

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

Interim financial report

30 June 2019

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

Salini Impregilo S.p.A.

Share capital €544,740,000

Registered office in Milan, Via dei Missaglia 97

Tax code and Milan Company Registration no. 00830660155

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

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Company officers

Board of directors (i)

| | |
|-------------------------|--|
| Chairperson | Alberto Giovannini ¹ |
| Deputy chairperson | Nicola Greco |
| Chief executive officer | Pietro Salini |
| Directors | Marina Broqi Giuseppina Capaldo Mario Giuseppe Cattaneo Roberto Cera Maria Raffaella Leone Geert Linnebank Giacomo Marazzi Ferdinando Parente Franco Passacantando Laudomia Pucci Alessandro Salini Grazia Volo |

Control and risk committee

| | |
|-------------|---|
| Chairperson | Mario Giuseppe Cattaneo Marina Broqi Giuseppina Capaldo Nicola Greco Franco Passacantando Ferdinando Parente |
|-------------|---|

Compensation and nominating committee

| | |
|-------------|---|
| Chairperson | Marina Broqi Geert Linnebank Laudomia Pucci |
|-------------|---|

Committee for related-party transactions

| | |
|-------------|--|
| Chairperson | Ferdinando Parente Giuseppina Capaldo Geert Linnebank Giacomo Marazzi |
|-------------|--|

Board of statutory auditors (ii)

| | |
|-------------------------------|---|
| Chairperson | Giacinto Gaetano Sarubbi |
| Standing statutory auditors | Alessandro Trotter Teresa Cristiana Naddeo |
| Substitute statutory auditors | Piero Nodaro Roberto Cassader |

Independent auditors (iii)

KPMG S.p.A.

- (i) Appointed by the shareholders on 30 April 2018; in office until approval of the financial statements as at and for the year ending 31 December 2020.
- (ii) Appointed by the shareholders on 27 April 2017; in office until approval of the financial statements as at and for the year ending 31 December 2019.
- (iii) Engaged by the shareholders on 30 April 2015; term of engagement from 2015 to 2023.

¹ Until his passing away on 24 April 2019

Key events of the period

February 2019

Contract awarded in the Czech Republic worth €225 million

On 6 February 2019, the Group was awarded a contract worth €225 million to build a motorway section in the south of this country. Salini Impregilo and its joint-venture partner Doprastav of Slovakia will build Lot 2 of a section of the D3 motorway, which bypasses the town of Ceskie Hodejovice near the Austrian border.

Acquisition of Cossi Construction

On 13 February 2019, Salini Impregilo entered into preliminary agreements with Società Italiana Condotte d'Acqua S.p.A. under extraordinary administration and Ferfina S.p.A. under extraordinary administration for the sale of their equity investments in Cossi Costruzioni S.p.A. of 75.01% and 4.99%, respectively.

The acquisition agreement was signed on 29 March 2019 and the shareholders of Cossi Costruzioni S.p.A. subsequently met in an extraordinary meeting on 8 April 2019. They approved a capital increase which was fully subscribed by Banca Popolare di Sondrio Soc. Coop. P.A. after the parent waived its first option right. The bank subsequently sold part of its investment to Liri S.r.l..

As a result, Salini Impregilo S.p.A. controls Cossi Costruzioni S.p.A. with a 63.5% stake. The two non-controlling investors are Banca Popolare di Sondrio Soc. Coop. P.A. and Liri S.r.l. with 18.25% each.

March 2019

Contract worth USD520 million awarded in Florida (USA)

On 25 March 2019, The Lane Construction Corporation won a contract worth approximately USD520 million to build the Caloosahatchee (C43) West Basin Storage Reservoir in southern Florida. The project was commissioned by the South Florida Water Management District and is part of the Comprehensive Everglades Restoration Plan to requalify the swampy land and contain wastewater discharges.

Contract worth approximately €610 million for the high capacity Naples - Bari railway section

On 29 March 2019, the Group was awarded a contract for approximately €610 million to build a section of the high capacity railway line between Naples and Bari.

Leading a joint venture which includes Astaldi, Salini Impregilo (60% share) will build the 18.7 km Apice - Hirpinia section.

April 2019

Contract worth roughly AUD5.1 billion in Australia

On 4 April 2019, the Group signed a contract worth roughly AUD5.1 billion (the equivalent of approximately €3.2 billion) to carry out civil works and the electromechanical component of the Snowy 2.0 project.

Salini Impregilo is the leader of the Future Generation joint venture with a 65% combined majority stake, equal to around AUD3.3 billion (the equivalent of approximately €2.1 billion). The other joint venturer is the Australian company Clough (35%).

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

May 2019

Contract worth roughly €530 million awarded in Turkey

On 10 May 2019, the Group won a contract worth roughly €530 million as leader of a joint venture (50.01%) with Kolin İnşaat Turizm Sanayi ve Ticaret A.Ş. to build a 153 km section of the new high speed Orient Express railway line which will cross the European part of Turkey from Istanbul to the Bulgarian border.

The project, overseen by the Directorate General of Turkish State Railways and funded by the European Union in Euros via the European Investment Bank ("EIB"), will reduce travel times, increase safety and contribute to the development of the region.

June 2019

Contract worth roughly USD215 million awarded in Argentina

On 28 June 2019, the group company Fisia italmimpianti acquired a contract worth roughly USD215 million to build Lot 2 of the Riachuelo system in Buenos Aires, Argentina. This mega engineering and infrastructure project will reduce pollution in the basin and Rio de la Plata, which Argentina's most polluted river Riachuelo River flows into.

With this contract, performed for AySa (Agua y Saneamientos Argentinos S.A.), Salini Impregilo Group, which is already involved in Lot 3 of the Riachuelo system, confirms its strategic role in the development of an important project to fight pollution in the Argentine capital.

Directors' report - Part I

Initial considerations on the comparability of management accounts figures

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

Financial highlights

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

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

As a result, the Group has adjusted its IFRS accounting figures to reflect the effects summarised below and for the purposes of greater comparability between the two periods.

Joint ventures not controlled by Lane

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

IFRS 16 – Leases

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

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

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

Adjusted reclassified statement of profit or loss

| (in millions of Euros) | 1st half 2018 adjusted | | | | 1st half 2019 adjusted | | |
|---|-----------------------------|---|-------------------------|----------------|------------------------|---|----------------|
| | Salini Impregilo Group (\$) | Joint ventures not controlled by Lane (*) | Effects of IFRS 16 (**) | Total adjusted | Salini Impregilo Group | Joint ventures not controlled by Lane (*) | Total adjusted |
| Revenue | 2,504.0 | 109.6 | - | 2,613.6 | 2,582.0 | 127.9 | 2,709.9 |
| Gross operating profit (EBITDA) | 197.6 | 7.5 | 10.8 | 215.9 | 241.9 | (3.3) | 238.6 |
| <i>Gross operating profit margin (EBITDA) %</i> | <i>7.9%</i> | <i>6.8%</i> | | <i>8.3%</i> | <i>9.4%</i> | <i>-2.6%</i> | <i>8.8%</i> |
| Operating profit (EBIT) | 103.6 | 7.5 | 1.1 | 112.2 | 141.1 | (3.3) | 137.8 |
| <i>R.o.S. %</i> | <i>4.1%</i> | <i>6.8%</i> | | <i>4.3%</i> | <i>5.5%</i> | <i>-2.6%</i> | <i>5.1%</i> |
| Net financing costs | (16.7) | - | (1.9) | (18.6) | (26.8) | - | (26.8) |
| Net gains on equity investments | 11.2 | (7.5) | - | 3.7 | 7.5 | 3.3 | 10.8 |
| Profit before tax (EBT) | 98.1 | - | (0.8) | 97.3 | 121.8 | - | 121.8 |
| Income taxes | (40.9) | - | - | (40.9) | (47.2) | - | (47.2) |
| Profit from continuing operations | 57.2 | - | (0.8) | 56.4 | 74.5 | - | 74.5 |
| Loss from discontinued operations | (9.3) | - | - | (9.3) | (0.2) | - | (0.2) |
| Non-controlling interests | 12.0 | - | - | 12.0 | (11.1) | - | (11.1) |
| Profit for the period attributable to the owners of the parent | 59.9 | - | (0.8) | 59.1 | 63.3 | - | 63.3 |

(§) The statement of profit or loss figures for the first half of 2018 have been restated to comply with IAS 29.

(*) 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 2018 have been restated using the best estimates available to reflect the application of IFRS 16 as described in the "Initial considerations on the comparability of management account figures" section.

Adjusted revenue for the period is €2,709.9 million compared to €2,613.6 million for the corresponding period of 2018. It includes revenue of the unconsolidated joint ventures of Lane of €127.9 million and €109.6 million, respectively. The main factors contributing to the adjusted revenue are some large projects and, specifically, Lane's projects, the high speed/capacity railway works for the Milan - Genoa railway line section, the Ethiopian contracts, the South Al Mutlaa Housing Project in Kuwait and Line 3 of the Riyadh metro in Saudi Arabia.

The adjusted gross operating profit for the six months amounts to €238.6 million (€215.9 million) while the adjusted operating profit comes to €137.8 million (€112.2 million).

The adjusted gross operating profit is equal to 8.8% of revenue (8.3%) and the adjusted R.o.S. is 5.1% (4.3%).

The adjusted net financing costs approximate €26.8 million compared to €18.6 million for the corresponding period of 2018. They include:

- financial expense of €58 million (€56.9 million); partly offset by:
- financial income of €22.2 million (€23.7 million);
- net exchange gains of €9 million (€14.6 million).

The rise in financial expense is mostly due to the effect of the measurement of loan assets recognised at 30 June 2019 in accordance with IFRS 9. Net of this effect, financial expense would have been lower than the corresponding period of 2018 due to the redemption of the unsecured senior bonds in August 2018.

Net exchange gains of €9 million reflect mainly the US dollar's appreciation vis-à-vis the Euro.

The profit before tax amounts to €121.8 million, an improvement on the balance of €97.3 million for the corresponding period of 2018.

The income taxes for the period are €47.2 million (€40.9 million).

The loss from discontinued operations of €0.2 million (€9.3 million) entirely reflects the costs of the USW Campania business unit for the period. The loss for the corresponding period of 2018 also included the loss of €9 million made by Lane's Plants & Paving Division sold in December 2018.

Non-controlling interests amount to a profit of €11.1 million. They mainly relate to the group companies working in Saudi Arabia on the construction of Line 3 of the Riyadh metro (profit of around €7.1 million). The loss for the corresponding period of 2018 was due to the allocation of the loss for that period to non-controlling interests.

Adjusted net financial indebtedness

| | 30 June 2018 | | | 30 June 2019 |
|-----------------------------------|------------------------|-----------------|------------------|------------------------|
| | Salini Impregilo Group | IFRS 16 FTA (*) | Total adjusted | Salini Impregilo Group |
| (in millions of Euros) | | | | |
| Net financial indebtedness | (1,107.5) | (79.7) | (1,187.2) | (1,103.7) |
| Gross indebtedness | (2,507.2) | (79.7) | (2,586.9) | (2,399.8) |

(*) The figures at 30 June 2018 have been adjusted using the best estimates available to reflect the application of IFRS 16 as described in the "Initial considerations on the comparability of the management accounts figures" section for comparability purposes.

Adjusted net financial indebtedness has improved by roughly €83.5 million compared to 30 June 2018 considering the higher financial liabilities due to application of IFRS 16 (from €1,187.2 million at 30 June 2018 to €1,103.7 million at 30 June 2019), while gross indebtedness decreased by around €187.1 million.

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

Restatement of the statement of profit or loss figures for the first six months of 2018

As required by IAS 29 – Financial reporting in hyperinflationary economies, the Group has restated its reclassified statement of profit or loss account figures for the first half of 2018 as shown in the following table.

Note 1 to the condensed interim consolidated financial statements provides more information about the calculation of the carrying amounts.

Reclassified statement of profit or loss for the six months ended 30 June 2018

| | 1st half 2018 | Effects of IAS 29 | 1st half 2018 |
|--|--------------------|----------------------|--------------------|
| (€'000) | Published | | Restated |
| Total revenue | 2,514,628 | (10,628) | 2,504,000 |
| Operating expenses | (2,312,274) | 5,919 | (2,306,355) |
| Gross operating profit (EBITDA) | 202,354 | (4,709) | 197,645 |
| Gross operating profit margin (EBITDA) % | 8.0% | | 7.9% |
| Amortisation, depreciation, provisions and impairment losses | (93,795) | (284) | (94,079) |
| Operating profit (EBIT) | 108,559 | (4,993) | 103,566 |
| Return on Sales % | 4.3% | | 4.1% |
| Financing income (costs) and gains (losses) on equity investments | | | |
| Net financing costs | (15,077) | (1,663) | (16,740) |
| Net gains on equity investments | 11,343 | (104) | 11,239 |
| Net financing costs and net gains on equity investments | (3,734) | (1,767) | (5,501) |
| Profit before tax (EBT) | 104,825 | (6,760) | 98,065 |
| Income taxes | (40,882) | (7) | (40,889) |
| Profit from continuing operations | 63,943 | (6,767) | 57,176 |
| Loss from discontinued operations | (9,262) | - | (9,262) |
| Profit before non-controlling interests | 54,681 | (6,767) | 47,914 |
| Non-controlling interests | 10,258 | 1,737 | 11,995 |
| Profit for the period attributable to the owners of the parent | 64,939 | (5,030) | 59,909 |

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 2019. 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 2018 | 1st half 2019 | Variation |
|--|----------|------------------|------------------|-----------------|
| (€'000) | | (\$) | | |
| Revenue from contracts with customers | | 2,358,964 | 2,362,788 | 3,824 |
| Other income | | 145,036 | 219,165 | 74,129 |
| Total revenue and other income | 32 | 2,504,000 | 2,581,953 | 77,953 |
| Operating expenses | 33 | (2,306,355) | (2,340,028) | (33,673) |
| Gross operating profit (EBITDA) | | 197,645 | 241,925 | 44,280 |
| Gross operating profit margin (EBITDA) % | | 7.9% | 9.4% | |
| Amortisation, depreciation, provisions and impairment losses | 33.6 | (94,079) | (100,776) | (6,697) |
| Operating profit (EBIT) | | 103,566 | 141,149 | 37,583 |
| Return on Sales % | | 4.1% | 5.5% | |
| Financing income (costs) and gains (losses) on equity investments | | | | |
| Net financing costs | 34 | (16,740) | (26,837) | (10,097) |
| Net gains on equity investments | 35 | 11,239 | 7,510 | (3,729) |
| Net financing costs and net gains on equity investments | | (5,501) | (19,327) | (13,826) |
| Profit before tax (EBT) | | 98,065 | 121,822 | 23,757 |
| Income taxes | 36 | (40,889) | (47,290) | (6,401) |
| Profit from continuing operations | | 57,176 | 74,532 | 17,356 |
| Loss from discontinued operations | 19 | (9,262) | (187) | 9,075 |
| Profit before non-controlling interests | | 47,914 | 74,345 | 26,431 |
| Non-controlling interests | | 11,995 | (11,057) | (23,052) |
| Profit for the period attributable to the owners of the parent | | 59,909 | 63,288 | 3,379 |

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

(§) The statement of profit or loss figures for the first half of 2018 have been restated to comply with IAS 29.

Revenue

Revenue for the period amounts to €2,582.0 million (€2,504.0 million), including €2,156.7 million earned abroad (€2,257.5 million), of which €468.5 million in the US (€357.1 million) and €425.3 million in Italy (€246.5 million).

"Other income" mostly refers to contract work in progress and specifically industrial activities and related works not directly related to contracts with customers. The increase of €74.1 million is due to the cost recharges to subcontractors working on the contracts in Qatar and the cost recharges to non-controlling consortium members (other income in the consortium's financial statements), mostly related to COCIV. Salini Impregilo Group's activities involve its participation in numerous SPEs that, especially in Italy, use the consortium structure, which works using a cost recharging system whereby the costs incurred by the SPE are invoiced to the consortium

members in line with their investment percentages. As this income does not arise on the performance of the contract obligations or contract negotiations, it is recognised as "Other income".

Operating profit

The gross operating profit for the period amounts to €241.9 million (€197.6 million). The gross operating profit margin is 9.4% (7.9%).

Amortisation, depreciation, provisions and impairment losses of €100.8 million (€94 million) increased mainly as a result of higher depreciation expense due to the recognition of the right-of-use assets as a result of the application of IFRS 16 on 1 January 2019.

The operating profit amounts to €141.1 million for the period (€103.6 million), showing an improvement on the corresponding period of the previous year.

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

The Group recorded net financing costs of €26.8 million (€16.7 million).

The item comprises:

- financial expense of €58 million (€55 million); partly offset by:
- financial income of €22.2 million (€23.7 million);
- net exchange gains of €9 million (€14.6 million).

The rise in financial expense is mostly due to the effect of the measurement of loan assets recognised at 30 June 2019 in accordance with IFRS 9. Net of this effect, financial expense would have been lower than the corresponding period of 2018 due to the redemption of the unsecured senior bonds in August 2018.

Net exchange gains of €9 million reflect mainly the US dollar's appreciation vis-à-vis the Euro.

Net gains on equity investments came to €7.5 million (€11.2 million). The decrease reflects the performance of the equity-accounted investees (mostly belonging to Lane Group).

Loss from discontinued operations

The loss from discontinued operations of €0.2 million (€9.3 million) entirely reflects the costs of the USW Campania business unit for the period. The loss for the corresponding period of 2018 also included the loss of €9 million made by Lane's Plants & Paving Division, which was sold in December 2018.

Non-controlling interests

Non-controlling interests amount to a profit of € 11.1 million. They mainly relate to the group companies working in Saudi Arabia on the construction of Line 3 of the Riyadh metro (profit of around €7.1 million). The loss for the corresponding period of 2018 was due to the allocation of the loss 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 2018 | 30 June 2019 | Variation |
|--|----------|------------------|------------------|----------------|
| (€'000) | | | | |
| Non-current assets | 5-6-7-9 | 1,153,554 | 1,337,170 | 183,616 |
| Goodwill | 8 | 74,713 | 75,144 | 431 |
| Net non-current assets held for sale | 19 | 5,683 | 5,683 | - |
| Provisions for risks | 26 | (84,213) | (71,235) | 12,978 |
| Post-employment benefits and employee benefits | 25 | (57,025) | (59,955) | (2,930) |
| Net tax assets | 11-16-29 | 259,066 | 286,130 | 27,064 |
| - Inventories | 12 | 192,304 | 182,739 | (9,565) |
| - Contract assets | 13 | 1,512,866 | 1,735,685 | 222,819 |
| - Contract liabilities | 27 | (1,149,588) | (1,113,380) | 36,208 |
| - Loans and receivables (**) | 14 | 1,929,563 | 2,061,706 | 132,143 |
| - Liabilities (**) | 28 | (2,363,438) | (2,651,870) | (288,432) |
| - Other current assets | 17 | 640,269 | 642,484 | 2,215 |
| - Other current liabilities | 30 | (322,061) | (315,194) | 6,867 |
| Working capital | | 439,915 | 542,170 | 102,255 |
| Net invested capital | | 1,791,693 | 2,115,107 | 323,414 |
| Equity attributable to the owners of the parent | | 835,710 | 895,837 | 60,127 |
| Non-controlling interests | | 96,354 | 115,551 | 19,197 |
| Equity | 20 | 932,064 | 1,011,388 | 79,324 |
| Net financial indebtedness | | 859,629 | 1,103,720 | 244,091 |
| Total financial resources | | 1,791,693 | 2,115,108 | 323,415 |

(*) 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 €23.1 million and loans and receivables of €10.4 million classified in net financial indebtedness and related to the Group's net amounts due from/to consortia and consortium companies (SPEs) operating under a cost recharging system and not included in the consolidation scope. The balance reflects the Group's share of cash and cash equivalents or debt of the SPEs. The Group's exposure to the SPEs was shown under "Liabilities" for €22.2 million and "Loans and receivables" for €1.1 million at 31 December 2018.

Net invested capital

This item increased by €323.4 million on the previous year end to €2,115.1 million at 30 June 2019. The main changes are due to the factors listed below.

Non-current assets

Non-current assets increased by €183.6 million. They may be analysed as follows:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|---------------------------------|------------------|------------------|----------------|
| Property, plant and equipment | 415,941 | 325,298 | (90,643) |
| Right-of-use assets | - | 141,625 | 141,625 |
| Intangible assets | 199,356 | 182,956 | (16,400) |
| Equity investments | 538,257 | 687,291 | 149,034 |
| Total non-current assets | 1,153,554 | 1,337,170 | 183,616 |

Property, plant and equipment decreased by €90.6 million, mostly as a result of:

- reclassifications of items, mainly plant and machinery, to right-of-use assets for €79.7 million;
- depreciation for the period of €51.9 million; partly offset by
- investments of €33.6 million, mostly for Lane Group's contracts and the projects in Tajikistan and Ethiopia.

Following the application of IFRS 16 on 1 January 2019, the Group has recognised right-of-use assets of €141.6 million at 30 June 2019, including assets of €79.7 million that had been classified under property, plant and equipment at 31 December 2018. These assets chiefly consist of plant and machinery and buildings.

Intangible assets show a net decrease of €16.4 million mainly due to amortisation.

The €149 million rise in equity investments is due to the increase in the Grupo Unidos Por el Canal (GUPC) investment after payments of €123.2 million.

Goodwill

The item relates entirely to the acquisition of Lane Group. The increase is due to the US dollar's appreciation vis-à-vis the Euro.

Net non-current assets held for sale

Net non-current assets held for sale at 30 June 2019 amount to €5.7 million and solely comprise the net assets of the USW Campania projects.

Provisions for risks

These provisions of €71.2 million decreased by €13.0 million over 31 December 2018, mainly due to the reclassification of €14.2 million to the provision for equity investments to cover the losses of Consorzio Ferroviario Milanese - Confemi in liquidation.

Post-employment benefits and employee benefits

This item amounts to €60.0 million and shows an increase of €2.9 million compared to 31 December 2018, principally due to changes recorded by Lane.

Net tax assets

The following table analyses the item:

| | 31 December 2018 | 30 June 2019 | Variation |
|---|------------------|----------------|-----------------|
| (€'000) | | | |
| Deferred tax assets | 205,386 | 213,593 | 8,207 |
| Deferred tax liabilities | (11,374) | (11,584) | (210) |
| Net deferred tax assets | 194,012 | 202,009 | 7,997 |
| Current tax assets | 112,102 | 96,950 | (15,152) |
| Current tax liabilities | (144,693) | (71,868) | 72,825 |
| Net current tax assets (liabilities) | (32,591) | 25,082 | 57,673 |
| Other current tax assets | 146,166 | 114,765 | (31,401) |
| Other current tax liabilities | (48,521) | (55,726) | (7,205) |
| Net other current tax assets | 97,645 | 59,039 | (38,606) |
| Net tax assets | 259,066 | 286,130 | 27,064 |

The decrease is mainly due to the smaller other current tax liabilities after payment by Lane Group of the taxes on its sale of the Plants & Paving Division, partly offset by the reduction in other current tax assets (smaller VAT assets).

Working capital

Working capital increased by €102.3 million from €439.9 million at 31 December 2018 to €542.2 million at the reporting date.

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

- Contract assets amount to €1,735.7 million (€1,512.9 million) and refer to Italian contracts (€170.3 million) and foreign contracts (€1,565.4 million).

The increase of €222.8 million in this item reflects the production progress calculated using the most recent estimates of the ongoing projects' profitability. Work on the projects in Dubai, Tajikistan and Ethiopia was stepped up during the period.

- Contract liabilities amount to €1,113.4 million, down €36.2 million on 31 December 2018, due chiefly to the reduction in the contract liabilities related to contracts in Ethiopia and Saudi Arabia partly offset by the increase in contract liabilities for the new contracts acquired during the period, such as the Snowy project in Australia.
- Loans and receivables increased by €132.1 million. The item includes amounts due from third parties of €1,843.3 million (€1,792.2 million) and unconsolidated group companies and other related parties of €218.4 million (€137.3 million). The increase in amounts due from third parties is principally attributable to the higher amounts due for the high speed/capacity Milan - Genoa railway line section contract as well as Lane's contracts and those in Qatar, partly offset by the reduction of the receivables due from Ethiopian customers following collections received during the period.

- Current liabilities increased by €288.4 million and include liabilities with third parties of €2,476.9 million (€2,248 million) and unconsolidated group companies and other related parties of €175.0 million (€115.4 million). The increase in this item is mainly due to the higher amounts due to third party suppliers of €228.9 million, mostly related to the high speed/capacity Milan - Genoa railway line section and the contracts in the United Arab Emirates, Qatar and Australia (i.e., the Snowy project).

Net financial indebtedness

Table 3 - Net financial indebtedness

The following table shows the Group's net financial indebtedness at 30 June 2019 and 31 December 2018:

| | Note (*) | 31 December 2018 | 30 June 2019 | Variation |
|---|----------|---------------------|--------------------|------------------|
| (€'000) | | | | |
| Non-current financial assets | 10 | 235,692 | 247,068 | 11,376 |
| Current financial assets | 15 | 135,280 | 238,347 | 103,067 |
| Cash and cash equivalents | 18 | 1,107,340 | 812,317 | (295,023) |
| Total cash and cash equivalents and other financial assets | | 1,478,312 | 1,297,732 | (180,580) |
| Bank and other loans and borrowings | 21 | (617,895) | (537,989) | 79,906 |
| Bonds | 22 | (1,088,158) | (1,090,008) | (1,850) |
| Lease liabilities | 23 | (55,530) | (98,267) | (42,737) |
| Total non-current indebtedness | | (1,761,583) | (1,726,264) | 35,319 |
| Current portion of bank loans and borrowings and current account facilities | 21 | (499,362) | (590,704) | (91,342) |
| Current portion of bonds | 22 | (13,295) | (6,291) | 7,004 |
| Current portion of lease liabilities | 23 | (43,206) | (63,799) | (20,593) |
| Total current indebtedness | | (555,863) | (660,794) | (104,931) |
| Derivative assets | 10-15 | 602 | - | (602) |
| Derivative liabilities | 24 | - | (1,694) | (1,694) |
| Net financial position with unconsolidated SPEs (**) | | (21,096) | (12,700) | 8,396 |
| Total other financial liabilities | | (20,494) | (14,394) | 6,100 |
| Net financial indebtedness - continuing operations | | (859,628) | (1,103,720) | (244,092) |
| Net financial indebtedness including discontinued operations | | (859,628) | (1,103,720) | (244,092) |

(*) 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 and not included in the consolidation scope. The balance reflects the Group's share of cash and cash equivalents or debt of the SPEs. The balances are shown under trade receivables and payables in the condensed interim consolidated financial statements.

At 30 June 2019, the Group has net financial indebtedness from continuing operations of €1,103.7 million (€859.6 million).

The increase in the Group's net financial indebtedness is due, inter alia, to the following non-recurring effects:

- payments of €123.2 million to GUPC during the period;
- payment of the taxes of €57 million on the sale of the Plants & Paving Division;
- an increase in lease liabilities mainly due to application of IFRS 16 from 1 January 2019.

The debt/equity ratio (based on the net financial indebtedness from continuing operations) is 1.09 at group level at the reporting date.

Salini Impregilo has given guarantees of €173.3 million in favour of unconsolidated group companies securing bank loans.

Gross indebtedness of €2,399.8 million at the reporting date is roughly €61.3 million higher than that at 31 December 2018. Net of the effect of the greater debt arising on the FTA of IFRS 16¹, gross indebtedness would have been €20.7 million less at 30 June 2019.

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

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

Presentation of the results in US dollars

In accordance with the IFRS, the parent has 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 1.138 (1,145 at 31 December 2018);
- b) revenue and costs have been translated using the average rates of the periods to which they refer (1.1298 in the first half of 2019 and 1.2104 in first half of 2018).

The adjusted reclassified statement of profit or loss and the reclassified statement of profit or loss for the first half of 2019 and the reclassified statement of financial position at 30 June 2019 of the Group translated into US dollars are presented below. As required by IAS 21, the comparative figures for 2018 are also presented.

Adjusted reclassified statement of profit or loss in US dollars

| | 1st half 2018 adjusted | | | 1st half 2019 adjusted | | |
|---|------------------------------|--|-------------------|------------------------------|--|-------------------|
| | Salini Impregilo Group | Joint ventures not controlled by Lane | Total adjusted | Salini Impregilo Group | Joint ventures not controlled by Lane | Total adjusted |
| (in millions of US dollars) | | | | | | |
| Revenue | 3,030.8 | 132.6 | 3,163.4 | 2,917.1 | 144.6 | 3,061.7 |
| Gross operating profit (EBITDA) | 239.2 | 9.1 | 248.3 | 273.3 | (3.8) | 269.6 |
| <i>Gross operating profit margin (EBITDA) %</i> | <i>7.9%</i> | <i>6.8%</i> | <i>7.8%</i> | <i>9.4%</i> | <i>-2.6%</i> | <i>8.8%</i> |
| Operating profit (EBIT) | 125.4 | 9.1 | 134.4 | 159.5 | (3.8) | 155.7 |
| <i>R.o.S. %</i> | <i>4.1%</i> | <i>6.8%</i> | <i>4.2%</i> | <i>5.5%</i> | <i>-2.6%</i> | <i>5.1%</i> |
| Net financing costs | (20.3) | - | (20.3) | (30.3) | - | (30.3) |
| Net gains on equity investments | 13.6 | (9.1) | 4.5 | 8.5 | 3.8 | 12.2 |
| Profit before tax (EBT) | 118.7 | - | 118.7 | 137.6 | - | 137.6 |
| Income taxes | (49.5) | - | (49.5) | (53.4) | - | (53.4) |
| Profit from continuing operations | 69.2 | - | 69.2 | 84.2 | - | 84.2 |
| Loss from discontinued operations | (11.2) | - | (11.2) | (0.2) | - | (0.2) |
| Non-controlling interests | 14.5 | - | 14.5 | (12.5) | - | (12.5) |
| Profit for the year attributable to the owners of the parent | 72.5 | - | 72.5 | 71.5 | - | 71.5 |

Reclassified statement of profit or loss in US dollars

| | 1st half 2018 | 1st half 2019 | Variation |
|--|------------------|------------------|------------------|
| (USD'000) | | | |
| Revenue from contracts with customers | 2,855,290 | 2,669,478 | (185,812) |
| Other income | 175,552 | 247,613 | 72,061 |
| Total revenue and other income | 3,030,842 | 2,917,090 | (113,751) |
| Operating expenses | (2,791,612) | (2,643,764) | 147,848 |
| Gross operating profit (EBITDA) | 239,230 | 273,327 | 34,097 |
| Gross operating profit margin (EBITDA) % | 7.9% | 9.4% | |
| Amortisation, depreciation, provisions and impairment losses | (113,873) | (113,857) | 16 |
| Operating profit (EBIT) | 125,356 | 159,470 | 34,114 |
| Return on Sales % | 4.1% | 5.5% | |
| Financing income (costs) and gains (losses) on equity investments | | | |
| Net financing costs | (20,262) | (30,320) | (10,058) |
| Net gains on equity investments | 13,604 | 8,485 | (5,119) |
| Net financing costs and net gains on equity investments | (6,658) | (21,836) | (15,177) |
| Profit before tax (EBT) | 118,698 | 137,634 | 18,937 |
| Income taxes | (49,492) | (53,428) | (3,936) |
| Profit from continuing operations | 69,206 | 84,206 | 15,000 |
| Loss from discontinued operations | (11,211) | (211) | 10,999 |
| Profit before non-controlling interests | 57,995 | 83,995 | 26,000 |
| Non-controlling interests | 14,519 | (12,492) | (27,011) |
| Profit for the year attributable to the owners of the parent | 72,514 | 71,503 | (1,011) |

Reclassified statement of financial position in US dollars

| | 31 December 2018 | 30 June 2019 | Variation |
|--|------------------|------------------|----------------|
| (USD'000) | | | |
| Non-current assets | 1,320,819 | 1,521,699 | 200,880 |
| Goodwill | 85,546 | 85,514 | (33) |
| Net non-current assets held for sale | 6,507 | 6,467 | (40) |
| Provisions for risks | (96,424) | (81,065) | 15,358 |
| Post-employment benefits and employee benefits | (65,294) | (68,229) | (2,935) |
| Net tax assets | 296,631 | 325,616 | 28,985 |
| - Inventories | 220,188 | 207,957 | (12,231) |
| - Contract assets | 1,732,232 | 1,975,210 | 242,978 |
| - Contract liabilities | (1,316,278) | (1,267,026) | 49,252 |
| - Loans and receivables (**) | 2,209,350 | 2,346,222 | 136,872 |
| - Liabilities (**) | (2,706,139) | (3,017,828) | (311,689) |
| - Other current assets | 733,108 | 731,147 | (1,961) |
| - Other current liabilities | (368,760) | (358,691) | 10,069 |
| Working capital | 503,701 | 616,990 | 113,290 |
| Net invested capital | 2,051,486 | 2,406,992 | 355,507 |
| Equity attributable to the owners of the parent | 956,887 | 1,019,462 | 62,575 |
| Non-controlling interests | 110,325 | 131,497 | 21,172 |
| Equity | 1,067,212 | 1,150,959 | 83,746 |
| Net financial indebtedness | 984,274 | 1,256,034 | 271,760 |
| Total financial resources | 2,051,486 | 2,406,992 | 355,506 |

(**) This item shows liabilities of USD26.3 million and loans and receivables of USD11.8 million classified in net financial indebtedness and related to the Group's net amounts due from/to consortia and consortium companies (SPEs) operating under a cost recharging system and not included in the consolidation scope. The balance reflects the Group's share of cash and cash equivalents or debt of the SPEs.

The Group's exposure to the SPEs was shown under "Liabilities" for USD25.4 million and "Loans and receivables" for USD1.2 million at 31 December 2018.

