

CONSOLIDATED DIRECTORS' REPORT OF ROADIS TRANSPORTATION HOLDING, S.L.U. AND ITS SUBSIDIARIES AT DECEMBER 31, 2018

1. SITUATION OF THE GROUP

The parent Company's corporate purpose is the investment and management in concessional assets in the toll roads and railway sectors.

ROADIS is a global company with a solid position in the countries where it operates. Its geographic presence has a high strategic value, given that it is present both in countries with consolidated economies (USA, Spain, Portugal), and in key markets of the new world economy (India, Brazil, Mexico).

ROADIS has a strategy of international expansion and continuous growth which is translated into a quest for investments for new assets.

ROADIS manages a significant portfolio of assets and projects, with an investment which amounts to over **4,419 M €**. Specifically, it has 1,882 km of highways under concession.

ROADIS is owned by one of the largest Canadian pension fund managers, PSP Investment (Public Sector Pension Investment Board) which invests and manages infrastructures, among other asset classes.

ROADIS Transportation Holding, S.L.U. is the Parent of a Group in which is the sole shareholder of the companies heading the various lines of business and geographical markets in which the Group operates. The following chart summarizes the structure by geography of the Group as of 31 December 2018:



The detail of the Group's subsidiaries, joint ventures and associates as of 31 December 2018 and the corresponding percentages of ownership is shown in Appendices I and II, respectively, to the consolidated financial statements.

CONSOLIDATED DIRECTORS' REPORT OF ROADIS TRANSPORTATION HOLDING, S.L.U. AND ITS SUBSIDIARIES AT DECEMBER 31, 2018

The main figures by country of 2018 are the following:

| December 31, 2018 | Spain | Brazil | Mexico | India | USA | Portugal | Total concessions | Corporate | Subtotal | Equity Method Adjustment | Total |
|--|---------|----------|----------|----------|---------|----------|-------------------|-----------|-----------|--------------------------|-----------|
| Revenue/ Sales | 19.026 | 86.068 | 59.910 | 135.151 | 48.064 | 37.255 | 385.474 | 170 | 385.644 | (150.372) | 235.272 |
| Operating results | 6.480 | 6.684 | 38.980 | 31.666 | 30.817 | 13.455 | 128.082 | (28.732) | 99.350 | (71.280) | 28.070 |
| Net Financial Results | (5.081) | (22.978) | (56.664) | (63.556) | (8.445) | (8.092) | (164.816) | (17.152) | (181.968) | 67.645 | (114.323) |
| Profit before income tax | 1.399 | (16.294) | (17.684) | (31.891) | 22.371 | 5.364 | (36.735) | (45.883) | (82.618) | 20.087 | (62.530) |
| Income tax | (350) | 5.546 | (1.769) | 11.202 | (5.030) | (5.868) | 3.731 | (216) | 3.515 | 4.749 | 8.264 |
| Profit for the year | 1.049 | (10.747) | (19.453) | (20.688) | 17.342 | (505) | (33.002) | (46.100) | (79.102) | 24.836 | (54.266) |
| Profit for the year from discontinued operations (attributable to equity holders of the company) | - | - | - | - | - | - | - | (1.228) | (1.228) | | (1.228) |
| Profit/ (loss) for the year | 1.049 | (10.747) | (19.453) | (20.688) | 17.342 | (505) | (33.002) | (47.328) | (80.330) | 24.836 | (55.494) |

Key Milestones in 2018

On **January 2018**, a new bridge that crosses the Paraguaçu River in ViaBahía was opened to traffic, as part of the duplication project of the BR-116 – Santos Dumont highway. It is specifically located in the municipality of Rafael Jambeiro, near the kilometer 495,5 of the BR-116, one of the two highways that **ROADIS** manages in Brazil.

The modern constructive methods used will imply improvement in the safety and comfort of the road users. VIABAHIA, calculates that approximately 10,500 vehicles will pass everyday through this bridge that is 252 meters long, 16 meters high and 12 meters wide.

On **January 2018**, **ROADIS** paid the amount related to the acquisition of the stake owned by one fund managed by Morgan Stanley Infrastructure Partners (MSIP) in three of the existing Indian assets managed by **ROADIS**: Soma Indus Varanasi Aurangabad Tollway Private Ltd, Surat Hazira NH6 Tollway Private Ltd and Kishangarh Beawar NH8 Tollway Private Ltd. With this transaction, **ROADIS** reached a 50% stake of each of the referred assets in 2017.

On **May 2018** **ROADIS** expanded into Portugal with the closing of the purchase of stakes in **Auto Estradas do Atlantico** (AEA) and **Auto Estradas do Litoral Oeste** (AELO).

AEA is comprised of two toll highways, the A8 and the A15, which span across an overall length of 170 kilometers. The A8 is a key highway in Portugal's economic corridor between Lisbon and Porto, acting primarily as a main artery for commuters travelling to Lisbon from the surrounding suburban neighborhoods. The A15 links the towns of Caldas de Rainha and Santarem, acting as a complementary axis to the north-south routes. The concession contract commenced in 1998 and expires in 2028. Within the last three years, traffic has increased by more than eight percent on AEA.

AELO operates under an availability based payment framework and spans a total 112 kilometers from Portugal's west coast to its interior. It is comprised of a series of highways that provide a connection between the main north-to-south motorways including the A1, A8 and A17 in the Leiria region, one of Portugal's most important tourist regions. The concession contract commenced in 2013 and expires in 2039.

On **August 2018**, **ROADIS** successfully closed the debt restructuring for Surat Hazira NH6 Tollway Private Ltd with a consortium of lenders. Per the restructuring, the amortization schedule of the debt and its interest cost were adjusted to better reflect the currently expected cash generation profile of the asset. The restructuring also included an equity injection by **ROADIS** as a result of which the Groups currently owns approximately 78,23% of Surat Hazira NH6 Tollway Private Ltd, although joint control remains due to shareholders agreement.

CONSOLIDATED DIRECTORS' REPORT OF ROADIS TRANSPORTATION HOLDING, S.L.U. AND ITS SUBSIDIARIES AT DECEMBER 31, 2018

Strategic Plan

ROADIS Strategic Plans built around four pillars:

1. Maximize existing assets value

ROADIS focuses its management efforts on creating and implementing a value enhancement agenda for each asset, solving any potential remaining legacy issues at asset level and ensuring continuous improvements through operational and financial excellence on all fronts.

2. Increase Size, by pursuing targeted investments

ROADIS is already present in several key geographies in terms of visible / expected opportunities where the Company wants to continue deploying capital, but also it has the ability to enter new markets in a profitable manner, like the entry in Portugal proves.

The Company has a target investment amount of 2 bn USD in equity to be deployed in the next 3 to 5 years. It is also part of the Company's goals to gradually rebalance the portfolio towards more developed markets, which means Europe and the USA will be pivotal in the growth strategy, while leveraging the local presence in existing markets to secure negotiated deals with superior risk-return profile.

Furthermore, **ROADIS** will cautiously evaluate entry into adjacent markets, such as rail infrastructure management.

3. Adapt organizational structure

ROADIS has brought in during the last years experienced leadership and has developed a new organizational structure focused on achieving excellence in all fronts: operations, investment management and corporate support. The Group will focus on continuous improvement of its structure, to ensure that we are set up for maximum performance, and in a manner that is consistent with the strategic drivers.

4. Fortify Business Processes

ROADIS is a young organization that has formalized and standardized its core processes in the last 2 years. Priority now will be to continuously finetune, implement, and ensure compliance with existing processes, and build new ones where required.

