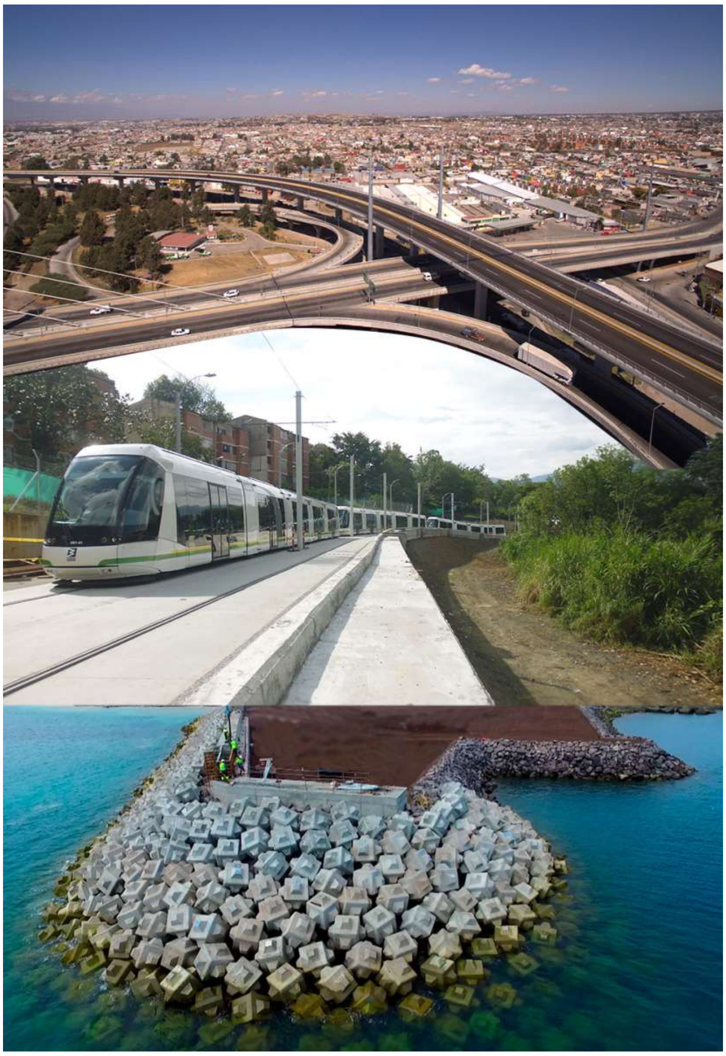
Results Report
2018



28 February 2019

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1. GROUP PERFORMANCE

The 2018 financial year, following the sale of the Concessions division, has been marked by the start of a **transformation and resizing stage** in the company, led by **our new management team**, focusing on recovering **profitability and cash creation.** This is why the company has a clear **roadmap** seeking to generate EBITDA and positive cash flow, **which has already started to pay off in 4Q2018.**

The **short-term order book** of the Group at the end of 2018 totalled 5,877 million euros, with new orders of 3,116 million euros. Regarding the **construction order book it** has reached 5,241 million euros, representing 25.4 months of sales; the order book is diversified in geographical and project size terms. It will contribute with **an average gross margin of approximately 6.5%,** which will be recognised as projects are gradually executed.

Construction new orders have increased to 2,691 million euros. These new orders were awarded mostly within the Group's three main regions, led by U.S.A. (39%) and Europe (38%). Of interest is a contract signed to rehabilitate the Throgs Neck Bridge in New York, for 212.6 million euros (as advanced in last quarter), an award to update the Sudomerice-Votice railway line in the Czech Republic for 172.2 million euros, improvement in the ESI-33 station in New York, for 100.0 million euros, and rehabilitation of the New York river bank, for 83.8 million euros.

Following a **review of construction and industrial order book projects,** completed in the year (removing all those files and claims without high probability of achievement), during **4Q2018 the average gross margin** of completed works has been increased up to 54 million euros, **representing approximately 6% of the sales executed.**

As regards the **plan announced to reduce overhead** costs, during the 2018 financial year total overhead expenses have amounted to 198 million euros (6.7% over Sales), representing a **17.5% fall over 2017** (representing 7.2% over the sales of that year). Likewise, and with the decisions implemented at the end of 2018, the Company estimates that in 2019 the overhead expenses will be below 150 million euros (4,9% over Sales), without renouncing to continue reducing them gradually until approaching the set targets of 4% on Sales for 2020.

Thus, with the measures previously described, the **EBITDA** in 4Q2018 totalled **19 million euros**, providing greater visibility to the yield obtained by recurrent business once removing underperforming projects and fulfilling what was announced in the presentations of results for 3Q2018.

€m	9M 2018	4T 2018
Sales	2.049	906
Gross margin	(317)	54
% Margin	(15%)	6%
EBITDA	(468)	19
% Margin	(23%)	2%

Also the efforts made in relation to Cash control have paid off in 4Q2018, allowing ending the year with a **negative net debt of -346.8 million euros**, ergo, positive net cash in line with the company's expectations and without counting on the sale of Ciudad Mayakoba. The **recourse liquidity totals 1,033.3 million euros**, still generating the necessarily flexibility for the company to focus its effort on recovering the construction business.

Consequently, at December 2018, the company had a more solid financial position than announced:

- **1,033.3 million euros of recourse liquidity** (not including sale of Mayakoba)
- **No short-term debt maturities** (73 million euros in bonds maturing in March 2020; 323 million euros in bonds maturing in March 2022; and 270 million euros in bonds maturing in March 2023).
- Negative net debt of -346.8 million euros, that is to say, positive net cash.

KEY FIGURES OF THE P&L ACCOUNT

Before discussing the key figures of the P&L account, it should be pointed out that following the sale in April of minority stakes in hotel companies, part of the land of the **Mayakoba** complex, and the signing in October of a sale agreement over the assets making up the **Ciudad Mayakoba** project, Developements division has now been classified as Discontinued Activity in the Financial Statements; Canalejas and the Old War Office (OWO) assest will remain apart as they will not be part of the divestment process of the activity initiated and will be registered as stakes into the equity method.

The key figures of the P&L Account for the 2018 financial year are the following:

Sales

In operating terms, the 2018 P&L account reflects **Sales** of 2,954.4 million euros, representing a **6.9% fall** over the same period the previous year; this is mainly due to less activity in Construction and Industrial.

Attributable Net Profit

Attributable Net Profit totalled **-1,529.8 million euros**, affected by large operations and non-recurring effects:

1. Continuous application of the new accounting standard for revenue recognition which involves removing any proceedings and claims without a high probability of success. Any **projects with a final forecast of negative results have been registered for the total losses** at the time. As a consequence of the criteria adopted, negative gross margins have been recognised in Construction and Industrial of -286.1 million euros at September 2018; **improvements in the margins were registered in regular works during the last quarter** of the year for a total of 50,8 million euros, reaching a margin of -235.3 million euros in the year.

2. After successfully completing the provisional delivery and handover of Phase I of the CHUM Hospital at the end of 2017, in the subsequent period for the commissioning and putting into service of the hospital by the customer, a number of incidents have arisen –the remedying of which is the responsibility of Construction JV -, **making it necessary to fully recognise additional losses totalling -77 million euros charged against the Profit and Loss Account for the first six months of the year.** Additionally, in anticipation of potential incidents, the company accrued another 25 million euros. After having transferred the performance contract for Phase II of the project in its entirety to a local contractor, OHL no longer has any work whatsoever pending performance in this project.

3. The **sale of OHL Concesiones** has had a total net impact on the **Result Attributed to the Parent Company in the first half of the year in the amount of -550.5 million euros**, with the following itemized breakdown:

i. As **Results from Discontinued Operations,** net of tax, the following components are included:

   a. In accordance with IAS 21, at the time of the sale of an asset (in this case, OHL Concesiones) the balance accrued up to that date under the heading of **"Conversion Reserves"** of the Equity generated by the assets sold, which is where the accrued effect is shown since the origin of the exchange rate changes in the consolidated value of those assets (in this case: -549.9 million euros), **must be accounted for on the Profit and Loss Account**, with a debit/credit entry –as appropriate- to Equity, in such a way that the **net impact on Equity** of this movement **will be zero**. Consequently, a debit entry has been made for this item against the Profit and Loss Account for 1H2018 in the amount of -549.9 million euros with a credit entry to Equity of +549.9 million euros, whose **effect on net assets is zero**.

   b. **Net capital gain generated** by the sale, totalling 47.6 million euros.

   c. The **net result contributed by OHL Concesiones up to the sale date,** in the amount of 115.7 million euros; following the **Result Attributed to Minority Interests,** totalling -71.6 million euros, it now registers 44.1 million euros.

ii. With regard to the **foreign exchange hedge** arranged for hedging the exchange rate risk associated with the **Sale of OHL Concesiones to IFM**, a charge has been posted in the **Financial Result** in 1H18 in the amount of -92.3 million euros, which refers to the difference between: (i) the market value (mark-to-market) which that hedge had at 31-12-2017 (which was +39.7 million euros in favour of OHL), and (ii) the final payment of cash by OHL on settling this hedge (which amounted to -52.6 million euros) and which represents the real cost of this hedge in the end.

4. **Discontinued activity of OHL Desarrollos** following the asset sales during the year and sale agreement of the pending assets related to Ciudad de Mayakoba, has had a total net impact on **Results Attributed to the Controlling Company in the year of -163.7 million euros:** 45.8 million euros as conversion differences and 117.9 million euros as net results of the year.

5. The unfavourable outcome of the claim brought in the Xacbal Delta Hydroelectrical Plant Project (-28.8 million euros), Collective Redundancy Procedure costs and others (-74.3 million euros).

6. The record of an impairment of financial assets of 99.7 million euros, due to the downside of the costs of guarantees enforced in the *Design and Construction of the Sidra Medical Research (Doha, Qatar), Qatar Foundation for Education, Science and Community Development (QF)* Project, that were registered as financial asset in the previous year and that after the evolution of the judicial process in the year and the analysis of its recoverability as financial assets, they have been totally impaired.

EBITDA

In order to provide a clearer view of Business EBITDA performance, which was formerly affected by the distribution assigned of Corporate EBITDA (basically overhead costs), it was decided to individually present EBITDA for each Division/Business, showing Corporate EBITDA separately. To that end, December 2017 data were adjusted for comparability purposes.

EBITDA for the 2018 financial year totals -448.5 million euros, improving by 19 million euros compared to the 9M2018 closing.

Debt and Liquidity

On 12 April 2018, the **sale and transfer of 100% of the share capital of OHL Concesiones**

S.A.U. (OHL Concesiones) to the fund, IFM Global Infrastructure Fund (IFM) was closed. This transaction has contributed to significantly reducing its debt and substantially improving its liquidity profile

Upon completion of the transaction, the Group received a net sum of 1.991,0 million euros, enabling it to:

- Repay, during April, practically its entire bank debt totalling 701.7 million euros,

- Repay, on 21 May 2018, a total of 228.3 million euros in bonds (25% of the total outstanding amount), further to the bondholders exercising their Put Option derived from the deal closed with IFM,

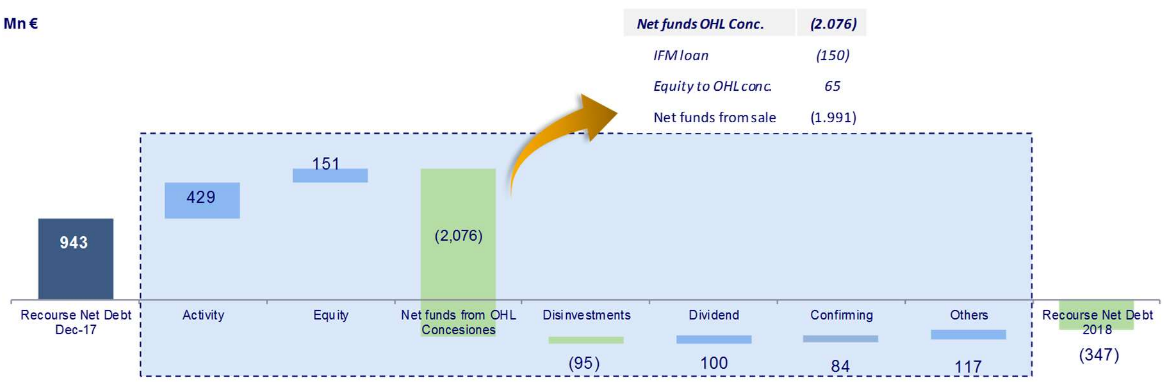
- Distribute, on 6 June 2018, interim dividends for the 2018 financial year of 100 million euros (0.348981 euros/share), and

- Increase the Group's available cash balance by adding the entire leftover balance, making it possible for the first time in the company's history to show a negative net recourse debt figure, that is, a positive net cash position.

