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FY 2017 Results

28 February 2018

Disclaimer

This document may contain statements that constitute forward looking statements about the Company. These statements are based on financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations, which refer to estimates regarding, among others, future growth in the different business lines and the global business, market share, financial results and other aspects of the activity and situation relating to the Company.

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.

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Agenda

- **2017 Highlights**
- Business Units
- Financial Results
- Looking ahead

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2017 Highlights

Excellent growth from our infrastructure assets

- Traffic increased across the board
- EBITDA grew at double digit in our main assets
- Higher dividends from 407ETR, LHR & AGS

Solid cash generation & financial position

ex-infra projects

- c.€1bn Operating Cash Flow (pre-tax)
- €781mn Activity Cash Flow (after tax)
- €520mn FER shareholder remuneration
- €1,341mn net cash position
  - €500mn hybrid bond issuance

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Cash flow generation vs Dividends

Ex- Infrastructure Projects

2017 figures
€ million

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2017 Highlights

Share Price has underperformed vs peers

- Addressing contracting
- Our infrastructure assets outperform in times of economic growth & inflation
- Reported figures don't fully reflect FER's business. More information on assets consolidated under equity method

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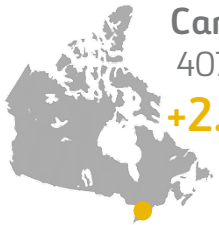
Toll roads

€ million

- Traffic growth in main markets
- Solid financial results in LfL terms:
  - EBITDA +23.8%
  - +€19mn positive impact from success fee
- €277mn dividends from toll roads
  - 407ETR dividends: €262mn
- Cintra acquired 6.3% in NTE and 3.6% in LBJ ($107mn)
- Mature asset rotation to crystalize value:
  - Sale of 51% stake of Norte Litoral: €104mn
  - Sale of 49% stake of Algarve: €58mn

▶ €162mn cash in
€98mn net capital gains

TRAFFIC EVOLUTION



Canada
407ETR
+2.6%

Spain
Ausol I +10.3%

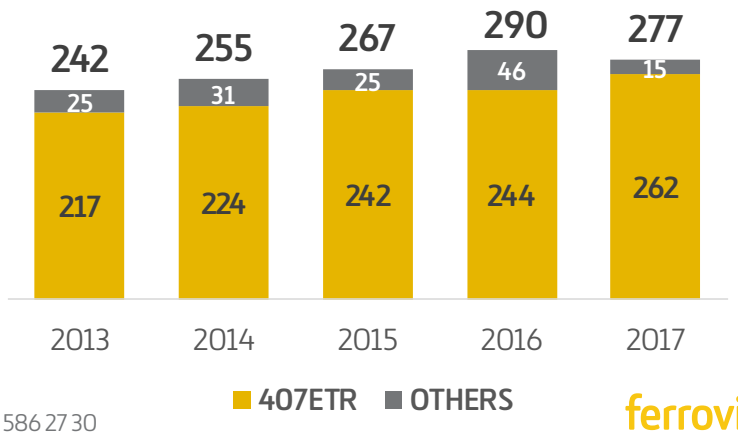
US*
NTE +10.6%
LBJ +10.2%

* Transactions

FY 2017 RESULTS TOLL ROADS

	FY2017	%	% LfL
Revenues	461	-5.3%	+15.7%
EBITDA	320	+7.7%	+23.8%

DIVIDENDS FROM TOLL ROADS (€ mn)



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407ETR Equity method, Ferrovial stake 43%

407ETR

(CADmn)	FY17	%
Revenues	1,268	+11.7%
EBITDA	1,104	+12.1%
EBITDA mg	87.1%	
Traffic (VKTs'000)	2,708,589	+2.6%
Dividends	845	+7.0%

