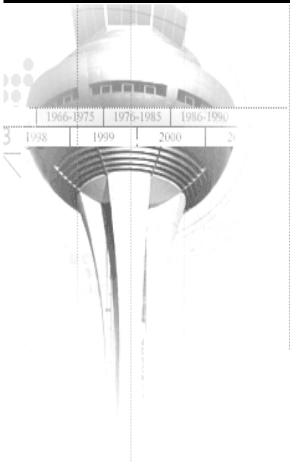
ferrovial



Ferrovial

“Building the future”

- Change in Ferrovial´s profile
- Business divisions
- Generating Value

“Cash-flow generation – Investment potential”

ferrovial

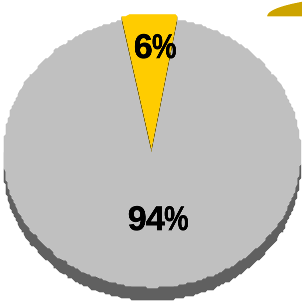
Overview - Building the future

- **Strategy** paying off
  - Business **diversification**
  - **International** expansion
- **Strong performance** of current operations
- **€1.2bn invested** in 2005 **to boost future growth**
- **Investment capacity**
  - **Cash-flow generation**
  - Leverage 05(e) < 30%, < 1xEBITDA

Change in Ferrovial’s profile: Business mix

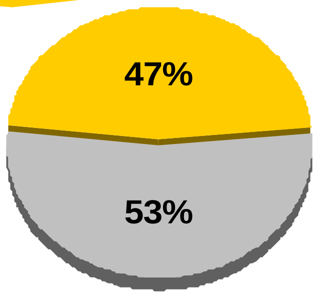
SALES

1998 | **2006 (e)**



€ 2.4 bn

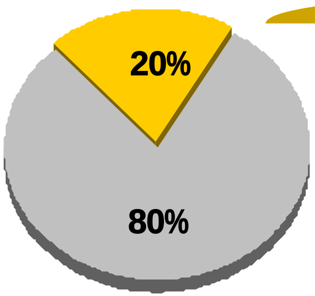
Growing contribution of recurrent activities



>€ 9.5 bn

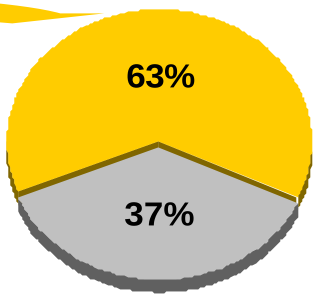
EBIT

1998 | **2006 (e)**



€ 122 m

More stable profit generation



» € 1 bn

Recurrent Activities
Cyclical Activities

Change in Ferrovial's profile: International expansion

SALES

EBIT

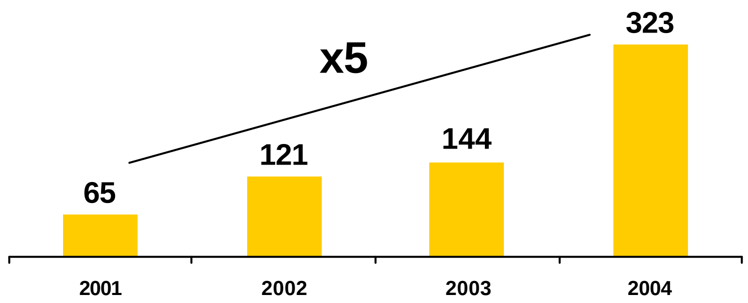
Change in Ferrovial´s cash-flow profile

Operating Cash-Flow

	2004
Construction	270
Real Estate	17
Infrastructure	136
Services	187
Other	41
Total	**650**

(*) Net of taxes

Growth in Cash-Flow from recurrent activities



- *Recurrent activities account for 50% of operating cash-flow*

Business divisions

- Construction
- Real Estate
- Infrastructures
- Services

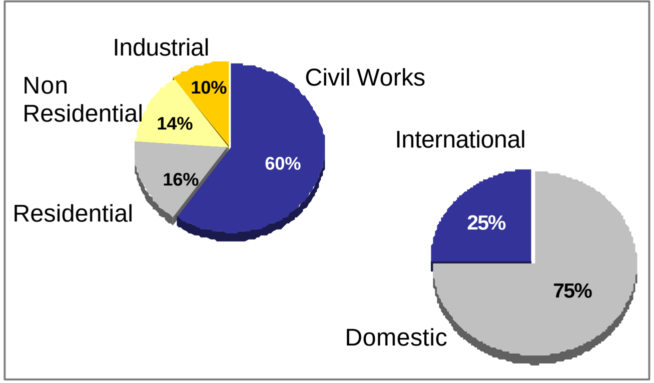
Construction

€ million

OUTLOOK

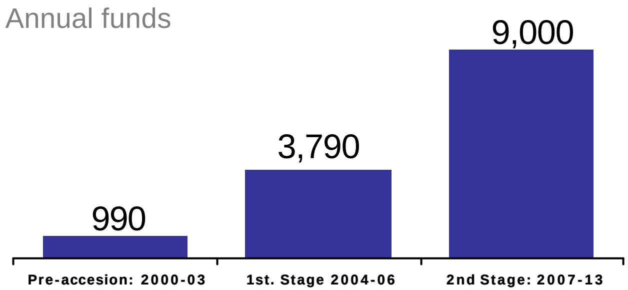
- Cash flow generation
- Spanish infrastructure plan 2020
- Ferrovial's Backlog = 21 months
- USA expansion

