

ferrovial

# FY2018 Results

28 February 2019



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Such forward looking statements, by its nature, are not guarantees of future performance and involve risks and uncertainties, and other important factors that could cause actual developments or results to differ from those expressed in these forward looking statements.

Analysts and investors, and any other person or entity that may need to take decisions, or prepare or release opinions about the securities issued by the Company, are cautioned not to place undue reliance on those forward looking statements which speak only as of the date of this communication. They are all encouraged to consult the Company's communications and periodic filings made with the relevant securities markets regulators and, in particular, with the Spanish Securities Markets Regulator.

# Agenda

- Strategic review & 2018 Highlights
- Business Units
- Financial Results
- Looking ahead

# Strategic review



## Services disposal

- Held for sale as of Dec. 31st 2018
- Working on detailed vendor due diligence

## Capital allocation focused on infrastructure assets

- Higher value creation over the medium term
- Current projects providing expertise & credentials
- >**€40bn** expected pipeline, mainly in the US

## Construction, key differentiator for infra projects

- Focused on value added projects in combination with Cintra and Airports
- Design & Build focus

# FY 2018 Highlights

Excellent growth from  
our infrastructure assets

- Better traffic & EBITDA than expected (2017 CMD)
  - ✓ Higher dividends
- Heathrow expansion gets the go ahead in Parliament

Services

- All Services ex-Birmingham on track

Construction

- Construction EBIT margin 2.5% with cost pressure across all regions

# 2018 main figures

(Figures in EUR)

## RESULTS FROM CONTINUING OPERATIONS (Reported)

Revenue

5.7bn

+14.3%  
Lfl

EBITDA

484mn

+1.4%  
Lfl

Net income

460mn

+8.6%

## EX INFRASTRUCTURE FIGURES (including Services)

Dividends  
from infra projects\*

623mn

+12.6%

Operating  
cash Flow

577mn

-34.6%

Net cash  
Position\*\*

1.2bn

-7.8%

\*including €131mn from Services

\*\*including €261mn from  
discontinued activities net cash

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# Proportional EBITDA

(€ mn)

Continuing activities

90% contribution from Infrastructure assets



# Agenda

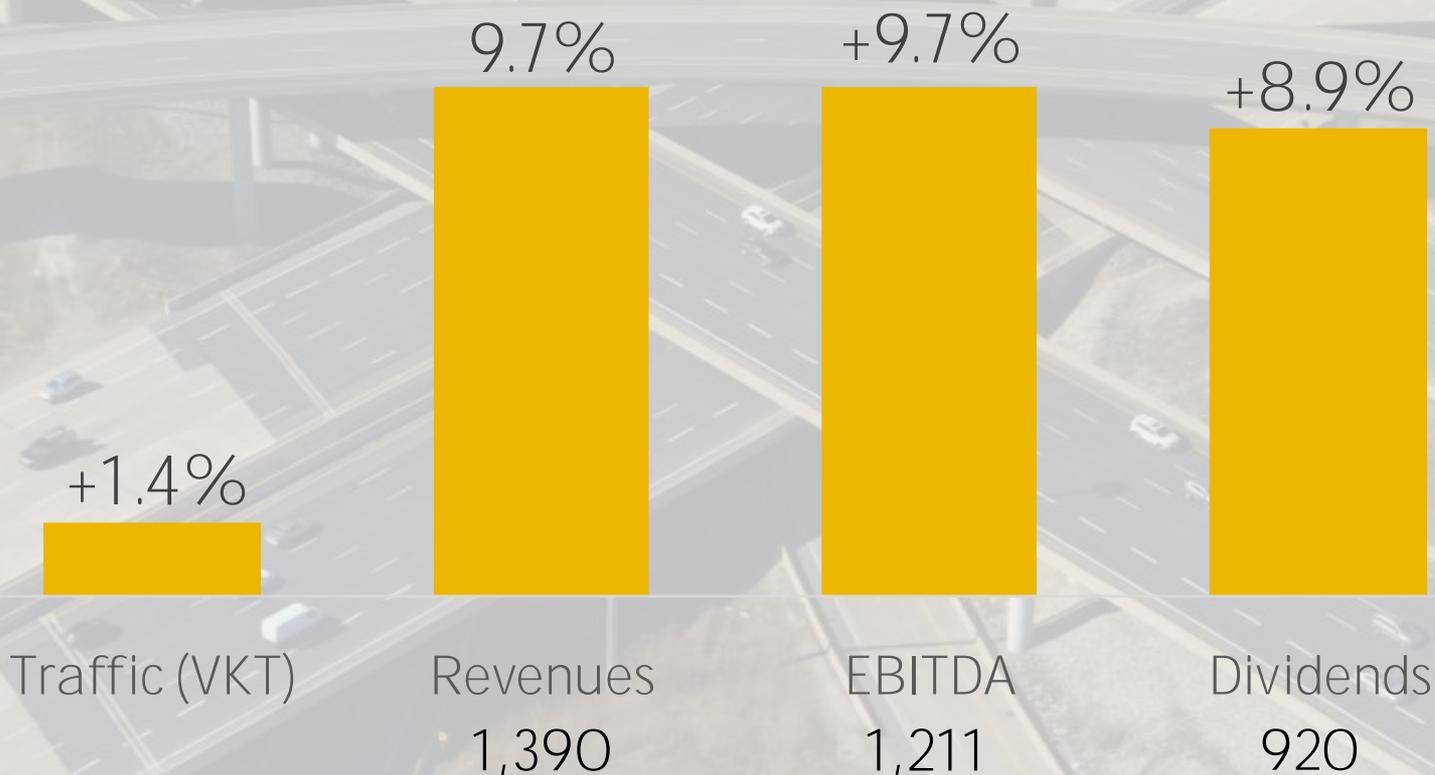
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# 407 ETR

