ferrovial

Growing Infrastructure

FY 2017

Table of Contents

- Ferrovial overview
  1. Overview
  2. What are investors worried about?
  3. Looking ahead
  4. What makes Ferrovial different?

Ferrovial 2017 Results

Additional Information

A. Main value drivers
B. Main infrastructure assets
   a. 407ETR
   b. Managed Lanes
   c. 407ETR vs Managed Lanes
   d. Airports
C. Capital Market Day (CMD) 2017
D. Historic data
E. Non Financial Information

World leading private infrastructure provider present in toll roads, airports and cities

Solutions to CONGESTION

Narrowing THE GAP between public budgets & huge infrastructure needs

REVENUES	MARKET CAP	NET CASH*	OP. CASH FLOW*	ORDER BOOK**
€12,208mn +13.5%	€13,858mn +11.3%	€1,341mn	€999mn	€32,063mn

Figures as of FY 2017 (Market cap from Dec 2017)
* Ex-Infrastructure projects ** Construction and Services, Including JVs

1. Ferrovial Overview

Present in the whole value chain of infrastructure

Design → Financing → Building → Operating → Maintaining

INFRASTRUCTURE PROJECTS

Toll Roads

Airports

EX-INFRASTRUCTURE PROJECTS

Services

Construction

1. Ferrovial Overview

Cash Flow generation: Balanced Contribution

2017 figures

DIVIDENDS
€515mn

ferrovial

€622mn
EBITDA

INFRASTRUCTURE PROJECTS

€277mn

€237mn

€423mn

€199mn

EX-INFRASTRUCTURE PROJECTS

OPERATING CASH FLOW

Toll Roads

Airports

Services

Construction

1. Ferrovial Overview

Group Financial Structure

2017 figures

EX-INFRASTRUCTURE PROJECTS

NET CASH
€1,341mn

ferrovial

NET DEBT
€3,463mn

INFRASTRUCTURE PROJECTS

NET DEBT
€4,804mn

TOLL ROADS*
€4,729mn

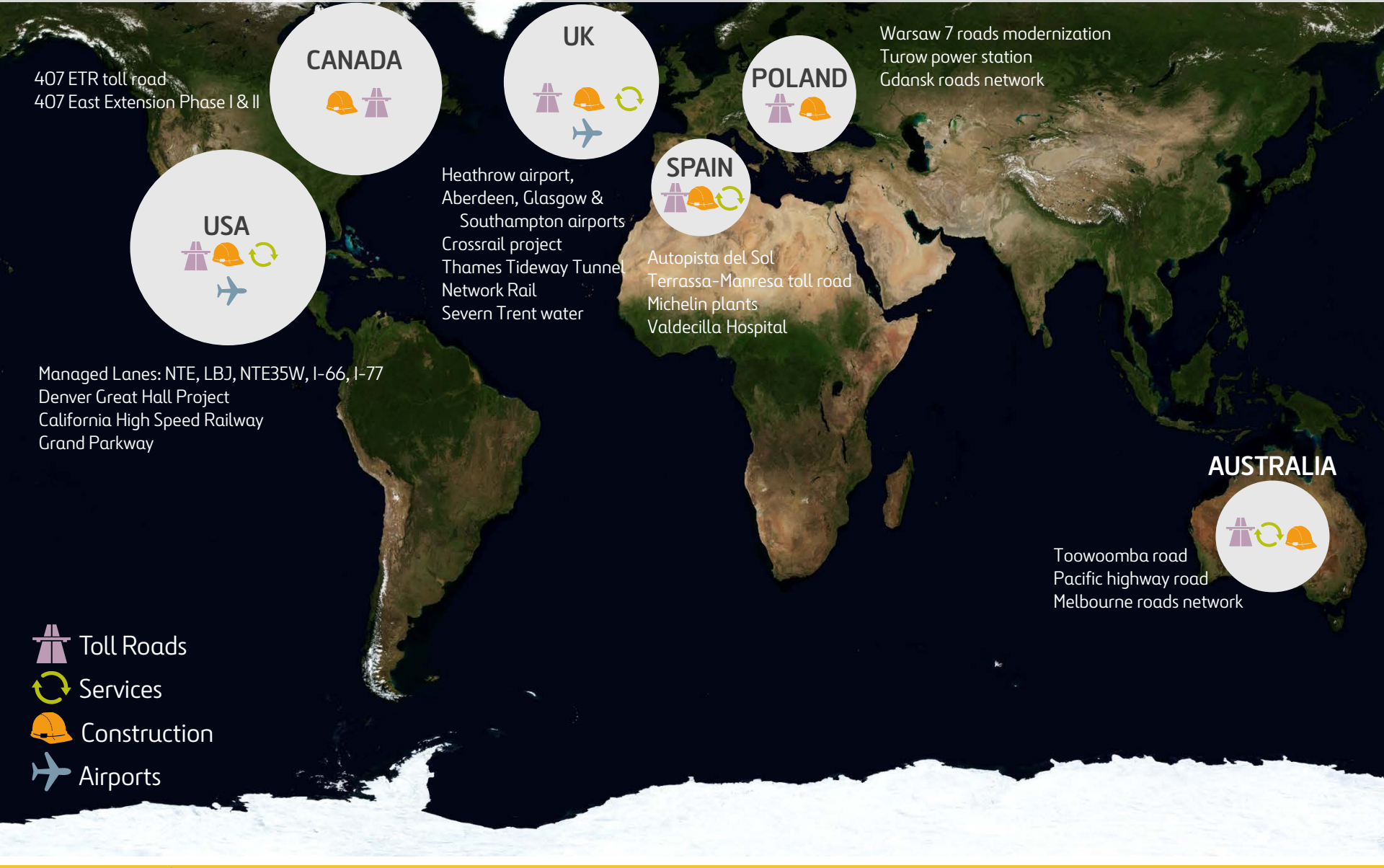
* €844mn related to NTE 35W & I77, toll roads under construction.

Net Cash Position ex-Infrastructure

Net Debt ring-fenced to infrastructure assets

1. Ferrovial Overview

Focus on Six Main Markets



1. Ferrovial Overview

407ETR

43%, Equity method

Canada, Greater Toronto
108 kms

LONG DURATION & PRICING FLEXIBILITY

Tariff freedom
Tariff flexibility
80 years to maturity

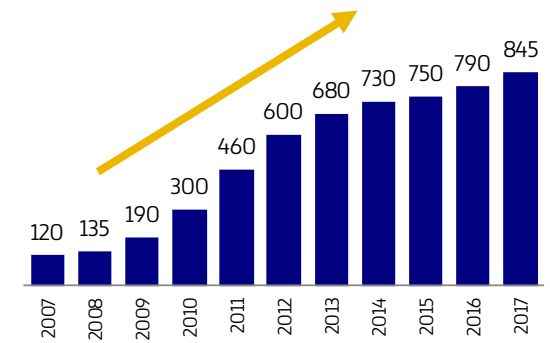
Alternatives strongly congested
Fast & reliable
Free flow, fully electronic
Strong collection security

CAGR (2007-17)

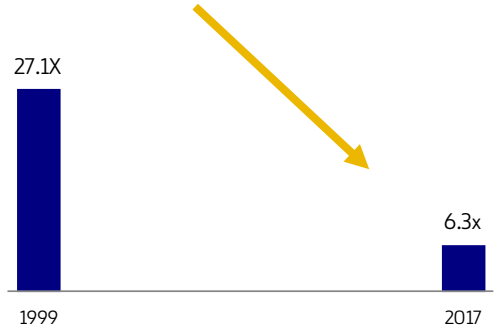
Tariffs	EBITDA
+9%	+10.5%

100% payback first 10Y

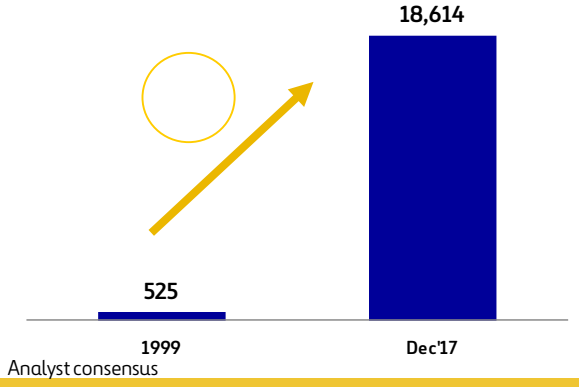
DIVIDEND GROWTH (CADmn)



LEVERAGE (X EBITDA)



EQUITY VALUATION 100% (€mn)



Analyst consensus

1. Ferrovial Overview

Texas, USA

Managed Lanes

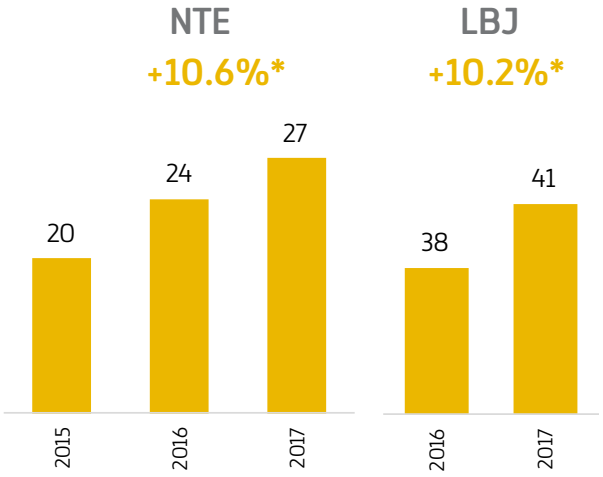
2 in operation: NTE 63%, LBJ 55%. Global Consolidation.
3 under construction: NTE 35W 54%, , I-66 50%, I-77 50%

LONG DURATION & PRICING FLEXIBILITY

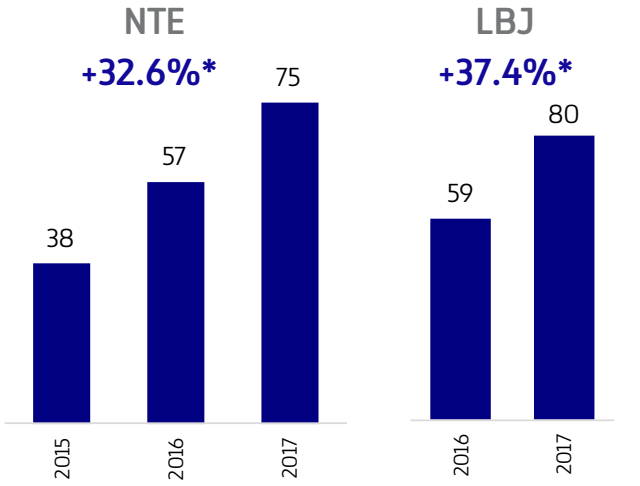
Dynamic tolling
Tariff freedom
Tariff flexibility
43 years to maturity

Higher speed allowed
Free flow, fully electronic
No collection risk

TRANSACTIONS (mn)



EBITDA (USDmn)



* Growth 2017 vs 2016

1. Ferrovial Overview

Heathrow Airport

London, UK, Ferrovial stake 25%, Equity method

Time based separation landing at Heathrow

THE BUSIEST AIRPORT…

471,082 annual flights
204 destinations
>30% UK exports (1.7mn tonnes)

Strong traffic performance in 2017
+3.1%, 78mn passengers

Operating at over 98% capacity

Runway 3: Gov green light Oct 25th 2016

… WITH HIGH SERVICE STANDARDS

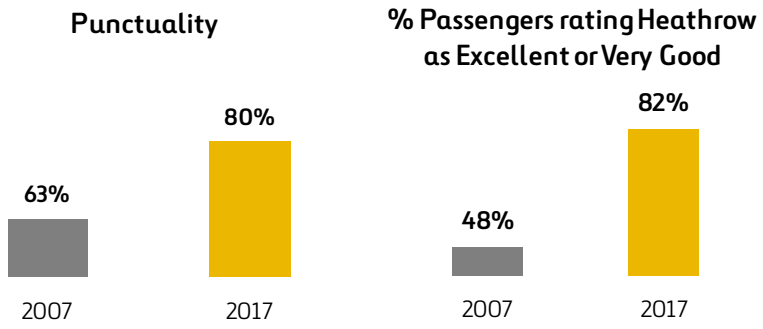
82% of passengers rate their experience in Heathrow as "Excellent" or "very good"

Best airport Western Europe (3rd consecutive yr)

Best airport for shopping (8th consecutive time)

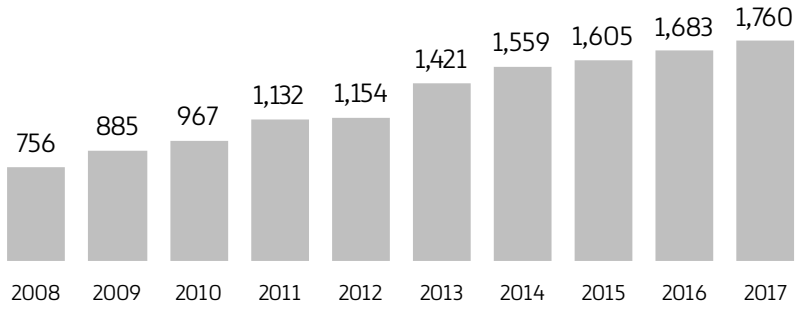
Continued improvements in security, punctuality & bag-gage performance

SERVICE STANDARDS



STRONG EBITDA GROWTH (£mn)

2008-2016 CAGR : **+9.8%**



1. Ferrovial Overview

Construction: Proven competitive tool for successful int'l bidding for complex greenfield infra projects

Civil engineering, industrial, building & water projects
Complex projects & broad diversification between sectors

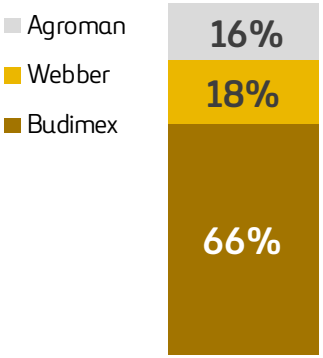
BUDIMEX: Biggest Polish constructor

WEBBER: Leader in Texas road construction

F. AGROMAN: International strategic markets & Spain

Video on Viaducto de Erques construction

EBITDA 2017



Services: Recurrent CF generator with long duration order book, providing long term visibility

Diversified portfolio in public & private sector (maintenance & operation of infra for transport, environment, industry, natural resources and utilities; provision of facility mgmt services)

BROADSPECTRUM: A platform to grow in Australia (& New Zealand)

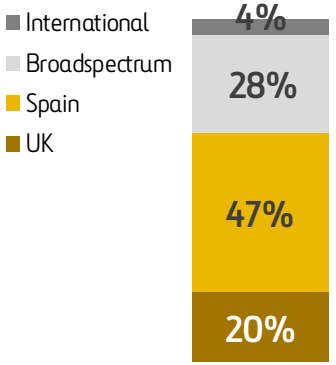
SPAIN: stable profitability. Local government, environmental mgmt & treatment, infrastructures.

INTERNATIONAL: USA, Chile (BRS Americas), Poland & Portugal.

UK: Utilities, Facility mgmt, Highways, Consulting, Rail & environmental services

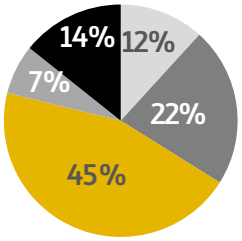
Video on F. Services

EBITDA 2017

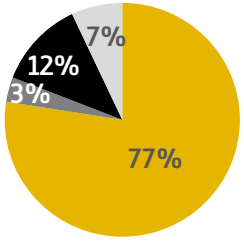


ORDER BOOK 2017

By Geography

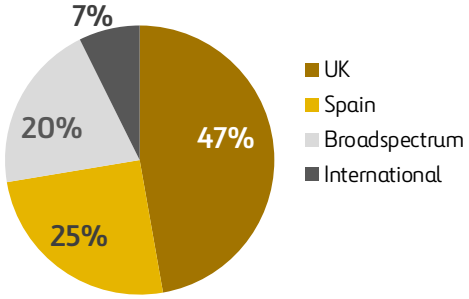


By Work



ORDER BOOK 2017

By Geography



2. What are investors worried about?

Ferrovial looks expensive in multiples	→	… but cheap in private transactions
Negative reaction to reported results	→	Growing results in Infrastructure & bottoming out in Contracting
Exposure to UK Services sector	→	… is negligible in valuation
Impact from potential interest rate hike	→	… is positive. Our assets amplify economic growth
Cash Flow generation vs dividends to shareholders	→	Growing dividends from infrastructure

2. What are investors worried about?

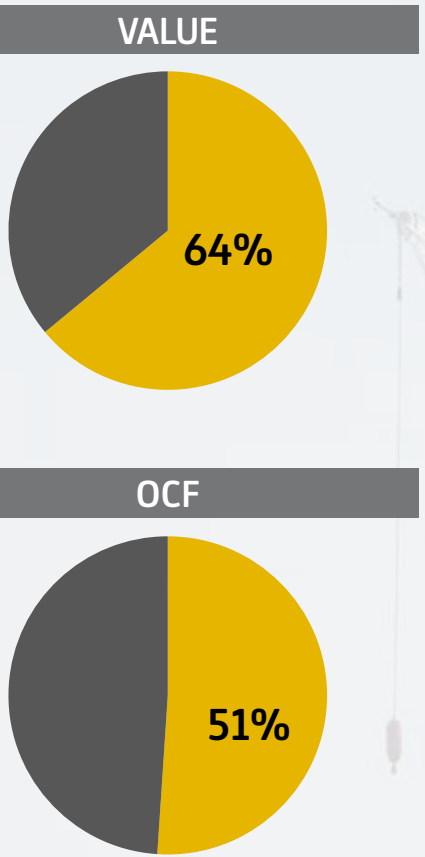
2017 figures

Ferrovial looks expensive in multiples

Much of our value is in Equity Consolidated assets

Toll Roads

Airports



- 407 ETR
- Heathrow
- Aberdeen, Glasgow & Southampton
- Irish, Portuguese & Greek toll roads
- Serranopark, A66

(€510mn)

... but contribute **0%** to Revenues & EBITDA

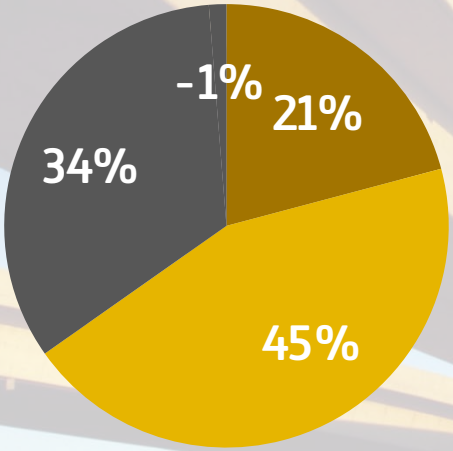
2. What are investors worried about?
Negative reaction to reported results