Directors' report - Part II

Order backlog

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

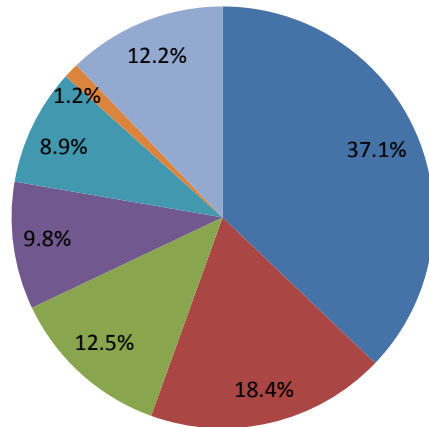
(Share in millions of Euros)

| Area | Residual order backlog at 31 December 2018 | Percentage of total | Residual order backlog at 30 June 2019 | Percentage of total |
|---------------------------|---|----------------------------|---|----------------------------|
| Italy | 12,387.1 | 37.1% | 11,948.2 | 33.4% |
| Africa | 6,122.8 | 18.4% | 6,077.9 | 17.0% |
| Americas (excluding Lane) | 3,254.6 | 9.8% | 3,694.4 | 10.3% |
| Asia | 4,153.4 | 12.5% | 3,510.8 | 9.8% |
| Oceania | 391.8 | 1.2% | 3,501.6 | 9.8% |
| Europe | 2,983.5 | 8.9% | 3,000.3 | 8.4% |
| Abroad | 16,906.1 | 50.7% | 19,785.0 | 55.5% |
| Lane | 4,057.7 | 12.2% | 4,003.6 | 11.2% |
| Total | 33,350.9 | 100.0% | 35,736.9 | 100.0% |

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

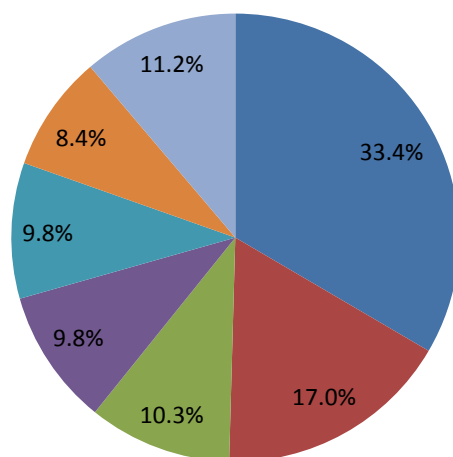
Breakdown of the order backlog 31 December 2018

■ Italy ■ Africa ■ Asia ■ Americas (excluding Lane) ■ Europe ■ Oceania ■ Lane



Breakdown of the order backlog 30 June 2019

■ Italy ■ Africa ■ Asia ■ Americas (excluding Lane) ■ Europe ■ Oceania ■ Lane



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 (usually arbitrations) to be followed in the case of either party's contractual default.

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

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 and 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 segment

Lane operating segment

The Group is active in the US through the subsidiary Lane Industries Incorporated.

Macroeconomic scenario

The US economy continues to grow with positive development prospects. The IMF's most recent forecasts of April 2019 show growth of 2.3% and 1.9%, respectively, in 2019 and 2020.

In March 2019, the Federal Reserve's Federal Open Market Committee meeting announced there would be no more interest rate hikes in 2019 to stimulate growth.

The growth rate seen since 2019 has continued one of the longest expansionary phases of the US economy to date. In May 2019, the US Department of Labour announced that the unemployment rate was around 3.6%.

Economic growth along with the expected larger investments in infrastructure will drive the construction sector's development over the next few years. According to the IHS Markit April 2019 report, the growth outlook for infrastructure investments in North America continues to be positive with a forecast increase of around 2.0% for 2019 and an average increase of around 0.5% per annum in the period from 2018 to 2023. In addition, the US and Canada are among the five less risky countries in the world.

The Trump Administration has prioritised the construction of infrastructure during its mandate and has announced projects worth more than USD1,000 billion will be rolled out before 2027 in the energy and transport sectors (President Trump announced that this amount had been increased to USD1,500 billion in his State of the Union address in January 2018). This increase in investments has been flanked by the reform to simplify building permits to make the construction of roads, bridges and energy infrastructures easier and faster.

(Share in millions of Euros)

| Project | Residual order backlog at 30 June 2019 | Percentage of completion |
|-------------------------------|---|-------------------------------------|
| I-10 Corridor | 565.5 | 4.4% |
| C43 Water Management Builders | 456.2 | 0.9% |
| Purple Line | 415.5 | 29.8% |
| North-East Boundary Tunnel | 339.3 | 30.7% |
| Southern Wake Freeway | 339.3 | 4.3% |
| I-440 Beltline Widening | 295.1 | 3.0% |
| I-40/I-77 Interchange | 216.9 | 5.2% |
| Wekiva Parkway | 206.2 | 7.4% |
| I-4 Ultimate | 150.8 | 76.5% |
| Other | 1,019.0 | |
| Total | 4,003.6 | |

I-4 Ultimate - Orlando - Florida

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

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

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).

The project includes the construction of 21 stations along a 16-mile alignment, mainly between New Carrollton and Bethesda, north of Washington DC. Lane Construction is involved in the construction work with a 30% share.

North-East Boundary Tunnel - Washington DC

In July 2017, the Lane Construction and Salini Impregilo joint venture won the design & build contract for the mechanised excavation of an 8.2 km tunnel and related works in Washington D.C. worth USD580 million (decreased to approximately USD555 million as a result of contract variations). The works are part of the clean rivers project for the Anacostia River. The customer issued the notice to proceed in September 2017. Construction work, including the tunnel excavation, started in March 2018.

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).

C43 Water Management Builders - Florida

In March 2019, the Lane-Salini Impregilo joint venture (70%:30%, respectively) was awarded a contract worth USD524 million to build the Caloosahatchee (C43) storage reservoir in southern Florida. Commissioned by the South Florida Water Management District as part of the Comprehensive Everglades Restoration Plan, 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.

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

Outlook for 2019

The Group's reference market in the US should offer a pipeline of possible calls to tender worth USD129 billion (Lane's share: USD69 billion) from the second half of 2019 to 2023 in the following sectors:

- roughly 30% in tunnel works, airports and the water/energy sectors;
- roughly 50% in highways and bridges, mainly in the south-east, north-east and California;
- roughly 20% in railway projects;

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

Abroad

The Group is active in the construction and concessions sectors abroad.

Macroeconomic scenario

Based on the IMF's most recent projections of April 2019, global growth is estimated at 3.3% in 2019, a slight reduction on the 3.6% recorded in 2018.

Specifically, China's growth declined following a combination of needed regulatory tightening to rein in shadow banking, which made it harder for businesses to access credit, and an increase in trade tensions with the United States.

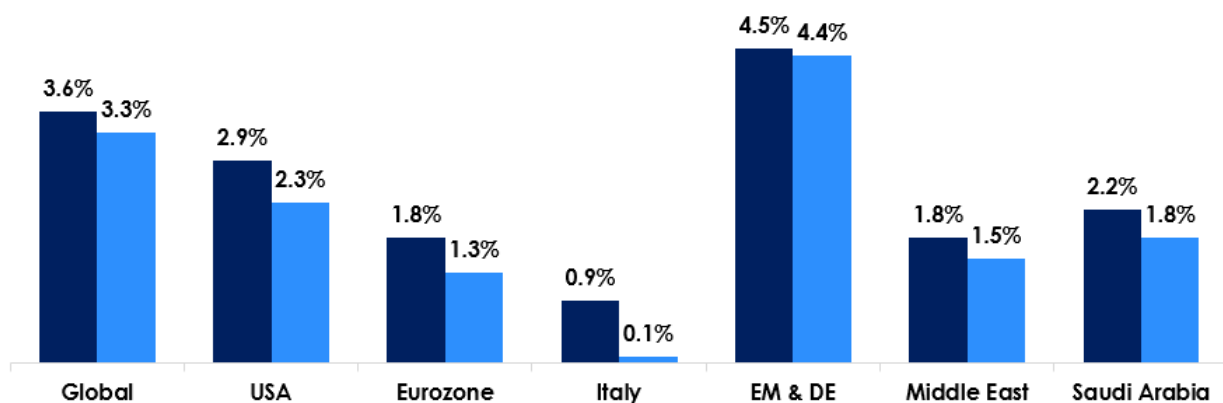
The Eurozone economy lost more momentum than expected as consumer and business confidence weakened and external demand, especially from emerging Asia, softened.

While 2019 started out on a weak footing, a pickup is expected in the second half of the year. This pickup is supported by significant policy accommodation by major economies, made possible by the absence of inflationary pressures. The US Federal Reserve, in response to rising global risks, paused interest rate increases. The European Central Bank, the Bank of Japan, and the Bank of England have all shifted to a more accommodative stance. China has ramped up its fiscal and monetary stimulus to counter the negative effect of trade tariffs.

Growth projections

● 2018 actual

● 2019 estimated



Source: International Monetary Fund, April 2019; EM & DE: Emerging markets & Developing Economies; Middle East includes North Africa, Pakistan and Afghanistan

According to the IHS Markit April 2019 report, global infrastructure investments are expected to increase by 3.3% and 3.9% in 2019 and 2020, respectively.

Over the next five years, infrastructure investments are forecast to grow by a compound average growth rate (CAGR) of 3.7%.

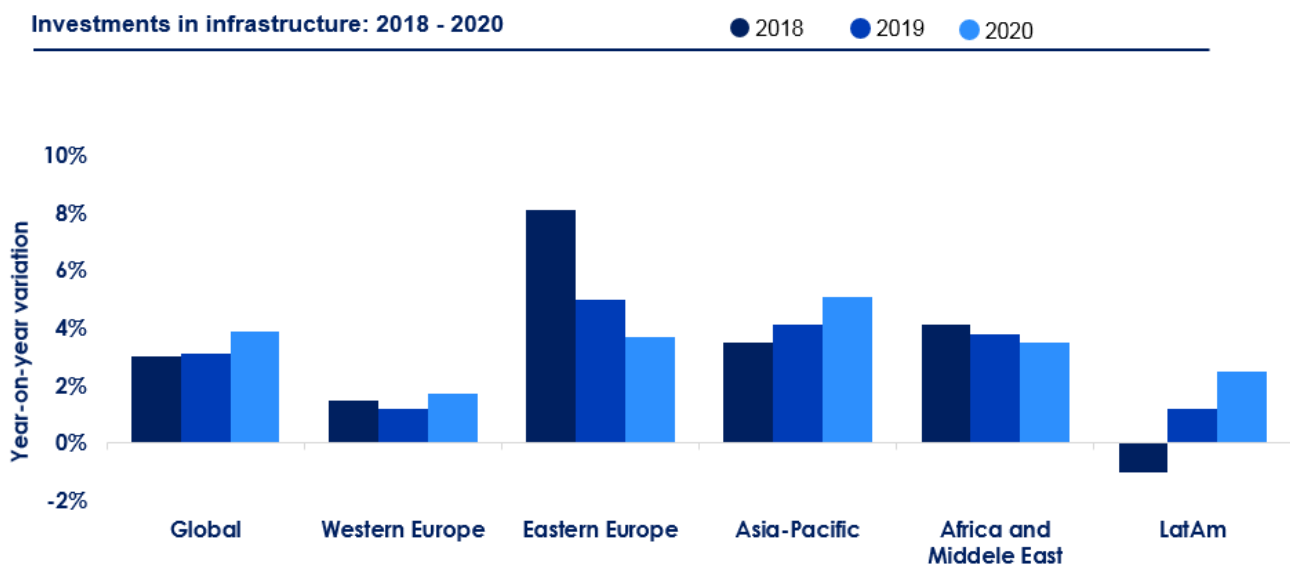
This growth in 2019 should be driven by Eastern Europe, which according to IHS Markit, should record a growth rate of 5.0% for 2019. Investments in infrastructure in this area are forecast to increase at an average annual of between 3% and 3.5% in the period from 2018 to 2023.

The Asia Pacific area continues to show the greatest potential, with an expected rise in infrastructure investments of more than 4.0% in 2019.

Infrastructure investments in Western Europe, which continues to be one of the least risky regions for this type of investment, thanks to its economic and political stability, are expected to grow by just over 1.0% in 2019 and over 1.5% in 2020. Overall, these investments are forecast to increase by an annual average of roughly 1.6%.

Investments in infrastructure in Africa and the Middle East are expected to grow at a rate of approximately 3.5% in 2019 to then speed up at a rate of above 4% in 2020.

Finally, in Latin America, IHS Markit expects an increase in spending of between 1.0% and 2.5% in 2019 and 2020 after the drop in infrastructure investments of 1.0% in 2018.



Source: IHS Markit, April 2019

Construction

The order backlog for the foreign construction segment is as follows:

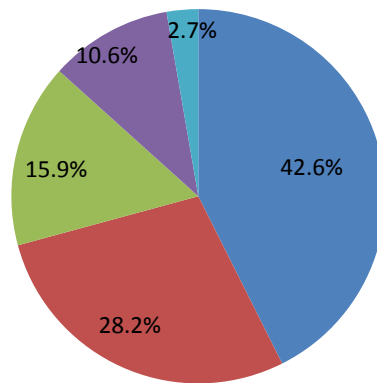
(Share in millions of Euros)

| Area | Residual order backlog at 31 December 2018 | Percentage of total | Residual order backlog at 30 June 2019 | Percentage of total |
|---------------------------|---|----------------------------|---|----------------------------|
| Africa | 6,122.8 | 42.6% | 6,077.9 | 35.3% |
| Oceania | 391.8 | 2.7% | 3,501.6 | 20.3% |
| Asia | 4,050.0 | 28.2% | 3,457.5 | 20.1% |
| Americas (excluding Lane) | 2,283.1 | 15.9% | 2,615.4 | 15.2% |
| Europe (excluding Italy) | 1,525.4 | 10.6% | 1,564.1 | 9.1% |
| Total | 14,373.1 | 100.0% | 17,216.7 | 100.0% |

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

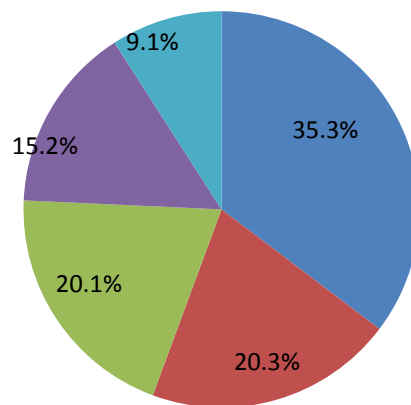
Breakdown of the order backlog 31 December 2018

■ Africa ■ Asia ■ Americas (excluding Lane) ■ Europe (excluding Italy) ■ Oceania



Breakdown of the order backlog 30 June 2019

■ Africa ■ Asia ■ Americas (excluding Lane) ■ Europe (excluding Italy) ■ Oceania



Australia

Market

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

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

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

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

The following table shows the amounts involved in the contracts in place at the reporting date:

(Share in millions of Euros)

| Project | Residual order backlog | Percentage of completion |
|---------------------------|------------------------|--------------------------|
| Snowy Hydro 2.0 | 3,177.8 | 3.4% |
| Forrestfield Airport Link | 321.2 | 60.0% |
| Other | 2.6 | |
| Total | 3,501.6 | |

Snowy Hydro 2.0

On 4 April 2019, as leader of the joint venture (55% stake) with Lane Construction (10%) and the Australian partner Clough (35%), Salini Impregilo won the contract for the civil works and electromechanical component of the Snowy 2.0 project. It involves the construction of a 36 km tunnel to connect the two existing reservoirs Tantagara and Talbingo and an underground power station with pumping capacity. The project is worth AUD5.1 billion.

Forrestfield Airport Link

On 28 April 2016, as leader (with 80%) of a joint venture with NRW Pty Ltd (20%), Salini Impregilo was awarded the contract to design, construct and maintain the Forrestfield Airport Link by the Public Transport Authority of Western Australia. The project includes construction of a new metro line to connect Forrestfield, and hence the airport, to the existing Perth network through an 8 km underground line. 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.

Sydney Metro Northwest Project

In December 2013, Transport for New South Wales awarded Impregilo-Salini Joint Venture the contract, worth approximately AUD700 million (including the additional consideration), for the Sydney Metro Northwest Project - Design and Construction of Surface and Viaduct Civil Works. Most of the works were delivered in December 2017.

The project is the first stage of the Sydney Metro Project, the largest public transport infrastructure project in Australia, which consists of the construction of the new metro line to serve north-east Sydney.

Outlook for 2019

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 AUD\$10 billion.

Ethiopia

Market

Ethiopia continues to be one of the fastest growing economies in Africa. Its government aims to develop its natural resources and, specifically, its water resources, to encourage investments in renewable energies. The generation of electrical energy and its export to nearby nations will assist integration among African countries and generate valuable currency inflows.

The country is of great commercial interest and its central bank in Addis Ababa receives hard currency funds, which are key to providing the financial resources necessary to, inter alia, make foreign payments for infrastructure projects.

The following table shows the amounts involved in the main contracts in place at the reporting date:

(Share in millions of Euros)

| Project | Residual order backlog | Percentage of completion |
|--------------|------------------------|--------------------------|
| Koyssha | 1,888.0 | 26.2% |
| Gerd | 983.4 | 76.7% |
| Total | 2,871.4 | |

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 Salini Impregilo's share is 100%. Work is currently being carried out on the project.

Production activity has slowed down, mainly due to payment delays by the customer.

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

On 5 December 2018, 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 redesign costs.

Outlook for 2019

The positive effects of the important events of 2018 will be seen again in 2019. Development programmes for the next few years include installation of additional production capacity, including through the GERD and Koysya projects.

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

Saudi Arabia

Market

The Saudi market continues to be of great interest to Salini Impregilo.

The following table shows the amounts involved in the main contracts in place at the reporting date:

(Share in millions of Euros)

| Project | Residual order backlog | Percentage of completion |
|--------------------------------|------------------------|--------------------------|
| Riyadh National Guard Military | 1,037.9 | 7.2% |
| Riyadh Metro Line 3 | 611.2 | 79.4% |
| Other | 38.9 | |
| Total | 1,687.9 | |

Riyadh Metro Line 3

On 29 July 2013, Salini Impregilo, as leader of an international consortium, won a portion of the maxi contract awarded by ArRiyadh Development Authority to design and construct the new Riyadh metro line (Line 3, 41.2 km), the longest line of the challenging project for the metro system of Saudi Arabia's capital.

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

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

Riyadh National Guard Military

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

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

Outlook for 2019

The Group will continue to pursue any new business opportunities that arise in 2019 in this country. The main projects announced include mega malls and a residential building project covering all the kingdom's large cities.

Tajikistan

Market

In the first six months of 2019, this country's GDP grew in line with the previous year's trend. The inflation rate increased to 8.8% from the start 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 country's government continues to undertake negotiations with its counterparties of the surrounding countries (principally Uzbekistan) to sign agreements for the sale of electrical energy after the plant reaches the early generation stage, (when electrical energy will be provided although at a lower output than when the project has been completed).

The following table shows the amounts involved in the contract at the reporting date:

(Share in millions of Euros)

| Project | Residual order backlog | Percentage of completion |
|--------------------------|-------------------------------|---------------------------------|
| Rogun Hydropower Project | 1,417.6 | 30.9% |
| Total | 1,417.6 | |

Rogun Hydropower Project

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

On 16 November 2018, the first of the six power house turbines (each with a full capacity of about 600 megawatt) was successfully launched. This milestone is the first key step of the early generation stage.

Outlook for 2019

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). The customer is also assessing other forms of funding to complete the project. During 2019 and depending on the availability of the above-mentioned financing, other lots should be assigned to the Group in accordance with the signed framework agreement.

France

Market

France is undergoing a modest growth phase and the IMF's forecasts for 2019 are for a growth rate of 1.3%. Its infrastructure development plan envisages public spending concentrated mainly in the transport sector and private works while the construction sector is also very buoyant (building blocks, supermarkets, landmark 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.

The following table shows the amounts involved in the contracts in place at the reporting date:

(Share in millions of Euros)

| Project | Residual order backlog | Percentage of completion |
|---------------------|------------------------|--------------------------|
| Metro Line 16 Lot 2 | 467.3 | 0.0% |
| Metro Line 14 Lot 4 | 69.3 | 32.2% |
| Total | 536.6 | |

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. Salini Impregilo will build Lot 2 with NGE GC. This involves the excavation of an 11.1 km tunnel, construction of four stations and 11 related works.

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

Line 14 Lot 4

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

The contract is worth roughly €200 million and the Group's share is 50%.

Outlook for 2019

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

Other countries and projects

Peru

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

On 28 March 2014, the international consortium comprising Salini Impregilo Group and other international groups won the contract for the construction and operation of the extension to Lima's metro network under concession from PROINVERSION - Agencia de Promociòn de la Inversiòn Privada. The project includes the construction of the works and operation of the infrastructure over the 35-year concession. 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 establishes the new delivery dates with a revised work schedule and billing programme. It also defines new concession areas in some cases.

The contract consideration is approximately USD3 billion.

Lima Jorge Chávez International Airport

On 20 February 2019, the international joint venture comprising the group and another international group was assigned the contract to perform the preparatory works for the main contract to expand the Jorge Chavez International Airport in Lima by the operator Lima Airport Partners. The contract includes a new runway and a new passenger terminal and is worth approximately USD55 million for just the preparatory works.

The Group will pursue any new business opportunities that may arise in Peru in 2019.

United Arab Emirates

Meydan One Group 1° in Dubai

This country is promoting numerous investments in infrastructure for Expo 2020 and this will facilitate the development of new projects.

The Meydan One Group project in Dubai is part of an urban development project located between Meydan and Al Khail Road. It is set to become one of the main tourist attractions of the city and country during Expo. Salini Impregilo will perform the structural works and oversee the excavations and building works for approximately AED1.6 billion, equal to roughly €360 million.

All the excavation and foundations works have been completed and, therefore, all the activities currently being carried out at the work site refer to completion of the above-ground works.

Work may be suspended in part until the contract variations to cover the additional consideration are agreed.

Umm Lafina Project in Abu Dhabi

As part of the development plan for Abu Dhabi, Salini Impregilo has been awarded the contract for the Umm Lafina Link Road, worth approximately €170 million, to build a section of a transit way across two islands to connect the Capital District with the Central Business District. The Group has a 60% share of this project.

Given the potential of this market, the Group will continue to pursue any new business opportunities that arise in 2019 in this country.

Qatar

Al Bayt Stadium

In 2019, Qatar finally opened its doors to free foreign competition in nearly all sectors and the country is ready to transform its economy, which is nearly entirely energy commodities based, to an investment hub for other regions and the advanced services sector.

The adverse effects of the embargo are steadily diminishing thanks to the country's immense energy and financial resources, a far-sighted foreign policy and very capable logistics management which has allowed Qatar to purchase the necessary goods from friendly states.

All the country's financial indicators are positive and the major international rating agencies are again promoting the economy, resulting in a stable rating for Qatar both for its economy and forward looking. The 2022 World Cup is approaching and confidence and expectations are extremely high.

The Group is currently completing the contract worth approximately €700 million for the construction of the Al Bayt Stadium in Al Khor, roughly 50 km north of the capital Doha.

It is performing the contract as a joint venture (40% share) with the local company Galfar Al Misnad and the Italian company Cimolai.

The project is an example of an eco-sustainable work, thanks to modern construction techniques and the use of environmentally friendly and state-of-the-art low energy impact materials.

Fisia Italmimpianti projects

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

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

Ataköy project

The Ataköy project is one of the cornerstones of the heavily populated city of Istanbul's urban wastewater treatment programme in Turkey. Its intention is to improve the environmental conditions of the Bosphorus Strait and the Sea of Marmara. The Group's share of the contract is worth roughly €86 million and it is being carried out by Fisia Italmimpianti as part of a joint venture with the Turkish company Alkataş.

Yenikapi project

The Yenikapi project, worth €52 million, involves the construction of a new water depuration plant in Istanbul, Turkey. Its acquisition strengthens Fisia Italmimpianti's reputation as an operator that designs and builds plants that improve the ecosystem. The subsidiary is part of a joint venture with the Turkish companies Alkataş and Alke.

In August 2018, Fisia Italmimpianti set up a new subsidiary, Fisia Mühendislik ve İnşaat A. Ş. (Fisia Engineering and Construction JSC), in Istanbul.

Shoaiba project

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

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

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

The plant started operating in April 2019, in advance of the original schedule. The delivery to the customer is taking place and the two-year warranty period has started.

Salalah project

The group company won a contract worth over USD100 million as part of a joint venture in December 2017. The contract entails the construction of a reverse osmosis desalination plant to provide water to the city of Salalah in Oman. This is the second project assigned by ACWA Power, strengthening the joint venture's relationship with one of the largest international investors in the water and energy sectors.

Riachuelo Lot 2

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

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

This project is the second of three lots for the Riachuelo system, which will improve the serious environmental issues of the Matanza Riachuelo catchment basin, providing flexibility and safety to the water purification system

of Buenos Aires which will directly improve the health and quality of life of the city's roughly 4.3 million residents considerably.

Unforeseen costs have been incurred on the Forrestfield Airport Link (Australia), Sydney Metro Northwest Project (Australia), Koyscha Hydroelectric Project (Ethiopia), Gerd (Ethiopia), Rogun Hydropower Project (Tajikistan), Meydan One Group (UAE) and Al Bayt Stadium (Qatar) contracts referred to above and the contractor has accordingly presented its request for additional consideration. The costs are included in the measurement of work in progress 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), 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. The following tables show the main figures of the foreign concessions at the reporting date, broken down by business segment:

MOTORWAYS

| Country | Operator | % of | Total | Stage | Start date | End date |
|-----------|---|-------|-------|----------------|------------|----------|
| | | | km | | | |
| Argentina | Igyls S.A. | 100.0 | | Holding | | |
| 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 company | % of | Total | Stage | Start date | End date |
|---------|----------------------------|------|-------|----------------|------------|----------|
| | | | km | | | |
| 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 | voltage | | | |
| 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 | served | | | |
| Argentina | Aguas del G. Buenos Aires S.A. | 42.6 | 210 k | In liquidation | 2000 | |
| Peru | Consortio Agua Azul S.A. | 25.5 | 740 k | Active | 2000 | 2027 |

HOSPITALS

| Country | Operator | % of | No. of | Stage | Start date | End date |
|---------|---|------------|--------|----------------|------------|----------|
| | | investment | beds | | | |
| GB | Ochre Solutions Ltd - Oxford Hospital | 40.0 | 220 | Active | 2005 | 2038 |
| GB | Impregilo New Cross Ltd. | 100.0 | | Holding | | |
| Turkey | Gaziantep Hastane Sağlık Hizmetleri İşletme Yatırım A.Ş. (Gaziantep Hospital) | 24.5 | 1,875 | Not yet active | 2016 | 2044 |

Italy

The Group operates in the construction and concessions sectors in Italy.

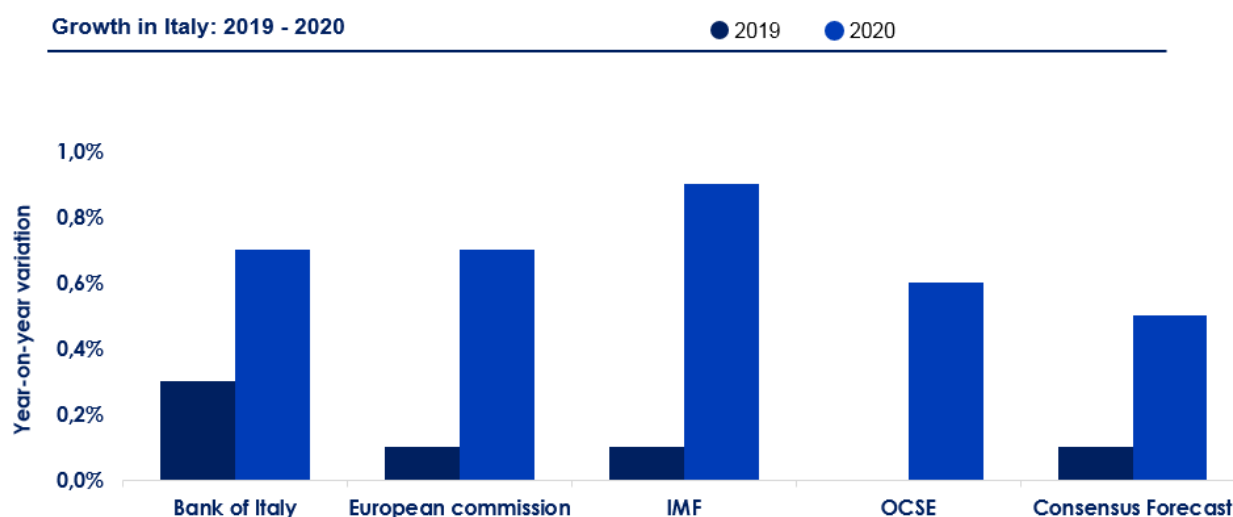
Macroeconomic scenario

After a positive 2018 when GDP increased by nearly 1.0%, external and internal factors materialised holding back the Italian economy's development. They include uncertainty about US trade policies, tensions in some emerging economies that are key to Italy's export business (Turkey, Argentina, etc.), the widening of the gap between the Italian BTP and German bund as well as smaller public investments. According to the IFM's most recent projections of April 2019, economic growth is estimated to be 0.1% in 2019 and 0.9% for 2020, both of which were revised downwards by 0.5% compared to the IMF's previous projections of January 2019.

Italy's actual figures and growth prospects were affected by the scarcity of investments in the infrastructure sector, which contributes around 8% to the country's GDP.

The reduced investments in future works and difficulties in carrying out projects has engendered financial difficulties for several operators. Consolidation through the creation of large domestic players to achieve a size that allows greater diversification, including outside Italy, is almost essential to relaunch the infrastructure sector.

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



Source: Bank of Italy, June 2019

Construction

The order backlog for the Italian construction segment is as follows:

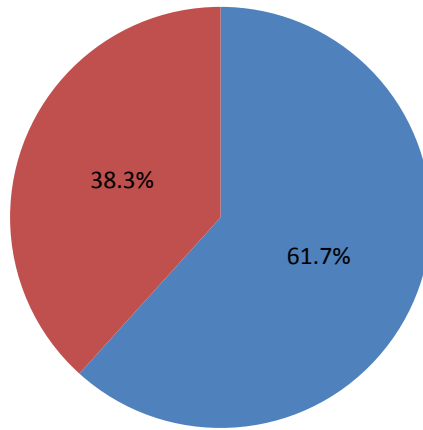
(Share in millions of Euros)

| Project | Residual order backlog at 31 December 2018 | Percentage of total | Residual order backlog at 30 June 2019 | Percentage of total |
|---------------------|---|----------------------------|---|----------------------------|
| High speed/capacity | 5,018.6 | 61.7% | 4,676.0 | 60.8% |
| Other projects | 3,115.5 | 38.3% | 3,018.2 | 39.2% |
| Total | 8,134.1 | 100.0% | 7,694.2 | 100.0% |

The following chart provides a breakdown of the order backlog by type of business:

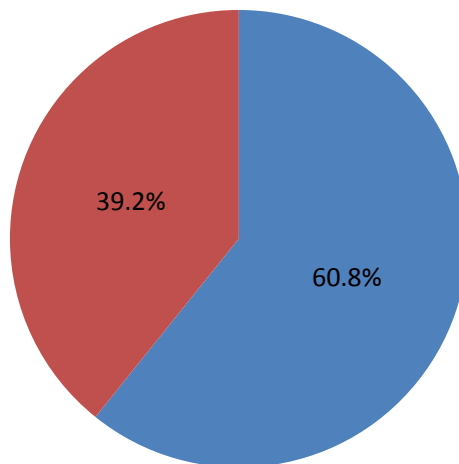
Breakdown of the order backlog 31 December 2018

■ High Capacity / High Speed ■ Other



Breakdown of the order backlog 30 June 2019

■ High Capacity / High Speed ■ Other



(Share in millions of Euros)

| Project | Residual order backlog at 31 December 2018 | Percentage of completion | Residual order backlog at 30 June 2019 | Percentage of completion |
|----------------------------|---|-------------------------------------|---|-------------------------------------|
| Cociv Lot 1-6 | 3,260.9 | 33.2% | 2,927.3 | 38.3% |
| Iricav 2 | 1,431.5 | 0.4% | 1,431.0 | 1.1% |
| Other | 326.1 | | 317.7 | |
| High speed/capacity | 5,018.6 | | 4,676.0 | |
| Broni - Mortara | 981.5 | 0.0% | 981.5 | 0.0% |
| Metro B | 898.5 | 0.1% | 898.5 | 0.1% |
| Jonica state highway 106 | 378.6 | 3.4% | 374.9 | 4.4% |
| Milan Metro Line 4 | 317.3 | 46.9% | 264.9 | 55.7% |
| Other | 539.7 | | 498.3 | |
| Other work in Italy | 3,115.5 | | 3,018.2 | |
| Total | 8,134.1 | | 7,694.2 | |

High-speed/capacity Milan - Genoa Railway Project

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

Salini Impregilo is the consortium leader with a percentage of 68.25%.

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

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

The works and activities financed and under construction amount to approximately €3.8 billion (Lots 1 to 5).

On 18 June 2019, RFI informed the consortium that, following enactment of Law no. 55 of 14 June 2019 containing urgent measures to relaunch the public works sector, the conditions established by the RFI-Cociv rider have been met. This rider provides for the contract to be drawn up for the sixth and last construction lot worth approximately €528 million.

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

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

High-speed/capacity Verona - Padua Railway Project

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

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

On 22 December 2017, after the Ministry of Infrastructure and Transport completed its inspection, the Interministerial Committee for Economic Planning (CIPE) approved the definitive project for the first functional lot, the Verona - Vicenza junction, of the high speed/capacity Verona - Padua railway section, estimated to be worth approximately €2.2 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, which is less than the previous estimate of €5.0 billion.

