Madrid, February 1, 2024 – 09:00 Est – 15:00 CET – Transcript of the Capital Markets Day – New York

CORPORATE PARTICIPANTS

Silvia Ruiz	**– Ferrovial SE – Investor Relations Director**
Rafael del Pino	**– Ferrovial SE – Chairman**
Ignacio Madridejos	**– Ferrovial SE – CEO**
Ernesto López Mozo	**– Ferrovial SE – CFO**
Andrés Sacristán	**– Cintra – CEO**
Luke Bugeja	**– Ferrovial Airports – CEO**
Ignacio Gastón	**– Ferrovial Construction – CEO**

00:00:03
Silvia Ruíz – Director of Investor Relations – Ferrovial

Good morning everyone. My name is Silvia Ruiz. I'm Head of Investor Relations at Ferrovial, and I would like to welcome you to Ferrovial's Capital Markets Day here in New York.

First of all, I would like to introduce the agenda for today. So we will be having some opening remarks from our Chairman Rafael del Pino, followed by our CEO Ignacio Madridejos that will cover our strategic priorities.

After him, we will have presentations from the CEOs of the main business divisions, Cintra, Airports and Construction. And the final presentation will be held by our CFO, Ernesto López Mozo. After the presentations, we will be having a Q&A session.

For those of you that are following us online, please feel free to send your questions anytime during the event and I will be reading them aloud later.

All the presentations are now available on the website, and in the coming weeks we will be also publishing an investor pack consisting of a factbook containing detailed information on all the projects, and also an Excel file with some historical figures.

Before starting, and apologies for the size, please take a moment to look at the screen at the Safe Harbor Statement. Don't worry, I'm not going to read it now, it is available on the website, but please bear in mind that these presentations contain forward-looking statements and expectations that could be suffered from risks and uncertainties, so actual figures may differ.

And with all this, please let me welcome on stage our Chairman Rafael del Pino.

00:01:49
Rafael del Pino – Chairman – Ferrovial

So thank you Silvia and good morning everyone. This is a big day for Ferrovial. It is our first Capital Markets Day in New York and in the US. We have been operating in North America for almost 25 years, since we got our first project in Canada in mid 99 and in the US for almost 20 years, since mid, third quarter of 2004.

We are embarking on a journey of growth. We have been delivering important infrastructure projects that improve the quality of life of its users and all those around the infrastructure, and while contributing to solving congestion problems around large cities in the US.

We have built solid credentials. We have all these Managed Lanes projects in Texas, in Virginia and elsewhere, and we are now building a very emblematic project here in New York with the new Terminal One at JFK. The extensive infrastructure needs of the US highlight the importance of our projects that also contribute to economic growth and offer important development opportunities for us in the future.

Our value proposition generates value for all stakeholders and as you will see during the presentation today and in the future, we aim to be one of the leading infra companies that provide solutions to congestion issues and the challenges of urban growth. So now please join me in welcoming Ignacio Madridejos, Ferrovial's CEO, Ignacio the floor is yours.

00:03:50
Video narration

Since 1952, Ferrovial has promoted the progress and development of communities by betting on a better future for generations to come. We tackle complex problems through innovation and nimble thinking that results in designing and building sustainable infrastructure solutions to transform the way people live, work and connect.

Our expertise extends beyond construction, encompassing financing, operation and major asset management, ensuring long term value for stakeholders and lasting positive impacts on the communities we serve.

Our combined capabilities across highways, airports and construction create a unique competitive advantage, allowing us to execute complex projects with unparalleled efficiency and financial strength.

This approach began with our early international endeavours, starting with the groundbreaking 407 ETR highway project in Toronto, Canada, and continuing with the acquisition of iconic assets like London Heathrow Airport, the busiest hub in Europe.

Two decades ago, we pioneered our entry into the US market with a project in Dallas-Fort Worth and further solidifying our presence with the acquisition of a leading Texas construction company. Today, we operate five express lanes across Texas, North Carolina, and Virginia, while developing key infrastructure projects like the new Terminal One at JFK airport, committed to improving global transportation and propelling social economic growth.

At Ferrovial, our assets are more than just infrastructure. They are catalysts for economic growth, engines of social progress and all with an eye towards environmental sustainability.

We are committed to improving people's lives and creating a connected, sustainable world for everyone. Just as it was 70 years ago, our commitment and purpose remain unwavering. We are builders of opportunity, drivers of change and engineers of a better tomorrow. We are Ferrovial, developing infrastructure for a world on the move.

00:05:58
Ignacio Madridejos – CEO – Ferrovial

Hello, and welcome to Ferrovial's Investors Day.

It's good to see some familiar faces, investors who have followed the company for many years now and also some new faces, hopefully new local investors. Today I will talk about two topics. First, about who we are, and second why Ferrovial is special.

Ferrovial is one of the leading road and airport infrastructure companies in North America. The video was a very good introduction about Ferrovial but let me give you some additional facts to understand better our company. The first one is value creation.

Over the last ten years, our total annual shareholder return was 12%. The market cap at the end of last year, USD 27 billion. And over the years, we have maintained financial discipline with a BBB investment grade rating by S&P and Fitch. Most of the value of the company is in North America. According to equity analysts, at the end of last year, the value of the company in North America was 80% of the total value - and this is the market where we want to grow.

Main strength is the 24,000 team of hard-working employees, and the skilled and experienced management team, who truly represents the value of the company. And sustainability is at the core of our strategy and that's the reason we have been in the Dow Jones Sustainability Index for the last 22 consecutive years.

Ferrovial provides solutions to some of the complex problems in our cities, like traffic congestion or facilitating the energy transition and we do that developing and operating innovative, efficient and sustainable infrastructure for a world on the move.

Our business model is an integrated platform that participates in the whole infrastructure cycle. We differentiate from infrastructure funds in that we do or participate mainly in greenfield and yellowfield projects, and we differentiate from construction companies in that we take equity participation in the concessions that we develop.

We are organized in four business units, the largest one in terms of equity value is the Toll Roads division that we develop congestion relief solutions in the US and Canada, with six key assets and many opportunities to grow.

In Airports we have NTO which is a very good sample, very close to here, at JFK airport, but we have been also the largest industrial investor in Heathrow for the last 17 years, almost 18 years now. There we have invested GBP 12 billion in order to improve the facilities there and improve the customer service. We are at the end of this investment, as we had announced at the end of November, and there we rotate the capital in order to recycle it into other greenfield projects with potential high returns.

Energy is an incipient business unit, building on our knowledge of the industry and the integrated model to support the development of infrastructure for the energy transition.

And finally Construction, Construction is the origin of the company. We support the concession business with best-in class engineering capabilities to be competitive in greenfield and yellowfield projects. Over the years, we have developed best-in-class capabilities with over 20 years of data from concessions, we are able to optimize revenues in the long term with the latest technologies. As i mentioned previously, we are a construction company in the region and because of that, we have a cost optimization culture, the use of limited resources, but always looking at the long-term value of our assets.

We have an integrated model participating in the whole cycle, from the conceptualization of the projects to the design, the building, the construction, the financing, the operations and the maintenance of the asset. Financial discipline is key when you talk about complex infrastructure projects, and there you need to understand very well the risk, you need to find ways to compensate the risk and also price them correctly. Developing infrastructure is a very local business, and because of that, we complement our skills with local partners, mainly contractors and investors.

And also we need the support of local communities and local authorities is something that we have built over the years in order to develop infrastructure to support the communities.

Let me move now to explain why Ferrovial, why Ferrovial is special. First, because we have unique infrastructure assets in North America with the potential to grow above GDP and inflation. Second, because we have a very good pipeline of potential similar assets in North America. Third, because we aim to create value beyond North America in selected geographies where we have capabilities and with a business model of rotating mature assets to recycle capital. And four, because we have the cash-flow generation and the financial discipline to seek long-term value for our shareholders.

One characteristic of our unique assets in North America is that revenues have the potential to grow above GDP. One reason is the location of our assets. They are in places that are expected to grow above the average of the US and Canada. This is the case, for instance, of Dallas Fort Worth or the Charlotte Express Lane that over the last decade they have grown 1.2 percentage points above the average of the US. We are also located in places with population growth.

This is the case of the 407, that according to third parties, is expected to add 2.8 million new immigrants by 2046. Also, the I-66 in Virginia is located in one of the areas of the US with the highest GDP per capita and the New Terminal One very close to here at JFK is serving the traffic growth of the largest metropolis in the US.

But it is not only about the location of our assets, it's also that we are the owners of the non-congested capacity in our concessions. Because of that, we can capture a relevant part of this traffic growth compared to the alternatives that are saturated. But of course, always maintaining the level of service that we give to our users.

Second characteristic of our unique assets in North America is the ability to capture value provided to users. Most of our users select our assets when they need to arrive on time to a relevant event, and they do that because they appreciate the time savings and the reliability of our assets compared to congested alternatives. And it is not only that they prefer our assets when the alternative is congested, they also prefer because of the higher safety, because of the convenience or because of the peace of mind. We have a flexible pricing scheme in our assets, some of them freedom to set toll rates. Others, like the Dallas-Fort Worth Express Lane, they have a soft cap increasing with inflation, and that can be above that soft cap with certain traffic parameters. And the New Terminal One at JF Kennedy is an unregulated terminal in which the tariffs are defined in individual negotiations with commercial airlines. This flexible pricing allows us to set toll rates above inflation.

A third characteristic of our unique infrastructure assets in North America is the long duration of our concessions. The average time of our portfolio is 55 years - this is quite unique in our industry. We have our very own assets, like the 35 West that opened the 3C extension just in June last year, or the I-66 that opened to traffic at the end of '22 - even the NTO is under construction.

These assets have a higher discount rate that should be reduced once the construction and traffic ramp-up risks are eliminated, increasing the value of the assets. Another characteristic of young assets is that because the cash flows are expected to grow above GDP and inflation, larger cash flows are at the end of the concession. Every year we are closer to these larger cash flows, increasing the value of our assets. This is what we call the rolling forward effect. And we can also develop similar assets in North America.

There is a high deficit of infrastructure in North America. Third parties are estimating a 4 trillion funding gap by 2040. If you add that some of these local administrations, they have high deficits. They are working more and more with private partners to accelerate a needed infrastructure, allowing the use of public funds for other alternatives.

Additionally, cities are growing. It's expected, according to third parties, that 90% of the US residents will live in cities by 2050. We need now additional express lanes to reduce additional congestion in cities in the future. Also, in terms of air traffic, is expected to grow in the US by 157% by 2040, and we need additional airport infrastructure to facilitate that air traffic growth.

To transform these opportunities into specific projects, we have a local business development team that over the last 20 years, have been working with local authorities in order to analyze the financial and technical feasibility of projects.

These projects, they have been transformed into a pipeline that we are expected to materialize into bids in the coming years. Later, Andres will talk in more detail about some of these opportunities. In the case of Airports, also, the New Terminal One could be a very good reference for other local airport authorities that they need to accelerate airport infrastructure to cope with additional growth. And we can create value beyond North America. It is the case of India.

India is an economy that is growing one of the highest in the world. It's expected that the GDP growth over the next five years on average will be 6.3%, according to third parties. Also, the population in India is expected to grow. According to third parties, it will add 600 million additional population in the middle class by 2045. And with that, the number of new vehicles on the road. Also it is a country that has been working with private partners in order to accelerate a needed infrastructure, and is one of the largest toll road pipelines in the world.

We are very well positioned to support this growth through our investment in IRB. We acquired a 24.9% of IRB two years ago. It is a company that can participate in yellowfield and greenfield projects, and also has a very solid track record because last year they added three toll roads to its portfolio.

We can also develop other infrastructure to create value for our shareholders. Toll roads and energy transition infrastructure projects in geographies that we have capabilities that lead us to competitive advantages.

It is the case, for instance, of the Silvertown Tunnel that we expect to open to traffic next year. Or the Centella transmission line in Chile that we expect to start operations also in the first quarter of this year. In the case of Airports, we have an asset specific approach, our preference is bilateral negotiations in places where we have capabilities, airport operational capabilities or CapEx need capabilities. And in all assets, we have a business model of rotating material assets to recycle the capital into other greenfield projects with higher returns.

Let me move to the solid cash flow generation and financial discipline. The way to value our company from a financial point of view is through discounted cash flows. The main indicator for our company is dividends coming from infrastructure assets, and these dividends from existing infrastructure assets are expected to grow in the following years.

First, because some of them are very young. 35 West that had an extension opened in the 3C in June last year and gave last year first dividend. I-77, according to the public contract, could give the first dividend this year, 2024. And the I-66 also potentially could give the first dividend at the end of this year.

In the case of Airports, they stopped distributions to shareholders at the beginning of the Covid and hopefully something that changes soon. NTO, the New Terminal One at JFK also will give first dividends once the construction is finalized. And for all assets that potentially are growing above GDP and inflation, with that, we have operating leverage, financial leverage that could give additional dividends.

Other sources of cash are potential new investment in express lanes that could give more dividends, the construction business that historically has been a cash flow generator for the company, or the business model that I mentioned previously, the asset rotation of mature assets, recycling the capital.

Our capital allocation. We want to achieve two objectives: invest for growth, but also a solid shareholder remuneration. Let me explain the rationale about capital allocation. First, it is about committed investments. Today we have EUR 0.9 billion of committed investment, most of them related to the New Terminal One. Only this year, equity contributions to the New Terminal One are going to be USD 500 million.