Mission, Vision and Values of ROADIS

The vision, mission and values of **ROADIS** contribute to achieving the Parent's Company purpose and underlay its short-, medium- and long-term strategy.

The **ROADIS** Group mission is to invest in infrastructures and manage infrastructures. Aligned with the interest of public authorities in a rigorous, transparent, and efficient way. **ROADIS** boosts the progress of the communities where its projects are located.

ROADIS' activity is based on the professional development of its employees and on an effective maximization of the return for our shareholder.

The vision of **ROADIS** aims to be perceived as a reference within the sector, built upon a consolidated international experience in land transport concessions.

The world is the market for **ROADIS** and a global approach is a key element of the Culture and the essence of our Group.

CONSOLIDATED DIRECTORS' REPORT OF ROADIS TRANSPORTATION HOLDING, S.L.U. AND ITS SUBSIDIARIES AT DECEMBER 31, 2018

Against this backdrop, **ROADIS** has established the following values to defend always honesty, compliance with the law, commitment to the people, the diversity and the cooperation:

- **ROADIS** believes in teamwork, result-driven effort, innovation and leadership.
- **ROADIS** encourages the respect for the environment.
- **ROADIS** trusts in loyal partnerships, which allow us to grow jointly with our collaborators and achieve new goals together.

2. CORPORATE GOVERNANCE MODEL

The structure of the governing bodies and the decision-making process constitute other strengths of the Group.

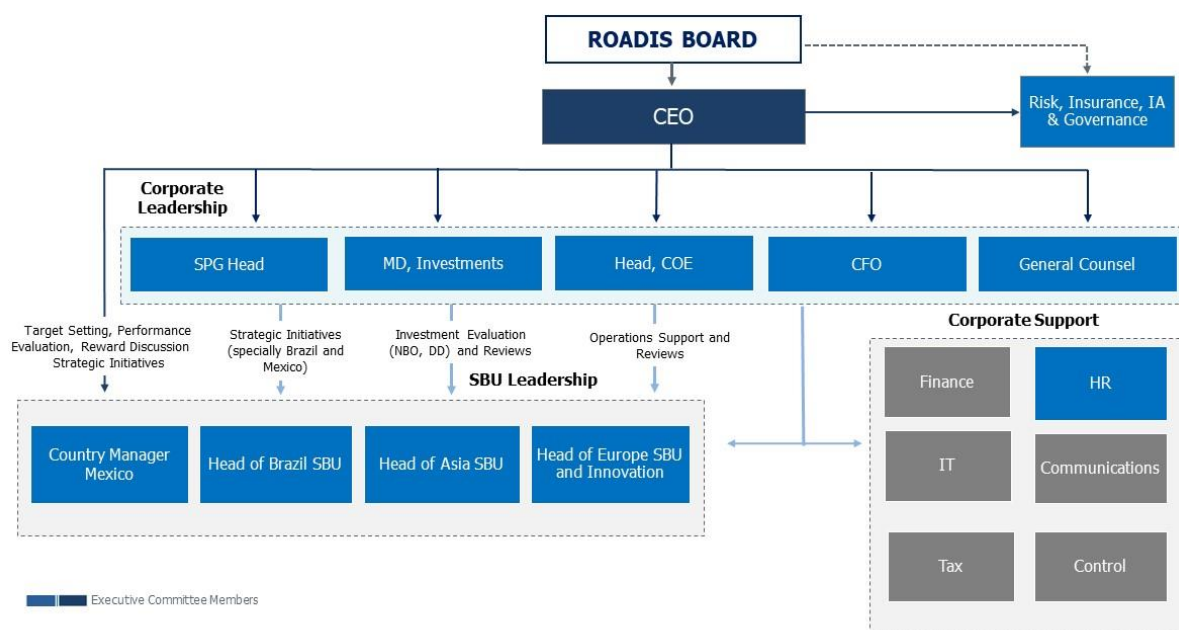
The governance model is based on the Board of Directors as maximum authority together with the various committees that its members form. Current existing committees are:

- Audit and Control Committee, responsible to supervise the approval and execution of the Internal Audit Plan and to analyze and recommend to the Board the approval of the statutory accounts
- Investment Committee, which meets every time a fully binding offer is due for approval
- Nomination and Remuneration Committees, responsible for setting and overseeing compensation policy and approve key appointments and dismissals

Regarding corporate governance, top priorities are achieving transparency, implementing the best international good corporate governance practices applicable to a company of this size and maturity, in order to ensure and implement the Group's mission and strategy, with an appropriate level of resources, risk taking and corporate control.

ROADIS Board of Directors is formed by five members: three representing the sole shareholder, the Chief Executive Officer and two Independent Directors that joined respectively in May 2017 and December 2018. The number of women in the Board has grown from 0% to 20% of total Board members. The Company has decided voluntarily to have two Independent Directors in order to replicate best practices in corporate governance.

The day to day management of the Company is under the responsibility of the Executive Committee. It is formed by twelve members. It is composed by the main Directors of each Corporate Department and the heads of the different Strategic Business Units that manage the business in each geographical segment where **ROADIS** operates. The number of women on the Executive Committee doubled during the year 2017. The following chart depicts the executive organizational chart of **ROADIS**:



3. COMPLIANCE AND EFFECTIVE RISK MANAGEMENT

Compliance

ROADIS is fully committed to carrying on its activities honestly, with integrity and in accordance with law, whether in relations with its employees or with any other stakeholders, including grantors, suppliers, users and the communities where it operates.

As a consequence of the above, the Code of Ethics of the **ROADIS** Group is a fundamental set of regulations and the Compliance function has become an important area of focus for top management.

In the field of Compliance, the Company has developed and consolidated the following policies, programs and controls:

- Setting up regular meetings of the Ethics and Compliance Committee as main body in charge of Compliance issues, with the continuous report of a fully dedicated Compliance Officer.
- Reports to the Audit and Control Committee and the Board of Directors on the activities carried out by the Ethics and Compliance Committee and on other compliance updates
- Dissemination of the Code of Conduct, including reporting by all employees of gifts received
- Development and monitoring of a Whistle Blower Channel, also periodically reported to the Board of Directors. Continue the process of rollover to the different SBUs
- Development and implementation of an Anticorruption and Anti-Bribery Procedure, which regulates among others in which situations a background check of counterparties is required and defines which investment opportunities require a specific anti-bribery plan
- Gap analysis and implementation of corrective actions to comply with currently in force Personal Data Protection regulations at European level
- Development and approval of a Model for Prevention of criminal offences for the parent company of the ROADIS Group

CONSOLIDATED DIRECTORS' REPORT OF ROADIS TRANSPORTATION HOLDING, S.L.U. AND ITS SUBSIDIARIES AT DECEMBER 31, 2018

In relation to the Whistle Blower Channel, the company uses an online platform (Clearview) to manage all potential claims from corporate employees. In 2018, no claims have been reported. The company plans to gradually roll-out this tool to its different subsidiaries.

In relation to the Compliance Plan, the following are the main achievements in 2018 by country:

- **India:** Development and approval of a (i) Code of Conduct, (ii) Anti-Sexual Harassment Policy, (iii) Whistleblowing procedure and (iv) Internal Regulations Procedure
- **México:** Development and further approval and implementation of a (i) Code of Conduct, (ii) Code of Conduct for Suppliers, (iii) Whistleblowing procedure and (iv) Anticorruption and Anti-Bribery Procedure
- **Brazil:** Development and monitoring the local compliance plan
- **Portugal:** Amendment of a (i) Personal Data Protection Policy and (ii) Code of Conduct

The main Compliance targets for 2019 are to move ahead in the development and implementation of the policies, procedures and controls set up in each country; increasing therefore the compliance culture of the organization.

