ferrovial

Results - Executive summary

January – June 2018


TOLL ROADS


SERVICES


CONSTRUCTION


AIRPORTS

- **Continued strong operating performance from infra assets (407 ETR, Managed Lanes & HAH), with solid growth in traffic & dividends:** 407ETR paid CAD453mn; HAH £228mn & AGS £23mn.
- **€906mn net cash ex-infra** (vs €1,341mn Dec'17).
- **1H 2018 consolidated results:**
  - Revenues -2.1% impacted by lower Services (UK & Australia) & deconsolidation of Portuguese toll roads. Revs +2.4% LfL.
  - EBITDA €122mn negatively affected by -EUR237mn Birmingham contract provision (Services, 1Q 2018. Excl. this provision, EBITDA €359mn (-17% vs 1H 2017).
- **1H 2018 proportional results:**
  - Revenues €6,432mn (-3.0% vs 1H 2017)
  - EBITDA €550mn or €787mn Ex-BHM (68% from Infra)
- **2018 financial events:**
  - March, FER completed a Euro Commercial Paper programme for a maximum of €1bn, and maturity between 1 & 364 days.
  - April, 407ETR announced the issue of CAD500mn of 3.72% Senior Notes (due May, 2048).

Consolidated performance

Ex-infrastructure net cash
€906mn

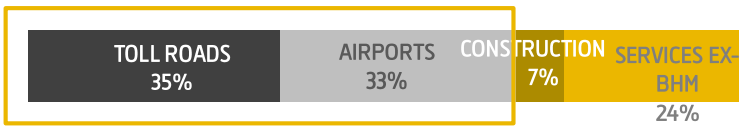
Dividends from projects
€307mn

REVENUES
€5,935mn
+2.4% vs 1H 2017

EBITDA
€122mn
*€359mn (exc. BHM provision)

PROPORTIONAL EBITDA (EXC. BHM)
€787mn

68% FROM INFRASTRUCTURE ASSETS



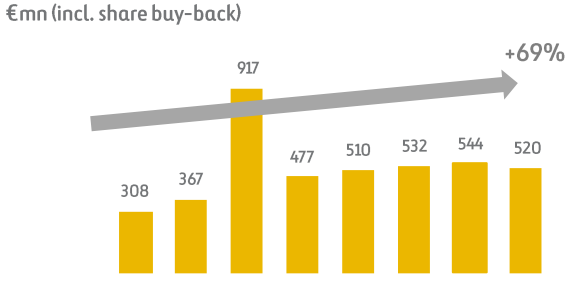
Business performance

- **Robust operating growth main infra assets (EBITDA local FX):** Managed lanes (global consolidation) NTE +19.8% & LBJ +25.5%; 407ETR, HAH & AGS (equity consolidated) +11.4%, +1.8% & +8.7%, respectively.
- **Sound traffic growth in toll roads** (407ETR +2.2%; NTE +3.9%, LBJ +7.2%, Ausol I +8.9% **& HAH** (+2.5%). AGS traffic declined (-0.8%) impacted by adverse weather conditions, which caused delays & temporary closures.
- **Construction**: revenues +16.6% LfL. EBIT mg 1.9% (4.0% in 1H2017) due to tighter margins of projects currently in execution in F.Agroman, and in Budimex due to increased labour & materials costs, although with profitability still above the sector. Order book at €11,090mn (-0.7% LfL vs. Dec'17), 90% International, excludes >€0.7bn of contracts awarded.
- **Services**: revs -7.8% LfL primarily in UK (withdrawing from non-profitable contracts & selective bidding), & Australia (end of immigration contracts). EBITDA negatively affected by -GBP237mn BHM provision, leading to –€83mn EBITDA. Excluding BHM UK EBITDA margin (1.5%), in line with expectations.

