



PHOTO: St. Pancras station maintenance. London (United Kingdom).

Business performance

SERVICES DIVISION CLASSIFIED AS DISCONTINUED ACTIVITY

Having completed the strategic review of its Services division announced in October 2018, Ferrovial has decided to classify as “held for sale” all of its services activities as of December 31st, 2018. This decision is framed within its strategy of focusing on the development of its infrastructure business.

This decision involves classifying the assets and liabilities of the services business as a discontinued activity and accounting for them at the lower of the carrying amount and fair value less costs to sell.

The application of this fair value criteria, in the case of Amey, results in the recognition of a provision of EUR774mn as a result of the impairment of the value of Ferrovial’s participation in Amey, as at the end of the 2018 fiscal year. After giving effect to this provision, the book value of Ferrovial’s participation in Amey stands at EUR103mn.

MAIN INFRASTRUCTURE ASSETS

In the results for 2018, **infrastructure assets continued to show strong operating performance (407 ETR, Managed Lanes and Heathrow), with growth in traffic volumes and dividends.**

Solid operating growth: Managed Lanes in the USA (global consolidation) increased EBITDA in local currency by +30.0% for NTE and +28.1% for LBJ. The equity-accounted Infrastructure assets continue to show strong EBITDA growth in local currency: +9.7% at the 407 ETR toll road, +5.7% at the regional UK airports (AGS) and +4.5% at Heathrow airport.

EUR623mn in dividends received from projects (EUR553mn in 2017).

- **407 ETR** distributed dividends of CAD920mn in 2018, +8.9% vs. 2017. The dividends distributed to Ferrovial amounted to EUR273mn.
- **Heathrow** paid out GBP500mn, compared to GBP525mn in 2017 which included an extraordinary dividend of GBP150mn. The dividends distributed to Ferrovial amounted to EUR144mn.
- **AGS** paid out GBP70mn compared to GBP146mn in 2017, which included an extraordinary dividend after refinancing. Ferrovial received EUR39mn in 2018.
- **Ferrovial Services** contributed project dividends of EUR131mn, primarily from projects in Services in Spain (EUR104mn).

On 19 July Ferrovial opened the NTE 35W managed lane, three months ahead of the scheduled opening date in the contract. This asset forms part of the remodelling and expansion project of one of the most important corridors in the Dallas/Fort Worth area, one of the fastest growing areas in the country. Ferrovial has a 53.67% stake in this asset, which has a length of 16.4 km and expires in 2061.

In December, **Ferrovial sold** its stake in the Greek toll roads **Central Greece** (33.34%) and **Ionian Roads** (21.41%), to GEK Terna for the sum of **EUR84mn**.

CONSOLIDATED RESULTS

Consolidated results posted higher revenues (+11.3%), largely impacted by the higher contribution recorded by Construction, due to the start of major works in USA.

Consolidated EBITDA reached EUR484mn in 2018, -6.2% decrease vs 2017 (EUR516mn). In comparable terms, EBITDA would have increased by +1.4% vs. 2017.

The net cash position, excluding infrastructure projects, stood at EUR975mn at December 2018. **The net cash position including discontinued operations reached EUR1.236mn at December 2018 (EUR1,341mn at year-end 2017).** Net project debt stood at EUR4,640mn (vs. EUR4,804mn in December 2017). Net consolidated debt reached EUR3,664mn (vs. EUR3,463mn in December 2017).

PROPORTIONAL RESULTS

In proportional terms, revenues in 2018 amounted to EUR6,069mn and EBITDA of EUR1,306mn, with Infrastructure assets accounting for circa 90% of proportional EBITDA.