ROADIS does not make any donations to political parties. The company only contributes as member of certain employer or industry associations in the markets where it operates in an amount that does not exceed 70 thousand euros per year in all the fully consolidated subsidiaries.

Risk Management and Control

ROADIS is exposed to various risks inherent to the various countries in which it operates that may prevent the Company from achieving its objectives. Therefore, **ROADIS** has implemented a risk management model, approved and monitored by the Audit and Control Committee, applicable to all business and corporate units in all the countries in which it carries on its business activities.

Parent's managing bodies ensure, on the one hand, that Group's significant risks are duly identified, measured and prioritized and, on the other, that basic mechanisms and principles are established to keep risk taking at a level that makes it possible to: (i) achieve sustainable growth in value and shareholder returns; (ii) protect the Group's reputation and promote good corporate governance practices; and (iii) provide a quality service in all the infrastructure operated by the Group.

ROADIS' risk management model is based on the sequence of these three key drivers: clear business target setting; correct identification and assessment of the risks that jeopardize those targets; and efficient design and implementations of the right controls to avoid or mitigate those risks. Herein after are listed the main risks that may affect the achievement of **ROADIS'** business targets and the corresponding control measures:

| Type of risk | Main risks | Control measures |
|--|---|---|
| Regulatory risk and risks arising from the specific nature of the Group's businesses | <ul style="list-style-type: none"> - Decreases in traffic volumes due to the economic situation in certain countries. - Creation of alternative infrastructure. - Risks arising from the valuation and subsequent integration of acquisitions. - High level of competition for growth opportunities - Regulatory and socio-political changes - Catastrophic risks | <ul style="list-style-type: none"> - Internationalization and selective growth policy - Careful evaluation of acquisitions through Investment - Cooperation with public authorities. Proactive contractual management - Coordination to ensure adequate compliance with the local legislation in force - Geographic diversification - Insurance policy of the Group |

CONSOLIDATED DIRECTORS' REPORT OF ROADIS TRANSPORTATION HOLDING, S.L.U. AND ITS SUBSIDIARIES AT DECEMBER 31, 2018

| | | |
|--|--|--|
| Financial risks | <ul style="list-style-type: none"> - Foreign currency risk - Liquidity risk - Interest rate risk - Debt refinancing risk and changes in credit rating | <ul style="list-style-type: none"> - Monitoring of interest rate and implementation of adequate hedging levels. Indexation to inflation - Monitoring and extension of debt maturities and monitoring of potential impacts. Utilization of non-recourse project finance and maintenance of a safety corporate Revolver Credit Facility - Loans denominated in the functional currency of the underlying cash-flows |
| Industrial risks | <ul style="list-style-type: none"> - Customer and employee safety - Risks of adaptation and rapid response to technological changes in operating systems and to the emergence of new technologies - Construction project control risks, where applicable - Correct infrastructure maintenance and infrastructure quality risks - Training and retention of talent risks. Supplier dependence. Interruption of business. Environmental risks | <ul style="list-style-type: none"> - Specific control policies, procedures, plans and systems for each business area - Investment program monitoring and control - Road safety, operation and management system improvement plans - Risk monitoring and analysis and implementation of a corporate insurance program - Existence of a corporate Center of Excellence |
| Financial reporting, fraud and compliance risk | <ul style="list-style-type: none"> - Integrity and security of financial reporting and operations - Manipulation of information, corruption and misappropriation fraud - Tax risks - Compliance with legislation, internal regulations and contractual obligations | <ul style="list-style-type: none"> - Internal Control over Financial Reporting system organization and supervision model - The compliance model, procedures and practices in place at the Group |

CONSOLIDATED DIRECTORS' REPORT OF ROADIS TRANSPORTATION HOLDING, S.L.U. AND ITS SUBSIDIARIES AT DECEMBER 31, 2018

4. BUSINESS PERFORMANCE 2018

ROADIS is a reference company in the development, operation and management of highway concessions with 1,882 kilometers of roads throughout the world.

The toll road management business represents the main business line of the Group. The annual average daily traffic (AADT) which is the main indicator of the level of activity, showed an increase in 2018 of 4.86% to 225,577 vehicles, positively impacting the Group's revenue.

In 2018 the traffic volume of all the Group's toll road concession improved, the detail of the AADT being as follows:

| | Km | AADT 2018 | % change 2018 - 2017 | Average tariff Increase (%) |
|-----------------------|--------------|----------------|-------------------------|-----------------------------|
| Toll roads India | 710 | 87,687 | 8.43% | 4.2% |
| Toll roads Brazil | 681 | 12,918 | -0.82% | 13.3% |
| Toll roads Mexico | 155 | 15,364 | 5.37% | 7.9% |
| Toll roads Spain | 64 | 86,135 | 1.56% | 1.3% |
| Toll roads Portugal * | 272 | 23,472 | 4.34% | 1.7% |
| ROADIS | 1,882 | 225,576 | 4.54% | |

* Assets incorporated in May 2018 under ROADIS' perimeter

The traffic in India has behaved positively during the year despite the increase in the restrictions in 2018 imposed directly to drivers, by the Minister of State to limit oversized vehicles.

Traffic in our Mexican assets has grown vigorously despite uncertainty related to the electoral process occurred during 2018, the GDP growth slow-down and uncertainties related to potential changes in the trade policy with the USA..

Traffic in Brazil has recovered from the previous years' economic slowdown and have come back to a growing pattern, although still at modest rates. Nevertheless, the activity in this asset was strongly affected by a nationwide truck industry strike during May of 2018.

The Spanish traffic is consolidating the positive trend which is closely related to a stable growing economic period and perspective.

Lastly, in Portugal the traffic has grown significantly as it was expected, driven by the sound economic health of the country

Asia SBU - India

Currently, **ROADIS** Asia Strategic Business Unit (SBU) manages our assets in India. India represents a strategic market. In this country, **ROADIS** is the largest European manager of highway concessions. **ROADIS** currently manages in this country 710 kilometers of highways distributed in four projects, NH1, NH2, NH6 and NH8, all of them granted by the National Highway Authority of India, NHAI.

❖ Panipat Jalandar NH One Tollway Private Limited.

It is a concession obtained for the extension, improvement, operation and maintenance of an existing toll road in India (Panipat-Jalandar NH1 Highway) through the subsidiary Panipat Jalandar NH One Tollway Private Limited. Construction works regarding extension and improvement for the existing path began in 2009. The concession is a brownfield project, so it started generating income when most of the investments to be made regarding construction works remained still outstanding.

CONSOLIDATED DIRECTORS' REPORT OF ROADIS TRANSPORTATION HOLDING, S.L.U. AND ITS SUBSIDIARIES AT DECEMBER 31, 2018

It is an important part of the trunk road that communicates the Indian capital Delhi with the main cities of northern Punjab state (Ludhiana and Jalandhar), so it is part of the main route that links the capital to the northern states and the International Border with Pakistan. It crosses Haryana and Punjab states and the length of the tranche managed by **ROADIS** is 291.10 km, which represents the 41% of the km managed in India and the 15% of those managed by **ROADIS**' Group.

During the year 2018, the asset has increased revenues in a 15% in local currency thanks to the good performance of the traffic. Nevertheless, the impact in Euros is lower because of the depreciation of the Indian Rupee exchange rate against the Euro. This is an excellent growth considering the increase in restrictions in 2018 imposed directly to the drivers, by the Minister of State, to limit the oversized vehicles. The attributable revenues from toll collection at December 2018 amounted to 70.8 million euros. The average 12-month traffic as of December 2018 has grown significantly both in light vehicles (11.1%) and heavy vehicles (5.7%) compared to the same period ending on December 2017.