BACKLOG BY ACTIVITY & MARKET 2004



POLAND

- EU Funds will boost construction



- BUDIMEX: Backlog 04 +52%
- Long term: to build same business mix than Ferrovial

Construction - Webber´s Acquisition (August 05)

• Acquisition of 100% of Webber Group for US$ 220 m (€ 179 m)

•**Strategic advantages** of the transaction:

- Market knowledge and own structure
- Improves Cintra's development potential in the USA
- Opportunity to grow in a strategic market for Ferrovial
- Texas: growth prospect in concessions + organic growth
- Good track record, sound balance sheet and efficient organisation

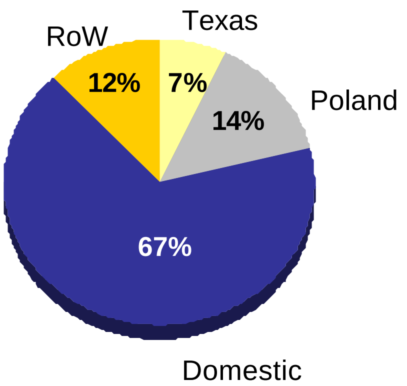
• Main variables (full year - US$ m):

	REVENUES	EBITDA
2005 (e)	» 400	» 40
		10.0%

• **Impact on the construction division 2006 (e)**

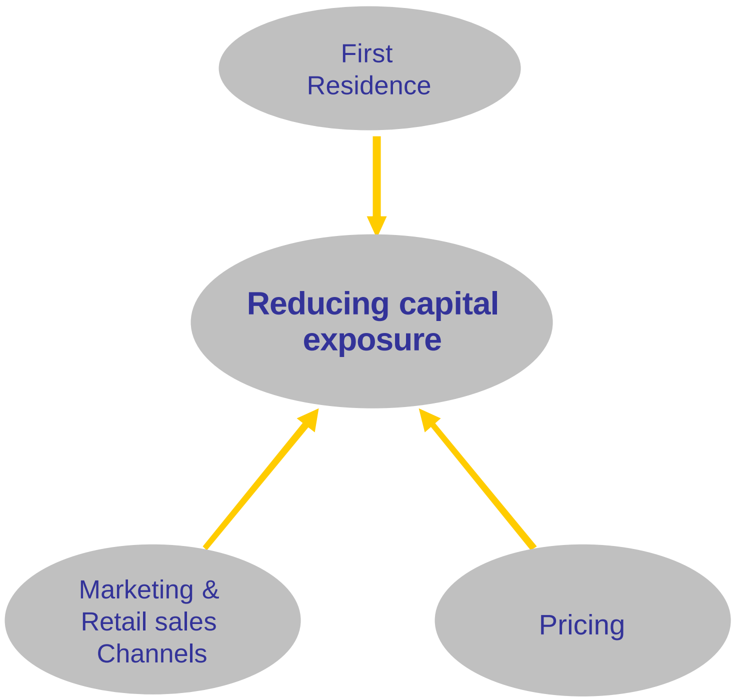
- Net revenues +8%
- EBITDA up >10%
- Net profit +10% in the medium term

REVENUES BY REGION (e)

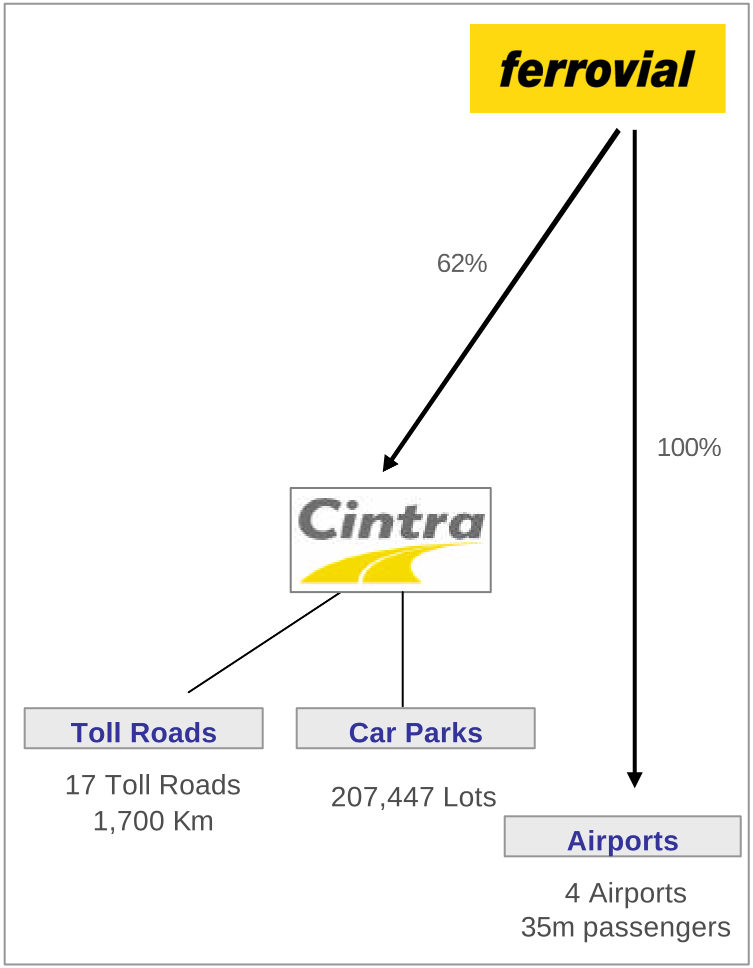


Real Estate

- Focus on **Residential Development**
- Stable growth and profitability
- Pro-active risk management
- Market soft landing