With this transaction, the Group **has reduced and significantly simplified its gross debt** generating an excellent liquidity position of 1,033.3 million euros at 31 December 2018.

Consequently, the following should be highlighted in **financial matters**:

- The **significant reduction in Net Recourse Debt,** driven by the collection of the funds from the transaction for the sale of OHL Concesiones and the use made of those funds, making it possible for the first time in the company's history to show a negative net recourse debt figure, that is, a positive net Cash position:



Details of the cash consumption of the business:

Cash consumption detail		9M 2018	4Q 2018	2018	2017
Construction		405,5	-189,6	215,9	46,4
	Legacy	*58,2*	*30,3*	*88,5*	*53,9*
	Other	*347,3*	*-219,9*	*127,4*	*-7,5*
Industrial		78,5	5,8	84,3	94,3
Services		9,0	-8,4	0,6	-3,5
Developements		18,5	5,8	24,3	22,7
Corporate		70,4	33,5	103,9	111,4
Total		**581,9**	**-152,9**	**429,0**	**271,3**

Mn Euros

[1] Industrial: Includes €24m of the payment of penalties in relation to the Xacbal Hydroelectrical Plant.

Net Recourse Debt at 31 December 2018 totalled -346.8 Million euros, representing a significant fall of 1,290.3 million over 2018, mainly due to:

i. **Net funds contributed by the sale of OHL Concesiones**, totalling 2,076.0 million euros, to include:

- an additional loan received from IFM during February, of 150.0 million euros, which was subsequently discounted from the price received at closing of the sale of OHL Concesiones,
- equity contributions to OHL Concesiones projects, prior to closing of the deal, totalling -65.0 million euros, during 1Q2018,
- net funds of 1,991.0 million euros, received on the closing date of the sale of OHL Concesiones, net of expenses associated to the deal, partly used to: (i) repay 701.7 million euros in bank debt, and (ii) repay bonds totalling 228.3 million euros.

ii. Net funds received from **divestitures** in: (i) minority stakes in Mayakoba hotels, totalling 58.9 million euros, (ii) sale of the Czech railway-tie factory ZPSV for a total of 35.2 million euros, and (iii) other minor divestitures of 1.1 million euros.

The following should be highlighted as regards cash consumption:

i. **Ordinary activity** used up a total of 429.0 million euros over the year, significantly reduced in 4Q2018. The cash consumption of the year to include: (i) 88.5 million euros in cash used for legacy projects, and (ii) 23.8 million euros in cash used in the Xacbal Hydroelectrical Plant Project.

ii. A 150.6 million euros **investment** mainly representing the equity contributed to the Old War Office project (58.8 million euros) and acquiring an extra 32.5% stake in the Canalejas project in August, as well as minor investments in the project for a total in the year of 75 million euros. The remaining 16 million euros represent equity contributions to minor projects in Construction and Industrial.

iii. Payment of **interim dividends** to remunerate shareholders, totalling 99.9 million euros.

iv. Advance payment of the confirming loan already announced in 3Q2018, for 84.3 million euros.

v. Payment of **restructuring costs,** totalling 14.1 million euros.

vi. Settlement of the **foreign exchange hedge** arranged for the sale of OHL Concesiones to IFM, entailing a payment of 92.3 million euros included as “Others”.

- **OHL has a solid Liquidity position totalling 1,033.3 million euros,** placing the company in an excellent position to execute its new Business Plan with guaranteed success, after repaying its bank debt and distributing interim dividends to its shareholders.

  This amount includes 140.0 million euros, deposited to secure the Syndicated Multi-Product Financing.

Available recourse liquidity	12/31/2018
Cash and other equivalent current assets	
Central	*497,8*
JV and affiliates	*535,5*
Total recourse liquidity available	**1.033,3**

Euro Mn

- **Gross Recourse Debt** has been reduced by 54.7% over the same period the previous year, mostly due to the sale of OHL Concesiones.

  On 12 April 2018, the company informed the holders of the three series of bonds (maturing in 2020, 2022 and 2023), issued by the Company and listed on the London Stock Exchange, with a total outstanding amount of 894.5 million euros, that they had a Put Option exercisable over a 30-day period (until 12 May 2018), under which OHL would repay their bonds by paying 101% of their face value plus accrued interest.

  On 12 May 2018, the Company received confirmation from the **bondholders that decided to exercise their Put Option,** for a total of 228.3 million euros, distributed as follows:

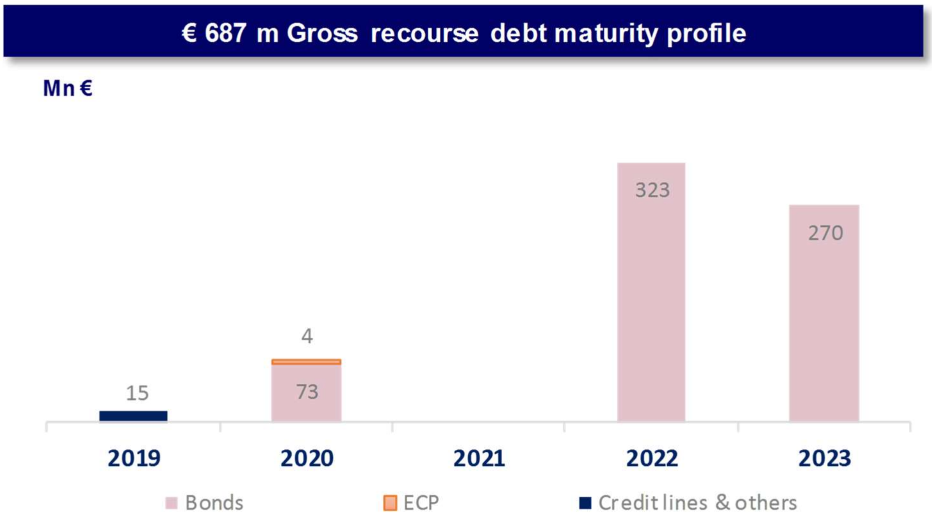
Maturity	Outstanding Amount	Put Accepted	Final Amount
2020	187,1	113,8	73,3
2022	394,5	71,5	323,0
2023	312,9	43,0	269,9
Total Bonds	**894,5**	**228,3**	**666,2**

Euro Mn

The Company proceeded with repayment on 21 May 2018, after which OHL registered at 31 December 2018 a total outstanding amount of 666.2 million euros in bonds.

As for **recourse bank debt,** in April the company repaid its bank debt in an amount of 701.7 million euros, following which its total recourse bank debt was reduced to 34.8 million euros at 31 December 2018.

Consequently, gross recourse debt at 31 December 2018 totalled 686.5 million euros, with the **maturity profile** itemised below:



Divestitures

As regards the **Asset Rotation Process,** over 2018 the following divestitures were completed:

- On 26 April, a sale of minority stakes in hotel companies and part of the land of the **Mayakoba** complex was finalised, for a price of 63.0 million euros, of which 58.9 million euros have been received and the rest deferred.

- On 27 June, the railway-tie factory **ZPSV** in the Czech Republic was sold for a total price of 1,134.0 million Czech koruna (44.3 million euros). A total of 35.2 million euros in net cash was generated by this divestiture.

- On 10 October, the company announced the signing of a sale agreement over holdings in companies, land and rights making up the urban development project known as **Ciudad Mayakoba**, for a total price of 2,122.7 million Mexican pesos (approximately 93.7 million euros).

Cost Reduction Plan

As for the **Collective Redundancy Procedure (CRP)**, on 8 June, following the consultation period foreseen by law, an agreement was reached with the workers' representatives, establishing the termination of 140 employment contracts and 36 relocations, with a total estimated cost of 13.0 million euros, which was fully registered during the first six months. At 31 December, the CRP has concluded with a final dismissal of 131 persons which is why, in principle, cost savings will be achieved of 12.2 million euros/year.

The impetus given to the overhead costs reduction measures in all Divisions (Corporate included), has become more visible in 4Q2018; as a result, the year ended with overhead costs of 198 million euros, compared to approximately 240 million euros in late 2017. The measures applied in 2018, above all, will become visible as of 1 January 2019, given that **the financial year has begun with overhead costs under 150.0 million euros, which will continue to decrease in order to gradually reach the targeted 4% over Sales.**

2. HIGHLIGHTS

Main Figures	2018	2017*	Var. (%)
Sales	**2.954,4**	**3.172,1**	**-6,9%**
EBITDA	**-448,5**	**-66,5**	**n.s.**
% s/ Sales	-15,2%	-2,1%	
EBIT	**-513,5**	**-139,9**	**n.s.**
% s/ Sales	-17,4%	-4,4%	
Attributable net profit	**-1.529,8**	**-12,1**	**n.s.**
% s/ Sales	-51,8%	-0,4%	

Euro Mn

Sales and EBITDA breakdown	2018	2017*	Var. (%)
Sales	**2.954,4**	**3.172,1**	**-6,9%**
Construction	2.496,2	2.660,7	-6,2%
Industrial	189,9	269,8	-29,6%
Services	264,1	237,7	11,1%
Others	4,2	3,9	7,7%
EBITDA	**-448,5**	**-66,5**	**n.s**
Construction	-282,1	70,5	n.a.
Industrial	-63,0	-36,5	-72,6%
Services	1,3	3,7	-64,9%
Corporate y otros	-37,4	-27,7	-35,0%
Cost of PDC, Xacbal and others	-67,3	-76,5	12,0%

Euro Mn

Net Debt	2018	2017	Var. (%)
Recourse net debt	-346,8	943,5	n.a.
Non-recourse net debt	50,8	56,4	-9,9%
Total net debt	**-296,0**	**999,9**	**n.a.**

Euro Mn

Order book	2018	2017	Var. (%)
Short-term	5.876,4	6.236,2	-5,8%
Long-term	218,2	224,5	-2,8%

Euro Mn

Human Resources	2018	2017	Var. (%)
Permanent staff	12.167	12.910	-5,8%
Temporary staff	6.206	8.554	-27,4%
Total	**18.373**	**21.464**	**-14,4%**

Euro Mn

* Re expressed

3. PERFORMANCE BY DIVISION

OHL GROUP

Main Figures	2018	2017*	Var. (%)
Sales	**2.954,4**	**3.172,1**	**-6,9%**
EBITDA	**-381,2**	**10,0**	**n.a.**
% s/ Sales	-12,9%	0,3%	
EBIT	**-435,6**	**-63,4**	**n.s.**
% s/ Sales	-14,7%	-2,0%	

Euro Mn
* Re expressed

After discontinuing the activities of OHL Concesiones and OHL Desarrollos, the Group's sales have mainly been generated by Engineering and Construction, with Sales of 2,954.4 million euros, i.e. a 6.9% decrease over 2017.

EBITDA for the period is -381.2 million euros, over 10.0 million euros of the previous year, which was mainly affected by the review of order book projects.