❖ **Soma Indus Varanasi Aurangabad Tollway Private Ltd.**

Concession obtained for the extension, improvement, operation and maintenance of an existing toll road in India (Varanasi-Aurangabad NH-2 highway) through the joint-venture Soma Indus Varanasi Aurangabad Tollway Private Ltd. The concession is a *Brownfield Project*, so the company has begun operating the path in October 2011 while most of the construction works were outstanding. Indian construction company Soma co-controls this asset with a 50% stake.

NH2 concession is a part of the Delhi – Kolkata highway, communicating the town of Aurangabad, in Bihar State, to Varanasi, in Uttar Pradesh and the length of this tranche is 192.4 km, which represents the 27% of the km managed in India and the 10% of **ROADIS**' Group. Apart from the importance of Varanasi as one of the main pilgrimages center in India, the area is surrounded by coal and sand mining factories that generate significant heavy trucks traffic.

At December 2018, the concession has shown a very positive trend despite the increase in restrictions in 2018 imposed directly to the drivers, by the Minister of State, to limit the oversized vehicles. Comparing the average 12-month traffic as of December 2018 with the same period in 2017, the traffic on light vehicles has significantly increased by a 5.3% due to new operative lane and the growth on heavy traffic vehicles has notably increased (12%) derived from the positive trend of the coal and sand mining businesses. The attributable revenues from toll collection at December 2018 amounted to 25.9 million euros which represents a 19% increase in local currency thanks to the good performance of the traffic in comparison with the same period of 2017. Nevertheless, the impact in Euros is lower because of the depreciation of the Indian Rupee exchange rate against the Euro.

❖ **Surat Hazira NH6 Tollway Private Ltd.**

Concession obtained for the construction, operation and maintenance of a toll road in India (Surat-Hazira NH-6 highway) through the joint venture Surat Hazira NH6 Tollway Private Ltd. This concession includes the right to receive tolls from users during the operating period, which started in August 19, 2015 when the company obtained the Provisional Certificate Operational Date (PCOD). Indian construction company Soma co-controls this asset.

NH6 concession is a part of the Hazira - Kolkata corridor, which runs West Coast to East Coast at central India, across the states of Gujarat, Maharastra, Chhattisgarh, Orissa and Bengala. In particular, **ROADIS** NH6 concession represents the section of that corridor that entirely stands in Gujarat State, from the Maharastra State border to Hazira Port.

This section of the highway, in addition to serving the city of Surat (eighth more populated town in India and second in the state after Ahmedabad), is connecting Hazira Port, which is one of the main industrial and commercial ports along the industrial Corridor between Delhi and Mumbai. NH6 concession lengths is 131.5 km, which represents the 19% of the km managed in India and 7% of **ROADIS**' Group.

CONSOLIDATED DIRECTORS' REPORT OF ROADIS TRANSPORTATION HOLDING, S.L.U. AND ITS SUBSIDIARIES AT DECEMBER 31, 2018

During the year ended 2018 the concession has increased its revenues by a 21% in local currency in comparison with the same period last year thanks to the good performance of the traffic. Nevertheless, the impact in Euros is lower because of the depreciation of the Indian Rupee exchange rate against the Euro. The increase has been driven by the strict control imposed on exempt vehicles and due to increase in heavy traffic. The attributable revenues from toll collection at December 2018 amounted to 12.3 million euros. The traffic in 2018 has had a positive growth, in light vehicles (7.3%) and 10.04% on heavy vehicles due to the economic changes previously described. The EBITDA has improved by 9% with respect to December 2017 in local currency.

On August 2018, ROADIS successfully closed the debt restructuring for Surat Hazira NH6 Tollway Private Ltd with a consortium of lenders. Per the restructuring, the amortization schedule of the debt and its interest cost were adjusted to better reflect the currently expected cash generation profile of the asset. The restructuring also included an equity injection by ROADIS as a result of which the Groups currently owns approximately 78,23% of Surat Hazira NH6 Tollway Private Ltd.

❖ **Kishangarh Beawar NH8 Tollway Private Ltd.**

This concession includes the construction, operation and maintenance of a toll road in India (Kishangarh-Aimer Beawar NH-8 highway) through the joint venture Kishangarh Beawar NH8 Tollway Private Ltd Construction works began on 2010. This concession includes the right to receive tolls from users during the operating period, which started in April 28, 2015, when the company obtained the provisional Certificate Operational Date (PCOD). Indian construction company Soma co-controls this asset with a 50% stake.

NH-8 concession is a part of Ajmer - Jaipur Expressway, the most important road of Rajasthan State, located 350 km southwest from Delhi. It is completely within Rajasthan State and communicates the towns of Kishangarh (population: 115,000), Ajmer (population: 525,000) and Beawar (population: 350,000). The area is one of the most important producers of cement and other building materials in Central India. Its length is 93 km, which represents the 13% of the km managed in India and a 5% of **ROADIS'** Group.

At December 2018, the company has increased its revenues 6.4% in local currency compared with the same period of 2017. Nevertheless, the impact in Euros is lower because of the depreciation of the Indian Rupee exchange rate against the Euro. This is an excellent growth considering the increase in restrictions in 2018 imposed directly, by the Central Government on limit of the overloaded vehicles. The attributable revenues from toll collection at December 2018 amounted to 11.4 million euro. The average 12-month traffic as of December 2018 has grown an overall of 4% being significant in light vehicles (8.2%) compared to the same period ending on December 2017. The positive growth of the traffic, the reduction of the remaining construction costs and an efficient cost's control have made the EBITDA to increase by a 10% with respect to December 2017.

Europe SBU – Spain and Portugal

Europe is the Strategic Business Unit (SBU) in charge of managing assets and pursuing growth opportunities in Europe. Currently, this SBU manages one asset in Spain and two in Portugal described below

❖ **Sociedad Concesionaria Autovía A-4 Madrid, S.A.**

Concession obtained for the improvement, expansion and maintenance of an existing road (a section of Autovía A-4) through Sociedad Concesionaria Autovía A-4 Madrid, S.A. The concession started to operate partially in 2010, and the whole concession was operating as of December 31, 2011. Its length is 64 km, which represents the 3% of the kilometers managed by **ROADIS'** Group.

CONSOLIDATED DIRECTORS' REPORT OF ROADIS TRANSPORTATION HOLDING, S.L.U. AND ITS SUBSIDIARIES AT DECEMBER 31, 2018

Operational attributable revenues at December 2018, have been 19 million euro. This amount represents an increase of 10% over the same period in previous year, mainly due to the increase in traffic (both light and heavy). The average 12-month traffic growth as of December 2018 on light vehicles amounted to 1.3% and heavy vehicles 3.1% with respect to December 2017.

The strong financial position of the project has permitted distributions to its shareholders amounting to 10,4 million €.

❖ Auto - Estradas do Litoral Oeste, S.A.

Concession which operates mainly under an availability-based payment framework reducing our exposure to traffic risk. It spans a total 102 kilometers from Portugal's west coast to its interior. It is comprised of a series of highways that provide a connection between the main north-to-south motorways including the A1, A8 and A17 in the Leiria region, one of Portugal's most important tourist regions. The concession contract commenced in 2009 and expires in 2039.

The concession started to operate partially in 2012, and the whole concession was operating in 2014. Its length is 102 km, which represents the 38% of the km managed by ROADIS in Portugal and the 5% of those managed by **ROADIS'** Group.

