

Fomento de Construcciones y Contratas, S.A. and Subsidiaries

**Consolidated Financial Statements for the
year ended 31 December 2020 and Directors'
Report, together with Independent Auditor's
Report**

*Translation of a report originally issued in Spanish
based on our work performed in accordance with the
audit regulations in force in Spain. In the event of a
discrepancy, the Spanish-language version prevails.*

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INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Fomento de Construcciones y Contratas, S.A.,

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Fomento de Construcciones y Contratas, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in total equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2020, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment test on Corporación Uniland goodwill

Description

The consolidated balance sheet includes goodwill associated with the Corporación Uniland cash-generating unit (CGU) of the Cement area, the carrying amount of which at 31 December 2020 totalled EUR 326 million.

The Group tests these assets for impairment each year. Management's assessment of the possible impairment is a key matter in our audit, since the assessment is a complex process that requires a significant number of estimates, judgements and assumptions to be made both in determining the valuation method used, which was the discounted future cash flow method, and in evaluating the key assumptions, mainly in relation to the calculation of the discount rate, and the cash flows in the projected period, the cash flows used for calculating the residual value and the perpetuity growth rate, among others.

Procedures applied in the audit

Our audit procedures included, among others, the performance of substantive tests based on the obtainment of the impairment test performed by management, and the verification of the clerical accuracy of the calculations made, evaluating the reasonableness of the main assumptions considered therein.

In this connection, the review of the impairment test included, inter alia, the identification of the key assumptions included therein and the evaluation of the reasonableness thereof, including their consistency with available external and internal evidence and with historical performance. These key assumptions include the discount rate used, which our internal experts evaluated based on general market indicators, the reasonableness of which was evaluated by questioning and checking the calculations detailed by Group management.

We also retrospectively reviewed the projections made in prior years in order to identify bias in Group management's assumptions, and evaluated the Group's historical achievement of budgets in order to determine the reliability of the estimates made by management. In addition, we reviewed the sensitivity analyses of the key assumptions.

Lastly, we focused our work on reviewing Notes 3-e and 7-b to the accompanying consolidated financial statements, which contain information relating to the impairment test, in particular, the detail of the main assumptions, and on analysing the high sensitivity of the conclusions to possible variances in the key assumptions in the tests carried out.

Recoverability of deferred tax assets of the Spanish tax group

Description

At 31 December 2020, the Group recognised deferred tax assets in relation to the Spanish tax group amounting to EUR 598 million (see Note 24).

At year-end, Group management prepares financial models to assess the recoverability of the deferred tax assets recognised, taking into account the applicable regulatory framework and the most recent business plans approved for the various business areas, in addition to the estimated reversal periods for the temporary differences recognised in the consolidated balance sheet. We identified this matter as key in our audit, since the preparation of these models requires a significant level of judgement, basically in connection with the projections of business performance and the estimation of the reversal periods for the temporary differences recognised, which affect the assessment of the recoverability of the deferred tax assets recognised in the consolidated balance sheet.

Procedures applied in the audit

Our audit procedures to address this matter included, among others, the performance of tests on the design and implementation of the relevant controls that mitigate the risks associated with the process of assessing the recoverability of the deferred tax assets recognised, as well as verification that the aforementioned controls operate effectively.

In addition, we performed substantive tests based on the obtainment of the financial models prepared by the Group to evaluate the recoverability of the deferred tax assets recognised and the supporting documentation used as the basis for their preparation. We reviewed the financial models obtained, analysing, among other matters, the consistency of the pre-tax profits projected for the coming years with historical and actual data for the current year. Also, we analysed the estimated reversal periods for the temporary differences recognised in the consolidated balance sheet and involved our internal tax experts in analysing the most significant estimates affecting income tax for the current year.

Notes 3-p and 24 to the accompanying consolidated financial statements contain the disclosures relating to the Group's deferred taxes.

Provisions and contingent liabilities relating to Alpine

Description

As a result of the process of liquidating the Alpine Group that started in 2013, a series of lawsuits were initiated against the Group, some of which are for a significant amount. Group management has to assess whether these claims constitute contingent liabilities or whether, on the other hand, a provision should be recognised in the consolidated balance sheet. This was a key matter in our audit, since this assessment requires Group management to make significant judgements, especially regarding the probability of there being an outflow of resources in the future or the possibility of measuring the amount of the obligation reliably. These judgements and estimates are made by Group management based on the opinions of the internal legal advisory department and its external legal counsel, and are submitted to controls designed to ensure the consistency and reasonableness of the criteria applied.

Procedures applied in the audit

Our audit procedures included, among others, the review of the evolution of each of the lawsuits affecting the Group as a result of the liquidation of the Alpine Group. To this end, we obtained confirmations from its internal and external legal counsel in order to analyse the current status of the proceedings in progress and discussed with Group management its assessment of the related risk, classifying the risk as "remote", "possible" or "probable". Also, we evaluated whether the Group's disclosures in the consolidated financial statements in relation to the claims currently in progress were adequate, in accordance with the applicable regulatory framework, and checked whether the details thereof were consistent with the evidence gathered in the course of our tests.

Notes 3-m, 19 and 26 to the accompanying consolidated financial statements contain the detail of the provisions and disclosures regarding the contingent liabilities relating to the claims associated with Alpine.

Revenue recognition in certain long-term contracts in the Construction area

Description

For a significant proportion of the long-term construction contracts in the Construction area the Group recognises the revenue earned over time by reference to the stage of completion of the contracts in economic terms. This revenue recognition method was a key matter in our audit, as it affects a significant amount of total consolidated revenue, as well as the measurement of the amounts to be billed for work performed, and requires Group management to make highly significant estimates relating mainly to the expected outcome of the contract, the amount of costs yet to be incurred and the accounting, where appropriate, for modifications to the initial contract, all of which fall within the framework of the criteria established in IFRS 15, Revenue from Contracts with Customers.

These judgements and estimates are made by the persons in charge of performing the construction work, are subsequently reviewed at the various levels of the organisation and are submitted to controls to ensure the consistency and reasonableness of the criteria applied.

Procedures applied in the audit

Our audit procedures included the performance of an in-depth, itemised analysis of a selection of projects in order to evaluate the reasonableness of the hypotheses and assumptions made by the Group with an impact on the revenue recognised in the year which include, among others, the determination of the transaction price, the allocation of the transaction price to the various performance obligations, the treatment for accounting purposes of any modifications approved by the customer and the recognition of variable consideration. In addition, we evaluated, with the additional support, where appropriate, of internal experts in infrastructure projects, the reasonableness of the assumptions and hypotheses used by the Group to update the estimated costs, and to measure progress towards satisfaction of the performance obligations. We also reviewed the consistency of the estimates made by the Group in 2019 with the actual data for the contracts in 2020.

Lastly, we reviewed the disclosures made by the Group in relation to these matters. Notes 3-r and 16-a to the accompanying consolidated financial statements contain relevant information relating to the recognition of revenue from long-term construction contracts and additional disclosures in relation to balances corresponding to amounts to be billed for work performed.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2020, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the consolidated directors' report, in accordance with the audit regulations in force, consists of:

- a) Solely checking that the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report, to which the Spanish Audit Law refers, have been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.
- b) Evaluating and reporting on whether the other information included in the consolidated directors' report is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above was furnished as provided for in the applicable legislation and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2020 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and Audit and Control Committee of the Parent for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit and control committee is responsible for overseeing the process involved in the preparation and presentation of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in the Appendix to this auditor's report. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

We have examined the digital files in European Single Electronic Format (ESEF) of Fomento de Construcciones y Contratas, S.A. and subsidiaries for 2020, which comprise the XHTML file including the consolidated financial statements for 2020 and the XBRL files with the tagging performed by the entity, which will form part of the annual financial report.

The directors of Fomento de Construcciones y Contratas, S.A. are responsible for presenting the annual financial report for 2020 in accordance with the format and markup requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation"). In this regard, the Annual Corporate Governance Report was included for reference purposes in the consolidated directors' report.

Our responsibility is to examine the digital files prepared by the Parent's directors, in accordance with the audit regulations in force in Spain. Those regulations require that we plan and perform our audit procedures in order to ascertain whether the content of the consolidated financial statements included in the aforementioned digital files corresponds in full to that of the consolidated financial statements that we have audited, and whether those consolidated financial statements and the aforementioned files were formatted and marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined correspond in full to the audited consolidated financial statements, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Additional Report to the Parent's Audit and Control Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit and control committee dated 25 February 2021.


Engagement Period

The Annual General Meeting held on 8 May 2019 appointed us as auditors of the Group for a period of one year from the year ended 31 December 2019.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the financial statements uninterrupted since the year ended 31 December 1990, taking into account the content of Article 17.8 of Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities.

DELOITTE, S.L.

Registered in ROAC under no. S0692



Raquel Martínez Armendáriz

Registered in ROAC under no. 20755

25 February 2021

Appendix to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.
- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's audit and control committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit and control committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the Parent's audit and control committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.



Servicios Ciudadanos

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES (CONSOLIDATED GROUP)**

**Annual Financial
Statements and
Management Report**

2020 Financial Year

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES (CONSOLIDATED GROUP)**

Annual Financial Statements

CONSOLIDATED BALANCE SHEET

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
at 31 December 2020 (in thousands of euros)

ASSETS	31/12/2020	31/12/2019
NON-CURRENT ASSETS	7,130,413	8,529,551
Intangible assets (Note 7)	2,437,859	3,458,398
Concessions (Notes 7 and 11)	1,378,160	2,374,620
Goodwill	1,007,015	1,023,511
Other intangible fixed and non-current assets	52,684	60,267
Property, plant and equipment (Note 8)	2,810,199	2,863,892
Land and buildings	1,016,848	1,056,501
Plant and other items of property, plant and equipment	1,793,351	1,807,391
Real Estate Investments (Note 9)	-	2,635
Investments accounted for using the equity method (Note 12)	722,786	741,524
Non-current financial assets (Note 14)	580,874	863,163
Deferred tax assets (Note 24)	578,695	599,939
CURRENT ASSETS	5,704,189	4,044,589
Non-current assets held for sale (Note 4)	1,392,268	-
Inventories (Note 15)	765,604	728,812
Trade and other receivables (Note 16)	2,039,451	1,836,806
Trade receivables for sales and services	1,651,094	1,504,799
Other receivables	287,122	259,343
Current tax assets (Note 24)	101,235	72,664
Other current financial assets (Note 14)	228,652	189,566
Other current assets (Note 16)	56,105	70,861
Cash and cash equivalents (Note 17)	1,222,109	1,218,544
TOTAL ASSETS	12,834,602	12,574,140

The accompanying notes 1 to 33 and annexes I to V form an integral part of the consolidated financial statements, together with the 2020 consolidated income statement.

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES**
at 31 December 2020 (in thousands of euros)

LIABILITIES AND EQUITY	31/12/2020	31/12/2019
EQUITY (Note 18)	2,908,694	2,473,759
Equity attributable to the Parent Company	2,288,313	1,951,262
Shareholders' equity	2,564,012	2,244,185
<i>Capital</i>	409,107	392,265
<i>Accumulated earnings and other reserves</i>	1,910,738	1,601,284
<i>Shares and equity interests</i>	(18,012)	(16,068)
<i>Profit for the year attributable to the Parent Company</i>	262,179	266,704
Valuation adjustments	(275,699)	(292,923)
Non-controlling interests	620,381	522,497
NON-CURRENT LIABILITIES	5,531,296	6,797,228
Grants	192,961	333,802
Non-current provisions (Note 19)	1,064,384	1,130,199
Non-current financial liabilities (Note 20)	3,977,288	5,030,270
Debt instruments and other marketable securities	2,780,935	2,800,345
Bank borrowings	607,599	1,319,267
Other financial liabilities	588,754	910,658
Deferred tax liabilities (Note 24)	148,794	142,311
Other non-current liabilities (Note 21)	147,869	160,646
CURRENT LIABILITIES	4,394,612	3,303,153
Liabilities related to non-current assets held for sale (Note 4)	1,051,285	-
Current provisions (Note 19)	195,152	249,581
Current financial liabilities (Note 20)	874,443	683,611
Debt instruments and other marketable securities	449,346	324,604
Bank borrowings	212,421	155,400
Other financial liabilities	212,676	203,607
Trade and other accounts payable (Note 22)	2,273,732	2,369,961
Suppliers	1,055,643	1,157,753
Other payables	1,209,150	1,197,257
Current tax liabilities (Note 24)	8,939	14,951
TOTAL EQUITY AND LIABILITIES	12,834,602	12,574,140

The accompanying notes 1 to 33 and annexes I to V form an integral part of the consolidated financial statements, together with the 2020 consolidated income statement.

CONSOLIDATED PROFIT AND LOSS STATEMENT

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES**
at 31 December 2020 (in thousands of euros)

	31/12/2020	31/12/2019
Net business turnover (Note 27)	6,158,023	6,276,231
Work on the company's own assets	33,857	49,846
Other operating income (Note 27)	293,305	214,327
Changes in inventories of finished goods and work in progress	15,230	14,408
Procurements (Note 27)	(2,300,242)	(2,339,562)
Staff costs (Note 27)	(1,971,110)	(1,925,734)
Other operating expenses	(1,181,564)	(1,263,713)
Depreciation of fixed assets and allocation of grants for non-financial and other assets (Notes 7, 8 and 9)	(477,342)	(449,109)
Impairment and gains/(losses) on disposal of non-current assets (Note 27)	6,870	(59,764)
Other gains/(losses)	(4,287)	(5,316)
OPERATING PROFIT/(LOSS)	572,740	511,614
Finance income (Note 27)	33,470	51,067
Finance costs (Note 27)	(187,429)	(195,787)
Other financial gains/(losses) (Note 27)	(51,057)	1,455
FINANCIAL PROFIT/(LOSS)	(205,016)	(143,265)
Profit/(losses) of companies accounted for by the equity method (Note 27)	62,149	120,641
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	429,873	488,990
Income tax (Note 24)	(86,273)	(149,066)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	343,600	339,924
CONSOLIDATED PROFIT/(LOSS) FOR THE PERIOD	343,600	339,924
Profit attributable to the Parent Company	262,179	266,704
Profit attributable to non-controlling interests (Note 18)	81,421	73,220
EARNINGS PER SHARE (Note 18)		
Basic	0.66	0.69
Diluted	0.66	0.69

The accompanying notes 1 to 33 and annexes I to V form an integral part of the consolidated financial statements, together with the 2020 consolidated income statement.

CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENDITURE

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
at 31 December 2020 (in thousands of euros)

	31/12/2020	31/12/2019
CONSOLIDATED PROFIT/(LOSS) FOR THE PERIOD	343,600	339,924
Other comprehensive income - Items that are not reclassified to profit/(loss) for the period	(2,992)	(3,997)
Actuarial profits and losses (*)	(4,102)	(4,722)
Tax effect	1,110	725
Other comprehensive income - items that can subsequently be reclassified to profit/(loss) for the period	(72,541)	49,665
Financial assets at fair value with changes in other comprehensive income	17	(21)
Valuation gains/(losses)	-	-
Amounts transferred to the statement of profit and loss	17	(21)
Cash flow hedges	(14,758)	2,627
Valuation gains/(losses)	(30,907)	123
Amounts transferred to the statement of profit and loss	16,149	2,504
Translation differences	(78,254)	30,636
Valuation gains/(losses)	(79,350)	30,752
Amounts transferred to the statement of profit and loss	1,096	(116)
Participation in other comprehensive profit recognised by investments in joint ventures and associates	8,952	25,641
Valuation gains/(losses)	(6,926)	(39,742)
Amounts transferred to the statement of profit and loss	15,878	65,383
Tax effect	11,502	(9,218)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	268,067	385,592
Attributable to the Parent Company	218,605	306,897
Attributable to non-controlling interests	49,462	78,695

The accompanying notes 1 to 33 and annexes I to V form an integral part of the consolidated financial statements, together with the 2020 consolidated income statement.

(*) Amounts that under no circumstances will be charged to the statement of profit and loss.

TOTAL STATEMENT OF CHANGES IN THE CONSOLIDATED EQUITY

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
at 31 December 2020 (in thousands of euros)**

	Share capital (Note 18.a)	Share premium and reserves (Note 18.b)	Interim dividend	Shares and equity interests (Note 18.c)	Profit/(loss) for the year attributed to the Parent Company	Other equity instruments	Valuation adjustments (Note 18.d)	Equity attributable to shareholders of the Parent Company (Note 1)	Non- controlling interests (Note 18.II)	Total Equity Y
Equity as of 31 December 2018	378,826	1,397,579	-	(11,723)	251,569	-	(332,298)	1,683,953	274,822	1,958,775
IFRS 16 transition impact		(2,014)						(2,014)		(2,014)
Equity as of 1 January 2019	378,826	1,395,565	-	(11,723)	251,569	-	(332,298)	1,681,939	274,822	1,956,761
Total income and expenses for the year		(3,499)			266,704		43,692	306,897	78,695	385,592
Transactions with shareholders or owners	13,439	(23,083)		(4,345)				(13,989)	(61,372)	(75,361)
Capital increases/(reductions)	13,439	(13,517)						(78)	1,198	1,120
Distribution of dividends		(9,566)						(9,566)	(62,570)	(72,136)
Transactions with treasury shares or equity instruments (net)				(4,345)				(4,345)		(4,345)
Other changes in equity (Note 18)		232,301			(251,569)		(4,317)	(23,585)	230,352	206,767
Equity as of 31 December 2019	392,265	1,601,284	-	(16,068)	266,704	-	(292,923)	1,951,262	522,497	2,473,759
Total income and expenses for the year		(1,988)			262,179		(41,586)	218,605	49,462	268,067
Transactions with shareholders or owners	16,842	(29,357)		(1,944)				(14,459)	(40,917)	(55,376)
Capital increases/(reductions)	16,842	(16,921)						(79)	366	287
Distribution of dividends		(12,436)						(12,436)	(41,283)	(53,719)
Transactions with treasury shares or equity instruments (net)				(1,944)				(1,944)		(1,944)
Other changes in equity (Note 18)		340,799			(266,704)		58,810	132,905	89,339	222,244
Equity as of 31 December 2020	409,107	1,910,738	-	(18,012)	262,179	-	(275,699)	2,288,313	620,381	2,908,694

The accompanying notes 1 to 33 and annexes I to V form an integral part of the consolidated financial statements, together with the 2020 consolidated income statement.

STATEMENT OF CONSOLIDATED CASH FLOWS (INDIRECT METHOD)

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES**
at 31 December 2020 (in thousands of euros)

	31/12/2020	31/12/2019
Profit/(loss) before tax from continuing operations	429,873	488,990
Adjustments to profit or loss	649,913	587,725
Depreciation of fixed assets (Notes 7, 8 and 9)	488,907	457,724
Impairment of goodwill and fixed assets (Notes 7, 8 and 27)	6,870	(59,764)
Other adjustments to profit (net) (Note 27)	154,136	189,765
Changes in working capital (Note 16)	(302,060)	(183,323)
Other cash flows from operating activities	(172,652)	(262,842)
Dividends received	35,665	57,373
Income tax refunded/paid	(96,734)	(172,951)
Other collections/(payments) from operating activities	(111,583)	(147,264)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	605,074	630,550
Investment payments	(541,275)	(546,575)
Group companies, associates and business units	(95,672)	(144,299)
Property, plant and equipment, intangible assets and real estate investments (Notes 7, 8 and 9)	(407,933)	(328,415)
Other financial assets	(37,670)	(73,861)
Proceeds from disposals	75,920	28,463
Group companies, associates and business units	6,214	1,141
Property, plant and equipment, intangible assets and real estate investments (Notes 7, 8 and 9)	20,223	18,326
Other financial assets	49,483	8,996
Other cash flows from investment activities	63,807	158,877
Interest received	13,675	13,114
Other collections/(payments) from investment activities	50,132	145,763
TOTAL CASH FLOWS FROM INVESTMENT ACTIVITIES	(401,548)	(359,235)
Proceeds and (payments) from equity instruments (Note 18)	186,374	(42,615)
Issue/(redemption)	22	425
(Acquisition)/disposal of treasury shares	186,352	(43,040)
Proceeds from (payments on) financial liabilities (Note 20)	(142,639)	(97,436)
Issuance	1,689,907	2,263,951
Repayment and amortisation	(1,832,546)	(2,361,387)
Dividends paid and payments on equity instruments (Note 6)	(36,643)	(71,589)
Other cash flows from financing activities	(145,529)	(134,095)
Interest paid	(151,370)	(136,840)
Other collections/(payments) from financing activities	5,841	2,745
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	(138,437)	(345,735)
EFFECT OF VARIATIONS IN EXCHANGE RATES	(61,524)	26,767
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,565	(47,653)
Cash and cash equivalents at the start of the period (Note 17)	1,218,544	1,266,197
Cash and cash equivalents at the end of the period (Note 17)	1,222,109	1,218,544

The accompanying notes 1 to 33 and annexes I to V form an integral part of the consolidated financial statements, together with the 2020 consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
at 31 December 2020**

TABLE OF CONTENTS		PAGE
1.	GROUP ACTIVITY.....	3
2.	BASIS OF PRESENTATION AND BASIS OF CONSOLIDATION OF THE CONSOLIDATED INCOME STATEMENT.....	3
3.	ACCOUNTING POLICIES	8
4.	NON-CURRENT ASSETS HELD FOR SALE AND LIABILITIES RELATED TO NON- CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	23
5.	CHANGES IN THE SCOPE OF CONSOLIDATION	24
6.	DISTRIBUTION OF PROFIT	30
7.	INTANGIBLE ASSETS.....	30
8.	PROPERTY, PLANT AND EQUIPMENT	38
9.	REAL ESTATE INVESTMENT.....	41
10.	LEASES	41
11.	SERVICE CONCESSION ARRANGEMENTS	43
12.	INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD.....	48
13.	JOINT AGREEMENTS. JOINTLY CONTROLLED OPERATIONS.....	54
14.	NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS	54
15.	INVENTORIES	57
16.	COMMERCIAL DEBTORS, OTHER ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS	58
17.	CASH AND CASH EQUIVALENTS.....	60
18.	EQUITY.....	60
19.	NON-CURRENT AND CURRENT PROVISIONS	68
20.	NON-CURRENT AND CURRENT FINANCIAL LIABILITIES	73
21.	OTHER NON-CURRENT LIABILITIES	81
22.	TRADE AND OTHER ACCOUNTS PAYABLE.....	82
23.	DERIVATIVE FINANCIAL INSTRUMENTS.....	83
24.	TAX MATTERS	86
25.	PENSION PLANS AND SIMILAR OBLIGATIONS	91
26.	GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES	93
27.	INCOME AND EXPENDITURE.....	95
28.	INFORMATION BY ACTIVITY SEGMENTS.....	99
29.	ENVIRONMENTAL INFORMATION	106
30.	FINANCIAL RISK MANAGEMENT POLICIES.....	109
31.	INFORMATION ON TRANSACTIONS WITH RELATED PARTIES.....	119
32.	FEES PAID TO AUDITORS	122
33.	EVENTS AFTER THE CLOSING DATE	123

TABLE OF CONTENTS

Annex I	Fully consolidated subsidiaries
Annex II	Companies jointly controlled with third parties outside the Group (consolidated using the equity method)
Annex III	Associates consolidated using the equity method
Annex IV	Changes in the scope of consolidation
Annex V	Temporary Joint Ventures and other contracts jointly managed with third parties outside the Group

1. GROUP ACTIVITY

The FCC Group comprises the Parent Company, Fomento de Construcciones y Contratas, S.A., and a group of investee companies located both in Spain and abroad that perform different business activities grouped into the following areas:

- **Environmental Services.** Services related to urban sanitation, industrial waste treatment, including both the construction and operation of treatment plants, and the energy recovery of waste. This includes concession agreements related to environmental services.
- **Integrated Water Management.** Services relating to the integrated water cycle: collection, purification and distribution of water for human consumption; sewage collection, filtration and purification; design, construction, operation and maintenance of water infrastructure for municipal, industrial, agricultural services etc. Concession agreements related to the integral water cycle are also included.
- **Construction.** Specialised in the construction of infrastructure, buildings and similar facilities: motorways, highways, roads, tunnels, bridges, hydraulic works, ports, airports, housing developments, housing, non-residential building, lighting, industrial climate control installations, environmental restoration, etc.
- **Cement.** Dedicated to the operation of quarries and mineral deposits, production of cement, lime, plaster and prefabricated by-products, as well as the production of concrete.
- **Concessions.** Mainly includes concession agreements related to the operation of highways, tunnels and other similar infrastructures.

Additionally, the FCC Group is present in the Real Estate sector, mainly in the promotion of housing and office rental through the company F-C y C, SL Unipersonal, which holds a 37.40% stake in Realia Business, SA.

Its **International** activities account for approximately 40% (45% in 2019) of the FCC Group's turnover, mainly in Europe, Latin America, the Middle East and the United States of America.

2. BASIS OF PRESENTATION AND BASIS OF CONSOLIDATION OF THE CONSOLIDATED INCOME STATEMENT

a) Basis of presentation

The accompanying financial statements and the notes thereto that comprise this Report and which make up these consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union at the closing date, in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, and all the implementing provisions and interpretations.

The 2020 consolidated financial statements of the FCC Group have been formulated by the Board of Directors of Fomento de Construcciones y Contratas, S.A. and will be presented for approval by the General Shareholders' Meeting. However, no amendments are expected as a result of the fulfilment of said requirement. The 2019 consolidated financial statements were approved by the General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A., held on 2 June 2020.

These consolidated financial statements of the FCC Group show the faithful image of the equity and the financial situation as of 31 December 2020 and 2019, as well as the results of the operations, changes in equity and consolidated cash flows that occurred in the Group during those years.

The consolidated financial statements of the FCC Group have been prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and its investee companies. These records, in accordance with the procedures and operating systems established in the Group, justify and support the consolidated financial statements prepared in accordance with current international accounting regulations.

In order to uniformly present the various items composing these consolidated financial statements, accounting standardisation criteria were applied to the individual financial statements of the companies included in the scope of consolidation. In 2020 and 2019, the reporting date of the financial statements of the companies included in the scope of consolidation was the same as that of the Parent, i.e. 31 December.

The consolidated financial statements are expressed in thousands of euros.

Reclassifications made

In 2020 and 2019, there were no other significant reclassifications.

Rules and interpretations issued but not in force

At the date of preparation of these notes to the financial statements, the most significant standards and interpretations that had been published by the International Accounting Standards Board (IASB) during the year, but which had not yet entered into force, either because their effective date is subsequent to the date of the consolidated financial statements or because they had yet to be endorsed by the European Union, are as follows:

Not adopted by the European Union		Mandatory Application to the FCC Group
IFRS 17	Insurance contracts	1 January 2023
Amendments to IAS 1	Classification of liabilities as current and non-current	1 January 2023
Amendments to IFRS 3, IAS 16, IAS 37 and updates 2018-2020	Various standards	1 January 2022
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Reference interest rate reform - phase 2	1 January 2021
Amendment to IFRS 4	IFRS 9 deferral	1 January 2021
Amendment to IFRS 16	COVID-19-related rent reductions	1 January 2021

The Group generally does not expect the application of these standards to have a significant impact on its financial statements.

Significant rules and interpretations applied in 2020

The standards that entered into force in 2020 that have already been adopted by the European Union and which have been used by the Group, if applicable, were as follows:

New standards, amendments and interpretations:		Mandatory Application to the FCC Group
Approved for use in the European Union		
Amendment to IFRS 3	Business combinations	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7	Reference interest rate reform - phase 1	1 January 2020
Amendments to IAS 1 and IAS 8	Definition of materiality	1 January 2020
Amendments to references to the IFRS Conceptual Framework	Various standards	1 January 2020

The application of the previous rules has not had a significant impact.

For the first time, on 1 January 2019 the Group applied IFRS 16 "Leases", which indicates that for the lessor, all leases (except for certain exceptions involving small sums of money or short durations) require the accounting of a material asset by right in use, and a liability for the future payment obligations that are incurred. The liability must be booked at the present value of the future cash flows for each lease and the asset in an equivalent amount, adjusted for any advance payment made. Subsequently, the right in use is systematically amortised and the financial expenses associated with the equivalent liability are recognised pursuant to the amortised cost method.

The first implementation of the aforementioned standard was calculated taking into account that the Group availed itself of the option of applying it retroactively modified, that is, with the cumulative impact of the first application of the standard as an adjustment to the initial balance as of 1 January 2019, charged to reserves without the restatement for the year.

The impact, broken down by balance sheet headings, of the first-time application of the standard was as follows:

	Balance at 1 January 2019	Impact of first- time application of IFRS 16	Restated balance at 1 January 2019
Non-current assets	6,607,207	434,721	7,041,928
Intangible assets	2,426,380	-	2,426,380
Property, plant and equipment	2,424,018	434,721	2,858,739
Real Estate investments	2,798	-	2,798
Investments accounted for using the equity method	763,050	-	763,050
Non-current financial assets	380,552	-	380,552
Deferred tax assets	610,409	-	610,409
Current assets	3,916,834	(4,468)	3,912,366
Inventory	691,034	-	691,034
Trade and other accounts receivable	1,695,798	-	1,695,798
Other current financial assets	178,815	-	178,815
Other current assets	84,990	(4,468)	80,522
Cash and other cash equivalents	1,266,197	-	1,266,197
Total assets	10,524,041	430,253	10,954,294
Equity	1,958,775	(2,014)	1,956,761
Equity attributable to the Parent Company	1,683,953	(2,014)	1,681,939
Non-controlling interests	274,822	-	274,822
Non-current liabilities	5,574,710	388,462	5,963,172
Grants	211,296	-	211,296
Non-current provisions	1,161,989	-	1,161,989
Non-current financial liabilities	3,900,432	388,462	4,288,894
Deferred tax liabilities	141,088	-	141,088
Other non-current liabilities	159,905	-	159,905
Current liabilities	2,990,556	43,805	3,034,361
Current provisions	209,264	-	209,264
Current financial liabilities	380,902	43,805	424,707
Trade payables and other accounts payable	2,400,390	-	2,400,390
Total equity and liabilities	10,524,041	430,253	10,954,294

b) Basis of consolidation

Subsidiaries

The consolidation is carried out using the global integration method for the subsidiaries indicated in Annex I, in which Fomento de Construcciones y Contratas, S.A. exercises control, that is, when it has the power to direct its relevant activities, it is exposed to variable returns as a result of its participation in the investee and has the ability to exercise said power to influence its own returns, directly or through other companies controlled by it.

The value of the participation of non-controlling shareholders in equity is presented under the heading "Non-controlling interests" on the liability side of the accompanying consolidated balance sheet and the participation in the profit/(loss) is presented under the heading "Profit/(loss) attributed to non-controlling interests" on the accompanying consolidated profit and loss statement.

Where appropriate, goodwill is determined in accordance with the provisions of Note 3.b) of this Report.

Joint agreements

The Group develops joint agreements through participation in joint ventures jointly controlled by one of more of the FCC Group companies with other companies outside the Group (note 12), as well as through participation in joint operations, temporary joint ventures and other similar entities (note 13).

The Group applies its professional judgement to evaluate its rights and obligations over joint agreements taking into account the financial structure and legal form of the agreement, the terms agreed by the parties and other relevant facts and circumstances to evaluate the type of joint agreement. Once such an analysis has been carried out, two types of joint agreements are distinguished:

- a) Joint operation: When the parties hold rights over the assets and obligations over the liabilities.
- b) Joint business: When the parties hold only rights over the net assets.

In accordance with IFRS 11 "Joint agreements", participations in joint ventures are integrated according to the equity method and are included in the accompanying consolidated balance sheet under the heading "Investments accounted for using the equity method". These companies' participation in the net income of the business year is included under the heading "Profit/(loss) of entities valued using the equity method" of the accompanying consolidated profit and loss statement.

The joint operations, mainly in the Construction and Environmental Services activities that mostly take the form of temporary joint ventures and other similar entities, have been integrated in the attached consolidated accounts based on the percentage of participation in assets, liabilities, income and expenses derived from the operations carried out by them, eliminating the reciprocal balances in assets and liabilities, as well as the income and expenses not incurred against third parties.

Annex II lists the business jointly controlled with third parties outside the Group and Annex V lists the joint operations carried out with third parties outside the Group, mainly through temporary joint ventures and other entities with similar characteristics.

Associates

The companies listed in Annex III, in which Fomento de Construcciones y Contratas, S.A. does not exercise control but has significant influence, are included in the accompanying consolidated balance sheet under the heading "Investments accounted for by applying the equity method", integrated using said method. These companies' contribution to the net income of the business year is included under the heading "Profit/(loss) of entities valued using the equity method" of the accompanying consolidated profit and loss statement.

Transactions between Group companies

In transactions between consolidated companies, the profit/(loss) of internal operations are eliminated, being deferred until they are made against third parties outside the Group. This elimination does not apply in the "Concession agreements" since the result is considered to be realised against third parties (Note 3.a).

Group work on its own fixed and non-current assets is measured at production cost, eliminating the intra-group profit/(loss).

Reciprocal credits and debits have been eliminated from the consolidated financial statement, as well as internal income and expenses from the collection of the subsidiaries that are consolidated.

Changes in the scope of consolidation

Annex IV shows the changes made in 2020 in all consolidated companies using global integration and the equity method. The profit/(loss) of these companies are included in the consolidated profit and loss statement as from the effective acquisition date or until the effective disposal or derecognition date, as appropriate.

The heading "Change in scope" in the corresponding notes to this Report shows the effect of the additions and derecognitions of companies from the scope of consolidation. Additionally, Note 5 of this Report "Changes in the scope of consolidation", shows the most significant inputs and outputs of said scope.

3. ACCOUNTING POLICIES

The accounting policies applied to the consolidated financial statements of the FCC Group are detailed below:

a) Service Concession Arrangements

Concession contracts involve agreements between a granting public entity and FCC Group companies to provide public services such as water distribution, filtration and sewage treatment, landfill management, motorways and tunnels, etc. by operating the infrastructure. Meanwhile, revenue from providing the service may be received directly from the users or, sometimes, through the concession grantor itself, which regulates the prices for providing the service.

The concession right generally means that the concession operator has an exclusive right to provide the service under the concession for a given period of time, after which the infrastructure assigned to the concession required to provide the service is returned to the concession grantor, generally for no consideration. Concession contracts are required to provide for the management or operation of this infrastructure. Likewise, a common characteristic is the existence of obligations to acquire or build all the items required to provide the concession service over the contract term.

When the above conditions are met, said concession contracts are registered by the provisions of IFRIC 12 "Service Concession Arrangement". In general, we must highlight two clearly differentiated phases, the first one in which the concessionaire provides construction or improvement services that are recognised according to the degree of progress, with a counterpart in an intangible or financial asset, and a second phase in which a series of maintenance or operation services are provided for the aforementioned infrastructure. In both cases, income is recognised in accordance with the provisions of IFRS 15 "Ordinary income from contracts with customers" (note 3.r).

An intangible asset is recognised when the demand risk is borne by the concessionaire and a financial asset is recognised when the demand risk is borne by the concession grantor, since the concessionaire has an unconditional contractual right to receive the proceeds of the construction or upgrade services. These assets also include the amounts paid in relation to the fees for the award of the concessions.

There may be mixed situations in which the demand risk is shared between the concessionaire and the grantor.

For concessions classified as intangible assets, provisions for dismantling, removal or restoration and

any steps to improve and increase capacity, the revenue from which is envisaged in the initial contract, are capitalised at the start of the concession and the amortisation of these assets and the discounting of such provisions are recognised in profit or loss. Also, provisions to replace and repair the infrastructure are systematically recognised in profit or loss as the obligation is incurred.

Borrowing costs attributable to infrastructure financing are recognised as an expense in the period, capitalising, only in the intangible asset model, those that accrue during the construction phase and until the related infrastructure is put to use.

The amortisation of these intangible assets is carried out according to the consumption pattern, understanding as such the performance and best estimation of the production units in each of the different activities. The quantitatively most important concession businesses in the Group are located in concession activities, mainly toll roads and motorways, which are amortised according to traffic, and in the water supply and sanitation activity, which amortises assets based on consumption of water that, in general, is constant over time due, on the one hand, to its reduction as a result of water saving policies and, on the other hand, to its increase by the growth in population. The amortisation is completed in the concession period, which is generally between 25 and 50 years.

Concession arrangements recognised as financial assets are measured at the fair value of the construction or upgrade services rendered. Under the amortised cost method, the corresponding income is allocated to profit or loss as revenue, in accordance with the effective interest rate arising from the expected flow of receipts and payments from the concession. Finance costs arising from the financing of these assets are classified under "Finance costs" in the consolidated profit and loss statement. As stated above, for the provision of maintenance or operating services, income and expenses are allocated to profit/(loss) in accordance with IFRS 15 "Ordinary income from contracts with clients".

b) Business combinations and goodwill

The assets and liabilities of the companies and subgroups over which control is acquired are recognised in the consolidated balance sheet at their fair value together with the related deferred taxes. However, in accordance with regulations, the initial measurement of the assets and liabilities and their allocation to the various headings may be reviewed within the twelve months following the acquisition date, should it be necessary to consider new data.

The date of inclusion in the scope of consolidation is the date on which effective control of the company is obtained, which normally coincides with the acquisition date.

Goodwill is recognised as the positive difference between (a) the sum of the fair value of the consideration transferred as a result of the acquired interest, the amount of the non-controlling interests and the fair value at the date on which control over these interests is acquired when control is obtained in stages, and (b) the fair value of identifiable assets and liabilities.

In general, non-controlling interests are valued by the proportional part of the fair value in the assets and liabilities of the acquired company.

If control over a business combination is achieved in stages, the difference between the fair value at the time control over the preceding interest is obtained and the carrying amount of that interest is recognised in profit/(loss).

Once control is obtained over an investee, and until that control is lost, the difference between the amount of any additional equity interest acquired or sold and its carrying amount is accounted for in equity.

Goodwill is not amortised. However, it is tested for impairment at least at each balance sheet date, in order to recognise it at the lower of its recoverable value, estimated on the basis of expected cash flows, or acquisition cost, less any prior years' impairment losses. The accounting policies used to determine impairment are detailed in section e) of this note.

c) Intangible Assets

Except as indicated in the two previous sections of this note regarding the agreements for the concession of services and goodwill, the other intangible assets contained in the accompanying financial statements are valued at their acquisition cost. These intangible assets include investments related to operating contracts and licenses, rights to build and software applications.

Such registered intangible assets have a finite useful life. Amortisation is carried out during its useful life, which is generally between 20 and 35 years, that is, the period during which it is estimated that they will generate income, using the linear method, except when the application of the consumption pattern reflects its depreciation more faithfully. Software applications are generally amortised within a period of 5 to 10 years.

d) Property, Plant and Equipment and Real Estate Investments

Property, plant and equipment and real estate investments are recorded at their cost price (updated, where appropriate, with various legal provisions prior to the date of transition to IFRS), less accumulated depreciation and any loss due to impairment of recognised value. The cost of those assets includes the estimated present value of their dismantling or the withdrawal of the affected items and, in those cases in which they have been acquired through business contributions as stated in section b) of this note, they are initially recognised at their fair value on the acquisition date.

The work carried out by the Group for its fixed and non-current assets is valued at production cost.

Conservation and maintenance expenses that do not involve an extension of the useful life or productive capacity of the corresponding assets are charged to the profit/(loss) of the year in which they are incurred.

When the construction and commissioning of fixed and non-current assets require a period of long construction, the interests derived from their financing accrued during said period are activated.

Companies depreciate their fixed and non-current assets following the linear method, distributing the cost thereof between the following years of estimated useful life:

Real estate investments	75
Natural resources and buildings	25-50
Plant, machinery and transport items	5-30
Furniture and tools	7-12
Other fixed and non-current assets	5-10

However, some contracts may have terms shorter than the useful life of the related fixed and non-current assets, in which case they are depreciated over the term of the contract.

The residual value, useful life and depreciation method applied to the Group's assets are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the revenue deriving from operating the property, plant and equipment and real estate investments is obtained. This review is carried out through an in situ evaluation and technical analysis, taking into account their current conditions and estimating the remaining useful life of each asset based on their ability to continue providing the functionalities for which they were defined. Subsequently, these internal analyses are compared against third parties outside the Group, such as manufacturers, installers, etc. to ratify them.

At least at the end of each reporting period, the companies periodically determine whether there is any indication that an item or group of items of fixed and non-current assets is impaired so that if applicable, as indicates in section e) of this note, an impairment loss, or the reversal of such losses, can be recognised or reversed in order to adjust the book value of the assets to their value in use. Under no circumstances do reversals exceed all prior impairment recognised.

e) Impairment of intangible assets, property and real estate investments

Intangible assets with finite useful lives and property, plant and equipment items and real estate investments are tested for impairment when there is any indication that the assets might have become impaired, in order to adjust their net carrying amount to their value in use (if this is lower).

The Group uses both internal and external sources of information to assess possible signs of impairment. External sources include market value decreases beyond the passage of time or normal use or possible adverse future changes in the legal, economic or technological environment that could reveal a loss of the recoverable value of its assets. The Group internally assesses whether there has been a physical deterioration or obsolescence of the assets, if the future situation itself may produce a change in the expected use of the asset, for example if the asset is expected to be idle for a significant period of time or due to restructuring plans or if it is detected that the return on the asset is worse than expected.

Goodwill and intangible assets with indefinite useful lives must be tested for impairment at least once a year in order to recognise possible impairment losses.

Impairment losses recognised in prior years on assets other than goodwill may be reversed if the estimates used in the impairment test show a recovery in the value of these assets. The carrying amount of the assets whose recoverable amount increases must in no case exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

The recognition or reversal of impairment losses on assets are charged or credited to income under "Impairment and results obtained on the disposal of assets".

To calculate the recoverable amount of the assets subject to impairment tests, the present value of the net cash flows originating from the Cash Generating Units (CGUs) associated therewith was estimated,

except those flows related with payments or collections on lending operations and corporation tax payments, together with those that arise from future improvements or refurbishments envisaged for the assets belonging to such Cash Generating Units. To discount cash flows, a pre-tax discount rate was used, which includes the current market assessments of the time value of money and the risks specific to each Cash Generating Unit.

The estimated cash flows are obtained from the projections made by the Directorate of each of the CGUs that generally use periods of five years, except when the business characteristics advise longer periods and that include growth rates supported by the different approved business plans, whose review is carried out periodically, generally considering zero growth rates for those periods beyond the years projected in the aforementioned plans. Also, it is necessary to indicate that sensitivity analyses are performed to assess the growth of income, operating margins, and discount rates, in order to foresee the impact of future changes in these variables.

Cash flows from CGUs located abroad are calculated in the functional currency used by those cash generating units and they are updated using discount rates that take into consideration the risk premium relating to each currency. The present value of the net cash flows obtained in this manner are translated at the year-end exchange rate for each currency.

f) Leasing

As indicated in Note 2.a, as a result of the application of IFRS 16 "Leases", as at 1 January 2019 all lease operations (with certain exceptions for small amounts or short durations) in which the Group acts as the lessee, require the accounting of an asset corresponding to the right in use, fundamentally recognised by nature as a material asset, and a liability for the future payment obligations that are incurred. This liability is recognised at the present value of the future cash flows for each lease and the asset in an equivalent amount, adjusted for any early payment made.

A contract contains a lease when the lessor transfers control of an identifiable underlying asset for a certain period of time in exchange for a consideration. An asset is identifiable when it is explicitly specified in the contract or implicitly when it is made available to the customer. However, if the supplier has the right to replace the asset during the period of use, that is, when it has alternative assets and can economically benefit from such substitution, the asset is not considered identifiable and therefore the contract will not contain a lease.

To estimate the duration of the contract, extensions that are reasonably expected to occur and the period in which the lessee does not expect to terminate the contract (when they have the power to do so) are considered, without exclusively taking into account the minimum term established in the contract, as the term during which the lessee expects to continue using the underlying asset, depending on its particular circumstances, is estimated. To determine whether an extension is expected to take place, the economic incentives that the lessee may have to extend the contract are taken into account, considering factors such as the existence of advantageous conditions compared to market conditions in case of an extension, if the lessee has incurred significant costs in adapting the underlying asset to its needs that it must reapply in case of contracting a new lease, any possible costs for the termination of the contract in case it is not extended or the importance of the asset to the lessee, especially if it is a specialised asset that is not readily available on the market. Furthermore, the background in terms of the period of use in the past of certain assets is also taken into account.

Subsequently, during the term of the lease contract, the right of use is systematically amortised and the financial expenses associated with the affected liability are recorded applying the amortised cost method.

When the Group acts as the lessor, income and expenses arising from operating lease agreements are

charged to the profit and loss statement during the year they are accrued.

g) Investments accounted for using the equity method

The participation in joint ventures and associates is initially recognised at acquisition cost and is subsequently revalued to take into account the share with the profit/(loss) of these companies not distributed in the form of dividends. Also, the value of the investment is adjusted to reflect the proportion of the changes in these companies' equity that were not recognised in their profit or loss. These include the conversion differences and the adjustments caused by changes in the fair value of financial derivatives of cash flow hedges acquired by the companies themselves.

They undergo an impairment test as long as there are indications of impairment that may reveal a decrease in the recoverable value below the carrying amount of the investment, using both internal and external sources.

h) Financial assets

Financial assets are initially recorded at fair value, which is generally the same as their acquisition cost, adjusted for the operation costs directly attributable to it, except in the case of financial assets at fair value with changes in profit/(loss) that are attributed to that year's profit/(loss).

All acquisitions and sales of financial assets are recorded at the date of contracting the operation.

The Group manages its financial assets in order to obtain its contractual cash flows, so it values them according to the amortised cost method, that is, initial cost less principal charges plus accrued income based on its effective interest rate pending collection, adjusted for any recognised impairment loss. The effective interest rate consists of the rate that equals the initial cost of the total cash flows estimated for all the items throughout the remaining life of the investment. As an exception to the above, it should be noted that the Group values certain financial assets at fair value in the following cases:

- Financial assets at fair value with changes in profit/(loss): This category includes derivatives that do not meet the conditions to be considered as hedging, financial assets that other standards establish must be valued at fair value charged to profit/(loss), such as contingent considerations in business combinations and financial assets that, if valued differently, would generate an accounting asymmetry.
- Financial assets at fair value with changes in other comprehensive income: The Group values its interests in companies in which it does not have control, joint control or exert significant influence at fair value charged to reserves.

Financial assets at fair value have been recorded at fair value at the closing date of the financial statements. Fair value is understood as the value by which a financial instrument could be exchanged between informed and experienced parties in a free transaction (independent between third parties).

In the case of financial assets at fair value with changes in the profit/(loss), the profits or losses resulting from the change in fair value are attributed to the net profit/(loss) of the year, while financial assets at fair value with changes in other comprehensive income are attributed to equity, until the asset is disposed of, at which time the profit previously accumulated in equity will be included in that year's profit/(loss).

In assets that are valued at amortised cost, an impairment loss is recorded if, on the closing date of the financial statements, it is determined that credit losses will be incurred throughout their entire life. That is, impairment losses are recorded immediately when there is credit risk. Credit risk is understood as

the risk of one of the parties to the financial instrument causing a financial loss to the other party if it breaches an obligation.

Collection rights arising from a service concession arrangement are valued according to the criteria indicated in section a) of this note.

Trade receivables arising in the Group's normal business activities are stated at their nominal value, given that they generally mature within twelve months, adjusted by any expected credit losses over the course of their lives. Accounts receivable with maturities greater than twelve months are valued at their current value.

The Group, based on the short-term cash flow needs, transfers credit from customers to financial entities. The amount of these credit assignments is reported in Note 16.a). These operations accrue interest under usual market conditions and the collection management is still carried out by the Group companies, although the costs associated with such management are residual.

To the extent that the risks and rewards inherent to the accounts receivable are substantially transmitted through these sales and assignments of collection rights, as well as the control over them, without there being any repurchase agreements signed between the Group companies and the credit institutions that have acquired the assets and that they can freely dispose of said acquired assets without the Group companies being able to limit the aforementioned right in any way, the aforementioned sales and assignments are posted as "without recourse". Consequently, in accordance with the criteria established by IFRS, balances receivable from debtors assigned or sold under the conditions indicated are written off in the consolidated balance sheet.

i) Inventory

Inventory is valued at the average acquisition price or the average production cost, applying the necessary value corrections to adapt these values to the net realisable value if it were lower.

The Group's real estate activity includes land and plots, as well as ongoing developments and finished properties that are held for sale or for integration into a real estate development. Land and plots are valued at their acquisition price, plus any urbanisation costs and other expenses related to their purchase (property transfer tax, registration fees etc.) and the financial costs of their financing during execution of the works, or their recoverable amount if this is less.

Ongoing developments are the costs incurred in real estate development, or part thereof, whose construction has not been completed at the end of the business year. The cost of completed real estate developments is classified as finished products.

Impairment of land and plots, ongoing real estate developments and finished products is recorded when their net realisable value is lower than their book value (note 15).

The goods received through credit collection in exchange for work executed or to be executed are valued at the lowest amount from between the amount that was registered for the credit corresponding to the goods received, or the cost of production or net realisable value.

j) Foreign currency

j.1) Conversion differences

In general, the financial statements of foreign operations denominated in currencies other than the euro have been translated to euros, with the exception of:

- Share capital and reserves, which were converted at historical exchange rates.
- The profit and loss statement items of foreign operations that were converted at the average exchange rates for the period.

Conversion differences for the foreign companies from the consolidation scope, generated by the application of the year-end exchange rate method, are included in the equity of the attached consolidated balance sheet, as shown in the attached statement of changes in the equity.

j.2) Exchange differences

The balances of accounts receivable and payable from monetary items in foreign currency are valued in euros by applying the exchange rates in force at the date of the consolidated balance sheet, allocating the differences that are generated to profit/(loss), except as regarding advances, which, when considered non-monetary items, are kept converted at the exchange rate that existed at the time of the transaction.

The differences resulting from fluctuations in exchange rates between the date on which the collection or payment was made and the date on which the transactions took place or their value was discounted are allocated to profit or loss.

Meanwhile, the exchange differences that occur in relation to the financing of investments in foreign companies, with both the investment and the financing being registered in the same currency, are directly recognised in equity as conversion differences that offset the effect of the difference in conversion to euros of the foreign company.

k) Equity instruments

Equity or capital instruments are recorded for the amount received, net of direct issuance costs.

The treasury shares acquired by the Parent Company during the year are recognised at the value of the consideration given, as a decrease in equity. Any gains or losses on the purchase, sale, issue or redemption of own equity instruments are recognised directly in equity and never in the profit and loss statement.

l) Grants

Grants are recognised according to their nature.

l.1) Capital grants

Capital grants are those that involve the acquisition or construction of assets. These grants are measured at the amount received or the fair value of the asset received; they are recognised as deferred income on the liability side of the accompanying consolidated balance sheet and are taken to income as the asset or assets to which they relate are depreciated.

l.2) Operating grants

Operating grants are those other than those defined above that do not relate directly to an asset or group of assets. Operating income is considered the amount received at the time of its concession, except if it is granted to finance specific expenses, in which case its allocation to profit/(loss) will be made as those expenses accrue.

m) Provisions

The Group companies recognise provisions on the liability side of the accompanying consolidated balance sheet for present obligations arising from past events for which the companies consider it probable that there will be an outflow of funds to settle them on maturity.

These provisions are recognised when the related obligation arises and the amount recognised is the best estimate, at the date of the accompanying financial statements, of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value has an impact on financial profit/(loss).

Provisions for dismantling, removal or restoration and environmental provisions are recognised by increasing the value of the related asset by the present value of the expenses that will be incurred when operation of the asset ceases. Profit or loss is affected when the asset concerned is depreciated as described in previous sections of this Note and by the discounted present value as described in the preceding paragraph.

In addition, some Group companies provide provisions for restructuring costs when there is a detailed formal plan for such restructuring that has been communicated to the affected parties. As at 31 December 2020 no liabilities of a substantial amount have been recognised for this item.

Provisions are classified as current or non-current in the accompanying consolidated balance sheet on the basis of the estimated maturity date of the obligation covered by them, and non-current provisions are considered to be those whose estimated maturity date exceeds the normal operating cycle of the activity giving rise to the provision.

n) Financial liabilities

Financial liabilities are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. Subsequently, these liabilities are measured at their amortised cost.

Borrowing costs are recognised on an accrual basis in the profit and loss statement using the effective interest method and are added to the amount of the instrument to the extent that they are not settled in the year in which they arise.

Bank borrowings and other current and non-current financial liabilities maturing within no more than twelve months from the balance sheet date are classified as current liabilities and those maturing within more than twelve months as non-current liabilities.

o) Financial derivatives and hedge accounting

A financial derivative is a financial instrument or another type of contract whose value varies in response to changes in certain variables, such as an interest rate, financial instrument price, foreign exchange rate, credit rating or credit index or any other variable that may not be financial.

Apart from giving rise to gains or losses, financial derivatives may, under certain conditions, fully or partially offset foreign currency or interest rate risks or risks relating to the value associated with balances and transactions. Hedges are accounted for as follows:

- Cash flow hedges: in hedges of this type, the changes in value of the hedging instrument are recognised provisionally under equity, and are taken to income when the hedged item materialises.
- Fair value hedges: in this case, changes in the value of the hedging instrument are recognised in income by offsetting changes in the fair value of the hedged item.
- Hedges of a net investment in a foreign operation: this type of hedges are aimed at covering foreign currency risk and are treated as cash flow hedges.

IFRS 9 "Financial Instruments" states that an effectiveness test must be performed, consisting of a qualitative assessment of the financial derivative to determine whether it can be considered to be a hedging instrument and, therefore, effective.

The qualitative requirements that must be met are as follows:

- Formal designation and documentation, at inception of the hedge, of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.
- Documentation identifying the hedged item, the hedging instrument and the nature of the risk being hedged.
- The effectiveness requirements must be met. This means that there is a financial relationship between the hedged item and the hedging instrument such that both generally move in opposite directions upon the occurrence of the hedged risk. Credit risk must not have a dominant effect on the changes in the value of the hedged items and the hedging ratio must be equivalent to the percentage of the exposure to the covered risk.

The hedge is considered to be fully effective provided that the qualitative effectiveness test shows that it complies with those criteria. If not, the hedge would cease to be treated as a hedge and the hedge relationship would cease, recognising the derivative at its fair value through changes in profit or loss.

A quantitative analysis that will determine how the instruments are recognised takes place after their effectiveness has been assessed. This quantitative analysis consists of a retrospective portion for purely accounting purposes and another prospective portion intended to analyse any possible future deviations relating to the hedge.

The retrospective assessment analysis is adapted to the type of the hedge and the nature of the instruments used, and all of the financial derivatives contracted by the Group consist of cash flow hedges (Note 23):

- In the case of interest rate swaps (IRSs) in Cash flow hedges, the Group charges a variable rate equal to that of the hedged borrowings and pays a fixed rate, since the objective is to reduce the variability of the borrowing costs, the effectiveness test determines whether changes in the fair value of the IRS cash flows offset changes in the fair value of the hedged risk.

The hypothetical derivative method is used for accounting purposes when performing the quantitative assessment of effectiveness, which establishes that the company will recognise in equity the lower of the absolute change in the value of the hypothetical derivative (hedged position) and the change in the value of the contracted derivative. The difference between the value of the recognised change in equity and the fair value of the derivative on the date of the effectiveness test will be considered to be the ineffective portion and it will be directly recorded in the income statement.

A distinction must be made between the designated portion and the non-designated portion of cash flow hedges in which the derivative hedge instrument is an option or a forward and not an IRS:

- o The treatment of the designated portion will be similar to that indicated for IRSs.
- o The fair value of the non-designated portion (forward points or the temporary value of the options) will be recognised in other comprehensive income when related to the hedged portion and will be accumulated in a separate component of equity. This amount will be reclassified from the separate component of equity to the income statement for the period as a reclassification adjustment in the same period or periods in which the expected future cash flow hedges affect results for the period (for example, when a planned sale takes place).

Changes in the fair value of financial derivatives that do not qualify for hedge accounting are recognised in the consolidated income statement as they arise.

The value is calculated using defined methods and techniques based on observable market inputs, such as:

- The interest rate swaps were measured by discounting all the flows envisaged in each contract on the basis of its characteristics, such as the notional amount and the collection and payment schedule. This measurement was made using the zero-coupon rate curve determined by employing a bootstrapping process for the deposits and swaps traded at any given time. This zero-coupon rate curve was used to obtain the discount factors for the measurements, which were made assuming the absence of arbitrage opportunity (AAO). When there were caps and floors or combinations thereof, on occasions conditional upon special conditions being met, the interest rates used were the same as those used for the swaps, although in order to introduce the component of randomness in the exercise of the options, the generally accepted Black - Scholes model was used.
- The methodology used in the case of a cash flow hedge derivative associated with inflation is very similar to that used for interest rate swaps. Expected inflation is estimated based on observed inflation and is embedded in the swaps indexed to the ex-tobacco European inflation rate used in the market, and translated to the Spanish rate using a convergence adjustment.

Furthermore, a sensitivity test is carried out on the derivatives and net financial debt in order to be able

to analyse the effect that a possible fluctuation in interest rates might have on the Group's accounts, given different interest rate increase and decrease scenarios at year-end (Note 30).

Note 23 to this Report provides details of the financial derivatives that the Group has arranged and other matters related thereto.

p) Corporation Tax

The expense for corporation tax is calculated on the basis of the consolidated profit before tax, increased or decreased, as appropriate, by the permanent differences between taxable profit and accounting profit/(loss). The corresponding tax rate based on the legislation applicable to each country is applied to this adjusted accounting profit. The tax relief and tax credits earned in the year are deducted and the positive or negative differences between the estimated tax charge calculated for the prior year's accounting close and the subsequent tax settlement at the payment date are added to or deducted from the resulting tax charge.

The temporary differences between accounting profit/(loss) and taxable profit for Income >Tax purposes, together with the differences between the book values of assets and liabilities recognised in the consolidated balance sheet and their tax bases, give rise to deferred taxes that are recognised as non-current assets and liabilities. These amounts are measured at the tax rates that are expected to apply in the years in which they will foreseeably be reversed, without performing financial discounting at any time.

The Group activates deferred asset taxes corresponding to temporary differences and negative tax bases to be offset, except in cases where there are reasonable doubts about their future recovery.

q) Pension commitments

The Group companies have certain specific cases related to pension plans and similar obligations that are developed in note 25 of this Report.

r) Operating income and expenses

Revenue is recognised when the control of the good or service is transferred to the customer, in general, only when there is approval from the customer applying a homogeneous method to contracts of a similar nature. Revenues are valued at the expected amount of the consideration that is to be received that can be estimated reliably and that is not expected to be reversed in the future. After analysing its portfolio of contracts, the Group has concluded that, except in very specific cases, there is no more than one performance obligation in the contracts being executed, since either integration services are provided for the different activities carried out, or because they are highly interrelated.

As regards variable consideration, only one income is recognised for the value, and it is highly probable that it will not suffer significant reversion when the uncertainty about it is subsequently resolved. Also, in the case that the contracts include price revision clauses, the income that represents the best estimate of the amount to be charged in the future and under the same probability criteria mentioned for the variable consideration is recorded.

In general, the Group has not identified significant financial components in its contracts with customers. The financial component is only separated from the consideration to be received and the corresponding financial income is recorded in those contracts in which the time between when a service is provided or a good is delivered and when the payment is received is greater than twelve months.

In the construction activity, performance obligations are paid over time, so revenue is recognised using

a product-based method, i.e. that is in-line with the degree of progress criterion. Only income that is protected by a main contract signed with the property and in modifications thereto approved by it is recognised. If the modification is approved without the amount being fixed, the income is only estimated as a variable consideration when the criteria of probability and significant non-reversal mentioned above are met. Budgeted losses are recognised as profit/(loss) for the year.

Meanwhile, in this activity the costs are recognised in accounts according to their accrual. The costs for obtaining the contract, mainly related to the study and preparation of the project, are not activated as they cannot be considered as incremental, since they are incurred regardless of whether the contract is finally obtained or not. Two main costs for fulfilling the contract can be distinguished: engineering and study costs and those related to general and specific facilities (mainly accessory facilities such as concrete plants, auxiliary works or building booths necessary to provide the services). The main contracts in which the aforementioned expenses are incurred are of the design and construction type, in which the remuneration to be received for the work to be carried out in engineering and studies and those of the benefit is identified by separate work units of construction services. Therefore, in general, the expenses derived from engineering and studies are not activated and are recognised in accordance with their accrual as services are rendered. Costs related to the general and specific facilities are recorded as expenses according to the degree of progress when a separate works unit with its corresponding remuneration is identified in the contract, and assets are only activated within the heading when the contract does not identify them separately, and profit/(loss) is charged together with the rest of the contract costs using the aforementioned degree of progress.