2017 figures

Reported figures don't reflect Ferrovial's Business

FULLY CONSOLIDATED EBITDA

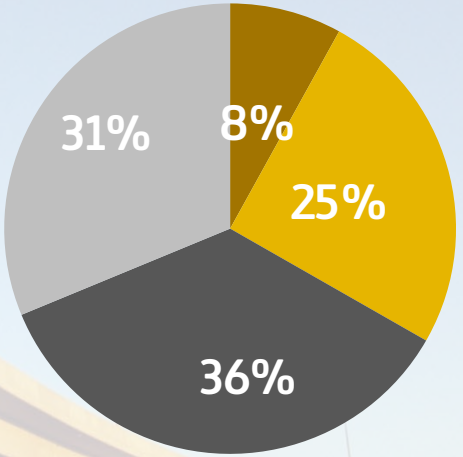
33% Infrastructure



€932mn

PROPORTIONAL EBITDA

67% Infrastructure



€1,733mn

Toll Roads | Airports | Services | Construction

2. What are investors worried about?

2017 figures

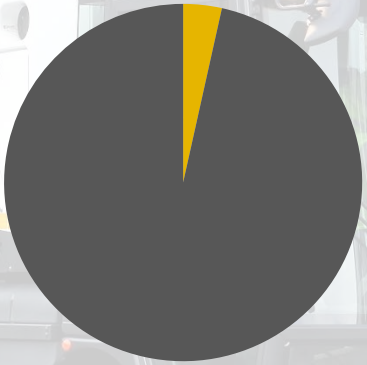
Exposure to UK Services sector

UK Services represents little of our results & valuation

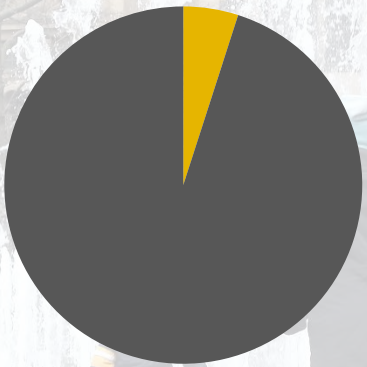
3% of valuation

5% of EBITDA

VALUATION



PROPORTIONAL EBITDA



Dec 2017

2. What are investors worried about?
Impact from potential interest rate hike

Our assets AMPLIFY ECONOMIC GROWTH

PRICING POWER leads to benefit from better economic conditions

Positive exposure to INFLATION

DERISKING at our US assets should lead to lower discount rates

95% of our infrastructure debt is FIXED, 92% at Consolidated level

We can REFINANCE MANAGED LANES DEBT at better rates

2. What are investors worried about?

CF Generation vs dividends to shareholders

EBITDA FROM CONTRACTING is bottoming out

GROWING DIVIDENDS from infrastructure projects

3. Looking ahead

Mitigating risks in contracting

Capital allocation focused on infra projects, mainly in the US

NTE & LBJ to pay dividends in 2019-2020

WHAT WE FOCUS ON

High complexity concessions
Greenfield
Traffic risk
Dynamic tolling

WHERE THIS MODEL WORKS

Population growth
Employment growth
High household income
Congestion
Value of time / willingness to pay

4. What makes Ferrovial different?

PRICING POWER & FLEXIBILITY

VALUE CREATION FROM DERISKING & ROLLING FORWARD

UNIQUE TRANSPORTATION INFRASTRUCTURE ASSETS & CAPABILITIES

KNOW HOW IN DEMAND SEGMENTATION

ATTRACTIVE SHAREHOLDER REMUNERATION

Table of Contents

Ferrovial overview

1. Overview
2. What are investors worried about?
3. Looking ahead
4. What makes Ferrovial different?

Ferrovial 2017 Results

Additional Information

A. Main value drivers
B. Main infrastructure assets
   a. 407ETR
   b. Managed Lanes
   c. 407ETR vs Managed Lanes
   d. Airports
C. Capital Market Day (CMD) 2017
D. Historic data
E. Non Financial Information

Ferrovial 2017 results

Highlights

Excellent growth from our infrastructure assets

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

Solid cash generation & financial position
ex-infra projects

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

Share Price has underperformed vs peers

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

Ferrovial 2017 results

€mn

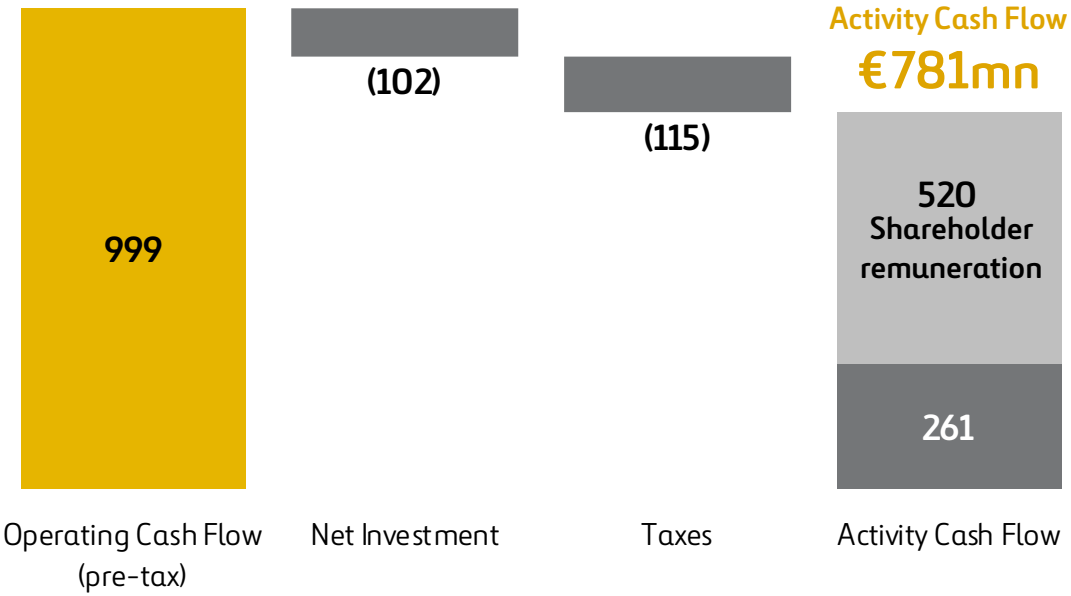
Strong Cash Flow Generation

Ex- Infrastructure Projects

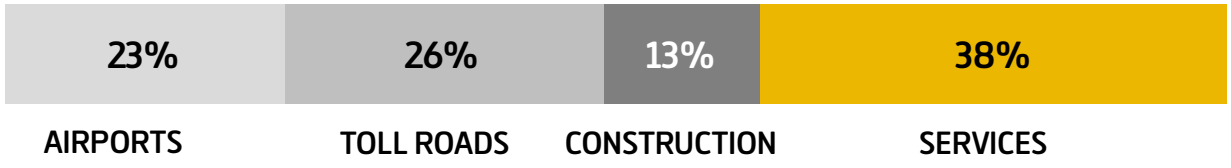
OPERATING CF

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

FROM OPERATING CF TO ACTIVITY CF



BALANCED CONTRIBUTION TO OPERATING CASH FLOW



49% DIVIDENDS FROM INFRA PROJECTS

51% OCF FROM CONSTRUCTION AND SERVICES

Ferrovial 2017 results

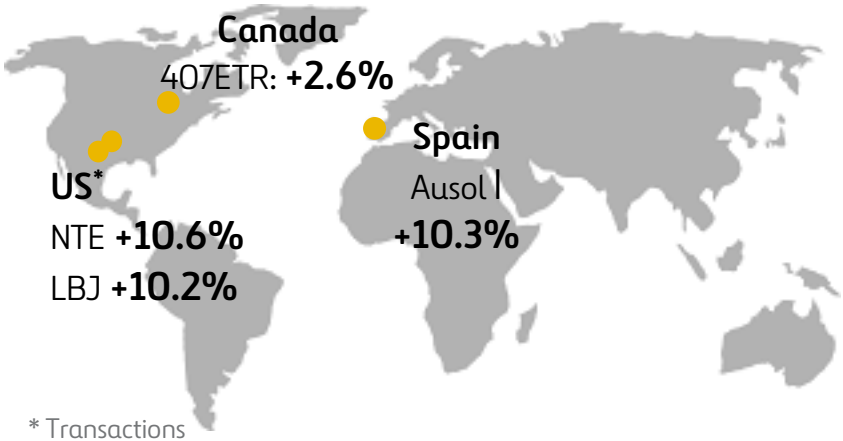
Toll Roads

- **Traffic growth in main markets**
- **Solid financial results in LfL terms:**
  - **EBITDA +23.8%**
  - +€19mn positive impact from success fees
- **€277mn dividends from toll roads**
  - 407 ETR dividends: €262mn
- **Cintra acquired 6.3% in NTE & 3.6% in LBJ ($107mn)**
  - Ferrovial now holds 62.97% in NTE & 54.6% in LBJ
- **Mature asset rotation to crystalize value:**
  - Sale of 51% stake of Norte Litoral: €104mn
  - Sale of 49% stake of Algarve: €58mn

€162mn cash in
€98mn net capital gains

€mn

TRAFFIC EVOLUTION

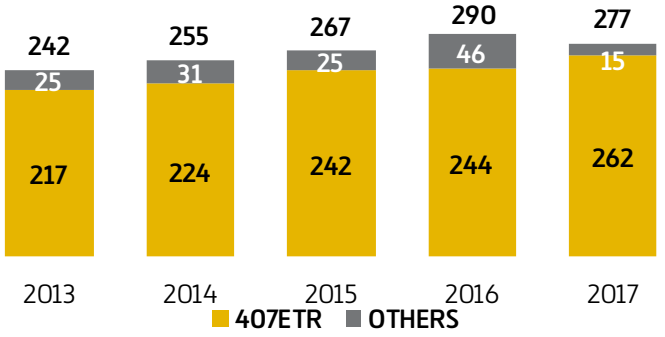


* Transactions

FY 2017 RESULTS TOLL ROADS

	2017	%	% LfL
Revenues	461	-5.3%	+15.7%
EBITDA	320	+7.7%	+23.8%

DIVIDENDS FROM TOLL ROADS



Ferrovial 2017 results

407 ETR Equity method, Ferrovial stake 43%

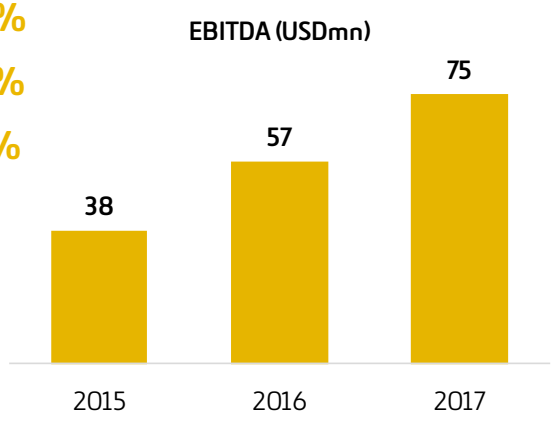
(CADmn)	2017	%
Revenues	1,268	**+11.7%**
EBITDA	1,104	**+12.1%**
EBITDA mg	87.1%	
Traffic (VKTs'000)	2,708,589	**+2.6%**
Dividends	845	**+7.0%**

- Much better than expected 4Q 2017 traffic growth despite a difficult comparison in 2H 2017
- 1Q 2018 dividend announced (+9% vs 1Q 2017)

Managed Lanes Global consolidation

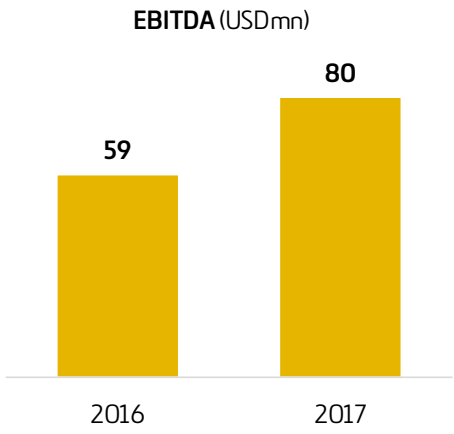
NTE

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



LBJ

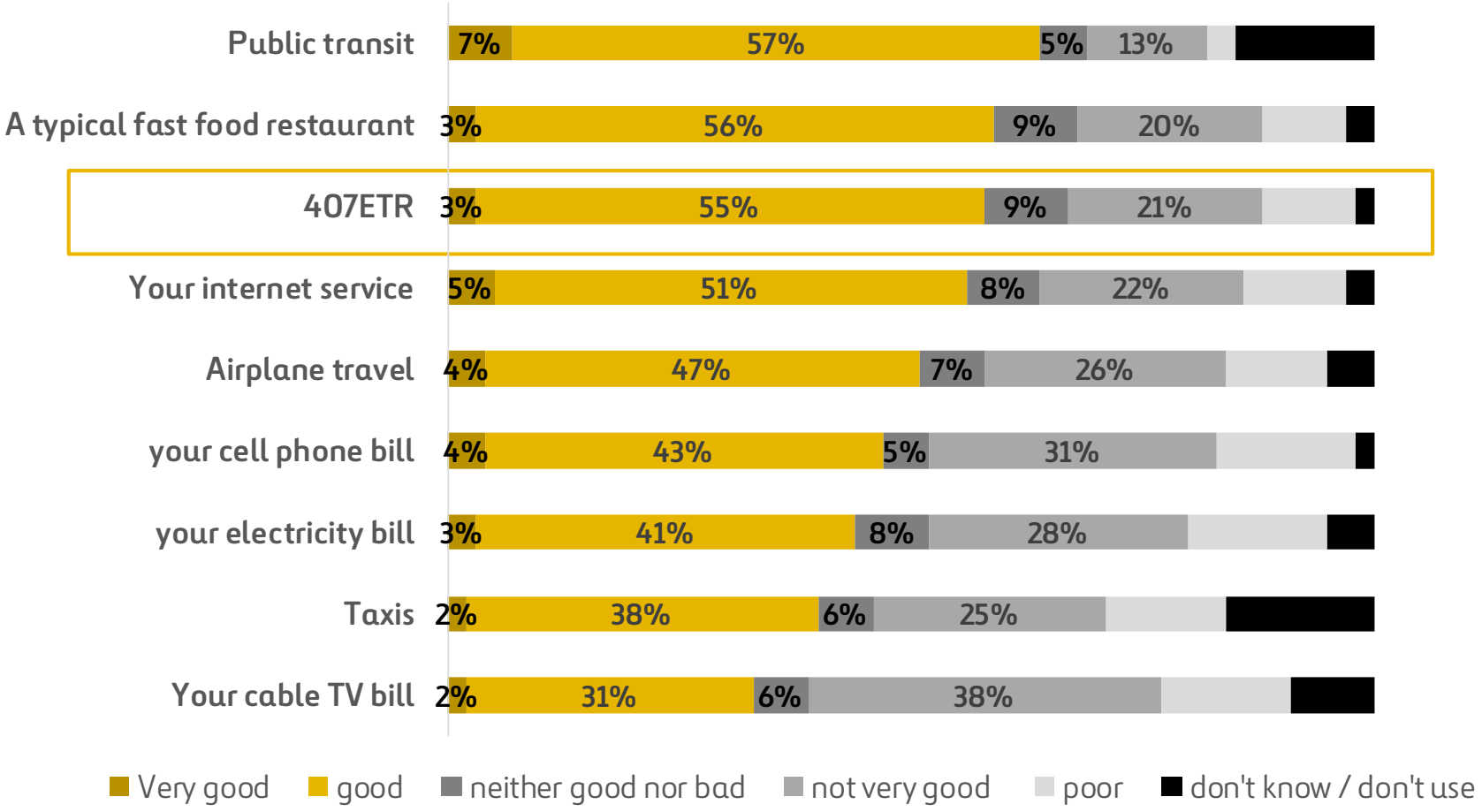
- **EBITDA** +37.4%
- **TRAFFIC*** +10.2%
- **TARIFF**** +20.5%



* Transactions
** Average toll rate per transaction

Ferrovial 2017 results

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



Ferrovial 2017 results

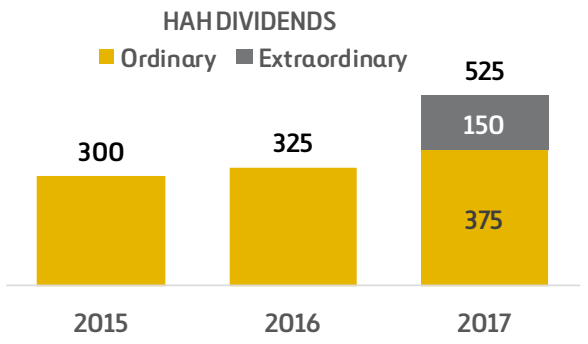
Airports

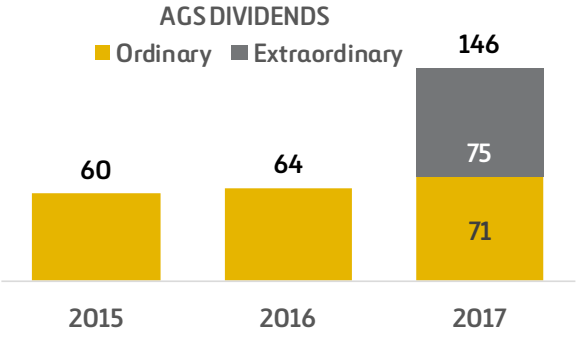
- **HAH** (Equity method, FER stake 25%)
  - **Traffic**: 78mn pax (+3.1%)
  - **Revenues:** +2.6%
    Higher traffic & retail, despite lower aeronautical tariffs
  - **EBITDA:** +4.6% on cost control
  - Higher-than-expected **dividends**:
    £525mn (£150mn extraordinary dividend).
- **AGS** (Equity method, FER stake 50%):
  - Strong **traffic** growth (+4.9%)
  - **EBITDA** +10.7%
    EBITDA since acquisition (2014): +35%
  - **Dividend**: £146mn post refinancing (£75mn extraordinary)
- **Dividends received by FER:**
  - **€237mn** (€134mn 2016).
- **Denver International Airport**
  - 6th busiest airport in the US by passenger traffic
  - Redesign & retail operation of main terminal (34y)

TRAFFIC

(PAX mn)	2017	% LfL
Heathrow	**78.0**	**+3.1%**
AGS	**15.1**	**+4.9%**
Glasgow	9.9	+5.7%
Aberdeen	3.1	+1.9%
Southampton	2.1	+6.1%

DIVIDENDS (100% £mn)





Ferrovial 2017 results

€ million

Services

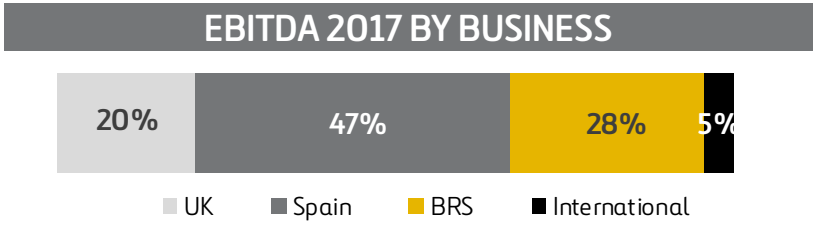
- **Revenues** +16.3% with FY integration of BRS
- **EBITDA margin 6%** (5.4% in 2016)
- **Order book -11.3% LfL** (selective bidding in UK)
- **€396mn Operating Cash Flow**

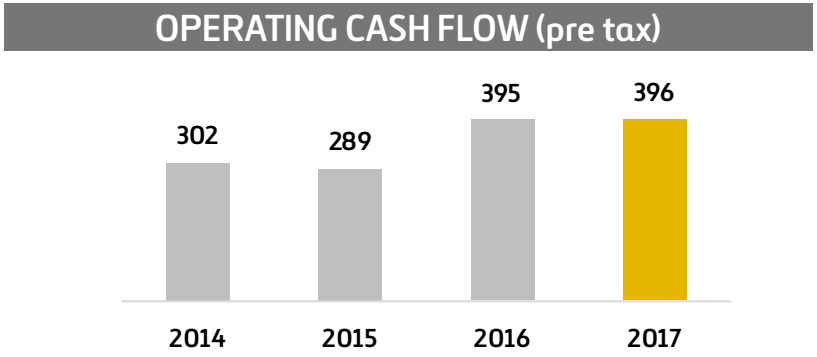
	2017	%	% LfL
Revenues	7,069	+16.3%	+1.9%
EBITDA	423	+30.2%	+14.2%
EBITDA %	6.0%		
Order book	20,918	-14.4%	-11.3%

- **UK: Still challenging environment**
  - EBITDA '17 mg (3.5%) in line with guidance provided
  - EBITDA'18E mg : ex-Birmingham (2% - 3%)

- **AUSTRALIA: FY integration vs 7months in 2016**
  - 2017: EBITDA mg 5.5% (RPC* contracts ended Oct 2017)
  - 2018E: EBITDA mg 3% - 4%

- **SPAIN: solid performance,** EBITDA margin at 10.4%.