The strong financial position of the project has permitted distributions to its shareholders amounting to 25,5 million euros.

❖ Auto-Estradas do Atlântico - Concessões Rodoviárias S.A.

Concession which is comprised of two toll highways, the A8 and the A15, which span across an overall length of 170 kilometers. The A8 is a key highway in Portugal's economic corridor between Lisbon and Porto, acting primarily as a main artery for commuters travelling to Lisbon from the surrounding suburban neighborhoods. The A15 links the towns of Caldas de Rainha and Santarem, acting as a complementary axis to the north-south routes. The concession contract commenced in 1998 and expires in 2028.

The concession started to operate in 2000. Its length is 170 km, which represents the 62% of the km managed in Portugal and the 9% of those managed by **ROADIS'** Group.

Traffic attributable revenues (since acquisition) at December 2018, have been 25 million euros, mainly due to the increase in traffic (both light and heavy). The average 12-month traffic growth as of December 2018 on light vehicles amounted to 4.2% and heavy vehicles 5.3% with respect to December 2017.

The strong financial position of the project has permitted distributions to its shareholders amounting to 10 million euros

SBU North America

North America is a strategic region for **ROADIS**. We are present in both Mexico and the USA. In Mexico we own and operate two assets in two of the key corridors of the country. In the USA, we own a transmission line and we have local presence in several metropolitan areas where our development teams are targeting several tollroad opportunities.

Mexico

In Mexico, **ROADIS** manages two important connection hubs totalling 155 km, which are fully operational since 2012. The two highways are Perote-Banderilla-Xalapa Highway and the Saltillo – Monterrey, both for a period of 45 years.

❖ Concesionaria Autopista Monterrey-Salttillo, S.A. de C.V.

Concession covering the construction, operation and maintenance of a toll road in Mexico (Monterrey Saltillo) through the subsidiary Concesionaria Autopista Monterrey-Salttillo, S.A. de C.V. The concession was fully in operation at

CONSOLIDATED DIRECTORS' REPORT OF ROADIS TRANSPORTATION HOLDING, S.L.U. AND ITS SUBSIDIARIES AT DECEMBER 31, 2018

December 31, 2011. It is a high capacity road which improves the connectivity of these two cities in the north of the country: Saltillo, capital of the state of Coahuila de Zaragoza, and Monterrey, the most populated city and capital of the state of Nuevo León. Thus, this highway represents a competitive axis for the over five million inhabitants who live in the metropolitan areas of these cities, which include some of the most relevant industrial areas of the country. Its length is 95.13 km, which represents the 62% of the km managed in Mexico and the 5% of **ROADIS'** Group.

Operating revenues have increased during the year 2018, reaching a growth rate in revenues of 14% in local currency thanks to the tariff increase implement and despite the economic deceleration and the bad weather conditions of the first months of the year. Nevertheless, the increase in Euros is lower because of the depreciation of the Mexican Peso exchange rate against the Euro. The attributable revenues from toll collection at December 2018 amounted to 44.3 million euro. The average 12-month traffic as of December 2018 has increased for light vehicles in 1.9% and in heavy vehicles by 6.2%.

The positive growth of the traffic and an efficient cost's control have made the EBITDA to increase by a 16% with respect to December 2017.

The strong financial position of the project has permitted the release of restricted cash, which has been distributed to its shareholders. The total amount distributed in 2018 amounted to 523.8 million MXN.

❖ **Concesionaria Autopista Perote Xalapa**

Concession for the construction, operation and maintenance of two toll road sections in Mexico (Perote-Banderilla and Libramiento de Xalapa). The concession started to operate partially in July, 2012, and the whole concession was operating as of December 31, 2012. It is the most modern and safest road in the state of Veracruz. With four lanes, it is designed to speed the traffic up and reduce the time spent and costs to go from Mexico City to Veracruz. Its length is 59 km, which represents the 38% of the km managed in Mexico and the 3% of **ROADIS'** Group.

The accumulated income in 2018, is 19% higher than in the same period of the previous year, mainly due to the rate increase at the beginning of the year but also driven by the increase in traffic of heavy vehicles (19.0%) due to the automotive industry reactivation and a better accommodation to the fuel prices and tariff increment. Light vehicles traffic has also increased significantly by 5.2%. The attributable revenues from toll collection at December 2018 amounted to 13 million euro.

USA

❖ **Wind Energy Transmission Texas LLC.**

WETT is a power transmission asset in the United States. The project, consists of an indefinite contract to build, operate and maintain 5 electrical substations, 7 transmission lines and 2 special items. On September 30, 2013, this project began operating partially and in 2014 it was fully operating.

During the year 2018 the transmission line has experienced a negative growth in revenues and EBITDA driven by the adjustment imposed by the regulator to avoid over-earnings in this type of assets as a result of the USA tax reform . Notwithstanding, this change is not expected to affect shareholder's regulated returns. Attributable revenues for the period ending in December 2018 amounted to 48 million euros.

The strong financial position of the project has permitted, distributions to its shareholders. These distributions amounted to 54.5 million USD.

CONSOLIDATED DIRECTORS' REPORT OF ROADIS TRANSPORTATION HOLDING, S.L.U. AND ITS SUBSIDIARIES AT DECEMBER 31, 2018

SBU South America - Brazil

Brazil is an important highway market for **ROADIS**, where we operate one of the largest road concessions in the country (681 km corresponding to the BR-116 and BR-324 in the state of Bahia). This contract was granted by the National Land Transport Agency (ANTT) for a concession period of 25 years. In 2013, the financing of this highway was closed with the National Bank for Economic and Social Development of Brazil (BNDES).

The BR-324, that communicates Salvador de Bahia to Feira de Santana, and a section of BR-116, between Feira de Santana and the State limit between Bahia and Minas Gerais. Salvador, is Bahia State Capital and its main administrative and economic center. Furthermore, is the second touristic destination in Brazil, after Rio de Janeiro, and an important commercial port. Feira de Santana, is a relevant industrial and agricultural pole, located 115 km northwest Salvador. BR-116 is one of the main trunk roads in Brazil. It runs the country north to south parallel to the coast, from Fortaleza to the Uruguay Border, through near 4,500 km. It is used mainly for the freight transport, in particular agriculture products targeted to some of the Atlantic ports in Bahia and other states.

❖ Viabahia Concessionaria de Rodovias, S.A.

The concession is a *Brownfield Project*, so the company begun operating the existing path in December 2010, while most of the construction works, consisting on improvements and duplications, were still outstanding at that time.

Revenues have increased during the year 2018, reaching a growth rate in revenues of 13% in local currency despite the truck driver strike suffered in May, mainly driven by the approved tariff increase. Nevertheless, the increase in Euros is lower because of the depreciation of the Brazilian Reais exchange rate against the Euro. The attributable revenues from toll collection at December 2018 amounted to 80.6 million euro.

5. ENVIRONMENTAL RESPONSIBILITY

The Group has taken the necessary measures to protect and to minimize its environmental impact, if applicable, in compliance with current environmental legislation and the concession agreements of the different projects.

When performing its activities, mostly investing and operating and maintaining toll roads, **ROADIS** does not generate material amounts of any type of waste or material amounts of emissions of greenhouse effect gases or other types of pollutants from sources under control of the Company. Consumption of water is not considered material either in the performance of the different services currently in scope of services of the subsidiaries of the Group.

Regarding energy consumption, the main driver is electric power used in lighting the approximately 1,900 kms of roads it owns or manages. Power and fuel total expenses are considered non-material, representing approximately 1.5% of revenues in consolidated subsidiaries. Nevertheless, the company is evaluating and implementing measures to reduce such energy consumption, like the utilization of LED-based lighting in Viabahia and Panipat Jalandar NH One Tollway Private Limited.

