert was provided.

1. Supreme Court - claims for the final billing for the Bologna - Conca d'Oro section

The Rome Court's ruling of August 2016 settled the first level proceedings involving the claims made for the Bologna - Conca d'Oro section and partly accepted the joint venture's requests, ordering Roma Metropolitana to pay roughly €11 million, plus VAT and related costs.

The joint venture commenced the necessary actions to collect the receivable based on this temporary enforceable ruling, which allowed it to collect the accepted amounts. It also presented an appeal for the award of a greater amount.

The Rome Appeal Court handed down its ruling of July 2018 rejecting the grounds for the joint venture's appeal and concurrently partly accepted the counter appeal presented by Roma Metropolitana, finding claim no. 38 to be ungrounded, although it had been partly accepted by the first level court for €4 million (already collected by the joint venture after the court's ruling).

The joint venture has appealed to the Supreme Court against the Appeal Court's ruling and a hearing date is awaited.

2. Rome Court - first set of claims for the Conca d'Oro - Jonio section

The second proceeding relates to the first set of claims for the Conca d'Oro - Jonio section and is at the initial stages and has been deferred with the interim ruling of 2018 issued after the hearing for the conclusions. The judge accepted some claims made by the joint venture and ordered the court-appointed expert to recalculate the amounts due to the joint venture for just the claims rejected.

This ruling partly contradicts the findings of the court-appointed expert (which had already been filed) which confirmed the joint venture's claims for approximately €27.5 million.

The interim ruling of January 2018 was challenged solely for the part that rejected some claims already examined

by the court-appointed expert earlier and Roma Metropolitanae.

The expert completed their appraisal in December 2018 and filed their additional report which included four possible amounts ranging from approximately €12 million to €23 million in favour of the joint venturers. Roma Metropolitanae has requested the appraisal be reperformed by a new expert.

The Rome Court handed down its final ruling no. 6142/2020 of 15 April 2020 defining the second judgement on the extension of the B1 line and ordering Roma Metropolitanae to pay the entire amount of €23.3 million, increased by the monetary revaluation and interest since 31 August 2018, and the court-appointed expert's cost.

Finally, with its ruling of 15 July 2020 on the partial ruling of January 2018, the Rome Appeal Court rejected Webuild's applications and partly accepted Roma Metropolitanae's counter appeal, stating that two of the claims, accepted by the first level judge, were ungrounded.

Specifically, one of the two claims found to be ungrounded related to the irregular performance of the works which had been quantified by the court as part of the total compensation to be paid to the contractor for all the claims related to this issue (the irregular performance of the works), without specifying an individual amount for each claim. The appeal ruling reformulated the first level ruling finding the claim to be ungrounded but did not determine the amount of the related compensation. Therefore, it did not directly intervene with respect to the amount paid as per the first level ruling as compensation for the irregular performance of the works.

3. Rome Court - second set of claims for the Conca d'Oro - Jonio section

The third proceeding refers to the second and last set of claims for the Conca d'Oro - Jonio section, was commenced in September 2016 and the court-appointed expert completed their work in November 2018 and filed their definitive report. The expert found that the joint venture's claims of approximately €3 million were admissible. The Rome Court ordered Roma Metropolitanae and Roma Capitale to jointly pay the total amount of €2.9 million increased by the accrued legal interest in its ruling no. 5861/2020 of 7 April 2020. An appeal is being readied for the acceptance of additional claims.

The directors are confident that joint venture's arguments will be accepted supported by the opinion of their legal advisors.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that currently unforeseeable events may arise in the future which could require changes to the assessments made to date.

Colombia – Yuma and Ariguani

Yuma Concesionaria S.A. (in which the Group has a 48.3% investment) ("Yuma") holds the concession for the construction and operation of sector 3 of the Ruta del Sol motorway in Colombia.

The construction works were delivered to the EPC contractor Constructora Ariguani S.A.S. en Reorganización ("Ariguani"), wholly owned by the parent, on 22 December 2011

In November 2017, the customer ANI commenced administrative procedures against Yuma to have the contract terminated.

Yuma deems that the contract was significantly affected by a series of unexpected events outside its control which led to a significant imbalance in the contract that the customer is obliged to rectify.

After more than one year of negotiations, on 20 February 2020, the parties signed a rider to the concession agreement that provided for, inter alia, the interruption of the procedure commenced by ANI for the alleged serious breaches of the concession contract by Yuma and extended the contract term to complete the project by 56 months while not changing the concession term.

The rider partly settled some claims made as part of the arbitration proceedings in place for the contract variations as part of the national arbitration at the Bogotá Chamber of Commerce and the claims related to construction of the project before the International Chamber of Commerce as part of the international arbitration.

Webuild concurrently withdrew its application for arbitration to the International Chamber of Commerce, presented in November 2017. As a result and with the acceptance by ANI, this international arbitration proceeding has been discontinued and the only international arbitration still in place is that before the International Chamber of Commerce commenced by Yuma.

At the same time, two other riders to the EPC contract were signed by Yuma and the EPC contractor Ariguani, covering the new financial terms and timeline agreed by them.

On 8 May 2020, the arbitration tribunal with the Bogotá Chamber of Commerce issued an award in Yuma's favour for six variations.

Due to the dispute and the difficulties encountered during the project, in 2018, both Yuma and Ariguani commenced their reorganisation ("Reorganización") pursuant to the local laws (Law no. 1116 of 2006) and this process is still ongoing.

The directors are confident that its arguments will be accepted during the ongoing international arbitration supported by the opinion of its legal advisors.

However, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Project S8 (Poland)

The Group has a 95% interest in a joint venture in Poland set up in November 2014 for the design and construction of roads.

Although the main road section was opened to traffic on 22 December 2017, in May 2018, the customer informed the joint venture that the contract was considered to be terminated due to the latter's alleged breach of contract and concurrently requested payment of fines of €3.3 million.

On 22 May 2018 and 7 June 2018, the joint venture informed the customer that it considered termination of the contract to be null and void and also asked for payment of the outstanding amount of €1.7 million and the contractually provided-for fines. Finally, it noted that the contract terminated due to the customer's default. The

customer has attempted to enforce the performance bonds of approximately €8 million, which the joint venture had provided. The joint venture obtained a court order from the Parma Court preventing this on a precautionary basis.

The Group has already commenced appropriate legal measures to protect its rights and, accordingly, filed a claim form with the Warsaw first level court on 31 October 2019 for the recovery of the costs not paid before termination of the contract, claims and compensation for the irregular termination.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Moreover, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Project A1F (Poland)

The Group has a 100% interest in a joint venture in Poland set up in October 2015 for the design and construction of roads.

On 29 April 2019, the customer informed the joint venture that the contract was considered to be terminated due to the latter's alleged breach of contract and concurrently requested payment of fines of roughly €20 million.

On 6 May 2019, the joint venture informed the customer that it considered termination of the contract to be null and void. On 14 May 2019, it notified that the contract terminated for reasons attributable to the customer as a result of reported defaults that were not remedied by the customer.

The customer obtained enforcement of the performance bonds, retentions and fines of approximately €37 million, which the joint venture had provided.

The Group will take all appropriate legal action to protect its rights.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Moreover, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Project S3 (Poland)

The Group has a 99.99% interest in a joint venture in Poland set up in December 2014 for the design and construction of roads.

On 29 April 2019, the customer informed the joint venture that the contract was considered to be terminated due to the latter's alleged breach of contract and concurrently requested payment of fines of roughly €25 million.

The customer has attempted to enforce the performance bonds of approximately €13 million, which the joint venture had provided. After the filing of an appeal against this enforcement, Salini Impregilo (now Webuild) provided for payment.

On 6 May 2019, the joint venture informed the customer that it considered termination of the contracts to be null and void and legally ineffective. On 14 May 2019, it noted that the contract terminated attributable to the customer's default as a result of challenged defaults that were not remedied by the customer.

The Group has commenced appropriate legal measures to protect its rights and, accordingly, filed a claim form with the Warsaw first level court on 31 October 2019 for the return of the amounts related to the undue enforcement of the bank guarantees and payment of the fines.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Moreover, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Copenhagen Cityringen

As a result of critical issues about this project related to its specific features and the significance of the works, the Group had to significantly revise the cost estimates for the early stages of this project. They mainly related to the construction of the concrete works, the electromechanical works and the architectural finishings.

The negotiations with the customer, assisted by their consultants and technical/legal advisors, led to the signing of an interim agreement on 30 December 2016 (which allowed the Group to collect €145 million) and other agreements which enabled it to collect additional amounts (for a total of €260 million). This settled some claims with the outstanding claims related to the pending arbitration proceeding before the Building and Construction Arbitration Board.

On 12 July 2019, the Group delivered the project and the metro was officially opened to the public on 29 September 2019.

Unforeseen costs have been incurred and the Group has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Moreover, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

North West Rail Link (Australia)

This project included the design and building of a 36 km metro line north west of Sydney, of which 4.6 km as a viaduct (the Skytrain bridge). The metro opened in May 2019.

The Group participated in the project through a joint venture of Salini Impregilo (now Webuild) and Salini Impregilo PTY Limited.

After the joint venture presented claims, the DAB issued a decision acknowledging its right to AUD34.5 million (roughly €21.4 million) on 9 December 2019.

The contract with Sydney Metro provides for resort to the Australian Centre for International Commercial

Arbitration should one or both of the parties be unsatisfied with the DAB's decision.

In fact, on 31 January 2020, both the joint venture and the customer presented the DAB with a notice of dissatisfaction.

The directors are confident that its arguments will be accepted at the end of the dispute supported by the opinion of their legal advisors.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that currently unforeseeable events may arise in the future which could require changes to the assessments made to date.

Al Bayt Stadium (Qatar)

On 25 October 2019, the joint venture comprising Leonardo S.p.A. and PSC S.p.A. ("Leonardo/PSC JV") commenced an arbitration proceeding before the International Chamber of Commerce against the joint venture consisting of Galfar Al Misnad Engineering and Contracting, Salini Impregilo (now Webuild) and Cimolai S.p.A. ("GSIC JV" in which the Group has a 40% interest) with respect to the contract to build the Al Bayt Stadium in Doha, Qatar.

As subcontractor of the contract to supply mechanical and electrical works, the Leonardo/PSC joint venture claimed damages for the acceptance of variations and other compensation from the contractor GSIC JV for QAR1,047 million (approximately €257 million). As part of the same arbitration proceedings, GSIC JV presented its counterclaim, which includes, inter alia, acknowledgement of the costs incurred on the subcontractor's behalf and compensation for the higher costs incurred due to the latter's delays and negligence.

The arbitration proceedings are at an initial stage.

With respect to the arbitration proceedings commenced by the Leonardo/PSC JV, the directors are confident that its arguments will be accepted at the end of the dispute supported by the opinion of its legal advisors.

During preparation of the contract budget and the condensed interim consolidated financial statements, they considered the above costs and compensation for the subcontractor's delays and negligence to the extent they deem it is highly probable that its counterclaim will be successful, also based on the opinion of their legal advisors.

However, they cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change their valuations.

Slovakia

On 6 March 2019, the joint venture comprising Salini Impregilo (now Webuild) and the Slovakian company Duha and the customer signed an agreement to terminate the contract for the design and construction of a major motorway section. This agreement provides for the recognition of the works awaiting certification and also establishes that:

- the customer will certify most of the works performed and awaiting approval for bureaucratic reasons in the short term;
- a dispute adjudication board (DAB) will be appointed, consisting of international members rather than the Slovakian members provided for in the original contract, to decide on the additional consideration requested by the Group;
- should the DAB's ruling not be agreeable to the parties, they may apply to an international arbitration tribunal (ICC Vienna) rather than a Slovakian tribunal as provided for in the original contract.

After the joint venture's presentation of its claims, on 18 November 2019, the DAB issued its report, finding that the joint venture was due approximately €8 million. In December 2019, both the joint venture and the customer sent the DAB a notice of dissatisfaction. Should the parties be unable to come to an agreement, they may apply for arbitration as contractually provided for

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Moreover, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Administrative litigation

This section describes the main administrative proceedings involving the group companies.

USW Campania projects

The special commissioner tasked by the Regional Administrative Court to collect receivables of the former operators of the waste disposal service performed until 15 December 2005 submitted their final report in November 2014, in which they stated that the competent public administration had already collected directly €46.4 million of the fee due to Fibe for its services rendered until 15 December 2015 (when the contracts were terminated *ope legis*), without forwarding it to Fibe, and that total outstanding receivables totalled €74.3 million.

In its ruling no. 7323/2016, the Regional Administrative Court decided that the special commissioner should pay the amounts claimed by Fibe only after the assessment is completed and, hence, including amounts already collected by the administration. Fibe challenged this ruling with the Council of State which rejected it with its ruling no. 1759/2018. A petition for the conclusion of the proceedings was then filed. After the resignation of the special commissioner, the Regional Administrative Court appointed a new commissioner on 16 April 2018. As this commissioner did not accept the position, on 10 January 2019, another commissioner was appointed that filed a report on 13 January 2020 confirming the findings reported by the previous commissioner in November 2014. Due to the interim payments made which reduced the total amounts due, the commissioner calculated the amounts outstanding as fees to be €54.8 million and deferred the definitive calculation of the amounts of €3.1 million in addition to that already ascertained and the total amount of interest and fines due to Fibe to a second stage.

In 2009, Fibe filed a complaint with the Lazio Regional Administrative Court about the slackness of the competent authorities in completing the administrative procedures for the recording and recognition of the costs incurred by the former service contractors for activities carried out pursuant to law and the work ordered by the administration and performed by the companies during the years from 2006 to 2008 (i.e., after the contracts had been terminated).

As part of the aforementioned ruling, the Regional Administrative Court appointed an inspector who, on 21 December 2017, submitted a final report finding that, in short, the amounts stated by Fibe in its appeal and the supporting documentation were substantially consistent. The company requested a more in-depth review of certain items and the correction of some errors. The Regional Administrative Court ordered an additional inspection. On 28 September 2018, the inspector filed their final report, which addressed the requests made by Fibe for a more in-depth review and corrections. The Lazio Regional Administrative Court with its ruling of 21 March 2019 ordered the Office of the Prime Minister to pay €53 million, including VAT and interest, as the fee for services carried out after the contracts were terminated. The Office of the Prime Minister challenged this ruling before the Council of State. In its ruling no. 974 of 7 February 2020, the Council of State identified a logical legal error in the Regional Administrative Court's ruling where it ordered the Office of the Prime Minister to pay the amounts requested and documented by Fibe (private part) not yet checked by it. The Council of State amended in part the first level ruling finding that Fibe is due the smaller amount of €21 million, increased by legal interest (instead of the amount of €53 million ordered by the Regional Administrative Court).

In May 2020, Fibe filed: (i) an appeal before the Council of State challenging the rulings and the error identified by the Appeal Judge; (ii) an appeal before the Supreme Court.

With ruling no. 3886/2011, the Lazio Regional Administrative Court upheld Fibe's appeal and ordered the administration to pay the undepreciated costs at the termination date for the RDF plants to Fibe, for a total amount of €205 million, plus legal and default interest from 15 December 2005 until settlement.

Following the enforcement order filed by Fibe and opposed by the Office of the Prime Minister, Fibe obtained the allocation of €241 million (collected in previous years) as a final payment for the receivables for principal and legal interest and suspended the enforcement procedure for the further amount of default interest claimed. Both parties initiated proceedings about the merits of the case. The judge rejected the request for default interest submitted by Fibe in the ruling of 12 February 2016, which Fibe challenged.

As part of the USW Campania projects, the Group was notified of a large number of administrative measures regarding reclamation and the implementation of safety measures at some of the landfills, storage areas and RDF plants. For the proceedings regarding the characterisation and emergency safety measures at the Pontericcio site, the RDF plant in Giugliano and the temporary storage area at Cava Giuliani, the Lazio Regional Administrative Court rejected the appeals filed by Fibe with ruling no. 6033/2012. An appeal against this ruling, based on contamination found at a site different to those subject of the proceedings, was filed with the Council of State. It denied Fibe's precautionary motion to stay the enforcement of the decision. The Council of State subsequently accepted Fibe's appeal in its ruling no. 5076/2018, reversing the first level ruling and cancelling the measures challenged by Fibe. With respect to the Cava Giuliani landfill, the Lazio Regional Administrative Court, with ruling no. 5831/2012, found that it lacked jurisdiction in favour of the Superior Court of Public Waters,

before which the appeal was summed up and a decision has not yet been taken. Meanwhile, Fibe has completed the characterisation operations for the above sites, but this does not constitute any admission of liability whatsoever.

S.a.Bro.M. S.p.A.

S.a.Bro.M. S.p.A. ("SABROM") is the operator for the design, construction and operation of the new regional Broni-Mortara motorway under the terms of the concession contract signed with the customer Infrastrutture Lombarde S.p.A. ("ILSpA") on 16 September 2010.

In July 2016, the Ministry for the Environment, Land and Sea Protection ("MATTM") issued a measure containing a negative opinion on the project's environmental compatibility.

SABROM asked the customer to protect the project by appealing against the Ministry's measure and also communicated its willingness to work with the customer to modify the designs so that the project could be re-assessed by the Ministry and other competent bodies.

As requested by SABROM, the customer appealed against the Ministry's measure before the Lombardy Regional Administrative Court which rejected the appeal with its ruling published on 30 July 2018.

On 14 February 2019, ILSpA filed an appeal with the Council of State and the date of the hearing has not yet been set.

The directors deem the risk of an unfavourable ruling is remote and that the assets recognised under intangible assets at 30 June 2020 are recoverable, supported by their legal advisors.

However, they cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change their valuations.

Criminal litigation

This section describes the main criminal proceedings involving the group companies.

USW Campania projects

In 2008, as part of an investigation into waste disposal in the Campania region carried out after the ope legis termination of the relevant contracts (on 15 December 2005), the Preliminary Investigations Judge, upon a request by the public prosecutor, issued personal preventive seizure measures against some managers and employees of Fibe, Fibe Campania (subsequently merged into Fibe) and Fisia Ambiente and managers of the commissioner's office. As part of this investigation, which in the record is described both as a continuation of an earlier investigation and as separate proceedings based on new charges, the former service providers and Fisia Ambiente are again charged with the administrative liability attributable to companies pursuant to Legislative decree no. 231/01 without claims for compensation being made against these companies.

In the hearing of 21 March 2013, the Preliminary Hearing Judge ordered that all the defendants and companies involved pursuant to Legislative decree no. 231/2001 be committed for trial for all charges, transferring the proceedings to the Rome Court as a result of an acting judge being listed by the Naples public prosecutor as

under investigation.

On 16 June 2016, the Court accepted the public prosecutor's request and found all the individuals involved in the proceedings not guilty. The hearing will continue for the companies involved and the public prosecutor is currently examining the motions.

COCIV consortium

On 26 October 2016, some managers and employees of COCIV were arrested as were other persons (including the chairman of Reggio Calabria - Scilla S.C.p.A., who promptly resigned) with warrants issued on 7 October 2016 by the Genoa Court and 10 October 2016 by the Rome Court. The above two legal entities were informed that the Genoa and Rome public prosecutors are investigating alleged obstruction of public tender procedures, corruption and, in some cases, criminal organisation.

Specifically, the proceeding before the Genoa Court (involving COCIV managers and employees) covers alleged obstruction of public tender procedures for supplies or works on individual lots (for which the public prosecutor also intends to investigate Webuild's chief executive officer) as well as two cases of corruption. The proceeding originally before the Rome Court (consisting of two separate investigations), and now joined and transferred to the Alessandria public prosecutor, relates to the alleged bribery of works management by senior management of the contractors (COCIV, Reggio Calabria – Scilla S.C.p.A. and Salerno-Reggio Calabria S.c.p.a.) in order to encourage the works manager (also under investigation) to perform acts contrary to their official duties.

On 11 January 2017, as part of the proceedings commenced on 16 November 2016, ANAC sent the Rome Prefecture a proposal for adoption of the extraordinary measures pursuant to article 32 of Decree law no. 90 of 24 June 2014 against COCIV. On 3 March 2017, the Rome Prefecture appointed a special commissioner for the extraordinary and temporary administration of COCIV in accordance with article 32.1.b) of the above Decree law for a six-month period, which was then extended to 15 January 2019.

The Rome Prefecture acknowledged termination of the extraordinary and temporary administration of COCIV on 31 October 2018 with its decree of 14 November 2018, given that the set objectives had been met.

Specifically, in 2018, the Genoa public prosecutor notified the completion of the preliminary investigations for the criminal proceedings to the parties under investigation, which included COCIV. During 2019, the public prosecutor requested and obtained a hearing of an excerpt of the relevant interceptions, which was followed, on 21 February 2020, by a further notification of the notice of conclusion of the investigations pursuant to article 415-bis of the Italian Criminal Code.

Some days later, on 27 February 2020, the public prosecutor requested that the proceeding be filed with respect to COCIV's position, under investigation for the alleged administrative crime as per article 25 of Legislative decree no. 231/2001 given that the consortium had put in place a suitable and appropriate organisation model as per Legislative decree no. 231/2001 before the alleged crimes took place and, moreover, the alleged crimes were not performed to the advantage or in the interests of COCIV.

The filing request also covered some parties under investigation in the main proceeding in relation to numerous

additional alleged crimes charged to them during the investigation stage and found to be ungrounded (articles 416, 353, 353-bis, 319, 321 and 346-bis of the Italian Procedural Code and article 2635 of the Italian Civil Code).

Following the most recent notice as per article 415-bis of the Italian Criminal Code, it has been confirmed that the investigation focuses on assumed collusive bidding and bribery, all of which took place quite some time ago (2012 to 2016).

The charges refer to alleged conduct that could only be carried out by the individuals in charge of managing the related procedures. This implies that the alleged involvement of key management personnel (the then chairman of the consortium) and the parent's chief executive officer, would not lead to the identification of any real activities and/or conduct that these persons actually undertook.

With respect to the criminal proceedings commenced by the Rome public prosecutor for the alleged crime of association for criminal purposes, the dismissal of the related criminal proceedings was applied for and obtained on 5 September 2018 as the related charge cannot be sustained. With respect to all the alleged corruption practices, involving the alleged administrative liability of COCIV and Reggio Calabria - Scilla S.C.p.A. for the administrative offence as per articles 5 and 25 of Legislative decree no. 231/2001, the Rome Court declared its lack of jurisdiction and referred all the cases to the Bolzano public prosecutor which joined them in a single case and requested that it be heard. During the preliminary hearing of 26 June 2019, the judge declared its lack of jurisdiction and ordered the case be referred to the Alessandria Court, where it has been again included in the investigation phase.

The Alessandria Court has yet to set the date for the preliminary hearing before the Preliminary Hearing Judge.

With respect to the alleged bribery, COCIV deems that, as already found by the Genoa public prosecutor, the crimes allegedly committed by its personnel (should they be found guilty by the court) were to its detriment and were essentially committed in their own interests by fraudulently circumventing the rules in place to control its activities. Moreover, these alleged offences would not have required RFI to pay a larger or undue amount or create economic benefits for COCIV but rather would have required it to pay higher costs. The consortium's new structure (senior management and operating personnel) is committed to ensuring that the works can continue while concurrently dealing with the social and employment issues arising from the discontinuity measures that the consortium has had to put in place vis-à-vis the third party companies involved in the legal proceedings. The consortium has carefully checked the quality of the materials used in the works previously carried out although this is not an issue raised by the public prosecutors. Its results are wholly in line with the findings of the expert appointed by the Genoa court, which both found the full compliance of the materials used by COCIV with the quality levels specified in the contracts and relevant legislation.

Cossi Costruzioni S.p.A.

Cossi Costruzioni S.p.A. was notified of the commencement of proceedings before the Rimini Court for an alleged administrative offence as per article 25-septies.3 of Legislative decree no. 231/2001. The preliminary investigation is still ongoing.

Ministry of the Environment / Autostrade per l'Italia S.p.A. – Todini Construction Generali (now HCE Construction + others)

In June 2011, upon conclusion of the investigations commenced in 2005, the Florence public prosecutor charged the CEOs and former employees of Todini C.G. S.p.A. with environmental crimes with respect to the management of excavated soil and rocks, water regulation, waste management and damage to environment assets as part of the Tuscan lots of the “Valico variation”.

The Ministry of the Environment joined the criminal proceedings as a civil party, suing Autostrade per l'Italia S.p.A., Todini C.G. S.p.A., Impresa S.p.A. and Toto S.p.A. for their civil liability and quantifying the alleged environmental damage to be compensated as “*not less than €810,000,000.00 or any amount that may be established during the proceedings and/or established in an equitable manner*”. As evidence of the damage, the Ministry presented a preliminary report prepared by I.S.P.R.A. (a body which is part of the Ministry).

The judge held that the I.S.P.R.A. report was not a document that could be used in the proceedings as it had not been prepared inter partes and, moreover, did not include the name of the individual that had physically prepared it. At the date of preparation of this report, the claim for compensation is not supported by proof about its size.

On 30 October 2017, the Florence Court found all the defendants not guilty and the public prosecutor appealed the ruling on 20 June 2019. At the date of preparation of this report, a date for the hearing has not yet been set.

For completeness purposes, after the claim for compensation presented by the Ministry of the Environment, the Group commissioned a report on the possible effect of the criminal proceeding on the consolidated financial statements. The opinion was that the Ministry’s joining the proceedings as a civil party did not require any provision to be made in the separate or consolidated financial statements or the condensed interim consolidated financial statements.

The Group is confident that the claim for compensation will not be accepted.

Other situations characterised by risk and/or uncertainty profiles

Società Italiana per Condotte d’Acqua S.p.A. under extraordinary administration

Società Italiana per Condotte d’Acqua S.p.A. under extraordinary administration (“Condotte”), which has investments in group companies, filed a petition as per article 161.6 of the Bankruptcy Law after which, on 17 July 2018, it applied for immediate application of the extraordinary administration procedure pursuant to article 2 of Decree law no. 347/2003 to the Ministry of Economic Development.

The Ministry issued its decree on 6 August 2018 authorising Condotte to enter extraordinary administration as per Decree law no. 347/2003 converted by Law no. 39 of 18 February 2004 (the “Marzano Law”).

The Rome Court declared Condotte insolvent in its ruling of 14 August 2018.

On 22 October 2018, the special commissioners invited Condotte's creditors to file their claims for inclusion in the insolvency proceedings for their receivables originated up to 6 August 2018 (the date on which it entered extraordinary administration) before 12 December 2018.

The following consortia or consortium companies, in which the Group has investments, filed their claims by the due date:

- Consorzio Alta Velocità Torino Milano (CAVTOMI);
- Consorzio Collegamenti Integrati Veloci (COCIV);
- Lybian Expressway Contractors;
- Eurolink S.c.p.a.;
- Reggio Calabria - Scilla S.C.p.A.;
- Salerno-Reggio Calabria S.C.p.A.;
- Consorzio Iricav Due.

Their claims were based on the following:

- a) offsetting their receivables from Condotte that were due before 6 August 2018 against their payables due to Condotte which were also due before 6 August 2018;
- b) filing of the outstanding balances after the offsetting in the insolvency proceeding:
 - as a pre-preferential claim as provided for by article 51.3 of Law no. 270/1999 (the "Prodi Law") and article 74 of the Bankruptcy Law;
 - alternatively and subject to appeal, as a preferential claim in accordance with article 2761.2 of the Italian Civil Code for the principle and article 2758 of the Italian Civil Code for the VAT collected at source;
 - as an unsecured claim as a further alternative and subject to appeal.

On 14 February 2019, Condotte's special commissioners filed the claims with the court office.

On 22 February 2019, the consortia/consortium companies filed their comments on the claims for the purposes of the related hearing.

During 2019 and the first half of 2020, the hearings about the claims took place at the Rome Court. The judge confirmed the acceptance of the claims of Eurolink S.C.p.A., Lybian Expressway Contractors, Salerno Reggio Calabria S.C.p.A. and Reggio Calabria Scilla S.C.p.A. as unsecured claims, as well as the interest calculated in the comments, on 11 June 2020.

The judge also ruled on the same date (communicated to the creditors on 2 July 2020) that the insolvency proceedings had been accepted and appeals may be made up until 1 September 2020.