In the service provision activities, which are mainly carried out in the Environmental Services and Integral Water Management services, revenues and expenses are allocated based on the accrual criterion, that is, when the actual flow of goods and services that they represent occur, regardless of when the monetary or financial flow derived from them occurs. These are performance obligations that are satisfied over time as the customer receives and consumes the profits at the same time as the service is provided. Consequently, revenue is recognised by measuring the value of the services actually provided to the customer using a product-based method.

Regarding the delivery of goods activities that the Group mainly carries out in the Cement segment and in the Real estate activity, revenues are only recognised when the goods have been delivered and their property has been transferred to the customer, as they are performance obligations that are satisfied at a specific moment of time.

In the aforementioned activities (other than construction), the costs of obtaining the contract are not incremental, so they are not activated and are recognised based on their accrual. Meanwhile, no relevant contract fulfilment costs are incurred and are therefore recorded as operating expenses in general.

In relation to the service concession arrangements, it must be noted that the Group recognises the interest deriving from collection rights under the financial model as revenue, since the value of that financial asset includes the construction, upkeep and maintenance services that are identical, from an operating standpoint, to those set out in the intangible model and, consequently, it is considered that since both models are related to the company's operating activity, the faithful image is best represented by encompassing the income derived from the financial asset as belonging to the operation (Note 3.a).

Also recognised as operating profit/(loss) are those produced in the disposals of shares in subsidiaries when it implies the loss of control over them.

s) Related-party transactions

The Group performs all of its transactions with related parties on an arm's length basis.

Note 31 of this Report details the main transactions with significant shareholders of the Parent Company, with administrators and senior executives, between companies or Group entities and with companies invested in by shareholders of the Group.

t) Consolidated statement of cash flows

The FCC Group prepares its statement of cash flows in accordance with IAS 7 "Statement of cash flows" following the indirect method, using the expressions below in the following ways:

- Cash flows are the inflows and outflows of cash and cash equivalents.
- Operating activities are the activities that constitute the main source of the company's ordinary income, as well as other activities that cannot be classified as investment or financing activities. Among the operating cash flows, it is worth highlighting the heading "Other adjustments to profit/(loss)" which basically includes items that are included in the Profit/(Loss) Before Tax but have no impact on the change in cash, as well as items that are already included in other headings of the Cash Flow Statement according to their nature.
- Investment activities are the acquisition and disposal of long-term assets, as well as other investments not included in cash and cash equivalents.
- Financing activities are the activities that generate changes in the size and composition of own capital and loans taken by out the company.

For the purposes of preparing the consolidated statements of cash flows, the "cash and cash equivalents" have been considered as cash and on-demand bank deposits, as well as those short-term, highly liquid investments, which are easily convertible into specific amounts of cash, subject to an insignificant risk of changes in their value.

u) Use of estimates

In preparing these 2020 and 2019 Group consolidated financial statements, estimates were made to quantify certain assets, liabilities, revenues, expenses and obligations recognised therein. These estimates relate essentially to the following:

- Impairment losses on certain assets (Notes 7, 8, 9, 12 and 14)
- Goodwill measurement (Note 7)
- The recoverability of the work executed pending certification (notes 3.r and 16)
- The recoverability of deferred tax assets (Note 24)
- The amount of certain provisions and, in particular, those related to claims and litigation and the losses budgeted in construction contracts (note 19)
- The useful life of the property, plant and equipment as well as intangible assets and real estate investments (notes 7, 8 and 9).
- The determination of the recoverable amount of inventory (note 15)
- The assumptions used in the actuarial calculation of liabilities and commitments for post-employment compensation (notes 19 and 25)
- The market value of derivatives (Note 23)
- Cost of business combinations (note 5)

Although these estimates have been made based on the best information available at the date of preparing these consolidated financial statements on the events analysed, it is possible that events that may take place in the future may require them to be modified (upwards or downwards) in future years, which would be done prospectively, recognising the effects of the change in estimate in the corresponding future financial statements.

IFRS 7 "Financial instruments: information to be disclosed" requires that the fair value valuations of financial instruments, both assets and liabilities, be classified according to the relevance of the variables used in the valuation, establishing the following hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than prices quoted that are observable for the financial instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: data for the financial instrument that are not based on observable market data.

Almost all of the Group's financial assets and liabilities, which are valued at fair value, are level 2.

v) Non-current assets and related liabilities held for sale

Assets and liabilities whose book value is recovered through a sale transaction and not through continued use are classified as non-current assets held for sale and liabilities related to non-current assets held for sale. This condition is considered fulfilled only when the sale is highly probable and the asset is available for immediate sale in its current state and it is estimated that it will be completed within a period of one year from the classification date.

Non-current assets and related liabilities classified as held for sale are valued at the lower of their book value and fair value less expected selling costs.

4. NON-CURRENT ASSETS HELD FOR SALE AND LIABILITIES RELATED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets with sale plans that also meet the requirements established in International Financial Reporting Standard 5 "Non-current assets held for sale and discontinued operations" have been reclassified (Note 3.v).

On 3 October 2020, FCC agreed to sell its entire stake in three concessions located in Spain to a non-Group company, Vauban Infrastructure Partners, within its policy of rotation and selective development of projects in this activity. Specifically, the agreement signed involves the transfer of 51% in the Cedinsa Group, a controlled company that manages the concession of four highways in Catalonia, 49% in Concessió Estacions Aeroport L9, SA (consolidated by the equity method), concessionaire of section 1 of line 9 of the Barcelona metro and 29% in Urbs Iudex et Causidicus, SA (consolidated by the equity method), which is operated by Ciudad de la Justicia, also in Barcelona. The price to be paid by Vauban for all of FCC's stakes in these concessions amounts to 409.3 million euros. Closure of the agreement is pending the usual authorisations in this type of transactions, not forthcoming at the date of formulation of these consolidated annual accounts.

Assets held for sale, deducted from liabilities, have been appraised at book value as this is less than the expected amount for their sale, net of selling costs.

The following sections detail the main headings that constitute the results, cash flows and the balance sheet, corresponding to the assets and liabilities held for sale. The sale of these companies does not imply the discontinuation of the FCC Group's concessions activity, which is why the results continue to be presented by their nature in the consolidated income statement.

Profit and Loss Account

The breakdown by nature of the profit after tax of the companies whose assets and liabilities have been reclassified as assets and liabilities held for sale is as follows:

2020	Total	Cedinsa Group	Concessió Estacions Aeroport L9, S.A.	Urbs Iudex et Causidicus, S.A.
Revenue	92,913	92,913	-	-
Operating expenses	(47,951)	(47,951)	-	-
Operating Profit/(Loss)	44,962	44,962	-	-
Profit/(loss) before tax from continuing operations	34,524	19,518	12,789	2,217
Income tax	(5,523)	(5,523)	-	-
Profit/(loss) for the year from continuing operations	29,001	13,995	12,789	2,217
Profit attributable to the parent company	24,390	9,384	12,789	2,217
Profit/(loss) attributable to non-controlling interests	4,611	4,611	-	-

Cash flow statement

The statement of cash flows corresponding to companies whose assets and liabilities have been reclassified as assets and liabilities held for sale is as follows:

2020	Cedinsa Group
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Profit/(loss) before tax from continuing operations	19,518
Adjustments to profit or loss	65,535
Changes in working capital	13,211
Other cash flows from operating activities	(10,222)
Cash flow from business activities	88,042
Investment payments	(8,616)
Divestment receipts	6,058
Other cash flows from investing activities	-
Cash flow from investment activities	(2,558)
Proceeds from and payments for equity instruments	-
Proceeds from (payments on) financial liabilities	(26,771)
Other flows from financing activities	(61,871)
Cash flows for financial activities	(88,642)
Total cash flows	(3,158)

Balance sheet. Headings of non-current assets and liabilities held for sale

The different assets and liabilities reclassified as held for sale under the respective headings of the attached balance sheet are detailed below:

2020	Total	Cedinsa Group	Concessió Estacions Aeroport L9, S.A.	Urbs Iudex et Causidicus, S.A.
Intangible assets	1,016,607	1,016,607	-	-
Property, plant and equipment	651	651	-	-
Non-current financial assets	305,541	234,152	70,249	1,140
Deferred tax assets	14,638	14,638	-	-
Current assets	54,831	54,831	-	-
Non-current assets held for sale	1,392,268	1,320,879	70,249	1,140
Non-current financial liabilities	848,499	848,499	-	-
Rest of non-current liabilities	159,404	159,404	-	-
Current financial liabilities	31,771	31,771	-	-
Rest of current liabilities	11,611	11,611	-	-
Liabilities relating to assets held for sale	1,051,285	1,051,285	-	-

5. CHANGES IN THE SCOPE OF CONSOLIDATION

The main changes experienced in the scope of consolidation in 2020 are the following:

a) Business combinations

FCC Aqualia, SA has acquired control of the following businesses by acquiring the stakes detailed below:

- In January 2020, a 51% stake in Qatarat Saqia Desalination Company Ltd., the concessionaire of the Jeddah International Airport desalination plant, amounting to 12,914 thousand euros, acquiring control. The amount paid is recorded in the attached statement of cash flows under the heading "Payments for investments".
- In June 2020, an additional 2% stake in Aquos El Realito, SA de CV, the company that owns the operation of a water treatment plant in San Luis de Potosí, for an amount of 355 thousand euros, where it previously held 49%, consolidated by the equity method, reaching a 51% stake and control. Consequently, Aquos el Realito, SA de CV has become fully consolidated, which has led to the recording of 8,671 thousand euros under the heading "Minority interests" (Note 18) in the attached consolidated balance sheet. As a result of the transaction, a positive impact has been recorded in the heading "Profit of entities valued by the equity method" amounting to 635 thousand euros due to the fair value of the equity investments prior to the operation, and the application of valuation adjustments to results (Note 27).

The composition of the balance sheets for business combinations is detailed below:

2020	Qatarat Saqia Desalination Company Ltd.	Aquos el Realito, S.A. de C.V.
Non-current assets	54,097	76,181
Intangible assets	53,906	24,645
Property, plant and equipment	191	8
Investments accounted for using the equity method	-	-
Non-current financial assets	-	51,071
Deferred tax assets	-	457
Current assets	16,565	15,160
Inventory	17	-
Trade and other accounts receivable	10,189	3,128
Other current financial assets	-	4,823
Other current assets	-	-
Cash and other cash equivalents	6,359	7,209
Total assets	70,662	91,341
Equity	25,321	17,697
Non-current liabilities	38,110	65,616
Grants	-	-
Non-current provisions	64	-
Non-current financial liabilities	35,730	53,603
Deferred tax liabilities	2,316	12,013
Other non-current liabilities	-	-
Current liabilities	7,231	8,028
Current provisions	-	-
Current financial liabilities	5,018	3,643
Trade payables and other accounts payable	2,213	4,385
Total equity and liabilities	70,662	91,341

As a result of the aforementioned business combinations, the fair value of the acquired assets has been determined, as all of these companies operate concessions, the fair value of the concession-based assets has been determined applying the discount at a market rate for the cash flows estimated during the time horizon of the concessions currently in force. These flows have been estimated internally based on the Group's past experience, based, as applicable, on the Financial and Economic Plans of the concessions, applying the assumptions and appropriate macroeconomic variables in each case. The following table shows the amounts allocated to assets and liabilities to reflect their fair value on the takeover date:

2020	Qatarat Saqia Desalination Company Ltd.	Aquos el Realito, S.A. de C.V.
Intangible assets	11,578	9,522
Property, plant and equipment	-	-
Non-current financial assets	-	-
Total assignments to assets	11,578	9,522
Non-current liabilities (deferred tax liabilities)	2,316	2,857
Total assignments to liabilities	2,316	2,857
Total net assignments	9,262	6,665

The reconciliation between the consideration transferred for each of the above business combinations, the value of non-controlling interests recognised and the fair value of the net assets acquired are provided below:

2020	Qatarat Saqia Desalination Company Ltd.	Aquos el Realito, S.A. de C.V.
Acquisition value	12,914	355
Fair value Minority interests acquired	12,407	8,671
Fair value previous interest	-	8,671
-Fair value net assets	(25,321)	(17,697)
Goodwill	0	0

The previously listed business combinations have contributed ordinary income and profit/(loss) to the following accompanying consolidated profit and loss statement:

2020	Qatarat Saqia Desalination Company Ltd.	Aquos el Realito, S.A. de C.V.
Revenue	15,817	8,577
Other income	-	-
Operating Profit/(Loss)	4,928	3,881
Profit/(loss) before tax from continuing operations	6,692	1,192
Profit attributable to the parent company	703	363
Non-controlling interests	2,001	1,226

If the above companies had been consolidated since 1 January 2020, the ordinary income and profit/(loss) they would have contributed would have been as follows:

2020	Qatarat Saqia Desalination Company Ltd.	Aquos el Realito, S.A. de C.V.
Revenue	15,817	14,325
Other income	-	-
Operating Profit/(Loss)	4,928	3,902
Profit/(loss) before tax from continuing operations	6,692	(16)
Profit attributable to the parent company	703	39
Non-controlling interests	2,001	111

In any case, these initial estimates are provisional and the Group has a period of one year in which to adjust them should more relevant and comprehensive information be obtained at a later date.

In 2019 it should be noted that the following business combinations were carried out:

- In January 2019, two partner agreements were signed in relation to the consolidated that, until then, had been consolidated under the equity method - Shariket Tahlya Mostaganem, S.p.a. and Shariket Miyeh Djinet, S.p.a. - under which the Group now holds control over the former and no longer has a significant influence on the latter. As a result, Shariket Tahlya Mostaganem, S.p.a. was fully consolidated and the holding in Shariket Miyeh Djinet, S.p.a. was considered a financial asset at fair value. These transactions resulted in a net loss of 6,122 thousand euros being recognised under "Profits/(losses) of companies accounted for by the equity method" following the allocation of the negative translation differences accumulated in equity to profit and loss and the positive impact resulting from the fair value adjustment of shares prior to the transaction. Furthermore, "Other collections/(payments) from investment activities" in the Statement of Cash Flows includes 43,337 thousand euros corresponding to the cash that Shariket Tahlya Mostaganem, S.p.a. presented in its balance sheet at the time of the takeover. This operation led to the recognition of 136,998 thousand euros under the heading "Non-controlling interests" (Note 18).
- In June 2019 FCC Aqualia, S.A. acquired 100% of the French subgroup Services Publics et Industries Environnement, dedicated to the management of water supply and sanitation for the sum of 31,665 thousand euros, with the impact registered under "Payments for investments" on the accompanying Statement of Cash Flows. As part of this business combination, a first consolidation difference of 24,234 thousand euros was disclosed, which was fully allocated to the subgroup's concession assets.
- In November 2019 FCC Construcción, S.A. acquired an additional 17% of the share capital of Cedinsa Concessionària, S.A., in which it previously held significant influence, for an amount of 57,955 thousand euros, of which it previously held 34%, recording the disbursement under the heading "Payments for investments" in the attached Statement of Cash Flows. As a result of the aforementioned operation and the agreement of partners that was signed, the Group took control, and thus pursuant to regulations it has registered a positive result of 36,588 thousand euros under the heading "Profit/(loss) of companies accounted for using the equity method", as a consequence, on the one hand, of the fair value of the participation that it previously held, with income of 78,647 thousand euros and, on the other hand, of the allocation to profit/(loss) of the corresponding valuation adjustments to the participation of 34% prior to the business combination, which led to the posting of a loss of 42,059 thousand euros.

The composition of the balance sheets drawn up by the business combinations in 2019 is detailed below:

2019	Cedinsa Group	Shariket Tahlya Mostaganem, S.p.a	Services Publics et Industries Environnement
Non-current assets	1,377,700	175,152	36,132
Intangible assets	1,058,395	-	32,051
Property, plant and equipment	535	92	4,081
Investments accounted for using the equity method	-	-	-
Non-current financial assets	232,451	175,060	-
Deferred tax assets	86,319	-	-
Current assets	105,724	62,622	28,008
Inventory	-	229	509
Trade and other accounts receivable	29,748	18,955	13,683
Other current financial assets	15,789	-	4,029
Other current assets	692	101	329
Cash and other cash equivalents	59,495	43,337	9,458
Total assets	1,483,424	237,774	64,140
Equity	281,723	167,362	31,655
Non-current liabilities	1,134,890	53,519	9,932
Grants	67,710	-	317
Non-current provisions	52,590	82	850
Non-current financial liabilities	907,710	52,773	578
Deferred tax liabilities	106,880	664	8,187
Other non-current liabilities	-	-	-
Current liabilities	66,811	16,893	22,553
Current provisions	49,574	10,255	-
Current financial liabilities	10,166	40	149
Trade payables and other accounts payable	7,071	6,598	22,404
Total equity and liabilities	1,483,424	237,774	64,140

As a result of the aforementioned business combinations, the fair value of the acquired assets was determined, as all of these companies operate concessions, and the fair value of the concession-based assets was determined applying the discount at a market rate for the cash flows estimated during the time horizon of the concessions currently in force. These flows were estimated internally based on the Group's past experience, based, as applicable, on the Financial and Economic Plans of the concessions, applying the assumptions and appropriate macroeconomic variables in each case. The following table shows the amounts allocated to assets and liabilities to reflect their fair value on the takeover date:

2019	Cedinsa Group	Shariket Tahlya Mostaganem, S.p.a	Services Publics et Industries Environnement
Intangible assets	261,622	-	31,953
Property, plant and equipment	-	-	-
Non-current financial assets	28,501	29,232	-
Total assignments to assets	290,123	29,232	31,953
Non-current liabilities (deferred tax liabilities)	63,044	-	8,187
Total assignments to liabilities	63,044	-	8,187
Total net assignments	227,079	29,232	23,766

The reconciliation between the consideration transferred for each of the above business combinations, the value of non-controlling interests recognised and the fair value of the net assets acquired are provided below:

2019	Cedinsa Group	Shariket Tahlya Mostaganem, S.p.a	Services Publics et Industries Environnement
Acquisition value	57,955	-	31,655
Fair value Minority interests acquired	119,450	124,687	-
Fair value previous interest	104,318	42,675	-
-Fair value net assets	(281,723)	(167,362)	(31,655)
Goodwill	-	-	-

The previously listed business combinations have contributed ordinary income and profit/(loss) to the following accompanying consolidated profit and loss statement:

2019	Cedinsa Group	Shariket Tahlya Mostaganem, S.p.a	Services Publics et Industries Environnement
Revenue	14,600	31,357	11,798
Other income	649	-	11
Operating Profit/(Loss)	4,911	15,441	1,768
Profit/(loss) before tax from continuing operations	(879)	14,007	1,771
Profit attributable to the parent company	(377)	3,572	925
Non-controlling interests	(362)	10,435	-

If the above companies had been consolidated since 1 January 2019, the ordinary income and profit/(loss) they would have contributed would be as follows:

2019	Cedinsa Group	Shariket Tahlya Mostaganem, S.p.a	Services Publics et Industries Environnement
Revenue	135,160	31,357	19,027
Other income	1,942	-	310
Operating Profit/(Loss)	54,450	15,441	2,260
Profit/(loss) before tax from continuing operations	17,184	14,007	2,267
Profit attributable to the parent company	6,419	3,572	1,123
Non-controlling interests	6,168	10,435	-

b) Other changes in scope

In July 2020, FCC Medio Ambiente Reino Unido, SL agreed to sell to Icon Infrastructure Partners a minority percentage of 49% of the capital of its new subsidiary Green Recovery Projects Limited, which owns five energy recovery plants (incinerators) after the corporate reorganisation undertaken by the Environment area in the United Kingdom. The transaction was completed in November for an amount of 188,403 thousand euros, which have been recorded under the heading "(Acquisition) / disposal of own securities" in the attached Statement of Cash Flows. As control has not been lost, the operation has been recorded as an equity operation and has led to the recording of 60,718 thousand euros under the heading "Minority interests" and 74,215 thousand euros in reserves, as a result of the difference between the price of sale and the value of the minority interests registered. Additionally, the valuation adjustments have increased by 55,300 thousand euros, as the proportional part has been attributed to minority interests of the aforementioned adjustments prior to the sale (Note 18).

During April 2019, FCC Aqualia, S.A. acquired a 49% interest in the subsidiary AquaJerez, S.L., in which it already held a 51% interest, for the sum of 55,557 thousand euros, 28,858 thousand euros as a payment for shares and 26,699 thousand euros as a payment for participatory loans held by the seller. As this transaction involved non-controlling interests, the difference between the acquisition price and the value of the net assets acquired was recognised directly against equity, entailing a decrease of 17,311 thousand euros in reserves in the Group's consolidated financial statements (Note 18), having recognised the cash outflow under the heading "Proceeds from/(payments on) equity instruments" for the part corresponding to the shares and under the heading "Proceeds from/(payments on) financial liabilities" for the part corresponding to the participatory loans acquired from the accompanying Statement of Cash Flows.

6. DISTRIBUTION OF PROFIT

Fomento de Construcciones y Contratas, SA distributed a flexible dividend (scrip dividend) during financial years 2020 and 2019, which led to a cash outflow of 12,436 thousand euros (9,566 thousand euros in financial year 2019) and the delivery of 16,841,792 shares (13,439,320 shares in fiscal year 2019) (Note 18). Additionally, certain subsidiaries with minority partners have distributed dividends.

The following table shows the dividends paid to its shareholders by the Group companies as of 31 December 2020 and 2019:

	2020	2019
Shareholders of Fomento de Construcciones y Contratas, S.A.	12,436	9,566
Other non-controlling shareholders of other companies	24,207	62,023
	36,643	71,589

The decrease in "Other minority shareholders of the rest of the companies" is mainly attributable to the company FCC Aqualia, SA.

7. INTANGIBLE ASSETS

The net breakdown of intangible assets at 31 December 2020 and 2019 is as follows:

	Cost	Accumulated amortisation	Impairment	Net Value
2020				
Concessions (Note 11)	2,549,048	(1,115,658)	(55,230)	1,378,160
Goodwill	1,854,133	-	(847,118)	1,007,015
Other intangible assets	360,060	(292,218)	(15,158)	52,684
	4,763,241	(1,407,876)	(917,506)	2,437,859
2019				
Concessions (Note 11)	3,680,629	(1,249,755)	(56,254)	2,374,620
Goodwill	1,893,895	-	(870,384)	1,023,511
Other intangible assets	359,776	(285,106)	(14,403)	60,267
	5,934,300	(1,534,861)	(941,041)	3,458,398

a) Concessions

The changes in this heading of the consolidated balance sheet in 2020 and 2019 were as follows:

	Concessions	Accumulated Depreciation	Impairment
Balance at 31/12/18	2,249,398	(902,183)	(58,411)
Additions or allocations	34,255	(100,204)	-
Disposals, derecognitions or reductions	(8,614)	7,216	1,080
Translation differences	22,806	(1,309)	-
Change in scope, transfers and other changes	1,382,784	(253,275)	1,077
Balance at 31/12/19	3,680,629	(1,249,755)	(56,254)
Additions or allocations	106,578	(137,591)	(97)
Disposals, derecognitions or reductions	(29,368)	6,901	1,121
Translation differences	(61,806)	7,219	-
Change in scope, transfers and other changes	(1,146,985)	257,568	-
Balance at 31/12/20	2,549,048	(1,115,658)	(55,230)

This heading includes the intangible assets corresponding to the service concession arrangements (Note 11).

The most significant entries in the 2020 financial year correspond, within the Environmental Services segment, to the ongoing projects carried out by the company Ecoparque Mancomunidad del Este SA for an amount of 52,226 thousand euros (17,215 thousand euros in the 2019 financial year) and the company FCC Environmental Services Texas Llc. for an amount of 21,608 thousand euros and, within the Integrated Water Management segment, to the company Aqualia Latinoamérica, SA for an amount of 13,584 thousand euros.

The "changes in the scope, transfers and other movements" in the service concession agreements for fiscal year 2020 include a decrease due to the transfer to assets held for sale by the Cedinsa subgroup (Note 4) for the amount of 1,308,452 thousand euros gross and 291,847 thousand of euros of accumulated depreciation, and an increase due to the acquisition of the company Qatarat Saqia Desalination Company Ltd. for an amount of 76,514 thousand euros gross and 22,608 thousand euros of accumulated depreciation (Notes 5 and 12).

The "changes in scope, transfers and other movements" in 2019 include mainly 1,308,395 thousand euros gross and 250,000 thousand euros of accumulated amortisation as a result of the takeover of the Cedinsa subgroup (Notes 5 and 12).

The inputs and derecognitions leading to cash movements are recorded in the accompanying statement of cash flows as "Payments due to investments" and "Collection due to divestments" of "Property, plant and equipment, intangible assets and real estate investments", respectively.

In 2020, no interest was capitalised (381 thousand euros in 2019) and total capitalised interest amounted to 43,848 thousand euros (43,540 thousand euros in 2019).

b) Goodwill

The breakdown of goodwill in the accompanying consolidated balance sheet at 31 December 2020 and 2019 was as follows:

	2020	2019
Cementos Portland Valderrivas, S.A.	439,386	439,386
FCC Environment Group (UK)	290,290	306,745
A,S,A, Group	136,793	136,793
FCC Aqualia, S.A,	82,764	82,764
FCC Ámbito, S.A,	23,311	23,311
FCC Industrial e Infraestructuras Energéticas, S.L.U.	21,499	21,499
Canteras de Aláiz, S.A.	4,332	4,332
Cementos Alfa, S.A	3,712	3,712
Rest	4,928	4,969
	1,007,015	1,023,511

The movements of goodwill in the attached consolidated balance sheet in 2020 and 2019 were as follows:

Balance at 31/12/18		1,078,490
Exchange differences, change in consolidation scope and others:		
FCC Environment Group (UK)	14,993	
Rest	<u>39</u>	<u>15,032</u>
Impairment losses:		
Grupo Cementos Portland Valderrivas (note 27)	<u>(70,011)</u>	<u>(70,011)</u>
Balance at 31/12/19		1,023,511
Exchange differences, change in consolidation scope and others:		
FCC Environment Group (UK)	(16,455)	
Rest	(41)	(16,496)
Balance at 31/12/20		1,007,015

The heading "Changes in the scope, translation differences and other movements" during 2020 addresses the effect of the depreciation of the pound sterling against the euro (appreciation of the pound in 2019).

The impairment analysis policies applied by the Group to its goodwill are described in Note 3.b). In accordance with the methods used and in accordance with the estimates, projections and valuations available to the Group's Management, the existence of additional losses in value is not apparent.

The most significant aspects of the estimates made and the sensitivity analysis in the impairment tests of goodwill were as follows.

It should be noted that in the preparation of the following impairment tests, cash flows were estimated based on the best estimates of the Group's Management and that upward or downward changes in the key assumptions contemplated, both in the discount rate and in the operating margins, among other factors, may affect the recoverable amount of the cash generating unit considered.

Cementos Portland Valderrivas

The goodwill consists of two separately identifiable goodwills recorded in the individual books of Cementos Portland Valderrivas, S.A.:

- one originating from the merger by absorption of the parent of the Corporación Uniland group and some of its subsidiaries for an amount of 325,881 thousand euros,
- 113,505 thousand euros corresponding to the cash generating unit (CGU) constituted by the Alcalá de Guadaíra factory.

The main hypotheses used in each of the impairment tests of the two previous CGUs are described below:

1) Corporación Uniland

The stake in Uniland was acquired in several stages between 2006 and 2013, up to 100% of the stake for a total amount of 1,898,973 thousand euros.

In 2011 there was an impairment of goodwill associated with previous purchases for the amount of 239,026 thousand euros, as a result of the strong contraction of the market in the cement sector, which was not expected to recover in the short or medium term. In 2016 there was an additional impairment of 187,191 thousand euros and in 2019 the impairment test was updated considering the slower growth rate in cement consumption derived largely from the slowdown in the real estate market, as a result of which future forecasts were adjusted to an evolution of demand that included uncertainty scenarios, with an additional impairment booked of 70,011 thousand euros.

During this fiscal year, the Group has proceeded to re-evaluate its analyses considering the current circumstances of the markets and the situation derived from the global pandemic, which inevitably impact the projected cash flows. In any case, although the good performance of the CGU's activity in the year should be considered and, in accordance with the forecasts, in particular, growth in the second half of the year was somewhat slower, but with EBITDA with growth in line with the estimates used in the impairment test carried out in 2019. As a result of the analysis carried out, in 2020 there was no impairment. The key hypotheses used in this test are detailed below.

Firstly, based on the historical information of the last 50 years in the cement industry, it is considered that the term that best reflects the life cycle of the cement market is ten years, a period used in the projections made.

Since Uniland operates in two clearly different geographic markets, various pre-tax discount rates have been used to assess flows from different countries. A pre-tax discount rate of 7.12% has been used to evaluate goodwill from flows in Spain, and 15.93% for flows from Tunisia. It should be noted that the flows for Spain represent a substantial part of the total contemplated in the test.

The Group bases its cash flow forecasts on historical data and on both internal future forecasts and future forecasts by external sectoral bodies. In the short term, the income forecasts considered in the impairment test are made according to estimates of cement consumption by Oficemen, the employer association of the sector, and internal estimates. For the medium and long term, the projections are prepared according to external projections of macroeconomic data on inflation and GDP (Bank of Spain, Funcas, Statista etc.) and historical trends.

According to information from Oficemen, the employer's association of the cement sector in Spain, cement consumption in 2020 closed at 13.29 million tons, 9.7% less than in 2019, impacted by the COVID-19 crisis. The sector ended the year with figures still above those experienced during the worst years of the crisis, between 2013 and 2017. On the other hand, total exports (cement and clinker) have reached 5.99 million tons, which represents a decrease of 3.4% compared to the previous year. Despite a negative closure, consumption in Spain has been better than expected at the beginning of the pandemic. For 2021, the management association estimates that the slowdown will continue, moving in a range from -3% to 3%.

In this context, in 2020 the Company updated the flows of its "Business Plan" for the period 2021-2030 that serves as the basis for calculating the impairment tests, considering the uncertainties derived from Covid-19, which has inevitably meant a decrease in the flows forecast for the first projected years (in line with Oficemen's forecasts detailed above), for a subsequent recovery in the last years estimated.

For the Spanish market, the residual value assumed in the flow projections is calculated based on consumption considered sustainable, which is around 20-25 million tons, with no growth in perpetuity. The main inputs used for the determination of this consumption range are consistent with historical and expected series of relative weights of public works on GDP in Spain, as well as with the forecasts of the number of approvals for new housing that have been considered as standardised levels according to different sector reports. The cyclical nature of the sector is considered in this value, assuming that this level of long-term sustainable consumption would be the average of one cycle, in which the years of higher consumption would be offset by those with a lower consumption. The sustainable residual value considered is the average of the values of the last five years of the projections.

For the Tunisian market, in the year 2021 it is estimated that the national cement market will be at 6.1 million tons, recovering part of the fall that it experienced in 2020 as a result of the Covid-19 crisis, and it now stands at -10.2% compared to 2019. The strategy focuses on volume growth in the domestic market and the consolidation of the price increases made in recent years.

The costs are estimated based on the expected inflation, the performance expectations of the price of fuels and the electricity market, and the strategy of increasing the energy recovery of alternative fuels.

The change of the working capital contemplated in the analysis for each year remains stable in its calculation mode, being linked to the general performance of the unit analysed.

The performance of investments is also linked to general developments in the activity analysed, with higher levels of investments supported by the improvement of flows in the projected years. The value of the investments reflected in the perpetuity rate shows the value that the company estimates should be the objective of investments to be made in order to maintain the productive activity at the required sustainable level.

The main variables used in the test are the following:

- Discount period of joint flows for Uniland Spain and Tunisia: 2021 to 2030
- Discount rate before taxes: 7.12% (Spain) and 15.93% (Tunisia)
- Growth in perpetuity: 0%
- Residual value on the recoverable amount of the CGU as a whole: 49.3 %
- Excess of fair value over book value: 20,627 thousand euros
- Compound annual growth rate Cement Market Spain (without CO2), terminal value for fiscal year 2021:
 - o National market turnover: 6.3%
 - o Export market turnover: -6.8%
 - o Gross Operating Profit: 9.4%
- Compound annual growth rate (in dinars) Tunisia Cement Market, terminal value over fiscal year 2020:
 - o National market turnover: 7.9%
 - o Export market turnover: 3.9%
 - o Gross Operating Profit: 7.4%

The result of this test is sensitive to changes in the key hypotheses; a 10% increase in projected flows would result in an excess over the value of approximately 91,457 thousand euros and a 10% decrease would result in an additional impairment of around 50,202 thousand euros. Likewise, a 10% increase in the discount rate considered would mean an additional impairment of around 51,103 thousand euros and a 10% decrease in the excess of the value of approximately 108,376 thousand euros.

However, the Management of the Parent Company considers that development of the Group and its businesses in recent periods allow them to conclude that the scales of achievement of the objectives contemplated in the test are within a reasonable degree of sensitivity that enable them not to identify any impairment in the 2020 financial year.

2) Alcalá de Guadaira

The cement demand forecasts and the sector expectations, at the national level, described above for the Corporación Uniland goodwill are equally applicable to Cementos Atlántico.

The Alcalá de Guadaira factory continues to benefit from its geographical location to offset the decrease in the volume of the national market with a greater volume of exports.

The main variables used in the test are the following:

- Discount of flows period: 2021 to 2030
- Discount rate before taxes: 7.04%

- Growth in perpetuity: 0%
- Residual value on recoverable amount of the CGU: 62%
- Excess of fair value over book value: 40,336 thousand euros
- Compound annual growth rate (without CO2), terminal value over fiscal year 2020:
 - o Total revenue: 4.46%
 - o Gross Operating Profit: 15.1%

The Cementos Atlántico goodwill test can take a pre-tax discount rate of up to approximately 11.83%. Meanwhile, it would support an annual drop in cash flows of approximately 33% compared to projected flows.

Based on the foregoing, the company considers that the excess of the impairment test allows deviations significant enough to not give rise to any value impairments of CGU assets.

FCC Environment group (UK) before WRG group

The FCC Group acquired 100% of the stake in the FCC Environment (UK) group in 2006 for an investment cost of 1,693,532 thousand euros in 2006.

From the moment of its acquisition, the Group considers the FCC Environment (UK) subgroup as a single cash generating unit (CGU), with the goodwill recorded in the balance sheet associated exclusively with such CGU.

It should be noted that in 2012 there was an impairment of goodwill amounting to 190,229 thousand euros as a result of the decrease in cash flows of its activities due to changes in its calendar and amount. On the other hand, in 2013 there was an additional impairment of goodwill amounting to 236,345 thousand euros, mainly as a result of the decrease in the volume of tons treated in landfills. Finally, in 2014 there was an impairment of the items of property, plant and equipment affected by landfill activity amounting to 649,681 thousand euros.

After the writedowns made and the changes derived from the profits/(losses) and equity movements of FCC Environment (UK), the consolidated book value at 31 December 2020 amounts to 697,725 thousand euros (557,040 thousand euros at 31 December 2019).

After the restructuring of the activity carried out in previous years, FCC Environment (UK) has reached a path of continued profitability, earning steady returns both in 2019 and in 2020.

It should be noted that during the 2020 financial year, as a consequence of the internal reorganisation and the creation of the new subsidiary Green Recovery Projects Limited, prior to the sale of 49% (Note 5), various companies were transferred to the latter, mainly the companies that managed the Allington and Eastcroft incinerators, and so the composition of the CGU has varied compared to the previous year.

The cash flows considered in the impairment test take into account the current status of the CGU, making the best estimates of future flows based on the mix of activities expected in the future. The relative weight of the different activities will vary as other waste treatment alternatives are promoted, mainly recycling and recovery, which is currently being carried out by the subgroup, offsetting the progressive abandonment of landfill activity.

The main hypotheses used contemplate an increase in income in a range of approximately 5-15% during the 2021-2024 period, highlighting a growth of 12.3% in 2021 in expectation of a recovery of pre-Covid 19 volumes, and 15.2% in 2024, the latter mainly as a consequence of the start of the contract for the

Lostock energy recovery plant, currently under construction, which is now fully operational. The gross operating margin has evolved from 17.4% in 2021 to around 12.5% in the last three years, considering more conservative market hypotheses in recent periods, as they are more difficult to predict. The pre-tax discount rate used was 7.02% with a 10-year time line used from estimates given the structural characteristics of the business and the long useful life of the assets. A growth rate of 1% has been considered in the calculation of perpetual income, which represents 63.5% of the total recoverable value. The result of the test renders an excess of the recoverable value over the book value of the cash generating unit of 428,722 thousand euros, supporting an increase of 1,200 basis points without incurring impairment. A 10% decrease in the current value of cash flows would reduce the excess to 373,065 thousand euros. If a zero growth rate had been considered, the aforementioned excess would have decreased to 378,332 thousand euros.

Pursuant to Note 3.e) of these financial statements, the general criterion is not to consider perpetual income growth rates, but in the case of the FCC Environment (UK) subgroup, given the transformation in the mix of activities, it was considered that a growth rate of 1% more faithfully reflects the reality of the business within the framework of the change that is taking place in the United Kingdom in waste treatment activity, with a drastic drop in waste management in landfills and an increase in alternative waste treatment activities that are expected to be sustained over an extended period of time.

Also, given the slack time shown in the impairment test, and given that the main assets and liabilities of the business are referenced in the same currency (pound sterling), no impairment should arise as a result of the potential UK exit process from the European Union, Brexit (Note 30.h).

c) Other intangible assets

The changes in this heading of the consolidated balance sheet in 2020 and 2019 were as follows:

	Other intangible assets	Accumulated Depreciation	Impairment	Net value
Balance at 31/12/18	357,148	(283,659)	(14,403)	59,086
Additions or allocations	20,970	(18,173)	(2)	2,795
Disposals, derecognitions or reductions	(19,677)	19,440	2,522	2,285
Translation differences	459	(409)	-	50
Change in scope, transfers and other changes	876	(2,305)	(2,520)	(3,949)
Balance at 31/12/19	359,776	(285,106)	(14,403)	60,267
Additions or allocations	12,363	(20,021)	(756)	(8,414)
Disposals, derecognitions or reductions	(13,188)	10,544	-	(2,644)
Translation differences	(1,767)	1,085	1	(681)
Change in scope, transfers and other changes	2,876	1,280	-	4,156
Balance at 31/12/20	360,060	(292,218)	(15,158)	52,684

This heading mainly includes:

- amounts paid to public or private entities as a fee for the award of contracts that do not have the classification of concessions, within the scope of IFRIC12 "Service concession arrangements", mainly from the Environmental Services Area,
- the amounts recorded in the initial recognition of certain business combinations representative of concepts such as customer portfolios and contracts in force at the time of purchase,
- quarry mining rights for the Cement Area and
- software applications.

8. PROPERTY, PLANT AND EQUIPMENT

The net detail of property, plant and equipment at 31 December 2020 and 2019 is as follows:

	Cost	Accumulated amortisation	Impairment	Net value
2020				
Land and buildings	1,616,955	(534,345)	(65,762)	1,016,848
Land and natural resources	683,055	(163,737)	(50,816)	468,502
Buildings for own use	933,900	(370,608)	(14,946)	548,346
Plant and other items of property, plant and equipment	7,795,156	(5,396,157)	(605,648)	1,793,351
Plant	4,721,372	(3,241,318)	(568,532)	911,522
Machinery and vehicles	2,215,724	(1,628,062)	(33,720)	553,942
In-progress tangible assets and advances	109,411	-	-	109,411
Other PP&E	748,649	(526,777)	(3,396)	218,476
	9,412,111	(5,930,502)	(671,410)	2,810,199
2019				
Land and buildings	1,607,091	(483,755)	(66,835)	1,056,501
Land and natural resources	677,323	(154,057)	(50,552)	472,714
Buildings for own use	929,768	(329,698)	(16,283)	583,787
Plant and other items of property, plant and equipment	7,804,524	(5,358,461)	(638,672)	1,807,391
Plant	4,844,195	(3,251,438)	(621,335)	971,422
Machinery and vehicles	2,176,843	(1,609,165)	(14,276)	553,402
In-progress tangible assets and advances	87,257	-	-	87,257
Other PP&E	696,229	(497,858)	(3,061)	195,310
	9,411,615	(5,842,216)	(705,507)	2,863,892

The movements in the various fixed and non-current assets headings in 2020 and 2019 were as follows:

	Land and natural resources	Buildings for own use	Land and buildings	Technical Facilities	Machinery and vehicles	Advances and fixed and non-current assets under construction	Other PP&E	Plant and other items of property, plant and equipment	Accumulated Depreciation	Impairment
Balance at 31/12/18	646,878	692,369	1,339,247	4,554,048	2,082,609	63,949	685,927	7,386,533	(5,637,721)	(664,041)
Additions or allocations	3,735	27,860	31,595	19,848	105,078	69,966	59,406	254,298	(342,435)	(10,982)
Disposals, derecognitions or reductions	(913)	(18,779)	(19,692)	(18,976)	(135,687)	(78)	(82,789)	(237,530)	240,916	14
First application IFRS16 (Note 2,a)	21,139	346,929	368,068	6,421	48,619	10,630	-	65,670	-	-
Translation differences	1,716	10,646	12,362	130,209	18,873	(746)	138	148,474	(94,054)	(29,049)
Change in scope, transfers and other changes	4,768	(129,257)	(124,489)	152,645	57,351	(56,464)	33,547	187,079	(8,922)	(1,449)
Balance at 31/12/19	677,323	929,768	1,607,091	4,844,195	2,176,843	87,257	696,229	7,804,524	(5,842,216)	(705,507)
Additions or allocations	10,161	33,457	43,618	37,974	166,278	130,049	68,607	402,908	(330,085)	(7,170)
Disposals, derecognitions or reductions	(868)	(23,020)	(23,888)	(26,960)	(131,939)	(33,076)	(35,099)	(227,074)	102,289	12,377
Translation differences	(2,730)	(9,242)	(11,972)	(171,391)	(32,022)	(2,258)	(3,628)	(209,299)	123,588	32,679
Change in scope, transfers and other changes	(831)	2,937	2,106	37,554	36,564	(72,561)	22,540	24,097	15,922	(3,789)
Balance at 31/12/20	683,055	933,900	1,616,955	4,721,372	2,215,724	109,411	748,649	7,795,156	(5,930,502)	(671,410)

As significant "Inputs" for the year 2020, it is worth highlighting the investments made for the development of the Environmental Services activity contracts, mainly in different companies that carry out their activity in the United States for a total amount of 110,602 thousand euros, in FCC Medioambiente, SA (Spain) for the amount of 76,877 thousand euros (86,459 thousand euros in the 2019 financial year), in the FCC Environment group (UK) for the amount of 28,932 thousand euros (35,821 thousand euros in the 2019 financial year) and in FCC Environment CEE (Central Europe) for an amount of 40,249 thousand euros (38,820 thousand euros in the 2019 financial year), as well as those carried out in Integral Water Management activity, mainly in the company Servicios Hídricos Agricultura y Ciudad, SLU (Spain) for the amount of 55,984 euros and in SmVak (Czech Republic) for the amount of 25,266 thousand euros (25,940 thousand euros in the 2019 financial year).

"Disposals, derecognitions or reductions" include disposals and derecognition of inventory corresponding to assets that, in general, are almost fully amortised due to having exhausted their useful life.

The inputs and derecognitions that have led to a cash outflow or entry are recorded in the accompanying statement of cash flows as "Payments due to investments" and "Collection due to divestments" of "Property, plant and equipment, intangible assets and real estate investments", respectively.

No interest was capitalised in 2020 and 2019 and the total interest capitalised at source as of 31 December 2020 amounts to 29,076 thousand euros (30,363 thousand euros in 2019).

As at 31 December 2020, in property, plant and equipment, 11,565 thousand euros (9,322 thousand euros as at 31 December 2019) has been charged as income from capital grants.

The Group companies take out the insurance policies they consider necessary to cover the possible risks to which their property, plant and equipment is subject. At year-end, the Parent Company estimates that there is no hedging deficit related to said risks.

The gross amount of fully depreciated property, plant and equipment used in production due to being in a good state of use totals 3,145,430 thousand euros at 31 December 2020 (3,123,585 thousand euros at 31 December 2019).

The property, plant and equipment net of depreciation on the attached consolidated balance sheet located outside the Spanish territory amount to 1,383,491 thousand euros at 31 December 2020 (1,345,898 thousand euros at 31 December 2019).

Restrictions on title to assets

Of the total property, plant and equipment on the consolidated balance sheet, at 31 December 2020, 804,584 thousand euros (934,164 thousand euros at 31 December 2019) are subject to ownership restrictions according to the following detail:

	Cost	Accumulated amortisation	Impairment	Net value
2020				
Buildings, plants and equipment	1,443,430	(631,338)	(3,762)	808,330
Other property, plant and equipment	163,104	(106,795)	–	56,309
	1,606,534	(738,133)	(3,762)	864,639
2019				
Buildings, plants and equipment	1,437,128	(573,345)	–	863,783
Other property, plant and equipment	174,337	(103,956)	–	70,381
	1,611,465	(677,301)	–	934,164

The restrictions on ownership of these assets originate from the lease agreements that are explained in note 10 of this Report, as well as for those assets related to the exploitation of certain concession contracts to which IFRIC 12 does not apply. "Concession agreements" (note 3.a).

Purchase commitments

In carrying out their activities, the Group companies have formalised acquisition commitments in property, plant and equipment that, as at 31 December 2020, amount to 4,873 thousand euros (18,963 thousand euros at 31 December 2019).

9. REAL ESTATE INVESTMENTS

During the financial year 2020, the company FCC Immobilien Holding GmbH sold an office building and a site in Germany for 3,950 thousand euros, the net book value of which was 2,582 thousand euros at the time of the sale, generating capital gains of 1,368 thousand euros, booked under "Impairment and results from disposals of fixed assets" (Note 27).

The inputs and derecognitions leading to cash movements are recorded in the accompanying statement of cash flows as "Payments due to investments" and "Collections due to divestments" of "Property, plant and equipment, intangible assets and real estate investments", respectively.

At the end of the 2020 and 2019 business years, the Group had no firm commitments to acquire or construct any real estate investments.

10. LEASES

The Group applied IFRS 16 "Leases" for the first time on 1 January 2019, with the option of applying it with modified retroactive character, that is, with cumulative impact of the first application of the standard as an adjustment to the initial balance charged to reserves as at 1 January 2019.

In its position as lessee, the Group has signed lease contracts for different kinds of underlying assets, mainly machinery in the Construction activity and technical facilities and constructions for its own use in all the activities that the Group develops.

Contracts in previous years included those pertaining to the Group's Central Services buildings, the lease contract for the office block in Las Tablas (Madrid), valid from 23 November 2012 and for 18 years, extendable at the option of the FCC Group in two periods of five years each, with an annual income that can be updated annually according to the CPI index.

The contract signed in 2011 for the buildings located in Federico Salmón 13, Madrid and Balmes 36,

Barcelona, for a minimum rental period of 30 years, extendable at the option of the Group in two periods of 5 years, each one with an annual rent that can be updated annually according to the CPI, with a purchase option in favour of Fomento de Construcciones y Contratas, SA, only exercisable at the end of the rental period for the fair value or the amount of the sale updated by the CPI, if this is higher.

In general, the leases signed by the Group do not include variable payments, there are only clauses for updating the rent in certain contracts, mainly based on inflation. In some cases, the aforementioned contracts present restrictions of use, the most common being those that limit the use of the underlying assets to geographical areas or their use as an office or premises for productive use. Lease contracts do not include significant residual value guarantee clauses.

The Group determines the duration of the contracts by estimating the period during which the entity estimates that it will continue to use the underlying asset in accordance with its particular circumstances to cover any extensions that are reasonably expected.

The carrying amount of right-of-use assets amounted to 480,544 thousand euros at 31 December 2020 (496,774 thousand euros at 31 December 2019). Below is a detail of the book value, the additions and amortisations during the year by classes of underlying asset:

	Cost	Accumulated amortisation	Net value	Additions	Amortisation charge
2020					
Land and buildings	414,088	(72,571)	341,517	22,501	(33,694)
Land and natural resources	30,263	(5,304)	24,959	3,632	(2,995)
Buildings for own use	383,825	(67,267)	316,558	18,869	(30,699)
Plant and other items of property, plant and equipment	393,055	(254,028)	139,027	56,694	(33,224)
Plant	5,794	(2,154)	3,640	80	(1,180)
Machinery and vehicles	330,174	(214,389)	115,785	48,478	(23,240)
Other PP&E	57,087	(37,485)	19,602	8,136	(8,804)
	807,143	(326,599)	480,544	79,195	(66,918)

The amount of lease liabilities recognised amounts to 445,086 thousand euros as of 31 December 2020 (484,376 thousand euros as of 31 December 2019), of which 68,599 thousand euros (78,985 thousand euros as of 31 December 2019) are classified as current in the attached consolidated balance sheet, due to their maturity within the next twelve months (Note 20). Lease liabilities generated an interest charge of 12,645 thousand euros at 31 December 2020 (13,016 thousand euros at 31 December 2019). Lease payments during the year stood at 96,658 thousand euros at 31 December 2020 (89,130 thousand euros at 31 December 2019), posted under "Proceeds and (payments) from financial liability instruments" and "Interest payments" in the attached statement of consolidated cash flows. The details for maturities of non-current liabilities for leases are shown below:

	2022	2023	2024	2025	2026 and beyond	Total
2020						
Liabilities for non-current leases	45,955	25,580	28,470	24,639	251,843	376,487

Certain contracts are excluded from the application of the aforementioned IFRS 16, mainly either because they are low value assets or because their duration is less than twelve months (note 3.f) and is recorded as an expense under the heading "Other operating income/(losses)" in the accompanying consolidated profit and loss statement, with the amount during the year being as follows:

2020

Low value assets	2,115
Leases with term less than 12 months	73,677
	75,792

In the lessor position, the Group recognises operating income amounting to 3,081 thousand euros (9,212 thousand euros at 31 December 2019). The decrease between the two years is mainly due to the decrease of 8,636 thousand euros in the income obtained from rental of machinery by FCC Construcción América in Central America.

11. SERVICE CONCESSION ARRANGEMENTS

This Note presents an overview of all the Group's investments in concession businesses, which are recognised in various headings under "Assets" in the accompanying consolidated balance sheet.

The following table presents the total amount of the assets held under service concession arrangements by the Group companies, which are recognised under "Intangible assets", "Non-current financial assets", "Other current financial assets" and "Investments accounted for using the equity method" (for both joint ventures and associates) in the accompanying consolidated balance sheet at 31 December 2020 and 2019.

	Intangible assets (Note 7)	Financial assets (Note 14)	Joint concessionary businesses	Associated concessionary companies	Total investment
2020					
Water services	1,710,822	223,303	27,454	46,343	2,007,922
Motorways and tunnels	378,515	0	8,204	0	386,719
Environment and Others	459,711	227,216	43,222	28,801	758,950
TOTAL	2,549,048	450,519	78,880	75,144	3,153,591
Amortisation	(1,115,658)	-	-	-	(1,115,658)
Impairment	(55,230)	-	-	-	(55,230)
	1,378,160	450,519	78,880	75,144	1,982,703
2019					
Water services	1,551,666	189,302	29,157	54,228	1,824,353
Motorways and tunnels	1,717,215	126,651	7,291	-	1,851,157
Environment and Others	411,748	282,292	66,449	76,062	836,551
TOTAL	3,680,629	598,245	102,897	130,290	4,512,061
Amortisation	(1,249,755)	-	-	-	(1,249,755)
Impairment	(56,254)	-	-	-	(56,254)
	2,374,620	598,245	102,897	130,290	3,206,052

The table above shows that in the year 2020 the decrease in the columns of "Intangible assets" of 1,016,606 thousand euros, in "Financial assets" of 131,017 thousand euros and in "Associated companies concessionaire" of 71,334 thousand euros can be largely explained by the transfer to assets held for sale by the subgroup Cedinsa, Concessió Estacions Aeroport L9, SA and Urbs Iudex et Causidicus, SA. (note 4). Conversely, "Intangible assets" increased by 23,984 thousand euros and "Financial assets" by 55,534 thousand euros, attributable to Aquos el Realito, SA de CV, the operator of a water treatment plant in San Luis de Potosí, now fully consolidated (Note 5).

Below are details of the main concessions included in the previous categories with their main characteristics:

	Net book value as at 31 December 2020		Granting entity	Collection mechanism
	Intangible assets	Financial assets		
Water services	774,358	223,303		
Jerez de la Frontera (Cádiz - Spain)	70,483	-	City Council of Jerez de la Frontera.	User based on consumption
Jeddah desalination plant (Saudi Arabia)	46,432	-	General Authority of Civil Aviation (Saudi Arabia)	User based on consumption
Caltanissetta (Italy)	43,596	-	Consorzio Ambito Territoriale Ottimale	User based on consumption
Santander (Cantabria, Spain)	35,514	-	Santander City Council	User based on consumption
Lleida (Spain)	34,828	-	Lleida City Council	User based on consumption
Adeje (Tenerife, Spain)	33,684	-	Adeje City Council	User based on consumption
Badajoz (Spain)	25,241	-	Badajoz City Council	User based on consumption
Acueducto Realito (Mexico)	23,984	55,534	State Water Commission (Mexico)	Mixed model
Oviedo (Asturias, Spain)	21,143	-	Oviedo City Council	User based on consumption
Mostaganem Desalination Plant (Algeria)	-	142,275	Algerian Energie Company S.p.a.	Cubic meters with guaranteed minimum
Guaymas Desalination Plant (Mexico)	-	19,083	State Water Commission	Cubic meters with guaranteed minimum
Other contracts	439,453	6,411		
Motorways and tunnels	252,851			
Coatzacoalcos submerged tunnel (Mexico)	197,735	-	Government of the State of Veracruz	Direct toll paid by the user
Conquense motorway (Spain)	55,116	-	Ministry for Economic Development	Shadow toll
Environment and others	350,951	227,216		
Buckinghamshire plant (United Kingdom)	140,283	8,830	Buckinghamshire County Council	Fixed amount plus variable amount per ton
Loeches Plant (Alcalá de Henares, Spain)	78,336	-	Commonwealth of the East	According to tons treated
Campello Plant (Alicante, Spain)	35,147	-	Plan Zonal XV Consortium of the Community of Valencia	According to tons treated
Edinburgh Plant (United Kingdom)	22,314	90,969	City of Edinburgh and Midlothian Council	Variable per ton with guaranteed minimum
Granada plant (Granada, Spain)	22,167	-	Provincial council of Granada	According to tons treated
Houston recycling plant (United States)	20,086	-	City of Houston	Fixed amount plus variable amount per ton
Gipuzkoa II plant	-	29,376	Gipuzkoa Waste Consortium	Variable per ton with guaranteed minimum
RE3 plant (United Kingdom)	-	28,947	Councils of Reading, Bracknell Forest and Workingham	Fixed amount plus variable amount per ton
Manises Plant (Valencia, Spain)	-	21,624	Metropolitan Entity for Waste Treatment	Fixed amount plus variable amount per ton
Wrexham I plant (United Kingdom)	-	20,920	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Wrexham II plant (United Kingdom)	-	17,571	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Other contracts	32,618	8,979		
FCC Group Total	1,378,160	450,519		

	Net book value as at 31 December 2019		Granting entity	Collection mechanism
	Intangible assets	Financial assets		
Water services	713,116	189,302		
Jerez de la Frontera (Cádiz - Spain)	74,569	-	City Council of Jerez de la Frontera.	User based on consumption
Caltanissetta (Italy)	42,003	-	Consorzio Ambito Territoriale Ottimale	User based on consumption
Adeje (Tenerife, Spain)	40,157	-	Adeje City Council	User based on consumption
Santander (Cantabria, Spain)	38,979	-	Santander City Council	User based on consumption
Lleida (Spain)	36,876	-	Lleida City Council	User based on consumption
Badajoz (Spain)	26,304	-	Badajoz City Council	User based on consumption
Oviedo (Asturias, Spain)	21,966	-	Oviedo City Council	User based on consumption
Vigo (Pontevedra, Spain)	7,567	-	Vigo City Council	User based on consumption
Mostaganem Desalination Plant (Algeria)	-	176,392	Algerian Energie Company S.p.a.	Cubic meters with guaranteed minimum
Guaymas Desalination Plant (Mexico)	-	12,910	State Water Commission	Cubic meters with guaranteed minimum
Other contracts	424,695	-		
Motorways and tunnels	1,344,346	126,651		
Cedinsa Eix Transversal (Spain)	456,084	126,651	Generalitat de Catalunya	Shadow toll with guaranteed minimum
Cedinsa C17 (Spain)	283,246	-	Generalitat de Catalunya	Shadow toll
Cedinsa Eix Llobregat (Spain)	243,446	-	Generalitat de Catalunya	Shadow toll
Submerged tunnel of Coatzacoalcos (Mexico)	230,731	-	Government of the State of Veracruz	Direct toll paid by the user
Cedinsa C35 (Spain)	68,028	-	Generalitat de Catalunya	Shadow toll
Conquense motorway (Spain)	62,811	-	Ministry for Economic Development	Shadow toll
Other	317,158	282,292		
Buckinghamshire plant (United Kingdom)	154,147	9,359	Buckinghamshire County Council	Fixed amount plus variable amount per ton
Campello Plant (Alicante, Spain)	29,762	-	Plan Zonal XV Consortium of the Community of Valencia	According to tons treated
Loeches Plant (Alcalá de Henares, Spain)	26,110	-	Commonwealth of the East	According to tons treated
Edinburgh Plant (United Kingdom)	24,589	140,812	City of Edinburgh and Midlothian Council	Variable per ton with guaranteed minimum
Houston recycling plant (United States)	24,113	-	City of Houston	Fixed amount plus variable amount per ton
Granada plant (Granada, Spain)	23,294	-	Provincial council of Granada	According to tons treated
RE3 plant (United Kingdom)	-	31,660	Councils of Reading, Bracknell Forest and Workingham	Fixed amount plus variable amount per ton
Gipuzkoa II plant	-	30,653	Gipuzkoa Waste Consortium	Variable per ton with guaranteed minimum
Manises Plant (Valencia, Spain)	-	22,870	Metropolitan Entity for Waste Treatment	Fixed amount plus variable amount per ton
Wrexham I plant (United Kingdom)	-	22,735	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Wrexham II plant (United Kingdom)	-	18,981	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Other contracts	35,143	5,222		
FCC Group Total	2,374,620	598,245		

The water services business is characterised by having a very high number of contracts, and the most significant are listed in the preceding table. The contracts primarily cover integral water cycles from capture, transport, treatment and distribution to urban centres through the use of distribution networks and a complex water treatment facilities to make the water potable, including the capture and purification of wastewater. Covers the construction and maintenance of water and sewerage networks and desalination, treatment and purification plants. Generally, billing is carried out based on the use of the service by the subscribers, so that, in most cases, cash flows depend on the consumption of water that, in general, has shown to be constant over time. However, the contracts normally include regular rate review clauses to ensure the recoverability of the investment made by the concessionaire. These clauses establish the future rates based on consumption in previous periods and other variables such as inflation. Concession companies build or receive the right to use distribution and sewerage networks in order to carry out their businesses, in addition to the complex facilities necessary to treat and purify drinking water. The concession terms for these types of infrastructures cover different periods up to a maximum of 75 years and then the facilities revert to the granting entity at the end of the concession without any further compensation being received.

Most proceeds received from practically all of the contracts that are fully consolidated depends on the use of the service, therefore meaning that the amounts are variable, demand risk is borne by the concession company and the contracts are recognised as intangible assets. However, in exceptional cases, mainly in the case of desalination plants, the charge is received based on the cubic meters actually desalted, guaranteeing the grantor a minimum insured level regardless of volume, so these guaranteed amounts are classified as financial assets as they hedge the fair value of construction services.

The main activity of the concessions belonging to the motorway and tunnel activity include the management, promotion, development and exploitation of land transport infrastructure, mainly motorways and toll tunnels. It includes both the construction and the subsequent conservation and maintenance of the aforementioned infrastructures over a long concession period that can range from 25 to 75 years. Billing is usually based on traffic intensity, both by charging tolls to vehicles directly, and by shadow toll, so cash flows are variable in relation to the aforementioned traffic intensity, generally observing an increasing trend as the concession period progresses, which is why, when the concessionaire bears the demand risk, they are recorded as intangible assets. The contracts generally include both the construction or improvement of the infrastructure for which the concessionaire receives a right of use, as well as the provision of maintenance services, reversing the infrastructure at the end of the useful life to the grantor, generally without receiving compensation. In certain cases there are offsetting mechanisms, such as an extension of the concession period or an increase in the toll price, so as to ensure a minimum return to the concessionaire.