* RPC: Regional processing centres

Ferrovial 2017 results

Construction

€ million

- **Revenues (+11% LfL)** with positive evolution in all areas

- **Lower profitability (EBIT margin 3.5%)**
  - Major projects in their initial phases.
  - Order book with a lesser levels of complexity.
  - Lower proportion of contracts with sisters companies.
  - Losses incurred in 2017: mainly explained by two contracts (Scotland -€54mn & Colombia -€31mn).

- **Solid growth in Budimex: EBITDA +17.7%**

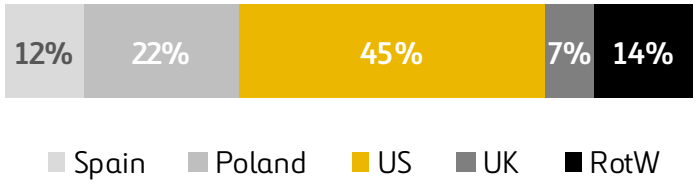
- **Order book** reached a record figure **(+26.7%LfL)**
  - **I-66** (Virginia, EUR1.9bn), **Denver Airport** (EUR541mn) & **Grand Parkway** (Texas, EUR784mn).

- **2018E performance: EBIT margin should evolve from around 1% (1Q) to 3 - 3.5% for FY 2018.**

	2017	%	% LfL
Revenues	4,628	+10.3%	+11.0%
EBITDA	199	-41.8%	-41.8%
EBITDA %	4.3%		
EBIT	162	-48.1%	-48.1%
EBIT %	3.5%		
Order book	11,145	+22.6%	+26.7%

EBITDA 2017 BY BUSINESS

ORDER BOOK BY COUNTRY



Ferrovial 2017 results

Profit & Loss

€ million

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

IMPAIRMENT & DISPOSALS (2017)

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

NET FINANCIAL RESULT

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

EQUITY ACCOUNTED

- 2017: higher contribution from HAH & 407ETR

TAXES

- 2016: Chicago divestment impact

MINORITIES

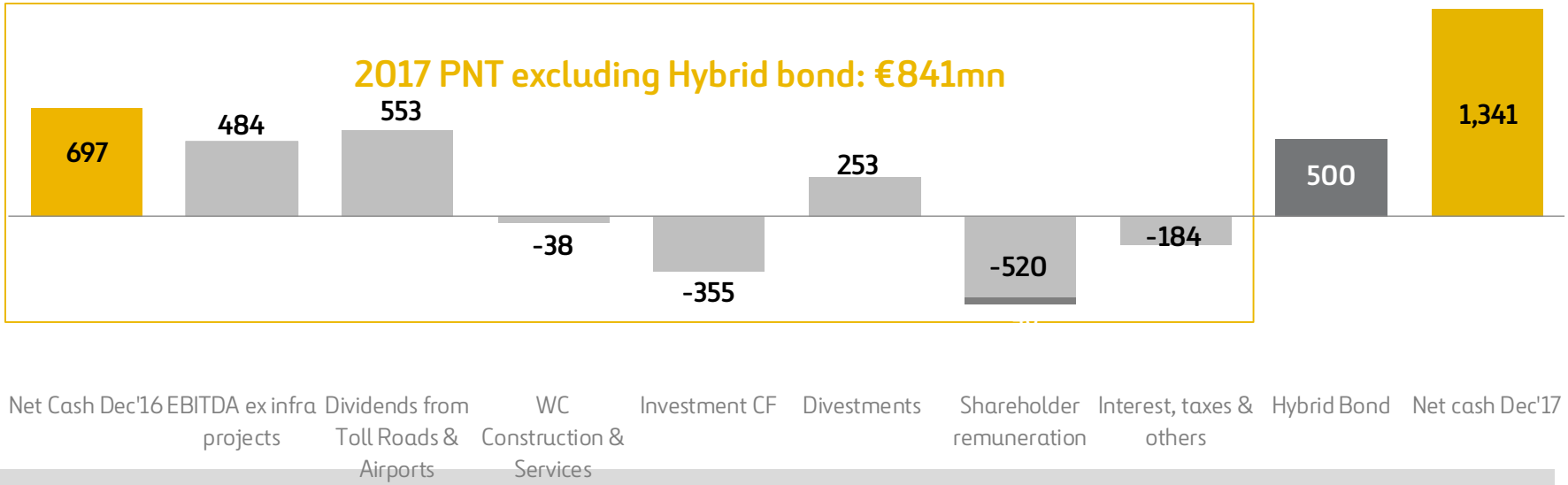
- Higher profit at Budimex
- Deconsolidation of SH-130 & Chicago and the improved results from Managed Lanes

Ferrovial 2017 results

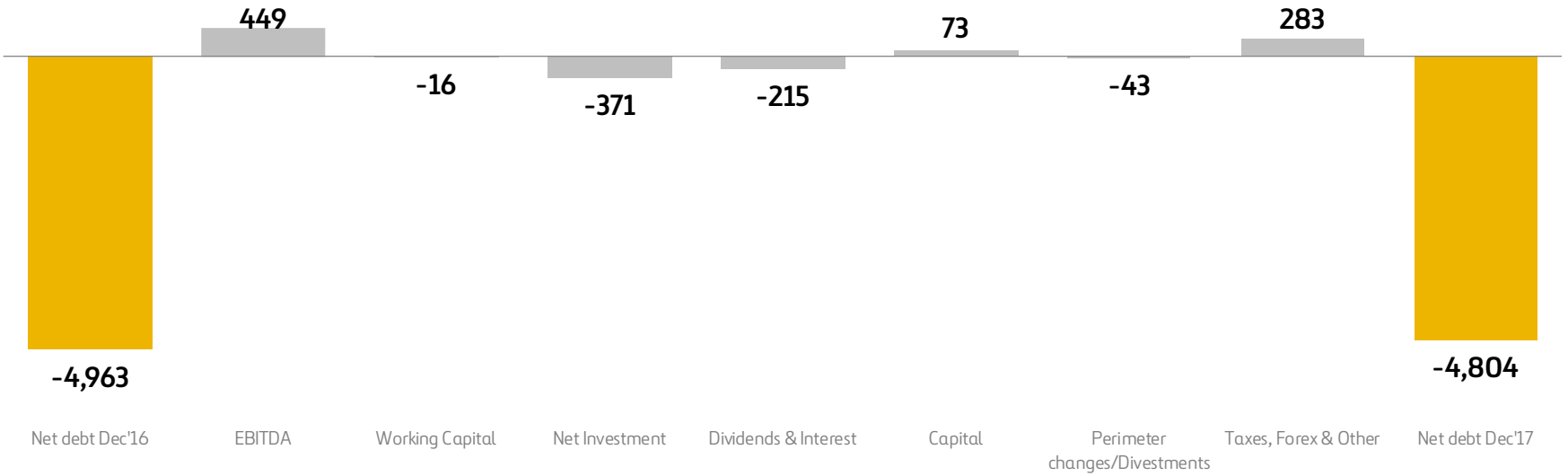
€ million

Net Debt Evolution

EXCLUDING INFRASTRUCTURE PROJECTS



INFRASTRUCTURE PROJECTS



Ferrovial 2017 results

IFRS15 impact

- **An adjustment of -€272mn** has been recognized through reserves in the opening balance (Jan 01, 2017).

  Early application in January 2017 of IFRS 15 Standard: Revenue from contracts with customers.

- New standard implies more strict threshold for revenue recognition (approval/highly probable vs. probable) and the evaluation of WIP/Debtor balance as of Dec.2016 according the new threshold.

  The impact of this review has to be charged to equity.

- **Part of the adjustment can be recovered through P&L** in the future if the threshold is finally reached.

Ferrovial 2017 results

Shareholder remuneration

2018 SHAREHOLDER REMUNERATION PROPOSAL (*)		2017
Scrip dividend (reference dividend /share)		
First scrip dividend (equivalent to 2017 complementary dividend)*	0.312	0.315
Second scrip dividend (equivalent to 2018 interim dividend)*	0.402	0.404
TOTAL	**0.714**	**0.719**
Share buyback	**up to €275mn or up to 19m shares**	**up to €275mn or up to 19m shares**

(*) Calculation based on average closing price from 30th January to 5th February of 18.103€

Table of Contents

Ferrovial overview

1. Overview
2. What are investors worried about?
3. Looking ahead
4. What makes Ferrovial different?

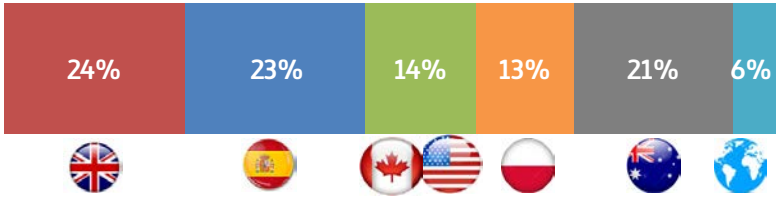
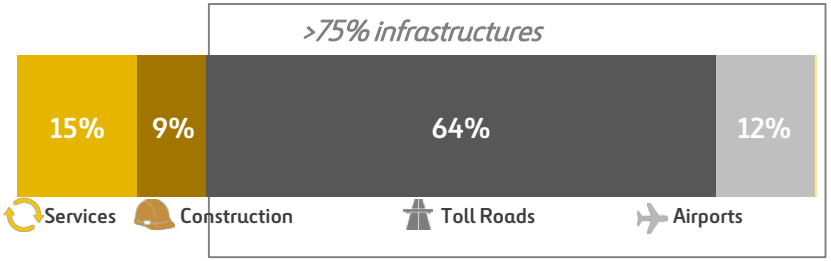
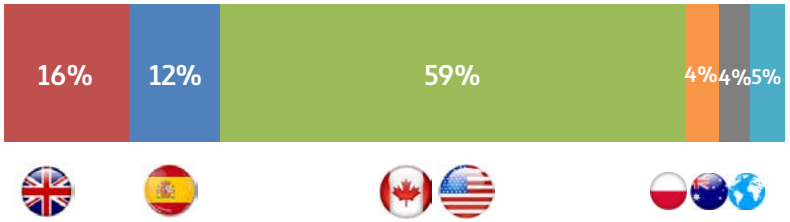
Ferrovial 2017 Results

Additional Information

A. Main value drivers
B. Main infrastructure assets
   a. 407ETR
   b. Managed Lanes
   c. 407ETR vs Managed Lanes
   d. Airports
C. Capital Market Day (CMD) 2017
D. Historic data
E. Non Financial Information

A. Business split vs. valuation

Infra assets are main value drivers (76%) with limited P&L contribution

	By BUSINESS	By GEOGRAPHY
	Infra assets **76% of valuation** 4% of revenues	**USA & Canada** **59% of valuation** 14% of revenues
REVENUES		
VALUATION		

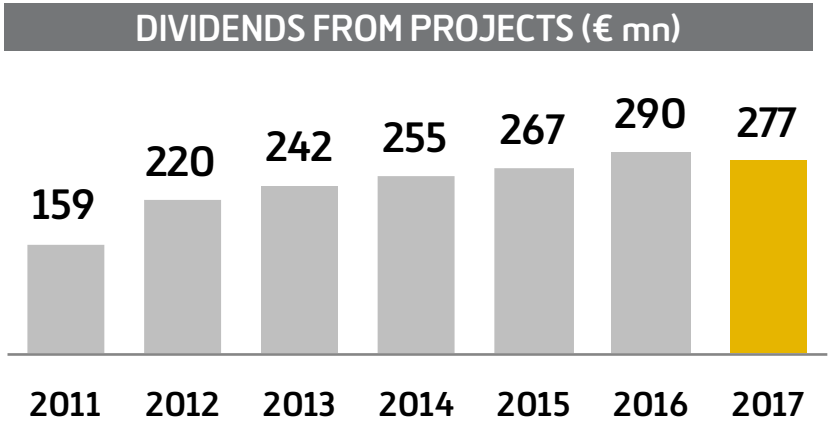
Revenues FY 2017 results, Valuation December 2017

B. Main infrastructure assets

Cintra: One of the world leaders in open-competition highway concessions

Focus mainly on North America (Canada & USA)
Unique Assets
High complexity, free tolling,
dynamic pricing & long term

- **Strong dividends in 2017**
  - **€277mn dividends from projects** – 407 ETR €262mn
  - **€154mn invested in new projects**
- **Traffic growth in main markets**
- **New project awarded: I-66 (Virginia, US)**
  - USD3bn managed lane project
  - 35km along the I-66 corridor
  - 50 years concession
- **Mature asset rotation:**
  - Portuguese toll roads stake sale:
    - 51% Norte Litoral, April (EUR104mn)
    - 49% Algarve, September (EUR58mn).

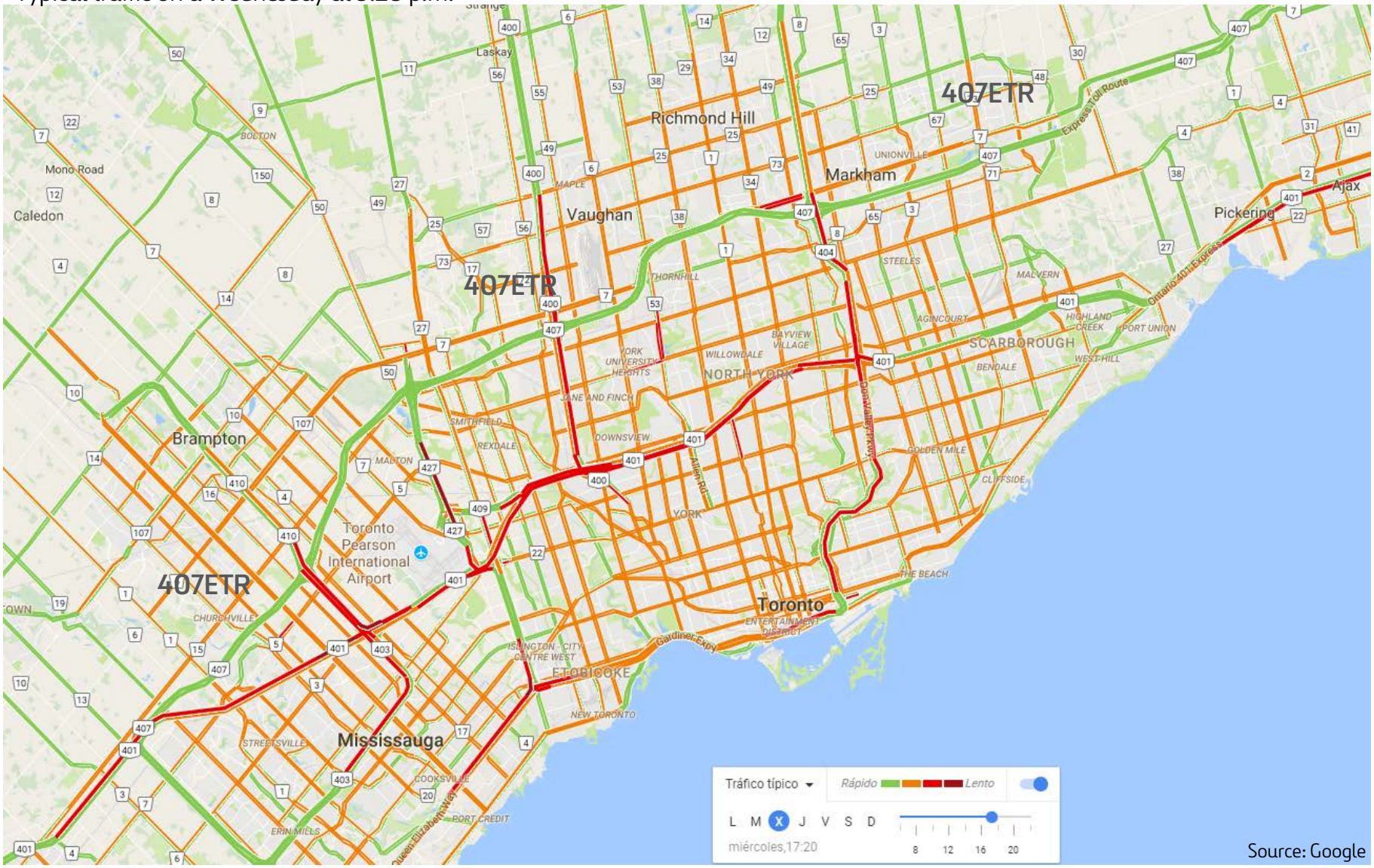


B. Main infrastructure assets: 407 ETR

2. Main infrastructure assets

407 ETR: The only non-congested road to cross Toronto

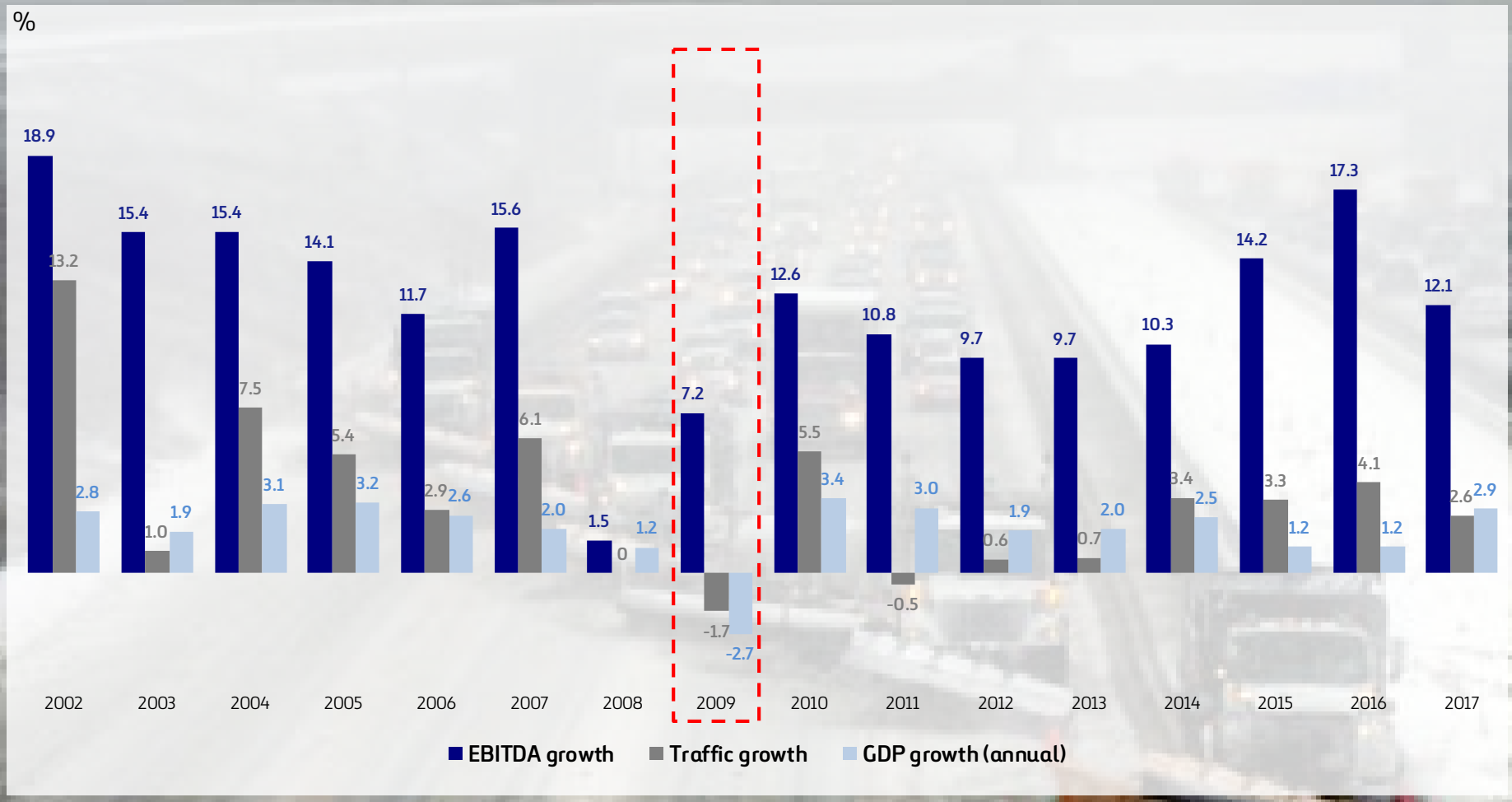
Typical traffic on a Wednesday at 5:20 p.m.