The consortia and the consortium companies are assessing whether to challenge the insolvency proceedings due to the non-recognition of the pre-preferential and preferential nature of their claims. They deem that their receivables are related to and an essential part of the consortium contract, related to ongoing or long-term

relationships and that such relationships will be continued. The preferential nature of their claims is based on the application of the regulations applicable to mandates to the consortium.

CAVTOMI's claims were not accepted as they were offset by its payables. The consortium's legal counsel noted that the special commissioners had not provided proof of the existence of these claims and requested they be given additional time to better analyse the accounting documentation presented in court. The judge has not accepted the request given the need to finalise the claims during the hearing and given that appeals can be made by challenging the accepted claims.

As the COCIV consortium and Iricav Due consortium had entered into agreements with Condotte's special commissioners in the meantime, they waived their right to have their claims included in the insolvency proceedings.

Webuild has rolled out a long-term industrial transaction ("Progetto Italia") to create a new national construction group to include some of the major Italian construction companies. As a result, the parent made an offer to invest in Astaldi (whose composition with creditors proposal has been authorised by the Rome Court) and is assessing whether to engage in similar transactions with other infrastructure operators such as Condotte.

The group companies in which Condotte has investments are carefully monitoring developments in the situation.

Supported by its legal advisors, the directors are confident that the receivables and payables will be offset and that the receivables should be recovered (net of offsetting) by the SPEs in which Condotte had an investment also because the ongoing strategic works are expected to be continued.

Moreover, the Group cannot exclude that events related to the above-mentioned extraordinary administration procedure may take place in the future.

Astaldi S.p.A.

Astaldi S.p.A. ("Astaldi"), which has investments in group companies, filed a petition as per article 161.6 of the Bankruptcy Law with the Rome Court on 27 September 2018. It has also reserved the right to file a composition with creditors plan and proposal pursuant to article 160 and subsequent articles and article 186-bis of the Bankruptcy Law.

On 16 October 2018, the Rome Court granted a period of up to 16 December 2018, subsequently deferred to 14 February 2019, for presentation of the above proposal, the plan and the other documentation required by the Bankruptcy Law. It appointed special commissioners to monitor the company's activities until this date, requiring the company to comply with a number of disclosure obligations.

On 13 February 2019, Salini Impregilo (now Webuild) made a binding offer for Astaldi with terms promptly communicated to the market. The transaction is designed to strengthen Astaldi's financial position and performance as part of the composition with creditors procedure.

Astaldi filed the composition with creditors plan and proposal as per the application for a composition with creditors on a going concern basis in accordance with articles 160, 161 and 186-bis of the Bankruptcy Law with the Rome Court, with details of how it meant to satisfy its creditors.

The Astaldi offer and, accordingly, the composition with creditors plan and proposal were subsequently updated and confirmed by Webuild and Astaldi on 15 July and 2 August 2019, respectively, also to reflect the fact that progress had been made on the main conditions precedent that are to be met if the offer is to be effective. They include agreements between Webuild and institutional and financial partners to obtain the necessary assistance to perform the Astaldi transaction, given its importance to the entire sector. The offer is based on the plan and the proposal, as amended, and provides for, inter alia:

- a) the business continuity of just the infrastructure construction unit (the “EPC business unit”), the facility management and complex system management activities (O&M activities) and certain minor concessions related to the EPC activities; and
- b) liquidation of the other assets, which will be transferred to a separate unit to be set up pursuant to article 2447-bis and following articles of the Italian Civil Code, in line with the financial projections contained in the plan.

The Rome Court issued its decree on 5 August 2019 accepting Astaldi’s application for composition with creditors on a going concern basis. It found that the company’s composition with creditors plan and proposal, in compliance with the offer, were feasible within the proposed terms and procedures.

The Court issued a separate ruling authorising Astaldi to agree a new pre-preferential bridge loan to support its financial requirements until authorisation and also set the date for the hearing for the creditors’ meeting and related vote for 6 February 2020.

On 10 January 2020, the following consortia filed their proof of claims indicating any differences to Astaldi’s records:

- Consorzio Iricav Due;
- Consorzio MM4;
- NACAV S.C.a.r.l.;
- S. Agata S.C.a.r.l.;
- Passante Dorico S.p.A.;
- Ferrofir S.C.a.r.l.;
- Salini Impregilo S.p.A. (now Webuild S.p.A.).

After being postponed due to the Covid-19 emergency, the creditors’ meeting was held on 9 April 2020 and they voted in favour of approving the composition with creditors proposal.

The Rome Court set the date of 23 June 2020 for the hearing to authorise the composition with creditors procedure as per article 180 of the Bankruptcy Law. The judge acknowledged Webuild’s offer to pay Astaldi’s debts that have been filed (roughly €100 thousand) and granted the creditors one day to waive their right to file. On 24 June, the opposing creditors waived their right to file their claims.

On 17 July 2020, the Rome Court authorised Astaldi’s composition with creditors procedure.

Country risk

Libya

Webuild S.p.A. operates in Libya through a permanent establishment and a subsidiary, Impregilo Lidco Libya General Contracting Company (Impregilo Lidco), which has been active in Libya since 2009 and is 60% owned by Webuild with the other 40% held by a local partner.

The directors do not deem that significant risks exist with respect to the permanent establishment's contracts as work thereon has not started, except for the Koufra Airport project. Moreover, the Group's exposure for that project is not material. The Group is also involved in the Libyan Coastal Highway project which leads to the Egyptian border for the stretch through Cyrenaica, which had not yet been started at the reporting date.

Impregilo Lidco won important contracts for the construction of:

- infrastructural works in Tripoli and Misuratah;
- university campuses in Misuratah, Tarhunah and Zliten;
- a new Conference Hall in Tripoli.

Despite the dramatic political and social events in Libya from 2011, Webuild has always acted in accordance with the contractual terms.

This political upheaval has not yet subsided, impeding the subsidiary from developing its business. At present, Salini Impregilo does not expect activities to be resumed in the near future as there are serious security problems.

Impregilo Lidco continues to be present in Libya and to maintain contacts with its customers, complying promptly with legal and corporate requirements. It informed its customers immediately of the activation of the force majeure clause (provided for contractually). Despite the situation in Libya, the projects covered by the contracts should continue to be a priority for the country.

The customers have acknowledged the contractual rights and the validity of the claims presented for the costs, losses and damages incurred as a result of the above-mentioned unrest. Once the local situation has normalised and the country's institutions are working again, these claims will be discussed with the customers.

The impairment losses on net assets and costs incurred starting from the 2012 financial statements are fully included in contract liabilities. The subsidiary has presented claims to the customers for these amounts, which it deems are fully recoverable as they are due to force majeure.

In addition, the investments made to date are covered by the contractual advances received from the customers.

The subsidiary's legal advisors agree with this approach as can be seen in their reports.

No significant risks are deemed to exist for the recovery of the net assets attributable to the subsidiary, thanks in part to actions and claims filed against the customers.

As this country's situation continues to be complex and critical, the Group does not expect that operations can be resumed in the short term.

Webuild will continue to guarantee the subsidiary's business continuity. However, it cannot be excluded that events which cannot currently be foreseen may take place after the date of preparation of this report that require changes to the assessments made to date.

Argentina

In recession since 2018, this country's challenging macroeconomic situation has been worsened by the global health emergency caused by Covid-19. Its GDP dropped 3% in 2019 and 5.7% in the first quarter of 2020 while the annual inflation rate is above 50% and IDEC (the Argentine national statistics institute) estimates that 36% of the population is below the poverty line.

In May 2020, the country technically defaulted after failing to pay the first instalment of interest of USD502 million on its borrowings. The government has commenced negotiations with its creditors to avoid bankruptcy, which would be the country's ninth default. Public debt of over USD300 billion is equal to 92% of GDP (35% due to the public sector and 25% to international financial institutions including the IMF and the World Bank, which will play a key role should the debt be restructured).

The financial markets have become more volatile, especially after the presidential elections of August 2019 and this situation, together with the difficulty in refinancing the bonds, has encouraged the government to adopt tough currency measures.

The Group is carrying out two projects in Venezuela: a hydraulic tunnel (lot 3) and a wastewater pre-treatment plant (lot 2), both of which are part of a mega project for the environmental restoration project of the Riachuelo River in Buenos Aires.

Venezuela

Webuild Group has operated in Venezuela for over thirty years and has a stable presence there through its permanent organisation. It carries out important projects to develop the South American country directly or in partnerships with international partners.

The work in progress, mainly in the railway and hydroelectric sectors, relates to the following contracts:

- Railway sector:
 - i) Puerto Cabello - La Encrucijada section project;
 - ii) Guarico project, for the San Juan de Los Morros - San Fernando de Apure and Chaguaramas - Cabruta sections;
- Hydroelectric sector:
 - i) the Tocoma dam project.

The customers for the above projects are all government agencies (the Venezuelan government or related bodies).

In the past, the Venezuelan government reconfirmed its intention to complete the railway and hydroelectrical projects, deemed to be of strategic interest for the country's development. However, these contracts have seen non-payment, temporary suspensions and minimum maintenance activities in the last four years.

Given the country's situation, the Group monitored the local social, economic and political situation during the first half of 2020 applying assessments and methodical decisions in line with the analyses performed during preparation of the consolidated financial statements at 31 December 2019.

As a result and based on the information available at the date of preparation of this report, the Group deems that no significant events took place during the six months that would require it to change the carrying amount of its exposure calculated at 31 December 2019.

The Group's gross exposure amounted to €645.7 million at 30 June 2020, including €121.0 million of loans and approximately €524.7 million of receivables for consideration accrued on work performed (this latter figure comprises €318.5 million already invoiced and recognised as trade receivables and €206.2 million recognised as contract assets net of contract liabilities). The Group estimated total impairment losses on these assets of €516.5 million. After these impairment losses, the Group's net exposure is €129.2 million, equal to 20% of its nominal amount.

In view of the delicate and complex uncertain situation that has developed at political level and has worsened in the last few months of 2019 and early 2020, the possibility that events not foreseeable at the date of preparation of this report may arise in the future which would require changes to the assessments made to date cannot be excluded.

Nigeria

Despite tentative signs of an uptick after the presidential elections of March 2019, the economic crisis affecting Nigeria, which is one of Africa's major economies, in recent years, has temporarily worsened as a result of the current pandemic.

The price of oil, which is the country's main resource, had already decreased to under USD20/barrel at the start of the emergency but has improved since then even though it is still below the target USD65/barrel used by the government to plan its budget for 2020 and subsequent years.

The lockdown and related restrictions that Nigeria has had to resort to have clearly amplified the effect of the drop in oil prices while also sparking public order problems.

In March 2020, the central bank (CBN) further depreciated the Naira by 17%, pushing its exchange rate with the Euro down to NGN340 compared to NGN395 at the end of 2019.

The country's finances will not allow the rapid recovery of the construction sector and repayment of its debts to the contractors working there. Most of the projects underway throughout the country have been suspended.

The Group is present in Nigeria via its subsidiaries Salini Nigeria Limited (eight contracts) and PGH (a joint venture with Rivers State for the Ogoni contract in which the Group has a 70% stake). The projects are affected by the customers' limited financial resources, which has led to delays.

However, Nigeria is a major African country and has great potential to transform its economy and lead the way in the continent's future economic recovery.

It cannot be excluded that events which cannot currently be foreseen may take place after the date of preparation of this report that require changes to the assessments made to date.

Ukraine

This country's political and economic situation is still extremely difficult, even after the recent presidential elections, although great change is expected after the forthcoming parliamentary elections.

Although there has been a gradual improvement in the local economic situation, the public accounts continue to suffer, mostly as a result of the lack of internal and external investments and reforms that would boost the country's economy.

During the performance of the contract to upgrade the Kiyv – Kharkiv – Dovzhanskiy section of the M03 motorway from 2013 to 2016, there were no significant threats to its activities. The work site, located near Poltava, was far from the areas most affected by the armed conflict between Ukraine and Russia (the Donbass war).

From a financial viewpoint, the Group is not exposed to currency depreciation risk since the contractual amounts are paid in Euros and US dollars at rates agreed when the contract was signed.

Main contract events and effect of the sale of Todini

The parent's sale in April 2016 of Todini Costruzioni Generali (which had been awarded the M03 contract) was one of the factors that led to the customer's termination of the contract in August 2016.

The Group defended its position and obtained positive rulings from the Dispute Board (DB) with respect to both its financial requests and the principal of the issue, including the illegality of the termination.

The customer's continued refusal to comply with the DB's rulings, including after the Group has made significant concessions, led to the effective termination of the contract in March 2017, the dismantlement of the work site and commencement of arbitration proceedings before the International Chamber of Commerce (ICC) in Paris.

Arbitration proceedings before the Paris International Chamber of Commerce

As part of the pending arbitration proceedings, the ICC issued two partial awards substantially confirming the amounts awarded by the DB on a provisional basis and without prejudice to the assessment of the merits of the claims presented.

On 26 June 2018, it issued its first partial award for an amount equivalent to approximately €54 million. On 30 January 2019, it issued the second partial award for the interest accrued on the amounts awarded with the first award of approximately €7 million.

The ICC also established that additional interest is to be charged on the amounts due to the Group up until the date of effective payment of the contractual consideration.

The claims presented by the Group to the ICC total UAH1,367 million (the equivalent of approximately €144 million at 30 June 2020), as per the amounts claimed via the Dispute Board plus the additional claims and related financial expense made directly to the ICC. The final award is expected to be issued before the end of 2020.

In October 2019, the Kiev Court of Appeal acknowledged the applicability of the ICC's first partial award and issued a writ of execution for payment by Ukravtodor to Todini Costruzioni Generali S.p.A. of UAH34 million, €20 million and USD39 million.

The customer has appealed this decision before the Supreme Court.

In February 2020, the Supreme Court rejected the customer's appeal and confirmed the Kiev Court of Appeal's ruling of October 2019.

In April 2020, the Group presented the writ of execution to the local authorities to formalise the payment request for the amounts covered by the first partial award.

In view of the present critical situation, it cannot be excluded that events not foreseeable at the date of preparation of this report may arise in the future requiring changes to the assessments made to date.

Alternative performance indicators

As required by Consob communication no. 0092543 of 3 December 2015, details of the performance indicators used in this Report and in the Group's institutional communications are given below.

Financial ratios:

Debt/equity ratio: this ratio shows net financial position as the numerator and equity as the denominator. The items making up the financial position are presented in a specific table in the notes to the consolidated financial statements. The equity items are those included in the relevant section of the statement of financial position. For consolidation purposes, equity used for this ratio also includes that attributable to non-controlling interests.

Debt indicators:

Liquidity and other financial assets is the sum of the following items:

- a. Current and non-current financial assets;
- b. Cash and cash equivalents.

Short and medium to long-term debt is the sum of the following items:

- a. Current account facilities and other loans;
- b. Bonds;
- c. Lease liabilities.

Other financial assets and liabilities is the sum of the following items:

- a. Derivatives;
- b. The Group's net amounts due from/to consortia and consortium companies operating under a cost recharging system and not included in the consolidation scope.

Performance indicators:

1. **Gross operating profit:** this indicator shows the sum of the following items included in the statement of profit or loss:
 - a. Total revenue;
 - b. Total costs, less amortisation, depreciation, impairment losses and provisions.This can also be shown as the ratio of gross operating profit to total revenue.
2. **Operating profit:** the operating profit given in the statement of profit or loss, being the sum of total revenue and total costs.
3. **Return on sales or R.o.S.:** given as a percentage, shows the ratio of operating profit (as calculated above) to total revenue.

Disclosure on the adjusted figures

The Group monitors the key figures of Lane Group for management purposes adjusting the IFRS figures prepared for consolidation purposes to present the results of the joint ventures not controlled by Lane which are consolidated on a proportionate basis. These figures (“JV not controlled by Lane”) show the status of contracts managed directly by Lane Group or through non-controlling investments in joint ventures.

For management account purposes, the IFRS figures for the first half of 2020 have also been adjusted to sterilise the effect of the out-of-court settlement with Condotte. This led to Webuild’s recognition of the costs of the compensation (€35.3 million) paid to Condotte for its discontinuation of the pending disputes related to the COCIV consortium’s board of representatives’ resolution of 19 December 2019, which provided for the “transfer of title” of Condotte’s 31% interest in the COCIV consortium by recognising an impairment loss of €20.3 million on its receivables due from Condotte at 30 June 2020 and compensation of €15.0 million recognised under other operating expenses.

Events after the reporting period

Authorisation of Astaldi's composition with creditors on a going concern basis plan published

On 17 July 2020, the Rome Court published its authorisation of Astaldi's composition with creditors on a going concern basis after checking that the procedure was regular and the results of the creditors' vote. This is fundamental for Progetto Italia and will allow Webuild to become the majority shareholder of the new Astaldi by autumn 2020 through a capital increase. The transaction has been complicated and spun out over a period of about two years with the first decisive milestone reached last April when the creditors met to discuss the composition with creditors proposal and subsequently approved it with a majority vote of 69.4% in its favour. It can now be said to have been satisfactorily completed with the Rome Court's authorisation.

Outlook

The extraordinary global situation caused by the Covid-19 pandemic started to indirectly affect production at the Group's active work sites in March and April 2020 in Italy and Europe, and this situation subsequently spread to Latin America and the Middle East.

The medium to long-term growth drivers based on the following strategic pillars are confirmed:

- Progetto Italia: completion of the Astaldi transaction with acquisition of control by the end of 2020;
- Geographical diversification: greater share of key geographical areas such as Italy, North America and Australia and growth in new high-potential areas like Europe and the Nordic countries;
- Sector focus: concentration on complex infrastructure projects where the Group can capitalise on its best-in-class expertise in the sustainability mobility, clean hydro energy and clean water areas;
- Continuation of the cost streamlining process: optimisation of overheads and project costs to achieve greater operating efficiency and cost synergies from integrations.

For the second half of the year, it is reasonable to foresee:

- A group average book-to-bill 1x revenue for the year;
- Completion of the Astaldi acquisition, which is expected to contribute positively to the financial position at year end and the financial performance and cash flows for the year;
- An improved net financial position.

The Group's objectives, defined in a period of great uncertainty may change given that it is impossible to predict the developments or evolution of Covid-19.

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

Once the external situation has normalised, the Group will present a three-year business plan.

Other information

Research and development

Webuild carried out industrial research and experimental development activities during the first six months of the year. These activities enabled the acquisition of new know-how and improvement of production efficiency, which will improve the parent's competitive edge.

The main R&D activities carried out during the year are described below:

- ideation, feasibility study, prototyping and experimental development of advanced virtual multi-dimensional models and tools to optimise the planning, design, construction and operation of complex building and civil works;
- study and experimental development of innovative electrical systems for the 4.0 work sites;
- ideation, study, design, development and experimental validation of new technologies to build large complex civil works.

These macro projects related to the following areas:

- a) **experimental or theoretical work**, with the main aim being the acquisition of new knowledge on the foundations of phenomena and observable facts;
- b) **planned research** or critical investigations to acquire knowledge to be used to fine-tune new products, processes or services or allow the upgrading of existing products, processes or services or create parts of complex systems;
- c) **acquisition, blending, structuring and utilisation of knowledge** and existing scientific, technological and commercial capabilities to prepare plans, projects or designs for new products, processes or services, or to modify or improve them, including feasibility studies;
- d) **development of prototypes** to be used for commercial purposes and pilot projects for technological or commercial testing;
- e) **production and testing of innovative products, processes and services.**

Compliance with the conditions of article 15 of the Stock Exchange Regulation

Webuild confirms that it complies with the conditions of article 15 of Consob regulation no. 20249 ("Regulation on markets"), based on the procedures adopted before article 15 was effective and the availability of the related information.

Repurchase of treasury shares

At the date of preparation of this report, the Group does not have a treasury share repurchase programme. At 30 June 2020, the parent had 1,330,845 treasury shares.

Related parties

Reference should be made to note 37 to the condensed interim consolidated financial statements for a description of related party transactions.

On behalf of the board of directors

Chairman

Donato Iacovone

(signed on the original)

**Condensed interim
consolidated
financial
statements as at
and for the six
months ended 30
June 2020**

Condensed interim consolidated financial statements

Statement of financial position

	Note	31 December 2019	of which: related parties	%	30 June 2020	of which: related parties	%
ASSETS							
(€'000)							
Non-current assets							
Property, plant and equipment	6	333,511			352,653		
Right-of-use assets	7	144,184			145,345		
Intangible assets	8	185,096			173,218		
Goodwill	9	76,061			76,292		
Equity investments	10	642,486			666,525		
Derivatives and non-current financial assets	11	378,272	122,535	32%	424,749	119,621	28%
Deferred tax assets	12	253,453			240,146		
Total non-current assets		2,013,063			2,078,928		
Current assets							
Inventories	13	156,368			157,874		
Contract assets	14	2,040,450			1,998,152		
Trade receivables	15	1,827,173	299,773	16%	1,972,080	488,794	25%
Derivatives and other current financial assets	16	241,517	42,711	18%	238,824	55,966	23%
Current tax assets	17	90,513			109,748		
Other current tax assets	17	132,109			150,384		
Other current assets	18	684,995	31,280	5%	609,099	31,423	5%
Cash and cash equivalents	19	1,020,858			1,331,827		
Total current assets		6,193,983			6,567,988		
Non-current assets held for sale and discontinued operations	20	11,976			-		
Total assets		8,219,022			8,646,916		

EQUITY AND LIABILITIES	Note	31 December 2019	of which: %		30 June 2020	of which: %	
			related parties			related parties	
(€'000)							
Equity							
Share capital		600,000			600,000		
Share premium reserve		654,486			654,486		
Other reserves		148,581			153,408		
Other comprehensive expense		(141,154)			(165,468)		
Retained earnings		155,610			110,161		
Loss for the period/year		(22,128)			(83,543)		
Equity attributable to the owners of the parent		1,395,395			1,269,044		
Non-controlling interests		108,750			131,876		
Total equity	21	1,504,145			1,400,920		
Non-current liabilities							
Bank and other loans and borrowings	22	751,256			731,129		
Bonds	23	1,091,890			745,491		
Lease liabilities	24	98,709			93,411		
Non-current derivatives	25	-			7		
Post-employment benefits and employee benefits	26	61,868			70,305		
Deferred tax liabilities	12	7,399			4,485		
Provisions for risks	27	137,922			129,815		
Total non-current liabilities		2,149,044			1,774,643		
Current liabilities							
Current portion of bank loans and borrowings and current account facilities	22	231,640	10,863	5%	995,001	10,542	1%
Current portion of bonds	23	13,295			481,520		
Current portion of lease liabilities	24	61,673			60,924		
Derivatives and other current financial liabilities	25	2,012			-		
Contract liabilities	14	1,186,076			1,240,977		
Trade payables	28	2,612,737	292,999	11%	2,261,597	344,924	15%
Current tax liabilities	29	87,137			76,882		
Other current tax liabilities	29	48,187			41,015		
Other current liabilities	30	323,076	23,381	7%	313,437	23,755	8%
Total current liabilities		4,565,833			5,471,353		
Liabilities directly associated with non-current assets held for sale							
Total equity and liabilities		8,219,022			8,646,916		

Statement of profit or loss

	Note	1st half 2019	of which: related	%	1st half 2020	of which: related	%
(€'000)							
Revenue							
Revenue from contracts with customers	32	2,362,788	55,210	2%	1,936,417	63,553	3%
Other income	32	219,165	6,710	3%	96,764	5,629	6%
Total revenue and other income		2,581,953			2,033,181		
Operating expenses							
Purchases	33.1	(298,667)			(260,380)	(205)	0%
Subcontracts	33.2	(929,788)			(691,653)		
Services	33.3	(636,405)	(130,338)	20%	(532,558)	(147,063)	28%
Personnel expenses	33.4	(397,512)	(2)	0%	(391,981)	(2)	0%
Other operating expenses	33.5	(77,656)	(209)	0%	(69,482)	(3,016)	4%
Impairment losses (*)	33.6	798			(27,118)		
Amortisation, depreciation and provisions	33.6	(101,574)	1,140	-1%	(68,829)	(649)	1%
Total operating expenses		(2,440,804)			(2,042,001)		
Operating profit (loss)		141,149			(8,820)		
Financing income (costs) and gains (losses) on equity investments							
Financial income	34.1	22,174	3,794	17%	42,629	4,725	11%
Financial expense	34.2	(58,009)	(8,092)	14%	(76,773)	(2,361)	3%
Net exchange gains (losses)	34.3	8,998			(14,487)		
Net financing costs		(26,837)			(48,631)		
Net gains (losses) on equity investments	35	7,510			(1,726)		
Net financing costs and net gains (losses) on equity investments		(19,327)			(50,357)		
Profit (loss) before tax		121,822			(59,177)		
Income tax	36	(47,290)			(26,577)		
Profit (loss) from continuing operations		74,532			(85,754)		
Profit (loss) from discontinued operations	20	(187)			-		
Profit (loss) for the period		74,345			(85,754)		
Profit (loss) for the period attributable to:							
Owners of the parent		63,288			(83,543)		
Non-controlling interests		11,057			(2,211)		

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

Statement of comprehensive income

	Note	1st half 2019	1st half 2020
(€'000)			
Profit (loss) for the period (a)		74,345	(85,754)
Items that may be subsequently reclassified to profit or loss, net of the tax effect:			
Net exchange losses on the translation of foreign companies' financial statements	21	(5,720)	(29,417)
Net exchange gains (losses) on the translation of foreign companies' financial statements reclassified to profit or loss	21		
Net gains on cash flow hedges, net of the tax effect	21	-	689
Other comprehensive income (expense) related to equity-accounted investees	21	(1,994)	7,078
Items that may not be subsequently reclassified to profit or loss, net of the tax effect:			
Net actuarial losses on defined benefit plans	21	(627)	(5,240)
Other comprehensive expense (b)		(8,341)	(26,890)
Comprehensive income (expense) (a) + (b)		66,004	(112,644)
Comprehensive income (expense) attributable to:			
Owners of the parent		56,458	(107,856)
Non-controlling interests		9,546	(4,788)
Earnings (loss) per share			
<i>From continuing and discontinued operations</i>			
Basic		0.13	(0.09)
Diluted		0.13	(0.09)
<i>From continuing operations</i>			
Basic		0.13	(0.09)
Diluted		0.13	(0.09)

Statement of cash flows

	Note	1st half 2019	1st half 2020
(€'000)			
Operating activities			
Profit (loss) from continuing operations		74,532	(85,754)
<i>adjusted by:</i>			
Amortisation of intangible assets	33	16,189	10,593
Depreciation of property, plant and equipment and right-of-use assets	33	87,320	58,454
Net impairment losses and provisions	33	(2,837)	26,900
Accrual for post-employment benefits and employee benefits	26	7,153	7,139
Net losses on the sale of assets		(2,943)	(1,692)
Deferred taxes	36	444	8,917
Share of profit (loss) of equity-accounted investees	35	(6,878)	6,382
Income taxes	36	46,846	17,660
Net exchange gains (losses)	34	(8,998)	14,487
Net interest expense	34	35,835	34,144
Other non-monetary items		(2,780)	(14,169)
		243,883	83,061
Increase in inventories and contract assets		(206,487)	(56,156)
Increase in trade receivables		(105,538)	(208,268)
(Decrease) increase in contract liabilities		(35,181)	54,177
(Decrease) increase in trade payables		262,069	(97,922)
Decrease (increase) in other assets/liabilities		(16,111)	(22,179)
Total changes in working capital		(101,248)	(330,348)
Decrease (increase) in other items not included in working capital		28,394	(52,370)
Financial income collected		13,100	11,746
Interest expense paid		(43,193)	(45,863)
Income taxes		(46,149)	(27,406)
Cash flows generated by (used in) operating activities		94,787	(361,180)
Investing activities			
Net investments in intangible assets	8	(525)	(264)
Investments in property, plant and equipment	6	(35,834)	(68,070)
Proceeds from the sale or reimbursement value of non-current assets		13,575	20,924
Investments in non-current financial assets and capital transactions	10	(155,805)	(33,589)
Dividends and capital repayments from equity-accounted investees	10	3,372	2,410
Proceeds from the sale or reimbursement value of non-current financial		1,463	
Taxes paid during the year on the sale of Lane's Plants & Paving division		(57,209)	
Acquisitions and/or sales of subsidiaries and business units net of cash and cash equivalents		(7,311)	11,021
Cash flows used in investing activities (*)		(238,274)	(67,568)
Financing activities			
Share capital increase			
Dividends distributed	21	(842)	(27,145)

	Note	1st half 2019	1st half 2020
(€'000)			
Capital injection by non-controlling interests in subsidiaries		90	229
Increase in bank and other loans	22	652,981	1,039,447
Decrease in bank and other loans	22	(574,286)	(192,708)
Decrease in lease liabilities	24	(35,796)	(34,864)
Change in other financial assets/liabilities		(120,066)	(46,496)
Cash flows generated by (used in) financing activities (*)		(77,919)	738,463
Net exchange gains (losses) on cash and cash equivalents		3,420	(5,518)
Increase (decrease) in cash and cash equivalents		(217,986)	304,197
Cash and cash equivalents	19	1,107,340	1,020,858
Current account facilities	22	(179,272)	(79,814)
Total opening cash and cash equivalents		928,068	941,044
Cash and cash equivalents	19	812,317	1,331,827
Current account facilities	22	(102,237)	(86,584)
Total closing cash and cash equivalents		710,080	1,245,243

(*)The figures for the comparative period of 2019 have been restated for consistency purposes and to provide a better comparison of the two periods. The item "Increase in lease liabilities" has been included in "Investments in property, plant and equipment".