"Miscellaneous" activity mainly includes contracts related to the construction, operation and maintenance of waste treatment facilities, in Spain, the United Kingdom and the United States. The contracts incorporate price revision clauses based on different variables, such as inflation, energy costs or salary costs. Contracts were analysed to classify concessions as intangible or financial assets to determine which part of the contract bears the demand risk. Those contracts in which the billing is determined solely on the basis of the fixed charge and a variable amount depending on the tons treated, given that the latter is residual and the cost of construction services is substantially offset by the fixed charge, the concession as a whole has been considered as a financial asset, except in the case of the Buckinghamshire and Edinburgh plants (both in the United Kingdom), in which the intangible component is significant and is therefore recorded as mixed models.

Likewise, it should be noted that in accordance with the concession contracts, the concessionaires in which the Group is an investee are obliged to acquire or build items of property, plant and equipment for the amount of 91,292 thousand euros as of 31 December 2020 (137,216 thousand euros as of 31 December 2019).

Finally, in 2020 the recoverable value of the main concession assets was reappraised. As a result of the analysis carried out, there was no need to record impairment since a substantial part of the concession assets are related to the water and environment businesses, activities that in general have been considered "essential" in the different jurisdictions, proving particularly resilient to the impact of the pandemic. Additionally, a large portion of the portfolio of concession assets corresponds to contracts not subject to demand risk, which significantly reduces the risk of impairment.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This heading includes the value of investments in companies accounted for under the equity method, as well as non-current loans granted to them, as indicated in Note 2.b), which applies to both joint ventures and associates, the breakdown of which is as follows:

	2020	2019
Joint ventures	181,937	185,432
Investment value	40,842	38,141
Loans	141,095	147,291
Associates	540,849	556,092
Investment value	382,126	390,841
Loans	158,723	165,251
	722,786	741,524

a) Joint ventures

The breakdown of this heading by company is presented in Annex II of these financial statements, which lists the joint ventures.

The transactions for 2020 and 2019 by items are as follows:

	Balance at 31.12.2019	Results for the year (Note 27.g)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Acquisitions	Conversion differences and other movements	Change in credits granted	Balance at 31.12.2020
Orasqualia for the Development of the Waste Treatment Plant S.A.E.	11,735	1,143	-	-	-	(899)	(2)	11,977
Sociedad Concesionaria Tranvía de Murcia, S.A.	40,745	1,323	-	-	-	-	1,154	43,222
Mercia Waste Management Ltd.	10,682	4,307	(2,602)	-	-	(605)	-	11,782
Zabalgardi, S.A.	17,234	2,637	(3,000)	(811)	-	-	-	16,060
Atlas Gestión Medioambiental, S.A.	11,933	751	(2,876)	-	-	-	-	9,808
Empresa Municipal de Aguas de Benalmádena, S.A.	5,700	273	(346)	(89)	-	-	(778)	4,760
Ibisan Sociedad Concesionaria, S.A.	7,291	544	-	369	-	-	-	8,204
Constructora Nuevo Necaxa Tihuatlán S.A. de C.V.	-	(1,565)	-	-	-	5,974	(4,409)	-
OHL CO Canada & FCC Canada Ltd. Individual	-	(32)	-	-	-	(2,317)	2,349	-
North Tunnels Canada Inc.	6,978	(12)	-	-	-	120	(7,086)	-
FM Green Power Investments, S.L.	17,074	22,329	(26,410)	3,022	-	447	-	16,462
Ecoparc del Besós, S.A.	6,638	2,782	(1,834)	217	-	-	-	-
Rest	49,422	3,689	(2,464)	(376)	-	(990)	2,578	51,859
Total joint ventures	185,432	38,169	(39,532)	2,332	-	1,730	(6,194)	181,937

	Balance at 31.12.2018	Results for the year (Note 27.g)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Acquisitions	Conversion differences and other movements	Change in credits granted	Balance at 31.12.2019
Orasqualia for the Development of the Waste Treatment Plant S.A.E.	9,631	698	-	-	-	1,401	5	11,735
Sociedad Concesionaria Tranvía de Murcia, S.A.	38,467	1,184	-	-	-	-	1,094	40,745
Mercia Waste Management Ltd.	17,881	3,835	(12,063)	-	-	1,029	-	10,682
Zabalgardi, S.A.	16,298	3,051	(3,000)	885	-	-	-	17,234
Atlas Gestión Medioambiental, S.A.	11,935	1,221	(1,224)	-	-	1	-	11,933
Empresa Municipal de Aguas de Benalmádena, S.A.	6,523	435	(400)	(84)	-	(1)	(773)	5,700
Ibisan Sociedad Concesionaria, S.A.	8,123	1,478	(2,550)	240	-	-	-	7,291
Constructora Nuevo Necaxa Tihuatlán S.A. de C.V.	-	21	-	-	-	(2,106)	2,085	-
OHL CO Canada & FCC Canada Ltd. Individual	-	969	-	-	-	(5,015)	4,046	-
North Tunnels Canada Inc.	6,526	2	-	-	-	(115)	565	6,978
FM Green Power Investments, S.L.	7,228	15,050	-	(5,203)	-	(1)	-	17,074
Rest	50,877	3,871	(2,825)	682	-	1,793	1,662	56,060
Total joint ventures	173,489	31,815	(22,062)	(3,480)	-	(3,014)	8,684	185,432

Below are the main figures from the financial statements of joint ventures in proportion to the shareholding as at 31 December 2020 and 2019.

	2020	2019
Non-current assets	783,948	819,733
Current assets	223,706	239,963
Non-current liabilities	669,463	725,384
Current liabilities	311,268	334,989
Results		
Revenue	247,455	289,253
Operating profit/(loss)	44,069	62,742
Profit/(loss) before tax	44,078	36,753
Profit attributable to the Parent Company	38,169	31,815

The main activities carried out by joint ventures are the exploitation of concessions, such as motorways, concessions related to the integral water cycle and urban sanitation, tunnels and passenger transport activities.

In relation to joint ventures with third parties outside the FCC Group, it should be noted that guarantees have been provided for an amount of 19,885 thousand euros (8,458 thousand euros in 2019), mostly for public bodies and private customers to guarantee the successful execution of the contracts of the different activities of the Group. There are no relevant commitments or other significant contingent liabilities in relation to joint ventures.

In general, joint ventures that the Group consolidates using the equity method take the legal form of public limited or limited companies, and therefore, being joint ventures, the distribution of funds to their respective parent companies requires an agreement with the other partners who hold joint control in accordance with the mechanisms established by their corporate agreements.

b) Associates

The breakdown of this heading by companies is presented in Annex III of these financial accounts, which lists the associates.

The transactions for 2020 and 2019 by items are as follows:

	Balance at 31.12.2019	Results for the year (Note 27.g)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Acquisitions	Conversion differences and other movements	Change in credits granted	Balance at 31.12.2020
Grupo Realia Business	276,540	2,872	-	262	-	(1,570)	-	278,104
Concessió Estacions Aeroport L9, S.A.	63,127	12,789	(4,844)	(4,140)	-	(9,927)	(57,005)	-
Metro de Lima Línea 2, S.A.	25,704	2,882	-	-	-	(2,371)	-	26,215
Aquos El Realito, S.A. de C.V.	14,483	(835)	-	-	-	(6,664)	(6,984)	-
Suministro de Agua de Querétaro, S.A. de C.V.	10,376	1,349	(1,171)	-	-	(1,419)	-	9,135
Aguas del Puerto Empresa Municipal, S.A.	14,548	(385)	(164)	365	-	-	(1,135)	13,229
Lázaro Echevarría, S.A.	8,041	164	(196)	56	-	-	-	8,065
Tirme Group	7,423	2,486	(3,127)	-	-	-	-	6,782
A.S.A. Group	6,264	1,293	(1,067)	16	-	(197)	-	6,309
Hormigones y Áridos del Pirineo Aragonés, S.A.	5,886	54	-	-	-	-	-	5,940
Aigües del Segarra Garrigues, S.A.	6,905	277	-	-	-	-	-	7,182
N6 (Construction) Limited	1,035	-	-	-	-	-	-	1,035
Giant Cement Holding	13,661	(3,737)	-	1,124	-	(1,075)	-	9,973
Constructora Terminal Valle de México	8,915	474	(9,146)	-	-	178	-	421
Aigües del Vendrell	5,302	19	-	(13)	-	-	(1)	5,307
FCC Group PFI Holdings	34,326	(1,339)	-	-	14,834	(525)	35,481	82,777
Urbs Iudex et Causidicus, S.A.	-	2,217	-	2,110	-	(4,327)	-	-
Rest	53,556	2,765	(808)	20	2	1,724	23,116	80,375
Total associates	556,092	23,345	(20,523)	(200)	14,836	(26,173)	(6,528)	540,849

	Balance at 31.12.2018	Results for the year (Note 27.g)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Acquisitions	Conversion differences and other movements	Change in credits granted	Balance at 31.12.2019
Grupo Realia Business	272,493	8,058	-	(1,504)	-	(2,507)	-	276,540
Concessió Estacions Aeroport L9, S.A.	66,793	12,449	(5,226)	(10,889)	-	-	-	63,127
Cleon, S.A.	-	-	-	-	-	-	-	-
Shariket Tahlya Miyah Mostaganem SPA (note 4)	35,222	-	-	-	-	(35,222)	-	-
Cedinsa Group (note 4)	31,625	7,755	(6,460)	(7,249)	-	(25,671)	-	-
Metro de Lima Línea 2, S.A.	23,297	1,966	-	-	-	441	-	25,704
Aquos El Realito, S.A. de C.V.	13,198	487	-	-	-	404	394	14,483
Suministro de Agua de Querétaro, S.A. de C.V.	9,991	1,316	(1,505)	-	-	574	-	10,376
Aguas del Puerto Empresa Municipal, S.A.	14,637	(201)	-	462	-	-	(350)	14,548
Shariket Miyeh Ras Djinet SPA (note 4)	12,704	-	-	-	-	(12,704)	-	-
Lázaro Echevarría, S.A.	8,449	(341)	-	(68)	-	1	-	8,041
Tirme Group	6,630	4,123	(3,326)	-	-	(4)	-	7,423
A.S.A. Group	6,422	1,989	(1,990)	(41)	-	(116)	-	6,264
Hormigones y Áridos del Pirineo Aragonés, S.A.	5,980	(48)	(45)	-	-	(1)	-	5,886
Aigües del Segarra Garrigues, S.A.	6,587	317	-	-	-	1	-	6,905
N6 (Construction) Limited	1,034	-	-	-	-	1	-	1,035
Giant Cement Holding	24,212	(10,983)	-	(72)	-	504	-	13,661
Constructora Terminal Valle de México	3,505	13,126	(7,751)	-	-	35	-	8,915
Aigües del Vendrell	-	13	-	(2)	492	-	4,799	5,302
FCC Group PFI Holdings	-	(298)	-	-	3,471	6,624	24,529	34,326
Rest	46,782	7,403	(1,439)	(1,294)	771	2,162	(829)	53,556
Total associates	589,561	47,131	(27,742)	(20,657)	4,734	(65,478)	28,543	556,092

In the financial year 2020, "Translation differences and other movements" shows a decrease of 9,927 thousand euros and 4,327 thousand euros due to the transfer to non-current assets held for the sale of the companies Concessió Estacions Aeroport L9, SA and Urbs Iudex et Causidicus, SA, respectively (Note 4) and a decrease of 6,664 thousand euros as a consequence of the takeover of Aquos El Realito, SA de CV. (note 5). Likewise, "Variation of loans granted" shows a decrease of 57,005 thousand euros in Concessió Estacions Aeroport L9, SA due to the aforementioned transfer to non-current assets held for sale (Note 4).

In 2019, "Conversion differences and other movements" shows a decrease of 25,671 thousand euros in the Cedinsa group as a result of its takeover (Note 5), and decreases of 35,222 thousand euros and 12,704 thousand euros, respectively, of Shariket Tahlya Mostaganem, S.p.a. and Shariket Miyeh Djinet, S.p.a. under the partner agreements whereby the former was fully consolidated after the takeover, and the latter was posted as a financial asset at fair value after the loss of significant influence (Note 5).

The assets, liabilities, turnover and profit/(loss) for 2020 and 2019 are presented below, in proportion to the shareholding in the capital of each associate.

	2020	2019
Non-current assets	1,376,407	1,514,972
Current assets	580,197	540,230
Non-current liabilities	1,312,770	1,363,696
Current liabilities	270,310	290,542
Revenue	420,691	473,334
Operating profit/(loss)	84,191	116,380
Profit/(loss) before tax	43,360	67,179
Profit attributable to the Parent Company	23,344	47,131

Regarding the 37.40% stake in the Realia Business group, it should be noted that the stake value based on the stock market price as of 31 December 2020 amounted to 206,269 thousand euros, lower than its book value of 278,104 thousand euros as of 31 December 2020 (276,540 thousand euros as of 31 December 2019) and that both in the current year and in the previous year, no dividends were distributed. However, it is considered that the recoverable value is higher than its accounting value, as there are latent capital gains in real estate assets, supported by third-party valuations. Below is the condensed financial information of the Realia group at 31 December 2020 and 2019 by relevance and once standardised to comply with the accounting policies applied by the Group, to which the equity method has been applied:

	Balance Sheet	
	2020	2019
Non-current assets	1,013,251	1,009,857
Current assets	440,637	459,373
Cash and equivalents	74,822	75,895
Other current assets	365,815	383,478
TOTAL ASSETS	1,453,888	1,469,230
Equity	792,233	797,326
Equity Parent Company	676,035	671,926
Capital	196,864	196,864
Reserves	480,813	459,153
Own Shares	(7,526)	(3,277)
Profit/(Loss) Parent Company	7,694	21,675
Valuation adjustments	(1,810)	(2,490)
Non-controlling interests	116,197	125,401
Non-current liabilities	576,696	600,508
Non-current financial liabilities	533,602	566,441
Other non-current liabilities	43,094	34,067
Current liabilities	84,959	71,396
Current financial liabilities	47,278	34,715
Other current liabilities	37,681	36,681
TOTAL LIABILITIES	1,453,888	1,469,230

	Income statement	
	2020	2019
Revenue	85,893	76,104
Other income	18,543	18,805
Operating expenses	(66,655)	(35,975)
Depreciation of fixed and non-current assets	(12,441)	(12,151)
Other operating income/(losses)	(2,979)	5,458
Operating profit/(loss)	22,361	52,241
Financial income	10,609	1,188
Finance cost	(15,741)	(15,633)
Miscellaneous financial results	524	970
Financial Profit/(Loss)	(4,608)	(13,475)
Profit/(loss) of equity-accounted affiliates	813	1,702
Net income from impairment of fixed and non-current assets	0	0
Profit/(loss) before tax from continuing operations	18,566	40,468
Income tax	(4,005)	(10,527)
Profit/(loss) for the year from continuing operations	14,562	29,941
Profit/(loss) from interrupted operations	-	-
PROFIT/(LOSS) FOR THE YEAR	14,562	29,941
Profit/(Loss) Parent Company	7,692	21,676
Profit/(loss) non-controlling interests	6,869	8,265

It should be noted that adjustments were made to the previous financial statements of the Realia group for the purpose of standardisation in order to apply the equity method and record it in the consolidated financial statements, since said group applies the option allowed in IAS 40 "Real estate investments" to value its real estate assets at fair value, an accounting policy that the Group does not apply.

13. JOINT AGREEMENTS. JOINTLY CONTROLLED OPERATIONS

As indicated in Note 2.b) section "Joint agreements", the Group companies carry out part of their activity by participating in contracts that are jointly operated with other partners outside the Group, mainly through temporary mergers of companies and other similar entities. These contracts were added proportionally to the accompanying financial statements.

Below are the key figures of the jointly operated contracts that are included in the different headings of the accompanying balance sheet and consolidated income statement, in proportion to their participation, as at 31 December 2020 and 2019.

	2020	2019
Non-current assets	208,784	214,777
Current assets	1,206,073	1,367,070
Non-current liabilities	67,603	70,787
Current liabilities	1,354,315	1,445,679
Results		
Revenue	1,194,580	1,501,259
Gross Operating Profit	48,541	126,331
Net operating profit	18,406	98,249

Contracts managed through temporary joint ventures, joint ventures and other entities with similar characteristics imply that shareholders must share the joint responsibility for the activity carried out.

In relation to contracts managed jointly with third parties outside the Group, it should be noted that guarantees have been provided for an amount of 1,551,830 thousand euros (1,393,614 thousand euros in 2019), mostly before public bodies and private customers, to ensure the successful completion of urban sanitation works and contracts.

The joint ventures do not have relevant property, plant and equipment acquisition commitments.

14. NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS

There are no "Non-current financial assets" or "Other significant non-current financial assets" in default. The most significant items in the attached consolidated balance sheet of the aforementioned headings present the following breakdown:

a) Non-current financial assets

Non-current financial assets at 31 December 2020 and 2019 are distributed as shown below:

	Financial assets at amortised cost	Financial assets at fair value charged to reserves	Financial assets at fair value charged to profit and loss	Hedging derivatives	Total
2020					
Equity instruments	-	34,640	-	-	34,640
Derivatives	-	-	5	104	109
Collection rights concession arrangements	397,267	-	-	-	397,267
Deposits and guarantees	62,115	-	-	-	62,115
Other financial assets	86,743	-	-	-	86,743
	546,125	34,640	5	104	580,874
2019					
Equity instruments	-	35,711	-	-	35,711
Derivatives	-	-	9	22	31
Collection rights concession arrangements	566,917	-	-	-	566,917
Deposits and guarantees	166,116	-	-	-	166,116
Other financial assets	93,920	468	-	-	94,388
	826,953	36,179	9	22	863,163

In 2020, the decrease in "Collection rights from concession agreements" was 131,106 thousand euros due to the transfer to non-current assets held for sale by the Cedinsa Group (Note 4).

Likewise, the decrease in "Deposits and bonds" mainly concerns the transfer to non-current assets held for sale of the collection right derived from grants issued, not yet collected, corresponding to the Cedinsa subgroup for the amount of 103,136 thousand euros.

The breakdown of the "Equity instruments" heading at 31 December 2020 and 2019 is detailed below:

	% Effective ownership	Fair value
2020		
Participations equal to or greater than 5%:		
Shariket Miyeh Djinet, S.p.a (note 4)	13.01%	10,400
Cafasso Consortium, N.V.	15.00%	8,777
Vertederos de Residuos, S.A.	16.03%	8,764
Consortio Traza, S.A.	16.60%	3,628
Rest		1,959
Participations below 5%:		
Rest		1,112
		34,640
2019		
Participations equal to or greater than 5%:		
Shariket Miyeh Djinet, S.p.a (note 4)	13.01%	11,142
Cafasso Consortium, N.V.	15.00%	8,777
Vertederos de Residuos, S.A.	16.03%	8,764
Consortio Traza, S.A.	16.60%	3,629
Rest		2,296
Participations below 5%:		
Rest		1,103
		35,711

The due dates for "Deposits and bonds", "Collection rights of concession agreements" and "Other financial assets" are as follows:

	2022	2023	2024	2025	2026 and beyond	Total
Deposits and guarantees	2,815	370	441	902	57,587	62,115
Collection rights concession agreement (notes 3.a) and 11)	28,534	28,269	28,906	29,412	282,146	397,267
Non-commercial loans and other financial assets	6,949	7,595	4,660	4,642	62,897	86,743
	38,298	36,234	34,007	34,956	402,630	546,125

Non-commercial loans mainly include the amounts granted to public entities for debt refinancing, mainly in the water services activity, that accrue interest in accordance with market conditions. There were no events during the year that suggests uncertainty regarding the recovery of these loans.

The deposits and guarantees basically correspond to those made by legal or contractual obligations in the development of the activities of the Group companies, such as deposits for electrical connections, for the guarantee in the execution of works, for rental of real estate, etc.

b) Other current financial assets

This heading of the attached consolidated balance sheet includes the financial deposits constituted by contractual guarantees, the collection rights derived from concessionary financial assets (Note 11) maturing within less than twelve months, current financial investments made for more than three months to meet certain specific treasury situations, credits granted to companies accounted for using the equity method and loans to current third parties.

The details of "Other Current Financial Assets" at 31 December 2020 and 2019 is as follows:

	Financial assets at amortised cost
2020	
Collection rights concession arrangements	53,252
Deposits and guarantees	56,879
Other financial assets	118,521
	228,652
2019	
Collection rights concession arrangements	31,329
Deposits and guarantees	80,836
Other financial assets	77,401
	189,566

Other financial assets mainly include current loans granted and other accounts receivable from joint ventures and associates for the amount of 20,427 thousand euros (20,938 thousand euros in 2019), current loans to third parties for 30,477 thousand euros (29,711 thousand euros in 2019) and deposits in credit institutions amounting to 35,417 thousand euros (18,197 thousand euros in 2019).

The average rate of return obtained by these items is in market returns according to the term of each investment.

15. INVENTORIES

The breakdown of "Inventory net of impairment" at 31 December 2020 and 2019 was as follows:

	2020	2019
Real estate	452,633	365,415
Raw materials and other supplies	225,880	220,409
Construction	102,914	87,117
Cement	71,236	77,421
Integrated Water Management	22,474	28,123
Environmental Services	27,907	26,258
Concessions	197	196
Corporation	1,152	1,294
Finished goods	14,813	18,009
Advances	72,278	124,979
	765,604	728,812

The "Real estate" item includes plots for real estate development. Likewise, "Real estate" in production is also registered under production, for which there are sales commitments for a final value of delivery to customers of 51,021 thousand euros (42,505 thousand euros in 2019). The advances that some customers have paid on behalf of the aforementioned "Real Estate" are guaranteed by insurance contracts or bank guarantees, in accordance with the requirements established by the regulations in force. Below is the breakdown of the main real estate products:

	2020	2019
Estates and promotions Tres Cantos (Madrid)	200,366	121,439
Estates and promotions Arroyo Fresno (Madrid)	59,406	53,052
Estates and promotions Sant Joan Despí (Barcelona)	66,889	46,576
Estates and promotions Badalona (Barcelona)	35,804	35,171
Viviendas Pino Montano (Sevilla)	6,956	8,150
Finca Las Mercedes (Madrid)	7,016	7,016
Other properties and developments	76,196	94,011
	452,633	365,415

The increases observed in the table above with respect to the year 2020 are due to new ongoing developments and the materialisation of commitments to purchase plots during the year.

The real estate inventory is valued at their acquisition or production cost, corrected where appropriate to the market value when this is lower, mainly based on the references of the end market, by calculating the residual value of the land compared to the existing market value in the location in which it is located and, where appropriate, when purchase offers have been received, the price of such offers has been used for their valuation.

The Group used an independent third party (GESVALT) to estimate the fair value of the main assets that comprise its real estate portfolio. The valuations were made following the criteria of IVSC (International Valuation Standards Committee). The Dynamic Residual, comparison and cash flow discount methods were applied as the best approximation of the value. These fair values are extremely sensitive to stress situations or needs to make the asset liquid in a shorter period than that of the appraisal. In particular, there was a decrease in the value of the Group's main real estate assets, although this did not lead to any significant impairments, since there was some slack in the valuations of previous years.

In financial year 2020, the total accumulated balance of impairments in real estate stocks amounts to

174,795 thousand euros.

There are no significant commitments to purchase real estate assets at year-end.

The "Raw materials and other supplies" include facilities necessary for the execution of works pending incorporation, building materials and storage elements, spare parts, fuel and other materials necessary in the development of activities.

16. COMMERCIAL DEBTORS, OTHER ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

a) Trade receivables for sales and services

This heading of the attached consolidated balance sheet includes the value of the production and services rendered pending collection, valued as indicated in note 3.r), which provide the various Group activities and which are the basis of the operating profit/(loss).

The following is the breakdown of "Receivables external to the Group" at 31 December 2020 and 2019:

	2020	2019
Progress billings receivable and trade receivables for sales	934,499	799,543
Completed output pending certification	589,130	572,461
Warranty retainers	67,336	72,793
Production billed to associated and jointly controlled companies	60,129	60,002
Trade receivables for sales and services	1,651,094	1,504,799
Advances received for orders (Note 22)	(403,626)	(380,695)
Total trade receivables for sales and services	1,247,468	1,124,104

The total amount corresponds to the net balance of receivables having considered the corrections for insolvency risk amounting to 246,764 thousand euros (258,919 thousand euros as of 31 December 2019) and deducting the item of advances received for orders listed under the heading "Trade payables and other accounts payable" of the liability side of the accompanying consolidated balance sheet. This item also includes the certified amounts of advances for various items, regardless of whether or not they have been paid.

The loans for commercial operations in default are as follows:

	2020	2019
Construction	51,739	55,481
Environmental Services	276,540	270,222
Water	113,744	64,888
Corporation	111	166
TOTAL	442,134	390,757

Balances are considered to be in default when their due date has passed and they have not been paid by the counterpart. However, it must be taken into account that given the different characteristics of the different sectors in which the FCC Group operates, although certain assets are in default, there is no risk of default, since most of its clients are public clients, in which only delays in collections can occur, as it is entitled to claim the corresponding delay payment surcharges.

"Certified production pending collection and trade receivables" mainly includes the amount of the certifications issued to customers for works executed in the Construction segment in the amount of

341,737 thousand euros (249,646 thousand euros at 31 December 2019) and services provided by other segments in the amount of 592,762 thousand euros (549,897 thousand euros as of 31 December 2019), pending collection at the date of the consolidated balance sheet. In general, there are no disputes in relation to the above.

The difference between the amount of progress recorded at the origin of each of the works and contracts in progress, valued according to the criteria set out in note 3.r), and the amount certified to date from the consolidated financial statement is collected as "Completed output pending certification".

The "Completed output pending certification" section includes work executed pending certification corresponding to the construction contracts executed by the Group for the amount of 298,199 thousand euros (249,468 thousand euros at 31 December 2019). The aforementioned balance mainly includes the differences between the completed output, valued at the sale price, and the certification made to date under the current contract for the amount of 274,844 thousand euros (238,783 thousand euros as of 31 December 2019); that is, output recognised according to the degree of progress that originates in differences between the time at which the output of the work is executed, covered by the contract signed with the customer and approved by the latter, and the time at which the latter certifies it.

"Executed production pending certification" includes services provided in the Environment and Water activities that are billed more than once a month, basically corresponding to the work carried out as part of normal activity for the amount of 232,455 thousand euros (240,438 thousand euros as of 31 December 2019).

The amount of the transfer of customer loans to financial institutions without the possibility of recourse against the Group companies in the event of default amounts to 111,103 thousand euros at year-end (261,105 thousand euros at 31 December 2019). The impact on cash flows of loan assignments is reflected in the "Changes in working capital" heading of the Statement of Cash Flows. This amount has been reduced from the "Progress billings receivable and trade receivables for sales". The variation between the two years is due to the decrease in transfers without recourse of Environment activity in the amount of 155,035 thousand euros arising from financial optimisation policies (Note 20).

b) Other receivables

The breakdown of the "Other receivables" at 31 December 2020 and 2019 was as follows:

	2020	2019
Public Administrations - VAT receivable (Note 24)	108,169	87,291
Public Administrations - Other taxes payable (Note 24)	61,896	54,892
Other receivables	115,496	114,941
Advances and credits to staff	1,561	2,219
Total other receivables	287,122	259,343

c) Other current assets

This heading mainly includes amounts disbursed by the Group in relation to certain contracts for the provision of services, which have not yet been recorded as expenses in the attached financial statement as they had not accrued at the close of these Financial Statements.

17. CASH AND CASH EQUIVALENTS

This heading includes the Group's cash flow, as well as bank deposits and taxes with an initial due date of three months or earlier. These balances were remunerated at market interest rates in both 2020 and 2019.

The breakdown by currency of the cash and cash equivalents position for 2020 and 2019 is as follows:

	2020	2019
Euro	754,035	708,399
Pound sterling	185,751	138,408
United States dollar	95,609	161,967
Algerian dinar	27,317	51,949
Czech koruna	22,322	24,771
Romanian leu	21,532	27,037
Other European currencies	1,320	1,853
Latin America (various currencies)	61,544	27,645
Rest	52,679	76,515
Total	1,222,109	1,218,544

18. EQUITY

The accompanying Statement of Changes in Total Equity at 31 December 2020 and 2019 shows the evolution of equity attributed to the shareholders of the Parent Company and non-controlling interests in the respective years.

The Ordinary General Shareholders' Meeting held on 2 June 2020 resolved to distribute a scrip dividend by issuing new ordinary shares with a par value of 1 euro each, without a share premium, of the same class and series as the existing shares in circulation. This resolution also included an offer by the company to acquire the free allocation rights at a guaranteed price.

At its meeting on 8 June 2020, following the General Shareholders' Meeting, the Board of Directors of Fomento de Construcciones y Contratas, S.A. resolved to execute the scrip dividend distribution resolution adopted by the Shareholders' Meeting, the most significant characteristics of which are described below:

- Maximum value of the scrip dividend: 156,905,930.40 euros, equivalent to 0.40 euros per share.
- Shareholders received the corresponding allocation rights and could choose between three options: receiving the new shares released, transferring their rights in the market or selling their rights to the company for the guaranteed price of 0.40 euro per share.
- The number of free allotment rights required to receive a new share was set at 23. Shareholders who chose this option also received a compensatory cash dividend of 0.624 euro for each new bonus share received, to make this financially equivalent to transferring their rights to the company.

- At the end of the trading period for the free allocation rights on 22 June 2020, holders of 387,361,229 (98.75%) rights had chosen to receive new shares, while shareholders holding 4,903,597 rights opted to accept the company's offer to acquire their rights at the guaranteed price. Accordingly, a total of 16,841,792 bonus shares with a nominal value of 1 euro were issued, representing 4.29% of the share capital prior to the increase. The compensation mechanism described in the previous paragraph led to a Group disbursement of 10,475 thousand euros on 8 July 2020. The remaining 1.25% chose to collect in cash, which meant an additional cash outflow for the Group of 1,961 thousand euros, an amount that was paid on 24 June 2020.
- On 2 July 2020, the public deed to increase the Company's paid-up capital with a charge to voluntary reserves was registered at the Barcelona Mercantile Registry.

In addition, the Ordinary General Shareholders' Meeting held on 8 May 2019 resolved to distribute a scrip dividend, as follows:

- Maximum value of the scrip dividend: 151,530,202.40 euros, equivalent to 0.40 euros per share.
- Shareholders received the corresponding allocation rights and could choose between three options: receiving the new shares released, transferring their rights in the market or selling their rights to the company for the guaranteed price of 0.40 euro per share.
- The number of free allotment rights required to receive a new share was set at 28. Shareholders who chose this option also received a compensatory cash dividend of 0.638 euros for each new bonus share received, to make this financially equivalent to transferring their rights to the company.
- At the end of the trading period for the free allocation rights on 28 May 2019, holders of 376,300,974 (99.33%) rights had chosen to receive new shares, while shareholders holding 2,524,532 rights had opted to accept the company's offer to acquire their rights at the guaranteed price. Pursuant to the foregoing, a total of 13,439,320 bonus shares with a nominal value of 1 euro were issued, representing 3.55% of the share capital prior to the increase.

On 29 June 2020, the investee company FCC Aqualia, SA acquired an additional 2% stake in Aquos el Realito, SA de CV, in which it previously held 49% and was consolidated by the equity method, giving the Group a 51% stake (Note 5). The aforementioned acquisition allowed Aquos el Realito, SA de CV to be controlled and fully consolidated, with 8,671 thousand euros posted under "Minority interests" in the attached consolidated balance sheet.

In July 2020, FCC Medio Ambiente UK, SL agreed to sell Icon Infrastructure Partners a minority percentage of 49% of the capital of its subsidiary Green Recovery Projects Limited (Note 5). The operation posted 60,718 thousand euros under "Minority interests" and 74,215 thousand euros in reserves. Valuation adjustments increased by 55,300 thousand euros as the proportional part of the aforementioned adjustments prior to the sale was attributed to minority interests.

At 31 December 2019, "Distribution of dividends" on the Statement of Changes in Total Equity showed a decrease of 44,100 thousand euros under "Non-controlling interests", attributable to the distribution of dividends approved by FCC Aqualia, S.A.

The takeover of Shariket Tahlya Mostaganem, S.p.a. and the Cedinsa group (Notes 5, 12 and 27) took place in 2019, occasioning a switch to full consolidation instead of the equity method in the past. These operations booked non-controlling interests in the amounts of 136,998 and 111,727 thousand euros respectively. Furthermore, in April 2019, FCC Aqualia, S.A. acquired a 49% share in AquaJerez, S.L., over which it already had control with a 51% holding (note 5). As this transaction involved equity, the difference between the acquisition price and the value of the net assets acquired was recognised directly against equity, representing a loss of 17,311 thousand euros in reserves in the consolidated

financial statements.

The rest of the "Other changes in equity" in the attached Statement of Total Changes in Equity basically includes the distribution of the results obtained by the Group in the previous year.

I. Equity attributable to the Parent Company

a) Capital

The share capital of Fomento de Construcciones y Contratas, S.A. comprises 409,106,618 ordinary shares represented through book entries with a nominal value of 1 euro each.

All shares are fully subscribed and paid and carry the same rights.

The securities representing the share capital of Fomento de Construcciones y Contratas, S.A. are admitted to official listing on the four Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia) via Spain's Continuous Market.

On 10 June 2020, Samede Inversiones 2010, SL, controlled 100% by Ms. Esther Koplowitz Romero de Juseu, transferred the 100% stake that it held in Dominum Dirección y Gestión, SL, which in turn owns FCC shares representing 15.43% of the capital, to Control Empresarial de Capitales, SA de CV.

On 27 November 2020, Dominum Dirección y Gestión, S.L. transferred shares in FCC representing 7% of its share capital to Finver Inversiones 2020, S.L.U.

Following the aforementioned changes, in relation to the part of the capital held by other companies, directly or through its subsidiary companies, when it is more than 10%, according to the information provided, the company Control Empresarial de Capitales, S.A. de C.V. (acquiring company of Inversora Carso, S.A. de C.V.), controlled by the Slim family, holds 69.61% directly and indirectly, at the date on which these statements were drawn up. Furthermore, as indicated in the previous paragraph, the company Finver Inversiones 2020, S.L.U., 100% owned by Inmobiliaria AEG, S.A. de C.V., which in turn is controlled by Carlos Slim Helú, has a 7% holding. Finally, the company Nueva Samede Inversiones 2016, S.L.U. has a direct holding of 4.536% of the capital. Esther Koplowitz Romero de Juseu also holds 133,269 direct shares in Fomento de Construcciones y Contratas, S.A.

b) Accumulated earnings and other reserves

The composition of this heading of the accompanying consolidated balance sheet as at 31 December 2020 and 2019 is as follows:

	2020	2019
Reserves of the Parent	1.441.078	1.230.126
Consolidation reserves	469.660	371.158
	1.910.738	1.601.284

b.1) Reserves of the Parent

This corresponds to the series of reserves set up by Fomento de Construcciones y Contratas, S.A., parent of the Group, mainly based on retained profits and capital gains and, where appropriate, in compliance with the different applicable legal provisions.

The breakdown at 31 December 2020 and 2019 is as follows:

	2020	2019
Share premium	1,673,477	1,673,477
Legal reserve	78,453	75,765
Reserve for redeemed capital	6,034	6,034
Voluntary reserves and losses from previous years	(316,886)	(525,150)
	1,441,078	1,230,126

Share premium

The Spanish Corporate Enterprises Act, as amended, expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

Legal reserve

In accordance with the Spanish Corporate Enterprises Act, as amended, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve may be used to increase capital provided that the remaining reserve balance is greater than 10% of the increased capital.

Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

As a result of the capital increase arising from the scrip dividend mentioned at the start of this note, the Board of Fomento de Construcciones y Contratas, S.A. decided to provide an additional amount of 3,368 thousand euros as legal reserve in the distribution of 2020 profit.

Reserve for redeemed capital

This reserve includes the nominal value of the amortised treasury shares in 2002 and 2008 charged to available reserves, in accordance with the provisions of article 335.c of the Spanish Corporate Enterprises Act. The reserve for amortised capital is unavailable, other than with the same requirements as for capital reduction.

Voluntary reserves

Reserves for which there is no type of limitation or restriction on their availability, freely constituted through profits and capital gains of the Parent Company once the distribution of dividends has been applied and the provision to legal reserve or other unavailable reserves in accordance with the current legislation.

b.2) Consolidation reserves

This heading of the accompanying consolidated balance sheet includes the consolidated reserves generated in each of the areas of activity. Also, in accordance with IFRS 10 "Consolidated financial statements", those derived from changes in the shareholding of Group companies are included as long as control is maintained, for the difference between the amount of the purchase or additional sale and the book amount of the interest. Meanwhile, in accordance with IAS 19 "Employee benefits", this section includes the actuarial profit and loss of pension plans and other social security benefits. The breakdown of this item as at 31 December 2020 and 2019 is as follows:

	2020	2019
Environment	130,288	147,827
Water	145,213	86,704
Construction	29,715	83,579
Cement	36,416	36,119
Corporation	128,028	16,929
	469,660	371,158

c) Shares and equity interests

This heading includes the Parent Company shares owned by this or other Group companies valued at the cost of acquisition.

The Board of Directors and the subsidiaries are authorised by the General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A. to buy back treasury shares within the limits and pursuant to the requirements set out in Article 144 et seq. of the Capital Companies Law.

The movement and balance of treasury shares at 31 December are set out below:

Balance at 31 December 2018	(11,723)
Acquisitions	(4,345)
Balance at 31 December 2019	(16,068)
Acquisitions	(1,944)
Balance at 31 December 2020	(18,012)

	2020		2019	
	Number of shares	Amount	Number of shares	Amount
Fomento de Construcciones y Contratas, S.A.	1,544,773	(18,012)	1,250,837	(16,068)
TOTAL	1,544,773	(18,012)	1,250,837	(16,068)

As at 31 December 2020, the shares of the Parent Company, owned by it or by subsidiaries, represent 0.38% of the capital stock (0.32% as of 31 December 2019).

d) Valuation adjustments

The breakdown of this accompanying consolidated heading at 31 December 2020 and 2019 was as follows:

	2020	2019
Changes in the fair value of financial instruments	(125,966)	(123,851)
Translation differences	(149,733)	(169,072)
	(275,699)	(292,923)

d.1) Changes in the fair value of financial instruments:

Changes in the fair value of taxes of financial assets at fair value with changes in other comprehensive income (Note 14) and of cash flow hedging derivatives (Note 23) are included in this heading.

The breakdown of the adjustments due to a change in the fair value of the financial instruments as at 31 December 2020 and 2019 is as follows:

	2020	2019
Financial assets at fair value with changes in other comprehensive income	7,785	7,739
Vertederos de Residuos, S.A.	7,657	7,657
Rest	128	82
Financial derivatives	(133,751)	(131,590)
Concessió Estacions Aeroport L9, S.A. (Note 4)	(83,369)	(79,230)
Cedinsa Group (note 4)	8,054	6,555
Urbs Iudex et Causidicus, S.A. (Note 4)	(29,749)	(31,934)
FCC Group - PFI Holdings	(9,479)	(9,004)
Green Recovery Group	(7,236)	-
Ibisan Sociedad Concesionaria, S.A.	(2,429)	(2,798)
FM Green Power Investments, S.L.	(2,181)	(5,203)
Rest	(7,362)	(9,976)
	(125,966)	(123,851)

d.2) Conversion differences

The detail of the amounts included under this heading for each of the most significant companies at 31 December 2020 and 2019 is as follows:

	2020		2019	
European Union:				
FCC Environment Group (UK)	(55,100)		(143,381)	
Green Recovery Group (Note 5)	(52,281)		-	
Dragon Alfa Cement Limited	(3,453)		(3,152)	
Rest	(15,091)	(125,925)	(3,946)	(150,479)
United States of America:				
FCC Group Construcción de América	11,911		6,924	
Giant Cement Holding, Inc.	(2,526)		(1,458)	
Rest	(6,354)	3,031	890	6,356
Egypt:				
Orasqualia Devel. Waste T.P. S.A.E.	(6,380)		(5,921)	
Egypt Environmental Services, S.A.E.	(3,764)		(3,664)	
Rest	(2,725)	(12,869)	(1,537)	(11,122)
Tunisia				
Société des Ciments d'Enfidha	(25,927)		(24,769)	
Rest	(833)	(26,760)	(844)	(25,613)
Latin America:				
FCC Group Construcción de América	2,790		3,443	
Rest	9,366	12,156	3,238	6,681
Other Currencies				
Rest	634	634	5,105	5,105
		(149,733)	(169,072)	

The main change in this heading in 2020 was due to the sale of 49% of the subsidiary Green Recovery Projects Limited, which led to an increase in translation differences for an amount of 47,938 thousand euros as the part proportional to minority interests (Note 5).

The net investment before deducting non-controlling interests in currencies other than the euro (converted to euros in accordance with note 3.j), grouped by geographic markets is as follows:

	2020	2019
United Kingdom	287,053	301,710
Algeria	146,935	185,222
Latin America	124,810	104,967
Czech Republic	70,126	71,012
United States of America	67,082	56,570
Rest	109,425	148,975
	805,431	868,456

e) Earnings per share

The basic earnings per share is obtained as a quotient between the profit/(loss) attributed to the Parent Company and the weighted average of ordinary shares outstanding during the year, the result per share being 0.66 euros in 2020 (0.69 euros in 2019).

	2020	2019
Profit/(loss)		
Attributed profit/(loss) parent	262,179	266,704
Outstanding shares		
Weighted average shares	399,978,217	385,001,230
Earnings per share (in euros)	0.66	0.69

As at 31 December 2020 the Group has not issued any kind of instruments that can be converted to shares, so the diluted earnings per share coincide with the basic earnings per share.

II. Non-controlling interests

The balance of this heading in the accompanying consolidated balance sheet reflects the proportional part of the equity and the profit or loss for the year after tax of those companies in which the Group's non-controlling shareholders have ownership interests.

The breakdown of the balance of non-controlling interests of the main companies at the close of 2020 and 2019 is as follows:

	Equity			Total
	Capital	Reserves	Results	
2020				
FCC Aqualia Group	71,050	283,182	67,884	422,116
Cedinsa Group	118,912	(14,260)	4,611	109,263
Green Recovery Group (Note 5)	5	59,175	306	59,486
Cementos Portland Valderrivas Group	1,869	17,955	2,370	22,194
Rest	6,844	(5,772)	6,250	7,322
	198,680	340,280	81,421	620,381
2019				
FCC Aqualia Group	71,050	246,028	67,003	384,081
Cedinsa Group	118,912	(6,824)	(361)	111,727
Cementos Portland Valderrivas Group	2,145	19,486	1,348	22,979
Rest	5,701	(7,221)	5,230	3,710
	197,808	251,469	73,220	522,497

The main variation in this heading is due to the sale of 49% of the capital of the subsidiary Green Recovery Projects Limited mentioned above (Note 5).

In 2019, Shariket Tahlya Mostaganem, S.p.a and the Cedinsa group were taken over, leading to the

recognition of minority interests in the amounts of 136,998 and 111,727 thousand euros respectively.

19. NON-CURRENT AND CURRENT PROVISIONS

The detail of the provisions at 31 December 2020 and 2019 is as follows:

	2020	2019
Non-current	1,064,384	1,130,199
Liabilities for long-term employee benefits	24,347	21,649
Dismantling, removal and restoration of fixed assets	98,496	100,250
Environmental actions	261,913	256,547
Litigation	53,548	164,727
Contractual and legal guarantees and obligations	70,769	66,149
Actions to improve or expand the capacity of concessions	167,280	194,172
Other provisions for risks and expenses	388,031	326,705
Current	195,152	249,581
Close-outs and losses on construction contracts	175,456	226,898
Other provisions	19,696	22,683

The changes in the provisions heading in 2020 and 2019 were as follows:

	Non-current provisions	Current provisions
Balance at 31/12/2018	1,161,989	209,264
Asset withdrawal or dismantling expenses	8,952	-
Change of obligations for employee benefits for actuarial profits and losses	4,262	-
Actions to improve or expand the capacity of concessions	10,993	-
Endowments/(Reversals)	16,740	65,567
Applications (payments)	(116,886)	(55,862)
Change of scope, conversion differences and other movements	44,149	30,612
Balance at 31/12/2019	1,130,199	249,581
Asset withdrawal or dismantling expenses	11,180	-
Change of obligations for employee benefits for actuarial profits and losses	4,889	-
Actions to improve or expand the capacity of concessions	34,442	-
Endowments/(Reversals)	86,053	(4,943)
Applications (payments)	(111,568)	(46,699)
Change of scope, conversion differences and other movements	(90,811)	(2,787)
Balance at 31/12/2020	1,064,384	195,152

Within the "allocations (reversals)" item, the allocations for environmental actions for 35,844 thousand euros (35,324 thousand euros as at 31 December 2019) are noteworthy, as well as provisions for future replacement actions or major repairs in concessions for 23,485 thousand euros (19,199 thousand euros as at December 2019).

The "Applications (payments)" item shows payments amounting to 20,401 thousand euros (23,580 thousand euros as of 31 December 2019), and 13,651 thousand euros (16,899 thousand euros as of 31

December 2019) for environmental actions, and for replacement actions and major repairs in concessions, respectively, which affects the "Other receipts/(payments) of operating activities" in the Consolidated Statement of Cash Flows. Moreover, 12,419 thousand euros (14,044 thousand euros as of 31 December 2019), and 9,112 thousand euros (10,027 thousand euros as of 31 December 2019) are included for action to improve or expand capacity in concessions, and provisions for the dismantling and removal of fixed assets, respectively. These amounts have an impact on the "Payments for investments of property, plant and equipment, intangible assets and real estate investments" heading of the Consolidated Statement of Cash Flows.

The movement of current provisions is mainly due to losses from works in the Construction activity.

The heading "Changes in scope, translation differences and other movements" includes 59,716 thousand euros as a result of the transfer to non-current liabilities held for sale of provisions belonging to the Cedinsa subgroup (Note 4).

The provisions contained in the accompanying consolidated balance sheet are considered to hedge liabilities that may arise in the development of the various activities of the Group.

The schedule of expected payments at 31 December 2020, as a result of the obligations covered by non-current provisions, is as follows:

	Up to 5 years	More than 5 years	Total
Liabilities for long-term employee benefits	3,466	20,881	24,347
Dismantling, removal and restoration of fixed assets	68,413	30,083	98,496
Environmental actions	46,279	215,634	261,913
Litigation	35,695	17,853	53,548
Contractual and legal guarantees and obligations	46,404	24,365	70,769
Actions to improve or expand the capacity of concessions	84,723	82,557	167,280
Other provisions for risks and expenses	242,555	145,476	388,031
	527,535	536,849	1,064,384

Liabilities for long-term employee benefits

The non-current provisions of the accompanying consolidated balance sheet include those that cover the commitments of the Group companies in matters of pensions and similar obligations, such as medical and life insurance, as indicated in note 25.

Dismantling, removal and restoration of fixed assets

The "Expenses for the withdrawal or dismantling of assets" item includes the counterpart of the highest asset value corresponding to the updated value of the expenses that will be incurred at the time the asset stops being used.

Actions to improve or expand the capacity in concessions

The "Actions to improve or expand the capacity of concessions" item includes both the counterpart of the highest value of fixed and non-current assets corresponding to the updated value of the actions on the infrastructure that the concessionaire will carry out during the concession period for improvements and capacity expansion, as well as the cost of future replacement actions or major repairs in concessions of the intangible model.

Environmental actions

The FCC Group develops an environmental policy based not only on strict compliance with current legislation on the improvement and protection of the environment, but also through the establishment of preventive planning and analysis and minimisation of the environmental impact of the activities the Group carries out.

The Management of the FCC Group considers that the contingencies relating to the protection and improvement of the environment at 31 December 2020, would not have a significant impact on the accompanying consolidated financial statements, which include provisions to cover the probable environmental risks that may arise.

Note 29 to these notes to the consolidated financial statements, which is devoted to information on the environment, complements the foregoing in relation to environmental provisions.

Provisions for litigation

Provisions for litigation cover the contingencies of the FCC Aqualia Group companies acting as defendants in certain proceedings in relation to the liability inherent to the business activities carried on by them. Any litigation, which may be significant in number according to estimates made on its final outcome, is not expected to have an impact on the Group's equity.

Appeal proceedings against the sale of Alpine Energie Holding AG terminated in March 2020.

Contractual and legal guarantees and obligations

This heading includes the provisions to cover the expenses arising from contractual and legal obligations of a non-environmental nature.

Provision for settlement and loss of works

Relating to the losses budgeted for in works in accordance with the valuation principles set forth in note 3.r) and to the expenses derived from the time they are completed until they are paid in full, systematically determined according to a percentage of the value of the output throughout the execution of the works according to the experience in the construction activity.

Other provisions for risks and expenses

This heading includes those items not included in the previous denominations, including certain provisions related to Alpine for 24,384 thousand euros, which are discussed in greater detail in the following paragraphs.

The amount of the Other provisions for risks and expenses not related to Alpine covers various risks arising from the Group's activity to which it is exposed in the normal course of its business, mainly construction defects or discrepancies in the services provided for the amount of 194,964 thousand euros (149,419 thousand euros as at December 2019), as well as tax claims amounting to 28,874 thousand euros (14,707 thousand euros as at December 2019). Part of these risks are covered by insurance contracts and the corresponding provision is provided for uninsured amounts.

It also includes provisions resulting from recognising additional losses above the initial value of the investment in associates after incurring legal or implicit obligations in relation to the investment in the associate, for an amount of 33,933 thousand euros (48,277 thousand euros at December 2019), with the remaining provisions being less relevant and related to the normal operation of the Group.

In relation to the provisions and risks arising from the winding up of the Alpine Group, 2020 saw no significant changes in terms of the amount reported in the Group's 2019 Financial Statements.

In 2006, the FCC Group acquired an absolute majority in Alpine Holding GmbH, hereinafter AH, and thereby, indirectly in its operating subsidiary, Alpine Bau GmbH, hereinafter AB. Seven years later, on 19 June 2013, AB filed for insolvency before the Commercial Court of Vienna, but after the unfeasibility of the reorganisation proposal was established, the insolvency administrator filed for, and the court decreed, the bankruptcy, closure and liquidation of the company, and liquidation of the company commenced on 25 June 2013. As a consequence of the bankruptcy of AB, its parent company, AH filed for bankruptcy before the Commercial Court on 2 July 2013, declaring AH's bankruptcy and liquidation.

As a result of both bankruptcies, FCC Construcción, S.A. loses control over the Alpine Group, thereby interrupting consolidation.

On the reporting date, the administrators recognised liabilities of approximately EUR 1,669 million in AB and EUR 550 million in AH as part of the corresponding receivership proceedings. The current share in the AB bankruptcy assets amounts to 15%, whereas in AH's bankruptcy the bankruptcy administrator has not been able to estimate or determine the share.

Immediately after the bankruptcy of both companies, in July 2013 a bondholder filed a complaint with the Central Public Prosecutor's Office for Economic Crimes and Corruption (Wirtschafts- und Korruptions-Staatsanwaltschaft). This not only gave rise to the opening of criminal proceedings in July 2013 (for alleged fraud, criminal bankruptcy, and concealment of assets) in which some 480 private prosecutions, mainly relating to bondholders, (Privatbeteiligte) were filed, alleging damages totalling 378 million euros plus legal interest, but also other proceedings brought by the insolvency administrators against the auditors, against FCC Construcción S. A. and against various executives and proceedings brought by the bondholders against the banks mediating in the acquisition of bonds. In 2010, 2011 and 2012, AH carried out three bond issues admitted for trading on the Luxembourg and Vienna stock exchanges for a combined nominal value of 290 million euros.

In the context of all these legal proceedings, various reports were issued in order to determine the date on which AB and AH were presumed bankrupt. Therefore, in September 2014, the firm BDO Financial Advisory Services GmbH issued a report at the request of the insolvency administrators of AH and AB, according to which AB had been in insolvency at least since October 2010. Subsequently, in July 2015, the court dealing with AB's bankruptcy granted the insolvency administrator's request to commission a report to determine the date on which AB was deemed to be in a situation of over-indebtedness with insolvency relevance. The expert appointed was Mr Schima who, on the basis of the report of BDO, a firm of which he was still a partner at the date of the report, came to the same conclusions, stating that AB had been insolvent since October 2010. Contrary to these conclusions maintained by the bankruptcy administrators and used in various legal proceedings, other expert reports were issued in the various proceedings, such as that of Mr Konecny for the Anti-Corruption Prosecutor's Office, that of AKKT for the Banks, Ms Ponesch Urbanek as an expert witness in the lawsuit brought by the banks against the Austrian tax authorities for the loans given to Alpine under State guarantee, Mr Wundsam as court expert in the proceedings brought by the bankruptcy administrator against Deloitte Audit Wirtschaftsprüfungs GmbH, Mr Rohatschek for this company and E&Y for FCC, all of which differ from the conclusions reached by BDO/Schima.

In particular, in 2017, the anti-corruption prosecutor's expert, a Doctor of Law and an Audit Expert, issued his fourth and final report. The expert's reports concluded that (i) there had been no concealment of assets; (ii) it could not be said that there had been fraud in the individual financial statements of AB and AH and the consolidated financial statements of AH; and (iii) the date of definitive insolvency of AB and AH was 18 June 2013. Together with the 3 reports that preceded it, this report

contributed to a large extent to the dismissal of the criminal proceedings opened by the Anti-Corruption Prosecutor's Office.

In July 2019, the Vienna Supreme Court of Justice dismissed in their entirety the various appeals lodged by bondholders and other private prosecutors against the closure of the preliminary proceedings.

During the refinancing of the Alpine Group between October 2012 and June 2013, FCC Construcción, S.A. provided corporate guarantees to enable AB and certain of its operating subsidiary companies to bid for and/or be awarded work contracts. As of 31 December 2020, provision for this item amounted to 24,384 thousand euros.

Between the bankruptcy of AH and AB and the date on which these financial statements were issued, a number of proceedings were instigated against the Group and directors of AH and AB. As at 31 December 2020, two sets of commercial proceedings and one set of employment proceedings were still in progress, affecting FCC either directly or indirectly:

- 1) In April 2015, the bankruptcy administrator of Alpine Holding GmbH filed a claim for 186 million euros against FCC Construcción, S.A. and other ex-executive of AB, considering that these parties should compensate Alpine Holding GmbH for the amounts collected through two bond issues in 2011 and 2012 that were allegedly provided by this company for its subsidiary, Alpine Bau GmbH, without the necessary guarantees and complying with a "mandate-order" from FCC Construcción S.A. On 31 July 2018, the ruling dismissing the claim was handed down and the claimant ordered to pay the costs. The bankruptcy administrator filed an appeal for procedural defects in September 2018, which was challenged by FCC Construcción S.A. in October 2018.
- 2) In April 2019, the Provincial Court of Vienna handed down a decision in which it upheld the procedural defect in the taking of testimony given by the claimant, and ordered the remand of the proceedings with the indication that said testimony be taken and that a judgment be handed down in accordance with the result. In May 2019, FCC lodged an appeal against this ruling at the Supreme Court, which confirmed in April 2020 the need to return the case files to the Court of First Instance so that the witness evidence could be taken in person before the Judge of First Instance. These witness statements have been scheduled for June 2021, unless developments in the pandemic caused by Covid-19 make transfers and courtroom proceedings inadvisable.
- 3) In April 2017, a Group company, Asesoría Financiera y de Gestión S.A. was notified of a suit in which the bankruptcy administrator made a joint and several claim against the former finance director at Alpine Bau GmbH and against Asesoría Financiera y de Gestión S.A. for the payment of 19 million euros for the alleged violation of corporate and bankruptcy law, considering that Alpine Bau GmbH, on making a deposit at Asesoría Financiera y de Gestión S.A., allegedly made payments charged against equity, considered to be a capital refund, and therefore prohibited by law. The proceedings are still at the evidence phase, and the court expert has issued his report according to which the deposit and the factoring transactions between subsidiary companies of AB and Asesoría Financiera y de Gestión S.A. would not have had any adverse impact on AB. This report is currently being examined by the parties.

Also in April 2017, a former FCC employee and former executive at AH and AB was notified of a claim filed by the insolvency administrator of Alpine Bau GmbH in the Social Claims Court for 72 million euros. The plaintiff argues that this amount represents the damage to the bankruptcy assets caused by the alleged delay in initiating insolvency proceedings. A hypothetical conviction of the administrator could in a remote scenario raise a subsidiary liability of the FCC Group pursuant to the explanation in Note 26 on contingent liabilities.

In relation to these disputes, the FCC Group and its legal advisors do not believe there will be any future outflows of cash prior to the issuance of the financial statements; therefore, no provisions have been set aside, as the Group believes that they represent contingent liabilities (Note 26).

20. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

The general policy of the FCC Group is to provide all companies with the most adequate financing for the normal development of their activity.

Whenever the financial operation so requires, and following a hedging criterion for economic and accounting purposes, the Group contracts interest rate risk hedging operations according to the type and structuring of each operation (Note 23).

In certain financings, and especially in structured financing without recourse, the funder includes a contractual clause stating that there must be some type of interest rate coverage, studying the best hedging instrument according to the profile of the cash flows presented by the project, as well as the debt repayment schedule.

a) Non-current and current obligations and loans

The breakdown of the issues of current obligations and loans is as follows:

	Non-current	Current	Total
2020			
FCC Aqualia, S.A.	1,350,000	15,301	1,365,301
FCC Servicios Medio Ambiente Holding, S.A.U.	1,094,868	123,107	1,217,975
Fomento de Construcciones y Contratas, S.A.	-	302,300	302,300
Smvak	205,830	2,460	208,290
FCC Medio Ambiente Reino Unido	130,237	6,178	136,415
	2,780,935	449,346	3,230,281
2019			
FCC Aqualia, S.A.	1,350,000	15,227	1,365,227
FCC Servicios Medio Ambiente Holding, S.A.U.	1,093,658	1,042	1,094,700
Fomento de Construcciones y Contratas, S.A.	-	300,000	300,000
Smvak	212,537	2,541	215,078
FCC Medio Ambiente Reino Unido	144,150	5,794	149,944
	2,800,345	324,604	3,124,949

The details of the non-current and current obligations and loans formalised by the Group are detailed below:

- On 8 June 2017, FCC Aqualia, S.A. successfully completed two simple bond issues. One for 700 million euros, with an annual remuneration of 1.413% and due in 2022, and the second for 650 million euros, with an annual remuneration of 2.629% and due in 2027.

Both issues have the following guarantees:

- Pledge on 100% of the shares of Tratamiento Industrial de Aguas, S.A., Conservación y Sistemas, S.A., Sociedad Española de Aguas Filtradas, S.A., Depurplan 11, S.A. and Aigues de Vallirana, S.A. Unipersonal, and 97% of the shares of Entemanser, SA.
- Pledge on 100% of the shareholdings of Infraestructura y Distribución General del Agua, S.L., Empresa Gestora de Aguas Linenses, S.L., Aguas de las Galeras, S.L., Hidrotec Tecnología del Agua, S.L. and on 51% of Aqualia Czech, S.L.
- Pledge on 98% of the shares of Acque di Caltanissetta S.p.A., pending formalisation to extend the pledge to 99.5%; and on 100% of Aqualia Mexico, SA de CV.
- Pledge on the collection rights over certain accounts.

The issuance and circulation of both bonds took place on 8 June 2017, being admitted to trading in the unregulated market (Global Exchange Market) of the Irish Stock Exchange, and with an investment grade rating from the Fitch rating agency. This rating was ratified on 17 September 2020, with an upward review of its outlook from Stable to Positive.

The balance as of 31 December 2020 for this item amounts to 1,365,301 thousand euros (1,365,227 thousand euros in 2019), including 15,301 thousand euros for accrued and unpaid interest (15,227 thousand euros in 2019).

At 31 December 2020, the 700 million euro bond was listed at 101.556% and the 650 million euros bond was listed at 109.341%.

- On 4 December 2019, FCC Servicios Medioambiente Holding S.A.U., successfully completed two simple bond issues. One for 600 million euros, with an annual remuneration of 0.815% and due in 2023, and the second for 500 million euros, with an annual remuneration of 1.661% and due in 2026.

Both issues have the personal guarantee of FCC Medio Ambiente, S.A.U. and FCC Ámbito, S.A.U.