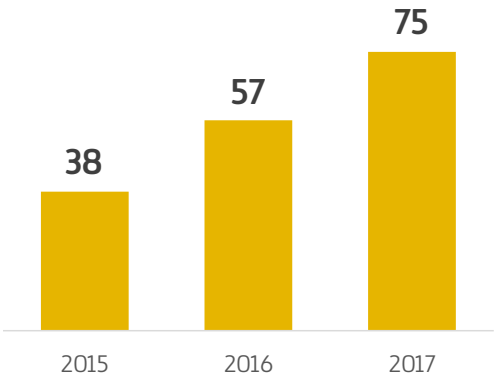
HIGHLIGHTS

- Much better than expected 4Q'17 traffic growth despite a difficult comparison in 2H'2017
- 1Q18 dividend announcement (+9% vs 1Q17)

Managed Lanes Global consolidation

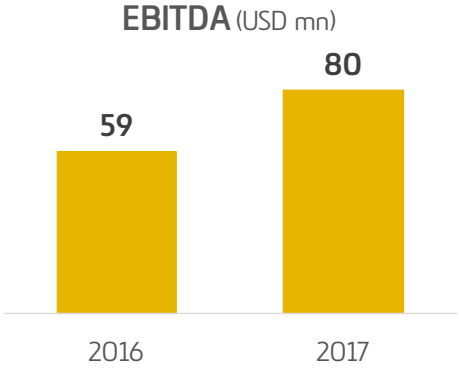
NTE

- EBITDA +32.6%
- TRAFFIC* +10.6%
- TARIFF** +13.2%



LBJ

- EBITDA +37.4%
- TRAFFIC * +10.2%
- TARIFF ** +20.5%



* Transactions
** Average toll rate per transaction

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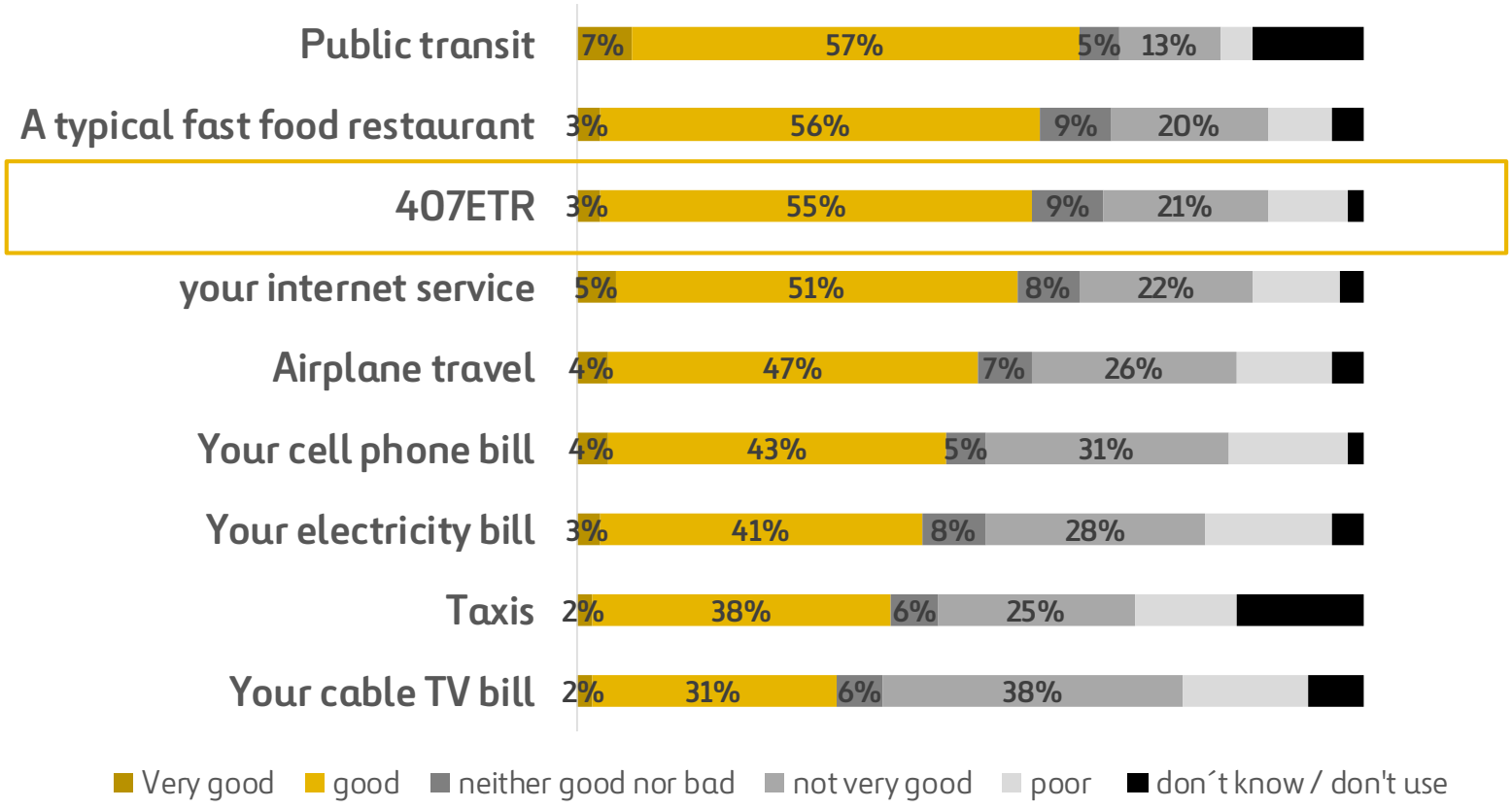
407ETR: 58% good or very good value for money