	407 ETR*	HAH*	Services	Construction
EBITDA	+11.4% CAD570mn	+1.8% £852mn	n.a. -€83mn	-37.5% €64mn
TRAFFIC	+2.2% 1,292k VKT	+3.9% 34,740 ADT	+2.5% 38.1mn pax	-0.8% 7.0mn pax
DIVS RECEIVED	407 ETR €130mn	Heathrow €66mn	AGS €13mn	
ORDER BOOK	Services €19bn +0.3%	Construction €11.1bn -0.5%		

Shareholder remuneration

€mn (incl. share buy-back)



4th Ferrovial Flexible Dividend programme approved in April 2018 AGM. The aim of the programme was to contribute to the company's shareholder remuneration policy by means of increasing earnings per share.

Share buy-back: ceiling of €275mn, or 19 million shares, and a 5-year term from 5 June 2018 to 27 November 2018.

On top of the above plan, at end-June 2018, **FER held 7,290,736 shares**, of which 1,439,148 shares were acquired in 2017 and are due to be amortised over the course of 2018.

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1 Ex-infrastructure projects. * Consolidated by equity method

Toll roads

Revenues (LfL)	EBITDA (LfL)
+14.8%	+11.4%
€208mn	€136mn /65.3%

Strong Revenues & EBITDA LfL on higher contribution from MLanes (EBITDA NTE +19.8% & LBJ +25.5%, in local FX), traffic growth in main toll roads.
The **USA** accounted for 48% of revenue and 60% of EBITDA in 1H 2018.

Significant improvements in traffic on main toll roads, from light & heavy traffic.

- **407 ETR:** operating strength, with traffic up +2.2%, bolstered by economic growth and higher personal disposable income.
- **USA:** NTE +3.9% & LBJ +7.2%.
- **Spain:** traffic up boosted by economic growth (Ausol I +8.9%).
- **Portugal**: Algarve +6.6% helped by construction works & configuration changes in its main competitor. Azores +4.8% supported by tourism increase, following airline market liberalisation.
- **Ireland:** M4 +4.9% & M3 +6.1% on employment recovery & despite Feb & March snow storms.
- **Greece:** less ADT following new segments opening for both, which distorted ADT calculation (exc. this impact, ADT +17.0% at Nea Odos & +18.2% at C. Greece).

LfL figures stripped out FX & perimeter changes (sale of 51% Norte Litoral for €104mn in April 2017 & 49% Algarve for €58mn in Sept 2017 in Portugal, both consolidated through equity method after the sale).

On 19 July Ferrovial opened the NTE35W managed lane toll road, 3 months ahead of scheduled opening (October 2018).

EUR	Traffic (ADT)	Revenues	EBITDA	Net debt €
407ETR* (43%)	+2.2% 1,292K VKT	+3.5% 421mn	+4.7% 368mn /87.5%	-4.8bn
NTE (63%)	+3.9% 34,740	+7.1% 44mn	+8.6% 36mn /83.0%	-0.9bn
LBJ (55%)	+7.2% 36,322	+12.6% 49mn	+13.7% 40mn /81.4%	-1.3bn
Ausol I (80%)	+8.9% 15,527	+7.2% 27mn	+6.3% 22mn /81.2%	-0.5bn

* Consolidated by equity method

Airports

Ferrovial owns 25% of HAH (Heathrow) & 50% of AGS Consolidated by equity method

Revenues (HAH)	*EBITDA (HAH)	Net debt (HAH)
+2.2%	+1.8%	£13.5bn
£1,405mn	£852mn /60.6%	RAB £16.0bn

Airports contributed €57mn to FER's equity accounted results (€43mn in 1H2017).

- **HAH €56mn** (€47mn in 1H17), mainly on positive mark-to-market of hedges, lower expected inflation figures & the increase in interest rates.
- **AGS €0.3mn** (vs. –EUR4mn in 1H 17).

HEATHROW busiest 1H reaching 38.1mn pax (+2.5%) with growth in all markets and more cleaner & quieter aircraft. Average number of seats per aircraft +0.6% to 213.3 (1H17: 212.1). HAH distributed £228mn dividend (£188mn 1H2017); €66mn to FER.