Both bonds were issued and circulated in December 2019, and they were admitted to trading in the unregulated market (Global Exchange Market) of the Irish Stock Exchange, with an investment grade rating from the Fitch rating agency. This rating was ratified on 3 December 2020, with a stable outlook.

Both issues have an opinion by an independent institution, CICERO Shades of Green, stating that the governance procedures of the Company were rated as "Good" and the Bond issues were rated as "Light Green" issues. On the anniversary of the issue, November 2020, certification body DNV GL confirmed that some 75% of the total funds obtained had already been applied to eligible and sustainable environmental projects.

The balance as of 31 December 2020 for this item amounts to 1,096,075 thousand euros (1,094,700 thousand euros in 2019), including 1,207 thousand euros for accrued and unpaid interest (1,042 thousand euros in 2019).

At 31 December 2020, the 600 million euro bond was listed at 102.082% and the 500 million euros bond was listed at 105.227%.

Likewise, in July 2020 FCC Servicios Medioambiente Holding SAU registered a promissory note programme - Euro Commercial Paper Programme (ECP) - on the Irish stock market (Euronext Dublin) in the amount of 300 million euros, at a fixed interest rate and maximum maturity one year, which allows issuance with maturities of between 1 and 364 days from the date of issue, in order to meet the financial needs of the area.

At 31 December 2020 the outstanding balance on this programme was 121.9 million euros, with maturities ranging from 3 to 5 months.

- Fomento de Construcciones y Contratas, S.A. has had a promissory note programme, Euro Commercial Paper Programme (ECP), registered since November 2018 on the Irish stock exchange (Euronext Dublin) for a maximum amount of 600 million euros as at December 2020, at a fixed interest rate and with a maximum maturity of one year, which allows issuance with maturities of between 1 and 364 days from the date of issue, in order to meet general financial need of major Group companies.

As of 31 December 2020, the outstanding balance was 302,300 thousand euros (300,000 thousand euros at 31 December 2019), distributed between different maturity terms, from 2.5 to 6 months.

- Severomoravské Vodovody a Kanalizace Ostrava, A.S. (Srnov) issued a local bond in July 2015 to repay another one issued in 2005, with its main characteristics being a fixed rate, a term of 7 years and for an amount of 5,400,000 thousand CZK, with a coupon of 2.625% and with an investment grade rating from the Fitch rating agency.

The balance at 31 December 2020 covered by this item amounts to 208,290 thousand euros (as of 31 December 2019 it was 215,078 thousand euros), including 2,460 thousand euros of accrued and unpaid interest (2,541 thousand euros in 2019). The price of these obligations as of 31 December 2020 was 99.354%.

There is no collateral for this issue.

- In the context of the Azincourt refinancing process carried out in June 2018, FCC Medio Ambiente Reino Unido issued debt in the total amount of 145,000 thousand pounds sterling in two institutional tranches, both structured through the issuance of Private Placement bonds.

One of the tranches for 135,000 thousand pounds with a fixed rate of 3.98% and the other tranche for 10,000 thousand pounds with a fixed rate of 4.145%, both due on 17 June 2038. 5,136 thousand pounds were repaid in 2020.

The guarantees of this issue are detailed in section 3. of this note.

The balance as of 31 December 2020 for this item amounts to 136,415 thousand euros (149,944 thousand euros in 2019).

b) Non-current and current bank borrowings

The breakdown at 31 December 2020 and 2019 is as follows:

	Non-current	Current	Total
2020			
Credits and loans	20,011	156,079	176,090
Debts without recourse to the parent	204,697	19,690	224,387
Debts with limited recourse for project financing	382,891	36,652	419,543
FCC Medio Ambiente Reino Unido	178,886	10,516	189,402
Aquajerez	52,946	4,730	57,676
Rest	151,059	21,406	172,465
	607,599	212,421	820,020
2019			
Credits and loans	61,679	27,196	88,875
Debts without recourse to the parent	379,343	42,058	421,401
Debts with limited recourse for project financing	878,245	86,146	964,391
Cedinsa Group	533,925	21,143	555,068
FCC Medio Ambiente Reino Unido	198,263	53,663	251,926
Rest	146,057	11,340	157,397
	1,319,267	155,400	1,474,667

The previous table shows three different Debt groups:

1. Credits and loans.

In December 2019, Fomento de Construcciones y Contratas, S.A. made a voluntary early repayment of all syndicated financing signed in 2018 in the amount of 1.2 billion euros. This repayment was made using a large part of the funds obtained from the issuance of FCC Servicios Medioambiente Holding S.A.U. bonds explained in the previous section, along with funds from new bilateral lines signed up.

This operation enabled FCC to successfully complete a debt reduction and financial reorganisation process initiated five years ago, with which it has achieved a much more solid and efficient capital structure, with amounts, terms and financing costs in line with the nature of its different business areas (Note 30).

As of 31 December 2020, as in 2019, this section mainly includes the financing facilities of FCC, SA in the form of credit policies and bilateral loans signed in the amount of 648.5 million (500 million euros at 31 December 2019) with different local financial institutions. At 31 December 2020, the balance drawn down from these loans was 175 million euros (87 million euros at 31 December 2019).

2. Debts without recourse to the parent.

Item that mainly incorporates the financing corresponding to the Cementos Portland Valderrivas (CPV) group.

CPV financing is implemented in a senior financing contract for an original amount of approximately 455.7 million euros, which includes partial maturities and a final maturity of five years (July 2021). On 29 July 2020, a contract for the novation and ratification of guarantees was signed in which a new

repayment schedule was included to extend the last instalment payable on 29 July 2021, i.e. to 29 July 2022, and adapt the financial covenants.

The interest rate applicable to this loan is Euribor plus a differential of 2.43%, with the possibility of reduction depending on the performance of the leverage.

During the financial year 2020, debt was repaid in advance voluntarily for a total amount of 119.2 million euros, 108.2 million euros on account of the repayment instalments planned for the financial year 2021 and the final instalment.

As of 31 December 2020, the entire debt balance had been classified as non-current and the total outstanding balance of this loan amounts to 115.5 million euros (234.7 million euros as of 31 December 2019).

This financing requires compliance with a series of financial ratios until its maturity. As of 31 December 2020, the required ratios were met, and since the Gross Debt Financing / EBITDA Ratio is less than 2x, the interest rate margin in 2021 will fall from 2.43% to 2% per year.

CPV also has a subordinated financing contract for an original amount of 79.5 million euros, maturing 6 months after the expiry of the senior financing contract. On 29 July 2020, in parallel to signature of the novation of the senior financing contract, a modifying agreement was signed to the agreement signed on 29 July 2016, in which the extension of maturity was agreed, setting it at 78 months from the date of the contract, that is, as of 29 January 2023.

At 31 December 2020 and 2019, the outstanding balance of this loan is 70.4 million euros.

As at 31 December 2020, the guarantees granted in relation to said financing only affect shares of CPV group investees.

The rest of the debt in this section is accounted for by the debt of the Water area and the Services area, mainly from the FCC Environment CEE subgroup.

Additionally, at 31 December 2020 FCC Medio Ambiente SAU and the FCC Environment CEE subgroup held signed and undrawn credit agreements in the amounts of 323.5 and 32.9 million euros, respectively.

3. Debts with limited recourse for project financing.

Covering all financings that are only guaranteed by the project itself and by its cash generation capacity, which will bear the total payment of the debt service and which, under no circumstance, will be guaranteed by the Fomento de Construcciones y Contratas, S.A. parent company or any other company of the FCC Group.

As of 31 December 2020, this section does not include the Cedinsa Group's debt, which as of 31 December 2019 amounted to 555,068 thousand euros, as a result of its transfer to non-current assets held for sale (Note 4).

- FCC Medio Ambiente Reino Unido. The full debt of Azincourt Investment, S.L. was repaid in 2019 (a company wholly owned by FCC, SA, and in turn holding 100% of the shares of FCC Environment UK). The company currently has a revolving line of credit in the amount of 30 million pounds, not drawn down as at 31 December 2020.

In 2018, FCC Energy Ltd, whose assets are the Eastcroft and Allington incinerators, issued debt in the amount of 207.4 million pounds. This debt has a term of 20 years (maturing on 17 June 2038) and three different tranches, two institutional for an initial total amount of 145 million pounds described in section a) of this note, and a commercial tranche of 62.4 million pounds. The interest rate of the commercial tranche is a variable rate hedged with an exchange of interest that makes it fixed plus an upward margin of up to 2.75% during the life of the project.

2.2 million pounds were repaid from commercial tranche in 2020.

Being project funding, the financing of FCC Energy includes the standard guarantees for this type of financing, such as the pledging of the company's shares and the rest of its assets, which include the companies that operate the two waste incineration plants.

In October 2016, FCC Environment signed a 142 million pound contract to design, finance, build and operate the Millerhill Recycling and Energy Recovery Centre (RERC) in Midlothian, located on the outskirts of Edinburgh. The plant originally had two syndicated loans, one amounting to 75.71 million pounds, repayable in August 2042, and another for 36.9 million pounds which came due in May 2020. The margins of the loan due to be repaid in 2042 range from 3% to 3.5%. At the end of 2020, the debt drawn down from the project was 72.8 million pounds corresponding to the syndicated loan due to be repaid in 2042.

By way of a summary of the foregoing, at 31 December 2020, of the total FCC Medio Ambiente Reino Unido debt with credit institutions, FCC Energy Ltd accounts for 58.8 million euros, and FCC E&M (Edinburgh) for 80.0 million euros; the rest of the debt with limited resource for project financing, up to the total amount of 189.4 million euros, corresponds to the debt of other companies that make up the FCC Group in the United Kingdom.

- The financing of Aquajerez, SL was signed in 2016 and amounted to 40 million euros, with a term of 15 years with semi-annual repayments from January 2017. During 2019 FCC Aqualia, SA, which already held 51% of this company, acquired the remaining 49% and proceeded to extend the initial credit to 65 million euros. As of 31 December 31 2020, this debt amounts to 57.7 million euros (61.9 million in 2019).

This financing is associated with a mandatory interest rate hedging of 15 years on 70% of the nominal, as shown in note 23 of derivative financial instruments. This hedging was also renewed in line with the credit increase.

- "Rest of Debts with limited recourse for project financing" includes companies with project financing from the Water areas - Aquos El Realito, SA de CV with 40.3 million euros; Servicios Medioambientales, Gipuzkoa Ingurumena Bi, S.A. with 24.5 million euros; and Concessions, Autovía Conquense, SA with 26.9 million euros.

As at 31 December 2020 there have been no breaches of financial ratios associated with project financing debts, and they are not expected to be defaulted during 2021.

The guarantees granted on these loans are real and are based on the financed assets that repay the debt with own flows, without additional guarantees granted by the Parent Company to pledge the shares in the vehicle companies that own the aforementioned financial assets that may have been granted.

The breakdown of the debts with credit institutions by currency and amounts available at 31 December 2020 and 2019 is as follows:

	euros	US dollars	Pounds Sterling	Czech koruna	Rest	Total
2020						
Credits and loans	175,227	851	-	-	12	176,090
Debt without recourse to the parent	206,877	507	-	8,741	8,263	224,388
Debts with limited recourse for project financing	128,376	-	189,402	-	101,765	419,543
	510,480	1,358	189,402	8,741	110,040	820,021
2019						
Credits and loans	87,252	1,623	-	-	-	88,875
Debt without recourse to the parent	341,256	-	-	7,206	72,939	421,401
Debts with limited recourse for project financing	695,428	-	251,926	-	17,037	964,391
	1,123,936	1,623	251,926	7,206	89,976	1,474,667

Credits and loans in US dollars mainly finance assets in the Construction and Services Area; those contracted in sterling correspond to the asset financing of FCC Medio Ambiente UK; those contracted in CZK finance the operations of FCC Environment CEE in the Czech Republic; and in the rest of currencies, the financing of Aquos El Realito, SA de CV in Mexican pesos for an amount of 40,309 thousand and Shariket Tahlya Mostaganem, S.p.A. in Algerian dinars for the amount of 32,903 thousand euros.

c) Other non-current financial liabilities

	2020	2019
Non-current		
Lease debt (Note 10)	376,487	405,391
Third party financial debts outside the group	115,374	282,887
Derivative financial liabilities (Note 23)	38,504	168,171
Deposits and guarantees received	41,990	39,788
Other concepts	16,399	14,421
	588,754	910,658

The decrease in "Third party financial debts outside the group" at 31 December 2020 is mainly due to the transfer to non-current liabilities held for the sale of the financial debt of the Cedinsa Group companies with the Generalitat de Catalunya, in the amount of 206,466 thousand euros as of 31 December 2019 (Note 4).

"Derivative financial liabilities" mainly include financial derivatives for risk hedging, mainly interest rate swaps. The decrease with respect to the previous period is noteworthy as the derivatives of the Cedinsa Group are not incorporated as a consequence of the aforementioned transfer to non-current liabilities held for sale (Notes 4 and 23).

d) Other current financial liabilities

	2020	2019
Current		
Lease debt (Note 10)	68,599	78,985
Interim dividend payable	18,457	1,536
Third party financial debts outside the group	22,008	24,987
Suppliers of fixed assets and bills payable	35,002	31,332
Debts with associated companies and joint ventures	4,120	4,366
Derivative financial liabilities (Note 23)	5	3,033
Deposits and guarantees received	60,772	53,456
Other concepts	3,713	5,912
	212,676	203,607

"Guarantees and deposits received" includes the advance payment received for the agreement to sell the shareholding in Concesionaria Túnel de Coatzacoalcos, S.A. for 48,396 thousand euros in both years, owned by a company linked to the majority shareholder of the Parent Company. The sale is subject to conditions precedent, not fulfilled at the date of formulation of these consolidated annual accounts.

e) Schedule of expected due dates

The schedule of expected due date of debts with credit institutions, obligations and loans and other non-current financial liabilities, is as follows:

	2022	2023	2024	2025	2026 and beyond	Total
2020						
Debt instruments and other marketable securities	911,407	618,999	6,679	7,175	1,236,675	2,780,935
Non-current bank borrowings	186,201	119,395	36,593	27,066	238,344	607,599
Other financial liabilities	72,170	40,317	36,983	39,701	399,583	588,754
	1,169,778	778,711	80,255	73,942	1,874,602	3,977,288

f) Changes in financial liabilities that affect cash flows from financing activities

Below are details of the changes in non-current and current financial liabilities, differentiating those that affected cash flows from financing activities in the Statement of Cash Flows from the remaining changes:

	Balance at 1 January 2020	Cash flows from financing activities	With no impact on cash flows				Balance at 31 December 2020
			Exchange differences	Change in fair value	Change consolidation method	Other changes	
Non-current	5,030,270	(68,305)	(60,635)	31,320	153,446	(1,108,808)	3,977,288
Debt instruments and other marketable securities	2,800,345	1,425	(22,177)	-	7,732	(6,390)	2,780,935
Bank borrowings	1,319,267	(96,469)	(32,695)	-	75,144	(657,648)	607,599
Other financial liabilities	910,658	26,739	(5,763)	31,320	70,570	(444,770)	588,754
Current	683,611	(219,865)	(7,675)	223	23,216	394,933	874,443
Debt instruments and other marketable securities	324,604	64,981	(703)	-	311	60,153	449,346
Bank borrowings	155,400	(109,815)	(3,454)	-	132	170,158	212,421
Other financial liabilities	203,607	(175,031)	(3,518)	223	22,773	164,622	212,676

	Balance at 1 January 2019	Cash flows from financing activities	With no impact on cash flows				Balance at 31 December 2019
			Exchange differences	Change in fair value	Change consolidation method	Other changes	
Non-current	3,900,432	1,297,983	22,309	13,372	961,856	(1,165,682)	5,030,270
Debt instruments and other marketable securities	1,702,631	1,092,639	9,981	-	-	(4,906)	2,800,345
Bank borrowings	1,988,629	172,347	17,328	-	592,864	(1,451,901)	1,319,267
Other financial liabilities	209,172	32,997	(5,000)	13,372	368,992	291,125	910,658
Current	380,902	(1,529,516)	5,253	11,123	32,142	1,783,707	683,611
Debt instruments and other marketable securities	23,308	255,211	318	-	-	45,767	324,604
Bank borrowings	211,455	(1,592,587)	958	-	20,277	1,515,297	155,400
Other financial liabilities	146,139	(192,139)	3,977	11,123	11,865	222,642	203,607

In 2020, the decrease in "Other movements" mainly addresses the transfer to non-current liabilities held for sale of the Cedinsa subgroup (Note 4) in the amount of 861,282 thousand euros.

In 2019, "Change consolidation method" shows 918,137 thousand euros contributed by the Cedinsa Group and 52,805 thousand euros contributed by Shariket Tahlya Miyah Mostaganem, S.p.A. as a result of the full consolidation method implemented after the takeover (Note 4). In addition, "Other movements" shows the debt arising as a result of the first application of IFRS 16 "Leases" for an amount of 388,462 thousand euros in "Other non-current financial liabilities" and 43,805 thousand euros in "Other current financial liabilities" (Notes 2, 3 and 10)

21. OTHER NON-CURRENT LIABILITIES

This heading mainly includes the performance obligations under the Buckinghamshire plant concession (Note 11) arising from the collection of the intangible component according to the conditions established in the contract for the amount of 118,375 thousand euros at 31 December 2020 (128,806 thousand euros at 31 December 2019).

22. TRADE AND OTHER ACCOUNTS PAYABLE

The breakdown of the "Trade and other accounts payable" heading in the liability side of the balance sheet as at 31 December 2020 and 2019 is as follows:

	2020	2019
Suppliers	1,055,643	1,157,753
Current tax liabilities (Note 24)	8,939	14,951
Other payables to Public Administrations (Note 24)	316,883	287,993
Customer advances (Note 16)	403,626	380,695
Remuneration payable	69,841	71,970
Other payables	418,800	456,598
	2,273,732	2,369,960

With regard to the Spanish Institute of Accounting and Accounts Auditing (ICAC) Resolution of 29 January 2016, issued in compliance with the mandate of the Second Additional Provision of Law 31/2014, of 3 December, which amends the Third Additional Provision of Law 15/2010, of 5 July, establishing measures to combat late payment in commercial transactions, in 2019 the Group operated primarily in Spanish territory with public clients including the central government, regional government, local corporations and other public bodies, which settle their payment obligations in periods exceeding the statutory limit in Public Sector Contract legislation, and in Law 3/2004, of 29 December 2004, establishing measures to combat late payment in commercial transactions.

It should be noted that the provisions of section 5 of article 228 of the current Consolidated Text of the Public Sector Contract Law (CTPSCL) apply to the works and supplies derived from contracts signed by the Group with the different Public Administrations.

Due to such circumstances and in order to adapt the Group's financial policy to reasonable efficiency levels, the usual payment periods to suppliers were maintained in 2020 in the sectors in which the Group operates.

The Group's payment policy to suppliers, indicated in the foregoing two paragraphs, hence finds support in: a) Payments to suppliers under agreements entered into by the Group with the public authorities, pursuant to article 228.5 of the CTPSCL, and b) Payments to remaining suppliers under the Second transitional provision of Law 15/2010, and, where appropriate, that provided for in article 9 of Law 3/2004, which excludes from the abusive nature the "deferral of the payment for objective reasons" taking into consideration, in both cases a) and b) the usual payment period in the sectors in which the Group operates.

The Group also acknowledges and pays suppliers, always by mutual agreement, any late-payment interest agreed in the contracts, providing negotiable payment methods accompanied by exchange procedures. Such agreements, aside from being expressly provided for, as mentioned, in the CTPSCL, are admissible under Directive 2011/7/EU, of 16 February, of the European Parliament and the Council.

The Group has also entered into confirming line and similar contracts with different financial institutions to facilitate early payment to suppliers. In accordance with these contracts, a supplier may exercise its collection rights against the Group companies or entities and obtain the invoiced amount, less the financial costs for discount and fees applied by those entities and, in some cases, amounts withheld as guarantee. The total amount of the lines contracted stood at 91,583 thousand euros at 31 December 2020 (90,525 thousand euros at 31 December 2019), and the balance available was 7,830

thousand euros at 31 December 2020 (29,454 thousand euros at 31 December 2019). The above-mentioned contracts do not modify the main payment conditions (interest rate, deadline or amount), so they are classified as commercial liabilities.

In compliance with the aforementioned Resolution, a table is set out below with information on the average payment period to suppliers for companies located in Spain, for those commercial operations accrued from the date of entry into force of the aforementioned Law 31/2014, i.e. 24 December 2014:

	2020	2019
	Days	Days
Average payment period to suppliers	104	101
Ratio of paid operations/transactions	97	94
Ratio of operations/transactions pending payment	126	124
	Amount	Amount
Total payments made	1,429,479	1,600,334
Total payments pending	445,894	446,476

23. DERIVATIVE FINANCIAL INSTRUMENTS

In general, financial derivatives entered into by the FCC Group receive the accounting treatment provided for in the regulations for accounting hedges set forth in note 3) of this Report, that is, they are operations that hedge real positions.

The main financial risk hedged by the FCC Group through derivative instruments relates to the fluctuations in floating interest rates to which Group company financing is tied.

At 31 December 2020, the fully consolidated FCC group companies had entered into hedging operations with derivative instruments in the overall notional amount of 335,672 thousand euros (807,271 thousand euros at 31 December 2019), mainly materialised in interest rate swaps (IRS), where Group companies pay fixed rates and receive floating rates.

Below is a breakdown of the hedges and their fair value for companies consolidated by global integration:

	Derived type	Hedging type	% hedge	Notional 31.12.20	Notional 31.12.19	Valuation at 31.12.20	Appreciation at 31/12/19	Due date
Companies consolidated by global integration								
FCC Medio Ambiente S.A.U.	IRS	EF	57%	8,211	9,185	(770)	(1,002)	02/04/2024
	IRS	EF	22%	3,448	3,582	(68)	(81)	02/04/2024
	Option	EF	57%	8,211	9,185	108	31	02/04/2024
RE3 Ltd.	IRS	EF	82%	18,721	21,415	(4,136)	(4,406)	30/09/2029
FCC Energy Ltd.	IRS	EF	100%	9,681	10,646	(1,179)	(748)	17/06/2038
	IRS	EF	100%	60,446	66,450	(7,476)	(4,765)	17/06/2038
FCC Wrexham PFI Ltd.	IRS	EF	95%	17,508	19,538	(5,250)	(5,402)	30/09/2032
FCC Wrexham PFI (Phase II) Ltd.	IRS	EF	50%	7,254	8,226	(998)	(859)	30/09/2032
	IRS	EF	50%	7,254	8,226	(1,004)	(867)	30/09/2032
FCC (E&M) Ltd,	IRS	EF	50%		21,336		28	06/05/2020
	IRS	EF	50%		21,336		28	06/05/2020
	IRS	EF	50%	40,826	44,495	(4,385)	(2,064)	06/05/2042
	IRS	EF	50%	40,826	44,495	(4,475)	(2,186)	06/05/2042
Integraciones Ambientales de Cantabria, S.A.	IRS	EF	75%	3,830	5,926	(158)	(339)	31/12/2022
Aquajerez	IRS	EF	70%	22,708	24,175	(1,143)	(721)	15/07/2031
	IRS	EF	30%	18,145	19,761	(503)	(91)	15/07/2031
Gipuzkoa Ingurumena	IRS	EF	38%	9,378	9,715	(956)	(668)	30/06/2034
	IRS	EF	38%	9,378	9,715	(950)	(642)	30/06/2034
Qatarat	IRS	EF	100%	11,610		(790)		07/06/2026
	IRS	EF	100%	480		(6)		25/03/2021
	IRS	EF	100%	4,816		(206)		28/11/2024
Aquos El Realito S.A. de C.V	IRS	EF	100%	32,941		(3,847)		22/01/2025
Cedinsa Eix. Llobregat	IRS	EF	70%		117,013		(37,113)	01/05/2033
Cedinsa Eix. Transversal	IRS	EF	80%		301,271		(99,078)	30/10/2033
Cedinsa d'Aro	IRS	EF	85%		31,580		(10,065)	01/05/2033
Total global integration				335,672	807,271	(38,192)	(171,010)	

At 31 December 2020, this section does not include derivatives of the Cedinsa subgroup companies whose assets and liabilities have been transferred and held for sale (Note 4).

It also shows the maturities of the notional amount for the hedging operations entered into as at 31 December 2020 and broken down in the previous table:

	2021	2022	2023	2024	2025 and beyond
Companies consolidated by global integration	23,759	23,786	22,571	33,724	231,831

At 31 December 2020, the total notional hedging of companies consolidated by the equity method amounted to 186,256 thousand euros (623,984 thousand euros at 31 December 2019) and fair value was (24,874) thousand euros - (175,222) thousand euros at 31 December 2019. The derivatives of the concessionaires detailed in Note 4 are not included in this section.

At 31 December 2020, the hedging of derivatives of companies whose assets and liabilities have been transferred as held for sale (Note 4) had a total notional of 844,043 thousand euros and a fair value of (294,109) thousand euros. The details of the hedges and their fair value are presented below:

	Derived type	Hedging type	% hedge	Notional 31.12.20	Notional 31.12.19	Valuation at 31.12.20	Appreciation at 31/12/19	Due date
Cedinsa Eix. Llobregat	IRS	EF	70%	114,730	117,013	(36,561)	(37,113)	01/05/2033
Cedinsa Eix. Transversal	IRS	EF	80%	291,800	301,271	(96,946)	(99,079)	30/10/2033
Cedinsa d'Aro	IRS	EF	85%	30,943	31,580	(9,777)	(10,065)	01/05/2033
Total global integration				437,473	449,864	(143,284)	(146,257)	
Urbs Iudex et Causidicus, S.A.	IRS	EF	100%	59,432	61,676	(39,666)	(42,579)	30/12/2033
Concessió Estacions Aeroport L9	IRS	EF	Various	347,138	353,728	(111,159)	(105,640)	23/12/2033
Total equity method				406,570	415,404	(150,825)	(148,219)	

The following table details the financial derivatives that companies consolidated using global integration have entered into for hedging purposes, but which cannot be considered as such for accounting purposes:

	Derived type	Hedging type	Notional 31.12.20	Notional 31.12.19	Appreciation at 31.12.20	Appreciation at 31.12.19	Due date
Fully consolidated companies							
FCC Environment CEE GmbH	FX SWAP	ESP	19,938	13,255	(208)	(312)	22/11/2023
Total global integration			19,938	13,255	(208)	(312)	

Below are the maturities of the notional amount of those derivatives that do not meet the hedging conditions:

	Notional maturity				
	2021	2022	2023	2024	2025 and beyond
Companies consolidated by global integration	16,160	-	-	3,778	-

The following table provides a reconciliation of the change in the valuation of the derivatives, differentiating hedging from speculative and identifying those amounts that have been recorded in the attached consolidated income statement and those that have been recorded in "Other comprehensive income" of the consolidated statement of recognised income and expense:

	Balance at 1 January 2019	Profit/loss from valuation of reserves	Profit/loss from valuation of results	Transfers to the profit and loss statement	Inefficiency of the hedging	Other changes	Balance at 31 December 2019
2020							
Hedging	(171,010)	(30,907)	-	16,149	-	147,576	(38,192)
Speculative	(312)	-	175	-	-	(71)	(208)
	Balance at 1 January 2018	Profit/loss from valuation of reserves	Profit/loss from valuation of results	Transfers to the profit and loss statement	Inefficiency of the hedging	Other changes	Balance at 31 December 2018
2019							
Hedging	(13,204)	123	-	2,504	(4,331)	(156,102)	(171,010)
Speculative	(3,150)	-	(62)	-	-	2,900	(312)

"Other movements" for fiscal year 2020 basically includes the reclassification to liabilities held for sale of the Cedinsa subgroup (Note 4).

24. TAX MATTERS

This Note describes the headings in the accompanying consolidated income statement relating to the tax obligations of each of the Group companies, such as deferred tax assets and liabilities, tax receivables and payables and the corporation tax expense.

In accordance with file 18/89, the Parent Company of the FCC Group is subject to the Corporation Tax consolidation regime, with all the companies that meet the requirements established by the tax legislation being integrated into said regime. In addition, part of the subsidiaries that carry out Water and Environmental Services in the United Kingdom and the FCC Environment Group in Austria also pay taxes in their own consolidated tax group.

In May 2019, the tax authorities completed a procedure to recover state aid, arising from European Commission Decision 2015/314/EU, of 15 October 2014, relating to the tax amortisation of financial goodwill from the indirect acquisition of foreign holdings. This procedure aims to adjust the tax incentives applied by the company and FCC Group in prior years as a result of the acquisition of the Alpine, FCC Environment (formerly the WRG Group) and FCC CEE (formerly the ASA Group) Groups. The Tax Administration filed a claim against the Group in 2019 for a total amount (tax portion and late payment interest) of 111 million euros. FCC has settled this tax debt but has also filed an economic-administrative appeal against it, which is pending resolution. The Group, in accordance with the opinion of its legal advisors, considers it probable that the amounts already paid under such recovery procedure will be returned. Within the framework of this procedure, the Tax Administration has

recognised a negative tax base in favour of the FCC group that has generated an activated tax credit for the amount of 63.2 million euros.

In June 2020, the Tax Administration announced that corporation tax checks were to be carried out on the tax group headed by FCC, SA between 2015 and 2017, on VAT from June 2016 to December 2017 for FCC, S.A., FCC Construcción, FCC Aqualia, FCC Industrial e Infraestructuras Energéticas and Cementos Portland Valderrivas, and withholdings/payments on account for work income and professional income corresponding to the period from June 2016 to December 2017 for FCC, S.A., FCC Construcción and FCC Aqualia, and between January and December 2017 in the case of Cementos Portland Valderrivas. In relation to the business years and taxes open for inspection, contingent tax liabilities could arise, the amount of which cannot be objectively quantified at present as the proceedings are at a very early stage. However, Group management considers that the liabilities resulting from this situation would not have a significant effect on the Group's equity.

a) Deferred tax assets and liabilities

Deferred tax assets are mainly due to provision made, losses and impairment of assets held for sale, non-deductible financial expenses that will be tax-deductible against the Corporation Tax base in future years, deductions and tax bases pending application/offsetting, and differences between accounting and tax depreciation.

Specifically, the FCC group has recorded deferred tax assets corresponding to the negative tax bases and deductions pending application, considering that there are no doubts about their recoverability, for an amount of 345,095 thousand euros (330,152 thousand euros at 31 December 2019). The increase in tax credits for tax loss carryforwards and deductions pending application, compared to 2019, is mainly due to a higher activation of tax loss carryforwards and deductions pending application in tax group 18/89 (FCC).

The Group Management has evaluated the recoverability of deferred tax assets by estimating future tax bases, concluding that there is no doubt surrounding their payment.

The estimates used to assess the recoverability of deferred tax assets are based on the estimate of future taxable bases, based on the year's consolidated accounting result before the estimated tax from continuing operations, to which the corresponding permanent and temporary differences that are expected to take place each year have been adjusted.

Pursuant to profit projections, it has been estimated that there will be sufficient positive tax bases to substantially absorb both the tax loss carryforwards recognised in the balance sheet and the deferred tax assets within an estimated period of around fourteen years.

The deferred tax liabilities recorded by the group mainly originate from:

- The differences between the tax and accounting valuation due to the fair value of assets derived from the corporate acquisitions in the different segments of the Group's activity, as indicated in notes 3.b). In general, these liabilities will not entail any future cash outflows because they revert at the same rate as the amortisation of revalued assets.
- From the tax amortisation of leasing contracts and that of certain items of property, plant and equipment under accelerated tax amortisation plans, and from the unrestricted amortisation on the investments made, which allows them to be fully amortised as long as certain requirements are fulfilled.

- From the profits of temporary joint ventures that will be included in the tax base of the following year's Corporation Tax.

The Group, pursuant to the provisions of IAS 12 "Corporation Tax", has offset the deferred tax assets and liabilities corresponding to the entities, which, in line with the applicable tax legislation, have the legal right to offset these assets and liabilities and will be settled for their net amount based on the corresponding time frames. At 31 December 2020, deferred tax assets and liabilities were offset in the amount of 123,695 thousand euros (202,427 thousand euros at 31 December 2019).

The following table shows the breakdown of the main deferred tax assets and liabilities prior to offsetting:

ASSETS	2020			2019		
	Tax Group Spain	Rest	TOTAL	Tax Group Spain	Rest	TOTAL
Provisions and impairments	119,011	40,219	159,230	134,897	49,739	184,636
Tax loss carryforwards	332,327	12,768	345,095	316,989	13,163	330,152
Non-deductible financial expense	21,817	5,626	27,443	51,239	72,293	123,532
Pension plans	455	2,214	2,669	459	1,375	1,834
Amortisation/depreciation differences	12,514	9,822	22,336	13,405	8,124	21,529
Other	112,002	33,615	145,617	107,910	32,773	140,683
Total	598,126	104,264	702,390	624,899	177,467	802,366

LIABILITIES	2020			2019		
	Tax Group Spain	Rest	TOTAL	Tax Group Spain	Rest	TOTAL
Fair value assets from allocation of acquisition differences (IFRS 3)	60,907	68,524	129,431	62,402	136,605	199,007
Accelerated amortisation/depreciation	1,698	89,242	90,940	5,514	75,555	81,069
Profit/(loss) Temporary Joint Ventures	11,914	6,332	18,246	11,302	5,371	16,673
Tax impairment of goodwill	1,175	-	1,175	3,342	-	3,342
Deferred tax of conversion differences	-	-	-	-	-	-
Financial leasing	4,837	1,993	6,830	4,889	2,026	6,915
Other	19,667	6,199	25,866	24,852	12,881	37,733
Total	100,198	172,290	272,488	112,301	232,438	344,739

Below are the expected maturity dates of the deferred taxes:

	2021	2022	2023	2024	2025 and beyond	Total
Assets	67,374	71,600	57,760	50,846	454,810	702,390
Liabilities	19,936	21,606	16,647	17,211	197,088	272,488

The Group has tax credits corresponding to negative tax bases (NTBs), which have not been activated in the financial statements on the basis of a prudent criterion, for the amount of 183.3 million euros. The estimated due date of the tax credits for non-activated NTBs is as follows:

Maturity time frame	Tax credits (millions of euros)
From 2021 to 2025	33.5
From 2026 to 2030	19.6
From 2031 onwards	45.1
No maturity	85.1
	183.3

Meanwhile, the Group has non-activated tax credits corresponding to tax deductions that have been accredited and are pending application for a total amount of 9.6 million euros.

b) Public administrations

The breakdown at 31 December 2020 and 2019 of the current assets and liabilities included under the “Public administrations” heading is as follows:

Current assets

	2020	2019
Value Added Tax receivable (Note 16)	108,169	87,291
Current tax	101,235	72,664
Other tax items (Note 16)	61,896	54,892
	271,300	214,847

Current liabilities

	2020	2019
Value Added Tax payable (Note 22)	93,616	69,518
Current tax (Note 22)	8,939	14,951
Social Security payable and other tax items (note 22)	223,268	218,475
Deferrals	257	84
	326.080	303.028

c) Corporation tax expense

The corporation tax expense incurred in the year amounted to 86,273 thousand euros (149,067 thousand euros in 2019), as detailed in the accompanying consolidated income statement. Below is the reconciliation between expense and accrued tax payment:

	2020		2019		
Consolidated accounting profit for the year before taxes from continuing activities		429,873		488,990	
	<u>Additions</u>	<u>Reductions</u>	<u>Additions</u>	<u>Reductions</u>	
Permanent differences	74,606	(123,814)	(49,208)	164,964	(210,375)
Adjusted consolidated accounting profit/(loss) of continuing activities		380,665		443,579	(45,411)

Temporary differences						
-Arising in the year	179,277	(96,207)	83,070	176,825	(94,345)	82,480
-Arising in prior years	112,651	(286,239)	(173,588)	113,617	(355,745)	(242,128)
Profit/(loss) directly attributed to Equity						
Consolidated tax base of continuing activities (taxable profit/(loss))			290,147			283,931

From the previous table, given the magnitude of the amounts, it should be noted that the tax base is the best estimate available at the date of preparing the accounts. The final amount to be paid will be determined in the tax settlement that will be carried out in 2021, so the final settlement may vary as explained in note 3.p) of this Report.

In 2019, permanent differences, as increases, include the amount of the impairment recorded in the Uniland goodwill (note 7) amounting to 70,011 thousand euros.

Below is the reconciliation of the expense for corporation tax:

	2020	2019
Adjusted consolidated accounting profit/(loss) of continuing activities	380,665	443,579
Profit tax	(95,802)	(108,952)
Tax credits and tax relief	3,585	1,490
Other adjustments	5,944	(41,604)
Corporation tax	(86,273)	(149,066)

In 2020 the assets and liabilities of the Cedinsa group were reclassified as non-current assets held for sale and liabilities related to non-current assets held for sale respectively (Note 4), contributing to the attached income statement a result before tax of 19,518 thousand euros, and a tax on profits of (5,523) thousand euros.

The main components of the corporation tax, distinguishing between the current tax, i.e. tax corresponding to the current year and the deferred tax, the latter understood as the impact on profit/(loss) of the origination or reversal of temporary differences that affect the amount of deferred tax assets or liabilities recognised in the balance sheet, is as follows:

	2020	2019
Current tax	(71,412)	(78,019)
Deferred taxes	(14,861)	(71,047)
Corporation tax	(86,273)	(149,066)

25. PENSION PLANS AND SIMILAR OBLIGATIONS

The Spanish Group companies have not generally established any pension plans to supplement the social security pension plans. However, under the Consolidated Pension Plans and Pension Funds Law, in those specific cases in which similar obligations exist, the companies externalise pension and similar obligations to its employees.

The Parent Company has taken out insurance to cover death, permanent employment disability, retirement bonuses and pensions and other concepts for some executive directors and company officers. The contingencies that might give rise to compensation include the termination of the employment relationship for any of the following reasons:

- a) Unilateral decision of the company.
- b) Dissolution or disappearance of the Parent for any reason, including mergers or disposals.
- c) Death or permanent disability.
- d) Other causes of physical or legal incapacitation.
- e) Substantial modification of professional conditions.
- f) Termination after reaching the age of 60, at the request of the officer and in agreement with the company.
- g) Termination after reaching the age of 65 at the officer's sole discretion.

No new contributions were made in the form of premiums for this insurance in 2020 and 2019, and 3,459 thousand euros were received in 2019 in the form of rebates on premiums previously paid. As at 31 December 2020, the fair value of the premiums provided covers all the actuarial obligations entered into.

In accordance with article 38.5 of the Bylaws, Fomento de Construcciones y Contratas, S.A. holds a civil liability insurance that covers Directors and Managers. This is a collective policy covering all the Group's executives, and in 2020 a premium of 1,474 thousand euros was paid over (489 thousand euros in 2019).

Fomento de Construcciones y Contratas, S.A. has taken out an accident insurance policy for its directors, encompassing both the exercise of their functions and their private life, comprising coverage in the event of death, total and absolute permanent incapacity and severe disability. The premium paid in the year amounts to 6 thousand euros (7 thousand euros in 2019).

Certain foreign companies belonging to the Group assumed the commitment of supplementing the retirement and other similar commitments of its employees through defined benefit plans. Independent actuarial experts measured the commitments accrued and, where appropriate, the assets used, through generally accepted actuarial methods and techniques included, where appropriate, in the accompanying consolidated balance sheet under the "Non-current provisions" heading within "Non-current employee benefit obligations", in line with the criteria set forth by IFRSs (Note 19).

The main benefits referred to in the preceding paragraph are the following:

- The companies in the FCC Environment (UK) group that are resident in the United Kingdom incorporate the benefits undertaken with their employees, represented by assets, in the accompanying consolidated balance sheet in accordance with the plans to pay the benefits, whose fair value amounts to 62,478 thousand euros (59,501 thousand euros as of 31 December 2019), with

an actuarial value of the accrued obligations amounting to 70,758 thousand euros (64,939 thousand euros as of 31 December 2019). The net difference represents a liability of 8,280 thousand euros (5,438 thousand euros as of 31 December 2019), which has been included in the accompanying consolidated balance sheet as non-current provisions. The "Staff expenses" heading of the accompanying consolidated profit and loss statement includes a cost of 420 thousand euros (367 thousand euros as of 31 December 2019) for the net difference between the cost of services and returns on assets affected by the plan. The average actuarial rate used was 1.5% (2.0% in 2019).

- In 2019, Telford & Wrekin Services, Ltd., resident in the United Kingdom, settled the pension plan that it had committed to in order to complement the retirement benefits of its employees. In accordance with current international accounting regulations, the result of this settlement must be recorded in the profit and loss statement, which meant recognising income of 6,730 thousand euros.

The year's movement of the obligations and assets associated with pension plans and similar obligations is detailed below:

2020

Actual performance of the current value of the obligation

	FCC Environment Group (UK)	Telford & Wrekin Services
Balances of obligations at the beginning of the year	64,939	
Cost of services for the current year	201	
Interest costs	1,210	
Contributions of the participants	17	
Actuarial profits/losses	9,669	
Exchange differences	(3,484)	
Benefits paid during the year	-	
Cost of past services	25	
Settlements	(1,819)	
Balance obligations at end of year	70,758	-

Actual performance of the fair value of affected assets

	FCC Environment Group (UK)	Telford & Wrekin Services
Affected active balances at the beginning of the year	59,501	
Expected return on assets	1,116	
Actuarial profits/losses	5,202	
Exchange differences	(3,192)	
Contributions made by the employer	1,754	
Contributions made by the participant	16	
Benefits paid	(1,919)	
Settlements	-	
Balance of affected assets at the end of the year	62,478	-

Reconciliation of the actual performance of the obligation less the affected assets and the balances effectively recognised in the balance sheet

	Grupo FCC Environment (UK)	Telford & Wrekin Services
Net balance obligations less affected assets at the end of the year	8,280	-

2019

Actual performance of the current value of the obligation

	FCC Environment Group (UK)	Telford & Wrekin Services
Balances of obligations at the beginning of the year	55,369	31,525
Cost of services for the current year	174	107
Interest costs	1,663	231
Contributions of the participants	19	22
Actuarial profits/losses	6,837	2,498
Exchange differences	2,846	1,620
Benefits paid during the year	(1,969)	(270)
Settlements	-	(35,733)
Balance obligations at end of year	64,939	-

Actual performance of the fair value of affected assets

	FCC Environment Group (UK)	Telford & Wrekin Services
Affected active balances at the beginning of the year	51,825	26,359
Expected return on assets	1,566	193
Actuarial profits/losses	3,631	1,025
Exchange differences	2,663	1,355
Contributions made by the employer	1,861	-
Contributions made by the participant	19	22
Benefits paid	(2,064)	(272)
Settlements	-	(28,682)
Balance of affected assets at the end of the year	59,501	-

Reconciliation of the actual performance of the obligation less the affected assets and the balances effectively recognised in the balance sheet

	Grupo FCC Environment (UK)	Telford & Wrekin Services
Net balance obligations less affected assets at the end of the year	5,438	-

26. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At 31 December 2020, the Group incurred contingent liabilities, mainly guarantees to third parties, mostly before public bodies and private clients, to secure the correct performance of the urban sanitation works and contracts, for 3,833,058 thousand euros (3,941,877 thousand euros at 31 December 2019).

Additionally, the Group has granted letters of indemnity to certain directors with management and administration duties at subsidiaries, without the any risks for which provisions should be set aside identified during the preparation of these financial statements. Such letters of indemnity are a common practice in multinational companies that expatriate employees due to their double status as company employees and executives of the subsidiary, and are of subsidiary execution in the event that the respective directors' policies do not fully cover the contingency. Letters of indemnity were granted to five executives in relation to the businesses that were maintained by the Group in Alpine.

Fomento de Construcciones y Contratas, S.A. and the Group's subsidiaries are defendants in litigation concerning liability for different activities carried out by the Group in the performance of contracts awarded and for which provisions have been set aside (Note 19). These lawsuits, which in number may be significant, are for insignificant amounts when considered on a one-by-one basis. Therefore, given proven experience and existing provisions, the resulting liabilities would not significantly affect the Group's assets.

The possible financial effects of the main contingent liabilities derived from the bankruptcy of the Alpine subgroup would be the cash outflows indicated in the respective lawsuits detailed in Note 19 of this report.

On 15 January 2015, the Competition Chamber of the National Markets and Competition Commission issued a decision on file S/0429/12, for an alleged violation of Article 1 of Law 15/2007 on the Defence of Competition. This ruling affects various companies and associations in the waste sector, including Fomento de Construcciones y Contratas, S.A. and other companies that also belong to FCC Group. The Group has filed an administrative appeal before the Spanish National Appellate Court. At the end of January 2018, notification was received of the decisions handed down by the Spanish National Appellate Court, upholding the administrative appeals filed by Gestión y Valorización Integral del Centro S.L. and BETEARTE, both FCC Group investees, against the CNMV ruling imposing various penalties for alleged collusive practices. In both decisions, the argument put forward by these companies that no single, on-going breach existed was upheld. In April 2018, we were notified of the agreement initiating new legal proceedings for the same conduct investigated in the previous proceedings forming the scope of the upholding decision, commencing an 18-month examining period. In September 2019, an agreement was issued suspending these legal proceedings until the National Court's decision on appeals filed by other companies that had been penalised.

In April 2019, the National Court issued a judgment in relation to the price of EUR 6 per share applied in the takeover bid made in 2017 by Fomento de Construcciones y Contratas, S.A. for Cementos Portland Valderrivas, S.A., with the National Securities Market Commission (CNMV) asking for the price to be recalculated. This ruling was appealed by the Group and also by the CNMV, as it did not agree with the contents. In November 2020, the Supreme Court issued a ruling, now firm, favourable to FCC and the CNMV, revoking the ruling of the National Court and validating the processing of the takeover bid and the price set.

As a result of an internal investigation in May 2019 in application of its compliance policy and regulations, the Group has become aware of the existence of payments between 2010 and 2014 amounting to USD 82 million that might not be justified and may therefore be illegal. These acts were uncovered as a result of application of the procedures in the FCC Group's compliance rules. The company has informed prosecutors in Spain and Panama about these acts, and has been providing the utmost cooperation since then to clarify what happened, applying the "zero tolerance" anti-corruption principle that permeates FCC's entire Compliance System.

In the context of this cooperation, on 29 October 2019, the National Court's Central Court of Instruction No. 2 resolved to investigate FCC Construcción, S.A. and two of its subsidiaries, FCC Construcción América, S.A. and Construcciones Hospitalarias, S.A. in the context of Preliminary Measures 34/2017. Proceedings are still ongoing and it is not yet possible to determine whether charges will eventually be filed against these companies, and, if so, what their scope will be. These actions may therefore have a financial impact, although we do not have the information needed to qualify this impact.

Additionally, the 2018 agreement for the sale of the 49% FCC Aqualia holding envisages certain variable prices that depend on the resolution of contingent proceedings. The Group, therefore, has not recognised any asset given its contingent nature; likewise, it has not recognised any liability for claims that may arise against its interests, as it is not considered probable that significant losses will be incurred and given that their value is considered insignificant in relation to the transaction price.

Also, as part of the aforementioned sales transaction, FCC Topco S.a.r.l. and its subsidiary FCC Midco, S.A. were constituted, contributing shares representing 10% of the Group's shares in FCC Aqualia to the latter. These shares have been pledged as a guarantee of certain obligations assumed by the Group before FCC Aqualia, mainly in relation to the repayment of the loan that the latter has granted to the Parent Company of the Group for the amount of 806,479 thousand euros. At the date of authorisation for issue of these financial statements, the Group believes that there is no risk that these guarantees will be enforced.

The Group is involved in other lawsuits and legal procedures aside from those already described that it considers will not generate significant cash outflows.

The shareholding of Group companies in jointly controlled operations managed through joint ventures, joint ownership, participation accounts and other entities of similar legal characteristics means that participants must share joint and several liability with respect to the activity carried on (note 13).

In relation to the guarantees received, it should be noted, in general, that the Group only receives guarantees in relation to amounts paid as advances for the purchase of highly specialised equipment that has been ordered, mainly in the Construction and Water segments, for a non-significant amount as a whole. The Group has not obtained any significant assets as a result of the guarantees enforced in its favour or released.

27. INCOME AND EXPENDITURE

a) Operating income

The Group records operating income under the "Revenue" heading, including revenue from interest on the collection rights of the concessions financial model under IFRIC 12 for 38,269 thousand euros at 31 December 2020 (33,200 thousand euros at 31 December 2019), except for work carried out for own fixed and non-current assets and other operating income.

Note 28 "Information by activity segments" shows the contribution of the activity areas to the consolidated revenue.

Operating income from performance obligations met or partially met in previous years was recognised in 2020 for 35,327 thousand euros (55,795 thousand euros at 31 December 2019), mainly in the Construction segment.

In 2020, 229,065 thousand euros (156,342 thousand euros at 31 December 2019) were recognised as revenue, previously recorded as advance payments made by clients and work certified in advance (Notes 16 and 22) that were included as liabilities under "Trade and other accounts payable", mainly in the Construction segment.

The breakdown of the other operating income for 2020 and 2019 is as follows:

	2020	2019
Income from sundry services	115,526	85,255
CO ₂ emission rights (Note 29)	58,909	5,776
Reimbursement from insurance compensation	6,782	5,742
Grants related to income	18,130	21,424
Other income	93,958	96,130
	293,305	214,327

"Income from sundry services" mainly includes additional services derived from construction contracts or provision of services not included in the main contracts and income derived from the provision of technical assistance to entities accounted for using the equity method. The "Other income" heading mainly includes income from leases when the Group acts as lessor in operating leases and provision excesses.

At the end of 2020, the Group has outstanding execution obligations, mainly from the provision of services in the Environmental Services segment, and derived from construction contracts, mainly in the Construction and Water segments, for 14,434,994 thousand euros expected to be recognised as income according to the following schedule:

	up to 1 year	2 to 5 years	more than 5 years	Total
Environmental Services	1,310,559	3,619,584	4,254,122	9,184,265
Construction	1,602,978	3,552,796	-	5,155,774
Integrated Water Management	81,844	13,111	-	94,955
	2,995,381	7,185,491	4,254,122	14,434,994

b) Procurements

The breakdown of the balance of supplies and other external expenses as at 31 December 2020 and 2019 is as follows:

	2020	2019
Subcontracting and work performed by other companies	1.397.896	1.313.848
Purchases and procurements	902.346	1.025.714
	2.300.242	2.339.562

c) Staff costs

Below is a breakdown of staff expenses for 2020 and 2019:

	2020	2019
Wages and salaries	1,498,269	1,477,635
Social security contributions	432,248	423,082
Other staff costs	40,593	25,017
	1,971,110	1,925,734

Information regarding the number of employees and their distribution by functional levels and gender is provided in the Statement of Non-Financial Information that forms part of the Management Report that accompanies these financial statements.

d) Impairment and gains/(losses) on disposal of fixed and non-current assets

The breakdown of the balance of the impairments and profit/(loss) due to the disposal of fixed and non-current assets in 2020 and 2019 is as follows:

	2020	2019
Impairment of the commercial fund (note 7)	-	(70,011)
Depreciation and amortisation of other property, plant and equipment and intangible assets (endowment) / reversal (notes 7 and 8)	3,955	4,325
Profit/(loss) from disposals of other tangible and intangible assets	2,357	5,571
Other concepts	558	351
	6,870	(59,764)

Impairment of the goodwill of Corporación Uniland was booked in the amount of 70,011 thousand euros in 2019 (Note 7).

The amount of this heading is shown in the accompanying consolidated statement of cash flows under the heading "Other adjustments of profit/(loss) (net)".

e) Financial income and finance cost

The breakdown of the financial income, according to the assets that generate said income, in 2020 and 2019 is as follows:

	2020	2019
Financial assets at fair value with changes in other comprehensive income	325	4,693
Financial assets at amortised cost	16,430	15,670
Other financial income	16,715	30,704
	33,470	51,067

"Other financial income" mainly includes the impact of financial costs agreed in relation to the deferred payment for work in the Construction segment in the amount of 6,316 thousand euros (22,067 thousand euros at 31 December 2019) and late-payment interest concerning concessionaires in the Cedinsa subgroup, in the amount of 3,070 thousand euros.

The breakdown of financial expenses in 2020 and 2019 is as follows:

	2020	2019
Debt instruments and other marketable securities	53,761	39,800
Credits and loans	41,689	46,804
Debts with limited recourse for project financing	24,869	18,946
Creditors from leases	12,644	13,037
Assignment of credits	9,691	27,519
Financial update of provisions and other liabilities	23,704	20,101
Other financial expenses	21,071	29,580
	187,429	195,787

f) Other financial profit/(loss)

The breakdown of other financial expenses in 2020 and 2019 is as follows:

	2020	2019
Change in fair value of current financial instruments	175	(10,051)
Exchange differences	(51,259)	14,814
Impairment and profits/losses on disposal of financial Instruments	27	(3,308)
	(51,057)	1,455

The decrease in exchange differences is mainly due to devaluation of the US dollar and the Mexican peso.

The amount of this heading is shown in the accompanying consolidated statement of cash flows under the heading "Other adjustments of profit/(loss) (net)".

g) Profits/(losses) of companies accounted for by the equity method

The breakdown for this heading is as follows:

	2020	2019
Profits/(losses) for the year (Note 13)	61,514	78,946
Joint ventures	38,169	31,815
Associates	23,345	47,131
Profits/(losses) on disposals and others	635	41,695
	62,149	120,641

The line "Profit from disposals and others" includes, in the year 2020, a positive result of 635 thousand euros from the takeover of the company Aquos El Realito, SA de CV (Notes 5 and 12), due to the fair value of the stake prior to control and due to the allocation of the results of the valuation adjustments. In 2019 this line mainly includes the profit from the takeover of the Cedinsa subgroup (Notes 5 and 12) for a positive amount of 36,588 thousand euros from the recognition at fair value of the shareholding prior to the takeover and from the allocation to results of the valuation adjustments of derivative financial instruments recorded at the date of the takeover. It also includes the operation carried out in Shariket Tahlya Mostaganem, S.p.a. and Shariket Miyeh Djinet, S.p.a. by virtue of which they ceased to be consolidated under the equity method (Notes 5 and 12), which had a negative impact of 6,122 thousand euros due to the fair value of the shareholding prior to the change in consolidation method and for the allocation to results of valuation adjustments due to conversion differences (Note 18).

h) Profit/(loss) attributable to non-controlling interests

At 31 December 2020, the result attributed to minority interests amounted to 81,421 thousand euros, mainly due to the amount corresponding to the 49% held by the minority shareholder of the Aqualia subgroup, a segment that contributed 67,883 thousand euros at 31 December 2020 (66,966 thousand euros at 31 December 2019) (Note 28).

28. INFORMATION BY ACTIVITY SEGMENTS

a) Activity segments

The activity segments presented coincide with the business areas, as described in Note 1. The information for each segment, reflected in the tables presented below, has been prepared in line with the management criteria established internally by the Group's management, which are consistent with the accounting policies adopted to prepare and present the Group's consolidated financial statements.

The "Corporation" column includes the activity of the functional areas that carry out operational support tasks and the exploitation of the aforementioned companies whose management is not attached to any of the business areas, and which primarily carry on real estate business.

"Eliminations" includes the elimination of operations between different activity segments.

Income statement by segments

In particular, the information reflected in the following tables includes, as profit/(loss) for 2020 and 2019:

- All operating income and expenses of subsidiaries and joint management contracts that correspond to the activities carried out by the segment.
- Interest income and expenses generated on the segment's assets and liabilities, dividends and profits and losses on the sale of the segment's financial investments.
- The share in the profits/(losses) of the companies accounted for under the equity method.
- Corporation tax payable corresponding to the transactions carried out by each segment.
- "Contribution to the profit/(loss) of the FCC Group" contains the contribution of each area to the equity attributed to the shareholders of Fomento de Construcciones y Contratas, S.A.

2020	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Concessions	Corporation	Eliminations
Revenue	6,158,023	2,888,150	1,188,348	1,610,990	382,639	123,532	98,355	(133,991)
<i>From external customers</i>	6,158,023	2,882,658	1,182,248	1,552,026	376,232	123,532	41,327	-
<i>From transactions with other segments</i>	-	5,492	6,100	58,964	6,407	-	57,028	(133,991)
Other income	327,161	91,180	60,833	189,726	64,717	10,911	64,821	(155,027)
<i>From external customers</i>	327,161	89,983	59,871	73,214	64,679	10,909	28,505	-
<i>From transactions with other segments</i>	-	1,197	962	116,512	38	2	36,316	(155,027)
Operating expenses	(5,437,685)	(2,528,479)	(966,252)	(1,747,133)	(307,503)	(39,812)	(137,527)	289,021
Amortisation of fixed assets and allocation of grants for non-financial and other assets	(477,342)	(233,826)	(117,776)	(34,718)	(32,929)	(39,069)	(19,205)	181
Other operating income/(losses)	2,583	(1,368)	2,257	2,071	(116)	(166)	9	(104)
Operating Profit/(Loss)	572,740	215,657	167,410	20,936	106,808	55,396	6,453	80
<i>Percentage of turnover</i>	9.30%	7.47%	14.09%	1.30%	27.91%	44.84%	6.56%	(0.06%)
Financial income	33,471	3,403	37,940	24,075	705	10,685	163,122	(206,459)
Finance cost	(187,430)	(74,457)	(47,405)	(23,011)	(10,069)	(33,969)	(53,154)	54,635
Miscellaneous financial results	(51,057)	(4,478)	(2,525)	(42,819)	(1,368)	88	71,678	(71,633)
Profit/(loss) companies accounted for using the equity method	62,149	15,045	1,707	922	(2,607)	20,573	26,510	(1)
Profit/(loss) before tax from continuing operations	429,873	155,170	157,127	(19,897)	93,469	52,773	214,609	(223,378)
Income tax	(86,273)	(27,859)	(33,338)	1,261	(21,858)	(9,186)	4,751	(44)
Profit/(loss) for the year from continuing operations	343,600	127,311	123,789	(18,636)	71,611	43,587	219,360	(223,422)
Consolidated profit/(loss) for the year	343,600	127,311	123,789	(18,636)	71,611	43,587	219,360	(223,422)
Non-controlling interests	81,421	6,148	67,883	481	2,370	4,539	-	-
Profit attributable to the parent company	262,179	121,163	55,906	(19,117)	69,241	39,048	219,360	(223,422)
Contribution to the profit/(loss) of the FCC Group	262,179	121,163	55,906	(19,117)	69,241	39,048	219,360	(223,422)

2019	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Concessions	Corporation	Eliminations
Revenue	6,276,231	2,915,243	1,186,881	1,719,330	413,213	49,818	66,357	(74,611)
<i>From external customers</i>	6,276,231	2,907,665	1,181,117	1,666,761	405,829	49,818	65,041	-
<i>From transactions with other segments</i>	-	7,578	5,764	52,569	7,384	-	1,316	(74,611)
Other income	264,173	88,188	60,440	97,210	15,214	6,627	92,123	(95,629)
<i>From external customers</i>	264,173	87,453	60,110	90,098	15,141	6,627	4,744	-
<i>From transactions with other segments</i>	-	735	330	7,112	73	-	87,379	(95,629)
Operating expenses	(5,514,601)	(2,510,885)	(965,600)	(1,716,345)	(342,048)	(24,603)	(124,042)	168,922
Amortisation of fixed assets and allocation of grants for non-financial and other assets	(449,109)	(237,365)	(106,360)	(33,327)	(35,357)	(16,902)	(20,103)	305
Other operating income/(losses)	(65,080)	3,286	4,885	10,481	(71,040)	(2,921)	-	(9,771)
Operating Profit/(Loss)	511,614	258,467	180,246	77,349	(20,018)	12,019	14,335	(10,784)
<i>Percentage of turnover</i>	8.15%	8.87%	15.19%	4.50%	(4.84%)	24.13%	21.60%	14.45%
Financial income	51,067	6,573	37,579	26,300	2,013	7,026	72,969	(101,393)
Finance cost	(195,787)	(78,795)	(45,800)	(26,428)	(11,391)	(10,314)	(80,949)	57,890
Miscellaneous financial results	1,455	(2,992)	289	10,442	885	98	213,228	(220,495)
Profit/(loss) companies accounted for using the equity method	120,641	17,719	(2,625)	17,919	(10,098)	64,250	33,413	63
Profit/(loss) before tax from continuing operations	488,990	200,972	169,689	105,582	(38,609)	73,079	252,996	(274,719)
Income tax	(149,066)	(40,152)	(46,149)	(35,078)	(7,049)	(3,706)	(17,221)	289
Profit/(loss) for the year from continuing operations	339,924	160,820	123,540	70,504	(45,658)	69,373	235,775	(274,430)
Consolidated profit/(loss) for the year	339,924	160,820	123,540	70,504	(45,658)	69,373	235,775	(274,430)
Non-controlling interests	73,220	4,785	66,996	560	1,355	(476)	-	-
Profit attributable to the parent company	266,704	156,035	56,544	69,944	(47,013)	69,849	235,775	(274,430)
Contribution to the profit/(loss) of the FCC Group	266,704	156,035	56,544	69,944	(47,013)	69,849	235,775	(274,430)

The contribution of the "Corporation" segment to the results of the FCC Group mainly includes the billing of the support services provided to the rest of the Group's activities under "Other operating income", the impairment of the investments on the parent companies' shares from the other segments, as well as dividends distributed by group companies that are subsidiaries of the Group's parent company, the financial expenses billed by other group companies as a result of intra-group loans granted to the parent company by other subsidiaries and the financial income billed to other group companies as a result of intra-group loans granted by the parent company to other subsidiaries. All these concepts, as transactions with Group companies, are eliminated as shown under "Eliminations". Likewise, the "Corporation" segment includes the financial expenses for debts with credit institutions detailed in note 20.