During the six months, the consortium reviewed the updated definitive project for both the new works required by the CIPE and the new railway regulations and rules implemented since the date of commencement of the authorisation process.

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

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

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

Outlook for 2019

In line with the new direction embarked on in previous years, the 2019 Budget Law (Law no. 145 of 30 December 2018), and the maxi-amendment thereto, confirms the strategies to define Italy's infrastructure requirements up until 2033, earmarking an amount of €43.6 billion to be invested between 2019 and 2033 in order to reinvigorate investments by the central administrations and bolster the country's development. Part of the funds disbursed have allowed commencement and, in some cases, completion, of the works for strategic projects such as the high speed Milan - Venice railway line and Giovi third railway crossing railway sections and a focus on projects for Southern Italy (the high speed/capacity Naples - Bari railway line and the doubling of the tracks for the Palermo - Catania - Messina line).

These strategic projects include some of the Group's major projects underway such as the high speed/capacity Milan - Genoa railway line section and that of Verona - Padua, as well as the Brenner base tunnel - Isarco River

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

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

On 28 March 2019, RFI announced that the joint venture comprising Salini Impregilo (leader with a 60% share) and Astaldi had been awarded the contract for the executive design and performance of the works for the Apice - Hirpinia section of the Naples - Bari railway line worth €608.1 million. On 1 July 2019, the HIRPINIA AV joint venture was set up and will sign the related contract with RFI.

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 Salini Impregilo (60% share), the contract advance was received on 5 April 2019. During the first six months of 2019, work commenced including the clearing of ordnance and laying of the foundations for some viaducts and tunnel sections.

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

Following approval of the executive design on 14 December 2018 and delivery of the works on 20 December 2018, the joint venture collected the contract advance on 5 April 2019. At 30 June 2019, the ongoing works include the ordnance clearance, the deep foundations of the main viaducts and the temporary deviation of the current line.

With respect to motorways and bridges, Salini Impregilo and Fincantieri were awarded the contract worth approximately €200 million to rebuild the bridge over the Polcevera River in Genoa, as per the decree of the extraordinary commissioner for the reconstruction project of 18 December 2018. On 18 January 2019, the extraordinary commissioner signed the contract to rebuild the Polcevera bridge, part of the A10 motorway, with PERGENOVA S.C.p.A., the consortium company limited by shares set up by Salini Impregilo and Fincantieri Infrastructure S.p.A. (50:50). The contract covers the design and execution of the works and services to rebuild the new bridge. The consortium company received the contract advance on 25 February 2019. The works were delivered on 15 April 2019 and are scheduled to take 382 days. The consortium company is currently performing the works for the sub-foundations and foundations of the bridge.

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

Work began at the end of 2017 and continued in the first six months of 2019 with construction of the three buildings. The bulk of the project will be carried out in the second half of 2019, such as the installation of the systems and facades.

Concessions

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

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

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

MOTORWAYS

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

METROS

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

CAR PARKS

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

OTHER

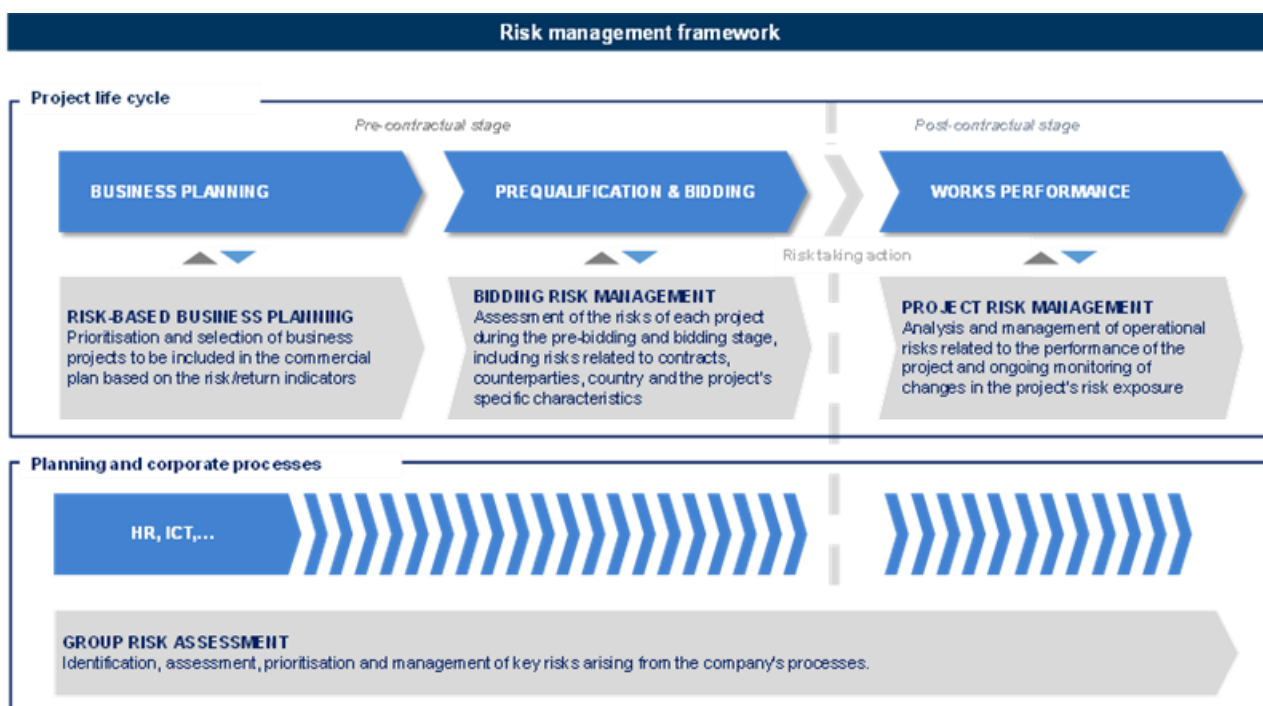
| Country | Operator | % of investment | Stage | Start date | End date |
|---------------|-----------------------------|-----------------|--------|------------|----------|
| Italy (Terni) | Piscine dello Stadio S.r.l. | 70.0 | Active | 2014 | 2041 |

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, 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.



During the first half of 2019, the Group focused on strengthening its methods and tools to analyse contract risk during the bidding stage and to continuously include procedures for the efficient management of the most significant risks, such as country and counterparty risks (involving, therefore, customers, partners, subcontractors and significant suppliers). It also implemented procedures to analyse and manage economic and 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 timely 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, sector trends and competitive scenario, as well as from industry-specific technological innovation and regulatory developments and the projects' long-term nature.

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

Strategic risks

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

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

Financial risks

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

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

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

Legal and compliance risks

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

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

Operational risks

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

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

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

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

Country risk

The Group pursues its objectives by operating almost everywhere in the world, leveraging business opportunities in different countries and hence exposing itself to the risks resulting from the characteristics and conditions

dictated by them, such as the political, economic and social scenario, local regulations, taxation and operational complexity and, last but not least, 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 Salini Impregilo may start or continue to collaborate. For each of the above counterparty types, risk factors linked to financial and operational reliability apply to a different extent, as does the potential strategic role of a partnership for a specific business initiative, as well as all legal and compliance aspects that safeguard the lawfulness of the relationship. The Group performs a counterparty analysis for each new project, involving all the competent departments and the Group Risk Officer, to obtain more precise identification of the critical issues that could arise during the contract's operational stages and more accurate planning of the possible mitigation actions.

Contract risk

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

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

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 2019, should be added to the universe of risk events that may potentially impact on operations.

Litigation

USW Campania projects

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

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

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

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

Administrative litigation

Recovery of the amounts owed to Fibe by local administrations for waste disposal fees up to the contracts’ ope legis termination date (15 December 2005)

The special commissioner tasked by the Regional Administrative Court to collect receivables of the former operators of the waste disposal service performed until 15 December 2005 submitted their final report in November 2014, in which they stated that the administration had already collected directly €46,363,800 of the fee due to Fibe for its services rendered until 15 December 2015, without forwarding it to Fibe, and that total outstanding receivables totalled €74,317,550.

In its ruling no. 7323/2016, the Regional Administrative Court decided that the special commissioner should pay the amounts claimed by Fibe only after the assessment is completed and, hence, including amounts already collected by the administration. Fibe challenged this ruling with the Council of State which rejected it with its ruling no. 1759/18. 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, another commissioner was appointed on 10 January 2019.

Administrative procedures for the recording and recognition of the costs for activities carried out and the work ordered by the administration during the period after termination of the service contracts

As early as 2009, Fibe filed a complaint with the Lazio Regional Administrative Court about 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 after the contracts had been terminated.

As part of the aforementioned ruling, the Regional Administrative Court appointed an inspector who, on 31 March 2014, submitted a preliminary report and then their final report on 21 December 2017 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 ruling of 21 March 2019 ordered the Office of the Prime Minister to pay €52,955,353, including VAT and interest and the Office of the Prime Minister challenged this ruling before the Council of State.

Interest on payment of the RDF plants

With ruling no. 3886 of 5 May 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.

Environmental disputes

As part of the USW Campania projects, the Group had to deal with a large number of administrative measures regarding reclamation and the implementation of safety measures at some of the landfills, storage areas and RDF plants. The unsuccessfully resolved proceedings are on hold pending the merit hearings. 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 of 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 accepted Fibe's appeal in its ruling no. 5076 of 29 August 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. Meanwhile, Fibe has completed the characterisation operations for the above sites, but this does not constitute any admission of liability whatsoever.

The civil litigation

In May 2005, the government commissioner filed a motion requesting compensation from Fibe and Fisia Italimpianti (now Fisia Ambiente) for alleged damage of about €43 million. During the hearing, the commissioner increased its claims to over €700 million, further to the additional claim for damage to its reputation, calculated to be €1 billion.

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 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 performance bonds to the government commissioner also requested the commissioner's claim be dismissed and, in any case, to be held harmless by Salini Impregilo (at the time, Impregilo), which appeared before the court and disputed the bank's requests. Ruling no. 4253/11 declared the lack of jurisdiction of the administrative judge. The attorney general filed an appeal which was rejected on 14 February 2019 and the first level ruling was upheld.

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 agreements 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. On 30 May 2019, the companies court (as the competent court) withheld the decision.

There are also proceedings commenced by the public administrations that challenge Fibe's conduct with respect to the receivables and payables that arose during the contract term. Although these proceedings are separate to those described above, they refer to the same issues raised by Fibe in the administrative courts.

They include the 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 plants in Campania. Fibe has claimed that the receivables due from the Office of the Prime Minister, mostly for work performed on its behalf and for the tariff due to Fibe, would offset this advance. The first level hearing ended with ruling no. 4658/2019 of 7 May 2019 in which the Naples Court ordered the company to return the advance plus interest and only allowed part of the Fibe's receivables (the tariffs already collected by the Office of the Prime Minister) for offsetting purposes, with the result that Fibe owed roughly €10 million 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 is currently preparing its appeal. In addition, the amount of roughly €10 million could be offset against Fibe's larger receivable of €52,955,353 plus interest as per the favourable ruling of 21 March 2019 handed down as part of the administrative proceedings for the recording of costs (see above).

Tax litigation

In January 2013, the subsidiary received tax assessment notices from the Acerra municipality with respect to the waste-to-energy plant, requesting payment of local property tax (ICI) and the related penalties of approximately €14.3 million for the years from 2009 to 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.

Although it believes that it will be able to reverse the ruling through an appeal to the Supreme Court, in 2015, the subsidiary - comforted by its legal advisors - set aside a provision for an amount equal to just the tax plus any accrued interest as a precautionary measure.

In March 2018, the subsidiary presented an application to the tax authorities for facilitated settlement (Decree law no. 148/2017 converted into Law no. 172/2017) of the ICI (property tax) tax bill related to the years from 2009 to 2011 to settle the related dispute.

The tax authorities accepted the application and the subsidiary paid the first of the three instalments in October 2018, thus qualifying for the very favourable conditions of Decree law no. 119/2018 (the "Tax simplifications decree"), whereby the outstanding liability can be automatically deferred over the subsequent five years to be paid in ten six-monthly instalments.

Criminal litigation

In September 2006, the public prosecutor at the Naples Court served Impregilo S.p.A. (now Salini Impregilo), Impregilo International Infrastructures N.V., Fibe S.p.A., Fibe Campania S.p.A. (subsequently merged into Fibe S.p.A.), Fisia Italmplant S.p.A. (now Fisia Ambiente S.p.A.) and Gestione Napoli S.p.A. in liquidation with a "Notice of the conclusion of the preliminary investigations about the administrative liability of companies" related to the alleged administrative offence pursuant to article 24 of Legislative decree no. 231/2001, as part of criminal proceedings against some former directors and employees of the above-mentioned companies, who were being investigated for the crimes covered by article 640.1/2.1, of the Criminal Code in connection with the contracts for management of the urban solid waste disposal cycle in Campania. Following the preliminary hearing of 29 February 2008, the Preliminary Hearing Judge at the Naples Court allowed the motions for indictment presented by the public prosecutor, rejecting all the civil parties' claims against the companies finding them to be unacceptable.

As part of these proceedings, in its ruling of 26 June 2007, the Preliminary Investigations Judge ordered the precautionary seizure of the profit from the alleged crime, estimated to approximate €750 million.

The precautionary proceedings continued for nearly five years and finally ended in May 2012, without any action taken against the Group. On 4 November 2013, the Naples Court handed down a decision finding all defendants not guilty on all charges. In March 2014, the public prosecutor of Naples challenged the decision and the Appeal Court disallowed the appeal and confirmed the first level ruling on 22 May 2019.

In 2008, as part of a new investigation into waste disposal in the Campania region carried out after the ope legis termination of the 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 S.p.A., Fibe Campania S.p.A. (subsequently merged into Fibe S.p.A.) and Fisia Ambiente S.p.A. 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.

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 being under investigation.

At the hearing of 1 April 2014, the Rome Court acquired the ruling delivered by the Fifth Criminal Chamber of the Naples Court in the aforementioned "parent" proceedings (RGNR 15940/03). 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 pursuant to Legislative decree no. 231/2001. The public prosecutor is currently examining the motions.

The directors' considerations about the USW Campania projects at 30 June 2019

The general situation of Salini Impregilo Group with respect to the USW Campania projects at 30 June 2019 still continues to be extremely complex and uncertain (as can be seen from the complexity of the above information).

The decisions of the administrative courts regarding the claims made for the costs of the RDF plants that had not been depreciated when the service contracts were terminated (15 December 2005) and the recognition of the costs incurred for the services provided after the contracts had been terminated are positive and extremely important factors because they support the Group's arguments regarding the correctness of its conduct and the resulting assessments made to date.

Taking also into account the rulings handed down by the administrative judges regarding the aforementioned environmental issues and for which the directors, with the support of the legal advisors assisting Fibe in the various disputes, deem the risk of an unfavourable outcome to be in the realm of mere possibility and the numerous pending civil proceedings, at this time, an accurate timeframe for the end of the various pending proceedings cannot be reasonably determined.

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

With regard to this project, certain critical issues arose during the first stage of full-scale production 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 on which the early phases of the project had been based. 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 measures to manage such disputes, the contractor - and thus the original contractor 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/contract 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 USD1.4 billion. The customer met its obligation by granting a moratorium on the refunding of already disbursed contract advances totalling about USD800 million and disbursing additional advances amounting to USD100 million. The group of contracting companies met their obligation by directly disbursing USD100 million and additional financial resources, through the conversion into cash of existing contractual guarantees totalling USD400 million.

A - The disputes before the Dispute Adjudication Board (DAB)

At the end of 2014, the DAB (Dispute Adjudication Board), established by the parties pursuant to the contract, granted GUPC an extension of time of 176 days and an amount of USD244 million for the extra costs, as per the claims presented, of which USD233 million was paid in early 2015 and a further USD10 million in the last quarter of that year. In December 2015 and January 2016, the DAB accepted the claims made by GUPC on three separate occasions of USD6.2 million, USD24.7 million and USD11.2 million. In addition, on 20 June 2016, the DAB approved another USD2.7 million with the decision about the claim presented. On 20 July 2016, the DAB issued two decisions in GUPC's favour: (i) that related to the Testing and Laboratory Services subcontract in which it agreed with the contractor and awarded GUPC another USD6.4 million; (ii) that referred to the Dewatering of Excavations, where it found GUPC's claim to be grounded and that it had the right to receive USD0.2 million.

The DAB rejected GUPC's claim about the unforeseen faults and fissures in its decision of 26 July 2016 by majority vote. This claim was based on similar assumptions to those of a previous claim and the DAB's decision (passed by majority vote) is thus contradictory to that announced for the previous claim, as shown also by the dissenting opinion of one of its three members. GUPC expressed its dissatisfaction with this decision and its claim was subsequently included in those being heard as part of another pending hearing (see the second arbitration).

Finally, with respect to the physical and geological conditions of the area around the sides of the reservoir and some storage areas, the DAB's decision of 26 January 2017 (passed by majority vote) (i) rejected most of the claim made by GUPC based on similar assumptions to those of previous claims and (ii) found that GUPC was entitled to a fee of roughly USD4 million compared to the requested amount of USD114 million. One of the DAB members presented a dissenting opinion and GUPC filed its dissatisfaction and commenced the related arbitration proceedings (see the "fourth arbitration").

As the DAB had not communicated a decision about the other claims within the contractual timeframe, they have been subjected to arbitration.

B - Arbitration

There are a number of separate arbitration hearings ongoing before the International Chamber of Commerce between GUPC (with its European partners Sacyr, Salini Impregilo and Jan De Nul) and the Panama Canal Authority.

The first relates to the Cofferdam dispute and has been completed. The award, published in the second half of 2017, rejected the claims made by GUPC and the shareholders by majority vote (two against one) and ordered them to pay the legal costs. The dissenting member of the arbitration tribunal filed its strong disapproval of the vote criticising the interpretation of the facts and law in the award and identifying substantial errors. Together with the other shareholders, Salini Impregilo challenged the award before the Southern District Court of Florida (where the arbitration was heard) asking it be annulled. The court rejected the appeal on 20 June 2018 based on procedural reasons without discussing the dispute's merits.

The second hearing covers DAB's decisions about the claims about the inadequate quality of the basalt compared to the quality guaranteed by ACP and the lengthy delays caused by ACP 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 in progress.

The third hearing relates to the extra costs incurred by the GUPC due to certain unjustified conditions imposed by ACP for the design of the lock gates and other claims about labour costs. The proceedings are still at an initial stage.

The fourth hearing, commenced concurrently with the third hearing in 2016, involves sundry claims mentioned in the completion certification. The proceedings are also still at an initial stage.

In 2017, GUPC and the shareholders filed another two requests for arbitration with respect to the third and fourth arbitrations covering the same claims already made in the third and fourth hearings, respectively. These requests were filed on a precautionary basis after the 84-day deadline given to the DAB to decide on the claims expired. As the DAB did not take a decision within the contractual deadline, any decision about these claims is now to be taken by the arbitration tribunal. In August 2018, they were included in the already pending third and fourth arbitrations.

The fifth arbitration concerned the contract advances and advances for certain variation orders due to ACP. The proceeding about the contract advances ended on 10 December 2018 with the issue of the arbitration award

which acknowledged ACP's right to have the advances returned (around USD217 million by Salini Impregilo). Therefore, the advances were returned to ACP in December 2018. With respect to the advances for the variation orders (Salini Impregilo's share: approximately USD127 million), the parties came to an agreement on 18 February 2019 ratified by an order of the London court for their return to ACP.

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 six months of 2019, the estimate for the extra costs to complete the project was updated, as well as the additional consideration claimed from the customer (again with the support of the Group's experts).

The Panama Canal works have passed the substantial completion test satisfactorily and ACP has issued the taking over certificate. The Canal was re-opened on 26 June 2016.

The Group cannot exclude that currently unforeseeable events may arise in the future which would require changes to the assessments made to date.

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 and other agreements which enabled it to collect a total of €260 million.

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

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 (now FCA N.V.) is required to follow the registered claims of the general subcontractor CAVTOMI Consortium (the "consortium"), in which Salini Impregilo has a share of 74.69%, against the customer Rete Ferroviaria Italiana ("RFI"). The consortium carried out all design and execution activities for the project.

Accordingly, in 2008, Fiat initiated contractual arbitration proceedings against RFI for the award, in particular, 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 Fiat, ordering RFI to pay approximately €187 million (of which about €185 million pertaining to the consortium).

RFI appealed against the award before the Rome Appeal Court in 2013 and paid the amount due to Fiat, which in turn forwarded the relevant share to the consortium.

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 and issued a claim form for the revision of the Appeal Court's ruling.

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

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

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

However, it 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 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 another claim form to the Rome Court for claims made during the contract term and not covered by the previous award.

COCIV

With the claim form notified to the COCIV consortium on 18 September 2014, the customer RFI S.p.A. challenged the validity of the inter partes arbitration award of 20-21 June 2013 and also requested the return of about €108 million (approximately €74 million for Salini Impregilo) collected by COCIV as a result of the award. The COCIV consortium appeared in court and is confident that the arbitration award in its favour will be confirmed by the ruling. However, it 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.

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). 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 the parent's CEO) as well as two cases of corruption. The proceeding originally before the Rome Court, and now entirely transferred to the Bolzano public prosecutor, relates to the alleged bribery of works management in order to encourage the works manager (also under investigation) to perform acts contrary to their official duties.

As a precautionary measure and to demonstrate its non-involvement in the crime, a clean break with the past and full collaboration with the authorities, COCIV has implemented the following measures and actions:

- replacement of the individuals involved in the proceedings and withdrawal of their proxies;
- dismissal or suspension of these employees;
- ban on their access to work premises or corporate e-mail or any document archives;
- lapse of all the contracts that showed their reprehensible conduct as per the remand orders;
- cancellation of ongoing tenders and an awarded tender to call them again after a clear-cut break with the past;
- termination of the contract with the works management service provider and temporary appointment, with the consent of RFI S.p.A., of two experts to perform this service, while communicating its willingness to transfer this duty (currently carried out by the consortium as per the contract) to the customer, as per its request;
- on 19 January 2017, appointment by RFI S.p.A., upon COCIV's request, of a person identified by it to participate in the tender boards for the work that COCIV should assign under EU procedures.

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. 90/14 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 Decree law no. 90 of 24 June 2014, converted with amendments by Law no. 114 of 11 August 2014 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.

During 2018, the Genoa public prosecutor notified the completion of the preliminary investigations for the criminal proceedings and it has not taken any additional actions at the date of preparation of this report.

The investigations focused on assumed collusive bidding and most of the challenged events took place quite some time ago (2013 to 2016).

The charges refer to alleged conduct that could only be carried out by the individuals in charge of managing the related procedures. This implies that the alleged involvement of key management personnel (the then chairman

of the consortium) and the parent's chief executive officer, would not lead to the identification of any real activities and/or conduct that these persons actually undertook.

The documents filed by the Genoa public prosecutor do not allege any violation by the consortium of the legislation on entities' administrative liability (Legislative decree no. 231/2001).

The criminal proceedings originally brought by the Rome public prosecutor were broken down into various sections which have seen the following progress:

1. With respect to all the alleged corruption practices, involving the alleged administrative liability of the consortium and Reggio Calabria - Scilla S.C.p.A. for the administrative offence as per articles 5 and 25 of Legislative decree no. 231/01, the Rome Court declared its lack of jurisdiction and referred the case to the Bolzano public prosecutor which joined the proceedings and requested that the case be heard. The preliminary hearing date was set for 26 June 2019 and the judge's ruling declared its lack of jurisdiction and ordered the case be referred to the Alessandria public prosecutor.
2. On 5 September 2018, the public prosecutor requested that the criminal proceedings for the alleged crime of association for criminal purposes be dismissed as the related charge cannot be sustained.

The consortium deems that 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 (and, hence, not in the consortium's interest) by fraudulently circumventing the rules in place to control its activities. Moreover, these alleged offences would not have required RFI S.p.A. to pay a larger or undue amount or create economic benefits for the consortium 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 the consortium with the quality levels specified in the contracts and relevant legislation.

At present, the Group does not have information that would allow it to assess whether any potential developments could require modifications to the assessments made to date or the probability or scope of such developments.

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.), Impregilo S.p.A. (now Salini Impregilo S.p.A.) signed a contract with Stretto di Messina S.p.A. 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. The customer

was also given performance bonds of €239 million, as provided for in the contract. Reduction of the credit line to €20 million was approved in 2010.

Stretto di Messina S.p.A. and the general contractor Eurolink S.C.p.A. 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 as general contractor, Eurolink, led by Salini Impregilo, notified the customer of its intention to withdraw from the contract under the contractual terms, also to protect the positions of all the Italian and foreign co-venturers. However, given the immense interest in constructing the works, the general contractor 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 Stretto di Messina be ordered to pay the amounts requested by the general contractor due to the termination of the contract for reasons not attributable to it. With regard to the actions filed at EU level, in November 2013, the European Commission communicated its decision not to follow up the proceedings, as no treaties were violated, and confirmed this on 7 January 2014, with a communication dismissing the case. As regards the civil action in Italy, Salini Impregilo and all the members of Eurolink have jointly and separately asked that Stretto di Messina be ordered to pay the amounts claimed, for various reasons, due to the termination of the contract for reasons not attributable to them.

With its ruling no. 22386/2018 issued on 16 October 2018 and published on 21 November 2018, the Rome ordinary judge rejected the applications filed by Eurolink and Salini Impregilo, as the lead contractor of the SPE and those filed by the other joint venturers and the counterclaims filed by Stretto di Messina S.p.A.. Conversely, the Rome Court declared that the customer’s termination of the contract with Parsons Transportation Group Inc., engaged by Stretto di Messina S.p.A. for the project management services, was legitimate (referring calculation of the compensation for damage to Parsons to the judgment of the Constitutional Court), in the process joined to that of Eurolink S.C.p.A. and this approach, *mutatis mutandis*, is also applicable to Eurolink S.c.p.A..

Eurolink and Salini Impregilo S.p.A. filed their appeal against this ruling before the Rome Appeal Court on 28 December 2018.

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

Romania - Orastie-Sibiu highway

Salini Impregilo has been operating in Romania since July 2011 following the start of the works for the Orastie - Sibiu highway section contract (Lot 3).

In July 2013, it was awarded a second contract for the development of Lot 2 of another highway section between the cities of Lugoj and Deva.

The two contracts are part of a wider road project called Pan-European Corridor IV, which cuts through Romania from Nădlac (on the border with Hungary) via Pitesti and reaches Constanta, on the Black Sea. Both contracts were entered into with the Romanian National Road & Highways Company (CNADNR, now CNAIR) and 85% financed with EU structural funds and 15% by the Romanian government.

The Orastie - Sibiu contract provided for the construction of 22.1 km of two-lane highway (plus the relevant emergency lanes).

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

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

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

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

In September 2015, Salini Impregilo presented an application for arbitration and the first partial award was issued in March 2017 for an equivalent of approximately €18 million.

In the meantime, 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 aforementioned contract termination, which the parent deemed fully unfounded, was formally contested.

At the date of preparation of this report, there were two ongoing proceedings:

1. an administrative arbitration proceeding before the Paris International Chamber of Commerce for the delays and additional costs, the outcome of which is reasonably expected for 2019;
2. a DAB proceeding about the return of the amounts enforced in April 2016 (€13 million), after which another arbitration hearing will probably take place in 2019.

The directors are confident that its arguments will be accepted at the end of the dispute 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 work in progress 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 would require changes to the assessments made to date.

Contorno Rodoviario Florianópolis (Brazil)

On 21 September 2016, the Salini Impregilo S.p.A. and Cigla Constructora Impregilo e Associados S.A. joint venture signed a contract with Autopista Litoral Sul S.A. worth approximately BRL336 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 the joint venture attempted to resolve by proposing new solutions to the customer (although it was not contractually obliged to do so).

At the start of 2018, the joint venture presented claims to the customer for higher costs and extension of the contract term. Despite the fact that the negotiations are still ongoing and the related memorandum of understanding should be signed in the near future, in January 2019, the customer informed the joint venture of its intention to terminate the contract. The joint venture deems that this termination is illegal and contrary to the principle of good faith. Therefore, in 2019, it filed an appeal with the local courts to have the customer's decision found invalid.

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

Rome Metro

As part of the contract for the design and construction of the works for the B1 line of the Rome Metro, Salini Impregilo commenced three legal proceedings in its name and as lead contractor of the joint venture against Roma Metropolitana S.r.l. 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. Rome Appeal 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 S.r.l. 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 already given its legal advisors a mandate to appeal 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 currently at the initial stages and has been deferred with the interim ruling of 2018 issued after the hearing for the conclusions. The judge accepted some claims made by the joint venture and ordered the court-appointed expert to recalculate the amounts due to the joint venture for just the claims rejected.

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

The interim ruling of January 2018 was challenged solely for the part that rejected some claims already examined by the court-appointed expert earlier.

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

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 its work in November 2018 and filed its definitive report. It found that the joint venture's claims of approximately €3 million were admissible. A decision has not yet been taken.

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) holds the concession for the construction and operation of sector 3 of the Ruta del Sol motorway in Colombia.

In November 2017, the customer ANI commenced a procedure to assess Yuma's alleged serious breaches of the concession contract and whether to terminate the contract.

Yuma, on the other hand, deems that the serious breaches have been committed by ANI and, in any case, refer to events outside its control which have led to a significant imbalance in the mutual rights and obligations of the parties to the contract that the customer is obliged to rectify.

The operator commenced procedures for a local arbitration for contract variations and an international one for claims related to the construction stage. It is also evaluating whether to take additional legal action to protect its rights.

The banks that granted Yuma a bridge loan of COP450,000 million to carry out the project have refused to extend it beyond 15 January 2018. Yuma holds that this decision is unlawful and damaging to its rights as the current situation has not substantially changed and the banks had granted extensions in the past. Salini

Impregilo had given guarantees for 48.33% of the loan. In 2018, the syndicate banks commenced proceedings in Italy to enforce this guarantee of approximately USD81 million.

As a result of developments in the monitoring phase of the payment order proceedings, Salini Impregilo paid the entire amount mentioned above to the banks. However, two of the four banks have reserved the right to its repayment after the merits hearing.

Yuma has entrusted construction and maintenance of the project to a special purpose entity Constructora Ariguani S.A.S., which is wholly-owned by Salini Impregilo. Due to the difficulties encountered with the project, the SPE commenced its reorganisation pursuant to the local law no. 1116/2006 in March 2018, supervised by the Superintendencia (the Financial Superintendence of Colombian companies). On 23 October 2018, Yuma commenced the same reorganisation procedure.

Negotiations to settle the pending issues with ANI are at an advanced stage. The Group expects to agree on changes to the concession agreement and to reach a settlement for contract variations before the court in the near future. After that, the contract will continue on a balanced basis.

The directors are confident that its arguments will be accepted during these negotiations and arbitrations and deem that the assets recognised in the condensed interim consolidated financial statements for Yuma and Ariguani are recoverable, supported by the opinion of its 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.

Poland

Project S8

The Group has a 95% interest in a joint venture in Poland for the design and construction of roads (S8 Marki contract with a residual value of approximately €13 million) and the related contract was signed on 28 November 2014.

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 preventing this.

Project A1F

The Group has a 100% interest in a joint venture in Poland for the design and construction of roads (project A1F with a residual value of approximately €78.4 million) and the related contract was signed on 12 October 2015.

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.

On 15 July 2019, the customer obtained enforcement of the performance bonds, retentions and fines of approximately €32 million, which the joint venture had provided, from the Milan Court.

Project S3

The Group has a 99.99% interest in a joint venture in Poland for the design and construction of roads (S3 Nowa Sola - Legnica contract with a residual value of approximately €26.5 million) and the related contract was signed on 22 December 2014.

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 S.p.A. provided for payment.

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

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

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. The measure emphasised that the MATTM's negative opinion was largely due to the adverse opinions of several local bodies (including the Pavia provincial authorities,

which had been one of the project's main sponsors), which had changed their views of the project roughly ten years after the procedure to assign the concession had been started.

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 that the assets recognised under intangible assets at 30 June 2019 are recoverable, supported by their legal advisors.

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

Other situations characterised by risk and/or uncertainty profiles

Condotte

Società Italiana per Condotte d'Acqua S.p.A. ("Condotte"), which has investments in group companies, filed a petition as per article 161.6 of the Bankruptcy Law with the Rome Court. It has also reserved the right to file a final deed of arrangement proposal (with the plan and documentation required by article 161.2/3 of the Bankruptcy Law) or an application for approval of debt restructuring agreements.

On 15 January 2018, the Rome Court granted a period of up to 18 May 2018, subsequently deferred to 18 July 2018, for presentation of the above proposal. It appointed special commissioners to monitor Condotte's activities until this date, requiring it to comply with a number of measures, including disclosure obligations.

On 17 July 2018, Condotte applied for immediate application of the extraordinary administration procedure pursuant to article 2 of Decree law no. 347/03 to the Ministry of Economic Development.

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

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

On 22 October 2018, the special commissioners invited Condotte's creditors to file their claims for inclusion in the insolvency proceedings for their receivables originated up to 6 August 2018 before 12 December 2018.

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

- Consorzio Alta Velocità Torino Milano;
- Consorzio Collegamenti Integrati Veloci;
- Lybian Expressway Contractors;
- Eurolink Scpa;

- Reggio Calabria Scilla Scpa;
- Salerno Reggio Calabria Scpa;
- Consorzio Iricav Due.

Their claims were based on the following:

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

At the date of preparation of this report, it is not known when the claims presented by the consortia and consortium companies in which Salini Impregilo has an investment will be analysed. Therefore, and until the claims are examined in court, information about whether they will be included in the insolvency proceedings and their classification (pre-preferential, preferential or secured claims) is not available.

Supported by its legal advisors, the directors are confident that the SPEs in which Condotte has an investment will recover the entire amounts due from it, also because the ongoing strategic works are expected to be continued. Therefore, they have not impaired these amounts.