Second, to maintain the financial discipline that we have maintained over the years. The BBB investment rating that we want to maintain. And then equity investment the top priority, as you know, express lanes in the US. And we have a good portfolio. However, we don't know how many of these we'll be bidding for in the following years, and we don't know how many of those we will win. But we have long term projections, ten year projections in which we have scenarios and forecasts about the capital that is going to be needed in the future if we win some of these opportunities.

Also, we may invest equity in other airports, toll roads or energy transition projects in places where we have capabilities, limited geographies and with the model of asset rotation, as explained before. So for us it's invest for growth, but at the same time a sound shareholder remuneration as we have done historically, even during Covid. And the later, the shareholder distribution could increase in case capital is not deployed.

To finalize, let me summarize again, why Ferrovial? First, we have unique infrastructure assets in North America with the potential to grow above GDP and inflation. Second, a very good pipeline of similar projects in North America. Third, we can create value beyond North America in selected geographies where we have capabilities and rotating mature assets to recycle capital. And four, we have the cash flow generation and the financial discipline to create long-term value for our shareholders.

Now Andrés will follow with Cintra, the toll road division, and I will join you later for the Q&A session. Thank you very much.

00:23:41
Video narration

At Ferrovial Toll Roads, we are engineers of progress, champions of innovation and pioneers of a sustainable future for transportation. For over 50 years globally, and 20 years in the USA, we have been driving progress by designing, building and operating safe, efficient and sustainable highways.

Our proven expertise in solving complex mobility challenges has improved the lives of millions by creating economic opportunity and fostering social well-being. Our track record of on-time delivery and commitment to flexible, innovative solutions are the cornerstones of our success. We leverage the technical expertise of our sister business unit, Ferrovial Construction, to ensure the highest quality and maximum value for every project.

Our visionary projects, like the 407 ETR highway in Toronto, Canada, an alternative to the city's congested highways, have paved the way for the future of transportation. This groundbreaking, all-electronic open access highway, featuring a revolutionary free flow toll system, became a model for express lanes projects in the U.S. These innovative highways increase capacity by adding dedicated toll lanes, optimize traffic flow through real-time pricing, and utilize machine learning technology to ensure faster, safer, and more reliable travel.

With our unique portfolio of long-term assets, we create sustainable value for our customers, stakeholders and the communities we serve. Our infrastructure projects are engines of growth, generating jobs, boosting economies and improving the quality of life for millions.

In the US alone, our toll roads have contributed USD 22.6 billion to socio-economic impact. By reducing travel time by 58,000,000 hours, we have improved productivity and generated economic savings for our users.

Our commitment to safety has resulted in 21,650 fewer traffic accidents in North America. Additionally, our sustainable practices reduce the impact on the environment. We are at the forefront of digital transformation and continuous innovation, leveraging cutting-edge technologies like AIVIA and NextPass, to enhance and add value to our infrastructure.

This is just the beginning. We remain unwavering and committed to solving the mobility challenges of large communities, enhancing people's lives, and fueling economic growth. Our purpose is clear: to develop and operate sustainable infrastructure for a world on the move.

00:26:30
Andrés Sacristán – CEO - Cintra

Morning all. Thank you for joining us today in this important day for the company. I'm Andrés Sacristán and I'm honored to lead the Toll Road division of Ferrovial, named Cintra. I'm going to start with an overview of what we are going to talk today.

We are going to review a little bit the asset portfolio we have, and which is the main characteristics of these assets that we think will bring value to shareholders. The second is how with this asset base we get differential capabilities in the market. And the last part is how we use these differential capabilities in capturing further new projects.

Let's start first with the value levers in any asset we approach. First of all, we approach two areas of high economic growth. For example, Dallas-Fort Worth has been ranked first in economic growth in the last decade.

The second lever is areas that have traffic problems or challenges. For example, we are in Toronto and Toronto is ranked by INRIX, a traffic data provider as one of the most congested cities in North America. What we provide in those areas. We provide free flow capacity where the users have a very smooth driving experience.

And how we assign value to this benefit that users get. We do through data and through dynamic and flexible pricing frameworks. But for capturing all this growth in the coming years, what we have is a long-term contract. We have contracts like 407 that will last for the next 75 years. Now let's have an overview of the portfolio we are going to focus today, which is the North American assets. We have 407 in Toronto, therefore giving you a perception of the scale of the highway. It produces CAD 1.3 billion revenue every year. This is data for 2022. In the US, we have three assets in the Dallas-Fort Worth area, one in Charlotte and one in Virginia. And all combined, they produce close to USD 640 million revenue a year.

Let's zoom in in the inside of them. Starting with our flagship asset, which is 407 ETR in Toronto. 470 ETR is an all-electronic open access highway that goes east to west across the Greater Toronto Area. Toronto area has a record-breaking population growth. That is the main driver for the growth we are seeing. And also, Ontario is very efficient in incorporating that population growth to the labor market. There are significant plans by the Government of Ontario to designate priority employment zones across the corridor.

You see here in the map, which is the expected growth of the major populations across 407 ETR. As a consequence of that, 40% of today's traffic of 407, chooses 407 as the preferred alternative, which is the dark green areas that we identified in the map. But what this growth produces, it produces traffic congestion in the network. In the rush hour, typically, 407 is 29mph faster than the alternative. That means that if you do a 15-mile commute, you save half an hour.

407. The alternatives in the network there are at full capacity, and there is no more room to keep expanding or widening lanes, so they are practically built out. And the projection of total hours lost in traffic by 2051 are expected to triple by then. So how do we offer and keep this smooth driving experience to our users? How we manage to do that?

We manage to do with the pricing flexibility that the contract allows us. We will keep moving those prices in the future to offer this free flow experience for users, this safe, reliable and fast driving across the GTA or the Greater Toronto Area. We set toll rates differently by segments of the road, by direction, by time of the day, day of the year. We have all that flexibility to do that.

And on top of that, we have designed our toll rate increases to minimize the contractual congestion payments. You see here what's been the growth in the last decade, mostly, and how that growth, beat the GDP and the inflation growth. And what is the expectation in terms of population growth and congestion increase in the Greater Toronto Area.

Let's move to the US. In the US we have a product that we call Express Lanes. Express lane is a toll lane that increases the capacity of the corridor. Here we start with Dallas-Fort Worth, in which we have three projects operating. Dallas Fort Worth is a metroplex with widespread activity across the area. So they have multiple employment centers and multiple residential centers. So the necessity to move happens across a huge and vast area.

The area has ranked first in absolute population growth in the US. And also this population growth is estimated to keep growing, especially in the west, where our projects are located. All this population and economic activity growth will bring further congestion.

You see here in the map, which is a projection by a third party, of what the congestion levels will be by 2045, 61% increase. And our tolls are designed to keep this fast, safe and reliable experience. And we'll keep doing that. Meanwhile, the congestion increases.

Let's move to another asset which is the I-66. I-66 is just outside the Beltway of the Washington, D.C. area. It provides a solution for the movements in and out of the D.C. area, but also the movements across Fairfax County and Manassas, which are among the most affluent areas in the country.

You see, all this development is happening in the west of the project, but also there is a number of logistic activity that is thriving in the area, and there is a number of depots around our highway. All this will keep increasing the congestion that is expected to increase 48% by 2045.

We'll keep using our dynamic algorithms to price the driving experience of our users to be an excellent one for the coming years in the contract with all this congestion growing.

The last asset I'm going to address today is I-77, in the Charlotte area. It goes from Charlotte to the thriving neighborhoods in the north around Lake Norman that are growing really, really fast. It has a blend of traffic in between long-distance interstate and this local traffic in all these growing communities.

This rapid growth is creating congestion, and we are providing that service of a free flow experience in our express lanes. The expectation is that by 2040, 50% of the roads in the area will be at capacity and we will keep providing that services by then with our pricing algorithms.

All this congestion growth compounds with our ability to put a price to that service, that value and smooth experience to all of our users. You see here a number, quite a few numbers, but what we try to demonstrate here is that the past growth again between the GDP growth and inflation growth, and what we expect in terms of population and traffic congestion growth in those areas.

Another market that Ignacio mentioned before and I would like to address is India. I think that is a market that can bring a lot of value to the company as well. India has great prospects of economic growth and is going to be, it can expect to grow 6.3% over the next five years. And this is mainly driven by a population boom, where the expectations are 600 million people will be incorporated to the middle class in India, and that middle class will get into vehicles, into cars. So the car utilization in India will be six times by 2040.

That's, I think it is a consensus expectation that India is going to be a great market. But what differentiates us from other investors in India, is that we've chosen a very good partner. It's a company called IRB, in which we invested 25% at the end of 2021, and it is the leading developer in Toll Roads in India.

It has in-house capabilities for doing EPC, and also it has a very good footprint across the state, with 26 projects in a portfolio in 12 states. Since our acquisition at the closing of year 2023, the price and the valuation of the company went up 95%. And also they won four additional projects.

But all this long-term value and all this growth that will come in the years, we can only keep that growth lasting if we have a sustainable approach. Our sustainable approach has three main pillars.

One is we are a community focus. We aim to improve our communities with further economic growth, creation of employment and saving a lot of time in traffic. For the people in the community, for the things that matters most to them to spend time with their family or their leisure activities.

The second is that we are a customer-centric company. We focus on this value proposition to our users, and one key one is the safety. Our roads are safer than the other roads in the alternatives on the networks we operate. And the customers tell us that they are happy with our service and the product that we provide, with high levels of satisfaction in our annual service to them.

Finally, we want to keep our contract sustainable for the future with the grantors, with our public clients. And when our contracts overperform, we have revenue share mechanisms that we share some of that success with the grantors. The only way to keep that growth for the future is to be sustainable, and to create value for the communities, for the user and for our clients.

But what we get from all this asset base? Basically, the main thing we get every day is data. Here as we speak, all of our assets are producing data, and we harvest this data in real time and we have in-house teams that do the analytics job. With these analytics we are able to understand customer behavior. We're able to understand traffic patterns. We are able to stitch that data with demographics, and we are able to understand willingness to pay for our products.

With this, we produce accurate or reliable forecasts for the future. We do price management to maximize the usage of the road at any time of the year. And finally, hand-in-hand with the Construction division, we design new projects. We understand where the ramps need to be, so we maximize the connectivity and the number of uses that will access in the future to those projects around the communities we build them. This is our data process. It's a high value for us and a clear competitive advantage.

The second thing that our assets provide is a good base to innovate. We've been the first one in operating an all-electronic highway at 407 in the past. We've been the first one in introducing machine learning algorithms in our dynamic pricing engines. And now we're doing further innovation to keep creating value to our users and future-proofing our assets.

I bring you here three activities that we are doing in the innovation space. The first one is called AIVIA. AIVIA is an innovation that we are trying to connect the infrastructure, we connect to vehicles that are coming to the future to improve the safety of the infrastructure.

The second one is NextPass. Nextpass is a mobile app that substitutes as a transponder. And you can drive along toll roads, not only our projects or other projects, without the hassle of the transponder.

And the last one is that we are incorporating ourselves to the conversation of the gas tax reduction. As electric vehicles become popular, the states are seeing the gas tax revenue reduces, and we want to be part of the solution and providing the solutions with that.

But all this data and all this knowledge, where it really comes to force is when we face a new project, when we think that we can provide solutions to new areas or new communities. And how we approach this developing phase of the projects?

Basically, we start to identify congestion problems and traffic problems in high economic growth areas. As soon as we identify them, we go and we speak with the transportation leaders in the area, to offer tailored solutions hand in hand with our Construction business.

Once we get to a solution with the transportation leaders, we try to gain support in the communities, and we partner with chambers of commerce, with the grassroots initiatives, with the communities, to try to gain support. And also, we use our Construction business because they have a wide reach in the supply chain of construction to build up this support in the communities to the project.

All this process, since we identify a solution until that solution is being put in a tender in the market, will last up to five years. So it's a significant effort that the company is doing to bring projects to the market.

Thanks to this effort, today we see a very healthy pipeline. We see seven projects across the US that are coming to us in the short term. In the short term, as short as the next spring that we are going to put an offer in Atlanta in the project SR 400, which is the last you see on the map. All these projects are at different phases of stages of approval, but we believe that these will come to the market in a very short time.

And how we are getting ready for them? We have competitive skills. We have a strong track record of delivery in the US of all our projects that are second to none in the express lane space, we offer integrated solutions with construction to maximize the value, and we offer a very competitive risk reward balance to our shareholders and grantors.

In summary, what we do at Cintra is we provide solutions to congestion challenges in areas of high economic growth. Our portfolio today is going to keep providing this value for this compound effect of congestion increase and pricing ability. And those assets provide us with really, really insightful views of what the customer wants and how the customer uses their cars.

We use all this knowledge to put it in hands of our stakeholders, the transportation leader of the state to provide solutions. And today we see a very healthy pipeline and we are ready for that. Thank you very much. I'll leave you now with Luke Bugeja, which is our leader in Airports Division. Thank you.

00:44:33
Video narration

At Ferrovial Airports, we are creating the future of air travel. We are pushing it forward, innovating and creating the experience passengers crave today. For over 25 years, we have been driving progress in the aviation industry, transforming airports into dynamic hubs that connect people and places, fueling economic growth and creating unforgettable passenger experiences.

We are global investors committed to building a diversified, high-quality portfolio of airports in key strategic locations. From our significant stake in London Heathrow, the busiest hub in Europe, to our investments in New Terminal One, we are shaping the future of air travel across the globe.

In 2022, we embarked on a transformative journey, becoming the lead investor for the New Terminal One NTO at JFK airport. This $9.5 billion project is a beacon of progress, a testament to our commitment to sustainable development and unparalleled passenger experience.