Balance sheet by segments

2020	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Concessions	Corporation	Eliminations
ASSETS								
Non-current assets	7,130,413	2,792,235	2,541,973	953,282	1,082,897	388,476	4,210,876	(4,839,326)
Intangible assets	2,437,859	836,432	870,909	77,945	448,025	253,633	7,254	(56,339)
<i>Additions</i>	<i>118,940</i>	<i>87,847</i>	<i>28,670</i>	<i>34</i>	<i>448</i>	<i>73</i>	<i>1,868</i>	-
Property, plant and equipment	2,810,199	1,493,773	456,512	137,603	527,285	45	213,258	(18,277)
<i>Additions</i>	<i>646,492</i>	<i>242,515</i>	<i>116,383</i>	<i>31,019</i>	<i>14,018</i>	<i>19</i>	<i>242,538</i>	-
Real Estate investments	-	-	-	-	-	-	-	-
<i>Additions</i>	<i>42</i>	<i>-</i>	<i>42</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Investments accounted for using the equity method	722,786	163,983	68,269	37,860	35,514	111,913	304,472	775
Non-current financial assets	580,874	223,597	1,115,194	329,324	7,545	14,800	3,555,700	(4,665,286)
Deferred tax assets	578,695	74,450	31,089	370,550	64,528	8,085	130,192	(100,199)
Current assets	5,704,189	1,304,234	901,513	1,391,258	185,434	1,472,069	768,784	(319,103)
Non-current assets held for sale	1,392,268	-	-	-	-	1,392,268	-	-
Inventory	765,604	31,442	37,449	172,914	82,262	205	446,701	(5,369)
Trade and other receivables	2,039,451	841,458	283,234	751,333	79,992	11,624	120,828	(49,018)
Other current financial assets	228,652	74,420	90,251	125,655	5,442	2,165	195,435	(264,716)
Other current assets	56,105	32,989	4,458	19,261	1,973	86	(2,662)	-
Cash and other cash equivalents	1,222,109	323,925	486,121	322,095	15,765	65,721	8,482	-
Total assets	12,834,602	4,096,469	3,443,486	2,344,540	1,268,331	1,860,545	4,979,660	(5,158,429)
LIABILITIES								
Equity	2,908,694	456,785	726,720	796,793	876,661	464,401	2,841,248	(3,253,914)
Non-current liabilities	5,531,296	2,749,342	2,048,129	275,622	300,127	260,504	1,482,490	(1,584,918)
Subsidies	192,961	4,243	44,364	-	100	144,253	-	1
Non-current provisions	1,064,384	466,145	140,026	234,302	28,321	39,099	156,491	-
Non-current financial liabilities	3,977,288	2,023,120	1,812,827	21,599	197,507	77,137	1,325,594	(1,480,496)
Deferred tax liabilities	148,794	111,729	47,148	19,721	74,199	15	405	(104,423)
Other non-current liabilities	147,869	144,105	3,764	-	-	-	-	-
Current liabilities	4,394,612	890,342	668,637	1,272,125	91,543	1,135,640	655,922	(319,597)
Liabilities related to non-current assets held for sale	1,051,285	-	-	-	-	1,051,285	-	-
Current provisions	195,152	4,900	13,274	169,393	3,081	1,431	3,073	-
Current financial liabilities	874,443	276,694	99,975	39,261	19,593	76,337	606,875	(244,292)
Trade and other payables	2,273,732	598,044	555,388	1,063,471	68,869	6,587	56,354	(74,981)
Internal relations	-	10,704	-	-	-	-	(10,380)	(324)
Total liabilities	12,834,602	4,096,469	3,443,486	2,344,540	1,268,331	1,860,545	4,979,660	(5,158,429)

2019	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Concessions	Corporation	Eliminations
ASSETS								
Non-current assets	8,529,551	2,815,460	2,461,787	902,785	1,112,526	1,754,581	3,669,047	(4,186,635)
Intangible assets	3,458,398	827,011	808,476	77,991	447,815	1,345,127	8,317	(56,339)
<i>Additions</i>	55,225	35,668	15,394	92	41	1	4,029	-
Property, plant and equipment	2,863,892	1,524,556	428,160	154,194	547,783	894	226,762	(18,457)
<i>Additions</i>	285,894	191,821	49,916	32,192	8,198	462	3,305	-
Real Estate investments	2,635	-	-	2,635	-	-	-	-
<i>Additions</i>	-	-	-	-	-	-	-	-
Investments accounted for using the equity method	741,524	116,737	87,620	48,315	37,160	146,186	306,119	(613)
Non-current financial assets	863,163	278,390	1,108,482	259,228	7,843	248,930	2,959,543	(3,999,253)
Deferred tax assets	599,939	68,766	29,049	360,422	71,925	13,444	168,306	(111,973)
Current assets	4,044,589	1,166,465	815,865	1,432,640	199,282	147,828	529,079	(246,570)
Non-current assets held for sale	-	-	-	-	-	-	-	-
Inventory	728,812	31,326	52,969	201,943	89,175	202	359,505	(6,308)
Trade and other receivables	1,836,806	713,641	266,741	700,215	80,910	41,112	100,611	(66,424)
Other current financial assets	189,566	93,596	69,654	125,497	12,599	8,299	53,759	(173,838)
Other current assets	70,861	35,048	4,976	30,049	937	522	(671)	-
Cash and other cash equivalents	1,218,544	292,854	421,525	374,936	15,661	97,693	15,875	-
Total assets	12,574,140	3,981,925	3,277,652	2,335,425	1,311,808	1,902,409	4,198,126	(4,433,205)
LIABILITIES								
Equity	2,473,759	339,032	640,964	744,462	808,630	444,123	2,234,155	(2,737,607)
Non-current liabilities	6,797,228	2,717,785	1,995,178	250,207	408,568	1,358,569	1,515,372	(1,448,451)
Subsidies	333,802	4,421	55,870	-	111	273,400	190,578	(190,578)
Non-current provisions	1,130,199	456,747	124,996	206,756	27,825	111,674	1,318,345	(1,116,144)
Non-current financial liabilities	5,030,270	1,974,923	1,776,700	25,108	305,157	973,480	6,448	(31,546)
Deferred tax liabilities	142,311	124,998	33,662	18,343	75,475	15	1	(110,183)
Other non-current liabilities	160,646	156,696	3,950	-	-	-	-	-
Current liabilities	3,303,153	925,108	641,510	1,340,756	94,610	99,717	448,599	(247,147)
Liabilities related to non-current assets held for sale	-	-	-	-	-	-	-	-
Current provisions	249,581	4,286	18,335	214,451	6,590	2,207	3,711	1
Current financial liabilities	683,611	216,318	50,724	26,668	18,191	79,138	466,200	(173,628)
Trade and other payables	2,369,961	619,015	572,451	1,110,251	69,829	11,632	61,183	(74,400)
Internal relations	-	85,489	-	(10,614)	-	6,740	(82,495)	880
Total liabilities	12,574,140	3,981,925	3,277,652	2,335,425	1,311,808	1,902,409	4,198,126	(4,433,205)

Cash flows by segment

	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Concessions	Corporation	Eliminations
2020								
Operating activities	605,074	265,338	223,652	(53,175)	136,557	117,457	179,146	(263,901)
Investment activities	(401,548)	(221,009)	(75,839)	19,926	(3,658)	(18,111)	(221,634)	118,777
Financing activities	(138,437)	(6,151)	(83,484)	(4,273)	(132,192)	(92,506)	35,045	145,124
Other cash flows	(61,524)	(7,107)	268	(15,319)	(603)	(38,813)	50	-
Cash flows for the year	3,565	31,071	64,597	(52,841)	104	(31,973)	(7,393)	-
2019								
Operating activities	630,550	454,027	206,722	(154,077)	75,069	55,047	42,359	(48,597)
Investment activities	(359,235)	(256,060)	(33,096)	122,857	(18,457)	6,545	1,066,023	(1,247,047)
Financing activities	(345,735)	(116,981)	(190,857)	(59,894)	(57,251)	(13,517)	(1,202,879)	1,295,644
Other cash flows	26,767	7,391	2,353	16,158	377	269	219	-
Cash flows for the year	(47,653)	88,377	(14,878)	(74,956)	(262)	48,344	(94,278)	-

b) Activities and investments by geographic markets

The Group performs approximately 40% of its activity abroad (45% in 2019),

Revenue made abroad by the Group companies for 2020 and 2019 is distributed among the following markets:

	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Concessions	Corporation	Eliminations
2020								
United Kingdom	668,618	605,328	-	10,651	52,639	-	-	-
Czech Republic	285,251	184,605	100,644	2	-	-	-	-
Rest of Europe and Others	802,884	307,285	83,322	379,110	27,803	-	5,845	(481)
US and Canada	84,999	75,133	-	9,866	-	-	-	-
Latin America	176,598	-	57,256	116,292	941	2,055	-	54
Middle East and Africa	467,404	-	162,809	246,231	63,369	-	-	(5,005)
	2,485,754	1,172,351	404,031	762,152	144,752	2,055	5,845	(5,432)
2019								
United Kingdom	735,049	682,025	-	77	52,947	-	-	-
Czech Republic	286,787	185,420	101,312	55	-	-	-	-
Rest of Europe and Others	733,555	304,155	81,618	312,842	25,253	-	9,770	(83)
US and Canada	89,545	41,921	-	38,636	8,988	-	-	-
Latin America	388,894	-	86,360	300,868	9,223	2,308	-	(9,865)
Middle East and Africa	576,850	63	113,232	401,546	67,363	-	-	(5,354)
	2,810,680	1,213,584	382,522	1,054,024	163,774	2,308	9,770	(15,302)

The following items included in the accompanying financial statements are shown below by geographical areas:

	Total Group	Spain	United Kingdom	Czech Republic	Rest of Europe and Others	United States of America and Canada	Latin America	Middle East and Africa
2020								
ASSETS								
Intangible assets	2,437,859	1,398,446	462,520	2,111	251,362	22,603	254,385	46,432
Property, plant and equipment	2,810,199	1,426,708	619,374	298,248	307,572	122,881	16,867	18,549
Real Estate investments	-	-	-	-	-	-	-	-
Deferred tax assets	578,695	522,830	25,076	4,251	14,990	-	8,460	3,088
2019								
ASSETS								
Intangible assets	3,458,398	2,481,538	495,659	1,894	260,058	306	218,942	1
Property, plant and equipment	2,863,892	1,517,994	664,105	301,007	310,370	18,575	29,378	22,463
Real Estate investments	2,635	-	-	-	2,635	-	-	-
Deferred tax assets	599,939	546,022	21,368	4,050	13,594	1,683	10,109	3,113

The table above shows a decrease in "Intangible assets" in Spain, mainly the transfer to non-current assets held for sale in relation to the Cedinsa subgroup (Note 4).

c) Personnel

The average number of people employed in 2020 and 2019 by business areas is as follows:

	2020	2019
Environmental Services	40,362	39,657
Integrated Water Management	10,296	8,487
Construction	7,936	8,906
Cement	1,049	1,076
Concessions	158	28
Corporation	328	278
	60,129	58,432

29. ENVIRONMENTAL INFORMATION

During the meeting held on 3 June 2009, the FCC Board of Directors approved the Environmental Policy of the FCC Group, which responded to the initial objectives of the Corporate Responsibility Master Plan reinforcing the socially responsible commitment in the FCC Group strategy, which is very involved in environmental services.

The FCC Group carries out its activities on the basis of business commitment and responsibility, compliance with applicable legal requirements, respect for the relationship with its stakeholders and its ambition to generate wealth and social well-being.

Aware of the importance of preserving the environment and using available resources responsibly, and in line with its vocation to serve through activities with a clear environmental focus, the FCC Group promotes and enhances the following principles, on which its contribution to sustainable development is based, throughout the organisation:

Continuous improvement

Promote environmental excellence by establishing objectives for the continuous improvement of performance, minimising the negative impacts of the FCC Group's processes, products and services, and enhancing the positive impacts.

Monitoring and control

Establish environmental indicator management systems for the operational control of processes, which provide the necessary knowledge for the monitoring, evaluation, decision-making and communication of the FCC Group's environmental performance and compliance with the commitments undertaken.

Climate change and pollution prevention

Lead the fight against climate change through the implementation of processes with lower greenhouse gas emissions, and by promoting energy efficiency and renewable energies.

Preventing pollution and protecting the natural environment through the responsible management and consumption of natural resources and by minimising the impact of emissions, discharges and waste generated and managed by the FCC Group's activities.

Observation of the environment and innovation

Identify the risks and opportunities of activities in the face of the changing landscape of the environment in order, among other things, to promote innovation and the application of new technologies, as well as the generation of synergies between the various activities of the FCC Group.

Life cycle of products and services

Enhance environmental considerations in business planning, procurement of materials and equipment, and relations with suppliers and contractors.

The necessary participation of all parties

Promote the knowledge and application of environmental principles among employees and other stakeholders.

Share experience in the most excellent practices with the different agents in order to promote alternative solutions to those currently in place, which contribute to the achievement of a sustainable environment.

This Environmental Policy is materialised through the implementation of quality management and environmental management systems, as well as follow-up audits, which accredit the FCC Group's performance in this area. Regarding the management of environmental risks, the Group has implemented environmental management systems certified under the ISO 14001 standards, which focus on:

- a) Compliance with applicable regulations and the achievement of environmental objectives that exceed external requirements.
- b) The reduction of environmental impacts through proper planning.
- c) The continuous analysis of risks and possible improvements.

The basic tool to prevent this risk is the environmental plan that each operational unit must prepare and which consists of:

- a) The identification of environmental aspects and applicable legislation.
- b) Impact evaluation criteria.
- c) The measures to be taken.
- d) A system for measuring the objectives achieved.

The very nature of the activity of the Environmental Services Area is aimed at the protection and conservation of the environment, not only through productive activity (waste collection, road cleaning, operation and control of landfills, sewer cleaning, treatment and disposal of industrial waste, etc.), but also for the development of this activity through the use of production techniques and systems aimed at reducing environmental impact even more meticulously than required by the regulations on these matters.

The development of the production activity of the Environmental Services Area requires the use of buildings, technical installations and specialised machinery that are efficient in protecting and conserving the environment. At 31 December 2020, the acquisition cost of the productive fixed and non-current assets, net of depreciation, of the Environmental Services Area amounted to 2,330,205 thousand euros (2,351,566 thousand euros at 31 December 2019). Environmental provisions, mainly for landfill sealing and closing costs, amount to 396,384 thousand euros (393,715 thousand euros as of 31 December 2019).

The activities performed by Aqualia are directly tied to environmental protection, since the nexus of its operations is, in collaboration with different public authorities, the efficient management of the end-to-end water cycle and the search for guarantees to provide water resources that enable the sustainable growth of the towns in which it provides its services. One of the fundamental objectives of FCC Aqualia is the continuous improvement through an Integrated Management System, which includes both the quality management of processes, products and services, and environmental management. The main actions carried out are: Water quality control in both collection and distribution, 24-hour service 365 days a year making it possible to fix faults in distribution networks in the shortest possible time, with the consequent saving of water, optimisation of electricity consumption, the elimination of environmental impacts caused by wastewater discharges and the management of energy efficiency in order to reduce the carbon footprint.

Cement companies have fixed and non-current assets for filtering gases that are discharged into the atmosphere, in addition to meeting the commitments made in the environmental recovery of depleted quarries and applying technologies that contribute to the efficient environmental management of processes.

At year-end, the Cementos Portland Valderrivas group held investments related to the environmental activity recorded in "Intangible assets" and "Property, plant and equipment" for a total amount of 137,178 thousand euros (135,831 thousand euros in 2019), and amortisation/depreciation was 98,447 thousand euros (93,440 thousand euros in 2019). Likewise, in 2020 it incurred expenses to guarantee protection and improvement of the environment in the amount of 2,437 thousand euros (2,920 thousand euros in 2019), booked as "Other operating expenses" on the accompanying profit and loss statement.

For the cement activity, the Group receives free CO₂ emission rights in accordance with the corresponding national allocation plans. In this regard, it should be noted that in 2020, emission rights equivalent to 5,200 thousand tons per year were received (3,686 thousand tons per year in 2019), corresponding to the companies Cementos Portland Valderrivas, S.A. and Cementos Alfa, S.A.

The "Operating Income" heading of the accompanying consolidated profit and loss statement includes the income obtained from the sales of greenhouse gas rights in 2020 for an amount of 58,909 thousand euros (5,776 thousand euros in 2019).

The Construction Area adopts environmental practices in the execution of the works that allow for a respectful action with the environment, minimising its environmental impact by reducing the emission of dust into the atmosphere, controlling the level of noise and vibrations, controlling water discharges with special emphasis on the treatment of fluids generated by the works, the maximum reduction of waste generation, the protection of the biological diversity of animals and plants, protection of the urban environment due to occupation, pollution or loss of soils and the development of specific training programmes for technicians involved in the process of making decisions with an environmental impact, as well as the implementation of an "Environmental performance code" that establishes the requirements for subcontractors and suppliers regarding the protection and defence of the environment.

Nor is it considered that there are no significant contingencies related to the protection and improvement of the environment as of 31 December 2020 that may have a significant impact on the accompanying financial statements.

For more information on the provisions of this note, the reader should refer to the Statement of Non-Financial Information the Group publishes annually, among other channels, on the web page www.fcc.es.

30. FINANCIAL RISK MANAGEMENT POLICIES

The concept of financial risk refers to the changes in the financial instruments arranged by the Group as a result of political, market and other factors and the repercussion thereof on the financial statements. The risk management philosophy of the Group is consistent with their business strategy, and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, identifying, measuring, analysing and controlling the risks incurred in the Group's operations. The risk policy has been integrated into the Group's organisation in the appropriate manner.

In view of the Group's activities and the transactions through which it carries on its business, it is currently exposed to the following financial risks:

a) Capital risk

To manage capital, the main objective of the Group is to reinforce its financial-equity structure, in order to improve the balance between borrowed funds and shareholders' equity, and the Group endeavours to reduce the cost of capital and, in turn, to preserve its solvency status, in order to continue managing its activities and to maximise shareholder value, not only at Group level, but also at the level of the parent, Fomento de Construcciones y Contratas, S.A.

The fundamental basis that the Group considers as capital is found in the Equity of the Balance Sheet, which, for the purposes of its management and follow-up, excludes both the "Changes in the fair value of financial instruments" items and the "Conversion differences" item.

The first of these headings is discarded for management purposes as it is considered within the interest rate management, being the result of the valuation of the instruments that transform the debt from a variable rate to a fixed rate. Conversion differences, meanwhile, are managed within the exchange rate risk.

Given the sector in which it operates, the Group is not subject to external capital requirements, although this does not prevent the frequent monitoring of equity to guarantee a financial structure based on compliance with the prevailing regulations of the countries in which it operates, also analysing the capital structure of each of the subsidiaries to enable an adequate distribution between debt and capital.

Proof of the foregoing are the extensions made in 2014 for 1,000,000 thousand euros and in 2016 for 709,519 thousand euros, both aimed at strengthening the capital structure of the Company.

As described in Note 20 on Non-current and current financial liabilities, two simple bonds were issued in December 2019 by FCC Servicios Medioambiente Holding, S.A.U. in the amount of 1.1 billion euros. In July 2020, FCC Servicios Medioambiente Holding SAU registered 300 million euros on a promissory note programme - Euro Commercial Paper Programme (ECP) - on the Irish stock market, and since November 2018 Fomento de Construcciones y Contratas, SA has operated a promissory note programme - Euro Commercial Paper Programme (ECP) - in the same market in the amount of 600 million euros. The balance drawn at 31 December 2020 amounts to 302 million euros. In 2020 new financing facilities were also taken out in the form of lines of credit and bilateral loans.

Likewise, during fiscal year 2020, Cementos Portland Valderrivas SA repaid total debt of 119.2 million euros, of which 108.2 million euros were repaid voluntarily through the repayment instalments for the year 2021 and the final payment. Additionally, a contract for the novation and ratification of guarantees was signed in which a new repayment schedule was included to extend the last instalment payable on 29 July 2021, for an additional year, i.e. to 29 July 2022, and adapt the financial covenants for the extra year.

These operations have made it possible to complete the process of debt reduction and financial reorganisation initiated five years ago and to continue with the policy of diversifying financing sources; all this contributing to achieving a much more stable and efficient capital structure, with amounts, terms and financing costs suitable according to the nature of the different business areas.

The General Finance Department, which is responsible for the management of financial risks, regularly reviews the debt-equity ratio and compliance with financing covenants, together with the capital structure of the subsidiaries.

b) The FCC Group is exposed to currency exchange risk

A noteworthy consequence of FCC Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be arranged in the same currency.

Although the benchmark currency in which the Group mainly operates is the euro, the Group also holds financial assets and liabilities accounted for in currencies other than the euro. Exchange rate risk is mainly found in debt denominated in foreign currency, except when this entails a natural hedge of the assets financed since they are denominated in the same currency, in investments in international markets, and in collections and payments in currencies other than the euro.

The following shows the composition by currencies of the Group's gross debt:

	CONSOLIDATED (thousands of euros)							TOTAL
	Euro	Dollar	Pound	Czech Koruna	Rest of Europe non-euro	Latin America	Rest	
Gross debt	3,495,272	34,670	364,911	216,329	9,283	69,862	58,199	4,248,527
Financial assets	(854,559)	(108,364)	(217,134)	(43,048)	(27,904)	(79,320)	(120,433)	(1,450,761)
Total consolidated net indebtedness	2,640,714	(73,693)	147,777	173,281	(18,621)	(9,458)	(62,234)	2,797,766
% Net Debt of the total	94.4%	(2.6%)	5.3%	6.2%	(0.7%)	(0.3%)	(2.2%)	100.0%

Note 17 of these Financial Statements breaks down the Cash and Equivalents by currency, showing how 61.7% are denominated in euros (58.1% as of 31 December 2019).

The Group's general policy is to mitigate the adverse effect that exposure to the different foreign currencies could have on its financial statements as much as possible, with regard to both transactional and purely equity-related movements. The Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

Below is a summarised table of the sensitivity to changes in exchange rate conversion for the two main currencies in which the Group operates (Note 18):

	+ 10%	
	Profit and Loss	Net Equity
Pound sterling	33	28,739
US Dollar	(2,489)	4,219
Algerian dinar	1,353	16,046
Czech koruna	1,703	8,716
Total	600	57,720

	- 10%	
	Profit and Loss	Net Equity
Pound sterling	(33)	(28,739)
US Dollar	2,489	(4,219)
Algerian dinar	(1,353)	(16,046)
Czech koruna	(1,703)	(8,716)
Total	(600)	(57,720)

The impact on the pound sterling is mainly due to the conversion of the net assets corresponding to the investment held in the FCC Medio Ambiente Reino Unido subgroup.

c) The FCC Group is exposed to interest rate risk

The FCC Group is exposed to interest rate fluctuations due to the fact that the Group's financial policy aims to ensure that its current financial assets and debt are partially tied to variable interest rates. The benchmark interest rate for the Group's debt arranged with credit entities in euros is mainly the Euribor.

Any increase in interest rates could give rise to an increase in the Group's financing costs associated with its borrowings at variable interest rates, and could also increase the cost of refinancing the borrowings and the issue of new debt.

In order to ensure a position that is in the best interests of the Group, an interest rate risk management policy is actively implemented, with on-going monitoring of markets and assuming different positions depending primarily on the asset financed.

In addition, within the framework of the policy for managing this risk carried out by the Group, fixed-rate debt issuance operations have been carried out in capital markets together with interest rate hedges and fixed-rate financing, totalling 88.7% of the Group's total gross debt at the end of the year, including hedging on structured project financing.

The following table shows a breakdown of the gross debt of the FCC Group as well as the hedged debt, either because it is a fixed rate debt or through derivatives:

	Total Group	Construction	Environmental Services	Cement	Integrated Water Management	Concessions	Corporation
Total Gross External Debt	4,248,527	20,614	1,722,880	189,549	1,749,585	81,731	484,168
Hedging and Financing at fixed rate at 31.12.20	(3,766,822)	(1,425)	(1,675,326)	(4,136)	(1,681,468)	(74,930)	(329,539)
Total variable rate debt	481,705	19,189	47,554	185,413	68,117	6,801	154,630
Ratio: Variable-rate debt / Gross External Debt at 31.12.20	11.3%	93.1%	2.8%	97.8%	3.9%	8.3%	31.9%

The table below summarises the effect on the Group's profit and loss statement of the changes in the interest rate curve with respect to gross debt, excluding fixed rate debt associated with hedging arrangements:

	Gross indebtedness		
	+25 pp	+50 pp	+100 pp
Impact on profit or loss	1,248	2,496	4,992

d) Solvency risk

At 31 December 2020, the net financial indebtedness of the FCC Group contained in the attached balance sheet amounted to 2,797,766 thousand euros as shown in the following table:

	2020	2019
Bank borrowings	820,021	1,474,667
Debt instruments and other loans	3,230,281	3,124,950
Other interest-bearing financial debt	198,225	387,238
Current financial assets	(228,652)	(189,566)
Treasury and cash equivalents	(1,222,109)	(1,218,544)
Net interest-bearing debt	2,797,766	3,578,745
Net debts with limited recourse	(2,696,161)	(3,591,450)
Net indebtedness with recourse	101,605	(12,705)

The decrease in net financial indebtedness as well as in net debt with limited recourse, is mainly motivated by the held-for-sale classification of the Cedinsa group (Note 4) and by repayments made by the Cementos Portland Valderrivas group in 2020 (Note 20).

e) The FCC Group is exposed to liquidity risk

The Group carries out its operations in industrial sectors that require a high level of financing, and has so far obtained adequate financing to carry out its operations. However, the Group cannot guarantee that these circumstances relating to obtaining financing will continue in the future.

The ability of the FCC Group to obtain financing depends on many factors, a lot of which are beyond their control, such as general economic conditions, the availability of funds in financial institutions, the depth and availability of the capital markets and the monetary policy of the markets in which they operate. Adverse effects in debt and capital markets may hinder or prevent adequate financing being available to perform the Group's activities.

Historically, the Group has always been able to renew its loan arrangements, and it expects to continue doing so in the coming twelve months. However, FCC Group's ability to renew its financing depends on various factors, many of which are outside the control of the Group, such as general economic conditions, the availability of funds for loans from private investors and financial institutions, and the monetary policy of the markets in which it operates. Negative conditions in debt markets could hinder or prevent Group's capacity to renew its financing. Therefore, the Group cannot guarantee its ability to renew credit agreements and bond issues under economically attractive terms. The inability to renew said financing or to secure it under acceptable terms could have a negative impact on the Group's liquidity and its ability to meet the working capital needs.

To adequately manage this risk, the Group performs exhaustive monitoring of the repayment dates of all credit facilities of each Group company, in order to conclude all renewals in the best market conditions sufficiently in advance, analysing the suitability of the funding and studying alternatives if the conditions are unfavourable on a case-by-case basis. The Group is also present in several markets, which facilitates obtaining credit facilities and mitigating liquidity risk.

At 31 December 2020, the Group had the following schedule of maturities of external gross debt, which amounts to 705,194 thousand euros for 2021:

2021	2022	2023	2024 and beyond	TOTAL
705,194	1,133,860	760,588	1,648,884	4,248,527

A significant part of gross financial debt, 3,743,745 thousand euros, has no recourse to the Parent Company, with debt in the Integral Water Management segment in the amount of 1,749,585 thousand euros, and in the Environmental Services segment in the amount of 1,722,880 thousand euros as of 31 December 2020.

At 31 December 2020, the Group had working capital of 1,309,577 thousand euros (741,436 thousand euros at 31 December 2019).

In order to manage liquidity risk, at 31 December 2020, the Group had 863.2 million euros in undrawn bilateral financing lines, and 1,155,738 thousand euros in cash, in addition to the following current financial assets and cash equivalents, whose maturities are shown below:

Thousands of euros	Amount	1-3 months	3-6 months	6-9 months	9-12 months
Other current financial assets	228,652	43,472	25,311	13,360	146,510

Thousands of euros	Amount	1 month	1-2 months	2-3 months
Cash equivalents	66,371	275	0	66,096

f) Concentration risk

This is risk arising from the concentration of lending transactions with common characteristics, and it is distributed as follows:

- Funding sources: In order to diversify this risk, the Group works with a large number of national and international financial institutions and capital markets to obtain financing.
- Markets/geography (domestic, foreign): The Group operates in a wide variety of national and international markets, with the debt mainly concentrated in euros and the rest in various international markets, with different currencies.
- Products: The Group uses various financial products: loans, credit facilities, obligations, syndicated loans, assignments and discounting, etc.
- Currency: The Group is financed through many different currencies according to the country of the investment.

The Group's strategic planning process identifies the objectives to be attained in each of the areas of activity, based on the improvements to be implemented, the market opportunities and the level of risk deemed acceptable. This process serves as a base for preparing operating plans that specify the goals to be reached each year.

To mitigate the market risks inherent to each line of business, the Group maintains a diversified position among businesses related to the construction and management of infrastructure, provision of environmental services and others. In the area of geographical diversification, in 2020 the weight of the external activity has been 40% of total sales, with special importance in the activities of Environmental Services and Infrastructure Construction.

g) Credit risk

The provision of services or the acceptance of client engagements, whose financial solvency was not guaranteed at the acceptance date, situations not known or unable to be assessed by the Group and unforeseen circumstances arising during the provision of the service or the execution of the engagement that could affect the client's financial position could generate a payment risk with respect to the amounts owed.

The Group request commercial reports and assess the financial solvency of clients before doing business and perform on-going monitoring, and have put in place a procedure to be adopted in the event of insolvency. In the case of public-sector clients, the Group does not accept engagements that do not have an assigned budget and financial approval. Offers that exceed a certain payment period must be authorised by the Finance Division. Likewise, on-going monitoring is performed of debt delinquency in various management committees.

The maximum level of exposure to credit risk has been calculated, with the breakdown of the amount as at 31 December 2020 as shown in the following table:

Financial credits granted	955,601
Trade and other receivables (Note 16)	2,039,451
Derivative financial assets (note 23)	108
Cash and cash equivalents (Note 17)	1,222,109
Guarantees granted (Note 26)	3,873,617
TOTAL	8,090,886

In general, the Group does not have collateral guarantees or improvements to reduce credit risk or for financial credits or accounts receivable from traffic. Although it should be noted that bonds are requested from subscribers in the case of certain contracts of the Water activity, mostly concessions affecting IFRIC 12, there are also offsetting mechanisms in certain contracts, mostly concessions affecting IFRIC 12 in Water, Environmental Services and Corporation activities, making it possible to guarantee the recovery of loans granted to finance early initial fees or investment plans.

In terms of credit quality, the Group applies its best criteria to impair financial assets that are expected to incur credit losses throughout their life (Note 3.h). The Group regularly analyses changes in the public ratings of the entities to which it is exposed.

In 2020, despite the impact of Covid-19, there was no significant increase in insolvency risk, and the FCC Group kept the average collection periods in line with past experience.

Risk hedging financial derivatives

In general, financial derivatives entered into by the FCC Group receive the accounting treatment provided for in the regulations for accounting hedges set forth in these financial statements. The main financial risk hedged by the FCC Group through derivative instruments relates to the fluctuations in floating interest rates to which Group company financing is tied. The financial derivatives are measured by experts on the subject using generally accepted methods and techniques. These experts were independent from the Group and the entities financing it.

Sensitivity analyses are carried out periodically with the objective of observing the effect of a possible change in interest rates on the Group's accounts.

A simulation was carried out, proposing three bullish scenarios of the basic Euro interest rate curve, coming in at around -0.3% in the medium/long term as at 31 December 2020, assuming an increase of 25 bp, 50 bp and 100 bp.

Below are the amounts (in thousands of euros) obtained in relation to the derivatives in force at the end of the year with an impact on equity, after applying, if applicable, the shareholding.

	Hedging derivatives		
	+25 pp	+50 pp	+100pp
Impact on Equity:			
Global consolidation	5,135	10,134	19,747
Equity method	5,030	9,793	18,703
Activities held for sale (Note 4)	15,237	30,366	60,000

h) Brexit risk

The activity that the Group carries out in the United Kingdom is basically concentrated in the Environmental Services business area, mainly through the shareholding in the FCC Medio Ambiente Reino Unido subgroup dedicated to the treatment, disposal and collection of waste, as well as to the

management of waste recovery and incineration plants. Additionally, although to a lesser extent, the Group maintains a presence in the country through the export of cement and construction projects. At year-end, the Group posted 668,018 thousand euros in turnover (Note 28) and held total assets of 712,455 thousand euros in the United Kingdom.

Net investment held in pounds amounted to 287,053 thousand euros (Note 18.d). The following is a sensitivity analysis that reflects the possible impact on the Group's results and equity in the event the exchange rate of the pound against the euro increases or decreases by 10%:

	Profit and Loss Statement	Net Equity
+ 10%	33	28,739
- 10%	(33)	(28,739)

The gross financial debt held in pounds amounts to 364.9 million euros as at 31 December 2020 and is concentrated in the aforementioned FCC Medio Ambiente Reino Unido subgroup, consisting of various loans and project financing bonds at a fixed or variable rate hedged by hedging derivatives that make them fixed at a weighted average rate of 4.5%. Below is a summarised table with the effect that the changes in the interest rate curve of the debt denominated in pounds over gross indebtedness would have on the profit and loss statement of the FCC Group once the debt associated with hedging contracts has been excluded (in thousands of euros):

	Gross indebtedness			
	-25 pp	+25 pp	+50 pp	+100 pp
Impact on profit or loss	(12)	12	24	47

Exposure to Brexit is mitigated by the natural hedge of keeping assets and liabilities in the same currency. At the date on which these financial statements were drawn up, the activities carried out by the Group showed favourable returns.

i) Covid-19 risk

The Covid-19 pandemic has had a series of impacts on the accompanying consolidated financial statements both in operational and liquidity terms, which has also led to an update of the main estimates that affect the half-yearly financial statements.

In operational terms, the impact of the Covid-19 crisis on the FCC Group was limited, since the Water and Environment areas, which represent the most substantial part of the Group's revenues and earnings, include activities that the various national authorities have considered essential without significant interruptions in activity or loss of profitability in most of the assets. In relation to other activities, such as Construction, which has a smaller weighting in the Group's total activity, the pandemic has led to the temporary interruption of part of the backlog of construction contracts in progress as well as, where applicable, some inefficiencies in the supply chain, circumstances that inevitably have an impact on project costs as well as on project delivery times. Measures have been adopted to adapt costs to the new levels of activity and to date practically all has been resumed, so no significant non-provisioned impairment is expected. The Cements Area performed well, especially during the second half of the year, with some slowdown in growth, but contributing positive EBITDA with no deviations from the pre-Covid estimates.

In this regard, as shown in the attached consolidated income statement, the Group maintained a positive "Operating Income" of 572,740 thousand euros, 9.3% of net turnover. "Cash flows from

operational activities" amounted to 605,074 thousand euros as can be seen in the attached consolidated statement of cash flows.

In terms of liquidity, as specified in this note and in Note 20 "Non-current and current financial liabilities", despite the disruption in financial markets, the Group has embarked upon some new lines of financing, ensuring a comfortable financial position against potential liquidity tensions.

As a result of the situation created by the Covid-19 crisis, the Group proceeded to conduct an analysis with regard to the main estimates that affect the accompanying consolidated financial statements:

- Goodwill: The Group updated the various impairment tests for goodwill items posted without significant impacts, given the good performance of the units concerned, mainly Environment and Cements. Note 7 includes additional disclosures for this concept.
- Rest of fixed assets. The recoverable value of the main fixed assets that could show signs of impairment has been reviewed and, in particular, of those associated with the concession businesses (Notes 7, 8 and 9).
- Financial instruments: The recoverable value of the main financial instruments has been reviewed, with special attention paid to investments accounted for applying the equity method (Note 12).
- Furthermore, with regard to trade receivables, no significant payment default problems were identified. There are no unimpaired doubtful material trade receivables. The collection periods are in line with previous years.
- Deferred tax assets: The assumptions (both in operational and tax terms) regarding the recoverability of these assets, contemplated in December 2019, have been updated, with the result that under the same criteria used on that date, the impact of Covid-19 does not involve a reversal of the assets for deferred tax or a significant modification of recovery periods.
- Provisions: The level of provision (Note 19) is considered suitable to cover all risks considered probable.
- Appraisal of real estate assets: "Inventories" includes real estate assets whose net book value amounts to 452,633 thousand euros (Note 15). In this regard, during the year the fair value estimates of some of the main real estate assets were updated through an independent third party. Although a decrease in value was identified compared to December 2019, there was no need to record significant impairments because excesses were sufficient.
- Recognition of income in construction contracts: The Group reassessed its forecast results in the Construction segment at conservative ranges in the light of current circumstances. In this sense, provisions make it possible to cover the risks associated with average scenarios, in the context of current uncertainty. In any case, it should be noted that the Group has not registered unapproved income derived from cost overruns, delays or claims on third parties as a result of the situation caused by Covid-19, which has caused, in many geographic regions, inefficiencies and delays, with the consequent impact in terms of profitability.

Due to all of the above and taking into account the limited impact, the measures taken to guarantee the assets and liquidity gaps, the Group prepared the financial statements as per the principle of a going concern, since the continuity of the Group is not in doubt.

31. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

a) Transactions with directors of the Parent Company and senior executives of the Group

The amounts accrued for fixed and variable remuneration received by the Directors of Fomento de Construcciones y Contratas, S.A. in 2020 and 2019, to be paid by the latter or any of the Group companies, jointly managed or associated, are as follows:

	2020	2019
Fixed remuneration	525	525
Other payments	1,420	1,308
	1,945	1,833

The senior executives listed below, who are not members of the Board of Directors, received total remuneration of 1,832 thousand euros (1,819 thousand euros in 2019).

2020

Marcos Bada Gutiérrez	General manager of Internal Audit
Felipe B. García Pérez	General Secretary
Miguel A. Martínez Parra	Managing Director of Administration and Finance
Félix Parra Mediavilla	Managing Director of FCC Aqualia

2019

Marcos Bada Gutiérrez	General manager of Internal Audit
Felipe B. García Pérez	General Secretary
Miguel A. Martínez Parra	Managing Director of Administration and Finance
Félix Parra Mediavilla	Managing Director of FCC Aqualia

Note 25 "Pension plans and similar obligations" describes the insurance taken out in favour of certain executive directors and senior managers.

Details of Board members who hold posts at companies in which Fomento de Construcciones y Contratas, S.A. has a direct or indirect ownership interest were as follows:

Name or corporate name of the director	Company name of the Group entity	Position
EAC INVERSIONES CORPORATIVAS, S.L.	CEMENTOS PORTLAND VALDERRIVAS, S.A.	CHAIR
	REALIA BUSINESS, S.A.	DIRECTOR
INMOBILIARIA AEG, S.A. DE C.V.	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
GERARDO KURI KAUFMANN	CEMENTOS PORTLAND VALDERRIVAS, S.A.	CHIEF EXECUTIVE OFFICER
	REALIA BUSINESS, S.A.	CHIEF EXECUTIVE OFFICER
JUAN RODRÍGUEZ TORRES	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
	FCC AQUALIA, S.A.	DIRECTOR
	REALIA BUSINESS, S.A.	NON-EXECUTIVE CHAIRMAN
ÁLVARO VÁZQUEZ DE LAPUERTA	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
ALEJANDRO ABOUMRAD GONZÁLEZ	CEMENTOS PORTLAND VALDERRIVAS, S.A.	REPRESENTATIVE OF THE DIRECTOR INMOBILIARIA AEG, S.A. DE C.V.
	FCC AQUALIA, S.A.	DIRECTOR AND CHAIRMAN OF THE BOARD OF DIRECTORS
	FCC SERVICIOS MEDIOAMBIENTALES HOLDING, S.A.U.	CHAIRMAN
ANTONIO GÓMEZ GARCÍA	FCC AMÉRICAS, S.A. DE C.V.	ALTERNATE DIRECTOR
PABLO COLIO ABRIL	FCC MEDIO AMBIENTE, S.A.U.	CHAIRMAN
	FCC AQUALIA, S.A.	MEMBER OF THE BOARD, MEMBER OF THE AUDIT AND CONTROL COMMITTEE, OF THE INVESTMENT COMMITTEE, AND OF THE DELEGATED REGULATORY COMPLIANCE COMMITTEE
	FCC CONSTRUCCIÓN, S.A.	CHAIRMAN
	FCC ENVIRONMENT (UK) LIMITED	DIRECTOR
	FCC MEDIO AMBIENTE REINO UNIDO S.L.U.	DEPUTY CHAIRMAN
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.U.	DEPUTY CHAIRMAN
	FCC CONCESIONES, S.A.U.	CHAIRMAN
	GUZMAN ENERGY O&M, S.L.	CHAIRMAN
	FCC AUSTRIA ABFALL SERVICE AG	MEMBER OF THE SUPERVISORY BOARD

These directors hold posts or exercise functions and/or hold ownership interests of less than 0.01% in any case in other FCC Group companies, in which Fomento de Construcciones y Contratas, S.A. holds the majority of the voting rights, directly or indirectly.

In 2020, no significant transactions were performed entailing a transfer of assets or liabilities between Group companies and their executives and directors.

b) Situations of conflicts of interest

No conflict of interests have been directly or indirectly declared in the interest of Fomento de Construcciones y Contratas, S.A., in accordance with applicable regulations (Article 229 of the Spanish Corporate Enterprises Act), without prejudice to the operations of Fomento de Construcciones y Contratas, S.A. with its related parties reflected in this report or, as the case may be, of the agreements

related to remuneration or appointment of positions. In this regard, when specific conflicts of interest have taken place with certain directors, they have been resolved in accordance with the procedure stipulated in the Board of Directors' Rules, with the directors involved abstaining from the corresponding debates and votes.

c) Operations between Group companies or entities

There are numerous transactions between Group companies that are part of their routine business and that, in any case, are eliminated in the process of preparing the consolidated financial statements.

The turnover of the attached consolidated income statement includes 180,131 thousand euros (277,375 thousand euros in 2019) from Group companies billing associates and joint ventures.

Likewise, purchases made from associates and joint ventures amounting to 22,714 thousand euros (15,878 thousand euros in 2019) are also included in the Group's consolidated financial statements.

d) Transactions with other related parties

During the year, a number of transactions were approved involving companies in which shareholders of Fomento de Construcciones y Contratas, S.A. own equity interests, the most significant of which were as follows:

- Execution of construction and service contracts by FCC Construcción, S.A. and FCC Industrial e Infraestructuras Energéticas, S.A.U. relating to companies in the Realia subgroup, as follows:

Corporate name of the significant shareholder	Corporate name of the group company	2020	2019
Realia Business, S.A.	FCC Construcción, S.A.	23,911	12,373
Realia Patrimonio, S.L.U.	FCC Industrial e Infraestructuras Energéticas S.A.U.	1,397	1,209
Valaise S.L.U.	FCC Construcción, S.A.		4,899
		25,308	18,481

- Agreements between FC y C, S.L. Unipersonal and Realia Business, S.A. for the management and marketing of three real estate developments: Plot "10B" in Badalona, Barcelona, for the construction of 141 collective dwellings available for resale and parking spaces; Plot "RCL 1B" in Tres Cantos, Madrid, for the construction of 85 collective dwellings available for resale and parking spaces; Parce-la "RLU 2ª" in Tres Cantos, Madrid, for the construction of 30 single-family homes, for a total amount of 1,954 thousand euros. Signature by FC y C, SL Unipersonal and Realia Business, S.A. of the following exclusive marketing contracts: Plot RU2A in Tres Cantos (marketing of 30 single-family dwellings), Plot RC1B in Tres Cantos (marketing of 85 dwellings available for resale), Plot 10 in Badalona (marketing of 141 collective dwellings available for resale), Plot in Arroyo Fresno, Madrid (marketing of 144 collective dwellings available for resale), Plot in Arroyo Fresno, Madrid (marketing of 42 single-family dwellings), Plot in El Berzal (marketing of 40 single-family dwellings).
- Service provision agreements between FCC Industrial e Infraestructuras Energéticas, S.A.U. and Realia Patrimonio, S.L.U. for annual preventive maintenance of generator units in buildings: Offices on Calle Acanto 22 and 4 units in office buildings at Avda. Del Sur del Aeropuerto de Barajas, 28, 30, 32 and 34 in Madrid (Eisenhower Business Center in Madrid) for an amount of 3 thousand euros, basic annual preventive maintenance of the equipment of the Uninterruptible Power Supply of the buildings: Offices at Paseo de la Castellana 216 in Madrid; Offices on Calle Acanto 22, and 2 units in office buildings on Avda. Del Sur del Aeropuerto de Barajas, 28 and 34, Madrid, for an amount of 2 thousand euros.

- Service provision agreement between Fomento de Construcciones y Contratas, S.A. with Vilafulder Corporate Group, S.L.U. for a total annual amount of 338 thousand euros.
- Service provision contract between Cementos Portland Valderrivas, S.A. and Mr Gerardo Kuri Kaufmann, for an amount of 175 thousand euros.
- In the framework of the debt refinancing associated with the Spanish activities of the Cementos Portland Valderrivas Group in 2016, a subordinated loan agreement was entered into with Banco Inbursa, S.A., Institución de Banca Múltiple, with carrying amount at 31 December 2020 of 69,857 thousand euros. The finance costs incurred in the year totalled 2,076 thousand euros.
- Financing provided by the financial group Inbursa for FCC Construcción, S.A. for line 2 of the Panama Metro, through the acquisition of construction certificates, amounting to 3,818 thousand euros.

Furthermore, other transactions are carried out under market conditions, mainly telephone and internet access services, with parties related to the majority shareholder for a non-significant amount.

e) f) Mechanisms established to detect, determine and resolve possible conflicts of interests between the parent and/or its Group and its directors, executives or significant shareholders.

FCC Group has established specific mechanisms to detect, determine and resolve any possible conflicts of interest between the Group companies and their directors, executives and significant shareholders, as indicated in article 20 and thereafter of the Board of Directors' Rules.

32. FEES PAID TO AUDITORS

Fees for audit services accrued in 2020 and 2019 relating to audit services and other verification services, as well as other professional services, provided to the different Group companies and joint management that comprise the FCC Group by the main auditor and other auditors participating in the audit of the different Group companies, and by associated entities, both in Spain and abroad, are shown in the following table:

	2020			2019		
	Principal auditor	Other auditors	Total	Principal auditor	Other auditors	Total
Audit services	3,386	718	4,104	3,477	599	4,076
Other assurance services	261	1,220	1,481	522	571	1,093
Total audit and related services	3,647	1,938	5,585	3,999	1,170	5,169
Tax advisory services	-	1,887	1,887	-	1,466	1,466
Other services	20	610	630	-	1,527	1,527
Total professional services	20	2,497	2,517	-	2,993	2,993
	3,667	4,435	8,102	3,999	4,163	8,162

33. EVENTS AFTER THE CLOSING DATE

There have been no significant events between the end of the year and the date of preparation of these financial statements.

ANNEXE I

FULLY CONSOLIDATED
SUBSIDIARIES

Company	Registered office	% Effective ownership	Auditor
ENVIRONMENTAL SERVICES			
Alfonso Benítez, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Aparcamientos Concertados, S.A.	Av. Aiguera, 1 – Benidorm (Alicante)	100.00	
Armigesa, S.A.	Paseo de Extremadura s/n – Armilla (Granada)	51.00	
Azincourt Investment, S.L.	Federico Salmón, 13 – Madrid	100.00	
Beootpad d.o.o. Beograd	Serbia	100.00	
Castellana de Servicios, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Compañía Catalana de Servicios, S.A.	Balmes, 36 – Barcelona	100.00	
Corporación Inmobiliaria Ibérica, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	
Ecoactiva de Medio Ambiente, S.A.	Ctra. Puebla Albortón a Zaragoza Km. 25– Zaragoza	60.00	
Ecodeal-Gestao Integral de Residuos Industriais, S.A.	Portugal	53.62	Deloitte
Ecogenesis Societe Anonime Rendering of Cleansing and Waste Management Services	Greece	51.00	
Ecoparque Mancomunidad del Este, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Egypt Environmental Services, S.A.E.	Egypt	100.00	Deloitte
Empresa Comarcal de Serveis Mediambientals del Baix Penedés – ECOBP, S.L.	Plaça del Centre, 5 – El Vendrell (Tarragona)	66.60	Capital Auditors
Enviropower Investments Limited	United Kingdom	100.00	Deloitte
Europea de Tratamiento de Residuos Industriales, S.A.	Federico Salmón, 13 – Madrid	100.00	
FCC Ámbito, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100.00	Deloitte

Company	Registered office	% Effective ownership	Auditor
FCC Environment Portugal, S.A.	Portugal	100.00	Deloitte
FCC Environment Services (UK) Limited	United Kingdom	100.00	Deloitte
FCC Environmental Services Florida Llc.	USA	100.00	
FCC Environmental Services Nebraska Llc.	USA	100.00	
FCC Environmental Services Texas Llc.	USA	100.00	
FCC Environmental Services (USA) Llc.	USA	100.00	
FCC Equal CEE, S.L.	Federico Salmón, 13 – Madrid	100.00	
FCC Equal CEE Andalucía, S.L.	Av. Molière, 36 – Málaga	100.00	
FCC Equal CEE C. Valenciana, S.L.	Riu Magre, 6 P.I. Patada del Cid – Quart de Poblet (Valencia)	100.00	
FCC Equal CEE Murcia, S.L.	Luis Pasteur, 8 – Cartagena (Murcia)	100.00	
FCC Medio Ambiente, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
FCC Medio Ambiente Reino Unido, S.L.Unipersonal	Av. Camino de Santiago, 40 – Madrid	100.00	
FCC Servicios Medioambiente Holding, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100.00	Deloitte
Gamasur Campo de Gibraltar, S.L.	Antigua Ctra. de Jimena de la Frontera, s/n – Los Barrios (Cádiz)	85.00	
Gandia Serveis Urbans, S.A.	Llanterners, 6 – Gandia (Valencia)	95.00	Vaciero Auditores
Geneus Canarias, S.L.	Electricista, 2. U.I. de Salinetas – Telde (Las Palmas)	100.00	
Gestió i Recuperació de Terrenys, S.A. Unipersonal	Balmes, 36 Entresuelo – Barcelona	80.00	Centium
Gipuzkoa Ingurumena BI, S.A.	Polígono Industrial Zubiondo Par A.5. – Hernani (Gipuzkoa)	82.00	Ernst & Young
Golrib, Soluções de Valorização de Resíduos Lda.	Portugal	55.00	
FCC Group - CEE			
.A.S.A. Hódmezővásárhely Köztisztasági Kft	Hungary	61.83	Deloitte
ASMJ s.r.o.	Czech Republic	51.00	Deloitte

Company	Registered office	% Effective ownership	Auditor
FCC Abfall Service Betriebs GmbH	Austria	100.00	
FCC Austria Abfall Service AG	Austria	100.00	Deloitte
FCC BEC s.r.o.	Czech Republic	100.00	Deloitte
FCC Bratislava s.r.o.	Slovakia	100.00	Deloitte
FCC Centrum Nonprofit Kft.	Hungary	100.00	Deloitte
FCC Ceska Republika s.r.o.	Czech Republic	100.00	Deloitte
FCC České Budějovice s.r.o.	Czech Republic	75.00	Deloitte
FCC Dacice s.r.o.	Czech Republic	60.00	Deloitte
FCC Eko d.o.o.	Serbia	100.00	Deloitte
FCC EKO Polska sp. z.o.o.	Poland	100.00	Deloitte
FCC Eko-Radomsko sp. z.o.o.	Poland	100.00	Deloitte
FCC Entsorga Entsorgungs GmbH & Co. Nfg KG	Austria	100.00	Deloitte
FCC Environment CEE GmbH	Austria	100.00	Deloitte
FCC Environment Romania S.R.L.	Romania	100.00	Deloitte
FCC Freistadt Abfall Service GmbH	Austria	100.00	
FCC Halbenrain Abfall Service GmbH & Co. Nfg KG	Austria	100.00	Deloitte
FCC HP s.r.o.	Czech Republic	100.00	Deloitte
FCC Industrieviertel Abfall Service GmbH & Co. Nfg KG	Austria	100.00	
FCC Inerta Engineering & Consulting GmbH	Austria	100.00	
FCC Kikinda d.o.o.	Serbia	80.00	Deloitte
FCC Liberec s.r.o.	Czech Republic	55.00	Deloitte

Company	Registered office	% Effective ownership	Auditor
FCC Litovel s.r.o.	Czech Republic	49.00	
FCC Lublienec sp. z.o.o.	Poland	61.97	
FCC Magyarország Kft	Hungary	100.00	Deloitte
FCC Mostviertel Abfall Service GmbH	Austria	100.00	Deloitte
FCC Neratovice s.r.o.	Czech Republic	100.00	Deloitte
FCC Neunkirchen Abfall Service GmbH	Austria	100.00	Deloitte
FCC Podhale sp. z.o.o.	Poland	100.00	Deloitte
FCC Prostejov s.r.o.	Czech Republic	75.00	Deloitte
FCC Regios AS	Czech Republic	99.99	Deloitte
FCC Slovensko s.r.o.	Slovakia	100.00	Deloitte
FCC Tarnobrzeg.sp. z.o.o.	Poland	59.72	Deloitte
FCC Textil2Use GmbH	Austria	100.00	
FCC Trnava s.r.o.	Slovakia	50.00	Deloitte
FCC Uhý s.r.o.	Czech Republic	100.00	Deloitte
FCC Únanov s.r.o.	Czech Republic	66.00	Deloitte
FCC Vrbak d.o.o.	Serbia	51.00	
FCC Wiener Neustadt Abfall Service GmbH	Austria	100.00	
FCC Zabcice s.r.o.	Czech Republic	80.00	Deloitte
FCC Zabovresky s.r.o.	Czech Republic	89.00	Deloitte
FCC Zisterdorf Abfall Service GmbH	Austria	100.00	Deloitte
FCC Znojmo s.r.o.	Czech Republic	49.66	Deloitte

Company	Registered office	% Effective ownership	Auditor
FCC Zohor.s.r.o.	Slovakia	85.00	Deloitte
Miejskie Przedsiębiorstwo Gospodarki Komunalnej sp. z.o.o.	Poland	80.00	Deloitte
Obsed a.s.	Czech Republic	100.00	Deloitte
Quail spol. s.r.o.	Czech Republic	100.00	Deloitte
Siewierskie Przedsiębiorstwo Gospodarki Komunalnej sp. z.o.o.	Poland	60.00	
FCC Environment Group (UK)			
3C Holding Limited	United Kingdom	100.00	Deloitte
3C Waste Limited	United Kingdom	100.00	Deloitte
Allington O & M Services Limited	United Kingdom	100.00	Deloitte
Allington Waste Company Limited	United Kingdom	100.00	Deloitte
Anti-Waste (Restoration) Limited	United Kingdom	100.00	Deloitte
Anti-Waste Limited	United Kingdom	100.00	Deloitte
Arnold Waste Disposal Limited	United Kingdom	100.00	Deloitte
BDR Property Limited	United Kingdom	80.00	Deloitte
BDR Waste Disposal Limited	United Kingdom	100.00	Deloitte
Darrington Quarries Limited	United Kingdom	100.00	Deloitte
Derbyshire Waste Limited	United Kingdom	100.00	Deloitte
East Waste Limited	United Kingdom	100.00	Deloitte
FCC Environment (Berkshire) Ltd.	United Kingdom	100.00	Deloitte
FCC Environment (UK) Limited	United Kingdom	100.00	Deloitte
FCC Environment Limited	United Kingdom	100.00	Deloitte

Company	Registered office	% Effective ownership	Auditor
FCC Environment Lostock Limited	United Kingdom	100.00	
FCC Environmental Services Limited	United Kingdom	100.00	
FCC Recycling (UK) Limited	United Kingdom	100.00	Deloitte
FCC Waste Services (UK) Limited	United Kingdom	100.00	Deloitte
Finstop Limited	United Kingdom	100.00	
Focsa Services (UK) Limited	United Kingdom	100.00	
Hykeham O&M Services Limited	United Kingdom	100.00	Deloitte
Integrated Waste Management Limited	United Kingdom	100.00	Deloitte
Landfill Management Limited	United Kingdom	100.00	Deloitte
Lincwaste Limited	United Kingdom	100.00	Deloitte
Norfolk Waste Limited	United Kingdom	100.00	Deloitte
Pennine Waste Management Limited	United Kingdom	100.00	Deloitte
T Shooter Limited	United Kingdom	100.00	Deloitte
Waste Recovery Limited	United Kingdom	100.00	Deloitte
Waste Recycling Group (Central) Limited	United Kingdom	100.00	Deloitte
Waste Recycling Group (Scotland) Limited	United Kingdom	100.00	Deloitte
Waste Recycling Group (UK) Limited	United Kingdom	100.00	Deloitte
Waste Recycling Group (Yorkshire) Limited	United Kingdom	100.00	Deloitte
Wastenotts O & M Services Limited	United Kingdom	100.00	Deloitte
Welbeck Waste Management Limited	United Kingdom	100.00	Deloitte
WRG (Midlands) Limited	United Kingdom	100.00	Deloitte

Company	Registered office	% Effective ownership	Auditor
WRG (Northern) Limited	United Kingdom	100.00	Deloitte
WRG Acquisitions 2 Limited	United Kingdom	100.00	Deloitte
WRG Environmental Limited	United Kingdom	100.00	Deloitte
WRG Waste Services Limited	United Kingdom	100.00	
FCC Group - PFI Holdings			
FCC Lostock Holdings Limited	United Kingdom	100.00	Deloitte
FCC PFI Holdings Limited	United Kingdom	100.00	Deloitte
FCC Wrexham PFI Holdings Limited	United Kingdom	100.00	Deloitte
FCC Wrexham PFI Limited	United Kingdom	100.00	Deloitte
FCC Wrexham PFI (Phase II Holding) Ltd.	United Kingdom	100.00	Deloitte
FCC Wrexham PFI (Phase II) Ltd.	United Kingdom	100.00	Deloitte
RE3 Holding Limited	United Kingdom	100.00	Deloitte
RE3 Limited	United Kingdom	100.00	Deloitte
Green Recovery Group			
FCC (E&M) Holdings Ltd.	United Kingdom	51.00	Deloitte
FCC (E&M) Ltd.	United Kingdom	51.00	Deloitte
FCC Buckinghamshire Holdings Limited	United Kingdom	51.00	Deloitte
FCC Buckinghamshire Limited	United Kingdom	51.00	Deloitte
FCC Buckinghamshire (Support Services) Limited	United Kingdom	51.00	
FCC Energy Holdings Ltd	United Kingdom	51.00	Deloitte
FCC Energy Limited	United Kingdom	51.00	Deloitte