The group companies are carefully monitoring developments in the situation.

The Group cannot exclude that events related to the above-mentioned extraordinary administration procedure may take place in the future, which would entail changes to the current assessments.

Astaldi

Astaldi S.p.A., which has investments in group companies, filed a petition as per article 161.6 of the Bankruptcy Law with the Rome Court. It has also reserved the right to file a plan and deed of arrangement proposal pursuant to article 160 and subsequent articles and article 186-bis of the Bankruptcy Law.

Specifically, it filed its petition on 27 September 2018 and it was published the next day (28 September 2018).

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

The consortia and consortium companies in which Astaldi has an investment analysed their positions with the company at the petition publication date (28 September 2018) and offset their receivables and payables. This was also performed to allow Astaldi to prepare its deed of arrangement plan.

On 13 February 2019, Salini Impregilo made a binding offer for Astaldi with terms promptly communicated to the market. The transaction is designed to strengthen Astaldi's financial position and performance as part of the deed of arrangement.

On 14 February 2019, Astaldi informed the market that it had filed the plan and deed of arrangement proposal with a business continuity plan as per articles 160, 161 and 186-bis of the Bankruptcy Law.

Pursuant to article 163 of the Bankruptcy Law, the court is expected to order a creditors' meeting within 120 days of the date of the measure to allow them to vote on the deed of arrangement proposal. The court commissioners will then provide the creditors with the deed of arrangement plan.

The sole scope of the investigations performed by the commissioners and the court in this stage of the procedure is to allow calculation of the majority vote required to authorise the deed of arrangement. They do not provide an opinion on the existence, amount or scope of the related receivables.

As a result, the creditors' rights to ask that their claims be accepted in terms of their existence, amount and scope is not affected.

Supported by its legal advisors, the directors are confident that the net receivables of the SPEs in which Astaldi has an investment will be fully recovered, also given the assumed continuity plan for the ongoing strategic works. Therefore, they have not impaired these receivables.

The group companies are carefully monitoring developments in the situation.

The Group cannot exclude that events related to the above-mentioned deed of arrangement may take place in the future, which would entail changes to the current assessments.

Slovakia

On 6 March 2019, the Group and the customer signed an agreement to terminate the contract for the design and construction of a major motorway section, which includes underground works. This agreement provides for the recognition of the works awaiting certification and also establishes that:

- the customer will certify and pay for most of the works performed and awaiting approval for bureaucratic reasons in the short term and will also purchase most of the assets in the work site, including the temporary works; at the date of preparation of this report, this stage has almost been completed;
- a dispute adjudication board (DAB) will be appointed, consisting of international members rather than the Slovakian members provided for in the contract to decide on the additional consideration requested by the Group; at the date of preparation of this report, the DAB has been set up and is operational;
- 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.

Given the above, this agreement does not have significant repercussions for the Group as all the contractor's rights to the works not yet certified at the termination date will be maintained and strengthened.

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

Country risk

Libya

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

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

Impregilo Lidco won important contracts for the construction of:

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

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

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

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

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

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

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

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

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

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

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

Argentina

The severe crisis that has affected Argentina's economy in the period from 2016 to 2018 has continued into 2019. It has caused a significant depreciation of the Argentinian peso, a 43% hike in public debt, a drop of 1.6% in GDP and accumulated inflation of 160%. The OECD expects that the country's GDP will contract by 1.5% in 2019.

The 2019 budget law introduced strong anti-crisis economic measures in line with the IMF's terms, including an inflation ceiling of 23%, a maximum currency depreciation of 10% and a growth in exports of roughly 20%.

Introduction of these tough monetary and tax objectives has stabilised the situation somewhat and the country's financing requirements have mostly been met for 2019. Presidential elections will be held in October 2019 and the outgoing President is running for re-election. The Group is building a hydraulic tunnel as part of a mega project for the environmental restoration project of the Riachuelo River in Buenos Aires for the Argentinian government.

Venezuela

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

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

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

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

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

Despite the uncertain political situation, certain indexes of the local financial markets, such as the equity index of the Caracas stock market, performed positively early in 2019 echoing the positive reaction to a possible change in the country's political and economic situation, with the related expected improvements in its general outlook. The Group continues to be cautious about the situation.

Government representatives have met with delegates of the opposition in Oslo over the last few weeks with mediation offered by the Norwegian government in an attempt to come to an agreement about the new political elections and their performance in line with international standards accepted by both sides. This is hoped to resolve the current political dissension in Venezuela.

Given the country's situation, the Group tested the assets recognised in its condensed interim consolidated financial statements at 30 June 2019 for impairment again, in line with the considerations and assessments made during preparation of the consolidated financial statements at 31 December 2018.

In line with the analyses presented in the 2018 Annual Report and considering the guidelines of the IFRS, the Group tested its financial assets for impairment in accordance with IFRS 9 by remodelling its payments by date and amount. It also estimated the effective interest rate, which includes Venezuela's credit risk.

The directors also considered other market variables such as the price of the international bonds issued by Venezuela in hard currency (US dollars) when making their assessments.

The Group's gross exposure amounted to €641.2 million at 30 June 2019, including €118.7 million of loans and approximately €522.5 million of receivables for consideration accrued on work performed (this latter figure comprises €318.6 million already invoiced and recognised as trade receivables and €203.9 million recognised as contract assets net of contract liabilities). The Group estimated total impairment losses on these assets of €480.8 million, substantially in line with that recognised at 31 December 2018.

In view of the delicate and complex uncertain situation that has developed at political level, the possibility that events not foreseeable at the reporting date may arise in the future which would require changes to the assessments made to date cannot be excluded.

Nigeria

Despite the positive oil price trends, the economic crisis in place since 2015 has continued although some small signs of an improvement have recently been seen.

After the latest depreciation of the Nigerian naira, its exchange rate with the Euro has stabilised at NGN350.

The crisis has led to higher unemployment with the related increase in criminality and widespread discontent.

The construction sector is struggling to regain vitality, like the country's other production sectors. Given the limited funding available, the federal government focuses on projects deemed strategic for the country's development like road infrastructure, hydraulic works and energy generation.

The presidential elections took place in May 2019 and the outgoing President and majority party were re-elected. Therefore, it can be assumed that the ongoing payment of the amounts due to the main contractors operating in Nigeria, commenced by the previous government, will continue until completion in 2020.

Given the country's situation, the Group tested the assets recognised in its condensed interim consolidated financial statements at 30 June 2019 for impairment again, in line with the considerations and assessments made during preparation of the consolidated financial statements at 31 December 2018.

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

Ukraine

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

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

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

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

Main contract events and effect of the sale of Todini

The parent's sale in April 2016 of Todini Costruzioni Generali (which had been awarded the 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 final awards substantially confirming the amounts awarded by the DB on a provisional basis and without prejudice to the assessment of the merits of the claims presented.

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

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

The claims presented by the Group to the ICC total UAH1,367 million (the equivalent of approximately €130 million at 30 June 2019), as per the amounts claimed via the Dispute Board plus the additional claims and related financial expense made directly to the ICC. The final award is expected to be issued before the end of 2020 after another three hearings to be heard in the period from September 2019 to June 2020.

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

Events after the reporting period

The parent's board of directors approved a new bid for Astaldi given that it has revised its deed of arrangement.

Further progress has been made with Project Italy, conceived to firm up the Italian large works and construction sector. CDP Equity S.p.A., Salini Costruttori S.p.A. and the banks involved in the project have sent the parent comfort letters. Intesa Sanpaolo, Uncredit, SACE, BNP Paribas, Banco PBM, MPS and Illimity (as Astaldi's lenders) have reconfirmed their interest in continuing the negotiations to finalise binding agreements by the end of July 2019.

The comfort letters confirm the lenders' agreement with the principles of the project's corporate and financial structure and the content of the capital and financial plan to raise the funding necessary to implement it. This involves:

- an indivisible cash capital increase of the parent, excluding the option as per article 2441.5 of the Italian Civil Code, of €600 million (the "capital increase"), guaranteed by an underwriting consortium for the part earmarked for the market of approximately €150 million;
- extension of the repayment dates of some of the loans granted by a few banks to the parent;
- a credit facility of a maximum of €200 million to be given to Salini Impregilo, should Astaldi's deed of arrangement proposal be accepted, in order to, inter alia, cover Astaldi's liquidity requirements in the period before approval of the deed of arrangement through a pre-preferential interim loan;
- a pre-preferential surety bond of €384 million to be given to Astaldi, if its deed of arrangement proposal is accepted, by some banks to allow it to continue to operate and to implement the new deed of arrangement;
- a pre-preferential credit facility of €200 million to be given to Astaldi, if its deed of arrangement proposal is accepted and after the capital increase reserved for Salini Impregilo has been successfully completed, to be used to repay the interim loans granted to Astaldi before its deed of arrangement proposal was accepted and to allow it to carry out its normal operations;
- a new revolving credit facility of €200 million to be given to Salini Impregilo, available after its capital increase has been executed and intended to meet its liquidity requirements as part of Project Italy.

Given the above comfort letters and in general, the increased generalised consensus about the project's legal and financial structure, the parent's board of directors approved the presentation of a new bid to Astaldi on 15 July 2019. This bid confirms the previous bid of 13 February as subsequently supplemented. The bid is subject to, inter alia, the acceptance of Astaldi's deed of arrangement, receipt of the anti-trust authorisations, the non-existence of events that could jeopardise the feasibility of Astaldi's business continuity plan and, finally, the signing of binding agreements with CDP Equity S.p.A. and the banks backing the financial plan before 1 August 2019.

Outlook

The Group has a robust order backlog for 2019 in both quantitative and qualitative terms, which reflects its consolidated presence in the United States, Australia, Europe and the Middle East confirming the derisking process carried out in the last few years.

The order backlog and orders acquired in 2019 confirm the Group's leading position in the water treatment segment.

The Group intends to strengthen its leadership in in the large infrastructure sector, especially in the US and Australia, in line with its strategic objectives.

The Group's key results for the year should be in line with those for 2018 and reflect the return of the remainder of the advances for the Panama Canal contract in February and March 2019.

As part of the project to relaunch the infrastructure sector in Italy, to consolidate its position and avail of the related investment opportunities, the parent drew up its three-year business plan to be presented during the year. This new plan covers not only the Group's current operations performed by its own organisation but also the planned integrations with other infrastructure sector operators.

In fact as part of this development strategy, the Group presented a bid in October 2018 to acquire Seli Overseas S.p.A. and Grandi Lavori S.r.l. (which wholly owns GLF Construction USA). In February 2019, the bid to acquire Cossi Costruzioni S.p.A. from Condotte d'Acqua S.p.A. was finalised. On 15 July 2019, the parent's board of directors approved the presentation of a new bid to Astaldi, which confirms the previous bid of 13 February as subsequently supplemented.

Its objectives may be affected by external factors that cannot currently be foreseen or are out of management's control.

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:

- **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.

- **Operating profit:** the operating profit given in the statement of profit or loss, being the sum of total revenue and total costs.
- **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 or through non-controlling investments in joint ventures.

In addition, the figures for the first half of 2018 have been adjusted for the effects of FTA of IFRS 16 although this is not required by the new standard as the Group has elected to apply the simplified transition approach ("modified retrospective approach").

Other information

Research and development

Salini Impregilo carried out industrial research and experimental development activities during the period. 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 six months are described below:

- study, research and testing of a new 4D BIM model;
- study to develop data analytics systems for digital sourcing approval flows;
- experimental development of an internal reporting system using artificial intelligence to analyse data;
- development of a new methodology/equipment for the installation of vertical pipes in underwater environments, called Riser Concept;
- study, engineering and testing of a large capacity, automated conveyor belt system;
- study and engineering of a large capacity, reversible suspended conveyor belt - Flyingbelt;
- study and experimental development of innovative electrical systems - for the 4.0 work sites - to improve the efficiency of electrical systems and automation;
- study and development of innovative presentation tools for the sharing and dissemination of technical information, work methodologies and best practices to assist employees in their daily jobs;
- study, research and testing of new large works construction technologies.

These activities related to the following areas:

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

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

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

Repurchase of treasury shares

At the date of preparation of this report, the group does not have a treasury share repurchase programme. At 30 June 2019, the parent had 1,330,845 treasury shares for €3,291,089.72.

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

Deputy chairperson

(signed on the original)

Condensed interim consolidated financial statements as at and for the six months
ended 30 June 2019

Condensed interim consolidated financial statements

Statement of financial position

| ASSETS | Note | 31 December 2018 (*) | of which: related parties | % | 30 June 2019 | of which: related parties | % |
|--|------|-------------------------|------------------------------|-----|------------------|------------------------------|-----|
| (€'000) | | | | | | | |
| Non-current assets | | | | | | | |
| Property, plant and equipment | 5 | 415,941 | | | 325,298 | | |
| Right-of-use assets | 6 | - | | | 141,625 | | |
| Intangible assets | 7 | 199,356 | | | 182,956 | | |
| Goodwill | 8 | 74,713 | | | 75,144 | | |
| Equity investments | 9 | 538,257 | | | 687,291 | | |
| Derivatives and non-current financial assets | 10 | 235,692 | 117,747 | 50% | 247,068 | 127,054 | 51% |
| Deferred tax assets | 11 | 205,386 | | | 213,593 | | |
| Total non-current assets | | 1,669,345 | | | 1,872,975 | | |
| Current assets | | | | | | | |
| Inventories | 12 | 192,304 | | | 182,739 | | |
| Contract assets | 13 | 1,512,866 | | | 1,735,685 | | |
| Trade receivables | 14 | 1,930,639 | 138,410 | 7% | 2,072,081 | 228,790 | 11% |
| Derivatives and other current financial assets | 15 | 135,881 | 31,385 | 23% | 238,347 | 34,940 | 15% |
| Current tax assets | 16 | 112,102 | | | 96,950 | | |
| Other current tax assets | 16 | 146,166 | | | 114,765 | | |
| Other current assets | 17 | 640,269 | 22,216 | 3% | 642,484 | 22,911 | 4% |
| Cash and cash equivalents | 18 | 1,107,340 | | | 812,317 | | |
| Total current assets | | 5,777,567 | | | 5,895,368 | | |
| Non-current assets held for sale and discontinued operations | 19 | 5,683 | | | 5,683 | | |
| Total assets | | 7,452,595 | | | 7,774,026 | | |

(*) Figures not fully comparable due to IFRS 16 FTA. More information is available in note 2.

| EQUITY AND LIABILITIES | Note | 31 December | of which: | | 30 June 2019 | of which: | |
|---|-------------|--------------------|------------------------|----------|---------------------|------------------------|----------|
| | | 2018 (*) | related parties | | | related parties | |
| | | | | % | | | % |
| (€'000) | | | | | | | |
| Equity | | | | | | | |
| Share capital | | 544,740 | | | 544,740 | | |
| Share premium reserve | | 120,798 | | | 120,798 | | |
| Other reserves | | 124,190 | | | 136,713 | | |
| Other comprehensive expense | | (105,914) | | | (110,119) | | |
| Retained earnings | | 97,698 | | | 140,416 | | |
| Profit for the period/year | | 54,197 | | | 63,288 | | |
| Equity attributable to the owners of the parent | | 835,709 | | | 895,836 | | |
| Non-controlling interests | | 96,354 | | | 115,551 | | |
| Total equity | 20 | 932,063 | | | 1,011,387 | | |
| Non-current liabilities | | | | | | | |
| Bank and other loans and borrowings | 21 | 617,895 | | | 537,989 | | |
| Bonds | 22 | 1,088,158 | | | 1,090,008 | | |
| Lease liabilities | 23 | 55,530 | | | 98,267 | | |
| Post-employment benefits and employee benefits | 25 | 57,025 | | | 59,955 | | |
| Deferred tax liabilities | 11 | 11,374 | | | 11,584 | | |
| Provisions for risks | 26 | 84,213 | | | 71,235 | | |
| Total non-current liabilities | | 1,914,195 | | | 1,869,038 | | |
| Current liabilities | | | | | | | |
| Current portion of bank loans and borrowings and current account facilities | 21 | 499,362 | 16,044 | 3% | 590,704 | 15,871 | 3% |
| Current portion of bonds | 22 | 13,295 | | | 6,291 | | |
| Current portion of lease liabilities | 23 | 43,206 | | | 63,799 | | |
| Derivatives and other current financial liabilities | 24 | - | | | 1,694 | | |
| Contract liabilities | 27 | 1,149,588 | | | 1,113,380 | | |
| Trade payables | 28 | 2,385,610 | 137,622 | 6% | 2,674,945 | 198,055 | 7% |
| Current tax liabilities | 29 | 144,693 | | | 71,868 | | |
| Other current tax liabilities | 29 | 48,521 | | | 55,726 | | |
| Other current liabilities | 30 | 322,062 | 19,878 | 6% | 315,194 | 20,645 | 7% |
| Total current liabilities | | 4,606,337 | | | 4,893,601 | | |
| Liabilities directly associated with non-current assets held for sale | | | | | | | |
| Total equity and liabilities | | 7,452,595 | | | 7,774,026 | | |

(*) Figures not fully comparable due to IFRS 16 FTA. More information is available in note 2.

Statement of profit or loss

| | Note | 1st half 2018 | of which: related | % | 1st half 2019 | of which: related | % |
|--|------|--------------------|----------------------|-----|--------------------|----------------------|-----|
| (€'000) | | (\$) (*) | | | | | |
| Revenue | | | | | | | |
| Revenue from contracts with customers | 32 | 2,358,964 | 131,064 | 6% | 2,362,788 | 55,210 | 2% |
| Other income | 32 | 145,036 | 7,162 | 5% | 219,165 | 6,710 | 3% |
| Total revenue and other income | | 2,504,000 | | | 2,581,953 | | |
| Operating expenses | | | | | | | |
| Purchases | 33.1 | (421,238) | | | (298,667) | | |
| Subcontracts | 33.2 | (742,842) | (90) | 0% | (929,788) | | |
| Services | 33.3 | (667,228) | (107,855) | 16% | (636,405) | (130,338) | 20% |
| Personnel expenses | 33.4 | (401,985) | | | (397,512) | (2) | |
| Other operating expenses | 33.5 | (73,062) | (277) | 0% | (77,656) | (209) | 0% |
| Amortisation, depreciation, provisions and impairment losses | 33.6 | (94,078) | (244) | 0% | (100,776) | 1,140 | -1% |
| Total operating expenses | | (2,400,433) | | | (2,440,804) | | |
| Operating profit | | 103,567 | | | 141,149 | | |
| Financing income (costs) and gains (losses) on equity investments | | | | | | | |
| Financial income | 34.1 | 23,707 | 5,822 | 25% | 22,174 | 3,794 | 17% |
| Financial expense | 34.2 | (55,083) | (107) | 0% | (58,009) | (192) | 0% |
| Net exchange gains | 34.3 | 14,636 | | | 8,998 | | |
| Net financing costs | | (16,740) | | | (26,837) | | |
| Net gains on equity investments | 35 | 11,239 | | | 7,510 | | |
| Net financing costs and net gains on equity investments | | (5,501) | | | (19,327) | | |
| Profit before tax | | 98,066 | | | 121,822 | | |
| Income taxes | 36 | (40,889) | | | (47,290) | | |
| Profit from continuing operations | | 57,177 | | | 74,532 | | |
| Loss from discontinued operations | 19 | (9,262) | | | (187) | | |
| Profit for the period | | 47,915 | | | 74,345 | | |
| Profit for the period attributable to: | | | | | | | |
| Owners of the parent | | 59,910 | | | 63,288 | | |
| Non-controlling interests | | (11,995) | | | 11,057 | | |

(§) The statement of profit or loss figures for the first half of 2018 of Salini Impregilo Group have been restated to comply with IAS 29.

(*) Figures not fully comparable due to IFRS 16 FTA. More information is available in note 2.

Statement of comprehensive income

| | Note | 1st half 2018 | 1st half 2019 |
|--|------|---------------|----------------|
| (€'000) | | (§) (*) | |
| Profit for the period (a) | | 47,915 | 74,345 |
| Items that may be subsequently reclassified to profit or loss, net of the tax effect: | | | |
| Net exchange gains (losses) on the translation of foreign companies' financial | 20 | 6,787 | (5,720) |
| Net gains on cash flow hedges, net of the tax effect | 20 | 141 | |
| Other comprehensive income (expense) related to equity-accounted investees | 20 | 5,256 | (1,994) |
| Items that may not be subsequently reclassified to profit or loss, net of the tax effect: | | | |
| Net actuarial gains (losses) on defined benefit plans | 20 | 5,529 | (627) |
| Other comprehensive income (expense) (b) | | 17,714 | (8,341) |
| Comprehensive income (a) + (b) | | 65,629 | 66,004 |
| Comprehensive income attributable to: | | | |
| Owners of the parent | | 78,235 | 56,458 |
| Non-controlling interests | | (12,607) | 9,546 |
| Earnings per share | | | |
| <i>From continuing and discontinued operations</i> | 38 | | |
| Basic | | 0.14 | 0.13 |
| Diluted | | 0.12 | 0.13 |
| <i>From continuing operations</i> | 38 | | |
| Basic | | 0.14 | 0.13 |
| Diluted | | 0.12 | 0.13 |

(§) The statement of comprehensive income figures for the first half of 2018 of Salini Impregilo Group have been restated to comply with IAS 29.

(*) Figures not fully comparable due to IFRS 16 FTA. More information is available in note 2.

Statement of cash flows

| (€'000) | Note | 1st half 2018 (\$) (*) | 1st half 2019 |
|---|------|---------------------------|------------------|
| Cash and cash equivalents | 18 | 1,320,192 | 1,107,340 |
| Current account facilities | 21 | (37,028) | (179,272) |
| Total opening cash and cash equivalents | | 1,283,164 | 928,068 |
| Operating activities | | | |
| Profit from continuing operations | | 57,177 | 74,532 |
| Amortisation of intangible assets | 33.6 | 11,660 | 16,189 |
| Depreciation of property, plant and equipment | 33.6 | 78,829 | 87,320 |
| Net impairment losses and provisions | 33.6 | 3,590 | (2,837) |
| Accrual for post-employment benefits and employee benefits | 25 | 9,966 | 7,153 |
| Net (gains) losses on the sale of assets | | 983 | (2,943) |
| Deferred taxes | 36 | (11,583) | 444 |
| Share of profit of equity-accounted investees | 35 | (11,062) | (6,878) |
| Income taxes | 36 | 52,471 | 46,846 |
| Net exchange gains | 34.3 | (14,636) | (8,998) |
| Net interest paid during the year | 34.2 | 32,179 | 35,835 |
| Other non-monetary items | | (2,614) | (2,780) |
| Cash flows generated by operating activities | | 206,960 | 243,883 |
| Increase in inventories and contract assets | | (67,982) | (206,487) |
| Increase in trade receivables | | (141,600) | (105,538) |
| Decrease in contract liabilities | 27 | (334,855) | (35,181) |
| Increase in trade payables | | 179,793 | 262,069 |
| Increase in other assets/liabilities | | (55,938) | (16,111) |
| Total changes in working capital | | (420,582) | (101,248) |
| Decrease (increase) in other items not included in working capital | | (4,452) | 28,394 |
| Financial income collected | | 8,608 | 13,100 |
| Interest expense paid | | (35,919) | (43,193) |
| Income taxes | | (52,215) | (46,149) |
| Cash flows generated by (used in) operating activities | | (297,600) | 94,787 |
| Investing activities | | | |
| Net investments in intangible assets | 7 | (498) | (525) |
| Investments in property, plant and equipment | 5 | (68,830) | (51,595) |
| Proceeds from the sale or reimbursement value of property, plant and | | 27,140 | 13,575 |
| Investments in non-current financial assets and capital transactions | 9 | (29,695) | (155,805) |
| Dividends and capital repayments from equity-accounted investees | 9 | 2,250 | 3,372 |
| Proceeds from the sale or reimbursement value of non-current financial | | 3,074 | 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) |
| Cash flows used in investing activities | | (66,559) | (254,035) |

| (€'000) | Note | 1st half 2018 (S) (*) | 1st half 2019 |
|--|------|--------------------------|------------------|
| Financing activities | | | |
| Dividends distributed | 20 | (34,875) | (842) |
| Capital injection by non-controlling interests in subsidiaries | | 354 | 90 |
| Increase in bank and other loans | 21 | 750,705 | 652,981 |
| Decrease in bank and other loans | 21 | (593,602) | (574,286) |
| Increase in lease liabilities | 23 | 19,221 | 15,761 |
| Decrease in lease liabilities | 23 | (28,101) | (35,796) |
| Change in other financial assets/liabilities | | (46,330) | (120,068) |
| Cash flows generated by (used in) financing activities | | 67,372 | (62,160) |
| Net exchange gains on cash and cash equivalents | | 6,275 | 3,420 |
| Decrease in cash and cash equivalents | | (290,512) | (217,988) |
| Cash and cash equivalents | 18 | 1,064,326 | 812,317 |
| Current account facilities | 21 | (71,674) | (102,237) |
| Total closing cash and cash equivalents | | 992,652 | 710,080 |

(S) The statement of cash flows figures for the first half of 2018 of Salini Impregilo Group have been restated to comply with IAS 29.

(*) Figures not fully comparable due to IFRS 16 FTA. More information is available in note 2.

Statement of changes in equity

| | | Share capital | Share premium reserve | Other reserves | | | | | | Other comprehensive income (expense) | | | | Retained earnings | Profit for the period | 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 income (expense) |
| <i>(€'000)</i> | | | | | | | | | | | | | | | | | | | |
| As at 1 January 2018 | 20 | 544,740 | 120,798 | 106,551 | (3,970) | 136 | (7,677) | 6,344 | - | 101,384 | (68,835) | 138 | (5,233) | (73,930) | 238,731 | (117,233) | 814,490 | 131,061 | 945,551 |
| Allocation of profit and reserves | 20 | | | | | | | | | | | | | | (117,233) | 117,233 | | | - |
| Dividend distribution | 20 | | | | | | | | | | | | | | (26,099) | | (26,099) | | (26,099) |
| Change in consolidation scope | 20 | | | | | | | | | | | | | | | | | 284 | 284 |
| Stock option | 20 | | | | | | 4,317 | (6,344) | | (2,027) | | | | | 2,027 | | | | - |
| Capital increase | 20 | | | | | | | | | | | | | | | | | | 354 |
| Other changes and reclassifications | 20 | | | | | | | | | | | | | | | | | | (114) |
| Dividend distribution to non-controlling interests | 20 | | | | | | | | | | | | | | | | | | (8,777) |
| <i>Profit for the period</i> | 20 | | | | | | | | | | | | | | | 59,909 | 59,909 | | (11,995) |
| <i>Other comprehensive income</i> | 20 | | | | | | | | | | 15,918 | (3,121) | 5,529 | 18,326 | | | 18,326 | | (612) |
| <i>Comprehensive income</i> | 20 | | | | | | | | | | 15,918 | (3,121) | 5,529 | 18,326 | | 59,909 | 78,235 | | (12,607) |
| As at 30 June 2018 | 20 | 544,740 | 120,798 | 106,551 | (3,970) | 136 | (3,360) | - | - | 99,357 | (52,917) | (2,983) | 296 | (55,604) | 97,426 | 59,909 | 866,626 | 110,201 | 976,827 |
| As at 1 January 2019 | 20 | 544,740 | 120,798 | 106,551 | (3,970) | 136 | (3,291) | - | 24,764 | 124,190 | (100,768) | (4,036) | (1,110) | (105,914) | 97,698 | 54,197 | 835,709 | 96,354 | 932,063 |
| IFRS 16 FTA | | | | | | | | | | | | | | | 545 | | 545 | | (64) |
| As at 1 January 2019 IFRS 16 FTA | 20 | 544,740 | 120,798 | 106,551 | (3,970) | 136 | (3,291) | - | 24,764 | 124,190 | (100,768) | (4,036) | (1,110) | (105,914) | 98,243 | 54,197 | 836,254 | 96,290 | 932,544 |
| Allocation of profit and reserves | 20 | | | 2,397 | | | | | | 2,397 | | | | | 51,800 | (54,197) | | | - |
| Dividend distribution | 20 | | | | | | | | | | | | | | (840) | | (840) | | (840) |
| Change in consolidation scope | 20 | | | | | | | | | | 2,651 | | (25) | 2,626 | (8,787) | | (6,161) | 5,152 | (1,009) |
| Capital increase | 20 | | | | | | | | | | | | | | | | | | 2,689 |
| Other changes and reclassifications | 20 | | | | | | | | 10,126 | 10,126 | | | | | | | 10,126 | 1,873 | 11,999 |
| <i>Profit for the period</i> | 20 | | | | | | | | | | | | | | | 63,288 | 63,288 | | 11,057 |
| <i>Other comprehensive expense</i> | 20 | | | | | | | | | | (6,204) | | (627) | (6,831) | | | (6,831) | | (1,510) |
| <i>Comprehensive income</i> | 20 | | | | | | | | | | (6,204) | | (627) | (6,831) | | 63,288 | 56,457 | | 9,547 |
| As at 30 June 2019 | 20 | 544,740 | 120,798 | 108,948 | (3,970) | 136 | (3,291) | - | 34,890 | 136,713 | (104,321) | (4,036) | (1,762) | (110,119) | 140,416 | 63,288 | 895,836 | 115,551 | 1,011,387 |

Notes to the condensed interim consolidated financial statements

1. Basis of preparation

Salini Impregilo S.p.A. (the “parent” or “Salini Impregilo”) has its registered office in Italy. These condensed interim consolidated financial statements at 30 June 2019 include the financial statements of the parent and its subsidiaries (the “Group”). The Group, created by the reverse merger of the Salini and Impregilo Groups, is a global player in the large-scale infrastructure sector.

Salini Impregilo Group has prepared its condensed interim consolidated financial statements at 30 June 2019 on a going concern basis. The directors have checked that events that could affect the Group’s ability to meet its commitment in the near future and, specifically, in the next 12 months do not exist. Preparation of 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.

In addition, as required by Regulation 1606/2002 issued by the European Parliament and Council, implemented in Italy by Legislative decree no. 38/2005, these condensed interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. Specifically, the Group has prepared these condensed interim consolidated financial statements in accordance with IAS 34 - Interim financial reporting and they should be read together with the most recent annual report (that for 2018). They do not include all the disclosures required for a complete set of IFRS financial statements, but they include an explanation of the events and transactions that are significant to an understanding of changes in the Group’s financial position and performance since the end of the last annual reporting 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 2019 are consistent with those used to prepare the 2018 annual consolidated financial statements, to which reference should be made, except for the changes summarised in note 2.

IAS 29 - Financial reporting in hyperinflationary economies

After a lengthy observation period of inflation rates, which have exceeded 100% in the last three years, Argentina has been considered a hyperinflationary economy pursuant to the IFRS since 2018. As a result, all the companies operating in Argentina have applied IAS 29 - Financial reporting in hyperinflationary economies in their financial reports starting from 1 July 2018.

These conditions were applicable in the first half of 2019 as well.

The Group's results for 2018 included the effects of applying the above standard from 1 January 2018. As required by IAS 29, the Group has restated its statement of profit or loss for the first half of 2018 during preparation of these condensed income consolidated financial statements (see the table below) using the same measurement procedures and processes as those applied in the 2018 consolidated financial statements.

Reclassified statement of profit or loss for the six months ended 30 June 2018

| | 1st Half 2018 | Effect of IAS 29 | 1st Half 2018 |
|--|--------------------|---------------------|--------------------|
| (€'000) | Published | | Restated |
| Total revenue | 2.514.628 | (10.628) | 2.504.000 |
| Operating expenses | (2.312.274) | 5.919 | (2.306.355) |
| Gross operating profit (EBITDA) | 202.354 | (4.709) | 197.645 |
| Gross operating profit margin (EBITDA) % | 8,0% | | 7,9% |
| Amortisation, depreciation, provisions and impairment losses | (93.795) | (284) | (94.079) |
| Operating profit | 108.559 | (4.993) | 103.566 |
| Return on Sales % | 4,3% | | 4,1% |
| Financing income (costs) and gains (losses) on equity investments | | | |
| Net financing costs | (15.077) | (1.663) | (16.740) |
| Net gains on equity investments | 11.343 | (104) | 11.239 |
| Net financing costs and net gains on equity investments | (3.734) | (1.767) | (5.501) |
| Profit before tax (EBT) | 104.825 | (6.760) | 98.065 |
| Income taxes | (40.882) | (7) | (40.889) |
| Profit from continuing operations | 63.943 | (6.767) | 57.176 |
| Loss from discontinued operations | (9.262) | - | (9.262) |
| Profit before non-controlling interests | 54.681 | (6.767) | 47.914 |
| Non-controlling interests | 10.258 | 1.737 | 11.995 |
| Profit for the period attributable to the owners of the parent | 64.939 | (5.030) | 59.909 |

2. Changes in standards

Changes in standards and effects of new standards

This section lists the standards, amendments and interpretations published by the IFRS, endorsed by the European Union and applicable since 1 January 2019:

| Standard/Interpretation | IASB application date |
|--|-----------------------|
| IFRS 16 - Leases | 1 January 2019 |
| IFRIC 23 - Uncertainty over income tax treatment | 1 January 2019 |
| Amendments to IFRS 9 – Prepayment features with negative compensation | 1 January 2019 |
| Amendments to IAS 28 - Long-term interests in associates and joint ventures | 1 January 2019 |
| Annual improvements to IFRS Standards 2015-2017 cycle (amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23) | 1 January 2019 |
| Amendments to IAS 19: Plan amendment, curtailment or settlement | 1 January 2019 |

The standards, amendments and interpretations published by the IASB and the International Financial Reporting Standards Interpretations Committee (IFRS-IC) but not yet endorsed by the competent EU bodies at the reporting date are set out below:

| Standard/Interpretation | IASB application date |
|--|--|
| IFRS 17 - Insurance contracts | 1 January 2021 |
| Amendments to References to the conceptual framework in IFRS Standards | 1 January 2020 |
| Amendments to IFRS 3 Business combinations | 1 January 2020 |
| Amendments to IAS 1 and IAS 8: Definition of material | 1 January 2020 |
| Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture | Application date deferred indefinitely |

Adoption of the above standards applicable since 1 January 2019 will not significantly affect the Group's condensed interim consolidated financial statements, except for IFRS 16.