Equity method, Ferrovial stake 43%  
Toronto, Canada

(CAD mn)

## 2018 **STRONG** PERFORMANCE VS 2017

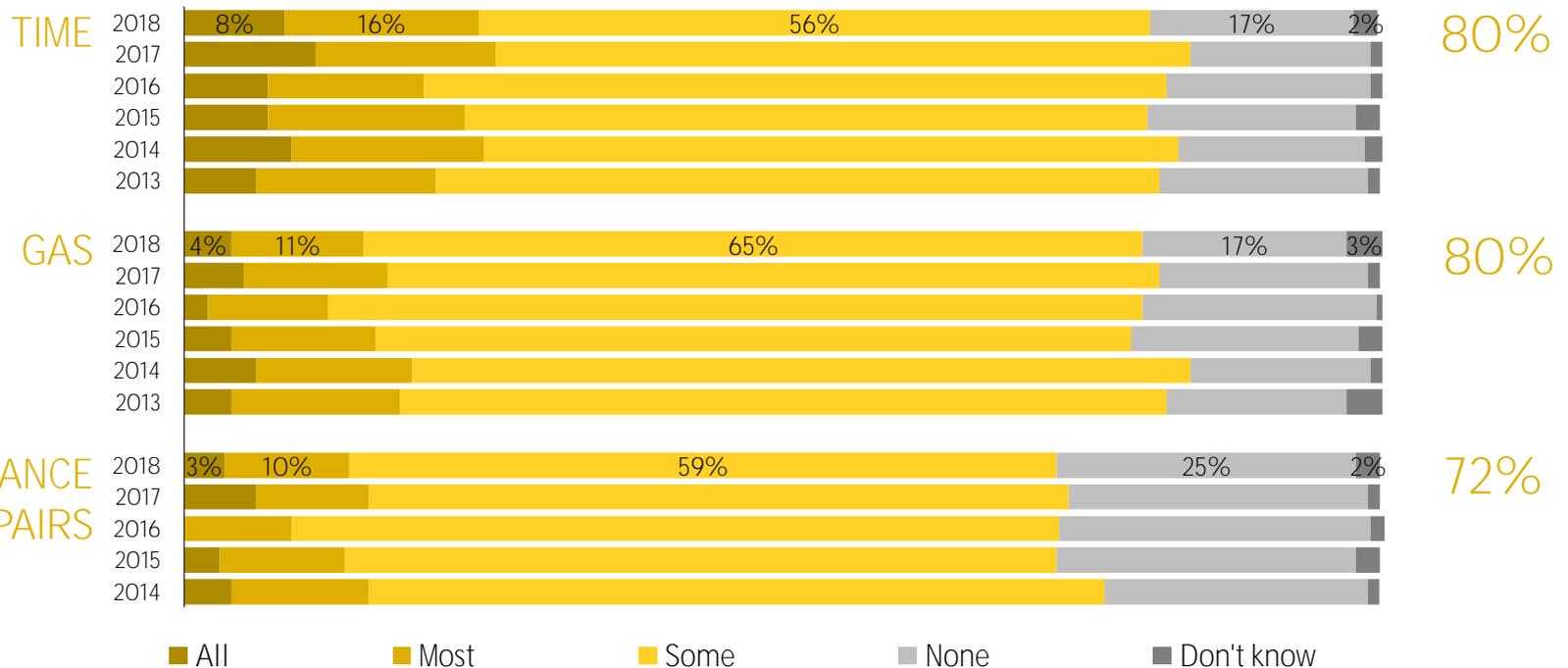


# 407 ETR

Equity method, Ferrovial stake 43%  
Toronto, Canada

## Valuable proposition to our customers

80% of customers agreeing that some, most or even all of their toll costs are offset by time savings



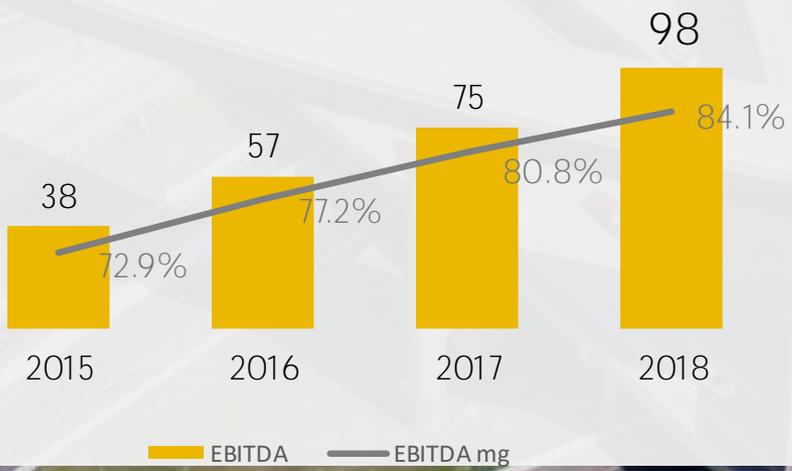
# Managed Lanes

Global Consolidation  
Texas, USA  
(USD mn)

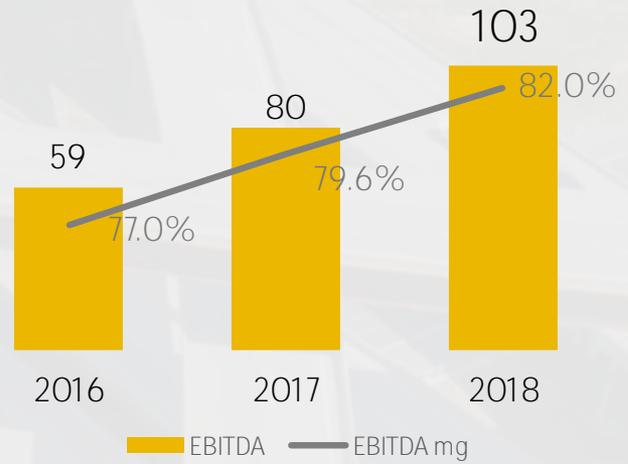
## Outstanding performance continues

NTE		LBJ
+24.8%	REVENUES	+24.4%
+30.0%	EBITDA	+28.1%
+10.7%	TRAFFIC*	+6.9%

NTE – EBITDA EVOLUTION



LBJ – EBITDA EVOLUTION



\* Transactions

# NTE35W

Texas, USA

- ML fully opened July 19<sup>th</sup> 2018
- Global Consolidation (53.67%)
- Total project investment \$1.3bn
- Equity injected by FER: \$231mn
- Length 10.2 miles
- Concession period until 2061

SH183 road & I30 connector opened in 4Q2018 with a very positive traffic impact on NTE & LBJ

- Strong traffic performance
  - ✓ Faster traffic recovery in the corridor vs. NTE
  - ✓ Higher capture rates
- Relevant logistic development in the area



- Improves NTE 1-2 connectivity
- \$27mn EBITDA since opening (19<sup>th</sup> July)