RESULTS BY DIVISION

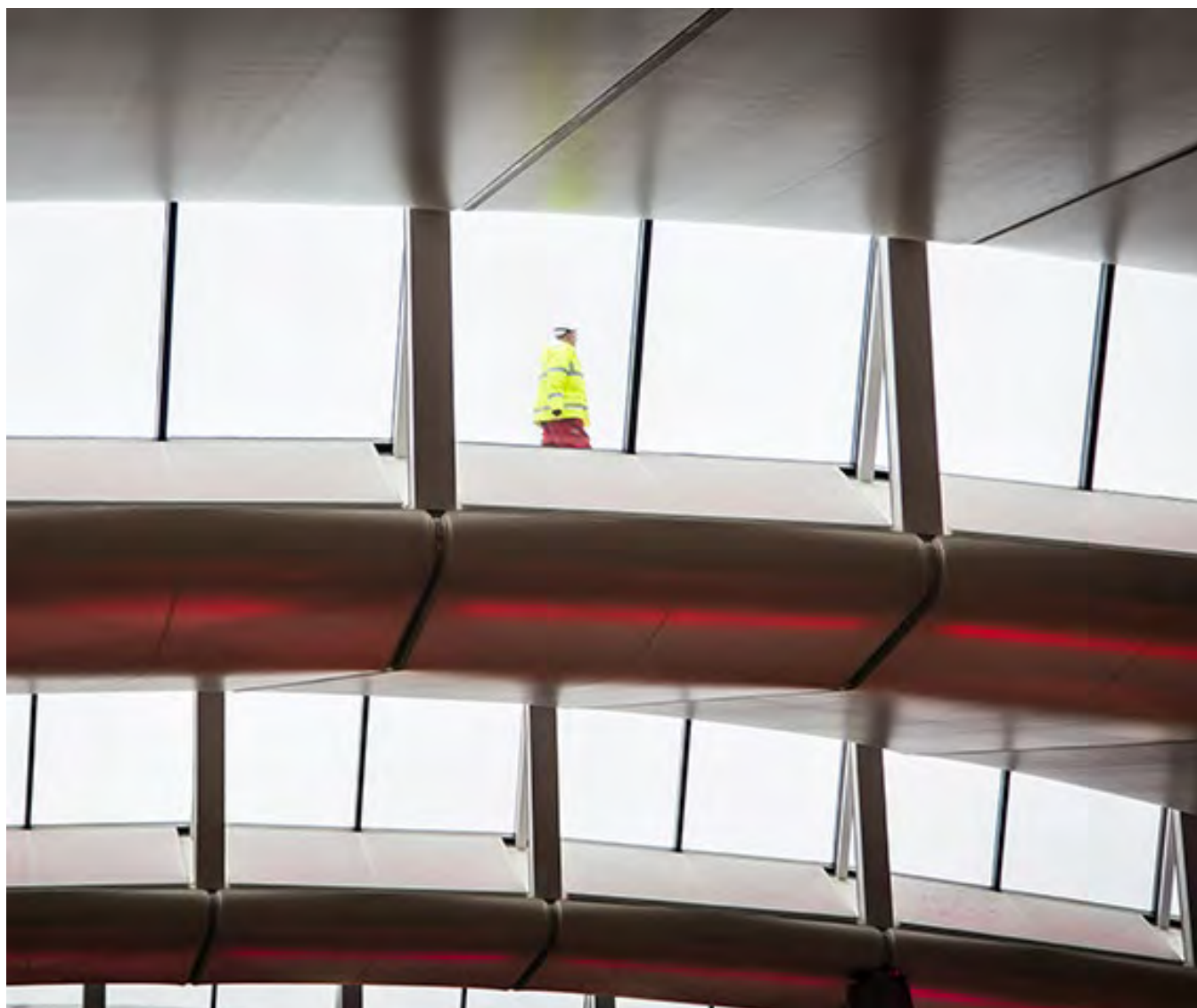
Toll roads: traffic on the main toll roads has performed very well, helped by the economy, which continues to grow in the countries where the most important assets are located. Ferrovial’s main asset, 407 ETR, continued to post strong operating figures, with traffic growth of +1.4%, on the back of economic growth and higher disposable income. The Managed Lanes in Texas continued to post strong EBITDA growth of circa +30% in 2018, on the back of robust traffic and toll rate growth. The NTE 35W toll road, fully open to traffic since 19 July, contributed EUR23mn to the division’s EBITDA.

Airports: traffic at Heathrow reached an all-time record high of 80.1 million passengers (+2.7% vs. 2017) with growth in most of the markets, an EBITDA growth of +4.5%. Regional airports (AGS) posted EBITDA growth of +5.7%, although AGS traffic declined by -2.4%, due to lower traffic across the three airports.

Construction: revenue growth (+14.3% LfL), with positive performance in all areas except for a slight drop in Webber, and an 84% contribution from international projects. However, profitability declined vs. 2017 (EBIT margin 2.5% vs. 3.5%), primarily in Budimex, due to increased costs for labour and materials. The order book stood at EUR10,965mn (89% international), a reduction of -1.6% (-2.9% LfL) compared with 2017. Contract awards exceeding EUR1,200mn are not included.

Services (discontinued activity): revenues (-4.0%) were affected by the reduced activity in the UK, due to withdrawing from non-profitable contracts and the selective tender policy adopted by Amey in the past few years, and in Australia, due to the ending of the contract with the Government of Australia's Immigration

Department. The Division's profitability was affected by the - EUR235mn provision registered in the UK for the Birmingham contract, leading to an EBITDA of EUR136mn (EUR371mn excluding the impact of the provision).



