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# FERROVIAL, S.A.

SEPARATE DIRECTORS' REPORT AND FINANCIAL STATEMENTS

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ferrovial

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# **Separate Directors' Report**

# 1.Profit/(loss) for 2019

The company's net profit amounts to EUR 672 million at 31 December 2019, of which EUR 752 million come from operating profit/(loss) obtained in the year. In this sense, since Ferrovial S.A. is a holding company, the dividends received from subsidiaries and financial income associated with the financing of these, contribute to the company's revenue. Accordingly, in 2019 net revenue of EUR 812 million was generated, of which EUR 758 million relates to dividends received by Ferrovial S.A. from its subsidiaries (see Note 16 of the accompanying annual accounts).

The net financial income/(expense) amounts to EUR -48 million, primarily relating to financial expenses associated with loans received by Ferrovial S.A. from other Group Companies in the amount of EUR -51 million, as discussed in Note 16 to the accompanying financial statements, which is offset, among others, by impairment losses on and disposals of financial instruments, entailing income of EUR 7 million.

Finally, corporate tax income amounts to EUR 31 million. More detailed information can be found in Note 14 of the accompanying annual accounts.

## 2 NON-FINANCIAL INDICATORS

### 2.a Environment

In view of its business activity, the Company does not have any environmental obligations, expenses, assets, liabilities or contingencies that might be material with respect to its equity, financial position or results. For that reason, no specific breakdown has been included in this report regarding environmental issues, the disclosures contained in the Consolidated Management Report are more representative in this regard.

### 2.b Innovation

The Company does not carry out any significant innovation activities at an individual level. Such activity is performed by the Group Companies; therefore, the information stated in the Consolidated Management Report is more representative in this regard.

### 2.c Human capital

Ferrovial Group is committed to its employees to develop a comprehensive model that guarantees the strength of the various businesses, while boosting the capabilities of its professionals.

The talent and commitment of Ferrovial's professionals are one of the keystones of its success as an international leader in the infrastructure management sector. For that reason, fostering each employee's career development within the Company, together with managing their talent and promoting their international profile with a cross-cutting approach, are Ferrovial's strategic priorities, always within a framework of equal opportunities based on individual merit.

At year-end 2019 Ferrovial S.A. had a workforce of 79 employees, of which 37% are women. Regarding the distribution by professional category, 52% are executives, 16% managers, 19% professionals and supervisors and 13% clerical staff and support technicians.

## 3. OTHER RELEVANT INFORMATION

### 3.1 Financial risks

The Company actively manages financial risks in order to minimise financing costs and reduce volatility due to changes in capital markets. In order to do so, the Company pursues the objectives and policies described in detail in the Consolidated Management Report. The main financial risks that Ferrovial S.A. is exposed to are variations in interest and exchange rates and share price performance. In order to hedge the foregoing risks, the Company has arranged the following derivatives, which primarily relate to foreign currency forwards to hedge variations in future inflows from subsidiaries and equity swaps to hedge the potential equity impact caused by the exercise of employee's performance share plans. Note 7 of the financial statements include greater detail on the derivative instruments arranged by the Company.

### 3.2 Shareholder remuneration and treasury share transactions

#### Dividend policy

The shareholder remuneration policy is based on the "scrip dividend" system, which provides the opportunity to opt to receive new shares or sell the rights to these new company shares. The company paid out EUR 238 million to purchases these rights.

This system is also combined with the systematic purchase of treasury stock for their subsequent redemption. The amount of treasury stock purchased in 2019 for this purpose amounted to EUR 282 million. The sum of both concepts amounted to total shareholder remuneration of EUR 520 million.

The system is described in more detail in Note 11 of the Company's financial statements.

#### Share buy-back transactions

The following provides a breakdown of the movement of treasury shares over the year:

TRANSACTION PERFORMED/OBJECTIVE	NUMBER OF SHARES AT 31/12/2018	NUMBER OF SHARES ACQUIRED	TRANSFERS	NUMBER OF SHARES USED FOR OBJECTIVE	NUMBER OF SHARES AT 31/12/2019
Shares for capital reduction	0	8,792,631		-8,792,631	0
Discretionary treasury shares	6,915,588	2,755,960		-6,915,588	2,755,950
Remuneration schemes	48,951	372,943	299,573	-721,467	0
Scrip dividend (*)	447,127	372,745	-299,573	0	520,301
<b>BALANCE AT 31.12.2019</b>	<b>7,411,668</b>	<b>12,294,279</b>	<b>0</b>	<b>-16,429,686</b>	<b>3,276,261</b>

(\*) Shares received as payment of the treasury shares' scrip dividend that the company held at the time of dividend distribution.

The market value of treasury shares at 2019 year-end amounts to EUR 88 million.

### 3.3. Outlook for business activities

The Company's activity in 2020 will be shaped by the performance of the Group businesses, as stated in the Consolidated Annual Accounts, placing a special focus on the strengthening of the international business.

On the other hand, the profit/(loss) of the coming financial year will be shaped by the decisions about dividend distribution taken by Ferrovial S.A.'s various subsidiaries.

### 3.4. Merger with Ferrovial Internacional S.L.U.

On 18 and 20 December 2018, the Boards of Directors of Ferrovial, S.A. and Ferrovial Internacional, S.L.U. (hereinafter, FISLU) signed and approved a joint merger plan on the vertical merger of Ferrovial Internacional, S.L.U. (the "Target Company") into Ferrovial, S.A. (the "Acquiring Company" and, along with the Target Company, the "Merging Companies"), under the simplified scheme provided by Articles 49 and 51 of Law 3 of 3 April 2009 on Structural Modifications to Trading Companies (the "Law on Structural Modifications"); the Target Company is wholly and directly owned by the Acquiring Company.

At the date of authorisation for issue of the annual accounts for the year ended 31 December 2018, the merger was in the creditor objection period and pending entry in the Commercial Register. Once the creditor objection period referred to in Article 51 of the Law on Structural Modifications had elapsed, the said merger was entered in the Commercial Register on 19 March 2019, with retroactive effects to 1 January 2018, pursuant to paragraph 2.2. of Recognition and Measurement Standard 19 of the Spanish Chart of Accounts (by reference to Standard 21).

The Company has therefore restated the comparative balances reflected in the notes to the financial statements for the year ended at 31 December 2019. For more information, see Note 2.3. to the accompanying financial statements.

### 3.5. Events after the reporting period

At the date of preparation of these financial statements there had not been any significant events subsequent to the reporting period.

### 3.6. Non-financial information

In accordance with the provisions of Law 11 of 28 December 2019, and by virtue of the new wording of article 262 of the revised text of section 5 of the Spanish Companies Act, the Company is exempt from the obligation to present the Statement of Non-Financial Information, as this information appears in the Consolidated Management Report of Grupo Ferrovial, whose parent company is Ferrovial, S.A. and which will be deposited, together with the Consolidated Annual Accounts, at the Madrid Mercantile Registry.

## 4. ANNUAL CORPORATE GOVERNANCE REPORT AND OTHER RELEVANT INFORMATION

The Annual Corporate Governance Report forms an integral part of the Management Report as per the Spanish Companies Act. The report is submitted separately to the CNMV and is available on the company's website.

## 5. AVERAGE PAYMENT TERM

In compliance with the obligation to disclose the average supplier payment period provided for in Article 539 and Additional Provision Eight of the Spanish Companies Act (in accordance with the new wording of Final Provision Two of Law 31/2014 reforming the Spanish Companies Act), the Company hereby states that the average supplier payment period in 2019 was 31 days.

Set forth below is the detail required by Article 6 of the Spanish Accounting and Audit Institute Resolution of 29 January 2018 in relation to the disclosures to be provided on the average supplier payment period to suppliers in 2019:

	2019	2018
<b>Average supplier payment period (days)</b>	<b>31</b>	<b>25</b>
Ratio of transactions settled	28	25
Ratio of transactions not yet settled	60	20

  

	AMOUNT (Euros)	AMOUNT (Euros)
Total payments settled	12,539,613	8,558,677
Total outstanding payments	1,581,599	923,797



# **Financial Statements**

# Ferrovial, S.A Balance sheet at 31 December 2019 and 2018

ASSETS (Millions of euros)	2019	2018 (*)
<b>NON-CURRENT ASSETS</b>	<b>8,523</b>	<b>8,157</b>
Long-term investments in Group Companies and associates	8,324	7,971
Equity instruments (Note 6)	8,323	7,953
Loans to Group Companies (Note 9)	0	19
Other long-term assets	1	1
Long-term Financial Derivatives (Note 7)	53	4
Deferred Tax Assets (Note 14)	145	181
<b>CURRENT ASSETS</b>	<b>481</b>	<b>1,087</b>
Financial assets held for sale (Notes 2.4 and 6)	4	268
Receivables	124	112
Trade receivables from Group Companies and Associates (Note 9)	39	41
Current tax assets	36	0
Public Authorities	49	71
Short-term investments in Group Companies and Associates (Note 9)	274	654
Short-term Financial Derivatives (Note 7)	0	14
Short-term prepayments and accrued income	1	2
Cash and Cash Equivalents (Note 8)	77	37
<b>TOTAL ASSETS</b>	<b>9,003</b>	<b>9,244</b>
<b>LIABILITIES (Millions of euros)</b>	<b>2019</b>	<b>2018</b>
<b>EQUITY</b>	<b>4,776</b>	<b>4,200</b>
Shareholders' Funds (Note 11)	4,775	4,199
Share capital	147	148
Share premium and merger premium	995	1,274
Reserves	3,036	2,896
Legal reserve	30	29
Reserves subject to but exempt from Article 21 and 22 of TR LIS	1,940	2,580
Other reserves	1,066	286
Shares and own equity interests	-75	-128
Profit/(loss) for the year	672	10
Adjustments for changes in value (Note 11)	0	1
<b>NON-CURRENT LIABILITIES</b>	<b>3,173</b>	<b>3,799</b>
Long-term provisions (Note 12)	161	148
Long-term payables	296	261
Bank borrowings (Note 13)	255	244
Derivatives (Note 7)	41	17
Long-term payables to Group Companies and Associates (Note 9)	2,676	3,356
Deferred Tax Liabilities (Note 14)	39	35
<b>CURRENT LIABILITIES</b>	<b>1,055</b>	<b>1,244</b>
Short-term provisions	1	0
Short-term borrowings	988	708
Debentures and bonds (Note 13)	973	700
Derivatives (Note 7)	15	8
Short-term payables to Group Companies and Associates (Note 9)	36	505
Trade and other payables (Note 10)	30	31
<b>TOTAL LIABILITIES</b>	<b>9,003</b>	<b>9,244</b>

The accompanying Notes 1 to 25 and Appendices I and II in the Financial Statements form an integral part of the balance sheet as at 31 December 2019

(\*) Adjusted amounts. See Note 2.3.

# Ferrovial, S.A income statements for 2019 and 2018

(Millions of euros)	2019	2018 (*)
<b>Revenue (Note 16)</b>	<b>812</b>	<b>760</b>
Dividends received from subsidiaries	758	717
Services rendered	44	34
Other returns received from subsidiaries	10	10
<b>Staff expenses (Note 17)</b>	<b>-33</b>	<b>-38</b>
Wages, salaries and similar remuneration	-32	-37
Staff welfare expenses	-1	-1
<b>Other operating expenses</b>	<b>-27</b>	<b>-17</b>
<b>OPERATING PROFIT/(LOSS)</b>	<b>752</b>	<b>705</b>
<b>Financial income from marketable securities and other financial instruments (Note 16)</b>	<b>13</b>	<b>11</b>
<b>Financial Expenses (Note 16)</b>	<b>-72</b>	<b>-75</b>
On debts to Group Companies and associates	-51	-55
On debts to third parties	-21	-20
<b>Change in fair value of financial instruments (Notes 7 and 16)</b>	<b>13</b>	<b>-1</b>
<b>Foreign exchange differences</b>	<b>-10</b>	<b>-4</b>
<b>Impairment and profit/(loss) on disposals of financial instruments</b>	<b>7</b>	<b>-628</b>
Impairment and losses (Notes 6 and 16)	7	-641
<i>Portfolio provision movements</i>	7	-669
<i>Loan provision movements</i>		28
Profit/(loss) on disposals (Note 6 and 16)		13
<b>FINANCIAL RESULT (Note 16)</b>	<b>-48</b>	<b>-697</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>704</b>	<b>8</b>
<b>Corporate income tax (Note 14)</b>	<b>-31</b>	<b>2</b>
<b>PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>672</b>	<b>10</b>
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>672</b>	<b>10</b>

The accompanying Notes 1 to 25 and Appendices I and II to the Financial Statements form an integral part of the Income Statement for the year 2019.

(\*) Adjusted amounts. See Note 2.3.



# Statement of Changes in Equity for 2019 and 2018

## A) STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR 2019 AND 2018

(Millions of euros)	2019	2018 (*)
<b>Total profit/(loss) for the year</b>	<b>672</b>	<b>10</b>
Income and expenses attributed directly to equity	0	0
On cash flow hedging	1	0
Tax effect	0	0
Amounts transferred to the income statement	0	0
On cash flow hedging	0	0
Tax effect	0	0
<b>TOTAL RECOGNISED INCOME AND EXPENSES</b>	<b>672</b>	<b>10</b>

The accompanying Notes 1 to 25 and Appendix I and II to the Financial Statements form an integral part of the Statement of Recognised Income and Expenses as at 31 December 2019

(\*) Adjusted amounts. See Note 2.3.

## B) STATEMENT OF CHANGES IN TOTAL EQUITY FOR 2019 AND 2018

(Millions of euros)	SHARE CAPITAL	SHARE /MERGER PREMIUM	RESERVES	TREASURY SHARES	PROFIT/(LOSS) FOR THE YEAR	ADJUSTMENTS FOR CHANGES IN VALUE	TOTAL
<b>Balance at 31/12/2018 (*)</b>	<b>148</b>	<b>1,274</b>	<b>2,896</b>	<b>-128</b>	<b>10</b>	<b>1</b>	<b>4,200</b>
<b>Total recognised income and expenses</b>					<b>672</b>	<b>0</b>	<b>672</b>
<b>Shareholder remuneration</b>	<b>1</b>	<b>-279</b>	<b>-293</b>	<b>53</b>	<b>0</b>	<b>0</b>	<b>-520</b>
Scrip dividend agreement	2		-241				-238
Treasury share transactions	-3	-279	-53	53			-282
<b>Company restructuring impact</b>	<b>0</b>	<b>0</b>	<b>419</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>419</b>
Contribution Ferrovial Services to Ferrovial International SE			420				420
Other shareholder contributions			-1				-1
<b>Other transactions</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>0</b>	<b>-10</b>	<b>0</b>	<b>4</b>
Distribution of profit			10		-10		0
Share-based remuneration scheme			4				4
Other changes in equity							0
<b>BALANCE AT 31/12/2019</b>	<b>147</b>	<b>995</b>	<b>3,036</b>	<b>-75</b>	<b>672</b>	<b>0</b>	<b>4,776</b>

(Millions of euros)	SHARE CAPITAL	SHARE /MERGER PREMIUM	RESERVES	TREASURY SHARES	PRIOR-YEAR PROFIT/(LOSS)	OTHER SHAREHOLDER CONTRIBUTIONS	PROFIT/(LOSS) FOR THE YEAR	ADJUSTMENTS FOR CHANGES IN VALUE	TOTAL
<b>Balance at 31/12/2017</b>	<b>146</b>	<b>1,551</b>	<b>2,693</b>	<b>-42</b>	<b>0</b>	<b>0</b>	<b>98</b>	<b>1</b>	<b>4,448</b>
<b>Merger impact</b>	<b>0</b>	<b>0</b>	<b>404</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>404</b>
Inclusion of FISLU Shareholders' Funds	625	5,396	822	0	-61	17	7	0	6,805
Elimination of FISLU Shareholders' Funds	-625	-5,396	-354	0	61	-17	-7	0	6,337
Consolidation of shares	0	0	-64	0	0	0	0	0	-64
<b>Balance at 1/1/2018</b>	<b>146</b>	<b>1,551</b>	<b>3,097</b>	<b>-42</b>	<b>0</b>	<b>0</b>	<b>98</b>	<b>1</b>	<b>4,852</b>
<b>Total recognised income and expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>0</b>	<b>10</b>
<b>Shareholder remuneration</b>	<b>1</b>	<b>-278</b>	<b>-158</b>	<b>-86</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-520</b>
Scrip dividend agreement	3	0	-244						-240
Treasury share transactions	-2	-278	86	-86					-280
<b>Company restructuring impact</b>	<b>0</b>	<b>0</b>	<b>-153</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-153</b>
Contribution Amey UK Plc to F. Services Netherlands	0	0	-153	0	0	0	0	0	-153
<b>Other transactions</b>	<b>0</b>	<b>0</b>	<b>110</b>	<b>0</b>			<b>-98</b>	<b>0</b>	<b>12</b>
Distribution of profit	0	0	98	0			-98		0
Share-based remuneration scheme			12						12
Other changes in equity									0
<b>BALANCE AT 31/12/2018 (*)</b>	<b>148</b>	<b>1,274</b>	<b>2,893</b>	<b>-128</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>1</b>	<b>4,200</b>

The accompanying Notes 1 to 25 and Appendices I and II to the Financial Statements form an integral part of the Statement of Changes in Total Equity for the year ended 31 December 2019

(\*) Adjusted amounts. See Note 2.3.