Statement of changes in equity

		Share capital	Share premium reserve	Other reserves							Other comprehensive expense				Retained earnings	Profit (loss) for the period/year	Equity attributable to the owners of the parent	Non-controlling interests	Total
				Legal reserve	Share capital increase related charges	Extraordinary and other reserves	Reserve for treasury shares	LTI reserve	Inflation reserve	Total other reserves	Translation reserve	Hedging reserve	Actuarial reserve	Total other comprehensive expense					
<i>(€'000)</i>																			
As at 1 January 2019	21	544,740	120,798	106,551	(3,970)	136	(3,291)	-	24,764	124,190	(100,768)	(4,036)	(1,110)	(105,914)	97,698	54,197	835,709	96,354	932,063
IFRS 16 and IFRIC 23 FTA															(7,455)		(7,455)	(64)	(7,519)
As at 1 January 2019 (post IFRS 16 FTA)	21	544,740	120,798	106,551	(3,970)	136	(3,291)	-	24,764	124,190	(100,768)	(4,036)	(1,110)	(105,914)	90,243	54,197	828,254	96,290	924,544
Allocation of profit and reserves	21			2,397						2,397				-	51,800	(54,197)	-		-
Dividend distribution	21														(840)		(840)		(840)
Change in consolidation scope	21										2,651		(25)	2,626	(8,787)		(6,161)	5,152	(1,009)
Capital increase	21																	2,689	2,689
Other changes and reclassifications	21								10,126	10,126							10,126	1,873	11,999
<i>Profit for the period</i>	21															63,288	63,288	11,057	74,345
<i>Other comprehensive expense</i>	21										(6,204)		(627)	(6,831)			(6,831)	(1,510)	(8,341)
<i>Comprehensive income</i>	21										(6,204)		(627)	(6,831)		63,288	56,457	9,547	66,004
As at 30 June 2019	21	544,740	120,798	108,948	(3,970)	136	(3,291)	-	34,890	136,713	(104,321)	(4,036)	(1,762)	(110,119)	132,416	63,288	887,836	115,551	1,003,387
As at 1 January 2020	21	600,000	654,486	120,000	(10,988)	136	(3,291)	-	42,724	148,581	(125,993)	(8,861)	(6,300)	(141,154)	155,610	(22,128)	1,395,395	108,750	1,504,145
Allocation of profit and reserves															(22,128)	22,128	-		-
Dividend distribution	21														(27,145)		(27,145)		(27,145)
Change in consolidation scope	21														3,824		3,824	(3,824)	-
Capital increase	21																	30,419	30,419
Other changes and reclassifications	21								4,827	4,827							4,827	1,319	6,146
<i>Loss for the period</i>	21															(83,543)	(83,543)	(2,211)	(85,754)
<i>Other comprehensive expense</i>	21										(26,340)	7,266	(5,240)	(24,314)			(24,314)	(2,577)	(26,892)
<i>Comprehensive expense</i>	21										(26,341)	7,266	(5,240)	(24,314)		(83,543)	(107,858)	(4,788)	(112,646)
As at 30 June 2020	21	600,000	654,486	120,000	(10,988)	136	(3,291)	-	47,551	153,408	(152,333)	(1,595)	(11,540)	(165,468)	110,161	(83,543)	1,269,044	131,876	1,400,920

Notes to the condensed interim consolidated financial statements

1. Basis of preparation

Webuild S.p.A. (the “parent” or “Webuild”) is the new name of Salini Impregilo S.p.A. as resolved by its shareholders on 4 May 2020 (the name change was registered with the company registrar on 15 May 2020). It has its registered office in Italy. These condensed interim consolidated financial statements at 30 June 2020 include the financial statements of the parent and its subsidiaries (the “Group”). The Group, created by the reverse merger of the Salini and Impregilo Groups, is a global player in the large-scale infrastructure sector.

The parent’s board of directors approved the condensed interim consolidated financial statements on 29 July 2020.

Webuild Group has prepared its condensed interim consolidated financial statements at 30 June 2020 on a going concern basis. The directors have checked that events that could affect the Group’s ability to meet its commitment in the near future and, specifically, in the next 12 months do not exist. Preparation of condensed interim consolidated financial statements requires management to make judgements and complex estimates about the Group’s future profitability and financial position, based also on its sector. These complex estimates underpin assumptions about going concern and the carrying amounts of assets, liabilities, revenue and costs. They do not consider non-recurring events that management cannot foresee at the date of preparation of the condensed interim consolidated financial statements. Reference should be made to the “Complex accounting estimates and the effects of Covid-19” section for details of the assumptions made in the specific context of the pandemic.

Webuild Group has prepared its condensed interim consolidated financial statements at 30 June 2020 in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), endorsed by the European Union as required by Regulation 1606/2002 issued by the European Parliament and Council, implemented in Italy by Legislative decree no. 38/2005. Specifically, these condensed interim consolidated financial statements have been drawn up pursuant to IAS 34 - Interim financial reporting and should be read in conjunction with the 2019 Annual Report. They do not include all the information required for a full set of IFRS-compliant financial statements although they comprise certain disclosures to present significant events and transactions useful to understand variations in the Group’s financial position and performance of the period.

The format and content of these condensed interim consolidated financial statements comply with the disclosure requirements of article 154-ter of the Consolidated Finance Act.

The accounting policies adopted to draw up these condensed interim consolidated financial statements at 30 June 2020 are consistent with those used to prepare the 2019 annual consolidated financial statements, to which reference should be made, except for the changes summarised in note 2.

Complex accounting estimates and the effects of Covid-19

As disclosed in the section of the Directors' report on the effects of Covid-19 on the Group's performance, the epidemic has introduced significant uncertainties, especially about external factors.

The preparation of condensed interim consolidated financial statements in accordance with the IFRS requires management to make judgements and accounting estimates that affect the carrying amounts of assets and liabilities and financial statements disclosures. Given the crisis situation engendered by Covid-19, these judgements and estimates consider the related uncertainties.

The utilisation of an up-to-date group 2020 budget that reflects the uncertainties as a basis for the judgements is essential. The Group's procedures include a planning process split into two parts that take place before the preparation of the annual and interim consolidated financial statements. In this case, the group 2020 budget was prepared considering the critical issues caused by Covid-19.

Firstly, the condensed interim consolidated financial statements at 30 June 2020 have been prepared assuming the group can continue as a going concern as described earlier. This assumption was made using all the information available over 12 months, including the projected profitability and the availability of financial resources. Specifically, the directors considered the following aspects, which have already been referred to in the relevant section of the Directors' report:

- a) No contracts were cancelled as a result of the pandemic. While the six months saw the temporary closure of work sites and slowdowns in production, all the Group's activities except for a few cases, have resumed at the date of preparation of this report although not all of them are operating at pre-Covid-19 levels. However, production output should return to normal levels in the second half of the year. The revenue not earned in these six months as a result of the inefficiencies described has not been lost but simply deferred to the future and should already start to be recouped in the second half of this year.
- b) During the period, the Group liaised constantly with its customers to manage the crisis situation in terms of safety and compliance with government measures. All the shutdown measures were taken in accordance with instructions from site management and the measures issued by governments or local authorities. In addition, negotiations also commenced on specific contractual issues, mainly the delays due to the shuttering of work sites and the consequent impacts and included discussions about the additional costs incurred due to the crisis situation which the Group has so far borne almost in full.
- c) With respect to available financial resources, article 207 of Decree law no. 34/2020 (the Relaunch decree), converted with amendments by Law no. 77 of 17 July 2020, approved by the Italian government, provided for the receipt of contract advances of up to 30% within the limitations and in line with the annual resources earmarked for each project. This also applies to contractors that have already used the contractually-provided for advances or have already started work on the contract without receiving an advance.

At the date of preparation of this report, the Group is not exposed to potential financial stress scenarios. It has cash and cash equivalents and revolving credit facilities sufficient to meet its short-term requirements and the above decree will facilitate the agreement of additional funds for contract activities. There are no major repayments of Webuild's corporate debt scheduled for 2020.

The Group also analysed its credit risk deriving from its exposure to potential losses arising from the customers' (which are mostly governments or state bodies) non-compliance with their obligations.

Management of this risk is complex, starting as early as the assessment of offers, through a careful analysis of the characteristics of the countries in which the Group's activities should be carried out and the customers, which are usually state or similar bodies, requesting an offer.

Therefore, this risk can be essentially assimilated to the country risk. An analysis of this risk based on the age of the outstanding amounts is not very meaningful, since the receivables should be assessed together with the related working capital items, especially those reflecting the net exposure to customers in relation to contract work in progress as a whole. More information is available in the notes to the condensed interim consolidated financial statements.

In addition to that set out above, the complex accounting estimates related to:

- Impairment of non-financial assets (IAS 36). When there is an indication of impairment of property, plant and equipment and intangible assets, the Group estimates the asset's recoverable amount to determine any impairment losses. This impairment test is usually carried out once a year for goodwill. However, given the particular context, the Group checked whether Covid-19 could be an impairment trigger which would require the impairment test to be performed. Note 9 presents the results of this analysis and the sensitivity analyses.

Checking for impairment indicators using information obtained during the planning process is particularly important in the current situation. In addition, given that the impairment indicators listed in IAS 36 include a check that the carrying amount of the Group's net assets is more than its market capitalisation and also that the Group's market value decreased as a result of Covid-19, the directors checked this difference for impairment testing purposes. Although share prices showed that the carrying amount of net assets was more than the market capitalisation throughout the six months, the difference shrank steadily around the reporting date. Moreover, it should be noted that:

- the assets subject to impairment testing as per IAS 36 were carefully checked in line with the reference procedures, the reporting standards and the supervisory authorities' guidelines;
- the expected credit losses on financial assets were measured in accordance with IFRS 9, considering also the uncertainties generated by Covid-19.

As a result, the directors deemed that this indicator is not an impairment indicator.

- Impairment of financial assets (IFRS 9). The Group tests the recoverable amount of financial assets not measured at fair value through profit or loss using the expected credit loss model. This model develops estimates of the impact of changes in economic factors on the expected credit losses using a probability-weighted outcome.

The Group found that, given the characteristics of its business sector, credit risk is that deriving from its exposure to potential losses arising from the customers' (which are mostly governments or state bodies) non-compliance with their obligations.

Management of this risk is complex, starting as early as the assessment of offers, through a careful analysis of the characteristics of the countries in which the Group's activities should be carried out and the customers, which are usually state or similar bodies, requesting an offer.

Therefore, this risk can be essentially assimilated to the country risk. An analysis of this risk based on the age of the outstanding amounts is not very meaningful, since the receivables should be assessed together with the related working capital items, especially those reflecting the net exposure to customers in relation to contract work in progress as a whole.

Given the Covid-19 situation, the Group estimated the effect of the uncertainties and short-term outlook for the economies of the countries in which it operates on the measurement of expected credit losses over the entire expected life of financial instruments.

As described earlier, the Group also performed a credit risk analysis in accordance with the provisions of IFRS 7. More information is available in the notes to the condensed interim consolidated financial statements.

- Measurement of contract assets and liabilities and revenue from customers in accordance with IFRS 15. Application of this standard requires management to make judgements and estimates to determine contract revenue, including claims for additional consideration, total contract costs and the related stage of completion. A significant part of the Group's activities is typically performed on the basis of contracts which provide that a specific consideration is agreed when the contract is awarded. This implies that the profits on these contracts may undergo change compared to the original estimates depending on the recoverability of greater expenses and/or costs the Group may incur during the performance of such contracts. Recognition of additional consideration by associates may entail adjustment of their equity due to standardisation with the Group's accounting policies. Application of IFRS 15 requires the Group to check the existence of the right to additional consideration and the degree of probability of collecting such consideration. Moreover, the Group is required to estimate possible contract fines such as fines for the late delivery of the works compared to the agreed deadlines.

The Group carefully analysed these elements, especially as part of its planning process which led it to update the group 2020 budget before preparation of the condensed interim consolidated financial statements. It also considered all available information, including that obtained during discussions with customers (as described earlier) to confirm the judgements used in making accounting estimates.

- Assessment of the recoverability of deferred tax assets. Deferred tax assets (like deferred tax liabilities) are calculated on the basis of temporary differences between the carrying amounts of assets and liabilities and their tax bases. The Group recognises deferred tax assets when their recovery is probable. It checks their carrying amount at each reporting date and decreases it when it is no longer probable that sufficient taxable profits will be earned in future years against which the deferred tax assets can be used in whole or in part. Despite the uncertainties caused by Covid-19, the fact that the Group does not expect to lose profits on its order backlog as the revenue and profits have simply been deferred means that the probability of recovery of the deferred tax assets did not change.

Given the uncertain climate generated by Covid-19, actual results may differ from those estimated.

Fundamental assumptions about the future and other reasons for uncertainty when making the estimates at the reporting date that may lead to material adjustments to the carrying amount of the assets and liabilities are described in the specific section of the Directors' report on the main risk factors and uncertainties.

With respect to the economic effects, as described in the section on Covid-19 in the Directors' report, as a global provider of engineering solutions and general contractor for infrastructure works, deemed a strategic sector essential for the economic recovery of many countries (as described earlier), Webuild was able to guarantee substantial continuity in many work sites and the protection of the health and safety of its employees and consultants. Some projects saw the shutdown of work site activities for a few weeks as per the lockdown measures and work was performed to align them with the new measures. All the Group's activities except for a few cases, have resumed at the date of preparation of this report although not all of them are operating at pre-Covid-19 levels. However, production output should return to normal levels in the second half of the year. The restrictions imposed by customers and governments led to a reduction in production volumes and profit margins. The decrease of around 21% in revenue compared to the corresponding period of 2019 and the operating loss of €8.8 million for the period are both essentially due to the above reasons. However, these decreases are of a temporary nature due to the postponement of works and should be resolved starting from the second half of this year.

Risk management

The Group is exposed to financial risks which encompass all the risks related to capital availability, affected by credit and liquidity management.

Liquidity risk

Liquidity risk derives from the risk that the financial resources necessary to meet obligations may not be available to the Group at the agreed terms and deadlines.

The Group's strategy aims at ensuring that each ongoing contract is financially independent, considering the structure of the consortia and SPEs, which may limit the availability of financial resources to achievement of the related projects. Liquidity management also considers the existence of constraints to the transfer of currency imposed by certain countries.

A breakdown of financial liabilities by composition and due date (based on undiscounted future cash flows) is set out below:

(€'000)	30 June 2021	30 June 2022	30 June 2023	After	Total
Current account facilities	86,584	-	-	-	86,584
Bonds	492,545	13,221	13,221	658,725	1,177,713
Bank loans and borrowings	886,517	171,141	501,110	111,053	1,669,821
Lease liabilities	65,277	47,330	24,556	27,727	164,890
Interest rate derivatives	-	-	8	-	8
Gross financial liabilities	1,530,923	231,692	538,895	797,505	3,099,016
Trade payables	2,261,597	-	-	-	2,261,597
Total	3,792,520	231,692	538,895	797,505	5,360,613

Future interest has been estimated based on the market interest rates at the date of preparation of these condensed interim consolidated financial statements, summarised in the notes.

The “After” balance for bonds relates to the bonds issued in the second half of 2017 for redemption in 2024 (see note 23).

Liquidity risk management is mainly based on maintaining a balanced financial position. This strategy is pursued by each of the Group’s operating companies.

The Group monitors this risk on an ongoing basis and there are no critical issues given the liquidity available at the reporting date.

IAS 29 - Financial reporting in hyperinflationary economies

After a lengthy observation period of inflation rates, which have exceeded 100% in the last three years, Argentina has been considered a hyperinflationary economy pursuant to the IFRS since 2018. As a result, all the companies operating in Argentina have applied IAS 29 - Financial reporting in hyperinflationary economies in their financial reports starting from 1 July 2018.

These conditions were applicable in the first half of 2020 as well.

2. Changes in standards

Changes in standards and effects of new standards

This section lists the standards, amendments and interpretations published by the IFRS, endorsed by the European Union and applicable since 1 January 2020:

Standard/Interpretation	IASB application date
Amendments to references to the conceptual framework in IFRS standards	1 January 2020
Amendments to IFRS 3 (<i>Business combinations</i>) Definition of a business (issued on 22 October 2018)	1 January 2020
Amendments to IFRS 9 (<i>Financial instruments</i>), IAS 39 (<i>Financial instruments: recognition and measurement</i>) and IFRS 7 (<i>Financial instruments: disclosures</i>): <i>Interest rate benchmark reform</i> (issued on 26 September 2019)	1 January 2020
Amendments to IAS 1 (<i>Presentation of financial statements</i>) and IAS 8: (<i>Accounting policies, changes in accounting estimates and errors</i>) <i>Definition of material</i>	1 January 2020

The standards, amendments and interpretations published by the IASB and the International Financial Reporting Standards Interpretations Committee (IFRS-IC) but not yet endorsed by the competent EU bodies at the reporting date are set out below:

Standard/Interpretation	IASB application date
Amendments to IFRS 16 (Leases) Covid-19-Related Rent Concessions (issued on 28 May 2020)	1 January 2020
IFRS 17 (<i>Insurance contracts</i>) issued on 18 May 2017 and included in the amendments to IFRS 17 issued on 25 June 2020	1 January 2023
Amendments to IAS 1 (<i>Presentation of financial statements</i>): <i>Classification of liabilities as current or non-current</i> (issued on 23 January 2020)	1 January 2022 (exposure draft issued to postpone date of application until 1 January 2023)
Amendments to: <ul style="list-style-type: none"> ▪ IFRS 3 <i>Business combinations</i>; ▪ IAS 16 <i>Property, plant and machinery</i>; ▪ IAS 37 <i>Provisions, contingent assets and contingent liabilities</i> ▪ Annual Improvements 2018-2020 issued on 14 May 2020	1 January 2022
Amendments to IFRS 4 (<i>Insurance contracts</i>) – Deferral of effective date of IFRS 9 (issued on 25 June 2020)	1 January 2021

The above standards and amendments applicable since 1 January 2020 have not had a significant effect on the condensed interim consolidated financial statements.

3. Non-current assets held for sale and discontinued operations

USW Campania

At 30 June 2020 and given the new delay in the disposal transactions, the Group decided that the conditions for application of IFRS 5 - Non-current assets held for sale and discontinued operations no longer existed for the USW Campania projects. Therefore, it has reclassified the USW Campania project net assets and operations in the statement of financial position and statement of profit or loss.

Reference should be made to the section on the “Main risk factors and uncertainties” in the Directors’ report for more information.

CONSORCIO AGUA AZUL S.A.

On 7 January 2020, the Group completed the sale of the investment in Consorcio Agua Azul S.A., held by Impregilo International Infrastructures N.V., recognising a gain of roughly €5 million. At 31 December 2019, the investment was classified in “Non-current assets held for sale and discontinued operations” in accordance with IFRS 5.

4. Business combinations

Acquisition of Cossi Costruzioni S.p.A.

The Group signed the agreement for the acquisition of Cossi Costruzioni S.p.A. on 29 March 2019. It initially provided that the investee’s share capital of €10,000,000, comprising 10,000,000 shares, would be held by Salini Impregilo S.p.A. (now Webuild S.p.A.) (80%) and Banca Popolare di Sondrio Soc. Coop. p.A. (2,000,000 shares).

The transaction price was €534, including €500 to Società Italiana Condotte d’Acqua S.p.A. under extraordinary administration and €34 to Ferfina S.p.A. under extraordinary administration for their investments. As provided for in the agreements with Società Italiana Condotte d’Acqua S.p.A., the parent took over its liability with Cossi Costruzioni S.p.A. as per article 1273.1 of the Italian Civil Code by signing sales contracts for assets on 29 March 2019, solely for the part attributable to the seller (€4,601,583). The acquisition agreement also included put and call options for the non-controlling interests to be exercised in 2022 and/or 2024. Webuild measured these options’ fair value using the forecast data of the subsidiary, which is still undergoing a reorganisation at the date of preparation of this report. Based on this measurement, performed with the assistance of the parent’s consultants, recognition of a contingent consideration at the reporting date was not necessary.

On 8 April 2019, in their extraordinary meeting, the shareholders of Cossi Costruzioni S.p.A. approved a capital increase of €2,598,426 (without a premium) to take place through the issue of 2,598,426 shares. The shareholder Salini Impregilo S.p.A. (now Webuild S.p.A.) waived its right and Banca Popolare di Sondrio Soc. Coop. p.A. subscribed the entire increase. Subsequently, the bank sold 2,299,213 Cossi Costruzioni S.p.A. shares to Liri S.r.l..

As a result, Webuild S.p.A. controls Cossi Costruzioni S.p.A. with a 63.5% stake. The two non-controlling investors are Banca Popolare di Sondrio Soc. Coop. p.A. and Liri S.r.l. with 18.25% each.

At the acquisition date, Webuild availed of the option allowed by IFRS 3 (revised) to provisionally allocate the transaction cost to the fair value of the assets acquired and the contingent liabilities assumed.

During the reporting period, the Group completed the allocation of the transaction cost which it presented retrospectively from the acquisition date, again in accordance with IFRS 3 (revised). The following table shows the key statement of financial position figures of Cossi Costruzioni S.p.A. at the acquisition date and their fair value measured on a definitive basis for the PPA procedure.

(€'000)	Carrying amount	Fair value
Non-current assets	35,781	27,063
of which:		
- Property, plant and equipment	11,366	11,366
- Right-of-use assets	2,088	2,088
- Goodwill	3,011	-
- Equity investments	13,609	13,609
- Deferred tax assets	5,707	-
Inventories	3,201	3,201
Trade receivables	19,288	21,704
Cash and cash equivalents	706	706
Contract assets	4,497	10,286
Current financial assets	10,387	10,387
Other current assets	6,306	3,552
Total assets	80,166	76,899
Post-employment benefits and employee benefits	352	352
Non-current bank loans and borrowings	13,127	13,127
Provisions for risks and charges	1,029	1,029
Trade payables	28,142	28,142
Other current liabilities	11,306	10,812
Current bank loans and borrowings	16,190	16,190
Total liabilities	70,146	69,651
Net assets acquired	10,020	7,247
Less non-controlling interests	(3,657)	(2,645)
Net assets acquired (net of non-controlling interests)	6,363	4,602

At the acquisition date, gross trade receivables amounted to €19.6 million and the loss allowance to €0.3 million.

The cash used for the acquisition, net of cash acquired, is set out below:

(€'000)	
Cash and cash equivalents	706
Non-current assets	27,063
Other current assets	49,130
Non-current liabilities	(14,507)
Current liabilities	(55,144)
Total net assets acquired	7,247
Less non-controlling interests	(2,645)
Total net assets acquired attributable to the owners of the parent	4,602
Less cash acquired	(706)
Cash and cash equivalents net of cash acquired and used for the acquisition	3,896

Other changes in the consolidation scope

No significant changes in the consolidation scope took place during the six months.

The number of consolidated companies varies due to the set up and the winding up of companies to manage ongoing contracts.

5. Segment reporting

Segment reporting is presented according to macro geographical regions, based on the management review approach adopted by senior management, for the “Italy”, “Abroad” and “Lane Group” operating segments.

Costs relating to activities which are carried out by the parent, Webuild, called “Corporate” costs, are attributed to the Italy segment and relate to:

- planning of human and financial resources;
- coordination and assistance with the group companies’ administrative, tax, legal/corporate and institutional and business communications requirements.

These costs amounted to €73.0 million for the first half of 2020 compared to €73.6 million for the corresponding period of the previous year.

Management measures the segments’ results by considering their operating profit.

It measures their equity structure using their net invested capital.

Disclosures on the Group’s performance by business segment are set out in the Directors’ report. The condensed interim consolidated financial statements figures are summarised below by operating segment with comparative figures for the first six months of 2020 (statement of profit or loss) and at 31 December 2019 (statement of financial position).

Statement of profit or loss by business segment - First half of 2019

	Italy (*)	Abroad	LANE Group	Total
(€'000)				
Revenue from contracts with customers	325,470	1,569,487	467,831	2,362,788
Other income	99,817	118,689	659	219,165
Total revenue	425,287	1,688,176	468,490	2,581,953
Operating expenses				
Production costs	(334,044)	(1,206,226)	(324,590)	(1,864,860)
Personnel expenses	(75,632)	(200,454)	(121,426)	(397,512)
Other operating expenses	(30,204)	(41,735)	(5,717)	(77,656)
Total operating expenses	(439,880)	(1,448,415)	(451,733)	(2,340,028)
Gross operating profit (loss)	(14,593)	239,761	16,757	241,925
<i>Gross operating profit (loss) margin %</i>	<i>-3.4%</i>	<i>14.2%</i>	<i>3.6%</i>	<i>9.4%</i>
Impairment losses (**)	1,755	(957)	-	798
Amortisation, depreciation and provisions	(47,044)	(40,252)	(14,278)	(101,574)
Operating profit (loss)	(59,882)	198,552	2,479	141,149
<i>Return on Sales</i>				<i>5.5%</i>
Net financing costs and net gains on equity investments				(19,327)
Profit before tax				121,822
Income taxes				(47,290)
Profit from continuing operations				74,532
Loss from discontinued operations				(187)
Profit for the period				74,345

(*) The operating loss includes the costs of the central units and other general costs of €73.6 million.

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

Statement of profit or loss by business segment - First half of 2020

	Italy (*)	Abroad	LANE Group (**)	Total
(€'000)				
Revenue from contracts with customers	349,310	1,096,738	490,369	1,936,417
Other income	20,621	73,120	3,023	96,764
Total revenue	369,931	1,169,858	493,392	2,033,181
Operating expenses				
Production costs	(348,143)	(786,534)	(349,914)	(1,484,591)
Personnel expenses	(75,253)	(169,111)	(147,617)	(391,981)
Other operating expenses	(42,409)	(25,578)	(1,495)	(69,482)
Total operating expenses	(465,805)	(981,223)	(499,026)	(1,946,054)
Gross operating profit (loss)	(95,874)	188,635	(5,634)	87,127
<i>Gross operating profit (loss) margin %</i>	<i>-25.9%</i>	<i>16.1%</i>	<i>-1.1%</i>	<i>4.3%</i>
Impairment losses	(19,704)	(4,671)	(2,743)	(27,118)
Amortisation, depreciation and provisions	(23,769)	(24,207)	(20,853)	(68,829)
Operating profit (loss)	(139,347)	159,757	(29,230)	(8,820)
<i>Return on Sales</i>				<i>-0.4%</i>
Net financing costs and net losses on equity investments				(50,357)
Loss before tax				(59,177)
Income taxes				(26,577)
Loss from continuing operations				(85,754)
Profit (loss) from discontinued operations				
Loss for the period				(85,754)

(*) The operating loss includes the costs of the central units and other general costs of €73.0 million.