At Ferrovial Airports, we understand that our success is intertwined with the well-being of our communities and the environment. We prioritize care for the community and environmental responsibility, ensuring that our airports are safe, clean, modern, digital and commercially exciting.

We are committed to continuous innovation, developing solutions for the air mobility needs of the future. We focus on passenger experience and make our airports feel like destinations themselves in whatever journey travelers are on. And our unyielding belief in sustainability means that our airports are not only meeting the needs of future travelers, but operate as catalysts for a better tomorrow.

This is our vision and our purpose as we invest in, develop and operate industry leading airports. We are building a world that is connected, sustainable and full of possibilities. In short, we're building a world on the move.

00:45:57
Luke Bugeja – CEO – Ferrovial Airports

Hello, my name is Luke Bugeja. I'm the CEO of Ferrovial Airports. Welcome to the Capital Markets Day. I'll be talking to you about the air portfolio and how we drive value for the Ferrovial group.

So five key topics, the first being the strategy for the portfolio and how we deliver that through the pillars and how those pillars underpin that strategy. We'll also talk about the existing portfolio, which we have for airports. So we'll give you a bit of insights to those assets. One key aspect which sets us apart from our competition is our capabilities and we'll talk about that in some detail as well.

Heathrow, an asset that we've held for almost 18 years, is a good example of how we drive performance and how we drive value for the Group. And New Terminal One, which has been mentioned a few times today. We'll go into some depth about that asset and how we see the project going forward.

So the strategy. The focus is in two geographical locations in North America and Europe. In terms of our investment approach, we'll attempt to refrain to go into processes. So the idea is really to focus on bilateral opportunities. There are ways in which we can put ourselves in a privileged position.

So in many, in some circumstances, however, there will be a procurement process. But we want to put ourselves in a position so we're one or two steps ahead of our competition. And an example of that is exactly what we did with New Terminal One and also with Dalaman Airport, which I'll talk about a little bit later.

We'll clearly focus on growth opportunities. So areas in which we can utilize our capability to grow the business. We take a risk-adjusted approach, that's common in every business. But it's important to note that no two airports, no two terminals are exactly the same. So we take a forensic view of the risks and we apply that to the returns.

With regards to the focus of opportunities in the US, we will concentrate on terminal related projects, so similar to what we have done in New Terminal One. We see opportunities for privatizations and whole airports being a mid-term opportunity, but in the immediate term we'll be focusing on terminals.

And in Europe, the focus will be on secondary sales, but particularly on opportunities where there is growth mandate. We want to look at opportunities where there is expansion.

Our existing portfolio. Heathrow. It's the airport that we're most famous for. We have a 25% stake, freehold asset so it's a perpetual asset. 79.2 million passengers in 2023, very close to the pre-pandemic levels. In November last year, we announced our decision to divest our stake. Key reason for that? We've held the asset for a long time, for 18 years, we've done a huge amount, and it's really time to pass the baton over to a new investor with fresh eyes.

New Terminal One. Acquired in 2022. We have a 49% stake alongside JLC, who has 30%, Ullico 19% and Carlyle 2%. 36 year concession runs to 2060 and capacity will triple. We'll go from 8 million passengers up to 23 million passengers. That is a substantial increase.

Dalaman Airport in Turkey, also acquired in 2022. We have a 60% stake alongside YDA Construction, which is a local construction company, and our partner, who remains with 40%. 18 years concession remaining. And in 2023, traffic was at 5.2 million, which is 6% ahead of pre-pandemic levels. Leisure airport with substantial growth.

And AGS. Not very creative: Aberdeen, Glasgow, Southampton. Easy to remember. 50% stake alongside Macquarie, also a freehold asset. 9.2 million passengers in 2022 and getting closer and closer to pre-pandemic levels.

So what are our capabilities? And it's important to note as an institution, as an organization, Ferrovial has been involved in airports for over 25 years. And in that 25 years we've been involved in over 30 airports. So we've seen a lot. And our team have amazing capabilities not only in airports but also in airlines.

We are a long term investor. I mean, Heathrow is an example of that. Holding an infrastructure asset for 18 years, in an asset class that's really only been going for around 25 years, is testament to that.

We have a growing and a strong US based team to providing support in our transaction designs and also our asset management capability.

Ferrovial Construction. I joined Ferrovial two and a half years ago, and one of the really key aspects that really attracted me to the group was the fact that we actually had an in-house capability in construction.

Ferrovial Construction team have been building terminals, aprons, taxiways, runways, towers globally and most notably Heathrow Terminal Two and Madrid Terminal Four. So substantial capability that really adds enormous value to my efforts.

Heathrow. Let's talk a little bit about Heathrow. So sure you'll all know, Heathrow's the second largest international airport in the world, largest hub in Europe. We've had it for 18 years and over that period a very, very heavy, capital program, GBP 12 billion. And despite that heavy capital program, we've been able to distribute equity, a cash back to equity of GBP 3.2 billion over that period. So that's quite an impressive investment program and also dividends to shareholders.

And what we've done in that is substantially improved the operational performance and most importantly, the passenger experience. And of note, we designed and built Terminal Two, commissioned the projects of Terminal Five, including the largest integrated baggage system in the world.

And just focusing a little bit more on Terminal Two because it's quite significant and relevant to New Terminal One, which I'm just about to talk about. Similar size, 20 million passenger capacity, EUR 3 billion investment, which was delivered ahead of schedule and on budget.

And interestingly, and really quite an important point, it was the first facility to receive the BREEAM environmental certificate in the UK. That's all facilities, not just airports. And you've really got to give credit to the team back then that had the foresight to see that environmental accreditation is an important element for airport terminals going forward.

New Terminal One. JFK New Terminal One. USD 9.5 billion. That's for two phases. That's for Phase A and phase B. Phase A is expected to be completed in the middle of June 2026, and phase B towards the end of 2029. The concession runs through to 2060. So once it's opened in 2026, it will be 34 years remaining.

The size of the terminal, 2.4 million square feet, is three times the size of the existing facility, and including as part of that 300,000 square feet of high-end retail and food and beverage facilities. More than double size of the gates. Currently there's ten gates. There's going to be 23 gates and the capacity tripling, as we mentioned earlier, from 8 million to 23 million passengers.

What do we do? We're not just investors, as you heard before. We do more than that. So we have a 49% stake, but we have two key contracts with the New Terminal One. First one is a management service agreement, which is a 15-year agreement that we provide services into New Terminal One for traffic development, retail, food and beverage operations and maintenance systems integration. So we provide that support from the Ferrovial Airports team.

On the construction side, we provide the PMO or the project management office. We do not do the construction. The design and construction is provided by AECOM Tishman. But our team at Ferrovial Construction provide the oversight. So they provide the oversight on design, construction, procurement, communications with the grantor. And for me, having the owner's engineer as part of the equity gives me enormous comfort.

So what are the key levers? What are the key drivers? What do we like? New Terminal One. The first one, capturing a high share of scarce resource. What does that mean? We'll talk about that. It relates purely and simply to wide body gates. And I'll give you a bit more clarity on the following slides.

Access to a premium New York market. The long-haul international airlines that fly into JFK charge a premium. I'm sure you all know that, if you fly in and out of JFK, they charge a premium. What they want is that equivalent level of service to match the premium they charge. So you don't want to be flying out of a wonderful airport in Asia and Middle East, in Europe, and then fly in to the other end at an inferior product. So we're creating that same level of experience in both sides.

In terms of transferring that passenger experience. It's going to be a passenger experience not seen anywhere else in the United States. And really important. This is a really important point for us is the socio-economic value for the local community. We must create a great experience for the local community. We have measures and targets to deliver for the local community, and we have MWBE targets we must commit to and deliver. This is not just important for this project. It will be important for our credentials and demonstration of our stewardship for future opportunities.

Give you a bit of color about what's happening in JFK. There's a lot of construction I'm sure you've gone through. There's a lot of cranes and a lot of steel going up. So 2023 last year there was six terminals. And this is clearly not to scale. But as you can see, Terminal One will go from the smallest terminal to the largest terminal. Terminal Two was demolished earlier in 2023 to make way for Terminal One. That was the old regional terminal for Delta.

Terminal Four is Delta and other international carriers. Terminal Five, JetBlue and Terminal Five and the new Terminal Six will actually be combined. Terminal Seven will be demolished. So once Phase A of Terminal Six is completed, Terminal Seven will be demolished. And then you have Terminal Eight which is American Airlines, British Airways and other Oneworld carriers.

So I'm going to go into detail about the wide-body gates. I mentioned that earlier. So the New Terminal One is expected to increase its share of wide-body gates. And where it is at the moment, Terminal One has 34%. In the future, once all of the expansion is completed, we will have close to 50% of the wide-body capacity.

What's important here, I'll point out the numbers here. So the 4.25 demonstrates that the average capacity of wide-body gates departing passengers, so enplanement passengers, grows from just over 4 million up to 11 million.

The next line is also, the next row is very important as well. What this demonstrates is that as we add capacity, we're not adding excess capacity. So the average throughput per wide-body gate is going from around 450,000 passengers to around 470 to 480, as it demonstrates that adding the capacity doesn't add excess capacity. So the competitive tension, the competition will remain, or the scarce resource will remain.

And a further example of that, just to give you a bit more color. The years leading up to 2019. Strong growth in international, long haul international traffic, is almost 6% and the capacity increase was naught. And going forward, as you can see, supply will not get anywhere near, so supply will not get anywhere near demand. Demand will continue to outstrip supply.

And a further example of that, a little technical, but to give you an idea of the triggers upon which airports look at expanding, is once you get around the 400,000 passengers per enplaned gate. So as you can see there, the airports listed, many of these airports have already started and initiated expansion.

Another interesting point as well. So the value of JFK in the New York system is quite enormous, quite outstanding. Fifty, so 50 out of the 72 international airlines that operate into the New York system operate exclusively into JFK. Eighteen switch between the both and only four operate exclusively into Newark. And the largest one of that is Porter Airlines that fly, as I'm sure you know, into Montreal and Toronto.

We've already signed up five airlines representing 25% of the forecast 2027 traffic. Many are very close to signing at the moment, and there's many letter of intents out there. So we're very confident that we will get the numbers that we need for 2027.

Important to note, right? I mean, there's more than 30 airlines that are operating in the existing Terminal One, right. They've got to go somewhere. So the objective is not to attract airlines that don't fly into New York or don't fly into JFK now, it really is about capturing the market within the airport.

In terms of the customer experience and the revenues. As I said earlier, it's going to be a quality product, quality facility. We expect it to be superior to Terminal Four and Terminal Six. Also important to note that the aeronautical revenue or the cost per enplanement passenger is going to be a significant percentage of our revenue, almost 90%.

And this is on the right-hand side, this is reference sources right provided by Steer. And the indication is as of last year, 2023, Terminal One, so the current facility is charging around USD 65 per enplanement passenger. And the expectation, the forecast for 2026, Terminal Four around USD 82 in Terminal Six between USD 80 and 110. So that gives you a bit of an insight to where what is being reported, what has been suggested to be the charges.

In terms of quality, and I mentioned it before, but to give you a bit more clarity, the facility that we'll offer will rival what you see in Asia, the Middle East and Europe. You know, we'll have, boarding, we'll have lounges that actually have direct boarding into gates, which I'm sure you've seen in many airports, particularly in the Middle East. So it's that quality.

What's being done in LaGuardia is really impressive, right? I mean, the transition from what it was to where it is now is amazing. But it's important to note this is a major step up. This is a big step up from what you see at LaGuardia. LaGuardia is great. This is going to be well ahead of that.

Partnerships in airports are critical in many aspects. One point that I mentioned earlier, and I'll reiterate it again, is our targets for minority owned businesses, women owned businesses and local enterprises is a key focus and a key discussion. And as I said, achieving that is going to be critical.

We're going to invest a huge amount in the community. And there's two projects that I mentioned here in the slide. One is the Korn Ferry Leadership University, but the other one is the JFK Academy. And this is a cut and paste of what we have already done in Heathrow, called the Heathrow Academy. And it really is an opportunity to upskill people within the community for airport jobs. But not only that, but giving them skills for writing CVs, for interviews.

But the benefit to us, it gives us a pool of resources that we can draw from to deliver on our quality of service. It could be engineering jobs, it could be customer service jobs. It could be roles in retail, in food and beverage. But it really is a massive benefit to the community. And one other point, it ensures that our pool of resources is local. So they're able to get to the airport at all times of the night. As the airport, as you know, is a 24-hour business.

So in closing. Our growth strategy, as I mentioned earlier, is North America and Europe, and where we can leverage our capabilities, where we can really put ourselves in a privileged position. Bilateral opportunities is a focus. We really want to be in a position where we're one or two steps ahead of our competition. New Terminal One is on time and on budget, and we expect to capture those leading share of the international airlines very soon. And as I mentioned earlier, success in delivering on these community and local stakeholder targets is critical not only for this project, for the projects in the future. Thank you. I'd like to now introduce my friend Ignacio Gastón, who's the CEO of Ferrovial Construction.

01:04:27
Video narration

As a Group that prides themselves on being engineers of progress, Ferrovial Construction is helping to champion a connected, sustainable world. For over 70 years, we have been shaping the world's infrastructure, leaving our mark on thousands of miles of highways, iconic airports, complex subway systems and groundbreaking tunnels. We are the engine behind progress, delivering mega projects that transform communities and fuel economic growth.