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Airports

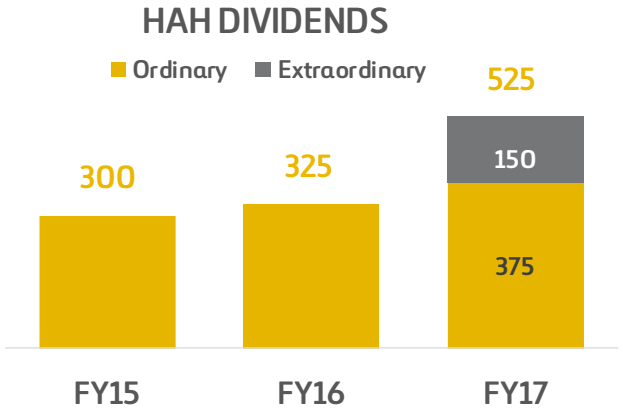
- **HAH** (Equity method, FER stake 25%)
  - **Traffic**: 78mn; +3.1%
  - **Revenues:** +2.6% due to traffic & retail, despite lower aeronautical tariffs
  - **EBITDA:** +4.6% on cost control
  - Higher-than-expected **dividends**: GBP525mn (GBP150mn extraordinary dividend).
- **AGS** (Equity method, FER stake 50%):
  - Strong **traffic** growth in all airports (+4.9%)
  - Strong financial performance: **EBITDA** +10.7%
    - EBITDA growth since acquisition (2014): +35%
  - AGS **dividend**: GBP146mn following the refinancing (GBP75mn extraordinary dividend).
- **Dividends received by FER:**
  - **€237mn** (vs €134mn in 2016).
- **Denver International Airport**
  - 6th busiest airport in the US by passenger traffic
  - Redesign & retail operation of the main terminal (34y)

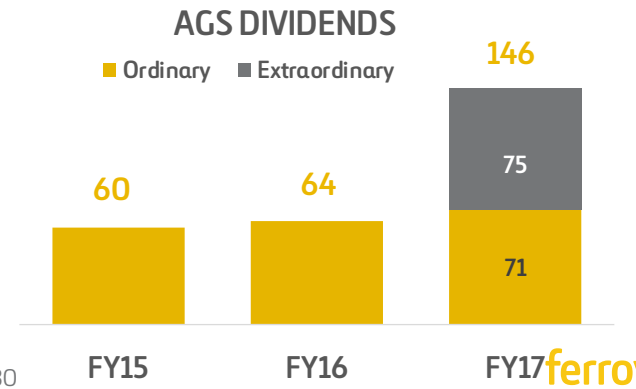
AIRPORTS TRAFFIC

(PAX million)

	FY17	% LfL
Heathrow	78.0	+3.1%
AGS	15.1	+4.9%
Glasgow	9.9	+5.7%
Aberdeen	3.1	+1.9%
Southampton	2.1	+6.1%

DIVIDENDS (100% GBP million)