# Cash Flow Statement for 2019 and 2018

(Millions of euros)	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>721</b>	<b>708</b>
<b>Profit/(loss) before tax</b>	<b>704</b>	<b>8</b>
<b>Profit/(loss) adjustments:</b>	<b>47</b>	<b>696</b>
Fixed asset/provisions depreciation	0	0
Other adjustments to profit/loss (net)	47	696
<b>Changes in working capital</b>	<b>0</b>	<b>28</b>
<b>Other cash flows from operating activities:</b>	<b>-29</b>	<b>-23</b>
Interest paid	-44	-57
Interest received	3	9
Income tax recovered (paid) and tax consolidation	12	24
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>	<b>320</b>	<b>-33</b>
<b>Payments on investments:</b>	<b>-27</b>	<b>-128</b>
Group Companies, associates and business units (Note 6)	-27	-128
Other financial assets	0	0
<b>Collections from divestments:</b>	<b>347</b>	<b>95</b>
Group Companies, associates and business units (Note 6)	347	85
Other financial assets	0	10
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-1,001</b>	<b>-663</b>
<b>Collections and payments on financial liability instruments:</b>	<b>-485</b>	<b>-145</b>
Change in Group Companies credit accounts	-766	-842
Issuance, repayment and depreciation	280	698
<b>Dividends and returns on other equity instruments paid</b>	<b>-520</b>	<b>-520</b>
Scrip dividend	-238	-240
Acquisition of treasury shares	-282	-280
<b>Collections and (payments) on equity instruments:</b>	<b>4</b>	<b>2</b>
<b>Effect of changes to exchange rates</b>	<b>0</b>	<b>0</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>40</b>	<b>12</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>37</b>	<b>25</b>
<b>Cash and cash equivalents at end of year</b>	<b>77</b>	<b>37</b>

The accompanying Notes 1 to 25 and Appendices I and II form an integral part of the Cash Flow Statement at 31 December 2019

## 1. COMPANY ACTIVITIES

Ferrovial S.A., is the parent company of the group of subsidiary companies known as Ferrovial. Its registered office is at Príncipe de Vergara 135, 28002 Madrid and its Tax ID. number (CIF) is A81939209.

The Company's corporate purpose, as per its bylaws, is the management and coordination of all the activities carried out by the companies that form part of the Group.

According to current legislation, it is obliged to prepare the consolidated annual accounts separately. The 2019 Ferrovial consolidated annual accounts were formally prepared by the Directors at the Board of Directors' Meeting held on 27 February 2020. The 2018 consolidated Annual Accounts were approved by the Annual General Meeting of Ferrovial, S.A. on 5 April 2019, and were filed at the Madrid Mercantile Registry. Ferrovial, S.A. shares are traded on the Spanish Stock Market and form part of the IBEX-35 index.

## 2. BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS

These annual accounts are expressed in millions of euros, unless otherwise indicated, and are therefore subject to rounding.

### 2.1. Fair presentation and regulatory framework of reference

The accompanying annual accounts were obtained from the Company's accounting records and are presented in compliance with the applicable regulatory financial reporting framework, to fairly present the Company's equity, financial position, the Company profit/(loss) and cash flows during the relevant financial year. The regulatory framework consists of:

- The Commercial Code and other mercantile law approved by Royal Decree 1514/2007.
- The Spanish National Chart of Accounts approved by Royal Decree 1514/2007 and its sector-related adjustments.
- The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish National Chart of Accounts and the relevant secondary legislation.
- All other applicable Spanish accounting legislation.

The annual accounts will be submitted for approval by the Annual General Meeting, where they are expected to be approved with no amendments.

The Company holds a majority interest in the share capital of certain subsidiaries, and holds interests being equal to or higher than 20% in the share capital of others (see Note 6). The annual accounts do not show any equity increase or decrease that would result from applying consolidation criteria by fully integrating the majority shareholdings and accounting criteria following the equity method for the remaining significant shareholdings. The Company also prepares consolidated annual accounts as the parent company of the Ferrovial Group in accordance with international accounting standards (IFRS-EU).

In accordance with the International Financial Reporting Standards, the main figures in the consolidated financial statements are the following:

	2019 (millions of euros)
Equity	5,087
Net profit for the year attributable to the Parent Company	268
Total assets	24,109
Revenue	6,054

### 2.2. Critical aspects of uncertainty measurement and estimation

In the annual accounts for 2019 estimates were made to measure certain of the assets, liabilities, income, expenses and obligations reported herein. They basically refer to:

- The measurement of the share-based remuneration schemes (Note 19).
- Value impairment of financial assets (Note 6).
- The assessment of possible legal and tax contingencies (Note 12).
- The fair value of derivatives (Note 7).
- The recoverability of deferred tax assets and tax loss carryforwards (Note 14).

Although these estimates were made on the basis of the best information available at 2019 year-end, events that may take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

### 2.3. Comparative information

On 18 and 20 December 2018, the Boards of Directors of Ferrovial, S.A. and Ferrovial Internacional, S.L.U. (hereinafter, FISLU) signed and approved a joint merger plan on the vertical merger of Ferrovial Internacional, S.L.U. (the "Target Company") into Ferrovial, S.A. (the "Acquiring Company" and, along with the Target Company, the "Merging Companies"), under the simplified scheme provided by Articles 49 and 51 of Law 3 of 3 April 2009 on Structural Modifications to Trading Companies (the "Law on Structural Modifications"); the Target Company is wholly and directly owned by the Acquiring Company.

Once the creditor objection period referred to in Article 51 of the Law on Structural Modifications had elapsed, the said merger was entered in the Commercial Register on 19 March 2019, with retroactive effects to 1 January 2018, pursuant to paragraph 2.2. of Recognition and Measurement Standard 19 of the Spanish Chart of Accounts (by reference to Standard 21).

The comparative figures for 2018 have therefore been restated to reflect the assets, liabilities, income and expenses of the merged company at 31 December 2018. The main accounting impacts from the merger were as follows:

#### A) Main accounting impacts

Pursuant to paragraph 2.2. of Recognition and Measurement Standard 19 of the Spanish Chart of Accounts (by reference to Standard 21), the merger took effect on 1 January 2018 for accounting purposes. The acquiring company therefore recognised the target's net assets at consolidated value at that date and wrote off the investment at the carrying amount. The difference was taken to reserves. This gave rise to an impact of EUR 404 million on the Company's reserves, due to:

- The recognition of Ferrovial Internacional, S.L.U (FISLU)'s shareholders' funds in the amount of EUR 6,805 million, partially offset by the derecognition of the investment in FISLU that was held by the Company (EUR -6,337 million); and
- The measurement at consolidated value of the shareholdings contributed by the target company, pursuant to measurement standard 2.2.2 of Accounting Standard 21 of the Chart of Accounts, entailed an impact of EUR -64 million.

Additionally, as the target company's operations during 2018 are deemed to have been completed for the account of the acquiring company, the recognition of those movements by the Company entails a reduction of EUR 192 million in shareholders' funds.

Set out below are the main accounting impacts of the merger on Ferrovial S.A.'s balance sheet at 1 January 2018 and 31 December 2018:

	FERROVIAL S.A. 01/01/2018	INCLUSION OF FISLU BALANCE SHEET (01/01/2018)	ELIMINATION OF FSA'S INVESTMENT IN FISLU	CONSOLIDATED VALUE OF SHARES	MERGED FERROVIAL SA (01/01/2018)	FISLU 2018 BALANCE SHEET MOVEMENTS	MERGER IMPACT 2018	FSA 2018 BALANCE SHEET MOVEMENTS	MERGED FERROVIAL SA (31/12/2018)
<b>NON-CURRENT ASSETS</b>	<b>8,424</b>	<b>7,162</b>	<b>-6,337</b>	<b>-64</b>	<b>9,185</b>	<b>-813</b>	<b>8,372</b>	<b>-215</b>	<b>8,157</b>
Investments in Group Companies	8,229	7,161	-6,337	-64	8,989	-813	1,774	-204	7,971
Equity instruments	8,223	7,144	-6,337	-64	8,965	-810	8,155	-203	7,953
Loans to Group Companies	6	18	0	0	24	-4	20	-2	19
Other non-current assets	195	1	0	0	196	0	6,598	-10	186
<b>CURRENT ASSETS</b>	<b>295</b>	<b>194</b>	<b>0</b>	<b>0</b>	<b>489</b>	<b>464</b>	<b>952</b>	<b>138</b>	<b>1,090</b>
Non-current assets held for sale	0	0	0	0	0	0	0	268	268
Receivables	110	3	0	0	113	0	113	-1	112
Short-term investments in Group Companies	142	190	0	0	332	461	792	-135	657
Other current assets	42	2	0	0	44	3	47	6	53
<b>TOTAL ASSETS</b>	<b>8,719</b>	<b>7,356</b>	<b>-6,337</b>	<b>-64</b>	<b>9,674</b>	<b>-350</b>	<b>9,324</b>	<b>-77</b>	<b>9,247</b>
<b>EQUITY</b>	<b>4,448</b>	<b>6,805</b>	<b>-6,337</b>	<b>-64</b>	<b>4,852</b>	<b>-192</b>	<b>4,660</b>	<b>-460</b>	<b>4,200</b>
Shareholders' Funds (Note)	4,447	6,805	-6,337	-64	4,850	-192	4,659	-460	4,199
Share capital and premium	1,698	6,021	-6,021	0	1,698	0	1,698	-276	1,421
Prior-year reserves and profit/(loss)	2,693	761	-293	-64	3,097	-153	2,944	-48	2,896
Other shareholder contributions	0	17	-17	0	0	0	0	0	0
Treasury shares	-42	0	0	0	-42	0	-42	-86	-128
Profit/(loss) for the year	98	7	-7	0	98	-39	59	-49	10
Adjustments for changes in value	1	0	0	0	1	0	1	0	1
<b>NON-CURRENT LIABILITIES</b>	<b>3,060</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>3,074</b>	<b>362</b>	<b>3,436</b>	<b>363</b>	<b>3,799</b>
Long-term payables to Group Companies	2,656	0	0	0	2,656	361	3,017	339	3,356
Other non-current liabilities	404	14	0	0	418	1	419	25	443
<b>CURRENT LIABILITIES</b>	<b>1,212</b>	<b>537</b>	<b>0</b>	<b>0</b>	<b>1,749</b>	<b>-521</b>	<b>1,228</b>	<b>19</b>	<b>1,247</b>
Short-term borrowings	11	1	0	0	12	3	15	693	708
Short-term payables to Group Companies	1,178	533	0	0	1,711	-523	1,188	-680	508
Trade payables	23	3	0	0	26	-1	25	6	31
<b>TOTAL LIABILITIES</b>	<b>8,719</b>	<b>7,356</b>	<b>-6,337</b>	<b>-64</b>	<b>9,674</b>	<b>-350</b>	<b>9,324</b>	<b>-77</b>	<b>9,247</b>

	FERROVIAL S.A.	FISLU	MERGED FERROVIAL SA
<b>Revenue</b>	<b>140</b>	<b>621</b>	<b>761</b>
Dividends	98	619	717
Services rendered	9	1	10
Other returns from subsidiaries	33	1	34
<b>Staff costs</b>	<b>-38</b>	<b>0</b>	<b>-38</b>
<b>Other operating expenses</b>	<b>-17</b>	<b>0</b>	<b>-17</b>
<b>OPERATING PROFIT/(LOSS)</b>	<b>84</b>	<b>620</b>	<b>705</b>
Financial Income	11	0	11
Financial Expenses	-71	-4	-75
Change to Fair Value of financial instruments	-1	0	-1
Foreign exchange differences	0	-4	-4
Impairment and profit/(loss) on disposals of financial instruments	26	-653	-628
<b>NET FINANCIAL INCOME/(EXPENSE)</b>	<b>-37</b>	<b>-661</b>	<b>-697</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>48</b>	<b>-40</b>	<b>8</b>
<b>Corporate income tax</b>	<b>0</b>	<b>2</b>	<b>2</b>
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>48</b>	<b>-39</b>	<b>10</b>

In 2018, the company resulting from the merger posted a profit for the year of EUR 10 million, of which EUR -39 million derived from Ferrovial Internacional S.L.U., due essentially to two impacts:

- dividends received from international subsidiaries amounting to EUR 619 million, via the company Ferrovial Internacional SE;
- impairment of financial assets in the amount of EUR -653 million, arising from the recognition of a portfolio provision for the subsidiaries Ferrovial Services Netherlands BV., the direct owner of Amey's shares, and Landmille Ireland DAC, the holder of intercompany loans granted to Amey.

The provision was posted after reclassifying the Services business to Non-current assets held for sale, so the relevant assets were measured at fair value.

#### 2.4. Non-current assets held for sale

Effective December 31, 2018, it was decided to reclassify the direct holdings in subsidiaries belonging to the Services business segment to the line Financial Assets Held for Sale, the most significant amount relating to the shareholding in Ferrovial Servicios, S.A., which amounted to EUR 264 million. As described in Note 6, on 20 December 2019 the Company contributed this shareholding to its subsidiary Ferrovial Internacional SE, therefore at 31 December 2019, the balance of these assets relates to shareholdings in associates with the Services Division that have not been contributed to Ferrovial Internacional SE amounting to EUR 4 million (see Note 6).

### 3. DISTRIBUTION OF PROFIT

The Company has obtained a profit for the year amounting EUR 672,387,541.14, of which EUR 444,000,000 euros arises from dividend distributed by Ferrovial Internacional SE, and the rest (228,387,541.14 euros) has been originated in Spain.

The Board of Directors will propose to the shareholders at the Company's duly convened Annual General Meeting that the profit of FERROVIAL, S.A. (individual company) be distributed as follows:

	2019
Profit of FERROVIAL, S.A. (individual company) (euros)	672,387,541.14
Distribution (euros)	
To Reserves (euros)	672,387,541.14

The legal reserve has reached the legally required minimum.

### 4. ACCOUNTING POLICIES

The principal accounting policies used in preparing the annual accounts were as follows:

#### 4.1. Financial Assets

##### A) Investments in Group Companies', associates' and jointly-controlled entities' equity

These investments are measured at cost less, where applicable, any accumulated impairment losses. However, where the Company holds an investment in the investee prior to its classification as a Group company, jointly-controlled entity or associate, the cost of the investment is considered to be its carrying amount prior to this classification. Any previous measurement adjustments recognised directly in equity are retained in equity until the related investments are derecognised. In the event that there is objective evidence that the carrying amount is not recoverable, the corresponding value adjustments are recorded for the difference between the carrying amount and the recoverable amount, the latter being understood to mean:

- For the corporate companies without productive assets, the carrying amount of such investments.

- For the operating companies, the present value of the cash flows of its investees.

##### B) Held-to-maturity investments and receivables

Held-to-maturity investments, loans granted and receivables are initially recognised at fair value, plus any attributable costs and are subsequently measured at amortised cost, and any interest accrued is recognised on the basis of the effective interest rate. The effective interest rate is the discount rate that exactly matches the initial payment of the financial instrument with all of its estimated cash flows until maturity thereof. However, trade receivables maturing within twelve months are measured at par value, both at initial recognition and subsequently, provided that the effect of not discounting the cash flows is not material. At least at year-end, the necessary impairment losses are recognised if there is objective evidence that not all the amounts receivable will be collected. The amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate at the date of initial recognition. Impairment losses and any reversals of impairment losses are recognised in the income statement. Financial assets are derecognised from the balance sheet when the risks and rewards of ownership of the financial asset are substantially transferred. In the specific case of receivables, this is deemed to occur when the default and delinquency risks have been transferred.

#### 4.2. Financial derivatives

Derivative financial instruments are initially recognised at fair value on the arrangement date. Subsequent movements in fair value are also recognised at each balance sheet closing date. The method used to recognise gains or losses on derivatives depends on whether the instrument has been designated as a hedging instrument and, as the case may be, on the type of hedge involved.

The Company includes the credit risk in the assessment of its assets and liabilities derivatives.

#### 4.3. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits at banks and other short-term, highly liquid investments with an initial maturity of three months or less.

#### 4.4. Equity

Ordinary shares are classified as Share Capital. Incremental costs directly attributable to the issue of new shares are deducted from equity, net of taxes. Acquisitions of Parent Company treasury shares are deducted from equity for the amount of the consideration paid, including the attributable costs associated with the acquisitions. When treasury shares are sold or reissued, any amount received is taken to equity, net of costs.

Dividends relating to equity instruments are recognised as a reduction in equity at the time of its approval by the Annual General Meeting.

#### 4.5. Provisions and contingent liabilities

The Company recognises a provision for a commitment or obligation to a third party that meets the following requirements: it is a present obligation (legal, contractual, constructive or implied), the settlement of which is expected to result in an outflow of resources, the amount or timing of which are not known for certain, but can be estimated sufficiently reliably.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Where discounting is used, adjustments made to provisions are recognised as interest cost on an accrual basis. Provisions maturing within one

year for which the effect of discounting is not material are not discounted.

Contingent liabilities are possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events regardless of the Company's will. Contingent liabilities are not recognised, but rather are disclosed (see Note 12).

#### 4.6. Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments up to the maturity of the liability to the amount initially received. If the effective interest rate is initially considered to differ from the market interest rate, the liability is measured based on the present value of future cash flows at the market rate in the case of interest-bearing loans. Where no effective interest rate is specified, the cash flows are also measured using the market interest rate.

#### 4.7. Income tax and deferred taxes

The Corporate income tax expense recognised in the Company's annual accounts is calculated on the basis of accounting profit, increased or decreased, as appropriate, by the effect of tax adjustments and by the temporary differences that arise between the tax bases of assets and liabilities and their carrying amounts in the financial statements (balance sheet liability method), which give rise to the recognition of deferred tax assets and liabilities.

Deferred tax assets and liabilities are calculated at the tax rates in force at the balance sheet date and at the rates that are expected to be in force in the period in which the assets are realised or the liabilities are settled. They are charged or credited to the income statement, except when they relate to items that are recognised directly in equity, in which case they are charged or credited to equity. Deferred tax assets and tax loss carryforwards are recognised when it is probable that the Company will recover them in the future, regardless of when they will be recovered, provided this is within the maximum period provided by law. Deferred tax assets and liabilities are not discounted and are classified as a non-current asset or liability, respectively, in the balance sheet. Deferred taxes recognised are reviewed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised in the balance sheet, to the extent that it has become probable that they will be recovered through future tax profits.

Deferred taxes are not recognised when the transaction has no effect on the book value and/or tax value of the related assets and liabilities.

The difference between the Corporate Income Tax expense recognised at the previous year-end and the Corporate Income Tax expense reported in the final tax returns filed constitutes a change in accounting estimates and is recognised as current-year income or expense.

Ferrovial, S.A. is the parent company of the Consolidated Group for Corporate Income Tax purposes, which is regulated in Chapter VI of Title VII of Law 27/2014.

#### 4.8. Translation of foreign currency transactions

Transactions performed by the Company in a currency other than the functional currency, which is the euro, are translated by applying the exchange rates prevailing at the transaction date or at the year-end exchange rates in the case of balances outstanding at the date of preparation of the annual accounts.

The foreign currency gains or losses arising from the settlement of these transactions and from translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, unless they are deferred in equity, as is the case of cash flow hedges and hedges of a net investment in a foreign operation that qualify for hedge accounting.