Our in-house engineering services are a cornerstone of our success. We have a team of over 370 talented engineers who are constantly optimizing and innovating designs with agility and flexibility. We ensure our clients benefit from international best practices and cutting edge expertise across our global portfolio.

We are at the forefront of digitalization, integrating technology into every aspect of our operations. This allows us to work smarter, increase efficiency, and minimize environmental impact. We are also committed to

Sustainable Development Goals, ensuring the highest standards of environmental, social and governance practices in everything we do.

We are passionate about empowering communities. We work closely with small and medium sized businesses and local contractors, fostering economic development and job creation wherever we operate.

We are committed to diversity and inclusion, creating opportunities for all. Our people are our greatest asset. We have a talented and committed workforce of local and international professionals who combine industry knowledge with creativity and innovation to deliver unique solutions to our clients. They are the driving force behind our success and the key to building the future.

At Ferrovial Construction, we are not just building infrastructure, we are building a brighter future. We are connecting communities, propelling innovation and creating a sustainable world on the move.

01:06:35

Ignacio Gastón – CEO – Ferrovial Construction

Hello, everybody. I am Ignacio Gastón and I am the CEO of our Construction division. I started working in Ferrovial more than 28 years ago, and in fact, I started as a site engineer in one of our rail infrastructure projects. It is a pleasure for me to be here today with you to talk about this very valuable part of our business.

I will cover several topics for you today in my presentation. The first one is what is our value proposition? What is the value we bring to Ferrovial? The second one is how the Construction division serves as a key pillar for the overall Ferrovial strategy. I will then cover what we believe are our differential capabilities. And I will finalize showing some historical data of our track record.

Our Construction division is a key pillar for the Ferrovial value creation formula. Our main role is to support the other Ferrovial divisions, Airports and Cintra, in the development of projects from the very beginning through to completion. And for that we have the technical, the engineering and the production capabilities to provide that end-to-end support from project origination through bidding, design and, of course, construction.

In fact, the Construction division has been organized and set and structured precisely to achieve that purpose. The creation of value through the delivery of complex infrastructure projects. And that means the way we target our size, the way we are. Our geographical footprint, where we are, where we work, and even the level of technical and engineering capabilities is based precisely on that purpose.

But while we are organized to support the other Ferrovial divisions, we are also a profitable business on our own and we have a good track record, for example, in terms of cash flow generation.

Value creation in infrastructure projects is associated with the development of large, complex design and build projects. And in our opinion, there are not many construction companies that are actually prepared or equipped to deliver such complex projects. So that's why having a construction division within Ferrovial makes the difference for Cintra and Airports, so they don't have to rely on procuring external construction with the levels of uncertainty that that brings along. Uncertainty, for example, in terms of pricing or uncertainty in terms of delivery.

To illustrate the type of projects we deliver, I brought here three examples that have been covered in the previous presentations. Each of them brought different construction challenges. The first one is the I-66. It's a large project, a complex project, that we delivered while maintaining the traffic flow of the general purpose lanes in a very congested area.

The next one is our projects in Dallas-Fort Worth, where we brought some groundbreaking engineering design solutions. That in a very confined space, we managed to do via segregation of a two-level express lane and general purpose lane relieve the traffic in that area.

And the last one, a very different example, the Terminal Two or Queens Terminal at the heart of Heathrow, a very complex design and build project that we delivered ahead of time and on budget.

But allow me to expand further on our end-to-end delivery capabilities. We engage with Cintra and Airports from the outset, from very early stages to help craft compelling, unsolicited proposals that in many cases result in successful projects. That was the case, for example, of the I-77 South in Charlotte or the North Tarrant Express extensions in Dallas.

We also develop innovative design solutions that are critical to winning tenders, critical to winning proposals. We propose changes to the base design proposed by the client, changes that are always orientated towards reducing costs, improving traffic flow, connectivity and of course ensuring delivery certainty.

As I mentioned before, we believe not many companies are prepared to deliver these kinds of projects. In many cases, we can see that the developers and the EPC contractors interests are not aligned. And we have seen as well that that is the cause of some of these projects to derail. However, in Ferrovial, because we are an integrated part of the group, our interests are 100% aligned, and that means that Cintra and Airports can rely on us to deliver the projects on time and on budget. In fact, cooperation is one of the core values of Ferrovial, and it translates in the way we work together as a team.

Lastly, and it was mentioned before, we also provide some other type of services to our sister companies. For example, project management services, like is the case in JFK Terminal One, or even construction advice, like is the case for IRB in India.

As I mentioned before, the Construction division is organized and is structured to provide that support for Cintra and Airports. And the key metric for that is our target, that at least 25% of our revenue comes from the other Ferrovial divisions.

So why 25%? Well, the reality is that to be able to deliver these kinds of complex projects for Ferrovial divisions, we need to ensure we have, we maintain and we grow our construction capabilities across the different geographies and across the different project types.

We also need to ensure by delivering these complex projects outside Ferrovial, that we remain competitive. And that is very relevant because, again, all the tenders have to win normally in a competitive manner.

What is what defines how we are structured? It defines our target size, and the target size is defined by that 25% revenue coming from all the Ferrovial divisions. That ensures that we maintain the capabilities while delivering on the core projects for Ferrovial.

Another very relevant element for our organization. The way we are organized is that we have three strong local or home bases. These three home bases are Texas, Spain and Poland. And why we have these three strong bases? They allow us to develop talent, to grow capabilities. Talent and capabilities that then can be exported to other geographies and other projects when needed.

And another very relevant aspect of how we are organized is our ability to manage risk. It's very relevant in this kind of project to de-risk the project as much as you can through development. We are very well placed to balance the risk between EPC contractor and developer and tap into the party that is best placed to manage each specific risk.

Building up our capabilities. Our strong international in-house engineering service, I believe is key to our ability to deliver complex projects. We have more than 370 designers across different geographies that can be deployed wherever and whenever needed in our projects. They have the ability, the capacity to do everything from building support through to even construction drawings and of course, provide design support during the construction phase.

We have developed what we call our global operating model. It is a global operating model that captures all the lessons learned. All our know-how that we have collected during the years and during the different geographies, and is an operating model that is focused on risk management and delivery certainty. This operating model is applied to all of our projects across our different geographies.

The model consists of a set of nine processes that cover the full lifecycle of a project, from opportunity evaluation, through bidding, design, construction, and of course, project handover. And very relevant, each of these processes includes different checks and balances to help mitigate, manage risk and ensure delivery certainty, all of them informed by our technical and engineering capabilities.

And at Ferrovial, sustainability is at the heart of everything we do. And there are three main priorities for us in the Construction division. First one, protecting the environment. Second, helping the communities where we operate. And third one, running our business responsibly.

From an environmental perspective, we are focused on reducing carbon emissions and promoting circular economy, which in construction, as you can imagine, is very relevant. In terms of communities, we engage, we try to work with the communities, help the communities where we operate.

And in terms of our employees, we promote diversity, engagement and in construction, very relevant, we take care of our employees, putting health, safety and well-being at the forefront of everything we do. In fact, we have a good track record when it comes to industry metrics in terms of health, safety and well-being. And we compare very well with the market where we operate.

And finally, we run our business responsibly. With high standards of governance throughout our supply chain. We measure our suppliers against very specific sustainability metrics. I just want to touch on another element that I consider critical in our strategy, technology.

Technology plays a critical role in everything we do. We are focused on implementing technologies and innovations that truly add value to the construction process. I will say that we have a very practical approach when it comes to implementing technology.

There are a number of areas where we operate, but I just want to bring to your attention three of them. The first one is information, the flow of information. For a project to be successful. It's very relevant, it's very important that the flow of information between the different departments of a project happens in a timely manner and is accurate for proper decision-making, and for that we use best-in-class project management platforms.

The second area is site progress monitoring, capturing real-time site information. And for that we use advanced technologies like the use of drones, or connected equipment in what we call connected sites. And the third one is the use of data. In a construction project, lots of data are captured not only in production, but also when you do procurement, scheduling, all sorts of data is captured. We group that data and we use artificial intelligence and advanced analytics to ensure that we extract the right information for decision-making and reporting.

But as I mentioned before, our Construction division is a profitable business on its own merits. We have a strong backlog that we aim to maintain approximately between 20 and 24 months worth of revenue, and we need to maintain with good profitable prospects. A backlog that is concentrated in core, stable markets.

Approximately 60% of our backlog is in the US and Canada. That includes what we call managed CapEx, which is the CapEx we manage on behalf of our partner developer. And 30% of it is within other Group divisions. Maintaining this level of backlog allows us to take a conservative approach to bidding, meaning that we can focus on risk mitigation and profitability in the long term.

Here I have a few more data about our track record, our financials. So we have set a long-term target of achieving a 3.5% adjusted EBIT margin on revenue. While that number has stood at 2% between 2020 and

2022, due to some legacy projects that are now coming to an end, and also the impact of the Covid pandemic and the price escalation that came straight after that, we have a good track record of 5% between 2010 and 2019.

Also, historically, our construction business is generating recurrent cash flow. The average between 2010 and 2019 was EUR 178 million cash generated per year. This is a result of our continued focus on working capital management, and also a result of the typical advance payments that we get in our design and build contracts. That is normally around 5 to 10% of the total contract value.

Well to finalize and to recap. Our Construction division plays a critical and strategic role in Ferrovial's value creation. We are vertically integrated to support Airports and Cintra, which means that Ferrovial is able to deliver on complex infrastructure projects, from the very beginning through to completion. And in fact, our organization, we are organized, we are structured to support that overall Ferrovial strategy. And that means the way we define our target size. The way we define our geographical footprint. And even the level of technical and engineering capabilities based precisely on that purpose.

And also the Construction division is a profitable business on its own merits. As I said, with a good track record, for example in cash flow generation. And I believe our strategy will enable us to continue building on that momentum going forward. Thank you very much. And now I hand over to Ernesto López Mozo, our CFO.

01:23:11

Video narration

Over the past decade, Ferrovial has transformed itself into a leading provider of high complexity infrastructure, driven by a passionate commitment to the progress that helps to shape a better future. Our strategy centers around greenfield projects, where we leverage our deep industry expertise to deliver exceptional value for our shareholders.

We specialize in developing and managing complex infrastructure assets that offer congestion free alternatives in densely populated areas. These projects are not just about bricks and mortar. They're about improving lives, by easing traffic flow and enhancing regional connectivity. We foster social well-being and contribute to a higher quality of life for the communities we serve.

At Ferrovial, we're driven by a single purpose: to make our company better every day for everyone we impact, from our employees and customers, to our investors and communities we operate in. We strive to leave the world better than we found it, whether it's through our toll roads, airports, tunnels or bridges. Ferrovial is all about connecting people in a more sustainable way.

We're proud to be at the forefront of innovation, as evidenced by the world's first 100% sustainable aviation fuel flight, which took off from London Heathrow to New York JFK in 2023. Sustainability is always on our mind at Ferrovial. Throughout the years, we've continuously evolved our infrastructure designs and embraced cutting edge technologies to minimize our environmental footprint.

A prime example is our I-66 Express Lanes project, where we used recycled concrete from the existing highway to construct the new lanes. This elevated approach significantly reduced the need for trucks, transportation and landfill, resulting in a smaller carbon footprint for the project. At Ferrovial, we remain unwavering in our commitment to develop and operate sustainable, innovative and efficient infrastructure for a world on the move.

01:25:21
Ernesto López Mozo – CFO - Ferrovial

Hello. Good morning. My name is Ernesto López Mozo. I am the group's CFO. I'm thrilled to be here with you guys at last, in New York, our first Capital Markets Day in the US.

Today I'm going to talk about four things. The first one is long term value creation and growth. Of course, my colleagues described how we do that. I'm going to relate that to the stock performance. Second, I will talk about our financial structure. I mean, that's different from our competitors and that's for a reason. I will explain that. Third, very important, how we manage capital. I mean, the most important resource is your capital. And I will talk a little bit about that. And of course, the first section is going to be about numbers and what we expect looking ahead.

Well, the first is about the stock performance. I won't dwell on this one. I mean, it has a great run, but the important thing is what lies behind. What lies behind is a strategy that moves, I mean, you can follow the orange line. That is the percentage of value that analysts attached to our infrastructure assets in our equity evaluation. Ten years ago, it was like 60% roughly, and it has moved to 91%.

This was a conscious strategy. We sold the Services division and have invested mainly in infrastructure assets in the US. Also in this graph, you can see some of the effects that my colleagues have described. One of them is the de-risking. I mean, these are very complex assets, to build them with a very high return, and it's normal to have just the equity that you initially commit as the value. It expands, I mean, some of these assets were already in the portfolio along these graphs, but the market was not attaching any value to them. Well, it's just that money.

So the risk can happen once you build it, once you see traffic ramp up, you have a lower discount rate and it shows. I mean, the equity value of infrastructure has multiplied by three. And we have a portfolio of assets. Some of them early stages, but you have them. Ok, and 80% of that is in North America.

But that's the past. Where are we now? Well, my colleagues described that we have strong growth ahead in the regions where we are. That's very important, because our roads are an important part of the logistics and the road transportation network on these growing areas. As they grow, capacity doesn't follow track. Look, we can describe that with the New Terminal One. And that means that you have more growth in your assets.

Of course, I mean there's inflation. Inflation for us is a tailwind. I mean, probably it will be sticky. And more about this in the next slide. And third we have interest rate protection. That's very important, 97% of our assets have very long term financing. Well some of you may say, well but now rates are coming down. So what about that? Well there's something for you later.