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Services

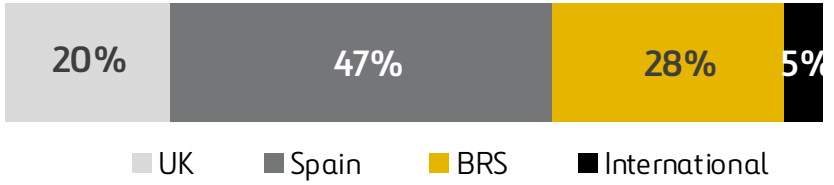
€ million

- **Revenues** +16.3% following the FY integration of BRS
- **EBITDA mg 6.0%** from 5.4% in 2016
- **Order book -11.3% LfL** on selective bidding in UK
- **€ 396mn operating cash flow (OCF)**
- **UK: Still challenging environment**
  - EBITDA'17 mg (3.5%) in line with guidance provided
  - EBITDA'18E mg : ex-Birmingham (2% - 3%)
- **AUSTRALIA: FY integration vs 7months in 2016**
  - 2017: EBITDA mg 5.5% (RPC* contracts ended Oct 2017)
  - 2018E: EBITDA mg 3% - 4%
- **SPAIN: solid performance,** EBITDA margin at 10.4%.

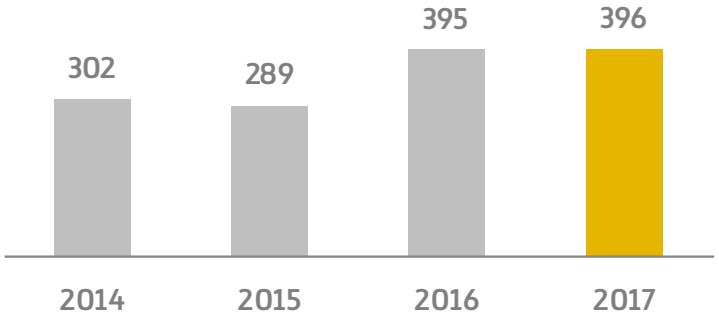
* RPC: Regional processing centres

	FY17	%	% LfL
Revenues	7,069	+16.3%	+1.9%
EBITDA	423	+30.2%	+14.2%
EBITDA %	6.0%		
Order book	20,918	-14.4%	-11.3%

EBITDA 2017 BY BUSINESS



OPERATING CASH FLOW (pre-tax)



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Construction

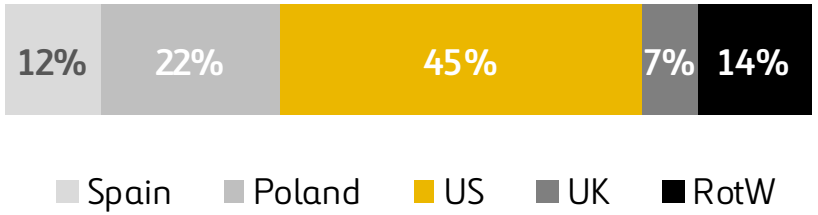
€ million

- **Revenues (+11% LfL)** with positive evolution in all areas
- **Lower profitability (EBIT margin 3.5%)**
  - Major projects in their initial phases.
  - Order book with a lesser levels of complexity.
  - Lower proportion of contracts with sisters companies.
  - Losses incurred in 2017: mainly explained by two contracts (Scotland -€54mn & Colombia -€31mn).
- **Solid growth in Budimex: EBITDA +17.7%**
- **Order book** reached a record figure **(+26.7%LfL)**
  - **I-66** (Virginia, EUR1.9bn), **Denver Airport** (EUR541mn) & **Grand Parkway** (Texas, EUR784mn).
- **2018 performance: EBIT mg should evolve from around 1% (Q1) to 3 - 3.5% for FY2018.**

	FY17	%	% LfL
Revenues	4,628	+10.3%	+11.0%
EBITDA	199	-41.8%	-41.8%
EBITDA %	4.3%		
EBIT	162	-48.1%	-48.1%
EBIT %	3.5%		
Order book	11,145	+22.6%	+26.7%