(**) Lane Group includes the figures for the fully-consolidated companies in Argentina (Iglys S.A. and Mercovia S.A.), the Middle East (Lane Mideast Contracting and Lane Mideast Qatar) and Europe (Seli Tunneling and Impregilo New Cross).

Statement of financial position at 31 December 2019 by operating segment

	Italy	Abroad	LANE Group	Total
(€'000)				
Non-current assets	751,407	390,771	239,160	1,381,338
Assets held for sale, net	5,683	-	6,293	11,976
Provisions for risks	(29,579)	(39,607)	(68,736)	(137,922)
Post-employment benefits and employee benefits	(13,013)	(13,137)	(35,718)	(61,868)
Net tax assets (liabilities)	332,022	(21,821)	23,151	333,352
Working capital	(191,534)	949,040	(148,814)	608,692
Net invested capital	854,986	1,265,246	15,336	2,135,568
Equity				1,504,145
Net financial indebtedness				631,423
Total financial resources				2,135,568

Statement of financial position at 30 June 2020 by business segment

	Italy	Abroad	LANE Group	Total
(€'000)				
Non-current assets	814,801	335,602	263,630	1,414,033
Provisions for risks	(47,535)	(23,035)	(59,245)	(129,815)
Post-employment benefits and employee benefits	(13,352)	(13,766)	(43,187)	(70,305)
Net tax assets	347,817	6,074	24,005	377,896
Working capital	(356,168)	1,347,542	(83,715)	907,659
Net invested capital	745,562	1,652,417	101,489	2,499,468
Equity				1,400,919
Net financial indebtedness				1,098,548
Total financial resources				2,499,468

Statement of financial position

6. Property, plant and equipment

Property, plant and equipment amount to €352.7 million, up from the 31 December 2019 figure by €19.1 million. The historical cost and carrying amounts are given in the following table:

(€'000)	31 December 2019			30 June 2020		
	Cost	Acc. dep.	Carrying amount	Cost	Acc. dep.	Carrying amount
Land	9,651		9,651	13,040	-	13,040
Buildings	132,218	(82,578)	49,640	130,082	(83,676)	46,406
Plant and machinery	919,383	(716,326)	203,057	891,517	(708,297)	183,220
Industrial and commercial equipment	112,678	(101,097)	11,581	109,118	(98,076)	11,042
Other assets	58,728	(51,853)	6,875	57,757	(51,330)	6,427
Assets under const. and payments on account	52,707		52,707	92,518	-	92,518
Total	1,285,365	(951,854)	333,511	1,294,032	(941,379)	352,653

Changes during the period are summarised below:

(€'000)	31 December 2019	Increases	Depreciation	Reversals of imp. losses (Imp. losses)/Reval.	Reclassifications	Disposals	Exchange gains (losses) and other changes	30 June 2020
Land	9,651	-	-	-	3,428	-	(40)	13,040
Buildings	49,640	1,274	(3,725)	-	(14)	(257)	(512)	46,406
Plant and machinery	203,057	21,816	(28,357)	-	2,588	(12,454)	(3,430)	183,220
Industrial and commercial equipment	11,581	2,718	(1,759)	(199)	59	(1,079)	(279)	11,042
Other assets	6,875	990	(1,254)	-	73	(110)	(147)	6,427
Assets under const. and payments on account	52,707	41,628	-	-	2,544	(4,757)	396	92,518
Total	333,511	68,426	(35,095)	(199)	8,679	(18,657)	(4,012)	352,653

The most significant changes include:

- increases of €68.4 million, mainly related to the Australian joint venture Snowy Hydro (€43.3 million), now fully operational, and Lane Group (€5.8 million);
- disposals of €18.7 million, principally related to plant and machinery. These disposals mostly refer to Lane Group (€3.3 million), the Forrestfield Airport Link (Australia) (€2.8 million) and the Red Line North Underground project in Doha (Qatar) (€2.1 million) - the two latter projects have nearly been completed;
- an increase in assets under construction and payments on account, mostly related to the Australian joint venture for the Snowy 2.0 hydropower plant;

- the reclassifications show the effect of the items recognised in “Right-of-use assets” (€3.0 million) and the reclassification of the USW Campania assets from “Non-current assets held for sale and discontinued operations” (€5.6 million). More information is available in note 20.

7. Right-of-use assets

Right-of-use assets amount to €145.3 million, an increase on the 31 December 2019 balance of €1.2 million.

The historical cost and carrying amounts of the right-of-use assets are shown in the following table:

(€'000)	31 December 2019			30 June 2020		
	Cost	Acc. dep.	Carrying amount	Cost	Acc. dep.	Carrying amount
Land	4,406	(946)	3,460	4,206	(1,298)	2,908
Buildings	64,391	(13,631)	50,760	65,116	(19,813)	45,303
Plant and machinery	157,235	(69,981)	87,254	171,717	(76,431)	95,286
Industrial and commercial equipment	1,668	(1,244)	424	1,591	(1,300)	291
Other assets	3,840	(1,554)	2,286	3,796	(2,239)	1,557
Total	231,540	(87,356)	144,184	246,426	(101,081)	145,345

Changes during the period are summarised below:

(€'000)	31 December 2019	Increases	Depreciation	Reversals of imp. losses (Imp. losses)/Reval.	Reclassific- ations	Decreases	Exchange gains (losses) and other changes	30 June 2020
Land	3,460	-	(427)	-	-	(1)	(124)	2,908
Buildings	50,760	3,547	(6,713)	-	(14)	(2,043)	(234)	45,303
Plant and machinery	87,254	28,577	(15,346)	-	(2,848)	(1,188)	(1,163)	95,286
Industrial and commercial equipment	424	55	(143)	-	(59)	(31)	5	291
Other assets	2,286	111	(727)	-	(73)	(41)	1	1,557
Total	144,184	32,290	(23,356)	-	(2,994)	(3,304)	(1,475)	145,345

The most significant changes include the €32.3 million increase mostly related to Lane Group (€25 million).

8. Intangible assets

Intangible assets amount to €173.2 million, down from the 31 December 2019 figure by €11.9 million. The historical cost and carrying amount are given in the following table:

(€'000)	31 December 2019			30 June 2020		
	Cost	Acc. amort.	Carrying amount	Cost	Acc. amort.	Carrying amount
Rights to infrastructure under concession	64,759	(9,097)	55,662	63,511	(8,709)	54,802
Contract costs	279,895	(152,488)	127,407	279,327	(162,227)	117,100
Other	7,063	(5,036)	2,027	6,548	(5,232)	1,316
Total	351,717	(166,621)	185,096	349,386	(176,168)	173,218

Rights to infrastructure under concession of €54.8 million decreased by €0.9 million compared to 31 December 2019.

Changes of the period are detailed in the following table:

(€'000)	31 December 2019	Increases	Amortisation	(Impairment losses) and Reval.	Net exchange losses	Reclassifications	30 June 2020
SA.BRO.M.	44,125	78	-	-	-	-	44,203
Corso del Popolo	9,477	-	(187)	-	-	-	9,290
Mercovia	2,060	46	(496)	-	(301)	-	1,309
Total	55,662	124	(683)	-	(301)	-	54,802

The main contributor to this item is SA.BRO.M. for design costs for the new Broni - Mortara regional motorway, including the borrowing costs capitalised in accordance with IAS 23, which the Group expects to recover based on the outcome of the contract. The item is not amortised as the concession is currently inoperative. More information is available in the "Main risk factors and uncertainties" section in the Directors' report.

On 3 December 2018, the Terni Court ruled that the subconcession for the car park in Terni held by Corso del Popolo S.p.A. was terminated. The operator appealed against this ruling and concurrently formally invited the Terni municipal authorities to rebalance the economic and financial plan commencing arbitration procedures on 15 March 2019. The Terni municipal authorities notified its intention of analysing the identified issues through an expert panel, which completed its work on 24 June 2020 with report no. 8 acknowledging the proposals of both parties for the rebalancing of the economic and financial plan on which the Terni municipal council shall express an opinion. Should the Terni municipal authorities not agree with the rebalancing proposals made by the expert panel, the group company will take the appropriate legal action to recover its assets. Its legal advisors are confident that the outcome should be in its favour.

No indications of impairment were identified during the period and, therefore, the Group did not perform the impairment test.

Contract costs of €117.1 million decreased by €10.3 million on 31 December 2019. They comprise contract acquisition costs, the incremental costs of obtaining the contract and costs to fulfil the contract.

These costs are amortised in line with the percentage of completion of the related contracts.

A breakdown of the item and changes of the period are shown below:

	31 December 2019	Increases	Amortisation	Net exchange losses	Reclassific- ations	30 June 2020
(€'000)						
COCIV (Milan - Genoa railway line section)	28,401	-	(2,124)	-	-	26,277
Riyadh Metro (Saudi Arabia)	9,390	-	(2,006)	-	-	7,384
Iricav Due (Verona - Padua railway line section)	12,510	-	-	-	-	12,510
Other	702	-	(168)	-	-	534
Total contract acquisition costs	51,003	-	(4,298)	-	-	46,705
Riachuelo - Lot 3 (Argentina)	115	-	(60)	(7)	-	48
Fisia It. Acciona Agua - Lot 2 (Argentina)	8,865	-	(279)	(374)	-	8,212
Mobilinx Hurontario (Canada)	1,515	-	(49)	(71)	-	1,395
Sa.Pi. Nor. (Norway)	1,109	-	(58)	(106)	-	945
Forrestfield Airport Link (Australia)	381	-	(141)	(11)	-	229
Total incremental costs of obtaining a contract	11,985	-	(587)	(569)	-	10,829
COCIV (Milan - Genoa)	64,299	-	(4,821)	-	-	59,478
Riyadh Metro (Saudi Arabia)	88	-	(20)	1	-	69
SANG (Riyadh, Saudi Arabia)	24	-	(5)	-	-	19
Other	8	-	-	(8)	-	-
Total costs to fulfil a contract	64,419	-	(4,846)	(7)	-	59,566
Total contract costs	127,407	-	(9,731)	(576)	-	117,100

Contract acquisition costs include considerations paid to acquire stakes in projects/contracts representing intangible assets with a finite useful life, which are amortised in line with the stage of completion of the related contracts.

With respect to the item "Iricav Due (Verona - Padua railway line section)", amortisation of the acquisition cost will commence when work starts.

The incremental costs of obtaining a contract mainly relate to Lot 2 of the Riachuelo project in Argentina awarded to Fisia Italmimpianti.

The costs to fulfil the contract mostly comprise the COCIV consortium's pre-operating costs.

There are no indicators of impairment for the contracts to which the acquisition costs refer.

Other intangible assets amount to €1.3 million, down €0.7 million from the 31 December 2019 figure. The historical cost and carrying amount are given in the following table:

(€'000)	31 December 2019			30 June 2020		
	Cost	Acc. amort.	Carrying amount	Cost	Acc. amort.	Carrying amount
Industrial patents	192	(127)	65	186	(133)	53
Concessions	64	(64)	-	64	(64)	-
Software	5,226	(3,903)	1,323	4,787	(4,080)	707
Other	1,580	(941)	639	1,512	(956)	556
Total	7,062	(5,035)	2,027	6,549	(5,233)	1,316

Changes during the period are set out below:

(€'000)	31 December 2019	Increases	Amortisation	Other changes	Disposals	Net exchange losses	Change in consolidation scope	30 June 2020
Industrial patents	65	2	(9)	-	-	(5)	-	53
Software	1,323	138	(155)	-	(575)	(24)	-	707
Other	639	-	(15)	-	-	(68)	-	556
Total	2,027	140	(179)	-	(575)	(97)	-	1,316

9. Goodwill

Goodwill of €76.3 million at the reporting date entirely relates to the acquisition of Lane Group finalised in 2016 net of the decrease due to Lane's sale of the Plants & Paving division on 12 December 2018.

(€'000)	31 December 2019	Increases	Impairment losses	Net exchange gains	30 June 2020
Lane Group	76,061	-	-	231	76,292
Total	76,061	-	-	231	76,292

At 31 December 2019, the recoverability of the carrying amounts related to Lane was checked by comparing the net invested capital of Lane Group, which is a separate CGU, with the related recoverable amounts, which are the estimated future cash flows arising from the assets' continuing use discounted to their net present value ("value in use").

The main assumptions adopted to calculate value in use are as follows:

- long-term growth rate: 1.74%;
- post-tax discount rate: 7.4%

The CGU's recoverable amount was calculated using the cash flow projections set out in the five-year 2020-2024 plan prepared and approved by management. The terminal value was based on a sustainable profit assumption, from which stable long-term operating cash flows were estimated, on a going concern basis.

The Group tested goodwill for impairment, supported by independent experts who carried out an independent business review. The test showed that the CGU's recoverable amount exceeded its carrying amount (net invested capital).

During the reporting period and as a result of the spread of Covid-19 (more information is available in the “Complex accounting estimates and the effects of Covid-19” section in note 1), management performed a sensitivity analysis of the main indicators used in the impairment test performed at 31 December 2019, as set out above. No risks of potential impairment losses were identified.

10. Equity investments

Equity investments increased by €24.0 million to €666.5 million.

(€'000)	31 December 2019	30 June 2020	Variation
Investments in equity-accounted investees	642,185	666,224	24,039
Other equity investments	301	301	-
Total	642,486	666,525	24,039

The main changes that led to differences in the carrying amounts of the equity investments are summarised below:

(€'000)	31 December 2019	30 June 2020
Capital transactions	167,362	23,530
Acquisitions, capital injections and disinvestments	(393)	-
Share of loss of equity-accounted investees	(34,388)	(4,685)
Dividends from equity-accounted investees	(13,876)	(2,410)
Reclassifications to comply with IFRS 5	(6,292)	-
Other changes, including change in the translation reserve	(8,184)	7,604
Total	104,229	24,039

The €24.0 million increase in equity investments is chiefly a result of the following factors:

- the increase in Lane Group’s equity investments due to capital transactions of €15.1 million;
- the increase in the Grupo Unidos Por El Canal investment, mainly due to injections and payments made on its behalf of €7.0 million;

The overall effect on profit or loss is analysed in note 35 and includes the changes in the provision for risks on equity investments set out in note 27.

As already described in the 2019 Annual Report, the financial statements utilised to measure some of the investments using the equity method include requests for additional consideration as its payment is highly probable, based also on the technical and legal opinions of the Group’s advisors. More information is available in the “Main risk factors and uncertainties” section of the Directors’ report.

Dividends from equity-accounted investees mainly refer to the Argentine operators and the non-consolidated joint ventures of Lane Group.

Impairment of equity investments

The Group performed the assessments for impairment test at 30 June 2020 in line with the methods applied for the year end tests. Therefore, it considered:

- internal procedures;
- the IFRS (principally IAS 36 and IFRS 9);
- the guidance and recommendations of the main market regulators, and specifically the documents dealing with Covid-19.

The Group used the actual and forward-looking (2020 forecasts) financial data prepared by the investees' management to:

- **identify the CGUs**, considering the main assessment parameters are the contracts, given the nature of the Group's business;
- **identify the trigger events** (as per IAS 36), such as the distribution of dividends, the actual and expected contract outcome on a "whole lifecycle" basis and any negative difference between the carrying amount of the equity investment and the Group's share of the investee's equity;
- **assess any uncertainties** related to the general situation as a result of the outbreak of Covid-19 when preparing the forward-looking data (IAS 36 and IFRS 9).

Reference should be made to the "Complex accounting estimates and the effects of Covid-19" section for more information about the Group's assessments underlying the complex accounting estimates related to the Covid-19 pandemic.

The equity investments subjected to impairment testing after identification of trigger events are described below.

Grupo Unidos Por el Canal S.A.

At 30 June 2020, the Group tested the investment in this Panama-based SPE.

The impairment test was performed by discounting the expected cash flows using the assumed settlement of the claims and other assets recognised by the SPE as the drivers.

The discount rate of 3.78% (4.15%) was defined considering:

- a risk-free component based on the five-year US bonds adjusted to reflect inflation;
- a country risk component;
- a spread that reflects the typical business risk.

The resulting recoverable amount was higher than the equity investment's carrying amount and, therefore, the Group did not recognise an impairment loss.

Yuma Concessionaria S.A.

At 30 June 2020, the Group tested its investment for impairment using the Colombian operator's 2020-2031 business plan. Its cash flows were discounted using a cost of equity rate of 11.3% to calculate the investment's recoverable amount. The resulting recoverable amount was higher than the equity investment's carrying amount and, therefore, it was not necessary to recognise an impairment loss.

The key figures of the equity-accounted investees are set out below:

(€'000)						IFRS financial				
Entity	Country	Business	%	Carrying amount	Equity under local GAAP	Total assets (Group share)	Net financial position (indebtedness) (Group share)	Equity (deficit) (Group share)	Revenue	Profit (loss) for the period (Group share)
Metro de Lima 2	Peru	Concession, construction and operation of Line 2 of the Lima Metro	18.25%	27,548	27,548	77,966	(3,478)	27,548	14,648	652
Yuma	Colombia	Operator - Motorways	48.326%	4,881	7,981	199,021	(56,572)	7,981	72,477	(1,114)
Grupo Unidos Por El Canal	Panama	Construction work - Panama	48%(a)	502,555*	(2,279)	615,463	(284,203)	(2,279)	(183)	(2,744)
AGL Constructor JV	USA	Construction work	20.00%	(3,482)	(3,482)	868	594	(3,482)	2,819	(21)
Skanka Granite JV	USA	Motorway construction	30.00%	(50,021)	(50,021)	47,669	26,186	(50,021)	63,514	(169)
SGL I4 Leasing	USA	Lease	30.00%	12,325	12,325	12,379	745	12,325	573	(381)
Flour-Lane South Carolina	USA	Motorway construction	45.00%	71	71	4,358	1,952	71	10,017	42
Purple Line	USA	Motorway construction	30.00%	21,379	21,379	48,049	2,700	21,379	84,276	7,695
Flatiron West Inc	USA	Motorway construction	40.00%	1,585	1,585	17,399	4,752	1,585	8,867	935
Unionport Bridge	USA	Motorway construction	45.00%	15,864	15,864	23,357	6,104	15,864	9,865	696

(a) Internal agreements provide for the re-allocation of the consortium members' percentages and they give Webuild an investment percentage of 38.4%

* Includes the loan granted by the parent to the associate.

11. Derivatives and non-current financial assets

Derivatives and non-current financial assets of €424.7 million are analysed in the following table:

(€'000)	31 December 2019	30 June 2020	Variation
Loans and receivables - third parties	160,048	147,768	(12,280)
Loans and receivables - unconsolidated group companies and other related parties	122,535	119,621	(2,914)
Other financial assets	95,689	157,014	61,325
Derivatives	-	346	346
Total	378,272	424,749	46,477

Loans and receivables - unconsolidated group companies and other related parties of €119.6 million (31 December 2019: €122.5 million) mainly relate to:

- €51.6 million (€69 million gross at 30 June 2020, net of a loss allowance of €17.4 million) due from Yuma Concessionaria, tested for impairment in accordance with IFRS 9 at 30 June 2020 without identifying any indicators of impairment (more details are available in the “Main risk factors and uncertainties” section in the Directors’ report);
- €24.2 million (€121.0 million gross at 30 June 2020, net of a loss allowance of €96.8 million) due from OIV Tocoma, decreased by €0.6 million during the period (€120.2 million gross at 31 December 2019, net of an allowance of €96.2 million) due to the impairment test performed at the reporting date to reflect the events described in the “Venezuela” paragraph of the “Main risk factors and uncertainties” section of the Directors’ report; loans of €27.5 million granted to the SPE Linea M4 S.p.A;
- loans of €13.7 million granted to the English associate Ochre Holding.

Loans and receivables - third parties of €147.8 million decreased by €12.3 million on 31 December 2019 and mainly include:

- €66.0 million related to the CAV.TO.MI. consortium paid as a result of the Appeal Court ruling of 23 September 2015. The Group is confident that it will recover this amount, based also on the opinion of its legal advisors assisting it with the dispute. More information is available in the “Main risk factors and uncertainties” section in the Directors’ report;
- €38.7 million related to the enforcement of the performance bond for the A1F and S3 Nowa Sol motorway contracts in Poland. The Group is confident that it will recover this amount, based also on the opinion of its legal advisors assisting it with the dispute. More information is available in the “Main risk factors and uncertainties” section in the Directors’ report;
- €13.5 million due from the Romanian Ministry for Infrastructure and Transportation related to the surety enforced in 2017 as a result of the disputes with the customer about the Orastie - Sibiu motorway contract. The Group is confident that it will recover this amount, based also on the opinion of its legal advisors assisting it with the disputes. The “Main risk factors and uncertainties” section in the Directors’ report provides more information;

The other financial assets of €157.0 million include:

- bonds of €147.3 million issued by Astaldi and subscribed by Beyond S.r.l., a newco set up in 2019 as part of Progetto Italia, maturing on 12 February 2022; they were pledged to secure the financing granted to Beyond S.r.l. by a bank syndicate (see note 22);
- unlisted guaranteed-return securities which mature after one year, amount to €9.6 million and relate to the fund financing Yuma. The Group tested its investment in the Colombian operator for impairment at the reporting date assisted by an independent expert using its 2020-2031 business plan. In order to determine its recoverable amount, it discounted the cash flows using a cost of equity of 11.3%. The results showed that the recoverable amount is higher than the carrying amount and therefore there was no need to recognise an impairment loss. More information is available in the “Main risk factors and uncertainties” section in the Directors’ report.

Derivatives include the fair value of the contracts agreed by Lane Group to hedge its exposure to fluctuations in diesel and petrol costs. These hedges meet the criteria for application of hedge accounting for cash flow hedges as per the IFRS. Their hedging effectiveness was found to be 100%. This item is analysed below:

	31 December 2019	30 June 2020
(€'000)		
<i>Commodity swaps - Cash flow hedges</i>	-	346
Total non-current derivative assets shown in net financial indebtedness	-	346

12. Deferred tax assets and liabilities

Deferred tax assets and liabilities amount to €240.1 million and €4.5 million at 30 June 2020, respectively. They are classified under non-current assets and liabilities and are offset if possible. More information about their recoverability is available in the “Complex accounting estimates and the effects of Covid-19” section of note 1.

Changes in the year are shown in the following table:

(€'000)	31 December 2019	30 June 2020	Variation
Deferred tax assets	253,453	240,146	(13,307)
Deferred tax liabilities	(7,399)	(4,485)	2,914

13. Inventories

Inventories total €157.9 million at the reporting date, as shown in the following table:

(€'000)	31 December 2019			30 June 2020			Variation
	Gross amount	Allowance	Carrying amount	Gross amount	Allowance	Carrying amount	
Real estate projects	20,823	(17,534)	3,289	20,823	(17,534)	3,289	-
Finished products and goods	4,785	-	4,785	5,531	-	5,531	746
Raw materials, consumables and supplies	153,878	(5,584)	148,294	154,167	(5,113)	149,054	760
Total	179,486	(23,118)	156,368	180,521	(22,647)	157,874	1,506

Real estate projects

Real estate projects amount to €3.3 million and mainly relate to an area zoned for agricultural use on which it was planned to construct a trade point in Lombardy.

Finished products and goods and Raw materials, consumables and supplies

The carrying amount of these items totals €5.5 million and €149.1 million, respectively, and mainly relates to materials and goods to be used for foreign contracts, including those in Ethiopia (€75.1 million).

The carrying amount of raw materials, consumables and supplies is net of an allowance of €5.1 million, analysed below.

Changes in the allowance in the reporting period are shown below:

(€'000)	31 December 2019	Accruals	Utilisations	Reversals	Other changes	Net exchange losses	30 June 2020
Allowance - real estate projects	17,534	-	-	-	-	-	17,534
Allowance - raw materials	5,584	-	(259)	-	-	(212)	5,113
Total	23,118	-	(259)	-	-	(212)	22,647

14. Contract assets and liabilities

Contract assets and liabilities can be analysed as follows:

(€'000)	31 December 2019	30 June 2020	Variation
Contract assets	2,040,450	1,998,152	(42,298)
Contract liabilities	1,186,076	1,240,977	54,901

Contract assets mostly represent the right to consideration for work performed but not invoiced at the reporting date, net of contract advances.

Revenue recognised in the reporting period on performance obligations satisfied (or partly satisfied) mostly relates to changes in estimates of the percentage of completion and the variable consideration.

Contract liabilities mainly comprise contract advances from customers for projects for which the revenue is recognised over time.

Contract assets

Contract assets of €1,998.2 million include contracts in Italy (€127.9 million), abroad (€1,870.3 million) and Lane's contracts (€61.1 million).

The following table shows contract assets calculated using the stage of completion method, net of losses realised or estimated at the reporting date and progress billings and advances:

(€'000)	31 December 2019	30 June 2020	Variation
Contract work in progress	28,125,008	27,526,453	(598,555)
Progress payments (on approved work)	(25,054,997)	(24,634,901)	420,096
Advances	(1,029,561)	(893,400)	136,161
Total contract assets	2,040,450	1,998,152	(42,298)

The main contract assets relate to the Grand Ethiopian Renaissance Dam (GERD) (€260.0 million), the Rogun Hydropower Project for the hydroelectric plant on the Vakhsh River in Tajikistan (€203.8 million), the Doha Metro and the Al Bayt Stadium in Al Khor City, Qatar (€162.4 million), the Meydan One Mall in Dubai (€153.3 million) and road projects in Poland (€143.1 million).

The advances mainly refer to the contract for the metro line in Denmark (€269.1 million), the contracts in Tajikistan (€266.6 million), the National Guard SANG Villas project in Saudi Arabia (€98.5 million), the Lydco contract in Libya (€53.8 million) and the Gerd project in Ethiopia (€53.5 million).

The following table shows a breakdown of the item by geographical segment:

(€'000)	31 December 2019	30 June 2020	Variation
Italy	174,794	127,911	(46,883)
EU (excluding Italy)	468,669	459,465	(9,204)
Non-EU	21,550	31,556	10,006
Asia/Middle East	615,007	645,196	30,189
Africa	454,546	421,486	(33,060)
Americas	224,184	156,762	(67,422)
Oceania	81,700	155,776	74,076
Total	2,040,450	1,998,152	(42,298)

Contract liabilities

This item, included in "Current liabilities", amounts to €1,241.0 million and comprises:

(€'000)	31 December 2019	30 June 2020	Variation
Contract work in progress	(14,259,442)	(15,945,592)	(1,686,150)
Progress payments (on approved work)	14,562,682	16,164,989	1,602,307
Advances	882,836	1,021,580	138,744
Total	1,186,076	1,240,977	54,901

The contracts that most contributed to this item are the works for the Koyscha Dam in Ethiopia (€259.8 million), the Snowy 2.0 hydropower plant in Australia (€221.9 million), Lane's contracts in the US (€173.3 million) and the Apice - Hirpinia section of the Naples - Bari railway line (€85.5 million).

The advances mainly relate to the works for the Koyscha Dam in Ethiopia (€141.7 million), the contracts in Libya (€122.5 million) and the Apice - Hirpinia section of the Naples - Bari railway line (€92.0 million).

The following table shows a breakdown of the item by geographical segment:

(€'000)	31 December 2019	30 June 2020	Variation
Italy	133,110	305,757	172,647
EU (excluding Italy)	22,797	29,566	6,769
Non-EU	66,358	51,279	(15,079)
Asia/Middle East	63,608	6,052	(57,556)
Africa	393,981	345,910	(48,071)
Americas	269,774	280,525	10,751
Oceania	236,448	221,888	(14,560)
Total	1,186,076	1,240,977	54,901

Contract assets and liabilities, comprising progress payments and advances, include claims for additional consideration of €1,924.3 million and €118.7 million, respectively. They are recognised to the extent that their payment is deemed highly probable, based also on the legal and technical opinions of the Group's advisors. The additional consideration recognised in this item is part of the total consideration formally requested of the customers.

The "Main risk factors and uncertainties" section in the Directors' report provides information on pending disputes and assets exposed to country risk.

The section on the "Performance by geographical area" in the Directors' report provides more details about the contracts and the progress made on the main contracts.