- **Heathrow SP Revenues +2.3%:** aeronautical +1.7%, retail +4.8% & other +0.8%.
- Heathrow remained ahead of main European airports in user satisfaction, with a quality score of 4.17 over 5. World's Best Terminal (1st time) by Skytrax World Airport Awards. Best Airport in Western Europe (4th time), Best Airport for shopping (9th consecutive year).
- **RW3:** On 25 June 2018, UK Parliament overwhelmingly supported the expansion by voting in favour of the NPS (National Policy Statement). Subsequently, the Secretary of State for Transport approved the NPS the following day, allowing Heathrow to present a request for authorisation to develop the project.

AGS: EBITDA +8.7% to £42.4mn. Despite adverse weather conditions affecting traffic (-0.8% to 4.5mn pax). AGS distributed £23mn vs GBP101mn in 1H17, which included an extraordinary dividend after its refinancing. FER received €13mn in 1H18.

GBP	Traffic	Revenues	EBITDA
*Heathrow (HAH)	+2.5% 38.1mn	+2.2% 1,405mn	+1.8% 852mn /60.6%
Glasgow	-1.2% 4.5mn	+6.3% 58mn	+13.1% 27mn /45.8%
Aberdeen	+1.0% 1.5mn	+3.6% 28mn	+7.0% 11mn /39.0%
Southampton	-1.3% 1.0mn	-2.9% 15mn	-7.6% 5mn /33.1%

* LfL

Construction

Revenues	EBITDA	Order book
+12.3%	-37.5%	-0.5%
€2,437mn	€64mn /2.6%	€11,090mn

Revenues +16.6% LfL with positive performance in all areas; 83% international focused on traditional strategic markets: Poland (31%) & N.America (30%). EBIT mg 1.9% vs. 4.0% in 2017 mainly in F.Agroman, due to tighter margins of projects currently in execution, as well as Budimex on increased labour & materials costs, although profitability remained higher than that of the sector.

Order book: €11,090mn (-0.7% LfL) not including over €0.7bn pre-awarded contracts or those where commercial or financial agreement is not finalised.

Budimex: Revenues +17.2% LfL. EBIT margin 4.8% (8.8% in 1H2017) due to pressure on subcontractor prices, materials & salaries, which are not offset by profits from final payments on completed projects.

Webber: Revenues +16.7% LfL primarily due to Civil Works projects acceleration; EBIT mg 3.7% vs 3.1% in 1H2017.

F. Agroman: Revenues +16.3% LfL. EBIT mg 0.2% due to tighter margins of projects currently in execution.

EUR	Revenues	EBITDA	Order book
F. Agroman (RoW)	+11.8% 1,306mn	-67.0% 10mn / 0.8%	-2.9% 7,288mn
Budimex (Poland)	+17.3% 732mn	-36.5% 35mn /4.8%	-0.1% 2,464mn
Webber (US)	+5.8% 399mn	+15.7% 19mn /4.8%	+14.2% 1,338mn

Services

Revenues	EBITDA	Order book
-11.4%	n.a.	+0.3%
€3,238mn	-€83mn /-2.6%	€11,090mn

Revenues -6.7% LfL (excl. FX & BHM contract) mainly from reduced activity in UK (withdrawing from non-profitable contracts & selective tendering policy) & in Australia (end of Immigration Department contract).

EBITDA –€83mn impacted by BHM contract in UK. A -€237mn provision was registered for this contract (new accounting criteria from a change to the phased investments scheduling & to cover penalties, in line with the stance adopted by BHM City Council during the early months of 2018). Excluding the provision, EBITDA reached €153mn (4.7% mg), -26.7% LfL mainly given end of immigration contracts in Australia.

Spain: Revenues +3.8%, largely driven by greater volumes in treatment.

UK: Revenues–10.4% LfL on lower activity. EBITDA affected by BHM provision. Ex-BHM EBITDA margin would have stood at 1.5%, in line with expectations. In 2H, the Company will remain focussed on an asset divestment plan (of PFIs & JVs in non-strategic sectors).