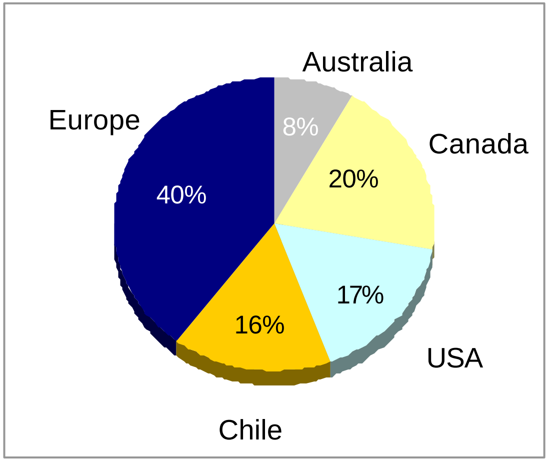


Infrastructures



- Total **equity** investment: > € 2,300 m
- Dividends and Refunds (2004): € 136 m
- 70 years remaining portfolio life

Equity Split



“A long term business”

- Current concerns:
  - Cintra´s investment potential
  - Traffic
  - Debt
  - Interest rates

Cintra – Investment potential

Operating Cash flow + **Releverage** + **Asset Rotation** → **Investment potential**

+ • ***Current** **projects** may generate » **€1,200-1,400m***
***to finance new projects** in the next 3-4 years*

• Initial Cash position 2006(e)	≈ 260
• Dividends & Capital refunds	≈ 580
• Releverage	> 600
• Capital commitments & others	≈ (100)
	≈ € 1.2-1.4 bn

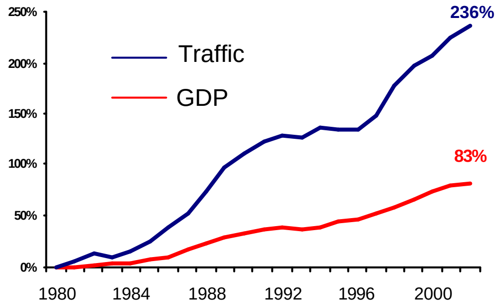
+ • **Possible Asset rotation**

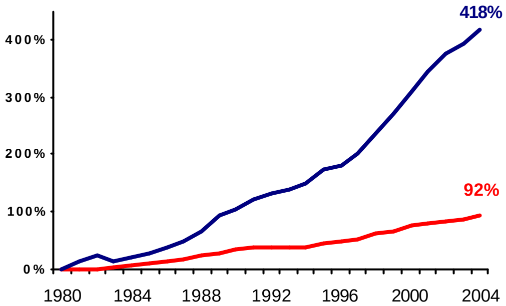
+ • **Cintra temporary indebtedness**

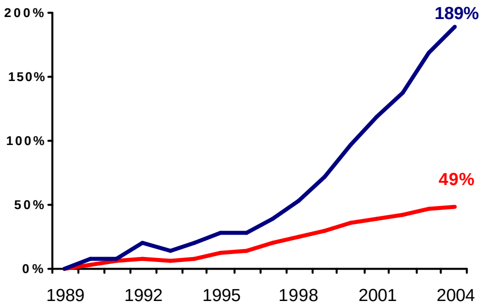
Traffic vs GDP: Long term correlation

*Traffic grows **significantly above** GDP in the long term*

Bilbao - Behobia	Burgos - Armiñón	Autema







Traffic Growth vs GDP Growth

	CAGR Bilbao-Behobia	CAGR Burgos Armiñón	CAGR Autema
GDP	2.8%	2.8%	2.7%
Traffic	5.7%	7.1%	7.3%
	2x	**2.5x**	**2.7x**
	(1980-2002)	(1980-2004)	(1985-2004)

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Traffic - weak GDP growth periods (Europistas – A8)

- **Only 3 years of negative growth in the last 25 years**
- Traffic´s resilience to fall
- **Revenues always up**

Weak GDP growth periods

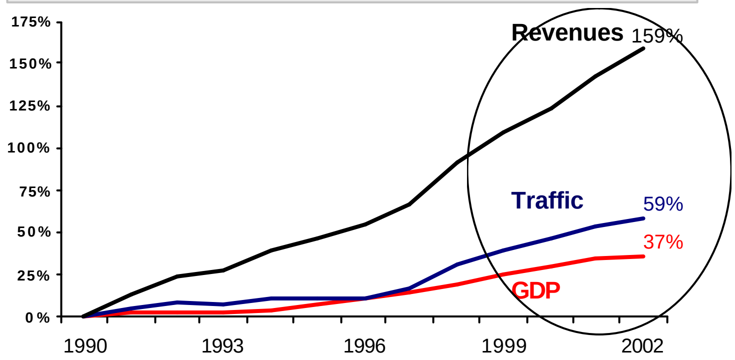
CAGR	1980-84	1990-94
GDP	1.2%	1.2%
Traffic	3.8%	2.6%
Revenues	17.2%	9.2%