Key figures

In accordance with IFRS 5, the reclassification of the Services activity as an activity held for sale is carried out in the present report, also re-expressing the income statement of the previous period.

P&L (EUR mn)	DEC-18	DEC-17
REVENUES	5,737	5,152
EBITDA	484	516
Period depreciation	127	115
Disposals & impairments	82	88
EBIT*	438	489
FINANCIAL RESULTS	-192	-244
Equity-accounted affiliates	239	225
EBT	486	469
Corporate income tax	-25	-46
CONSOLIDATED PROFIT FROM CONTINUING OPERATIONS	460	424
Fair Value Provision	-774	0
Services discontinued operations	-77	83
NET PROFIT FROM DISCONTINUED OPERATIONS	-851	83
CONSOLIDATED NET INCOME	-391	507
Minorities	-57	-53
NET INCOME ATTRIBUTED	-448	454

* EBIT after impairments and disposals of fixed assets

KEY FIGURES REPORTED

REVENUES (EUR mn)	DEC-18	VAR.
Toll Roads	471	2.3%
Airports	14	-32.6%
Construction	5.193	12.2%
Others	59	n.a.
Total	5.737	11.3%

EBITDA (EUR mn)	DEC-18	VAR.
Toll Roads	319	-0.2%
Airports	-16	-28.7%
Construction	170	-14.5%
Others	10	n.a.
Total	484	-6.2%

OPERATING FIGURES	DEC-18	VAR.
407 ETR (VKT* 000)	2,747,512	1.4%
NTE *	30	10.7%
LBJ *	44	6.9%
Ausol I (ADT)	17,440	8.0%
Ausol II (ADT)	18,667	4.9%
Heathrow (million pax.)	80.1	2.7%
AGS (million pax.)	14.8	-2.4%
Construction order book	10,965	-1.6%

*Traffic in millions of transactions

FINANCIAL POSITION (EUR mn)	DEC-18	DEC-17
NCP ex-infrastructure projects	975	1,341
Toll roads	-4,392	-4,274
Others	-248	-530
NCP infrastructures projects	-4,640	-4,804
Total Net Cash /(Debt) Position	-3,664	-3,463

NCP: Net Cash Position. ND: Net Debt

Proportional results

Ferrovial's main infrastructure assets are equity-accounted. In order to provide a more realistic picture of the Company's results, the following tables include the proportional results, adjusted for the equity-accounted assets and minorities of the globally consolidated assets.

P&L DEC-18 (EURmn)	REPORTED	PROPORTIONAL
Revenues	5,737	6,069
% var vs 2017	11.3%	6.0%
EBITDA	484	1,306
% var vs 2017	-6.2%	2.0%
EBIT	356	931
% var vs 2017	-11.1%	0.7%

PROPORTIONAL EBITDA

In 2018, proportional EBITDA reached EUR1,306mn (vs. EUR484mn of reported EBITDA), showing an increase of +2.0% (+4.7% LfL). Infrastructure assets accounted for close to 90% of EBITDA.

(EURmn)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Toll Roads	617	596	3.5%	8.8%
Airports	558	543	2.8%	4.1%
Construction	135	145	-6.8%	-8.0%
Others	-5	-4	n.s.	n.s.
Total EBITDA	1,306	1,280	2.0%	4.7%

PROPORTIONAL REVENUES

Proportional revenues reached EUR6,069mn compared with EUR5,737mn reported, showing an increase of +6.0% (+8.5% LfL).

(EURmn)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Toll Roads	918	856	7.2%	13.5%
Airports	971	962	0.9%	2.2%
Construction	4,282	3,941	8.6%	10.6%
Others	-101	-34	n.s.	n.s.
Total Revenues	6,069	5,726	6.0%	8.5%

Toll Roads

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Revenues	471	461	2.3%	13.7%
EBITDA	319	320	-0.2%	13.8%
EBITDA margin	67.7%	69.4%		
EBIT	239	247	-3.2%	14.2%
EBIT margin	50.8%	53.7%		

Revenues at the division grew +13.7% in comparable terms in 2018, boosted by the higher contribution from the Managed Lanes toll roads in the USA and by traffic growth at the majority of assets. **In comparable terms, the division posted EBITDA growth of +13.8% in 2018.**

The following table details the contributions from toll roads revenues and EBITDA by country excluding headquarters in 2018:

CONTRIBUTION BY COUNTRY EX-HEADQUARTERS REVENUES EBITDA			
USA		52%	52%
SPAIN		38%	41%
PORTUGAL		9%	7%
TOTAL EX-HEADQUARTERS		455	376

The comparable figures stripped out the FX effect and the changes to the consolidation perimeter in 2017 and 2018. More specifically due to the sale of Norte Litoral and Algarve agreed in 2017 with the Dutch fund DIF, to sell a 51% stake in the Norte Litoral toll road and a 49% stake in the Algarve toll road. Both toll roads have been consolidated using the equity method since 2017 (Norte Litoral since April and Algarve since September).