Source: Google

2. Main infrastructure assets

407 ETR: Strong EBITDA growth … even with negative traffic & GDP



GDP growth source: World Bank

2. Main infrastructure assets

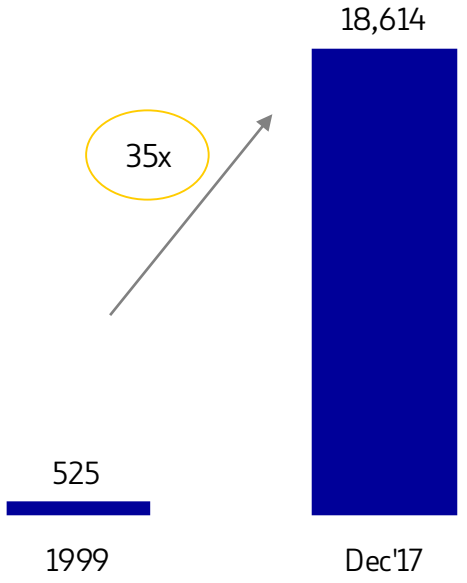
407 ETR: Cash flow and valuation overview

€mn

CASH GENERATION (1999 – 2017)	MATURITY	EQUITY VALUATION 100%
100% pay-back in first 10 years	**80 years to maturity 2098**	**Analyst valuation up 35x**

Cash Generation

Initial equity invest.(62%)	-326 mn
Dividends	2,023 mn
10%Disposal	640 mn
NET CASH IN	**2,337 mn**



Strong dividend flow

Sharp increase in equity valuation

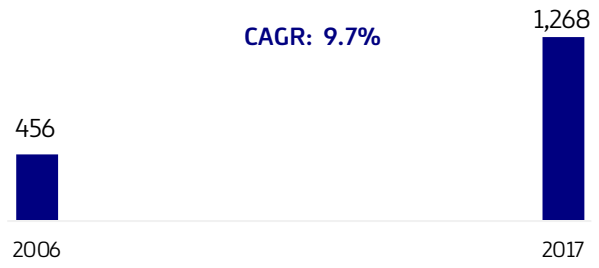
* Analyst Consensus Valuation

B. Main infrastructure assets

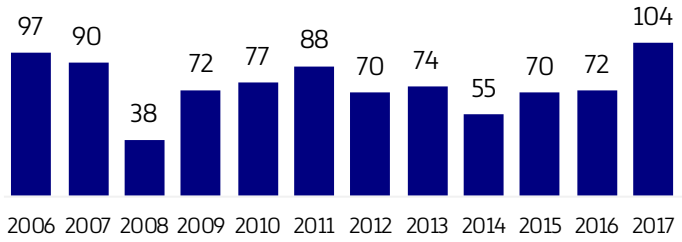
407 ETR: Financial Overview

CAD mn

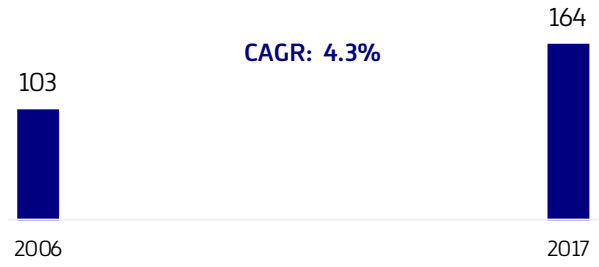
REVENUES



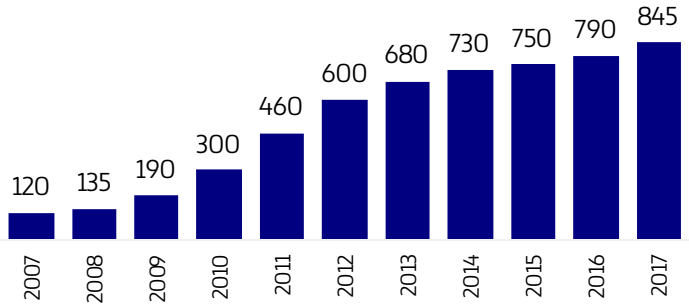
CAPITAL EXPENDITURE



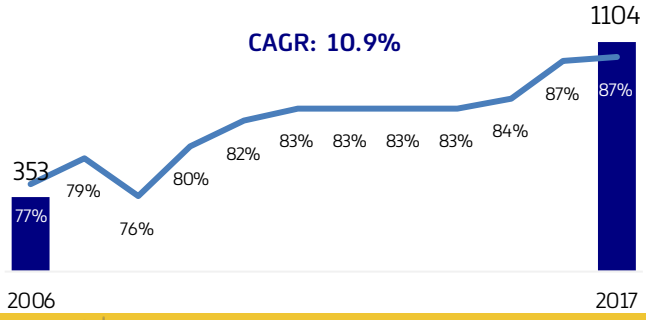
OPEX



DIVIDENDS



EBITDA



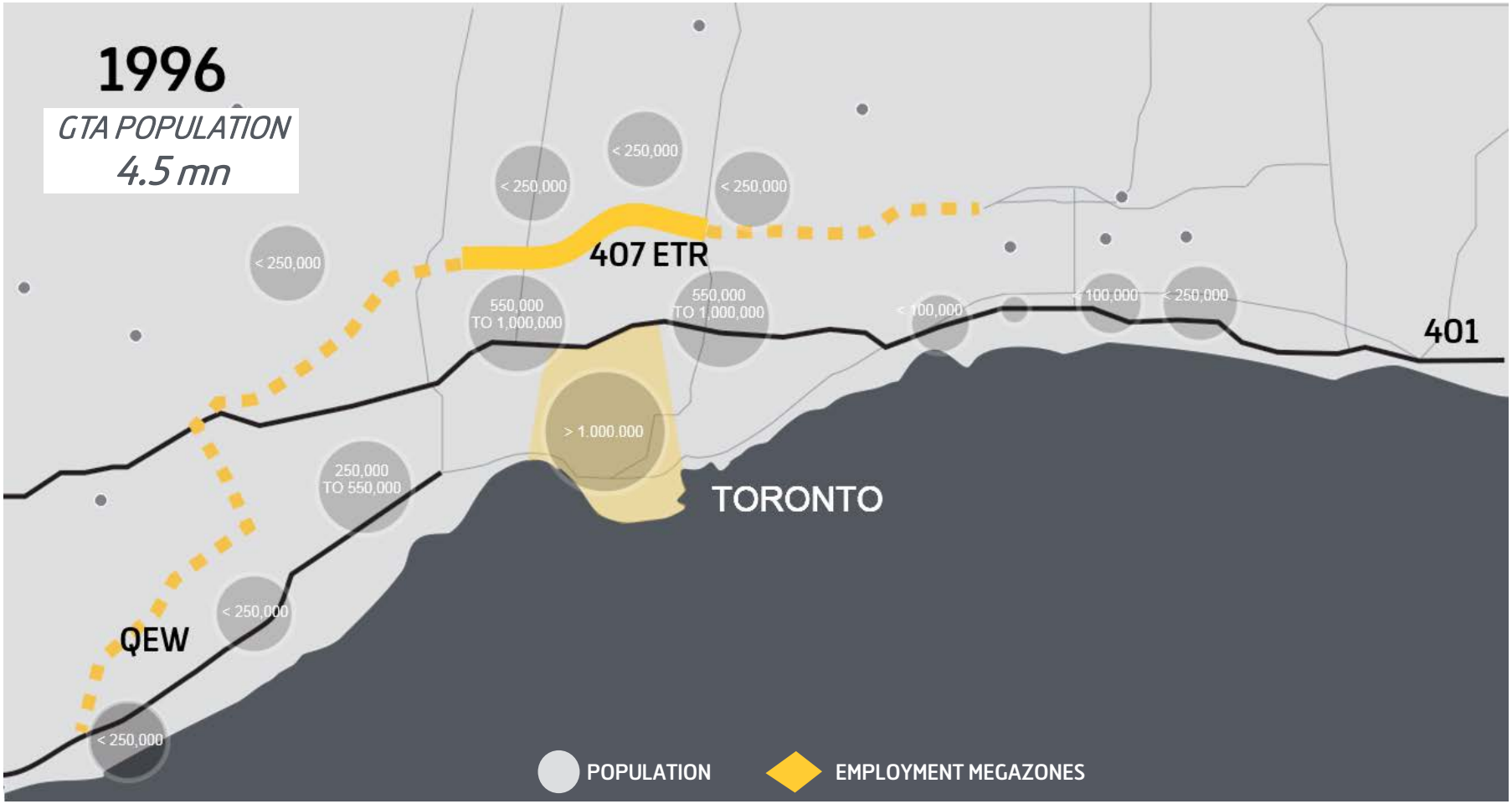
NET DEBT / EBITDA x

B. Main infrastructure assets

407 ETR: Reasons for 407 ETR's success

YESTERDAY

Perfect location
Excellent prospects for business growth



Sources:

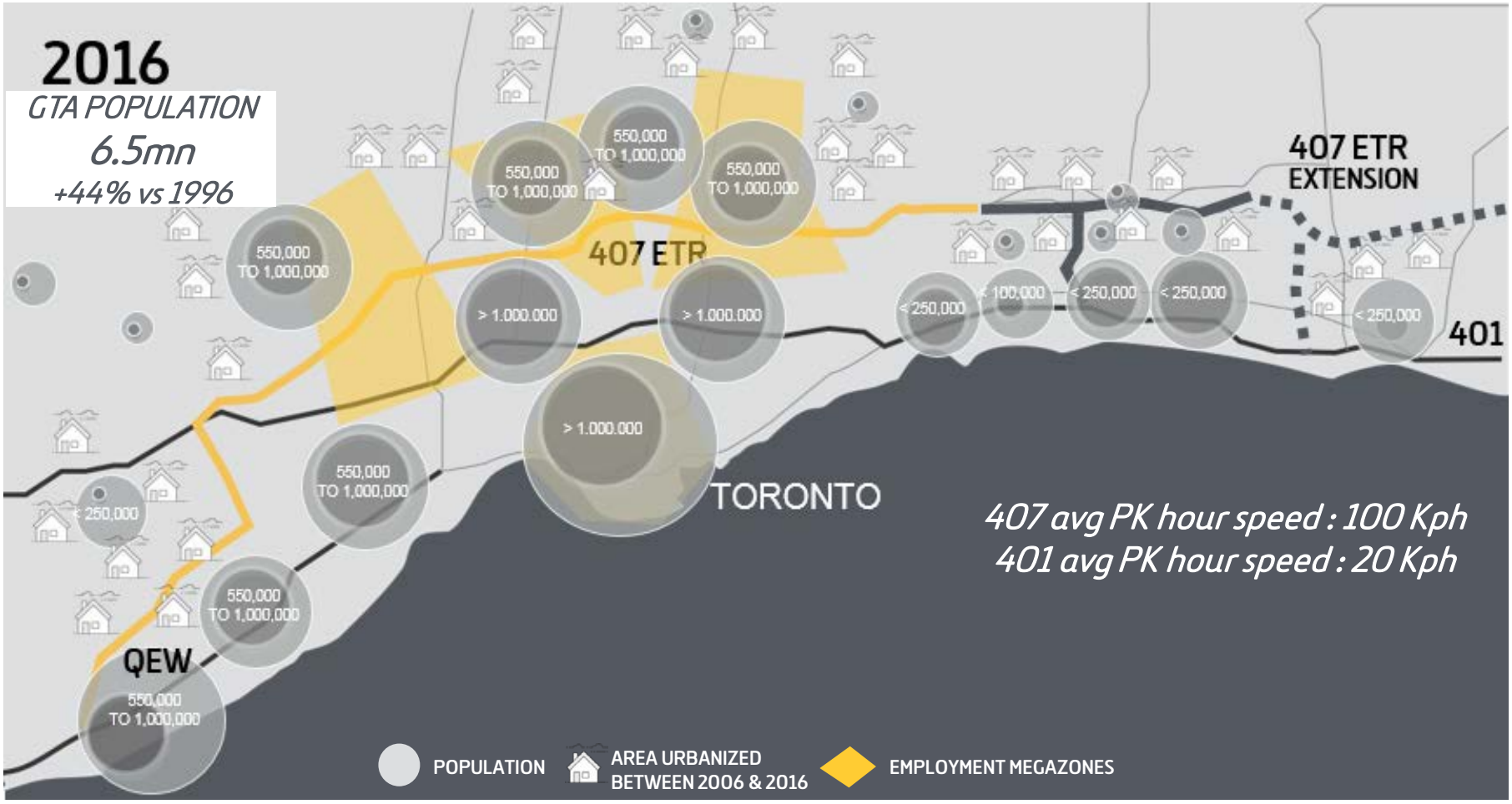
- Planning for Prosperity – November 2015 - (Globalization, Competitiveness and the Growth Plan for the Greater Golden Horseshoe) . Neptis Foundation.
- No shortage of land for homes in the Greater Toronto and Hamilton Area – October 2016 – Land supply for future urban development designated by municipalities across the Greater Golden Horseshoe to accommodate growth to 2031. Neptis Foundation.
- Statistics Canada

B. Main infrastructure assets

407 ETR: Reasons for 407 ETR's success

TODAY

Perfect location
Excellent prospects for business growth



B. Main infrastructure assets

407ETR: Reasons for 407 ETR's success

TOMORROW

Future growth in population & employment to support traffic

EMPLOYMENT GROWTH (2021 – 2041)

POPULATION GROWTH (2021 – 2041)

407ETR Regions includes: Toronto, Durham, Peel, Halton & York
Source: Government of Ontario Places to Grow

B. Main infrastructure assets

407ETR vs Managed Lanes

	407ETR	Managed Lanes (NTE1-2)
Participation:	• **43%. Equity consolidated**	• **62.97%. Global consolidation**
Partners:	• SNC Lavalin (17%), CPPIB (40%)	• Meridiam (37%)
Concession period:	• 99 years Opened 1999 (**80 years remaining**)	• 52 years Opened October 2014 (**43 years remaining**)
Location:	• Greater Toronto Area (Ontario province)	• Dallas-Fort Worth Metroplex, between Fort Worth & DFW Airport
Length:	• **108kms**. 24 segments From 2+2 lanes up to 5+5 lanes per direction (dep on segment) Separate toll road	• **13 miles**. 2 segments. 2 lanes per direction Tollway within a freeway
Benefits:	• **Predictability** & reliable travel times Alternative routes are highly congested **Average speed**: 100km/h vs 40km/h on the alternative **Safety & comfort**	• **Predictability & reliable** travel times (minimum speed 50m/hr) **Higher speed allowed** on NTE (60mph in free lanes, 70mph NTE) **Safety & comfort**
Open tolling?	• Yes. No toll booths, fully electronic, **free flow** system	• Yes. No toll booths, fully electronic, **free flow** system
Tariff Policy:	• **Freedom to set tariffs** Penalty paid if traffic falls below threshold **Tariffs can be changed every 30 days** Different tariffs depending on segment, direction, time, day..	• **Freedom to set tariffs up to cap** ($0.84, updated with inflation) Cap is lifted if av. speed <50m/hr of cars >3,300pce/h (2 lanes) Dynamic tolling (**tariffs can be changed every 5 minutes**) Different tariffs depending on segment, direction, time, day..
Regulatory risk?	• **Not a regulated activity**, but a contractual agreement	• **Not a regulated activity**, but a contractual agreement
Collection:	• From drivers. Licence plate not renewed if tolls not paid.	• From TxDOT (who charges the drivers). No collection risk
Dividends:	• Strong growth (from CAD85mn 2005 to 750mn 2015)	• 5 initial years lock-up

2. Main infrastructure assets

Managed Lanes

“Express Tollway within an Existing Highway”