#### 4.9 Revenue recognition

On the basis of Ruling no. 2 published in Official Gazette no. 79/2009 of the Spanish Accounting and Audit Institute in relation to the accounting classification in separate financial statements of the income and expenses of holding companies, the company revenue relates to dividends and other revenue (interest accrued from financing granted to investees) received from investees.

The interest received on financial assets is recognised using the effective interest method.

As regards dividends received, any distribution of unrestricted reserves received from a subsidiary will be recognised as a "profit distribution" operation and, as a result, will lead to the recognition of income, provided that, as from the acquisition date, the investee or any group company in which that investee holds an interest has posted profits in excess of the shareholders' funds distributed. When dividends distributed are clearly derived from profits generated prior to the acquisition, because the amounts paid out exceed the profits generated by the investee between the acquisition date and the date the distribution was agreed, they will not be recognised as income but as a reduction in the investment's carrying amount.

#### 4.10 Share-based remuneration

The share-based Remuneration Schemes were settled at the value of the listed share price. This fair value is recognised under "Staff Expenses" in proportion to the stipulated period of time during which the employee must remain at the Company, with a balancing entry in equity.

#### 4.11. Leases

Leases are classified as finance leases when lease conditions imply that the risks and benefits associated with the property in question are transferred to the lessee. All other leases are classified as operating leases. The only significant lease held by the Company is the operating lease on the property where its head office is located (Note 5).

Expenses from operating leases are recognised in the income statement on an accrual basis.

Any amount paid or collected on entering into an operating lease will be recognised as an advanced payment or collection in the profit and loss account over the term of the lease as the benefits of the leased asset are assigned or received.

#### 4.12. Related party transactions

The Company performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately covered and, therefore, the Company Directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

#### 4.13. Assets classified as held for sale and liabilities associated with assets held for sale

Assets are recognised as held for sale where the carrying amount will be recovered essentially through a sale rather than through continued use and provided the sale is highly probable under a plan to sell the asset that may be reasonably expected to materialise in less than one year.

These assets are measured at the time of classification at the lower of carrying amount or fair value less costs to sell, except for deferred taxes, assets deriving from employee remuneration and financial assets other than shareholdings in Group Companies subject to the standard on financial instruments, which continue to be governed by the corresponding specific accounting policies. In order to determine the carrying amount when reclassifying, impairment is determined at that time and, if required, an impairment adjustment is recognised accordingly.

## 5. OPERATING LEASES

On 23 December 2009, Ferrovial, S.A. signed an agreement for the sale and operating lease of the property where its head office is located.

Ferrovial S.A. rents the 15% of the building, with 85% of it being owned by its subsidiary Ferrovial Corporación S.L. Total annual income is EUR 3 million and is updated on a yearly basis in accordance with the variation in the Spanish Consumer Price Index (CPI). The expiry of this period is in 2022, although Ferrovial has the possibility to extend the term for 10 additional years; at year-end, the company was not required to do so. If the initial lease term is extended, the rent in force at that time must be updated in line with market rates.

The operating lease expenditure recognised in the income statement for 2019 totals EUR 1 million (EUR 1 million in 2018), of which EUR 657 thousand account for the expense accrued by such lease agreement and the rest (EUR 374 thousand) accounts for the leasing of vehicles. Future non-cancellable minimum payments as lessee amount to EUR 1 million (EUR 2 million in 2018).

## 6. INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

Investments in Group Companies and associates make up most of the company's assets, representing 92% of the total assets (93% in 2018).

As described in Note 2.4., with effect as from 31 December 2018, it was decided to reclassify all assets linked to the Services Business Division to Financial assets held for sale, following the announcement in October 2018 that the Company was studying the possibility of divesting this business area and in view of the progress made with the transaction over the course of the last year. The provisions of preparation standard 6 of the Spanish Chart of Accounts are thus deemed to have been met.

The breakdown of the balance and movements for this line in 2019 is as follows:

(Millions of euros)	BALANCE AT 31/12/2018 (*)	ADDITIONS /CHARGES	DISPOSALS / REVERSALS	BALANCE AT 31/12/2019
<i>Ferrovial International SE</i>	6,178	685	-350	6,513
<i>Landmille Ireland DAC</i>	445			445
<i>Ferrovial Agroman, S.A.</i>	711			711
<i>Cintra Infraestructuras España, S.L.</i>	696			696
<i>Ferrofin, S.L.</i>	241			241
<i>Ferrovial FISA S.L.</i>	215			215
<i>Ferrovial Aeropuertos España S.A.</i>	48	26		74
<i>Triconitex, S.L.</i>	12			12
<i>Temauri S.L.</i>	10			10
<i>Betonial, S.A.</i>	8			8
<i>Krypton RE</i>	8			8
<i>Ferrovial Corporación, S.A.</i>	5			5
<i>Can Am S.A.</i>	3			3
<i>Ferrocop UK Ltd.</i>	1			1
<i>Wondo S.A.</i>	1		-1	0
<i>Ferrovial Mobility, S.L.</i>	0	4		4
<i>Car Sharing Mobility Services S.L.</i>	0	1	-1	0
<b>INVESTMENTS IN GROUP COMPANIES</b>	<b>8,582</b>	<b>715</b>	<b>-352</b>	<b>8,945</b>
<i>Landmille Ireland DAC</i>	-353		6	-347
<i>Ferrovial FISA S.L.</i>	-157		3	-155
<i>Ferrofin, S.L.</i>	-51		14	-37
<i>Ferrovial Aeropuertos España S.A.</i>	-47	-15		-62
<i>Triconitex, S.L.</i>	-11			-10
<i>Betonial, S.A.</i>	-4			-4
<i>Temauri S.L.</i>	-4	-2		-5
<i>Can Am S.A.</i>	-2			-2
<i>Wondo</i>	-1		1	0
<b>PROVISION FOR INVESTMENTS IN GROUP COMPANIES</b>	<b>-629</b>	<b>-17</b>	<b>24</b>	<b>-622</b>
<b>EQUITY INSTRUMENTS, NET</b>	<b>7,953</b>	<b>699</b>	<b>-328</b>	<b>8,323</b>

(\*) Adjusted amounts. See Note 2.3.

Movements in shareholdings held for sale are as follows:

(Millions of euros)	BALANCE AT 31/12/2018 (*)	ADDITIONS /CHARGES	DISPOSALS / REVERSALS	BALANCE AT 31/12/2019
<i>Ferrovial Servicios, S.A.</i>	264	1	-265	0
<i>Ferrovial Services Netherlands BV</i>	0			0
<i>Autovía de Aragón, S.A.</i>	3			3
<i>Pilum S.A.</i>	1			1
<b>INVESTMENTS IN GROUP COMPANIES</b>	<b>268</b>	<b>1</b>	<b>-265</b>	<b>4</b>

(\*) Adjusted amounts. See Note 2.3.

### Contribution of the shares in Ferrovial Servicios, S.A. to Ferrovial International SE.

On 20 December, the Company signed an agreement with its subsidiary Ferrovial International SE whereby the former made a shareholder contribution in favour of the latter, consisting of all the shares representing 100% of the capital of Ferrovial Servicios S.A., whose shareholding continued to be recognised as Assets held for sale. For this reason, the Company derecognised the shareholding in Ferrovial Servicios, S.A. in the amount of EUR 265 million and recognised an increase of EUR 685 million in the shareholding in Ferrovial International SE, equivalent to the consolidated value of the company contributed. The difference, amounting to EUR 420 million, was recognised in the Company's Shareholders' funds (see Note 11).

### Reduction of the ownership interest in Ferrovial International SE

On 20 December, Ferrovial International SE approved the distribution against reserves of EUR 794 million, of which:

- EUR 444 million related to results generated by the company or its subsidiaries since the date of contribution, so this amount was recognised as income for the period (see Notes 4.9 and 16).
- EUR 350 million related to the reimbursement of contributions made, therefore the ownership interest in Ferrovial International SE has been reduced by that amount (see Notes 4.9 and 16).

### Shareholder contribution to Ferrovial Aeropuertos España S.L:

On 17 January, 10 May and 7 November 2019, the Company made three shareholder contributions to its subsidiary Ferrovial Aeropuertos España S.L, in the amounts of EUR 2.5 million, EUR 15 million and EUR 8 million, respectively. These contributions amounted to a total of EUR 26 million and were fully paid up via cash transfers.

### Corporate restructuring relating to companies in the Mobility Division

On 22 July 2019, the General, Extraordinary and Universal Shareholders' Meetings of Ferrovial Servicios S.A. unanimously approved the distribution of available reserves amounting to EUR 1 million, payable via the handover of ownership interests representing 80% of the share capital of Car Sharing Mobility Services, S.L. (hereinafter, "Zity", see Note 16). Later on the same day, acting as the sole shareholder of the company Ferrovial Mobility S.L., the Company decided to make a shareholder contribution to the subsidiary in the same amount (EUR 1 million), which was settled by contributing the shares in Zity previously received.

On 26 July 2019, a second shareholder contribution was made to Ferrovial Mobility in the amount of EUR 0.2 million by contributing the shares in Wondo Mobility.

Finally, on 10 October and 24 December, additional shareholder contributions of EUR 2 million and EUR 0.6 million were made to Ferrovial Mobility by bank transfer.

## 7. DERIVATIVES

The detail of the derivatives and their fair values at 31 December 2019 and 31 December 2018, as well as the maturities of the notional amounts to which the derivatives are tied and the related cash flows are detailed below.

The notional amounts shown in this table include all those arranged at 31 December 2019. Accordingly, the maturities are presented with a positive sign and the future increases, the amount of which has already been arranged, are shown with a negative sign.

(Millions of euros) TYPE OF INSTRUMENT	FAIR VALUE		NOTIONAL MATURITIES					TOTAL
	BALANCE AT 31/12/2019	BALANCE AT 31/12/2018	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024 AND MORE	
Equity swaps	8	0	65	0	0	0	0	65
Cross currency swaps	5	0	250	0	0	0	0	250
Intercompany Interest Rate Swaps	41	9	0	0	0	0	500	500
Forwards and exchange rate options	0	3	0	0	0	0	0	0
Intercompany forwards and exchange rate options	0	6	0	0	0	0	0	0
<b>TOTAL ASSET BALANCES</b>	<b>53</b>	<b>18</b>	<b>315</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500</b>	<b>815</b>
Equity swaps	0	2	0	0	0	0	0	0
Cross currency swaps	0	6	0	0	0	0	0	0
Interest Rate Swaps	41	9	0	0	0	0	500	500
Forwards and exchange rate options	14	0	243	0	0	0	0	243
Intercompany forwards and exchange rate options	1	8	58	0	0	0	0	58
<b>TOTAL LIABILITY BALANCES</b>	<b>56</b>	<b>25</b>	<b>301</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500</b>	<b>801</b>
<b>NET BALANCES</b>	<b>-3</b>	<b>-7</b>	<b>616</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>1,616</b>

### Portfolio provisions

The net movement in provisions (EUR 7 million) relates on the one hand to the reversal of provisions for the subsidiaries Ferrofin S.L. and Landmille Ireland DAC, amounting to EUR 20 million, which is offset by the changes to the value adjustment recognised by Ferrovial Aeropuertos España (EUR -15 million), as well as for other companies that do not own any productive assets, for which the impairment loss on the shareholding is calculated using the underlying book value. These have all been recognised in the line item "impairment and loss of financial instruments" in the income statement. A description of the main variations is detailed in the previous table.

Appendix II provides details on all the investee companies of Ferrovial, S.A., indicating their address, auditing firm, percentage ownership and book price, as well as the main breakdown of its shareholders' funds, at 31 December 2019. Information is provided on subsidiaries for total assets, liabilities, income and profit/(loss).

The listed Group Companies are Ferrovial, S.A. and Budimex, S.A. and the detail of the official market value thereof is as follows:

QUOTED MARKET PRICE (Euros)	BUDIMEX S.A. (PLN)	FERROVIAL S.A. (EUR)
At year-end	172.00	26.97
Last-quarter average	146.09	26.42

For the purposes of comparative information, a detail of the changes related to the reporting period 2018 is shown below:

(Millions of euros)	BALANCE AT 31/12/2017	ADDITIONS /CHARGES	DISPOSALS/ REVERSALS	BALANCE AT 31/12/2019	BALANCE AT 31/12/2018 (*)
Investments in Group Companies	9,255	128	-47	-598	8,582
Provision for investments in Group companies	-290	-718	50	330	-629
<b>EQUITY INSTRUMENTS</b>	<b>8,965</b>	<b>-590</b>	<b>3</b>	<b>-268</b>	<b>7,953</b>



The cash flows relating to the derivatives mature as follows:

(Millions of euros) TYPE OF INSTRUMENT	FAIR VALUE		CASH FLOW MATURITY					
	BALANCE AT 31/12/2019	BALANCE AT 31/12/2018	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024 AND MORE	TOTAL
Equity swaps	8	-2	8	0	0	0	0	8
Cross currency swaps	5	-6	5	0	0	0	0	5
Forwards and exchange rate options	-14	2	-14	0	0	0	0	-14
Intercompany forwards and exchange rate options	-1	-2	-1	0	0	0	0	-1
<b>TOTAL FINANCIAL INSTRUMENTS</b>	<b>-3</b>	<b>-7</b>	<b>-3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-3</b>

The following is an explanation of the changes in fair value of the hedges between 2019 and 2018 and of the effects of such changes on the Balance Sheet and Income Statement for the year (in thousands of Euros).

(Millions of euros) TYPE OF INSTRUMENT	FAIR VALUE			BREAKDOWN OF CHANGES				
	BALANCE AT 31/12/2019	BALANCE AT 31/12/2018	CHANGE	IMPACT ON PROFIT/(LOSS), FAIR VALUE	IMPACT ON FINANCIAL RESULT - FINANCING	CASH (*)	OTHER IMPACTS ON THE BALANCE SHEET OR INCOME STATEMENT	TOTAL
Equity swaps (Note 19)	8	-2	10	25	0	-17	2	10
Cross currency swaps	5	-6	10	-1	8	-1	5	10
Forwards and exchange rate options	-14	2	-15	-9	0	-4	-2	-15
Intercompany forwards and exchange rate options	-1	-2	1	-1	0	0	2	1
<b>TOTAL FINANCIAL INSTRUMENTS</b>	<b>-3</b>	<b>-7</b>	<b>6</b>	<b>14</b>	<b>8</b>	<b>22</b>	<b>7</b>	<b>6</b>

(\*) In the table, collections are shown as negative impact; payments are shown as positive impact.

### Equity swaps

In order to hedge against the possible losses resulting from the exercise of the share-based remuneration schemes granted to its employees (see Note 19), Ferrovial has arranged equity swaps.

The modus operandi of these equity swap contracts is as follows:

- The calculation base is a given number of Ferrovial shares and a reference price which is usually the share price on the arrangement date of the swap.
- During the term of the swap, Ferrovial pays interest equal to a given interest rate (EURIBOR plus a spread to be applied to the result of multiplying the number of shares by the strike price) and receives a compensation equal to the dividend on those shares.
- When the swap expires, if the share price has risen, Ferrovial will receive the difference between the share price and the reference price in cash. If the share price has fallen, Ferrovial will pay the difference to the bank.

These equity swaps do not qualify for hedge accounting and the related gains or losses are recognised as fair value adjustments under "Financial Result". The change in value during the year was due to the increase in the Ferrovial share price from EUR 17.695 at 31 December 2018 to EUR 26.970 at 31 December 2019, entailing an impact in the income statement on "Changes in the fair value of financial instruments" for EUR 25 million. Lastly, in "Other impacts on the balance sheet or income statement", income derived from remuneration and expenses is recognised against the financing cost of these instruments for the amount of EUR 2 million (see Note 16). The total impact of these instruments on cash flows amounted to EUR 17 million, of which EUR 15 million relates to equity swaps settled during the year and EUR 2 million to financial income.

At 2019 year-end, these derivatives had a notional amount equivalent to 2,690 thousand shares, which, based on the exercise price of the equity swaps (the price at which they must be settled with the banks), represented a total notional amount of EUR 65 million. The fair value as of 31 December 2019 amounts to EUR 8 million, which represents the difference between the strike price of the equity swaps and its share price at year-end.

### Cross currency swaps

The Company holds a liquidity facility, for a maximum of up to EUR 900 million, and has the potential to draw this balance in EUR, CAD, GBP, and USD (see Note 13). At 31 December 2019, USD 286 million have been drawn down. In order to cover possible interest rate and exchange rate variations of this provision, the Company has arranged cross currency swaps for the same notional amount, due in 2020, for an equivalent value agreed in euros for EUR 250 million.

The exchange rate variations occurred in the year had a negative effect on the income statement of EUR 5 million ("other impacts"), offsetting the changes in the value of the above said loan. In addition, collections amounting to EUR 1 million were recognised ("Cash") and a financial impact of EUR 8 million.

### Interest rate derivatives

On 4 July 2018, the Company contracted interest rate derivatives (Interest Rate Swaps, IRS) for a total notional amount of EUR 500 million in order to secure the rate applicable in the event of the refinancing of one of the bonds issued by the subsidiary Ferrovial Emisiones.

At 31 December 2019, these derivatives have a fair value of EUR -41 million and are designated as cash flow hedges, value changes being recognised with a balancing entry in the Company's reserves. The IRS have been transferred to the subsidiary Ferrovial Emisiones under mirror agreements replicating the same terms and conditions.

### Foreign exchange derivatives

The company holds a number of foreign exchange derivatives contracted to hedge both its own risks and exposure to future cash flows from subsidiaries. The derivatives have been transferred to the relevant subsidiary under mirror agreements replicating the same terms and conditions. The impact of these mirror agreements is detailed in the item line "Intercompany forwards and foreign exchange options" in the previous table.

The main foreign exchange derivatives were as follows:

- Euro-pound sterling currency forwards for a fair value of EUR -13 million (31 December 2018: EUR 47 thousand) and a notional amount of EUR 237 million. The fair value change in these derivatives has entailed a loss of EUR -12 million recognised on the income statement line Fair value changes.
- Euro-pound sterling foreign exchange options, for a notional amount of EUR 20 million amounted to a value of EUR 203 thousand at 31 December 2018. These matured during the year, equating to fair value income of EUR 3 million and an amount collected of EUR 3 million. These options were transferred to the subsidiary Hubco Netherlands under intercompany mirror agreements.
- In addition, the Company contracted and exercised other euro-sterling foreign exchange options during the year, the related settlements resulting in fair value gains and income of EUR 3 million.
- At 31 December 2018, the Company held two Target Redemption Forward (TARFs) contracts denominated in Canadian dollars for a notional amount of EUR 4 million and a fair value of EUR -2 million, which matured during the year. These TARFs were transferred to Cintra Infrastructures SE under mirror agreements.
- EUR/CAD/GBP currency chooser options for a notional amount of EUR 7 million and a fair value of EUR -1 million (31 December 2018: EUR 196 thousand).