Company	Registered office	% Effective ownership	Auditor
FCC Environment (Lincolnshire) Ltd.	United Kingdom	51.00	Deloitte
FCC Environment Developments Ltd.	United Kingdom	51.00	Deloitte
Green Energy Finance Solutions Ltd	United Kingdom	51.00	Deloitte
Green Recovery Projects Ltd	United Kingdom	51.00	Deloitte
Kent Energy Limited	United Kingdom	51.00	Deloitte
Kent Enviropower Limited	United Kingdom	51.00	Deloitte
Wastenotts (Reclamation) Limited	United Kingdom	51.00	Deloitte
Integraciones Ambientales de Cantabria, S.A.	Monte de Carceña Cr CA-924 Pk 3,280 – Castañeda (Cantabria)	90.00	Deloitte
International Services Inc., S.A. Unipersonal	Av. Camino de Santiago, 40 – Madrid	100.00	
Jaime Franquesa, S.A.	P.I. Zona Franca Sector B calle D 49 – Barcelona	100.00	
Jaume Oro, S.L.	Av. del Bosc, s/n P.I. Hostal Nou – Bellpuig (Lleida)	100.00	
Limpieza e Higiene de Cartagena, S.A.	Luis Pasteur, 8 – Cartagena (Murcia)	90.00	Deloitte
Limpiezas Urbanas de Mallorca, S.A.	Ctra. Santa Margalida-Can Picafort – Santa Margalida (Balearic Islands)	100.00	Deloitte
Manipulación y Recuperación MAREPA, S.A.	Av. San Martín de Valdeiglesias, 22 – Alcorcón (Madrid)	100.00	Deloitte
Recuperació de Pedreres, S.L.	Balmes, 36 Entresuelo – Barcelona	80.00	
Serveis Municipals de Neteja de Girona, S.A.	Pl. del Vi, 1 - Gerona	75.00	Cataudit Auditors Associats
Servicio de Recogida y Gestión de Residuos Sólidos Urbanos del Consorcio Vega Sierra Elvira, S.A.	Antonio Huertas Remigio, 9 – Maracena (Granada)	60.00	Capital Auditors
Servicios de Levante, S.A.	Camino Pla de Museros, s/n – Almazora (Castellón)	100.00	Deloitte
Servicios Especiales de Limpieza, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Sistemas y Vehículos de Alta Tecnología, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Societat Municipal Mediambiental d'Igualada, S.L.	Pl. de l'Ajuntament, 1 – Igualada (Barcelona)	65.91	Vaciero Auditores

Company	Registered office	% Effective ownership	Auditor
Telford & Wrekin Services Limited	United Kingdom	100.00	Deloitte
Tratamientos y Recuperaciones Industriales, S.A.	Balmes, 36 Entresuelo – Barcelona	75.00	
Valoración y Tratamiento de Residuos Urbanos, S.A.	Riu Magre, 6 – P.I. Patada del Cid – Quart de Poblet (Valencia)	80.00	Capital Auditors
Valorización y Tratamiento de Residuos, S.A.	Alameda de Mazarredo, 15-4º A – Bilbao (Vizcaya)	100.00	Centium
AQUALIA			
Abrantaqua – Serviço de Aguas Residuais Urbanas do Municipio De Abrantes, S.A.	Portugal	30.60	Oliveira, Reis & Associados
Acque di Caltanissetta, S.p.a.	Italy	50.22	Deloitte
Agua y Gestión del Ciclo Integral, S.L.U.	Av. Diego Martínez Barrio, 4 – Seville	51.00	
Aguas de Alcázar Empresa Mixta, S.A.	Rondilla Cruz Verde, 1 – Alcázar de San Juan (Ciudad Real)	26.71	Capital Auditors
Aguas de las Galeras, S.L.	Av. Camino de Santiago, 40 – Madrid	51.00	
Aigües de Vallirana, S.A. Unipersonal	Conca de Tremp, 14 – Vallirana (Barcelona)	51.00	
Aqua Campiña, S.A.	Blas Infante, 6 – Écija (Seville)	45.90	Centium Auditores
Aquaelvas – Aguas de Elvas, S.A.	Portugal	51.00	Deloitte
Aquafundalia – Agua do Fundão, S.A.	Portugal	51.00	Deloitte
Aquajerez, S.L.	Cristalería, 24 – Cádiz	51.00	Ernst & Young
Aqualia Czech, S.L.	Av. Camino de Santiago, 40 – Madrid	51.00	Deloitte
Aqualia Desalación Guaymas, S.A. de C.V.	Mexico	51.00	Deloitte
Aqualia France	France	51.00	SNR Audit
Aqualia Infraestructuras d.o.o. Beograd-Vracar	Serbia	51.00	
Aqualia Infraestructuras d.o.o. Mostar	Bosnia-Herzegovina	51.00	
Aqualia Infraestructuras Inzenyring, s.r.o.	Czech Republic	51.00	ABC AUDIT, sro

Company	Registered office	% Effective ownership	Auditor
Aqualia Infraestructuras Montenegro (AIM) d.o.o. Niksic	Montenegro	51.00	
Aqualia Infraestructuras Pristina LLC.	Kosovo	51.00	
Aqualia Intech, S.A.	Av. Camino de Santiago, 40 – Madrid	51.00	Deloitte
Aqualia Latinoamérica, S.A.	Colombia	51.00	Sn Audit And Consulting Colombia Sas
Aqualia Mace Contracting, Operation & General Maintenance LLC.	United Arab Emirates	26.01	Deloitte
Aqualia Mace Qatar	Qatar	26.01	Mazars
Aqualia México, S.A. de C.V.	Mexico	51.00	Deloitte
Aqualia New Europe B.V.	Netherlands	51.00	RSM
Aqualia Portugal, S.A.	Portugal	51.00	Ernst & Young
Aqualia Villa del Rosario, SA	Colombia	51.00	Sn Audit And Consulting Colombia Sas
Aquamaior – Aguas de Campo Maior, S.A.	Portugal	51.00	Deloitte
Aquos El Realito, S.A. de C.V.	Mexico	26.01	Deloitte Mexico
C.E.G. S.P.A. Simplifié	France	51.00	SNR Audit
Cartagua, Aguas do Cartaxo, S.A.	Portugal	30.60	Oliveira, Reis & Asociados
Compañía Onubense de Aguas, S.A.	Av. Martín Alonso Pinzón, 8 – Huelva	30.60	
Conservación y Sistemas, S.A.	Federico Salmón, 13 – Madrid	51.00	Deloitte
Depurplan 11, S.A.	Madre Rafols, 2 – Zaragoza	51.00	Capital Auditors
Ecosistema de Morelos S.A. de C.V.	Mexico	51.00	
Empresa Gestora de Aguas Linenses, S.A.	Federico Salmón, 13 – Madrid	51.00	
Empresa Mixta de Conservación de la Estación Depuradora de Aguas Residuales de Butarque, S.A.	Princesa, 3 – Madrid	35.70	
Entemanser, S.A.	Castillo, 13 – Adeje (Santa Cruz de Tenerife)	49.47	Deloitte

Company	Registered office	% Effective ownership	Auditor
FCC Aqualia, S.A.	Av. Camino de Santiago, 40 – Madrid	51.00	Deloitte
FCC Aqualia América, S.A.U.	Uruguay, 11 – Vigo (Pontevedra)	51.00	
FCC Aqualia U.S.A. Corp	USA	51.00	Berkowitz Pollack Brant
Flores, Rebollo y Morales, S.L.	Urbanización Las Buganvillas, 4 – Vera (Almería)	30.60	
H.A.A. & CO. Integrated Services	Saudi Arabia	26.01	Ernst & Young
Hidrotec Tecnología del Agua, S.L. Unipersonal	Pincel, 25 – Seville	51.00	Deloitte
Infraestructuras y Distribución General de Aguas, S.L.U.	La Presa, 14 – Adeje (Santa Cruz de Tenerife)	51.00	Deloitte
Qatarat Saquia Desalination	Saudi Arabia	26.01	Ernst & Young
Servicios Hídricos Agricultura y Ciudad, S.L.U.	Alfonso XIII – Sabadell (Barcelona)	51.00	
Severomoravske Vodovody a Kanalizace Ostrava, a.s.	Czech Republic	51.00	Deloitte
Shariket Tahlya Miyah Mostaganem, S.P.A.	Algeria	13.01	Samir Hadj Ali
Sociedad Española de Aguas Filtradas, S.A.	Jacometrezo, 4 – Madrid	51.00	Deloitte
Sociedad Ibérica del Agua, S.A. Unipersonal	Federico Salmón, 13 – Madrid	51.00	
Societè des Eaux de Fin d'Oise, S.A.S.	France	51.00	SNR Audit
Tratamiento Industrial de Aguas, S.A.	Federico Salmón, 13 – Madrid	51.00	Deloitte
Vodotech, spol. s.r.o.	Czech Republic	51.00	CMC Audit s.r.o.
Water Sur, S.L.	Urbanización Las Buganvillas, 4 – Vera (Almería)	30.60	
CONSTRUCTION			
ACE Scutmadeira Sistemas de Gestao e Controlo de Tráfego	Portugal	100.00	
Agregados y Materiales de Panamá, S.A.	Panama	100.00	Deloitte
Áridos de Melo, S.L.	Finca la Barca y el Ballestar, s/n – Barajas de Melo (Cuenca)	100.00	Capital Auditors

Company	Registered office	% Effective ownership	Auditor
Colombiana de Infraestructuras, S.A.S.	Colombia	100.00	ASTAF Auditores y Consultores
Concesiones Viales S. de R.L. de C.V.	Mexico	100.00	
Concretos Estructurales, S.A.	Nicaragua	100.00	
Conservial Infraestructuras, S.L.	Federico Salmón, 13 – Madrid	100.00	
Consorcio FCC Iquique Ltda.	Chile	100.00	
Construcción Infraestructuras y Filiales de México, S.A. de C.V.	Mexico	52.00	
Construcciones Hospitalarias, S.A.	Panama	100.00	Deloitte
Constructora Meco-Caabsa, S.A. de C.V.	El Salvador	60.00	
Constructora Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	55.60	Deloitte
Contratas y Ventas, S.A.	Av. de Santander, 3 1º – Oviedo (Asturias)	100.00	Deloitte
Corporación M&S de Nicaragua, S.A.	Nicaragua	100.00	
Desarrollo y Construcción DEYCO CRCA, S.A.	Costa Rica	100.00	
Edificadora MSG, S.A. (Panama)	Panama	100.00	
Edificadora MSG, S.A. de C.V. (El Salvador)	El Salvador	100.00	
Edificadora MSG, S.A. de C.V. (Nicaragua)	Nicaragua	100.00	
FCC Américas, S.A. de C.V.	Mexico	50.00	Deloitte
FCC Américas Colombia, S.A.S.	Colombia	50.00	
FCC Américas Panamá, S.A.	Panama	50.00	Deloitte
FCC Colombia, S.A.S.	Colombia	100.00	ASTAF Auditores y Consultores
FCC Construcción, S.A.	Balmes, 36 – Barcelona	100.00	Deloitte
FCC Construcción América, S.A.	Costa Rica	100.00	Deloitte

Company	Registered office	% Effective ownership	Auditor
FCC Construcción Chile, SPA	Chile	100.00	
FCC Construcción Costa Rica, S.A.	Costa Rica	100.00	Deloitte
FCC Construcción de México, S.A. de C.V.	Mexico	100.00	Deloitte
FCC Construcción Perú, S.A.C.	Peru	100.00	
FCC Constructii Romania, S.A.	Romania	100.00	
FCC Construction Australia Pty Ltd	Australia	100.00	
FCC Construction Inc.	USA	100.00	
FCC Construction International B.V.	Netherlands	100.00	
FCC Construction Ireland DAC	Ireland	100.00	Deloitte
FCC Construction Northern Ireland Limited	United Kingdom	100.00	Deloitte
FCC Construções do Brasil Ltda.	Brazil	100.00	
FCC Edificadora CR, S.A.	Costa Rica	100.00	
FCC Electromechanical LLC.	Saudi Arabia	100.00	Ernst & Young
FCC Elliott Construction Limited	Ireland	100.00	Deloitte
FCC Industrial de Panamá, S.A.	Panama	100.00	
FCC Industrial e Infraestructuras Energéticas, S.A. Unipersonal	Av. Camino de Santiago, 40 – Madrid	100.00	Deloitte
FCC Industrial Perú, S.A.	Peru	100.00	
FCC Industrial UK Limited	United Kingdom	100.00	Deloitte
FCC Immobilien Holding GmbH	Germany	100.00	
FCC Servicios Industriales y Energéticos México, S.A. de C.V.	Mexico	100.00	Deloitte
FCC Soluciones de Seguridad y Control, S.L.	Federico Salmón, 13 – Madrid	100.00	

Company	Registered office	% Effective ownership	Auditor
Fomento de Construcciones Colombianas, S.A.S.	Colombia	100.00	
Fomento de Construcciones y Contratas Canadá Ltd.	Canada	100.00	
Guzmán Energy O&M, S.L.	Av. Camino de Santiago, 40 – Madrid	52.13	Deloitte
Impulsora de Proyectos Proserme, S.A. de C.V.	Mexico	100.00	
Mantenimiento de Infraestructuras, S.A.	Federico Salmón, 13 2a planta – Madrid	100.00	Deloitte
Meco Santa Fe Limited	Belize	100.00	
Megaplás, S.A. Unipersonal	Hilanderas, 4-14 – La Poveda – Arganda del Rey (Madrid)	100.00	Deloitte
Megaplás Italia, S.p.A.	Italy	100.00	Collegio Sindicale
Participaciones Teide, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	
Prefabricados Delta, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100.00	Deloitte
Ramalho Rosa Cobetar Sociedade de Construções, S.A.	Portugal	100.00	Deloitte
Servicios Dos Reis, S.A. de C.V.	Mexico	100.00	
CEMENTOS			
Áridos de Navarra, S.A.	Estella, 6, Pamplona (Navarra)	65.47	
Canteras de Alaiz, S.A.	Dormilatería, 72 – Pamplona (Navarre)	69.46	Deloitte
Carbocem, S.A.	María Tubau, 9 – 4 planta – Madrid	69.15	
Cementos Alfa, S.A.	María Tubau, 9 – 4 planta – Madrid	87.35	Deloitte
Cementos Portland Valderrivas, S.A.	Dormilatería, 72 – Pamplona (Navarre)	99.20	Deloitte
Dragon Alfa Cement Limited	United Kingdom	87.35	Deloitte
Dragon Portland Limited	United Kingdom	99.20	Deloitte
Prebesecc Mallorca, S.A.	Conradors (P.I. Marratxi) - Marratxi (Balearic Islands)	67.77	

Company	Registered office	% Effective ownership	Auditor
Select Beton, S.A.	Tunisia	87.13	Deloitte - Guellaty
Société des Ciments d'Enfidha	Tunisia	87.16	Deloitte - Guellaty
Tratamiento Escombros Almoguera S.L.	María Tubau, 9 - 4 planta - Madrid	50.62	
Uniland Acquisition Corporation	USA	99.20	
Uniland International B.V.	Netherlands	99.20	
Uniland Trading B.V.	Netherlands	99.20	
OTHER ACTIVITIES			
Asesoría Financiera y de Gestión, S.A.	Federico Salmón, 13 – Madrid	100.00	
Autovía Conquense, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	Deloitte
Bvefdomintaena Beteiligungsverwaltung GmbH	Austria	100.00	
Cemark - Mobiliario Urbano e Publicidade, S.A.	Portugal	100.00	Pricewaterhouse Coopers
Concesionaria Atención Primaria, S.A.	Gremi de Sabaters, 21 (Loc. A. 15.2) - Palma de Mallorca (Balearic Islands)	82.50	Deloitte
Concesionaria Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	85.60	Deloitte
Costa Verde Habitat, S.L.	Av. Camino de Santiago, 40 – Madrid	100.00	
FC y C, S.L. Unipersonal	Federico Salmón, 13 – Madrid	100.00	Deloitte
FCC Concesiones, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100.00	
FCC Concesiones de Infraestructuras, S.L.	Av. Camino de Santiago, 40 – Madrid	100.00	
FCC Midco, S.A.	Luxembourg	100.00	
FCC Topco, S.A.R.L.	Luxembourg	100.00	
FCC Versia, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	Deloitte
Fedemes, S.L.	Federico Salmón, 13 – Madrid	100.00	Deloitte

Company	Registered office	% Effective ownership	Auditor
Per Gestora, S.L.	Federico Salmón, 13 – Madrid	100.00	
PPP Infraestructure Investments B.V.	Netherlands	100.00	
Vela Boravica Koncern d.o.o.	Croatia	100.00	
Vialia Sociedad Gestora de Concesiones de Infraestructuras, S.L.	Av. Camino de Santiago, 40 – Madrid	100.00	
Grupo Cedinsa Concessionària			
Cedinsa Concessionària, S.A.	Av. Josep Tarradellas, 38 – Barcelona	51.00	Deloitte
Cedinsa Conservació, S.L. Unipersonal	Ctra. C-16 – Puig-Reig (Barcelona)	51.00	Deloitte
Cedinsa d'Aro Concessionària de la Generalitat de Catalunya, S.A. Unipersonal	Av. Josep Tarradellas, 38 – Barcelona	51.00	Deloitte
Cedinsa Eix Llobregat Concessionària de la Generalitat de Catalunya, S.A. Unipersonal	Av. Josep Tarradellas, 38 – Barcelona	51.00	Deloitte
Cedinsa Eix Transversal Concessionària de la Generalitat de Catalunya, S.A. Unipersonal	Av. Josep Tarradellas, 38 – Barcelona	51.00	Deloitte
Cedinsa Ter Concessionària de la Generalitat de Catalunya, S.A. Unipersonal	Av. Josep Tarradellas, 38 – Barcelona	51.00	Deloitte

ANNEXE II

COMPANIES JOINTLY CONTROLLED WITH THIRD PARTIES OUTSIDE THE GROUP

(CONSOLIDATED USING THE EQUITY METHOD)

Company	Registered office	Carrying amount of the backlog		% Effective ownership	Auditor
		2020	2019		
ENVIRONMENTAL SERVICES					
Atlas Gestión Medioambiental, S.A.	Viriato, 47 – Barcelona	9,808	11,933	50.00	Ernst & Young
Beacon Waste Limited	United Kingdom	1,250	1,361	50.00	Deloitte
Ecoparc del Besós, S.A.	Av. Torre d'en Mateu. P.I. Can Salvatella s/n – Barcelona	7,803	6,638	49.00	Castellà Auditors Consultors S.L.P.
Ecoserveis Urbans de Figueres, S.L.	Av. de les Alegries, s/n – Lloret de Mar (Gerona)	138	153	50.00	
Electrorecycling, S.A.	Ctra. BV – 1224 Km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona)	1,284	1,294	33.34	Audinfor
Empresa Mixta de Limpieza de la Villa de Torrox, S.A.	Plaza de la Constitución, 1 – Torrox (Málaga)	360	400	50.00	Audinfor
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A.	Barrio Las Zorreras, 8 – Rincón de la Victoria (Málaga)	316	275	50.00	Audinfor
Fisera Ecoserveis, S.A.	Alemania, 5 – Figueres (Gerona)	165	164	36.36	Auditoria i Control Auditors S.L.P.
Gestión y Valorización Integral del Centro, S.L.	De la Tecnología, 2. P.I. Los Olivos – Getafe (Madrid)	322	476	50.00	Deloitte
Ingeniería Urbana, S.A.	Calle I esquina calle 3, P.I. Pla de la Vallonga – Alicante	4,210	4,261	35.00	Deloitte
Mediaciones Comerciales Ambientales, S.L.	Av. Barcelona, 109. P.5 – Sant Joan Despí (Barcelona)	359	793	50.00	
Mercia Waste Management Ltd.	United Kingdom	11,781	10,682	50.00	Deloitte
Palacio de Exposiciones y Congresos de Granada, S.A.	Paseo del Violón, s/n – Granada	(1,969)	(1,850)	50.00	Hispanobelga Econo- mistas Auditores, S.L.P.
Pilagest, S.L.	Ctra. BV – 1224 Km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona)	211	212	50.00	

Company	Registered office	Carrying amount of the backlog		% Effective ownership	Auditor
		2020	2019		
Reciclado de Componentes Electrónicos, S.A.	Calle El Matorral (Parque Actividades Medioambientales) – Aznalcóllar (Sevilla)	1,924	2,125	37.50	KPMG
Servicios de Limpieza Integral de Málaga III, S.A.	Camino Medioambiental (Ed. Limasa), 23–Málaga	–	1,965	26.01	PricewaterhouseCoopers
Servicios Urbanos de Málaga, S.A.	Av. Camino de Santiago, 40 – Madrid	3,216	668	51.00	
Severn Waste Services Limited	United Kingdom	199	209	50.00	Deloitte
Tratamiento Industrial de Residuos Sólidos, S.A.	Rambla Cataluña, 91 – Barcelona	1,580	1,119	33.33	Castellà Auditors Consultors S.L.P.
Zabalgardi, S.A.	Camino Artigabidea, 10 – Bilbao (Vizcaya)	16,060	17,234	30.00	KPMG
AQUALIA					
Aguas de Langreo, S.L.	Alonso del Riesgo, 3 – Langreo (Asturias)	909	885	24.99	Capital Auditors and Consultants, S.L.
Aguas de Narixa, S.A.	Málaga, 11 – Nerja (Málaga)	237	722	25.50	
Aigües de Girona, Salt i Sarrià del Ter, S.A.	Ciudadans, 11 – Gerona	162	162	13.71	Cataudit Auditors Associats, S.L.
Compañía de Servicios Medioambientales do Atlántico, S.A.	Estrada de Cedeira Km. 1 – Narón (La Coruña)	296	302	24.99	Audinform
Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V.	Mexico	(2,996)	(2,995)	12.50	Deloitte
Empresa Municipal de Aguas de Benalmádena EMABESA, S.A.	Explanada de Tivoli, s/n – Arroyo de la Miel (Málaga)	1,584	1,745	25.50	Audinform
Girona, S.A.	Travesía del Carril, 2 – Gerona	1,701	1,672	17.14	Cataudit Auditors Associats, S.L.
HA Proyectos Especiales Hidráulicos S. de R.L. de C.V.	Mexico	992	1,132	25.25	Grant Thornton SC
Orasqualia Construction, S.A.E.	Egypt	(100)	(110)	25.50	KPMG
Orasqualia for the Development of the Waste Water Treatment Plant S.A.E.	Egypt	11,943	11,700	25.50	Deloitte
Orasqualia Operation and Maintenance, S.A.E.	Egypt	1,130	1,797	25.50	Deloitte
CONSTRUCTION					
Administración y Servicios Grupo Zapotillo, S.A. de C.V.	Mexico	108	143	50.00	

Company	Registered office	Carrying amount of the backlog		% Effective ownership	Auditor
		2020	2019		
Altos del Javier, S.A.	Panama	-	-	50.00	
Consorcio Tramo Dos S.A. DE C.V.	Mexico	8	-	50.00	
Construcciones Olabarri, S.L.	Ripa, 1 – Bilbao (Vizcaya)	5,734	5,521	49.00	Charman Auditores
Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V.	Mexico	-	-	24.50	Deloitte
Constructora Durango Mazatlán, S.A. de C.V.	Mexico	1,403	1,613	51.00	
Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V.	Mexico	(29,993)	(34,403)	40.00	Deloitte
Constructores del Zapotillo, S.A. de C.V.	Mexico	1,114	1,528	50.00	Grant Thornton
Ctra. Cabo San Lucas San José, S.A. de C.V.	Mexico	-	-	50.00	
Dragados FCC Canada Inc.	Canada	-	(862)	50.00	
Elaboración de Cajones Pretensados, S.L.	Av. Camino de Santiago, 40 – Madrid	2	2	50.00	
Integral Management Future Renewables, S.L.	A Condomiña, s/n – Ortoño (La Coruña)	3,488	3,257	50.00	Deloitte
North Tunnels Canada Inc.	Canada	(1,674)	(1,782)	50.00	
OHL Co Canada & FCC Canada Ltd. Partnership	Canada	(65,044)	(62,695)	50.00	
Operaciones y Servicios para la Industria de la Construcción, S.A. de C.V.	Mexico	-	-	50.00	
Servicios Empresariales Durango-Mazatlán, S.A. de C.V.	Mexico	119	136	51.00	
CEMENTOS					
Pedreira de l'Ordal, S.L.	Ctra. N 340 km. 1229.5 - Subirats (Barcelona)	3,243	2,706	49.50	Deloitte
OTHER ACTIVITIES					
Ibisan Sociedad Concesionaria, S.A	Av. Isidor Macabich, s / n. Sant Rafel de Sa Creu (Balearic Islands)	8,204	7,291	50.00	Deloitte
MDM-Teide, S.A.	Panama	161	175	50.00	
Sociedad Concesionaria Tranvía de Murcia, S.A.	Paseo de la Ladera, 79– Murcia	22,572	21,248	50.00	Deloitte

Company	Registered office	Carrying amount of the backlog		% Effective ownership	Auditor
		2020	2019		
Teide-MDM Quadrat, S.A.	Panama	60	65	50.00	
Grupo FM Green Power Investments		16,462	17,074	49.00	
Enestar Villena, S.A.	Maestro Chanzá, 3 – Villena (Alicante)	-	-	49.00	Ernst & Young
Estructuras Energéticas Generales, S.A. Unipersonal	Paseo de la Castellana, 91 planta 11 – Madrid	-	-	49.00	
Ethern Electric Power, S.A.	Paseo de la Castellana, 91 planta 11 – Madrid	-	-	49.00	Ernst & Young
FM Green Power Investments, S.L.	Paseo de la Castellana, 91 planta 11 – Madrid	-	-	49.00	Ernst & Young
Guzmán Energía, S.L.	Portada, 11 – Palma del Río (Córdoba)	-	-	34.30	Ernst & Young
Helios Patrimonial 1, S.L. Unipersonal	Paseo de la Castellana, 91 planta 11 – Madrid	-	-	49.00	Ernst & Young
Helios Patrimonial 2, S.L. Unipersonal	Paseo de la Castellana, 91 planta 11 – Madrid	-	-	49.00	Ernst & Young
Olivento, S.L. Unipersonal	Paseo de la Castellana, 91 planta 11 – Madrid	-	-	49.00	Ernst & Young
TOTAL VALUE OF CONSOLIDATED COMPANIES USING THE EQUITY METHOD (JOINT VENTURES)		40,842	38,141		

ANNEX III

ASSOCIATES

(CONSOLIDATED USING THE EQUITY METHOD)

Company	Registered office	Carrying amount of the backlog		% Effective ownership	Auditor
		2020	2019		
ENVIRONMENTAL SERVICES					
Aprochim Getesarp Rymoil, S.A.	P.I. Logrezana s/n– Carreño (Asturias)	1,117	1,016	32.17	
Aragonesa de Gestión de Residuos, S.A.	Paseo María Agustín, 36 – Zaragoza	12	15	12.00	CGM Auditores, S.L.y Villalba, Envid y Cia. Auditores, S.L.P.
Aragonesa de Tratamientos Medioambientales XXI, S.A.	Ctra. Castellón Km. 58 – Zaragoza	609	611	33.00	
Betearte, S.A.U.	Cr. BI – 3342 pk 38 Alto de Areitio – Mallabia (Vizcaya)	(91)	(376)	33.33	
Gestión Integral de Residuos Sólidos, S.A.	Serrans, 12 – 14 Ent. 1 – Valencia	5,298	5,208	49.00	DULA Auditores, S.L.P.
Giref Generación Renovable	Pedro Lafayo, 6 - Ibiza	-	-	20.00	
FCC Group - CEE		6,310	6,264		
A.K.S.D. Városgazdálkodási Korlátolt FT	Hungary	-	-	25.50	Interauditor
ASTV s.r.o.	Czech Republic	-	-	49.00	
FCC + NHSZ Környezetvédelmi HKft	Hungary	-	-	50.00	Interauditor
FCC Hlohovec s.r.o.	Slovakia	-	-	50.00	
Huber Abfallservice Verwaltungs GmbH	Austria	-	-	49.00	ConVisio
Huber Entsorgungs GmbH Nfg KG	Austria	-	-	49.00	ConVisio
Killer GmbH	Austria	-	-	50.00	Rittmann
Killer GmbH & Co KG	Austria	-	-	50.00	Rittmann
Recopap s.r.o.	Slovakia	-	-	50.00	Deloitte

Company	Registered office	Carrying amount of the backlog		% Effective ownership	Auditor
		2020	2019		
FCC Group - PFI Holdings	United Kingdom	22,766	9,797		
CI III Lostock Efw Limited	United Kingdom	-	-	40.00	
Lostock Power Limited	United Kingdom	-	-	40.00	
Lostock Sustainable Energy	United Kingdom	-	-	40.00	
Tirme Group		6,783	7,423		
Balear de Trituracions, S.L.	Cr. de Sóller Km. 8,2 – Palma de Mallorca (Balearic islands)	-	-	20.00	
Mac Insular, S.L.	P.I. Ses Veles, (Cl. Romani), 2 – Bunyola (Balearic islands)	-	-	14.00	Deloitte
Mac Insular Segunda, S.L.	Cr. de Sóller Km. 8,2 – Palma de Mallorca (Balearic islands)	-	-	15.00	
Tirme, S.A.	Ctra. Soller Km. 8,2 Camino de Son Reus – Palma de Mallorca (Balearic islands)	-	-	20.00	Deloitte
Sogecar, S.A.	Polígono Torrelarragoiti – Zamudio (Vizcaya)	499	482	30.00	
AQUALIA					
Aguas de Archidona, S.L.	Pz. Ochavada, 1 – Archidona (Málaga)	62	75	24.48	Centium Auditores
Aguas de Denia, S.A.	Pedro Esteve, 17– Denia (Alicante)	440	408	16.83	Audinfor
Aguas de Guadix, S.A.	Plaza Constitución, 1– Guadix (Granada)	179	161	20.40	
Aguas de Priego, S.L.	Plaza Constitución, 3 – Priego de Córdoba (Córdoba)	(33)	(16)	24.99	Audinfor
Aguas del Puerto Empresa Municipal, S.A.	Aurora, 1 – El Puerto de Santa María (Cádiz)	3,910	4,094	24.98	
Aigües de Blanes, S.A.	Canigó, 5 – Blanes (Gerona)	38	68	8.40	Cd Auditors Auditoria I Consulting SL
Aigües del Segarra Garrigues, S.A.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)	-	-	0.52	Deloitte
Aigües del Vendrell, S.A.	Vella, 1 – El Vendrell (Tarragona)	509	503	24.99	Gm Auditors SL
Aquos El Realito, S.A. de C.V.	Mexico	-	7,499	24.99	Deloitte Mexico
Codeur, S.A.	Mayor, 22 – Vera (Almería)	6,560	6,504	13.26	

Company	Registered office	Carrying amount of the backlog		% Effective ownership	Auditor
		2020	2019		
Concesionaria de Desalación de Ibiza, S.A.	Rotonda de Santa Eulalia, s/n – Ibiza (Balearic Islands)	1,208	1,243	25.50	BDO Auditores
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	(5,396)	(5,395)	12.50	
EMANAGUA Empresa Mixta Municipal de Aguas de Nijar, S.A.	Plaza de la Glorieta, 1 – Nijar (Almería)	320	356	24.99	Centium Auditores
Empresa Mixta de Aguas de Ubrique, S.A.	Juzgado, s/n – Ubrique (Cádiz)	77	88	24.99	Deloitte
Empresa Mixta de Aguas de Jodar, S.A.	Pz. España, 1 – Jodar (Jaén)	13	6	24.99	Centium Auditores
Empresa Municipal de Aguas de Algeciras, S.A.	Av. Virgen del Carmen – Algeciras (Cádiz)	153	151	24.99	Next Auditores y Consultores
Empresa Municipal de Aguas de Linares, S.A.	Cid Campeador, 7 – Linares (Jaén)	198	279	24.99	Centium Auditores
Empresa Municipal de Aguas de Toxiria, S.A.	Plaza de la Constitución – Torredonjimeno (Jaén)	92	68	24.99	Centium Auditores
Nueva Sociedad de Aguas de Ibiza, S.A.	Av. Bartolomé Roselló, 18 - Ibiza (Balearic Islands)	83	65	20.40	
Omán Sustainable Water Services SAOC	Oman	953	1,030	24.99	
Operadora El Realito, S.A. de C.V.	Mexico	278	316	7.65	Ernst & Young
Prestadora de Servicios Acueducto El Realito, S.A. de C.V.	Mexico	1	1	12.50	
Proveïments d'Aigua, S.A.	Astúries, 13 - Girona	603	571	7.71	Antoni Riera Economistes Auditors
Sera Q A Duitama E.S.P., S.A.	Colombia	8	13	15.61	
Suministro de Aguas de Querétaro, S.A. de C.V.	Mexico	9,136	10,376	25.51	Deloitte Mexico
CONSTRUCTION					
Agrenic Complejo Industrial Nindiri, S.A.	Nicaragua	2,194	2,108	50.00	Deloitte
Aigües del Segarra Garrigues, S.A.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)	7,193	6,905	24.68	Deloitte
Cafig Constructores, S.A. de C.V.	Mexico	3,518	3,391	45.00	
Construcciones y Pavimentos, S.A.	Panama	4	4	50.00	
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	(4)	(4)	24.50	Deloitte

Company	Registered office	Carrying amount of the backlog		% Effective ownership	Auditor
		2020	2019		
Constructora San José - Caldera CSJC, S.A.	Costa Rica	(1,548)	(1,683)	50.00	Deloitte
Constructora San José - San Ramón SJSR, S.A.	Costa Rica	(60)	(63)	50.00	
Constructora Terminal Valle de México, S.A. de C.V.	Mexico	422	8,915	14.28	Deloitte
Desarrollo Cuajimalpa, S.A. de C.V.	Mexico	6	7	25.00	
Efi Túneles Necaxa, S.A. de C.V.	Mexico	319	379	45.00	
FCC Tarrío TX-1 Construção Ltda	Brazil	-	-	70.00	
M50 (D&C) Limited	Ireland	(3,273)	(3,273)	42.50	Deloitte
N6 (Construction) Limited	Ireland	(38,413)	(38,413)	42.50	Deloitte
Prestadora de Servicios Acueducto El Realito, S.A. de C.V.	Mexico	1	1	24.50	
Promvias XXI, S.A.	Anglesola, 6 - Barcelona	1	1	25.00	
Roadbridge FCC JV Limited	Ireland	951	143	50.00	Mazars
Servicios CTVM, S.A. de C.V.	Mexico	2	2	14.28	Deloitte
Serv. Terminal Valle de México, S.A. de C.V.	Mexico	32	27	14.28	Deloitte
CEMENTOS					
Aplicaciones Minerales, S.A.	Camino Fuente Herrero - Cueva Cardiel (Burgos)	504	654	34.29	
Canteras y Hormigones VRE, S.A.	Berroa (P.I. La Estrella) - Tanojar (Navarra)	(370)	(389)	49.60	
Hormigones Castro, S.A.	Ctra. Nacional 634 - Ambrosero - Barcena de Cicero (Cantabria)	303	317	34.94	
Hormigones de la Jacetania, S.A.	Llano de la Victoria – Jaca (Huesca)	1,327	-	62.00	KPMG
Hormigones del Baztán, S.L.	Berroa (P.I. La Estrella) - Tanojar (Navarra)	414	408	49.60	
Hormigones Delfín, S.A.	Venta Blanca - Peralta (Navarra)	857	666	49.60	
Hormigones en Masa de Valtierra, S.A.	Ctra. Cadreita Km. 1 - Valtierra (Navarra)	2,369	2,356	39.68	

Company	Registered office	Carrying amount of the backlog		% Effective ownership	Auditor
		2020	2019		
Hormigones Galizano, S.A.	Ctra. Nacional, 634 - Ambrosero - Barcena de Cicero (Cantabria)	146	150	43.68	
Hormigones Reinares, S.A.	Pintor Murillo, s/n - Calahorra (La Rioja)	833	713	49.60	
Hormigones y Áridos del Pirineo Aragonés, S.A.	Ctra. Nacional, 260 Km. 516,5- Sabiñánigo (Huesca)	5,941	5,886	49.60	KPMG
Lázaro Echevarría, S.A.	P.I. Isasia- Alsasua (Navarra)	8,065	8,041	27.78	KPMG
Navarra de Transportes, S.A.	C/Circunvalación Inguraketa s/n - Olazagutia (Navarra)	525	565	33.06	KPMG
Novhorvi, S.A.	Portal de Gamarra, 25 - Vitoria -Gasteiz (Alava)	125	134	33.06	
Portcemen, S.A.	Muelle Contradique Sur- Puerto Barcelona - Barcelona	1,195	1,230	32.99	
Terminal Cimentier de Gabes-Gie	Tunisia	33	35	29.05	Ernst & Young
Vescem-LID, S.L.	Valencia, 245 - Barcelona	27	27	24.75	
Giant Group		9,973	13,661		
Coastal Cement Corporation	USA	-	-	44.64	
Dragon Energy LLC.	USA	-	-	44.64	
Dragon Products Company Inc.	USA	-	-	44.64	
Giant Cement Company	USA	-	-	44.64	
Giant Cement Holding Inc.	USA	-	-	44.64	Deloitte
Giant Cement NC Inc.	USA	-	-	44.64	
Giant Cement Virginia Inc.	USA	-	-	44.64	
Giant Resource Recovery Inc.	USA	-	-	44.64	
Giant Resource Recovery - Arvonía Inc.	USA	-	-	44.64	
Giant Resource Recovery - Attalla Inc.	USA	-	-	44.64	
Giant Resource Recovery - Harleyville, Inc.	USA	-	-	44.64	

Company	Registered office	Carrying amount of the backlog		% Effective ownership	Auditor
		2020	2019		
Giant Resource Recovery - Sumter Inc.	USA	-	-	44.64	
Keystone Cement Company	USA	-	-	44.64	
Sechem Inc.	USA	-	-	44.64	
OTHER ACTIVITIES		-	-		
Concessió Estacions Aeroport L9, S.A.	Av. Carrilet, 3 Edificio D – L'Hospitalet de Llobregat (Barcelona)	-	6,122	49.00	Deloitte
Future Valleys Project Co. Limited	United Kingdom	13	-	42.50	
Las Palmeras de Garrucha, S.L.	Mayor, 19 – Garrucha (Almería)	971	975	20.00	
Metro de Lima Línea 2, S.A.	Peru	26,215	25,704	18.25	Ernst & Young
Sigenera, S.L.	Av. Linares Rivas, 1 – La Coruña	380	376	37.40	
World Trade Center Barcelona, S.A. de S.M.E.	Moll Barcelona (Ed. Este), s/n – Barcelona	10,137	9,319	24.01	Ernst & Young
Grupo Realia Business		278,103	276,540	37.40	
As Cancelas Siglo XXI, S.L.	Av. Camino de Santiago, 40 – Madrid	-	-	18.70	Ernst & Young
Boane 2003, S.A. Unipersonal	Paseo de la Castellana, 41 – Madrid	-	-	18.25	
Guillena Golf, S.L. Unipersonal	Paseo de la Castellana, 216 – Madrid	-	-	37.40	
Hermanos Revilla, S.A.	Paseo de la Castellana, 41 – Madrid	-	-	18.25	Ernst & Young
Inversiones Inmobiliarias Rústicas y Urbanas 2000, S.L.	Ayala, 3 – Madrid	-	-	12.48	
Planigesa, S.A.	Av. Camino de Santiago, 40 – Madrid	-	-	28.42	
Realia Business, S.A.	Av. Camino de Santiago, 40 – Madrid	-	-	37.40	Ernst & Young
Realia Contesti, S.R.L.	Romania	-	-	37.40	
Realia Patrimonio, S.L.U.	Av. Camino de Santiago, 40 – Madrid	-	-	37.40	Ernst & Young
TOTAL VALUE OF CONSOLIDATED COMPANIES USING THE EQUITY METHOD (ASSOCIATED COMPANIES)		382,126	390,841		

ANNEXE IV

CHANGES IN THE SCOPE OF CONSOLIDATION

ADDITIONS

Company	Registered office
FULLY CONSOLIDATED	
Aqualia Latinoamérica, S.A.	Colombia
Aqualia Portugal, S.A.	Portugal
Aqualia Villa del Rosario, SA	Colombia
Ecosistema de Morelos S.A. de C.V.	Mexico
FCC Concesiones, S.A. Unipersonal	Federico Salmón, 13 – Madrid
FCC Construction Australia Pty Ltd	Australia
FCC Energy Holdings Ltd	United Kingdom
Green Energy Finance Solutions Ltd	United Kingdom
Green Recovery Projects Ltd	United Kingdom
H.A.A. & CO. Integrated Services	Saudi Arabia
Miejskie Przedsiębiorstwo Gospodarki Komunalnej sp. z.o.o.	Poland
Qatarat Saquia Desalination	Saudi Arabia
Siewierskie Przedsiębiorstwo Gospodarki Komunalnej sp. z.o.o.	Poland
JOINT VENTURES	
Consortio Tramo Dos S.A. DE C.V.	Mexico
ASSOCIATES	
Future Valleys Project Co. Limited	United Kingdom

CHANGES IN THE SCOPE OF CONSOLIDATION
DERECOGNITIONS

Company	Registered office
FULLY CONSOLIDATED	
Ecoeffect DZZD-Consortium (2)	Bulgaria
Ekostone Áridos Siderúrgicos, S.L. (3)	Superpuerto – Dique de Poniente. Punta Lucero, 5 – Zierbana (Vizcaya)
FCC Bulgaria E.O.O.D. (2)	Bulgaria
RSUO Dobritch (2)	Bulgaria
Tema Concesionaria, S.A. (3)	Porto Pi, 8– Palma de Mallorca (Balearic Islands)
Zona Verde – Promoção e Marketing Limitada (4)	Portugal
JOINT VENTURES	
Servicios de Limpieza Integral de Málaga III, S.A. (5)	Camino Medioambiental (Ed. Limasa), 23–Málaga

(1) Derecognition due to a merger with FCC Aqualia, S.A.

(2) Derecognition due to disposal

(3) Derecognition due to liquidation

(4) Derecognition due to merger with Cemark - Mobiliario Urbano e Publicidade, S.A.

(5) Derecognition due to remunicipalisation of the service

CHANGES IN THE SCOPE OF CONSOLIDATION

CHANGES IN THE SCOPE OF CONSOLIDATION

Company	Change in the consolidation method (current method)	Change in the consolidation method (previous method)
Aquos El Realito, S.A. de C.V.	Fully consolidated	Equity method (associate)
Hormigones de la Jacetania, S.A.	Equity method (associate)	Fully consolidated

ANNEXE V

JOINT VENTURES, ECONOMIC INTEREST GROUPS AND
OTHER ENTERPRISES JOINTLY MANAGED WITH THIRD PARTIES OUTSIDE THE GROUP

	Proportional integration at 31 December 2020
ENVIRONMENTAL SERVICES	
Puerto JV	50.00
Absa JV - Perica	60.00
Absa – Perica II JV	60.00
A Coruña Limpieza JV	70.00
Aeropuerto VI JV	50.00
Agarbi JV	60.00
Agarbi Bi JV	60.00
Agarbi Interiores JV	60.00
Aizmendi JV	60.00
Akei JV	60.00
Alcantarillado Melilla JV	50.00
Alella JV	50.00
Alumbrado Tias JV	67.00
Arazuri 2016 JV	50.00
Arazuri 2020 JV	50.00
Arcos JV	51.00
Artigas JV	60.00
ARUCAS II JV	70.00
Bailin Etapa 2 JV	60.00
Baix Ebre-Montsià JV	60.00
Berango JV	60.00
Bilboko Saneamendu JV	50.00

	Proportional integration at 31 December 2020
Bilboko Saneamendu Bi JV	50.00
Bilketa 2017 JV	60.00
Biocompost de Álava JV	50.00
Bizkaiako Hondartzak JV	50.00
Boadilla JV	50.00
Cabrera de Mar JV	50.00
Cana Putxa JV	20.00
Carma JV	50.00
Castellana – Po JV	50.00
Cgr Guipuzcoa JV	35.14
Chipiona JV	50.00
CMG2 Lanak JV	82.00
CMG2 Kudeaketa JV	82.00
Contenedores las Palmas JV	30.00
Contenedores Madrid JV	38.25
Contenedores Madrid 2 JV	36.50
CTR - Vallès JV	20.00
Ctr. de lalt Empordà JV	45.00
Cua JV	50.00
Donostiako Garbiketa JV	70.00
Dos Aguas JV	35.00
Eco A Coruña JV	85.00
Ecogondomar JV	70.00
Ecoparque Cáceres JV	50.00
Ecourense JV	50.00
Efic. Energ. Puerto del Rosario JV	60.00
Energía Solar Onda JV	25.00
Enllumenat Sabadell JV	50.00

	Proportional integration at 31 December 2020
Envases Ligeros Málaga JV	50.00
Epeleko Konposta JV	60.00
Epeleko Planta JV	35.00
Epremasa Provincial JV	55.00
Eretza JV	70.00
Es Vedra JV	25.00
Etxebarri JV	60.00
FCC - Ers Los Palacios JV	50.00
FCC – Hijos de Moreno, S.A. JV	50.00
FCC Perica I JV	60.00
FCC - SuFI Majadahonda JV	50.00
FCC-Mcc Santiago del Teide JV	80.00
F.L.F. La Plana JV	47.00
F.S.S. JV	99.00
Fuentes las Palmas JV	25.00
Gestió Integral de Runes del Papiol JV	40.00
Gestión Instalación III JV	34.99
Giref JV	20.00
Goierri Garbia JV	60.00
Guipuzkoako Hondartzak 2020 JV	60.00
Guipuzkoako Portuak 2019 JV	40.00
Icat Lote 7 JV	50.00
Icat Lote 11 JV	50.00
Icat Lote 15 JV	50.00
Icat Lote 20 and 22 JV	70.00
Bilbao Interiors JV	80.00
Bilbao Interiors II JV	70.00
Jardineras 2019 JV	60.00

	Proportional integration at 31 December 2020
Jardines Mogán JV	51.00
Jardines Pto del Rosario JV	78.00
Jard. Universitat Jaume I JV	50.00
Jerez JV	80.00
Jundiz II JV	51.00
Kimaketak JV	50.00
Kimaketak Hiru JV	50.00
Kimeketak Bi JV	50.00
la Lloma del Birlet JV	80.00
Lagunas II JV	33.34
Lagunas de Arganda JV	50.00
Las Caldas Golf JV	50.00
Legio VII JV	50.00
Lekeitioko Mantenimendua JV	60.00
Lezo Garbiketa 2018 JV	55.00
Limpieza Santa Coloma JV	50.00
Limpieza y RSU Lezo JV	55.00
Logroño Limpio JV	50.00
Luze Vigo JV	40.00
LV RSU Vitoria-Gasteiz JV	60.00
LV y RSU Arucas JV	70.00
LV Zumaia JV	60.00
LV Zumarraga JV	60.00
Mant. Edificios Valencia JV	55.00
Manteniment Lot 12 JV	75.00
Mantenimiento Reg Cornellà JV	60.00
Mantenimiento Breña Alta JV	50.00
Marepa – Carpa Pamplona JV	50.00

	Proportional integration at 31 December 2020
Melilla JV	50.00
Mnto. Mediterranea FCC JV	50.00
Mnto. Edifici Mossos Esquadra	70.00
Muérdago JV	60.00
Muskiz JV	60.00
Neteja Illes Balears JV	50.00
Onda Exploitation JV	33.33
Pájara JV	70.00
Pamplona JV	80.00
Parla JV	50.00
Parques Infantiles LP JV	50.00
Pasaia JV	70.00
Pasaiako Portua BI JV	55.00
Piscina Cubierta Paiporta JV	90.00
Plan Residuos JV	47.50
Planta Estabilizac. Tudela JV	55.00
Planta Rsi Tudela JV	60.00
Planta Transferencia FTV 2 JV	70.00
Planta Tr. Fuerteventura JV	70.00
Planta Tratamiento Valladolid JV	90.00
Platges Vinarós JV	50.00
Playas Gipuzkoa JV	55.00
Playas Gipuzkoa II JV	55.00
Playas Gipuzkoa III JV	55.00
Poniente Almeriense JV	50.00
Portmany JV	50.00
Puerto II JV	70.00
Puerto de Pasaia JV	55.00

	Proportional integration at 31 December 2020
Puerto de Pto del Rosario JV	70.00
RBU Els Ports JV	50.00
RBU Villa-Real JV	47.00
Recollida Segrià JV	60.00
Reg Cornellà JV	60.00
Residencia JV	50.00
Residuos 3 Zonas Navarra JV	60.00
RSU Bilbao II JV	60.00
RSU Chipiona JV	50.00
RSU Inca JV	80.00
RSU LV S. Bme. Tirajana JV	50.00
RSU Málaga JV	50.00
RSU Sestao JV	60.00
RSU Tolosaldea JV	60.00
S.U. Alicante JV	33.33
S.U. Benicassim	35.00
S.U. Bilbao	60.00
S.U. Oropesa del Mar	35.00
Saneamiento Urbano Castellón JV	65.00
Saneamiento Vitoria-Gasteiz JV	60.00
Saneament Cellera de Ter JV	50.00
San Miguel-Anaka JV	50.00
SAV – FCC Tratamientos JV	35.00
Seguretats Urbicasa JV	60.00
Selectiva Urola Kosta II 2017 JV	60.00
Selectiva las Palmas JV	55.00
Selectiva Sanlucar JV	50.00
Selectiva San Marcos II JV	63.00

	Proportional integration at 31 December 2020
Selectiva Urola Kosta JV	60.00
Sellado Vertedero Logroño JV	50.00
Solares Ceuta JV	50.00
Son Espases JV	50.00
Tolosako Garbiketa JV	40.00
Tolosako Garbiketa 2020 JV	40.00
Tolosaldea RSU 2018 JV	60.00
Transp. y Elim. RSU JV	33.33
Transporte RSU JV	33.33
Txingudiko Garbiketa JV	73.00
Urola Erdia JV	60.00
Urretxu Garbiketa JV	60.00
Urretxu y Zumarraga JV	65.00
Vertedero Gardelegui III JV	70.00
Vertresa JV	10.00
Vidrio Melilla JV	50.00
Vigo Recicla JV	70.00
Vilomara II JV	33.33
Vinaroz JV	50.00
Zamora Limpia JV	30.00
Zaragoza Delicias JV	51.00
Zarauzko Garbieta JV	60.00
Zumaia JV	60.00
Zurita II JV	50.00
AQUALIA	
A.I.E. Costa Brava Abastament Aqualia-Sorea	50.00
A.I.E. Itam Delta de la Tordera	50.00
A.I.E. Sorea Aqualia	37.50

	Proportional integration at 31 December 2020
Abastament en Alta Costa Brava Empresa Mixta, S.A.	26.00
Aguas y Servicios de la Costa Tropical de Granada, A.I.E.	51.00
Empresa Mixta d'Aigües de la Costa Brava, S.A.	25.01
Empresa Mixta de Aguas y Servicios, S.A.	41.25
Gestión de Servicios Hidráulicos de Ciudad Real, A.I.E.	75.00
Consortium O&M Alamein	65.00
Abastecimiento Picadas Almoguera JV	95.00
Abu Rawash Construccion JV	50.00
Agua Santo Domingo JV	70.00
Aguas Alcalá JV	50.00
Aguas del Doramás JV	50.00
Alkhorayef-FCC Aqualia JV	51.00
Expansion SWDP Melilla JV	50.00
Badajoz Zona Este JV	50.00
Badajoz Zona Oeste JV	50.00
Calle Cruz JV	80.00
Cap Djinet JV	50.00
Cons. Gestor Ptar Salitre JV	30.00
Costa Tropical JV	51.00
Costa Tropical II JV	51.00
Costa Tropical III JV	51.00
Depuración Poniente Almeriense JV	75.00
Edar A Guarda 2013 JV	50.00
Edar Baeza JV	50.00
Edar Gijón JV	60.00
Edar Tablada JV	50.00
Explotación Itam Tordera JV	50.00
Gestión Cangas JV	70.00

	Proportional integration at 31 December 2020
Groupement Solidaire Jerba JV	50.00
Guadiana Pueblonuevo JV	51.00
Hidc - Hidr. – Inv Do Centr. Ace JV	50.00
Ibiza JV	50.00
Idam San Antoni JV	50.00
Idam Sant Antoni II JV	50.00
SWDP Santa Eulalia JV	50.00
UTE Idga Saneca	70.00
Infilco JV	50.00
Louro JV	65.00
Mostaganem JV	50.00
Obra Edar Argamasilla de Calatrava JV	70.00
OYM CAP Djinet JV	50.00
OYM Mostaganem JV	50.00
Ptar Ambato JV	60.00
Puebla Reina JV	65.00
SCC Sice JV	50.00
SEAFSA Lanzarote JV	60.00
Sentinas JV	50.00
TSE Riad JV	51.00
Vigo Piscinas JV	50.00
Zafra JV	65.00
CONSTRUCTION	
ACE Caet Xxi Construções	50.00
ACE Ribeiradio-Ermida	55.00
Consorcio Cobra – FCC Industrial	43.00
Consorcio FCC Construcción-Ferrovial Agroman Ltda.	50.00
Fast Consortium Limited LLC	35.92

	Proportional integration at 31 December 2020
ACP du Port de la Condamine	45.00
Asoc. Astaldi-FCC-Salcef-Thales, Lot 2 A	49.50
Asoc. Astaldi-FCC-Salcef-Thales, Lot 2 B	49.50
Asoc. FCC Azvi Straco S. Atel-Micasasa	55.00
Asocierea FCC-Astaldi-Convensa, Tronson 3	50.50
Associate FCC Azvi S. Sighisoara - Atel	55.00
Astaldi - FCC JV	50.00
Atraque Ribera Fondo CS Ute	50.00
BSV Mersey Joint Venture Uninc	50.00
CJV-UJV	35.92
Consortio Antioquía al Mar	40.00
Consortio Centenario de Panamá Sociedad Accidental	50.00
Consortio Chicago II	60.00
Consortio CJV Constructor Metro Lima	25.50
Consortio Epc Metro Lima	18.25
Consortio FCC Americas	50.00
Consortio FCC-FI	50.00
Consortio FCC – Corredor de las Playas	51.00
Consortio FCC – Corredor de las Playas II	51.00
Consortio FCC-JJC (Puerto Callao)	50.00
Consortio FCC Meco Santa Fe de Costa Rica	50.00
Consortio Ica – FCC – Meco Pac-4	43.00
Consortio Línea 2	40.00
Consortio Línea 2 Ramal	40.00
Consortio Línea Uno	45.00
Consortio M&S Santa Fe Mca	50.00
Consortio Nueva Esperanza	63.00
Consortio Remos Fase I	60.00

	Proportional integration at 31 December 2020
Fast 5 – U.J.V.	28.25
FCC - Yuksel – Archidoron – Petroserv J.V.	50.00
Groupement FCC - Ingenium	93.00
J.V. Asocierea Arad-Timisoara FCC-Astaldi	50.00
J.V. Astaldi-FCC-UTI-Activ. Magistrala	37.00
J.V. Bypass Constata	50.00
J.V. Centure Otopeni Overpass	40.00
J.V Estension of Line 2 to Antohoupoli	50.01
J.V. FCC, Hochtief Un Acb – Aeropuerto Riga	36.00
J.V. SFI Leasing Company	30.00
Merseylink Civil Contractors J.V.	33.33
Metro Bucarest J.V.	47.50
RokFCC JV	80.00
Shimmick Co. Inc. FCC Co. Impregilo Spa JV	30.00
Sisk FCC Gg Ppp	50.00
Thv Cafasso Construction	50.00
TJV-UJV	16.16
2nd Phase Sphinx Dam JV	35.00
Accesos a La Estación de La Sagrera JV	37.50
Acceso Norte A Vigo Nueva Estación JV	50.00
Acceso Puerto Seco Monforte JV	50.00
Adif Bancada 2018 JV	50.00
Adolfo Suárez Airport JV	50.00
Aeropuerto de Castellón JV	50.00
Alameda de Cervantes en Lorca JV	60.00
Alta Capacidad 2020 JV	50.00
Alumbrado Alameda JV	20.00
Anaga JV	33.33

	Proportional integration at 31 December 2020
Andenes L1-L9 Tram Benidorm JV	65.00
Aparatos Atocha JV	39.97
Arroyo del Fresno JV	50.00
Aucosta Conservación JV	50.00
Auditorio de Lugo JV	50.00
Autovía A-33 Jumilla JV	65.00
Autovía el Batán – Coria JV	50.00
Autopista Cartagena – Vera JV	50.00
Ave Alcántara-Garrovillas JV	85.00
Ave Eje Sur JV	25.00
Ave Girona JV	40.00
Ave Maside JV	67.00
Avenoreste1 JV	25.00
Avenoreste2 JV	25.00
Badajoz Sur JV	50.00
Barbados JV	50.00
Barcience JV	50.00
Belltall JV	40.00
Bergara Antzuola JV	50.00
Boetticher Clima JV	50.00
Boetticher Electricidad JV	50.00
Boquilla Sur Túnel Vigo – Das Maceira JV	50.00
Bombeo Fuente Alamo JV	60.00
Brazatortas JV	33.34
C&F Jamaica JV	50.00
Cáceres Norte JV	50.00
Cáceres Plasencia JV	50.00
Calders-Vilaseca JV	20.00

	Proportional integration at 31 December 2020
Campo Gibraltar JV	80.00
Canal Principal de Orbigo JV	50.00
Cárcel Marcos Paz JV	35.00
Carretera Ibiza - San Antonio JV	50.00
Castuera JV	33.34
Catlántico JV	25.00
Cecoex JV	20.00
Centro Salud Tui JV	50.00
Chuac JV	50.00
Cierre Anillo Insular Tfe JV	85.00
Circuito JV	70.00
Circunvalación Lucentum JV	50.00
Ciutat de la Justícia JV	30.00
Conexión Corredor Mediterráneo JV	40.00
Conexión Molinar JV	70.00
Conservacion Ex-A1 JV	50.00
Conservación Malpartida JV	50.00
Conservacion Plasencia JV	50.00
Construcción Tranvía Zaragoza JV	50.00
Control Mogán JV	33.33
Club de Mar Mallorca JV	70.00
Creaa JV	50.00
Suministros Puente Río Ozama JV	50.00
Deacentro JV	60.00
Dean Plasencia JV	60.00
Deansur JV	60.00
Desaladora Bajo Almanzora JV	60.00
Desarrollo Puerto de Avilés Fase I JV	80.00

	Proportional integration at 31 December 2020
Desdoblamiento C.V. – 309 en Sagunto JV	50.00
Dique Este JV	35.00
Dique Torres JV	27.00
Districte Administratiu Lot 2 JV	99.99
Donostialdea 2014 JV	60.00
Donostialdea 2018 JV	60.00
Drenajes Adamuz JV	33.33
Duplicacion Calzada N-338 JV	60.00
Edificio Terminal JV	40.00
Efw South Humber JV	50.00
Electrification La Sagrera JV	50.00
Encauzamiento Barranco de Fraga JV	60.00
ErtMS Rodalies Bcn JV	22.00
Esclusa Sevilla JV	70.00
Estación Girona JV	40.00
Estacions Line 9 JV	33.00
Estacions Terrassa JV	36.00
Ezkio Itsaso JV	40.00
Facultad de Filosofía JV	60.00
Fase II Pabellón Reyno de Navarra JV	50.00
FCC Industrial - Aton JV	90.00
FCCi-Orbe JV	70.00
F.I.F. GNL FB 301/2 JV	35.96
Fgv Linea 9 Calp-Teulada JV	62.50
Fuente de Cantos JV	50.00
Galindo - Beurko JV	60.00
Gc – 1 Puerto de Rico – Mogán JV	40.00
Girona Norte II JV	70.00

	Proportional integration at 31 December 2020
Girona Norte 2014 JV	70.00
Goián JV	70.00
Granadilla II JV	50.00
Guadarrama 3 JV	33.33
Guadarrama 4 JV	33.33
Helios I JV	74.50
Helios 2 JV	74.50
Hospital Alcázar JV	60.00
Hospital Campus de la Salud JV	80.00
Hospital de Cartagena JV	70.00
Hospital del Sur, Segunda Fase JV	40.00
Hospital FCC - Vvo JV	80.00
Hospital Norte Tenerife JV	80.00
Hospital Son Dureta JV	33.00
Hospital Universitario de Murcia JV	50.00
Lecisa-FCC / Cpd de Consell Mallorca JV	50.00
Lecisa-FCC/Interfonia En Estaciones JV	50.00
Impermeabilización Túnel Pajares Norte JV	50.00
Instalaciones Madrid Este JV	46.25
Instalaciones Metro Málaga JV	54.00
Instalaciones Urbanas Este JV	50.00
Juan Grande JV	50.00
La Aldea JV	35.00
La Robla JV	30.00
Línea 2 JV	50.00
Línea 9 JV	33.00
Llovio 2012 JV	70.00
Lot 2 Pmi Bcn JV	80.00

	Proportional integration at 31 December 2020
Lot 3 Pmi Bcn JV	80.00
Lot 5 Glories JV	37.50
M-407 JV	50.00
Madrid Sevilla Ave JV	60.00
Manteniment Rondes 2012 JV	70.00
Mantenimiento Aranjuez II JV	76.00
Mantenimiento Aranjuez III JV	76.00
Mantenimiento Córdoba JV	49.00
Mantenimiento Córdoba II JV	49.00
Mantenimiento Júcar JV	50.00
Mantenimiento Sistemas Metro Málaga JV	35.00
Mantenimiento Tdm 2018 JV	50.00
Mantenimiento Tranvía Zaragoza JV	50.00
Mantenimiento Vía Aranjuez JV	50.00
Maquinaria Pesada 2015 JV	50.00
Medinaceli JV	22.40
Mejora Estructuras Mora JV	39.97
Metro Línea 12 JV	95.00
Metro Málaga JV	36.00
Metro Madrid JV	70.00
Miv Centro JV	19.00
Miv Sur JV	27.00
MOLL ADOSSAT 3ª FASE JV	37.50
Monforte JV	24.00
Mora - Calatrava JV	39.97
Muelle Baleares JV	70.00
Muelle de la Química JV	70.00
Muelle Poniente Norte de Pto Palma JV	75.00

	Proportional integration at 31 December 2020
Murcia JV	40.00
Mursiya Mantenimiento JV	85.00
Nave Frío Cilsa JV	50.00
Nudo de Mollet JV	50.00
Nuevo Estadio Vcf JV	49.00
Nuevo Hospital de Cáceres JV	50.00
Nuevo Puerto de Igoumenitza JV	50.00
Operadora Termosolar Guzmán JV	67.50
Osorno 2019 JV	60.00
Pabellón Arena JV	50.00
Pabellón Reyno de Navarra JV	50.00
Pago de Enmedio JV	75.00
Palacio de Congresos de León JV	50.00
Parque Tecnológico JV	60.00
Pasaia Berri JV	50.00
Pasaia Berri Instalaciones JV	80.00
Pedralba - Ourense JV	75.00
Pizarro JV	99.00
Pla de Na Tesa JV	70.00
Plataforma Tpte Pbco Castellón JV	55.00
Plataforma Tte.Pub. Tramo I Columbretes JV	55.00
Pola de Lena JV	70.00
Polígono Bobes JV	50.00
Pont de Candi JV	75.00
Presa Enciso JV	50.00
Presas Itoiz JV	33.00
Prevención Incendios Patrimonio JV	20.00
Prim Barrio San Anton – Elche JV	80.00

	Proportional integration at 31 December 2020
Proser – Geocontrol JV	60.00
Proser – Geocontrol II JV	62.00
Psir Castro Urdiales JV	50.00
Puente del Rey JV	33.33
Puente Río Ozama (Dfc-Cocimar) JV	35.00
Puerto de Granadilla JV	50.00
Port of Laredo JV	50.00
Puertollano JV	50.00
Radiales JV	35.00
Red Arterial Palencia Fase I JV	80.00
Reforma Plaza España JV	80.00
Regadíos Río Flumen JV	60.00
Rehabilitación Parque la Gavia JV	75.00
Ruta Nacional Haití JV	55.00
Sagunto JV	60.00
Saneamiento Arco Sur JV	56.50
Saneamiento de Villaviciosa JV	80.00
Santa Maria D'oló-Gurb JV	60.00
Sector M-5 2012 JV	70.00
Serv. Energ. Piscina Cub. S. Caballo JV	50.00
Sica JV	60.00
Sica II JV	50.00
Simulator APBA JV	50.00
Sotiello JV	50.00
Ssaa Ap - 7 JV	50.00
Tarragona Litoral JV	70.00
TF-5 2ª FASE JV	70.00
Tindaya JV	50.00

	Proportional integration at 31 December 2020
Torquemada JV	50.00
Torre Don Jimeno JV	50.00
TS Villena JV	88.00
Túnel Aeroport JV	49.00
Túnel Aeroport II JV	49.00
Túnel Atocha Chamartín JV	40.00
Túnel C.E.L.A. JV	50.00
Túnel de Pajares 1 JV	50.00
Túnel Fira JV	49.00
Tunnel La Aldea JV	50.00
Túneles Bolaños JV	47.50
Túneles de Barajas JV	50.00
Túneles de Guadarrama JV	33.33
Túneles de Sorbes JV	67.00
Ue 1 Arroyo del Fresno JV	50.00
Ue 2 Arroyo del Fresno JV	50.00
Unquera – Pendueles JV	80.00
Urbanització Girona JV	40.00
Urbanización Parc Sagunt JV	50.00
Urbanizacion Vara del Rey JV	57.50
Urbanización Via Parque Tramo Av. Carb.-P JV	60.00
Valdeviviendas II JV	33.33
Vandellós JV	24.00
Variante Mancha Real JV	67.00
Velódromo JV	60.00
Vertedero Castañeda JV	62.50
Vía Pajares JV	50.00
Viaductos Prefabricados Metro Riyad JV	50.00

	Proportional integration at 31 December 2020
Vigo-Das Maceiras JV	50.00
Vilariño (Via izquierda) JV	90.00
Villar - Plasencia JV	70.00
Yeltes JV	75.00
Yesa JV	33.33
OTHER ACTIVITIES	
F C y C Harri Iparra JV	50.00
Mel 9 JV	49.00
Operación Tranvía de Murcia JV	50.00
Sagunto Parcela M17-3 JV	50.00

MANAGEMENT REPORT

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
at 31 December 2020**

TABLE OF CONTENTS		PAGE
1.	STATUS OF THE ENTITY	1
2.	BUSINESS PERFORMANCE AND RESULTS	5
3.	LIQUIDITY AND CAPITAL RESOURCES	32
4.	MAJOR RISKS AND UNCERTAINTIES	34
5.	ACQUISITION AND DISPOSAL OF OWN SHARES	35
6.	SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE YEAR	35
7.	OUTLOOK	35
8.	R&D+I ACTIVITIES	38
9.	OTHER RELEVANT INFORMATION. SHARE PERFORMANCE AND OTHER INFORMATION	46
10.	DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES ACCORDING TO ESMA REGULATIONS (2015/1415en).....	46
11.	ANNUAL CORPORATE GOVERNANCE REPORT.....	48
12.	NON-FINANCIAL INFORMATION STATEMENT	48

1. STATUS OF THE ENTITY

1.1. Status of the entity: Organisational structure and decision-making process in management

The organisational structure of the FCC Group is based on a first level made up of Areas, which are divided into two large groups: operational and functional.