The IASB issued this standard in January 2016. It introduced a single method to account for leases in the financial statements of the lessee, eliminating the distinction between operating and finance leases, so that the lessee recognises an asset for the right to use an underlying asset and a lease liability. The standard includes exemptions when the lease term is 12 months or less or the underlying asset has a low value.

IFRS 16 has replaced IAS 17 - Leases, IFRIC 4 - Determining whether an arrangement contains a lease, SIC 15 - Operating leases - Incentives and SIC 27 - Evaluating the substance of transactions in the legal form of a lease.

The Group has applied IFRS 16 retrospectively by recognising the cumulative effect of the FTA in retained earnings at 1 January 2019 (the date of transition). Therefore, it has not restated the comparative figures at 31 December 2018 which are presented in accordance with IAS 17 and related interpretations. Details of the changes introduced by the new standard are provided below.

The Group has elected to use the following practical expedients to restate the opening balances:

1. it has applied a single discount rate to portfolios of leases with similar characteristics and a similar remaining lease term for a similar class of underlying assets in a similar economic environment;
2. leases that expire before 31 December 2019 have been classified as short-term;
3. it has excluded initial direct costs from the measurement of the right-of-use asset;
4. it has used hindsight to determine contract variables (specifically the lease term).

In addition to the practical expedients set out above for transition, the Group also elected to use the practical expedients for low-value assets and leases with a term of less than 12 months. Therefore, when the value of the underlying new, individual asset is less than €5,000 or the lease term is less than 12 months, it will expense the lease payments on a straight-line basis and when incurred.

The Group elected not to separate non-lease components from lease components for vehicles, office furniture and equipment and other assets. It elected to separate non-lease components from lease components for land and buildings, plant and machinery and industrial and commercial equipment.

The Group has estimated the lease liability and the right-of-use asset for leases previously classified as operating leases under IAS 17 and considering the elections made about the transition method and the practical expedients as follows:

- a) the lease liability at 1 January 2019 has been measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application;
- b) estimation of a right-of-use asset using two methods defined on a lease-by-lease basis and, specifically, at:
 - its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at 1 January 2019;
 - an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position under IAS 17.

The significant judgements made to apply IFRS 16 that had a material impact on the estimate of the assets and liabilities related to the discount rate and the lease term:

- a) the lessee's incremental borrowing rate was used to discount the lease payments, estimated using the lease's reference currency, economic context and class of underlying asset. The weighted average of the rates applied is 4.4%;
- b) the lease term was estimated considering the contract clauses to identify the non-cancellable period of the lease; the Group considered the contracts in which the leased assets are used for the termination and renewal options.

The captions "Right-of-use assets" and "Lease liabilities" include the effect of applying IFRS 16. Assets under finance lease and the related lease liabilities, classified under "Property, plant and equipment" and "Finance lease liabilities" at 31 December 2018 under the standards applicable at that date, have been reclassified to these captions.

The following table shows the effect of application of the new standard on opening equity at 1 January 2019:

Equity at 1 January 2019

(€'000)

| | |
|---|----------------|
| Equity attributable to the owners of the parent | 835,709 |
| Non-controlling interests | 96,354 |
| Total equity before introduction of the new standard | 932,063 |
| Effects of the application of the new standard | |
| of which: attributable to the owners of the parent | 545 |
| of which: attributable to non-controlling interests | (64) |
| Equity after introduction of the new standard | |
| Equity attributable to the owners of the parent | 836,254 |
| Non-controlling interests | 96,290 |
| Total equity after introduction of the new standard | 932,544 |

Statement of financial position at 1 January 2019

| ASSETS | Published 31 December 2018 | IFRS 16 FTA | IFRS 16 reclassifications | Restated 1 January 2019 |
|--|---------------------------------------|--------------------|--------------------------------------|------------------------------------|
| <i>(€'000)</i> | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 415,941 | | (79,665) | 336,276 |
| Right-of-use assets | | 81,087 | 79,665 | 160,752 |
| Intangible assets | 199,356 | | | 199,356 |
| Goodwill | 74,713 | | | 74,713 |
| Equity investments | 538,257 | 2 | | 538,259 |
| Derivatives and non-current financial assets | 235,692 | | | 235,692 |
| Deferred tax assets | 205,386 | 19 | | 205,405 |
| Total non-current assets | 1,669,345 | 81,108 | - | 1,750,453 |
| Current assets | | | | |
| Inventories | 192,304 | | | 192,304 |
| Contract assets | 1,512,866 | 164 | | 1,513,030 |
| Trade receivables | 1,930,639 | | | 1,930,639 |
| Derivatives and other current financial assets | 135,881 | | | 135,881 |
| Current tax assets | 112,102 | | | 112,102 |
| Other current tax assets | 146,166 | | | 146,166 |
| Other current assets | 640,269 | (406) | | 639,863 |
| Cash and cash equivalents | 1,107,340 | | | 1,107,340 |
| Total current assets | 5,777,567 | (242) | - | 5,777,325 |
| Non-current assets held for sale and discontinued operations | 5,683 | | | 5,683 |
| Total assets | 7,452,595 | 80,866 | - | 7,533,461 |

Statement of financial position at 1 January 2019

| EQUITY AND LIABILITIES | Published 31 December 2018 | IFRS 16 FTA | IFRS 16 reclassifications | Restated 1 January 2019 |
|---|---------------------------------------|--------------------|--------------------------------------|------------------------------------|
| (€'000) | | | | |
| Equity | | | | |
| Share capital | 544,740 | | | 544,740 |
| Share premium reserve | 120,798 | | | 120,798 |
| Other reserves | 124,190 | | | 124,190 |
| Other comprehensive expense | (105,914) | | | (105,914) |
| Retained earnings and profit for the year | 151,895 | 545 | | 152,440 |
| Equity attributable to the owners of the parent | 835,709 | 545 | - | 836,254 |
| Non-controlling interests | 96,354 | (64) | | 96,290 |
| Total equity | 932,063 | 481 | | 932,544 |
| Non-current liabilities | | | | |
| Bank and other loans and borrowings | 617,895 | | | 617,895 |
| Bonds | 1,088,158 | | | 1,088,158 |
| Finance lease liabilities | 55,530 | | (55,530) | - |
| Lease liabilities | | 55,976 | 55,530 | 111,506 |
| Post-employment benefits and employee benefits | 57,025 | | | 57,025 |
| Deferred tax liabilities | 11,374 | 227 | | 11,601 |
| Provisions for risks | 84,213 | | | 84,213 |
| Total non-current liabilities | 1,914,195 | 56,203 | | 1,970,398 |
| Current liabilities | | | | |
| Current portion of bank loans and borrowings and | 499,362 | | | 499,362 |
| Current portion of bonds | 13,295 | | | 13,295 |
| Current portion of lease liabilities | 43,206 | | (43,206) | - |
| Derivatives and other current financial liabilities | | 25,950 | 43,206 | 69,156 |
| Contract liabilities | 1,149,588 | (2) | | 1,149,586 |
| Trade payables | 2,385,610 | (1,771) | | 2,383,839 |
| Current tax liabilities | 144,693 | | | 144,693 |
| Other current tax liabilities | 48,521 | | | 48,521 |
| Other current liabilities | 322,062 | 5 | | 322,067 |
| Total current liabilities | 4,606,337 | 24,182 | | 4,630,519 |
| Liabilities directly associated with non-current assets | | | | |
| Total equity and liabilities | 7,452,595 | 80,866 | | 7,533,461 |

3. Business combinations

Acquisition of Cossi Construction 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. (80% for 8,000,000 shares) and Banca Popolare di Sondrio Soc. Coop. P.A. (2,000,000 shares).

The transaction price was €534, including €500 paid to Società Italiana Condotte d'Acqua S.p.A. and €34 to Ferfina S.p.A. for their investments. As provided for in the agreements with Società Italiana Condotte d'Acqua S.p.A., the parent took over its liability with Cossi Costruzioni S.p.A. as per article 1273.1 of the Italian Civil Code by signing sales contracts for assets on 29 March 2019, solely for the part attributable to the seller (€4,601,583).

On 8 April 2019, in their extraordinary meeting, the shareholders of Cossi Costruzioni S.p.A. approved a capital increase of €2,598,426 (without a premium) to take place through the issue of 2,598,426 shares. The shareholder Salini Impregilo S.p.A. waived its right and Banca Popolare di Sondrio Soc. Coop. P.A. subscribed the entire increase. Subsequently, the bank sold 2,299,213 Cossi Costruzioni S.p.A. shares to Liri S.r.l..

As a result, Salini Impregilo S.p.A. controls Cossi Costruzioni S.p.A. with a 63.5% stake. The two non-controlling investors are Banca Popolare di Sondrio Soc. Coop. P.A. and Liri S.r.l. with 18.25% each.

The following table summarises Salini Impregilo's share of the assets and liabilities of Cossi Costruzioni S.p.A. at the acquisition date and their fair value measured on a provisional basis at such date for the PPA procedure, availing of the option allowed by (revised) IFRS 3 to revise such amounts in the subsequent 12-month period.

| (€'000) | Carrying amount | Fair value |
|---|-----------------|---------------|
| Non-current assets | 35,782 | 32,771 |
| 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 | 5,707 |
| Inventories | 3,201 | 3,201 |
| Trade receivables | 19,288 | 19,288 |
| Cash and cash equivalents | 706 | 706 |
| Contract assets | 4,497 | 4,497 |
| Current financial assets | 10,387 | 10,387 |
| Other current assets | 6,306 | 6,306 |
| Total assets | 80,166 | 77,155 |
| 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 | 1,430 |
| Trade payables | 28,142 | 28,142 |
| Other current liabilities | 11,306 | 11,306 |
| Current bank loans and borrowings | 16,190 | 16,190 |
| Total liabilities | 70,145 | 70,546 |
| Net assets acquired | 10,021 | 6,609 |
| Less non-controlling interests | (2,004) | (1,322) |
| Net assets acquired (net of non-controlling interests) | 8,017 | 5,287 |

The cash used for the acquisition, net of cash acquired, is set out below:

| (€'000) | |
|--|---------------|
| Cash and cash equivalents | 706 |
| Non-current assets | 35,782 |
| Other current assets | 43,679 |
| Non-current liabilities | (14,507) |
| Current liabilities | (55,638) |
| Total net assets acquired | 10,021 |
| Less non-controlling interests | (2,004) |
| Total net assets acquired attributable to the owners of the parent | 8,017 |
| Less cash acquired | (706) |
| Cash and cash equivalents net of cash acquired and used for the acquisition | 7,311 |

Cossi Costruzioni has been included in the consolidation scope since 29 March 2019 and its contribution is presented in the Group's condensed interim consolidated financial statements.

Other changes in the consolidation scope

Other than the acquisition of Cossi Costruzioni S.p.A., as described above, no other changes in the consolidation scope took place during the reporting period.

4. 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” geographical segments.

Costs relating to activities which are carried out by the parent, Salini Impregilo, called “Corporate” costs, are attributed to the Italy segment and relate to:

- planning of human and financial resources;
- coordination and assistance with the group companies’ administrative, tax, legal/corporate and institutional and business communications requirements.

These costs amounted to €73.6 million in the period compared to €77.8 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.

Statement of profit or loss by operating segment - First half of 2018

| | Italy (*) | Abroad | Lane Group | Total |
|--|------------------|--------------------|------------------|--------------------|
| (€'000) | | | | |
| Revenue from contracts with customers | 175,268 | 1,828,007 | 355,689 | 2,358,964 |
| Other income | 71,222 | 72,392 | 1,422 | 145,036 |
| Total revenue | 246,490 | 1,900,399 | 357,111 | 2,504,000 |
| Operating expenses | | | | |
| Production costs | (196,318) | (1,372,752) | (262,238) | (1,831,308) |
| Personnel expenses | (82,749) | (191,796) | (127,440) | (401,985) |
| Other operating expenses | (19,163) | (46,645) | (7,254) | (73,062) |
| Total operating expenses | (298,230) | (1,611,193) | (396,932) | (2,306,355) |
| Gross operating profit (loss) | (51,740) | 289,206 | (39,821) | 197,645 |
| <i>Gross operating profit margin %</i> | <i>-21.0%</i> | <i>15.2%</i> | <i>-11.2%</i> | <i>7.9%</i> |
| Amortisation, depreciation, provisions and impairment losses | (29,866) | (59,086) | (5,126) | (94,078) |
| Operating profit (loss) | (81,606) | 230,120 | (44,947) | 103,567 |
| <i>Return on Sales</i> | | | | <i>4.1%</i> |
| Net financing costs and net gains on equity investments | | | | (5,501) |
| Profit before tax | | | | 98,066 |
| Income taxes | | | | (40,889) |
| Profit from continuing operations | | | | 57,177 |
| Loss from discontinued operations | | | | (9,262) |
| Profit for the period | | | | 47,915 |

(*) The operating profit includes the costs of the central units and other general costs of €77.8 million.

Statement of profit or loss by operating 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 margin %</i> | <i>-3.4%</i> | <i>14.2%</i> | <i>3.6%</i> | <i>9.4%</i> |
| Amortisation, depreciation, provisions and impairment losses | (45,289) | (41,209) | (14,278) | (100,776) |
| 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 | | | | 121,821 |
| Income taxes | | | | (47,290) |
| Profit from continuing operations | | | | 74,531 |
| Loss from discontinued operations | | | | (187) |
| Profit for the period | | | | 74,345 |

(*) The operating profit includes the costs of the central units and other general costs of €73.6 million.

Statement of financial position at 31 December 2018 by operating segment

| | Italy | Abroad | Lane Group | Total |
|--|----------------|----------------|------------------|------------------|
| (€'000) | | | | |
| Non-current assets | 455,304 | 595,580 | 177,381 | 1,228,266 |
| Assets held for sale, net | 5,683 | - | - | 5,683 |
| Provisions for risks | (30,767) | (49,144) | (4,302) | (84,213) |
| Post-employment benefits and employee benefits | (14,117) | (10,863) | (32,045) | (57,025) |
| Net tax assets (liabilities) | 355,394 | (113,711) | 17,383 | 259,066 |
| Working capital | 128,062 | 446,352 | (134,499) | 439,915 |
| Net invested capital | 899,560 | 868,214 | 23,918 | 1,791,692 |
| Equity | | | | 932,064 |
| Net financial position (indebtedness) | | | | 859,628 |
| Total financial resources | | | | 1,791,692 |

Statement of financial position at 30 June 2019 by operating segment

| | Italy | Abroad | Lane Group | Total |
|--|----------------|------------------|-----------------|------------------|
| (€'000) | | | | |
| Non-current assets | 344,551 | 836,954 | 230,809 | 1,412,314 |
| Assets held for sale, net | 5,683 | - | - | 5,683 |
| Provisions for risks | (27,280) | (39,657) | (4,298) | (71,235) |
| Post-employment benefits and employee benefits | (14,737) | (11,544) | (33,674) | (59,955) |
| Net tax assets (liabilities) | 308,169 | (19,969) | (2,070) | 286,130 |
| Working capital | 75,750 | 554,375 | (87,955) | 542,170 |
| Net invested capital | 692,136 | 1,320,159 | 102,812 | 2,115,107 |
| Equity | | | | 1,011,387 |
| Net financial indebtedness | | | | 1,103,720 |
| Total financial resources | | | | 2,115,107 |

Statement of financial position

5. Property, plant and equipment

Property, plant and equipment amount to €325.3 million, down from the 31 December 2018 figure by €90.6 million. The historical cost and carrying amount are given in the following table:

| (€'000) | 31 December 2018 | | | 30 June 2019 | | |
|---|------------------|-------------------|-----------------|------------------|-------------------|-----------------|
| | Cost | Acc. depreciation | Carrying amount | Cost | Acc. depreciation | Carrying amount |
| Land | 10,059 | | 10,059 | 9,413 | | 9,413 |
| Buildings | 134,784 | (76,993) | 57,791 | 133,515 | (80,458) | 53,057 |
| Plant and machinery | 1,008,121 | (713,084) | 295,037 | 904,408 | (684,060) | 220,348 |
| Industrial and commercial equipment | 118,144 | (104,151) | 13,993 | 114,916 | (103,095) | 11,821 |
| Other assets | 57,372 | (49,527) | 7,845 | 59,298 | (52,130) | 7,168 |
| Assets under const. and payments on account | 31,216 | | 31,216 | 23,491 | - | 23,491 |
| Total | 1,359,696 | (943,755) | 415,941 | 1,245,041 | (919,743) | 325,298 |

Changes during the period are summarised below:

| (€'000) | 31 December 2018 | IFRS 16 reclass. at 1 January 2019 | Increases | Depreciation | Reversals of imp. losses (Imp.losses)/ Reval. | Reclassifications | Disposals | Exchange gains (losses) and other changes | Change in consolidation scope | 30 June 2019 |
|---|------------------|------------------------------------|---------------|-----------------|---|-------------------|----------------|---|-------------------------------|----------------|
| Land | 10,059 | - | - | - | - | - | (777) | 52 | 79 | 9,413 |
| Buildings | 57,791 | (415) | 1,500 | (5,096) | - | (16) | (957) | 84 | 166 | 53,057 |
| Plant and machinery | 295,037 | (78,780) | 23,638 | (41,834) | - | 15,927 | (6,040) | 490 | 11,909 | 220,348 |
| Industrial and commercial equipment | 13,993 | (408) | 131 | (3,305) | - | 2,799 | (1,648) | 5 | 254 | 11,821 |
| Other assets | 7,845 | (62) | 1,069 | (1,695) | - | (30) | - | (21) | 62 | 7,168 |
| Assets under const. and payments on account | 31,216 | - | 7,303 | - | - | (14,960) | (271) | 203 | - | 23,491 |
| Total | 415,941 | (79,665) | 33,641 | (51,930) | - | 3,720 | (9,692) | 813 | 12,470 | 325,298 |

The most significant changes include:

- reclassifications of €79.7 million to right-of-use assets as a result of the application of IFRS 16 on 1 January 2019;
- increases of €33.6 million, mainly related to Lane Group (€16.7 million), the Ethiopian branch (€3.5 million) and investments for the Tajikistani project (€2.7 million);
- depreciation for the period of €51.9 million;
- disposals of €9.7 million, principally related to plant and machinery. These disposals mostly refer to the sale of assets by Lane Group.

6. Right-of-use assets

Right-of-use assets amount to €141.6 million and reflect the application of IFRS 16 using the modified retrospective approach whereby the cumulative effect of the FTA is recognised in retained earnings at 1 January 2019. Therefore, the Group has not restated the figures at 31 December 2018, presented in accordance with IAS 17. More information about the application of the new standard is available in the section on “Changes in standards”.

The historical cost and carrying amounts of the right-of-use assets are shown in the following table:

| (€'000) | 30 June 2019 | | |
|--|----------------|-------------------|-----------------|
| | Cost | Acc. depreciation | Carrying amount |
| Right-of-use - Land | 4,402 | (469) | 3,933 |
| Right-of-use - Buildings | 57,475 | (7,287) | 50,188 |
| Right-of-use - Plant and machinery | 197,465 | (112,662) | 84,803 |
| Right-of-use - Industrial and commercial equipment | 3,403 | (2,883) | 520 |
| Right-of-use - Other assets | 3,060 | (879) | 2,181 |
| Total | 265,805 | (124,180) | 141,625 |

Changes during the period are summarised below:

| (€'000) | IFRS 16 FTA at 1 January 2019 | Increases | Depreciation | Reversals of imp. losses (Imp. losses)/Reval. | Reclassific- ations | Disposals | Exchange gains (losses) and other changes | Change in consolidation scope | 30 June 2019 |
|---|----------------------------------|---------------|-----------------|--|------------------------|--------------|---|-------------------------------------|-----------------|
| Right-of-use - Land | 5,228 | 53 | (470) | - | (465) | (419) | 5 | - | 3,933 |
| Right-of-use - Buildings | 45,974 | 17,544 | (6,867) | - | (6,514) | (397) | 62 | 386 | 50,188 |
| Right-of-use - Plant and machinery | 106,302 | - | (27,105) | - | 3,243 | - | 405 | 1,958 | 84,803 |
| Right-of-use - Industrial and commercial equipment | 408 | 184 | (110) | - | 16 | (100) | - | 122 | 520 |
| Right-of-use - Other assets | 2,839 | 173 | (838) | - | - | - | 7 | - | 2,182 |
| Total | 160,752 | 17,954 | (35,390) | - | (3,720) | (916) | 479 | 2,466 | 141,625 |

The most significant impacts are:

- the recognition of right-of-use assets of €160.8 million at 1 January 2019, including €79.7 million previously classified under property, plant and equipment;
- increases of €18.0 million, mostly related to Lane Group (€6.8 million);
- depreciation for the period of €35.4 million.

7. Intangible assets

Intangible assets amount to €183.0 million, down from the 31 December 2018 figure by €16.4 million. The historical cost and carrying amount are given in the following table:

| (€'000) | 31 December 2018 | | | 30 June 2019 | | |
|---|------------------|-------------------|-----------------|----------------|-------------------|-----------------|
| | Cost | Acc. amortisation | Carrying amount | Cost | Acc. amortisation | Carrying amount |
| Rights to infrastructure under concession | 59,367 | (3,011) | 56,356 | 66,810 | (11,039) | 55,771 |
| Contract costs | 268,377 | (127,260) | 141,117 | 269,316 | (143,499) | 125,817 |
| Other | 6,301 | (4,418) | 1,883 | 6,061 | (4,693) | 1,368 |
| Total | 334,045 | (134,689) | 199,356 | 342,187 | (159,231) | 182,956 |

Rights to infrastructure under concession amount to €55.8 million as shown in the next table:

| (€'000) | 31 December 2018 | Increases | Amortisation (Imp. losses) and revaluations | Net exchange losses | Reclassifications | 30 June 2019 |
|-------------------------|------------------|------------|---|---------------------|-------------------|---------------|
| SA.BRO.M. | 43,967 | 78 | | | | 44,045 |
| Corso del Popolo S.p.A. | 9,853 | | (187) | | | 9,666 |
| Mercovia | 2,536 | 316 | (359) | (433) | | 2,060 |
| Total | 56,356 | 394 | (546) | - | (433) | 55,771 |

The main contributor to this item is SA.BRO.M., which incurred design costs for the new regional Broni – Mortara 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 inactive. 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 concession for the car park in Terni held by Corso del Popolo in Terni S.p.A. was terminated. The operator appealed against this ruling and concurrently formally warned the Terni municipal authorities to rebalance the economic and financial plan commencing arbitration procedures on 15 March 2019. The Terni municipal authorities expressed its intention of analysing the identified issues through an expert panel and negotiations are ongoing.

No indications of impairment were identified during the period and, therefore, the Group did not perform the impairment test.

Contract costs of €125.8 million decreased by €15.3 million on 31 December 2018. They comprise contract acquisition costs, the incremental costs of obtaining the contract and costs to fulfil the contract.

These costs are amortised in line with the percentage of completion of the related contracts.

A breakdown of the item and changes of the period are shown below:

Contract acquisition costs

| | 31 December 2018 | Increases | Amortisation | Net exchange gains (losses) | 30 June 2019 |
|--|---------------------|-----------|----------------|--------------------------------|---------------|
| (€'000) | | | | | |
| Cociv (Milan - Genoa railway line section) | 33,309 | | (3,388) | | 29,921 |
| Riyadh metro - Saudi Arabia | 17,055 | | (3,486) | | 13,569 |
| Iricav Due (Verona - Padua railway line section) | 12,510 | | | | 12,510 |
| Other | 1,672 | | (467) | | 1,205 |
| Total | 64,546 | - | (7,341) | - | 57,205 |

Incremental costs of obtaining a contract

| | 31 December 2018 | Increases | Amortisation | Net exchange gains | 30 June 2019 |
|---------------------------------------|---------------------|-----------|--------------|-----------------------|--------------|
| (€'000) | | | | | |
| Riachuelo - Argentina | 331 | | (127) | 30 | 234 |
| Forrestfield Airport Link - Australia | 600 | | (131) | 1 | 470 |
| Total | 931 | - | (258) | 31 | 704 |

Costs to fulfil a contract

| | 31 December 2018 | Increases | Amortisation | Net exchange gains | 30 June 2019 |
|--|---------------------|-----------|----------------|-----------------------|---------------|
| (€'000) | | | | | |
| Cociv (Milan - Genoa railway line section) | 75,442 | | (7,693) | | 67,749 |
| Riyadh metro - Saudi Arabia | 157 | | (32) | | 125 |
| SANG - Riyadh - Saudi Arabia | 41 | | (9) | 2 | 34 |
| Total | 75,640 | - | (7,734) | 2 | 67,908 |

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.

There are no indicators of impairment for the contracts to which the acquisition costs refer.

8. Goodwill

Goodwill of €75.1 million at the reporting date entirely relates to the acquisition of Lane Group finalised in 2016. The decrease reflects Lane's sale of the Plants & Paving Division on 12 December 2018.

| | 31 December 2018 | Increases | Other changes | Net exchange gains | 30 June 2019 |
|-----------------------|------------------|-----------|---------------|--------------------|---------------|
| (€'000) | | | | | |
| Lane Group (04/01/16) | 74,713 | - | - | 431 | 75,144 |
| Total | 74,713 | - | - | 431 | 75,144 |

No indications of impairment were identified during the period and, therefore, the Group did not perform the impairment test.

9. Equity investments

Equity investments increased by €149.0 million to €687.3 million.

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|---|------------------|----------------|----------------|
| Investments in equity-accounted investees | 536,523 | 686,951 | 150,428 |
| Other investments | 1,734 | 340 | (1,394) |
| Total | 538,257 | 687,291 | 149,034 |

The main changes that led to differences in the carrying amounts of the equity investments are summarised below:

| (€'000) | 30 June 2019 |
|---|----------------|
| Capital transactions | 156,350 |
| Acquisitions, capital injections and disinvestments | (370) |
| Share of profit of equity-accounted investees | 1,751 |
| Dividends from equity-accounted investees | (3,372) |
| Other changes including change in the translation reserve | (5,325) |
| Total | 149,034 |

The €149 million increase in equity investments is chiefly a result of the following factors:

- the increase in the Grupo Unidos por el Canal investment, mainly due to injections and payments made on its behalf of €123.2 million;
- the increase in Lane Industries' equity investments due to capital transactions of €14.3 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 26.

As already disclosed in the 2018 Annual Report, the interim 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.

The key figures of the equity-accounted investees are set out below:

| (€'000) | | | | | | IFRS | | | | |
|---------------------------|----------|--|--------|-----------------|-------------------------|----------------------------|--|-------------------------------|---------|--|
| 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% | 24,326 | 24,326 | 70,014 | (3,253) | 24,326 | 21,810 | 779 |
| Cons. Agua Azul S.A. | Peru | Operator - Water cycle | 25.50% | 6,606 | 6,606 | 7,045 | 1,797 | 6,606 | 1,719 | 587 |
| Yuma | Colombia | Operator - Motorways | 48.33% | 9,780 | 9,780 | 134,594 | (83,757) | 9,780 | 17,373 | 7,927 |
| Ochre Solutions Ltd. | GB | Operator - Hospitals | 40.00% | 3,182* | (4,683) | 73,842 | 4,370 | (4,683) | 2,474 | (138) |
| Grupo Unidos por el Canal | Panama | Construction work - Panama Canal extension project | 38.40% | 487,026** | (606) | 594,731 | (272,212) | (606) | 19,329 | (950) |
| AGL Constructor JV | USA | Construction work | 20.00% | (1,966) | (1,966) | 940 | 489 | (1,966) | (8,629) | (9,125) |
| Skanka Granite JV | USA | Motorway construction | 30.00% | 15,715 | 15,715 | 79,681 | 2,741 | 15,715 | 63,487 | 195 |
| SGL I4 Leasing | USA | Lease services | 30.00% | 15,528 | 15,528 | 15,357 | 1,121 | 15,528 | 1,763 | 182 |
| Fluor-Lane South Carolina | USA | Motorway construction | 45.00% | 4,235 | 4,235 | 10,712 | 717 | 4,235 | 17,298 | 1,024 |
| Purple Line | USA | Motorway construction | 30.00% | 5,668 | 5,668 | 34,137 | 19,892 | 5,668 | 40,859 | 3,128 |
| Unionport Bridge | USA | Motorway construction | 45.00% | 9,685 | 9,685 | 18,627 | 5,995 | 9,685 | 10,146 | 993 |

* Includes PPA

** Includes the loan granted by the parent to the subsidiary.

10. Derivatives and non-current financial assets

Derivatives and non-current financial assets of €247.1 million are analysed in the following table:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|--|------------------|----------------|---------------|
| Loans and receivables - unconsolidated group companies and other related parties | 111,747 | 127,054 | 15,307 |
| Loans and receivables - third parties | 113,045 | 108,854 | (4,191) |
| Other financial assets | 10,900 | 11,160 | 260 |
| Total | 235,692 | 247,068 | 11,376 |

Loans and receivables - unconsolidated group companies and other related parties of €127.1 million (31 December 2018: €111.7 million) mainly relate to:

- €58.5 million due from Yuma Concessionaria and impaired by €7.9 million in the reporting period, tested for impairment in accordance with IFRS 9;
- €29.7 million (€118.7 million gross at 30 June 2019 net of the loss allowance of €89.0 million) due from OIV Tocoma; more information is available in the “Main risk factors and uncertainties” section of the Directors’ report;
- loans of €20.0 million granted to the SPE Linea M4 S.p.A.;
- loans of €13.0 million granted to the English associate Ochre Holding.

Loans and receivables - third parties of €108.9 million decreased by €4.2 million on 31 December 2018 and mainly include:

- €67.9 million related to the CAV.TO.MI consortium paid as a result of the Appeal Court ruling of 23 September 2015;
- €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;
- €13.0 million after the enforcement of the performance bond for the S3 Nowa Sol contract in Poland.

The other financial assets include unlisted guaranteed-return securities which mature after one year. They amount to €11.2 million at the reporting date (31 December 2018: €10.9 million) and mainly comprise units in the fund financing Yuma.

Reference should be made to the “Main risk factors and uncertainties” section of the Directors’ report for more information.

11. Deferred tax assets and liabilities

Deferred tax assets and liabilities amount to €213.6 million and €11.6 million at 30 June 2019, respectively. Changes of the year are shown in the following table:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|--------------------------|------------------|--------------|-----------|
| Deferred tax assets | 205,386 | 213,593 | 8,207 |
| Deferred tax liabilities | (11,374) | (11,584) | (210) |

12. Inventories

Inventories total €182.7 million at the reporting date, as shown in the following table:

| (€'000) | 31 December 2018 | | | 30 June 2019 | | | Variation |
|---|------------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|
| | Gross amount | Allowance | Carrying amount | Gross amount | Allowance | Carrying amount | |
| Real estate projects | 20,823 | (10,334) | 10,489 | 20,823 | (10,334) | 10,489 | - |
| Finished products and goods | 5,183 | - | 5,183 | 5,728 | - | 5,728 | 545 |
| Raw materials, consumables and supplies | 179,705 | (3,073) | 176,632 | 169,526 | (3,004) | 166,522 | (10,110) |
| Total | 205,711 | (13,407) | 192,304 | 196,077 | (13,338) | 182,739 | (9,565) |

Real estate projects

Real estate projects amount to €10.5 million. They mainly relate to the real estate project of €9.0 million (net of the related allowance of €10.3 million) for the construction of a trade point in Lombardy for which a dispute is pending about the zoning provisions of the area on which the property stands. Based on legal opinions and the technical-economic appraisal prepared by a real estate consultant, the Group deems that the carrying amount can be recovered through the real estate project or, alternatively, through recognition of the damage incurred due to non-authorisation of the zoning of the area by the competent authorities.

Finished products and goods and Raw materials, consumables and supplies

The carrying amount of these items totals €5.7 million and €166.5 million, respectively, and mainly relates to materials and goods to be used for foreign contracts, including those in Ethiopia (€89.7 million).

The carrying amount of raw materials, consumables and supplies is net of an allowance of €3.0 million, analysed below.

| (€'000) | 31 December 2018 | Accruals | Utilisations | Reversals | Other changes | Net exchange gains | 30 June 2019 |
|---------------------------|------------------|----------|--------------|-----------|---------------|--------------------|--------------|
| Allowance - raw materials | 3,073 | - | (105) | - | - | 36 | 3,004 |
| Total | 3,073 | - | (105) | - | - | 36 | 3,004 |

13. Contract assets

Contract assets increased by €222.8 million to €1,735.7 million at the reporting date. They relate to contracts in Italy (€170.3 million) and abroad (€1,530.6 million, of which €34.8 million for Lane Group).

The following table shows contract assets calculated using the stage of completion method, net of losses realised or estimated at the reporting date and progress billings and advances:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|--------------------------------------|------------------|------------------|----------------|
| Contract work in progress | 26,530,643 | 27,360,269 | 829,626 |
| Progress payments (on approved work) | (23,819,827) | (24,451,869) | (632,042) |
| Advances | (1,197,950) | (1,172,715) | 25,235 |
| Total | 1,512,866 | 1,735,685 | 222,819 |

At the reporting date, the main contract assets relate to the Grand Ethiopian Renaissance Dam (GERD) (€157.6 million), the Meydan One Mall in Dubai (€137.8 million), the Rogun Hydropower Project for the hydroelectric plant on the Vakhsh River in Tajikistan (€131.9 million), road projects in Poland (€108.2 million), the Doha metro and Al Bayt Stadium in Al Khor city, Qatar (€106.6 million) and the D1 Lietavská Lúčka-Visnově-Dubná Skala motorway in Slovakia (€102.5 million).