EBITDA 2017 BY BUSINESS

ORDER BOOK BY COUNTRY



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2017 Profit & Loss

€ million

	2017	2016
Revenues	**12,208**	**10,759**
EBITDA	**932**	**944**
Depreciation	-375	-342
Impairment & disposals	81	324
EBIT	**638**	**926**
Net Financial Result	-311	-391
Equity accounted	251	82
EBT	**578**	**617**
Taxes	-71	-233
Minorities	-53	-7
NET PROFIT	**454**	**376**

IMPAIRMENT & DISPOSALS (2017)

- Capital gain from Norte Litoral & Algarve
- Further provision registered at Autema

NET FINANCIAL RESULT

- 2017: Lower financial expenses (deconsolidations)
- 2016: negative impact from cancellation of Ausol derivative

EQUITY ACCOUNTED

- 2017: higher contribution from HAH & 407ETR

TAXES

- 2016: Chicago divestment impact

MINORITIES

- Higher profit at Budimex
- Deconsolidation of SH-130 & Chicago and the improved results from Managed Lanes

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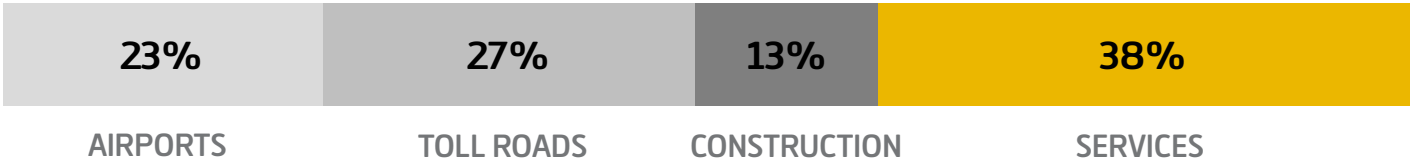
Strong cash flow generation

Ex- Infrastructure Projects

2017 figures
€ million

OPERATING CASH FLOW pre-tax	2017
Toll roads (Dividends)	277
Airports (Dividends)	237
Services	396
Construction	134
Others	-46
TOTAL	**999**

