

28.1 Purchasing costs

The cost of raw materials and consumables incurred in 2014 totaled €593.3 million, up €78.5 million from the previous year:

(Amounts in thousands of euros)	2014	% of revenue	2013	% of revenue	Change
Purchases of raw materials and consumables	627,773	15.0%	536,503	16.4%	91,270
Change in raw materials and consumables	(34,443)	(0.8%)	(21,718)	(0.7%)	(12,725)
Total	593,330	14.1%	514,785	15.8%	78,545

The increased costs of raw materials and consumables is in line with the general increase in revenue due to a number of large foreign projects becoming fully operational.

28.2 Subcontracts

Subcontractor costs came to €1,469.8 million, recording an increase of €540.7 million compared to the previous period, as shown in the next table:

(Amounts in thousands of euros)	2014	% of revenue	2013	% of revenue	Change
Subcontracts	1,469,859	35.0%	929,079	28.5%	540,780
Total Subcontracts	1,469,859	35.0%	929,079	28.5%	540,780

The increased subcontractor costs is in line with the general increase in revenue due to a number of large foreign projects becoming fully operational since 2013.

28.3 Service costs

Service costs came to €1,066.8 million, recording an increase of €5.6 million compared to the previous year, as shown in the next table:

(Amounts in thousands of euros)	2014	% of revenue	2013	% of revenue	Change
Consultancy and technical services	313,004	7.5%	186,408	5.7%	126,596
Fees to directors, statutory auditors and independent auditors	14,538	0.3%	8,723	0.3%	5,815
Employee travel expenses	16,501	0.4%	12,554	0.4%	3,947
Maintenance and testing	16,512	0.4%	16,687	0.5%	(175)
Transport and customs	133,092	3.2%	112,329	3.4%	20,763
Insurance	39,113	0.9%	28,020	0.9%	11,093
Reversal of consortia costs	319,173	7.6%	434,513	13.3%	(115,340)
Rent and leases	95,907	2.3%	75,067	2.3%	20,840
Charge backs	989	0.0%	2,920	0.1%	(1,931)
Lease payments and expenses	532	0.0%	95	0.0%	437
Trade expenses	5,742	0.1%	4,623	0.1%	1,119
Other	111,711	2.7%	190,486	5.8%	(78,775)
Total cost of services	1,066,814	25.4%	1,072,425	32.9%	(5,611)

Consolidated financial statements at December 31, 2014

“Other” fell €78.8 million compared to 2013, including approximately €24 million of costs for seconded personnel, €7 million attributed to Joint Operations, and the remainder relating mainly to costs for utilities, security and food and board.

The item “Consultancy and technical services” increased €126.6 million on last year, and mainly consist of costs for the design and construction work carried out by the project companies and the costs for legal and administrative services. The latter services, unlike the first ones, registered a decrease, as shown in the table below:

(Amounts in thousands of euros)	2014	% of revenue	2013	% of revenue	Change
Design and engineering consulting	252,788	6.0%	66,545	2.0%	186,243
Legal, administrative and other services	44,163	1.1%	111,926	3.4%	(67,763)
Testing	2,961	0.1%	1,675	0.1%	1,286
Construction	13,092	0.3%	6,262	0.2%	6,830
Total	313,004	7.5%	186,408	5.7%	126,596

28.4 Personnel expenses

Personnel expenses for the period amounted to €494.1 million, up by €110.9 million compared to the

same period of the previous year. The item is made up as follows:

(Amounts in thousands of euros)	2014	% of revenue	2013	% of revenue	Change
Wages and salaries	369,132	8.8%	292,079	9.0%	77,053
Social security and pension contributions	64,012	1.5%	48,454	1.5%	15,558
Post-employment benefits and employee benefits	14,980	0.4%	15,259	0.5%	(279)
Other personnel expenses	45,977	1.1%	27,371	0.8%	18,606
Total	494,101	11.8%	383,163	11.7%	110,938

Other personnel expenses mainly relate to termination benefits and repayments of travel expenses.

28.5 Other operating expenses

In 2014, other operating expenses amounted to €131.9 million, up by €69.1 million over December 31, 2013. The item breaks down as follows:

(Amounts in thousands of euros)	2014	% of revenue	2013	% of revenue	Change
Other operating and non-recurring expenses	131,852	3.1%	62,770	1.9%	69,082
Total	131,852	3.1%	62,770	1.9%	69,082

The following table provides a breakdown:

(Amounts in thousands of euro)	2014	% of revenue	2013	% of revenue	Change
Other operating expenses	55,153	1.3%	35,683	1.1%	19,470
Commissions on sureties	37,348	0.9%	16,767	0.5%	20,581
Bank charges	4,610	0.1%	620	0.0%	3,990
Losses on the sale of intangible assets	3,234	0.1%	2,030	0.1%	1,204
Other non-recurring charges	3,264	0.1%	58	0.0%	3,206
Other contingent liabilities	28,244	0.7%	7,611	0.2%	20,633
Other operating costs	131,852	3.1%	62,770	1.9%	69,082

28.6 Amortization, depreciation, provisions and impairment losses

This item came to €179.8 million, up €20.3 million compared to the preceding period, broken down as follows:

(Amounts in thousands of euro)	2014	% of revenue	2013	% of revenue	Change
Impairment losses	5,893	0.1%	22,113	0.7%	(16,220)
Provisions	(3,642)	(0.1%)	3,119	0.1%	(6,761)
Total provisions and impairment losses	2,251	0.1%	25,232	0.8%	(22,981)
Amortization of intangible assets	18,872	0.4%	1,121	0.0%	17,751
Depreciation of property, plant and equipment	148,064	3.5%	129,893	4.0%	18,171
Amortization of rights to infrastructure under concession	1,299	0.0%	537	0.0%	762
Amortization of contract acquisition costs	9,286	0.2%	2,685	0.1%	6,601
Total amortization and depreciation	177,521	4.2%	134,236	4.1%	43,285
Total	179,772	4.3%	159,468	4.9%	20,304

Provisions and impairment losses decreased by €22.9 million in 2014. Specifically, this includes the release of provisions made in previous years on receivables due from clients in the Venezuela area, amounting to €5.7 million, as well as the release of the €9.1 million provision for risks and charges relating to the receivable with Todini Finanziaria S.p.A. partially offset by the €3.4 million provision made on the Metro 6 contract in Chile relating to fines for late delivery of the works. The item also includes writedowns of approximately €5.5 million for bad debts with foreign clients and

subcontractors incurred on the Italian office by the Kazakhstan and Uganda branches, and the writedown of the doubtful receivable with a client in Nepal worth €3.7 million.

Depreciation and amortization totaled €177.6 million, of which €148.1 million related to property, plant and equipment and €29.5 million related to intangible assets. The latter category increased in the year mainly due to the reversal for the period of the higher values attributed to certain intangible assets of former Impregilo upon acquisition of control by former Salini.