A solution to congestion on “existing urban corridors”

through

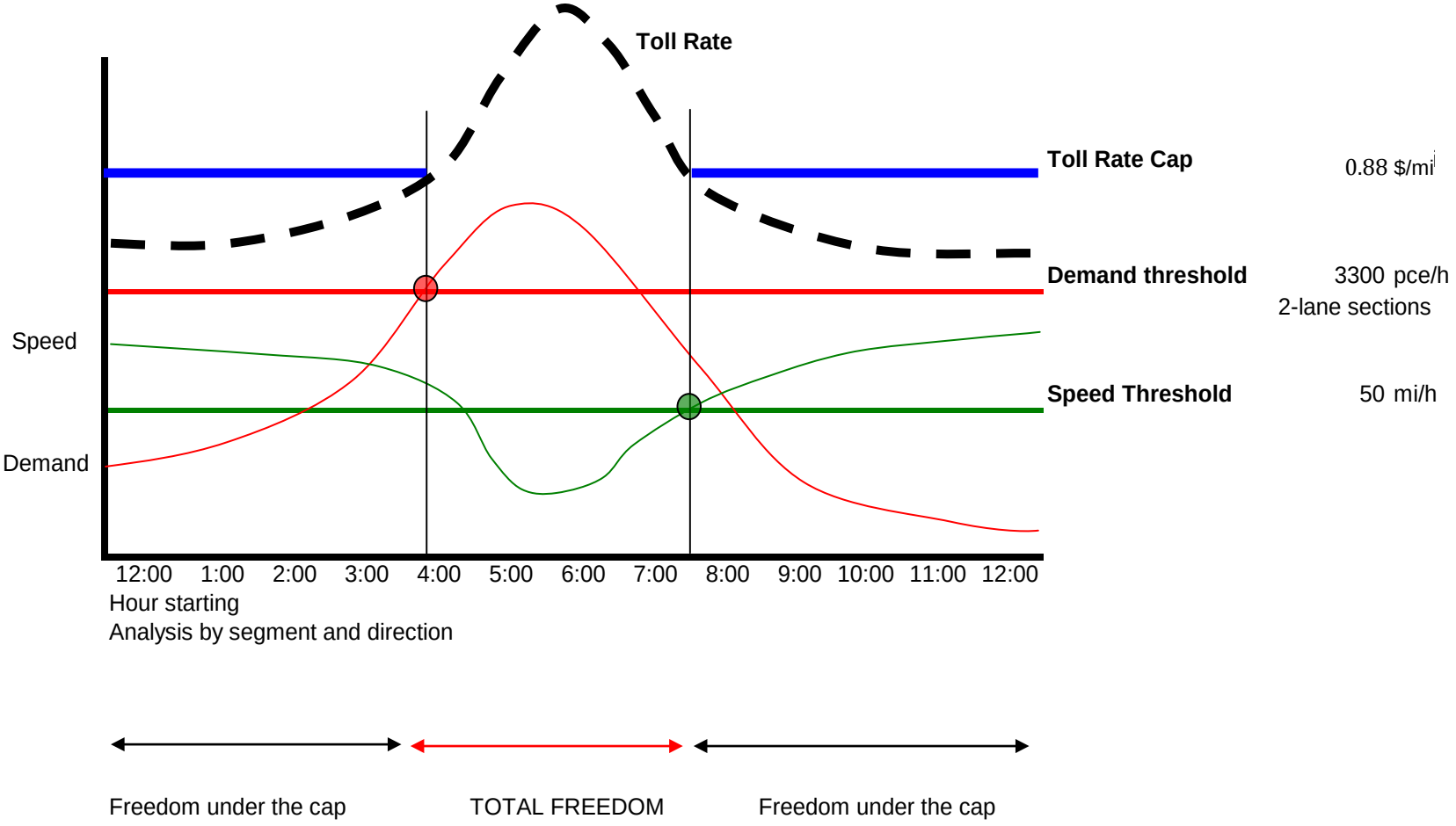
Active management of “newly added capacity” through tolling

2. Main infrastructure assets

Managed Lanes

B. Main Infrastructure Assets

Managed Lanes: Toll rates – tariff threshold



B. Main Infrastructure Assets

Managed Lanes: Financial Overview

Financial structure

Figures in US Dollars

	north tarrant express		LBJ express		north tarrant express | 35W	
Total Investment:		**2.05 bn**		**2.62 bn**		**1.36 bn**
Private Equity:	21%	**427 mn**	25%	**672 mn**	32%	**430 mn**
Cintra:		242 mn (57%)		343 mn (51%)		231 mn (54%)
Meridiam:		141 mn (33%)		107 mn (16%)		75 mn (18%)
DPFPS:		43 mn (10%)		44 mn (7%)		
APG:				178 mn (26%)		124 mn (29%)
Total Debt:	51%	**1,048 mn**	56%	**1,456 mn**	59%	**805 mn**
PABs:		398 mn		606mn		274 mn
TIFIA:		650 mn		850 mn		531mn
Public Funds:	28%	**573 mn**	18%	**490 mn**	9%	**126 mn**

- First combination of TIFIA and tax exempt PABs.
- First private activity bond issuance for a toll road.
- First time that a U.S.-based pension fund made a direct investment in a highway concession.

- First privately-financed road development project of its kind to reach financial close in 2010.
- Texas' third big recent road project to reach financial close since 2008.

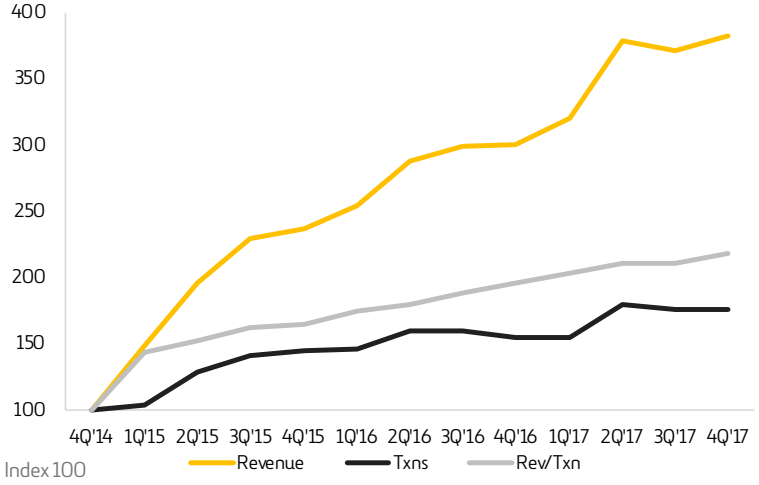
- Very competitive capital structure in spite of the difficult market conditions.
- Strong portion of the debt from TIFIA program with its flexible amortizing structure during the first 25 years.

* In September 2017, Cintra, along with the other Managed Lanes partners (Meridiam and APG) has acquired DPFPS's stake in NTE (10%) and LBJ (7%). Cintra acquired 6.3% in NTE and 3.6% in LBJ, and now holds 62.97% in NTE and 54.6% in LBJ

B. Main Infrastructure Assets

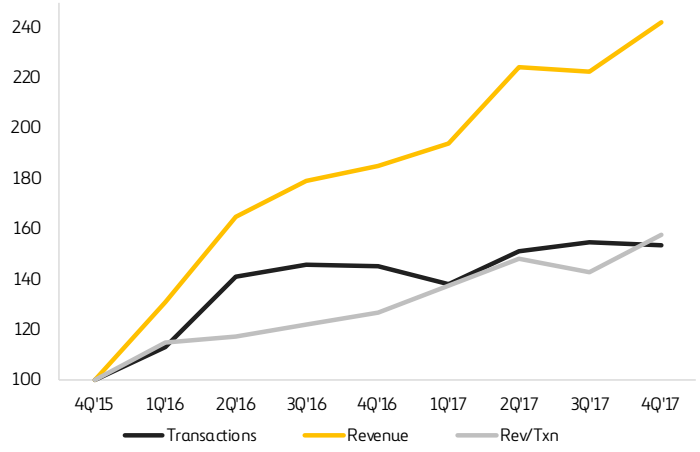
Managed Lanes

GROWTH SINCE OPENING (NTE)

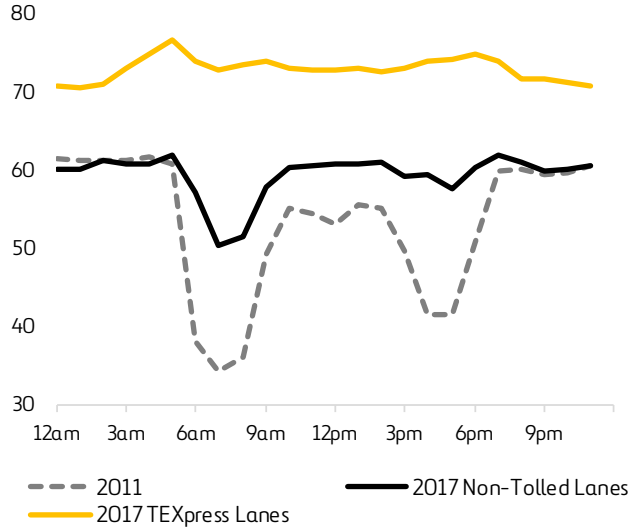


Index 100

GROWTH SINCE OPENING (LBJ)



SPEEDS AT NTE



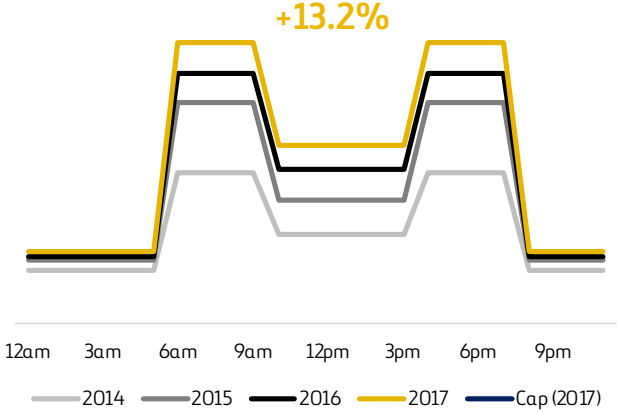
Eastbound workday on segment 1

TOLL RATES EVOLUTION (NTE)

CAP linked to inflation

2017 avg toll rate per transaction: ~~USD~~3.4

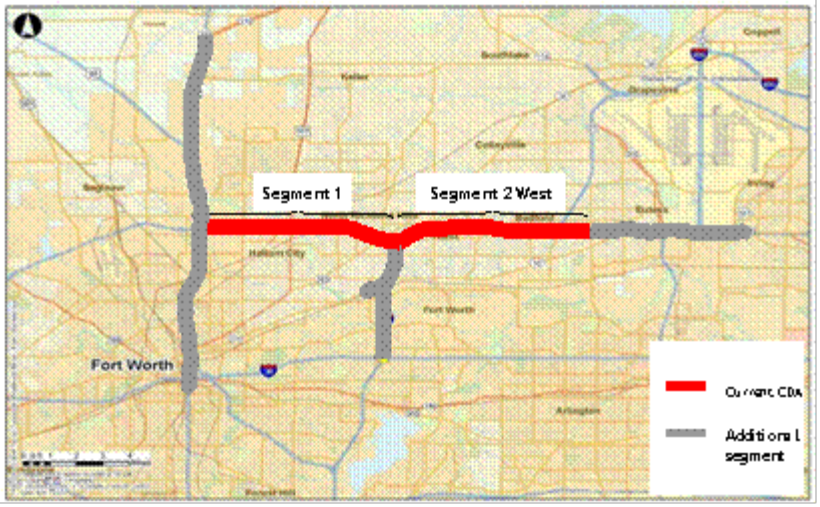
+13.2%



B. Main Infrastructure Assets

Managed Lanes: North Tarrant Express

Opened on October 2014, 9 months ahead of schedule



KEY CHARACTERISTICS

DESCRIPTION: Dallas-Fort Worth Metroplex, Major thoroughfares between Fort Worth and DFW Airport

LENGTH: 13 mile section (IH 820 & SH 183 in Tarrant County)

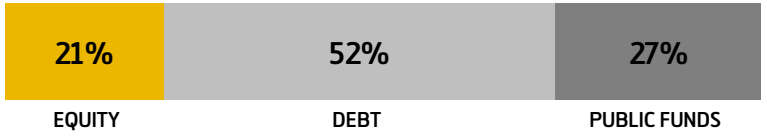
CONCESSION PERIOD: 52 years (since 2009)

TARIFF POLICY: Open Road Tolling System (no toll booths) with a dynamic tolling regime (every 5 minutes) to maintain at all times a minimum speed of 50 mph

- No toll-booths, fully electronic free flow tolling system
- Tollway within a freeway: Motorists will be provided with a choice of driving in non-tolled GP lanes or paying a toll to bypass such GP lanes
- Tolls setting to ensure minimum speed on new lanes
- As demand grows and capacity becomes scarce, pricing power increases
- Physically separated from the GP lanes with controlled access

SHAREHOLDER STRUCTURE

FINANCIAL STRUCTURE



B. Main Infrastructure Assets

Managed Lanes: Lyndon B Johnson

Opened on September 10th 2015, 3 months ahead of schedule

KEY CHARACTERISTICS

DESCRIPTION: IH 635 (Dallas County), the most populous county in Texas

LENGTH: 13 mile section of the IH 635 and IH 35E

CONCESSION PERIOD: 52 years (since 2009)

TARIFF POLICY: Open Road Tolling System (no toll booths) with a dynamic tolling regime (every 5 minutes) to maintain at all times a minimum speed of 50 mph

- No toll-booths, fully electronic free flow tolling system
- Tollway within a freeway: Motorists will be provided with a choice of driving in non-tolled GP lanes or paying a toll to bypass such GP lanes
- Tolls setting to ensure minimum speed on new lanes
- As demand grows and capacity becomes scarce, pricing power increases
- Physically separated from the GP lanes with controlled access

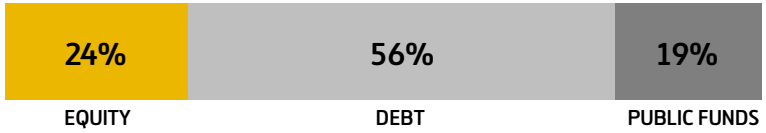
For further information on the concession, check the following links:

https://youtu.be/9GMj3H5OovA

https://youtu.be/pnNFZ8qJY-c

SHAREHOLDER STRUCTURE

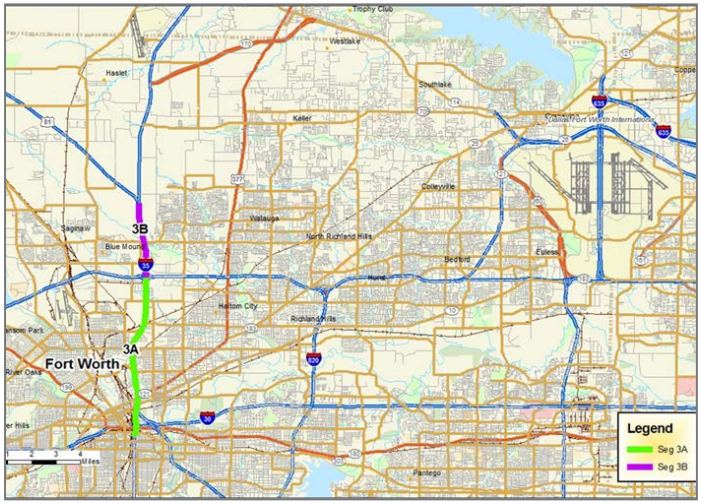
FINANCIAL STRUCTURE



B. Main Infrastructure Assets

Managed Lanes: North Tarrant Express 35W

Expected to open in 2H'2018



KEY CHARACTERISTICS

DESCRIPTION: 2 "managed lanes" in each direction of the IH-35W, segments 3A and 3B (3B segment to be built by TxDOT)

LENGTH: 10.2 mile section (segments 3A 6.2 miles and 3B 4 miles)

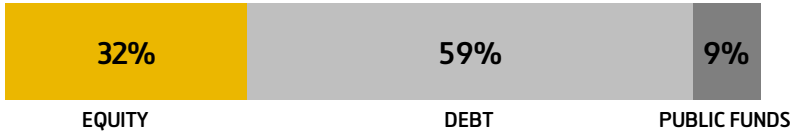
CONCESSION PERIOD: 48 years (since 2013)

TARIFF POLICY: Open Road Tolling System (no toll booths) with a dynamic tolling regime (every 5 minutes) to maintain at all times a minimum speed of 50 mph

- The corridor south to the 3A segment is currently ranked as the most congested roadway in Texas.
- No toll-booths, fully electronic free flow system
- Tollway within a freeway: Motorists will be provided with a choice of driving in non-tolled GP lanes or paying a toll to bypass such GP lanes
- Tolls setting to ensure minimum speed on new lanes
- As demand grows and capacity becomes scarce, pricing power increases
- Physically separated from the GP lanes with controlled access

SHAREHOLDER STRUCTURE

FINANCIAL STRUCTURE



B. Main Infrastructure Assets

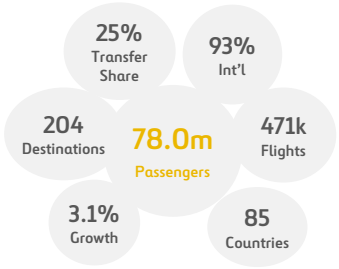
Airports

100% £mn

HAH

(Equity method, FERROVIAL stake 25%)

- **£525MN dividend in 2017** (£325mn in 2016)
- **RAB: positive impact from higher inflation**
- **Traffic: +3.1% 2017 (14 consec monthly records)**



- **EBITDA +4.6%** & 61% EBITDA mg (59.9% in 2016).

HAH P&L	2017	Var.
Revenues	2,883	+2.6%
EBITDA	1,760	+4.6%
EBITDA %	61.0%	
Net debt	13,519	-1.2%

Regional UK Airports

(Equity method, FERROVIAL stake 50%)

- **AGS paid £146mn** (2017, incl. £75mn in extraordinary dividends after its refinancing).
- **Traffic +4.9% in 2017 (15.1mn pax.):**

	2017	Var.
Glasgow	9.9	+5.7%
Aberdeen	3.1	+1.9%
Southampton	2.1	+6.1%
Total AGS	**15.1**	**+4.9%**

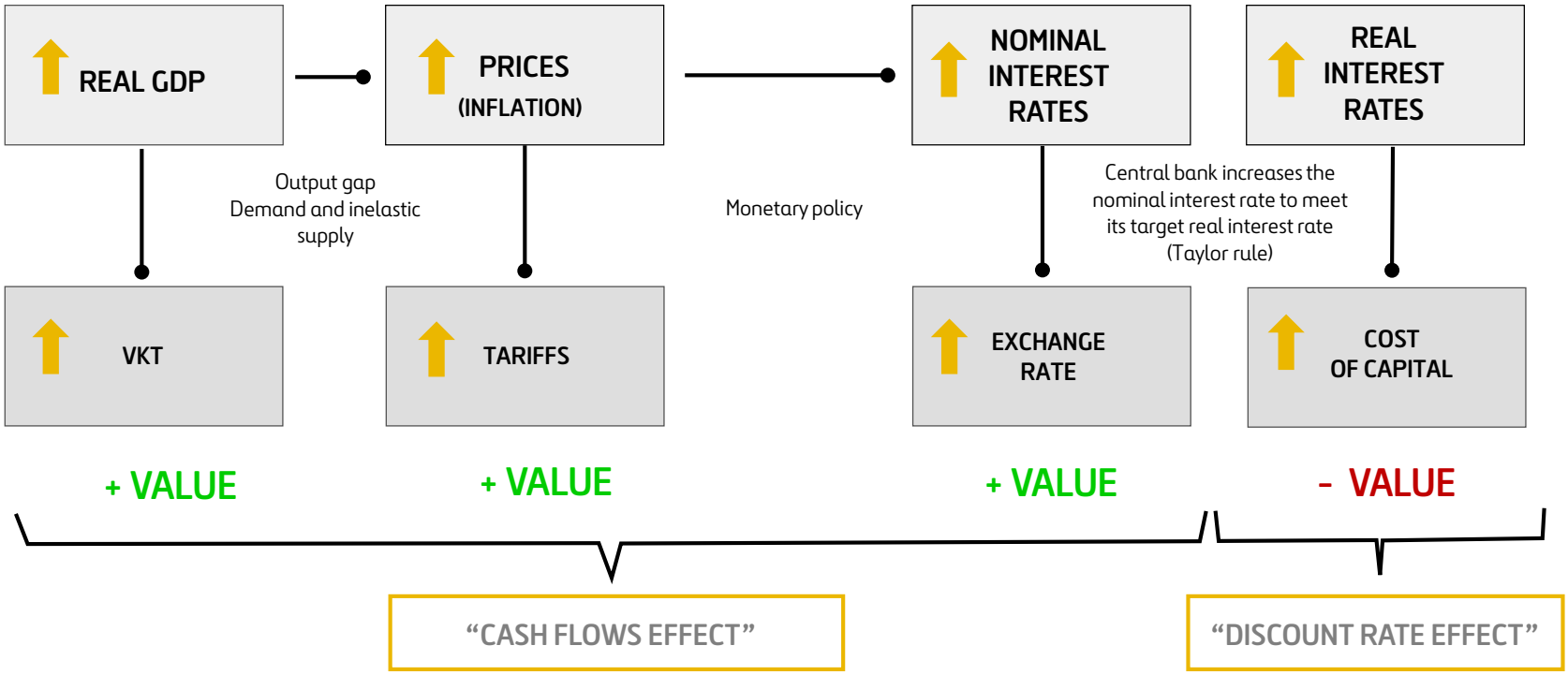
- **EBITDA +10.7%,** on traffic growth & greater cost control

	Revenues		EBITDA		EBITDA %
	2017	Var.	2017	Var.	2017
Total AGS	**209**	**+6.3%**	**92**	**+10.7%**	**43.8%**
Glasgow	122	+8.4%	58	+10.3%	47.6%
Aberdeen	56	+0.6%	22	+8.0%	39.6%
Southampton	31	+9.1%	11	+18.3%	36.5%

*RAB: Regulated Asset Base

C. CMD 2017: Interest & FX rate risks

What the economic theory says...