Australia: Revenues -19.3% LfL on end of immigration contract in Oct. 2017 EBITDA margin of 2.9%, in line with forecasts for the year.

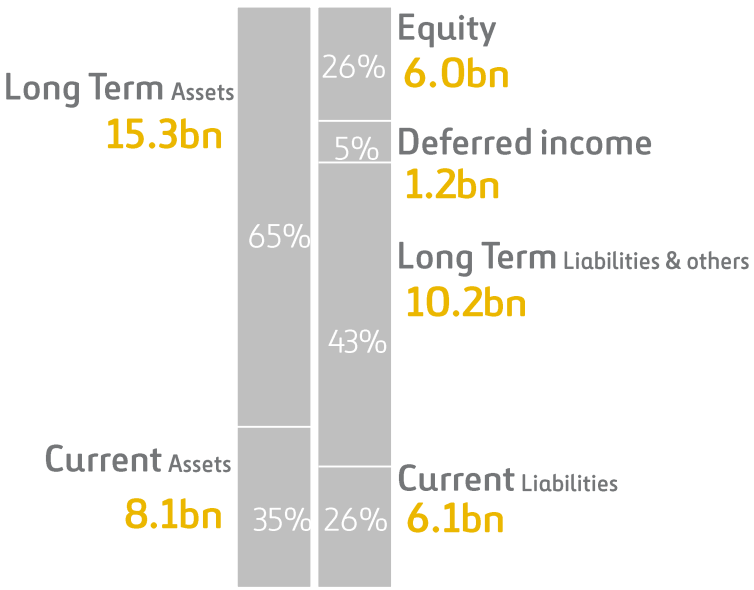
International: Revenues +14.2% LfL & EBITDA +59.5% LfL, 4.5% EBITDA margin.

EUR	Revenues	EBITDA	Order book
Spain	+3.8% 968mn	+3.2% 101mn /10.4%	-0.9% 4,945mn
UK	-12.6% 1,162mn	n.s. -220mn /-18.9%	+4.6% 9,347mn
International	+7.2% 245mn	+56.7% 11mn /4.5%	+5.1% 1,287mn
Australia	-25.9% 862mn	-67.8% 25mn /2.9%	-9.6% 3,505mn

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Balance sheet

23.5bn Total



- **Strong balance sheet** and liquidity position.
- **Solid financial position:** Net cash position, ex-infra projects, **€906bn** (€1,341mn in December 2017).

Main factors included :

- **Dividends & capital reimbursements from projects** (+€307mn)
- **Working capital consumption** (-EUR482mn)
- **Shareholder remuneration** (-€197mn)
- **Larger Investments:** –EUR135mn.
- **Fewer divestments:** +€48mn (vs +€167mn 1H 2017, 3.9% Budimex, 51% of Norte Litoral)

Ex. Infrastructure Projects

Gross cash	4.0bn
Gross debt	-3.0bn
Net cash position	**0.9bn**

90% Bonds

Liquidity

Total cash	Undrawn lines
3.6bn	1.3bn
Total liquidity	4.9bn

Rating

Standard & Poor's (confirmed in July 2016)	BBB / stable
Fitch Ratings (confirmed in July 2016)	BBB / stable

Debt maturity

corporate (€mn)

€610mn	€87mn	€4mn	€2,304mn	€4mn
2018	2019	2020	2021-2031	>2031

Consolidated Net cash (debt)

Ex. Infrastructure Projects	0.9bn
Infrastructure Projects	-4.8bn
Net cash position	**-3.9bn**

Cash flow generation ex-infrastructure

EBITDA	+ Dividends (projects)	+ W. Capital & Other*	+ BHM provision with no cash-impact	= Operating CF (pre- tax)	+ Investment CF	+ Financials, tax & other	= Cash variation
(93)	+307	(482)	+198	(71)	(87)	(277)	(434)
Construction +57	Toll Roads +138	Construction (227)		Toll Roads divs +126	Toll roads (36)	Dividends (197)	
Services (123)	Airports +87	Services (232)		Airports divs +77	Airports -	Interest paid (23)	
Other (28)	Construction +1	Other (24)		Construction (169)	Construction (13)	FX impact (16)	
	Services +81			Services (75)	Services (38)	Tax +2	
				Other (31)	Other -	Other** (42)	