15. Trade receivables

At 30 June 2020, trade receivables amount to €1,972.1 million, a net increase of €144.9 million compared to 31 December 2019. The item includes receivables of €488.8 million from unconsolidated group companies and other related parties.

It is analysed in the following table:

(€'000)	31 December 2019	30 June 2020	Variation
Third parties	1,527,400	1,483,286	(44,114)
Unconsolidated group companies and other related parties	299,773	488,794	189,021
Total	1,827,173	1,972,080	144,907

Trade receivables from third parties may be broken down as follows:

(€'000)	31 December 2019	30 June 2020	Variation
Third parties	1,937,589	1,850,986	(86,603)
Loss allowance	(410,189)	(367,700)	42,489
Total	1,527,400	1,483,286	(44,114)

The balance relates to amounts due from customers for invoices issued and for work performed and approved by customers but still to be invoiced.

This item mainly includes:

- €139.0 million from Lane Industries;
- €127.1 million due to Fibe by the Campania municipalities for its services provided under contract until 15 December 2005 and the subsequent transition period (reference should be made to the “Main risk factors and uncertainties” section in the Directors’ report for more information about this complicated dispute and the directors’ related assessments);
- €115.0 million related to HCE, including €68.0 million from Ukravtodor (Ukraine) for fees awarded by the Paris International Court of Arbitration. Reference should be made to the “Main risk factors and uncertainties” section in the Directors’ report for more information about this complicated dispute and the directors’ related assessments;
- €99.2 million for the Salerno-Reggio Calabria S.C.p.A. contract;
- €60.8 million from Ethiopian customers;
- approximately €72.6 million from Nigerian government agencies and net €63.7 million from Venezuelan customers for railway works expected to be collected after one year (€318.6 million gross at 31 December 2019, net of a loss allowance of €254.9 million), both tested for impairment in accordance with IFRS 9. More information is available in the “Main risk factors and uncertainties” section of the Directors’ report. Note 1 (Complex accounting estimates and the effects of Covid-19) provides information about the Group’s assumptions underlying the complex accounting estimates related to the Covid-19 pandemic.

Retentions amount to €106.2 million at the reporting date compared to €100.1 million at 31 December 2019.

The loss allowance decreased by €42.5 million to €367.7 million at the reporting date and mainly refers to:

- the loss allowance for Venezuelan exposures of €249.2 million;
- default interest of €61.7 million, mostly related to Fibe S.p.A. and the Venezuelan branch (due to the impairment losses described in more detail later in this report).

As a result of this agreement signed on 11 June 2020, Webuild paid Condotte €81 million for its discontinuation of the pending disputes related to the COCIV consortium's board of representatives' resolution of 19 December 2019, which provided for the "transfer of title" of 31% of the consortium. The amount will be settled by Webuild taking over Condotte's liabilities of €66 million to the COCIV consortium and paying the outstanding €15 million.

At 31 December 2019, the Group had accrued €45.7 million to the loss allowance for the amount of €66 million due to the COCIV consortium, which was used in full after the out-of-court agreement was signed. The difference of €20.3 million was recognised as an impairment loss.

Overall, the Group recognised a loss of €35 million at the reporting date as a result of the out-of-court agreement.

	31 December 2019	Impairment losses	Utilisations	Reversals	Change in consolidation scope	Reclassifications and other changes	Net exchange losses	30 June 2020
(€'000)								
Trade receivables	349,917	2,743	(312)	(45,897)	-	207	(689)	305,969
Default interest	60,272	1,651	-	-	-	(194)	2	61,731
Total	410,189	4,394	(312)	(45,897)	-	13	(687)	367,700

Trade receivables from unconsolidated group companies and other related parties increased by €189.0 million to €488.8 million at 30 June 2020. This variation chiefly relates to the €48.4 million increase in the amount due from the consortium company PerGenova and the €94.9 million increase following the reclassification of contract assets as a result of the agreement (Otroso 5) signed by Yuma Concessionaria S.A. and Constructora Ariguani S.A.S. in Colombia. The agreement acknowledged the extra costs incurred and to be incurred to be paid by Constructora Ariguani S.A.S. En Reorganizacion to Yuma Concessionaria S.A..

The item mainly comprises trade receivables from unconsolidated SPEs for work carried out by them under contracts with Italian and foreign public administrations.

The balance includes €37.1 million (€2.3 million) related to the Group's receivables with unconsolidated consortia and consortium companies (SPEs) that operate by recharging costs. It is equal to the Group's share of the SPEs' cash and cash equivalents.

The following table shows a breakdown of the item by geographical segment:

(€'000)	31 December 2019	30 June 2020	Variation
Italy	751,242	649,106	(102,136)
EU (excluding Italy)	107,185	167,151	59,966
Non-EU	154,256	156,669	2,413
Asia/Middle East	243,379	386,803	143,424
Africa	246,157	195,859	(50,298)
Americas	313,015	414,593	101,578
Oceania	11,939	1,899	(10,040)
Total	1,827,173	1,972,080	144,907

16. Derivatives and other current financial assets

At 30 June 2020, this item of €238.8 million (31 December 2019: €241.5 million) includes the following:

(€'000)	31 December 2019	30 June 2020	Variation
Loans and receivables - third parties	193,932	178,009	(15,923)
Loans and receivables - unconsolidated group companies and related parties	42,712	55,966	13,254
Government bonds and insurance shares	4,605	3,927	(678)
Derivatives	268	922	654
Total	241,517	238,824	(2,693)

Loans and receivables - third parties decreased by €15.9 million and mainly consist of:

- approximately €101.5 million disbursed to non-controlling investors of the group companies, mainly active in Australia, the United Arab Emirates and Saudi Arabia;
- €46.0 million related to the net investment in leases by the COCIV consortium for assets given to the subcontractors;
- €10.4 million related to an interest-bearing loan granted to Seli Overseas S.p.A.. (over which the parent has usufruct rights granted by the Rome Court in 2018). During the first half of 2020, Seli Overseas S.p.A. repaid roughly €18.2 million, offset by another disbursement by the Group of approximately €5.4 million;
- €10.0 million related to an arbitration proceeding commenced by the Ariguani consortium against Grodco and the insurance companies (SBS) for the default of the performance bond.

Loans and receivables with unconsolidated group companies and other related parties mainly consist of €18.0 million due from the related party G.A.B.I.RE. s.r.l..

The government bonds and insurance shares amount to €3.9 million compared to €4.6 million at 31 December 2019. The item principally comprises securities held by the Group's Argentine companies.

Derivatives include:

- the reporting-date fair value of currency hedges of €0.3 million that did not meet the criteria for application of hedge accounting for cash flow hedges under the IFRS;
- the reporting-date fair value of commodity hedges of €0.6 million entered into to hedge against fluctuations in diesel and petrol costs that meet the criteria for application of hedge accounting for cash flow hedges under the IFRS.

Their fair value was a positive €0.9 million at the reporting date as shown below:

	31 December 2019	30 June 2020
(€'000)		
Currency swaps - FVTPL	268	-
Commodity swaps - Cash flow hedges	-	922
Total current derivatives shown in net financial indebtedness	268	922

17. Current tax assets and other current tax assets

Current tax assets amount to €109.7 million as follows:

(€'000)	31 December 2019	30 June 2020	Variation
Direct taxes	34,233	34,135	(98)
IRAP	2,105	5,748	3,643
Foreign direct taxes	54,175	69,865	15,690
Total	90,513	109,748	19,235

The 30 June 2020 balance mainly consists of:

- direct tax assets for excess taxes paid in previous years, which the Group has correctly claimed for reimbursement and which bear interest;
- foreign direct tax assets for excess taxes paid abroad by the foreign group companies which will be recovered as per the relevant legislation.

Other current tax assets increased by €18.3 million to €150.4 million at the reporting date as follows:

(€'000)	31 December 2019	30 June 2020	Variation
VAT	118,380	136,648	18,268
Other indirect taxes	13,729	13,736	7
Total	132,109	150,384	18,275

18. Other current assets

Other current assets of €609.1 million show a decrease of €75.9 million on the previous year end and may be analysed as follows:

(€'000)	31 December 2019	30 June 2020	Variation
Other	229,317	215,924	(13,393)
Advances to suppliers	309,652	230,091	(79,561)
Other - unconsolidated group companies and other related parties	31,280	31,423	143
Prepayments and accrued income	114,746	131,661	16,915
Total	684,995	609,099	(75,896)

Specifically, “Other” includes:

- €72.4 million mostly due from the former consortium partner to the Cossi LGV consortium related to works for the Monte Ceneri tunnel in Switzerland. The Group has a liability of €71.6 million to the consortium partner recognised under other liabilities against this receivable;
- €47.6 million (unchanged from 31 December 2019) from the public bodies involved in managing the waste emergency in Campania to Fibe. Based on the information available at the date of preparation of these condensed interim consolidated financial statements, the Group believes that the other current assets related to the USW Campania projects will be collected within 12 months, given also that the outcome of the related disputes will be made known in the near future. This classification is the best estimate, based also on the assessments provided by independent experts. The section on the “USW Campania projects” and related assessments in the section of the Directors’ report on the “Main risk factors and uncertainties” provides more information about these projects;
- €26.1 million due from the Argentine Republic as compensation for damage following the favourable award issued on 21 June 2011 and confirmed by the Buenos Aires Arbitration Tribunal on 24 January 2014. This award settled the proceedings commenced by the shareholders of the investee Aguas del Buenos Aires S.A. in liquidation (operator) against the Argentine Republic. Given that the country’s significant economic crisis has not abated, management tested its exposure for impairment in accordance with IFRS 9 and, accordingly, recognised additional impairment losses of €3.4 million to align the exposure’s recoverable amount to its carrying amount. Based on the information available at the date of preparation of these condensed interim consolidated financial statements, the Group believes that its exposure will be collected within 12 months. This classification is the best estimate, based on the negotiations with the Argentine government in which the Group was assisted by its legal advisors. More information is available in the “Main risk factors and uncertainties” section in the Directors report;
- €28.1 million, down €7.7 million on 31 December 2019, due from some of the Group’s partners of joint ventures around the world, mainly for the works for the housing project in South Al Mutlaa (Kuwait).

Advances to suppliers decreased by a net €79.6 million. This decrease is mainly due to the absorption of advances made in previous years for the high speed Milan - Genoa contracts and the Al Bayt Stadium in Qatar, partly offset by advances given to suppliers in Saudi Arabia, Ethiopia and France. At the reporting date, the largest advances relate to the high speed/capacity Milan - Genoa railway line contract (€57.2 million), the projects in Saudi Arabia (€59.3 million, mostly for the Riyadh Metro and the SANG Villas project and projects in Turkey (€28.4 million) and Qatar (€26.6 million).

The item “Unconsolidated group companies and other related parties” amounts to €31.4 million at the reporting date, in line with the previous year end. It mostly comprises amounts due from the Hirpinia A.V. consortium for the Apice – Hirpinia section of the high speed Naples - Bari railway line section, Salini Costruttori S.p.A. and some US group companies.

Prepayments and accrued income of €131.7 million show an increase of €16.9 million on 31 December 2019. The item mainly consists of insurance premiums, commissions on sureties and other contract costs which will be recognised in profit or loss in future periods based on the stage of completion of the related contracts. The increase, shown in the following table, is mainly due to the new projects in Australia.

(€'000)	31 December 2019	30 June 2020	Variation
Accrued income:			
- Other	82	40	(42)
Total accrued income	82	40	(42)
Prepayments:			
- Insurance	70,173	69,468	(705)
- Sureties	6,923	6,768	(155)
- Other contract costs	37,568	55,385	17,817
Total prepayments	114,664	131,621	16,957
Total	114,746	131,661	16,915

19. Cash and cash equivalents

At 30 June 2020, cash and cash equivalents amount to €1,331.8 million, up by €311.0 million, as shown below:

(€'000)	31 December 2019	30 June 2020	Variation
Cash and cash equivalents	1,020,858	1,331,827	310,969

A breakdown by geographical segment is as follows:

(€'000)	31 December 2019	30 June 2020	Variation
Italy	194,060	810,395	616,335
EU (excluding Italy)	35,983	34,468	(1,515)
Other European (non-EU) countries	30,033	32,165	2,132
Asia/Middle East	194,996	96,097	(98,899)
Africa	140,925	81,960	(58,965)
Americas	289,966	188,518	(101,448)
Oceania	134,895	88,224	(46,671)
Total	1,020,858	1,331,827	310,969

The balance includes bank account credit balances at the end of the period and the amounts of cash, cheques and valuables at the registered offices, work sites and foreign branches. Liquidity management is designed to ensure the financial independence of ongoing contracts, considering the structure of the consortia and SPEs, which may limit the availability of financial resources to achievement of the related projects. Liquidity management also considers the existence of constraints to the transfer of currency imposed by certain countries. In this respect, the liquidity in Africa mainly comprises local currency that cannot be exported and is used for the Ethiopian projects.

The statement of cash flows shows the reason for the decrease in the item and changes in current account facilities (see note 22).

At the reporting date, the cash and cash equivalents attributable to non-controlling interests of the consolidated SPEs amount to €63.4 million and mainly refer to the entities carrying out the work on the Snowy 2.0 hydropower station in Australia and Lane Group entities.

The item comprises tied-up amounts of approximately €24.5 million, which includes €12.3 million that can be freed on 13 August 2020 related to the Arge T.P. project.

20. Non-current assets held for sale and discontinued operations, liabilities directly associated with non-current assets held for sale and loss from discontinued operations

Net non-current assets held for sale amounted to €12.0 million at 31 December 2019 and included the net assets of the USW Campania projects and the investment in Consorzio Agua Azul S.A.

The increase in the first half of 2020 is due to the reclassification of the non-current assets held for sale and discontinued operations of the USW Campania projects to assets and the sale of the investment in Consorzio Agua Azul S.A. at the beginning of the period.

The loss from discontinued operations of €0.2 million entirely reflects the costs of the USW Campania business unit for the period.

21. Equity

Equity increased to €1,400.9 million at 30 June 2020 from €1,504.1 million at the end of 2019 as follows:

(€'000)	31 December 2019	30 June 2020	Variation
Equity attributable to the owners of the parent			
Share capital	600,000	600,000	-
Share premium reserve	654,486	654,486	-
- Legal reserve	120,000	120,000	-
- Reserve for share capital increase related charges	(10,988)	(10,988)	-
- Reserve for treasury shares	(3,291)	(3,291)	-
- Inflation reserve	42,724	47,551	4,827
- Extraordinary and other reserves	136	136	-
Total other reserves	148,581	153,408	4,827
Other comprehensive expense			
- Translation reserve	(125,993)	(152,333)	(26,340)
- Hedging reserve	(8,861)	(1,595)	7,266
- Actuarial reserve	(6,300)	(11,540)	(5,240)
Total other comprehensive expense	(141,154)	(165,468)	(24,314)
Retained earnings	155,610	110,161	(45,449)
Loss for the period/year	(22,128)	(83,543)	(61,415)
Equity attributable to the owners of the parent	1,395,395	1,269,044	(126,351)
Share capital and reserves attributable to non-controlling interests	100,767	134,087	33,320
Profit (loss) for the period/year attributable to non-controlling interests	7,983	(2,211)	(10,194)
Share capital and reserves attributable to non-controlling interests	108,750	131,876	23,126
Total	1,504,145	1,400,920	(103,225)

On 12 November 2019, the parent completed its issue of 400,000,000 new ordinary shares for €600 million (including the premium).

The parent's new share capital amounts to €600 million and comprises 892,172,691 ordinary shares and 1,615,491 savings shares, all without a nominal amount.

The parent has solely issued ordinary shares for the capital increase and did not issue savings shares as the assumptions for their issue pursuant to article 36 of the by-laws approved by the shareholders in their extraordinary meeting of 4 October 2019 were not met.

The capital increase of €600 million has been allocated to share capital (€55.3 million), the share premium reserve (€533.7 million) and the legal reserve (€11.1 million). The related charges of €7.0 million increased the related reserve.

In accordance with article 2444 of the Italian Civil Code, certification of the execution of the capital increase was filed with the Milan Company Registrar on 14 November 2019.

Changes of the period in the different equity items are summarised in the schedule attached to the condensed interim consolidated financial statements.

Specifically, in their meeting held on 4 May 2020, the parent's shareholders resolved to:

- distribute €26,725,255.38 as a dividend to the holders of ordinary shares, equal to €0.030 per share, including the legal withholding, for each share with dividend rights and, therefore, excluding the 1,330,845 treasury shares currently held by the parent;
- distribute €420,027.66 as a dividend to the holders of savings shares, equal to €0.26 per share, as per article 33.b) of the by-laws, including the legal withholding;
- allocate €43,814,842.27 to retained earnings;

At the reporting date, the parent has 1,330,845 shares for €3,291,089.72. The reserve for treasury shares is unchanged from 31 December 2019. The parent does not have a share repurchase plan at 30 June 2020.

The inflation reserve was set up following application of IAS 29 to the Argentine group companies (more information is available in note 1 and the Directors' report in the "Main risk factors and uncertainties" section).

The main variation in other comprehensive income items relates to the effect of fluctuations in exchange rates.

22. Bank and other loans, current portion of bank loans and borrowings and current account facilities

Bank and other loans and borrowings increased by €743.2 million over 31 December 2019 to €1,726.1 million at year end, as summarised below:

(€'000)	31 December 2019	30 June 2020	Variation
<i>Non-current portion</i>			
- Bank and other loans and borrowings	751,256	731,129	(20,127)
<i>Current portion</i>			
- Current account facilities and other loans	231,640	995,001	763,361
Total	982,896	1,726,130	743,234

The Group's financial indebtedness is broken down by loan type in the following table:

(€'000)	31 December 2019			30 June 2020		
	Non-current	Current	Total	Non-current	Current	Total
Bank corporate loans	604,158	44,305	648,463	550,516	693,095	1,243,611
Bank construction loans	48,094	28,668	76,762	5,428	100,660	106,088
Bank concession financing	11,831	1,037	12,868	12,093	854	12,947
Other financing	87,173	65,721	152,894	163,092	80,744	243,836
Total bank and other loans and borrowings	751,256	139,731	890,987	731,129	875,353	1,606,482
Current account facilities	-	79,814	79,814	-	86,584	86,584
Factoring liabilities	-	1,232	1,232	-	22,522	22,522
Loans and borrowings - unconsolidated group companies	-	10,863	10,863	-	10,542	10,542
Total	751,256	231,640	982,896	731,129	995,001	1,726,130

Bank corporate loans

Bank corporate loans amount to €1,243.6 million at the reporting date (31 December 2019: €648.5 million) and refer to the parent.

The contractual terms of loan agreements with the major banks were modified as part of Progetto Italia in 2019 with repayment of the last instalments in 2025.

The main conditions of the bank corporate loans in place at 30 June 2020 are as follows:

	Company	Interest rate	Expiry date	Note
Banca IMI (Term Facility Loan)	Webuild	Euribor	2022	(1)
Monte dei Paschi di Siena	Webuild	Fixed	2022	(1)
UBI (Revolving)	Webuild	Euribor	2024	(1)
Banca Popolare di Milan (€50 million)	Webuild	Euribor	2024	(1)
Banca Popolare di Milan (€40 million)	Webuild	Euribor	2025	(1)
Banca IMI (€102 million)	Webuild	Euribor	2024	(1)
Banca del Mezzogiorno	Webuild	Euribor	2021	(1)
BBVA	Webuild	Fixed	2021	(1)

(1) As part of a wide-ranging action plan implemented at group level to mitigate the impacts of Covid-19, Webuild negotiated the temporary suspension of checks of certain financial covenants at 30 June 2020 with some of its lending banks.

The increase in corporate loans during the reporting period was principally a result of the Group's use of its revolving credit facilities made available by some of its banks.

Bank construction loans

Bank construction loans amount to €106.1 million at the reporting date and mainly relate to:

- projects in Colombia (€39.8 million);
- projects in Saudi Arabia (€35.5 million);
- HCE (€13.0 million).

The increase is mostly due to loans taken out for the Saudi Arabian contracts (€35.5 million), partly offset by the reduction in loans related to the Colombian projects (€5.5 million).

The conditions of the main construction loans in place at period end may be summarised as follows:

	Company	Country	Interest rate	Expiry date
Banco de Bogotá	ICT II	Colombia	Fixed	2020
Various banks	Salini Saudi Arabia	Saudi Arabia	Fixed	2020
Various banks	HCE	Italy	Fixed	2021

Bank concession financing

At 30 June 2020, bank concession financing amounts to €12.9 million as follows:

€'000	Company	Currency	Country	31 December 2019			30 June 2020		
				Total concession financing	Current	Non-current	Total concession financing	Current	Non-current
	Monte dei Paschi di Siena	Euro	Italy	6,774	531	6,243	6,805	288	6,517
	Credito Sportivo	Euro	Italy	5,909	321	5,588	5,958	381	5,577
	Various	Euro	Italy	185	185	-	185	185	-
	Total			12,868	1,037	11,831	12,948	854	12,094

The conditions of the main concession financing in place at year end may be summarised as follows:

	Company	Country	Interest rate	Expiry date
Monte dei Paschi di Siena	Corso del Popolo S.p.A.	Italy	Euribor	2028
Credito Sportivo	Piscine dello Stadio	Italy	IRS	2035

The interest rates shown in the table have floating spreads depending on the term and conditions of the financing.

Other financing

This item may be analysed as follows:

€'000	Company	Country	31 December 2019			30 June 2020			
			Total other financing	Current	Non-current	Total other financing	Current	Non-current	
	Banca IMI	Beyond	Italy	85,089	215	84,874	149,648	348	149,300
	Various	Galfar Cimolai JV	Qatar	13,490	13,490	-	37,457	37,457	-
	Swan SPE	Webuild	Italy	10,003	10,003	-	10,003	10,003	-
	Various	Galfar	Qatar	10,057	10,057	-	13,097	13,097	-
	Società Italiana								
	Condotte d'Acqua S.p.A.	Webuild	Italy	-	-	-	9,000	-	9,000
	Non-controlling interests	Sabrom	Italy	7,185	7,185	-	7,185	7,185	-
	Cat Finance	Webuild	Italy	5,407	5,407	-	1,803	1,803	-
	Various	Lane Group	USA	5,706	4,227	1,479	2,460	2,126	334
	Various	Webuild	Various	3,816	3,816	-	2,907	2,907	-
	Various	Salini Kolin JV	Turkey	2,270	2,270	-	1,771	1,771	-
	Various	Abu Dhabi branch	Various	1,071	1,071	-	1,933	1,933	-
	Various	HCE	Italy	1,228	607	621	928	615	313
	Other	Other	Various	7,572	7,373	199	5,644	1,499	4,145
	Total			152,894	65,721	87,173	243,836	80,744	163,092

The financing of €149.6 million agreed by Beyond S.r.l. is part of Progetto Italia and was agreed with a bank syndicate in 2019 to be used solely to purchase bonds issued by Astaldi S.p.A. (see note 11). More information is available in the “Progetto Italia” paragraph of the “Key events of the period” section. The increase in this financing is due to receipt of the second tranche of approximately €63.0 million during the reporting period.

The conditions of the main other financing in place at year end may be summarised as follows:

	Company	Country	Interest rate	Expiry date	Note
Banca IMI	Beyond	Italy	Euribor	2022	(1)
CAT Finance	Webuild	Italy	Euribor	2020	
Galfar Al Misnad	Galfar Cimolai JV	Qatar	Fixed rate	2020	
Swan SPE	Webuild	Italy	Fixed rate	2020	
Non-controlling interests	Sabrom	Italy	Fixed rate	2020	

(1) As part of a wide-ranging action plan implemented at group level to mitigate the impacts of Covid-19, Webuild negotiated the temporary suspension of checks of certain financial covenants at 30 June 2020 with some of its lending banks.

Current account facilities

Current account facilities increased by €5.5 million to €86.6 million at the reporting date.

Factoring liabilities

(€'000)	31 December 2019	30 June 2020	Variation
Ethiopian branch (Factorit)	1,072	1,320	248
Salini Saudi Arabia	-	21,042	21,042
Other	160	160	-
Total	1,232	22,522	21,290

Factoring liabilities relate to the factoring of receivables and increased by €21.3 million, mainly due to the repayments made by Salini Saudi Arabia.

Net financial indebtedness of Webuild Group

(€'000)	Note (*)	31 December 2019	30 June 2020	Variation
Non-current financial assets	11	378,272	424,403	46,131
Current financial assets	16	241,249	237,901	(3,348)
Cash and cash equivalents	19	1,020,858	1,331,827	310,969
Total cash and cash equivalents and other financial assets		1,640,379	1,994,131	353,752
Bank and other loans and borrowings	22	(751,256)	(731,129)	20,127
Bonds	23	(1,091,890)	(745,491)	346,399
Lease liabilities	24	(98,709)	(93,411)	5,298
Total non-current indebtedness		(1,941,855)	(1,570,031)	371,824
Current portion of bank loans and borrowings and current account facilities	22	(231,640)	(995,001)	(763,361)
Current portion of bonds	23	(13,295)	(481,520)	(468,225)
Current portion of lease liabilities	24	(61,673)	(60,924)	749
Total current indebtedness		(306,608)	(1,537,445)	(1,230,837)
Derivative assets	11-16	268	1,268	1,000
Derivative liabilities	25	(2,012)	(7)	2,005
Net financial position (debt) with unconsolidated SPEs (**)		(21,595)	13,536	35,131
Total other financial assets (liabilities)		(23,339)	14,797	38,136
Net financial indebtedness - continuing operations		(631,423)	(1,098,548)	(467,125)
Net financial indebtedness including discontinued operations		(631,423)	(1,098,548)	(467,125)

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

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

More information about changes in the Group's net financial indebtedness during the year is available in the Directors' report.

23. Bonds

The outstanding bonds at 30 June 2020 relate to the parent, Webuild (€1,227.0 million). They are analysed in the following table:

(€'000)	31 December 2019	30 June 2020	Variation
Non-current portion	1,091,890	745,491	(346,399)
Current portion	13,295	481,520	468,225
Total	1,105,185	1,227,011	121,826

A breakdown of this item is set out in the following table:

Description	Expiry date	31 December 2019			30 June 2020		
		Nominal amount	Non-current portion (net of related charges)	Current portion (accrued interest)	Nominal amount	Non-current portion (net of related charges)	Current portion (net of accrued interest)
(€'000)							
Webuild TF 3.75% Gn 21 CALL EUR	24 June 2021	600,000	595,612	11,712	479,030	-	471,778
Webuild TF 1.75% Ot 24 CALL EUR	26 October 2024	500,000	496,278	1,583	500,000	496,663	5,929
Webuild TF 3.6255% Gn 27 CALL EUR	27 January 2027	-	-	-	250,000	248,828	3,813
Total		1,100,000	1,091,890	13,295	1,229,030	745,491	481,520

The bonds are listed on the Dublin Stock Exchange and are backed by covenants that require the parent to maintain certain financial and equity ratios, which are fully respected at the reporting date.

On 17 January 2020, Salini Impregilo (now Webuild) placed new notes on the market for €250,000,000, part of which were to be used to exchange the outstanding “€600,000,000 3.75 per cent. Notes due 24 June 2021” (the “2021 notes”) for €120,970,000 while another part (the “additional new notes”) were offered to new investors for €123,341,000. The new notes’ maturity date is 28 January 2027 and the coupon is 3.625%. More information is available in the “Key events of the year” section of the Directors’ report.