WHICH IS THE PREVAILING EFFECT...

AND HOW DOES IT AFFECT INFRA-ASSETS VALUE, ESPECIALLY 407 ETR & MLS?

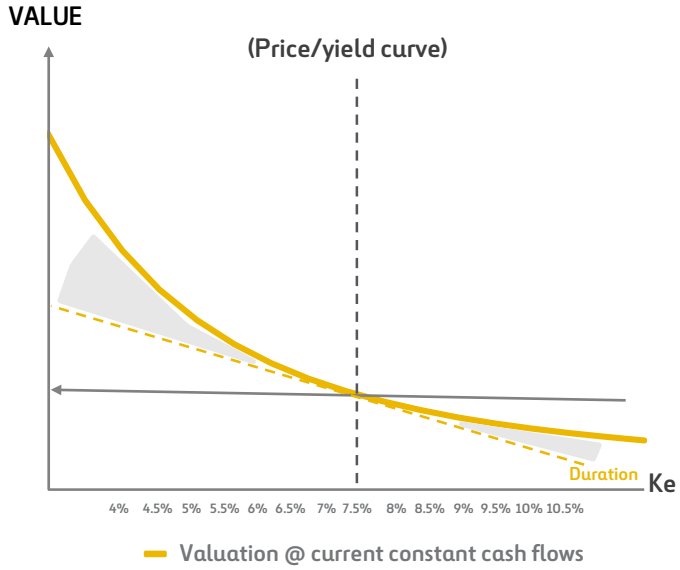
Sources: Paper of professor Carles Vergara-Alert

C. CMD 2017: Interest & FX rate risks

Interest Rate Risk Infra-Asset Valuation

Widespread belief among investors that **"an increase in interest rates reduces the value of the infra-asset".**

In other words **"INFRASTRUCTURE ARE BOND-LIKE ASSETS"**



Bond: A string of future **fixed** set of payments

but...

Infra asset: A string of future **variable** set of cash-flows

KEY CONCEPT **VARIABILITY IN CASH FLOWS**

On what variables does revenue depend?

How are these variables affected by interest rates?

Sources: Paper of professor Carles Vergara-Alert

C. CMD 2017: Interest & FX rate risks

Categories of infra-assets as per variability of cash flows

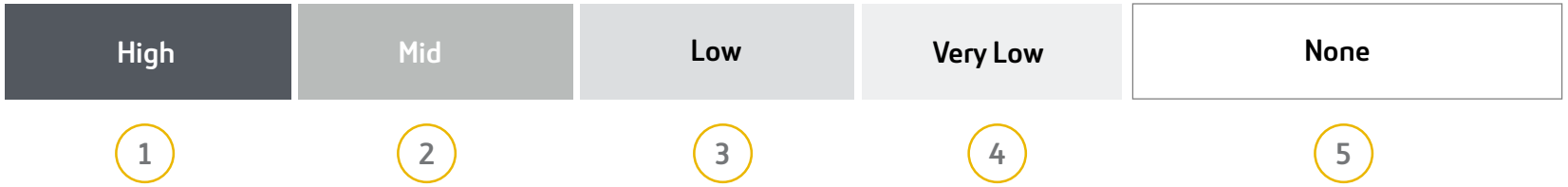
WITHOUT TRAFFIC RISK (NON-TOLL ROADS)

1.	- Availability payment (no CPI adjusted)	Towoomba (Australia)	CF=K
2.	- Availability payment (CPI adjusted)	Norte Litoral (Portugal)	CF= f (CPI)

WITH TRAFFIC RISK (TOLL ROADS)

3.	- Pre-fixed toll rate (CPI escalated)	AUSOL (Spain)	CF= f (CPI, traffic)
4.	- Tolls escalated to a maximum (GDP per capita)	"Chicago Skyway", ITR (USA)	CF= f (CPI, traffic, GDP per capita)
5.	- Free-rate tolling mechanism	407 ETR (Canada), ML (USA)	CF= f (CPI, traffic, willingness to pay)

"INTEREST RISK METER OF CONCESSION VALUE"



94% Cintra´s Value

Sources: Paper of professor Carles Vergara-Alert

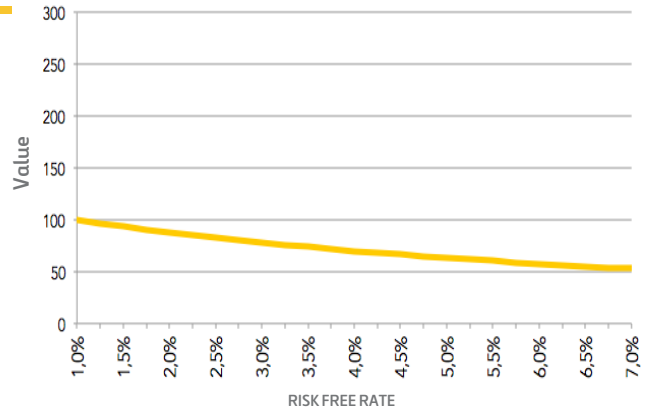
C. CMD 2017: Interest & FX rate risks

Effect of interest rates on asset valuation by category1 (I)

AVAILABILITY

1

Project i.e.: TOOWOOMBA



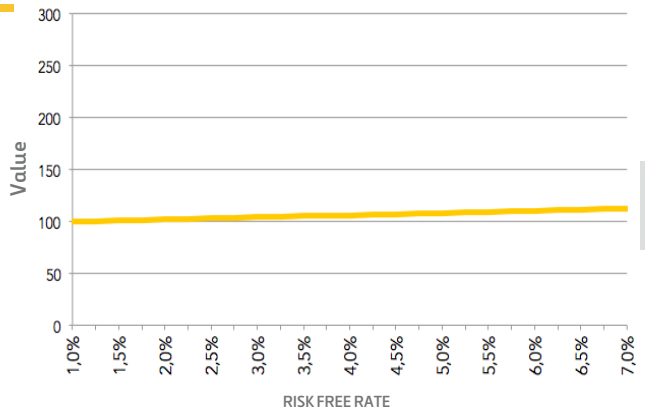
0%
Cintra´s Value

Significant value decrease
(Bond proxy)

DEMAND RISK & CPI Adj

3

Project i.e: AUSOL



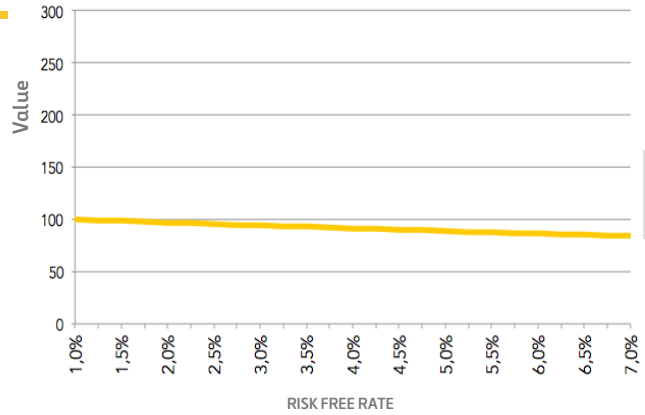
3%
Cintra´s Value

Stable value

AVAILABILITY & CPI Adj

2

Project i.e.: NORTE LITORAL



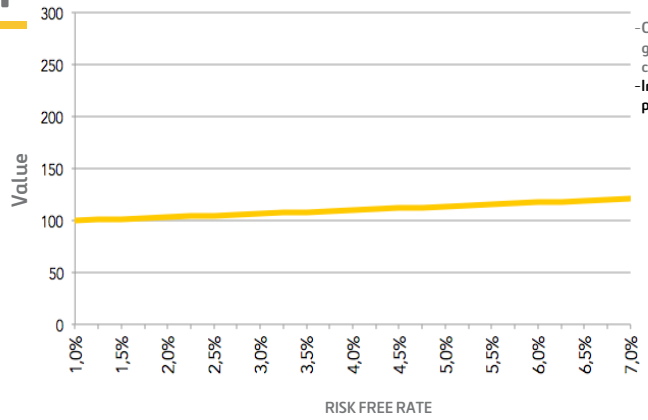
3%
Cintra´s Value

Slight value decrease

DEMAND RISK & CPI, GDP Adj

4

Project i.e: CHICAGO SKYWAY



-Capture consumer's surplus generated by CPI/GDP per capita
-**Inability to capture "optimal price"**

0%
Cintra´s Value

Modest value increase

[1] Assumptions of the exercise: 100 "currency units" of investment, 50 years concession, Beta=1.0, ERP=5%, Leverage = 50%, Debt premium = 4.0%, Tax rate 30%.

Sources: Paper of professor Carles Vergara-Alert

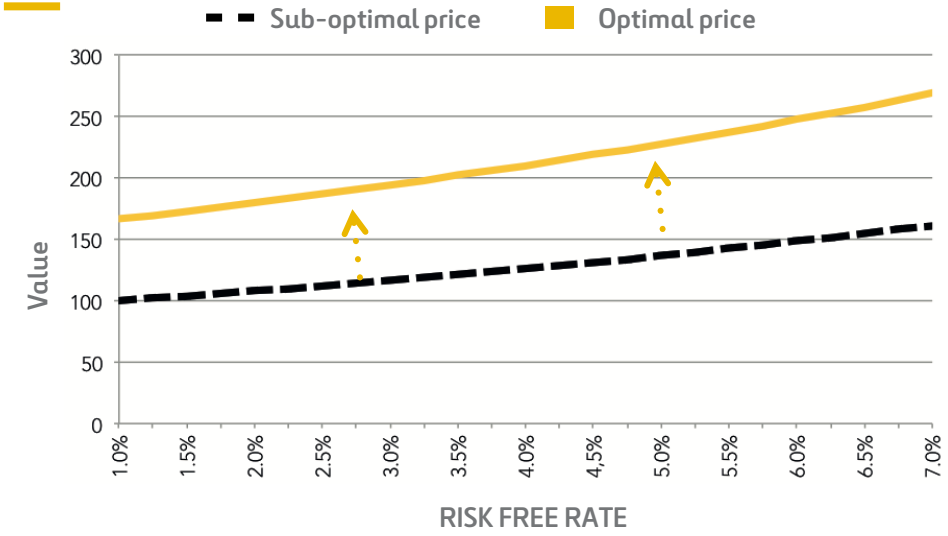
C. CMD 2017: Interest & FX rate risks

Effect of interest rates on asset valuation by category (II)

Demand risk & Total free-rate tolling

5

PROJECT I.E.: 407 ETR



94%
Cintra´s Value

TRAFFIC - Traffic (VKT) increases when the real GDP increases

TARIFFS
- Maximum discretional adjustment
- Ability to capture the consumer's surplus generated by higher willingness-to-pay

5th category is the only one that:
- Is able to reach "optimal tariffs" and to extract full value from a rise of interest rates
- Has a "cash flow effect" much higher than the "discount effect"

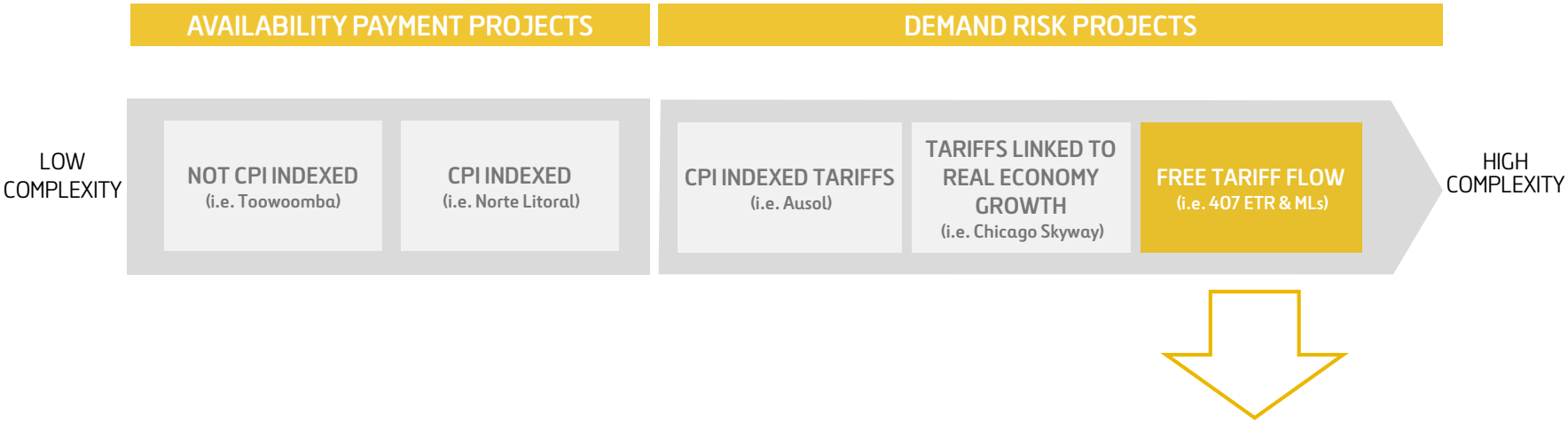
THE EXCHANGE RATE OPERATES AS BONUS EFFECT IN OUR CANADIAN-US ASSET'S VALUE:

- **Short-term:** next 18-24 month of dividends fully hedged
- **Long-term:** from a € based investor, US and Canada provided a better future economic outlook, that will lead us to a likely revaluation

Sources: Paper of profesor Carles Vergara-Alert

C. CMD 2017: Different Concessions Models

From value to standpoint … very different "animals" fall within the CATEGORY OF "HIGHWAY CONCESSION"



FOCUSED ON HIGH COMPLEXITY CONCESSIONS

MOST of Cintra portfolio

- In terms of **Equity Value:** › **94%**
- In terms of **Equity Committed:** › **74%**

VERY HIGH UPSIDE OF UNTAPPED VALUE

Long remaining concession periods, back-ended CF's with high expected bid IRRs

- 407 ETR in 10 years [1] › **1.6x** Value at Present › **+7 €**/ Fer. Sh[2]
- ML's in 10 years [1] › **5.5x** Equity Committed › **11 €** / Fer. Sh[2]

(1) After 10 years of operation, if currently expected CF´s are met
(2) Ferrovial price per share impact: value generated / Ferrovial number of shares as of 31.12.16 (732.5M)

Sources: Cintra Infraestructures, S.E.

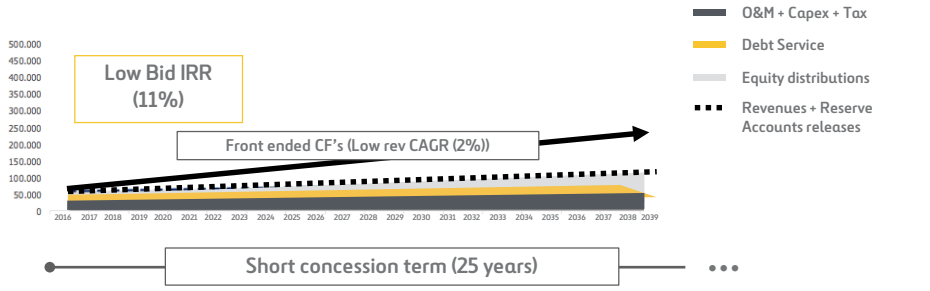
C. CMD 2017: Different Concessions Models

What makes the difference?

- ✓ **THE BID IRR:** the higher the Bid IRR, the larger the room to reduce the rate of discount
- ✓ **THE CONCESION TERM:** the longer the term, the higher the value produced by late cash flows with almost no value at present
- ✓ **THE CASH FLOW PROFILE:** the more back ended, the higher the value produced by late very high cash flows with almost no value at present

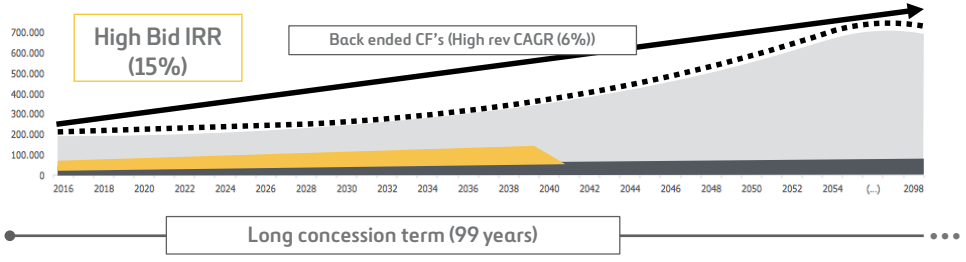
LOW COMPLEXITY CONCESSION

AVAILABILITY PAYMENT CPI INDEXED



HIGH COMPLEXITY CONCESSION

407 ETR TYPE



WHAT MAKES THE CF STREAM PROFILE MORE BACK ENDED?

1. **HIGHER TRAFFIC GROWTHS:** - better regional economic growth rates
   - lower relative size of toll roads vs free alternative
2. **HIGHER TARIFF GROWHTS:** - higher willingness to pay (increased with congestion levels and disposable income)

Sources: Cintra Infraestructures, S.E. analysis

C. CMD 2017: Highway Concession Business Value Creation

How does the highway concession business create value for shareholders?

A HIGHWAY CONCESSION: a contractually defined set of rights and obligations with regards to vehicles moving in a certain route during a period of time

- **Basic Rights:** collect tolls (or other payments)
- **Basic Obligations**
  - Design and build the highway (construction phase)
  - Ensure safe trips (operation phase): design, build, finance, operate and maintain

FINANCIALLY: string of cash flows that reflect annual monetary value of contractual rights net of obligations

- Price paid for these cash flows at the initial moment is determined by the bidding IRR and their expected values
- The premium (over the RFR) of this IRR reflects the risks of the project undertaken by the sponsors
- If the concession is tendered under perfect competition, price paid equals value acquired: no value is created nor destroyed at this specific moment

THEN… WHAT HAVE WE CREATED?