Contract assets and contract liabilities, comprising progress payments and advances, include claims for additional consideration, the payment of which is deemed highly probable, based also on the legal and technical opinions of the Group's advisors (approximately €1,660 million). The additional consideration recognised in this item is part of the total consideration formally requested of the customers.

The advances mainly refer to the contract in Tajikistan (€266.6 million), the contract for the metro line in Denmark (€262.4 million), the GERD contract in Ethiopia (€200.4 million), the Sydney Metro Northwest Project in Australia (€67.8 million) and the construction of a shopping mall in Dubai (€64.0 million).

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 segment" in the Directors' report provides more details about the contracts and the progress made on the main contracts.

A breakdown of contract assets by geographical segment is as follows:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|----------------------|------------------|------------------|----------------|
| Italy | 147,202 | 170,324 | 23,122 |
| EU (excluding Italy) | 452,455 | 403,693 | (48,762) |
| Non-EU | 17,861 | 15,224 | (2,637) |
| Asia/Middle East | 311,730 | 485,468 | 173,738 |
| Africa | 295,080 | 344,539 | 49,459 |
| Americas | 209,557 | 237,211 | 27,654 |
| Oceania | 78,981 | 79,226 | 245 |
| Total | 1,512,866 | 1,735,685 | 222,819 |

14. Trade receivables

At 30 June 2019, trade receivables amount to €2,072.1 million, a net increase of €141.4 million compared to 31 December 2018. The item includes receivables of €228.8 million from unconsolidated group companies and other related parties.

It is analysed in the following table:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|--|------------------|------------------|----------------|
| Third parties | 1,792,229 | 1,843,291 | 51,062 |
| Unconsolidated group companies and other related parties | 138,410 | 228,790 | 90,380 |
| Total | 1,930,639 | 2,072,081 | 141,442 |

Trade receivables from third parties may be broken down as follows:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|----------------|------------------|------------------|---------------|
| Third parties | 2,125,958 | 2,175,554 | 49,596 |
| Loss allowance | (333,729) | (332,263) | 1,466 |
| Total | 1,792,229 | 1,843,291 | 51,062 |

The balance relates to amounts due from customers for invoices issued and for work performed and approved by customers but still to be invoiced. It increased by €51.1 million compared to 31 December 2018, mainly due to Lane Industries' contracts, contracts in Qatar, the high speed/capacity Milan - Genoa railway line section contract and the Tajikistani hydroelectric plant, partly offset by the reduction in trade receivables for the Egyptian contracts.

This item mainly includes:

- €314.1 million from Ethiopian customers, down roughly €130 million on 31 December 2018 as a result of amounts collected during the reporting period;
- €195.7 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 situation and the directors' related assessments);
- €184.0 million for the high speed/capacity Milan - Genoa railway line section contract;
- €169.2 million for Lane Industries;
- approximately €80.3 million from Nigerian government agencies and €79.6 million from Venezuelan customers for railway works expected to be collected after one year, tested for impairment in accordance with IFRS 9. More information is available in the "Main risk factors and uncertainties" section in the Directors' report;
- €115.5 million related to HCE, including €67.3 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 situation and the directors’ related assessments.

Retentions amount to €122.4 million at the reporting date compared to €133.8 million at 31 December 2018.

The loss allowance decreased by €1.5 million to €332.3 million at the reporting date and includes impairment losses on trade receivables of €272.1 million (mostly related to customers in Venezuela and Sierra Leone) and default interest of €60.2 million (mainly related to Fibe).

Changes in loss allowance are as follows:

| (€'000) | 31 December 2018 | Impairment losses | Utilisations | Reversals | Change in consolidation scope | Reclassifications and other changes | Net exchange gains | 30 June 2019 |
|-------------------|------------------------|----------------------|----------------|----------------|-------------------------------------|---|--------------------------|-----------------|
| Trade receivables | 273,214 | 309 | (1,235) | (799) | (14) | 530 | 51 | 272,056 |
| Default interest | 60,515 | | | (330) | | | 22 | 60,207 |
| Total | 333,729 | 309 | (1,235) | (1,129) | (14) | 530 | 73 | 332,263 |

Trade receivables from unconsolidated group companies and other related parties increased by €90.4 million to €228.8 million at 30 June 2019. This variation chiefly relates to the consortium companies Metro Blu and PerGenova.

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 €10.4 million related to the Group’s liabilities with consortia and consortium companies (SPEs) that operate by recharging costs and are not included in the consolidation scope. It is equal to the Group’s share of the SPEs’ cash and cash equivalents.

15. Derivatives and other current financial assets

At 30 June 2019, this item of €238.3 million (31 December 2018: €135.9 million) includes the following:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|--|------------------|----------------|----------------|
| Loans and receivables - third parties | 96,213 | 192,912 | 96,699 |
| Loans and receivables - unconsolidated group companies and related parties | 31,385 | 34,940 | 3,555 |
| Government bonds and insurance shares | 7,681 | 10,495 | 2,814 |
| Derivatives | 602 | | (602) |
| Total | 135,881 | 238,347 | 102,466 |

Loans and receivables - third parties mainly consist of:

- approximately €96.8 million disbursed to non-controlling investors of group companies mainly active in Australia, the United Arab Emirates, the US and Saudi Arabia;
- €63.2 million related almost entirely to the net investment in leases by the COCIV consortium for assets given to the subcontractors;

- an interest-bearing loan of €24.2 million granted to Seli Overseas S.p.A..

Loans and receivables with unconsolidated group companies and other related companies mainly consist of €18.0 million due from the related party G.A.B.I.RE. S.r.l., unchanged from 31 December 2018.

The government bonds and insurance shares amount to €10.5 million compared to €7.7 million at 31 December 2018. The item principally comprises securities held by the Group's Argentine companies.

16. Current tax assets and other current tax assets

Current tax assets amount to €97.0 million as follows:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|----------------------|------------------|---------------|-----------------|
| Direct taxes | 48,973 | 46,915 | (2,058) |
| IRAP | 2,046 | 6,470 | 4,424 |
| Foreign direct taxes | 61,083 | 43,565 | (17,518) |
| Total | 112,102 | 96,950 | (15,152) |

The 30 June 2019 balance mainly consists of:

- direct tax assets for excess taxes paid in previous years, which the Group has correctly claimed for reimbursement and which bear interest;
- foreign direct tax assets for excess taxes paid abroad by the foreign group companies which will be recovered as per the relevant legislation.

Other current tax assets decreased by €31.4 million to €114.8 million at the reporting date as follows:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|----------------------|------------------|----------------|-----------------|
| VAT | 132,114 | 101,052 | (31,062) |
| Other indirect taxes | 14,052 | 13,713 | (339) |
| Total | 146,166 | 114,765 | (31,401) |

17. Other current assets

Other current assets of €642.5 million show an increase of €2.2 million on the previous year end and may be analysed as follows:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|--|------------------|----------------|--------------|
| Other | 235,737 | 204,362 | (31,375) |
| Advances to suppliers | 281,806 | 303,999 | 22,193 |
| Unconsolidated group companies and other related parties | 22,216 | 22,911 | 695 |
| Prepayments and accrued income | 100,510 | 111,212 | 10,702 |
| Total | 640,269 | 642,484 | 2,215 |

"Other" shows a €31.4 million decrease on 31 December 2018, chiefly due to the smaller amounts due from the Group's partners, mainly in Kuwait.

Specifically, it includes:

- €71.4 million (substantially unchanged from 31 December 2018) due from the public bodies involved in managing the waste emergency in Campania to Fibe. The section on the “USW Campania projects” and related assessments in the section of the Directors’ report on the “Main risk factors and uncertainties” provides more information about these projects;
- €29.0 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;
- €47.2 million due from some of the Group’s partners of joint ventures around the world, mainly for the works for the housing project in South Al Mutlaa (Kuwait).

Advances to suppliers increased by €22.2 million over 31 December 2018 to €304 million at the reporting date, due to the advances made mostly for the high speed/capacity Milan - Genoa railway line section contract (€94.3 million) and the Riyadh metro in Saudi Arabia (€47.9 million).

Prepayments and accrued income of €111.2 million show an increase of €10.7 million on 31 December 2018. The item mainly consists of insurance premiums, commissions on sureties and other contract costs which will be recognised in profit or loss in future periods based on the stage of completion of the related contracts. The increase, shown in the following table, is mainly due to the high speed/capacity Milan - Genoa railway line section contract, following commencement of Lot 5, and the new works for the Paris Metro.

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|-----------------------------|------------------|----------------|---------------|
| Accrued income: | | | |
| - Other | 294 | 3,531 | 3,237 |
| Total accrued income | 294 | 3,531 | 3,237 |
| Prepayments: | | | |
| - Insurance | 50,900 | 63,379 | 12,479 |
| - Sureties | 6,556 | 7,514 | 958 |
| - Other contract costs | 42,760 | 36,788 | (5,972) |
| Total prepayments | 100,216 | 107,681 | 7,465 |
| Total | 100,510 | 111,212 | 10,702 |

18. Cash and cash equivalents

At 30 June 2019, cash and cash equivalents amount to €812.3 million, down by €295.0 million, as shown below:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|---------------------------|------------------|--------------|-----------|
| Cash and cash equivalents | 1,107,340 | 812,317 | (295,023) |

A breakdown by geographical segment is as follows:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|-----------------------------------|------------------|----------------|------------------|
| Italy | 51,507 | 68,094 | 16,587 |
| EU (excluding Italy) | 36,489 | 92,096 | 55,607 |
| Other European (non-EU) countries | 16,803 | 21,419 | 4,616 |
| Asia/Middle East | 533,222 | 260,445 | (272,777) |
| Africa | 244,082 | 179,177 | (64,905) |
| Americas | 171,511 | 88,956 | (82,555) |
| Oceania | 53,726 | 102,130 | 48,404 |
| Total | 1,107,340 | 812,317 | (295,023) |

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 (note 21).

At the reporting date, the cash and cash equivalents attributable to non-controlling interests of the consolidated SPEs amount to €84.7 million and mainly refer to the entities carrying out the work on the Snowy 2.0 hydro power stations in Australia, the Red Line North Underground and the Al Bayt Stadium in Al Khor City, Qatar, the Giovi third railway crossing of the high speed/capacity Milan - Genoa railway line section and Lane Group entities.

The item comprises tied-up amounts of approximately €21.9 million.

19. Non-current assets held for sale and discontinued operations, liabilities directly associated with non-current assets held for sale and loss from discontinued operations

Non-current assets held for sale are shown in the following table with the associated liabilities:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|----------------------------------|------------------|--------------|-----------|
| Non-current assets held for sale | 5,683 | 5,683 | - |
| Total | 5,683 | 5,683 | - |

This item refers to Fibe's USW Campania project (more information is available in the "Main risk factors and uncertainties" section in the Directors' report).

The loss from discontinued operations for the reporting period and the comparative period of the previous year is as follows:

| 1st half 2018 | | | |
|--|-----------------|------------------|------------------|
| (€'000) | USW Campania | Lane | Total |
| Revenue | | | |
| Operating revenue | - | 201,041 | 201,041 |
| Total revenue | - | 201,041 | 201,041 |
| Operating expenses | | | |
| Raw materials and consumables | - | (81,403) | (81,403) |
| Subcontracts | - | (46,359) | (46,359) |
| Services | (260) | (19,248) | (19,508) |
| Other operating expenses | - | (987) | (987) |
| Personnel expense | - | (55,905) | (55,905) |
| Amortisation, depreciation, provisions and impairment losses | - | (8,106) | (8,106) |
| Total operating expenses | (260) | (212,008) | (212,268) |
| Operating loss | (260) | (10,968) | (11,228) |
| Financing income (costs) and gains (losses) on equity investments | | | |
| Loss before tax | (260) | (10,968) | (11,228) |
| Income taxes | - | 1,966 | 1,966 |
| Loss from discontinued operations | (260) | (9,002) | (9,262) |
| | | | |
| 1st half 2019 | | | |
| (€'000) | USW Campania | | Total |
| Revenue | | | |
| Operating expenses | | | |
| Services | | (187) | (187) |
| Total operating expenses | | (187) | (187) |
| Operating loss | | (187) | (187) |
| Financing income (costs) and gains (losses) on equity investments | | | |
| Loss before tax | | (187) | (187) |
| Loss from discontinued operations | | (187) | (187) |

20. Equity

Equity increased to €1,011.4 million at 30 June 2019 from €932.1 million at the end of 2018 as follows:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|--|------------------|------------------|---------------|
| Equity attributable to the owners of the parent | | | |
| Share capital | 544,740 | 544,740 | - |
| Share premium reserve | 120,798 | 120,798 | - |
| - Legal reserve | 106,551 | 108,948 | 2,397 |
| - Reserve for share capital increase related charges | (3,970) | (3,970) | - |
| - Reserve for treasury shares | (3,291) | (3,291) | - |
| - Inflation reserve | 24,764 | 34,890 | 10,126 |
| - Extraordinary and other reserves | 136 | 136 | - |
| Total other reserves | 124,190 | 136,713 | 12,523 |
| Other comprehensive expense | | | |
| - Translation reserve | (100,768) | (104,323) | (3,555) |
| - Hedging reserve | (4,036) | (4,034) | 2 |
| - Actuarial reserve | (1,110) | (1,762) | (652) |
| Total other comprehensive expense | (105,914) | (110,119) | (4,205) |
| Retained earnings | 97,698 | 140,416 | 42,718 |
| Profit for the period | 54,197 | 63,288 | 9,091 |
| Equity attributable to the owners of the parent | 835,709 | 895,836 | 60,127 |
| Share capital and reserves attributable to non-controlling interests | 109,236 | 104,494 | (4,742) |
| Profit for the period attributable to non-controlling interests | (12,882) | 11,057 | 23,939 |
| Share capital and reserves attributable to non-controlling interests | 96,354 | 115,551 | 19,197 |
| Total | 932,063 | 1,011,387 | 79,324 |

Changes of the period in the different equity items are summarised in the relevant schedule of the consolidated financial statements. Specifically, in their meeting held on 24 April 2019, the parent's shareholders resolved to:

- allocate €2,396,680.92 to the legal reserve so that it is equal to 20% of share capital;
- distribute €840,055.32 as a dividend to the holders of savings shares, equal to €0.52 per share, as per article 33.b) of the by-laws, including the legal withholding;
- allocate €106,313,678.94 to retained earnings.

At the reporting date, the parent had 1,330,845 shares for €3,291,089.72. The reserve for treasury shares is unchanged from 31 December 2018. The parent does not have a share repurchase plan at 30 June 2019.

The inflation reserve was set up following application of IAS 29 to the Argentine group companies (more information is available in note 1 and the Directors' report in the "Main risk factors and uncertainties" section).

The main variation in the other comprehensive expense items relates to the effect of fluctuations in exchange rates (mostly the Argentine peso's depreciation against the Euro).

21. Bank and other loans, current portion of bank loans and current account facilities

Bank and other loans and borrowings increased by €11.4 million over 31 December 2018 to €1,128.7 million at period end, as summarised below:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|--|------------------|------------------|---------------|
| <i>Non-current portion</i> | | | |
| - Bank and other loans and borrowings | 617,895 | 537,989 | (79,906) |
| <i>Current portion</i> | | | |
| - Current account facilities and other loans | 499,362 | 590,704 | 91,342 |
| Total | 1,117,257 | 1,128,693 | 11,436 |

The Group's financial indebtedness is broken down by loan type in the following table:

| | 31 December 2018 | | | 30 June 2019 | | |
|---|------------------|----------------|------------------|----------------|----------------|------------------|
| | Non-current | Current | Total | Non-current | Current | Total |
| (€'000) | | | | | | |
| Bank corporate loans | 546,774 | 138,874 | 685,648 | 474,205 | 330,038 | 804,243 |
| Bank construction loans | 49,046 | 84,352 | 133,398 | 48,817 | 65,652 | 114,469 |
| Bank concession financing | 12,613 | 1,046 | 13,659 | 12,231 | 1,261 | 13,492 |
| Financing and loans of companies in liquidation | 34 | - | 34 | - | - | - |
| Other financing | 9,428 | 74,439 | 83,867 | 2,736 | 73,302 | 76,038 |
| Total bank and other loans and borrowings | 617,895 | 298,711 | 916,606 | 537,989 | 470,253 | 1,008,242 |
| Current account facilities | - | 179,272 | 179,272 | - | 102,237 | 102,237 |
| Factoring liabilities | - | 5,335 | 5,335 | - | 2,343 | 2,343 |
| Loans and borrowings - unconsolidated group companies | - | 16,044 | 16,044 | - | 15,871 | 15,871 |
| Total | 617,895 | 499,362 | 1,117,257 | 537,989 | 590,704 | 1,128,693 |

Bank corporate loans

Bank corporate loans amount to €804.2 million at the reporting date (31 December 2018: €685.6 million) and refer to the parent.

They have been granted by major banks and have repayment plans which provide for payment of the last instalments in 2022.

The main conditions of the bank corporate loans in place at period end are as follows:

| | Company | Interest rate | Expiry date | Note |
|---------------------------------------|------------------|---------------|-------------|------|
| Banca IMI - Term Facility Loan | Salini Impregilo | Euribor | 2022 | (1) |
| Monte dei Paschi di Siena | Salini Impregilo | Fixed | 2019 | (1) |
| Banca Popolare di Bergamo | Salini Impregilo | Fixed | 2019 | (1) |
| Banca Popolare di Milan (€50 million) | Salini Impregilo | Euribor | 2021 | (1) |
| Banca Popolare di Milan (€40 million) | Salini Impregilo | Euribor | 2022 | (1) |
| Banca IMI (€102 million) | Salini Impregilo | Euribor | 2021 | (1) |
| Banca del Mezzogiorno | Salini Impregilo | Euribor | 2021 | (1) |
| BBVA | Salini Impregilo | Fixed | 2020 | (1) |
| Banco do Brasil | Salini Impregilo | Fixed | 2020 | |

(1) The loans are backed by covenants that establish the requirement for the borrower to maintain certain financial and equity ratios, which at the date of this Interim financial report are fully respected.

The increase in corporate loans during the period is mainly due to the use of revolving credit facilities provided by banks.

Bank construction loans

Bank construction loans amount to €114.5 million at the reporting date and mainly relate to:

- projects in Colombia (€45.9 million);
- the Romanian contracts (€24.8 million);
- HCE Group companies (€13.0 million);
- the Swiss group company (€6.3 million);
- contracts in Australia (€6.2 million);
- Lane Group companies (€5.5 million);
- contracts in Argentina (€3.9 million);
- projects in Qatar (€3.8 million).

The decrease is mostly a result of the reduction of €28.0 million related to the Al Bayt Stadium in Qatar and € 6.4 million for the Metro B1 Line contract after repayment of the outstanding loan at 31 December 2018. It was partly offset by the increase in the loans of HCE Group (€9.5 million) and Lane Group (€5.1 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 | 2021 |
| Commercial Bank Qatar | Galfar Cimolai JV | Qatar | Fixed | 2019 |
| Various banks | Romanian branch | Romania | Robor | 2019 |
| Various banks | CSC | Switzerland | Fixed | 2019 |
| Various banks | Lane Industries | USA | Various | 2020 |
| Various banks | HCE | Italy | Fixed | 2019 |
| BNP Paribas | IS JV | Australia | Fixed | 2019 |

The interest rates shown in the table have floating spreads depending on the term and conditions of the financing.

Bank concession financing

At 30 June 2019, bank concession financing amounts to €13.5 million as follows:

| €'000 | Company | Currency | Country | 31 December 2018 | | | 30 June 2019 | | | |
|-------|---------------------------|-----------------------------|---------|----------------------------|---------------|--------------|----------------------------|---------------|--------------|---------------|
| | | | | Total concession financing | Current | Non-current | Total concession financing | Current | Non-current | |
| | Monte dei Paschi di Siena | Corso del Popolo S.p.A. | Euro | Italy | 7,240 | 466 | 6,774 | 7,275 | 759 | 6,517 |
| | Credito Sportivo | Piscine dello Stadio S.r.l. | Euro | Italy | 6,152 | 313 | 5,839 | 6,032 | 318 | 5,715 |
| | Various | Other | Euro | Italy | 267 | 267 | - | 185 | 185 | |
| | Total | | | | 13,659 | 1,046 | 12,613 | 13,492 | 1,261 | 12,231 |

The conditions of the main concession financing in place at period 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 2018 | | | 30 June 2019 | | |
|---------------------------|------------------|--------------|-----------------------|---------------|--------------|-----------------------|---------------|--------------|
| | | | Total other financing | Current | Non-current | Total other financing | Current | Non-current |
| Jan de Nul | Salini Impregilo | Luxembourg | 17,256 | 17,256 | - | 5,714 | 5,714 | - |
| Cat Finance | Salini Impregilo | Italy | 13,839 | 8,432 | 5,407 | 9,482 | 7,670 | 1,812 |
| Various | Healy Parsons | USA | 9,407 | 9,407 | - | 9,370 | 9,370 | - |
| Various | Galfar | Qatar | 9,867 | 9,867 | - | 9,928 | 9,928 | - |
| Non-controlling investors | Sabrom | Italy | 7,185 | 7,185 | - | 7,185 | 7,185 | - |
| Almodon | Salini Impregilo | Saudi Arabia | 6,412 | 6,412 | - | - | - | - |
| Various | Lane Industries | USA | 3,855 | 1,937 | 1,918 | 1,949 | 1,949 | - |
| Various | Salini Impregilo | Various | 3,011 | 3,011 | - | 13,824 | 13,824 | - |
| Various | Abu Dhabi branch | Various | 2,689 | 2,689 | - | 2,303 | 2,303 | - |
| Various | Salini Kolin JV | Turkey | 2,133 | 2,133 | - | - | - | - |
| Various | HCE | Italy | 1,815 | 591 | 1,224 | 1,523 | 599 | 924 |
| Other | Other | Various | 6,390 | 5,511 | 879 | 14,760 | 14,760 | - |
| Total | | | 83,859 | 74,431 | 9,428 | 76,038 | 73,302 | 2,736 |

The conditions of the main other financing in place at period end may be summarised as follows:

| | Company | Country | Interest rate | Expiry date |
|---------------------------|------------------|------------|---------------|-------------|
| Cat Finance | Salini Impregilo | Italy | Euribor | 2020 |
| Jan de Nul | Salini Impregilo | Luxembourg | Fixed rate | 2019 |
| Non-controlling interests | Sabrom | Italy | Fixed rate | 2020 |

Current account facilities

Current account facilities decreased by €77.0 million to €102.2 million at the reporting date.

Factoring liabilities

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|-----------------------------|------------------|--------------|----------------|
| Ethiopian branch (Factorit) | 2,026 | 2,183 | 157 |
| Salini Saudi Arabia | 3,149 | - | (3,149) |
| Other | 160 | 160 | - |
| Total | 5,335 | 2,343 | (2,992) |

Factoring liabilities relate to the factoring of receivables and decreased by €3.0 million, mainly due to the repayments made by the subsidiary Salini Saudi Arabia (€3.1 million).

Net financial indebtedness of Salini Impregilo Group

| | Note (*) | 31 December 2018 | 30 June 2019 | Variation |
|---|----------|---------------------|--------------------|------------------|
| (€000) | | | | |
| Non-current financial assets | 10 | 235,692 | 247,068 | 11,376 |
| Current financial assets | 15 | 135,280 | 238,347 | 103,067 |
| Cash and cash equivalents | 18 | 1,107,340 | 812,317 | (295,023) |
| Total cash and cash equivalents and other financial assets | | 1,478,312 | 1,297,732 | (180,580) |
| Bank and other loans and borrowings | 21 | (617,895) | (537,989) | 79,906 |
| Bonds | 22 | (1,088,158) | (1,090,008) | (1,850) |
| Lease liabilities | 23 | (55,530) | (98,267) | (42,737) |
| Total non-current indebtedness | | (1,761,583) | (1,726,264) | 35,319 |
| Current portion of bank loans and borrowings and current account facilities | 21 | (499,362) | (590,704) | (91,342) |
| Current portion of bonds | 22 | (13,295) | (6,291) | 7,004 |
| Current portion of lease liabilities | 23 | (43,206) | (63,799) | (20,593) |
| Total current indebtedness | | (555,863) | (660,794) | (104,931) |
| Derivative assets | 10-15 | 602 | - | (602) |
| Derivative liabilities | 24 | - | (1,694) | (1,694) |
| Net financial position with unconsolidated SPEs (**) | | (21,096) | (12,700) | 8,396 |
| Total other financial liabilities | | (20,494) | (14,394) | 6,100 |
| Net financial indebtedness - continuing operations | | (859,628) | (1,103,720) | (244,092) |
| Net financial indebtedness including discontinued operations | | (859,628) | (1,103,720) | (244,092) |

(*) 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 and not included in the consolidation scope. The balance reflects the Group's share of cash and cash equivalents or debt of the SPEs. The items making up these balances are shown under trade receivables and payables, respectively, in the condensed interim consolidated financial statements.

At 30 June 2019, the Group has net financial indebtedness from continuing operations of €1,103.7 million (€859.6 million at 31 December 2018).

More information about changes in the Group's net financial indebtedness during the six months is available in the Directors' report.

22. Bonds

The outstanding bonds at 30 June 2019 relate to the parent, Salini Impregilo (€1,096.3 million). They are analysed in the following table:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|---------------------|------------------|------------------|----------------|
| Non-current portion | 1,088,158 | 1,090,008 | 1,850 |
| Current portion | 13,295 | 6,291 | (7,004) |
| Total | 1,101,453 | 1,096,299 | (5,154) |

A breakdown of this item is set out in the following table:

| Description | Expiry date | 31 December 2018 | | | 30 June 2019 | | |
|--------------------------------|-----------------|------------------|--|------------------------------------|------------------|--|------------------------------------|
| | | Nominal amount | Non-current portion (net of related charges) | Current portion (accrued interest) | Nominal amount | Non-current portion (net of related charges) | Current portion (accrued interest) |
| (€'000) | | | | | | | |
| Salini TF 3.75% Gn 21 CALL EUR | 24 June 2021 | 600,000 | 592,651 | 11,713 | 600,000 | 594,119 | 370 |
| Salini TF 1.75% Ot 24 CALL EUR | 26 October 2024 | 500,000 | 495,507 | 1,582 | 500,000 | 495,889 | 5,921 |
| Total | | 1,100,000 | 1,088,158 | 13,295 | 1,100,000 | 1,090,008 | 6,291 |

On 24 June 2016, the parent placed bonds with a nominal amount of €428 million with institutional investors. They have a fixed rate coupon of 3.75%. The bonds are listed on the Irish Stock Exchange in Dublin with a redemption date of 24 June 2021.

On 11 July 2016, the parent placed additional bonds with institutional investors for a total nominal amount of roughly €172 million. The new bonds are part of a single series with the previous €428 million issued on 24 June 2016 and redeemable on 24 June 2021, bringing the total bond issue to €600 million. The transaction strengthened the Group's debt profile, extended its average debt repayment dates by more than one year and increased its fixed rate debt component.

In the second half of 2017, the parent issued bonds for €500 million with a fixed rate coupon of 1.75% reserved for qualified investors, excluding their placement in the US and other selected countries. It listed the bonds on the Irish Stock Exchange for redemption on 26 October 2024.

The bonds are backed by covenants that require it to maintain certain financial and equity ratios, which at the date of this Interim financial report are fully respected.

23. Lease liabilities

Lease liabilities may be broken down as follows at 30 June 2019:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|--------------------------------------|------------------|----------------|---------------|
| Lease liabilities | 55,530 | 98,267 | 42,737 |
| Current portion of lease liabilities | 43,206 | 63,799 | 20,593 |
| Total | 98,736 | 162,066 | 63,330 |

This item was previously called “Finance lease liabilities” and amounted to €98.7 million at 31 December 2018. After introduction of IFRS 16, its name has been changed to “Lease liabilities”. More information is available in note 2 “Changes in standards”.

The increase in the item is mainly a result of application of the new standard.

The present value of the minimum future lease payments is €162.1 million (31 December 2018: €98.7 million) as follows:

| (€'000) | 31 December 2018 | 30 June 2019 |
|--------------------------------|------------------|----------------|
| Minimum lease payments: | | |
| Due within one year | 45,422 | 68,381 |
| Due between one and five years | 58,296 | 102,775 |
| Due after five years | 76 | 2,473 |
| Total | 103,794 | 173,629 |
| Future interest expense | (5,058) | (11,563) |
| Net present value | 98,736 | 162,066 |

The net present value is as follows:

| | | |
|--------------------------------|---------------|----------------|
| Due within one year | 43,206 | 63,799 |
| Due between one and five years | 55,455 | 95,922 |
| Due after five years | 75 | 2,345 |
| Total | 98,736 | 162,066 |

24. Derivatives and other current financial liabilities

The following table sets out the characteristics of the derivative liabilities existing at 30 June 2019, showing the company owning the contract and the related fair value at the reporting date:

| | 31 December 2018 | 30 June 2019 | Variation |
|-----------------|------------------|--------------|--------------|
| Current portion | - | 1,694 | 1,694 |
| Total | - | 1,694 | 1,694 |

The following table analyses the item:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|--|------------------|--------------|--------------|
| Forward currency purchases and sales - FVTPL | - | 1,694 | 1,694 |
| Total derivatives presented in net financial indebtedness | - | 1,694 | 1,694 |

These items show the reporting-date fair value of the currency hedges. They may be broken down as follows:

Forward currency purchases and sales - FVTPL

| Company | Agreement date | Expiry date | Currency | Notional amount | Fair value (€/000) |
|------------------|----------------|-------------|----------|-----------------|--------------------|
| Salini Impregilo | 30/04/2019 | 31/07/2019 | USD | 10,669,512 | (153) |
| Salini Impregilo | 22/05/2019 | 23/09/2019 | USD | 20,400,922 | (327) |
| Salini Impregilo | 25/06/2019 | 26/09/2019 | USD | 17,435,272 | 16 |
| Salini Impregilo | 19/06/2019 | 19/07/2019 | USD | 19,567,905 | (270) |
| Salini Impregilo | 25/06/2019 | 31/12/2019 | USD | 174,173,547 | (922) |
| Salini Impregilo | 26/06/2019 | 31/07/2019 | USD | 10,063,197 | (16) |
| Salini Impregilo | 26/06/2019 | 30/09/2019 | USD | 28,160,769 | (46) |
| Salini Impregilo | 27/03/2019 | 30/09/2019 | CHF | 3,130,590 | 24 |
| Total | | | | | (1,694) |

This category includes derivatives that have been entered into to hedge the Group against currency risks but that did not meet the IFRS hedge accounting requirements.

25. Post-employment benefits and employee benefits

At 30 June 2019, the Group's liability due to its employees determined using the criteria set out in IAS 19 is €60.0 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: 1.5%.

The Group has used the Iboxx AA Corporate index for the Eurozone, which has an average financial duration in line with the fund being valued, to calculate the discount rate.

The balance mainly consists of the liability for Lane Group's defined benefit plan for its full-time employees. This liability is calculated on the basis of the employees' years of service and remuneration and is subjected to an actuarial valuation. Lane Group also provides healthcare cover to retired employees, hired before 31 December 1992 with at least 20 years of service.

The item also includes the Italian post-employment benefits (TFR) related to Salini Impregilo and its Italian subsidiaries. The liability is the outstanding amount at the reform effective date, net of benefits paid up to the reporting dates. The liability is considered part of a defined benefit plan under IAS 19 and has, therefore, been subjected to actuarial valuation.