24. Lease liabilities

Lease liabilities may be broken down as follows at 30 December 2020:

(€'000)	31 December 2019	30 June 2020	Variation
Lease liabilities	98,709	93,411	(5,298)
Current portion of lease liabilities	61,673	60,924	(749)
Total	160,382	154,335	(6,047)

The present value of the minimum future lease payments is €154.3 million (31 December 2019: €160.4 million) as follows:

(€'000)	31 December 2019	30 June 2020
Minimum lease payments:		
Due within one year	66,038	65,383
Due between one and five years	100,476	92,781
Due after five years	7,820	6,732
Total	174,334	164,896
Future interest expense	(13,952)	(10,561)
Net present value	160,382	154,335
The net present value is as follows:		
Due within one year	61,673	60,924
Due between one and five years	92,465	88,086
Due after five years	6,244	5,325
Total	160,382	154,335

25. Derivatives and other current financial liabilities

These items show the reporting-date fair value of the commodity hedges agreed by Lane Group to hedge the risk of fluctuations in diesel and petrol prices. They may be broken down as follows:

(€'000)	31 December 2019	30 June 2020	Variation
Non-current portion	-	7	7
Current portion	2,012	-	(2,012)
Total	2,012	7	(2,005)

The following table analyses the item:

(€'000)	31 December 2019	30 June 2020	Variation
Commodity swaps - Cash flow hedges	-	7	7
Forward currency purchases and sales - FVTPL	2,012	-	(2,012)
Total derivatives presented in net financial indebtedness	2,012	7	(2,005)

26. Post-employment benefits and employee benefits

At 30 June 2020, the Group's liability due to its employees determined using the criteria set out in IAS 19 is €70.3 million.

The liability for post-employment benefits is the outstanding amount at the reform effective date, net of benefits paid up to the reporting date. The liability is considered part of a defined benefit plan under IAS 19 and has, therefore, been subjected to actuarial valuation. The valuation, performed with the assistance of an independent expert, was based on the following rates:

- turnover rate: 7.25%;
- advance payment rate: 3%;
- inflation rate: 1.2%.

The Group has used the Eurocomposite AA index, which has an average financial duration in line with the fund being valued, to calculate the discount rate.

The balance mainly consists of the liability for Lane Group's defined benefit plan for its full-time employees. This liability is calculated on the basis of the employees' years of service and remuneration and is subjected to an actuarial valuation. Lane Group also provides healthcare cover to retired employees, hired before 31 December 1992 with at least 20 years of service.

The item also includes the Italian post-employment benefits (TFR) related to Webuild and its Italian subsidiaries. The liability is the outstanding amount at the reform effective date, net of benefits paid up to the reporting dates. The liability is considered part of a defined benefit plan under IAS 19 and has, therefore, been subjected to actuarial valuation.

Changes in the item are as follows:

	31 December 2019	Accruals	Payments	Net actuarial losses	Contributions paid to INPS treasury and other funds	Other changes	30 June 2020
<i>(€'000)</i>							
Post-employment benefits and employee benefits	61,868	7,139	(4,744)	5,240	(1,331)	2,133	70,305

"Net actuarial losses" include the actuarial gains and losses recognised in the actuarial reserve as per the revised IAS 19 while the "Other changes" mainly relate to exchange gains and losses.

Lane Construction Corporation Defined Benefit Pension Plan

Through its US subsidiary Lane Industries Inc., the Group contributes to a pension plan that qualifies as a defined benefit plan, The Lane Construction Corporation Defined Benefit Pension Plan, which pays benefits to employees or former employees who met the related vesting conditions when they retire. The subsidiary also pays benefits to a supplementary pension plan for some senior executives. In addition, it provides employees who have reached retirement age with healthcare benefits. These employees were hired before 31 December 1992 and reached retirement age after at least 20 years' service and are also beneficiaries of The Lane Construction Corporation Defined Benefit Pension Plan.

A reconciliation between the opening balance and the closing balance of the Group's liability for employee benefits and the plan assets is as follows (€'000):

	Liability for employee benefits	Plan assets	Variation
(€'000)			
1 January 2020	199,945	(168,246)	31,699
Contribution cost	153	-	153
Interest	3,230	(2,731)	499
Gains on the change in the expected return on the plan assets	-	(8,058)	(8,058)
Net losses on changes in the financial assumptions	15,303	-	15,303
Net gains from experience	(133)	-	(133)
Employer contributions	(302)	-	(302)
Payments	(6,079)	6,205	126
Net exchange gains (losses)	348	(369)	(21)
30 June 2020	212,465	(173,199)	39,266

The following tables show the assumptions used to calculate the liability for employee benefits:

	Pension benefits		Other benefits	
	31 December 2019	30 June 2020	31 December 2019	30 June 2020
Discount rate	3.23%	2.75%	2.52%	1.63%
Expected rate of return on plan assets	6.40%	3.24%	N/A	N/A
Salary increase rate	3.50%	3.50%	N/A	N/A

The long-term expected rate of return on plan assets is calculated based on the investments' performance and the plan asset mix over the period the assets are expected to increase in value before final payment.

Assumptions about the rise in healthcare service costs are set out below:

Assumptions about the rise in healthcare service costs

	31 December 2019	30 June 2020
Annual growth rate	6.68%	6.63%
Ultimate trend rate	4.31%	4.31%
Year in which the ultimate trend rate is expected to be reached	2039	2039

The next table shows how the liability for employee benefits would change if the main assumptions changed:

(€'000)	Variation	Increase	Decrease
Discount rate	1.00%	(29,460)	37,188
Salary increase rate	1.00%	612	(572)

The following table presents the plan asset categories as a percentage of total invested assets:

	31 December 2019	%	30 June 2020	%
(€'000)				
Common / collective trusts	167,623	99.63%	172,690	99.71%
Interest-bearing deposits	623	0.37%	509	0.29%
Total	168,246	100.00%	173,199	100.00%

The plan assets are selected to ensure a combination of returns and growth opportunity using a prudent investment strategy. Investments usually include around 73% in fixed income funds, about 24% in global equity investments (developed and emerging markets), and about 3% in alternative investments. The group company's management regularly revises its objectives and strategies.

A breakdown of the plan assets' fair value by asset category is as follows:

	Listed prices	Other observable significant inputs	Other non-observable significant inputs	31 December 2019
(€'000)				
	Level 1	Level 2	Level 3	Total
Common / collective trusts	167,623	-	-	167,623
Interest-bearing deposits	623	-	-	623
Total	168,246	-	-	168,246

	Listed prices	Other observable significant inputs	Other non-observable significant inputs	30 June 2020
(€'000)				
	Level 1	Level 2	Level 3	Total
Common / collective trusts	172,690	-	-	172,690
Interest-bearing deposits	509	-	-	509
Total	173,199	-	-	173,199

The following table shows the estimated undiscounted future payments for employee benefits:

(€'000)	Period	Pension benefits	Other benefits
	2020	7,408	152
	2021	7,757	152
	2022	8,108	154
	2023	8,882	138
	2024	9,197	111
	2025-2029	49,693	467

27. Provisions for risks

These provisions amount to €129.8 million at the reporting date, as follows:

(€'000)	31 December 2019	30 June 2020	Variation
Provisions for risks on equity investments	69,319	63,008	(6,311)
Other provisions	68,603	66,807	(1,796)
Total	137,922	129,815	(8,107)

The provision for risks on equity investments relates to expected impairment losses on the carrying amount of the Group's investments in associates for the part that exceeds their carrying amounts.

Changes in this provision are detailed below:

(€'000)	1st half 2020
Capital transactions	10,059
Share of loss of equity-accounted investees	(1,697)
Other changes including change in the translation reserve	(2,051)
Total	6,311

Other provisions comprise:

(€'000)	31 December 2019	30 June 2020	Variation
USW Campania projects	28,313	28,313	-
Provisions set up by Imprepar and its subsidiaries	9,902	9,541	(361)
Other	30,388	28,953	(1,435)
Total	68,603	66,807	(1,796)

The provision for the USW Campania projects mainly consists of the estimated potential costs for the environmental clean-up. The "Main risk factors and uncertainties" section in the Directors' report includes a description of the litigation and risks related to the USW Campania projects.

The provisions set up by Imprepar and its subsidiaries include accruals made for probable future charges related to the closing of contracts and potential developments in ongoing litigation.

"Other" refers to pending disputes mostly for the parent (€10.9 million) and Lane Group (€5.7 million).

Changes in the item in the period are summarised below:

	31 December 2019	Impairment losses	Utilisations / Releases	Reclassific- ations	Exchange gains and other changes	30 June 2020
(€'000)						
Total	68,603	222	(1,439)	(579)	-	66,807

More information is available in the section on the “Main risk factors and uncertainties” in the Directors’ report.

28. Trade payables

Trade payables amount to €2,261.6 million at the reporting date, a decrease of €351.1 million on 31 December 2019. They are made up as follows:

	31 December 2019	30 June 2020	Variation
(€'000)			
Third parties	2,319,738	1,916,673	(403,065)
Unconsolidated group companies and other related parties	292,999	344,924	51,925
Total	2,612,737	2,261,597	(351,140)

Trade payables decreased by €351 million, mostly related to amounts due to the COCIV consortium by Condotte following the offsetting of amounts receivable and payable for €227.3 million during the period and the settlement of trade payables as part of the normal business activities (mainly for the COCIV consortium and the Qatari contracts). Trade payables to unconsolidated group companies and other related parties increased by €51.9 million to €344.9 million at the reporting date. The item mostly consists of payables from unconsolidated SPEs accrued on work performed by them for contracts with public administrations.

The balance includes €23.6 million (€23.9 million) related to the Group’s liabilities with consortia and consortium companies (SPEs) that operate by recharging costs and are not included in the consolidation scope. It is shown in the item “Net financial position (debt) with unconsolidated SPEs” as part of net financial indebtedness.

29. Current tax liabilities and other current tax liabilities

Current tax liabilities of €76.9 million decreased by €10.3 million over 31 December 2019. They may be analysed as follows:

(€'000)	31 December 2019	30 June 2020	Variation
IRES	4,881	7,313	2,432
IRAP	995	4,809	3,814
Foreign taxes	81,261	64,760	(16,501)
Total	87,137	76,882	(10,255)

Other current tax liabilities of €41.0 million decreased by €7.2 million over 31 December 2019. They may be analysed as follows:

(€'000)	31 December 2019	30 June 2020	Variation
VAT	25,661	25,818	157
Other indirect taxes	22,526	15,197	(7,329)
Total	48,187	41,015	(7,172)

30. Other current liabilities

Other current liabilities of €313.4 million (€323.1 million) comprise:

(€'000)	31 December 2019	30 June 2020	Variation
State bodies	33,288	33,498	210
Other liabilities	158,162	152,994	(5,168)
Employees	68,639	59,577	(9,062)
Social security institutions	18,448	25,922	7,474
Unconsolidated group companies and other related parties	23,381	23,755	374
Compensation and compulsory purchases	3,709	3,591	(118)
Accrued expenses and deferred income	17,449	14,100	(3,349)
Total	323,076	313,437	(9,639)

“State bodies” (€33.5 million) entirely relate to the transactions with the commissioner, the provincial authorities and municipalities of Campania in connection with the USW Campania projects. Reference should be made to the “Main risk factors and uncertainties” section in the Directors’ report for more information about the complicated situation surrounding the USW Campania projects.

“Other liabilities” of €153.0 million (€158.2 million) decreased by roughly €5.2 million. At the reporting date, the item mainly refers to the former consortium member of Cossi Group (see note 18 “Other current assets”), the high speed/high capacity projects, Lane’s American projects and some foreign projects in Argentina, Venezuela and France.

Amounts due to employees and social security institutions relate to accrued unpaid remuneration.

“Unconsolidated group companies and other related parties” amount to €23.8 million in line with 31 December 2019. The period-end balance principally refers to the Argentine group companies involved in the

environmental remediation project in the Buenos Aires province and the Churchill joint venture active in the UK hospital sector.

Accrued expenses and deferred income decreased by €3.4 million to €14.1 million as follows:

(€'000)	31 December 2019	30 June 2020	Variation
Accrued expenses:			
- Commissions on sureties	3,577	3,116	(461)
- Other	11,240	9,363	(1,877)
Total accrued expenses	14,817	12,479	(2,338)
Deferred income:			
- Provision of services	2,632	1,620	(1,011)
Total deferred income	2,632	1,620	(1,011)
Total	17,449	14,100	(3,349)

31. Guarantees, commitments, risks and contingent liabilities

Guarantees and commitments

The key guarantees given by the Group are set out below:

- contractual sureties: these total €14,415.6 million (including €7,890.9 million issued directly by Lane Group) and are given to customers as performance bonds, to guarantee advances, retentions and involvement in tenders for all ongoing contracts. In turn, the group companies have guarantees given by their subcontractors;
- sureties for credit: they amount to €162.9 million;
- sureties granted for export credit: €153.1 million;
- other guarantees: they amount to €1,085.8 million and comprise guarantees related to customs and tax obligations (€20.9 million) and other commitments (such as environmental clean-ups and export credit) (€1,064.8 million);
- collateral related to a lien on the shares of the SPE M4 (€5.8 million).

Tax disputes

Webuild S.p.A.

With respect to the principal dispute with the tax authorities:

- the dispute about the assessment notice challenging the tax treatment of impairment losses and losses on the sale of assets recognised by the parent in 2003 has been settled. The main issue related to the sale by Impregilo S.p.A. (now Webuild S.p.A.) of its investment in the Chilean operator Costanera Norte to Impregilo International Infrastructures N.V. had been cancelled by the Milan Regional Tax Commission

on 11 September 2009 (higher assessed tax base of €70 million). After the hearing held on 24 April 2018 and the filing of a motion for the suspension of the trial on 14 November 2018, the Supreme Court ordered the case be placed on the court calendar again on 29 November 2018. The parent applied the procedure for the out-of-court settlement of tax disputes introduced by article 6 of Decree law no. 119 of 23 October 2018, converted into Law no. 136 of 17 December 2018. On 28 May 2019, it presented its application for the voluntary settlement procedure for the pending tax disputes (payment of €1.2 million) and opted for payment by instalment;

- the Supreme Court hearing was held on 17 January 2020 to discuss the reimbursement of tax assets with a nominal amount of €12.3 million acquired from third parties as part of previous non-recurring transactions. The court quashed the second level ruling ordering the case to be transferred to the regional tax commission. The terms for resumption of the hearing are pending;
- a dispute related to 2005 about the technique used to “realign” the carrying amount of equity investments as per article 128 of Presidential decree no. 917/86 (greater assessed tax base of €4.2 million) is still pending before the first level court while with respect to another dispute with the same subject but for 2004 (greater assessed tax base of €0.4 million), the Supreme Court accepted the parent’s grounds and ordered the case be sent to the Lombardy Regional Tax Commission which fully accepted the parent’s appeal in the hearing of 14 January 2019 with its ruling of 12 February 2019. The tax authorities appealed this ruling on 11 September 2019 and the appeal still has to be allocated to the relevant section of the court;
- with respect to another dispute again related to 2005 and the costs of a joint venture set up in Venezuela for which the greater assessed tax base is €6.6 million, the Regional Tax Commission filed its ruling entirely in the parent’s favour on 19 May 2015; the tax authorities appealed to the Supreme Court on 28 December 2015 challenging the procedure while stating that the findings do not relate to the appeal. The parent has filed its defence brief. The hearing was held on 17 January 2020 and the Supreme Court found the tax authorities’ appeal to be inadmissible;
- the parent was notified of: (i) a payment order from the tax authorities for Icelandic taxes of €4.6 million, which was cancelled after the first and second level sentences in its favour; the tax authorities appealed to the Supreme Court on 11 May 2017 and the parent presented its defence brief, and (ii) a payment bill for the same taxes which the parent appealed. It won again both at first and second level. On 18 January 2016, the tax authorities presented their appeal to the Supreme Court and the parent filed its defence brief. The hearing was held on 17 January 2020 and the ruling has not yet been filed;
- on 23 December 2019, the parent received an assessment notice for assessed IRES tax for 2014 of €1.2 million (plus fines and interest). The notice refers to: (i) for a minimum part, the alleged incorrect application of transfer pricing rules to sureties provided free of charge on behalf of foreign subsidiaries, on which it should allegedly have charged commissions of €0.7 million; (ii) the alleged undue deduction of the “ACE relief” (Aid for Economic Growth) of €3.5 million contrary to the provisions of article 10 of the Ministry of the Economy and Finance’s decree of 14 March 2012. The dispute was settled using the

mutually-agreed settlement procedure as proposed by the tax authorities which decreased the total claim (taxes, fines and interest) from roughly €2.4 million to around €0.4 million.

With respect to the above pending disputes, after consulting its legal advisors, the parent believes that it has acted correctly and deems that the risk of an adverse ruling is not probable. When it deemed it appropriate to settle the dispute, as explained earlier in more detail, it did so to avail of the various options provided for by the relevant legislation, such as the voluntary settlement procedure for the pending tax disputes or the positions assigned to the tax collection agency, the court-ordered settlement procedure and the mutually-agreed settlement procedure.

Imprepar

After the Milan Regional Tax Commission filed a ruling at the end of March 2015 on the IRES assessment notices for 2006/2007/2008 received by the subsidiary Imprepar cancelling all the main findings notified by the tax authorities for a higher taxable amount of €12 million and the tax authorities' appeal to the Supreme Court made in November 2015 followed by the defence brief filed by the subsidiary, the subsidiary paid the first instalment and applied the procedure for the out-of-court settlement of tax disputes introduced by article 6 of Decree law no. 119 of 23 October 2018 converted into Law no. 136 of 17 December 2018. On 30 May 2019, it presented its application for the voluntary settlement procedure for the pending tax disputes (payment of €0.4 million) and opted for payment by instalment.

On 18 June 2018, Imprepar received a notice to pay assessed registration tax of approximately €0.7 million. The subsidiary has appealed promptly against the applicability of this notice to the competent tax commission which accepted the subsidiary's appeal and cancelled the notice to pay. Notification that the tax authorities have appealed this ruling has not yet been received.

With respect to the above pending disputes, after consulting its legal advisors, the subsidiary believes that it has acted correctly and deems that the risk of an adverse ruling is not probable. When it deemed it appropriate to settle the dispute, as explained earlier in more detail, it did so to avail of the various options provided for by the relevant legislation, such as the voluntary settlement procedure for the pending tax disputes or the positions assigned to the tax collection agency, the court-ordered settlement procedure and the mutually-agreed settlement procedure.

Fisia Ambiente

After the 2013 IRES tax assessment and the 2013, 2014 and 2015 VAT audit, the Genoa tax office inspectors identified findings for IRES purposes for 2013 related to alleged undue deductions of €1.5 million for the use of the loss allowance and the alleged undue deduction of VAT of €0.3 million on costs incurred for the defence of managers and other employees in criminal court proceedings in 2013, 2014 and 2015. Fisia Ambiente appealed against these assessments in fact and in law with its comments and applications filed in accordance with article 12.7 of Law no. 212/2000. The tax authorities fully accepted the inspectors' findings and notified two assessment

notices for 2013, one for IRES and one for VAT. In turn, the subsidiary has filed reasoned requests for a mitigation hearing as per article 6 and following articles of Legislative decree no. 218/1997.

The mutually-agreed settlement procedure for the VAT was not successful and, in June 2019, the subsidiary appealed to the competent tax commission commencing the relevant legal proceedings. The competent tax commission has issued its ruling (i) partly accepting the company's appeal for 2013, (ii) rejecting the appeal for 2014, and (iii) fully accepting its appeal for 2015 thereby cancelling the assessment notice. The term for presentation of an appeal in all cases has not yet expired.

Negotiations for settlement of the assessed IRES were successful and the subsidiary paid the first of four instalments on 27 May 2019.

With respect to the above pending disputes, after consulting its legal advisors, the subsidiary believes that it has acted correctly and deems that the risk of an adverse ruling is not probable. When it deemed it appropriate to settle the dispute, as explained earlier in more detail, it did so to avail of the various options provided for by the relevant legislation, such as the voluntary settlement procedure for the pending tax disputes or the positions assigned to the tax collection agency, the court-ordered settlement procedure and the mutually-agreed settlement procedure.

Fibe

Fibe has a pending dispute about the local property tax (ICI) on the Acerra waste-to-energy plant.

In January 2013, the subsidiary received tax assessment notices from the Acerra municipality with respect to the waste-to-energy plant, which requested payment of local property tax and related penalties for approximately €14.3 million for the years 2009-2011. The amount requested by the municipality and challenged by Fibe was confirmed as far as its applicability but reduced in terms of its amount and penalties by the Naples Regional Tax Commission.

The subsidiary appealed against the second level ruling with the Supreme Court and the case is still pending. However, in 2015, the subsidiary set aside a provision for an amount equal to the assessed tax plus accrued interest on a prudent basis. On 7 March 2018, Fibe applied for the procedure for the out-of-court settlement of the positions assigned to the collection agency as per article 1 of Decree law no. 148/2017 converted with modifications into Law no. 172/2017.

The disputes about the following are still pending:

1) Assessment notice for 2003 IREPG, IRAP and VAT issued by the Casoria tax office about assessed taxes of €6.5 million. The subsidiary has been challenged for the following violations: (i) undue deduction of costs of €3.1 million contrary to the principle of pertinence/accruals basis; and (ii) undue deduction of VAT of €2.0 million as a result of the application of a higher-than-allowed rate.

The Naples Provincial Tax Commission accepted the company's appeal in its ruling no. 497 filed on 25 June 2009, which the tax office appealed. The subsidiary presented its defence brief and counter-appeal. The Naples Regional Tax Commission confirmed that costs of €2,771,179.66 were to be taxed, due to their non-compliance with the pertinence/accruals basis principle in its ruling no. 27/1/12 filed on 12 January 2012 while also

confirming the deductibility of VAT of €1,839,943.61. The tax office has appealed to the Supreme Court. The subsidiary in turn has presented its defence brief and appeal. A date for the court hearing has not yet been set.

2) Assessment notice for 2004 VAT issued by the Casoria tax office about assessed VAT of €5.2 million. It alleges the subsidiary unduly deducted VAT based on the assumption that all the services received by it should have been invoiced with the lower rate of 10% instead of the ordinary rate (20%). The Naples Provincial Tax Commission accepted the company's appeal in its ruling no. 498/01/09 filed on 25 June 2009 and cancelled the assessment notice, which the tax office appealed. The company presented its defence brief and counter-appeal. The Naples Regional Tax Commission handed down its ruling no. 26/1/2012 filed on 23 January 2012, which (i) after having decided in favour of the subsidiary, fully in line with its defence grounds, which was the "quaestio iuris", whose resolution was essential to confirm or cancel the tax assessment; and (ii) nonetheless confirmed the tax office's assessed taxes and related fines (i.e., as recalculated by the tax office in its appeal). The subsidiary has appealed to the Supreme Court and the hearing date has been deferred.

3) Assessment notice for the 2012 IMU property tax, issued by the Acerra municipal authorities for the assessed tax of €551 thousand for the WtE plant. The subsidiary promptly presented its appeal which was filed on 20 April 2017. The Provincial Tax Commission rejected the appeal with ruling no. 17386 filed on 14 December 2017 which the subsidiary appealed on 5 July 2019. The Regional Tax Commission handed down its ruling on 13 January 2020, which was not in the company's favour. The term for filing an appeal with the Supreme Court has not yet expired.

With respect to the above pending disputes, after consulting its legal advisors, the subsidiary believes that it has acted correctly and deems that the risk of an adverse ruling is not probable. When it deemed it appropriate to settle the dispute, as explained earlier in more detail, it did so to avail of the various options provided for by the relevant legislation, such as the voluntary settlement procedure for the pending tax disputes or the positions assigned to the tax collection agency, the court-ordered settlement procedure and the mutually-agreed settlement procedure.

Statement of profit or loss

32. Revenue

Revenue for the first half of 2020 amounts to € 2,033.2 million, down 21.3% on the corresponding period of 2019.

(€'000)	1st half 2019	1st half 2020	Variation
Revenue from contracts with customers	2,362,788	1,936,417	(426,371)
Other income	219,165	96,764	(122,401)
Total revenue and other income	2,581,953	2,033,181	(548,772)

The main contributors to revenue are some large projects and, specifically, Lane Group's projects, the high speed/capacity railway works for the Milan - Genoa railway line section, the Ethiopian contracts, the projects in Australia to design, build and maintain the Perth Metro and the civil engineering and electromechanical works for the Snowy 2.0 project and the projects in Saudi Arabia including the design and building of the new Riyadh Metro and the Rogun Dam in Tajikistan.

A breakdown of revenue by geographical segment is as follows:

(€'000)	1st half 2019	Percentage of total	1st half 2020	Percentage of total
Italy	425,287	16%	369,931	18%
Middle East	776,540	30%	365,444	18%
EU (excluding Italy)	223,065	9%	143,557	7%
Africa	200,707	8%	174,559	9%
Oceania	194,291	8%	156,989	8%
Asia	124,905	5%	103,733	5%
Americas (excluding Lane)	102,780	4%	67,977	3%
Non-EU	65,888	3%	157,599	8%
Abroad	1,688,176	65%	1,169,858	58%
Lane	468,490	18%	493,392	24%
Total	2,581,953	100%	2,033,181	100%

A breakdown of revenue is given in the following table:

(€'000)	1st half 2019	1st half 2020	Variation
Works invoiced to customers	2,282,946	1,893,539	(389,407)
Services	55,457	38,483	(16,974)
Sales	24,385	4,395	(19,990)
Total	2,362,788	1,936,417	(426,371)

Variable consideration was equal to 6.8% of revenue from contracts with customers during the year.

The transaction price of ongoing contracts allocated to the unsatisfied performance obligations amounts to € 25,022.9 million at the reporting date. The Group will recognise this amount as revenue in future periods in line with the available forecasts.

Ongoing contracts include contracts with customers if they meet the criteria of IFRS 15.9⁶. The item includes variable consideration when its realisation is highly probable.

A breakdown of other income is given in the following table:

(€'000)	1st half 2019	1st half 2020	Variation
Recharged costs	100,411	54,230	(46,181)
Other income from joint ventures and consortia	89,300	15,632	(73,668)
Gains on the disposal of non-current assets	3,700	3,868	168
Insurance compensation	983	1,297	314
Other income	24,771	21,737	(3,034)
Total	219,165	96,764	(122,401)

“Other income” mostly refers to contract work in progress and specifically industrial activities and related works not directly related to contracts with customers. The decrease of €122.4 million is mostly due to the smaller income from cost recharges to non-controlling consortium members (other income in the consortium’s financial statements) as a result of the reduction of Condotte’s interest in the COCIV consortium to the minimum during 2019 (as described in the 2019 Annual Report). Webuild Group’s activities involve its participation in numerous SPEs that, especially in Italy, use the consortium structure, which works using a cost recharging system whereby the costs incurred by the SPE are invoiced to the consortium members in line with their investment percentages. As this income does not arise on the performance of the contract obligations or contract negotiations, it is recognised as “Other income”.

33. Operating expenses

Operating expenses for the period amount to €2,042.0 million compared to €2,440.8 million for the corresponding period of the previous year.

The item may be broken down as follows:

⁶ a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations; b) the entity can identify each party’s rights regarding the goods or services to be transferred; c) the entity can identify the payment terms for the goods or services to be transferred; d) the contract has commercial substance (i.e., the risk, timing or amount of the entity’s future cash flows is expected to change as a result of the contract); and e) it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

(€'000)	1st half 2019	1st half 2020	Variation
Purchases	298,667	260,380	(38,287)
Subcontracts	929,788	691,653	(238,135)
Services	636,405	532,558	(103,847)
Personnel expenses	397,512	391,981	(5,531)
Other operating expenses	77,656	69,482	(8,174)
Amortisation, depreciation, provisions and impairment losses	100,776	95,947	(4,829)
Total	2,440,804	2,042,001	(398,803)

In addition to the impact of Covid-19, the variations in the individual items compared to 2019 are due to the different cost structures that vary from contract to contract and may, in some cases, entail changes in the industrial operating model from one period to another. Moreover, as these are large-scale infrastructural works that take several years to complete, resort to normal production factors depends on the stage of completion of each contract in any given period. These changes may generate significant variations in the percentage of the related cost categories depending on the contract and the period, while not affecting the total percentage of costs of total revenue.

33.1 Purchases

The cost of raw materials and consumables incurred in the first six months of 2020 decreased by €38.3 million to €260.4 million compared to the corresponding period of 2019.

(€'000)	1st half 2019	1st half 2020	Variation
Purchases of raw materials and consumables	289,343	260,786	(28,557)
Change in raw materials and consumables	9,324	(406)	(9,730)
Total	298,667	260,380	(38,287)

The decrease in the cost of raw materials and consumables is mainly related to the high speed/capacity railway works for the Milan - Genoa railway line and the Meydan One Mall in Dubai.