Years of **negative** traffic growth (3)

	1983	1993	1995
Traffic	-1.3%	-0.7%	-0.5%
Revenues	+16.8%	+3.4%	+5.2%

- ***Revenues growth significantly above GDP and Traffic***

GDP-Traffic-Revenues performance (%)



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Traffic - weak GDP growth periods (Europistas – A1)

- **Only 1 year of negative growth in the last 25 years**
- Traffic´s resilience to fall

- **Revenues always up**

Weak GDP growth periods

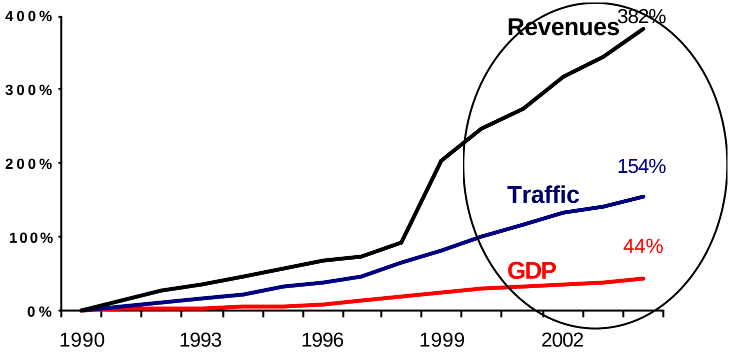
CAGR	1980-84	1990-94
GDP	1.2%	1.2%
Traffic	4.6%	5.2%
Revenues	32.6%	10.1%

Years of **negative** traffic growth (1)

	1983
Traffic	-6.0%
Revenues	+11.0%

- ***Revenues growth significantly above GDP and Traffic***

GDP-Traffic-Revenues performance (%)



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Traffic performance vs GDP growth

CAGR (%)	Bilbao-Behobia	Burgos-Armiñón	Autema
	31 years	24 years	15 years
Total Period	7.9%	7.1%	7.3%
Last 15 years	5.4%	6.9%	7.3%
Last 10 years	3.9%	7.6%	9.2%
Last 5 years	6.2%	6.8%	11.0%

Traffic evolution during weak GDP growth

• **1980-1984**			
GDP	1.2%	1.2%	1.2%
Traffic	3.8%	4.6%	Construction
• **1990-1994**			
GDP	1.2%	1.2%	1.2%
Traffic	2.6%	5.2%	2.5%

1980-2005: Years of negative growth trafic

	3	**1**	**1**
Maximum traffic decrease	-1,3%	-6%	-5%

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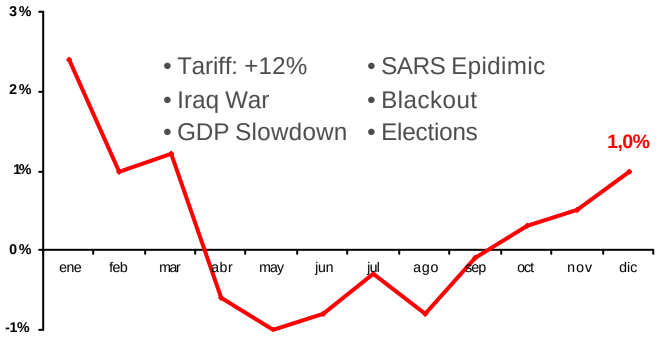
Traffic - ETR407 – What might happen in a recession?

• Traffic´s resilience to fall

A) Short term – 2003



– Cumulative traffic **never decreased below -2%**

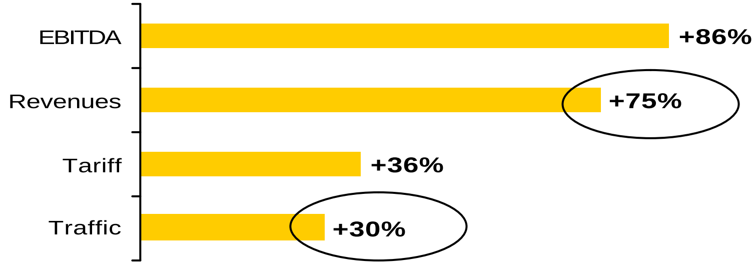
B) Long term – Highway 401

	1986-89	1989-92	1992-95
GDP	13.5%	-3.8%	9.2%
Traffic 401	17.5%	0%	14.2%

– Traffic **almost flat during a recession**

• Revenues maximization model.................... revenue growth above traffic growth

Performance 2001 – 2005*



	Revenues	Traffic
2001	29%	13%
2002	27%	13%
2003	**12%**	**1%**
2004	12%	8%
2005 (Sept)	11%	6%