Changes in the item are as follows:

| | 31 December 2018 | Accruals | Payments | Net actuarial losses | Change in consolidation scope and other changes | Contributions paid to INPS treasury and other funds | 30 June 2019 |
|--|---------------------|----------|----------|-------------------------|--|--|--------------|
| (€'000) | | | | | | | |
| Post-employment benefits and employee benefits | 57,025 | 7,153 | (4,997) | 626 | 707 | (559) | 59,955 |

"Net actuarial losses" include the actuarial gains and losses recognised in the actuarial reserve as per the revised IAS 19 while the "Change in consolidation scope and other changes" mainly 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 2019 | 172,245 | (143,404) | 28,841 |
| Contribution cost | 85 | - | 85 |
| Interest | 3,793 | (3,175) | 618 |
| Gains on the change in the expected return on the plan assets | - | (12,957) | (12,957) |
| Net losses on changes in the financial assumptions | 15,965 | - | 15,965 |
| Net gains from experience | (2,295) | - | (2,295) |
| Employer contributions | (269) | - | (269) |
| Payments | (3,138) | 3,168 | 30 |
| Exchange differences | 933 | (766) | 167 |
| 30 June 2019 | 187,319 | (157,135) | 30,184 |

The following tables show the assumptions used to calculate the liability for employee benefits:

| | Pension benefits | | Other benefits | |
|--|------------------|--------------|------------------|--------------|
| | 31 December 2018 | 30 June 2019 | 31 December 2018 | 30 June 2019 |
| Discount rate | 4.44% | 3.80% | 3.86% | 3.15% |
| Expected rate of return on plan assets | 4.44% | 4.44% | 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:

| | 31 December 2018 | 30 June 2019 |
|---|------------------|--------------|
| Annual growth rate | 6.73% | 6.68% |
| Ultimate trend rate | 4.31% | 4.31% |
| Year in which the ultimate trend rate is expected to be reached | 2039 | 2039 |

The next table shows how the liability for employee benefits would change if the main assumptions changed:

| (€'000) | Variation | Increase | Decrease |
|----------------------|-----------|----------|----------|
| Discount rate | 1.00% | (23,836) | 29,851 |
| Salary increase rate | 1.00% | 453 | (424) |

The following table presents the plan asset categories as a percentage of total invested assets:

| | 31 December 2018 | % | 30 June 2019 | % |
|----------------------------|------------------|----------------|----------------|----------------|
| (€'000) | | | | |
| Common / collective trusts | 143,074 | 99.77% | 156,761 | 99.76% |
| Interest-bearing deposits | 330 | 0.23% | 374 | 0.24% |
| Total | 143,404 | 100.00% | 157,135 | 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 60% in fixed income funds, about 32% in global equity investments (developed and emerging markets), and about 8% in alternative investments. The subsidiary'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 2018 |
|----------------------------|----------------|-------------------------------------|---|------------------|
| (€'000) | | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Common / collective trusts | 143,074 | - | - | 143,074 |
| Interest-bearing deposits | 330 | - | - | 330 |
| Total | 143,404 | - | - | 143,404 |

| | Listed prices | Other observable significant inputs | Other non-observable significant inputs | 30 June 2019 |
|----------------------------|----------------|-------------------------------------|---|----------------|
| (€'000) | | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Common / collective trusts | 156,761 | - | - | 156,761 |
| Interest-bearing deposits | 374 | - | - | 374 |
| Total | 157,135 | - | - | 157,135 |

The following table shows the estimated undiscounted future payments for employee benefits:

| | Period | Pension benefits | Other benefits |
|---------|-----------|------------------|----------------|
| (€'000) | | | |
| | 2020 | 7,085 | 156 |
| | 2021 | 7,293 | 150 |
| | 2022 | 7,637 | 151 |
| | 2023 | 7,983 | 153 |
| | 2024 | 8,741 | 137 |
| | 2025-2029 | 47,500 | 508 |

26. Provisions for risks

These provisions amount to €71.2 million at the reporting date, as follows:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|--|------------------|---------------|-----------------|
| Provisions for risks on equity investments | 1,800 | 3,730 | 1,930 |
| Other provisions | 82,413 | 67,505 | (14,908) |
| Total | 84,213 | 71,235 | (12,978) |

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 2019 |
|---|---------------|
| Share of profit of equity-accounted investees | (5,127) |
| Other changes including change in the translation reserve | 7,057 |
| Total | 1,930 |

Other provisions comprise:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|--|------------------|---------------|-----------------|
| USW Campania projects | 29,246 | 29,246 | - |
| Provisions set up by Imprepar and its subsidiaries | 24,219 | 9,881 | (14,338) |
| Other | 28,948 | 28,378 | (570) |
| Total | 82,413 | 67,505 | (14,908) |

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.

Changes in the item in the year are summarised below:

| | 31 December 2018 | Accruals | Utilisations / Releases | Reclassific- ations | Exchange losses and other changes | Change in scope | 30 June 2019 |
|--------------|---------------------|--------------|----------------------------|------------------------|---|--------------------|---------------|
| (€'000) | | | | | | | |
| Total | 82,413 | 1,114 | (3,217) | (14,222) | (13) | 1,430 | 67,505 |

The main change relates to the reclassifications of €14.2 million to the provision for risks on equity investments to cover the losses on the Consorzio Ferroviario Milanese - Confermi.

Reference should be made to the “Main risk factors and uncertainties” section of the Directors’ report for more information on litigation.

27. Contract liabilities

This item, included in “Current liabilities”, amounts to €1,113.4 million, down €36.2 million on the figure at 31 December 2018. It comprises:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|--------------------------------------|------------------|------------------|-----------------|
| Contract work in progress | (14,482,455) | (14,908,099) | (425,644) |
| Progress payments (on approved work) | 14,702,915 | 15,076,716 | 373,801 |
| Advances | 929,128 | 944,763 | 15,635 |
| Total | 1,149,588 | 1,113,380 | (36,208) |

The contracts that contributed the most to contract liabilities are those in Ethiopia for the Koysa Dam (€331.3 million), Australia for the Snowy 2.0 Hydro project (€166.1 million), and the US for Lane Group’s works (€162.3 million).

This item, comprising progress payments and advances, includes claims for additional consideration, the payment of which is deemed highly probable, based also on the legal and technical opinions of the Group’s advisors.

The advances mainly relate to the high speed/capacity Milan - Genoa railway line section contracts (€246.3 million), the works for the Koysa Dam in Ethiopia (€158.2 million) and the contracts in Libya (€121.4 million).

The Directors’ report provides more information about the performance of these contracts and their progress.

The “Main risk factors and uncertainties” section in the Directors’ report provides information on pending disputes and assets exposed to country risk.

The following table shows a breakdown of the item by geographical segment:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|----------------------|------------------|------------------|-----------------|
| Italy | 102,101 | 80,540 | (21,561) |
| EU (excluding Italy) | 35,500 | 35,008 | (492) |
| Non-EU | 11,806 | 15,614 | 3,809 |
| Asia/Middle East | 304,860 | 165,583 | (139,277) |
| Africa | 475,143 | 424,592 | (50,551) |
| Americas | 185,927 | 216,053 | 30,126 |
| Oceania | 34,252 | 175,990 | 141,738 |
| Total | 1,149,588 | 1,113,380 | (36,208) |

28. Trade payables

Trade payables amount to €2,674.9 million at the reporting date, an increase of €289.3 million on 31 December 2018. They are made up as follows:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|--|------------------|------------------|----------------|
| Third parties | 2,247,988 | 2,476,890 | 228,902 |
| Unconsolidated group companies and other related parties | 137,622 | 198,055 | 60,433 |
| Total | 2,385,610 | 2,674,945 | 289,335 |

The increase is the result of the higher trade payables to third parties, mainly for the high speed/capacity Milan - Genoa railway line section (€109.1 million), the Snowy hydro power stations in Australia (€39.1 million) and Cossi Costruzioni (€21.7 million).

Trade payables to unconsolidated group companies and other related parties increased by €60.4 million to €198.1 million at the reporting date. The item mostly consists of payables from unconsolidated SPEs accrued on work performed by them for contracts with Italian and foreign public administrations.

The balance includes €23.1 million (€22.2 million) related to the Group's liabilities with consortia and consortium companies (SPEs) that operate by recharging costs and are not included in the consolidation scope. It is equal to the Group's share of the SPEs' liabilities.

29. Current tax liabilities and other current tax liabilities

Current tax liabilities amount to €71.9 million as follows:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|---------------|------------------|---------------|-----------------|
| IRES | 603 | 14,639 | 14,036 |
| IRAP | 877 | 4,780 | 3,903 |
| Foreign taxes | 143,213 | 52,449 | (90,764) |
| Total | 144,693 | 71,868 | (72,825) |

"Foreign taxes" of €52.4 million show a €90.7 million decrease on the previous year end, mainly related to taxes paid on the sale of its Plants & Paving Division by Lane Group on 12 December 2018.

Other current tax liabilities of €55.7 million increased by €7.2 million over 31 December 2018. They may be analysed as follows:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|----------------------|------------------|---------------|--------------|
| VAT | 27,395 | 44,159 | 16,764 |
| Other indirect taxes | 21,126 | 11,567 | (9,559) |
| Total | 48,521 | 55,726 | 7,205 |

30. Other current liabilities

Other current liabilities of €315.2 million (31 December 2018: €322.1 million) comprise:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|--|------------------|----------------|----------------|
| State bodies | 115,588 | 115,588 | - |
| Other liabilities | 73,224 | 70,649 | (2,575) |
| Employees | 72,521 | 65,901 | (6,620) |
| Social security institutions | 17,904 | 22,715 | 4,811 |
| Unconsolidated group companies and other related parties | 19,878 | 20,645 | 767 |
| Compensation and compulsory purchases | 4,078 | 4,421 | 343 |
| Accrued expenses and deferred income | 18,869 | 15,275 | (3,594) |
| Total | 322,062 | 315,194 | (6,868) |

“State bodies” (€115.6 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 €70.6 million (31 December 2018: €73.2 million) decreased by roughly €2.6 million. The item mainly refers to the high speed/capacity works, Lane Group’s projects and some foreign projects (Saudi Arabia, Qatar and Venezuela).

Amounts due to employees and social security institutions relate to accrued unpaid remuneration.

Accrued expenses and deferred income decreased by €3.6 million to €15.3 million, mainly attributable to the works for the Koysha Dam in Ethiopia and Lane Group’s projects as shown in the following table:

| (€'000) | 31 December 2018 | 30 June 2019 | Variation |
|-------------------------------|------------------|---------------|----------------|
| Accrued expenses: | | | |
| - Commissions on sureties | 3,669 | 1,499 | (2,170) |
| - Other | 12,522 | 10,687 | (1,835) |
| Total accrued expenses | 16,191 | 12,186 | (4,005) |
| Deferred income: | | | |
| - Provision of services | 2,677 | 3,089 | 412 |
| Total deferred income | 2,677 | 3,089 | 412 |
| Total | 18,868 | 15,275 | (3,593) |

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 €13,429.8 million (including €6,779.0 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 €173.3 million;
- sureties granted for export credit: €158.0 million;
- other guarantees: they amount to €1,412.6 million and comprise guarantees related to customs and tax obligations (€60.8 million) and other commitments (such as environmental clean-ups and export credit) (€1,351.8 million);
- collateral related to a lien on the shares of the SPE M4 (€4.7 million).

Tax disputes

Salini Impregilo S.p.A.

With respect to the principal dispute with the tax authorities:

- the dispute about the assessment notice challenging the tax treatment of impairment losses and losses on the sale of assets recognised by the parent in 2003 has been settled. The main issue related to the sale by Impregilo S.p.A. (now Salini Impregilo S.p.A.) of its investment in the Chilean operator Costanera Norte SA to Impregilo International Infrastructures N.V. had been cancelled by the Milan Regional Tax Commission on 11 September 2009 (higher assessed tax base of €70 million). After the hearing held on 24 April 2018 and the filing of a motion for the suspension of the trial on 14 November 2018, the Supreme Court ordered the case be placed on the court calendar again. The parent applied the procedure for the out-of-court settlement of tax disputes introduced by article 6 of Decree law no. 119 of 23 October 2018, converted into Law no. 136 of 17 December 2018. On 28 May 2019, it presented its application for the voluntary settlement procedure (which writes off fines and interest) for the pending tax disputes (payment of €1.2 million) and opted for payment by instalment;
- the parent's appeal about reimbursement of tax assets with a nominal amount of €12.3 million acquired from third parties as part of previous non-recurring transactions is still pending before the Supreme Court;
- a dispute related to 2005 about the technique used to "realign" the carrying amount of equity investments as per article 128 of Presidential decree no. 917/86 (greater assessed tax base of €4.2 million) is still pending before the first level court while with respect to another dispute with the same subject but for 2004 (greater assessed tax base of €380 thousand), 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 still have time to appeal this ruling;

- 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 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;
- as already described in the previous report, on 12 December 2017, the parent received an adjustment notice from the tax authorities requesting payment of registration tax of approximately €1.3 million in addition to a fine of the same amount on the sale of a business unit to Imprepar (which also received an identical adjustment notice). This business unit had no future profits and held investments in consortium companies in liquidation or inactive and the related assets and liabilities related to contracts that have been completed or are nearing completion due to Imprepar's know how in managing this type of business. The parent deems that the tax authorities' allegations are ungrounded and has promptly appealed against the notices to the competent tax commission. The dispute was settled with a court-ordered settlement procedure as per article 48 of Legislative decree no. 546/1992 as proposed by the tax authorities. This included a reduction in the registration tax and the fine from €1.3 million to €204 thousand and from €1.3 million to €82 thousand, respectively.

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.

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 Law decree no. 119 of 23 October 2018 converted into Law no. 136 of 17 December 2018. On 30 May 2019, it presented its application for the voluntary settlement procedure (which writes off fines and interest) for the pending tax disputes (payment of €384 thousand) and opted for payment by instalment.

On 12 December 2017, as described above, Imprepar received an adjustment notice from the tax authorities requesting payment of registration tax of approximately €1.3 million in addition to a fine of the same amount on the parent's sale of a business unit to it (which also received an identical adjustment notice). This business unit

had no future profits and held investments in consortium companies in liquidation or inactive and the related assets and liabilities related to contracts that have been completed or are nearing completion transferred due to Imprepar's know how in managing this type of company. The subsidiary deems that the tax authorities' allegations are ungrounded and has promptly appealed to the competent tax court. The dispute was settled with a court-ordered settlement procedure as per article 48 of Legislative decree no. 546/1992 as proposed by the tax authorities. This included a reduction in the registration tax and the fine from €1.3 million to €204 thousand and from €1.3 million to €82 thousand, respectively.

On 18 June 2018, Imprepar received a notice to pay assessed registration tax of approximately €748 thousand. 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. The tax authorities still have time to appeal this ruling.

Fisia Ambiente

After the 2013 IRES tax audit and the 2013, 2014 and 2015 VAT audit, the Genoa tax office inspectors identified findings for IRES purposes for 2013 related to alleged undue deductions of €1.5 million for the use of the loss allowance and the alleged undue deduction of VAT of €332 thousand on costs incurred for the defence of managers and other employees in criminal court proceedings in 2013, 2014 and 2015. Fisia Ambiente appealed against these assessments in fact and in law with its comments and applications filed in accordance with article 12.7 of Law no. 212/2000. The tax authorities fully accepted the inspectors' findings and notified two assessment notices for 2013, one for IRES and one for VAT. In turn, the subsidiary has filed reasoned requests for a mitigation hearing as per article 6 and following articles of Legislative decree no. 218/1997.

Agreement of 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.

Negotiations for settlement of the assessed IRES were successful and the subsidiary paid the first of four instalments on 25 May 2019.

Statement of profit or loss

32. Revenue

Revenue for the first half of 2019 amounts to €2,582.0 million, up 3.1% on the corresponding period of the previous year:

| (€'000) | 1st half 2018 | 1st half 2019 | Variation |
|---------------------------------------|------------------|------------------|---------------|
| Revenue from contracts with customers | 2,358,964 | 2,362,788 | 3,824 |
| Other income | 145,036 | 219,165 | 74,129 |
| Total revenue and other income | 2,504,000 | 2,581,953 | 77,953 |

The principal contributors to revenue for the period were some large projects like Lane Group's ongoing projects, the high speed/capacity Milan - Genoa railway line section, the Ethiopian contracts, the South Al Mutlaa Housing Project in Kuwait and Line 3 of the Riyadh metro in Saudi Arabia.

A breakdown of revenue is given in the following table:

| (€'000) | 1st half 2018 | 1st half 2019 | Variation |
|-----------------------------|------------------|------------------|--------------|
| Works invoiced to customers | 2,284,660 | 2,282,946 | (1,714) |
| Services | 62,019 | 55,457 | (6,562) |
| Sales | 12,285 | 24,385 | 12,100 |
| Total | 2,358,964 | 2,362,788 | 3,824 |

A breakdown of revenue by geographical segment is as follows:

| (€'000) | 1st half 2018 | Percentage of total | 1st half 2019 | Percentage of total |
|---------------------------|------------------|---------------------|------------------|---------------------|
| Italy | 246,490 | 10% | 425,287 | 16% |
| Middle East | 810,550 | 32% | 776,540 | 30% |
| EU (excluding Italy) | 303,937 | 12% | 223,065 | 9% |
| Africa | 408,554 | 16% | 200,707 | 8% |
| Oceania | 98,149 | 4% | 194,291 | 8% |
| Asia | 132,013 | 5% | 124,905 | 5% |
| Americas (excluding Lane) | 81,524 | 3% | 102,780 | 4% |
| Non-EU | 65,672 | 3% | 65,888 | 3% |
| Abroad | 1,900,399 | 76% | 1,688,176 | 66% |
| Lane | 357,111 | 14% | 468,490 | 18% |
| Total | 2,504,000 | 100% | 2,581,953 | 100% |

Variable consideration was equal to 4.8% of revenue from contracts with customers during the period.

The transaction price of ongoing contracts allocated to the unsatisfied performance obligations amounts to € 25,285.3 million at the reporting date. The Group will recognise this amount as revenue in future periods in line with its available forecasts.

Ongoing contracts include contracts with customers if they meet the criteria of IFRS 15.9². 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 2018 | 1st half 2019 | Variation |
|--|----------------|----------------|---------------|
| Recharged costs | 60,758 | 100,411 | 39,653 |
| Other income from joint ventures and consortia | 47,642 | 89,300 | 41,658 |
| Gains on the disposal of non-current assets | 6,742 | 3,700 | (3,042) |
| Prior year income | 10,427 | 16,943 | 6,516 |
| Insurance compensation | 5,097 | 983 | (4,114) |
| Other income | 14,370 | 7,828 | (6,542) |
| Total | 145,036 | 219,165 | 74,129 |

“Other income” mostly refers to contract work in progress and specifically industrial activities and related works not directly related to contracts with customers. The increase of €74.1 million is due to the cost recharges to subcontractors working on the contracts in Qatar and the cost recharges to non-controlling consortium members (other income in the consortium’s financial statements), mostly related to COCIV. Salini Impregilo Group’s activities involve its participation in numerous SPEs that, especially in Italy, use the consortium structure, which works using a cost recharging system whereby the costs incurred by the SPE are invoiced to the consortium members in line with their investment percentages. As this income does not arise on the performance of the contract obligations or contract negotiations, it is recognised as “Other income”.

33. Operating expenses

Operating expenses for the period amount to €2,440.8 million compared to €2,400.4 million for the first half of 2018.

The item may be broken down as follows:

| (€'000) | 1st half 2018 | 1st half 2019 | Variation |
|--|------------------|------------------|---------------|
| Purchases | 421,238 | 298,667 | (122,571) |
| Subcontracts | 742,842 | 929,788 | 186,946 |
| Services | 667,228 | 636,405 | (30,823) |
| Personnel expenses | 401,985 | 397,512 | (4,473) |
| Other operating expenses | 73,062 | 77,656 | 4,594 |
| Amortisation, depreciation, provisions and impairment losses | 94,078 | 100,776 | 6,698 |
| Total | 2,400,433 | 2,440,804 | 40,371 |

The variations in the individual items compared to the corresponding period of 2018 are due to the different cost structures that vary from contract to contract and may, in some cases, entail changes in the industrial operating

² 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.

model from one year to another. Moreover, as these are large-scale infrastructural works that take several years to complete, resort to normal production factors depends on the stage of completion of each contract in any given year. These changes may generate significant variations in the percentage of the related cost categories depending on the contract and the year, while not affecting the total percentage of operating costs of total revenue.

33.1 Purchases

The cost of raw materials and consumables incurred in the first six months of 2019 decreased by €122.6 million to €298.7 million compared to the corresponding period of 2018:

| (€'000) | 1st half 2018 | 1st half 2019 | Variation |
|--|----------------|----------------|------------------|
| Purchases of raw materials and consumables | 406,012 | 289,343 | (116,669) |
| Change in raw materials and consumables | 15,226 | 9,324 | (5,902) |
| Total | 421,238 | 298,667 | (122,571) |

The decrease in the cost of raw materials and consumables is mainly related to the Dubai contracts (€29.8 million) and Ethiopian contracts (€37.1 million) as work progresses on the projects.

33.2 Subcontracts

Costs of subcontracts increased to €929.8 million, up €186.9 million on the corresponding period of 2018 as shown in the following table:

| (€'000) | 1st half 2018 | 1st half 2019 | Variation |
|--------------|----------------|----------------|----------------|
| Subcontracts | 742,842 | 929,788 | 186,946 |
| Total | 742,842 | 929,788 | 186,946 |

The €186.9 million increase is mostly due to the South Al Mutlaa contract in Kuwait (€88.6 million) and the Cociv consortium (€80.5 million).

33.3 Services

This item decreased to €636.4 million, down €30.8 million on the corresponding period of the previous year, as shown in the following table:

| (€'000) | 1st half 2018 | 1st half 2019 | Variation |
|---|----------------|----------------|-----------------|
| Consultancy and technical services | 315,398 | 280,272 | (35,126) |
| Leases | 101,806 | 81,520 | (20,286) |
| Recharging of costs by consortia | 98,271 | 119,100 | 20,829 |
| Transport and customs | 45,372 | 41,615 | (3,757) |
| Insurance | 27,609 | 41,378 | 13,769 |
| Maintenance | 9,782 | 12,903 | 3,121 |
| Fees to directors, statutory auditors and independent | 4,833 | 7,158 | 2,325 |
| Other | 64,158 | 52,459 | (11,699) |
| Total | 667,228 | 636,405 | (30,823) |

Leases include rent and leases with variable payments or that are covered by the practical expedients of IFRS 16 in the first half of 2019 (see note 2). The Group elected to use the practical expedient for assets of a low value and leases with a term of less than 12 months and the related payments are recognised in profit or loss immediately.

The leases in the first half of 2018 included the costs of rent and leases that have required the recognition of a lease liability and a right-of-use asset since 1 January 2019.

The €20.3 million decrease in “Leases” is due to the Group’s application of IFRS 16 starting from 1 January 2019.

“Other” decreased by €11.7 million over the corresponding period of 2018 principally due to the Danish contract (Cityringen project) which is nearing completion.

“Consultancy and technical services” decreased by €35.1 million compared to the corresponding period of 2018 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 2018 | 1st half 2019 | Variation |
|--|----------------|----------------|-----------------|
| Design and engineering services | 166,770 | 161,437 | (5,333) |
| Legal, administrative and other services | 60,050 | 62,398 | 2,348 |
| Testing | 390 | 435 | 45 |
| Construction | 88,188 | 56,002 | (32,186) |
| Total | 315,398 | 280,272 | (35,126) |

33.4 Personnel expenses

Personnel expenses for the period amount to €397.5 million, down €4.5 million on the corresponding period of 2018. The item is made up as follows:

| (€'000) | 1st half 2018 | 1st half 2019 | Variation |
|--|----------------|----------------|----------------|
| Wages and salaries | 315,185 | 315,145 | (40) |
| Social security and pension contributions | 58,290 | 58,300 | 10 |
| Post-employment benefits and employee benefits | 9,966 | 7,153 | (2,813) |
| Other | 18,544 | 16,915 | (1,629) |
| Total | 401,985 | 397,512 | (4,472) |

The decrease mostly relates to Lane Group and the smaller volume of work carried out for contracts nearing completion. "Other" mainly relates to termination benefits and reimbursements of travel expenses.

At 30 June 2018, 31 December 2018 and 30 June 2019, the group's workforce was as follow:

| Total workforce by category | 30 June 2018 | 31 December 2018 | 30 June 2019 |
|-----------------------------|---------------|------------------|---------------|
| Managers | 370 | 357 | 355 |
| White collars | 7,538 | 6,738 | 6,343 |
| Blue collars | 24,057 | 19,469 | 16,987 |
| Total | 31,965 | 26,564 | 23,685 |

33.5 Other operating expenses

Other operating expenses amount to €77.7 million, up €4.6 million on the corresponding period of 2018.

This item is made up as follows:

| (€'000) | 1st half 2018 | 1st half 2019 | Variation |
|---|---------------|---------------|--------------|
| Other operating costs | 32,555 | 28,567 | (3,988) |
| Commissions on sureties | 24,740 | 32,624 | 7,884 |
| Bank charges | 3,067 | 8,191 | 5,124 |
| Losses on the disposal of property, plant and equipment | 7,725 | 757 | (6,968) |
| Other prior year expense | 4,975 | 7,517 | 2,542 |
| Total | 73,062 | 77,656 | 4,594 |

The item's increase is mostly due to the higher commissions on sureties for the contracts recently awarded to Lane (€3.5 million) and commencement of work on Lot 5 by the Cociv consortium (€2.0 million).

33.6 Amortisation, depreciation, provisions and impairment losses

This item of €100.8 million shows an increase of €6.7 million on the balance for the corresponding period of the previous year. It may be analysed as follows:

| (€'000) | 1st half 2018 | 1st half 2019 | Variation |
|---|---------------|----------------|----------------|
| Provisions and impairment losses | 3,589 | (2,732) | (6,321) |
| Depreciation of property, plant and equipment | 78,829 | 51,929 | (26,900) |
| Depreciation of right-of-use assets | - | 35,390 | 35,390 |
| Amortisation of contract costs | 11,146 | 15,333 | 4,187 |
| Amortisation of rights to infrastructure under concession | 122 | 546 | 424 |
| Amortisation of intangible assets | 392 | 310 | (82) |
| Total amortisation and depreciation | 90,489 | 103,508 | 13,019 |
| Total | 94,078 | 100,776 | 6,698 |

Amortisation and depreciation of €103.5 million shows a €13.0 million increase on the corresponding period of 2018 when depreciation included leased assets while a new item has been included since 1 January 2019 with the introduction of IFRS 16 (“Depreciation of right-of-use assets”) that led to the increase in the reporting period.

34. Net financing costs

Net financing costs amount to €26.8 million compared to €16.7 million for the corresponding period of 2018.

The item may be broken down as follows:

| (€'000) | 1st half 2018 | 1st half 2019 | Variation |
|----------------------------|-----------------|-----------------|-----------------|
| Financial income | 23,707 | 22,174 | (1,533) |
| Financial expense | (55,083) | (58,009) | (2,926) |
| Net exchange gains | 14,636 | 8,998 | (5,638) |
| Net financing costs | (16,740) | (26,837) | (10,097) |

34.1 Financial income

Financial income totals €22.2 million compared to €23.7 million for the corresponding period of 2018 and is made up as follows:

| (€'000) | 1st half 2018 | 1st half 2019 | Variation |
|--|---------------|---------------|----------------|
| Income from inflation adjustment | - | 615 | 615 |
| Gains on securities | 803 | 372 | (431) |
| Interest and other income from unconsolidated group companies and other related parties | 5,822 | 3,794 | (2,028) |
| - Interest income | 5,822 | 3,794 | (2,028) |
| Interest and other financial income | 17,082 | 17,393 | 311 |
| - Interest on receivables | 6,231 | 2,648 | (3,583) |
| - Bank interest | 7,127 | 7,927 | 800 |
| - Other | 3,724 | 6,818 | 3,094 |
| Total | 23,707 | 22,174 | (1,533) |

The €1.5 million decrease is mainly due to the smaller interest on the parent’s receivables from mostly foreign customers (€3.6 million) offset by the increase in interest income from banks and on loans (€1.9 million).

34.2 Financial expense

Financial expense totals €58.0 million (€55.1 million in the corresponding period of 2018) and is made up as follows:

| (€'000) | 1st half 2018 | 1st half 2019 | Variation |
|--|-----------------|-----------------|----------------|
| Intragroup interest and other expense | (286) | (192) | 94 |
| Interest and other financial expense | (54,797) | (57,817) | (3,020) |
| - Other | (7,387) | (17,728) | (10,341) |
| - Interest on bonds | (26,458) | (17,347) | 9,111 |
| - Bank interest on accounts and financing | (13,607) | (15,837) | (2,230) |
| - Bank fees | (2,503) | (2,244) | 259 |
| - Factoring and leases | (2,633) | (4,334) | (1,701) |
| - Interest on tax liabilities | (887) | (45) | 842 |
| - Expense for inflation adjustments | (1,322) | (282) | 1,040 |
| Total | (55,083) | (58,009) | (2,926) |

The rise in financial expense is mostly due to the effect of the measurement of loan assets recognised at 30 June 2019 in accordance with IFRS 9. Net of this effect, financial expense would have been lower than the corresponding period of 2018 due to the redemption of the unsecured senior bonds in August 2018.

34.3 Net exchange gains

Net exchange rate gains amount to €9.0 million compared to €14.6 million for the corresponding period of 2018.

Net exchange gains of €9.0 million mainly arose on the appreciation of the US dollar against the Euro.

35. Net gains on equity investments

Net gains on equity investments amount to €7.5 million compared to net gains of €11.2 million in the corresponding period of 2018.

The following table provides a breakdown of this item:

| (€'000) | 1st half 2018 | 1st half 2019 | Variation |
|--|---------------|---------------|----------------|
| Share of profit (loss) of equity-accounted investees | 11,048 | 6,875 | (4,173) |
| Dividends | - | 94 | 94 |
| Loss on the disposal of equity investments | (38) | - | 38 |
| Other income | 229 | 541 | 312 |
| Total | 11,239 | 7,510 | (3,729) |

The following table provides a breakdown of “Share of profit (loss) of equity-accounted investees”:

| (€'000) | 1st half 2018 | 1st half 2019 | Variation |
|---|---------------|---------------|----------------|
| Share of profit (loss) of equity-accounted investees | | | |
| Yuma Concessionaria | (457) | 7,927 | 8,384 |
| Autopistas del Sol S.A. | - | 3,364 | 3,364 |
| Gupc | (3,718) | (950) | 2,768 |
| Fisia Abeima LLC | 856 | (1,008) | (1,866) |
| Lane Group joint ventures | 7,501 | (3,332) | (10,833) |
| Other | 6,865 | 874 | (5,991) |
| Total | 11,049 | 6,875 | (4,174) |

36. Income taxes

The Group’s income taxes for the period amount to €47.3 million as follows:

| (€'000) | 1st half 2018 | 1st half 2019 | Variation |
|------------------------------|---------------|---------------|--------------|
| Current taxes (income taxes) | 52,268 | 43,839 | (8,429) |
| Net deferred taxes | (11,583) | 444 | 12,027 |
| Prior year taxes | (124) | 2,513 | 2,637 |
| Total | 40,561 | 46,796 | 6,235 |
| IRAP | 328 | 494 | 166 |
| Total | 40,889 | 47,290 | 6,401 |

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 Group;
- associates and joint arrangements; these transactions mainly relate to:
 - commercial assistance with purchases and procurement of services necessary to carry out work on contracts, contracting and subcontracting;
 - services (technical, organisational, legal and administrative), carried out at centralised level;
 - financial transactions, namely loans and joint current accounts as part of cash pooling transactions and guarantees given on behalf of group companies.

Transactions are carried out with associates in the interests of Salini Impregilo, aimed at building on existing synergies in the Group in terms of production and sales integration, efficient use of existing

skills, streamlining of centralised structures and financial resources. These transactions are regulated by specific contracts and are carried out on an arm's length basis;

- other related parties: the main transactions with other related parties, identified pursuant to IAS 24, including companies managed and coordinated by Salini Costruttori S.p.A., are summarised below:

| Related party | Loans and receivables | Financial assets | Other assets | Trade payables | Financial liabilities | Total revenue | Total costs | Net financing income (costs) |
|--|-----------------------|------------------|---------------|----------------|-----------------------|---------------|-------------|------------------------------|
| (€'000) | | | | | | | | |
| C.Tiburtino | 88 | | | | | 10 | | |
| Casada S.r.l. | 97 | | | | | 10 | | 3 |
| CEDIV S.p.A. | 1,875 | 3,241 | | | | 9 | | 24 |
| Corso del Popolo Immobiliare S.r.l | 1,629 | | | 23 | | | | |
| Dirlan | 59 | | | | | 13 | | |
| G.A.B.I.RE S.r.l. | 1,254 | 18,001 | | | | 10 | | 9 |
| Galla Placida | 91 | | | | | 11 | | |
| Imm. Agricola San Vittorino | 142 | | | | | 13 | | |
| Infernetto | 15 | | | | | 5 | | |
| Iniziative Immobiliari Italiane S.p.A. | | | | 56 | | | | (65) |
| Madonna dei Monti S.r.l | 17 | | | 9 | | 7 | | |
| Nores | 58 | | | | | 5 | | |
| Plus | 70 | | | | | 16 | | |
| Salini Costruttori S.p.A. | | 2,313 | 11,956 | 16 | 8,263 | 77 | | (82) |
| Salini Simonpietro & C. | 49 | | | | | 7 | | |
| Studio Avv. Grazia Volo Associazione Professionale | | | | 20 | | | 246 | |
| Studio Morganti & Associati | | | | 145 | | | 118 | |
| Todini Finanziaria | 1,481 | | | | | | | |
| Zeis | 75 | 1,666 | | | | 120 | | 22 |
| Total | 7,000 | 25,221 | 11,956 | 269 | 8,263 | 313 | 364 | (89) |

Most of the Group's production is carried out through SPEs, set up with other partners that have participated with Salini Impregio in tenders. The SPEs carry out the related contracts on behalf of their partners.

The other transactions refer to costs for design and similar activities, incurred when presenting bids and for recently started contracts. They are also governed by specific agreements and carried out on an arm's length basis and, where applicable, in line with the contract terms.

Their effects on the statements of financial position and profit or loss are shown together with the related contract, when appropriate.

During the first half of 2019, the Group identified Zurich and Zurich Investment Life as related parties given the significant influence thereover by a close relative of one of the parent's directors.

At the reporting date, the Group has an exposure of €25.9 million with Zurich Italia for performance bonds given in previous years for some of its contracts. These bonds were provided at market conditions.

38. Earnings per share

Earnings per share are disclosed at the foot of the statement of comprehensive income.

Basic earnings (loss) 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. Following the merger resolution of 12 September 2013, 44,974,754 new ordinary Salini Impregilo S.p.A. shares were issued to Salini Costruttori S.p.A. to service the merger.

On 20 June 2014, the board of directors approved a capital increase with the related issue of 44,740,000 new shares. This took place on 25 June 2014 and the parent's share capital comprises 492,172,691 ordinary shares and 1,615,491 savings shares.

In October 2014, the parent repurchased 3,104,377 own shares.

At 31 December 2018, the reserve for treasury shares decreased after allocation of shares as part of the 2015 performance share plan. Therefore, at the reporting date, the parent had 1,330,845 shares.

| (€'000) | 1st half 2018 | 1st half 2019 |
|--|----------------|----------------|
| Profit from continuing operations | 57,176 | 74,533 |
| Non-controlling interests | 11,995 | (11,057) |
| Profit from continuing operations attributable to the owners of the parent | 69,172 | 63,476 |
| Profit from continuing and discontinued operations | 47,915 | 74,346 |
| Non-controlling interests | 11,995 | (11,057) |
| Profit from continuing and discontinued operations attributable to the owners of the parent | 59,910 | 63,289 |
| Profit earmarked for holders of savings shares | 588 | 588 |
| Average outstanding ordinary shares | 490,814 | 490,842 |
| Average outstanding savings shares | 1,615 | 1,615 |
| Average number of shares | 492,429 | 492,458 |
| Average number of diluted shares | 492,429 | 492,458 |
| Basic earnings per share (from continuing operations) | 0.14 | 0.13 |
| Basic earnings per share (from continuing and discontinued operations) | 0.12 | 0.13 |
| Diluted earnings per share (from continuing operations) | 0.14 | 0.13 |
| Diluted earnings per share (from continuing and discontinued operations) | 0.12 | 0.13 |

39. Events after the reporting date

No significant events have taken place since the reporting date other than those described in the Directors' report.