## 8. CASH AND CASH EQUIVALENTS

The detail of "Cash and Cash Equivalents" in 2019 and 2018 is as follows:

(Millions of euros)	BALANCE AT 31/12/19	BALANCE AT 31/12/18
Cash	66	11
Cash equivalents	11	26
<b>TOTAL</b>	<b>77</b>	<b>37</b>

The Cash balance primarily consists of current accounts opened with different financial institutions. "Cash Equivalents" relates to term deposits maturing in less than three months.

## 9. BALANCES WITH GROUP COMPANIES AND ASSOCIATES

### 9.1. Financial balances with Group Companies:

The change in credit and debit balances held by Ferrovia S.A. with the other Group Companies is detailed below:

(Millions of euros)	2018	VARIATION IN DEBT WITH FERROFIN	OTHER MOVEMENTS	2019
Long-term loans	19		-18	0
Short-term loans	654	-376	-4	274
<b>ASSET BALANCES</b>	<b>673</b>	<b>-376</b>	<b>-22</b>	<b>274</b>
Long-term loans	3,356	-670	-10	2,676
Short-term borrowings	505	-480	12	36
<b>LIABILITY BALANCES</b>	<b>3,861</b>	<b>-1,150</b>	<b>2</b>	<b>2,712</b>
<b>NET BALANCE OF FINANCING GC</b>	<b>-3,188</b>	<b>774</b>	<b>-24</b>	<b>-2,438</b>
Long-term	-3,337	670	-8	-2,675
Short-term	149	104	-15	238

### Movements in balances with Group Companies

With regard to movements in net borrowings with Group Companies, as shown in the table above, the Company records a net amount of EUR -2,438 million. This net borrowing position has been reduced (improved) by EUR 750 million during the year due mainly to dividends received from the Group's international subsidiaries and

collected via the Ferrofin S.L. current account in the amount of EUR 795 million (see Note 16).

In addition, the composition of credit lines and loans has changed considerably, due primarily to the offsetting of positions with the above-mentioned subsidiary Ferrofin S.L., the company that channels all internal financing transactions between Group Companies.

According to Note 9 of the 2018 annual accounts, at 31 December 2018 the Company held a loan (liability) with this subsidiary, amounting to EUR 1,641 million. As a result of the merger with FISLU detailed in Note 2.3, the Company also acquired two other loans with this subsidiary:

- a credit claim, amounting to EUR 619 million and established on 19 December 2018, relating to the credit rights received by FISLU as payment for the dividend received by its subsidiaries
- Another loan carried in liabilities, dated 16 March 2018, amounting to EUR 361 million.

Details of the variation in the above-mentioned credits and loans are shown below:

VARIATION IN DEBT WITH FERROFIN (Millions of euros)	2018	TRANSFER OF LOAN FROM OTHER SUBSIDIARIES	LOANS CAPITALISED	DIVIDENDS RECEIVED (Note 16)	OTHER	2019
Short-term loans	619	18	-638		0	0
Current account	-480		-31	795	-15	269
Long-term loan	-2,009	8	668		-6	-1,338
<b>NET DEBT</b>	<b>-1,869</b>	<b>26</b>	<b>0</b>	<b>795</b>	<b>-21</b>	<b>-1,069</b>

### Breakdown of long-term balances with Group Companies.

The Company records long-term loans (liability) for the amount of EUR 2,676 million. The main loans received from the Company's subsidiaries are detailed below:

LONG-TERM LOANS (Millions of euros)	2019	2018	VAR.
Ferrofin, S.L.	-1,338	-2,009	670
Ferrovia Emisiones, S.A.	-797	-795	-1
Ferrovia Netherlands B.V.	-498	-497	-1
Ferrovia FISA S.A.	-33	-34	1
Pilum S.A.	-2	-4	2
Ferrovia Aravia S.A.	-7	-7	7
Krypton RE	0	-8	8
<b>TOTAL LONG-TERM LOANS</b>	<b>-2,676</b>	<b>-3,356</b>	<b>-680</b>

- An intercompany credit line signed with the subsidiary Ferrofin S.L. on 30 November 2018 for a limit of up to EUR 3,000 million, maturing on 31 December 2022. The balance drawn down at 31 December 2019 amounts to EUR 1,338 million. The movements to this credit line, which accrues an interest rate of 0.77%, are detailed in the previous table.
- Intercompany loans amounting to EUR 499 million and EUR 298 million respectively (nominal amount of EUR 500 million and EUR 300 million) received by Ferrovia Emisiones for the transfer of funds for the corporate bonds issued on 29 May 2013 and 9 July 2014, with a fixed interest rate of 3.375% and 2.5%, maturing in 2021 and 2024, respectively. These funds were transferred to Ferrovia S.A., under the foregoing conditions.
- Intercompany loan received from Ferrovia Netherlands in the amount of EUR 498 million (nominal amount of EUR 500 million) for the transfer of the funds obtained from the bond issued on 14 November 2017, with an interest rate of 2.249% and maturing in 2022.
- An intercompany credit line with Ferrovia FISA, for a limit of up to EUR 50 million, of which EUR 33 million had been drawn down at 31 December 2019

On 31 December 2018, the Company also held long-term loans (Assets) amounting to EUR 19 million granted to its subsidiaries Ferrovial Servicios Chile (EUR 14 million); Autopista del Sol (EUR 2 million), Budimex (EUR 2 million) and Autovía de Aragón (EUR 1 million), which were all repaid or novated to Ferrofin during the year.

### Breakdown of short-term balances with Group Companies

The breakdown of short-term financial balances with Group Companies is as follows:

(Millions of euros)	2019	2018	VAR.
Current accounts	274	7	267
Short-term loans	0	646	-646
<b>ASSET BALANCES</b>	<b>274</b>	<b>654</b>	<b>-380</b>
Current accounts	12	481	-469
Short-term interest accrued	25	24	-1
<b>CURRENT LIABILITY BALANCES</b>	<b>36</b>	<b>505</b>	<b>-469</b>
<b>NET BALANCE OF FINANCING GC</b>	<b>238</b>	<b>149</b>	<b>131</b>
<i>Via current accounts</i>	<i>262</i>	<i>-474</i>	<i>779</i>
<i>Via short-term loans</i>	<i>-25</i>	<i>622</i>	<i>-647</i>

The company is the holder of the current accounts of its subsidiaries, totalling a net amount of EUR 262 million (31 December 2018: EUR -474 million) These current accounts accrue an interest rate similar to those of the market and stem from the centralised liquidity management conducted by the Group.

The aforementioned current accounts break down as follows:

<b>CURRENT ACCOUNTS WITH GROUP COMPANIES</b> (Millions of euros)	2019	2018	VAR.
Ferrofin, S.L.	269	-480	791
407 Toronto Highway BV	2	-1	3
Budimex.	2	1	1
Ferrovia Services Netherlands BV	0	3	-3
Hubco Netherlands BV	-1	1	-2
Ferrovia Netherlands BV	-10	1	-11
<b>TOTAL SHORT-TERM CURRENT ACCOUNTS (NET)</b>	<b>262</b>	<b>-474</b>	<b>779</b>

The most significant variation relates to the current account with Ferrofin, a breakdown of which is described in the first section of this note, relating to movements in balances with the Group.

In terms of short-term loans granted, at 31 December 2018 the Company held the loan with the aforementioned subsidiary Ferrofin, amounting to EUR 619 million, which was acquired due to the previously mentioned merger, as well as other loans with the companies Ferrovial Servicios (EUR 18 million), Ferrovial Services Australia (EUR 8 million) and Ferrovial Servicios Chile (EUR 1 million), which have been repaid or transferred to Ferrofin during 2019.

Lastly, the following is a breakdown of short-term accrued unmatured interest at financial year-end:

<b>SHORT-TERM ACCRUED UNMATURED INTEREST</b> (Millions of euros)	2019	2018	VAR.
Ferrovia Emisiones	13	13	0
Ferrovia Netherlands BV.	7	7	0
Pilum SA.	2	0	2
Other	3	4	1
<b>TOTAL INTEREST ACCRUED</b>	<b>25</b>	<b>24</b>	<b>3</b>

For the purposes of comparative information, the balances and changes of short-term financial debt at 31 December 2018 are as follows:

(Millions of euros)	2017	VARIATI ON IN DEBT WITH FERROFIN	DEBT REPAYMENTS F. EMISIONES	DIVIDEND	OTHER MOVEMENTS	2018
Long-term loans	24	0		0	-5	19
Short-term loans	332	-301		619	5	654
<b>ASSET BALANCES</b>	<b>356</b>	<b>-301</b>	<b>0</b>	<b>619</b>	<b>-1</b>	<b>673</b>
Long-term loans	2,656	676		0	24	3,356
Short-term borrowings	1,711	-173	-500	-619	86	505
<b>LIABILITY BALANCES</b>	<b>4,367</b>	<b>504</b>	<b>-500</b>	<b>-619</b>	<b>110</b>	<b>3,861</b>
<b>Net balance of financing with Group Companies</b>	<b>-4,011</b>	<b>-805</b>	<b>500</b>	<b>1,238</b>	<b>-110</b>	<b>-3,188</b>
Long-term	-2,632	-676	0	0	-29	-3,337
Short-term	-1,379	-129	500	1,238	-81	149

A breakdown of the transactions with Group Companies in the year is described in Note 16.D.

### 9.2. Trade balances with Group Companies:

The company holds trade balances with Group Companies for an amount of EUR 38 million (EUR 41 million at 31 December 2018) related to outstanding collections for the provision of services. A breakdown of these transactions is shown below:

<b>TRADE BALANCES WITH GROUP COMPANIES</b> (Millions of euros)	2019	2018	VAR.
Ferrovia Servicios, S.A.	10	10	0
Ferrovia Agroman S.A.	8	9	-1
Cintra Infraestructuras, SE	7	12	-5
Ferrovia Transco España S.A.U.	3	3	0
Ferrovia Corporación, S.A.	3	2	1
Ferrovia FISA S.A.	1	2	-1
Budimex	1	2	-1
Ferrovia Holding US Corp.	1	1	0
Cintra Global Ltd.	0	1	-1
Other	4	0	4
<b>TOTAL SHORT-TERM TRADE BALANCES (NET)</b>	<b>39</b>	<b>41</b>	<b>-2</b>

### 10. TRADE PAYABLES

In compliance with the obligation to disclose the average supplier payment period provided for in Article 539 and Additional Provision Eight of the Spanish Companies Act (in accordance with the new wording of Final Provision Two of Law 31/2014 reforming the Spanish Companies Act), the Company hereby states that the average supplier payment period in 2019 was 31 days.

Set forth below is the detail required by Article 6 of the Spanish Accounting and Audit Institute Resolution of 29 January 2018 in relation to the disclosures to be provided on the average supplier payment period to suppliers in the year:

<b>DAYS</b>	2019	2018
<b>Average supplier payment period</b>	<b>31</b>	<b>25</b>
Ratio of transactions settled	28	25
Ratio of transactions not yet settled	60	20

  

<b>AMOUNT (Euros)</b>	2019	2018
Total payments settled	12,539,613	8,558,677
Total outstanding payments	1,581,599	923,797

## 11. SHAREHOLDERS' FUNDS

A breakdown of the main impacts net of taxes that affected the changes in equity in 2019 and 2018 is as follows.

(Millions of euros)	2019	2018
<b>BALANCE AT 01 JANUARY (*)</b>	<b>4,200</b>	<b>4,871</b>
Profit/(loss) for the year	672	98
Recognised income and expense	0	0
Impact on reserves of hedging instruments	0	0
Transfer to income statement	0	0
Hedging instruments	0	0
<b>TOTAL RECOGNISED INCOME AND EXPENSES</b>	<b>672</b>	<b>99</b>
Scrip dividend/other dividends	-238	-218
Treasury share transactions	-282	-302
<b>SHAREHOLDER REMUNERATION</b>	<b>-520</b>	<b>-520</b>
Share-based remuneration schemes	4	12
Corporate restructuring transactions	419	-153
Other movements	0	0
<b>Other transactions</b>	<b>424</b>	<b>-141</b>
<b>BALANCE AT 31 DECEMBER</b>	<b>4,776</b>	<b>4,200</b>

(\*) The balance at 1 January 2018 has been adjusted due to merger with the subsidiary FISLU described in Note 2.3.

Shareholders' funds increased by EUR 576 million in 2019. The main impacts relate to:

- Profit for the year of EUR 672 million.
- Shareholder remuneration:
- Scrip dividend: This refers to the impact of the flexible remuneration scheme approved by the Ferrovial S.A. Annual General Meeting held on 5 April 2019 (see section g. Other reserves).
- Treasury share transactions: relates to the impact of the purchase of treasury shares for subsequent amortisation and for share capital reduction (see section d. Treasury shares).
- Remuneration schemes associated with targets: mainly reflects the impact of the accrual and payment of staff expenses associated with performance shares for managerial staff mentioned in Note 19, as well as by the impact of the share-based payments to employees (stock bonus) in the amount of EUR 4 million.
- Corporate restructuring operations: relates essentially to the impact on reserves of the contribution of Ferrovial Servicios S.A. to Ferrovial International SE, as described in Note 6.

The main equity items are:

### A) Share capital

As of 31 December 2019 the share capital amounted to EUR 147,043,088.60, all fully subscribed and paid up. The share capital is represented by 735,215,443 ordinary shares of a single class and with a par value of twenty-euro cents (EUR 0.20) per share.

The movements in 2019 detailed in the table below relate to the share capital increase and reduction transactions described in sections d. Treasury shares and g. Reserves below.

SHARES	NUMBER	PAR VALUE
Beginning balance	738,455,837	147,691,167
Share capital increase for scrip dividend	12,467,825	2,493,565
Share capital reduction	-15,708,219	-3,141,644
Share closing	735,215,443	147,043,089

At 31 December 2019, the only company with an ownership interest of over 10% is Rijn Capital BV, with 20.196% of the shares. This company is controlled by the Chairman of the Company's Board of Directors Rafael del Pino y Calvo Sotelo. The shares of the Parent Company are traded on the Spanish Stock Market Interconnection System (SIBE) and on the Spanish Stock Exchanges and all carry the same voting and dividend rights.

### B) Share premium and merger premium

The share and merger premium decreased by EUR 278 million from EUR 1,274 million at 31 December 2018 to EUR 995 million at 31 December 2019. This reduction relates to the redemption of treasury shares during the year as described in letter d) Treasury shares of this Note. This line item is classed as freely available reserves.

### C) Restricted reserves

Under the Consolidated Text of the Spanish Companies Act, 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

At 31 December 2019, the legal reserve had reached the required amount as specified in the paragraph above.

Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that other sufficient reserves are not available for this purpose.

### D) Treasury shares

At 31 December 2018, 7,411,668 treasury shares were held. The following changes took place in 2019:

OBJECTIVE	TOTAL SHARES 31 /12/18	NUMBER OF SHARES ACQUIRED / RECEIVED	TRANSFERS	NUMBER OF SHARES USED FOR OBJECTIVE	TOTAL NUMBER OF SHARES 31/12/19
Shares for capital reduction		8,792,631		-8,792,631	0
Discretionary treasury shares	6,915,588	2,755,960		-6,915,588	2,755,960
Remuneration schemes	48,951	372,943	299,573	-721,467	0
Shares received - scrip dividend	447,129	372,745	-299,573	0	520,301
<b>BALANCE</b>	<b>7,411,668</b>	<b>12,294,279</b>	<b>0</b>	<b>-16,429,686</b>	<b>3,276,261</b>

The following provides a breakdown of the treasury share purchases:

OBJECTIVE	NUMBER OF SHARES ACQUIRED / RECEIVED	% OF SHARE CAPITAL	PAR VALUE (Millions of euros)	AMOUNT PAID (Millions of euros)
Shares for capital reduction	8,792,631	1.20%	2	-217
Discretionary treasury shares	2,755,960	0.37%	1	-65
Remuneration schemes	372,943	0.05%	0	-8
Shares received - scrip dividend	372,745	0.05%	0	0
<b>BALANCE AT 31 DECEMBER 2019</b>	<b>12,294,279</b>	<b>1.67%</b>	<b>2</b>	<b>-290</b>

The Annual General Meeting of Ferrovial, S.A. held on 5 April 2019 approved a treasury share Buy-Back Programme for a maximum amount of EUR 275 million, the objective of which was a subsequent share capital reduction through the retirement thereof. Over the course of 2019, 8,792,631 shares relating to the buy-back and share capital reduction programme were acquired at an average price of EUR 24.61 per share; and 2,755,960 discretionary treasury shares at an average price of EUR 23.44 per share, equating to a total purchase of 11,548,591 shares and a total payment of EUR 282 million.

Subsequently, it was resolved to retire 15,708,219 treasury shares, giving rise to a share capital reduction of EUR 3 million and an impact of EUR -279 million, which was recognised against unrestricted reserves (merger premium) and related to the difference between the acquisition price and the par value of the retired shares.

After these movements, at 31 December 2019, there were 3,276,261 treasury shares with a market value of EUR 88 million.

### E) Share-based remuneration schemes

In relation to share transactions mentioned in section d. Treasury shares, in 2019 a total of 372,943 treasury shares were acquired, representing 0.25% of the share capital of Ferrovial, which were subsequently delivered, together with the treasury shares existing at the beginning of the year, to beneficiaries under share-based remuneration schemes. The total cost of acquisition of these shares was EUR 1.2 million and the total result recognised for these remuneration schemes in the Company's equity amounts to EUR 3 million.

It should be noted, as discussed in Note 7, that the Company has arranged Equity Swaps in order to hedge against the possible impact on equity resulting from the exercise of the share-based remuneration schemes. These instruments gave rise to cash inflows of EUR 17 million and the changes in the fair value thereof had an impact on the net financial income/(expense) of EUR 25 million (see Note 7).

### F) Profit/(loss) for the year

The profit for 2018 was distributed to voluntary reserves for an amount of EUR 10 million.