A **potential value** that sponsors will progressively crystallize in **the future**

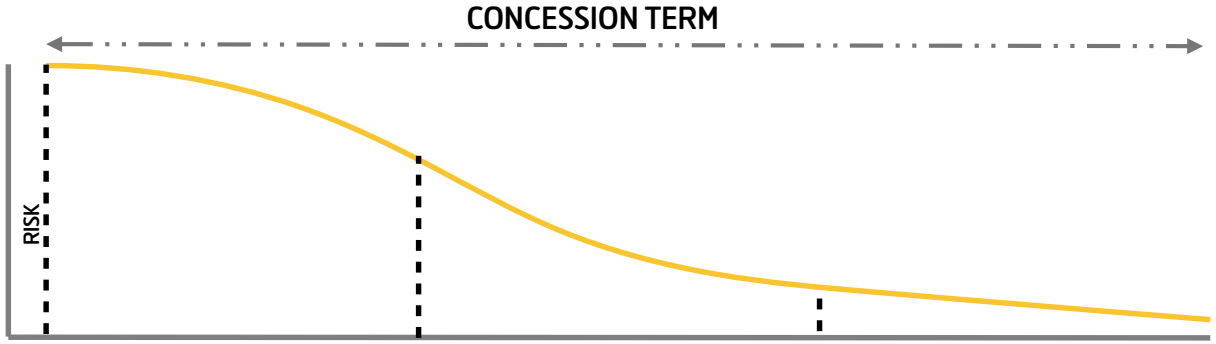
C. CMD 2017: Highway Concession Business Value Creation

How do sponsors create value?

THE NORMAL WAY: **meeting expected cash flows as we put risks behind, that is, DE-RISKING or reducing the market discount rate of the business as projects mature**

AN IMPORTANT "NICE TO HAVE": **cash flow outperforming original expectations**

- Main objective of an operator: managing the asset to maximize cash flows: that is optimizing the asset through Premium Operation)
- This is, not the primary source of value for shareholders in concessions won under competition



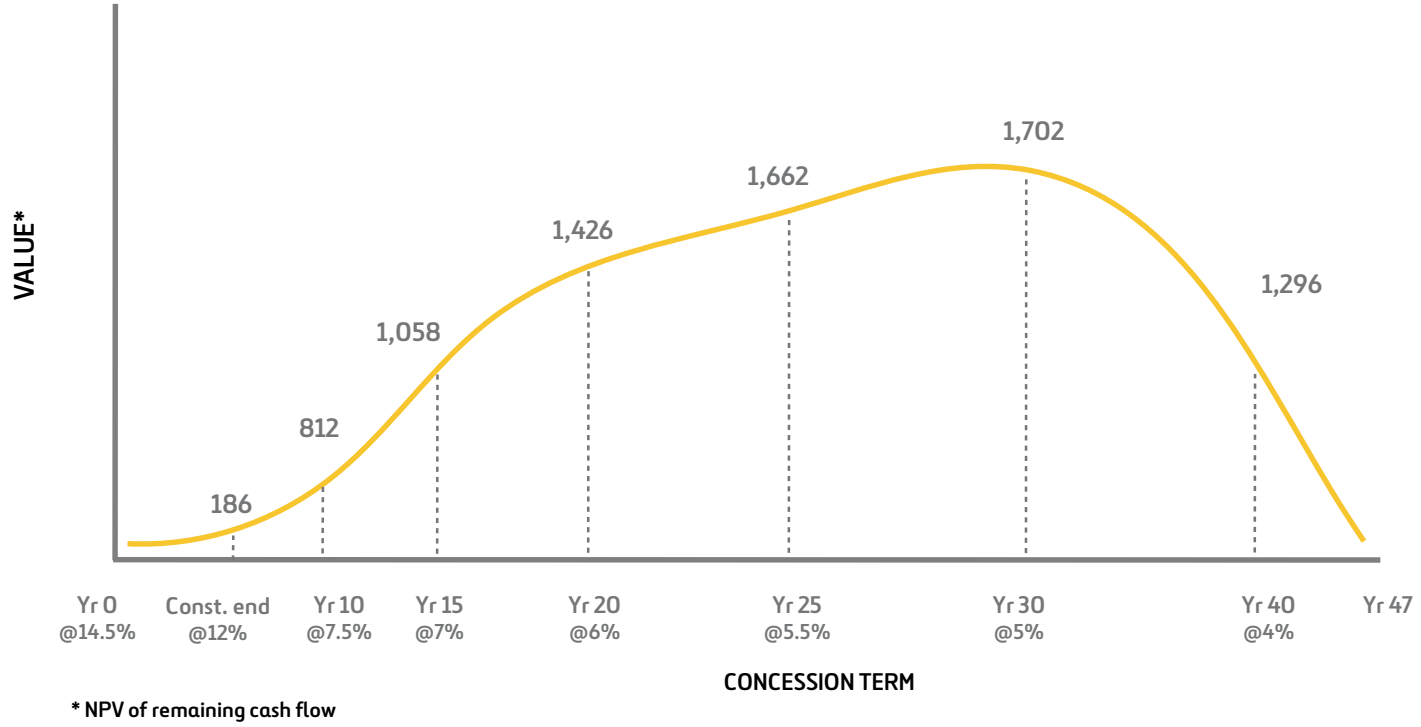
	CONSTRUCTION	RAMP-UP	GROWTH / MATURITY
Risks	**Design & Construction** Cost environmental, RoW **Traffic / Revenue** Initial traffic, ramp up, long term variations Financial Closing Operation Maintenance Interest Rates	- - **Traffic / Revenue** Ramp up, long term variations **Refinancing** **Operation Maintenance** **Interest Rates**	- - **Traffic / Revenue** Long term variations - **Operation Maintenance** -
Disc. Rate	**10% - 15%**	**8% - 13%**	**4% - 8%**

Sources: Cintra Infraestructures, S.E.

C. CMD 2017: Highway Concession Business Value Creation

How do sponsors create value?

THE ROLLING FORWARD EFFECT: progressive increase of value as we get closer to back ended cash flows

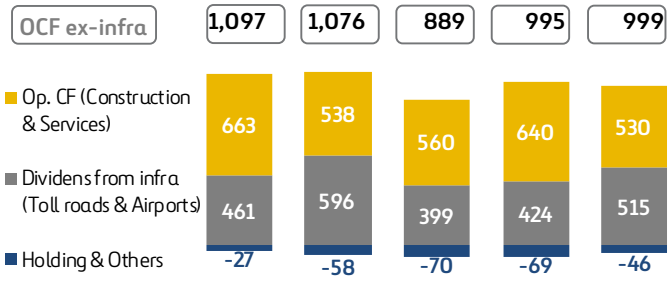


D. Historical data

€mn

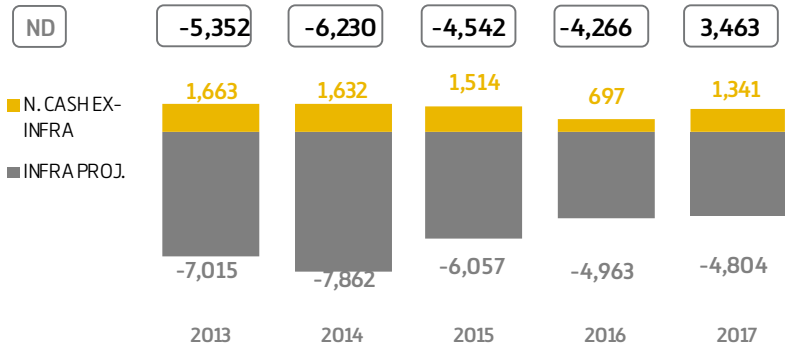
Historic consolidated figures: 2013-2017

Operating CF ex-infra projects (before tax.)



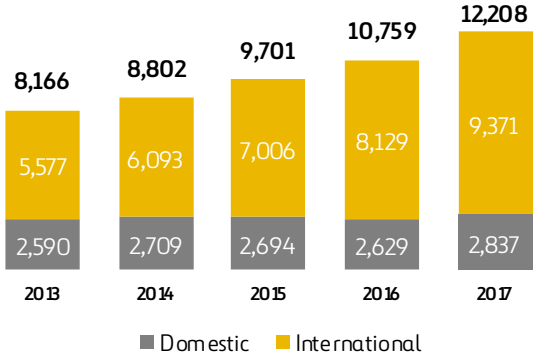
Op. CF:	2013	2014	2015	2016	2017
Construction	304	236	272	245	134
Services	359	302	289	395	396
Dividends:					
Toll Roads	242	255	267	290	277
Airports	219	341	132	134	237
Holding & Others	-27	-58	-70	-69	-46

Net debt

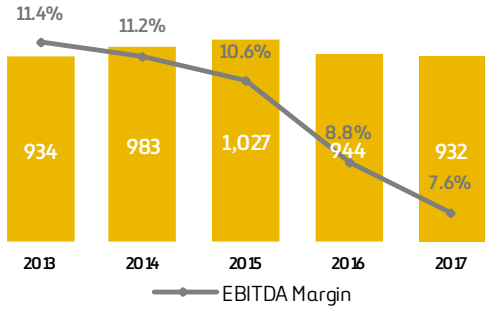


- **Net cash at parent company**
- **Net debt at infra projects level (non recourse to parent company)**

Revenues



EBITDA & Margins

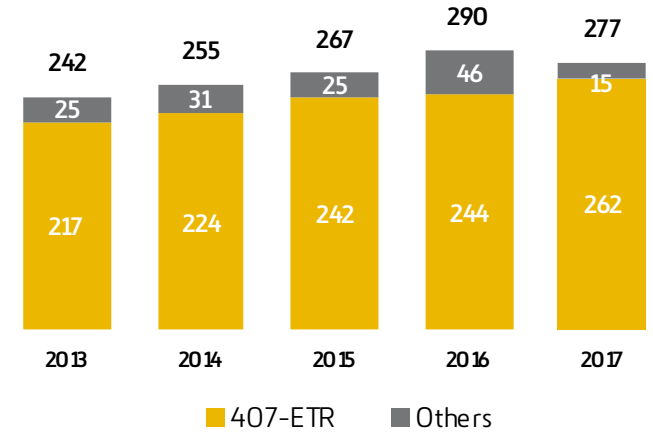


D. Historical data

€mn

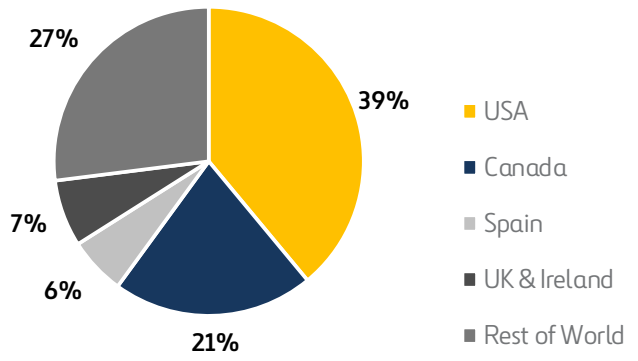
Toll roads figures: 2013-2017

Dividends received



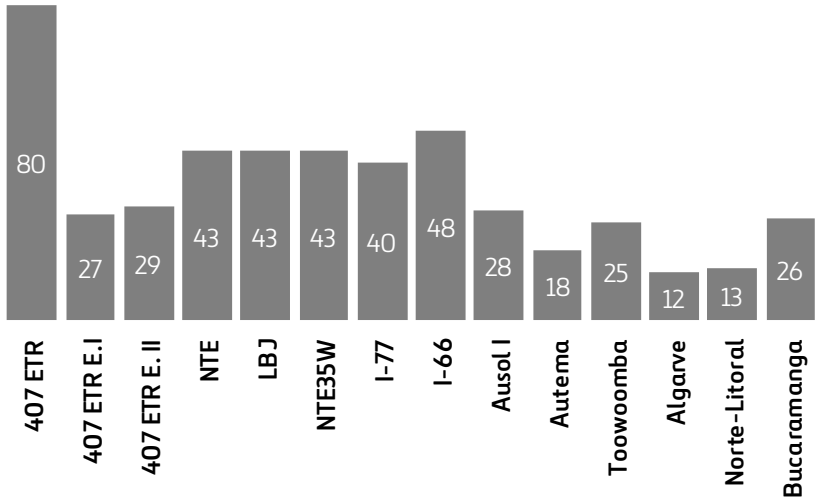
2,078 km
26 concessions
10 countries

Managed Investment



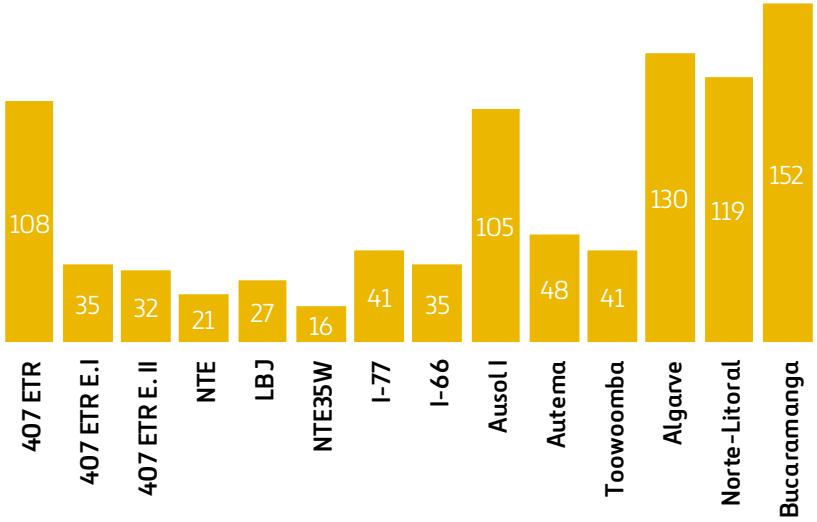
Years to maturity

Years



Concession length

(Km's)



D. Historical data

Airports figures: 2013-2017

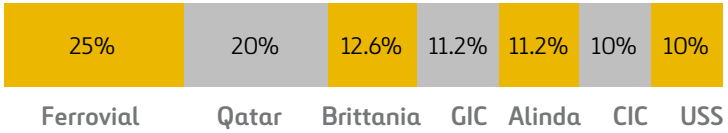
Portfolio

Heathrow (25% stake)
- 2 runways
- 204 destinations
- 85 countries
- 471K flights

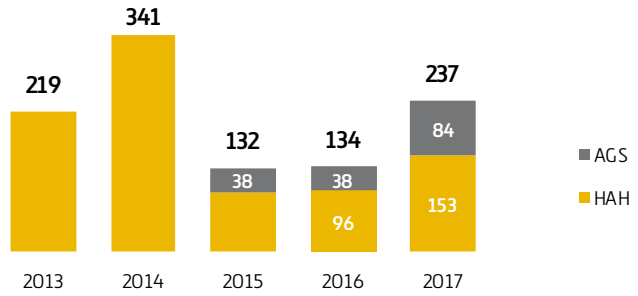
***AGS** (50% stake)
- Aberdeen
- Glasgow
- Southampton

Heathrow

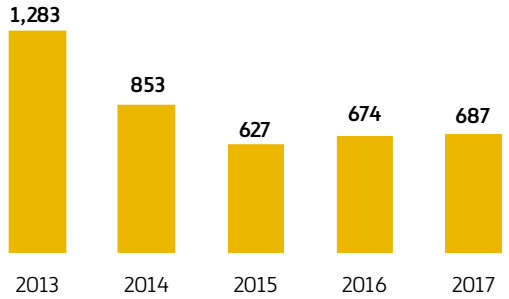
Heathrow shareholders



Dividends received from airports (€mn)



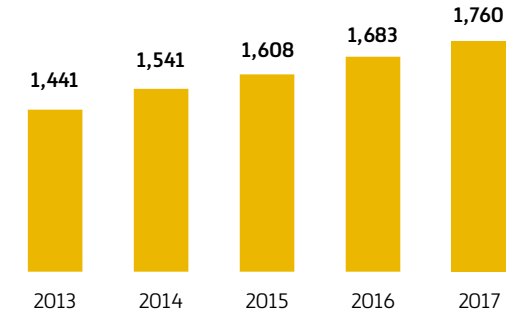
Capital expenditure (mn £)



Traffic mn passengers

	2013	2014	2015	2016	2017
Heathrow	72.3	73.4	75.0	75.7	78.0
AGS	12.6	13.3	14.0	14.4	15.1
Glasgow	7.4	7.7	8.7	9.4	9.9
Aberdeen	3.5	3.8	3.5	3.1	3.1
Southampton	1.7	1.8	1.8	2.0	2.1

HAH EBITDA (£mn)



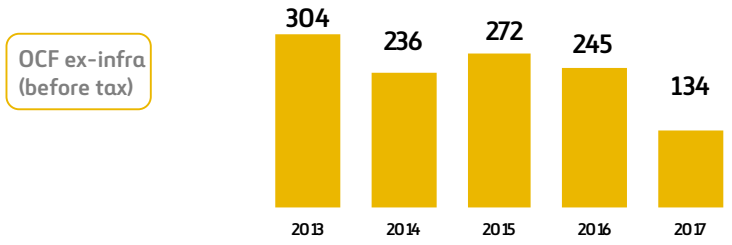
*Ferrovial increased its stake in AGS from 25% (held through HAH) to 50% in 2014.

D. Historical data

€mn

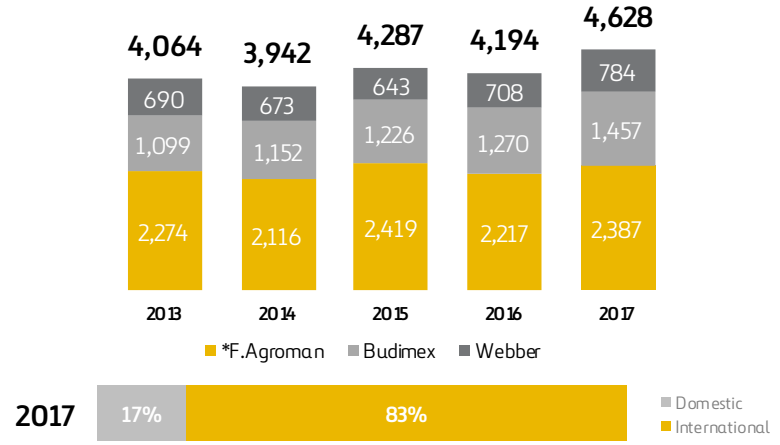
Construction figures: 2013-2017

Operating & investment CF (ex-projects)

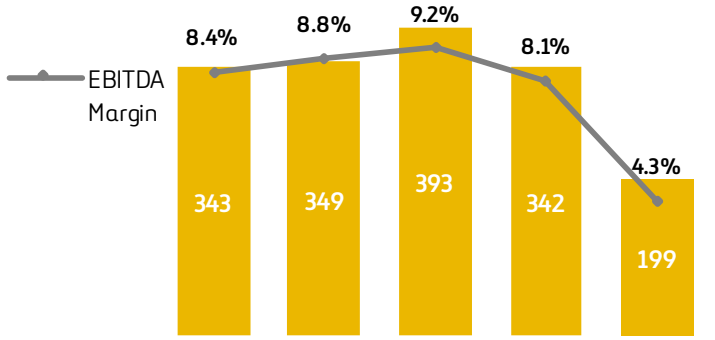


	2013	2014	2015	2016	2017
EBITDA ex-project	329	335	380	329	186
Working Capital & others	-25	-99	-109	-87	-57
Operating Cash Flow (b. tax.)	**304**	**236**	**272**	**245**	**134**
Investment Cash Flow	**25**	**-32**	**-30**	**-74**	**9**

Revenues



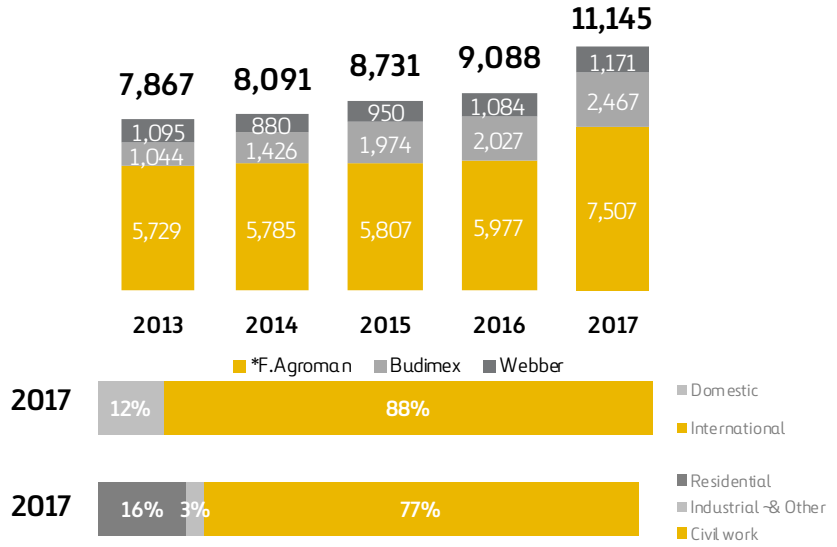
EBITDA & Margins



	2013	2014	2015	2016	2017
*F.Agroman	11.9%	11.1%	9.8%	8.4%	1.3%
Budimex	4.1%	4.8%	5.6%	8.7%	9.0%
Webber	3.9%	8.7%	13.8%	6.2%	4.6%

*"Ferrovial Agroman" unit was created in 2013, previously, "Other markets" was the relevant unit.