# Toll Roads

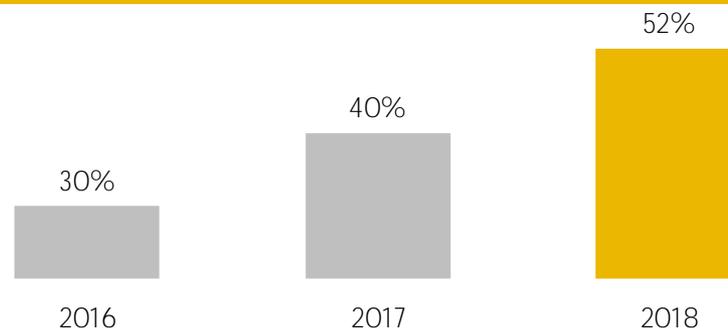
(€ mn)

## Higher growth

- >50% EBITDA from US assets
- Double digit EBITDA growth
- Higher dividends (**€296mn**)
  - FER received €273mn from 407 ETR (+8.9% at 100% CADmn)
  - Rest of toll roads: €23mn to FER
- NTE first dividend in 2019 & LBJ in 2020
- **Greek toll roads' divestment** completed (**€84mn** capital gains)

\* %LFL: change vs 2017 excluding perimeter & FX changes.

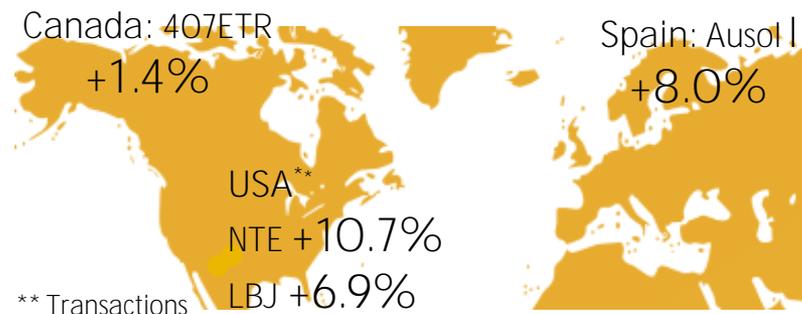
### USA CONTRIB. TO CONSOLIDATED EBITDA



### TOLL ROADS RESULTS

	FY 2018	% CHLFL*
Revenues	471	+13.7%
EBITDA	319	+13.8%

### TRAFFIC EVOLUTION

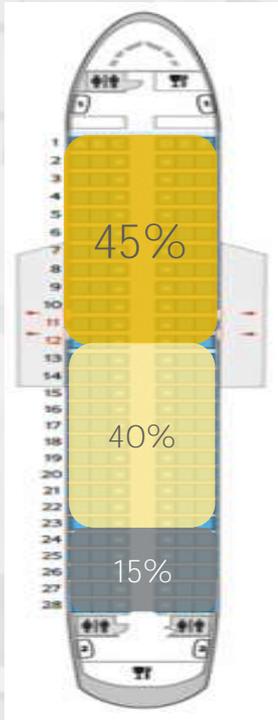


# Heathrow

(GBP mn)  
Equity Method  
UK

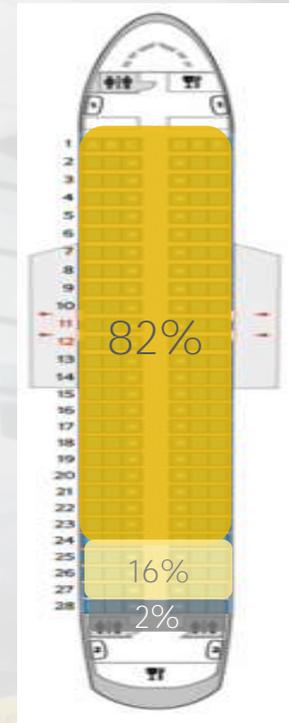
Heathrow's focus on passenger experience has delivered solid improvements alongside record passenger numbers

2007



82% of **Passenger's** rating experience at Heathrow as great or excellent in 2018

2018



# Heathrow

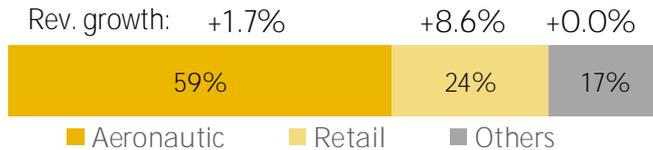
(FER stake 25%)