In December 2018, Ferrovial sold its stake in the Greek toll roads Central Greece (33.34%) and Ionian Roads (21.41%), to GEK Terna for the sum of EUR85mn. This transaction, which forms part of the company's asset rotation strategy, resulted in a capital gain of EUR80mn after tax. Both the Central Greece and Ionian Roads concessions were assets consolidated through equity method.

ASSETS IN OPERATION

During 2018 traffic performance was very positive on Ferrovial's main toll roads, both in terms of light and heavy traffic.

Canada: traffic on the 407 ETR increased by +1.4% in 2018 (light traffic +1.2% and heavy traffic +5.1%), bolstered by economic growth in Ontario, higher levels of disposable income, and works on alternative roads, although this was slightly impacted by adverse weather conditions, a lower impact from lane closures and calendar effects.

USA: traffic growth was driven by the positive performance of the Managed Lanes toll roads (NTE +10.7% and LBJ +6.9%, in terms of transactions), as a result of continued economic growth in the area, the improved network and the high level of managed lanes capture, despite the negative impact due to works being carried out on the corridor SH183. During 4Q, traffic increased significantly (NTE +18.6% and LBJ +7.5%, in terms of transactions), largely due to the opening of the SH183 corridor connecting NTE with LBJ. In addition, NTE traffic was boosted following the full opening of the NTE 35W lanes since July 2018.

Spain: traffic trended upwards, boosted by the country's economic growth. In 2018, Ausol recorded growth of +8.0% for Ausol I and +4.9% for Ausol II, despite unfavourable weather conditions compared to 2017.

Portugal: positive growth in 2018, aided by the economic recovery. In Algarve, traffic grew by +6.2%, although this was lower than in 2017 (+17.0%) as in the previous year it benefitted from the positive effect of works on its main competitor toll road. The final configuration of this alternative road allowed Algarve to continue growing in 2018. On the Azores toll road (+4.5%), traffic continues to be supported by the increase in tourism, following the liberalisation of the airline market.

Ireland: positive performance thanks to employment recovery. In 2018, traffic grew on both toll roads, +5.2% in M4 and +6.9% in M3, despite the negative impact of the snow storms between the end of February and the beginning of March.

Globally Consolidated Toll Roads

(EUR million)	TRAFFIC (ADT)			REVENUES			EBITDA			EBITDA MARGIN		NET DEBT 100%	
GLOBAL CONSOLIDATION	DEC-18	DEC-17	VAR	DEC-18	DEC-17	VAR.	DEC-18	DEC-17	VAR.	DEC-18	DEC-17	DEC-18	SHARE
NTE*	30	27	10.7%	99	82	20.7%	83	66	25.7%	84.1%	80.8%	-870	63.0%
LBJ*	44	41	6.9%	107	89	20.2%	87	71	23.9%	82.0%	79.6%	-1,264	54.6%
NTE 35W*	19	2	n.a.	31	3	n.a.	23	1	n.s.	74.2%		-662	53.7%
I-77 **				2		n.a.	0	0	n.a.			-246	50.1%
TOTAL USA				238	173	37.7%	194	137	40.9%			-3,042	
Ausol I	17,440	16,148	8.0%	66	61	7.8%	56	51	8.3%	84.4%	84.0%	-443	80.0%
Ausol II	18,667	17,801	4.9%										
Autema	18,781	17,871	5.1%	109	104	4.5%	100	95	5.3%	92.4%	91.7%	-612	76.3%
TOTAL SPAIN				174	165	5.7%	156	147	6.3%			-1,055	
Azores	10,275	9,831	4.5%	28	26	7.2%	25	22	11.7%	86.5%	83.0%	-297	89.2%
Algarve***	15,456	14,555	6.2%		27	n.a.		24	n.a.	n.s.	89.0%		48.0%
Norte Litoral***	25,974	25,258	2.8%		14	n.a.		12	n.a.	n.s.	89.2%		49.0%
Via Livre				14	15	-3.8%	2	2	-11.9%	12.7%	13.8%	3	84.0%
TOTAL PORTUGAL				42	82	-48.6%	26	61	-56.8%			-294	
TOTAL HEADQUARTERS				16	40	-59.6%	-56	-25	-126.0%				
TOTAL TOLL ROADS				471	461	2.3%	319	320	-0.2%			-4,392	

* Traffic in millions of transactions

** Assets under construction.

*** Algarve contribution to 26/09/2017 and Norte Litoral to 21/04/2017, when they then began to be consolidated by the equity method.