### G) Reserves

- Appropriation of 2018 profit amounting to EUR 10 million as discussed above.
- Scrip dividend: For the sixth successive year, the Ferrovial S.A. Annual General Meeting held on 5 April 2019 approved a flexible shareholder remuneration scheme, whereby the shareholders can freely choose to receive newly issued Company shares by subscribing to a share capital increase with a charge to reserves, or an amount in cash through the transfer to the Company (if they have not already done so in the market) of the bonus issue rights relating to the shares held by them. As a result of this resolution, in 2019 two share capital increases were performed with the following characteristics:
  - In May 2019 5,936,542 new shares were issued with a charge to reserves at a par value of EUR 0.20 per share, representing a share capital increase of EUR 1 million, and EUR 102 million of bonus shares were purchased, representing a payment per share of EUR 0.311.
  - In November 2019 6,532,283 new shares were issued with a charge to reserves at a par value of EUR 0.20 per share, representing a share capital increase of EUR 1 million, and EUR 136 million of bonus shares were purchased, representing a payment per share of EUR 0.408.
- The amount shown in the previous table for this item relates to EUR -238 million (EUR -241 million under the heading Reserves and EUR 2 million under Share Capital).
- Record of share-based remuneration for EUR 4 million as stated in section e. Share-based remuneration schemes.
- It should be noted that in 2014 Ferrovial S.A. applied the tax system described in Articles 107 and 108 of the Corporate Income Tax Act 27/2014 of 27 November. Under this tax system, the company must set aside the "subject but exempt reserves" from investments in the shareholders' funds of operating, non-resident companies (representing at least 5% of their share capital or the acquisition value of which is higher than EUR 20 million) or from permanent establishments overseas, on the one hand, and the remaining reserves, on the other. At 31 December 2019 the balance of these reserves amounted to EUR 1,940 million.

## 12. PROVISIONS FOR CONTINGENCIES AND CHARGES

The movements in 2019 were as follows:

(Millions of euros)	31/12/18	APPROPRIATION	REVERSAL	APPLICATION	31/12/19
Provisions for contingencies and charges	148	16	-1	-3	161
<b>TOTAL</b>	<b>148</b>	<b>16</b>	<b>-1</b>	<b>-3</b>	<b>161</b>

The item "Provision for contingencies and charges" shows EUR 161 million due to:

- Tax provision for assessments issued by the Spanish tax authorities regarding Corporate Income Tax for the 2006 financial year in the amount of EUR 112 million (EUR 110 million in 2018);
- Tax provision for assessments issued by the Spanish tax authorities regarding Corporate Income Tax for the financial years 2002 to 2005 in the amount of EUR 19 million (2018: EUR 20 million).
- Tax provision for assessments issued by the Spanish tax authorities regarding Corporate Income Tax for the financial years 2012 to 2014 in the amount of EUR 22 million (2018: EUR 7 million).
- Tax provision for assessments issued by the Spanish tax authorities regarding VAT for the financial years 2003 to 2005 in the amount of EUR 7 million (2018: EUR 7 million).
- Tax provision for other litigation in the amount of EUR 1 million. (2018: EUR 4 million).

Movements in 2019 mainly relate to the allocation of the provision for tax assessments raised by the tax authorities in relation to corporate income tax for 2012 to 2014 in the amount of EUR 15 million, as well as to the update of the interest rate applied to these provisions having an effect of EUR 1 million, which are carried in "Financial expenses" in the income statement (see Note 16).

## 13. BANK BORROWINGS

Ferrovial S.A. borrowings comprise the following debt instruments:

- **Euro Commercial Paper Notes:** In the first quarter of 2018, in view of the favourable market context, the company arranged an issue of Euro Commercial Papers for a maximum of up to EUR 1,000 million on the Irish Stock Exchange. Through this programme, Ferrovial is able to issue commercial paper notes maturing between 1 and 364 days as of the issue date so as to diversify funding sources in capital markets and manage cash surpluses more efficiently. In 2H 2019 this programme was increased up to a maximum of EUR 1,500 million. Approximately EUR 973 million have been issued at 31 December 2019, with an average interest rate of -0.29%.
- **Liquidity facility,** for a maximum of up to EUR 900 million, with the potential to draw this balance in EUR, CAD, GBP, and USD. The facility has a spread of 32.5 bps and matures in March 2022, including an option for two extensions to 2025. Of the current maximum limit on the facility, at 31 December 2019, EUR 286 million had been drawn down. The foreign currency and interest rate risks on these drawdowns were hedged using the cross currency swaps (Note 7) at an interest rate of -0.439% until September 2019 and -0.001% from September 2019 to May 2020, always guaranteeing a notional amount of EUR 250 million, thus giving rise to income for the Company.

The borrowing limits, balances drawn down and amounts drawable at 31 December 2019 and 2018 were as follows:

(Millions of euros)	2019			
	DEBT LIMIT	DRAWN DOWN	AMOUNT DRAWABLE	CARRYING AMOUNT
Corporate Debt	900	250	650	255
ECP ( <i>Euro Commercial Paper</i> )	973	973	0	973
Other credit facilities	0	0	0	0
<b>TOTAL</b>	<b>1,873</b>	<b>1,223</b>	<b>650</b>	<b>1,228</b>

(Millions of euros)	2018			
	DEBT LIMIT	DRAWN DOWN	AMOUNT DRAWABLE	CARRYING AMOUNT
Corporate Debt	900	250	650	243
ECP ( <i>Euro Commercial Paper</i> )	699	699	0	699
Other credit facilities	0	0	0	0
<b>TOTAL</b>	<b>1,599</b>	<b>949</b>	<b>650</b>	<b>942</b>

### Corporate credit rating

The credit rating agencies Standard & Poor's and Fitch issued their opinion on the credit rating of Ferrovial at December, which were BBB and BBB, respectively, and, therefore, came under the "investment grade" category.

## 14. TAX MATTERS

Ferrovial, S.A. has filed consolidated tax returns since 2002. The companies comprising the Consolidated Tax Group together with Ferrovial, S.A. in 2019 are shown in Appendix II - Subsidiaries to the consolidated annual accounts.

In 2014, the entity adopted the tax system laid down in Articles 107 and 108 of Corporate Income Tax Act ("LIS") 27/2014, of 27 November. Given that the implementation of such system affects the taxation of potential dividends or capital gains obtained by company shareholders, a note describing the tax treatment applicable to shareholders is attached as Appendix I to these annual accounts, as well as information on tax results by Ferrovial S.A. to be considered by the shareholders for the purposes of applying this system.

### 14.1. Reconciliation of the accounting profit/(loss) to the taxable income

The reconciliation of the accounting profit/(loss) to the taxable income for Corporate Income Tax purposes is as follows:

(Millions of euros)	2019			2018		
	INCREASE	DECREASE	TOTAL	INCREASE	DECREASE	TOTAL
<b>PROFIT/(LOSS) BEFORE TAX</b>			<b>704</b>			<b>8</b>
Permanent differences:	3	(781)	(778)	730	(775)	(45)
Temporary differences:						
Arising during the year	4		4	5		5
Arising in the prior year		(4)	(4)		(33)	(33)
<b>TAXABLE INCOME</b>			<b>(74)</b>			<b>(65)</b>

Negative permanent differences relate mainly to tax-exempt dividends under Article 21 of the Spanish Corporate Income Tax Act, amounting to EUR 758 million, as well as to the reversal of portfolio provisions described in Note 6, in the amount of EUR 7 million.

The temporary differences primarily relate to non-tax deductible accounting provisions.

### 14.2. Explanation of the effective tax rate and the difference between deferred and current taxes

The reconciliation between the profit/loss before tax (EUR 752 million) and the tax expense recognised (EUR 31 million) is as follows:

(Millions of euros)	2019	2018
Tax rate	25%	25%
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>704</b>	<b>8</b>
Permanent differences	(778)	(45)
<b>TAXABLE INCOME</b>	<b>(75)</b>	<b>(37)</b>
Tax at 25% (income)	19	9
Regularisation of tax-loss carryforwards and tax credits	(39)	
Changes in calculation of prior years' tax	5	(7)
<b>TOTAL TAX (EXPENSE)/ INCOME</b>	<b>(31)</b>	<b>2</b>

- The company profit/(loss) before tax stands at EUR 704 million.
- However, this profit/(loss) includes balances that must be treated as permanent differences, as described in the foregoing chapter.
- The taxable profit/loss after deducting those balances amounts to EUR -75 million, on which taxable income was recognised for an amount of EUR 19 million.
- Adjustments to that income were also recognised for an amount of EUR -50 million, due to:
  - changes in prior-year tax estimates (EUR 5 million)
  - Impact of tax provisions mentioned in Note 12, amounting EUR 15 million, regarding Corporate Income Tax for the financial years 2012 to 2014
  - reversal of tax credits and tax deductions that the Company had considered to be non-recoverable (EUR 39 million).

The breakdown of the accrued tax for 2019 and 2018, differentiating between current tax and deferred tax is as follows:

(Millions of euros)	2019	2018
Tax income for the year	19	8
Current tax expense	24	20
Deferred tax expense	(5)	(12)
Changes in estimation of prior years' tax	(50)	(7)
<b>TOTAL TAX EXPENSE/(INCOME)</b>	<b>(31)</b>	<b>2</b>

### 14.3. Changes in deferred taxes

The changes in deferred taxes in the year were as follows:

2019 (Millions of euros)	ASSETS	LIABILITIES
<b>BALANCE AT 01.01.19</b>	181	35
<b>Changes affecting the income statement</b>	(44)	(3)
Changes in estimation of prior years' tax and other		
Generated	1	
Reversed	(46)	(3)
<b>Movements affecting Shareholders' Funds</b>	8	8
Generated	8	8
<b>BALANCE AT 31.12.19</b>	145	39

### a) Deferred tax assets:

The detail of recorded deferred tax assets by item is as follows:

- Amounts deferred based on various other tax and accounting criteria, amounting to EUR 134 million (31 December 2018: EUR 133 million), essentially due to the difference between the tax and accounting value of certain financial interests (EUR 128 million) and provisions for staff costs (EUR 6 million).
- Deferred taxes relating to the tax effect of the IRSs pre-hedging the borrowings as described in Note 9, amounting to EUR 11 million (EUR 2 million at 31 December 2018).
- Additionally, at 31 December 2018 the company recorded deferred tax assets relating to tax credits for deductions amounting to EUR 18 million, as well as tax credits for tax-loss carryforwards totalling EUR 26 million, which were reversed during 2019, amounting to a total of EUR 44 million as a consequence of the fact that the tax credit recovery model updated with the latest projections of available results of the Group companies does not foresee its recoverability in the short term.

## b) Deferred tax liabilities:

They primarily correspond to deferred taxes arising from differences between the tax and accounting values of ownership interests in the amount of EUR 28 million (EUR 32 million at 31 December 2018), as well as to deferred tax liabilities caused by the impact on reserves of the intercompany IRSs described in Note 9, amounting to EUR 10 million (EUR 2 million at 31 December 2018).

The changes in the deferred taxes in 2018 were as follows:

2018 (Millions of euros)	ASSETS	LIABILITIES
<b>BALANCE AT 01.01.18</b>	<b>194</b>	<b>32</b>
<b>Changes affecting the income statement</b>	<b>(15)</b>	<b>0</b>
Changes in estimation of prior years' tax	(3)	0
Generated	1	0
Reversed	(13)	0
<b>Movements affecting reserves</b>	<b>3</b>	<b>3</b>
Generated	3	3
<b>BALANCE AT 31.12.18</b>	<b>181</b>	<b>35</b>

## 14.4. Years open for review by the tax authorities

In accordance with prevailing legislation, taxes may not be deemed to be finally settled until the returns filed have been inspected by the tax authorities or the four-year limitation period has elapsed. The tax authorities have a period of 10 years to verify and investigate tax-loss carryforwards and certain deductions pending offset.

Ferrovial S.A. is currently undergoing a tax inspection relating to a Recovery Procedure for Spanish State Aid (EU Decision 2015/314 of the European Commission of 15 October 2014 (Third Decision)), in connection with corporate income tax for the periods 01/2016 to 12/2018. The tax inspection, focused in the deductibility of goodwill, is currently at the documentation submission stage and tax assessments are expected to be raised during 2020.

On 19 July 2017 the Large Taxpayers Central Office of the State Tax Agency announced to the Company the commencement of a tax inspection of Ferrovial S.A. and its Spanish consolidated tax Group, Ferrovial Agroman S.A., Ferrovial Servicios S.A. and Ferrovial Internacional S.L.U. in relation to the following taxes:

- Corporate income tax for 2012 to 2014
- VAT for tax periods from June 2013 to December 2015,
- Tax withholdings and pre-payments relating to salary income for tax periods from June 2013 to December 2015
- Non-Resident income withholding tax, for the periods June 2013 to December 2015,

These proceedings ended in the second half of 2019, when settlement resolutions resulting from the tax assessments accepted and rejected were notified. Claims have been lodged against the settlement resolutions in the economic-administrative courts and are currently being processed pending a ruling (see Note 12).

The last four years are open to inspection for all applicable taxes. The criteria that the tax authorities might adopt in relation to the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. It is considered that any possible material tax contingencies had been adequately provisioned at year-end.

## 15. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

### a) Deposit and guarantee commitments to third parties

The Company's contingent liabilities include bank and other guarantees given to certain Group Companies.

### Guarantee commitments to third parties

At 2019 year-end Ferrovial, S.A. had provided guarantees amounting to EUR 6,165 million (2018: EUR 6,096 million). They include:

- The guarantees granted by Ferrovial S.A. in favour of Ferrovial Emisiones, S.A., in relation to corporate bond issues for a total nominal amount of EUR 1,800 million (2018: EUR 1,800 million). All bond issues made by Ferrovial Emisiones are guaranteed by Ferrovial, however, with regard to this transaction, Ferrovial has two intercompany loans recorded in favour of Ferrovial Emisiones S.A. (see Note 9), amounting to EUR 800 million, corresponding to the issues made in 2013 and 2014, while the EUR 1,000 million issued in 2018 and 2019 were transferred to Ferrofin, S.L., a subsidiary of Ferrovial S.A.
- The guarantee granted by Ferrovial S.A. in favour of its subsidiary, Ferrovial Netherlands B.V., in relation to the issue of a corporate bond made on 14 November 2018, for a total nominal amount of EUR 500 million. With regard to this corporate bond, Ferrovial S.A. has recorded an intercompany loan with its subsidiary for the same total nominal amount (see Note 9).
- The guarantees granted in favour of customers of other Group Companies belonging to the Construction division in the amount of EUR 3,731 million, of which EUR 3,500 million relates to bonding lines.
- The guarantees granted in favour of customers from other Group Companies belonging to the services division for EUR 104 million (31 December 2018: EUR 108 million), of which 81 million euros correspond to bonding lines and the rest to leasing lines, both granted in North America.
- Guarantees granted to the Toll Roads Division amounting to EUR 5 million (31 December 2018: EUR 38 million).
- And other guarantees to other Group Companies amounting to EUR 26 million (31 December 2018: EUR 30 million).

### Guarantees

In addition to the above, at 2019 year-end the Company had provided guarantees granted by banks amounting to EUR 945 million (2018: EUR 1,013 million) through its credit lines, of which EUR 557 million relating to equity contribution guarantees in favour of its various subsidiaries (31 December 2018: EUR 693 million; and EUR 292 million relating to financial guarantees for tax requirements (31 December 2018: EUR 267 million).

### b) Litigation and other contingent liabilities

The Company is also involved as the defendant in various lawsuits. The Parent Company's directors consider that the possible effect of the aforementioned lawsuits on the accompanying financial statements would in no case be material.

### Tax-related litigation

As indicated in Note 12, Ferrovial, S.A. is involved in various tax claims for which it has recognised a provision of EUR 161 million. These claims arose mainly from assessments issued by the Spanish tax authorities largely in relation to Income Tax and VAT for 2006 to 2012.

### SH-130

On 1 March 2018, "SH-130 Concession Company, LLC" filed an initial statement of case at the United States Bankruptcy Court Western District of Texas against Ferrovial, S.A, Cintra Infrastructures SE, Ferrovial Agroman, S.A. and other companies of the Ferrovial Group, and against the partner in the SH-130 toll road project.

SH-130 Concession Company, LLC was 65% owned by Cintra TX 56, LLC until 28 June 2017, when ownership of its share capital was transferred to the current shareholders as the result of the completion of the voluntary insolvency process (Chapter 11) filed on 2 March 2016.

The complaint is based on the claim that some of the payments made by the concession operator to the construction company in 2011 and 2012, during the toll road's design and construction phase, were allegedly made in a way that defrauded the creditors, since, in the claimant's opinion: (i) the works were completed incorrectly and should not, therefore, have been paid for; and (ii) the concession operator was insolvent.

The claimant is demanding the return of these payments, which amount to a total of USD 329 million.

It also accuses Ferrovial, S.A., Cintra Infraestructuras SE and other companies in the group of having caused SH-130 Concession Company, LLC to make such payments, thus breaching the fiduciary duties that it should have observed under the mercantile law of the State of Delaware, as well as accusing them of aiding and abetting the breach of such duties.

In an amendment to the initial statement of case filed on 28 September 2018, the claimant sought additional damages consisting of the return of the profits earned under the agreements for services for which the defendants had invoiced the claimants over the said period. The claimant is yet to specify the amount required for this item. It has also extended the initial complaint in relation to fulfilment of fiduciary duties.

The Ferrovial Group defendant companies presented various motions to dismiss on the initial legal action. On 7 September 2018, the court allowed the motions to dismiss relating to the Group companies Ferrovial Internacional, S.L.U. and Ferrovial International Ltd. (which have been excluded from the legal action). The proceeding continues with respect to the other defendants.

On 5 August 2019 the claimant filed a third amendment to the complaint, in which it extended its accusations of an infringement of fiduciary duties to events that had occurred in 2007 as a result of the financial closure of the project.

At present, this lawsuit is in the discovery phase, which once completed will be followed by the submission and argument phases.

In parallel with this ongoing process – and without causing the process to halt – a mediation process was initiated in January 2020 with the aim of negotiating an end to this claim and the claim for construction defects. To date, no result has been reached via this mediation process.

Regardless of the outcome of the above-mentioned mediation, the analysis carried out so far by the legal advisors of the affected companies, based on all the information available throughout the process, would lead to the conclusion that the Ferrovial Group Companies named as defendants in the process have strong arguments to defend their interests in these legal proceedings, and it is reasonable to think that they could succeed in having the actions brought against them rejected by the Court. Based on the above, the Company has not set aside any provision in relation to these legal proceedings.