(GBP mn)  
Equity Method  
UK

Heathrow hits record pax. numbers, 26 consecutive months of record traffic growth & exceeding **80mn pax./year for the first time**

## HIGHLIGHTS – HEATHROW SP

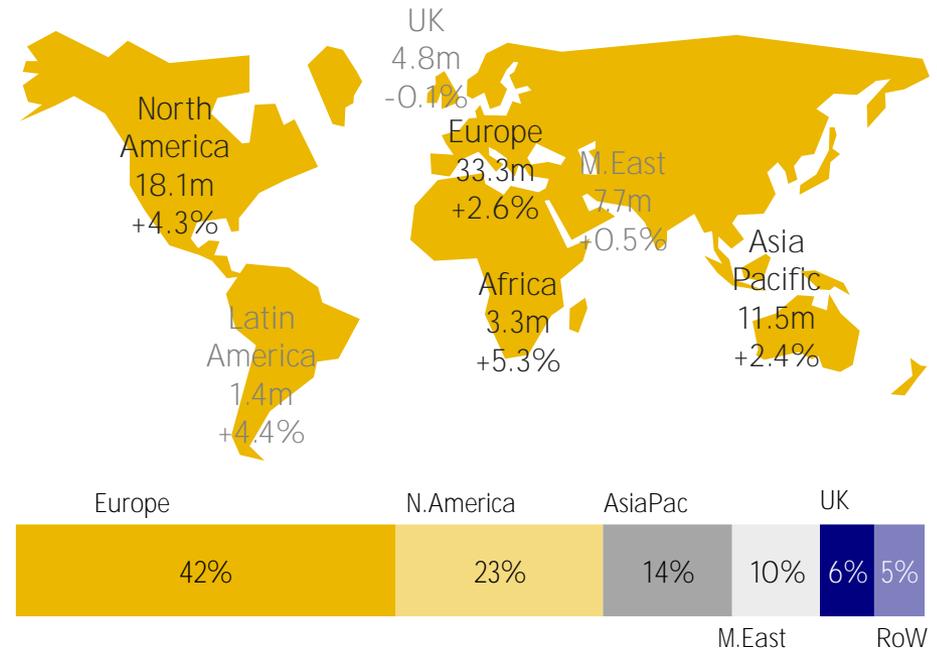
- Revenues: +3.0%
- Cost: +0.8%
- Adj EBITDA: +4.4%



- Higher-than-expected dividend: GBP500mn
- RW3 Expansion:
  - ✓ New runway expected to open in 2026
  - ✓ Capacity increase up to 130mn pax.

## HEATHROW TRAFFIC BY AREA

80.1 million passengers (+2.7%)



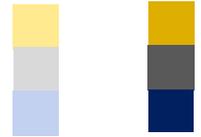
Higher inflation increases RAB: natural deleverage & higher Eq. value.

# Heathrow

## Expansion – expected calendar

Completed To come

Heathrow  
Government  
CAA



CAA consultations and policy updates

Heathrow consultation 1 launched

CAA consultation and final report to Secretary of State on airline engagement

Airspace & Future Operations consultation



2017

2018

2019

2020

2021

- Government consultation on draft National Policy Statement ('NPS')
- NPS consultation 2
- Parliamentary scrutiny

NPS 'designated' by Government

Heathrow Innovation Partners short list

Heathrow statutory consultation

Heathrow Initial Business Plan ('IBP')

Heathrow submits Development Consent Order (DCO) application

Government decision to grant DCO

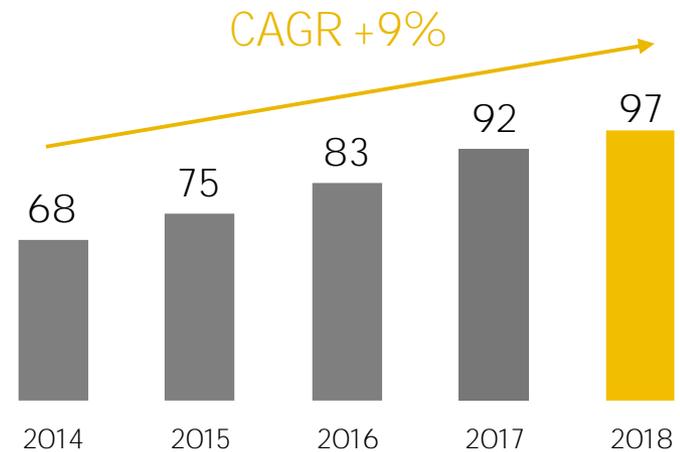
Commercial deal on airline charges to apply (2020-21) prior to the start of H7