By activity segment, the following performance is registered:

CONSTRUCTION

Main Figures	2018	2017*	Var. (%)
Sales	**2.496,2**	**2.660,7**	**-6,2%**
EBITDA	**-282,1**	**70,5**	**n.a.**
% s/ Sales	-11,3%	2,6%	
EBIT	**-325,9**	**7,5**	**n.a.**
% s/ Sales	-13,1%	0,3%	

Euro Mn
* Re expressed

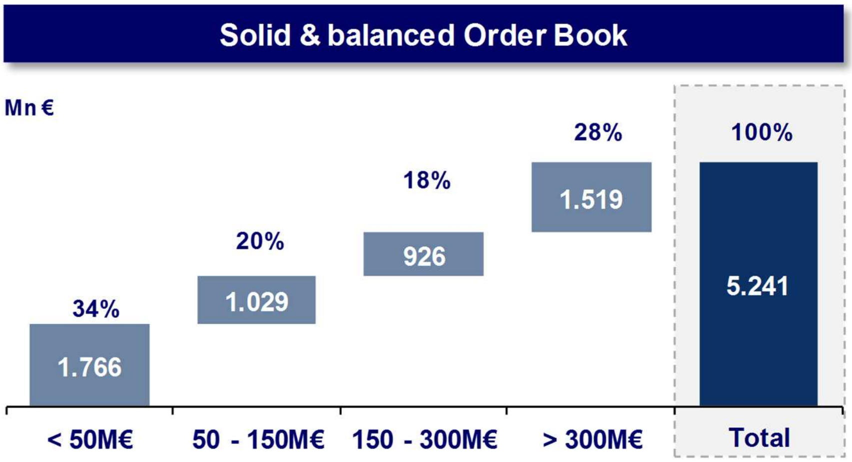
Construction, with Sales totalling 2,496.2 million euros, represents 84.5% of Engineering and Construction Sales, and 84.4% of the Group's total Sales.

The construction order book at 31 December 2018 amounted to 5,240.8 million euros, equivalent to 25.4 months of sales, evidencing its regenerating capacity in a complicated scenario and, furthermore, the vast majority of new contracts were formalised in the Group's three main regions. The order book has a balanced profile, both geographically and by size of the works projects, and 95.6% is generated by its main regions of activity (41.8% in the U.S.A., 29.4% in Europe and 24.4% in Latin America); 28% of all works projects involve more than 300 million euros.

The short-term order book in Construction is geographically distributed as follows:

	31/12/2018
Home Markets	**95,6%**
USA	41,8%
Europe	29,4%
Latin America	24,1%
Other	**4,4%**

By works project size, the order book is distributed as follows:



Of the total in the Construction order book, 17% represents works outstanding for concessions projects.

The current order book of the 10 main contracts at 31 December 2018 is as follows:

	Country	2018
Project I-405	USA	537,4
Autopista Vespucio Oriente	Chile	325,2
Autopista Río Magdalena	Colombia	288,9
Autopista Atizapán - Atlacomulco	Mexico	209,7
NY TN-49 Replacement of roadway Deck	USA	212,9
New York Canarsie tunnel rehabilitation	USA	198,3
Modernización línea ferroviaria Sudomerice-Votice	Czech Rep.	152,8
LAV Oslo-Ski (Follo Line Project)	Norway	156,1
Hospital de Curicó	Chile	146,9
Motorway D1 Hubová - Ivachnová	Slovakia	123,1
10 principales proyectos en cartera		**2.351,7**

Mn Euros

Of interest is the order book's diversification by type of project, where 43.8% represents roads, 22.5% railways, 15.0% building and 18.7% other activities. The total contracts signed in 2018 have amounted to 2,690.6 million euros, and 39% of all projects are located in the U.S.A. The book-to-bill ratio is 1.1x.

The new awards obtained in 2018 include the following:

	Country	2018
NY TN-49 Replacement of roadway Deck	USA	212,6
Modernización línea ferroviaria Sudomerice-Votice	Czech Rep.	172,2
New York. A-36622 ESI-33 Station Improvement	USA	100,0
Rehabilitation of Riverside Drive Viaduct	USA	83,8
Torre Caleido	Spain	78,9
Plataforma LAV Angiorza	Spain	77,6
Florida Salmon Farm	USA	61,9
California Newhope - Placentia	USA	48,1
Travis CO SH 130 US 290	USA	47,6
LAV Zaragoza - Pamplona	Spain	46,1
Total principales adjudicaciones		**928,8**
Otras adjudicaciones		1.761,9
Total adjudicaciones		**2.690,6**

Mn Euros

INDUSTRIAL

Main Figures	2018	2017	Var. (%)
Sales	**189,9**	**269,8**	**-29,6%**
EBITDA	**-63,0**	**-36,5**	**-72,6%**
% s/ Sales	-33,2%	-13,5%	
EBIT	**-67,6**	**-39,9**	**-69,4%**
% s/ Sales	-35,6%	-14,8%	

Mn Euros

In 2018, Industrial activity registered sales of 189.9 million euros, representing a -29.6% fall with respect to same period the previous year, mainly as a result of: (i) a reduction in scale, entailing **a strategic decision to abandon the Oil&Gas EPC segment,** and (ii) slower pace of execution in some projects and completion of others.

EBITDA reached -63.0 million euros, mainly due to the negative margins arising at the final stages of some already existing projects, essentially due to overruns associated to delays in delivery deadlines, leading the company to recognise additional losses in some projects, and the high overhead costs in this activity which are still to be reduced. These margins do not include the negative impact of the unfavourable decision reached in arbitration proceedings related to the Xacbal Project, which totalled -27.7 million euros.

The Industrial order book at 31 December 2018 registered 259.9 million euros, and includes: (i) 58.2 million euros (22.4%) of the Cementos Molins plant in Colombia (which is expected to finish in 2019), (ii) 167.9 million euros (64.6%) in Operation and Maintenance (O&M) projects, photovoltaic energy and Equipment (with stable margins and low risk), and (iii) 33.8 million euros (just 13.0% of the total) of outstanding EPCs pending completion.

New awards have reached 137.6 million euros; the main project is a photovoltaic plant in Mexico for 56.2 million euros.

SERVICES

Main Figures	2018	2017	Var. (%)
Sales	**264,1**	**237,7**	**11,1%**
EBITDA	**1,3**	**3,7**	**-64,9%**
% s/ Sales	0,5%	1,6%	
EBIT	**-2,5**	**1,0**	**n.a.**
% s/ Sales	-0,9%	0,4%	

Mn Euros

Sales in this Division totalled 264.1 million euros, representing a +11.1% increase mainly thanks to positive performance in the Facilities segment (cleaning, maintenance and energy efficiency) in the domestic market, and greater activity in municipal services and home assistance.

The Services activity (the smallest of the three making up the Engineering and Construction segment) obtained a 0.5% EBITDA over Sales, reflecting the strong competitive surroundings of a highly mature sector.

The order book at 31 December 2018 reached 375.8 million euros; over the year, 284.0 million euros in contracts were obtained; in the domestic market, of interest were awards such as the Cleaning Contract for Lines 8 and 10 of Metro Madrid and Home Assistance Services for the Town Council of Estepona; internationally, the Street Cleaning Services in Talca (Chile).

OHL DESARROLLOS

Following the divestitures of Mayakoba assets and an announced sale and purchase agreement reached to sell Ciudad Mayakoba, at 31 December 2018 the Developments activity was discontinued in the Group's accounts; 2017 data were restated for comparative purposes.

The Canalejas and Old War Office assets now lack sufficient significance individually for continuing to be considered a business segment by the standard and are classified within the Group's corporate area:

- **Canalejas**

  On 13 August 2018, OHL Desarrollos announced the acquisition of the entire 32.5% stake held by Grupo Villar Mir, S.A.U. in the capital of Proyecto Canalejas, following this purchase**, at 31 December 2018, the OHL Group maintained a 50.0% stake in the project.** At the present time, the project continues in the construction stage, and the commercialisation of a number of areas of the complex has continued in 2018. The project is scheduled to finalise in 2019

- **Old War Office**

  The Old War Office heritage project in London, in which **OHL Desarrollos holds a 49% stake**, has successfully completed the process for obtaining permits and is now in the early construction stage.

The net book value of these projects in the Group's balance sheet at 31 December 2018 **totals 301.1 million euros**.

4. CONSOLIDATED FINANCIAL STATEMENTS (figures unaudited)

As a consequence of the agreement to sell Ciudad de Mayakoba and other assets, the activity of Developments is presented as discontinued operations in the Profit and Loss Account for 2018, restating the Profit and Loss Account and Cash Flow Statement for 2017.

PROFIT AND LOSS ACCOUNT

	2018	2017*	Var. (%)
Turnover	**2.954,4**	**3.172,1**	**-6,9%**
Other operating revenues	100,9	124,8	-19,2%
Total Operating Revenues	**3.055,3**	**3.296,9**	**-7,3%**
% o/ Sales	103,4%	103,9%	
Operating expenses	-2.689,5	-2.539,3	5,9%
Personnel expenses	-814,3	-824,1	-1,2%
EBITDA	**-448,5**	**-66,5**	**n.s.**
% o/ Sales	-15,2%	-2,1%	
Amortisation	-61,5	-70,5	-12,8%
Changes in provisions	-3,5	-2,8	25,0%
EBIT	**-513,5**	**-139,8**	**267,3%**
% o/ Sales	-17,4%	-4,4%	
Financial revenues	21,7	35,0	-38,0%
Financial expenses	-82,7	-82,3	0,5%
Change in the fair value of financial instruments	-89,4	31,8	n.s.
Exchange differences	-5,9	-44,1	-86,6%
Deterioration and result from disposals of financial instruments	-141,9	23,3	n.s.
Financial profit / (loss)	**-298,2**	**-36,3**	**n.s.**
Equity accounted entities	-110,4	-36,7	n.s.
Profit / (loss) on continuing activities before taxes	**-922,1**	**-212,8**	**n.s.**
% o/ Sales	-31,2%	-6,7%	
Corporate tax	16,0	3,4	n.s.
Profit / (loss) on continuing activities in the year	**-906,1**	**-209,4**	**n.s.**
% o/ Sales	-30,7%	-6,6%	
Disposal result	47,6	-	n.a.
Result in value adjustments **	-595,7	-	n.a.
Contributed result up to the sale	-2,2	489,4	n.a.
Result after taxes on discontinued operations	**-550,3**	**489,4**	**n.a.**
Profit / (loss) for the year	**-1.456,4**	**280,0**	**n.a.**
% o/ Sales	-49,3%	8,8%	
Minority interests	-1,8	0,7	n.a.
Minority interests of discontinued operations	-71,6	-292,8	-75,5%
Result attributed to the parent company	**-1.529,8**	**-12,1**	**n.s.**
% o/ Sales	-51,8%	-0,4%	

Mn Euros

* Re expressed

** -595.7 This result its compensated with larger reserves for the same amount, with zero joint effect on shareholders equity

CONSOLIDATED PROFIT AND LOSS ACCOUNT

The Group's **turnover** for the 2018 financial year totalled 2,954.4 million euros, which is a 6,9% lower than the figure registered in 2017, mainly due to less Engineering and Construction activity.

Of this turnover for 2018, 73.2% was executed abroad, compared to 77.3% in 2017.

In the distribution of sales by geographical areas, U.S.A. and Canada represent 32.1% of the total, Spain 26.8%, Central and Eastern Europe 9.6%, Mexico 7.2% and Chile 5.3%.

The **total operating revenues** amounted to 3,055.3 million euros, 7.3% less in relation to the figure for 2017.

The **gross operating profit (EBITDA)** registered -448.5 million euros, -15.2% of the turnover, affected very adversely by project review, with a negative impact on Construction and Industrial margins.

The **net operating profit (EBIT)** totalled -513.5 million euros, over -139.8 million in 2017.

The net amount of **financial revenues and expenses** reached -61.0 million euros, compared to -47.3 million euros in 2017, as a consequence of higher financial expenditure and restructuring commissions involved in the repayment of Bonds by the Group, as a consequence of the put option exercised by bondholders following the divestiture of Concesiones.