## 16. INCOME AND EXPENSES

### A) Operating profit/(loss)

The Company's operating profit/(loss) in 2019 amounts to EUR 752 million.

As for operating income, since Ferrovial, S.A. is a holding company, the dividends received from the subsidiaries, the financial income

used for their financing and the entry of guarantees, formalised as described in Note 15, contribute to the company's turnover.

Accordingly, in 2019 a net revenue of EUR 812 million was generated, of which EUR 758 million relate to dividends received by Ferrovial S.A. from its subsidiaries Ferrovial International SE (EUR 444 million), Cintra Infraestructuras España S.L. (EUR 234 million), Ferrovial Servicios S.A. (EUR 79 million) and Ferrovial Aravia (EUR 1 million). These dividends were received as follows:

SHAREHOLDERS' FUNDS DISTRIBUTED BY THE SUBSIDIARY	INCOME (DIVIDENDS RECOGNISE D)	OWNERSHIP INTERESTS IN GC	P CASH	TOTAL COLLECTIONS DUE TO DISTRIBUTIONS BY SUBSIDIARIES		
				CURRENT ACCOUNT FERROFIN (NOTE 9)	OTHER CURRENT ACCOUNTS/ LOANS	
Ferrovial International SE	794	444	350	228	562	4
Cintra Infraestructuras España S.A.	234	234			234	
Ferrovial Servicios	79	79				79
Autovía de Aragón	1	1				1
<b>TOTAL</b>	<b>1,108</b>	<b>758</b>	<b>350</b>	<b>228</b>	<b>795</b>	<b>84</b>

The Company analyses the origin of each distribution of reserves by a subsidiary, as described in Note 4.9. Therefore, in relation to distributions made by the subsidiaries Ferrovial International SE and Cintra Infraestructuras España, the portion attributable to results generated by those companies or their subsidiaries since contribution date has been recognised as income for the year (EUR 444 million and EUR 234 million respectively). The Company has reduced the investment in the subsidiary in the amount arising from returns of the contributions made by Ferrovial International SE (see Note 6).

The above-mentioned distributions of reserves were received as follows:

- by bank transfer (EUR 228 million),
- via the current account with Ferrofin (EUR 795 million), due to the assignment of loans between the subsidiary paying out the dividends and Ferrofin, in favour of Ferrovial S.A. (see Note 9)
- via a reduction in debt between the company and the subsidiary paying out the dividend (EUR 83 million, see Note 9), which is included in the "Other" column in the previous table
- through payments in kind in the form of shares in other Group companies, amounting to EUR 1 million, included in the "Other" column in the previous table (see Note 6).

The amount of other income received from subsidiaries (EUR 10 million) relates to:

- Accrued interest on loans approved for Group Companies, which amounted to EUR 2 million (2018: EUR 3 million).
- The entry of guarantees issued by the Company in favour of other Group Companies, stands at EUR 8 million (2018: EUR 3 million), as described in Note 15.

The entry of services rendered to Group and associated companies amounts to EUR 44 million (2018: EUR 33 million).

The granting by Ferrovial, S.A. of loans to Group Companies constitutes non-core operations, which are not performed for a commercial purpose, but rather are effected with a view to obtaining returns on the capital invested, do not involve the use of resources exclusively earmarked for carrying them out and are also not used significantly, in terms of both goods and services from third parties and human and material resources of the Company which are used to provide services to its subsidiaries.

### B) Net financial income/(expense)

The net financial income/(expense) for the year amounted to EUR -41 million (31 December 2018: EUR -697 million).



Financial income amounts to EUR 13 million and primarily included the income relating to:

- The income associated with cross currency swaps as a result of the fixed rate secured (Notes 7 and 13), for EUR 8 million.
- Income associated with the issue of ECPs (Note 13) Euro Commercial Papers for EUR 3 million.
- The dividends received from the equity swaps arranged to hedge the effect on equity of the share option plans (Notes 7 and 19) totalling EUR 2 million.

Finance expenses amounted to EUR 72 million, detailed as follows:

- Interest borne on borrowings received from various Group Companies amounting to EUR 51 million (31 December 2018: EUR 50 million) as detailed in section D of this Note.
- Accrued interest for the financing received through the drawn credit line for the amount of EUR 6 million (2018: EUR 6 million), as well as availability fees associated with the undrawn credit line for the amount of EUR 2 million (2018: EUR 4 million).
- Expenses arising from guarantees in the amount of EUR 8 million (2018: EUR 7 million), which are sometimes granted over certain projects in which the Company has an indirect interest. These expenses are charged to such projects as mentioned above.
- Recognition of provisions for contingencies and charges in connection with the update of interest on the tax assessments relating to the tax contingencies described in Note 12, in the amount of EUR 4 million (2018: EUR 3 million).

Adjustments to the fair value of financial instruments amounts to EUR 13 million, of which:

- The fair value adjustment to the equity swaps contracted amounts to income of EUR 9 million. Payments of these financial instruments were also made, in the amount of EUR 15 million.
- the effect of the exchange rate derivatives contracted by the company represents an expense of EUR 11 million
- the fair value adjustment of the cross-currency swap mentioned in Note 7 amounts to EUR -1 million.

The profit from disposals and impairments of financial instruments amounted to EUR 14 million, relating to the value adjustment of the ownership interests detailed in Note 6.

### C) Corporate income tax expense

The corporate tax income expense amounts to EUR 31 million (see Note 14).

### D) Transactions with Group Companies

A breakdown of these transactions is shown below:

#### Transactions held with Group Companies and associates at 31 December 2019

GROUP COMPANIES	DIVIDENDS	SERVICES RENDERED	INTEREST	OP. EXPENSES	FINANCIAL EXPENSES
Ferrovial Internacional SE	444				
Cintra Infraestructuras España S.L.	234				
Ferrovial Servicios, S.A.	79	12			
Ferrovial Agroman S.A.		13			
Ferrovial Aeropuertos España, S.A.		7			
Cintra Servicios de Infraestructuras S.A.		11			
Cintra Infraestructuras, SE			5		0
Cintra Global, LTD			1		
Autovía de Aragón, SL	1				
Ferrofin S.L.			1		-13
Ferrovial Emisiones, S.A.				-3	-25
Ferrovial Corporación, S.A.				-1	
Ferrovial Netherlands BV					-12
Other		1	2	0	0
<b>GROUP COMPANIES TOTAL</b>	<b>758</b>	<b>44</b>	<b>10</b>	<b>-4</b>	<b>-51</b>

#### Transactions held with Group Companies and Associates at 31 December 2018

GROUP COMPANIES	DIVIDENDS	SERVICES RENDERED	INTEREST	OP. EXPENSES	FINANCIAL EXPENSES
Ferrovial Internacional SE	619				
Cintra Infraestructuras España S.L.					
Ferrovial Servicios, S.A.	94	10			
Ferrovial Agroman S.A.		9			
Ferrovial Aeropuertos España, S.A.		5			
Cintra Servicios de Infraestructuras S.A.		8			
Cintra Infraestructuras, SE				5	0
Cintra Global, LTD				1	
Autovía de Aragón, SL	3				
Ferrofin S.L.				1	-13
Ferrovial Emisiones, S.A.					-3
Ferrovial Corporación, S.A.					-1
Ferrovial Netherlands BV					-12
Ferrovial FISA		1			
Other		1	2	0	0
<b>GROUP COMPANIES TOTAL</b>	<b>799</b>	<b>34</b>	<b>10</b>	<b>-4</b>	<b>-51</b>

### 17. EMPLOYEES

At year-end in 2019 and 2018, the headcount was as follows:

	31.12.2019			31.12.2018		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Executives	37	5	42	41	5	46
Managers / Professionals / Supervisors	13	13	27	12	13	25
Clerical Staff / Support Technicians	1	11	12	2	10	12
Manual workers	0	0	0	1	0	1
<b>TOTAL</b>	<b>51</b>	<b>29</b>	<b>81</b>	<b>56</b>	<b>28</b>	<b>84</b>

At year-end in 2019 and 2018, the headcount was as follows:

	31.12.2019			31.12.2018		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Executives	36	5	41	40	5	45
Managers / Professionals / Supervisors	13	14	27	12	14	26
Clerical Staff / Support Technicians	1	10	11	2	10	12
Manual workers	0	0	0	1	0	1
<b>TOTAL</b>	<b>50</b>	<b>29</b>	<b>79</b>	<b>55</b>	<b>29</b>	<b>84</b>

There are no employees in Ferrovial S.A. with a percentage of disability equal or higher than 33%. However, the company works with specialised entities to manage the recruitment, hiring and training process of people with different abilities and that implement various initiatives to promote the labour integration of these groups.

### 18. REMUNERATION OF THE BOARD OF DIRECTORS

#### 18.1. Bylaw-stipulated Board of Directors' remuneration

Under the Company's current remuneration scheme, regulated by Article 56 of its bylaws, the shareholders at the Annual General Meeting determine the maximum annual remuneration for all the members of the Board of Directors (2019: EUR 1,848,000), which is revised on the basis of the indices or aggregates defined by the General Meeting. This remuneration comprises (i) a fixed remuneration, part of which is paid in quarterly instalments and the rest (the additional fixed remuneration) via a single payment at the end of the financial year; and (ii) fees for actual attendance at Board and Committee meetings. Remuneration is linked to the functions and responsibilities assigned to each Director, their membership of Board Committees and other objective circumstances that the Board

of Directors deems relevant, thereby ensuring their long-term independence and commitment.

On the same date that these annual accounts were authorised for issue, the Board of Directors prepared and made available to shareholders the Annual Report on Directors' Remuneration referred to in Article 541 of the Spanish Capital Companies Act. That Report describes in greater detail matters relating to the Company's remuneration policy applicable in the year and contains an overview of how the remuneration policy was applied in 2019, as well as a detail account of the individual remuneration earned by each of the Directors in 2019.

The table below shows the itemised bylaw-stipulated remuneration of the members of the Board of Directors earned in 2019 and 2018. If because there are more meetings than initially envisaged or for any other reason the amount of the attendance fees added to that of the fixed components exceeds the total maximum remuneration amount for Board membership established for the year in question, the difference is deducted from the amount of the supplementary fixed remuneration proportionally for each Director on the basis of his or her position on the Board. This adjustment took place during 2019.

This table does not include the remuneration received by the Executive Directors for the discharge of their executive functions at the Company, which are described in Note 18.2.

DIRECTOR (a) (Thousands of euros)	2019			
	FIXED REMUNERATION	ATTENDANCE FEES	SUPPLEMENTARY FIXED REMUNERATION	TOTAL
Rafael del Pino y Calvo-Sotelo	35	143	74	252
Santiago Bergareche Busquet (up to 19/12/2019)	34	77	63	174
Joaquín Ayuso García (up to 30/09/2019)	26	55	35	116
Ignacio Madrdejos Fernández (up to 30/09/2019)	9	14	9	32
Íñigo Meirás Amusco (up to 30/09/2019)	26	57	28	111
María del Pino y Calvo-Sotelo	35	72	37	144
Santiago Fernández Valbuena	35	88	37	160
José Fernando Sánchez-Junco Mans	35	88	37	161
Joaquín del Pino y Calvo-Sotelo	35	54	37	126
Oscar Fanjul Martín	35	80	37	152
Philip Bowman	35	59	37	131
Hanne Birgitte Breinbjerg Sorensen	35	58	37	130
Bruno Di Leo	35	54	37	126
Juan Hoyos Martínez de Irujo (from 2/10/2019)	9	12	9	30
Gonzalo Urquijo Fernández de Aroz (from 19/12/2019)	1	-	1	3
<b>TOTAL</b>	<b>420</b>	<b>912</b>	<b>515</b>	<b>1,848</b>

(a) Continuance in the post. Full year, unless otherwise stated.

DIRECTOR (Thousands of euros)	2018			
	FIXED REMUNERATION	ATTENDANCE FEES	SUPPLEMENTARY FIXED REMUNERATION	TOTAL
Rafael del Pino y Calvo-Sotelo	35	85	106	226
Santiago Bergareche Busquet	35	53	95	183
Joaquín Ayuso García	35	43	72	150
Íñigo Meirás Amusco	35	43	60	138
Juan Arena de la Mora (up to 26/7/2018)	20	31	34	85
María del Pino y Calvo-Sotelo	35	43	60	138
Santiago Fernández Valbuena	35	68	60	163
José Fernando Sánchez-Junco Mans	35	62	60	157
Joaquín del Pino y Calvo-Sotelo	35	36	60	131
Oscar Fanjul Martín	35	48	60	143
Philip Bowman	35	43	60	138
Hanne Birgitte Breinbjerg Sorensen	35	43	60	138
Bruno Di Leo (since 25/09/2018)	9	12	16	37
<b>TOTAL</b>	<b>414</b>	<b>607</b>	<b>804</b>	<b>1,826</b>

## 18.2. Individual remuneration of the Executive Directors

### a) Remuneration earned in 2019 and 2018

The Executive Directors in 2019 earned the following remuneration for performing their duties, in addition to the remuneration discussed in the preceding section.

REMUNERATION OF THE EXECUTIVE DIRECTORS* (Thousands of euros)	2019			
	RAFAEL DEL PINO	IGNACIO MADRIDEJOS (from 30/9/19)	ÍÑIGO MEIRÁS** (until 30/9/19)	TOTAL
Fixed Remuneration	1,455	250	969	2,674
Variable Remuneration	1,608	250	188	2,046
Life insurance premiums	8	0	5	13
Share plans (1)	1,097	0	1,097	2,194
Others (2)	0	600	725	1,325
<b>TOTAL 2019</b>	<b>4,168</b>	<b>1,100</b>	<b>2,984</b>	<b>8,252</b>

\*Remuneration for their role as executive directors

\*\* In addition to the information set out above, to compensate for losing his status as Executive Director of the Company and the subsequent termination of his Senior Management position, the Company paid a gross amount of EUR 8,167 thousands to Íñigo Meirás Amusco (total figure subject to personal income tax - IRPF); amount covered by the group savings insurance policy mentioned in Note 18.7.

(1) In March 2019, a number of shares equivalent to the level of completion of the units allocated in 2016 were delivered, after the relevant withholdings had been made. The CNMV was notified on 19/03/2018.

(2) An appointment bonus was awarded to Ignacio Madrdejos, in the form of Ferrovial shares. The figure for Íñigo Meirás relates to the final monetary settlement.

The information on 2018 is detailed in the following table:

2018			
REMUNERATION OF THE EXECUTIVE DIRECTORS (Thousands of euros)	RAFAEL DEL PINO	IÑIGO MEIRÁS	TOTAL
Fixed Remuneration	1,455	1,200	2,655
Variable Remuneration	1,337	1,053	2,390
Life insurance premiums	8	4	12
Share plans (1)	1,204	1,204	2,408
<b>TOTAL 2019</b>	<b>4,004</b>	<b>3,461</b>	<b>7,465</b>

\*Remuneration for their role as executive directors

(1) In March 2018, since the agreed metrics had been complied with, a number of shares equivalent to the units allocated in 2015 were delivered, after the relevant withholdings had been made. The CNMV was notified on 13/03/2018.

### b) Share-based remuneration scheme

The following is a detail of the target-based remuneration schemes linked to share performance, entitlement to which has not yet vested:

EXECUTIVE DIRECTORS' PLAN				
SITUATION AT 31.12.2019		UNITS	NO. OF VOTING RIGHTS	% OF VOTING POWER
Rafael del Pino y Calvo-Sotelo	Allowance 2017	76,850	76,850	0.01%
	Allowance 2018	73,900	73,900	0.01%
	Allowance 2019	70,000	70,000	0.009%
Ignacio Madridejos Fernández	Allowance 2019	14,468	14,468	0.002%
	Allowance 2017	76,850	76,850	0.01%
	Allowance 2018	73,900	73,900	0.01%
Íñigo Meirás Amusco*	Allowance 2018	73,900	73,900	0.01%
	Allowance 2019	70,000	70,000	0.009%

\*CEO until 09.30.2019

### 18.3. Remuneration of the members of the Board of Directors due to membership of other managing bodies of Group Companies or associates

Joaquín Ayuso García, who stepped down from his role as Director of the Company on 30.09.2019, was also up to this date a member of the managing body of another Group company, received EUR 23 thousand in this connection in 2019 (2018: EUR 38 thousand).

### 18.4. Pension funds and plans or insurance premiums

As in 2018, no contributions were made in 2019 to pension plans or funds for former or current members of the Company's Board of Directors or for Directors of Ferrovial, S.A. who are members of other Boards of Directors and/or Senior Executives of Group Companies and Associates. Similarly, no obligations were acquired in these connections in 2019.

As regards life insurance premiums, the Company has insurance policies covering death (for which premiums totalling EUR 13 thousand were paid in 2019; EUR 12 thousand in 2018), of which the Executive Directors are beneficiaries. No life insurance premiums were paid for the Directors of the Company who are members of other Boards of Directors and/or senior executives of Group Companies or Associates.

Lastly, Ferrovial, S.A. has arranged a liability insurance policy, the insureds of which are the Directors and Executives of the Group Companies, the parent of which is Ferrovial, S.A. Those insureds include the Directors of Ferrovial, S.A. The premium paid in 2019 under the aforementioned insurance policy amounted to EUR 621 thousand (2018: EUR 592 thousand).

### 18.5. Advances and loans

At 31 December 2019, no advances or loans had been granted by the Company to the Directors in their capacity as such or as members of other Boards of Directors and/or as senior executives of Group Companies or associates.

### 18.6. Remuneration of senior executives

The joint remuneration earned by the Company's Senior Executives in 2019 was as follows:

(Thousands of euros)	2019	2018
Fixed remuneration	4,714	5,237
Variable remuneration	3,202	3,803
Performance-based share plan	3,090	5,083
Exercise of share option remuneration plans and/or other financial instruments (see description)	0	0
Remuneration as members of managing bodies of other Group Companies, jointly controlled entities or associates	35	35
Insurance premiums	18	19
Others (1)	0	8,924
<b>TOTAL</b>	<b>11,059</b>	<b>23,101</b>

(1) Removal of three Senior Executive members (figure subject to personal income tax - IRPF).

The aforementioned remuneration relates to the following posts: General Secretary, Chief Financial Officer, General Director of HR, General Director of Construction, General Director of Services, General Director of Airports, General Director of Toll Roads, General Director of Information Systems and Innovation, Director of Internal Audit, Director of Communications and Corporate Responsibility and Director of Corporate Strategy, Director of Risk and Compliance and Director of Mobility. This does not include remuneration for Senior Executives who were also Executive Directors, which was addressed in Note 18.2.