Regarding biodiversity, VIABAHIA is the only consolidated subsidiary that has some impact on the wildlife surrounding the toll-road, given its extension and the areas it crosses. In relation to this point, VIABAHIA carried out following actions throughout 2018:

- Environment Education Program ("Programa de Educação Ambiental"), promoted to instruct, educate and inspire local communities, drivers and employees to be more aware and to replicate better behaviors and practices towards the environment.
- World Environment Day ("Dia Mundial do Meio Ambiente"), which gathered 400 children, along to their parents and teachers from Luis Viana Filho public school. The event, resulted from a collaboration between VIABAHIA, Center for Ophiology and Animals of Bahia ("Núcleo de Ofiologia e Animais Peçonhentos da Bahia (NOAP) and Federal University of Bahia (UFBA), took the children to learn more about poisonous animals.

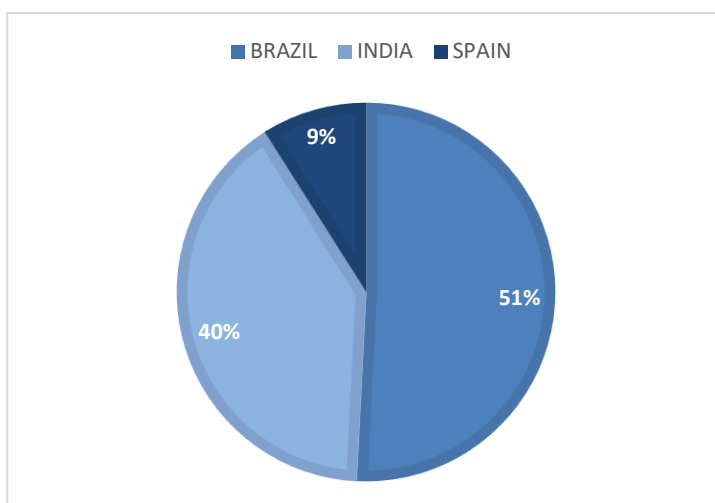
CONSOLIDATED DIRECTORS' REPORT OF ROADIS TRANSPORTATION HOLDING, S.L.U. AND ITS SUBSIDIARIES AT DECEMBER 31, 2018

- World Water Day ("Dia Mundial da Água"), on Mar 22nd, promoted a movie session and puppet theater to 140 children from Maria Rosa Freire, Salvador city public school, discussing topics related to social and environmental awareness and how to reduce water consumption.
- Tree and Fauna Day ("Dia da Árvore e da Defesa da Fauna"), which gathered more than 440 children from Brejões municipality again to incite curiosity and awareness about issues related to the environment. At the end of the day, 150 tree were planted.
- VIABAHÍA also got together with ViaFAUNA to carry out the **"Mitigation plan for fauna run over"**, with the goal of reducing the run over of animals in the highways.

6. HUMAN RESOURCES

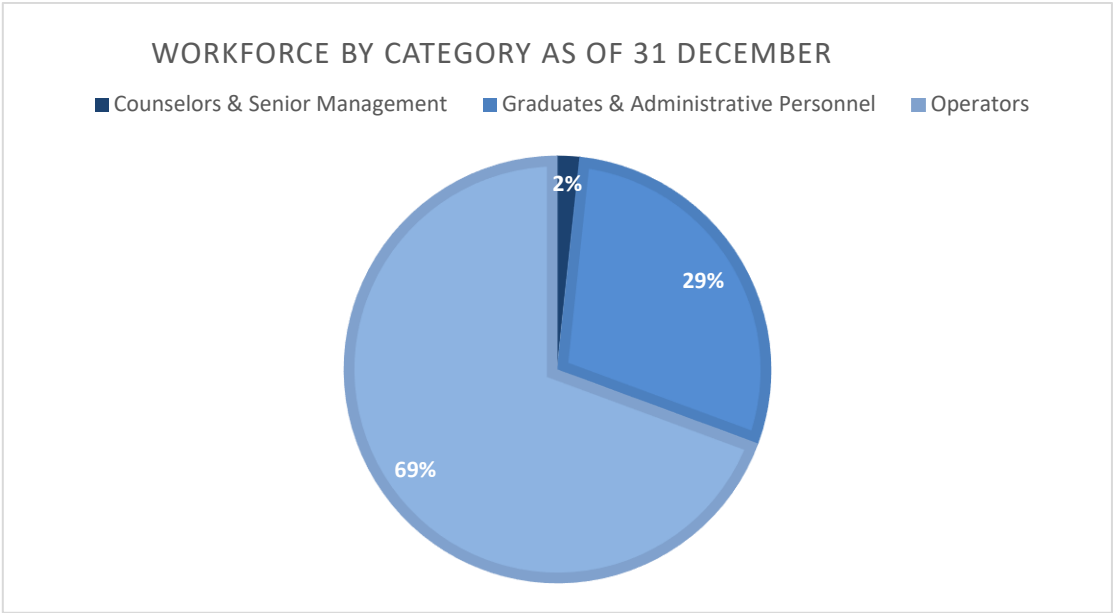
This section contains data covering our fully consolidated subsidiaries. Therefore it excludes the personnel in our affiliates under co-control regime. It also excludes our Mexican assets as all activities are subcontracted and international subsidiaries with an insignificant number of employees (<5).

The subsidiaries with significant workforce in which ROADIS has control as of 31 December 2018 employed 1,185 employees. As reflected in the graph below, 91% of these employees are in India and Brazil, consequently, it reflects the multinational profile of the Group subject to multiple labor laws and practices.

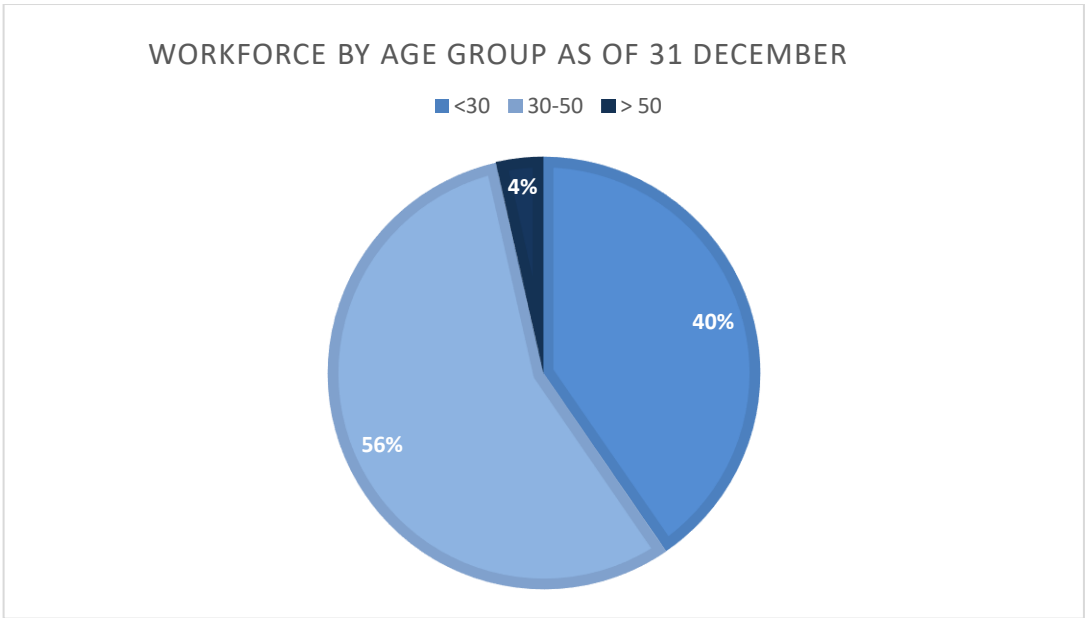


ROADIS' workforce is composed by operators, graduates and administrative personnel and counselors and senior management as described as follows. It can be observed that Operators is the largest category and it is the result of the labor-intensive nature of toll road operation and maintenance activities.