The **change in the fair value of financial instruments** totalled -89.4 million euros, deteriorating by -121.2 million euros with respect to 2017, primarily as a result of the -92.3 million euro change in value of the foreign exchange hedge arranged to hedge the OHL Concesiones divestiture transaction in 2018.

The **exchange rate differences** totalled -5.9 million euros, improving by 38.2 million euros with respect to those occurring in 2017.

The **Impairment and result from the sale of financial instruments** totalled -141.9 million euros, of which the following may be highlighted:

- the result of -99.7 million euros due to asset impairment related to the costs of the performance bonds in the Design and Construction of the Sidra Medical Research Project (Doha, Qatar),
- -19.0 million euros due to impairment of the stake in the company Arenales Solar S.R.L., as a consequence of the latest revision of the thermosolar plant's business plan,
- -4.9 million euros due to goodwill impairment in Avalora Tecnologías de la Información, S.A.,
- -3.8 million due to impairment of the stake in Nova Darsena Esportiva de Bará, and
- the result of -3.1 million euros from the sale of ZPSV.

The **result of entities valued by the equity method** totalled -110.4 million euros, where the loss of -101.7 million euros in the University of Montreal Hospital (CHUM) project is particularly significant, due to excess costs required as a consequence of defects in the start-up of the first phase of the project.

The **result before taxes** totalled -922.1 million euros; if extraordinary operations are excluded, it amounts to -525.3 million euros.

The **tax on profits** amounted to 16.0 million euros, while the effective tax rate was similar to that of 2017.

For the calculation of the tax rate, the results from the application of the equity method and other items without tax effect are eliminated, and the fact that the Group does not recognise tax credits if their recovery is not assured must be taken into account.

The **result for the year from continuing operations** registered -906.1 million euros, over -209.4 million euros in 2017, mainly due to:

- **The review of the results estimation carried out in the projects in the environment of the new accounting standard.**
- **Costs associated to the CRP, the penalty applied in the Xacbal Project and other impairments.**
- **The financial results, which reflect the adverse impact of the derivatives associated to the divestiture of Concesiones.**
- **The adverse impact of the losses registered in the University of Montreal Hospital (CHUM) project.**
- **The negative results of asset impairment related to unduly enforced guarantees in the Design and Construction of the Sidra Medical Research Project (Doha, Qatar),**

The **result for the year from discontinued operations after taxes** is itemised below:

	Concessions	Developments	Total
Disposal result	47,6	-	47,6
Result in value adjustments	(549,9)	(45,8)	(595,7)
Contributed result after taxes up to the sale	115,7	(117,9)	(2,2)
Result after taxes on discontinued operations	**(386,6)**	**(163,7)**	**(550,3)**

Euro Mn

A significant development is the result from value adjustments which, in accordance with the requirements of IAS 21, included conversion differences for a total of -586.4 thousand euros and the valuation of derivatives totalling -9.3 million euros, which were already included previously as net assets. **This total loss of -595.7 million euros refers to an accounting movement which is offset by an improvement of 595.7 million euros under the balance sheet heading "Valuation adjustments", whereby the net assets remain unchanged.**

The sale and purchase agreement assessed OHL Concesiones, S.A.U. at 2,775.0 million euros, resulting in a net consideration, following the adjustments of net debt, exchange rate and cash contributed to projects, of 2,158.0 million euros. The net result from the sale totalled 47.6 million euros.

Likewise, the result after taxes generated by Concesiones up to the time of its sale is also included and totals 115.7 million euros, together with the result generated by Desarrollos, in the amount of -117.9 million euros, itemised below:

	Developments
Disposal result	(56,3)
Sale of Ciudad Mayakoba	(42,8)
Others	(18,8)
Total	**(117,9)**

Euro Mn

The **result attributed to minority interests** totalled -73.4 million euros, of which -71.6 refer to the results generated by the discontinued operation of Concesiones.

All of the foregoing constitutes an impact on the Profit and Loss Account for these discontinued operations of:

	Total
Result after taxes on discontinued operations	(550,3)
Fx hedge of OHL Concesiones sale	(92,3)
Minority interests of discontinued operations (OHL Concesiones)	(71,6)
Total	**(714,2)**

Euro Mn

The results of the continuing and discontinued operations place the **result attributed to the parent company** at -1,529.8 million euros, of which -595.7 million euros represent value adjustments without an impact on net assets.

CONSOLIDATED BALANCE SHEET

	31/12/2018	31/12/2017	Var. (%)
Non-current assets	**1.311,2**	**1.665,3**	**-21,3%**
Intangible fixed assets	216,2	243,9	-11,4%
Tangible fixed assets in concessions	72,2	66,8	8,1%
Tangible fixed assets	147,4	212,1	-30,5%
Real estate investments	10,5	73,3	-85,7%
Equity-accounted investments	293,4	303,1	-3,2%
Non-current financial assets	309,0	501,0	-38,3%
Deferred-tax assets	262,5	265,1	-1,0%
Current assets	**2.839,7**	**10.543,2**	**-73,1%**
Non-current assets held for sale & discontinued operations	142,5	8.023,6	n.a.
Stocks	136,9	152,4	-10,2%
Trade debtors and other accounts receivable	1.369,9	1.753,5	-21,9%
Other current financial assets	222,5	140,1	58,8%
Other current assets	153,5	39,4	289,6%
Cash and cash equivalents	814,4	434,2	87,6%
Total assets	**4.150,9**	**12.208,5**	**-66,0%**
Net shareholders' equity	**833,2**	**4.183,3**	**-80,1%**
Shareholder's equity	**859,7**	**2.918,0**	**-70,5%**
Capital	171,9	179,3	-4,1%
Issue premium	1.265,3	1.265,3	0,0%
Reserves	1.052,2	1.485,5	-29,2%
Result for the year attributed to the parent company	-1.529,8	-12,1	n.s.
Interim dividend	-99,9	0,0	n.a.
Valuation adjustments	**-25,4**	**-751,3**	**-96,6%**
Parent company shareholders' equity	**834,3**	**2.166,7**	**-61,5%**
Minority interests	**-1,1**	**2.016,6**	**n.a.**
Non-current liabilities	**888,8**	**1.124,1**	**-20,9%**
Subsidies	1,3	2,2	-40,9%
Non-current provisions	60,4	50,1	20,6%
Non-current financial debt (*)	661,0	893,5	-26,0%
Other non-current financial liabilities	2,4	4,4	-45,5%
Deferred-tax liabilities	149,0	139,5	6,8%
Other non-current liabilities	14,7	34,4	-57,3%
Current liabilities	**2.428,9**	**6.901,1**	**-64,8%**
Non-current liabilities held for sale & discontinued operations	63,5	4.141,7	n.a.
Current provisions	202,5	225,4	-10,2%
Current financial debt (*)	80,0	680,7	-88,2%
Other current financial liablilities	6,0	4,7	27,7%
Trade creditors and other accounts payable	1.827,0	1.614,9	13,1%
Other current liabilities	249,9	233,7	6,9%
Total liabilities and net shareholders' equity	**4.150,9**	**12.208,5**	**-66,0%**

* Includes Bank debt + Bonds

Mn Euros

Application of IFRS 15 "Revenue from Contracts with Customers"

The balance sheet at 31 December 2018 has been basically affected by the application of IFRS 15.

The mandatory application of this standard starting from 1 January 2018 involved the adoption of more restrictive criteria for revenue recognition, principally with respect to the probability of approval by the customer, as up to now revenue was recognised when the attainment of such approval was probable; with the new standard, revenue recognition takes place when it is highly probable that a substantial reversal of the revenues with not occur.

The adjustment made on 1 January 2018 as a consequence of the coming into force of IFRS 15 Revenue from contracts with customers, led to a total deletion of the claims balance, registered at 31 December 2017 for a total of 402.0 million euros. In addition, a provision of (204.7) million euros has been deleted associated to such claims, which was previously registered as "Trade debtors and other accounts receivable". Litigious claims at 31 December 2017 were registered based on internal technical reports, and in-house and external lawyers, on the grounds that they constituted sufficient evidence to back up a likely recover of these amounts; the rest were backed up with internal technical estimates.

Furthermore, an extra 246.9 million euros were initially considered, most of which represented balances for which there was no highly probable evidence of collection, registered as "Trade debtors and other accounts receivable - Executed works pending certification", as well as costs associated to enforced guarantees in relation to the lawsuit involving the Sidra Medical Research Center (Sidra Hospital (Qatar) works project; the analysis ended with a final amount of 213.0 million euros, the main change of which was a result of considering that the costs associated to enforced guarantees were beyond the scope of IFRS 15, given their financial nature.

The foregoing conclusion is backed up by the following main projects:

- Design and Construction of the Sidra Medical Research Project (Doha, Qatar), Qatar Foundation for Education, Science and Community Development (QF), with which there is an ongoing arbitral dispute, filed on 30 July 2014 before the International Chamber of Commerce. The application of the new standard led to a deletion of 239.5 million euros, approximately, of recoverable net assets associated to the project, after their related provision was taken into account.

- Balances of Executed Works Pending a Certification of the following Spanish companies: Autopista Eje Aeropuerto Concesionaria Española, S.A.U., Cercanías Móstoles Navalcarnero, S.A., and other minor balances.

- Balances gathered as "Trade debtors and other accounts receivable - Executed works pending certification", representing the works of investee companies abroad (mainly in the U.S.A., Southern Latin America, Algeria, Kuwait, Turkey and other minor balances).

Further to the foregoing, the impact of IFRS 15 on the Group has finally been appraised at 410.3 million euros.

As a consequence, the balances for Legacy Projects in the balance sheet have been cancelled in full. The OHL Group is still taking all the necessary steps to recover these amounts, given that it believes that there are strong legal grounds to claim them from the clients, whereupon such revenue will be re-entered.

Changes in the Balance Sheet

The principal headings of the consolidated balance sheet at 31 December 2018 and the changes therein with respect to 31 December 2017 are as follows:

Fixed assets in concession projects: this heading takes in all of the Group's concession assets.

The balance at 31 December 2018 totalled 72.2 million euros and referred principally to Sociedad Concesionaria Aguas de Navarra, S.A., with a balance of 71.3 million euros.

Investments accounted for by applying the equity method: the balance of this heading totalled 293.4 million euros, representing a fall of 9.7 million euros with respect to 31 December 2017. The main changes are described below:

I. Losses over 2018 registered by Health Montreal Collective CJV L.P., in relation to the University of Montreal (CHUM) project, in the amount of 101.7 million euros.

II. The sale of 18 companies belonging to the Developments Division in April 2018, registered under this heading in the amount of 53.8 million euros.

III. The investment made in August 2018 in Proyecto Canalejas Group, S.L., totalling 50.0 million euros, through which the Group has increased its stake in that company from 17.5% to 50.0%. Following this investment, the amount registered under this heading with respect to this stake is now 129,7 million euros.

IV. The investment made in the company 51 Whitehall Holdings, S.A.R.L., 49%-owned by the OHL Group, in the amount of 58.8 million euros. Following this investment, the amount registered under this heading with respect to this stake is now 127.8 million euros.

Non-current financial assets: total 309.0 million euros, decreasing by 192.0 million euros, mainly due to:

- the deletion of 99.7 million euros for assets related to the costs of enforced guarantees in the *Design and Construction of the Sidra Medical Research Project (Doha, Qatar)*, charged to the profit and loss account “Deterioration and result from financial instrument disposals”, and

- reclassification as “Other current assets” of 83.8 million euros, for a loan granted to Grupo Villar Mir.

Non-current assets and liabilities held for sale: at 31 December 2018, this heading entirely refers to assets and liabilities of the Developments business.

At 31 December 2017, these headings referred to the assets and liabilities of the companies in the Concessions Division, whose divestiture took place on 12 April 2018.