The Company has also introduced a flexible remuneration system called the "Flexible Remuneration Plan", which provides employees with the possibility of voluntarily modifying their remuneration package based on their personal needs, replacing a portion of their remuneration with the award of certain payments in kind. These products include a group life and retirement-related savings insurance plan. Participants may request that a portion of their gross annual remuneration be paid by the Company in the form of a premium for a Group life and retirement-related savings insurance policy. In this connection, the Senior Executives requested contributions of EUR 58 thousand from the Company, instead of the equivalent remuneration shown in the foregoing table (2018: EUR 193 thousand).

### 18.7. Other disclosures on remuneration

The agreements between the Company and Senior Executives, including one Executive Director, specifically provide for the right to receive the indemnities referred to in Article 56 of the Workers' Statute in the event of unjustified dismissal.

In order to encourage loyalty and long-service, a deferred remuneration scheme was recognised for thirteen Senior Executives, including one Executive Director. The scheme consists of extraordinary remuneration that will only be paid when one of the following circumstances occurs:

- Removal of the Senior Executive by mutual agreement upon reaching a certain age.
- Unjustified dismissal or termination by the Company at its discretion without any justification for dismissal, prior to the Senior Executive reaching the age initially agreed upon, if the amount of this remuneration exceeds that resulting from applying the Workers' Statute.
- The death or disability of the Senior Executive.
- To cover this incentive, each year the Company makes contributions to a Group savings insurance policy, of which the Company is both policyholder and beneficiary. These contributions are quantified on the basis of a certain percentage of the total monetary remuneration of each senior executive. The contributions made in 2019 amounted to EUR 1,991 thousand (2018: EUR 2,628 thousand), of which EUR 562 thousand relate

to Executive Directors. The figure displayed in the footnote to Table 18.6, corresponding to the departure of an Executive Director, does not affect the 2019 income statement, as the company expenses the amounts contributed during the year to the group savings insurance policy, regardless of when the amounts are received.

Individuals are occasionally hired to hold executive positions, mainly from abroad, in areas unrelated to senior management. The contracts of these individuals include certain clauses that provide for indemnities in the event of unjustified dismissal.

## 19. SHARE-BASED REMUNERATION SCHEMES

The share-based remuneration schemes linked to the share price of Ferrovia, S.A. granted to the executives of all the companies in the Group of which Ferrovia, S.A. is the head are granted directly by Ferrovia, S.A.

Therefore, the following disclosures relate to all the Group Companies' executive remuneration systems. However, there is a distribution agreement under which Ferrovia, S.A. passes on the impact of these systems to the various subsidiaries.

### Performance-based share plan

At year-end 2019, Ferrovia has two remuneration schemes in place for Ferrovia Group Executive Directors, senior executives and executives, consisting of a performance-based share plan.

- Plan approved by the Board of Directors on 29 October 2015. It covers the financial years 2016, 2017 and 2018. The annual cost of the plan may not exceed EUR 22 million for each of the three years and is conditional upon employees having at least three years' service at the Company from the moment it is granted (barring special circumstances) and upon the achievement during this period of ratios calculated on the basis of EBITDA as a percentage of net productive assets, investing activities and total shareholder return with respect to a comparable Group. As mentioned, the plan is intended for Executive Directors, senior executives and executives. The application of this plan to Executive Directors was authorised at the Company's Annual General Meeting held on 4 May 2016.
- Long-Term Incentive Plan approved by the Board of Directors on 28 February 2019. This Plan will be in effect for one year and the annual cost of the Plan may not exceed EUR 22 million. The Plan is conditional upon employees having at least three years' service at the Company from the moment it is granted (barring special circumstances) and upon the achievement during this period of ratios calculated on the basis of the return obtained and total shareholder return with respect to a comparable Group. The plan is intended for Executive Directors, senior executives and executives. The application of this Plan to Executive Directors was authorised at the Company's Annual General Meeting held on 5 April 2019, as communicated to the CNMV on the same day. The date of allocation of units for 2019 to the Executive Directors for the purpose of calculating the duration and terms and conditions of the aforementioned Plan was 15 February 2019.

There were 3,125,747 shares outstanding at 31 December 2019 relating to these plans.

The changes in the aforementioned remuneration schemes in 2019 and 2018 are summarised as follows:

	2019	2018
Number of shares at beginning of year	3,274,816	3,212,739
Plans granted	1,005,040	1,136,353
Plans settled	-724,787	-1,030,008
Shares surrendered and other	-408,762	-27,479
Shares exercised	-20,560	-16,789
Number of shares at year-end	3,125,747	3,274,816

This share award plan includes the plans described above in Note 19 on remuneration of Executive Directors and Senior Executives.

In 2019 the staff expenses recognised in the Company in relation to these remuneration schemes amounted to EUR 4,031 thousand (2018: EUR 4,954 thousand) with a balancing entry in equity. The lower expense compared to the previous year is explained by the degree of compliance with the plan, of 71.88% for the units granted in 2016 (2018: 100%).

Lastly, and without impact on these financial statements, on 19 December 2019, the Board of Directors approved a new long-term incentive plan. The plan will be in force for three years (from 2020 to 2022) and consists of providing Ferrovia, S.A. shares. The annual cost of the plan may not exceed EUR 22 million and is conditional upon employees having at least three years' service at the Company from the moment it is granted (barring special circumstances) and upon the achievement during this period of ratios calculated on the basis of business cash flow and total shareholder return with respect to a comparable Group. The plan is intended for Executive Directors, senior executives and executives. The application of this form of remuneration to Executive Directors will be submitted for approval at the next Annual General Meeting.

### Valuation of share delivery plan for objectives

These plans were accounted for as futures and, therefore, the value of the foreseeable dividends up to the delivery date is discounted to the value of the shares at the grant date, using a rate of return equal to the average cost of borrowings over the share award period, and they are equity settled and, therefore, they are measured when granted and the initially calculated value thereof is not re-estimated. The related amounts are recognised under "Staff Expenses" with a balancing entry in reserves.

## 20. INFORMATION ON RELATED PARTY TRANSACTIONS

As regards the information on related party transactions, the disclosures below relate to transactions performed by Ferrovia, S.A. and all of its subsidiaries.

### Legislation

In relation to the disclosures on transactions that the Company (or Group Companies) performs with related parties, Ministry of Economy and Finance Order EHA/3050/2004, of 15 September, on the information on related party transactions that must be disclosed by issuers of securities listed on official secondary markets must be taken into consideration.

Article 1.1 of the aforementioned order requires the inclusion in the half-yearly financial reports of quantified information on all the transactions performed by the reporting company with related parties. Also, Article 3.1 of the Order considers related party transactions to be any transfers of resources, services or obligations between related parties regardless of whether or not there is any consideration.

### Related party transactions

The commercial transactions between the Company (or its Group Companies) and related parties carried out in 2019 are disclosed below.

Where the profit or loss from a transaction cannot be stated, as it pertains to the entity or individual supplying the related good or service, the transaction has been marked with an asterisk (\*).

### a) transactions between Ferrovial, S.A and its significant shareholders, directors and senior executives

This line item includes the transactions performed (i) between Ferrovial S.A. and its significant shareholders, close family members or the entities over which those mentioned above might exercise significant influence; and (ii) between Ferrovial S.A. and its Directors, Senior Executives, close family members or the entities over which those mentioned above might exercise significant influence.

TRANSACTIONS WITH DIRECTORS AND SENIOR MANAGEMENT (Thousands of euros)	TRANSACTIONS	2019			2018		
		AMOUNT	PROFIT OR LOSS	BALANCE	AMOUNT	PROFIT OR LOSS	BALANCE
Bankia	Balance drawn down against guarantee facilities	-56,000	-	-56,000	-56,080	-	-56,080
Bankia	Services received	-368	-	-	-146	-	-

Information on remunerations and loans with Directors and Senior Executives can be consulted in Note 18.

### b) transactions between subsidiaries of Ferrovial, S.A and its significant shareholders, directors and senior executives

This line item includes the transactions performed (i) between the Company's subsidiaries and their significant shareholders, close family members or the entities over which those mentioned above might exercise significant influence; and (ii) by the Company's subsidiaries with their Directors, Senior Executives, close family members or the entities over which those mentioned above might exercise significant influence. If the party related to the Company had this consideration during a portion of the year, the transactions performed in that period are indicated.

NAME/COMPANY NAME	TRANSACTIONS	AMOUNT	PROFIT OR LOSS	BALANCE AT 2019	AMOUNT	PROFIT OR LOSS	BALANCE AT 2018
Rafael del Pino y Calvo-Sotelo	Services rendered	8	1	1	9	0	1
María del Pino y Calvo-Sotelo	Services rendered	12	2	0	10	-	-
Joaquín del Pino y Calvo-Sotelo	Services rendered	-	-	-	0	0	0
Ana María Calvo-Sotelo y Bustelo	Services rendered	97	7	0	98	2	2
Joaquín Ayuso García	Services rendered	6	1	0	0	0	0
Almirall Laboratorios	Services rendered	-	-	-	4	0	0
Altamira Asset Management	Services received	-12	0	0	-17	-	-
	Services rendered	4,743	152	813	6,93	336	2,425
Criu, S.L.	Services rendered	80	4	2	67	6	2
Cummins and Group Companies	Services received	-16	0	0	23	0	0
Maxam Holding and its Group Companies	Purchase of goods/services received	-6	0	0	-60	-	-
	Services rendered	0	0	0	0	0	0
Marsh and its Group Companies	Receipt of insurance services	-8,951	0	-16	-3,461	0	60
Meliá Hotels and its Group Companies	Receipt of hotel and catering services	-	-	-	-3	0	0
	Performance of construction works and maintenance and waste collection services	-	-	-	1,463	338	2
Bankia	Receipt of financial services	-1,49	0	0	-1,107	0	0
	Financing agreements. Guarantees	-69,509	0	-69,509	-91,421	0	-91,421
	Interest received	30	30	0	53	53	0
	Interest payment	-882	0	0	-894	0	0
	Balance drawn down against guarantee facilities	-100,7	0	-100,7	-94,36	0	-94,36
	Transactions with derivatives	-871	0	0	-1,01	0	0
Polan, S.A.	Services rendered	185	6	62	182	5	63
Rafael del Pino Foundation	Services rendered	0	0	0	6	0	0
	Services received	-	-	-	-1	0	0
Centro de Innovación de Infraestructuras Inteligentes Foundation	Collaboration agreements	-1,559	0	-44	-1,598	0	-18
	Services rendered	37	0	0	38	0	0
Red Eléctrica and its Group Companies	Construction works	-	-	-	1,697	240	-
	Services received	-	-	-	-33	0	0
Haya Real Estate, S.A.	Services rendered	38	4	47	-	-	-
Hispania Activos Inmobiliarios Socimi, S.A.	Services rendered	-	-	-	64	2	0
Lafarge Holcim and Group Companies	Purchase of cement and related materials	-2,616	0	-375	-5,101	0	-325
	External services	-51	0	-2	-86	0	24
	Waste collection	37	2	12	34	2	17
Sidecu, S.A.	Services rendered	1	0	0	2	0	1
Sulzer and Group Companies	Services received	-	-	-	-863	0	-111

### c) Transactions between Group Companies

The transactions between the subsidiaries and the Company which, in all cases form part of their ordinary businesses as regards purpose and conditions, are detailed in Note 16.

#### 21. CONFLICTS OF INTEREST

In accordance with the legislation in force (Article 229 of the Spanish Capital Companies Act), there were no direct or indirect conflicts of interest with the Company, without prejudice to the transactions of the Company (or the companies forming part of its Group) with related party transactions disclosed in the notes to the consolidated financial statements or, where applicable, to the resolutions relating to matters of remuneration or appointments.

#### 22. ENVIRONMENTAL POLICY

In view of its business activity, the Company does not have any environmental obligations, expenses, assets, liabilities or contingencies that might be material with respect to its equity, financial position or results.

#### 23. AUDITOR FEES

Details can be found below on the total fees relating to the audit of the financial statements, for both 2019 and 2018, in favour of the auditors of Ferrovia S.A. A breakdown of the fees billed for those years for audit-related services is also provided:

- Fees billed to Ferrovia S.A. for audit services: EUR 140 thousand (EUR 139 thousand in 2018).
- Fees billed to Ferrovia S.A. for audit services: EUR 108 thousand (EUR 98 thousand in 2018).

The auditor invoiced the Company for other services for the amount of EUR 47 thousand (2018: EUR 93 thousand).

#### 24. EVENTS AFTER THE REPORTING DATE

At the date of preparation of these financial statements there had not been any significant events subsequent to the reporting period.

#### 25. COMMENTS ON APPENDICES

**Appendix I** shows some information related to the Tax Scheme established in Articles 116 to 119 of Royal Decree 4/2004 of 5 March.

**Appendix II** contains a list of Group Companies, making a distinction between fully consolidated companies and equity-accounted companies.

# Appendix I. Information related to the tax system laid down in Articles 107 and 108 of Law 27/2014

In 2014 Ferrovial S.A. opted to be taxed under the regime established currently in Articles 107 and 108 of the Spanish Corporate Income Tax Act, of 27 November 2014, which became applicable from 1 January 2014 and, consequently, applied to the whole of 2019. Under this tax regime:

1. Dividends and capital gains obtained by Ferrovial arising from ownership interests in non-resident operating companies (which represent at least 5% of the share capital of these companies or which were acquired for more than EUR 20 million) are exempt from Corporate Income Tax if the requirements provided for in Article 21 of the Spanish Corporate Income Tax Act ("exempt income") are fulfilled.
  2. The dividends paid by Ferrovial with a charge to the aforementioned "exempt income", or to income arising from permanent establishments abroad to which the exemption provided for in Article 22 of the Spanish Corporate Income Tax Act is applicable are treated as follows:
    - i) Where the recipient is a non-resident shareholder in Spain (and does not operate through tax havens or by means of a permanent establishment in Spain), dividends are not subject to withholdings or taxation in Spain.
    - ii) Where the recipient is an entity subject to Spanish Income Tax, the dividends received shall give rise to the exemption in order to avoid double taxation of dividends of resident entities included in Article 21 of the Spanish Corporate Income Tax Act ("exempt income"), if the requirements provided for in the aforementioned law are met.
    - iii) Where the recipient is a natural person resident in Spain subject to personal income tax (IRPF), the dividends received shall be considered savings income and the tax credit for the avoidance of double taxation in Spain may be taken in accordance with the terms of the Personal Income Tax Act, with respect to the taxes paid abroad by Ferrovial.
- In 2019 all of the dividends paid by Ferrovial were paid out of "exempt income".
3. The capital gains obtained by the shareholders of Ferrovial arising from the transfer of their ownership interests in the Company are treated as follows:
    - iv) Where the shareholder is a non-resident in Spain (and does not operate through tax havens or a permanent establishment in Spain) the portion of the capital gain that relates to the reserves recognised by Ferrovial with a charge to the aforementioned "exempt income" or to changes in value attributable to Ferrovial's investments in non-resident entities that meet the requirements to be able to apply the foreign income exemption established in Articles 21 and 22 of the Spanish Corporate Income Tax Act shall be deemed not subject to taxation in Spain.

v) Where the shareholder is an entity subject to Spanish income tax with an ownership interest in Ferrovial that meets the requirement (5% ownership interest in the share capital or that the acquisition cost of the ownership interest exceeds EUR 20 million and it has been held for one year), the exemption provided for in Article 21 of the Spanish Corporate Income Tax Act may be applied.

vi) Where the shareholder is a natural person resident in Spain subject to personal income tax, it shall pay tax on the capital gain obtained in accordance with the standard income tax rules.

The amount of exempt income pursuant to Article 21 and 22 of the Spanish Corporate Income Tax Act (LIS) obtained by Ferrovial in 2019 and the related tax paid abroad are as follows (in euros):

## A) EXEMPTION FOR FOREIGN SOURCE DIVIDENDS AND INCOME:

### a.1 Exemption for foreign source dividends:

#### A.1 Exemption for foreign source dividends:

(Amount in euros)	
FERROVIAL S.A.	444,000,000.00
Ferrovial International SE Dividend	444,000,000.00
<b>TOTAL</b>	<b>444,000,000.00</b>

### a.2 Exemption for income from permanent establishments abroad:

No income was obtained from permanent establishments abroad during the year.

## B) EXEMPTION FOR FOREIGN-SOURCE CAPITAL GAINS:

No tax-exempt foreign-source capital gains were obtained in 2019.

The sale of the Greek toll roads in 2018 resulted in a capital gain, which is still pending application of the exemption set out in Article 21 of the Spanish Corporate Income Tax Act (LIS) for EUR 84,825,069.03. The tax-exempt amount has risen to EUR 11,307,039.92.

In the years prior to 2018, no capital gains were obtained to which the exemption included in Article 21 of the Spanish Corporate Income Tax Act is applicable because (i) either the sales were made between Group Companies and were eliminated on preparation of the consolidated tax return, (ii) or they were reported in corporate restructuring transactions, which opted for the tax neutrality regime provided for in Article 76 et seq of the Spanish Corporate Income Tax Act. Nevertheless, the capital gains that would have been reported for tax purposes had these regimes not been not applicable (consolidated tax or tax neutrality) are as follows:

### b.1 Elimination of capital gains for intra-group sales of foreign companies:

None took place during 2019.

### b.2 Deferred capital gains arising in corporate restructuring processes:

	(Amount in euros)
Ferrovial, SA	1,940,292,200.15
Cintra Infraestructuras Irlanda, SLU	6,143,952.38
<b>TOTAL</b>	<b>1,946,436,152.53</b>

In order to enable the shareholders of Ferrovial to adopt the aforementioned tax regime, the Company performed a market assessment at the end of the year of its ownership interests (held directly and indirectly through investments in other entities that have adopted this special tax regime) in non-resident entities and permanent establishments abroad that meet the requirements to be able to apply the foreign source income exemption established in Articles 21 and 22 of the Spanish Corporate Income Tax Act.

The result of this assessment means that these assets represent 91% of the total market value of Ferrovial. At 31 December 2018, this percentage amounted to 92%.