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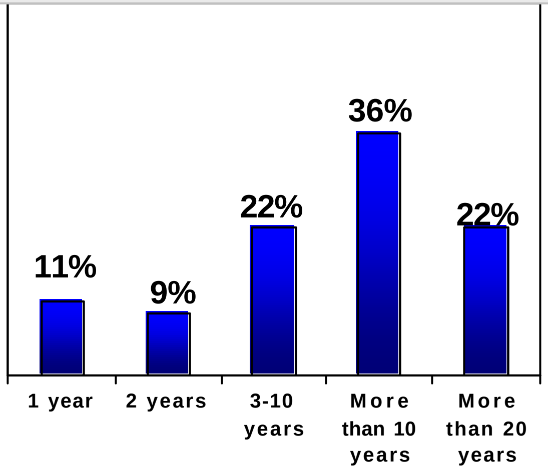
Highway´s debt analysis

	Total Debt	% Fixed Rate	RRB´s & SIPS	% Variable Rate
	7.503	**72%**	**13%**	**15%**
407 International Inc	3.097	69%	31%	0%
Chicago	1.243	100%		0%
R-4	475	89%		11%
Santiago Talca	510	70%		30%
Ausol	485	36%		64%

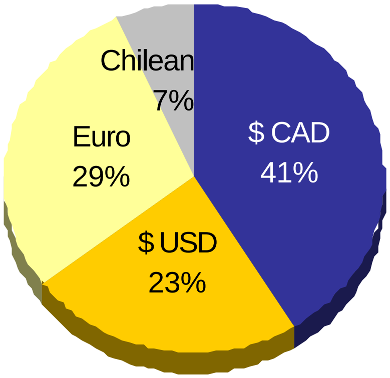
Including Real Return Bonds (RRB).

- **Fixed rate** debt accounts for c**75% of total debt**
- **Average maturity**: **15 years**
- Close to **60% matures beyond 10 -20 years**
- **95% hedged versus revenue´s currency**

Debt breakdown by years to maturity



Debt breakdown by currency



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Nominal interest rates – Inflation - Valuation

- Higher **nominal interest rates** “implies historically” higher **inflation** → **Constant real interest rates**

Δ INFLATION → Δ Tariff revision → Δ Revenues/Operating CF → Δ Valuation

Δ NOMINAL RATES → Δ Financial Expenses → ∇ Valuation

Δ NOMINAL RATES → Δ Discount Rate → ∇ Valuation

- Cintra´s **value** is naturally **hedged in the long term**

Changes in Inflation & Nominal Interest Rates

	Basis Points	
Nominal Interest Rate	+100	-100
Inflation	+100	-100
Change in real rates	**+0**	**-0**

Impact on Valuation (30-06-05)

EBITDA (Tariff inflation)	24,7%	-36,4%
Debt Service	-3,2%	3,2%
DCF (Discount rate)	-20,2%	31,8%
Valuation	**+1,3%**	**-1,3%**

✓ Low impact in financial cost due to the high percentage of debt at fixed rate

✓ No material change in valuation due to long term correlation between inflation and rates

"A long term business"

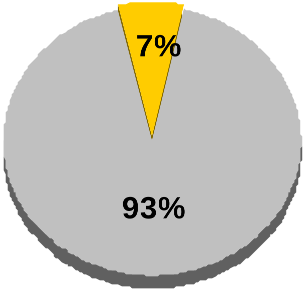
- Current concerns:

Investment potential	✓ **Current projects** may generate » **€1,200-1,400m** ✓ **Asset rotation** to increase investment potential
Traffic	✓ **Long term** traffic growth doubles GDP growth ✓ **Revenues** growth always **above traffic and GDP growth**
Debt	✓ Close to **75%** of total debt at **fixed rate**
Interest Rates	✓ **Correlation** between **nominal interest rates and inflation** ✓ No material changes in **long term** valuation