Backlog

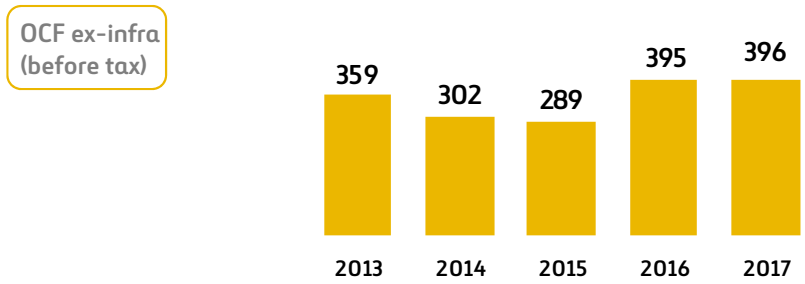


D. Historical data

€mn

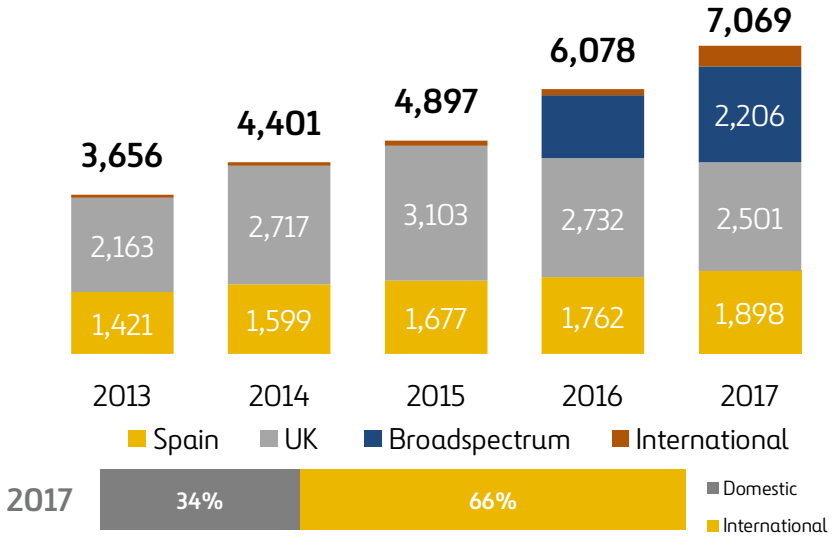
Services figures: 2013-2017

Operating & investment CF (ex-projects)

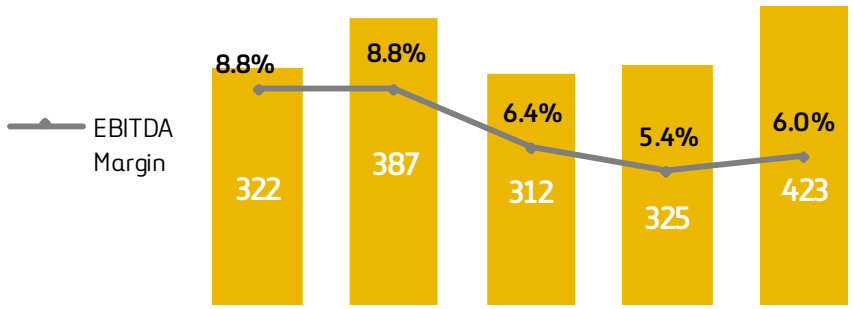


	2013	2014	2015	2016	2017
EBITDA ex-project	264	321	237	241	338
Dividends received	28	19	78	49	33
Working Capital & others	67	-38	-27	106	25
Operating Cash Flow (b. tax.)	**359**	**302**	**289**	**395**	**396**
Investment Cash Flow	**-528**	**-92**	**-207**	**-658**	**-120**

Revenues

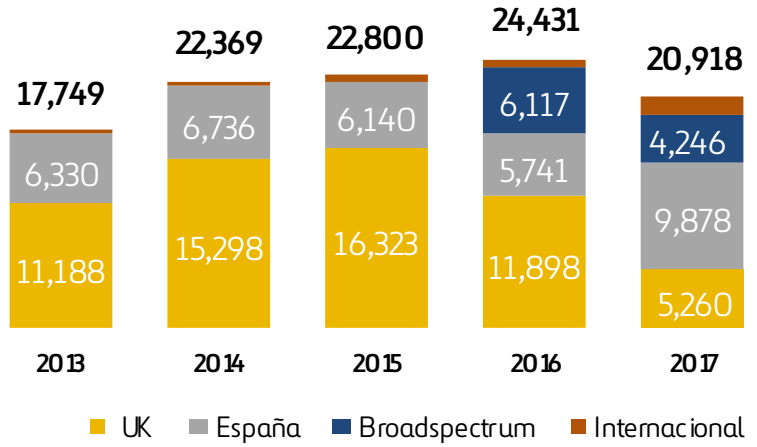


EBITDA & Margins



EBITDA Margin	2013	2014	2015	2016	2017
España	12.4%	10.7%	10.7%	10.7%	10.4%
UK	6.3%	7.7%	3.9%	1.5%	3.5%

Backlog with JV's



People

EMPLOYEE COMMITMENT & EXPERIENCE, TALENT MANAGEMENT & CULTURE

Promote a collaborative, flexible and inclusive culture based on meritocracy, to offer unique and challenging experiences, forming experienced teams committed to corporate values.

95,978
Employees
(71% men; 29% women)

88%
Out of all the employees consider Ferrovial a good place to work

600,000h
training provided
(10Y of Summa University)

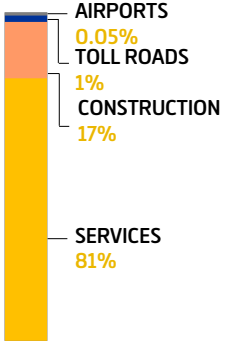
EMPLOYEE COMMITMENT & EXPERIENCE: focus on attracting & hiring the best talent to become an employer of choice in markets where Ferrovial operates.

TALENT MANAGEMENT: help each employee to reach their maximum potential while promoting the best professional opportunities.

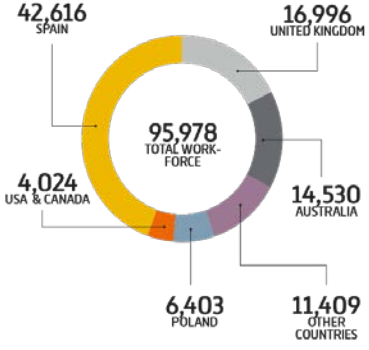
- *Play the Future Project*: 6 training itineraries linked to new technologies (Big Data, IoT...)
- *Awareness Sessions Cycle*: conferences focused on emerging technologies & innovation
- *Executive Forums*: similar to Awareness Sessions, completed with teamwork to describe the critical capabilities that must be reinforced or created to position the company as a key player.

CULTURE: Ferrovial, with more than 110 nationalities in its workforce, shows a firm commitment to effective equality of opportunities, focused on three areas (Strategic Diversity Plan): gender, generational and multicultural.

BY BUSINESS UNITS



BY COUNTRIES



Say on pay

FY17 figures

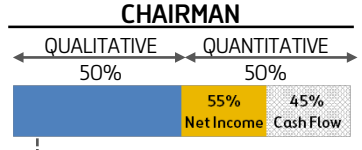
CHAIRMAN & CEO REMMUNERATION

27%
FIXED

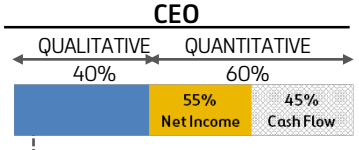
44%
VARIABLE

29%
LONG TERM INCENTIVES

*** VARIABLE REMUNERATION** (TARGET **125%,** MAXIMUM **225%**)



- Board & Executive Committee operations
- Corporate Governance
- Strategic Plan
- Successions
- Institutional Relations



- Strategic Plan compliance
- Employee Health & Safety, measured using accident rates.
- Promoting Innovation & CSR.
- Professional teams development to guarantee stability in mgmt. & achievement of organization's strategic objectives
- Adjustment & monitoring of procedures linked to assuming controlled risks.
- Relationships with stakeholders

*** LONG -TERM REMUNERATION**

based on delivery of share plans structured into multi-year cycles (3y) overlapping, which turn into shares at the end of the cycle.

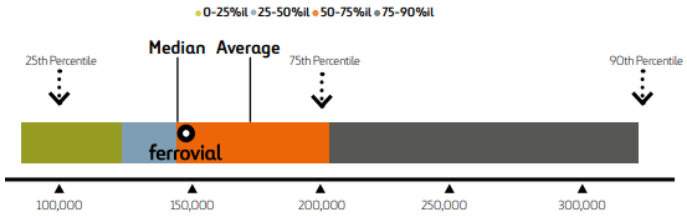
Metrics	MAX	MIN
EBITDA/avg earning assets (70%)	≥10.5%	<9%
Total Shareholder Return (30%)	Among top 5 positions	Between position 11th & 18th

TSR COMPANIES: Serco, Strabag, SNC-Lavalin, Skanska, AENA, ACS, FCC, Eiffage, VINCI, KIER, Abertis, Transurban, B. Beatty, Fraport, ADP, Ferrovial, Carillion, OHL

* BOARD REMMUNERATION

FER compares with IBEX-35 members & is in the median of non-executive directors remuneration.

AVERAGE REMUNERATION OF THE DIRECTORS



Innovation

Ferrovial believes that innovation is a difference maker that enables the company to lead transformation of infrastructures and services, providing customers and users with **solutions that efficiently, sustainably and safely contribute to well-being and progress of society.**

The company works on new business models that increase offers of products & services; improvement of operational efficiency & cross-cutting management processes and increase of digital skills of employees.

New technologies (robotics, artificial intelligence, IoT and Big Data) are having a significant and fast impact on all sectors. To respond to these challenges, Ferrovial is accelerating its process of implementing innovative solutions, within its open innovation strategy.

INNOVATION IN 2017

>110	30	€47mn
R&D developed projects	Pilot projects developed with Startups	R&D investment

INNOVATION PROJECTS

ZITY CAR

New car sharing mobility service in Madrid that has an electric vehicle with 400km autonomy and allows citizen to drive further and use the vehicle for longer. Recharged with 100% renewable energy & highest safety certification.

BIG DATA AND MOBILITY TRENDS

Use of Big Data is a competitive advantage when analyzing new projects & optimizing existing ones. In Europe, Dallas & Canada toll roads, projects are already underway to analyze impact of autonomous and connected vehicles.

INTERNET OF RADIO LIGHT IN TUNNELS

LIFI (Light Fidelity) technology to improve communications in complex & difficult to access works (tunnel/confined areas). Communication solution based on wireless tech. that transmits ultra-fast data through a beam of light.

Environment

FY17 figures

Ferrovial continues its efforts to offer services and infrastructures that respond to challenges such as climate change, water footprint management, the energy crisis, the reuse of waste and the loss of biodiversity, to create value by reducing the environmental impact and discover new business opportunities.

REDUCTION OF CO_2 EMISSIONS

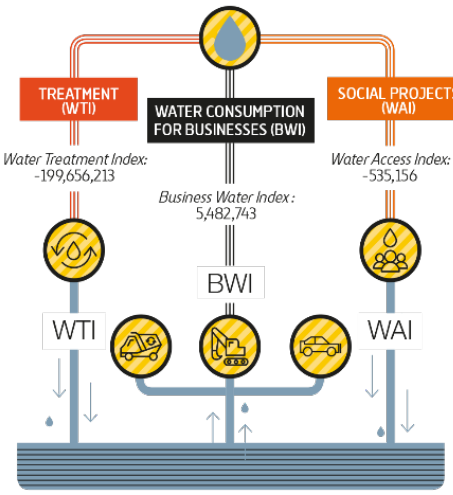
-28.4%	-10.2%	-35.4%
IN RELATIVE TERMS (tCO_2 eq/€mn) (2009-2017)	IN ABSOLUTE TERMS (2009-2017)	NEW REDUCTION 2020 TARGET

ELECTRICITY FROM RENEWABLE SOURCE

36%

OF THE TOTAL CONSUMED

FERROVIAL WATER FOOTPRINT



WATER FOOT PRINT

- **Business Water Index (BWI): 5,482,743.** Water consumption and discharge in activities carried out by the business units
- **Water Treatment Index (WTI): -199,656,213.** Cadagua's water treatment processes impact and those of F. Services & Amey's leachate treatment in landfills.
- **Water Access Index (WAI): -535,156;** Impact of Social Action projects for water supply to communities in developing countries.

ACKNOWLEDGEMENTS

Ferrovial has been included in the **DJSI** (Dow Jones Sustainability Index) for the last 16 consecutive years, at a global level; in the FTSE 4Good index for the past 13, in the Carbon Disclosure Project for the past 6, and is also a member of Stoxx and MSCI Global Sustainability Index.

FTSE4Good · CDP · Member of Dow Jones Sustainability Indices In Collaboration with RobecoSAM · MSCI 2017 Constituent MSCI Global Sustainability Indexes · STOXX ESG LEADERS INDICES

Health & Safety

Ferrovial works to create risk-free environments for all its employees, as well as for users of infrastructures and services by developing action plans under the premise of the target zero principles and that any accident can be avoided.

FREQUENCY INDEX[1]	SEVERITY INDEX[2]	HEALTH & SAFETY TRAINING (hrs)	HEALTH & SAFETY INSPECTIONS & AUDITS
-9.3%	-6.1%	753,818	79,058
		+2.4mn since 2015	

Ferrovial's Health & Safety strategy, together with the firm commitment from management and all employees, have improved the company's accident rates.

Health & Safety is a Senior Management priority, and it is fully committed.

PRINCIPLES OF HEALTH & SAFETY STRATEGY

- **Risk evaluation & planning:** reliable risk and hazard evaluation process implemented in all work centers to establish the organization, planning and control systems needed to facilitate a safe work environment.
- **Compliance** with legislation & other standards in force in the countries where Ferrovial operates, paying attention to best practices when reasonably viable.
- **Effective & consistent communication**, facilitating communication channels to encourage employees to contribute to a positive performance in matters of Occupational Health & Safety, promoting safety culture throughout Ferrovial.
- **Training & involving workers:** Ferrovial has spent years increasing its training efforts to involve workers increasingly in common goal of creating risk-free workplaces.
- **Measuring & monitoring performance:** to promote consistent and positive work safety culture, a reporting system is needed that identifies unsafe situations or actions before they occur and implement the necessary preventive measures to avoid any type of accident.
- **Innovation:** new standards of performance, technology & safety measures can be developed over innovation, contributing to Target Zero goal achievement.

[1]YoY% in index: number of accidents occurring during working hours leading to days lost for 1 mn hrs worked.
[2]YoY% in index :number of days lost as a result of occupational accidents for every 1,000 hrs worked.

Community

FY17 figures

In its commitment to the scope of Sustainable Development Goals (SDG), Ferrovial actively participates in the community through the development and execution of social programs to significantly improve people's lives. The company has a key role in the social and economic development of the countries where it carries out activities.

COMMUNITY SUPPORT PROJECTS	BENEFICIARIES IN WATER &SANITATION PROJECTS	COMMUNITY INVESTMENT (M€)
305	212,605	4.3

UNITED NATIONS PARTNER IN SUSTAINABLE DEV'T & MEMBER OF PRIVATE SECTOR ADVISORY GROUP

SOCIAL INFRASTRUCTURES

22 PROJECTS | 214,549 BENEFICIARIES | €5,030,398 INVESTED

Since 2011, Ferrovial has had a program to cooperate in the development of Social Infrastructures, which facilitates access to water in Africa and Latin America. Ferrovial, together with NGOs and Local Authorities, develops water and sanitation infrastructures. Company employees in turn participate as volunteers, contributing with their knowledge in the country where the intervention is being carried out

STRONGER TOGETHER

148,845 BENEFICIARIES | €1,605,930 INVESTED

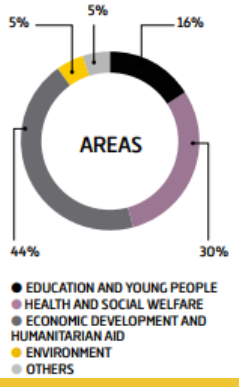
Since 2005, employees decide to contribute to social projects, which is doubled by Ferrovial. In 2017, three projects chosen: start-up of Day Center for Children's Villages in Málaga, rehabilitation of a medical clinic in Haiti with Manos Unidas and caring for leprosy patients in India with the Fontilles Association.

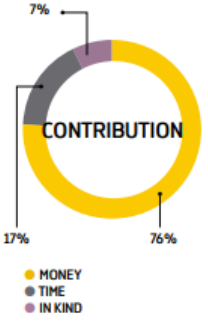
COMMUNITY ENGAGEMENT IN SPAIN

38,467 BENEFICIARIES | €597,894 INVESTED

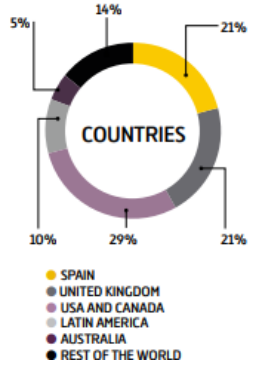
Ferrovial supports refurbishment & reconditioning of offices set up for distributing food & delivering social aid packages to underprivileged groups. In 2016, Ferrovial provided support with World Vision España to improve conditions in 6 food distribution centers (Madrid, Seville, Mieres, Valencia & Barcelona).

COMMUNITY SUPPORT PROJECTS





INVESTIMENT IN THE COMMUNITY



Disclaimer

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

Such forward looking statements, by its nature, are not guarantees of future performance and involve risks and uncertainties, and other important factors that could cause actual developments or results to differ from those expressed in these forward looking statements.

Analysts and investors, and any other person or entity that may need to take decisions, or prepare or release opinions about the securities issued by the Company, are cautioned not to place undue reliance on those forward looking statements which speak only as of the date of this communication. They are all encouraged to consult the Company's communications and periodic filings made with the relevant securities markets regulators and, in particular, with the Spanish Securities Markets Regulator.