Trade debtors and other accounts receivable: at 31 December 2018, the balance of this heading totalled 1,369.9 million euros, accounting for 33.0% of the total assets and declining by 383.6 million euros with respect to 31 December 2017.

Works certified with payments still outstanding totalled 561.4 million euros (2.3 months of sales), compared to 576.1 million euros at 31 December 2017 (2.2 months of sales).

In turn, executed works pending certification totalled 511.3 million euros (2.1 months of sales), compared to 834.7 million euros registered at 31 December 2017 (3.2 months of sales); this significant decrease is a consequence of IFRS 15, amongst others.

This heading has declined by 82.6 million euros (40.8 million euros at 31 December 2017), on account of customer receivables assignments without the possibility of recourse.

Other current assets: this totalled 153.5 million Euros, to include:

- an amount of 83.8 million euros, representing a loan granted to Grupo Villar Mir, S.A.U., as a result of cancelling the sale and purchase of 100% of Pacadar, S.A.’s share capital. Return of the paid price has been secured by pledging 100% of Pacadar, S.A.’s shares, accruing interest at an annual rate of 5.0%.

- an amount of 35.2 million euros representing a loan granted to Pacadar, S.A., accruing interest at an annual rate of 5.0%.

Parent Company's shareholders' equity: this totalled 834.3 million euros, accounting for 20.0% of the total assets, and has declined by 1,332.4 million euros with respect to 31 December 2017, due to the net effect of:

- A decrease of -410.3 million euros due to applying IFRS 15.
- A decrease of -5.0 million euros due to applying IFRS 9.
- A decrease due to the attributable result of the 2018 financial year, amounting to -1,529.8 million euros.
- A decrease in the amount of -99.9 million euros due to the interim dividend on 2018 earnings, which was paid on 6 July 2018.
- An increase in adjustments for value changes totalling 725.9 million euros, 119.6 million euros of which occurred as a result of the conversion of financial statements in foreign currency and 595.7 million euros in the transfer to results of the conversion differences of Concessions and Developments, and 10.6 million euros from the valuation of financial instruments.
- The capital reduction in the amount of -7.3 million euros and reserves totalling 39.7 million euros, brought about by the redemption of treasury stock.
- An increase of 47.0 million euros, originating from a reduction in the number of treasury stock. At 31 December 2018, the treasury stock was made up of 511,811 shares, worth 0.4 million euros.
- A decrease of -13.3 million euros due to other movements.

Minority interests: at 31 December 2018 these registered -1.1 million euros.

This balance decreased by -2,017.7 million euros with respect to 31 December 2017, due to the net effect of:

- An increase in the amount of 73.5 million euros due to the result of 2018, allocated to minority interests.
- An increase of 661.6 million euros brought about by the conversion of financial statements in foreign currency.
- A decrease in the amount of 6.5 million euros as a result of the impact of the valuation of financial instruments.
- A decrease of 2,741.4 million euros, due to the sale of the Concessions Division.
- A decrease of 4.9 million euros due to other changes derived from adjustments in the scope.

Banks and bond issuances: a comparison between the debt at 31 December 2018 with the figure at 31 December 2017 is provided below:

Gross debt (1)	12/31/2018	%	12/31/2017	%	Var. (%)
Recourse debt	686,5	92,6%	1.517,0	96,4%	-54,7%
Non-recourse debt	54,5	7,4%	57,2	3,6%	-4,7%
Total	**741,0**		**1.574,2**		**-52,9%**

Euro Mn

(1) The gross borrowings group together the non-current and current debt items, which include both bank debt and bonds.

Net debt (2)	12/31/2018	%	12/31/2017	%	Var. (%)
Recourse net debt	-346,8	117,2%	943,5	94,4%	n.a.
Non-recourse net debt	50,8	-17,2%	56,4	5,6%	-9,9%
Total	**-296,0**		**999,9**		**n.a.**

Euro Mn

(2) The net borrowings are comprised by the gross borrowings minus other financial assets and cash and cash equivalents.

The gross recourse debt at 31 December 2018 totalled 686.5 million euros, decreasing with respect to the figure at 31 December 2017 as a result of:

- The repayment of 602.2 million euros of the syndicated facility, credit facilities and others.
- The amount used to repay the Bonds maturing in 2020, 2022 and 2023 for a total of 228.3 million euros, repaid on 21 May 2018. Following this repayment, the balance of the Bonds still in circulation totals 666.2 million euros.

Non-recourse gross debt totalled 54.5 million euros, representing just 7.4% of the total gross debt. Of the total gross debt, 89.2% is long-term and the remaining 10.8% is short-term.

A maturity breakdown of Gross Recourse Debt of the Group is provided below:

Total net debt registered -296.0 million euros, decreasing by -1,295.9 million euros with respect to 31 December 2017, as a consequence of the funds obtained in the sale of the Concessions Division.

The heading of "**Other current financial assets**" at 31 December 2018 totalled 222.5 million euros, and included a deposit not available for use in the amount of 140.0 million euros, held as a surety for the guarantee lines linked to Syndicated Multi-Product Financing.

Cash and other cash-equivalent assets of the Group totalled 814.4 million Euros. Non-recourse liquidity totalled 3.7 million euros.

CASH-FLOW

Although the criteria used occasionally differ from those established in IAS 7, this section provides a cash flow breakdown to examine business performance:

	2018	2017
EBITDA	**-448,5**	**-66,5**
Adjustments	**-300,3**	**-92,1**
Financial results	-156,3	-59,6
Equity accounted results	-110,4	-36,7
Result from disposals of financial instruments	-141,9	23,3
Taxes	16,0	3,4
Changes in provisions and others	92,3	-22,5
Cash-flow from operations	**-748,8**	**-158,6**
Changes in current capital	**112,3**	**-43,8**
Trade and other receivables	383,6	65,0
Trade creditors and other payables	212,1	-251,4
Other changes in working capital	-104,0	142,6
Working capital adj.	-379,4	-
Cash-flows from operating activities	**-636,5**	**-202,4**
Cash-flow from investment activities	**1.927,8**	**-2,9**
Minority interest	-3,4	-1,8
Other	1.804,8	-38,6
Discontinued operations	126,4	37,5
Change in net non-recourse debt	**-1,0**	**10,2**
Change in net recourse debt	**-1.290,3**	**195,1**
Cash-flow from financing activities	**-1.291,3**	**205,3**

Mn Euros

The **gross operating result** totalled -448.5 million euros, declining by 382.0 million euros with respect to the same period in the previous financial year, mainly due to a review of project objectives.

The **adjustments to the result** totalled -300.3 million euros and include, principally, financial results and the results of financial instrument disposals.

The **funds originating from operations** registered -748.8 million euros.

The **changes in working capital** reflected positive performance of 112.3 million euros, including adjustments of -379.4 million euros; of interest is the adjustment derived from the impact of IFRS 15, totalling -410.3 million euros, which reduced the figure of executed works pending a certification against reserves, without being affected by debt.

All of these changes are the reason for a **negative cash flow in operating activities,** which registered -636.5 million euros.

The **cash flow from investment activities** totalled 1,927.8 million euros and consisted principally of the minority interests, the changes in net assets and the non-current assets and liabilities, together with the result of the discontinued Concessions business, the effect of which amounted to 85.0 million euros, and of Developments, with an impact of 41.4 million euros.

The **cash flow from financing activities** totalled -1,291.3 million euros, representing a decrease in net non-recourse indebtedness of the Group in the amount of 1.0 million euros and a lower net recourse debt of -1,290.3 million euros.

5. ORDER BOOK

At 31 December 2018, the Group's order book totalled 6,094.6 million euros, 5.7% less than the figure at 31 December 2017.

Of the total order book, 96.4% refers to short-term contracts and the remaining 3.6% are long-term contracts.

The short-term order book is worth 5,876.4 million euros, representing approximately 24.1 months of sales.

Construction accounts for 89.2% of the total short-term order book.

The long-term order book totals 218.2 million euros and is similar to the status at 31 December 2017.

	12/31/2018	%	31/12/2017	%	Var. (%)
Short-term	**5.876,4**		**6.236,2**		**-5,8%**
Construction	5.240,8	89,2%	5.568,3	89,3%	-5,9%
Industrial	259,9	4,4%	312,1	5,0%	-16,7%
Services	375,8	6,4%	355,8	5,7%	5,6%
Long-term	**218,2**		**224,5**		**-2,8%**
Concessions of Construction O&M	218,2	100,0%	224,5	100,0%	-2,8%
Total	**6.094,6**		**6.460,7**		**-5,7%**

Mn Euros

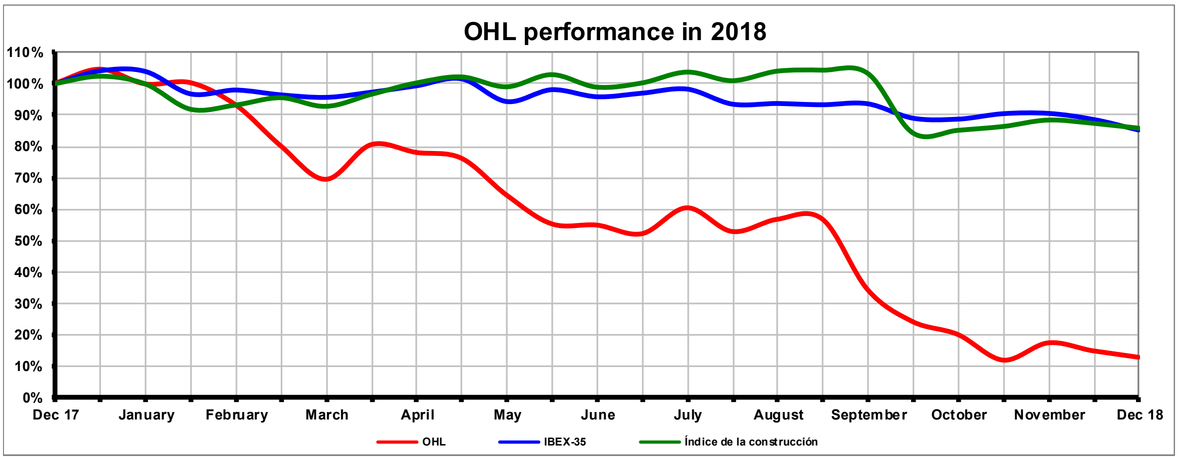
6. SHARE PRICE PERFORMANCE

At 31 December 2018 the share capital totalled 171,928,973.40 euros, represented by 286,548,289 ordinary shares (following the capital reduction carried out in February 2018) with a face value of 0.60 euros each, all belonging to a single class and series, listed at 0.652 euros per share, indicating a share price depreciation of -86,9% in the year.

During 2018, a total of 765,504,283 shares (267.1% of the total tradable shares) were traded on stock exchanges, with a daily average of 3,001,977 securities.

OHL held treasury stock at 31 December 2018 of 511,811 shares, equivalent to 0.179% of the company's current capital.

	12/31/2018
Closing price	0,65
OHL YtD performance	-86,9%
Number of shares	286.548.289
Market capitalization (Mn Euro)	186,8
Ibex 35 YtD performance	-15,0%
Construction Index YtD performance	-3,4%



The most significant information on the bonds issued by OHL is set out below:

Issuer	Maturity	Coupon	Amount	Price	YtM
OHL S.A.	March 2020	7,625%	73	75,601%	34,050%
OHL S.A.	March 2022	4,750%	323	54,990%	26,464%
OHL S.A.	March 2023	5,500%	270	54,899%	22,718%

7. APPENDICES

PRINCIPAL SIGNIFICANT EVENTS

- **9 January 2018: approval at the Extraordinary General Shareholders' Meeting of a number of resolutions.**

The principal resolutions approved were:

i. The transfer of 100% of OHL Concesiones S.A.U. to Global Infraco Spain, S.L.U. according to the terms of the report by the Board of Directors and the information reported to the market according to the Significant Events published on the 16th and 17th of October 2017.

ii. To ratify the appointment of Juan Luis Osuna Gómez as the Company's C.E.O.

iii. To ratify the appointment of Javier Goñi de Cacho as a nominee director of the Company.

iv. To reduce the Share Capital by 7,326,425.4 euros through the redemption of 12,210,709 treasury stock charged against unrestricted reserves.

v. To modify the Directors' Compensation Policy, following a positive report by the Appointments and Compensation Committee.

vi. To approve an extraordinary emolument to be paid to the C.E.O., Juan Osuna Gómez, in the amount of 18 million euros, for his work and leadership in the process for the sale of the shares of OHL Concesiones S.A.U.