Services - Change in size

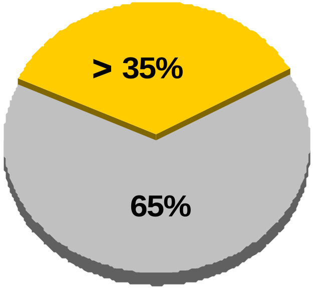
SALES

2002 — **€ 340 m**



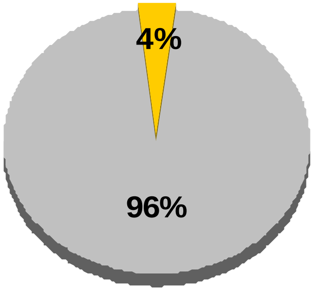
11x times

2006 (e) — **> € 3,700 m**



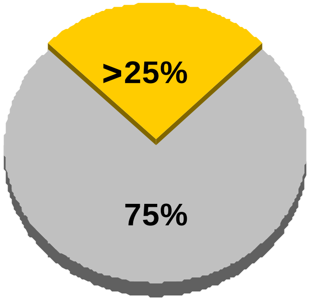
EBIT

2002 — **€ 18 m**



15x times

2006 (e) — **> € 260 m**

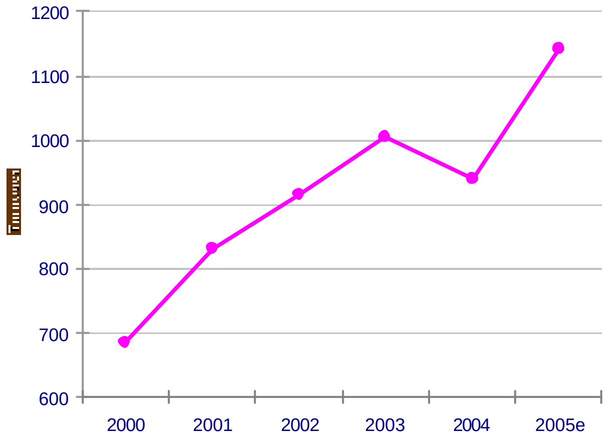


Services Others

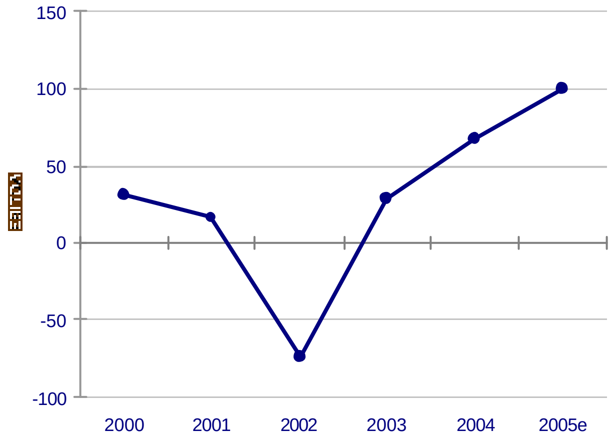
Services - Amey turnaround

2003	2004	2005
Acquisition	**Integration**	**Profitability Improvement**

SALES



EBITDA



From £70m EBITDA losses in 2002 to c. £100 m profit 2005

Services - Swissport Acquisition (August 05)

- Acquisition of Swissport for CHF 1,002 m (€ 646 m)

  Equity: CHF 520.8 m (€ 336 m)

  Debt: CHF 481.2 m (€ 310 m) at 12/31/04

- **Strategic advantages**:
  - Positions Ferrovial in a business with high growth potential
    - ✓ Global market is expected to grow by 4% - 6%
    - ✓ Liberalisation and outsourcing
  - Reinforces the Group's internationalisation strategy
  - Strengthens recurrent business
  - Swissport is the industry's leading company

- Key figures (CHF m):

	REVENUES	EBITDA	EBIT	EQUITY	DEBT
2005 (e)	» 1,450	» 110	» 40	» -70	» 481
(euros)	» 955	» 70	» 25	» -45	» 310

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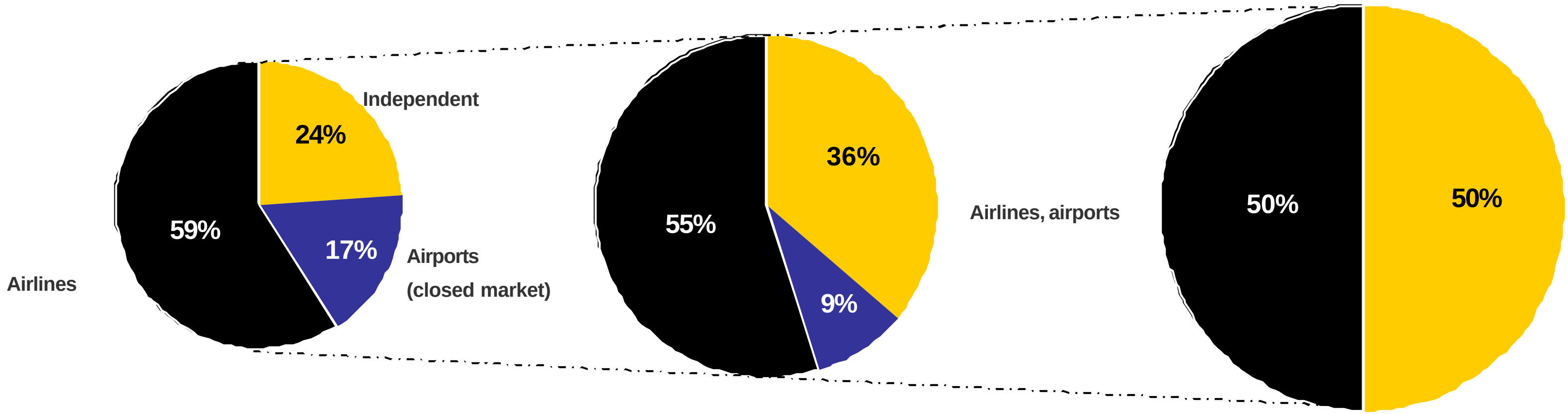
Swissport Acquisition - Market size and growth potential

	2001	2003	2010
Total market	€ 25.5 bn	€ 26.3 bn	> € 33 bn
Accessible market	€ 6.1 bn	€ 9.5 bn	> € 16 bn



Trend

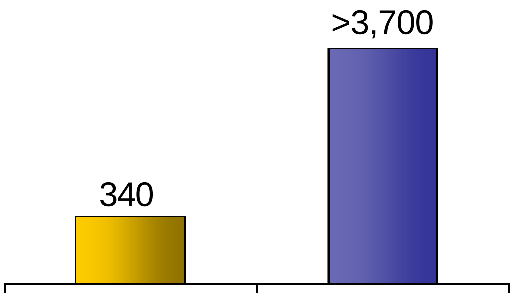
- Market dominated by airlines
- Financial position forces outsourcing
- European market beginning liberalisation (Switzerland, Germany and Belgium)