BALANCED OPERATING CASH FLOW



49% DIVIDENDS FROM INFRA PROJECTS

51% OCF FROM CONSTRUCTION AND SERVICES

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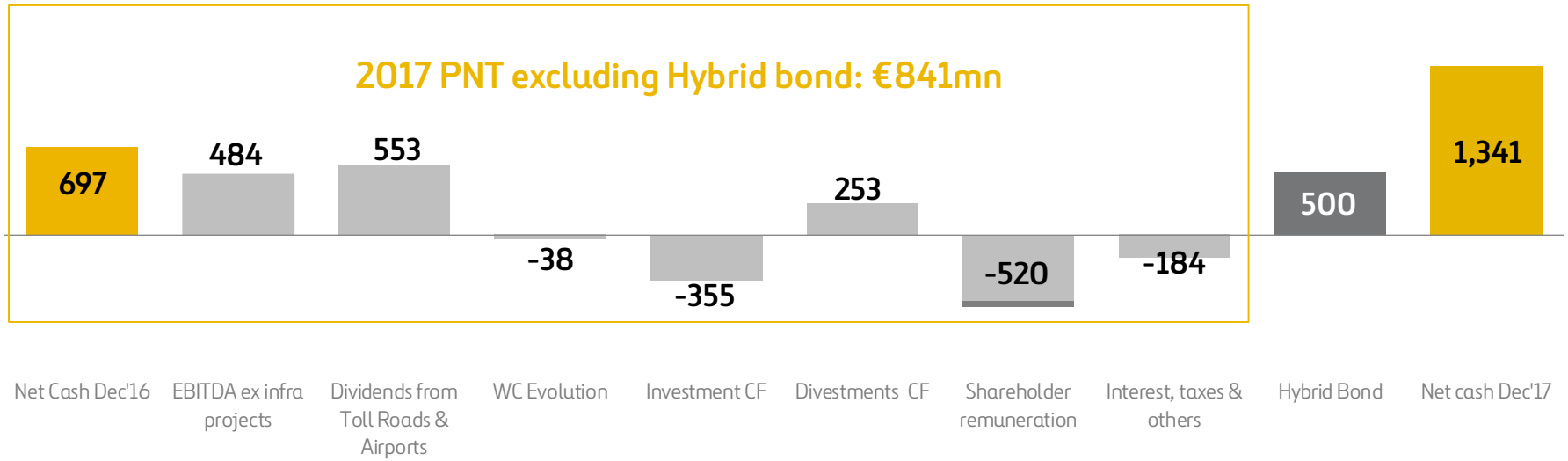
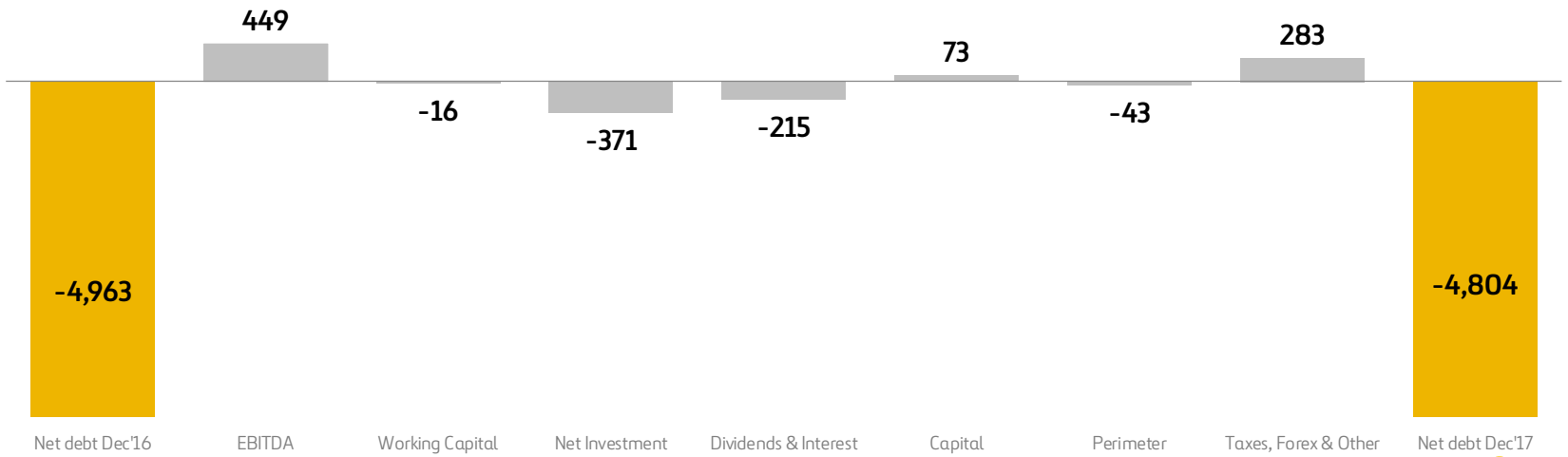
Net debt evolution

€ million

EXCLUDING INFRASTRUCTURE PROJECTS



INFRASTRUCTURE PROJECTS



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IFRS 15 impact

- **An adjustment of -€272mn** has been recognized through reserves in the opening balance (Jan 01, 2017). Early application in January 2017 of IFRS 15 Standard: Revenue from contracts with customers.
- New standard implies more strict threshold for revenue recognition (approval/highly probable vs. probable) and the evaluation of WIP/Debtor balance as of Dec.2016 according the new threshold. **The impact of that review has to be charged to equity**.
- **Part of the adjustment can be recovered through P&L** in the future if the threshold is finally reached.

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Shareholder remuneration

2018 SHAREHOLDER REMUNERATION PROPOSAL (*)		2017
Scrip dividend (reference dividend /share)		
First scrip dividend (equivalent to 2017 complementary dividend)*	0.312	0.315
Second scrip dividend (equivalent to 2018 interim dividend)*	0.402	0.404
TOTAL	**0.714**	**0.719**
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 30th January to 5th February of 18.103€

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Looking ahead

Mitigating risks in contracting

Capital allocation focused on infra projects, mainly in the US

NTE & LBJ to pay dividends in 2019 - 2020

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Q&A Session

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