- **6 February 2018: formalisation of the capital reduction**

The registration of the deed of the capital reduction approved by the Company's Extraordinary General Shareholders' Meeting held on 9 January 2018 was formalised in the Commercial Registry of Madrid. As a result, the share capital has been set at 171,928,973.40 euros, represented by 286,548,289 shares with a face value of 0.60 euros each and of a single series and class. All of the shares have been paid up to the extent of 100% of their face value.

- **12 April 2018: conclusion of the transaction for the sale of OHL Concesiones and notice of a Put Option to bondholders.**

The company reported that the conclusion of the transaction has taken place in accordance with the terms of the Share Purchase Agreement signed on 30 November 2017, delivering a net consideration to OHL in the amount of 2.2 billion euros. The estimated net capital gain from the transaction totals 48 million euros.

As a consequence of the conclusion of this transaction, the company informed the holders of the three series of bonds (maturing in 2020, 2022 and 2023) issued by the Company and traded on the regulated market of the London Stock Exchange, totalling 894 million euros, that they had a Put Option, exercisable during a period of 30 days (up to 12 May 2018), according to which OHL must repay its bonds by paying 101% of their face value plus the accrued coupon.

- **14 May 2018: result of the Put Option of the bonds.**

The company reported the result of the Put Option exercisable up to 12 May by the bondholders. The nominal value of the bonds to be repaid by the Company amounted to a total of 228.3 million euros (113.8 million euros for the bond maturing in 2020, 71.5 million euros for the bond maturing in 2022 and 43.9 million euros for the bond maturing in 2023). The settlement of the option will take place on 21 May, after which the amount pending of the bonds in circulation will stand at 666.2 million euros.

- **30 May 2018: dividend distribution resolution.**

The Board of Directors passed a resolution to distribute a first interim dividend to shareholders on 2018 earnings in the amount of 0.349881 euros gross per share, the payment of which will take place on 6 June 2018.

- **8 June 2018: agreement with the workers' representatives in relation to the collective redundancy process.**

An announcement was made of the agreement with the workers' representatives in relation to the collective redundancy process, in which the termination of 140 employment contracts was established.

- **26 June 2018: approval of resolutions at the Ordinary General Shareholders' Meeting.**

It was announced that all of the resolutions proposed at the Ordinary General Shareholders' Meeting, held on 26 June 2018, were approved by a majority vote (see full documentation on the corporate website www.ohl.es).

- **26 June 2018: Changes in the composition of the Board of Directors.**

It was announced that the Board of Directors has accepted the resignation tendered by Alvaro Villar-Mir de Fuentes, nominee director, and that the final number of Directors is now established at 10 members (1 executive, 5 nominee and 4 independent directors).

Likewise, it was reported that the Board of Directors has decided to appoint the independent director Reyes Calderón Cuadrado as the Chair of the Appointments and Compensation Committee.

- **28 June 2018: resignation and appointment.**

It was announced that the Board of Directors has accepted the resignation of Juan Osuna as a director and has appointed José Antonio Fernández Gallar by co-option as the Second Deputy Chairman and CEO.

- **9 July 2018: Changes in the composition of the Board of Directors.**

It was announced that the Board of Directors has accepted the resignations tendered by Jose Luis Díez García and Ignacio Moreno Martínez, independent directors, and on the proposal of the Appointments and Compensation Committee has appointed Carmen de Andrés Conde and César Cañedo-Argüelles Torrejón as independent directors.

Likewise, it was reported that the Board has decided to acknowledge the change of status of Juan Antonio Santamera Sánchez, who is now classified as "other external directors", as was requested by the significant shareholder, Grupo Villar Mir, S.A.

- **13 August 2018: Acquisition of 32.5% of Proyecto Canalejas**

OHL Desarrollos announced the acquisition of the entire 32.5% stake that was held by Grupo Villar Mir, S.A.U. in the capital of Proyecto Canalejas at a total price consisting of a fixed amount of 50 million euros, with the possibility of an earn-out up to a maximum of an additional 10 million euros based on the possible capital gains generated in a subsequent sale of the aforementioned stakes. The transaction also included the acquisition by OHL Desarrollos of the credit rights in relation to the loans or credits granted by Grupo Villar Mir, S.A.U. in relation to the project in the amount of 9.8 million euros.

- **10 October 2018: Agreement for the sale of the Ciudad Mayakoba assets**

It was announced that OHLDM, S.A. de C.V. and Huaribe, S.A. de C.V., Mexican companies 100%-owned by OHL, signed a purchase & sale agreement with Operadora Lakahn, S.A. de C.V., a company belonging to BK Partners, through which the latter, as the purchaser, acquired the stakes in the companies, land and rights comprising the urban development project known as "Ciudad Mayakoba" (the "Transaction"). The price of the Transaction totalled 2,122.7 million Mexican pesos (approximately 96.9 million euros) and with an estimated negative result in the amount of approximately 35.8 million euros.

- **16 November 2018: Moody's rating**

It was announced that the Moody's Investors Service rating agency has downgraded OHL's corporate rating and Unsecured Senior Debt from B3 to Caa1, with stable prospects.

ALTERNATIVE PERFORMANCE MEASURES

The OHL Group presents its results in accordance with the International Financial Reporting Standards (IFRS) and also uses certain Alternative Performance Measures (APM), which facilitate a better understanding and comparability of the financial information and, in order to comply with the guidelines of the European Securities and Markets Authority (ESMA), we are defining the following terms below:

Gross operating profit (EBITDA): is the Operating Profit prior to the allocation for depreciation and changes in provisions.

Recourse gross operating profit (recourse EBITDA): is calculated as the Total gross operating profit (EBITDA), including the financial revenues from interest, excluding certain losses from Other Expenses, in some cases without any effect on cash (e.g. losses on account of re-estimates of final targets in projects, collective redundancy procedures and others), minus the Gross operating profit (EBITDA) of project companies, and includes dividends paid to the Parent Company by the project companies.

Project companies: are those companies whose debt does not have recourse to the Parent Company, OHL S.A.

Net operating profit (EBIT): is calculated by taking the following items from the consolidated profit and loss account: Net turnover, Other operating revenues, Operating expenses, Personnel expenses, Allocation for depreciation and Changes in provisions.

Gross debt: group together the items of Non-current financial debt and Current financial debt on the liabilities side of the consolidated balance sheet, including bank debt and bond issues.

Net debt: are made up by the Gross debt minus Other current assets and Cash and cash equivalents on the assets side of the consolidated balance sheet.

Non-recourse debt (gross or net): refer to the debt (gross or net) of the project companies.

Recourse debt (gross or net): are made up by the Total borrowings (gross or net) minus the Non-recourse debt (gross or net).

Order book: the Revenues pending performance of the contracts awarded, both short-term as well as long-term. These contracts are included in the order book once they have been formalised.

- **Short-term order book:** represents the estimated amount of the revenues of Construction, Industrial and Services, pending performance, and also includes the revenues expected on the basis of changes in the contracts or additional work units estimated in relation to the percentage of completion of the projects.
- **Long-term order book:** represents the estimated future revenues of the concessions, during the concession period, in accordance with their financial plan and includes estimates of changes in the exchange rate between the euro and other currencies, inflation, prices, toll rates and traffic flows.

Market capitalisation: number of shares at the close of accounts for the period multiplied by the listed price at the end of the period

Earnings per Share (EPS): is the Profit attributed to the Parent Company divided by the average number of shares in the period.

P/E Ratio: listed price at the end of the period divided by the Earnings per Share of the last twelve months.

The foregoing financial indicators and Alternative Performance Measures (APM), the use of which facilitates a better understanding of the financial information, are calculated by applying the principles of coherence and homogeneity, thereby enabling the comparability between periods.

V. EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

1) Presentation bases of the condensed consolidated financial statements at 31 December 2018

The Board of Directors has approved the consolidated summary financial statements for the year ended December 31, 2018 under the presumption that any reader will also have access to the 2017 Annual Accounts prepared in accordance with the International Financial Reporting Standards (IFRS-EU). They were approved by the Annual Shareholders' Meeting on June 26, 2018. Consequently, since their preparation is consistent with the principles and standards used in the preparation of the Consolidated Annual Accounts for the year 2017, it has not been necessary to include or repeat a large part of the notes included in them. Instead, the explanatory notes include an explanation of the events or variations that result, if any, significant for the explanation of the changes in the financial position and the results of the OHL Group from the date of the aforementioned annual accounts.

The accounting policies and methods used to draw up these consolidated financial statements are the same ones applied to the consolidated annual accounts for the 2017 financial year, except for the following rules and interpretations that came into force during 2018:

Effective date of new accounting rules

Over the 2018 financial year, the following rules have come into force:

New rules, amendments and interpretations: Approved for use in the European Union		Mandatory for financial years starting on:
IFRS 15 Revenue from contracts with customers (clarifications included)	New revenue recognition standard (replaces IAS, 11, IAS 18, IFRS-IC 13, IFRS-IC 15, IFRS-IC 18 and SIC-31).	1 January 2018
IFRS 9 Financial instruments	This replaces the classification, valuation, recognition and write-off in accounts required for financial assets and liabilities, hedge accounting and impairment under IAS 39.	
Amendment of IFRS 2 Classification and appraisal of share-based payment	These limited changes clarify specific issues, such as the effects of accrual terms on share-based payments to be settled in cash, the classification of share-based payments if net amount settlement clauses are included, and some aspects related to changes in types of share-based payment.	
Amendments to IFRS 4 Insurance contracts	This allows entities covered by the scope of IFRS 4 to apply IFRS 9, with certain exceptions or a temporary exemption.	
Amendments to IAS 40 Reclassification of investment property	The change clarifies that an investment reclassified from or as investment property is only allowed if there is evidence of a change in use.	
Improvements in IFRS 2014-2016 Cycle	Changes in a series of standards.	
IFRS-IC 22 Foreign currency transactions and advance consideration	This interpretation establishes the "transaction date", when determining the exchange rate applicable to transactions entailing advances in foreign currency.	

Of the new standards that have come into force, the following have had the most impact on the Group:

<u>IFRS 15 Revenue from contracts with customers</u>

The balance sheet at 31 December 2018 has been basically affected by the application of IFRS 15, in three major groups: bidding and contractual costs, recognized collection rights pending invoicing (Work executed pending of certification) and changes in estimates of the final result of the works/projects related to files that are not contractually approved.

The mandatory application of this standard starting from 1 January 2018 involved the adoption of more restrictive criteria for revenue recognition, principally with respect to the probability of approval by the customer, as up to now revenue was recognised when the attainment of such approval was probable; with the new standard, revenue recognition takes place when it is highly probable that a substantial reversal of the revenues with not occur.

The adjustment made on 1 January 2018 as a consequence of the coming into force of IFRS 15 Revenue from contracts with customers, led to a total deletion of the claims balance, registered at 31 December 2017 for a total of 402.0 million euros. In addition, a provision of (204.7) million euros has been deleted associated to such claims, which was previously registered as "Trade debtors and other accounts receivable". Litigious claims at 31 December 2017 were registered based on internal technical reports, and in-house and external lawyers, on the grounds that they constituted sufficient evidence to back up a likely recover of these amounts; the rest were backed up with internal technical estimates.