Ok, infrastructure assets perform well in an inflationary environment. But there's a reason for that. I mean, they are not redundant. I mean, they are scarce overall and they have the capacity to pass on inflation or more. When you look into our portfolio, you have that snapshot. You see the 407 ETR, for instance, the past ten years. Well, not the past ten years, 2013 to 2022. You see that it clearly outpaced inflation even though there was Covid in that part, right? And you know that some rates were not touched for some years. And now you've seen that there has been an important increase that starts in February this year.

Then you have the Managed Lanes, the Express Lanes that you see quite an important growth, of course, helped by the ramp up situation, nevertheless beating inflation handsomely. And the latest arrivals to the portfolio have freedom to set tariffs, right? Charlotte, Virginia and the I-66 and the New Terminal One as Luke described. And last, well we have Heathrow. And Heathrow is a regulated asset base that is, I mean, linked to inflation, so it grows with inflation. And on that inflated asset you get a real rate of return from the regulator, and that means that tariffs are linked to RPI as well. Ok, so inflation helps, because your assets are needed as the areas grow.

Ok, let's move into our capital structure. It's different from other competitors. We have two layers. We have the infrastructure projects. Each one of them is like a standalone company. There's a reason for that. Well, there's several reasons for that. One of them, we have partners there. We have partners there because they help us grow. I mean, we can grow our capital on a more efficient, with a more efficient pricing. If we were to raise capital at the top, it would have a discount, right? So it's more expensive. So you have a better pricing there. And well, why not? It's also a sanity check.

At the same time, you have an independent data structure on each of them. Well, that's arguable, but we believe that you can optimize leverage. When you have companies that mix and cross support each other, leverage tends to be lower. Ok, and then we have the corporate, the corporate level where we have a net cash position at the end of September. And here it's very important. We have a BBB rating. That is key.

Why is the BBB rating key? It's key for growth. I mean in the US, you need it for credentials, yes. But also it's very important. You are required to have performance bonds and payment and performance bonds from sureties. And sureties provide ample capacity if you have a solid rating. The moment rating starts to waver, it can come down dramatically and overnight.

Ok, so growth relies on our BBB rating and we manage it with some headroom. We could hold to some leverage if opportunities really appear. Ok, but I mean we are a prudent as I said, it's key for growth.

What happens with the infrastructure projects? Something also very important. We have long-term maturities. We have growing cash flows and it's very important to have long-term maturities from the start. You have 26 years in express lanes, is the average. 407, sixteen and Heathrow nine years.

Also very important, we don't have any refinancing wall. We have a very long maturities or in the express lanes, very long distant maturities. And it's almost fixed. Ok, for the guys that say that, well long-term rates will come a lot lower, we try to embed call options in some of these financings, right. Well the Muni bonds provide that. And that's something that is very useful. So we have some embedded options here. Ok, and in general, these structures have an investment grade across the board.

If we move on to the capital management, as I said, the most important resource. You can see that the driving force is dividends from our infrastructure projects. And there's high correlation, of course, with the dividends that are, or shareholder distributions between dividends and buybacks. Also very important, we rotate assets, as it has been said before. We rotate assets because once they are direct, sometimes you have someone that has a lower required rate of return. We have a better opportunity to redeploy that capital with a good risk-return balance.

Well, you can see that in the past ten years, dividends, shareholder distributions have been very similar. We had infrastructure assets rotation. We even invested more in infrastructure assets. And here is where we have proceeds from services being relocated into infrastructure. And very important, 58% of that investment went into express lanes, and it had multiplied money on money by five times. Of course, I always leave there the commitment to BBB rating that marks the parameters for growth.

Ok, and then the last slide, what we expect for the next three years, 2024 and 2026, we expect to have EUR 2.2 billion dividends from the infrastructure assets. Heathrow is not here. So no dividends from Heathrow in these numbers. And then we have shareholder distributions of EUR 1.7 billion. Shareholder distributions is dividends and buybacks.

And here, I mean, if there's proceeds from a potential divestment of Heathrow, we would look to use them in different ways. I mean, one of them could be investment, we could be more successful. Luckily with our pipeline, we could even have maybe higher participation in some of our projects. And of course, we could increase shareholder remuneration, buybacks and dividends. Ok, so thanks for that. I think that now we move on to the Q&A session with Silvia and Ignacio Madridejos. Thanks for being with us.

Q&A SESSION

01:35:06
Ernesto López Mozo – CFO – Ferrovial

Wow. Very tall chairs.

01:35:26
Silvia Ruíz – Director Investor Relations – Ferrovial

Ok, can you hear me well? Yes. Perfect. So, ready? Let's start with the Q&A session. For those of you that are here, please feel free to raise your hands. We have people here. Then we'll pass the microphone and I will be reading the ones on the website. So yeah, please.

01:35:46
Elodie Rall – JP Morgan

Hi, good morning. Thanks very much for your presentation. I'm Elodie Rall from JP Morgan. So I don't know if you can hear me. So maybe the first question on the US listing. We were expecting it to happen, I think, before the CMD. So if you could give us a little bit of an update on that, and is it going to be a secondary listing or third listing versus the Spanish and the Netherlands, and what kind of liquidity you'd expect on that?

01:36:17
Ernesto López Mozo – CFO – Ferrovial

Ok, thanks. Well, you can see that we already had a public filing, so it's just the process is going on and it is the SEC's prerogative to see when it's finalized. Right, so no more comments on that. Regarding primary, secondary listing, well that kind of a classification doesn't exist in the listing in Spain or the Netherlands? No, it's just ordinary listings in all the three stock exchanges. We will finally make it to the US, right? As expected. So no, no different classification.

01:36:56
Elodie Rall – JP Morgan

Ok, also you, I think there was more question on, toll roads, so on Cintra, you mentioned those seven projects, the bids that you have ongoing. We all know the SR-400 in Georgia is probably the biggest one and during spring. So I was wondering if you could give us a bit of color about the capital, the requirements, the size of those projects, how much that would take from Ferrovial.

01:37:24
Ignacio Madridejos – CEO – Ferrovial

I will comment that. Well, we commented about these seven projects that we have in the pipeline. The first one is the SR-400 in Atlanta that we will be bidding for in May. And the decision will be taken in August. This is a large project, in terms of both construction and equity requirements. Of course, we cannot give the amount of capital because it's very sensitive for this bidding process and for competitors. It's a figure that they would like to have, but they are relevant projects. This is a very large one.

After that, we mentioned others, two in Atlanta that will come after this one, even larger than the SR-400. So the I-285, I mean the two additional projects there are very large in terms of construction, in the size of the projects and the traffic, it's a ring road in Atlanta. So it's a very relevant one, and also with additional extensions potentially in the future.

The ones in Nashville probably are not at the same size of this in Atlanta, but they are good projects around Nashville. I-77, the south, is a larger project than the I-77 north in terms of traffic and the construction that is needed. The 495 in Virginia is in terms of length of the project it's not very long, but it's relevant construction considering the area and very good traffic too. So what we've seen is a lot, the capital required for this project is significant, and the amount of construction, the budget needed in this project is also I mean, relevant. We are talking multi-billion dollar projects in all of them.

It's working. It's working. Just closer.

01:39:17

Elodie Rall – JP Morgan

Is it working? Yeah. So what could be maybe helpful is you to explain to us how you think about buybacks when you have those kinds of projects coming through. So you gave us color about EUR 1.7 billion of returns versus the EUR 2.2 billion of dividends you expect. But what would be the commitment in terms of dividend and buyback? Would it be like equally split, like, I think it's been more or less historical average, or like a commitment on dividend and buyback would be conditional on whether you have investments to come?

01:39:56

Ignacio Madridejos – CEO – Ferrovial

I can go first. You can comment later. Now, we have this figure is for a three year period. As was commented in the presentation 2024, 2025, 2026. In this period of time, we have also committed investment, as was commented before, close to EUR 0.9 billion. Especially related to the New Terminal One and also in three year period, what we consider is the potential capital that we need to commit with new projects that we have in the long term. That's why I mentioned that we look at ten year period and this will have, hopefully we win, we'll see, the SR-400 committed investment for this. That will happen later on. And maybe you have new biddings in 2026 or whenever that you may have additional committed investments, no? That's the way it works for the EUR 1.7 billion is the traditional distributions, that's the way we do normally with both dividends and buying shares in case of some of our shareholders take that option.

01:40:57

Elodie Rall – JP Morgan

Ok, I know I need to give back the mic, but, you said, you talk about your competitors very quickly in maybe for US investors who are new to the story. Who would be your main peers and competitors?

01:41:11

Ignacio Madridejos – CEO – Ferrovial

That's a good question. I think we have competitors, even if the type of projects that we do in express lanes are not easy, because it requires, as we commented, multibillion dollar investments in certain regions. You need to commit a fixed price and a delivery on time, so it's not easy. It's difficult also to anticipate the traffic revenues that you will have in these places, unless you have the data that Andrés was commenting previously, requires quite a large amount of equity.

But being said that as it's difficult, I think we have been successful. So we think that there will be some competitors. In the case of the SR-400, what we are seeing is ACS together with Acciona and Meridian that are bidding, is the other bidder for that specific project. In other cases, in the previous one in Maryland, we saw at that period of time that was Transurban there as the main competitor. But it's expected that there may be some other competitors in the future. Usually in any of these opportunities will have three bidders that usually they select preferred bidders and usually normal is three. And I think will be a competitive process. But it's not easy to find companies with those skills and capabilities.

01:42:40

Satish Sivakumar– Citigroup

Satish from Citigroup. I've got three questions and all related to Airports. Firstly on the NTO. You are almost tripling the capacity there. Can you give us some color on the runway capacity between peak and off-peak where it is today? And what happens when you go to 23 million passengers? And how is it you're going to get the allocation on the runway side? So that, any clarification on terminal versus the runway capacity.

And the second is actually on again, on the airport, obviously, toll roads you got an exposure to India in the form of IRB. And whereas in your portfolio there's not much exposure on the airport side into Indian market. If you see some of your European peers on the airport side, they've got projects coming up there. So what is actually preventing you or going into the airport side of growth in the Indian market?

And the third one again, related to JFK, tripling the capacity. One of the key constraint is actually getting to the airport, right? So are you in discussion with the local authorities on any other projects that makes it for passengers, like get the ease of access to the airport as well? Thank you.

01:44:02
Ignacio Madridejos – CEO – Ferrovial

The first question, the limitation of the capacity at JFK airport there is no runway. There is plenty of capacity. Limitation is the number of gates, especially wide-body gates. That is what we are bringing to the market.

In terms of India. About your question, we are not looking for other infra class in the country. We are just focusing on toll roads. And together with IRB, that has been the type of things that we like to do in the future. It has good capabilities in order to develop a new greenfield projects or yellowfield projects. And what we could do is invest together with them, but not outside or we are not thinking about airports for the time being.

And working with local authorities is, I mean, is key to develop new opportunities in the US. The reality is that the airports in the US are owned by local municipalities in most cases, and they have not relied on private partners in order to develop infrastructure. That may change. We think that NTO will be a very good reference in the future for those that want to accelerate airport infrastructure, it will be a world class terminal, and hopefully this opens opportunities in other airports in the US.

01:45:17
Satish – Citigroup

Can I quickly go back to that runway capacity? Any clarification on the peak versus the off-peak capacity there?

01:45:26
Ignacio Madridejos – CEO – Ferrovial

I think we can give more information about that. But there's plenty, I think it's not an issue. But I know you want to clarify later.

01:45:33
Luke Bugeja – CEO – Ferrovial Airports

I think it's important to note that when we talk about the offering of the New Terminal One, the existing Terminal One gets demolished. So we're actually (inaudible) that growth is over a longer period. There is runway capacity. In those... There is runway capacity in periods in the peak period there is significantly less than it is in the off-peak period. But we are comfortable with our projections in terminal capacity vis-a-vis runway. As Ignacio mentioned, the key constraint is wide-body gates. Not runway capacity.

01:46:10
Satish – Citigroup

Thank you.

01:46:14
Graham Hunt – Jefferies

Thanks very much, Graham Hunt, Jefferies. First question on the listing. So you will have after the US listing is added, three listings. Is that the plan for the long term to maintain three listings, or would you consider dropping one? And are there any benefits to having all three running concurrently?

01:46:31
Ernesto López Mozo – CFO – Ferrovial

Ok, well basically we'll have to monitor how liquidity evolves. Liquidity tends to concentrate. So I mean, that's a possibility in the future. I mean investors will dictate that, right? I mean, we really expect to grow liquidity in the US and hopefully that should be the most important one in the future, right?

01:46:56
Graham Hunt – Jefferies

And then maybe just a question on Heathrow. A number of your shareholders have triggered their tag-along rights. Was this a scenario you had envisaged? I don't know if there's anything you can comment on in terms of your expectations for that process in light of those tag-along rights.

01:47:16
Ignacio Madridejos – CEO – Ferrovial

According to the shareholder's agreement, they have the right to sell the shares together with us. I think that some of them, they have been for a long period of time, and probably for them, it's also the right time to rotate the assets in other, invest in other opportunities. And I think that the 40% decided to stay, 35% decided to sell together with us, looks a fair price and I think we didn't anticipate. We know that they had the right and they exercise it, and now we need in order to sell, to sell together the 60% in order to proceed with the sale of Heathrow.

01:47:59
Graham Hunt – Jefferies

Thanks.

01:48:09
Garri Jones – Lazard

Hi. This is Garri from Lazard. Just a quick question on the Schedule 22 payments for the 407. Just hoping to get some more color onto that when it's expected to continue or start again.