40. Significant non-recurring events and transactions

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/60642.

41. Balances or transactions arising from atypical and/or unusual transactions

During the six months, Salini Impregilo Group did not carry out any atypical and/or unusual transactions, as defined in the above Consob communication no. DEM/6064293³.

On behalf of the board of directors

Deputy chairperson

(signed on the original)

³ 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 Salini Impregilo Group companies

List of Salini Impregilo Group companies

| | Country | Currency | Share/quota capital subscribed | Investment % direct % | % Investment held by indirect | Consolidation or measurement method |
|---|-------------------------|-------------|--------------------------------------|-----------------------------|----------------------------------|--|
| Salini Impregilo S.p.A. | Italy | Euro | 544,740,000 | 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 0.01 HCE Costruzioni S.p.A. |
| Al Maktoum International Airport J.V. | United Arab Emirates | | | 29.4 | | 29.4 Lane Mideast Contracting LLC |
| Ancipa S.c.r.l. (in liq.) | Italy | Euro | 10,200 | 100 | | 100 Imprepar S.p.A. |
| Brennero Galleriaacque S.c.r.l. | Italy | Euro | 10,000 | 51 | | 51 Fisia Italimpianti S.p.A. |
| C43 Water Management Builders | USA | | | 100 | 30 | 70 Lane Construction Corporation |
| CDE S.c.a.r.l. | Italy | Euro | 10,000 | 60 | 60 | |
| Collegamenti Integrati Veloci C.I.V. S.p.A. | Italy | Euro | 20,000 | 85 | 85 | |
| Compagnia Gestione Macchinari CO.GE.MA. S.p.A. | Italy | Euro | 200,000 | 100 | 100 | |
| Consorzio Constructor Salini Impregilo - Cigla (florianopolis) | Brazil | | | 100 | 60 | 40 Cigla S.A. |
| Consorzio Impregilo - OHL | Colombia | | | 100 | | 100 Impregilo Colombia SAS |
| Consorzio Impregilo Yarull | Dom. Republic | | | 70 | 70 | |
| Consorzio Alta Velocità Torino/Milano - C.A.V.TO.MI. | Italy | Euro | 5,000,000 | 74.69 | 74.69 | |
| Consorzio C.A.V.E.T. - Consorzio Alta Velocità Emilia/Toscana | Italy | Euro | 5,422,797 | 75.983 | 75.983 | |
| Consorzio Cociv | Italy | Euro | 516,457 | 68.25 | 64 | 4.25 C.I.V. S.p.A. |
| Consorzio Libyan Expressway Contractor | Italy | Euro | 10,000 | 58 | 58 | |
| Consorzio Scilla (in liq.) | Italy | Euro | 1,000 | 51 | | 51 Imprepar S.p.A. |
| Constructora Ariguani SAS | Colombia | COP | 100,000,000 | 100 | 100 | |
| Constructora Mazar Impregilo- Herdoiza Crespo | Ecuador | | | 70 | 70 | |
| Construtora Impregilo y Associados S.A.-CIGLA S.A. | Brazil | BRL | 2,480,849 | 100 | 100 | |
| Copenhagen Metro Team I/S | Denmark | | | 99.989 | 99.989 | |
| Corso del Popolo Engineering S.c.r.l. | Italy | Euro | 10,000 | 64.707 | | 64.707 HCE Costruzioni S.p.A. |
| Corso del Popolo S.p.A. | Italy | Euro | 1,200,000 | 55 | | 55 HCE Costruzioni S.p.A. |
| Cossi Costruzioni S.p.A. | Italy | Euro | 10,000,000 | 63.5 | 63.5 | |
| CSC Impresa Costruzioni S.A. | Switzerland | CHF | 2,000,000 | 100 | 100 | |
| CSI Simplon Consorzio | Switzerland | | | 100 | 0.01 | 99.99 CSC S.A. |

List of Salini Impregilo Group companies

| | Country | Currency | Share/quota capital subscribed | Investment % | % direct | % Investment held by indirect | Consolidation or measurement method |
|--|-------------|----------|--------------------------------------|-----------------|----------|---|--|
| Empresa Constructora Angostura Ltda | Chile | CLP | 22,422,000,000 | 65 | 65 | | 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 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 |
| 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 |
| Groupement Todini - EHTP (ex Hamila) | Tunisia | | | 100 | | 100 HCE Costruzioni S.p.A. | line-by-line |
| Grupo ICT II SAS | Colombia | COP | 9,745,180,000 | 100 | 100 | | line-by-line |
| HCE Costruzioni S.p.A. | Italy | Euro | 2,186,743 | 100 | 100 | | line-by-line |
| HCE Costruzioni Ukraine LLC | Ukraine | Euro | 10,000 | 100 | 1 | 99 HCE Costruzioni S.p.A. | line-by-line |
| I.L.IM. - Iniziative Lombarde Immobiliari S.r.l. (in liq.) | Italy | Euro | 10,000 | 100 | 100 | | line-by-line |
| IGLYS S.A. | Argentina | ARS | 10,000,000 | 100 | | 100 Impregilo Intern. Infrastruc. N.V. | line-by-line |
| Impregilo International Infrastructures N.V. | Netherlands | Euro | 50,000,000 | 100 | 100 | | 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 |
| INC - Il Nuovo Castoro Algeria S.a.r.l. | Algeria | DZD | 301,172,000 | 99.983 | 99.983 | | line-by-line |
| IS Joint Ventures | Australia | | | 100 | 50 | 50 Salini Australia PTY L.t.d. | line-by-line |
| Joint Venture Impregilo S.p.A. - S.G.F. INC S.p.A. | Greece | | | 100 | 100 | | line-by-line |

List of Salini Impregilo Group companies

| | Country | Currency | Share/quota capital subscribed | Investment % direct % | % Investment held by indirect | Consolidation or measurement method |
|--|-------------------------|----------|--------------------------------------|-----------------------------|---|--|
| JV Salini - Secol | Romania | | | 80 | 80 | line-by-line |
| Lane Abrams Joint Venture | USA | | | 51 | 51 Lane Construction Corporation | line-by-line |
| Lane Civil Works Canada Inc. | Canada | | | 100 | 100 Lane Power Energy Solutions Inc. | 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 | United Arab Emirates | | | 24.5 | 24.5 Lane Mideast Contracting LLC | line-by-line |
| Lane GHIB GP Inc. | Canada | | | 100 | 100 Lane Civil Works Canada Inc. | line-by-line |
| Lane Industries Incorporated | USA | USD | 5 | 100 | 100 Salini Impregilo - US Holdings Inc. | line-by-line |
| Lane Infrastructure Canada Inc. | Canada | | | 100 | 100 Lane Construction Corporation | line-by-line |
| Lane Infrastructure Inc. | USA | USD | 10 | 100 | 100 Lane Industries Incorporated | line-by-line |
| Lane Mideast Contracting LLC | United Arab Emirates | AED | 300,000 | 49 | 49 Impregilo Intern. Infrastruc. N.V. | line-by-line |
| Lane Mideast Qatar LLC | Qatar | QAR | 5,000,000 | 49 | 49 Impregilo Intern. Infrastruc. N.V. | line-by-line |
| Lane National Contracting Joint Venures | United Arab Emirates | | | 24.99 | 24.99 Lane Mideast Contracting LLC | line-by-line |
| Lane Power Energy Solutions Inc. | USA | USD | 100 | 100 | 100 Lane Industries Incorporated | line-by-line |
| Lane Securety Paving J.V. | USA | | | 60 | 60 Lane Construction Corporation | line-by-line |
| Lane Worldwide Infrastructure Inc.. | USA | USD | 10 | 100 | 100 Lane Industries Incorporated | line-by-line |
| LGV Impresa Costruzioni S.A. | Switzerland | CHF | 4,600,000 | 63.5 | 63.5 Cossi Costruzioni S.p.A. | line-by-line |
| Librino S.c.r.l. (in liq.) | Italy | Euro | 45,900 | 66 | 66 Imprepar S.p.A. | 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 | 1,100,000 | 70 | 70 HCE Costruzioni S.p.A. | line-by-line |
| Piscine S.c.r.l. (in liq.) | Italy | Euro | 10,000 | 70 | 70 HCE Costruzioni S.p.A. | line-by-line |

List of Salini Impregilo Group companies

| | Country | Currency | Share/quota capital subscribed | Investment % direct % | % Investment held by indirect | 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 |
| Salerno-Reggio Calabria S.c.p.a. (in liq.) | Italy | Euro | 50,000,000 | 51 | 51 | line-by-line |
| Salini - Impregilo Joint Venture for Mukorsi | Zimbabwe | | | 100 | 99.9 0.1 Imprepar S.p.A. | line-by-line |
| Salini Australia PTY L.t.d. | Australia | AUD | 4,350,000 | 100 | 100 | line-by-line |
| Salini Impregilo - Duha Joint Venture | Slovakia | | | 75 | 75 | line-by-line |
| Salini Impregilo - Healy J.V. (Cleveland) | USA | | | 100 | 60 40 Lane Construction Corporation | line-by-line |
| Salini Impregilo - Healy J.V. (Tunnel 3RPORT Indiana) | USA | | | 100 | 30 70 Lane Construction Corporation | line-by-line |
| Salini Impregilo - Healy J.V. NEBT | USA | | | 100 | 30 70 Lane Construction Corporation | line-by-line |
| Salini Impregilo - NRW Joint Venture | Australia | | | 80 | 80 | line-by-line |
| Salini Impregilo - Salini Insaat - NTF J.V. | Turkey | | | 85 | 55 30 Salini Insaat T.S.V.T.A.S. | line-by-line |
| Salini Impregilo - Tristar | United Arab Emirates | | | 60 | 60 | line-by-line |
| Salini Impregilo - US Holdings Inc. | USA | USD | 1,100 | 100 | 100 | line-by-line |
| Salini Impregilo S.p.A. - S.A. Healy Company Jose J Chediack S.A. | Argentina | ARS | 10,000 | 75 | 73 2 Lane Construction Corporation | line-by-line |
| Salini India Private L.t.d. (in liq.) | India | INR | 93,500,000 | 100 | 95 5 CO.GE.MA. S.p.A. | line-by-line |
| Salini Insaat Taahhut Sanayi Ve Ticaret Anonim Sirketi | Turkey | TRY | 50,000 | 100 | 100 | line-by-line |
| Salini Malaysia SDN BHD | Malaysia | MYR | 1,100,000 | 100 | 90 10 CO.GE.MA. S.p.A. | line-by-line |
| Salini Namibia Proprietary L.t.d. | Namibia | NAD | 100 | 100 | 100 | line-by-line |
| Salini Nigeria L.t.d. | Nigeria | NGN | 10,000,000 | 100 | 99 1 CO.GE.MA. S.p.A. | line-by-line |
| 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 0.01 HCE Costruzioni S.p.A. | line-by-line |
| Salini Polska L.t.d. Liability Co | Poland | PLN | 393,450 | 100 | 100 | line-by-line |

List of Salini Impregilo Group companies

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|---|--------------|----------|--------------------------------------|-----------------------------|---|--|
| 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 |
| Seli Tunneling Denmark A.p.s. | Denmark | DKK | 130,000 | 100 | 100 Impregilo Intern. Infrastruc. N.V. | line-by-line |
| SCLC Polihali Diversion Tunnel J.V. | Lesotho | | | 37.5 | 37.5 | line-by-line (a) |
| SLC Snowy Hydro Joint Venure | Australia | | | 65 | 55 10 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.- Surocca 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 Pfon | Austria | Euro | 1,000 | 49 | 49 | joint oper. |
| Arriyad New Mobility Consortium | Saudi Arabia | | | 33.48 | 33.48 | joint oper. |
| Civil Works Joint Ventures | Saudi Arabia | | | 59.14 | 52 7.14 Salini Saudi Arabia Company L.t.d. | joint oper. |
| CMC - Mavundla - Impregilo J.V. | South Africa | | | 39.2 | 39.2 | joint oper. |
| Consorcio Amancae | Peru | | | 40 | 40 | joint oper. |
| Consorcio Contuy Medio Grupo A C.I. S.p.A. Ghella Sogene C.A., | Venezuela | | | 36.4 | 36.4 | joint oper. |
| Consorzio Constructor M2 Lima | Peru | | | 25.5 | 25.5 | joint oper. |
| Fisia - Alkatas Joint Venture | Turkey | | | 51 | 51 Fisia Italimpianti S.p.A. | joint oper. |
| Fisia Abeima Salalah J.V. | Oman | OMR | | 35.7 | 35.7 Fisia LLC | joint oper. |
| Fisia-Alkatas-Alke J.V. | Turkey | | | 48 | 48 Fisia Italimpianti S.p.A. | joint oper. |
| Fisia Italimpianti suc. Argentina- Acciona Agua suc. Argentina UTE | Argentina | | | 65 | 65 Fisia Italimpianti filiale Argentina | joint oper. (a) |
| Ghazi-Barotha Contractors J.V. | Pakistan | | | 57.8 | 57.8 | joint oper. |

List of Salini Impregilo Group companies

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|---|-------------------------|----------|--------------------------------------|-----------------|----------|--|--|
| Impregilo-Healy-Parsons J.V. | USA | USD | | 65 | 45 | 20 Lane Construction Corporation | joint oper. |
| Kayi Salini Samsung Joint Venture | Turkey | Euro | | 33 | 33 | | 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. |
| Riyadh Metro Line 3 | Saudi Arabia | SAR | 10,000,000 | 66 | 66 | | joint oper. |
| Salini Impregilo - Kolin | Turkey | | | 50.01 | 50.01 | | joint oper. (a) |
| South Al Mutlaa J.V. | Kuwait | | | 55 | 55 | | joint oper. |
| Tristar Salini Joint Venture | United Arab Emirates | | | 40 | 40 | | joint oper. |
| UTE Abeima Fisia Shoaibah | Saudi Arabia | | | 50 | | 50 Fisia Italimpianti S.p.A. | joint oper. |
| Aegek-Impregilo-Aslom J.V. | Greece | | | 45.8 | 45.8 | | equity |
| AGL Constructor JV | USA | | | 20 | | 20 Lane Construction Corporation | equity |
| Aguas del Gran Buenos Aires S.A. (in liq.) | Argentina | ARS | 45,000,000 | 42.589 | 16.504 | 23.727 Impregilo Intern. Infrastruc. N.V. 2.358 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 |
| CMR Consorzio | Switzerland | | | 47.5 | | 47.5 CSC S.A. | equity |
| Consorcio Agua Azul S.A. | Peru | PEN | 69,001,000 | 25.5 | | 25.5 Impregilo Intern. Infrastruc. N.V. | equity |
| Consorcio Cigla-Sade | Brazil | | | 50 | | 50 Cigla S.A. | equity |

List of Salini Impregilo Group companies

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|---|-------------|----------|--------------------------------------|-----------------|----------|---|--|
| 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. (in liq.) | Venezuela | | | 35 | | 35 Suropca C.A. | equity |
| Consorcio V.S.T. Tocoma | Venezuela | | | 30 | 30 | | equity |
| Consortium CSC S.A.-Zuttion Construction S.A. | Switzerland | | | 50 | | 50 CSC S.A. | equity |
| Consortium CSC Zuttion | Switzerland | | | 50 | | 50 CSC S.A. | equity |
| Consortium Zuttion Constructions- CSC-Orrlati | Switzerland | | | 40 | | 40 CSC S.A. | equity |
| Consorzio 201 Quintai | Switzerland | | | 60 | | 60 CSC S.A. | equity |
| Consorzio 202 Quintai | Switzerland | | | 30 | | 30 CSC S.A. | equity |
| Consorzio ACE Chiasso | Switzerland | | | 50 | | 50 CSC S.A. | equity |
| Consorzio ACE Chiasso 2 | Switzerland | | | 50 | | 50 CSC S.A. | equity |
| Consorzio Astaldi-Federici-Todini (in liq.) | Italy | Euro | 46,000 | 33.34 | | 33.34 HCE Costruzioni S.p.A. | equity |
| Consorzio Astaldi-Federici-Todini Kramis | Italy | Euro | 100,000 | 49.995 | | 49.995 HCE Costruzioni S.p.A. | equity |
| Consorzio Cavalcavia A2 - Nodo di Camorino | Switzerland | | | 21.16 | | 21.16 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 Condotte Cossi | Switzerland | | | 15.875 | | 12.7 Cossi Costruzioni S.p.A. 3.175 LGV Impresa Costruzioni 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. | 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 |

List of Salini Impregilo Group companies

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|--|-------------|----------|--------------------------------------|-----------------|----------|--|--|
| Consorzio Ferroviario Milanese (in liq.) | Italy | Euro | 154,937 | 18.26 | | 18.26 Imprepar S.p.A. | equity |
| Consorzio H20 Morobbia | Switzerland | | | 50 | | 50 CSC S.A. | equity |
| Consorzio 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 | | 63.5 | | 44.45 Cossi Costruzioni S.p.A. 19.05 LGV Impresa Costruzioni S.A. | equity |
| Consorzio Lotto 742-01 | Switzerland | | | 31.75 | | 31.75 LGV Impresa Costruzioni S.A. | equity |
| Consorzio Lotto 822 - Vezia | Switzerland | | | 21.16 | | 21.16 LGV Impresa Costruzioni S.A. | equity |
| Consorzio Masnan | Switzerland | | | 70 | | 70 CSC S.A. | equity |
| Consorzio Matro Sud | Switzerland | | | 16.51 | | 8.89 Cossi Costruzioni S.p.A. 7.62 LGV Impresa Costruzioni 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 | | | 37.7 | | 25 CSC S.A. 12.7 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 (CVP Lotto 854) | Switzerland | | | 60 | | 60 CSC S.A. | equity |
| Consorzio Probin | Switzerland | | | 50 | | 50 CSC S.A. | equity |
| Consorzio Sarda Costruzioni Generali - SACOGEN | Italy | | | 25 | | 25 Imprepar S.p.A. | equity |
| Consorzio Sardo d'Imprese (in liq.) | Italy | Euro | 103,291 | 34.38 | | 34.38 Imprepar S.p.A. | equity |
| Consorzio SI.VI.CI.CA. | Switzerland | | | 25 | | 25 CSC S.A. | equity |
| Consorzio SIVICICA 3 | Switzerland | | | 25 | | 25 CSC S.A. | equity |
| Consorzio SIVICICA 4 | Switzerland | | | 25 | | 25 CSC S.A. | equity |
| Consorzio TDB Teris - 2 | Switzerland | | | 15.87 | | 15.87 LGV Impresa Costruzioni S.A. | equity |
| Consorzio Trevi - S.G.F. INC per Napoli | Italy | Euro | 10,000 | 45 | 45 | | equity |

List of Salini Impregilo Group companies

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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 - ERIDAY | Argentina | USD | 539,400 | 20.75 | 18.75 | 2 Iglys S.A. | equity |
| EDIL.CRO S.c.r.l. (in liq.) | Italy | Euro | 10,200 | 16.65 | | 16.65 Imprepar S.p.A. | equity |
| Enecor S.A. | Argentina | ARS | 8,000,000 | 30 | | 30 Impregilo Intern. Infrastruc. N.V. | equity |
| Eurolink S.c.p.a. | Italy | Euro | 150,000,000 | 45 | 45 | | equity |
| Fisia Abeima LLC | Saudi Arabia | SAR | 500,000 | 50 | | 50 Fisia Italimpianti S.p.A. | equity |
| Flatiron-Lane J.V. | USA | | | 45 | | 45 Lane Construction Corporation | equity |
| Fluor-Lane 95 LLC | USA | | | 35 | | 35 Lane Construction Corporation | equity |
| Fluor-Lane LLC | USA | | | 35 | | 35 Lane Construction Corporation | equity |
| Fluor-Lane South Carolina LLC | USA | | | 45 | | 45 Lane Construction Corporation | equity |
| Forum S.c.r.l. | Italy | Euro | 51,000 | | 20 | | equity |
| Gaziantep Hastane Sanglik Hizmetleri Isletme Yatrim Joint | Turkey | TRY | 175,000,000 | 24.5 | 24.5 | | equity |
| Gaziantep Hastanesi Isletme Ve Bakim Hizmetleri | Turkey | TRY | 6,050,000 | 50 | 50 | | equity |
| Gemma-Lane Liberty Partners | USA | | | 10 | | 10 Lane Construction Corporation | equity |
| Gemma-Lane Patriot Partners | USA | | | 10 | | 10 Lane Construction Corporation | equity |
| Grupo Empresas Italianas - GEI | Venezuela | VEB | 10,500,000 | 33.333 | 33.333 | | equity |
| Grupo Unidos Por El Canal S.A. | Panama | USD | 1,000,000 | 48 | 48 | | equity |
| I4 Leasing LLC | USA | | | 30 | | 30 Lane Construction Corporation | equity |
| Impregilo Arabia Ltd | Saudi Arabia | SAR | 40,000,000 | 50 | 50 | | equity |
| Impresit Bakolori Plc | Nigeria | NGN | 100,800,000 | 50.707 | 50.707 | | equity |
| Interstate Healy Equipment J.V. | USA | | | 45 | | 45 Lane Construction Corporation | equity |
| IRINA S.r.l. (in liq.) | Italy | Euro | 103,300 | 36 | | 36 Imprepar S.p.A. | equity |
| Isarco S.c.r.l. | Italy | Euro | 10,000 | 41 | 41 | | equity |
| Isibari S.c.r.l. (in liq.) | Italy | Euro | 15,300 | 100 | | 100 Imprepar S.p.A. | equity |
| J.V. Salini Impregilo - Doprastav | Czech Rep. | | | 50 | 50 | | equity |
| Joint Venture Aegek-Impregilo-Ansaldo-Seli-Ansaldobreda | Greece | | | 26.7 | 26.7 | | equity |

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|--|-----------|----------|--------------------------------------|-----------------|----------|---|--|
| Joint Venture Aktor Ate - Impregilo S.p.A. (Costruzioni) | Greece | | | 40 | 40 | | 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. 2.3 Consorzio Kallidromo | equity |
| 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 |
| LMH_lane Cabot Yard J.V. | USA | | | 50 | | 50 Lane Construction Corporation | 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 |
| 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 |
| S. Agata FS S.c.r.l. | Italy | Euro | 20,000 | 60 | 60 | | equity |
| S. Anna Palermo S.c.r.l. (in liq.) | Italy | Euro | 40,800 | 71.6 | 71.6 | | equity |
| S. Ruffillo S.c.r.l. | Italy | Euro | 60,000 | 35 | 35 | | equity |
| Salini 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 |

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|---|-------------|----------|--------------------------------------|-----------------|----------|---|--|
| 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 |
| SI.VI.CI.CA. 2 | Switzerland | | | 25 | | 25 CSC S.A. | equity |
| Sibar Arge | Switzerland | | | 60 | | 60 CSC S.A. | equity |
| Sirjo S.c.p.A. | Italy | Euro | 30,000,000 | 40 | 40 | | equity |
| Sistranyac S.A. | Argentina | ARS | 3,000,000 | 20.101 | | 20.101 Impregilo Intern. Infrastruc. N.V. | equity |
| Skanska-Granite-Lane J.V. | USA | | | 30 | | 30 Lane Construction Corporation | equity |
| Soingit S.c.r.l. (in liq.) | Italy | Euro | 41,317 | 29.489 | | 29.489 Imprepar S.p.A. | equity |
| SPV Linea M4 S.p.A. | Italy | Euro | 49,345,500 | 9.634 | 9.634 | | equity |
| Tartano S.r.l. Società Agricola | Italy | Euro | 110,000 | 20.638 | | 20.638 Cossi Costruzioni S.p.A. | equity |
| Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A.-Iglys S.A. UTE | Argentina | | | 35 | 26.25 | 8.75 Iglys S.A. | equity |
| TM-Salini Consortium | Malaysia | | | 90 | 90 | | equity |
| Todedil S.c.r.l. (in liq.) | Italy | Euro | 10,200 | 85 | | 85 Imprepar S.p.A. | equity |
| Trieste Due S.c.a.r.l. (in liq.) | Italy | Euro | 10,000 | 28,575 | | 28,575 Cossi Costruzioni S.p.A. | equity |
| Unionport Constructors J.V. | USA | | | 45 | | 45 Lane Construction Corporation | equity |
| Valdostana Condotte - Cossi | Italy | Euro | 100,000 | 12.7 | | 12.7 Cossi Costruzioni S.p.A. | equity |
| VE.CO. S.c.r.l. | Italy | Euro | 10,200 | 25 | 25 | | equity |
| Yacylec S.A. | Argentina | ARS | 20,000,000 | 18.67 | | 18.67 Impregilo Intern. Infrastruc. N.V. | equity |
| Yuma Concessionaria S.A. | Colombia | COP | 26,000,100,000 | 48.326 | 40 | 8.326 Impregilo Intern. Infrastruc. N.V. | equity |
| Acqua Campania S.p.A. | Italy | Euro | 4,950,000 | 0.1 | | 0.1 Impregilo Intern. Infrastruc. N.V. | cost |
| CE.DI.R. S.c.r.l. (in liq.) | Italy | Euro | 10,200 | 1 | | 1 Imprepar S.p.A. | cost |
| Consorzio Aree Industriali Potentine (in liq.) | Italy | Euro | 408,000 | 2 | | 2 Fisia Ambiente S.p.A. | cost |
| Consorzio Casale Nei | Italy | Euro | 27,888 | 2.779 | | 2.779 Imprepar S.p.A. | cost |

List of Salini Impregilo Group companies

| | Country | Currency | Share/quota capital subscribed | Investment % direct % | % Investment held by indirect | Consolidation or measurement method |
|--|------------|----------|--------------------------------------|-----------------------------|----------------------------------|--|
| 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 Metropolitan 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 - Construaço de Metropolitan A.C.E. | Portugal | | | 5 | 5 Imprepar S.p.A. | cost |
| Wurno Construction Materials - WUCOMAT Ltd | Nigeria | NGN | 3,300,000 | 5.071 | 5.071 Impresit Bakolori Plc | cost |

The following companies have been included in the list since 1 January 2019:

| | Country | Currency | Share/quota capital subscribed | Investment % | % direct | % indirect | Investment held by | Consolidation or measurement method |
|---|-------------|----------|--------------------------------|--------------|----------|------------|--------------------------------------|-------------------------------------|
| C43 Water Management Builders | USA | | | 100 | 30 | 70 | Lane Construction Corporation | line-by-line |
| Cossi Costruzioni S.p.A. | Italy | Euro | 10,000,000 | 63.5 | 63.5 | | | line-by-line |
| LGV Impresa | Switzerland | CHF | 4,600,000 | 63.5 | | 63.5 | Cossi Costruzioni S.p.A. | line-by-line |
| Mosconi S.r.l. | Italy | Euro | 100,000 | 63.5 | | 63.5 | Cossi Costruzioni S.p.A. | line-by-line |
| SCLC Polihali Diversion Tunnel I.V. | Lesotho | | | 37.5 | 37.5 | | | line-by-line (a) |
| SLC Snowy Hydro | Australia | | | 65 | 55 | 10 | Lane Construction Corporation | line-by-line |
| Texas High Speed Rail | USA | | | 100 | 50 | 50 | Lane Construction Corporation | line-by-line |
| Fisia Italimpianti suc. Argentina-Acciona | Argentina | | | 65 | | 65 | Fisia Italimpianti filiale Argentina | joint oper. (a) |
| Salini Impregilo - Kolin | Turkey | | | 50.01 | 50.01 | | | joint oper. (a) |
| CMR Consorzio | Switzerland | | | 47.5 | | 47.5 | CSC S.A. | equity |
| Consortium CSC S.A. - Zuffenhausen | Switzerland | | | 50 | | 50 | CSC S.A. | equity |
| Consortio Cavalcavia A2 - Nodo di | Switzerland | | | 21.16 | | 21.16 | LGV Impresa Costruzioni S.A. | equity |
| Consortio Condotte | Switzerland | | | 15.875 | | 12.7 | Cossi Costruzioni S.p.A. | equity |
| | | | | | | 3.175 | LGV Impresa Costruzioni S.A. | |
| Consortio Lotto 202 | Switzerland | Euro | | 63.5 | | 44.45 | Cossi Costruzioni S.p.A. | equity |
| | | | | | | 19.05 | LGV Impresa Costruzioni S.A. | |
| Consortio Lotto 742- | Switzerland | | | 31.75 | | 31.75 | LGV Impresa Costruzioni S.A. | equity |
| Consortio Lotto 822 - | Switzerland | | | 21.16 | | 21.16 | LGV Impresa Costruzioni S.A. | equity |
| Consortio Matro Sud | Switzerland | | | 16.51 | | 8.89 | Cossi Costruzioni S.p.A. | equity |
| | | | | | | 7.62 | LGV Impresa Costruzioni S.A. | |
| Consortio Masnan | Switzerland | | | 70 | | 70 | CSC S.A. | equity |
| Consortio TDB Teris - | Switzerland | | | 15.87 | | 15.87 | LGV Impresa Costruzioni S.A. | equity |
| Consortio Zeb | Switzerland | | | 25 | | 25 | CSC S.A. | equity |
| J.V. Salini Impregilo - | Czech | | | 50 | 50 | | | equity |
| Sellero S.c.r.l. (in liq.) | Italy | Euro | 10,000 | 24.765 | | 24.765 | Cossi Costruzioni S.p.A. | equity |
| Tartano S.r.l. Società | Italy | Euro | 110,000 | 20.638 | | 20.638 | Cossi Costruzioni S.p.A. | equity |
| Trieste Due S.c.a.r.l. | Italy | Euro | 10,000 | 28,575 | | 28,575 | Cossi Costruzioni S.p.A. | equity |
| Valdostana Condotte - | Italy | Euro | 100,000 | 12.7 | | 12.7 | Cossi Costruzioni S.p.A. | equity |
| Cossi S.A. | Switzerland | CHF | 500,000 | 63.5 | | 63.5 | Cossi Costruzioni S.p.A. | (b) |

(a) Not yet active.

(b) Entered the consolidation scope during the year and merged into LGV Impresa Costruzioni S.A. on 24 June 2019

The following companies have been excluded from the list since 1 January 2019:

| | Country | Currency | Share/quota capital subscribed | Investment % | % direct | % indirect | Investment held by | Consolidation or measurement method |
|--|-------------|----------|--------------------------------|--------------|----------|------------|--------------------|-------------------------------------|
| Alia S.c.r.l. (in liq.) | Italy | Euro | 10,200 | 100 | | 100 | Imprepar S.p.A. | line-by-line |
| San Martino Prefabbricati S.p.A. (in liq.) | Italy | Euro | 10,000 | 100 | | 100 | Imprepar S.p.A. | line-by-line |
| Diga Ancipa S.c.r.l. (in liq.) | Italy | Euro | 10,200 | 100 | | 100 | Imprepar S.p.A. | line-by-line |
| Consorzio Torre (in liq.) | Italy | Euro | 5,000,000 | 94.6 | | 94.6 | Imprepar S.p.A. | line-by-line |
| Perugia 219 S.c.r.l. (in liq.) | Italy | Euro | 10,000 | 55 | | 55 | Imprepar S.p.A. | line-by-line |
| C.U.S. Consorzio Umbria Sanità (in liq.) | Italy | Euro | 10,329 | 31 | | 31 | Imprepar S.p.A. | equity |
| Coincar S.A. | Argentina | ARS | 40,465,122 | 35 | 26.25 | 8.75 | Iglys S.A. | equity |
| Galileo S.c.r.l. (in liq.) | Italy | Euro | 10,000 | 40 | | 40 | Imprepar S.p.A. | equity |
| Consorzio MPC | Switzerland | | | 33 | | 33 | CSC S.A. | equity |
| Italian Exhibition Group S.p.A. | Italy | Euro | 52,214,897 | 1.692 | 1.692 | | | cost |
| Seveso S.c.a.r.l. (in liq.) | Italy | Euro | 10,000 | 4 | | 4 | Imprepar S.p.A. | cost |
| Società di gestione SSIC-TI | Switzerland | CHF | 1,000,000 | 5 | | 5 | CSC S.A. | cost |

The percentages of the following companies have changed since 1 January 2019:

| | Country | Currency | Share/quota capital subscribed | Investment % | % direct | % indirect | Investment held by | Consolidation or measurement method |
|--------------------|-------------|----------|--------------------------------|--------------|----------|------------|------------------------------|-------------------------------------|
| Consorzio Piottino | Switzerland | | | 37.7 | | 25 | CSC S.A. | equity |
| | | | | | | 12.7 | LGV Impresa Costruzioni S.A. | |

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 Salini Impregilo S.p.A., considering the provisions of article 154-bis.3/4 of Legislative decree no. 58 of 24 February 1998, state:

- that the administrative and accounting procedures are adequate given the Group's characteristics; and
- that they were actually applied during the first half of 2019 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 2019 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, 30 July 2019

Chief executive officer

Pietro Salini

(signed on the original)

Manager in charge of financial reporting

Massimo Ferrari

(signed on the original)

Report



KPMG S.p.A.
Revisione e organizzazione contabile
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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
Salini Impregilo S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Salini Impregilo Group, comprising the statement of financial position as at 30 June 2019, 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 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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Società per azioni
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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 Salini Impregilo Group as at and for the six months ended 30 June 2019 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, 2 August 2019

KPMG S.p.A.

(signed on the original)

Paola Maiorana
Director of Audit