## Successful yield management in retail & car park besides operating expense efficiencies offset the routes cancellations and adverse weather in Q1

### AGS EBITDA

	2018	var.
Traffic	14.8	-2.4%
Revenue	213	1.8%
Opex	116	-1.3%
EBITDA	97	5.7%

### AGS EBITDA



- Improvement of commercial income +6.9% (car-parking, WDF contract and retail shop developments).
- Opex reduced by -1.3%: Cost control measures across multiple functions at all airports.

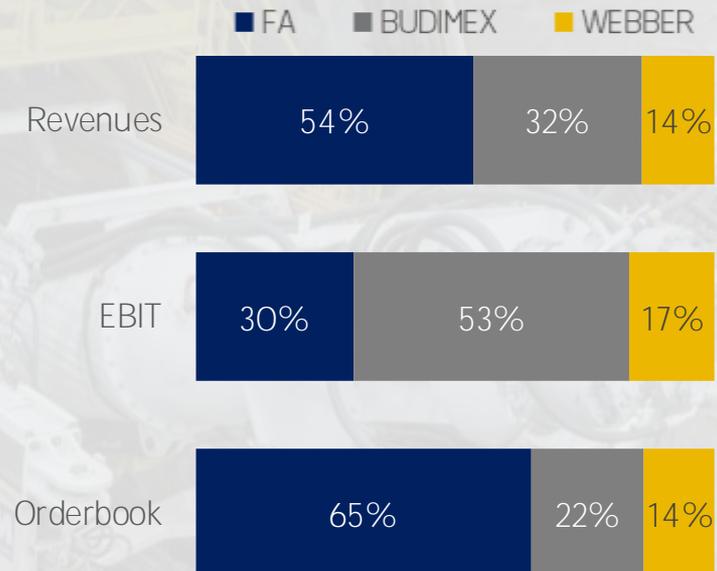
# Construction

## Cost pressure impacting 2018 performance

### 2018 RESULTS

	FY 2018	%Ch	% CHLFL
Revenues	5,193	+12.2%	+14.3%
EBITDA	170	-14.5%	-14.6%
EBITDA %	3.3%		
EBIT	127	-21.6%	-22.0%
EBIT %	2.5%	-105.6 bps	
Order book	10,965	-1.6%	-2.9%

### DIVISIONAL CONTRIBUTION



## Services exBMH on track

In order to analyze the performance of the Services division, the results of the Services activity & sub-activities are shown below prior classification as held for sale

### 2018 RESULTS

(€ mn)

	FY 2018	FY 2017	% CH
Revenues	6,785	7,069	-4.0%
EBITDA	136	423	-68.0%
EBITDA Ex-BMH	371	424	-12.6%
EBITDA margin	2.0%	6.0%	
EBITDA margin Ex-BMH	5.5%	6.1%	-58.4 bps
Order book	19,411	19,329	0.4%

Results impacted by:

- **UK: €72mn EBITDA ex BMH**
  - 2.8% EBITDA mg (Ex-BMH) in line with guidance
  
- **SPAIN: €202mn EBITDA, profitability & growth:**
  - 10.4% EBITDA mg driven by treatment & industrial maintenance activities
  - Revenues +3.5% (Lfl) & EBITDA +3.7% (Lfl)
  
- **AUS: €61mn EBITDA**
  - 3.6% EBITDA mg within expectations
  - Order book: +9.6% (Lfl)
  
- **INTERNATIONAL: €36mn EBITDA**

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# Services as discontinued activity

## MAIN IMPACTS ON FER FINANCIAL ACCOUNTS

- Accounting for assets & liabilities at the lower of the carrying amount and fair value less costs to sell
- Provision of **€774mn** as a result of the impairment of the value of FER's participation in Amey
- P&L impact: Both Services net profit & Amey provision are included in discontinued activity (2017 figures have been restated).
- According to NIIF5, Balance sheet and Cash Flow statement include Services contribution

# P&L

(€ mn)