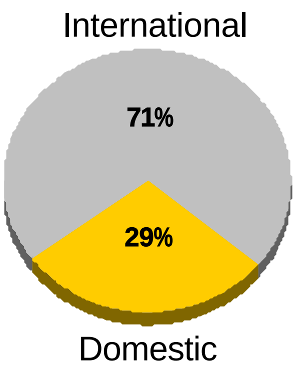
- US airlines are being pressured to outsource
- Development of Latam and AMEA

- Independents lead consolidation

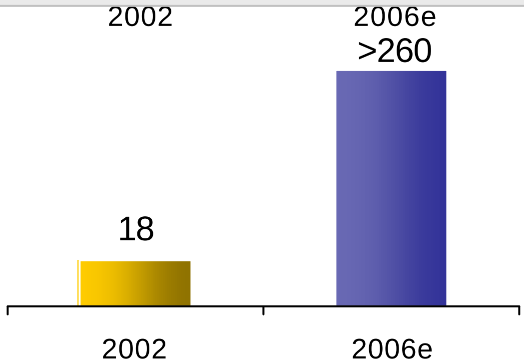
Swissport Acquisition - Impact on services division

REVENUES





EBIT



Contribution to Ferrovial

	2002	2006e
REVENUES	7%	>35%
EBIT	4%	>25%

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GENERATING VALUE

Cash-Flow vs P&L

Investment potential

Would you buy this company?

Main Financial Figures(*)	1999	2004	
Equity	649	166	➡ *Lower Equity*
Debt	2.982	4.272	➡ *Higher Debt*
Net income	-40	-87	➡ *Higher Losses*

(*) CA$ million

407ETR - Cash Returns to Ferrovial

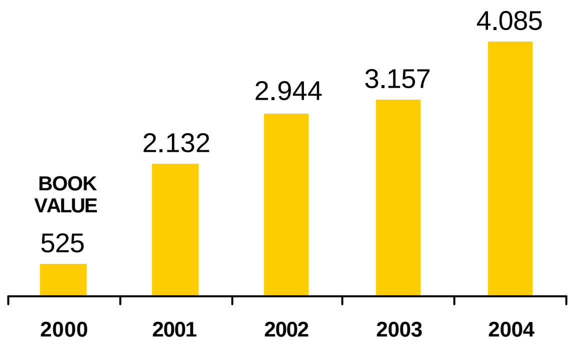
€ million

...Although lower equity, higher debt and higher P&Laccount losses

Cash Returns 2000 - 2005

Initial Investment **(1999)**	(326)
Return:	
2000	**33**
2002	**23**
2003	**27**
2004	**31**
2005e	**28**
TOTAL	**142**
Pay-back	**44%**

407ETR VALUATIONS (100% Equity)



44% Pay-back in the first 5 years

93 years to maturity

- **Earlier Dividends**
- **Higher Valuation**

Chicago Skyway

Cash Returns 2005

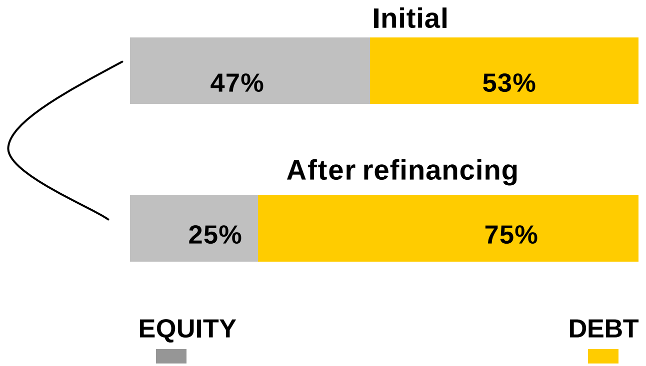
Initial Investment (2005)	(378)
Return:	
2005	**166**
TOTAL	**142**

Pay-back	**44%**

44% Pay-back in the first year

98 years to maturity

Financial Structure



Tariff Revision

- **2004 - 2017: +7,3%CAGR**
- **2017 onwards: Highest of:**
  - 2%
  - CPI
  - Nominal GDP Growth

Airports - Cash Returns to Ferrovial

€ million

Sidney Airport	
Initial **Investment** (2002)	(233)
Return:	
2002	**5**
2003	**15**
2004	**34**
2005e	**30**
TOTAL	**84**

36% Pay-back in the first 4 years

95 years remaining concession

Bristol Airport	
Initial **Investment** (2002)	(55)
Return:	
2002	**4**
2003	**3**
2004	**5**
2005e	**88**
TOTAL	**100**

180% Pay-back in the first 4 years

Ferrovial owns the asset (50%)

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Cash-flow generation: 1997 - 2004

€ million

Sources			Uses
Initial **Cash** Position (1996)	109	3,644	Growth Investment (1997 - 2004)
Divestments 1.997-2.004	548	1,813	Land Acquisition (1997-2004)
Capital Increase FER (IPO 1999)	195	993	Dividends - Interests - Taxes
40% Cintra Sale (2001)	816	545	Debt from Acquired companies
Cintra Capital increase + IPO (2004)	533	139	Final **Cash** Position (2004)
Operating Cash flow generation	**4.933**		
TOTAL	**7.134**	**7.134**	**TOTAL**