33.2 Subcontracts

Costs of subcontracts decreased to €691.7 million, down €238.1 million on the corresponding period of 2019 as shown in the following table:

(€'000)	1st half 2019	1st half 2020	Variation
Subcontracts	929,788	691,653	(238,135)
Total	929,788	691,653	(238,135)

The decrease is chiefly due to the reduction in subcontracting costs for the South Al Mutlaa Housing Project in Kuwait, the Snowy 2.0 project in Australia, the Cityringen Metro in Copenhagen and the ongoing projects in Qatar.

33.3 Services

This item decreased to €532.6 million, down €103.8 million on the corresponding period of the previous year, as shown in the following table:

(€'000)	1st half 2019	1st half 2020	Variation
Consultancy and technical services	280,272	225,532	(54,740)
Recharging of costs by consortia	119,100	136,336	17,236
Leases	81,520	70,976	(10,544)
Insurance	41,378	26,659	(14,719)
Transport and customs	41,615	22,886	(18,729)
Maintenance	12,903	8,499	(4,404)
Fees to directors, statutory auditors and independent	7,158	6,171	(987)
Other	52,459	35,500	(16,959)
Total	636,405	532,559	(103,845)

Leases include rent and leases with variable payments for assets of a low value and leases with a term of less than 12 months. The related payments are recognised in profit or loss immediately.

“Other” decreased by €17.0 million over the corresponding period of 2019 principally due to the Danish contract (Cityringen Metro project) which is nearing completion.

“Consultancy and technical services” decreased by €54.7 million and mainly consist of the design and construction costs incurred by the SPEs and legal and administrative consultancy fees. A breakdown of this item is as follows:

(€'000)	1st half 2019	1st half 2020	Variation
Design and engineering services	161,437	147,374	(14,063)
Construction	56,002	39,146	(16,856)
Legal, administrative and other services	62,398	38,840	(23,558)
Other	435	172	(263)
Total	280,272	225,532	(54,740)

33.4 Personnel expenses

Personnel expenses for the year amount to €392.0 million, down €5.5 million on the corresponding period of 2019. The item is made up as follows:

(€'000)	1st half 2019	1st half 2020	Variation
Wages and salaries	315,145	298,612	(16,533)
Social security and pension contributions	58,300	62,374	4,074
Post-employment benefits and employee benefits	7,153	7,139	(14)
Other	16,914	23,856	6,942
Total	397,512	391,981	(5,531)

“Other” mainly relates to termination benefits and reimbursements of travel expenses.

Total workforce by category	30 June 2019	31 December 2019	30 June 2020
Managers	355	359	356
White collars	6,343	6,192	7,392
Blue collars	16,987	17,975	18,739
Total	23,685	24,526	26,487

33.5 Other operating expenses

Other operating expenses amount to €69.5 million, down €8.2 million on the corresponding period of 2019.

This item is made up as follows:

(€'000)	1st half 2019	1st half 2020	Variation
Other operating costs	28,567	34,771	6,204
Commissions on sureties	32,624	25,431	(7,193)
Bank charges	8,191	2,494	(5,697)
Losses on disposals	757	2,177	1,420
Other non-recurring costs	7,517	4,609	(2,908)
Total	77,656	69,482	(8,174)

The item's decrease is mostly due to the lower commissions on sureties, mostly for those awarded to Lane Group and higher bank charges.

The increase in other operating costs is mostly due to the recognition of the cost of the out-of-court agreement with Condotte.

33.6 Amortisation, depreciation, provisions and impairment losses

This item includes amortisation, depreciation and provisions of €68.8 million and impairment losses of €27.1 million, showing a decrease of €32.7 million and an increase of €27.9 million on the corresponding period of the previous year, respectively. It may be analysed as follows:

(€'000)	First half 2019	First half 2020	Variation
Total impairment losses	(797)	27,118	27,915
- Depreciation of property, plant and equipment	51,929	35,096	(16,833)
- Depreciation of right-of-use assets	35,390	23,358	(12,032)
- Amortisation of contract costs	15,333	9,731	(5,602)
- Amortisation of rights to use infrastructure under concession	546	683	137
- Amortisation of intangible assets	310	178	(132)
Amortisation and depreciation	103,508	69,046	(34,462)
Provisions	(1,934)	(218)	1,716
Total amortisation, depreciation and provisions	101,574	68,828	(32,746)
Total	100,777	95,946	(4,831)

Impairment losses of €27.1 million mainly relate to €20.3 million recognised as a result of the out-of-court agreement with Condotte.

Amortisation, depreciation and provisions of €68.8 million (€101.6 million) comprise:

- depreciation of €58.5 million (€87.3 million) on property, plant and equipment of €35.1 million (€51.9 million) and right-of-use assets of €23.4 million (€35.4 million), down €28.9 million on the corresponding period of the previous year. The variation is chiefly due to the high speed railway line works after the transfer of the use of plant and machinery to the subcontractors working on the Milan - Genoa railway line as provided for in the related contracts;
- amortisation of €10.6 million (€16.2 million) on contract costs and intangible assets;
- the release of accruals made in previous periods for €0.2 million.

34. Net financing costs

Net financing costs amount to €48.6 million compared to €26.8 million for the first half of 2019.

The item may be broken down as follows:

(€'000)	1st half 2019	1st half 2020	Variation
Financial income	22,174	42,629	20,455
Financial expense	(58,009)	(76,773)	(18,764)
Net exchange (gains) losses	8,998	(14,487)	(23,485)
Net financing costs	(26,837)	(48,631)	(21,794)

34.1 Financial income

Financial income totalled €42.6 million (€22.2 million) and is made up as follows:

(€'000)	1st half 2019	1st half 2020	Variation
Interest and other financial income	17,393	34,713	17,320
- Other	6,818	16,903	10,085
- Interest on receivables	2,648	13,514	10,866
- Bank interest	7,927	4,296	(3,631)
Interest and other income from unconsolidated group companies and other related parties	3,794	4,725	931
Income from inflation adjustment	615	3,179	2,564
Gains on securities	372	13	(359)
Total	22,174	42,630	20,456

The increase of €20.5 million is principally a result of the default interest of €13.0 million accrued on the Romanian branch's claims for the Logoj-Deva project as per the related arbitration and interest income of €6.6 million accrued on the bonds held by Beyond S.r.l. as part of Progetto Italia.

34.2 Financial expense

Financial expense totals €76.8 million (€58.0 million in the corresponding period of 2019) and is made up as follows:

(€'000)	1st half 2019	1st half 2020	Variation
Intragroup interest and other expense	(8,092)	(2,361)	5,731
Interest and other financial expense	(49,916)	(74,411)	(24,495)
- Other	(10,960)	(26,061)	(15,101)
- Bank interest on accounts and financing	(15,837)	(20,757)	(4,920)
- Interest on bonds	(17,347)	(19,478)	(2,131)
- Bank fees	(2,244)	(3,204)	(960)
- Leasing	(3,201)	(2,967)	234
- Expense for inflation adjustments	(282)	(1,841)	(1,559)
- Interest on tax liabilities	(45)	(103)	(58)
Total	(58,008)	(76,772)	(18,764)

The rise in financial expense is mostly due to the effect of the measurement of loan assets recognised at 30 June 2020 and interest expense on the loan to be used solely to purchase bonds issued by Astaldi S.p.A. (by the group company Beyond S.r.l.) for €149.6 million.

34.3 Net exchange losses

Net exchange losses of €14.5 million chiefly relate to the currencies of the Latin American countries heavily impacted by the healthcare crisis.

35. Net gains (losses) on equity investments

Net losses on equity investments amount to €1.7 million (net gains of €7.5 million). The decrease is due to the losses of €6.5 million recognised by the equity-accounted investees, partly offset by the gain of €4.7 million on the sale of the investment in the operator Consorcio Agua Azul S.A..

(€'000)	1st half 2019	1st half 2020	Variation
Share of profit (loss) of equity-accounted investees	6,875	(6,475)	(13,350)
Dividends	94	21	(73)
Loss on the disposal of equity investments	-	4,728	4,728
Other income	541	-	(541)
Total	7,510	(1,726)	(9,236)

36. Income taxes

The Group's income taxes, calculated by correctly applying the ruling tax regulations, for the period amount to €26.6 million as follows:

(€'000)	1st half 2019	1st half 2020	Variation
Current taxes (income taxes)	43,839	30,640	(13,199)
Net deferred tax liabilities	444	8,917	8,473
Prior year taxes	2,513	(13,412)	(15,925)
Total	46,796	26,145	(20,651)
IRAP	494	432	(62)
Total	47,290	26,577	(20,713)

37. Related party transactions

Transactions with related parties, as defined by IAS 24, were of an ordinary nature.

Related party transactions carried out during the period involved the following counterparties:

- directors, statutory auditors and key management personnel, solely related to the contracts regulating their positions within the Webuild group;
- associates and joint arrangements; these transactions mainly relate to:
 - commercial assistance with purchases and procurement of services necessary to carry out work on contracts, contracting and subcontracting;
 - services (technical, organisational, legal and administrative), carried out at centralised level;
 - financial transactions, namely loans and joint current accounts as part of cash pooling transactions and guarantees given on behalf of group companies.

Transactions are carried out with associates in the interests of Webuild, aimed at building on existing synergies in the group in terms of production and sales integration, efficient use of existing skills, streamlining of centralised structures and financial resources. These transactions are regulated by specific contracts and are carried out on an arm's length basis.

Other related parties: the main transactions with other related parties, identified pursuant to IAS 24, including companies managed and coordinated by Salini Costruttori S.p.A., are summarised below:

Related party	Loans and receivables	Financial assets	Other assets	Trade payables	Other liabilities	Guarantees	Total revenue	Total operating expenses	Net financing income (costs)
(€'000)									
C. Tiburtino	112	-	-	-	-	-	11	-	-
Casada S.r.l.	118	-	-	-	-	-	10	-	-
CEDIV S.p.A.	2,068	3,241	-	-	-	-	9	-	56
Dirlan	95	-	-	-	-	-	14	-	-
G.A.B.I.RE S.r.l.	2,225	18,001	-	-	-	-	11	-	313
Galla Placida	126	-	-	-	-	-	13	-	-
Imm. Agricola San	162	-	-	-	-	-	9	-	-
Infernetto	31	-	-	-	-	-	6	-	-
Iniziative Immobiliari	-	-	-	(23)	-	-	-	(310)	-
Madonna dei Monti S.r.l	42	-	-	(27)	-	-	9	(34)	-
Nores	72	-	-	-	-	-	5	-	-
Plus	117	-	-	-	-	-	19	-	-
Salini Costruttori S.p.A.	-	2,597	11,956	(13)	-	-	71	-	-
Salini Simonpietro & C.	67	-	-	-	-	-	7	-	-
Studio Avv. Grazia Volo	-	-	-	(114)	-	-	-	(204)	-
Zeis	35	2,002	-	(166)	-	-	110	(79)	29
Sub total	5,270	25,841	11,956	(343)	-	-	304	(627)	457
CDP S.p.A.	-	-	533	-	-	113,652	-	(159)	-
Eni S.p.A.	-	-	-	(226)	-	-	-	(206)	-
Sace S.p.A.	-	-	-	-	-	74,555	-	(1,876)	-
Sace BT	-	-	3	-	-	208,853	-	(1,702)	-
Sace FCT	-	-	-	(3)	-	-	-	-	(334)
Fintecna S.p.A.	-	-	-	(66)	-	-	-	-	-
SNAM Rete gas S.p.A.	-	-	-	(165)	-	-	-	-	-
Gruppo PSC S.p.A.	21,423	-	-	(15,507)	-	-	-	-	-
Poste Italiane	-	-	-	(5)	(3)	-	-	(13)	-
Total CDP Group	21,423	-	536	(15,972)	(3)	397,060	-	(3,956)	(334)
Total	26,693	25,841	12,492	(16,315)	(3)	397,060	304	(4,583)	123

During the reporting period, Cassa Depositi e Prestiti S.p.A. ("CDP") and its subsidiaries and associates were included in the list of related parties as Cassa Depositi e Prestiti S.p.A. has significant influence over Webuild S.p.A. according to the communications between the parties during the six months.

As a result, the transactions with the CDP Group companies were analysed to identify the assets, liabilities, operating expenses, revenue and guarantees as summarised in the above table. Specifically, the guarantees issued by CDP and SACE relate to:

- tax requirements in favour of the tax authorities;
- advance payment bonds, performance bonds and other guarantees to customers;
- guarantees to secure financing to banks.

During the reporting period, the Group factored receivables with resource to Sace Factoring for €71.6 million. They mostly comprise trade receivables from customers and progress billings which qualify for derecognition under IFRS 9. The Group also has a trade finance policy of USD7.9 million with Sace S.p.A. for the recourse factoring of receivable to other factors, again in accordance with the provisions of IFRS 9.

The above transactions qualify as ordinary transactions based on the parent's related party transactions procedure. Therefore, they are exempt from such procedure.

Most of the Group's production is carried out through SPEs, set up with other partners that have participated with Webuild in tenders. The SPEs carry out the related contracts on behalf of its partners.

The other transactions refer to costs for design and similar activities, incurred when presenting bids and for recently started contracts. They are also governed by specific agreements and carried out on an arm's length basis and, where applicable, in line with the contract terms.

Their effects on the statements of financial position and profit or loss are shown together with the related contract, when appropriate.

38. Earnings per share

Earnings per share are disclosed at the foot of the statement of comprehensive income.

Basic earnings per share are calculated by dividing the profit (loss) for the period attributable to the owners of the parent by the weighted average of the shares outstanding during the period. Diluted earnings per share are calculated considering the weighted average of the outstanding shares adjusted by assuming the conversion of all the shares with potentially diluting effects.

The following table summarises the calculation. At the reporting date, the parent's share capital consists of 892,172,691 ordinary shares and 1,615,491 savings shares.

The Group has 1,330,845 treasury shares in portfolio.

More information is available in note 21 "Equity".

(€'000)	1st half 2019	1st half 2020
Profit (loss) from continuing operations	74,533	(85,754)
Non-controlling interests	(11,057)	2,211
Profit (loss) from continuing operations attributable to the owners of the parent	63,476	(83,543)
Profit (loss) from continuing and discontinued operations	74,346	(85,754)
Non-controlling interests	(11,057)	2,211
Profit (loss) from continuing and discontinued operations attributable to the owners of the parent	63,289	(83,543)
Profit earmarked for holders of savings shares	588	588
Average outstanding ordinary shares	490,842	890,842
Average outstanding savings shares	1,615	1,615
Average number of shares	492,457	892,458
Average number of diluted shares	492,457	892,458
Basic earnings (loss) per share (from continuing operations)	0.13	(0.09)
Basic earnings (loss) per share (from continuing and discontinued operations)	0.13	(0.09)
Diluted earnings (loss) per share (from continuing operations)	0.13	(0.09)
Diluted earnings (loss) per share (from continuing and discontinued operations)	0.13	(0.09)

39. Events after the reporting date

No significant events have taken place since the reporting date other than those described in this report.

40. Significant non-recurring events and transactions

The Group's financial position, performance and cash flows were not affected by significant non-recurring events and transactions, as defined by Consob communication no. DEM/6064293⁷.

⁷ Significant non-recurring events and transactions are those that do not frequently occur in the normal course of business.

41. Balances or transactions arising from atypical and/or unusual transactions

During the six months, Webuild Group did not carry out any atypical and/or unusual transactions, as defined in the above Consob communication no. DEM/6064293⁸.

On behalf of the board of directors

Chairman

Donato Iacovone

(signed on the original)

⁸ Atypical and/or unusual transactions are those that, due to their significance and relevance, the counterparty, the object of the transaction, exchange pricing and timing, may cast doubts as to the accuracy and completeness of disclosures, conflicts of interest, protection of the company's assets and non-controlling interests.

List of Webuild Group companies

List of Webuild Group companies

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Webuild S.p.A.	Italy	Euro	600,000,000	100	100			line-by-line
A1 Motorway Tuszyn-Pyrzowice lot F Joint Venture	Poland	PLN		100	94.99	5	Salini Polska L.t.d. Liability Co	line-by-line
						0.01	HCE Costruzioni S.p.A.	
Al Maktoum International Airport J.V.	United Arab Emirates			29.4		29.4	Lane Mideast Contracting LLC	line-by-line
Ancipa S.C.r.l. (in liq.)	Italy	Euro	10,200	100		100	Imprepar S.p.A.	line-by-line (*)
Beyond S.r.l.	Italy	Euro	10,000	100	100			line-by-line
Brennero Galleriaacque S.C.r.l.	Italy	Euro	10,000	51		51	Fisia Italimpianti S.p.A.	line-by-line
C43 Water Management Builders	USA			100	30	70	Lane Construction Corporation	line-by-line
CDE S.C.a.r.l.	Italy	Euro	10,000	60	60			line-by-line
Collegamenti Integrati Veloci C.I.V. S.p.A.	Italy	Euro	20,000	85	85			line-by-line
Compagnia Gestione Macchinari CO.GE.MA. S.p.A.	Italy	Euro	200,000	100	100			line-by-line
Consorzio Constructor Salini Impregilo - Cigla (florianopolis)	Brazil			100	60	40	Cigla S.A.	line-by-line
Consorzio Impregilo - OHL	Colombia			100		100	Impregilo Colombia SAS	line-by-line
Consorzio Impregilo Yarull	Dom. Republic			70	70			line-by-line
Consorzio Alta Velocità Torino/Milano - C.A.V.TO.MI.	Italy	Euro	5,000,000	74.69	74.69			line-by-line
Consorzio C.A.V.E.T. - Consorzio Alta Velocità Emilia/Toscana	Italy	Euro	5,422,797	75.983	75.983			line-by-line
Consorzio Cociv	Italy	Euro	516,457	99.999	92.753	7.246	C.I.V. S.p.A.	line-by-line (\$)
Consorzio Cossi LGV Ceneri	Switzerland			70.8		50.8	Cossi Costruzioni S.p.A.	line-by-line
						20	LGV Impresa Costruzioni S.A.	
Consorzio Libyan Expressway Contractor	Italy	Euro	10,000	58	58			line-by-line
Consorzio Scilla (in liq.)	Italy	Euro	1,000	51		51	Imprepar S.p.A.	line-by-line
Constructora Ariguani SAS En Reorganizacion	Colombia	COP	100,000,000	100	100			line-by-line
Constructora Mazar Impregilo- Herdoiza Crespo	Ecuador			70	70			line-by-line
Construtora Impregilo y Associados S.A.-CIGLA S.A.	Brazil	BRL	2,480,849	100	100			line-by-line
Copenhagen Metro Team I/S	Denmark			99.989	99.989			line-by-line
Corso del Popolo Engineering S.C.r.l.	Italy	Euro	10,000	64.707		64.707	HCE Costruzioni S.p.A.	line-by-line
Corso del Popolo S.p.A.	Italy	Euro	1,200,000	55		55	HCE Costruzioni S.p.A.	line-by-line

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Cossi Costruzioni S.p.A.	Italy	Euro	10,000,000	63.5	63.5			line-by-line
CSC Impresa Costruzioni S.A.	Switzerland	CHF	2,000,000	100	100			line-by-line
CSI Simpron Consorzio	Switzerland			100	0.01	99.99	CSC S.A.	line-by-line
Empresa Constructora Metro 6 L.t.d.a.	Chile	CLP	23,025,000,000	100	99.9	0.1	Cigla S.A.	line-by-line
Fibe S.p.A.	Italy	Euro	3,500,000	99.998	99.989	0.003	Impregilo Intern. Infrastruc. N.V. 0.006 Fisia Ambiente S.p.A.	line-by-line
Fisia - Alkatas Joint Venture	Turkey			51		51	Fisia Italimpianti S.p.A.	line-by-line
Fisia Ambiente S.p.A.	Italy	Euro	3,000,000	100	100			line-by-line
Fisia Italimpianti S.p.A.	Italy	Euro	3,400,000	100	100			line-by-line
Fisia LLC	Oman	OMR	250,000	70		70	Fisia Italimpianti S.p.A.	line-by-line
Fisia Muhendislik VE Insaat Anonim Sirketi	Turkey			100		100	Fisia Italimpianti S.p.A.	line-by-line
Fisia-Alkatas-Alke J.V.	Turkey			48		48	Fisia Italimpianti S.p.A.	line-by-line
Galfar - Salini Impregilo - Cimolai J.V.	Qatar			40	40			line-by-line
Generalny Wykonawca Salini Polska - Impregilo - Kobylarnia	Poland			66.68	33.34	33.34	Salini Polska L.t.d. Liability Co	line-by-line
Gestione Napoli S.r.l. (in liq.)	Italy	Euro	10,000	99	24	75	Fisia Ambiente S.p.A.	line-by-line
Groupe Mediterranee di Travaux d'Infrastructures (in liq.)	Algeria	DZD	1,000,000	98		98	HCE Costruzioni S.p.A.	line-by-line
Grupo ICT II SAS	Colombia	COP	9,745,180,000	100	100			line-by-line
HCE Costruzioni S.p.A.	Italy	Euro	2,186,743	100	100			line-by-line
HCE Costruzioni Ukraine LLC	Ukraine	Euro	10,000	100	1	99	HCE Costruzioni S.p.A.	line-by-line
I.L.IM. - Iniziative Lombarde Immobiliari S.r.l. (in liq.)	Italy	Euro	10,000	100	100			line-by-line (*)
IGLYS S.A.	Argentina	ARS	10,000,000	100		100	Impregilo Intern. Infrastruc. N.V.	line-by-line
Impregilo International Infrastructures N.V.	Netherlands	Euro	50,000,000	100		100	Lane Construction Corporation	line-by-line
Impregilo Lidco Libya Co	Libya	DL	5,000,000	60	60			line-by-line
Impregilo New Cross Ltd	GB	GBP	2	100		100	Impregilo Intern. Infrastruc. N.V.	line-by-line
Impregilo-SK E&C-Galfar al Misnad J.V.	Qatar			41.25	41.25			line-by-line
Impregilo-Terna SNFCC J.V.	Greece	Euro	100,000	51	51			line-by-line
Imprepar-Impregilo Partecipazioni S.p.A.	Italy	Euro	3,100,000	100	100			line-by-line

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INC - Il Nuovo Castoro S.a.r.l.	Algeria	DZD	301,172,000	99.983	99.983			line-by-line
IS Joint Venture	Australia			100	50	50	Salini Australia PTY L.t.d.	line-by-line
Joint Venture Impregilo S.p.A. - S.G.F. INC S.p.A.	Greece			100	100			line-by-line
JV Salini - Secol	Romania			80	80			line-by-line
Kayi Salini Samsung Joint Venture	Turkey			33	33			line-by-line
Lane Abrams Joint Venture	USA			51		51	Lane Construction Corporation	line-by-line
Lane Construction Corporation	USA	USD	1,392,955	100		100	Lane Industries Incorporated	line-by-line
Lane Corman Joint Venture	USA			60		60	Lane Construction Corporation	line-by-line
Lane DS - NC Consortium (Ada)	United Arab Emirates			24.5		24.5	Lane Mideast Contracting LLC	line-by-line
Lane Industries Incorporated	USA	USD	5	100		100	Salini Impregilo - US Holdings Inc.	line-by-line
Lane Infrastructure Inc.	USA	USD	10	100		100	Lane Industries Incorporated	line-by-line
Lane Mideast Contracting LLC	United Arab Emirates	AED	300,000	49		49	Impregilo Intern. Infrastruc. N.V.	line-by-line
Lane Mideast Qatar LLC	Qatar	QAR	5,000,000	49		49	Impregilo Intern. Infrastruc. N.V.	line-by-line
Lane Security Paving J.V.	USA			60		60	Lane Construction Corporation	line-by-line
Lane Worldwide Infrastructure Inc..	USA	USD	10	100		100	Lane Industries Incorporated	line-by-line
LGV Impresa Costruzioni S.A.	Switzerland	CHF	2,000,000	100		100	CSC S.A.	line-by-line
Librino S.C.r.l. (in liq.)	Italy	Euro	45,900	66		66	Imprepar S.p.A.	line-by-line (*)
LMH_lane Cabot Yard J.V.	USA			50		50	Lane Construction Corporation	line-by-line
Melito S.C.r.l. (in liq.)	Italy	Euro	77,400	66.667		66.667	Imprepar S.p.A.	line-by-line
Mercovia S.A.	Argentina	ARS	10,000,000	60		60	Impregilo Intern. Infrastruc. N.V.	line-by-line
Metro B S.r.l.	Italy	Euro	20,000,000	52.52	52.52			line-by-line
Metro B1 S.C.a.r.l.	Italy	Euro	100,000	80.7	80.7			line-by-line
Mosconi S.r.l.	Italy	Euro	100,000	63.5		63.5	Cossi Costruzioni S.p.A.	line-by-line
PGH Ltd	Nigeria	NGN	52,000,000	100	100			line-by-line
Pietrarossa S.C.r.l. (in liq.)	Italy	Euro	10,200	100		100	Imprepar S.p.A.	line-by-line
Piscine dello Stadio S.r.l.	Italy	Euro	851,000	96.023		96.023	HCE Costruzioni S.p.A.	line-by-line
Piscine S.C.r.l. (in liq.)	Italy	Euro	10,000	70		70	HCE Costruzioni S.p.A.	line-by-line

List of Webuild Group companies

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Reggio Calabria - Scilla S.C.p.A. (in liq.)	Italy	Euro	35,000,000	51	51			line-by-line
RI.MA.TI. S.C.a.r.l. (in liq.)	Italy	Euro	100,000	83.42	83.42			line-by-line
Rivigo J.V. (Nigeria) Ltd	Nigeria	NGN	100,000,000	70		70	PGH Ltd	line-by-line
SA.PI. NOR Salini Impregilo - Pizzarotti J.V.	Norway			51	51			line-by-line
Salerno-Reggio Calabria S.C.p.A. (in liq.)	Italy	Euro	50,000,000	51	51			line-by-line
Salini - Impregilo Joint Venture for Mukorsi	Zimbabwe		-	100	99.9	0.1	Imprepar S.p.A.	line-by-line (*)
Salini Australia PTY L.t.d.	Australia	AUD	4,350,000	100	100			line-by-line
Salini Impregilo - Duha Joint Venture	Slovakia			75	75			line-by-line
Salini Impregilo - Healy J.V. (Cleveland)	USA			100	60	40	Lane Construction Corporation	line-by-line
Salini Impregilo - Healy J.V. (Tunnel 3RPORT Indiana)	USA			100	30	70	Lane Construction Corporation	line-by-line
Salini Impregilo - Healy J.V. NEBT	USA			100	30	70	Lane Construction Corporation	line-by-line
Salini Impregilo - NRW Joint Venture	Australia			80	80			line-by-line
Salini Impregilo - Tristar	United Arab Emirates			60	60			line-by-line
Salini Impregilo - US Holdings Inc.	USA	USD	1,100	100	100			line-by-line
Salini Impregilo Canada Holding Inc.	Canada			100	100			line-by-line
Salini Impregilo Civil Works	Canada			100		100	Salini Impregilo Canada Holding Inc.	line-by-line
Salini Impregilo Mobilink Hurontario GP Inc.	Canada			100		100	Salini Impregilo Canada Holding Inc.	line-by-line
Salini Impregilo S.p.A. - The Lane Construction Co. - Jose J	Argentina	ARS	10,000	75	73	2	Lane Construction Corporation	line-by-line
Salini Insaat Taahhut Sanayi Ve Ticaret Anonim Sirketi (in liq.)	Turkey	TRY	50,000	100	100			line-by-line
Salini Malaysia SDN BHD	Malaysia	MYR	1,100,000	100	90	10	CO.GE.MA. S.p.A.	line-by-line
Salini Namibia Proprietary L.t.d.	Namibia	NAD	100	100	100			line-by-line
Salini Nigeria L.t.d.	Nigeria	NGN	10,000,000	100	99	1	CO.GE.MA. S.p.A.	line-by-line
Salini Polska - Todini - Salini Impregilo - S7 JV	Poland	PLN		100	74.99	25	Salini Polska L.t.d. Liability Co 0.01 HCE Costruzioni S.p.A.	line-by-line
Salini Polska - Todini - Salini Impregilo - Pribex - S3 JV	Poland	PLN		95	71.24	23.75	Salini Polska L.t.d. Liability Co 0.01 HCE Costruzioni S.p.A.	line-by-line
Salini Polska - Todini - Salini Impregilo - Pribex - S8 JV	Poland	PLN		95	71.24	23.75	Salini Polska L.t.d. Liability Co	line-by-line

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						0.01	HCE Costruzioni S.p.A.	
Salini Polska L.t.d. Liability Co	Poland	PLN	393,450	100	100			line-by-line
Salini Saudi Arabia Company L.t.d.	Saudi Arabia	SAR	1,000,000	51	51			line-by-line
Salini-Kolin-GCF Joint Venture	Turkey	Euro	4,000	38	38			line-by-line
SC Hydro Pty Ltd	Australia			100		100	Salini Australia PTY L.t.d.	line-by-line
SCI ADI Ortakligi	Turkey	TRY	10,000	50	50			line-by-line
SCLC Polihali Diversion Tunnel J.V.	Lesotho			69.99	69.99			line-by-line
Seli Tunneling Denmark A.p.s.	Denmark	DKK	130,000	100		100	Impregilo Intern. Infrastruc. N.V.	line-by-line
SLC Snowy Hydro Joint Venure	Australia			65	64.99	0.01	Lane Construction Corporation	line-by-line
Società Autostrada Broni - Mortara S.p.A.	Italy	Euro	28,902,600	60	60			line-by-line
Suramericana de Obras Publicas C.A.- Suropca C.A.	Venezuela	VEB	2,874,118,000	100	99	1	CSC S.A.	line-by-line
TB Metro S.r.l. (in liq.)	Italy	Euro	100,000	51	51			line-by-line
Texas High Speed Rail	USA			100	50	50	Lane Construction Corporation	line-by-line
The Lane Blythe Construction J.V.	USA			50		50	Lane Construction Corporation	line-by-line
Thessaloniki Metro CW J.V. (AIS JV)	Greece			50	50			line-by-line
Todini Akkord Salini	Ukraine			100	25	75	HCE Costruzioni S.p.A.	line-by-line
Trincerone Ferroviario S.C.r.l. (in liq.)	Italy	Euro	45,900	100		100	Imprepar S.p.A.	line-by-line (*)
Western Station J.V.	Saudi Arabia			51	51			line-by-line
Abeinsa Infr. e Fisia Italimpianti UTE Salalah	Spain			51		51	Fisia Italimpianti S.p.A.	joint oper.
Arge Tulfes Pfons	Austria	Euro	1,000	49	49			joint oper.
Arriyad New Mobility Consortium	Saudi Arabia			33.48	33.48			joint oper.
BSS J.V. - Air Academy project	Saudi Arabia			37.5	37.5			joint oper.
Civil Works Joint Ventures	Saudi Arabia			59.14	52	7.14	Salini Saudi Arabia Company L.t.d.	joint oper.
CMC - Mavundla - Impregilo J.V.	South Africa			39.2	39.2			joint oper.
Consorcio Amancae	Peru			40	40			joint oper.
Consorcio Contuy Medio Grupo A C.I. S.p.A. Ghella Sogene C.A.,	Venezuela			36.4	36.4			joint oper.
Consorzio Constructor M2 Lima	Peru			25.5	25.5			joint oper.