Furthermore, an extra 246.9 million euros were initially considered, most of which represented balances for which there was no highly probable evidence of collection, registered as "Trade debtors and other accounts receivable - Executed works pending certification", as well as costs associated to enforced guarantees in relation to the lawsuit involving the Sidra Medical Research Center (Sidra Hospital (Qatar) works project; the analysis ended with a final amount of 213.0 million euros, the main change of which was a result of considering that the costs associated to enforced guarantees were beyond the scope of IFRS 15, given their financial nature.

The foregoing conclusion is backed up by the following main projects:

- Design and Construction of the Sidra Medical Research (Doha, Qatar) Project, Qatar Foundation for Education, Science and Community Development (QF), which is involved in an arbitration dispute, initiated on 30 July 2014, before the International Chamber of Commerce. As a result of the new standard, 239.5 million euros were deleted, approximately, from recoverable net assets associated to the project, after their existing provision was taken into account.

- Other balances of Works Completed Pending Certification with respect to the companies: Autopista Eje Aeropuerto Concesionaria Española, S.A.U., Cercanías Móstoles Navalcarnero, S.A., Viaducto Kuwait, FF.CC. Annaba, Marmaray and other minor balances.

- Balances gathered as “Trade debtors and other accounts receivable - Executed works pending certification”, representing the works of investee companies abroad (mainly in the U.S.A., Southern Latin America, Algeria, Kuwait, Turkey and other minor balances).

Further to the foregoing, the impact of IFRS 15 on the Group has finally been appraised at 410.3 million euros.

As a consequence, the balances for Legacy Projects in the balance sheet have been cancelled in full. The OHL Group is still taking all the necessary steps to recover these amounts, given that it believes that there are strong legal grounds to claim them from the clients, whereupon such revenue will be re-entered.

<u>IFRS 9 Financial instruments</u>

IFRS 9 has replaced IAS 39 since the beginning of the year (January 1, 2018) and affects both financial instruments of assets and liabilities, covering three large blocks: classification and measurement, impairment of value and hedge accounting. There are very relevant differences with the current standard of recognition and measurement of financial instruments, the most significant are:

- Impairment of financial assets. IFRS 9 replaces a loss incurred model in IAS 39 with one of expected losses. Under the new standard, the provision for losses will be calculated based on the expected losses for the next 12 months or for the entire life of the instruments based on the significant increase in risk. The Group plans to use the simplified approach (provision for expected losses over the life of the asset) in its accounts receivable related to contracts with customers. With this objetive and for its implementation, the Group has established a procedure whereby accounts receivable not only deteriorate when they are no longer recoverable (losses incurred) but also consider the possible expected losses based on the evolution of specific credit risk of the client, its sector and country.

- Classification and valuation of financial assets. There is a new classification to reflect the company's business model. Investments in financial assets whose contractual cash flows consist exclusively of principal and interest payments and, in turn, the management model of such assets, are maintained for the purpose of obtaining contractual flows. In general, they will be valued at amortized cost. For the same assets, when the business model is the obtaining of the contractual flows and the sale of the assets, they will be measured at fair value with changes in other comprehensive income. All other financial assets that do not consist exclusively in the payment of principal and interest and the management model is the sale of the same, they will be measured at their fair value with changes in profit and loss. However, the Group may irrevocably choose to present in the net equity the subsequent changes in the fair value of certain investments in equity instruments and, in general, in this case only the dividends will be subsequently recognized in profit or loss. In relation to financial liabilities, IFRS 9 does not change with respect to IAS 39, except for the change in treatment in the renegotiations of financial liabilities that did not cause them to be derecognized.

The application was applied retroactively, recognizing the cumulative effect of the initial application as adjustment of the opening balance of 2018 in the consolidated balance sheet, calculated for those contracts in effect on January 1, 2018. Therefore, the comparative information of the year 2017 has not been restated

For the evaluation of the risk in the valuation, percentages of probability of default by countries have been used, both for the public sector and the private sector clients. The impact of the application of this new standard is a reduction of the net assets attributable to the Parent Company for a value of 5 million euros, the main counterpart being "Impairment of accounts receivable".

The effect of applying IFRS 15 and 9 over the Financial Statements, at 1 January 2018, is shown below:

ASSETS	31/12/2017	IFRS 15 and 9	Thousand Euros 01/01/2018
Non-current assets	**1,665,253**	**-**	**1,567,657**
Intangible assets	231,448	-	231,448
Fixed assets in concession projects	66,773	-	66,773
Tangible fixed assets	212,059	-	212,059
Real estate investments	73,284	-	73,284
Goodwill	12,515	-	12,515
Non-current financial assets	500,991	-	500,991
Participation method investments	303,127	-	303,127
Assets for deferred tax	265,056	-	265,056
Current assets	**10,543,232**	**(415,258)**	**10,127,974**
Non-current assets held for sale	8,023,590	-	8,023,590
Stocks	152,404	-	152,404
Trade debtors and other accounts receivable	1,736,175	(415,258)	1,320,917
Current financial assets	140,119	-	140,119
Assets from tax on current gains	17,330	-	17,330
Other current assets	39,404	-	39,404
Cash and other cash-equivalent assets	434,210	-	434,210
Total assets	**12,208,485**	**(415,258)**	**11,793,227**
LIABILITIES			
Net assets attributed to the Controlling Company	**2,166,665**	**(415,258)**	**1,750,407**
Capital	179,255	-	179,255
Reserves	1,999,486	(415,258)	1,583,228
Results	(12,076)	-	(12,076)
Minority interests	**2,016,563**	**-**	**2,016,563**

Net equity	**4,183,228**	**(415,258)**	**3,767,970**
Non-current liabilities	**1,124,122**	**-**	**1,124,122**
Debts with credit institutions and Bonds	893,556	-	893,556
Liability for deferred tax	139,493	-	139,493
Non-current provisions	50,122	-	50,122
Other non-current liabilities	40,951	-	40,951
Current liabilities	**6,901,135**	**-**	**6,901,135**
Non-current liabilities held for sale	4,141,724	-	4,141,724
Debts with credit institutions and Bonds	680,679	-	680,679
Trade creditors and other accounts payable	1,595,330	-	1,595,330
Other current liabilities	483,402	-	483,402
Total liabilities	**12,208,485**	**(415,258)**	**11,793,227**

Standards and interpretations issued but not yet in force

At the issue date, the following standards and interpretations have been published by the IASB, but had not yet come into force, either because their effective date is subsequent to the consolidated abridged intermediate financial statements, or because they have not yet been adopted by the European Union:

New standards, amendments and interpretations: Approved for use in the European Union		Mandatory for financial years starting on:
IFRS16 Leases	This replaces IAS 17 and its associated interpretations. The main novelty is that the new standard proposes a single accounting model for lessees, including all leases in the balance sheet.	1 January 2019
Amendment of IFRS 9. Characteristics of early cancellation with a negative setoff	Some financial instruments may be appraised at amortised cost, with advance payment terms, allowing a smaller amount to be paid than unpaid capital and interest amounts.	
IFRS-IC 23 Uncertainty over income tax treatment	This clarifies how to apply IAS 12 registration and valuation criteria if there is uncertainty on a tax authority's acceptability of a certain tax treatment used by the company.	

Further to the foregoing, the only standard that we expect will have an impact will be IFRS 16 Leases.

IFRS 16 Leases

The impact on the balance sheet figures will imply an increase in the recognition of assets for the right of use and financial liabilities for future payment obligations, related to leases rated to date as operating. The adoption of the permitted exceptions on the recognition of short-term (less than 12 months) and low-value leases is expected. From the preliminary analysis of operating leases at the closing date of the year, an approximate impact of 130 million euros is estimated for the future minimum non-cancelable payments updated at the implicit interest rate considering the type of asset and country, which it could be comparable to the asset for right of use and financial debt that should be recognized in the balance sheet. This estimate has been made based on the portfolio of contracts and market conditions existing at December 31, 2018, the initial conclusions being, and corresponding mostly to lease commitments on offices, machinery and vehicles.

<table>
<tr><th colspan="2">New standards, amendments and interpretations:</th><th rowspan="2">Mandatory for financial years starting on:</th></tr>
<tr><th colspan="2">Not approved for use in the European Union</th></tr>
<tr><td>IFRS 17 Insurance contracts</td><td>This will replace IFRS 4. It gathers principles to register, value, present and itemise insurance contracts, in order for the company to provide relevant and reliable information, enabling data users to determine the impact of these contracts on financial statements.</td><td>1 January 2021 (*)</td></tr>
<tr><td>Amendment of IAS 28 Long-term interest in associates and joint ventures</td><td>This clarifies that IFRS 9 should apply to long-term interests in an associate or joint venture if the equity method is not applied.</td><td rowspan="3">1 January 2019</td></tr>
<tr><td>Improvements in IFRS Cycle 2015-2017</td><td>Amendment of a series of standards.</td></tr>
<tr><td>Amendment of IAS 19. Amendment, reduction or liquidation of a plan</td><td>This clarifies how to calculate service cost for the current period and net interest for the rest of an annual period, if a defined benefit plan is amended, reduced or liquidated.</td></tr>
<tr><td>Amendment of IFRS 3. Definition of business combinations</td><td>Clarifications on how business combinations are defined.</td><td>1 January 2020</td></tr>
</table>

(*) The initial application date of this standard is being reviewed and may be delayed until 1 January 2022.

There is no accounting principle or valuation standard, with a relevant impact on the consolidated annual accounts, which has not been applied when drawing up the latter.

2) Estimates

Consolidated results and calculation of consolidated equity are affected by accounting principles and policies, valuation criteria and estimates followed by the Directors of the Controlling Company, when drawing up consolidated financial statements.

The main accounting principles and policies and valuation criteria are indicated in note 2 of the annual report on consolidated annual accounts for the 2017 financial year.

The Directors of the Controlling Company are responsible for the information contained in these financial statements.

Consolidated results and calculation of consolidated equity are affected by accounting principles and policies, valuation criteria and estimates following by the Directors of the Controlling Company, when drawing up consolidated financial statements.

The main accounting principles and policies and valuation criteria are indicated in note 2 of the annual report on consolidated annual accounts for the 2017 financial year.

For the 2018 consolidated financial statements, estimates have occasionally been used provided by the Senior Management of the Group and its members, subsequently ratified by their Directors, when quantifying some of the assets, liabilities, revenues and expenses registered therein. Basically, these estimates refer to:

- Losses for impairment in certain assets.
- The useful life of intangible and tangible assets.
- Recognition of results in construction contracts.
- The amount of certain provisions.
- The fair value of assets acquired in business combinations and goodwill.
- The fair value of certain unlisted assets.
- Evaluation of possible contingencies for employment, tax and legal risks.
- Financial risk management.

Although these estimates were made with the best information available at 31 December 2018, future events may require that they be changed in coming financial years; this would be carried out according to the provisions of IAS 8, recognising the effects of changes in estimates in the consolidated profit and loss account.

3) Information comparability

When comparing information, the Developments Division should be taken into account as discontinued operations at 31 December 2018, due to the application of IFRS 5 Assets held for sale and discontinued operations. As a result, financial information for 2017 has been restated, to include:

i. The profit and loss account, reflecting the results of the Developments Division, net of tax and before minority interests, is shown in one line entitled “Year results from discontinued operations, net of tax”.
ii. Cash flow statement.
iii. Information on the average number of employees.

Impacts derived from the aforementioned presentation of Developments division, as interrupted activity in the P&L account in year 2017, have been explained in a single line for the amount of (8.439). Then, it is shown in detail the P& L account of the year.

