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EARNINGS, FERROVIAL, TRAFFIC

ferrovial

Revenues up 11.1% in like-for-like terms to €4,569 million

Ferrovial reports €241 million in EBITDA in the first nine months of 2020

- The company has a sound financial position based on a record €7,541 million in liquidity and a net cash position of €1,698 million, excluding infrastructure projects
- The main assets, which were impacted by COVID-19, have seen a recovery in traffic since April. They have sufficient liquidity to service their debt
- Ferrovial collected €217 million in dividends from its main assets
- Construction reported €103 million in operating cash flow before taxes, with an EBIT margin of 3.2% in the third quarter

Madrid, 29/10/2020.- Ferrovial reported €241 million in EBITDA between January and September 2020, up from €20 million in the same period of last year. Revenues increased by 11.1% in like-for-like terms to €4,569 million, boosted by good revenue performance in Construction. Traffic and operating profit figures reflect the impact of COVID-19.

The results for the first nine months include the impact of the Airports business (equity-accounted), a €39 million provision for the corporate restructuring program, discontinued operations, and the court decision on Autema. As a result, the company reported a net loss of -€498 million.

Ferrovial is facing the current circumstances from a sound financial position, having accumulated €7,541 million in liquidity. This is the result of its strategy of protecting liquidity and strengthening its financial position. Among other initiatives in this area, it issued €780 million 6-year corporate bonds and drew €645 million against syndicated revolving credit lines, as well as €510 million in new liquidity lines; the company also made two European Commercial Paper (ECP) issues, amounting to €575 million and €698 million, at negative rates, under the ECB's Pandemic Emergency Purchase Programme (PEPP). Net cash excluding infrastructure projects amounted to €1,698 million (including discontinued operations).

The company maintains its firm commitment to society in combating the pandemic; through the "Ferrovial Together COVID-19" fund, it has donated €8.7 million to medical equipment, research into medicines and vaccines, and support for vulnerable groups and those at risk of exclusion in the territories where it operates.

Ferrovial collected €217 million in dividends from assets in which it is invested in the first nine months of the year. Specifically, Canadian toll road 407 ETR distributed CAD 562.5 million (€159 million to Ferrovial) and Heathrow airport distributed GBP 100 million (€29 to Ferrovial).

Impact of COVID-19 and measures adopted in response

The **Toll Roads** division saw a recovery in traffic from the April low after lockdowns were lifted and the economy began to reopen. The Managed Lanes in Texas made a rapid recovery up to mid-summer, while heavy vehicle traffic proved more resilient because of the growth in e-commerce. All the assets in this division have a solid financial position with sound liquidity. In order to mitigate the effects of the health crisis, Ferrovial reviewed spending plans in all concession assets and will implement a range of measures, which include postponing non-essential capital expenditure.

The **Airports** business was sharply impacted by the pandemic, with traffic in the first nine months down 68.9% at Heathrow and 73.1% at the AGS airports. Heathrow's rapid response to this situation, by restructuring its organization, renegotiating contracts and shedding non-essential costs, provides it with sufficient liquidity to cover all its needs for 12 months in the unlikely event of obtaining zero revenues, or until 2023 based on HAH's traffic projections.

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The impact of COVID-19 on the **Construction** division was in line with the previous quarter, while the division maintained a high level of production. The effects were due to temporary halts, delays, and the costs of acceleration and additional healthcare and safety equipment, which were offset by cost cuts and by invoking force majeure clauses.

In the **Services** business, the activities most affected by COVID-19 in Spain were transport infrastructure maintenance, because of the restrictions on people's movements. In the UK, the main effects were due to delays in non-essential operations, a reduction of industrial activity, and restrictions on movements. Ferrovial is mitigating this situation using the flexibility mechanisms provided by governments.

At corporate level, the company is advancing with the cost cuts proposed in its corporate restructuring plan, which envisages reducing expenditure by €50 million per year starting in 2021 and cutting costs by €26 million in 2020.

Main events in the period

One of the main milestones in the first nine months was the refinancing of Texan toll road LBJ's tax-exempt PABs for USD 622 million, which significantly reduced this asset's cost of debt.

In line with its strategy of rotating mature assets, the company also sold its stake in Portuguese toll roads Norte Litoral (49%) and Via do Infante (48%) to DIF Capital Partners for €171 million while continuing to operate those roads under contract; which is pending authorization. Ferrovial also divested 5% of Budimex, its Polish subsidiary, retaining a 50.1% controlling stake. The transaction had a positive effect on cash in the amount of €57 million.