* Includes changes in factoring, provisions, pensions payments UK and remuneration in shares & others.
** Includes €500mn hybrid subordinated bond

People

EMPLOYEE COMMITMENT & EXPERIENCE, TALENT MANAGEMENT & CULTURE

Promote a collaborative, flexible and inclusive culture based on meritocracy, to offer unique and challenging experiences, forming experienced teams committed to corporate values.

95,978 Employees (71% men; 29% women)

88% Out of all the employees consider Ferrovial a good place to work

600,000h training provided (10Y of Summa University)

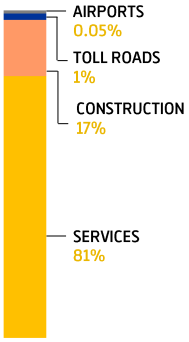
EMPLOYEE COMMITMENT & EXPERIENCE: focus on attracting & hiring the best talent to become an employer of choice in markets where Ferrovial operates.

TALENT MANAGEMENT: help each employee to reach their maximum potential while promoting the best professional opportunities.

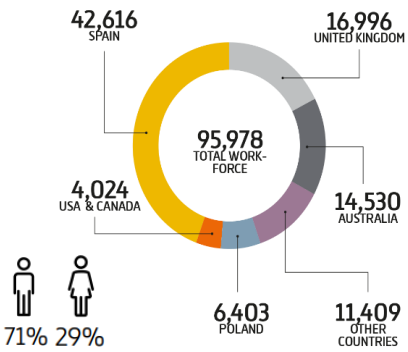
- *Play the Future Project*: 6 training itineraries linked to new technologies (Big Data, IoT...)
- *Awareness Sessions Cycle*: conferences focused on emerging technologies & innovation
- *Executive Forums*: similar to Awareness Sessions, completed with teamwork to describe the critical capabilities that must be reinforced or created to position the company as a key player.

CULTURE: Ferrovial, with more than 110 nationalities in its workforce, shows a firm commitment to effective equality of opportunities, focused on three areas (Strategic Diversity Plan): gender, generational and multicultural.

BY BUSINESS UNITS



BY COUNTRIES



Say on pay

CHAIRMAN & CEO REMMUNERATION

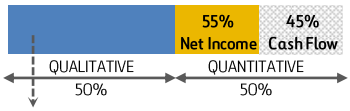
27% Fixed

44% Variable

29% Long term incentives

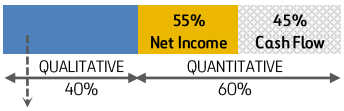
VARIABLE REMUNERATION (TARGET **125%**, MAXIMUM **225%**)

CHAIRMAN



- Board & Executive Committee operations
- Corporate Governance
- Strategic Plan
- Successions
- Institutional Relations

CEO



- Strategic Plan compliance
- Employee Health & Safety, measured using accident rates.
- Promoting Innovation & CSR.
- Professional teams development to guarantee stability in mgmt. & achievement of organization's strategic objectives
- Adjustment & monitoring of procedures linked to assuming controlled risks.
- Relationships with stakeholders

LONG -TERM REMUNERATION

based on delivery of share plans structured into multi-year cycles (3y) overlapping, which turn into shares at the end of the cycle.

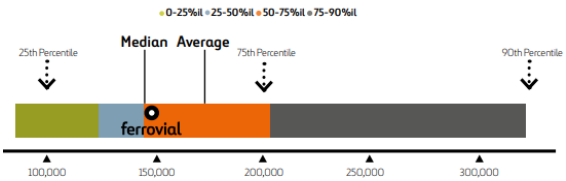
Metrics	MAX	MIN
EBITDA/avg earning assets (70%)	≥10.5%	<9%
Total Shareholder Return (30%)	Among top 5 positions	Between position 11th & 18th

TSR COMPANIES: Serco, Strabag, SNC-Lavalin, Skanska, AENA, ACS, FCC, Eiffage, VINCI, KIER, Abertis, Transurban, B. Beatty, Fraport, ADP, Ferrovial, Carillion, OHL

BOARD REMMUNERATION

FER compares with IBEX-35 members & is in the median of non-executive directors remuneration.