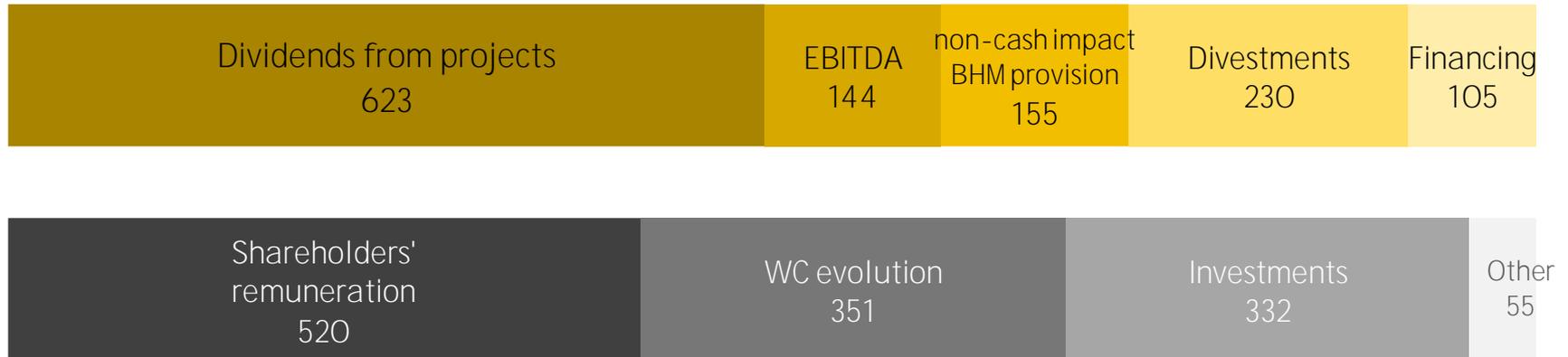
	2018	2017*	
Revenues	5,737	5,152	<ul style="list-style-type: none"> <li>Higher Construction revenues (US projects)</li> </ul>
EBITDA	484	516	<ul style="list-style-type: none"> <li>Lower Construction profitability (cost pressure). Construction EBIT margin 2.5% (3.5% in 2017)</li> </ul>
Depreciation	-127	-115	
Impairment & disposals	82	88	<ul style="list-style-type: none"> <li>€84mn capital gains from Greek toll roads divestment</li> <li>-€13mn additional impairment for Autema</li> </ul>
EBIT	438	489	
Net Financial Result	-192	-244	<ul style="list-style-type: none"> <li>Higher interest rates with positive impact on the gross cash position &amp; bond maturity</li> </ul>
Equity accounted	239	225	<ul style="list-style-type: none"> <li>407ETR contribution: €136mn</li> <li>HAH contribution: €70mn</li> </ul>
EBT	486	469	
Taxes	-25	-46	
Net income from continued operations	460	424	+8.6%
Fair value provision	-774	-	
Services discontinued act.	-77	83	<ul style="list-style-type: none"> <li>Provision: impairment of FER's participation in Amey</li> <li>Services activity as discontinued activity</li> </ul>
Discontinued activities	-851	83	
Minorities	-57	-53	
NET PROFIT	-448	454	

\* In accordance with IFRS 5, the reclassification of the Services activity as a discontinued activity has been carried out in 2018, also re-expressing the income statement of 2017.

# Ex-infra Cash Flow & Net cash

(€ mn)

## SOURCES & USES



Net cash, ex-infra\*: **€1,236mn**

\*Including the net cash position from assets held for sale (€261mn)

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# Shareholder remuneration

## 2019 SHAREHOLDER REMUNERATION PROPOSAL (\*)

## ACTUAL 2018

### Scrip dividend (reference dividend /share)

First scrip dividend (equivalent to 2018 complementary dividend)\*

0.32\*

0.314

Second scrip dividend (equivalent to 2019 interim dividend)\*

0.42\*

0.407

TOTAL

0.74

0.721

### Share buyback

of up to **€275mn**  
or up to 19m shares

of up to **€275mn**  
or up to 19m shares

(\*) Calculation based on average closing price from 30<sup>th</sup> January to 5<sup>th</sup> February



# ... looking forward

Reducing risks in  
contracting & Services  
as discontinued  
activity

Capital allocation  
focused on infra  
projects, mainly in the  
US

NTE & LBJ to pay  
dividends in  
2019 - 2020

# Q&A



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