CONSOLIDATED DIRECTORS' REPORT OF ROADIS TRANSPORTATION HOLDING, S.L.U. AND ITS SUBSIDIARIES AT DECEMBER 31, 2018



At December 31, 2018 the workforce was comprised by 72% males and 28% females and the division by age is shown in the graph below:



CONSOLIDATED DIRECTORS' REPORT OF ROADIS TRANSPORTATION HOLDING, S.L.U. AND ITS SUBSIDIARIES AT DECEMBER 31, 2018

ROADIS considers that indefinite contracts are the best tool to properly manage, attract and retain its talent pool. At the year ended in December 2018, 98% of the contracts in ROADIS' workforce were indefinite contracts. As the following table shows, there are no significant differences by gender, age or professional category:

Type of contract by gender:

| | Total | Female | Male |
|---------------------|-------|--------|------|
| Indefinite contract | 98% | 95% | 99% |
| Temporary Contract | 0% | 0% | 0% |
| Part time contract | 2% | 5% | 1% |

Type of contract by age:

| | <30 | 30-50 | > 50 |
|---------------------|-----|-------|------|
| Indefinite contract | 95% | 100% | 91% |
| Temporary Contract | 1% | 0% | 0% |
| Part time contract | 4% | 0% | 9% |

Type of contract by professional category:

| | Directors & Senior Managers | Graduates & administrative personnel | Operators |
|---------------------|-----------------------------|--------------------------------------|-----------|
| Indefinite contract | 100% | 93% | 100% |
| Temporary Contract | 0% | 1% | 0% |
| Part time contract | 0% | 7% | 0% |

The number of dismissals during the year were 35. 49% of the dismissals were males. The dismissals segregated by age (<30, 30-50 and >50) were 34%, 63% and 3% respectively. 77% of the dismissals were operators and 23% were graduates and administrative personnel.

Remuneration

ROADIS remuneration policy is designed to be in line with the different talent markets in which the Group operates. The fact the the Group operates assets in very different markets such as Spain, India and Brazil explain a significant portion of the variation. Most of the Senior Managers are located in Spain, while the vast majority of our Operators are located in India and Brazil.

| Average fixed salaries | | |
|------------------------|--------|---------------------------|
| Divided by gendre | 2018 | Evolution 2018-2017 (%) * |
| Male | 11,030 | 4% |
| Female | 9,120 | 8% |
| Divided by age | 2018 | Evolution 2018-2017 (%) * |
| <30 | 3,396 | 12% |

CONSOLIDATED DIRECTORS' REPORT OF ROADIS TRANSPORTATION HOLDING, S.L.U. AND ITS SUBSIDIARIES AT DECEMBER 31, 2018

| | | |
|--|-------------|----------------------------------|
| >=30, <50 | 14,603 | 7% |
| >=50 | 26,234 | -5% |
| Divided by category | 2018 | Evolution 2018-2017 (%) * |
| Directors and Senior Management | 131,512 | 1% |
| Graduates and Administrative Personnel | 19,059 | 6% |
| Operators | 4,042 | 2% |

* Evolution 2018-2017 has been calculated using constant 2017 exchange rates

As shown in table above, ratio of average compensation for females is 84%. Looking only at Senior Management, including all bonuses and long-term compensation (LTIP), average compensation of female employees is 83%.

Policies to promote equality and work-life balance

ROADIS considers equality as a key principle governing the organization, its policies and procedures. The Group Code of Conduct, which is binding on all employees, indicates "any employee will not engage in, condone or encourage any form of unacceptable behaviour such as discrimination, harassment and workplace violence or sexual harassment". All the company's Human Resources policies and procedures are aligned with this principle. In particular, when performing our recruiting and performance evaluation activities we do not discriminate for gender, race, sexual orientation or any other reason. During 2018, the Group has not received any complaint for reasons of discrimination through any of the available whistle-blowing channels. Also, the Company plans to develop an Equality Plan for the parent of the Group during 2019, even if current laws and regulations do not require it to do so.

To promote the fight against sexual harassment in India, a known issue in the country, during 2018 an Internal Compliance Committee with 50% of women in its composition has been appointed in each of the Company's subsidiaries there.

The number of functionally diverse employees as of 31 December 2018 was 21, representing 1.8% of the total workforce in our consolidated subsidiaries. 86% of them were working in Brazil, 10% in Spain and 4% in India. In some jurisdictions, the Company also purchases goods or services from suppliers employing mostly a functionally-diverse workforce.

The Company has launched during 2018 at its headquarters several initiatives to promote work-life balance, such as flexible entry office schedule and the "work at home" program.

Labor Relations

ROADIS operates under the principle of respecting the rights of all its employees, including the right of effective representation and unionization.

Considering that the Group operates in several countries, it is subject to different laws and mechanisms regarding labor relations:

- In Brazil, most of our employees are subject to a union agreement (*Acordo Coletivo de Trabalho*) with FENECREP (*Federacao Nacional dos Empregados nas Empresas Concessionarias do Ramo de Rodovias Publicas, Estradas em geral e Pedagogias*). Twenty (20) of our employees in Brazil act as representation of all workers.
- In India, no trade union is applicable to our subsidiaries and no formal representatives of employees has been appointed in general
- In the Groups's Spanish subsidiaries, employees are subject to one of the following two union agreements: *Convenio Colectivo de la Industria, Servicios e Instalaciones del Metal de la Comunidad de Madrid* or *Convenio Colectivo del Sector Construcción y Obras Publicas de la Autonomía de Madrid*. Three (3) representatives have been formally appointed.

CONSOLIDATED DIRECTORS' REPORT OF ROADIS TRANSPORTATION HOLDING, S.L.U. AND ITS SUBSIDIARIES AT DECEMBER 31, 2018

Training

ROADIS has boosted considerably its training activity during the 2018 as the table below reflects:

| | Training hours 2018 | Evolution 2018-2017 |
|--|---------------------|---------------------|
| Directors and Senior Management | 850 | 45% |
| Graduates and Administrative Personnel | 8,477 | 50% |
| Operators | 7,628 | 81% |
| TOTAL | 16,955 | |

6.1 Health and Safety

It's of the highest importance that ROADIS employees go home safe at the end of every day. **ROADIS** ensures that top-tier Health & Safety practices are in place through all companies and has been working hard to evolve Health & Safety standards. Recently, ROADIS management has decided to get certified companywide in the international standard ISO 45001 - Occupational Health & Safety.

Because of the constant efforts of our staff worldwide, there has been a decrease in occupational incidents and accidents and **ROADIS'** management strives to continue lowering that number every year. All the concessions report monthly Health & Safety key performance indicators to ROADIS HQ, below are some conclusions taken from that data for 2018. In comparison to 2017, there has been an overall decline in Lost Time Injuries Frequency Rate (LTIFR) due to the reductions in Lost Time Injuries (LTIs).

| 2018 | Total | Male | Female |
|------------------|-------|------|--------|
| LTIFR * | 4.46 | 4.50 | 4.29 |
| Severity Rate ** | 0.07 | 0.06 | 0.09 |

Data from: NH-1, Viabahia, CAMS and A-4.