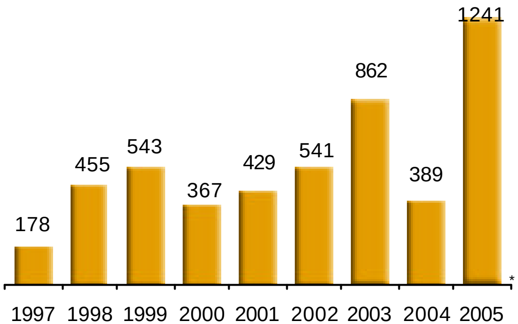
FERROVIAL: Investment and debt 1997 - 2005

€ million

Investment (equity): > €4,900m

Growth Investment

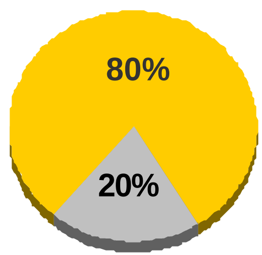
(excluding land purchases)



* Until September 2005

Breakdown by business

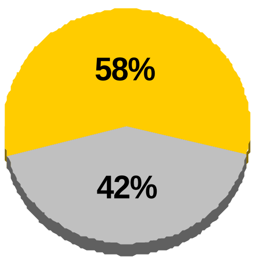
Recurrent



Non-recurrent

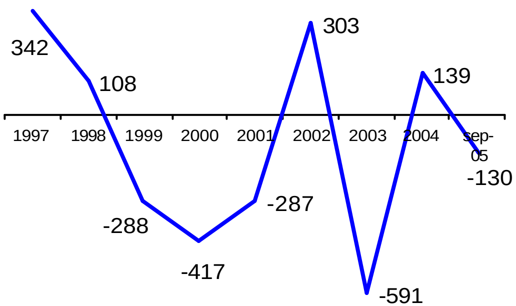
Geographical split

International



Domestic

Net Cash / Debt position



Leverage 05 (e)	**» 30%**
Debt position 05 (e)	**» 1x EBITDA**

Full investment capacity

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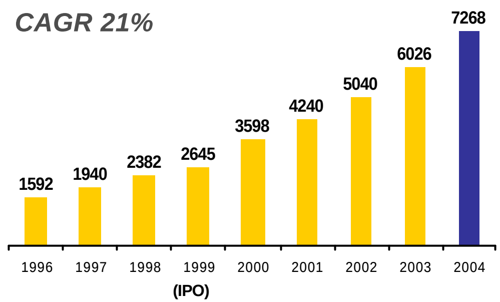
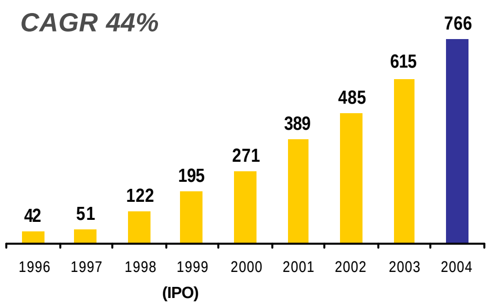
Ferrovial – Investment and Growth

€ million

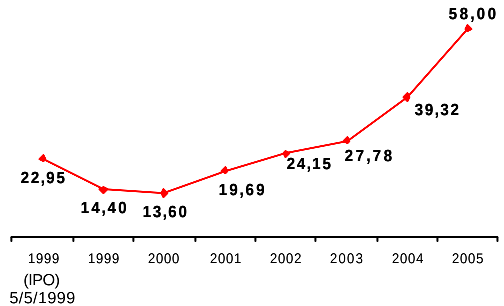
NET SALES



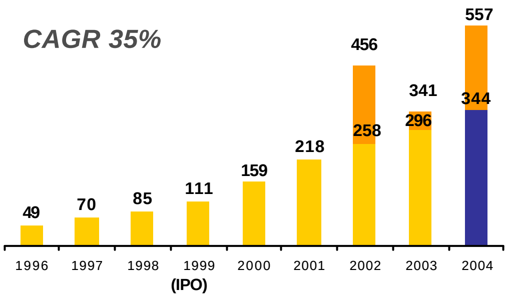
EBIT



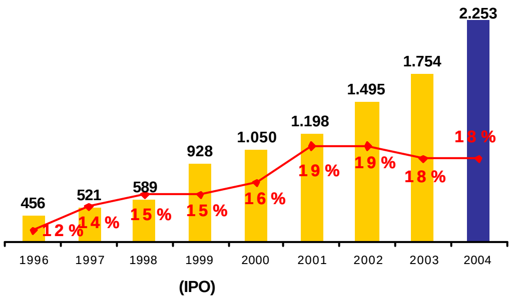
SHARE PRICE



NET INCOME



EQUITY and ROE



Non-dilutive growth in the last 8 years

Conclusions - Building the future

- **Strategy** paying off
  - Business **diversification**
  - **International** expansion
- **Strong performance** of current operations
- **€1.2bn invested** in 2005 **to boost future growth**
- **Investment capacity**
  - **Cash-flow generation**
  - Leverage 05(e) < 30%, < 1xEBITDA