The operating Areas include all those activities related to the productive line. The FCC Group has the following operating Areas, as discussed in greater detail in Note 1 of the notes to the consolidated financial statements and in Section 2.1. of the Non-Financial Information Statement:

- i. **Environmental Services.**
- ii. **End-to-End Water Management.**
- iii. **Construction.**
- iv. **Cement Business.**
- v. **Concessions**

Each of these operating Areas is headed by one or more specialised companies which, depending on FCC, encompass the Group's activities.

In addition, there are the functional Areas, which carry out support tasks for the operational ones:

1) Administration and Finance: the Administration and Finance Division comprises the Administration, Information Technologies, Finance, Communication, Purchasing and Human Resources areas.

The Administration area directs the administrative management of the FCC Group and has the following duties, among others, in relation to Information Systems and Internal Control:

- i. General accounting.
- ii. Accounting standardisation.
- iii. Consolidation.
- iv. Tax advice.
- v. Tax procedures.
- vi. Tax compliance.
- vii. Administrative procedures.

2) Internal Audit and Risk Management: Its objective is to provide the Audit and Control Committee and Senior Management with an independent and objective opinion on the Group's ability to achieve its objectives through a systematic and methodological approach for the assessment, management and effectiveness of internal control and risk management processes, assessing the effectiveness and reasonableness of the internal control systems, as well as the functioning of processes according to the procedures, proposing improvements and providing methodological support to the Division in the process of identifying the main risks that affect activities and supervising the actions for their management.

- 3) **General Secretary:** reporting directly to the Group's CEO, its main duty is to support the management of the Group, as well as management support for the heads of the other areas of FCC, by providing the services detailed in the corresponding sections of the divisions and departments that make up the Group, which are promoted and supervised by the General Secretary.

It is made up of the following areas: Legal Advice Department, Quality Management, Corporate Security and General Services and Corporate Responsibility.

The Areas, on a second level, can be divided into Sectors, the operational ones, and Divisions, the functional ones, establishing areas that allow greater specialisation when considered necessary.

The structure of the main decision-making bodies is set out below:

- **Board of Directors:** is the body that holds the broadest powers, without any limitation, except those that are expressly reserved, by the Spanish Corporate Enterprises Act or the Articles of Association, for the jurisdiction of the General Shareholders' Meeting.
- **Audit And Control Committee:** its main function is to support the Board of Directors in its supervisory duties by periodically reviewing the process for preparing economic and financial information, its internal controls and the independence of the external auditor.
- **Appointments and Remuneration Committee:** supports the Board of Directors in relation to proposals for the appointment, re-election, ratification and removal of Directors, establishes and controls the policy for the remuneration of the company's Directors and senior managers and the fulfilment of their duties by Directors, particularly in relation to situations of conflict of interest and related-party transactions.
- **Managing Committee:** Each of the business units has a Managing Committee with similar duties.

Further information on the duties of the FCC Group's decision-making bodies is provided in Section 1 of the Internal Financial Reporting Control System (IFRS) and in Section 2.3 of the Non-Financial Information Statement.

1.2. Status of the entity: Business model and company strategy

FCC is one of the leading European groups specialising in the environment, water, infrastructure development and management, with a presence in over 30 countries worldwide and nearly 40.3% of its turnover generated in international markets, mainly Europe (28.5%), the Middle East (4.7%), Latin America (2.8%), North Africa (2.8%) and the United States (1.3%)

Environmental Services

The Environmental Services Area has a strong presence in Spain, having maintained a leadership position in the provision of urban environmental services for over 110 years.

At a national level, FCC provides environmental services in municipalities and bodies in all the autonomous communities, serving a population of over 22 million inhabitants. Waste collection and street cleaning are two of the most important services in this sector, representing 64% of revenue. They are followed, in order of importance, by disposal of wastes with 14%, cleaning and maintenance of buildings, parks and gardens and, to a lesser extent, sewage. In terms of client types, more than 86% of the activity is carried out with public clients.

The Covid-19 pandemic has had a very limited impact on the business in 2020, since most of its services are classified as "essential", with the focus mainly being on specific problems of falls in tonnage.

Nonetheless, the COV-2020/0173 certification of action protocols, for our activities to help reduce the spread of Covid-19, has been obtained as a reinforcement measure. We have also been awarded the seal of the Ministry for Ecological Transition and Demographic Challenge's (MITECO) "Register of carbon footprint, offsetting and CO2 absorption projects".

The international business is mainly conducted in the United Kingdom, Central Europe and the USA. For years, the Group has held a leadership position in the United Kingdom and Central European markets in the integrated management of municipal solid wastes, as well as in the provision of a wide range of environmental services. The various services provided in this sector include treatment and recycling, disposal, waste collection and the generation of renewable energy. With a growing emphasis on treatment, recycling and renewable energy generation activities and a gradual reduction of disposal in controlled landfills.

In Central and Eastern Europe, FCC provides services to a population of 4.8 million inhabitants, 1,360 municipalities and almost 55,000 industrial clients. The range of services provided and the geographical dispersion is very diverse and balanced. It includes municipal and industrial collection, mechanical and biological treatment, incineration, landfill, street cleaning, snow clearance, recycling, outsourcing, building cleaning, soil decontamination works, etc. This broad diversification ensures a large degree of business stability and is one of the reasons why the economic impact of Covid-19 on the organisation has not been so pronounced.

The Environmental Services Area also specialises in the integrated management of industrial and commercial waste, the recovery of by-products and soil decontamination, through the FCC *Ámbito* brand, which encompasses a group of companies with a wide network of management and revaluation facilities. All of this enables proper waste management, ensuring the protection of the environment and people's health. In 2020, this activity represented just over 7% of all activity.

At an international level, the growth in the US stands out, where urban solid waste collection, management and treatment activities are carried out. This was the first year of activity in the collection service of Volusia County (Florida) in Daytona Beach, and the one of the largest contract in the country in Omaha (Nebraska) that will also act as a regional base to open up the Mid-West market. Despite the delay that Covid-19 has caused in the bidding processes, in the last quarter of 2020 a resumption of these processes has already been noticed and it is expected that in 2021 there will be a continuation in the growth of the business, the backlog and the geographical expansion. FCC Environmental Services has managed to position itself, in a very short time, as one of the main operators in the US, where it already serves more than 8 million people.

As it has already done for a number of years now, the strategy in Spain will focus on maintaining competitiveness and a leadership position, combining technical knowledge and the development of innovative technologies, offering respectful, inclusive and sustainable services (combating climate change and reducing the carbon footprint).

The incorporation of new technologies will enable the company to gain a foothold in the waste recycling and revaluation markets in Europe and to position itself as a key player in the circular economy. As far as the United States is concerned, in the coming years the consolidation of the company's presence will continue through growth in more residential contracts and the strengthening of commercial collection activity.

In general, there is a broad commitment to climate change, for example with the issuance of green bonds to finance the operation and acquisition of assets developed with the activity.

End-to-End Water Management

FCC Aqualia serves over 23 million users and provides services in over 1,100 municipalities in 21 countries, offering the market all the solutions for the needs of public and private entities and organisations in all stages of the end-to-end water cycle and for all uses: human, agricultural or industrial.

FCC Aqualia's activity focuses on concessions and services, including distribution network concessions, BOT ("Build-Operate-Transfer"), operation and maintenance services and irrigation, as well as technology and network activities, including EPC ("Engineering-Procurement-Construction") contracts and industrial water treatment activities.

In 2020 the market in Spain represents 66% of revenue. The impact of the pandemic has led to a 2.4% drop in the volumes of water billed and 1.4% in the amounts, with particular incidence in tourist and coastal areas. The reduction in the volume of consumption has been partially offset by an improvement in Operation and Maintenance (O&M) activities, efficiency improvements in operations and a greater volume of execution of various works related to concession contracts.

In the public sector, there is still a low level of bidding for hydraulic infrastructure concessions, which increases the deficit in the renovation and expansion of existing infrastructure. Despite this, tenders have been won and contracts have been extended for the end-to-end cycle concessions; such as that in Vigo, FCC Aqualia's largest contract. The contract renewal loyalty rate remains at very high levels (close to 100%) in those municipalities where it operates. In addition, Aqualia has worked hard to expand its presence in the O&M and facilities market (WWTP, DWTP, desalination and network management).

The international market reached a turnover of 34%. FCC Aqualia focuses its activity in Europe, North Africa, the Middle East and the Americas, with ongoing contracts in more than 15 countries at present.

The year 2020 also presented an operational challenge for Aqualia throughout Europe due to the impact of Covid-19 on end-to-end water cycle management. Despite the impact on non-residential consumption, which was more marked in the Czech Republic, the business remained at very high levels in terms of activity, quality and continuity of service. In addition to the management of the municipal concession services in the Czech Republic, Italy and Portugal, works were also carried out to integrate the new business in France.

FCC Aqualia seeks to maintain its competitive position in those comprehensive water management markets where it has an established presence (Europe) and to take advantage of the opportunities that arise in this activity. In other expanding markets, it plans to boost growth via BOT and O&M (North Africa, Latin America and the Middle East), along with comprehensive cycle management, while the study of possibilities in others (such as the USA) will continue. In addition, FCC Aqualia will use its extensive experience in comprehensive water cycle management for business opportunities in countries with a stable political and social balance.

Construction

FCC Construcción focuses its activity on the design, development and construction of large civil, industrial and building infrastructure projects. The presence in public works of complex elements such as railways, tunnels and bridges stands out, which together with those involving installation and industrial maintenance, form a large part of the activity.

Its teams have the experience, technical training and innovation to participate in the entire project value chain, from the definition and design, to its complete execution and subsequent operation.

In 2020, 47% of the total income comes from abroad, namely the execution of large infrastructure works such as lines 4, 5 and 6 of the Riyadh Metro, Haren prison complex (Belgium), line 2 of the Lima Metro, Grangegorman University (Dublin-Ireland), the A-9 motorway Badhoevedorp-Holendrecht (Netherlands), the Bacau airport runway (Romania) and the Gurasada-Simeria railway line (Romania) – Sectors 2a, 2b and 3.

Highlights in the 2020 business year, were the awarded contracts for the design, construction and maintenance of section 2 of the Maya Train (Mexico) for an amount of 339.2 million euros, the extension of the A-465 motorway in Wales (UK) for an amount of 667 million euros, the design and construction of the E-6 Ulsberg-Vidasliene motorway (Norway) for an amount of 238.8 million euros, as well as the construction of the Mapocho Río Park (Chile) for an amount of 53.8 million euros.

Cement

The FCC Group carries out its cement activity through the Cementos Portland Valderrivas Group. Its main activity is the manufacturing of cement, which in 2020 accounted for approximately 91% of the Group's total income. The remaining percentage was contributed by the concrete, mortar and aggregates businesses.

In terms of geographical diversification, by 2020, 38% of income came from international markets. The Cementos Portland Valderrivas Group is present in Spain, Tunisia and the United Kingdom. In addition, the Group also exports from these three countries to Africa, Europe and America.

The Cementos Portland Valderrivas Group has a leading position both in its main market, Spain, and in the Tunisian market.

The main objective of the Cementos Portland Valderrivas Group is to maintain a competitive edge both regarding costs and in the markets in which it operates, seeking to remain a leader in the sector in all the countries in which it is present.

2. BUSINESS PERFORMANCE AND RESULTS

2.1. Operating performance

2.1.1. Significant events

FCC Medio Ambiente is the most highly rated company for the Barcelona cleaning and collection contract

Last October, FCC Medio Ambiente was the highest-rated company in terms of technical criteria in the tender for the cleaning and waste collection for the city of Barcelona. In this tender, the ie-Urban, a new internally developed, 100% electric, modular chassis-platform electric collection truck, played a key role in the proposal to enhance urban sustainability and minimise environmental impact. If this award is confirmed, the contract will represent more than 800 million euros in revenues not included in the backlog at the end of 2020.

FCC Aqualia renews several end-to-end water cycle contracts in Spain

Among the various renewals obtained, last December the municipality of Vigo approved the concession to FCC Aqualia of a five-year extension of the supply and sanitation management contract, for 259.6 million euros. This expansion is linked to the implementation of an investment plan that will improve the current high levels of service. In addition, all the renewals obtained have allowed us to enjoy a good loyalty rate in 2020, which remains at very high levels (close to 100%). The operational stability of this Area resulted in a “positive” annual credit rating perspective on behalf of Fitchratings, obtained last July.

FCC Construcción will build a new hospital in the United Kingdom for 590 million euros

Last September, a consortium in which FCC Construcción participates was awarded the contract for the design and construction of a new hospital in Jersey. The design is valued at 26.4 million euros and the execution period will be one and a half years. The construction phase will then begin, valued at a further 550 million euros.

Among other important projects, the company was awarded the E6 motorway in Norway for 238.8 million euros, which includes the design and construction of a new 25-kilometre section of the E6 motorway, with an execution period of 47 months. Special mention should go to the award this year of the design, construction and maintenance of section 2 of the Maya Train (Mexico), jointly with Carso Infraestructuras y Construcción. The project consists of a 200-kilometre section valued at close to 700 million euros with an execution period of 28 months to which a further five years of maintenance has been added.

FCC Medioambiente finalises the entry of a minority financial partner in the UK

Last July, an agreement was reached with the investment group Icon Infrastructure Partners for the purchase of 49% of the capital of the new subsidiary company Green Recovery Projects Limited (GRP), header and owner of five energy recovery plants (“EfW”) of FCC Medio Ambiente subsidiary in the United Kingdom (located in Kent, Nottinghamshire, Buckinghamshire, Edinburgh and Lincolnshire), for an amount totalling 198 million pounds sterling. This meant an enterprise value of the company, at 100%, of 650 million pounds including its debt. The transaction was completed last November.

The head of the area, FCC Servicios Medio Ambiente Holding, maintains control of GRP and its global consolidation, as well as a 50% stake in the incinerator in Mercia and a 40% stake in the one in Lostock.

FCC as licensee for the construction and operation of a motorway in the United Kingdom

FCC, through its company FCC Concesiones, has been selected for the extension of the A465 motorway in Wales (United Kingdom). FCC is part of the Future Valleys consortium along with other local and international partners in the project, which will be developed under the PPP model. The project is key to improving connectivity and development in the region and has a planned investment of more than 600 million euros.

FCC has agreed to the sale of certain infrastructure concessions for more than 400 million euros

On 3 October, FCC agreed to sell its entire stake in three concessions located in Spain to Vauban Infrastructure Partners, within its policy of rotation and selective development of projects in this activity. These three concessions are included in the portfolio of the FCC Group, which has a stake in 14 transport infrastructure concessions. When signed, the agreement will mean the transfer of 51% in the Cedinsa Group, which manages the concession of four dual carriageways in Catalonia, 49% in Ceal 9, the concessionaire of the stations on section 1 of line 9 of the Barcelona Metro, and 29% in Urbicsa, the operator for the Ciudad de Justicia (City of Justice), also in Barcelona. The price to be paid by Vauban for all of FCC's stakes in these concessions amounts to 409.3 million euros, enabling the deconsolidation of 690.7 million euros of net financial debt at the close of the third quarter and will improve the Group's treasury position. The closure of the agreement is pending obtaining the usual authorisations for this type of transaction.

2.1.2. Executive Summary

- In 2020 as a whole, the FCC Group achieved 6.158 million euros in revenues, 1.9% lower than in 2019. This sustained level of revenues was supported by the good performance of the Utilities activities (Environment and Water), thanks to their being considered essential services, which alleviated the decline in the Construction and Cement areas, which were affected by the restrictions taken by the government since last March to combat the health crisis. This is in addition to a higher contribution of revenues in Concessions due to the change in the consolidation method of the concession company Cedinsa.
- Gross operating profit increased by 2.1%, reaching 1.047.5 million euros. This increase is due to the higher contribution in the Concessions area, together with the increase in profits from the sale of surplus emission rights in the Cement area, which offset the fall in Construction. Adjusted for the sale of Co2 rights, Ebitda for the business year was only 3.1% lower than the previous year.
- Attributable net income reached 262.2 million euros, 1.7% lower than the previous business year. Again, as throughout the business year, it includes the differential behaviour of the exchange differences recorded, -51.3 million euros this year compared with a positive contribution of 14.8 million euros in 2019.
- The Group's financial debt fell by 21.8% compared to the end of the previous year, mainly due to the exclusion of the debt linked to the transport infrastructure concession assets, the sale of which was agreed last October, from the GRP minority stake sale in UK, and the early partial repayment of the debt linked to the Cement area. As a result, the net financial debt balance amounted to 2.797.8 million euros in December 2020.
- Net assets increased substantially by 17.6% to 2.908.7 million euros at business year-end, thanks to the stability of net profit and the very high percentage of shareholders who once again chose to reinvest their annual scrip dividend in new shares in the entity.
- At the end of December 2020, the Group's revenue portfolio stood at 29.411.7 million euros, which still does not include significant contracts provisionally awarded mainly in the Environment area.

KEY FIGURES

<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Var. (%)
Net turnover (NT)	6,158.0	6,276.2	-1.9%
Gross Operating Profit (EBITDA)	1,047.5	1,025.8	2.1%
<i>EBITDA Margin</i>	17.0%	16.3%	0.7 p.p
Net Operating Profit (EBIT)	572.7	511.6	11.9%
<i>EBIT Margin</i>	9.3%	8.2%	1.1 p.p
Income attributable to the parent company	262.2	266.7	-1.7%
Equity	2,908.7	2,473.8	17.6%
Net financial debt	2,797.8	3,578.7	-21.8%
Backlog	29,411.7	31,038.4	-5.2%

2.1.3. Summary by business area

Area	Dec. 20	Dec. 19	Chg. (%)	% / 20	% / 19
<i>(Millions of Euros)</i>					
REVENUE BY BUSINESS AREA					
Environment	2,888.2	2,915.2	-0.9%	46.9%	46.4%
Water	1,188.3	1,186.9	0.1%	19.3%	18.9%
Construction	1,611.0	1,719.3	-6.3%	26.2%	27.4%
Cement	382.6	413.2	-7.4%	6.2%	6.6%
Concessions	123.5	49.8	148.0%	2.0%	0.8%
Corporate serv. and others	(35.6)	(8.2)	N/A	-0.6%	-0.1%
Total	6,158.0	6,276.2	-1.9%	100.0%	100.0%
REVENUE BY GEOGRAPHICAL AREA					
Spain	3,672.3	3,465.6	6.0%	59.6%	55.2%
Rest of Europe and Others	803.0	733.9	9.4%	13.0%	11.7%
United Kingdom	668.6	734.9	-9.0%	10.9%	11.7%
Middle East & Africa	467.4	576.8	-19.0%	7.6%	9.2%
Czech Republic	285.2	286.8	-0.6%	4.6%	4.6%
Latin America and USA	261.5	478.2	-45.3%	4.2%	7.6%
Total	6,158.0	6,276.2	-1.9%	100.0%	100.0%
EBITDA					
Environment	450.9	492.5	-8.4%	43.0%	48.0%
Water	282.9	281.7	0.4%	27.0%	27.5%
Construction	53.6	100.2	-46.5%	5.1%	9.8%
Cement	139.9	86.4	61.9%	13.4%	8.4%
Concessions	94.6	31.8	197.2%	9.0%	3.1%
Corporate serv. and others	25.6	33.2	-22.9%	2.4%	3.2%
Total	1,047.5	1,025.8	2.1%	100.0%	100.0%
OPERATING PROFIT/(LOSS)					
Environment	215.7	258.5	-16.6%	37.7%	50.5%
Water	167.4	180.2	-7.1%	29.2%	35.2%
Construction	20.9	77.3	-73.0%	3.6%	15.1%
Cement	106.8	(20.0)	N/A	18.6%	-3.9%
Concessions	55.4	12.0	N/A	9.7%	2.3%
Corporate serv. and others	6.5	3.6	80.6%	1.1%	0.7%
Total	572.7	511.6	11.9%	100.0%	100.0%

NET FINANCIAL DEBT					
With Recourse	101.6	(12.8)	-893.7%	3.6%	-0.4%
Without Recourse					
Environment	1,330.2	1,332.2	-0.2%	47.5%	37.2%
Water	1,177.6	1,214.5	-3.0%	42.1%	33.9%
Construction	0.0	0.0	N/A	0.0%	0.0%
Cement	173.7	293.0	-40.7%	6.2%	8.2%
Concessions	14.7	751.8	-98.0%	0.5%	21.0%
Total	2,797.8	3,578.7	-21.8%	100.0%	100.0%
BACKLOG					
Environment	9,184.3	10,366.2	-11.4%	31.2%	33.4%
Water	15,025.9	15,018.3	0.1%	51.1%	48.4%
Construction	5,155.8	5,623.2	-8.3%	17.5%	18.1%
Real Estate	45.7	30.7	49.0%	0.2%	0.1%
Total	29,411.7	31,038.4	-5.2%	100.0%	100.0%

2.1.4. Income Statement

<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Chg. (%)
Net turnover (NT)	6,158.0	6,276.2	-1.9%
Gross Operating Profit (EBITDA)	1,047.5	1,025.8	2.1%
<i>EBITDA Margin</i>	17.0%	16.3%	0.7 p.p
Provision for amortisation of fixed and non-current assets	(488.9)	(458.4)	6.7%
Other operating income	14.1	(55.8)	-125.3%
Net Operating Profit (EBIT)	572.7	511.6	11.9%
<i>EBIT margin</i>	9.3%	8.2%	1.1 p.p
Financial income	(154.0)	(144.7)	6.4%
Miscellaneous financial results	(51.1)	1.5	N/A
P/L of companies accounted for by the equity method	62.1	120.6	-48.5%
Profit/(loss) before tax from continuing activities	429.9	489.0	-12.1%
Company tax on profits	(86.3)	(149.1)	-42.1%
Income from continuing operations	343.6	339.9	1.1%
Net Income	343.6	339.9	1.1%
Non-controlling interests	(81.4)	(73.2)	11.2%
Income attributable to the parent company	262.2	266.7	-1.7%

2.1.4.1. Net Revenue

Consolidated Group income amounted to 6.158 million euros for the entire year, 1.9% lower than in the previous year. All activities reflect, to a varying degree, the measures decreed by governments since the middle of last March in most of the countries in which the Group operates to address the health crisis caused by COVID-19. However, the Concessions area recorded an increase in its contribution as a result of the acquisition of a majority in the Cedinsa group in November last year, together with very stable performance experienced in the Water and Environment areas due to its clear nature as an essential service for its customers.

According to the different business areas, the largest contributor, Environment, has enjoyed sustained performance levels, recording a slight contraction in revenues of 0.9%, centred on the impact of lower volumes in the waste treatment area in the United Kingdom. This, however, is combined with the good performance in the waste collection, treatment and street cleaning activity in most geographical areas, with a greater contribution from the USA.

Revenues in the Water area remained stable, with an increase of 0.1%, due to the greater contribution of the new concession contracts incorporated abroad, which compensated for the lower activity in Technology and Networks due to the slower pace of execution of construction projects, also mainly in the international area.

In Construction, turnover declined by 6.3%, due to delays and project stoppages caused by strict lockdown measures, mainly in Latin America and the Middle East. In Spain and Europe, a higher level of activity in new contracts remained stable, which largely made it possible to compensate for the stoppage intervals registered in the year in this geographical area.

Likewise, in the Cement area, revenues decreased by 7.4%, due to lower volumes shipped in the local markets of Spain and Tunisia, mainly in the months of March and April, which was partially offset by the recovery recorded in the last months of the year.

Revenue Breakdown by Geographical Area			
<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Chg. (%)
Spain	3,672.3	3,465.6	6.0%
Rest of Europe and Others	803.0	733.9	9.4%
United Kingdom	668.6	734.9	-9.0%
Middle East & Africa	467.4	576.8	-19.0%
Czech Republic	285.2	286.8	-0.6%
Latin America and USA	261.5	478.2	-45.3%
Total	6,158.0	6,276.2	-1.9%

By business area in Spain, revenues increased their contribution by 6% to 3.672.3 million euros. Environment had an increase of 0.8%, due to stability in the municipal waste management cycle as a whole, which compensated for the decrease in non-essential urban services in certain periods due to the measures taken by the government to combat the pandemic. Water recorded a 2.5% decline due to a slight reduction in amounts invoiced as a result of a drop in activity in non-residential customers, together with lower contribution from Technology and Networks associated with concessions. The Construction area rose by a remarkable 27.6%, where the good pace in the development of projects awarded in the previous year allowed it to overcome the effect of the reduced activity recorded between March and May. Similarly, the Cement area, which was affected in the same period by the restriction measures, leading to a decrease in the amounts invoiced, partially recovered its pace of activity, with a drop of 4.6% for the year as a whole. Lastly, it is worth mentioning the increase in the contribution of the Concessions area, up to 121.5 million euros, due to the effect of incorporating the Cedinsa subgroup into the scope using the full consolidation method.

In the other regions, within the EU, there was a 9.4% increase in Rest of Europe and Others to 803 million euros, due to the higher contribution in Construction of a new contract in the Netherlands and the contribution of Aqualia France acquired in June 2019, together with very stable performance in the Central European countries in which the Environment area operates.

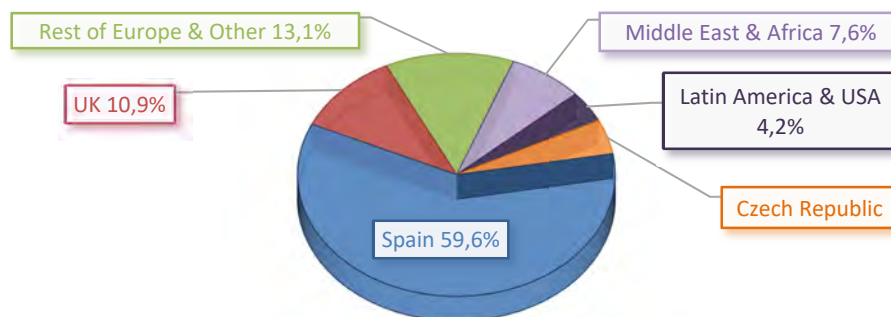
In the Czech Republic, there was a small reduction of 0.6% due to a fall in the exchange rate during the period (-2.9%), with very stable operating conditions both for Environment and Water.

In the United Kingdom, revenues generated mostly in the Environment area fell by 9% to 668.6 million euros, due to lower volumes in the tertiary waste treatment and reduction business, linked to lockdown measures due to the health crisis and a lower contribution from the Edinburgh treatment and recovery plant following the completion of its construction phase in the middle of the previous year.

The Middle East and Africa area saw its revenues reduced by 19%, mainly due to the effect of the strict lockdown measures in those countries where the Construction area operates. This was mainly in Saudi Arabia, and which mitigated a higher activity in the Water area, both due to the contribution of two companies acquired in Saudi Arabia and to the increased activity in Technology and Networks.

Revenues in Latin America and the US dropped by 45.3%, due to the slower pace of project execution in both Construction and Water, again as a result of the effect of the strict lockdown measures implemented to tackle the pandemic. However, in the United States, revenues, concentrated in the Environment area, increased significantly due to the entry into operation of new contracts in Florida for municipal waste collection services, an essential service activity that avoided the effects caused by lockdowns and their impact on certain economic activities.

% Revenue by Geographical Area



2.1.4.2. Gross Operating Profit (EBITDA)

The Gross Operating Profit for the year was 1.047.5 million euros, an increase of 2.1% compared to the previous year. This increase is largely down to the combination of the higher result from the sale of emission rights in the Cement area together with the increased contribution from the Concessions area and the sustained performance of the Water area.

By business area, the most noteworthy developments have been:

Environment decreased by 8.4% to 450.9 million euros, due to lower volumes in treatment plants and waste reduction, mainly in the United Kingdom, together with the lower price of generated electricity and other by-products and higher expenses associated with scheduled maintenance shutdowns and extraordinary repairs.

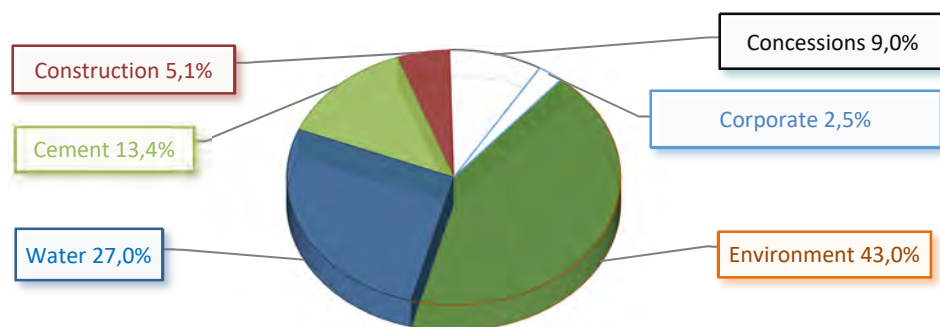
The Water area reached 282.9 million euros, similar to that generated in the previous year, supported by an increased contribution of the concessions and services activity due to the incorporation of new contracts which offset the reduced contribution of the Technology and Networks activity. Overall, the operating margin remained at a similar level (23.8% for the year).

In Concessions, the differential contribution from the Cedinsa concession group, which amounted to 75.3 million euros, drove up EBITDA to 94.6 million euros. This is compared to 31.8 million euros in the previous year, when it only contributed to profit for two months.

Meanwhile, the Construction area suffered more strongly from the impact of the aforementioned general restriction measures. So it totalled 53.6 million euros, compared to 100.2 million euros in the previous year, mainly as a result of a downturn in activity in some countries in the international area and the cost structure associated with the projects, with a 3.3% reduction in margins in the year.

In Cement, it is worth mentioning the contribution from the sale of CO2 rights, totalling 58.9 million euros compared to 5.8 million euros in the previous year. This, together with a significant drop in the cost of energy, led to a remarkable 61.9% increase in Ebitda for the period.

% EBITDA by Business Area



As a result of the performance in several utilities areas, Environment and Water (together with Concessions) maintained a high contribution to operating profit reaching 79.1% for the period, compared to 20.9% from those linked to demand for the construction of infrastructure, building and other activities.

2.1.4.3. Net Operating Profit (EBIT)

Net operating profit amounted to 572.7 million euros, 11.9% more than in the previous year. Ebit reflects the effect of the development of the gross operating profit together with two components. Firstly, the higher provision for amortisation corresponding to the transport concession assets assigned to the operating activity following their entry into consolidation at the end of 2019, as well as a contribution from other operating income of 14.1 million euros this year compared to -55.8 million euros the previous year due to the impairment of 70 million euros that was made to the value of goodwill of the cement activity in 2019.

2.1.4.4. Earnings before Taxes (EBT) from continuing operations

Profit before tax for continued activities stood at 429.9 million euros, 12.1% down on 2019, due to the fact that positive developments in operational processes were accompanied by a sustained negative impact on the exchange rate in 2020 compared to the positive contribution it made in the previous year. In addition, lower profits were generated by companies accounted for using the equity method, due to the change in the consolidation method of the Cedinsa subgroup mentioned above.

2.1.4.4.1. *Financial income*

The financial result amounted to -154 million euros, compared to -144.7 million euros in the previous business year. The increase is mainly due to higher project finance expenses in the Concessions area of the Cedinsa subgroup, since its entry into consolidation in November 2019.

2.1.4.4.2. *Miscellaneous financial results*

This epigraph includes an amount of -51.1 million euros this year, compared with -1.5 million euros last year. The difference is mainly due to the impact from developments in the exchange rate for certain currencies, with negative exchange differences amounting to -51.3 million euros recorded in this year compared to +14.8 million euros recorded for the previous year.

2.1.4.4.3. *Profit/(loss) of equity-accounted affiliates*

The contribution from co-managed and investee companies amounted to 62.1 million euros, compared to 120.6 million euros the previous business year. This is mainly due to the effect of the change to full consolidation of the Cedinsa subgroup, mentioned above, and the decreased contribution due to the completion of certain projects in Construction.

2.1.4.5. Income attributable to the parent company

The net attributable profit for the year was 262.2 million euros, a slight decrease of 1.7% compared to 2019. This profit is accounted for by the contribution to EBT from the following items:

A corporate income tax expense of -86.3 million euros, in line with the profit before tax obtained, together with profit attributable to minority shareholders of 81.4 million euros compared to 73.2 million euros the previous year, mainly concentrated in the Water area (with 67.9 million euros) and largely reflecting the participation of a minority shareholder in this area.

2.1.4.6. Profit and loss statement figures on a pro rata basis

The most significant figures in the income statement, calculated on the basis of the percentage of effective shareholding in each of the subsidiaries, joint ventures and associates, are as follows.

	Dec. 20	Dec. 19	Chg. (%)
Net turnover (NT)	6,132.6	6,368.5	-3.7%
Gross Operating Profit (EBITDA)	1,032.7	1,132.4	-8.8%
<i>EBITDA Margin</i>	<i>16.8%</i>	<i>17.8%</i>	<i>-0.9 p.p</i>
Net Operating Profit (EBIT)	567.7	597.4	-5.0%
<i>EBIT margin</i>	<i>9.3%</i>	<i>9.4%</i>	<i>-0.1 p.p</i>
Income attributable to the parent company	262.2	266.7	-1.7%

2.1.5. Balance Sheet

<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Chg. (Mn€)
Intangible fixed and non-current assets	2,437.9	3,458.4	(1,020.5)
fixed and non-current assets/Property, Plant and Equipment	2,810.2	2,866.5	(56.3)
Equity-accounted affiliates	722.8	741.5	(18.7)
Non-current financial assets	580.9	863.2	(282.3)
Deferred tax assets and other non-current assets	578.7	599.9	(21.2)
Non-current assets	7,130.4	8,529.6	(1,399.2)
Non-current assets held for sale*	1,392.3	0.0	1,392.3
Inventory	765.6	728.8	36.8
Trade and other receivables	2,095.6	1,907.7	187.9
Other current financial assets	228.7	189.6	39.1
Cash and cash equivalents	1,222.1	1,218.5	3.6
Current assets	5,704.2	4,044.6	1,659.6
TOTAL ASSETS	12,834.6	12,574.1	260.5

Equity attributable to shareholders of the parent company	2,288.3	1,951.3	337.0
Non-controlling interests	620.4	522.5	97.9
Equity	2,908.7	2,473.8	434.9
Subsidies	193.0	333.8	(140.8)
Non-current provisions	1,064.4	1,130.2	(65.8)
Long-term financial debt	3,543.3	4,448.7	(905.4)
Other non-current financial liabilities	434.0	581.6	(147.6)
Deferred tax liabilities and other non-current liabilities	296.7	303.0	(6.3)
Non-current liabilities	5,531.3	6,797.2	(1,265.9)
Liabilities relating to non-current assets held for sale*	1,051.3	0.0	1,051.3
Current provisions	195.2	249.6	(54.4)
Short-term financial debt	705.2	538.2	167.0
Other current financial liabilities	169.2	145.4	23.8
Trade and other payables	2,273.7	2,370.0	(96.3)
Current liabilities	4,394.6	3,303.2	1,091.4
TOTAL LIABILITIES	12,834.6	12,574.1	260.5

*See epigraph 5.2

2.1.5.1. Investments accounted for using the equity method

The epigraph entitled investments accounted for using the equity method amounted to 722.8 million euros at the end of the year, with the following breakdown of the most significant investments in equity:

- 1) 278.1 million euros for the 36.9% stake in Realia.
- 2) 74.3 million euros for participation in various transport infrastructure and equipment concessions.
- 3) 102.3 million euros for the stake in companies in the Environment area (recycling and municipal services, mainly in Spain and the United Kingdom).
- 4) 35.2 million euros for stakes in companies in the Water area, largely concessionary companies managing services abroad (North Africa and Mexico).
- 5) 35.5 million euros from the subsidiaries of the parent company in the Cement area.

This epigraph also includes a further 197.4 million euros for the remaining investments in own funds for other participations together with loans granted to subsidiaries.

2.1.5.2. Assets held for sale

This epigraph is included in current assets, for an amount of 1.392.3 million euros, with its corresponding counterpart in liabilities, all of the assets corresponding to certain participations in the concessions activity whose sale was agreed in the third quarter of the business year and until it leaves the consolidated perimeter when the transaction is closed.

2.1.5.3. Cash, cash equivalents and available lines of credit

The balance for the Cash and cash equivalents epigraph amounted to 1.222.1 million euros as at the end of the business year, with 72.9% for companies and non-recourse perimeters and the remaining 27.1% for the Group's parent company and its recourse perimeter.

The cash balance has remained very stable and in line with the previous year, so that together with the available lines of credit, at business year-end the FCC Group had:

- 1) In the recourse perimeter, cash and equivalents of 330.6 million euros and lines of credit of 473.4 million euros, totalling 804 million euros.
- 2) In the non-recourse perimeters, cash and equivalents of 891.5 million euros and lines of credit of 389.8 million euros, totalling 1.281.3 million euros.

This took the FCC Group's total for cash, cash equivalents and available lines of credit at the end of the business year to 2.085.3 million euros, compared to a total short-term financial debt (maturing before 12 months) at the same date amounting to 705.2 million euros. This represents a volume of three times the amount of existing maturities until 31 December 2021.

Epigraph 5.5 details the nature and amounts of short-term financial debt for a better understanding of the Group's financial position in the short term.

2.1.5.4. Equity

Equity at business year-end amounted to 2.908.7 million euros, compared with 2.473.8 million euros at the end of the previous business year. This substantial increase is mainly due to the contribution of net attributable profit of 262.2 million euros achieved in the year and to a lesser extent to the increase in non-controlling interests up to 620.4 million euros.

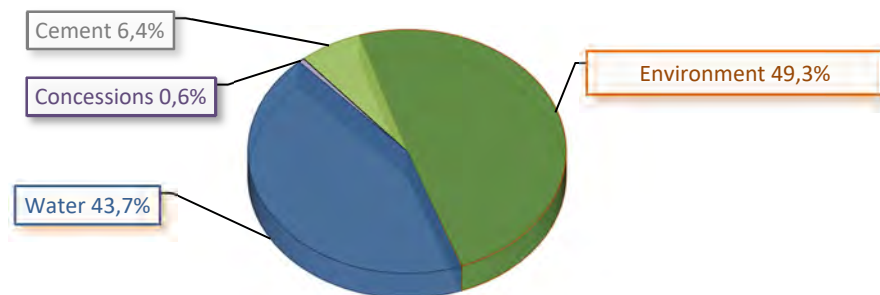
2.1.5.5. Financial debt

<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Chg. (Mn€)
Bank borrowings	820.0	1,474.7	(654.7)
Debt instruments and other loans	3,230.3	3,125.0	105.3
Payables due to financial leases	50.2	63.8	(13.6)
Other financial liabilities	148.0	323.4	(175.4)
Gross Financial Debt	4,248.5	4,986.9	(738.4)
Treasury and other current financial assets	(1,450.7)	(1,408.2)	(42.5)
Net Financial Debt	2,797.8	3,578.7	(780.9)
<i>Net financial debt with recourse</i>	<i>101.6</i>	<i>-12.8</i>	<i>114.4</i>
<i>Net financial debt without recourse</i>	<i>2,696.2</i>	<i>3,591.5</i>	<i>(895.3)</i>

With regard to gross financial debt, 16.6% has short-term maturity, equivalent to 705.2 million euros. 449.4 million of these relates to marketable securities, largely commercial paper issued on the Irish Stock Exchange by the Group's parent company and the Environment area. A further 212.4 million euros is due to various credit lines with banks, including both bilateral corporate financing and non-recourse projects, and another 43.4 million euros of financial debt with third parties.

Almost all of the net financial debt is without recourse and is allocated to business areas, totalling 2.696.2 million euros at the end of the business year. The parent company had a net debt position of 101.6 million euros, only 3.6% of the Group's total.

Breakdown of Net Financial Debt without recourse by Business Area



Net financial debt without recourse to the Group's parent company is structured as follows:

(i) The Water area accounts for of 1.177.6 million euros, of which, in addition to corporate bond financing in the parent company, another 189.9 million euros correspond to the Czech Republic business, and the rest to various concessions of the end-to-end water cycle; (ii) the Cement area accounts for 173.7 million euros; (iii) the Environment area accounts for 1.330.2 million, most of which corresponds to long-term bonds issued at the end of 2019 by the area's parent company, another 167.2 million euros correspond to the activity in the United Kingdom, and the rest, 55 million euros, to financing three waste processing and recycling plant projects in Spain; (iv) 14.7 million euros is accounted for by the concessions area, after deconsolidation amounting to 698.5 million euros, corresponding to the Cedinsa concessionary group's project debt.

2.1.5.6. Other current and non-current financial liabilities

The epigraph of other current and non-current financial liabilities totals 603.2 million euros at the end of the business year. Its balance mainly includes the item suppliers of fixed and non-current assets for operating leases amounting to 394.9 million euros. It also includes other liabilities that are not financial liabilities, such as those associated with hedging derivatives, suppliers of fixed and non-current assets, guarantees and deposits received.

2.1.6. Cash Flow

<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Chg. (%)
Gross Operating Profit (EBITDA)	1,047.5	1,025.8	2.1%
(Increase)/decrease in working capital	(302.0)	(183.3)	64.8%
Corporate income tax (paid)/received	(96.7)	(173.0)	-44.1%
Other operating cash flow	(43.7)	(39.0)	12.1%
Operating cash flow	605.1	630.5	-4.0%
Investment payments	(541.2)	(546.6)	-1.0%
Divestment receipts	75.9	28.5	166.3%
Other investing cash flows	63.8	158.9	-59.8%
Investing cash flow	(401.5)	(359.2)	11.8%
Interest paid	(151.4)	(136.8)	10.7%
(Payment)/receipt of financial liabilities	(142.6)	(97.4)	46.4%
Other financing cash flow	155.6	(111.5)	N/A
Financing cash flow	(138.4)	(345.7)	-60.0%
Exchange differences, change in consolidation scope, etc.	(61.5)	26.8	N/A
Increase/(decrease) in cash and cash equivalents	3.6	(47.7)	-107.5%

2.1.6.1. Operating cash flow

The operating cash flow generated during the business year amounted to 605.1 million euros, 4% less than in the previous business year. Operating working capital was up 302 million euros compared to 183.3 million in the last business year, largely due to the elimination of the balance of non-recourse loan assignments in the Environment area in order to optimise the financial cost.

The epigraph collections/(payment) of company tax shows an outflow of 96.7 million euros compared to 173 million euros at the end of the previous business year. This difference was due to the payment of 92.1 million euros in the previous year to adjust the tax incentives applied by the Group in previous business years.

The epigraph other operating cash flow includes an outflow of 43.7 million euros compared to 39 million euros the previous business year, due to the application of provisions mainly in the Construction and Environment area.

2.1.6.2. Investing cash flow

The investment cash flow represents an application of 401.5 million euros compared to 359.2 million euros in the previous business year. In the Environment area, in Spain, the investment for the construction of the Loeches treatment plant in Madrid, for an amount of 54.6 million euros, stands out. In the international area, among the most significant investments is the one made in the United Kingdom for the development of the Lostock energy recovery plant for 49.4 million euros. In the USA, the investment in the contract for the collection of municipal solid wastes in Omaha, Nebraska, worth 34 million euros, is also worth mentioning.

In the Water area, of particular note are the payments for investments corresponding to the acquisition in Saudi Arabia of 51% of the companies Qatarat and Haaisco, for a combined amount of 16.1 million euros, as well as the payment of 14.1 million euros for the acquisition of three end-to-end water cycle companies in the region of Córdoba, in the north of Colombia. In Spain, 23 million euros were invested in the Rambla Morales desalination plant in Almería.

Proceeds from disposals amounted to 75.9 million euros compared to 28.5 million euros the previous business year, including 30.8 million euros corresponding to the sale of 49% of the long-term loan of the Edinburgh incineration plant to the investment group Icon, once the sale of 49% of the capital of the new subsidiary company Green Recovery Projects Limited to this group had been completed.

The breakdown of net investments by business area, excluding other cash flows from investment activities, in terms of payments and receipts, is as follows:

<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Chg. (Mn€)
Environment	(283.1)	(301.2)	18.1
Water	(134.1)	(124.5)	(9.6)
Construction	(7.6)	30.5	(38.1)
Cement	(10.4)	(8.3)	(2.1)
Concessions	(24.9)	(59.0)	34.1
Corporate serv. etc. & adjustments	(5.2)	(55.6)	50.4
Net investments (Payments - Receipts)	(465.3)	(518.1)	52.8

The epigraph other investment flows includes an inflow of 63.8 million euros at the end of the year, where the most important item in the Environment area is the collection of the concession right for the Edinburgh incineration plant for an amount of 42.3 million euros, which has been applied in its entirety to reduce its financial debt. To this we must add movements for smaller amounts in loans to third parties and investee companies.

2.1.6.3. Financing cash flow

The consolidated cash flow from financing throughout the year represents an application of 138.4 million euros compared to 345.7 million euros in the previous business year. The interest payment item shows an outflow of 151.4 million euros, mainly concentrated in the Environment, Water and Concessions areas.

The epigraph Proceeds from/(payments on) financial liabilities includes an application of 142.6 million euros in the year, compared to 97.4 million euros in the previous year. The most significant item was the decrease in the financial debt of the Cement area, entirely without recourse to the Group's parent company, amounting to 118.5 million euros, of which 108 million euros correspond to the early partial repayment of the main credit facility for the area.

Other financing cash flows amounted to an inflow of 155.6 million euros compared with an outflow of 111.5 million euros the previous business year. The most significant item was the payment of the sale of a minority stake to a financial partner of 49% of the capital of the new subsidiary Green Recovery Projects Limited, head of five energy recovery plants of the Environment subsidiary in the UK, for 188.4 million euros. Lastly, it is worth mentioning the payment of dividends to shareholders of the Group's parent company and minority third parties amounting to 36.6 million euros..

2.1.6.4. Exchange differences, change in consolidation scope, etc

This epigraph recorded an application of 61.5 million euros and includes two main items. Firstly, the transfer of the cash of the concession subgroup Cedinsa for 38.1 million euros to the epigraph "assets held for sale", following the sale agreement reached in the fourth quarter of the year and until its exit from the consolidated scope at the close of the transaction. This is in addition to the effect on cash of the variation in the exchange rate of various currencies against the euro, mainly concentrated in the Construction area.

2.1.6.5 Change in cash and cash equivalents

As a result of the development of the different components of the cash flow, FCC Group's cash position closed with an increase of 3.6 million euros compared to the end of the previous period, reaching a balance of 1.222.1 million euros at the end of the business year.

2.1.7. Analysis by Business área

2.1.7.1. Environment

The Environment division contributed 43% of the Group's EBITDA in 2020. Some 79.9% of its activity is focused on the provision of essential waste collection, treatment and disposal services, as well as street cleaning. The remaining 20.1% corresponds to other types of urban environmental activities, such as the conservation of green areas or sewage systems.

In Spain, the management of municipal wastes and street cleaning are the most important activities, while in the United Kingdom the focus is on the processing, retrieval and disposal of municipal wastes. In central Europe, mainly Austria and the Czech Republic, FCC is present right across the waste management chain (collection, processing and disposal). FCC's activities in the USA include both the collection and comprehensive retrieval of municipal wastes.

2.1.7.1.1. Earnings

<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Chg. (%)
Turnover	2,888.2	2,915.2	-0.9%
<i>Waste collection and street cleaning</i>	<i>1,428.6</i>	<i>1,379.7</i>	<i>3.5%</i>
<i>Waste processing</i>	<i>879.0</i>	<i>960.1</i>	<i>-8.4%</i>
<i>Other services</i>	<i>580.6</i>	<i>575.4</i>	<i>0.9%</i>
EBITDA	450.9	492.5	-8.4%
<i>EBITDA Margin</i>	<i>15.6%</i>	<i>16.9%</i>	<i>-1.3 p.p</i>
EBIT	215.7	258.5	-16.6%
<i>EBIT margin</i>	<i>7.5%</i>	<i>8.9%</i>	<i>-1.4 p.p</i>

Turnover for the Environment area remained at similar levels to the last business year and amounted to 2.888.2 million euros in the period. The waste collection and street cleaning activity increased by 3.5% to 1.428.6 million euros, where a greater contribution from the USA after the entry into operation of new contracts stands out, together with very stable performance in all other regions.

Waste treatment activity declined by 8.4% to 879 million euros, because of a lower contribution in the United Kingdom due to the decreased volume of treatment activity of private customers, as well as a

reduced contribution from the development of new plants, together with good performance in Spain and Central Europe.

Breakdown of revenue by geographical area			
<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Chg. (%)
Spain	1,715.8	1,701.7	0.8%
United Kingdom	605.3	682.0	-11.2%
Central Europe	464.6	466.9	-0.5%
US and others	102.5	64.6	58.6%
Total	2,888.2	2,915.2	-0.9%

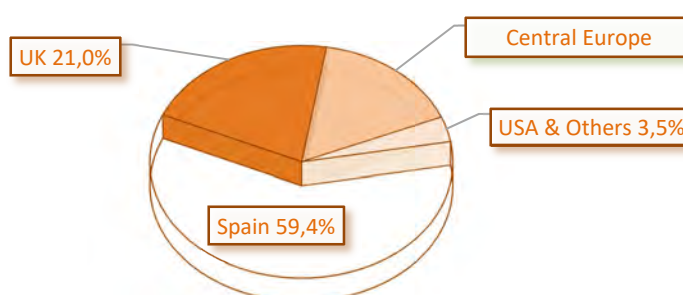
By geographical area, revenues in Spain increased by 0.8% compared to the previous business year to 1.715.8 million euros, due to stability in municipal waste collection and street cleaning activities deemed to be essential. This is together with higher revenues linked to the development phase of treatment plants that have offset the decrease in non-essential municipal services due to the measures taken by the government to combat the pandemic during the first half of the business year.

In the United Kingdom, turnover decreased by 11.2% to 605.3 million euros, due to lower volumes in the waste treatment and reduction activity, concentrated in tertiary clients and the decreased contribution of the treatment and recovery plant in Edinburgh, following the completion of the construction phase and the start of the operational phase since mid last year (which resulted in a reduction of 25.7 million euros).

In Central Europe, revenues remained stable at 464.6 million euros, where the increase in activity in Poland has almost entirely offset lower levels of activity in countries such as Bulgaria and Slovakia.

Lastly, turnover in the USA and other markets increased by a remarkable 58.6% due to a greater contribution from the Palm Beach and Volusia contracts, both in Florida

Breakdown of Revenue by Geographical Area



Gross operating profit (EBITDA) decreased by 8.4% to 450.9 million euros, caused by the developments in revenue described above together with decreased performance in the incineration plants in the United Kingdom due to shutdowns scheduled in their maintenance together with extraordinary repairs.

The net operating profit (EBIT) decreased by 16.6% over the previous year to 215.7 million euros, thanks to the development of the different components mentioned in the Ebitda.

Breakdown of Backlogs by Geographical Area			
<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Chg. (%)
Spain	4,872.2	5,354.5	-9.0%
International	4,312.1	5,011.7	-14.0%
Total	9,184.3	10,366.2	-11.4%

At the end of December, the backlog for the area fell by 11.4% to 9.184.3 million euros. In Spain, it amounts to 4.872.2 million, where a significant number of contracts are still being extended, although an increase in bidding activity is now being noted. The awarding of the eight-year urban sanitation contract for Barcelona is worth mentioning, with an estimated value of more than 800 million euros, after FCC Medioambiente was deemed the entity with the best technical qualification. In the international area, the backlog declined 14%, largely due to the depreciation of sterling and the dollar against the euro at the end of the business year.

2.1.7.1.2. Financial Debt

<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Chg. (Mn€)
Net Financial Debt without recourse	1,330.2	1,332.2	(2.0)

There was no appreciable variation to Net financial debt without recourse to the header at the end of the business year. The main balance corresponds to the issue of two green bonds in the amount of 600 million euros and 500 million euros by the parent company in the fourth quarter of 2019 and that have obtained confirmation of its investment grade in its annual revision. Of the rest, 167.2 million euros correspond to activity in the United Kingdom together with another 55 million euros mainly linked to funding of three waste treatment and recycling plant projects in Spain.

2.1.7.2. End-to-End Water Management

The Water area contributed 27% of FCC Group EBITDA in the period. 85.6% of its activity is focused on public service concession management related to the end-to-end water cycle (collection, treatment, storage and distribution) and the operation of different types of water infrastructures; the remaining 14.4% corresponds to Technology and Networks, which is responsible for the design, engineering and equipment of hydraulic infrastructures, related to a great extent to the development of new concessions and ancillary works for operations.

In Spain the area serves over 13 million inhabitants in more than 850 municipalities. In Central Europe, it serves 1.3 million users, mainly in the Czech Republic, while in the rest of the continent it is present in Italy, Portugal and France. In Latin America, the Middle East and Africa it is present through the design, equipping and operation of processing plants. All in all, the Water area provides supply and/or sanitation services to more than 25 million inhabitants.

2.1.7.2.1. Earnings

<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Chg. (%)
Turnover	1,188.3	1,186.9	0.1%
<i>Concessions and services</i>	1,016.6	982.2	3.5%
<i>Technology and networks</i>	171.7	204.7	-16.1%
EBITDA	282.9	281.7	0.4%
<i>EBITDA Margin</i>	23.8%	23.7%	0.1 p.p
EBIT	167.4	180.2	-7.1%
<i>EBIT margin</i>	14.1%	15.2%	-1.1 p.p

Revenues remained stable and reached 1.188.3 million euros. The Concessions and Services business increased by 3.5% year-on-year to 1.016.6 million euros, due to the increased contribution of activity and contracts in France, Colombia and Saudi Arabia and despite the decrease in consumption in Spain due to the impact of the pandemic. However, Technology and Networks decreased by 16.1%, due to the slower pace of execution of both construction projects associated with national concessions and international projects

Breakdown of revenue by geographical area			
<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Chg. (%)
Spain	784.3	804.4	-2.5%
Middle East, Africa and Others	163.1	113.3	44.0%
Central Europe	105.0	111.7	-6.0%
Rest of Europe (France, Portugal and Italy)	78.5	71.2	10.3%
Latin America	57.4	86.3	-33.5%
Total	1,188.3	1,186.9	0.1%

By geographic area, revenues in Spain amounted to 784.3 million euros, 2.5% less than at the end of the previous business year, due to a decrease in amounts invoiced to non-domestic customers and in tourist areas, together with the entry into operation of new contracts, such as the peripheral sewerage contract in Madrid. Technology and Networks has experienced lower activity due to the slower pace of execution of some projects associated with concessions.