* LTIFR: Lost Time Injury Frequency Rate, the number of lost time injuries occurring in a workplace per 1 million hours worked. $\text{No. of Lost Time Incidents} \times 1,000,000 / \text{Total Hours Worked}$

** Severity Rate: The number of days lost by temporary leave for 1,000 worked hours. $\text{Total number of work days lost due to accidents} \times 1000 / \text{Total number of working hours}$

7. HUMAN RIGHTS

Integrity is one of the key values at **ROADIS** and of course this implies complete respect and adherence to basic human rights. Consistently with the importance of this aspect, Integrity is one of the core values against which all ROADIS corporate employees and executives will be valued in the recently launched Competences and Performance evaluation tool.

No violations of basic human rights have been reported through the Whistle Blower channel or any other existing reporting system in the organization. No litigation against **ROADIS** or any of its affiliates has started or threatened regarding human rights violations.

8. INNOVATION AND RESEARCH AND DEVELOPMENT ACTIVITIES

The transportation industry is also facing globally relevant challenges related to digital transformations in which our society is involved. **ROADIS** is aware of it and therefore the company makes significant efforts to enable all capabilities needed to manage the disruptive technologies and innovative solutions that Customers and regulators may require today and in the future.

The innovation key drivers that **ROADIS** considers will pave the way for the next transport model are focused on Mobility, Road Safety, Operational Excellence, Social and Customer Focus.

CONSOLIDATED DIRECTORS' REPORT OF ROADIS TRANSPORTATION HOLDING, S.L.U. AND ITS SUBSIDIARIES AT DECEMBER 31, 2018

The main highlight in this field at **ROADIS** for the year 2018 is the creation of a corporate area in charge of facilitating and accelerating innovation in the Group in collaboration with all SBUs and other corporate areas and departments. The new area has taken the first steps of a collaborative process to prepare an Innovation Strategic Plan for **ROADIS**. This effort will continue during 2019.

There are no significant R&D cost capitalized within the Consolidated Annual Accounts as of 31 December 2018.

9. CORPORATE SOCIAL RESPONSIBILITY

Since the establishment of **ROADIS**, almost 3 years ago, we have defined **Corporate Responsibility** as part of our **DNA**, and as an essential element of our culture and business model. Hundreds of thousands of people circulate daily through the highways that we manage, and **ROADIS** has positioned itself as a **responsible company**. We improve our road users' **quality of life** by shortening distances and **support our employees** by fostering their professional development.

The quest for excellence, efficiency and sustainability are three of the characteristics that define the **ROADIS' DNA**. As a **sustainable** company, we remain committed to the **environment, innovation, safety**, our **team** and the **communities** in which we operate. As a global company, **ROADIS** upholds integrity, compliance with the law, diversity and collaboration as key values.

Within our **Corporate Responsibility Strategy**, during 2018 we have maintained our partnership with the **Real Madrid Foundation** in India. The multinational signed an agreement through which it extended its support to the Foundation for the development of various social sports projects in India. In collaboration with the **Indian Institute for Mother and Child** and the **Hope and Joy Foundation**, we work with kids and young children that are at risk of exclusion, in communities where education, health care and work based in values and sports are urgent needs. This Corporate Responsibility milestone is one more example of **ROADIS'** commitment to the country and its willingness to keep growing in this region.

Talking about commitment, there is no small project for **ROADIS**. During 2018, we collaborated with various **Corporate Responsibility** initiatives. The teams of the concessionaires managed by **ROADIS** continue to work as partners committed to the communities neighboring our highways. Example of projects undertaken are:

- The program "**Saúde no Trecho**" in municipalities in the state of Bahia (Brazil), by which Viabahia sponsors health checks for underprivileged citizens or the programs to improve education in road safety.
- "**Transitando por la Vía**" is another program that focuses on educating children of the schools of Bahía by sending a message of how to circulate in the roads to preserve and ensure road safety. Also, regarding this topic, VIABAHÍA has carried out various actions to improve road safety in both highways and reduce fatalities and accidents.
- "De **Conto em Conto**" project was developed by VIABAHÍA during the environment week with the goal of educating children in matters of taking care of the environment and being respectful with nature.
- In Mexico, **CAMS** collaborated with the donation of gifts and toys such as bikes, and footballs to the kids that participated in the 5K career organized by the Federal police.

In addition to all this, from **ROADIS HQ**, we're working on the **Corporate Responsibility Strategy** and **Initiatives for 2019**. During the first semester of the year we will carry out a **corporate volunteer activity**; also, during the whole year, we will maintain our collaboration with the **Real Madrid Foundation**; and we're analysing the possibility to collaborate with **other projects and initiatives** that will help the communities in which we operate.

These initiatives, among many others, are only a small proof of our concern of what happens daily in the communities where we operate.

CONSOLIDATED DIRECTORS' REPORT OF ROADIS TRANSPORTATION HOLDING, S.L.U. AND ITS SUBSIDIARIES AT DECEMBER 31, 2018

10. OTHER DISCLOSURES

Events after the reporting period

There were no events after the reporting period other than those indicated in Note 35 to the consolidated financial statements.

Average payment period

In accordance with the duty to report the average creditor payment period under Additional Provision Three of Law 15/2010 (in accordance with the wording afforded by Final Provision Two of Law 31 /2014 on the amendment of the Spanish Companies Act), as per the resolution published in the Official State Gazette of 4 February 2016, taking into account the resolution of 29 January 2016 of the Spanish Institute of Accountants and Auditors, the Spanish companies of the Group report that the average supplier payment period in 2018 was 67 days (59 days in 2017).

The Group complies with the legally established deadlines with some minor delays brought about by invoices not meeting contract stipulations because they are not officially compliant or meeting other suppliers' obligations under the service agreement or firm order, triggering some delay in payment.

Supply chain management

ROADIS has a Group policy and regulation regarding the purchasing process. It defines the guidelines to be followed up to contract suppliers and governs relationships with suppliers. The policy developed ensures the quality, austerity, proportionality and budgetary rigour.

The main suppliers that **ROADIS** works with are suppliers related to road maintenance, construction and other complementary services.

In addition to **ROADIS'** policy, every country uses specific tools in this regard. **ROADIS** is currently carrying out a project to harmonise supplier assessment and approval criteria across the countries by implementing a common supplier and procurement process management tool and its integration with the organisation's economic monitoring system.

Tax Information

Profits before corporate tax and corporate tax payments per country of the globally consolidated subsidiaries are disaggregated as follows:

| | Profit before taxes (€ th) | Corporate Tax Payments (€ th) |
|--------------|-------------------------------|----------------------------------|
| Brazil | (16,294) | (55) |
| India | (29,914) | - |
| Spain | (46,929) | (865) |
| Portugal | 9,074 | (3,029) |
| Mexico * | 7,415 | - |
| TOTAL | (76,648) | (3,949) |

* Mexico has not paid corporate tax in 2018 due to the application of negative tax loss carry forwards from previous years.



CONSOLIDATED DIRECTORS' REPORT OF ROADIS TRANSPORTATION HOLDING, S.L.U. AND ITS SUBSIDIARIES AT DECEMBER 31, 2018

The Company and its globally consolidated subsidiaries does not receive subsidies from governmental organizations.

Financial instruments

Refer to note 4 of the Consolidated Annual Accounts for information related to financial instruments.

Treasury shares

The Parent Company has not had any treasury share in 2018 and 2017.

Average employees

Refer to note 24 of the Consolidated Annual Accounts for information related to employees.