Profit and loss account	Year 2017
Turnover	44.237
Other operating revenues	42.097
TOTAL revenues	**86.334**
Provisions	(14.131)
Personnel expenses	(15.222)
Other operating expenses	(47.024)
Amortisation	(2.917)
Changes in provisions	-
EBITDA	**7.040**
Financial revenues	517

Financial expenses	(4.139)
Exchange diferences	17.359
Change in value of financial instruments	775
Equity accounted entities	(8.747)
Result from disposal of financial instruments	(24.789)
Profit / (loss) on continuing activities before taxes	**(11.984)**
corporate tax	3.845
Result after taxes on discontinued operations	**(8.439)**

4) Comments on the seasonality or cyclical nature of transactions

The activities carried out by OHL Group companies, valued as a whole over a twelve-month period, are not subject to any relevant seasonality or cyclical nature, which is why there are no specific breakdowns for this item.

5) Main risks and uncertainties for 2019

Risk management, as OHL Group's strategic objective, seeks to implement a reliable risk management system, to maintain and use it as a management tool at all decision-making levels.

This system develops and implements a common set of processes, risk categories, tools and management techniques, in order to:

- Identify and manage risks within the Group and each Division.
- Establish a reporting system to identify and follow up on key risks.
- Align risk tolerance levels with the Group's objectives.
- Improve risk information and communication.
- Improve decisions taken in response to risks.
- Integrate risk management into decision-making.
- Reduce de Group's vulnerability in adverse situations.
- Establish and maintain a risk awareness policy.
- Increase trust and certainty of the Board of Directors and stakeholders, as to the fact that material risks are being managed and reported in due time.

OHL Group's risk management process framework indicates how the Group is handling its risks. Risk management in the OHL Group is carried out further to the following principles:

- Risk management is integrated into the main business processes, such as planning or operative processes, to guarantee consistent risk analysis in decision-making.
- The OHL Group analyses and defines its capacity to reduce, accept, share or avoid risks. This definition is aligned with and backs up the Group's strategic and operative objectives, and its declared risk tolerance.
- All OHL Group risks are identified, prioritised and evaluated, according to risk valuations and potential exposure, by qualified staff in the organisation.
- Each functional area and Division is in charge of adopting and following OHL Group's Risk Management System. Identified risks are analysed in all Divisions and are aggregated to guarantee a coordinated response to the Group's common risks.

- Each functional area and Division periodically reviews its risk list in order to update the status of existing risks and identify emerging risks.
- Each functional area and Division endorses a policy of transparency, awareness and open dialogue in risk situations. The OHL Group's Risk Management plan supports and helps create regular debate on risks, awareness and corporate communication of risks, as well as continuous learning on risk management.
- Each Division is in charge of proactively circulating any actual or potential material risks at the right moment, ensuring that risk management information is provided to the Management of each Division, to the corporate risk management function or others, as deemed appropriate.
- The OHL Group provides the necessary tools and resources to facilitate reporting, follow-up and measurement of risks.

OHL Group's Risk Management Policy is updated each year to make sure that it remains aligned with the interests of the Group and its stakeholders.

OHL Group's Auditing & Compliance Committee is ultimately responsible for ensuring that the commitments gathered in the Risk Management Policy are updated and continuously carried out.

The main risks and uncertainties faced by the Group are:

1) Risks related to project execution

   Following the huge re-estimates of objectives made in 2018, leading to a recognition of significant losses, the Group needs to focus on the technical and economic supervision of its projects, in an exhaustive manner, and should follow up on all proceedings submitted and pending approval, or claims filed to which it is entitled.

2) Risks related to the market/procurement

   The current scenario of global construction markets makes it necessary to follow up on all business opportunities in order to ensure a reasonable level of procurement and order book.

3) Risks related to Quality and Safety

   The Group is still striving to improve Quality in all its products, as well as the personal Safety of its staff.

4) Risks related to the Environment

   This risk, which is gradually becoming more important, is permanently supervised by the Group as a priority objective; all the necessary measures are being adopted to achieve it.

5) Financial risks

   The Group is facing the challenge of entering financial markets, whilst constantly managing its treasury cash, auditing its economic-financial information and managing insurance.

   Taxation, with compliance of its Fiscal Policy, as well as the greater transparency and reliability of economic and financial information, continues to be the subject of special attention.

6) Changes in the Group's composition

Section IV. Selected financial information, point 11, describes the changes arising in the Group's composition during 2018. This section provides, for all purchased entities, the effective transaction date, net cost of business combinations, percentage of voting rights acquired on the effective transaction date and percentage of total voting rights at 31/12/2018.

Furthermore, for any companies sold, severed or written off, the effective transaction date is provided, as well as the percentage of voting rights sold or cancelled, the percentage of voting rights following the sale and any consequent profit or loss.

7) Treasury Stock

The movement registered in the 2018 fiscal year regarding the treasury stock shares was as follows:

Concept	Nº shares	€ Mil
Dec. 31, 2017 position	**12.531.939**	**48.638**
Purchases	24.897.366	65.592
Sales	(24.706.785)	(66.840)
Amortization	(12.210.709)	(47.020)
Dec. 31, 2018 position	**511.811**	**370**

8) Changes in the consolidation perimeter

Changes in the consolidation perimeter over 2018 are indicated below:

GLOBAL INTEGRATION	
Added once incorporated	2
Written off once sold	(41)
Written off once liquidated	(1)
Total	(40)

PARTICIPATION METHOD	
Added once incorporated	2
Written off once sold	(41)
Written off once dissolved	(2)
Written off once merged	(5)
Written off once liquidated	(1)
Total	(47)

Below are the companies added to/cancelled from the perimeter:

GLOBAL INTEGRATION

Added once incorporated

OHL UK Construction Limited
Promoción de Concesiones 2018, S.L.U.

Written off once sold

OHL Concesiones, S.A.
0606 Investments S.a r.l.
Autopista del Norte, S.A.C.
Autopista Rio Magdalena, S.A.S.
Autopista Urbana Norte, S.A. de C.V.
Autovías Concesionadas OHL, S.A. de C.V.
Concesionaria AT - AT, S.A. de C.V.
Concesionaria Mexiquense, S.A. de C.V.
Construcciones Amozoc Perote, S.A. de C.V.
Euroconcesiones, S.L.
Euroglosa 45 Concesionaria de la Comunidad de Madrid, S.A.
Grupo Autopistas Nacionales, S.A.
Latina México. S.A. de C.V.
Magenta Infraestructura, S.L.
OHL C. Emisiones, S.A.U.
OHL Concesiones Chile, S.A.
OHL Concesiones Colombia, S.A.S.
OHL Concesiones Perú, S.A.
OHL Concessoes Brasil LTDA.
OHL Emisiones, S.A.U.
OHL Investments, S.A.
OHL México, S.A.B. de C.V.
OHL Toluca, S.A. de C.V.
OPCEM, S.A.P.I. de C.V.
Operaciones Cerro Valparaíso, SPA
Operaciones Portuarias Valparaíso, SpA.
Operadora Concesionaria Mexiquense, S.A. de C.V.
Operadora de Carreteras, S.A.C.
Organización de Proyectos de Infraestructura, S.A.P.I. de C.V.
Pachira, S.L.
Partícipes en Metro Ligero Oeste, S.L.
Seconmex Administración, S.A. de C.V.
Sociedad Concesionaria Nuevo Camino Nogales - Puchuncaví, S.A.
Sociedad Concesionaria Puente Industrial, S.A.
Terminal Cerros de Valparaíso, S.A.
Terminal de Contenedores de Tenerife, S.A.
Terminal Polivalente Sureste, S.L.
Terminales Marítimas del Sureste, S.A.
Tráfico y Transporte Sistemas México, S.A. de C.V.
Tráfico y Transporte Sistemas, S.A.U.
Viaducto Bicentenario, S.A. de C.V.

Written off once liquidated

OHL Industrial Brasil LTDA.

PARTICIPATION METHOD

Added once incorporated

Constructora Vespucio Oriente, S.A.
Asenda Ciudad Mayakoba, S.A. de C.V.

Written off once sold

Administradora Mexiquense del Aeropuerto Internacional de Toluca, S.A. de C.V.
Autovía de Aragón-Tramo 1, S.A.
Constructora Libramiento Elevado de Puebla, S.A. de C.V.
Controladora Vía Rápida Poetas, S.A.P.I. de C.V.
Coordinadora Vía Rápida Poniente, S.A.P.I. de C.V.
Libramiento Elevado de Puebla, S.A. de C.V.
Mepsa, Servicio y Operaciones, S.A.
Metro Ligero Oeste, S.A.
Operadora AVO, S.A.
Operadora Libramiento Elevado Puebla, S.A. de C.V.
Prestadora de Servicios Vía Rápida Poniente, S.A.P.I. de C.V.
Servicios Administrativos Mexiquenses del Aeropuerto Internacional de Toluca, S. de R.L. de C.V.
Sestibalsa Alicante, S.A., de Gestión de Estibadores Portuarios
Sociedad Anónima de Gestión de Estibadores Portuarios del Puerto de Santa de Cruz de Tenerife
Sociedad Concesionaria Vespucio Oriente, S.A.
Marina Mayakoba, S.A. de C.V.
FHP Villas Lote 2, S.A. de C.V.
Tenedora de Hoteles y Golf MKB, S.A. de C.V.
Controladora Hoyo 1, S.A. de C.V.
Hotel Hoyo Uno, S. de R.L. de C.V.
HH1 Servicios S de R.L. de C.V.
Aqua Mayakoba, S.A. de C.V.
Lotes 3 Servicios, S.A. de C.V.
Mayakoba Thai, S.A. de C.V.
Golf de Mayakoba, S.A. de C.V.
Golf Mayakoba Servicios, S.A. de C.V.
Activos Hoteleros de Lujo MKB, S.A. de C.V.
Lagunas de Mayakoba, S.A., de C.V.
Operadora Mayakoba, S.A. de C.V.
Operadora Hotelera del Corredor Mayakoba, S.A. de C.V.
Servicios Hoteleros del Corredor Mayakoba, S.A. de C.V.
Islas de Mayakoba Servicios, S.A. de C.V.
Islas de Mayakoba, S.A. de C.V.
Desarrollos RBK en la Riviera, S.A. de C.V.
CD Telematica a. s.
ZPSV, a. s.
ZPSV Caña, a. s.
ZPSV Eood, a. s.
ZPSV Servis, s.r.o.
Catalana de Seguretat i Comunicacións, S.L.
L 6 Hotel Mayakoba, S. de R.L. de C.V.

Written off once dissolved

Partenariat Ferroviaire ST. Charles SEC
PFSC General Partner INC

Written off once merged

BNS International Inc.
Villas de Mayakoba, S.A. de C.V.
Constructora Mayaluum Servicios, S.A. de C.V.
Constructora Mayaluum, S.A. de C.V.
Comercial de Materiales de Incendios, S.L.

Written off once liquidated

La Ceiba en Ciudad de Mayakoba, S.A.P.I. de C.V.

The most important disinvestment has been that of the companies of the Concessions Division.

Below, is detailed the total impact that the divestment of the Division has produced in the Profit and Loss Account for 2018:

	€ Mil
Concept	**Concesiones**
Result in value adjustments	(549.868)
Disposal result	47.550
Contributed result after taxes up to the sale	115.738
Result after taxes on discontinued operations	**(386.580)**
Minority interests of discontinued operations	(71.618)
Total result	**(458.198)**

9) Subsequent events

No subsequent events of relevance have occurred between 31 December 2018 and the date of these consolidated financial statements.

Any statements appearing in this document, other than those which refer to historical data, including, on a non-restrictive basis, statements with respect to operational development, business strategy and future targets, are estimates for the future and, as such, involve known and unknown risks, uncertainties and other factors which may cause the results of the OHL Group, its actions and successes, or the outcomes and conditions of its activity, to be substantially different from such information and from the Group's estimates for the future.

This document, including the estimates for the future it contains, is provided with effects as from this day and date, and OHL expressly declines any obligation or commitment to provide any update or revision of the information contained herein, of any change in its expectations or any modification of the facts, conditions and circumstances on which these estimates with respect to the future have been based.

Results Report 2018

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