#### Taxation of Ferrovial's Scrip Dividend

In 2019 Ferrovial S.A. implemented two shareholder remuneration schemes under a framework known as the "Ferrovial Scrip Dividend", which provide the Company's shareholders with the free choice of (i) receiving newly issued bonus shares of the Company; (ii) transferring in the market the bonus issue rights relating to the shares held by them; or (iii) receiving a cash amount through the transfer to Ferrovial of the aforementioned bonus issue rights.

Set forth below are the main tax implications of these schemes, based on the tax legislation in force in Spain except for Navarre and the Basque Country and on the interpretation made by the Spanish Directorate-General of Taxes in its response to several requests for binding rulings.

**Delivery of new shares:** For tax purposes, the delivery of new shares is considered to be a delivery of bonus shares and, therefore, does not constitute income for the purposes of personal income tax, income tax or non-resident income tax, regardless of whether or not the recipients of these shares act through a permanent establishment in Spain. The delivery of new shares is not subject to withholdings or pre-payments. The acquisition cost, both of the new shares and the shares to which they relate, will be the result of distributing the total cost of acquisition for tax purposes of the portfolio by the number of shares; both the original shares and the bonus shares that relate to them. The age of the bonus shares will be the age that relates to the shares that gave rise to them. Consequently, in the event of their subsequent transfer, the income obtained will be calculated by reference to this new value.

**Sale to the market of the bonus issue rights:** If the shareholders sell their bonus issue rights to the market, the amount obtained will not be subject to withholdings or pre-payments and will be subject to the tax rules indicated below (applicable until the end of 2016) (\*):

- a. In the case of personal income tax and non-resident income tax applicable to shareholders without a permanent establishment in Spain, the amount obtained on the sale to the market of the bonus issue rights is subject to the same rules established in tax legislation for pre-emption rights. Consequently, the amount obtained on the sale of the bonus issue rights reduces the acquisition cost for tax purposes of the shares which give rise to such rights, pursuant to Article 37.1.a) of Personal Income Tax Act 35/2006, of 28 November, and pursuant to Final Provision Six of Law 26/2014, of 27 November, amending Personal Income Tax Law 35/2006, of 28 November, the Consolidated Spanish Non-Resident Income Tax Act approved by Legislative

Royal Decree 5/2004, of 5 March, and other tax legislation. Therefore, if the amount obtained on the sale of the bonus issue rights is higher than the acquisition cost of the shares which gave rise to them, the difference is considered to be a capital gain for the seller in the tax period in which this occurs; all of the foregoing without prejudice to the potential application to non-resident income tax payers not operating through a permanent establishment in Spain of the tax treaties entered into by Spain to which they could be entitled or to the exemptions that may be applicable to them under Spanish domestic law.

- b. In the case of Corporate Income Tax and Non-Resident Income Tax applicable to shareholders operating through a permanent establishment in Spain, to the extent that a full business cycle is completed, tax will be paid in accordance with the applicable accounting standards and, if appropriate, with any special tax rules that may apply to the shareholders subject to the aforementioned taxes.

**Sale to Ferrovial of the bonus issue rights:** Lastly, if the holders of bonus issue rights decide to avail themselves of the Ferrovial Purchase Commitment, the tax regime applicable to the amount obtained on the sale to Ferrovial of the bonus issue rights received in their capacity as shareholders will be as follows:

- i) If the shareholder is a natural person resident for tax purposes in Spain or a legal entity that does not satisfy the requirements to apply the exemption provided for in Article 21 of Spanish Corporate Income Tax Act 27/2014, the applicable tax regime shall be the regime which applies to the dividends paid directly in cash and, therefore, the amount obtained will be subject to the corresponding withholding tax.
- ii) If the shareholder is a natural person or legal entity not resident for tax purposes in Spain or a tax haven, and does not operate through a permanent establishment in Spain, the amount obtained shall not be subject to taxation in Spain pursuant to Chapter XIII of Title VII of Spanish Corporate Income Tax Act 27/2014, and, therefore, shall not be subject to withholding tax. In these cases, for this regime to apply the shareholder shall be required to evidence its tax residence by providing the corresponding certificate issued by the tax authorities in question.
- iii) If the shareholder is a legal entity resident in Spain for tax purposes or, if it is not a tax resident but operates through a permanent establishment in Spain and satisfies the requirements for the application of the exemption provided for in Article 21 of Spanish Corporate Income Tax Act 27/2014, the amount obtained shall be exempt from taxation in Spain and, therefore, shall not be subject to withholding tax.

It should be borne in mind that the taxation scenarios of the various options relating to the scheme known as the "Ferrovial Scrip Dividend" set out above do not explain all the possible tax consequences. Accordingly, the shareholders should consult their tax advisers on the specific tax effect of the proposed scheme and pay attention to any changes that could take place, both in in-force legislation and in the criteria of the interpretation thereof, as well as the particular circumstances of each shareholder or holder of bonus issue rights.

(\*) During 2018, this tax regime was slightly amended.



# Appendix II

## SUBSIDIARIES (FULLY CONSOLIDATED COMPANIES). 2019

The carrying amount of the ownership interest presented relates to that recognised at the individual company which holds the direct ownership interest in each subsidiary.

COMPANY	LOCATION	AUDITOR	% OWNERSHIP PARTICIPACION	GROSS INVESTMENT	IMPAIRMENTS	CARRYING AMOUNT	SHARE CAPITAL	SHARE PREMIUM AND RESERVES	OTHER CHANGES IN EQUITY	NET PROFIT/(LOSS) FOR THE YEAR	TOTAL EQUITY
Ferrovial Internacional SE	Amsterdam, The Netherlands		100.00%	6,492	0	6,492	743	5,280	-444	53	5,632
Ferrovial Agroman S.A.	Madrid, Spain	Deloitte	99.99%	711	0	711	234	543	0	36	812
Cintra Infraestructuras España, S.L.	Madrid, Spain	Deloitte	99.00%	654	0	654	58	639	-234	249	712
Ferrofin S.L. (i)	Madrid, Spain		47.99%	241	-37	204	49	347	0	29	425
Landmille Ireland DAC	Dublin, Ireland	BDO	100.00%	445	-347	99	86	11	0	2	99
Ferrovial FISA, S.L.	Madrid, Spain		99.99%	215	-155	60	18	40	0	2	60
Ferrovial Aeropuertos España, S.A.	Madrid, Spain	Deloitte	99.00%	74	-62	12	2	24	0	-14	12
Krypton RE, S.A.	Luxembourg	Deloitte	99.97%	8	0	8	4	6	2	2	14
Ferrovial Corporación, S.A.	Madrid, Spain	Deloitte	99.99%	5	0	5	5	10	0	-11	5
Betonial, S.A.	Madrid, Spain		99.00%	8	-4	4	4	1	0	0	5
Temauri, S.L.	Madrid, Spain		99.97%	10	-5	4	0	6	0	-2	4
Autovía de Aragón S.C., S.A.	Madrid, Spain	Deloitte	15.00%	3	0	3	19	4	0	9	31
Can-am, S.A.	Madrid, Spain		100.00%	3	-2	2	0	1	0	0	2
Triconitex, S.L.	Madrid, Spain		99.99%	12	-10	1	1	0	0	0	1
Ferrocop UK Limited	Oxford, United Kingdom	Deloitte	100.00%	1	0	1	1	0	0	0	1
Pilum, S.A. (a)	Madrid, Spain		15.00%	1	0	1	0	5	0	0	5
Ferrovial Services Netherlands BV (a)	Amsterdam, The Netherlands		100%	331	-331	1	35	-34	0	0	1
Ferrovial Inversiones, S.A.	Madrid, Spain		99.58%	0	0	0	1	0	0	0	1
Ferrovial Emisiones, S.A.	Madrid, Spain	Deloitte	99.00%	0	0	0	0	19	0	5	23
Ferrovial Mobility, S.A.	Madrid, Spain		100.00%	4	0	4	0	4	0	0	4
Ferrovial 001, S.A.	Madrid, Spain		100.00%	0	0	0	0		0	0	0
Ferrovial 002, S.A.	Madrid, Spain		100.00%	0	0	0	0		0	0	0
Ferrovial 003, S.A.	Madrid, Spain		100.00%	0	0	0	0		0	0	0
Ferrovial Aravia, S.A. (a)	Madrid, Spain		15.00%	0	0	0	0	0	0	1	2
<b>INVESTMENTS IN GROUP COMPANIES</b>				<b>9,218</b>	<b>-952</b>	<b>8,266</b>	<b>1,260</b>	<b>6,906</b>	<b>-676</b>	<b>361</b>	<b>7,851</b>

(a) Held for sale. See Note 2.4.

(i) The remaining percentage belongs to Ferrovial Agroman, S.A.

## SUBSIDIARIES (FULLY CONSOLIDATED COMPANIES). 2018:

COMPANY	LOCATION	AUDITOR	% OWNERSHIP PARTICIPACION	GROSS INVESTMENT	IMPAIRMENTS	CARRYING AMOUNT	SHARE CAPITAL	SHARE PREMIUM AND RESERVES	OTHER CHANGES IN EQUITY	NET PROFIT/(LOSS) FOR THE YEAR	TOTAL EQUITY
Ferrovial Internacional SE	Amsterdam, The Netherlands		100.00%	6,178	0	6,178	743	5,282	-619	702	6,109
Ferrovial Agroman S.A.	Madrid, Spain	Deloitte	99.99%	711	0	711	234	555	0	-13	776
Cintra Infraestructuras España, S.L.	Madrid, Spain	Deloitte	99.00%	696	0	696	58	516	125	-3	696
Ferrovial Servicios S.A. (a)	Madrid, Spain	Deloitte	99.99%	264		264	166	68	-41	51	245
Ferrofin S.L. (i)	Madrid, Spain		47.99%	241	-51	190	49	443	0	-97	396
Landmille Ireland DAC	Dublin, Ireland	BDO	100.00%	445	-353	92	82	300	29	-318	92
Ferrovial FISA, S.L.	Madrid, Spain		99.99%	215	-157	57	18	41	0	-2	57
Ferrovial Aeropuertos España, S.A.	Madrid, Spain	Deloitte	99.00%	48	-48	1	2	-17	30	-14	1
Krypton RE, S.A.	Luxembourg	Deloitte	99.97%	8	0	8	4	6	0	2	12
Ferrovial Corporación, S.A.	Madrid, Spain	Deloitte	99.99%	5	0	5	5	8	0	2	15
Betonial, S.A.	Madrid, Spain		99.00%	8	-4	4	4	1	0	0	5
Temaury, S.L.	Madrid, Spain		99.97%	10	-4	6	0	-2	10	-2	6
Autovía de Aragón S.C., S.A.	Madrid, Spain	Deloitte	15.00%	3	0	3	19	4	12	8	43
Can-am, S.A.	Madrid, Spain		100.00%	3	-2	2	0	1	0	0	2
Triconitex, S.L.	Madrid, Spain		99.99%	12	-10	1	1	0	0	0	1
Ferrocop UK Limited	Oxford, United Kingdom	Deloitte	100.00%	1	0	1	1	0	0	0	1
Pilum, S.A. (a)	Madrid, Spain		15.00%	1	0	1	0	0	5	0	5
Ferrovial Services Netherlands BV (a)	Amsterdam, The Netherlands		100%	331	-331	1	33	297	-330	0	0
Ferrovial Inversiones, S.A.	Madrid, Spain		99.58%	0	0	0	1	0	0	0	1
Ferrovial Emisiones, S.A.	Madrid, Spain	Deloitte	99.00%	0	0	0	0	16	-7	3	12
Wondo, S.L.	Madrid, Spain		100.00%	1	-1	0	0	0	1	-1	0
Ferrovial 001, S.A.	Madrid, Spain		100.00%	0	0	0	0	0	0	0	0
Ferrovial 002, S.A.	Madrid, Spain		100.00%	0	0	0	0	0	0	0	0
Ferrovial 003, S.A.	Madrid, Spain		100.00%	0	0	0	0	0	0	0	0
Ferrovial Aravia, S.A. (a)	Madrid, Spain		15.00%	0	0	0	0	0	0	0	1
<b>INVESTMENTS IN GROUP COMPANIES</b>				<b>9,181</b>	<b>-959</b>	<b>8,221</b>	<b>1,419</b>	<b>7,519</b>	<b>-785</b>	<b>318</b>	<b>8,475</b>

(a) Held for sale. See Note 2.4.

(i) The remaining percentage belongs to Ferrovial Agroman, S.A.

# Authorisation for issue by the Board of Directors

The preceding pages contain the annual accounts – balance sheet, income statement, statement of changes in equity, cash statement and notes to the annual accounts – and the Management Report of Ferrovial, S.A. for the year ended 31 December 2019, which were authorised for issue by the Company's Board of Directors at its meeting held in Madrid on 27 February 2020 and which, pursuant to Article 253 of the Spanish Companies Act, are signed below by the directors who attended the meeting.

\_\_\_\_\_  
Rafael del Pino y Calvo-Sotelo  
Chairman

\_\_\_\_\_  
Ignacio Madrdejos Fernández  
CEO

\_\_\_\_\_  
María del Pino y Calvo-Sotelo  
Director

\_\_\_\_\_  
Santiago Fernández Valbuena  
Director

\_\_\_\_\_  
José Fernando Sánchez-Junco Mans  
Director

\_\_\_\_\_  
Joaquín del Pino y Calvo-Sotelo  
Director

\_\_\_\_\_  
Óscar Fanjul Martín  
Director

\_\_\_\_\_  
Philip Bowman  
Director

\_\_\_\_\_  
Hanne Birgitte Breinbjerg Sørensen  
Director

\_\_\_\_\_  
Bruno Di Leo  
Director

\_\_\_\_\_  
Juan Hoyos Martínez de Irujo  
Director

\_\_\_\_\_  
Gonzalo Urquijo Fernández de Aroz  
Director

The Secretary non-Director of the Board of Directors states for the record that the Director Mr. Philip Bowman has not signed this document because he has attended the meeting of the Board of Directors held on 27 February 2020 by telephone. This Director has voted in favour of the approval of the financial statements and the management report of Ferrovial, S.A. for the year ended 31 December 2019.

\_\_\_\_\_  
Mr. Santiago Ortiz Vaamonde

Secretary non-Director of the Board of Directors



# **Auditor's Report**

*Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.*

## **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

To the Shareholders of Ferrovial, S.A.,

### **Report on the Financial Statements**

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#### **Opinion**

We have audited the financial statements of Ferrovial, S.A. (the Company), which comprise the balance sheet as at 31 December 2019, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2019, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.1 to the financial statements) and, in particular, with the accounting principles and rules contained therein.

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#### **Basis for Opinion**

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Impairment of ownership interests in Group companies and associates

### Description

The Company has ownership interests in the share capital of Group companies and associates that are not listed on regulated markets, as detailed in Note 6.

The assessment of the recoverable amount of those ownership interests requires the use of significant judgements and estimates by Company management, both when choosing the valuation method and when taking into consideration the key assumptions (estimation of future margins, growth levels, use of discount rates, EBITDA multiples, etc.)

As a result of the foregoing, as well as the significance of the investments held, which amounted to EUR 8,945 million at year-end and for which an impairment loss of EUR 622 million was recognised, we considered the situation described to be a key matter in our audit.

### Procedures applied in the audit

Our audit procedures included, among others, the review of the design and implementation of the relevant controls that mitigate the risks associated with the process to assess the impairment of the investments in Group companies and associates, as well as tests to verify that the aforementioned controls operate effectively.

We also performed substantive tests based on the obtainment of the valuation studies conducted by Company management on the aforementioned ownership interests, verifying the clerical accuracy of the studies and analysing the reasonableness of the main assumptions used (basically those relating to estimated future cash flows) and their consistency with the approved budgets, as well as with the historical information relating to the investees.

We also involved our internal valuation specialists in order to evaluate, mainly, the methodology employed by the Company in the analysis conducted and the discount rates and EBITDA multiples considered.

In addition, we reviewed the sensitivity analyses of the key assumptions, which are those with the greatest effect on the determination of the recoverable amount of the assets.

Lastly, we checked that the disclosures included in Note 6 to the accompanying financial statements in connection with this matter are in conformity with those required by the applicable accounting regulations.

### Emphasis of Matter

We draw attention to Note 2.3 to the financial statements, which details the accounting impacts that the merger with Ferrovial Internacional, S.L.U. had on the balance sheet and the statement of profit or loss for 2018, once it has been registered at the Mercantile Registry in 2019. Our opinion is not modified in respect of this matter.

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## **Other Information: Directors' Report**

The other information comprises only the directors' report for 2019, the preparation of which is the responsibility of the Company's directors and which does not form part of the financial statements.

Our audit opinion on the financial statements does not cover the directors' report. Our responsibility relating to the information contained in the directors' report is defined in the audit regulations in force, which establish two distinct levels of responsibility in this regard:

- a) A specific level that applies to certain information included in the Annual Corporate Governance Report, as defined in Article 35.2.b) of Spanish Audit Law 22/2015, which consists solely of checking that the aforementioned information has been provided in the directors' report and, if this is not the case, reporting this fact.
- b) A general level applicable to the other information included in the directors' report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the financial statements, based on the knowledge of the entity obtained in the audit of those financial statements and excluding any information other than that obtained as evidence during the audit, as well as evaluating and reporting on whether the content and presentation of this section of the directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above was provided in the directors' report and that the other information in the directors' report was consistent with that contained in the financial statements for 2019 and its content and presentation were in conformity with the applicable regulations.

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## **Responsibilities of the Directors and of the Audit Committee for the Financial Statements**

The directors are responsible for preparing the accompanying financial statements so that they present fairly the Company's equity, financial position and results in accordance with the regulatory financial reporting framework applicable to the Company in Spain, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the process involved in the preparation and presentation of the financial statements.

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## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in Appendix I to this auditor's report. This description, which is on pages 5 and 6, forms part of our auditor's report.

## **Report on Other Legal and Regulatory Requirements**

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### **Additional Report to the Audit Committee**

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit committee dated 26 February 2020.

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### **Engagement Period**

The Annual General Meeting held on 5 April 2019 appointed us as auditors for a period of one year from the year ended 31 December 2018, i.e., for 2019.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the financial statements uninterrupted since the year ended 31 December 2010.

DELOITTE, S.L.  
Registered in ROAC under no. S0692



Miguel Laserna Niño  
Registered in ROAC under no. 18207

27 February 2020



## **Appendix I to our auditor's report**

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the financial statements.

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### **Auditor's Responsibilities for the Audit of the Financial Statements**

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the use by the directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the entity's audit committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the entity's audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.