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Fisia Abeima Salalah J.V.	Oman	OMR		35.7		35.7	Fisia LLC	joint oper.
Fisia Italmimpianti suc. Argentina-Acciona Agua suc. Argentina UTE	Argentina			65		65	Fisia Italmimpianti filiale Argentina	joint oper.
Ghazi-Barotha Contractors J.V.	Pakistan			57.8	57.8			joint oper.
Impregilo-Healy-Parsons J.V.	USA	USD		65	45	20	Lane Construction Corporation	joint oper. (*)
Mobilinx Hurontario Contractor	Canada			42		42	Salini Impregilo Civil Works	joint oper.
Mobilinx Hurontario DBJV	Canada			29.215		29.215	Mobilinx Hurontario Contractor	joint oper.
Nathpa Jhakri J.V.	India	USD	1,000,000	60		60	Imprepar S.p.A.	joint oper.
NGE Genie Civil S.a.s. - Salini Impregilo S.p.A.	France			50	50			joint oper.
Sailini Impregilo - NGE Genie Civil S.a.s	France			65	65			joint oper.
South Al Mutlaa J.V.	Kuwait			55	55			joint oper.
Tristar Salini Joint Venture	United Arab Emirates			40	40			joint oper. (a)
UTE Abeima Fisia Shoaibah	Saudi Arabia			50		50	Fisia Italmimpianti S.p.A.	joint oper.
Aegek-Impregilo-Aslom J.V.	Greece			45.8	45.8			equity
AGL Constructor JV	USA			20		20	Lane Construction Corporation	equity
Aguas del Gran Buenos Aires S.A. (in liq.)	Argentina	ARS	45,000,000	42.589	16.504	23.727	Impregilo Intern. Infrastruc. N.V. Iglys. S.A.	equity
Arge Haupttunnel Eyholz	Switzerland			36		36	CSC S.A.	equity
Arge Sisto N8	Switzerland			50		50	CSC S.A.	equity
Autopistas del Sol S.A.	Argentina	ARS	175,396,394	19.818		19.818	Impregilo Intern. Infrastruc. N.V.	equity
Barnard Impregilo Healy J.V.	USA			45	25	20	Lane Construction Corporation	equity
C.P.R.2	Italy	Euro	2,066	35.97		35.97	Imprepar S.p.A.	equity
C.P.R.3	Italy	Euro	2,066	35.97		35.97	Imprepar S.p.A.	equity
Cagliari 89 S.C.r.l. (in liq.)	Italy	Euro	10,200	49		49	Imprepar S.p.A.	equity
CGR Consorzio Galliera Roveredo	Switzerland			37.5		37.5	CSC S.A.	equity
Churchill Construction Consortium	GB			30		30	Impregilo New Cross Ltd	equity
Churchill Hospital J.V.	GB			50		50	Impregilo New Cross Ltd	equity
CMC - Consorzio Monte Ceneri lotto 851	Switzerland			40		40	CSC S.A.	equity

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CMR Consorzio	Switzerland			47.5		47.5	CSC S.A.	equity
Consorcio Contuy Medio	Venezuela			29.04	29.04			equity
Consorcio Federici/Impresit/Ice Cochabamba	Bolivia	USD	100,000	25		25	Imprepar S.p.A.	equity
Consorcio Grupo Contuy-Proyectos y Obras de	Venezuela			33.329	33.329			equity
Consorcio Normetro	Portugal			13.18	13.18			equity
Consorcio OIV-TOCOMA	Venezuela			40	40			equity
Consorcio V.I.T. - Tocoma	Venezuela			35	35			equity
Consorcio V.I.T. Caroni - Tocoma	Venezuela			35	35			equity
Consorcio V.S.T. Tocoma	Venezuela			30	30			equity
Consortium CSC S.A.-Zuttion Construction S.A.	Switzerland			50		50	CSC S.A.	equity
Consortium CSC Zuttion	Switzerland			50		50	CSC S.A.	equity
Consortium Zuttion Constructions-CSC-Orrlati	Switzerland			40		40	CSC S.A.	equity
Consorzio 201 Quintai	Switzerland			60		60	CSC S.A.	equity
Consorzio 202 Quintai	Switzerland			30		30	CSC S.A.	equity
Consorzio ACE Chiasso	Switzerland			50		50	CSC S.A.	equity
Consorzio ACE Chiasso 2	Switzerland			50		50	CSC S.A.	equity
Consorzio Astaldi-Federici-Todini (in liq.)	Italy	Euro	46,000	33.34		33.34	HCE Costruzioni S.p.A.	equity
Consorzio Astaldi-Federici-Todini Kramis	Italy	Euro	100,000	49.995		49.995	HCE Costruzioni S.p.A.	equity
Consorzio Cà di Ferro	Switzerland			50		50	CSC S.A.	equity
Consorzio Cavalcavia A2 - Nodo di Camorino	Switzerland			33.34		33.34	LGV Impresa Costruzioni S.A.	equity
Consorzio CEMS	Switzerland			33.4		33.4	CSC S.A.	equity
Consorzio Coltum	Switzerland			50		50	CSC S.A.	equity
Consorzio del Sinni	Italy	Euro	51,646	43.16		43.16	Imprepar S.p.A.	equity
Consorzio di Riconversione Industriale Apuano - CO.RI.A. S.C.R.L.	Italy	Euro	46,481	10		10	Imprepar S.p.A.	equity
Consorzio EPC	Peru			18.25	18.25			equity
Consorzio Ferrofir (in liq.)	Italy	Euro	30,987	33.333		33.333	Imprepar S.p.A.	equity
Consorzio Ferroviario Milanese (in liq.)	Italy	Euro	154,937	18.26		18.26	Imprepar S.p.A.	equity

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Consorzio H20 Morobbia	Switzerland			50		50	CSC S.A.	equity
Consorzio Hirpinia AV	Italy	Euro	10,000	60	60			equity
Consorzio Imprese Lavori FF.SS. di Saline - FEIC	Italy	Euro	15,494	33.333		33.333	Imprepar S.p.A.	equity
Consorzio Iniziative Ferroviarie - INFER	Italy	Euro	41,316	35.001		35.001	Imprepar S.p.A.	equity
Consorzio Iricav Due	Italy	Euro	510,000	34.09	34.09			equity
Consorzio Kallidromo	Greece	Euro	8,804	23		23	HCE Costruzioni S.p.A.	equity
Consorzio Lotto 202 Cossi-LGV	Switzerland	Euro		74.45		44.45	Cossi Costruzioni S.p.A. 30 LGV Impresa Costruzioni S.A.	equity
Consorzio Lotto 742-01	Switzerland			50		50	LGV Impresa Costruzioni S.A.	equity
Consorzio Lotto 822 - Vezia	Switzerland			33.34		33.34	LGV Impresa Costruzioni S.A.	equity
Consorzio Masnan	Switzerland			70		70	CSC S.A.	equity
Consorzio Matro Sud	Switzerland			20.89		8.89	Cossi Costruzioni S.p.A. 12 LGV Impresa Costruzioni S.A.	equity
Consorzio MEGE	Switzerland			25		25	CSC S.A.	equity
Consorzio MM4	Italy	Euro	200,000	32.135	32.135			equity
Consorzio NOG.MA (in liq.)	Italy	Euro	600,000	16.767		16.767	Imprepar S.p.A.	equity
Consorzio Piottino	Switzerland			45		25	CSC S.A. 20 LGV Impresa Costruzioni S.A.	equity
Consorzio Pizzarotti Todini-Kef- Eddir. (in liq.)	Italy	Euro	100,000	50		50	HCE Costruzioni S.p.A.	equity
Consorzio Portale Vezia (CPV Lotto 854)	Switzerland			60		60	CSC S.A.	equity
Consorzio Probin	Switzerland			50		50	CSC S.A.	equity
Consorzio Sarda Costruzioni Generali - SACOGEN	Italy			25		25	Imprepar S.p.A.	equity
Consorzio Sardo d'Imprese (in liq.)	Italy	Euro	103,291	34.38		34.38	Imprepar S.p.A.	equity
Consorzio TDB Teris - 2	Switzerland			25		25	LGV Impresa Costruzioni S.A.	equity
Consorzio Trevi - S.G.F. INC per Napoli	Italy	Euro	10,000	45	45			equity
Consorzio Vedeggio	Switzerland			99		99	CSC S.A.	equity
Consorzio Vertiaz	Switzerland			100	0.01	99.99	CSC S.A.	equity

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Consorzio Zeb	Switzerland			25		25	CSC S.A.	equity
Depurazione Palermo S.C.r.l. (in liq.)	Italy	Euro	10,200	50		50	Imprepar S.p.A.	equity
E.R. Impregilo/Dumez y Asociados para Yaciretê - EDIL.CRO S.C.r.l. (in liq.)	Argentina	USD	539,400	20.75	18.75	2	Iglys S.A.	equity
Enecor S.A.	Argentina	ARS	8,000,000	30		30	Impregilo Intern. Infrastruc. N.V.	equity
Eurolink S.C.p.A.	Italy	Euro	150,000,000	45	45			equity
Fisia Abeima LLC	Saudi Arabia	SAR	500,000	50		50	Fisia Italimpianti S.p.A.	equity
Flatiron West Inc.- The Lane Constr. Corp. J.V.	USA			40		40	Lane Construction Corporation	equity
Flatiron-Lane J.V.	USA			45		45	Lane Construction Corporation	equity
Fluor-Lane 95 LLC	USA			35		35	Lane Construction Corporation	equity
Fluor-Lane LLC	USA			35		35	Lane Construction Corporation	equity
Fluor-Lane South Carolina LLC	USA			45		45	Lane Construction Corporation	equity
Forum S.C.r.l.	Italy	Euro	51,000	20	20			equity
Gaziantep Hastane Sanglik Hizmetleri Isletme Yatrim Joint	Turkey	TRY	175,200,000	24.5	24.5			equity
Gaziantep Hastanesi Isletme Ve Bakim Hizmetleri	Turkey	TRY	6,050,000	50	50			equity
Gemma-Lane Liberty Partners	USA			10		10	Lane Construction Corporation	equity
Gemma-Lane Patriot Partners	USA			10		10	Lane Construction Corporation	equity
Grupo Empresas Italianas - GEI	Venezuela	VEB	10,500,000	33.333	33.333			equity
Grupo Unidos Por el Canal S.A.	Panama	USD	1,000,000	48	48			equity
I4 Leasing LLC	USA			30		30	Lane Construction Corporation	equity
Impregilo Arabia Ltd	Saudi Arabia	SAR	40,000,000	50	50			equity
Impresit Bakolori Plc	Nigeria	NGN	100,800,000	50.707	50.707			equity
Interstate Healy Equipment J.V.	USA			45		45	Lane Construction Corporation	equity
IRINA S.r.l. (in liq.)	Italy	Euro	103,300	36		36	Imprepar S.p.A.	equity
Isarco S.C.r.l.	Italy	Euro	10,000	41	41			equity
Isibari S.C.r.l. (in liq.)	Italy	Euro	15,300	100		100	Imprepar S.p.A.	equity
J.V. Salini Impregilo - Doprastav	Czech Rep.			50	50			equity

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Joint Venture Aegek-Impregilo-Ansaldo-Seli-Ansaldobreda	Greece			26.7	26.7			equity
Joint Venture Impregilo S.p.A. - Empedos S.A. - Aktor A.T.E. (in	Greece			66		66	Imprepar S.p.A.	equity
Joint Venture Terna - Impregilo	Greece			45	45			equity
Kallidromo Joint Venture	Greece	Euro	29,347	23		20.7	HCE Costruzioni S.p.A.	equity
						2.3	Consorzio Kallidromo	
La Quado S.C.a.r.l. (in liq.)	Italy	Euro	10,000	35		35	Imprepar S.p.A.	equity
Line 3 Metro Stations	Greece			50	50			equity
Metro Blu S.C.r.l.	Italy	Euro	10,000	50	50			equity
Metro de Lima Linea 2 S.A.	Peru	PEN	368,808,060	18.25	18.25			equity
Metrogenova S.C.r.l.	Italy	Euro	25,500	35.627	35.627			equity
Mobilink Hurontario General Partnership	Canada			21		21	Salini Impregilo Mobilink Hur. GP Inc.	equity (a)
Napoli Cancellò Alta Velocità S.C.r.l.	Italy	Euro	10,000	60	60			equity
Ochre Solutions Holdings Ltd	GB	GBP	20,000	40		40	Impregilo Intern. Infrastruc. N.V.	equity
Olbia 90 S.C.r.l. (in liq.)	Italy	Euro	10,200	24.5		24.5	Imprepar S.p.A.	equity
Pantano S.C.r.l. (in liq.)	Italy	Euro	40,800	10.5		10.5	Imprepar S.p.A.	equity
Passante di Mestre S.C.p.A. (in liq.)	Italy	Euro	6,500,000	42.424		42.424	Imprepar S.p.A.	equity
Passante Dorico S.p.A.	Italy	Euro	24,000,000	47	47			equity
Pedelombarda S.C.p.A.	Italy	Euro	80,000,000	47	47			equity
Pedemontana Veneta S.p.A. (in liq.)	Italy	Euro	6,000,000	21.345		21.345	Imprepar S.p.A.	equity
PerGenova S.C.p.A.	Italy	Euro	1,000,000	50	50			equity
Puentes del Litoral S.A. (in liq.)	Argentina	ARS	43,650,000	26	22	4	Iglys S.A.	equity
Purple Line Transit Constructors LLC	USA			30		30	Lane Construction Corporation	equity
Rasoira Consorzio	Switzerland			50		50	CSC S.A.	equity
Renovation Palais Des Nations S.A.	Switzerland	CHF	100,000	17		17	CSC S.A.	equity
S. Agata FS S.C.r.l.	Italy	Euro	20,000	60	60			equity
S. Anna Palermo S.C.r.l. (in liq.)	Italy	Euro	40,800	71.6	71.6			equity
S. Ruffillo S.C.r.l.	Italy	Euro	60,000	35	35			equity

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Salini Impregilo - Kolin	Turkey			50.01	50.01			equity (a)
Salini Strabag Joint Ventures	Guinea	Euro	10,000	50	50			equity
San Benedetto S.C.r.l. (in liq.)	Italy	Euro	25,823	57		57	Imprepar S.p.A.	equity
Sclafani S.C.r.l. (in liq.)	Italy	Euro	10,400	41		41	Imprepar S.p.A.	equity
SEDI S.C.r.l.	Italy	Euro	10,000	34		34	HCE Costruzioni S.p.A.	equity
Segrate S.C.r.l.	Italy	Euro	10,000	35	35			equity
Sellero S.C.r.l. (in liq.)	Italy	Euro	10,000	24.765		24.765	Cossi Costruzioni S.p.A.	equity
SFI Leasing Company	USA			30	30			equity
Shimmick CO. INC. - FCC CO S.A. - Impregilo S.p.A. - J.V.	USA			30	30			equity
Sibar Arge	Switzerland			60		60	CSC S.A.	equity
Sirjo S.C.p.A.	Italy	Euro	30,000,000	40	40			equity
Sistranyac S.A.	Argentina	ARS	3,000,000	20.101		20.101	Impregilo Intern. Infrastruc. N.V.	equity
Skanska-Granite-Lane J.V.	USA			30		30	Lane Construction Corporation	equity
Soingit S.C.r.l. (in liq.)	Italy	Euro	41,317	29.489		29.489	Imprepar S.p.A.	equity
SPV Linea M4 S.p.A.	Italy	Euro	49,345,500	9.634	9.634			equity
Tartano S.r.l. Società Agricola	Italy	Euro	110,000	20.638		20.638	Cossi Costruzioni S.p.A.	equity
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A.-Iglys S.A. UTE	Argentina			35	26.25	8.75	Iglys S.A.	equity
TM-Salini Consortium	Malaysia			90	90			equity
Todedil S.C.r.l. (in liq.)	Italy	Euro	10,200	100		100	Imprepar S.p.A.	equity
Trieste Due S.C.a.r.l. (in liq.)	Italy	Euro	10,000	28,575		28,575	Cossi Costruzioni S.p.A.	equity
Unionport Constructors J.V.	USA			45		45	Lane Construction Corporation	equity
Valdostana Condotte - Cossi	Italy	Euro	100,000	12.7		12.7	Cossi Costruzioni S.p.A.	equity
VE.CO. S.C.r.l.	Italy	Euro	10,200	25	25			equity
Yacylec S.A.	Argentina	ARS	20,000,000	18.67		18.67	Impregilo Intern. Infrastruc. N.V.	equity
Yuma Concessionaria S.A.	Colombia	COP	26,000,100,000	48.326	40	8.326	Impregilo Intern. Infrastruc. N.V.	equity
Acqua Campania S.p.A.	Italy	Euro	4,950,000	0.1		0.1	Impregilo Intern. Infrastruc. N.V.	cost
CE.DI.R. S.C.r.l. (in liq.)	Italy	Euro	10,200	1		1	Imprepar S.p.A.	cost

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Consorzio Aree Industriali Potentine (in liq.)	Italy	Euro	408,000	2		2	Fisia Ambiente S.p.A.	cost
Consorzio Casale Nei	Italy	Euro	27,888	2.779		2.779	Imprepar S.p.A.	cost
Consorzio Costruttori TEEM	Italy	Euro	10,000	0.01		0.01	Imprepar S.p.A.	cost
Consorzio infrastruttura area metropolitana - Metro Cagliari (in	Italy	Euro	129,114	7.5		7.5	Imprepar S.p.A.	cost
Consorzio Nazionale Imballaggi - CO.NA.I.	Italy	Euro	130	1	1			cost
Consorzio Terme di Sardara - CON.TER.SAR. (in liq.)	Italy			0.1		0.1	Imprepar S.p.A.	cost
Emittenti Titoli S.p.A. (in liq.)	Italy	Euro	4,264,000	0.244	0.244			cost
Grassetto S.p.A. (in liq.)	Italy	Euro	56,941,500	0.001		0.001	Imprepar S.p.A.	cost
Hobas Italiana S.p.A. (in liq.)	Italy			8.829		8.829	Imprepar S.p.A.	cost
Immobiliare Golf Club Castel D'Aviano S.r.l.	Italy	Euro	3,891,720	0.444		0.444	Imprepar S.p.A.	cost
Impregilo S.p.A.-Avax S.A.-Ate Gnomon S.A., J.V.	Greece	GRD	3,000,000	1		1	Imprepar S.p.A.	cost
Istituto per lo Sviluppo Edilizio ed Urbanistico - ISVEUR S.p.A. (in	Italy	Euro	2,500,000	2.4	1	1.4	Imprepar S.p.A.	cost
Istituto Promozionale per l'Edilizia S.p.A. - Ispredil S.p.A.	Italy	Euro	111,045	0.119		0.119	ILIM Srl	cost
Joint Venture Aktor S.A. - Impregilo S.p.A.	Greece			0.1	0.1			cost
Lambro S.C.r.l.	Italy	Euro	200,000	0.01		0.01	Imprepar S.p.A.	cost
Lane Solid - Tadmur Joint Venture	Qatar			0.49		0.49	Lane Mideast Qatar LLC	cost (*)
Manifesto S.p.A. (in liq.)	Italy			0.36		0.36	CO.GE.MA. S.p.A.	cost
Markland S.r.l. (in liq.)	Italy	Euro	66,810	1.9	1.9			cost
Nomisma - Società di Studi Economici S.p.A.	Italy	Euro	6,605,830	0.245		0.245	Imprepar S.p.A.	cost
Normetro - Agrupamento Do Metropolitano Do Porto, ACE	Portugal	PTE	100,000	2.12		2.12	Imprepar S.p.A.	cost
S.I.MA. GEST 3 S.C.r.l. (in liq.)	Italy	Euro	50,000	0.01		0.01	Imprepar S.p.A.	cost
Salini Impregilo Bin Omran J.V.	Qatar			50	50			cost
Skiarea Valchiavenna S.p.A.	Italy	Euro	10,568,180	0.925		0.925	Imprepar S.p.A.	cost
Tangenziale Esterna S.p.A.	Italy	Euro	464,945,000	0.001	0.001			cost
Todini-Impregilo Almaty Khorgos J.V.	Kazakhstan			0.01	0.01			cost
Transmetro - Construcão de Metropolitano A.C.E.	Portugal			5		5	Imprepar S.p.A.	cost
Valtellina Golf Club S.p.A.	Italy	Euro	2,813,300	0.404		0.292	Cossi Costruzioni S.p.A.	cost

List of Webuild Group companies

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
						0.112	Mosconi S.r.l.	
Wurno Construction Materials - WUCOMAT Ltd	Nigeria	NGN	3,300,000	5.071		5.071	Impresit Bakolori Plc	cost

(§) Investment percentage changed due to the resolutions passed on 19 December 2019

(*) No longer included in the consolidation scope (HFM) but still in the list of companies

(a) Not yet active and, therefore, excluded from consolidation scope (HFM)

The following companies have been included in the list since 1 January 2020:

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
SC Hydro Pty Ltd	Australia			100		100	Salini Australia PTY L.t.d.	line-by-line
BSS JV	Saudi Arabia			37.5	37.5			joint oper.
Consorzio Vertiaz	Switzerland			100	0.01	99.99	CSC S.A.	equity
Consorzio MEGE	Switzerland			25		25	CSC S.A.	equity
Consorzio Cà di Ferro	Switzerland			50		50	CSC S.A.	equity
Rasoira Consorzio	Switzerland			50		50	CSC S.A.	equity

The following companies have been excluded from the list since 1 January 2020:

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Lane National Contracting Joint Venures	United Arab Emirates			24.99		24.99	Lane Mideast Contracting LLC	line-by-line
Groupement Todini - EHTP (ex Hamila)	Tunisia			100		100	HCE Costruzioni S.p.A.	line-by-line
Salini Impregilo - Salini Insaat - NTF J.V. (in liq.)	Turkey			85	55	30	Salini Insaat T.S.V.T.A.S.	line-by-line
Consorcio Agua Azul S.A.	Peru	PEN	69,001,000	25.5		25.5	Impregilo Intern. Infrastruc. N.V.	equity
Consorcio Cigla-Sade	Brazil			50		50	Cigla S.A.	equity
Joint Venture Aktor Ate - Impregilo S.p.A. (Constantinos)	Greece			40	40			equity
Consorcio V.S.T. (in liq.)	Venezuela			35		35	Suropca C.A.	equity

The percentages of the following companies have changed since 1 January 2020:

	Country	Currency	Share/quota capital subscribed	Investment %	% direct	% indirect	Investment held by	Consolidation or measurement method
Piscine dello Stadio S.r.l.	Italy	Euro	851,000	96.023		96.023	HCE Costruzioni S.p.A.	line-by-line
Todedil S.c.r.l. (in liq.)	Italy	Euro	10,200	100		100	Imprepar S.p.A.	equity

Statement on the condensed interim consolidated financial statements

pursuant to article 81-ter of Consob regulation no. 11971 of 14 May 1999 and subsequent amendments and integrations

- 1 Pietro Salini, as chief executive officer, and Massimo Ferrari, as manager in charge of financial reporting, of Webuild S.p.A., considering the provisions of article 154-bis.3/4 of Legislative decree no. 58 of 24 February 1998, state:
 - that the administrative and accounting procedures are adequate given the Group's characteristics; and
 - that they were actually applied during the first half of 2020 to prepare the condensed interim consolidated financial statements.

- 2 No significant issues arose.

- 3 Moreover, they state that:
 - 3.1 the condensed interim consolidated financial statements:
 - a) have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002;
 - b) are consistent with the accounting records and entries;
 - c) are suitable to give a true and fair view of the financial position at 30 June 2020 and the results of operations and cash flows for the six months then ended of the Issuer and its consolidated companies;
 - 3.2 The Directors' report includes a reliable analysis of the key events that took place during the period and their impact on the condensed interim consolidated financial statements, together with information about the main risks and uncertainties to which the group is exposed for the second half of the year. It also sets out a reliable analysis of relevant related party transactions.

Milan, 29 July 2020

Chief executive officer

Manager in charge of financial reporting

Pietro Salini

Massimo Ferrari

(signed on the original)

(signed on the original)

Report on review of condensed interim consolidated financial statements



KPMG S.p.A.
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(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

*To the shareholders of
Webuild S.p.A.*

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Webuild Group, comprising the statement of financial position as at 30 June 2020, the statements of profit or loss, comprehensive income, cash flows and changes in equity for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of the review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Webuild Group as at and for the six months ended 30 June 2020 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Emphasis of matter

Without modifying our conclusion, we draw attention to the disclosures provided by the directors about the significant litigation and exposure to countries with risk and/or uncertainty profiles. Reference should be made to the "Main risk factors and uncertainties" section of the directors' report and the notes to the condensed interim consolidated financial statements.

Milan, 31 July 2020

KPMG S.p.A.

(signed on the original)

Paola Maiorana
Director of Audit