01:48:22
Ignacio Madridejos – CEO – Ferrovial

Yeah. These Schedule 22 payments. Just to remember that it will be calculated with a traffic of 2025. And the first payment will be, well the first payment, it was done before but after the Covid, after the increase of tariffs, it will be in 2026. As the decision to increase tariffs, it will create value for shareholders compared to the Schedule 22 payments.

When we look also at the Schedule 22 payments, we have to look at the long term, it's something that will affect probably in the short term as traffic continues to grow, hopefully in a few years it will not be an issue. We are talking about an asset that still has 24 years ahead, a lot of value in the long term and this is what we need to look when we talk about the Schedule 22. We'll give some information in the fact book that facilitates to calculate, of course, not giving any forecast, but some information that may be helpful for you to calculate the Schedule 22.

01:49:25
Silvia Ruíz – Director of Investor Relations – Ferrovial

Ok, I can read a couple of questions from the website. So there are some of them, I believe, that have been already answered regarding what is included in the dividends guidance that we are giving from infra projects and especially Lev Margolin asks, can you please explain how you estimate dividends from infra for 2022-2026? What are the assumptions around refinancing? Could this figure be conservative or not?

01:49:56
Ernesto López Mozo – CFO – Ferrovial

Ok, well, we don't provide a breakdown on these. I mean, the main driver of the dividends is the operating cash flow performance of the assets. Leverage could play a part, but it's, I mean, a degree or two less. I mean, much less than the operating cash flow, right? So the driver these days is the operating performance.

01:50:24
Silvia Ruíz – Director of Investor Relations – Ferrovial

Ok, we have one question here. Ok, go ahead please.

01:50:28
Unnamed participant

Thank you. In the toll roads presentation, you talked about proactively approaching partners. And then in the Airports presentation, you talked about bilateral relationships. Can you talk about what percentage of your existing pipeline is a result of the proactive approach? And maybe similarly in the airports. And going forward, how do you see that percentage breaking out?

01:50:51
Ignacio Madridejos – CEO – Ferrovial

As was commented in the presentation, we have been, we have a local business development team. We have been working long period of time with the local authorities, DOTs or airport authorities, and we prefer those that are based on bilateral negotiations. In the case of these opportunities that we have seen in express lanes, what we go is with proposals to the DOTs in which we see that there is a problem with the traffic, and that problem will increase in the future. And we analyze if the projects are technically feasible and financially feasible, so that you have enough traffic to compensate for the level of investment that you need to do.

With that, some DOTs will decide to launch their own processes. And with that, we see we have the pipeline that you have seen. So most of them, we are proactive, talking to the DOTs, presenting potential projects that they could bring in the future and the contribution that is going to make and because of that is that we have the pipeline that you have seen.

In the case of Airports, we try to be proactive, also talking to them. We don't like to participate in these processes that you have too many competitors, especially infrastructure funds that with brownfields we like to participate endorsing, which we have the financial capabilities. That is the case of NTO, in which you have a construction that is very relevant. You need to have the PMO, you need to have the (inaudible), you need to know how to operate airports. Not many companies could do this type of work. This is the ones that we like to do. And working with airports in order to identify other opportunities, especially when they need to accelerate infrastructure, is key. Then later, in most cases, they need to open to competitors and there's a bidding process. But in those cases, you know very well the project, you have the capabilities in order to do that. And this is the type of things that we like to do.

01:52:55
Abhishek Thanvi – Tribune Investment Group

Hi. Can you guys hear me? So, Abhishek here from Tribune Investment Group. Silvia, thank you so much for organizing this. I had a high-level question for Ignacio, maybe initially. So when I think about Ferrovial, I was considering you could maybe you could share what's your vision a few years from now. So is it going to be a toll road, toll roads focused operator? Is there going to be a focus on North America? Obviously, we've discussed the opportunity in India where obviously there's a lot of growth in GDP, but we've got a lot of. If you could just share your vision for the company, let's say a few years from now, is there going to be a geographic or asset class focus within infrastructure?

01:53:35
Ignacio Madridejos – CEO – Ferrovial

Yes, as was commented during the presentation, focus is in North America. This is where we see more opportunities, where we have the value today and where in the future we'd like to have, similar to today, at least 80% of the value of the company in North America. And with the opportunities that we have seen, I think that that hopefully is the case. In terms of infrastructure, we like the toll roads, especially the express lanes that have created good value for the company. We would like to do more of them. And in the case of Airports, we also like the asset class, but it's very much more difficult to get opportunities. So probably there will be more selective in the future. But hopefully we can also generate here in the US. But the focus is at least 80% of the value of the company in North America, and this is where we see a very good pipeline to continue growing.

01:54:26
Abhishek Thanvi – Tribune Investment Group

Understood, and I had a follow up question on the US Managed Lanes, maybe for Ernesto. There's a few of these roads that don't share their revenue sharing mechanism. And from what my understanding is that it's up to the government, the state governments there to share these. Any idea on if and when we'll be able to get this information?

01:54:46
Ignacio Madridejos – CEO – Ferrovial

No, I mean that information will be part of the factbook that will be released, so you will have that for every single asset.

01:54:53
Abhishek Thanvi – Tribune Investment Group

Understood. Thank you so much.

01:54:57
Silvia Ruíz – Director of Investor Relations – Ferrovial

A couple of questions.

01:55:03
Nicholas Mora – Morgan Stanley

Thank you. Nicholas Mora, from Morgan Stanley. I have a few, so please stop me. Maybe just on Cintra. It's maybe more for Andres, but to be seen. On the 407, can you help us understand a little bit the tariffs path from here? Following the 14% increase in February. So, coming on stream today. Expectations are building up for another big increase next year and then more. Can you help us frame a little bit on how you think about tariffs? We understand the long term you know the pricing power embedded in the asset. But can you pass I mean yeah frame us the next 2 or 3 year kind of based on tariffs. Tariffs again on Managed Lanes, the switch to mandatory pricing is key for some of these assets to drive value. Which asset is getting that premium pricing today? When will others benefit from that step up? Considering, you know, growth, developments in traffic, new stretches opening up. Then staying on Toll Roads and the greenfield, you've put forward seven projects. You're not going to put any equity in these projects before '27, '28, '29, '30, '31. You're going to accumulate cash, so you've given us a 2.2 billion upstream dividend, upstream distribution from assets, 1.7 billion of dividends as use. Then we've got Heathrow (hypothetically), we've got AGS (hypothetically), we've got more assets, small toll road assets that could add up to 3.5 billion. I mean, there's a big, there's a big discrepancy between the divvy up streams, plus the disposal and the use of cash. Can you help us also bridge a little bit the gap? Thank you.

01:57:06

Ignacio Madridejos – CEO – Ferrovial

Let me start by the 407. As you mentioned, yesterday is the day we are implementing the increase after four years. That the last one was before the pandemic. And as commented, the way we are pricing at the 407, we have the freedom to set toll rates. And what we do is the value, we consider the value to users and this value to users as commented is the time savings, the reliability compared to other alternatives congested, it's about the higher safety. It's about the convenience, it's about the peace of mind.

And what we will do is capture whatever we can of this value that we give to users. But also considering the high customer satisfaction as has been the case in the past. In all our assets, there is a very high satisfaction by consumers, but also because we offer a good value to them and we capture part of it.

As you mentioned, it is we are talking about very long term. I mean 75 years is still ahead with a city that is growing in terms of population, economic activity, that the 407 that was very far from the city center. Now you see a lot of buildings every day you see new offices there, new logistics centers, a lot of activity around. So I think we will have increased the value in the future.

And as part of this value, we'll try to capture with a very high customer satisfaction, the way we have done before Covid, we'll try to do in the future, and we'll take decisions every year in terms of what is the value and how we capture that.

For the case of the Dallas Managed Lanes with, we have also a soft cap and we can... the first thing is that the soft cap is increasing every year with inflation, so we have to consider that. And above that we can go with the mandatory modes as you were commenting. And this mandatory mode is when there is certain traffic parameters, we are above them or the speed is below certain numbers, or the number of vehicles is large enough in order to increase. And we have to increase these tariffs until we increase the speed or reduce the number of vehicles, so it's something that we have to do and it's mandatory. And in these cases some of them of the assets, as we have commented, NTE we have mandatory mode, or we used to have.

35 West also have some that at some point of time, limited ones, but in the future, as long as the city is growing, the economic activity is growing or hopefully we'll see more of them. And the value that we provide to the user is that we are the free flow alternative compared to other congested alternatives in the area. The city is growing a lot. So I think in the future, hopefully we'll see more in several years from now.

About the cash flows, you have to think in three years time. First, Heathrow is not included at all. So what we talk is we are not including the dividends of Heathrow. We are not including divestment of Heathrow in these numbers, it is just three years. In these three years, on top of this number, the 1.7, you have to add the 0.9 committed investments that we have, including there the NTO, and also you have to consider the potential other committed investments that we could have if we win projects like SR-400. And this is what we need to consider.

The worst thing that could happen is that we don't have the capital to do, and to develop projects that we think can create value for the company and because of that, we need to have certain flexibility in order to make sure that these projects that generate value, we can do them in the future.

And as commented previously, this list is quite relevant. The size of these projects is relevant, and the capital needed for these projects is also relevant, and it's something that we need to consider.

In the case that these are not the... we don't have these projects that we will be bidding for or we don't win them, of course things could change, and maybe we don't need this committed investment in the future, but we need to consider, in these three years time, all these variables in order to take our decisions.

02:01:09
Silvia Ruíz – Director of Investor Relations – Ferrovial

Ok, let me read a couple of questions from our website. So we have a question from Wei Chi Loh from 11 capital regarding shareholder remuneration. The question is, given the guide for 1.7 billion of total shareholder remuneration and the 500 million buyback that was announced on 30 November 2023, which implies a dividend of 1.2 billion for the next three years, which is a step down from 2023 levels, could we get a little bit more color on the reasoning for this, given the amount of cash flow you have from your assets?

02:01:43
Ernesto López Mozo – CFO – Ferrovial

Well, basically it's linked with what Ignacio just mentioned. I mean, we have a value accretive pipeline ahead of us that we need to really face with the capital resources to be as successful as possible. So we need to basically be prudent in that regard.

02:02:08
Unnamed participant

Hi, thank you. I have a question on JFK. So you've disclosed that the capacity at the new terminal is going to be 23 million. My guess is that the 23 million is at the end of Phase B. Are you able to tell us what phase A capacity is, and also how the cost split between Phase A and Phase B? Then I have one more on the same.

02:02:34
Ignacio Madridejos – CEO – Ferrovial

Are we disclosing that amount of cap space? I'm not sure that.

02:02:40
Silvia Ruíz – Director of Investor Relations – Ferrovial

The total I think we have disclosed.

02:02:42
Ignacio Madridejos – CEO – Ferrovial

The total yes, the 23 million. What is the capacity of Phase A?

02:02:48
Luke Bugeja – CEO – Ferrovial Airports

Boarding gates? Yeah, but in terms of the estimate, I'm not sure.

02:02:55
Ignacio Madridejos – CEO – Ferrovial

All right. We'll go back. If it is disclosed, we'll go back because we are not sure if we are disclosing that information.

All right. No worries. I mean, if you can tell us that, it would be helpful so that we can build the ramp on that as well. But, I guess I have one more on this. You're the project manager on the construction, but you're not actually doing the construction. Have you locked down the costs? Who currently holds the risk of the costs changing?

Yes. Yes, we are not the contractors. Aecom Tishman who is the contractor, and we have a maximum price agreed as part of the contract with them.

02:03:28
Silvia Ruíz – Director of Investor Relations – Ferrovial

Ok, I have some questions from Fernando La Fuente from Alantra. I understand that most of them have been already answered. One question regarding the pipeline. So on the growth pipeline, you give us an indication of when...could you give us some indication of when these seven projects are coming to the market? Is the strategy to go in consortium, and if so, which kind of partners are you talking to?

02:03:53
Ignacio Madridejos – CEO – Ferrovial

With these projects, the first one is the SR-400 that we are building in May and the decision will be August. The others we don't have today specific days, we are working on it. Some of them environmental permits is what they are doing now, others they announced their RFQ for next year. So others are in the final decision making. So it's difficult to anticipate now specific dates about these projects. And yes, we like to go with partners in the projects. The ones that we like, those that contribute and add things to Ferrovial, in some cases, 407 as you know, we have CPPIB. I think the pension plan, local pension plan is a very good partner. And we have also Ullico, the union pension plan. So I think that those partners that can contribute are the ones that we like. And I think this is a good check from third parties that we are taking the right decisions in terms of risk returns balance and we like to work with them. Some of them have been in several assets for a certain period of time, but we try to select those that will help us to be more competitive and be more local.

02:05:07
Frank Greywitt – DWS

Hi, Frank Greywitt from DWS. Three questions. The first is on the data. You've described ways that you're using data to win projects, bilateral agreements. Curious if there are other ways that you can monetize this data. Others you talked about some smaller businesses that you're incubating and any ways that that could change the complexion of Ferrovial in the future. Second question, just when it comes to that data, just any indication on how you see tariff or rate of toll, and how that scales with congestion? And then finally on the energy side. Can you talk a little bit about this? I realize 2% today. How big do you see that getting? Do you see any, do you see taking on any power price exposure? This can be regulated, PPAs, is there any other information you can give on the energy sector.?

02:06:07
Ignacio Madridejos – CEO – Ferrovial

Remind me what the first question is about.

02:06:12
Ernesto López Mozo – CFO –Ferrovial

Yeah, you mentioned about...