With the sale of 50% of TW Power Services for AUD 20 million in July, Ferrovial concluded the sale of Broadspectrum to Ventia for AUD 465 million. These transactions represent the first milestone in the divestment of the Services business, to which the company remains committed.

During this period, Ferrovial obtained projects such as upgrading IH 35 in the city of Laredo, Texas, for USD 115 million, as well as new contracts and extensions of road and green area maintenance contracts in Florida, Texas, Georgia, Alaska and Washington D.C. worth a total of USD 136 million. It was also awarded contracts to rebuild Warszawa Zachodnia railway station, in western Warsaw, Poland, worth €433 million, and to build the control tower and six ancillary buildings at Jorge Chávez International Airport in Lima, Peru.

Traffic growth and robust performance by the main assets

Although traffic on 407 ETR fell 44.5% in the first nine months, it picked up in the third quarter. Revenues amounted to CAD 683 million and EBITDA to CAD 559 million. The road has sufficient liquidity to meet all its financial obligations in 2020 and 2021, even in stressed scenarios.

Texan toll roads NTE, LBJ and NTE 35W were hardest hit in April as a result of the measures adopted to halt the propagation of the virus. Nevertheless, the rapid reopening and raising of restrictions enabled traffic to recover, with the result that they registered declines of 28%, 36.3% and 16.2%, respectively. Higher tolls and increased heavy vehicle traffic partly offset the decline in traffic. NTE 35W increased revenues by 7.5% and EBITDA by 77% in the third quarter with respect to the same period of 2019.

Heathrow airport handled 19 million passengers in the first nine months of 2020, resulting in GBP 951 million in revenues and GBP 259 million in adjusted EBITDA.

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Business units

The **Construction** division reported a 14.2% increase in revenues in like-for-like terms to €4,262 million, boosted by projects in the United States and strong performance of Budimex. Overseas markets accounted for 87% of total revenues. All the Construction subsidiaries registered double-digit growth in revenues, with Webber's good performance (+30.6% on a comparable basis) being particularly noteworthy. The division obtained €103 million in operating cash flow before taxes, while its EBIT margin reached 3.2% in the third quarter. The Construction backlog amounted to €10,605 million.

Revenues in the **Toll Roads** division declined by 19.9% like-for-like to €298 million as a result of the reduction in traffic. The United States accounts for 74% of this division's revenues. EBITDA fell by 22.4% like-for-like to €197 million.

In the **Airports** division, the decline in traffic reduced Heathrow's revenues by 58.7% and its adjusted EBITDA by 82.2%. The AGS airports were significantly affected by the decline in traffic due to COVID-19 and by the collapse of Flybe, resulting in a reduction of 66.1% in revenues and 117.5% in EBITDA.

Assets available for sale

Ferrovial remains committed to fully divesting its Services business, although this process is being delayed by the macroeconomic uncertainty caused by COVID-19. The first milestone in this process was the sale of Broadspectrum, completed in July.

This division reported €3,738 million in revenues in the first nine months, with €147 million in EBITDA. Although Spain was the market most affected by the virus, the EBITDA margin in the country was 9%, supported by waste treatment and industrial maintenance contracts. The division's total backlog amounted to €12,422 million.

Shareholder remuneration

The Shareholders' Meeting approved the Ferrovial Flexible Dividend program in terms similar to those that have applied in the last six years, to be implemented in the form of two scrip issues.

The first scrip issue (equivalent to the 2019 supplementary dividend) took place in June 2020. The Board of Directors has set the terms of the second scrip issue, equivalent to the 2020 interim dividend. Shareholders are entitled to one new share for every 100 existing shares. Ferrovial has undertaken to purchase the subscription rights at a guaranteed fixed price of €0.20 each.

About Ferrovial

Ferrovial, a leading global infrastructure operator, is committed to developing sustainable solutions. It is a member of Spain's blue-chip IBEX 35 index and is also included in the Dow Jones Sustainability Index and FTSE4Good; all its operations are conducted in compliance with the principles of the UN Global Compact, which the company adopted in 2002.

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KEY FIGURES
(million euro)

	Sep. 2020	Sep. 2019	Change
Revenues	4,569	4,241	11.1%
EBITDA	241	20	n.m.
EBIT*	50	-131	n.m.
Net income	-498	-104	n.m.

	Sep. 2020	Dec. 2019	Chg.***
Consolidated net debt**	-2,733	-2,957	-7.6%
Net cash position, excluding infrastructure projects**	1,698	1,631	4.1%
Construction backlog	10,605	11,424	-3.1%
Services backlog	12,422	17,656	-3.9%

* EBIT after impairments and fixed asset disposals

** Including discontinued operations

*** In like-for-like terms