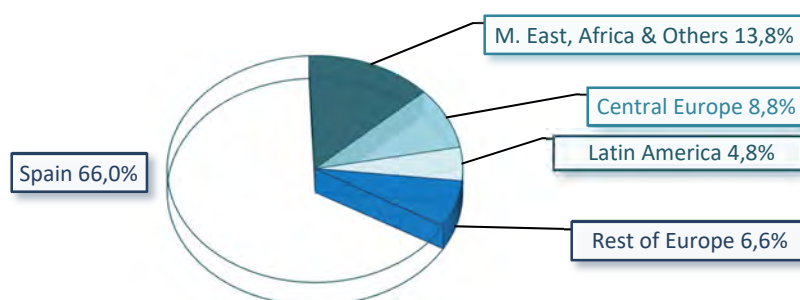
In the international arena, in the Middle East, Africa and Others, revenues increased by an outstanding 44% to 163.1 million euros, due both to the good pace of execution in the construction of a wastewater treatment plant in Egypt, and to the increase in concession activity resulting from the contribution of the companies acquired in Saudi Arabia during the business year.

Central Europe saw its revenues fall by 6% to 105 million euros, mainly due to the reduced activity of Technology and Networks regarding the completion of projects in Montenegro and Serbia. End-to-end cycle activity in the Czech Republic remained stable due to an update in rates that largely offset the slight fall in consumption caused by the health crisis.

In the Rest of Europe, revenues increased by 10.3% to 78.5 million euros as a result of the contribution by the company Aqualia France acquired in June 2019, which compensated for a downturn in infrastructure activity in the Caltanissetta concession in Italy.

In Latin America, revenues fell by 33.5% to 57.4 million euros, due to the completion or slower pace of construction of plants in Ecuador and Colombia, which were not offset by the contribution of new contracts, such as in Mexico.

Breakdown of Revenue by Geographical Area



Gross operating profit (EBITDA) slightly increased by 0.4% and totalled 282.9 million euros, where the incorporation of new contracts in concessions and services helped to offset the aforementioned decrease in volumes and activity in Technology and Networks, due to the interruption and delay in the progress of some projects due to the health crisis. The margin, at 23.8%, remained stable compared to 2019.

The net operating profit (EBIT) decreased 7.1% compared to the previous business year, to 167.4 million euros, mainly due to the increase in the amortisation provision allocated due to an increase in the asset base and new areas of operations..

Breakdown of Backlogs by Geographical Area

(Millions of Euros)	Dec. 20	Dec. 19	Chg. (%)
Spain	7,224.7	7,813.1	-7.5%
International	7,801.2	7,205.2	8.3%
Total	15,025.9	15,018.3	0.1%

Figures for the backlog were similar to those to December of the previous year, totalling 15.025.9 million euros, due to new contracts in the international area, mainly in Colombia, Mexico, Saudi Arabia and Qatar, which compensated for the downturn in Spain, caused by delays in the renewal of some contracts.

2.1.7.2.2. *Financial Debt*

<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Chg. (Mn€)
Net Financial Debt without recourse	1,177.6	1,214.5	(36.9)

Net financial debt, entirely without recourse to the Group's parent company, decreased by 36.9 million euros compared to December the previous year, totalling 1.177.6 million euros. Most of the debt balance is for long-term bonds issued by the area's parent company, with a gross balance of 1.346.4 million euros.

2.1.7.3. *Construction*

The Construction area contributed 5.1% of the Group's EBITDA in the business year. Activities were focused on the design and construction of large civil engineering, industrial and complex building works. Special mention should go to participation in major works like railways, tunnels, bridges and football stadiums that constituted a major part of the activity..

2.1.7.3.1 *Earnings*

<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Chg. (%)
Turnover	1,611.0	1,719.3	-6.3%
EBITDA	53.6	100.2	-46.5%
<i>EBITDA Margin</i>	3.3%	5.8%	-2.5 p.p
EBIT	20.9	77.3	-73.0%
<i>EBIT margin</i>	1.3%	4.5%	-3.2 p.p

The area's revenues decreased by 6.3% to 1.611 million euros due to the slower pace of execution and the suspension that temporarily affected some ongoing projects, mainly in Latin America and the Middle East. This could not be fully offset by a higher volume of activity linked to contracts won and developed in Europe, which overall experienced a lower level of disruptions during the business year.

Breakdown of revenue by geographical area			
<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Chg. (%)
Spain	848.8	665.3	27.6%
Europe and others	390.0	313.1	24.5%
Middle East and Africa	246.2	401.5	-38.7%
Latin America and USA	126.0	339.4	-62.9%
Total	1,611.0	1,719.3	-6.3%

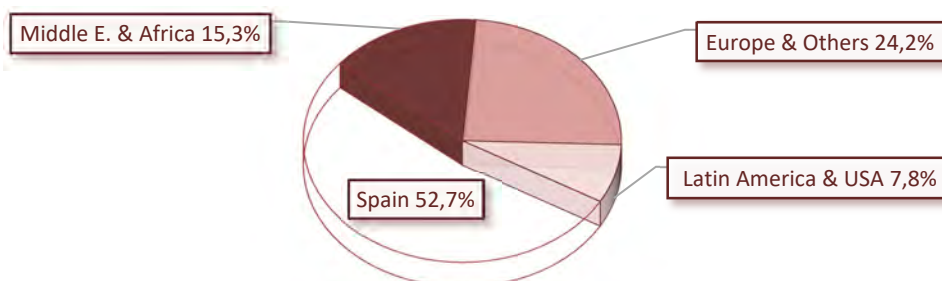
By geographical area, in Spain turnover increased by 27.6% to 848.8 million euros, due to the good pace sustained in the development of projects. The most significant of these is the remodelling of the Santiago Bernabéu football stadium, as well as in other minor projects recently awarded, which to a large extent compensated for the effects of the temporary measures taken to suspend the activity in its planned course of development.

Similarly, in Europe and other markets, turnover grew by 24.5% over the previous business year to 390 million euros, thanks to increased activity in new projects started in EU countries, including the A-9 motorway in the Netherlands, the A-6 in Norway, the modernisation of the Bacau airport runway in Romania and the pace of progress in the development of the Haren prison complex in Belgium.

In the Middle East and Africa, revenues decreased by 38.7% to 246.2 million euros, mainly due to the lower activity registered in the construction of the Riyadh metro in Saudi Arabia as a result of the strict lockdown measures decreed because of the pandemic together with the high degree of progress of the work as a whole.

In Latin America and the USA, turnover fell by 62.9% at business year-end, mainly due to the lower contribution from the completion of Line 2 of the Panamá Metro and the Gerald Desmond Bridge in Los Angeles (USA), together with the slowdown in the development of other projects underway in various countries, due to the strict lockdown measures decreed in these countries.

Breakdown of revenue by geographical area



The gross operating profit (EBITDA) decreased by 46.5% compared to the previous business year and amounts to 53.6 million euros. This development is the result of the combined effect in the international area of higher provisions, as a preventive measure, as well as higher costs, all in an environment marked by a temporary slowdown in activity stemming from the exceptional situation

created by the health emergency measures. However, the higher level of activity executed in Europe mitigated this impact and the operating margin was 3.3%.

Net operating profit stands at 20.9 million euros compared to 77.3 million euros for the previous year, reflecting developments already commented on at the gross operating income level.

Breakdown of Backlogs by Geographical Area			
<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Chg. (%)
Spain	1,628.4	2,010.3	-19.0%
International	3,527.4	3,612.9	-2.4%
Total	5,155.8	5,623.2	-8.3%

The area's income backlog decreased 8.3% at the end of December compared to the previous business year, to 5.155.8 million euros. In Spain, it fell to 1.628.4 million euros, as a good pace in terms of project progress was not matched by the addition of new contracts in a business year that saw a low level of public tenders. In the international area, the backlog decreased by 2.4%, mainly due to the decline in the contract of the "Ciudad de la Salud" Health Centre in Panama, together with a reduction in the scope of works on other projects, which was largely offset by other contracts obtained in Europe and Mexico.

Breakdown of the Backlog by Activity Segment			
<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Chg. (%)
Civil engineering works	4,121.5	3,991.6	3.3%
Building	695.0	1,251.6	-44.5%
Industrial Projects	339.3	380.0	-10.7%
Total	5,155.8	5,623.2	-8.3%

By type of activity, the civil engineering works backlog accounted for 80% of the total and increased by 3.3%, due to new contracts in the international area, mainly in Europe, which offset the low public tenders in Spain, reaching 4.121.5 million euros. Building activity declined significantly, due both to the aforementioned adjustment in the Panama backlog and to the aforementioned drop in activity as a result of the health crisis.

2.1.7.4. Cement

The Cement area contributed 13.4% of the FCC Group's EBITDA in the business year. This activity was undertaken by the CPV Group, which focusses on the manufacturing cement and by-products, with 7 main production centres in Spain and 1 in Tunisia, in addition to a minority stake of 44.6% in Giant Cement, which operates a number of factories on the east coast of the USA..

2.1.7.4.1. Earnings

<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Chg. (%)
Turnover	382.6	413.2	-7.4%
<i>Cement</i>	345.2	374.5	-7.8%
<i>Other</i>	37.4	38.7	-3.4%
EBITDA	139.9	86.4	61.9%

<i>EBITDA Margin</i>	36.6%	20.9%	15.7 p.p
EBIT	106.8	(20.0)	N/A
<i>EBIT margin</i>	27.9%	-4.8%	32.8 p.p

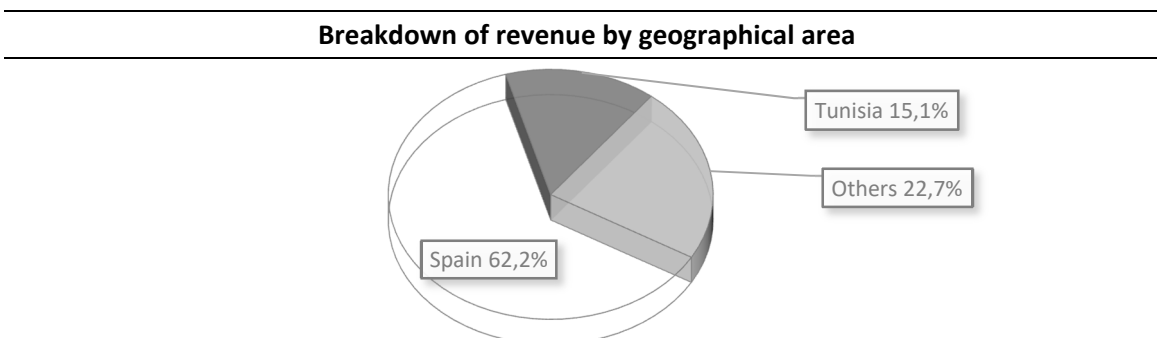
Revenues for the area decreased by 7.4% to 382.6 million euros compared to December of the previous year, due to a decrease in volumes invoiced in local markets in Spain and Tunisia, as a consequence of the lockdown measures applied due to the pandemic, as well as a drop in exports from both markets.

Breakdown of revenue by geographical area			
<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Chg. (%)
Spain	237.9	249.4	-4.6%
Tunisia	57.8	57.9	-0.2%
Miscellaneous (exports)	87.0	105.9	-17.9%
Total	382.6	413.2	-7.4%

By geographic area, revenues in Spain declined by 4.6% to 237.9 million euros, as the lockdown measures decreed due to the pandemic caused a decrease in volumes in the first half of the year, which was mitigated by good price performance. It should be noted that in the second half of the year there was a progressive recovery of activity with a more stable performance in terms of demand.

In the Tunisian local market, revenues remained stable at 57.8 million euros, where the decrease in volumes was offset by both price increases and the appreciation of the Tunisian dinar. Similarly, there was a progressive improvement in activity levels in the second part of the business year.

Export earnings fell by 17.9% amounting to 87 million euros due to a decrease in shipments made both from Spain and from Tunisia..



The gross profit income increased by a remarkable 61.9% to 139.9 million euros, due to two main factors. The sale of CO2 rights amounted to 58.9 million euros in the business year, compared to 5.8 million euros the previous year, and the aforementioned drop in volumes and revenues was offset by the fall in energy prices, both for fuels and electricity. Therefore, without taking into account the CO2 component in both business years, Ebitda would have improved slightly by 0.4% in 2020 compared to the previous business year.

The net operating profit amounted to 106.8 million euros, as a result of the aforementioned development of the gross operating profit.

2.1.7.4.2. Financial Debt

<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Chg. (Mn€)
Net financial debt without recourse	173.7	293.0	(119.3)

Net financial debt, entirely without recourse to the Group's parent company, decreased significantly by 119.3 million euros to 173.7 million euros, of which 108 million euros correspond to the early partial repayment of the area's main credit facility, which has no significant ordinary maturity until 2022.

2.1.7.5. Concessions

As a result of a sale agreement reached in October 2020 and in accordance with accounting standards (IFRS 5), the assets and liabilities relating to the investees to be transferred from the concession activity have been classified as held for sale in the FCC Group's balance sheet. The consolidation method is maintained in the income statement in the same way, until the operation is closed and the shares transferred.

The Concessions area accounts for 9% of the Group's EBITDA in the year as a whole. Its activities focussed on the development, operation and maintenance of transport and non-residential infrastructures. At the close of the business year, the Cedinsa subgroup maintained its contribution to turnover, which together with other smaller entities represents a total of 18 concessionary companies in the portfolio and with different degrees of participation.

2.1.7.5.1. Earnings

<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Chg. (%)
Turnover	123.5	49.8	148.0%
EBITDA	94.6	31.8	197.2%
<i>EBITDA Margin</i>	<i>76.6%</i>	<i>63.9%</i>	<i>12.7 p.p</i>
EBIT	55.4	12.0	N/A
<i>EBIT margin</i>	<i>44.8%</i>	<i>24.1%</i>	<i>20.8 p.p</i>

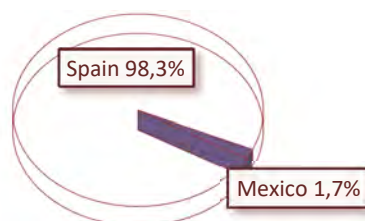
The area's revenues were 123.5 million euros this business year, as compared to 49.8 million euros for the first half of the previous business year. This change is mainly due to the contribution of the Cedinsa subgroup, after acquiring control of the majority of its capital in November 2019 and incorporating it since then through full consolidation.

Breakdown of revenue by geographical area

<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Chg. (%)
Spain	121.5	47.5	155.7%
Mexico	2.1	2.3	-11.3%
Total	123.5	49.8	148.0%

By geographical area, almost all of the revenues are concentrated in Spain, revenues totalling 121.5 million euros, 76.5% of which was contributed by the Cedinsa subgroup. The Coatzacoalcos Tunnel concession in Mexico remains practically unchanged compared to the previous business year and its contribution reflects the depreciation effect of the Mexican peso during this period (-12.1%).

Breakdown of revenue by geographical area



Gross operating income totalled 94.63 million euros, 79.6% corresponding to the Cedinsa concession group.

2.1.7.5.2. Financial Debt

<i>(Millions of Euros)</i>	Dec. 20	Dec. 19	Chg. (Mn€)
<i>Net financial debt without recourse</i>	14.7	751.8	(737.1)

At the end of last December, consolidated net financial debt had suffered a substantial reduction to 14.7 million euros compared to the balance at the end of 2019. This was due to the aforementioned effect from the application of accounting regulations, which after the sale agreement reached by various concessionary companies led to the reclassification of its gross financial debt under the single epigraph of liabilities held for sale amounting to 736.6 million euros.

2.2. Business performance. Environment

The information relating to the FCC Group's environmental policy is set out in greater detail in note 30 to the consolidated financial statements and in section 7 of the Non-Financial Information Statement.

The FCC Group carries out its activities on the basis of business commitment and responsibility, compliance with applicable legal requirements, respect for the relationship with its stakeholders and its ambition to generate wealth and social well-being.

Aware of the importance to the FCC Group of preserving the environment and using available resources responsibly, and in line with its vocation to serve through activities with a clear environmental focus, the FCC Group promotes and enhances the following principles, on which its contribution to sustainable development is based, throughout the organisation:

- **Continuous improvement:** Promote environmental excellence by establishing objectives for the continuous improvement of performance, minimising the negative impacts of the FCC Group's processes, products and services, and enhancing the positive impacts.
- **Monitoring and control:** establish environmental indicator management systems for the operational control of processes, which provide the necessary knowledge for the monitoring, evaluation, decision-making and communication of the FCC Group's environmental performance and compliance with the commitments undertaken.
- **Climate change and pollution prevention:** Lead the fight against climate change through the implementation of processes with lower greenhouse gas emissions, and by promoting energy efficiency and renewable energies. Preventing pollution and protecting the natural environment through the responsible management and consumption of natural resources and by minimising the impact of emissions, discharges and waste generated and managed by the FCC Group's activities.
- **Observation of the environment and innovation:** To identify the risks and opportunities of activities in the face of the changing landscape of the environment in order, among other things, to promote innovation and the application of new technologies, as well as the generation of synergies between the various activities of the FCC Group.
- **Life cycle of products and services:** enhancing environmental considerations in business planning, procurement of materials and equipment, and relations with suppliers and contractors.
- **The necessary participation of all parties:** promote the knowledge and application of environmental principles among employees and other stakeholders. To share experience of the best practices with the different agents in order to promote alternative solutions to those currently in place, which contribute to the achievement of a sustainable environment.

2.3. Business performance. Personnel

Details are attached of the FCC Group's staff at year-end, by business area:

2020				
AREAS	SPAIN	ABROAD	TOTAL	%/Total
Environment	33,206	7,126	40,332	68%
Water Management	6,675	3,849	10,524	18%
Construction	3,944	3,379	7,323	12%
Cement	785	251	1,036	2%
Concessions	154	71	225	0%
Central Services and Others	306	0	306	1%
TOTAL	45,070	14,676	59,746	100%

3. LIQUIDITY AND CAPITAL RESOURCES

Liquidity

In order to optimise its financial position, the FCC Group maintains a proactive liquidity management policy with daily cash monitoring and forecasts.

The FCC Group covers its liquidity needs through the cash flows generated by the businesses and through the financial agreements reached.

In order to improve the Group's liquidity position, active collection management is carried out with customers to ensure that they meet their payment commitments.

To ensure liquidity and meet all payment commitments arising from the business, the Group has cash flows as shown in the balance sheet (see note 17 to the consolidated financial statements) and detailed financing (see note 20 to the consolidated financial statements).

Note 30 to the consolidated financial statements sets forth the policy implemented by the FCC Group to manage liquidity risk and the factors mitigating said risk.

Capital resources

The Group manages its capital to ensure that its member companies will be able to continue as profitable and solvent businesses.

As part of its capital management operations, the Group obtains financing through a wide range of financial products.

During the 2019 business year, two simple bonds were issued by FCC Servicios Medioambiente Holding, S.A.U. for an amount of 1,100 million euros; FCC Aqualia, S.A. had previously done the same in 2017.

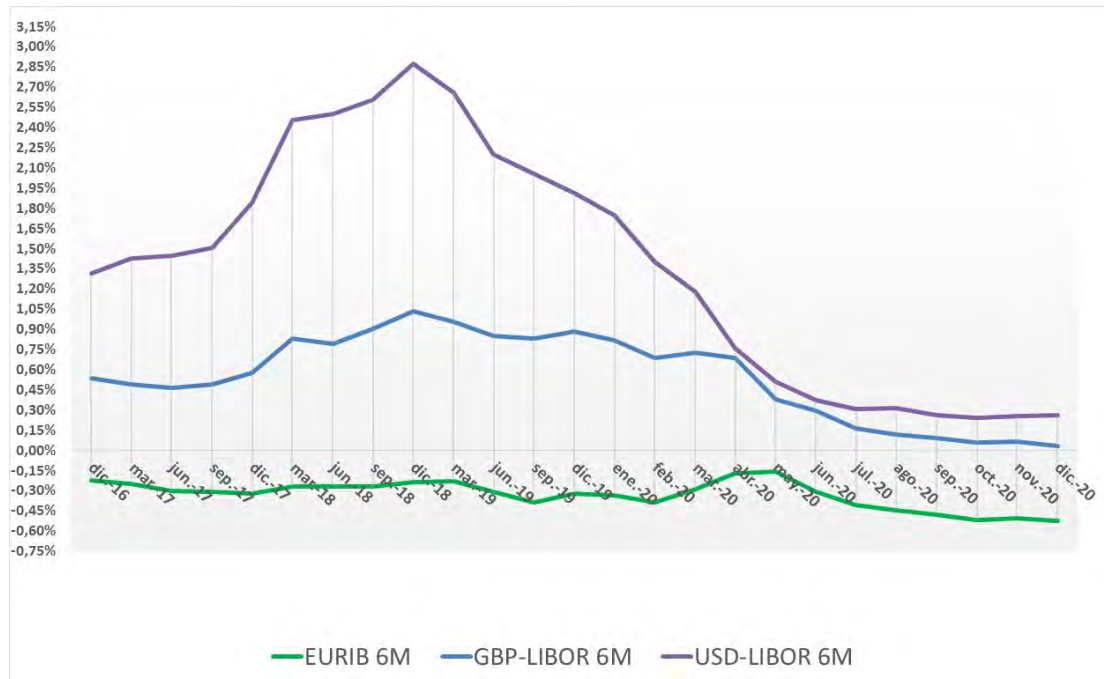
In November 2018, FCC, S.A. registered a 300 million euros promissory notes programme, which was subsequently expanded to 600 million euros in March 2019. In 2019, new funding facilities were arranged in the form of credit facilities and bilateral loans. In 2020, FCC Servicios Medioambiente Holding, S.A.U., also registered a 300 million euros promissory notes programme.

Likewise, in 2020, Cementos Portland Valderrivas, S.A. repaid debt of 119 million euros, of which 108 million euros were voluntarily repaid (note 20 of Non-current and current financial liabilities of the notes to the 2020 financial statements).

These operations have made it possible to complete the process of debt reduction and financial reorganisation initiated five years ago and to continue with the policy of diversifying financing sources; all this contributing to achieving a much more stable and efficient capital structure, with amounts, terms and financing costs suitable according to the nature of the different business areas.

In order to optimise the cost of capital resources, the FCC Group maintains an active policy of interest rate risk management, constantly monitoring the market and taking different positions depending mainly on the assets financed.

The performance of interest rates in recent years is shown below.



This section is discussed in greater detail in note 30 to the consolidated financial statements.

4. MAJOR RISKS AND UNCERTAINTIES

4.1. Risk Management Policy and System

The FCC Group Risk Management Model has been designed with the aim of identifying and assessing the potential risks that could affect the Group's different units, as well as establishing mechanisms incorporated into the organisation's processes that make it possible to manage risks within the accepted levels, providing the Board of Directors and Senior Management with reasonable assurance regarding the achievement of the main objectives defined. This Model applies to all FCC Group companies, as well as to those affiliates where FCC has effective control, promoting the development of work frameworks that enable suitable risk control and management in those companies where effective control is not available.

This model is essentially based on the integration of a risk-opportunity vision and the assignment of responsibilities that, together with the segregation of duties, enable the follow-up and control of risks, consolidating a suitable control environment.

The activities included in the FCC Group's Risk Management Model include the assessment of risks, including tax risks, in terms of impact and probability of occurrence, giving rise to Risk Maps, and subsequently the establishment of prevention and control activities to mitigate the effect of such risks. In addition, this Model includes the establishment of reporting flows and communication mechanisms at different levels, which allow both decision-making and its review and continuous improvement.

The system covers the risk scenarios considered, which have been classified into four groups: Operational, Compliance, Strategic and Financial.

The risk management duties and responsibilities at the different levels of the organisation are detailed in section E on the Risk Management and Control System of the Annual Corporate Governance Report.

4.2. Major risks and uncertainties

The FCC Group operates worldwide and in different sectors and, therefore, its activities are subject to a variety of environmental, socio-economic environments and regulatory frameworks, as well as to different risks inherent to its operations and risks arising from the complexity of the projects in which it participates, which could affect the achievement of its objectives.

Details of the main strategic, operational and compliance risks that could affect the Group's activities, as well as a description of the systems used to manage and monitor them, can be found in section E of the Annual Corporate Governance Report, as well as in section 6.2 of the Non-Financial Information Statement.

With regard to financial risks, which are considered to be the changes in the financial instruments arranged by the FCC Group due to political, market and other factors, and their repercussions on the financial statements, the risk management philosophy is consistent with the business strategy, seeking maximum efficiency and solvency at all times. To this end, strict financial risk control and management criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred by the Group's operations, with the risk policy being correctly integrated into the Group's organisation. The financial risks to which the Group is exposed are discussed in greater detail in note 30 to the consolidated financial statements, in section E of the Annual Corporate Governance Report and in section 6.2 of the Non-Financial Information Statement

In addition, the FCC Group is also subject to certain risks relating to environmental and social issues, the management of which is described in greater detail in sections 6.2 and 7 of the Non-Financial Information Statement.

5. ACQUISITION AND DISPOSAL OF OWN SHARES

At 31 December 2020, the FCC Group owned, directly and indirectly, a total of 1,544,773 shares of FCC S.A. (0.38% of the company's capital stock).

Transactions involving the acquisition and disposal of own shares during the year are detailed in note 18 to the consolidated financial statements.

6. SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE YEAR

There have been no significant events between the end of the year and the date of preparation of these financial statements.

7. OUTLOOK

The outlook for the performance of FCC Group's main business areas in 2021 is given below.

Environmental Services

In the countries where it operates, the sector is undergoing a major process of transformation, due to the environmental requirements of each country deriving from the European Directives (new

opportunities based on the ambitious targets set by the European Union in relation to the circular economy and climate change). The new services will focus on energy efficiency, urban mobility and smart cities.

In Spain, moderate growth is expected in the start up of operations of the disposal facilities that were under construction and the initial operation of newly awarded contracts. No significant changes are expected in the domestic market, the aim being focused on gradually replacing the linear production model with circular models (Plan PEMAR 2016-2022, España Circular 2030 [State Waste Framework Plan for Spain's Circular Economy]).

In Portugal, business opportunities related to soil decontamination activities and new urban sanitation contracts stand out.

In the United Kingdom in 2020, the economic forecasts for 2021 are marked by the impact of its departure from the EU and the effects of the Covid-19 pandemic, which will continue to weigh down its performance during the first half of 2021. To respond to this uncertainty, the UK Government has announced an extension of financial aid until at least March 2021. In the environmental area, once its membership of the EU ends, the UK will nevertheless remain committed to the EU's circular economy objectives and recycling goals, therefore no sudden changes are expected. Additionally, the Government is promoting new measures to encourage the recycling of plastics with the introduction of a tax on packaging and supporting measures to reduce CO₂ emissions. The sector, strongly conditioned by environmental legislation, will continue to await legislative developments in these aspects. In the short term, the market for recycled products has become more restrictive, prioritising quality and experiencing price volatility; the export of refuse-derived fuel (RDF) to Europe will be affected by trade barriers and by the development of new treatment plants, a process in which our division in the United Kingdom is already involved, continuing with its production strategy of energy through waste treatment.

Moderate organic growth is expected in Central and Eastern Europe. Although the economic indicators show significant growth compared to 2020, a lower budget allocation is expected in many municipalities (in activities such as street cleaning, gardening, pruning, winter services) due to the need to allocate funds to other activities due to Covid-19. The start of several major soil decontamination projects will probably also be delayed for the same reason. Similarly, many businesses will suffer the financial consequences of the end of public aid and it is very likely that normal economic activity will not restart again until the second semester since, even with the existence of vaccines, the logistical challenge of their application will probably include new periods of restrictions in almost all territories.

In relation to the implementation of the business model, Austria is a mature and fully developed market while the other three most important countries, the Czech Republic, Slovakia and Poland, must gradually transform their business model, reducing volumes in landfills and increasing treatment and recycling activities in order to adapt to European Union directives. In principle, this process is more medium term (2026-2030) but, given that the obtaining of permits and the final construction of treatment plants or incinerators is long term, various projects that could be started in the short term have already begun to be analysed.

As far as the USA is concerned, it represents a market with high development potential for a company with the know-how, experience and use of the most advanced and efficient technologies in providing quality environmental services, as FCC has.

End-to-End Water Management

Expectations for 2021 are for a growing recovery in the levels of activity that have been affected by the Covid-19 pandemic, mainly in regions where demand is more closely linked to tourism and second

homes. In this regard, we expect a recovery from the second half of the 2021 business year, which will be reinforced by the new contracts added to the scope during 2020, as well as by the maintenance of the high contract renewal rates that Aqualia consistently achieves at their expiration. This increase in revenues will lead to an improvement in profits, reinforced by the continuation of cost optimisation actions and operational optimisation measures in the contracts included in the management scope.

In **Spain** in the area of **Service concessions** for the End-to-end Water Cycle, for 2021 it is worth mentioning the expectation of maintaining similar renewal rates to those of 2020, exceeding 90%, although many new contracting opportunities are not expected due market apathy.

With regard to Europe, in **Portugal**, prospects of a slight reactivation of the concession business is expected after the legislative elections held in 2019 and based on the high budget deficit of the Municipalities and the need for infrastructure investment. Similarly, a further increase in the growth of operation and maintenance contracts is expected to be promoted by the public companies belonging to Aguas de Portugal. It is expected that the proper authorities will continue with the search for solutions to the management of sludge from the country's wastewater treatment plants.

In **France** new tenders are expected for the assignment of public services due to the termination of the contractual deadline for some of the existing contracts in the country.

In **Saudi Arabia** the process of modernisation and provision of the country's hydraulic infrastructures will continue, promoted by the Government in the Vision 2030 programme, by means of public-private collaboration. The infrastructure concession contracts tendered in 2020 will be definitively awarded and the bid for new BOT projects in the field of desalination and purification is expected to take place. Bids for operation and maintenance contracts for water and sanitation services in the six regions into which the Saudi kingdom has been divided will also begin.

In 2021, Aqualia will consolidate the operation of the new sanitation contract for **Abu Dhabi** and that for the WWTP in Al Dhakira, in **Qatar**.

In LATAM, the construction phase of the Guaymas SWDP (**Sonora, Mexico**), will be completed, giving way to a 20-year period of operation, and of the PTAR Salitre (**Colombia**). In both countries, new concessions for desalination hydraulic infrastructure will be tendered in the states of Baja California and Sonora and for purification within the Bogotá river decontamination programme.

Finally, in **Peru** the preparation of the significant private initiatives declared in favour of Aqualia will continue (5 treatment plants and 1 desalination plant) and in the **USA**, there will be a presentation of the projects currently under study to their corresponding clients under the formula of "unsolicited proposals", for their evaluation and, if accepted, for subsequent execution.

Construction

In the international market, FCC focuses on countries and markets with a stable presence and on the execution of projects with guaranteed financing.

The search for contracts in the domestic and international markets is one of the Group's objectives, although this is done through demanding risk management that must provide access to a selective backlog of projects that ensure the company's profitability and cash flow generation.

Taking into account the above, it is estimated that in 2021, the turnover obtained in Spain will remain similar to that obtained in 2020.

In the foreign market, it is estimated that turnover in 2021 will be similar to that obtained in 2020, with the development of large infrastructure works obtained between 2018 and 2020 and the contribution of markets in America (Central America, Mexico, Chile, Peru, Colombia), the Middle East (Saudi Arabia) and Europe (the Netherlands, the United Kingdom, Norway and Romania).

Cement

The Bank of Spain forecasts a fall of 11% in the Spanish economy for 2020, demonstrating its permeability to major international crises. The economic outlook is conditioned by how the situation with the virus evolves and although the progress in obtaining vaccines significantly reduces the unknowns, uncertainty remains about when the pandemic will be completely overcome. The Bank of Spain in its intermediate scenario forecasts that the Spanish economy will grow by 6.8% in 2021 and 4.2% in 2022 with unemployment rates of 18.3% and 15.6%, respectively. The Spanish economy will not recover its pre-pandemic levels until 2023.

According to the Association of Infrastructure Contractors and Concessionaires (Seopan), it is estimated that public contracting fell by 39.7% in 2020. According to Oficemen, the trend in cement market consumption in 2021 will be in range of between -3.0% and 3%. In Tunisia, growth of 5%, up to 6.1 million tonnes, is estimated in the domestic market for 2021, after the strong contraction suffered in 2020 where it fell by 10% to around 5.8 million tonnes.

In this context, the Cementos Portland Valderrivas Group will continue to develop its cost containment and investment optimisation policies and to adapt all its organisational structures to the reality of the various markets in which it operates, with the aim of improving the generation of resources.

8 R&D+I ACTIVITIES

The FCC Group's R&D&I activities in 2020 have resulted in more than 40 projects.

These projects seek to respond to the challenges of each business area while maintaining overall coordination between the different business areas of the FCC Group.

The activities of the different Business Areas and the main projects developed throughout 2020 are detailed below.

ENVIRONMENTAL SERVICES

In the environmental services activity, we have continued with the development of projects started in previous years, such as:

- **VISION.**
- **BICISENDAS.**
- **INSECTUM.**
- **H2020 SCALABLE TECHNOLOGIES FOR BIO-URBAN WASTE RECOVERY (SCALIBUR).**
- **LIFE 4 FILM.**

In addition, new ones have been launched during 2020, which are summarised below:

- **DEEP-PURPLE:** It consists of the conversion of complex molecules present in the organic matter of urban solid waste into sustainable materials and products in bio-refineries through the metabolism of the "Purple Photosynthetic Bacteria". Thermal hydrolysis is used to extract the organic matter from the separate collection and incorporate it into the liquid phase.
- **RECYGAS:** It delves into the research of waste gasification and enables the use of clean synthetic gas obtained from the gasification process to initiate chemical synthesis routes (whose products would no longer have the status of waste) or its use in high-efficiency electricity generation cycles. The technology that the project incorporates would allow it to climb up the waste management hierarchy towards recycling.
- **B-FERTS:** The main aim is to integrate the revaluation of bio-waste in agriculture by creating new value chains of bio-based circular economy, coming from municipal solid wastes and the agricultural industrial sector and aimed at the production of mineral and organo-mineral fertilisers, developing the nutrient mixes suitable for their application. Its aim is to change the traditional value chain of fertiliser production and evolve from a linear manufacturing system to a lean manufacturing system, based on a circular economy that will be developed in B-FERST.
- **LIFE-PLASMIX:** The main objective is the practical demonstration on a semi-industrial scale of an innovative recovery and recycling process of the MIX fraction of MSW, the revaluation of polypropylene (PP) and polystyrene (PS) in the form of high quality pellets ready to be used in the manufacture of new products, such as packaging.
- **LIFE- LANDFILL BIOFUEL:** This project pursues the technical demonstration of a profitable system for the production of vehicular biomethane from landfill biomethane through the implementation of new techniques for the exploitation of landfill cells and the use of an innovative upgrading technique that combines filtering with membranes and the PSA vacuum adsorption system. This holistic approach implies the revaluation of landfill biogas as an alternative fuel for light and heavy lorries, carrying out break-in tests on them.

END-TO-END WATER MANAGEMENT

FCC Aqualia's innovation activity is in line with European policies for the transition to a circular economy with a zero carbon footprint, seeking the development of new smart management tools and new proposals for sustainable services. In this way, the Department of Innovation and Technology (DIT) supports the company in achieving the United Nations Sustainable Development Goals (SDGs), towards an affordable and high quality water and sanitation service (SDG 6), optimising its energy balance (SDG 7) and avoiding its impact on the climate (SDG 13) through sustainable production and consumption (SDG 12).

The projects developed by the DIT during 2020 seek to strengthen FCC Aqualia's technological proposal in four lines of work: Quality, Eco-Efficiency, Smart Management and Sustainability.

The major projects in 2020 are listed below:

- **RIS3 VALORASTUR:** With the aim of achieving eco-efficient wastewater treatment, the RIS-3 programme of the Institute of Economic Development of the Principality of Asturias (IDEPA) has supported FCC Aqualia's collaboration with two large public companies and the SME Ramso. Together with the Institute of Carbon Science and Technology (INCAR - part of the Spanish National Research Council (CSIC) in Oviedo), new low-cost adsorption materials (at less than €500/t) have been developed from dried sewage sludge, with activation by pyrolysis.

The project also implemented the optimisation of the nutrient removal process at the San Claudio WWTP. The reduction in electricity costs, in the minimisation of the purchase of iron salts (by optimising the biological elimination of phosphorus), and in mud production, is close to 30k €/year, which means that the costs of improving the automated control system can be amortised in less than a year.

- **INTERCONECTA ADVISOR:** Co-financed by the CDTI with FEDER funds, the project has implemented new pre-treatment and co-digestion methodologies for meat waste (Maguisa) at the WWTP managed by FCC Aqualia in Guijuelo, supported by municipality and with the collaboration of AINIA. A new digester control system based on LIDAR (Laser Imaging Detection and Ranging) technology is also being developed to detect foams.

ADVISOR has been selected as one of 101 business actions of the 2020 #PorElClima (For The Climate) community, and its CO2 reduction impact has been certified by the Carbon Fund for a Sustainable Economy (FES-CO2) of the CLIMA Programme of the Ministry for the Ecological Transition (Miteco).

- **LIFE ICIRBUS:** Led by the Intromac technology centre and with six other partners from Extremadura, the project has developed a prototype at the wastewater treatment plant in Lobón (Extremadura), managed by FCC Aqualia, to demonstrate the adsorption of metals contained in some wastewater treatment plant sludge by biomass fly ashes from the company ENCE. The process was protected with a utility model, and the treated ashes are integrated as aggregates in building materials, while the residual sludge reduces its odours, and is added to a compost that was used for different crops.
- **LIFE METHAMORPHOSIS:** As part of this project led by FCC Aqualia, together with five other entities (Área Metropolitana de Barcelona AMB, FCC Medio Ambiente, Naturgy, Icaen and SEAT), two biomethane production demonstration plants were implemented.

Development continues with the LIFE Infusion project to prepare design parameters for future AMB resource recovery plants, and to evaluate technologies in Asturias with another waste management contractor (Cogersa).

- **H2020 MIDES:** The project, with eleven partners from seven countries, has led to the setting up of two demonstration units of a new biological desalination technology, patented by FCC Aqualia and IMDEA Agua, in plants operated by FCC Aqualia in Denia/Alicante and Guía de Isora/Tenerife. This microbial desalination cell (MDC) reduces the energy cost of desalination by up to ten times compared to traditional seawater reverse osmosis. Instead of electrical energy, residual organic matter from effluents is used to activate bacteria that generate a difference in power without external energy input, to move salts through ion exchange membranes, at the same time as the treatment of wastewater effluent that serves as fuel.

The project has also contributed to the construction of the Desalination Innovation Centre in Denia, where a platform has been built to evaluate various pre-treatments, with multi-membrane and media filtration pilots. In addition, re-mineralisation post-treatments and alternative disinfection methods without resorting to hypochlorite are optimised.

- **RIS3 RE-CARBÓN:** Financed by IDEPA with FEDER funds, and led by the engineering company INGEMAS with two SMEs (Biesca and InCo), Aqualia supports the MCAT institutes (Microwaves and Carbons for Technological Applications) of the INCAR (Institute of Carbon Science and Technology) of the CSIC and the CTIC (Information and Communication Technology Centre Foundation) in the

investigation of methods of adsorption of pollutants by regenerated activated carbon and biochar. The aim is the cost-effective supply of a sustainable adsorbent for water or gas applications.

The feasibility of cleaning biogas at the Jerez, Chiclana and Lleida WWTPs and deodorisation at the San Claudio and Lúcar WWTPs is being tested. The adsorption of micro-pollutants and new sensors that allow real-time monitoring at the Grado WWTP and the Cabornio DWTP are also being studied.

- **JPI MARADENTRO:** The project "Managed Aquifer Recharge: Addressing The Risks of Regenerated Water" is led by the Institute of Environmental Assessment and Water Research in the European Horizon 2020 ERA-NETs Cofund WaterWorks2018 programme, with the participation of partners in France, Italy and Sweden.

A 400 m² infiltration system will be built at the Medina del Campo WWTP for the advanced treatment of treated water and its reuse in recharging aquifers. With the scientific institutes, system design and simulation tools will be developed, optimising the operation and costs of processing contaminant removal compared to conventional tertiary treatment.

- **H2020 SABANA:** The University of Almeria leads eleven partners from five countries (including the Czech Republic and Hungary) with three large companies: FCC Aqualia, Westfalia (Germany) and the Italian food group Veronesi. The project optimises the production of new biofertilisers and bio-stimulants from algae, and work is nearing completion on two cultivation units totalling five hectares and corresponding bio-refineries at the WWTPs of Mérida and Hellín (Albacete).
- **H2020 RUN4LIFE:** Led by FCC Aqualia, a consortium of fifteen entities in seven countries implements in four demonstration sites (Sneek/Netherlands, Ghent/Belgium, Helsingborg/Sweden and Vigo/Spain) new concepts of nutrient retrieval from the separation of grey and black waters.

In Vigo's Free Trade Zone, FCC Aqualia operates an MBR in an office building for grey waters, which is reused in the toilets, and an AnMBR in black waters to produce bioenergy. Various nutrient recovery options are tested, followed by advanced oxidation to remove viruses and processing contaminants, and by evaluating the quality and safety of effluents and by-products as fertilisers through greenhouse cultivation trials.

A larger installation is being prepared at the Balaídos industrial estate with effluent from Citroën, and the bioelectrochemical FBBR technology (Elsar patented process) is being evaluated for the direct treatment of sewage, using the inoculum from the Guijuelo reactor as biomass.

An important part of the project is the dialogue with the users of new services and by-products to optimise services and water and energy consumption through decentralised management of these systems and to assess the effect of new fertilisers.

- **H2020 SCALIBUR:** The project led by the Itene technology centre and involving twenty-one partners from ten countries, reached its halfway point in 2020. Since the end of 2018 and with a duration of four years, it has focused on waste reduction and recovery on a European scale. With the participation of FCC Medio Ambiente, the project focuses on improvements to waste processing plants in Madrid, Lund (Sweden) and Rome (Italy) to recover resources and promote the circular economy.

Within this framework, Aqualia has implemented new sludge treatments at the Estiviel WWTP (Toledo), with improvements in thickening (Orege system) and dual digestion in two stages, and simplifying mud stabilisation without heated concrete structures. The project has facilitated initial

innovation activities at SmVaK in the Czech Republic, to convert organic matter into by-products and bioenergy.

- **BBI DEEP PURPLE:** Led by FCC Aqualia and supported by thirteen partners from six countries, the project implements on a demonstration scale a new bio-refinery model, which integrates purple phototrophic bacteria (PPB) in anaerobic carousel-type systems. These bacteria use solar energy to treat wastewater without aeration, and transform the organic content of wastewater and municipal wastes into raw materials for biofuels, plastics, cellulose and new base materials in the chemical and cosmetics industry.

A first FCC Aqualia prototype is operating at Toledo-Estiviel, and a demonstration reactor 10 times larger is planned for the Linares WWTP. Parallel activities are also being prepared at the SmVaK WWTP in the Czech Republic.

- **BBI B-FERST:** With Fertiberia as the leader, and with ten partners from six different countries, FCC Aqualia is involved in the development of new biofertilisers from urban wastewater and by-products from agri-food industries. The potential of recovered raw materials in the production of fertilisers in three countries (Spain, Italy and the Czech Republic) is analysed, and a struvite precipitation system is developed at the Jerez WWTP to incorporate recovered phosphorus in a new Fertiberia bio-based fertiliser demonstration plant in Huelva.
- **LIFE INTEXT:** The project is led by FCC Aqualia, with the AIMEN and CENTA technology centres and the Aarhus University in Denmark supporting SMEs in Germany, Greece and France to optimise low-cost wastewater treatment technologies in small towns. The aim is to minimise energy costs, carbon footprint and waste, and to provide ecologically and economically sustainable solutions. The construction of a demonstration platform for these technologies at the Talavera WWTP operated by FCC Aqualia is in its final phase.
- **LIFE ULISES:** The project coordinated by FCC Aqualia is supported by three technology centres, CENTA, EnergyLab and CieSol of the University of Almeria. To optimise and transform conventional WWTPs into "energy production factories", eliminating their carbon footprint, anaerobic pretreatment with the PUSH reactor is being implemented at the El Bobar WWTP in Almeria, operated by Aqualia, which is also being evaluated at two WWTPs in Portugal. Digestion is improved by hydrolysis and biogas is used as a vehicle fuel with an ABAD BioEnergy refining system and a biomethane dispenser.
- **LIFE INFUSION:** After the completion of the Life Methamorphosis project, the Barcelona Metropolitan Area wanted to extend the project to prepare the designs for several new resource recovery plants. Together with the EureCat technology centre and the operator of Ecoparc2, EBESA, the leachate digestion system will be optimised with FCC Aqualia, AnMBR and ELAN technologies, with the addition of an ammonia stripping system from the Belgian SME DetriCon. Two waste management entities, Cogersa in Asturias and AMIU in the region of Genoa/Italy are also participating to evaluate the options for implementing the solutions in their plants.
- **LIFE PHOENIX:** The project, led by FCC Aqualia and supported by the technology centres CETIM and CIESOL, will optimise tertiary treatment to achieve the most ambitious aims of the new European regulation on water reuse (EU 2020/741). In order to evaluate various effluents, from ADP in Portugal, the Almeria Provincial Council and the Guadalquivir Hydrographic Confederation, three mobile plants have been designed, a 50 m³/h physical-chemical treatment plant, a 30 m³/h filtration plant and a 20 m³/h ultrafiltration plant.
- **LIFE ZERO WASTE WATER:** The project, led by FCC Aqualia, will demonstrate at the Valdebebas WWTP, with Canal Isabel II as a partner, the combined treatment of Urban Wastewater and of

Organic Fraction of Municipal Solid Waste (OFMSW) with the AnMBR anaerobic reactor, followed by ELAN in the water line, for 50 m³/d, allowing water treatment with a neutral carbon footprint. The management of OFMSW at a municipal level and the possibility of connection with the sewer system for the transport of the mixture in a single stream.

- **H2020 SEA4VALUE:** Led by the EureCat technology centre, and with 14 partners from seven countries, the project focuses on recovering resources from concentrated brine in seawater desalination plants (SWDPs), with basic scientific developments funded 100% by the EU. At its Desalination Innovation Centre in Denia, FCC Aqualia will continue to develop solutions for the revaluation of brine and new desalination methods, with solar concentration of brine, selective precipitation of magnesium, obtaining chlorine dioxide, and optimisation of the remineralisation of permeate with micronised calcite, reducing CO₂ consumption, turbidity and the size of the installation. The implementation of pilot units in the various WWTPs operated by FCC Aqualia will be evaluated, with an analysis of the technical and economic impact.
- **H2020 ULTIMATE:** In the "Smart Water Economy" call for proposals, FCC Aqualia participates in two of the five selected consortia, which receive up to 15 million euros of support per project. In Ultimate, led by the Dutch technology centre KWR, nine demonstrations of synergies between water utilities and industries are implemented with 27 partners.

At the Mahou WWTP in Lleida, operated by FCC Aqualia, the comparison of the FBBR (Elsar) and AnMBR anaerobic reactors at a 20 m³/h scale is being prepared to recover biomethane and power a fuel cell. The co-digestion of yeast is also being studied, as well as support for FCC Aqualia's other client partner, Aitasa.

- **H2020 REWASE:** The Rewaise project has the largest business participation of the five projects selected in the "Smart Water Economy" call for proposals, and FCC Aqualia leads the twenty-four partners including water companies from the UK (Severn Trent), Sweden (Vasyd) and Poland (AquaNet) and 7 SMEs to implement new circular economy and digital management solutions in nine "living labs" including FCC Aqualia's implementations in Badajoz, Canary Islands, Denia and Vigo.

Rewaise reinforces FCC Aqualia's strategic lines of technological development, with sustainable desalination and new membranes, the recovery of materials from brine, the reuse of wastewater and its transformation into energy and by-products, and the simulation of water quality, processes and networks.

In addition, in 2020, four new patents were granted. The first one related to the Anaerobic Membrane Reactor. The second was granted for the Bio-electrochemical Fluidised Bed. The third on a Photobioreactor with purple bacteria and finally the fourth on the Microbial Desalination Cell.

CONSTRUCTION

FCC Construcción promotes an active policy of technological development, constantly bringing innovation to its projects, with a strong commitment to research and development, sustainability and contribution to the quality of life of society as competitive factors. This innovation policy is coordinated with all other business areas of the FCC Group.

The development and use of innovative technologies to carry out the works is an important contribution to added value and is a differentiating factor in today's highly competitive and internationalised market.

The three types of projects developed by FCC Construcción and its investee companies are: internal projects, projects with other companies in the FCC Group and projects in collaboration with other

companies in the sector or other related sectors, often with technology-based SMEs, which enables open innovation projects to be carried out with the participation of the value chain and occasionally in horizontal cooperation. In addition, the presence of universities and technology centres is essential in almost all projects.

Some of the projects are carried out in a consortium formed with Public Administrations, as is the case of the European Project LIFE **ZERO IMPACT**, *Development and demonstration of an anti-bird strike tubular screen for High Speed Rail lines*, in which the Administrator of Railway Infrastructures (Adif) participates.

The projects highlighted in 2020 are listed below:

- **ZERO IMPACT:** The aim here is the development of a bird anti-collision screen, with a design based on free-standing tubes.
- **ROBIM:** project within the CIEN programme financed by CDTI (Centre for the Development of Industrial Technology) the objective of which is autonomous robotics for the inspection and evaluation of existing buildings with BIM integration, with the development of an automated, active and multidisciplinary technology for the inspection, evaluation and diagnosis of the composition and state of conservation and energy efficiency of the enclosures of the building assets, which facilitates obtaining accurate and sufficiently detailed information on the construction systems and pathologies as well as an in-depth analysis of the building.
- **PWDRON:** Project financed by CDTI (Centre for the Development of Industrial Technology), the objective of which is the development of a centralised system for the automated monitoring of the execution of infrastructures in linear civil engineering works, using drones with advanced technological features, as well as the development of a new technological platform for the exchange, processing and distribution of data in BIM.
- **REFORM2:** Project presented with the help of the Catalan Waste Agency and whose objective is the recovery of by-product (of 0/6 porphyry, a by-product that originates from the generation of ballast and gravel) from quarry extraction through its incorporation into thermoset and thermoplastic matrices for different applications.
- **BIMCHECK:** Innovation project approved by CDTI consisting of the implementation of a secure and automated technological management environment based on BIM and Blockchain for FCCCO's quality processes.
- **BICI SENDAS:** project within the 2018 CIEN programme from CDTI, the aim of which is the development of a sustainable, energy self-sufficient, intelligent, decontaminating, integrated and safe cycle lane.
- **POTAMIDES:** MATINSA project and approved by CDTI whose objective is the development of a new technologically advanced universal tool that allows the decision-making in the comprehensive management of the hydraulic public domain at a hydrographic basin level, with the purpose of optimising the availability and quality of the resource guaranteeing the satisfaction of demands.
- **PIELSEN:** belonging to the Challenges-Partnership programme, seeks to create a homeostatic 3D wrap-around architecture to create intelligent adaptive sensitive skin on Building Facades.
- **SAFE:** project of the Challenges-Partnership programme, where the objective is the Development of an Autonomous System for Anchoring Structures in Maritime Construction Work. This smart

system makes it possible to reduce dependence on human resources, minimise risk, maximise efficiency and increase the safety of field manoeuvres.

- **STARPORTS:** Project of the ININTERCONECTA programme (Canary Islands) of CDTI, which will develop a Distributed Wireless System of monitoring, prevention and action for Coastal Management. It consists of the development of a smart platform capable of providing detailed information on the state of any maritime infrastructure in real time. It is also intended to develop advanced sensor networks that can be integrated within the same infrastructure and allow significant and reliable data on the state of the infrastructure to be obtained.
- **RESALTO:** Project financed by CDTI with the aim of researching and developing sustainable road elements for speed reduction. Three main objectives are investigated; power generation, safety signalling and environmental connectivity.
- **SAFETY 4D:** Project financed by CDTI and the objective of which is to develop an advanced and high performance process for occupational hazard prevention in construction with the implementation of the BIM methodology.
- **ONLYBIM:** A Project of the IDEPA of the Principality of Asturias regional programme, the aim of which is the development of a module for the design and execution of Non-Linear Works under BIM methodology
- **GAUDI:** Project approved in the call for projects in collaboration with CDTI and consisting of the development of a Knowledge Management platform based on Artificial Intelligence algorithms and Content Curation techniques.

FCC Construcción participates in many European and national R&D organisations that share the objective of coordinating the company's role as a driving force for research, development and technological innovation in the building area, in accordance with the proposals of the European Union's current H2020 programme.

CEMENT

In 2020, Cementos Portland Valderrivas Group continued its collaboration in the European R&D project, **BIORECO2VER**, in which it is a leading partner.

This project aims to obtain alternative processes for the production, on a commercial scale, of certain chemical products (like isobutene or lactic acid) in a more sustainable way from the capture of industrial CO₂ emissions.

The ultimate goal is to use this industrial CO₂ as a raw material and stop depending on fossil resources for the manufacture of these products.

In 2019, Cementos Portland Valderrivas Group made its main contribution, the characterisation of the emission gases, capturing them "in situ" and sending them to its partners, LTU and Enobraq. Currently, part of the captured gases remain in custody at the El Alto factory in case new tests, analysis, etc., are necessary.

9. OTHER RELEVANT INFORMATION. SHARE PERFORMANCE AND OTHER INFORMATION

9.1. Share Data

Attached is a table detailing the performance of FCC's shares during the year compared to the previous year.

	Jan. – Dec. 2020	Jan. – Dec. 2019
Closing price (€)	8.80	10.52
<i>Change in the period</i>	-16.3%	-3.4%
Maximum (€)	11.96	12.80
Minimum (€)	7.17	10.36
Average daily trading (nº of shares)	74,593	46,163
Average daily trading (million euro)	0.7	0.5
Capitalisation at end of period (million euro)	3,600	4,127
No. of shares circulating at closure	409,106,618	392,264,826

9.2. Dividends

The Company's Board of Directors resolved to execute the decision adopted at FCC's General Shareholders' Meeting on 2 June 2020, under item six on the Agenda, to distribute a scrip dividend. On 24 June, a cash payment of 0.40 euros gross per share was made to those shareholders who requested it. On 2 July, the bonus issue of 16.841,792 shares was registered, bringing the capital stock to 409.106,618 shares, which were listed on 10 July 2020.

10. DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES ACCORDING TO ESMA REGULATIONS (2015/1415en)

EBITDA

We define EBITDA as earnings from continuing operations before tax, results of companies accounted for using the equity method, financial result, depreciation and amortisation charges, impairment, gains or losses on disposals of non-current assets, subsidies, net changes in provisions and other non-recurring revenues and expenses. The reconciliation of EBITDA to the income statement headings is as follows

	Dec. 2020	Dec. 2019
Operating profit/(loss)	572.7	511.6
Depreciation of fixed and non-current assets and allocation of grants for non-financial fixed and non-current assets, and other assets	477.3	449.1

Impairment and gains/(losses) on disposal of fixed and non-current assets	(6.9)	59.8
Other gains/(losses)	4.4	5.3
EBITDA	1,047.5	1,025.8

EBIT

This corresponds to the operating profit/(loss) in the consolidated income statement presented in the accompanying consolidated financial statements.

BACKLOG

The FCC Group uses backlog as an extra accounting measure in certain areas of our businesses. We calculate the backlog for our Environment, Water and Construction business areas because these businesses are characterised by medium- and long-term contracts. Because of its typically short-term purchase cycle, we do not calculate backlog for our Cement business area.

As at any given date, the backlog reflects pending production, that is, amounts under contracts or customer orders, net of taxes on production, less any amounts under those contracts or orders that have already been recognised as revenue. We value pending production according to the expected number of units at current prices as at the date of calculation. We include in backlog only amounts to which clients are obligated by a signed contract or firm order.

In the Environment area, we recognise the backlog for our waste management contracts only when the relevant contract grants us exclusivity in the geographical area where the plant, landfill or other facility is located.

In our Water business area, we calculate initial backlog on the basis of the same long-term volume estimates that serve as the basis for our contracts with customers and for the tariffs set in those contracts.

In our Construction business area, we recognise the backlog only when we have a signed contract with, or a firm order from, the end customer.

Once we have included a contract in our backlog, the value of pending production under that contract remains in backlog until fulfilled or cancelled. However, we do adjust the values of orders in the backlog as needed to reflect price and schedule changes that are agreed with clients. For example, after the date of calculation, a price may increase or decrease as a result of changes in contractual production due to additional works to be performed. Due to a number of possible factors, we could fail to realise as revenue part or all of our calculated backlog with regard to a given contract or order. Our backlog is subject to adjustments and project cancellations and is, therefore, an uncertain indicator of future earnings.

In the Real Estate area, the FCC Group calculates the backlog as the amount of the collection corresponding to the sales of homes pending completion at year-end.

NET FINANCIAL DEBT

Net financial debt is defined as total gross financial debt (current and non-current) less current financial assets, cash and other current financial assets. The calculation of net debt is provided in note 29 to the consolidated financial statements.

VOLUNTARY TURNOVER RATE

Ratio of voluntary departures during the year to staff. Both voluntary departures and leaves of absence are considered to be low.

11. ANNUAL CORPORATE GOVERNANCE REPORT

The Annual Corporate Governance Report is available on the website of the National Securities Market Commission and on the issuer's website.

<https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=1&nif=A-28037224>

12. NON-FINANCIAL INFORMATION STATEMENT

Fomento de Construcciones y Contratas, S.A.

Auditor's report on the information
relating to the system of Internal
Control over Financial Reporting (ICFR)
of Fomento de Construcciones y
Contratas, S.A. for 2020

25 February 2021

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

AUDITOR'S REPORT ON THE "INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)" OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. FOR 2020

To the Directors of Fomento de Construcciones Contratas, S.A.,

As requested by the Board of Directors of Fomento de Construcciones y Contratas, S.A. ("the Entity") and in accordance with our proposal-letter of 16 July 2020, we have applied certain procedures to the accompanying "Information relating to the ICFR" system of Fomento de Construcciones y Contratas, S.A. for the year ended 31 December 2020, which summarises the internal control procedures of the Entity in relation to its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the accompanying information relating to the ICFR system.

It should be noted in this regard that, irrespective of the quality of the design and operational effectiveness of the internal control system adopted by the Entity in relation to its annual financial reporting, the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Entity was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Entity's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the "Guidelines on the Auditor's Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Entities", published by the Spanish National Securities Market Commission (CNMV) on its website, which establish the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Entity's annual financial reporting for the year ended 31 December 2020 described in the accompanying Information relating to the ICFR system. Therefore, had we applied procedures additional to those established in the aforementioned Guidelines or performed an audit or a review of the system of internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the audit regulations in force in Spain, we do not express an audit opinion in the terms provided for in those regulations.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Entity in relation to the ICFR system -disclosure information included in the directors' report- and assessment of whether this information includes all the information required in accordance with the minimum content described in section F, relating to the description of the ICFR system, of the model Annual Corporate Governance Report established in CNMV Circular no. 5/2013, of 12 June 2013, and subsequent amendments, the most recent being CNMV Circular 1/2020, of 6 October ("the CNMV Circulars").
2. Inquiries of personnel responsible for preparing the information detailed in point 1 above for the purpose of: (i) obtaining an understanding of the process that goes into drawing up the information; (ii) obtaining information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) obtaining information on whether the control procedures described are in place and functioning at the Entity.
3. Review of the explanatory documents supporting the information detailed in point 1 above, including mainly the documentation furnished directly to those responsible for describing the ICFR system. In this regard, the aforementioned documentation includes reports prepared for the Audit and Control Committee by internal audit, senior management and other internal or external specialists.
4. Comparison of the information detailed in point 1 above with the knowledge on the Entity's ICFR system obtained through the procedures applied during the financial statement audit work.
5. Perusal of the minutes taken at meetings of the Board of Directors, the Audit and Control Committee and other committees of the Entity in order to assess the consistency of the ICFR system issues addressed at those meetings with the information detailed in point 1 above.
6. Obtainment of the representation letter concerning the work performed, duly signed by the personnel responsible for preparing and formulating the information detailed in point 1 above.

The procedures applied to the information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the information.

This report has been prepared exclusively in the context of the requirements of Article 540 of the Consolidated Spanish Limited Liability Companies Law, and of the CNMV Circulars, for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.



Raquel Martínez Armendáriz

25 February 2021

Fomento de Construcciones y Contratas, S.A.

Auditor's report on the information
relating to the system of Internal
Control over Financial Reporting (ICFR)
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