02:06:15
Frank Greywitt – DWS

Sorry, on the data side...

02:06:17
Ignacio Madridejos – CEO – Ferrovial

Yes, the data ok. Now I think that the main value that we have with the data today is in order. Two things - one is the forecast of new projects in order to understand well the revenues in terms of helping us with the connectivity, if there is work to do some additional infrastructure, additional connections in some parts of the highway, understanding how the revenues are going to be, that's critical. The other part is optimizing the ones that we have today.

The algorithms they are learning and without learning with what they do is try to maximize revenues every time considering certain parameters that are based on the behavior of the users. This is something that we don't want to sell to third parties. I'm sure that some competitors would love to have some of the information that we have in our company, and it's something that today we are not planning to do. The type of projects that was Andres commented previously, are things that could add value to the assets that we have today to the Managed Lanes.

I mean, AIVIA to have a connected is just giving more information from the infrastructure to the cars and with that, improve the safety. This Next Pass is about the tolling, and instead of using your transponder, you pay with your app, and with that, you can get information not only about our toll roads, but third party toll roads too, because they can be used in different states.

So we can get a lot of additional information that we don't have today, on top of generate some revenues that are not so relevant. And the RUC (Road user charge) is something that could be relevant in the future and could give a lot of additional data that will be relevant for new projects, or maybe in the future to that you will have some kind of congestion, I mean tariff, no?

So I think that in that case is working with the DOTs in order to find new ways in which a scarce asset, that is, the highways and the capacity, how you can monetize and use it in an efficient way so that you can improve the congestion in, in big cities. So that's the way we do it. The next question was about?

02:08:31
Frank Greywitt – DWS

Sorry. How toll rates scale with congestion. If you have any information on that.

02:08:39
Ignacio Madridejos – CEO – Ferrovial

Toll Roads increasing with congestion. Well this is, we have an algorithm with dynamic pricing in which we optimize the revenues, no? So we'll calculate at the peak, and I mean especially in those that we have freedom to set toll rates is something that of course we are continue learning, because we can change the price in some cases every two minutes, or every five minutes. So, understanding the willingness to pay in some of these scenarios is key. And it's something that you continue learning. It's very good in the case of I-66, that you don't have a multiplier for heavy vehicles, and these are willing to pay more than others. So understanding very well how much they can pay at these peak hours, in which the alternative is really congested and it's going to take much longer, is very relevant in order to optimize revenues. And this is something that we are doing. We are improving every time and help us to optimize the revenues. And the last one was?

02:09:34
Frank Greywitt – DWS

Energy, the energy business.

02:09:36
Ignacio Madridejos – CEO – Ferrovial

Ah energy, yes. Energy as I commented, is an incipient business unit for us, and what we are doing is different things that we were doing already, we were participating, putting all them together. So we're already for many years doing energy efficiency projects in Spain.

We're doing also some transmission lines for third parties or renewable projects. What we are doing is putting all of this together. There's going to be a need for construction companies like us in order to develop this infrastructure that is going to be needed for the energy transition, and I think we have the skills in the company and the knowledge of the industry to facilitate that and generating value for the company.

If in some of those, we see that there are some projects in which we have competitive advantages and we can invest in equity we will do, but we are not a utility, we don't want to be a utility.

We are just a developer of infrastructure building capabilities to facilitate a sector that is growing and is needed companies like us, and we have the chance to invest limited resources in places that we have a competitive advantage we will do, but just as a developer of infrastructure, never as a utility.

02:10:50
Shawn Trudeau – Neuberger Berman

Yes, hi Shawn Trudeau from Neuberger Berman. Here in New York we're not used to such nice things, so thank you very much. Luke did give some credit, however, to LaGuardia, and I think credit is due on that particular asset.

I'm curious what has changed in the New York area environment that enabled you to introduce yourselves into the conversation and win this deal with Terminal One? Why was it not developed in a similar way as LaGuardia was?

02:11:24
Ignacio Madridejos – CEO – Ferrovial

Well, in the case of the Port Authority, they have relied with the private partners in order to develop some infrastructure. This is the way that they are doing now with the New Terminal One, but it's also the case that they are doing with Terminal Six or others in New York, so they are thinking about things like that. And I think as commented you want to speed this infrastructure that is I think well needed and relying on private partners is perfect for them. This specific project and deal NTO was originated by Carlyle together with the JLC and Ullico.

So I think they were the ones that visioned this together with the airlines, got the lease and work with the Port Authority to, and also with the communities because Queens, I mean, it's very relevant for this project and what you can contribute to the community. So they did a very good job bringing all this together, the Port Authority, Queens and the needed of infrastructure and how to accelerate it.

The issue is when they went to build it, they were lacking these skills in order to have such a large infrastructure to be developed in an area like New York, and that's when we had the chance and they invited us to participate and to look at the project and this is when we took a participation. It's a large investment.

We have good skills to contribute with the PMO, with other experience like a terminal two that Luke was commented previously, but it's something that we have done in the past. We know how to do it.

We are relying on a construction company that has the local skills, but we also participate in order to make this project on budget and on time, that is the schedule. That is what is relevant in order to get the returns for the investors. We think this is a very good project with contribution to the community and also a scarce resource in a market that is growing.

02:13:21
Shawn Trudeau – Neuberger Berman

Thank you. Following up on that last question, you mentioned the potential effect on gas taxes, right? As EVs, etc. penetrate, which would tell me that you would maybe have an opportunity eventually to not be just in the south of the US, but maybe the northeast, California. Are there any discussions there? Is that market a potential market for you in the future? Do you?

02:13:45
Ignacio Madridejos – CEO – Ferrovial

The main opportunities for express lanes are in cities that are growing and they lack infrastructure. So I think that these places, Texas is a very good example, Dallas or Houston, Atlanta, Charlotte, Nashville.

So these types of cities that they grow in very fast, they lack the infrastructure, probably the state if they allocate funds for these multibillion dollar projects, they don't have enough money in order to do all the rural roads or maintenance of all the roads. These are the perfect targets because they need private partners in order to accelerate a needed infrastructure.

So these are the places that we are targeting. At the same time, we have to think that we cannot have construction capabilities everywhere. Each state is different, so we need to target very well in which places we see, as Andrés was commenting, that there's going to be growth, there is going to be problem of congestion and we can be there in order to solve those problems because we need to...developing these construction capabilities is not easy.

We have been many years now in Atlanta, in Georgia doing the projects. We have learned them losing some money. So I think it is a learning. So at the end you need to learn how is the market.

The first time that you go there it is not easy. And I think that building those capabilities takes time, so you cannot be everywhere. You have to be selective on the places that you are going to present the projects, and that you will have the capabilities to do those specific projects. We think that the ones we are selected - hopefully, I mean, we'll see the projects there and we are right - maybe others, yes. Maybe some of them we are not there.

02:15:28
Silvia Ruíz – Director of Investor Relations – Ferrovial

Let me read a couple of questions from the website. So one question from Marcin. Please could you confirm if you intend to divest your stake in AGS?

02:15:39
Ignacio Madridejos – CEO – Ferrovial

We don't comment about any rumor or any type of transaction. We just commented previously what is our business model. We rotate mature assets to recycle capital in other projects with potential higher returns, especially greenfield projects, so this is the philosophy that we have in the company. And of course, when it has more value for a third party than for us, but we don't comment about any specific asset rotation right now.

02:16:04
Silvia Ruíz – Director of Investor Relations – Ferrovial

And another question from Luis Prieto from Kepler regarding pricing. So how should we think about the pricing growth potential of both 470 ETR and US Managed Lanes over the long term? For how long can revenue per transaction grow above inflation?

02:16:21
Ignacio Madridejos – CEO – Ferrovial

Well, first that we have the potential to go above that. And when we have these assets, you need to think about the very long term. So we have 75 years in the 407. We have still 40 something years in some of the Managed Lanes. So we need to think about what will happen, how the cities will grow, the population, the economic activity.

And our assets, what they have to do is give service because be the one that is not congested, and you can arrive on time for this important event that you may have in the future. In some of those we have freedom to set toll rates, so I think we'll do based on the value.

And with this value, we think that it could have the potential to go above inflation, based on the value that we can provide and the economic growth that we will have in the future.

In the case of those Dallas-Fort worth Managed Lanes, that we have a soft cap, the soft cap is increasing with inflation, so the minimum that you will have is increasing with inflation your toll rates and above that you have mandatory modes. And hopefully in the future if the cities are growing and we see more traffic and are more congested, we'll see more normal to have mandatory modes in which you increase, increase, increase until you go back to the level of service that you promised to your users, and then you reduce later on.

So I think we have the potential to increase above inflation, yes. Over the long term, yes, until the end of the concession. It all depends on the value that we give to users and we have the potential to capture that value.

02:17:55
Satish – Citigroup

Satish from Citigroup. Just one quick follow-up on the NTO is that the focus right now is mainly on the aeronautical side. And what about the non-aeronautical in terms of retail opportunities and so on? Because if I look at the airlines that you signed up and just look at the catchment area for those like airlines, the traffic that they bring in, the spend on it is much lower than say some of the other regions where potentially you could sign up in terms of the airlines. So any color on that, where do you see that opportunity?

02:18:27
Ignacio Madridejos – CEO – Ferrovial

Yes, you are right. I think this is the case usually in the US, the part of the commercial revenues are much smaller than the aeronautical revenues, even though the offer that we are going to have is going to be similar to Heathrow, but of course to the local market and the needs that they will want to have here. But our estimate is that's going to be lower, no? I think we are, we get that number is I think.

02:18:51
Ernesto López Mozo – CFO – Ferrovial

Also because we share it with other partners. So we have the risks that I mean, our exposure is more to aeronautical. There's an opportunity there, but we have a kind of hedging.

02:19:00
Ignacio Madridejos – CEO – Ferrovial

Yeah, I think we are, I'm not sure we are giving the number, but.

02:19:04
Luke Bugeja – CEO – Ferrovial Airports

Without giving you the number. But I think ok the unique, the unique proposition that we will have is a purely international terminal. So when you experiment, when you pick, will you buy duty-free in terminals, whether it's O'Hare or LAX or here in New York, you pay your money and then you get it at the gate if you remember it.

We have what we call a cash and carry concept where you like in other European and Asian and Middle Eastern terminals, you buy your duty-free, you take it. And that does create a lot of value. We say it's a smaller percentage of total revenue because there is a revenue share.

So I think that's the difference, that's the reason why you're not seeing the same split as you would see in a normal international terminal.

02:20:02
Unnamed participant

Thanks for this update. Conscious that this is mostly to talk about the US opportunity and your expansion into the US, but you have an interesting portfolio in Europe, some regional assets on the airport side. That business seems to be doing quite nicely, low-cost carriers are growing quite nicely. I'm just wondering where that fits in the long-term vision with the exiting that over time. And then on Heathrow specifically, they've been talking about a third runway since before I was born. I'm just wondering any update there? Because obviously that would add significant incremental value as you seem to be selling down on that. Any thoughts on that?

02:20:38
Ignacio Madridejos – CEO – Ferrovial

Yeah, well in Europe we would like to have more opportunities there. So we are very well positioned in several countries in Europe. What we don't see is the level of opportunities to grow that we see today in the US, but hopefully we see those opportunities in the future because that's the origin of the company and we have all the skills in several markets, some of our core markets.

But the pipeline that we see in the US in terms of the express lanes that we mentioned before, the need of infrastructure and the deficit, I think is huge and that's why the focus of the company today is in North America.

About Heathrow and the third runaway, well, this is, of course, is considered in part of the plan of Heathrow. They are working to achieve that is the largest European hub, international hub. For Global Britain, growing and expanding is needed and it's something that hopefully happens in the future. But of course we have to go through different processes and planning permissions and approvals and it will take time. So there's nothing that will happen in a few years, it will take a long period of time for that to happen.

02:21:56
Silvia Ruíz – Director of Investor Relations – Ferrovial

Ok, so a couple of questions from the web. So Filipe Leite from Caixabank. He asked for the timing on the US listing, that I think we've covered. But he also asked about the indexes and what are the indices that we could expect to be targeting.

02:22:14
Ernesto López Mozo – CFO – Ferrovial

In the end, as I mentioned before, I mean, it wouldn't make sense to increase the US liquidity and hopefully it will be the most important market along time. When that happens you can be included in different indices and you could qualify for different ones right? From the S&P, of course Nasdaq 100, Russell 1000 as well, so there's a variety of them and I think it would be natural to end up there. Given that you would be providing the US investors the opportunity to diversify their portfolios into something that is not represented at the moment, right? So it's a great business and it's not represented in any listed portfolio in the US, right? So yeah, hopefully we'll be there. We're not basically limiting ourselves to one specific index.

02:23:09
Silvia Ruíz – Director of Investor Relations – Ferrovial

And a question on Construction. So Nicolo Pessina from Mediobanca. Is the 3.5 target for EBIT margin in Construction in 2024 confirmed? What do you plan to get in 2026?

02:23:26
Ignacio Madridejos – CEO – Ferrovial

Yeah, our target and our goal that we are, the whole team is working to achieve at the end of 2024 is 3.5% EBIT. And as commented, I think we have a good backlog that is very healthy now, some of these legacy projects affected by hyperinflation after Covid, they are closer to the end and we are working to achieve that specific target. What was mentioned also in Nacho's presentation is that what we want to achieve over the long term is an average of 3.5% EBIT, adjusted EBIT over revenues. This is something that we have achieved in the past, and I don't see why we should not achieve it in the future as an average.