AVERAGE REMUNERATION OF THE DIRECTORS



Innovation

Ferrovial believes that innovation is a difference maker that enables the company to lead transformation of infrastructures and services, providing customers and users with **solutions that efficiently, sustainably and safely contribute to well-being and progress of society.**

The company works on new business models that increase offers of products & services; improvement of operational efficiency & cross-cutting management processes and increase of digital skills of employees.

New technologies (robotics, artificial intelligence, IoT and Big Data) are having a significant and fast impact on all sectors. To respond to these challenges, Ferrovial is accelerating its process of implementing innovative solutions, within its open innovation strategy.

INNOVATION IN 2017

>110 R&D developed projects

30 Pilot projects developed with Startups

€47mn R&D investment

INNOVATION PROJECTS

ZITY CAR
New car sharing mobility service in Madrid that has an electric vehicle with 400km autonomy and allows citizen to drive further and use the vehicle for longer. Recharged with 100% renewable energy & highest safety certification.

BIG DATA AND MOBILITY TRENDS
Use of Big Data is a competitive advantage when analyzing new projects & optimizing existing ones. In Europe, Dallas & Canada toll roads, projects are already underway to analyze impact of autonomous and connected vehicles.

INTERNET OF RADIO LIGHT IN TUNNELS
LIFI (Light Fidelity) technology to improve communications in complex & difficult to access works (tunnel/confined areas). Communication solution based on wireless tech. that transmits ultra-fast data through a beam of light.

Environment

Ferrovial continues its efforts to offer services and infrastructures that respond to challenges such as climate change, water footprint management, the energy crisis, the reuse of waste and the loss of biodiversity, to create value by reducing the environmental impact and discover new business opportunities.

REDUCTION OF CO_2 EMISSIONS

-28.4% IN RELATIVE TERMS (tCO_2 eq/€mn) (2009-2017)

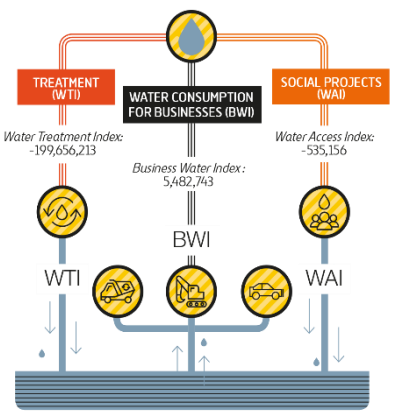
-10.2% IN ABSOLUTE TERMS (2009-2017)

-35.4% NEW REDUCTION 2020 TARGET

ELECTRICITY FROM RENEWABLE SOURCE

36% OF THE TOTAL CONSUMED

FERROVIAL WATER FOOTPRINT



WATER FOOT PRINT

- **Business Water Index (BWI): 5,482,743.** Water consumption and discharge in activities carried out by the business units
- **Water Treatment Index (WTI): -199,656,213.** Cadagua's water treatment processes impact and those of F. Services & Amey's leachate treatment in landfills.
- **Water Access Index (WAI): -535,156;** Impact of Social Action projects for water supply to communities in developing countries.

ACKNOWLEDGEMENTS

Ferrovial has been included in the **DJSI** (Dow Jones Sustainability Index) for the last 16 consecutive years, at a global level; in the FTSE 4Good index for the past 13, in the Carbon Disclosure Project for the past 6, and is also a member of Stoxx and MSCI Global Sustainability Index.

FTSE4Good · CDP · Member of Dow Jones Sustainability Indices In Collaboration with RobecoSAM · MSCI 2017 Constituent MSCI Global Sustainability Indexes · STOXX ESG LEADERS INDICES