02:24:20
Unnamed participant

Just as a follow up on NTO, you've whetted our appetite a little bit on, showing other terminals tariff per passenger. USD 80-USD 82 for, I think Terminal Six, Terminal Four USD 82- USD 110 for T6.

So considering that you place yourself as having the highest quality terminal, you must be placing yourself into the higher end. So north of USD 100, I mean, just. Is that what you're trying to tell us with this slide? In terms of where to put, because as was said, I think 80% plus of revenues will come from aviation. This is what makes the returns on the project. Just to help us a little bit frame, you know, the more precise range I think would be helpful.

And then just on Construction, what about the mix of margin? Because we know the business is doing extremely well, dragged up by Budimex, right? Stocks up more than you know, 100-120% over the past twelve months.

Well reflected, what about the rest of the business? Which has really been struggling, especially the core Construction? Are we at the end of the issues, is the backlog that much better? Is there any selectivity because you keep growing? That's a bit antagonistic with higher margin. So help us a little bit frame in terms of the mix, the drivers of that of the business as well, please. Thank you.

02:25:51
Ignacio Madridejos – CEO – Ferrovial

The first questions are about the tariffs. This is third-party information, this is not coming from us. We assure you that something that is public and you can get to that information, we are not giving any guidance about that. So you have to take your assumptions, and based on that, do your model. But we just brought third-party information about it. And in the case of margins in Construction.

So as i was commented. Yes. In some places we have the effect of the Covid and the hyperinflation, some legacy projects in which we were losing money that were affecting our margins.

That will be over in the following year and we have another event of hyperinflation that, but we are more covered than before with the backlog that we have, and how is that considered.

Anyhow, the margins are different depending on the places and the type of work that we do. So you are doing hard bids in Webber here in the US, well the margins are usually lower, they are lower risk. When you have a local market like Poland or Spain where you have higher margins, so when you have a design and bid and you take more risk, and especially when you do internally, of course we always target to make money in these projects.

But in this you want to be competitive, so you have to balance and see what is the type of projects that you have where you have those projects. And as we commented, the average is the objective to achieve a long term average of three and a half, but of course has fluctuation based of where you have the backlog, where you have more work, and the type of work that you have.

So depending on the risk that you take and the type of work, and you used to have different margins in construction and that's a normal thing. And it's part of the portfolio that we have that is helping to be competitive, to do concessions projects that's the main objective that we have in the Construction business.

02:27:39
Unnamed participant

In terms of the free cash…because at the end of the day…what really matters is the cash… You used to do 200 million plus per year. You see, that has not been the case for the past two to three years with its losses and cash outflows. So is that 200 million plus from history something you can dream of over the next three years? So cash backed earnings or we still have to go through a period basically of ups and downs?

02:28:10
Ignacio Madridejos – CEO – Ferrovial

You are fully right, when you need to look at the construction is about cash. And this is what will matter more than EBIT percentage because at the end of the day, this is what we want to get from the Construction business. In the case of this business, when you have these advanced payments, so depending when you are the backlog, if you're at the beginning, you are at the end, that can have some fluctuation.

So you cannot look just one year. You need to look over a certain period of time. And the same way that you look at 3.5% adjusted EBIT over revenues, what you need to look is that how it is transformed in terms of cash? Because most of it will go to cash over the years, but you will have fluctuations.

02:28:49
Ernesto López Mozo – CFO – Ferrovial

And then the long-term average, that is the long-term average, of course means positive operational cash flow independent of working capital.

02:29:01
Silvia Ruíz – Director of Investor Relations – Ferrovial

Ok, I have a question from Patrick Creuset from Goldman Sachs. As a follow-up regarding shareholders, shareholder remuneration and dividends. So, sorry, can you just clarify that all Toll Roads, including I-66 and I-77, are included in the 2.2 billion distribution guidance? And also given it's pretty close to 2023, 2024 level in terms of run rate. It would be helpful to understand whether they should be seen as a floor, thanks.

02:29:31
Ernesto López Mozo – CFO – Ferrovial

Ok, well, as I said, we're not providing a breakdown. But, yes, I mean, all the portfolio contributes in these three years, all the portfolio of Toll Roads. We've given our estimate, right? So, that's an estimate. Thank you.

02:29:52
Silvia Ruíz – Director of Investor Relations – Ferrovial

Ok, question from Miguel Medina from Mirabaud. Can you comment on the Lima Ring Road? What is the rationale for entering the Peruvian concession market if there are plenty of opportunities in the US?

02:30:05
Ignacio Madridejos – CEO – Ferrovial

As we commented, we want to keep this 80% of the value in North America because we have good pipeline and growth, but also we can create value beyond North America and we will continue to do that. This project in Lima is something that is an unsolicited offer that we launched ten years ago. So this has been a very long time after this type of project that is a ring road in the city of Lima, that is very well needed in order to improve traffic and avoid further congestion in the city and to develop the city. Now it is open for other competitors. We don't know if there will be competitors bidding for this project that have a certain period of time. We are going in this project together with other companies that we think that support us in terms of the capabilities to do this type of project. But after ten years, I think that this is a project that could create value for the company and that's why we are doing it, but it is not instead of the US, it is on top of and creating additional value for the company.

02:31:17
Silvia Ruíz – Director of Investor Relations – Ferrovial

Ok, a question from José Manuel Arroyas from Santander. What is the factbook that you just mentioned? What is the document about? And second question, about 407 ETR toll roads. So the increase on average is 20-18% versus 2020. But there's a wide range of toll increases. Is this range a reflection of gap between your traffic expectations in 2025 and the traffic thresholds?

02:31:43
Ignacio Madridejos – CEO – Ferrovial

Can you repeat the question?

02:31:44
Silvia Ruíz – Director of Investor Relations – Ferrovial

Ok, first question is about the factbook and the second question is tolls have been raised on average by 18% versus 2020. But there is a wide range of toll increases. So is this range a reflection of the gap between your traffic expectations in 2025 and the traffic thresholds? So I guess that.

02:32:06
Ignacio Madridejos – CEO – Ferrovial

Yeah I understand that

02:32:08
Ignacio Madridejos – CEO – Ferrovial

Need to translate. You want to answer the first one about the Factbook?

02:32:11
Ernesto López Mozo – CFO – Ferrovial

Well, the Factbook will provide an easy access to all the details on debt, contracts with the most relevant features that you guys asked for, like revenue sharing, refinancing gains. So it will be an easy tool to navigate aspects and help with the modeling.

02:32:33
Ignacio Madridejos – CEO – Ferrovial

About the second part for the long question. The short answer is that yes, of course, when we have defined the tariffs for this year, we are considering Schedule 22 payments and the level of traffic, how we can have a different type of traffic and different periods of time. But yes, we will consider that and also consider the value to users, and based on that, we define the tariffs at certain segments and in different periods of time, always trying to optimize revenues giving that good service to our customers. But at the same time, when we talk about revenues, it is net revenues also with the Schedule 22.

02:33:17
Unnamed participant

Thanks. Just staying on the 407. Can you explain why did you step back from the seasonal toll rate schedule that you introduced and go back to a more simplistic structure? Should we expect sort of changes to that through the year? Or are you planning to introduce the seasonal tolls for next year? Just trying to understand the thinking there.

02:33:42
Ignacio Madridejos – CEO – Ferrovial

We are, I will say that based on the information we have been having for years since we have an increase before. I think that what we expect to be for the year, in terms of understanding what is going to be the traffic and the value that we can provide, in general in the future it is more expected that because of Schedule 22 payments, that you have one increase every year. So it will be more like that in the future, rather than to have two or several increases. And the same time, we'll have all the data now in order to know for many years what is, could be for the whole year and every time of the day and every time of the week, what is the best tariff that we may have? So unless we find that this additional data that makes us to change, I think probably just one increase a year could be the right way to do it.

02:34:36
Unnamed participant

And then maybe just following up. Do you see us now back in a kind of steady state traffic profile, relative to where we were in terms of coming out of Covid and behaviors sort of in flux. Are now back into a more steady state environment, or are you seeing things still changing on a month-to-month basis, as sort of Toronto returns to the office?

02:35:01
Ignacio Madridejos – CEO – Ferrovial

As we commented several times before, Toronto and in general Canada were well behind other places, between 1 and 2 years in terms of going back to the normal mobility and the restrictions to mobility. In terms of also work from home, we think that, there's still there delay compared to others, so they have still room to go back to a more normal scenario. In the US, we are seeing now more companies asking five days a week and pushing for employees to go back to the office.

But I think there's still Canada, especially Toronto is lagging behind other places, and they could have still some room to improve in terms of work from home, and I think it's something that we have seen some third party references in which every month they are continually increasing in terms of asking employees and the return to the office, so I think we are still not there. But I think that, as I mentioned, even the short-term long-term scheme.

So again, population and economic growth, especially around the 407 is the key for the long-term, and this what we need to think is that it is a 75 year concession, so the value is in the long- term for the 407 and we need to look at that.

02:36:11
Unnamed participant

And then just just last one. Still on the 407. Are you happy with your stake in that asset? If there was the opportunity, would you look to increase it and vice versa?

02:36:23
Ignacio Madridejos – CEO – Ferrovial

We are happy with the stake that we have and with the partners that we have today. If there are opportunities, we'll see.

02:36:29
Unnamed participant

Thanks.

02:36:33
Silvia Ruíz – Director of Investor Relations – Ferrovial

I have three more questions here. So there's a follow up on capital allocation and the strategy that we have in the energy sector, especially where do you plan to focus in terms of projects and geographies? And if you could just give us some visibility on how much capital do you plan to deploy there?

02:36:54
Ignacio Madridejos – CEO – Ferrovial

Capital limited for us is, we don't want...as commented, we are developers, so the idea is to, we develop something with our own capital, we rotate. And what we have we want to do is also construction for third parties, ability to develop the infrastructure that is needed for energy transition in general. Because it's a good market. We will, I mean, a place in which we can have a good margin in the future.

In terms of geography, it is very limited in places that we can develop capabilities we have for many years, as commented in Spain, and will continue to do so.

We have also some transmission line projects that we have done in Chile in the past, so we can do more transmission lines there.

We try to do more in the US, we are already doing things for third parties with renewables. We like to do energy efficiency projects in the US. We have bid for some, we have not won so far, but we would like to participate more in these types of projects.

And also in Poland we have very good capabilities, it's more incipient in terms of energy transition, there could be also good opportunities. We have a very good company Budimex, the leader in the market, so we can have opportunities to do things in the energy transition. We'll try to do those.

I think these are the three and a half, because Chile is just very limited countries in which we will focus and very limited resources. Rotating the asset very fast.

02:38:15
Silvia Ruíz – Director of Investor Relations – Ferrovial

Ok, Ernesto I guess this question is for you from BBVA. What is your attitude towards hybrid bonds? Is this an instrument you might consider coming back in the near future?

02:38:27
Ernesto López Mozo – CFO – Ferrovial

Well, it's an instrument that at a price, makes sense. It provides more flexibility for growth. Well the market now for hybrids has tightened a little bit, but this is still, I believe, expensive. It's something we could look at in the future.

02:38:44
Silvia Ruíz – Director of Investor Relations – Ferrovial

Ok, and final question here from Dario Maglione from BNP. And I don't know if we're going to need a loop because it's a quite of detail of JFK. So first question, JFK NTO, how does the FAA's cap on the number of flights affect traffic projections at JFK?

02:39:09
Ignacio Madridejos – CEO – Ferrovial

Sorry. Wait, wait, wait for the microphone. Wait for the microphone.

02:39:13
Luke Bugeja – CEO – Ferrovial Airports

So I think that that question was asked earlier, but there are there's an absolute cap and then there's hourly caps. So, as I said before, the new facility that we're providing replaces existing facilities. So don't think of it as 23 million capacity, just in addition to where it is at the moment. We're expecting the market share for us to increase from where it is at the moment from 34 to 49.

So you've also got to understand that our market, our focus market is the existing traffic that's already operating in JFK, and the growth will come from either upgauging or additional frequencies.

And clearly, we have done a lot of work to analyze the opportunity for growth, and we do see capacity available in an hourly position. There's obviously there's peak periods in which there's less capacity available, but there are other opportunities that we believe that we can absorb that growth.

02:40:10
Silvia Ruíz – Director of Investor Relations – Ferrovial

Ok, second question. So Terminal One in 2023 had cost per employment of USD 65. How does this translate to revenue for the company that holds the concession of the terminal?

02:40:22
Luke Bugeja – CEO – Ferrovial Airports

I can't answer that question because that's TOGA. And again, just to reiterate the point that Ignacio says, these numbers that we gave you were not our numbers, Steer provided that assessment, so they're not our numbers, but I can't answer how that feeds into TOGA, which is a group of airlines that currently operate Terminal One.

02:40:43
Ignacio Madridejos – CEO – Ferrovial

The old terminal one is not part of the consortium.

02:40:45
Luke Bugeja – CEO – Ferrovial Airports

So we don't operate the existing facility we'd have zero revenue from the existing facility. We don't get a dime until this facility opens.

02:40:54
Silvia Ruíz – Director of Investor Relations – Ferrovial

That's it.

02:40:55
Luke Bugeja – CEO – Ferrovial Airports

That's it? Good.

02:41:08
Silvia Ruíz – Director of Investor Relations – Ferrovial

Ok, it seems that we don't have more questions. Thank you very much, all for being here.

02:41:13
Ignacio Madridejos – CEO – Ferrovial

Ok, thank you very much and we close this Capital Markets Day. Thank you everyone.