407 ETR

Operating results

	DEC-18	DEC-17	VAR.
Avg trip length (km)	21.70	21.54	0.7%
Traffic/trips (mn)	126,625	125,738	0.7%
VKTs (mn)	2,747	2,709	1.4%
Avg revenue per trip (CAD)	10.86	9.96	9.0%

VKT (Vehicle kilometres travelled)

Traffic (km travelled) rose by +1.4%, with an increase in the number of journeys (+0.7%) and an increase in the average distance travelled (+0.7%). Traffic has increased thanks to longer journeys, helped by economic growth and works on alternative roads. These positive impacts were affected by adverse weather conditions during the winter, calendar effects and the lower number of lane closures on alternative roads.

Income statement

(CAD million)	DEC-18	DEC-17	VAR.
Revenues	1,390	1,268	9.7%
EBITDA	1,211	1,104	9.7%
EBITDA margin	87.1%	87.1%	
EBIT	1,103	998	10.6%
EBIT margin	79.4%	78.7%	
Financial results	-370	-358	-3.3%
EBT	733	640	14.6%
Corporate income tax	-194	-169	-14.5%
Net Income	539	470	14.6%
Contribution to Ferrovial equity accounted result (EUR mn)	136	125	9.2%

Note: following Ferrovial's disposal of 10% in 2010, the toll road switched to being equity-accounted, in line with the percentage stake controlled by Ferrovial (43.23%).

Revenues at 407 ETR increased by +9.7% in local currency in 2018:

- **Toll revenues** (93% of the total): rose by +9.9% to CAD1,295mn, mainly due to the toll rate increases applied since February 2018 and the improvement in traffic.
- **Fee revenues** (6% of the total): reached CAD90mn (+9.1%), primarily aided by the increase in late payment interest charges and higher revenues due to rental rates for transponders.

Average revenues per journey rose by +9.0% (CAD10.86 vs. CAD9.96 in 2017).

The toll road also recorded an **increase in EBITDA of +9.7%** in 2018, with an EBITDA margin of 87.1%, in line with 2017 (87.1%).

Financial result: -CAD370mn, CAD12mn in increased spending vs. 2017 (-3.3%).

407 ETR contributed EUR136mn to Ferrovial's equity-accounted results (+9.2% vs. 2017), after the annual amortisation of the goodwill following the sale of 10% in 2010, which is being written down over the life of the asset on the basis of the traffic forecast.

407 ETR Dividends

In 2018, 407 ETR distributed dividends of CAD920mn, +8.9% vs. 2017. The dividends distributed to Ferrovial in 2018 amounted to EUR273mn. At the February Board Meeting, the 1Q 2019 dividend payment was approved in the amount of CAD250mn (+10.5% vs. 1Q 2018).

(CAD million)	2018	2017	2016	2015	2014	2013
1Q	226,3	207,5	187,5	188	175	100
2Q	226,3	207,5	187,5	188	175	130
3Q	233,8	215,0	207,5	188	175	200
4Q	233,8	215,0	207,5	188	205	250
TOTAL	920	845	790	750	730	680

407 ETR net debt

The net debt figure for 407 ETR at 31 December 2018 was CAD7,448mn (average cost of 4.58%). 60% of the debt matures in more than 15 years' time. The next maturity dates are CAD15mn in 2019, CAD316mn in 2020 and CAD717mn in 2021.

In May 2018, 407 ETR agreed to issue CAD500mn in senior bonds, at 3.72%, maturing on 11 May 2048.

407 ETR credit rating

- **S&P:** on 31 May 2018, the company remained at a rating of "A" (Senior Debt), "A-" (Junior Debt) and "BBB" (Subordinated Debt), with a stable outlook.
- **DBRS:** on 3 December 2018, the company remained at a rating of "A" (Senior Debt), "A low" (Junior Debt) and "BBB" (Subordinated Debt), with a stable outlook.

For more information on the 407 ETR toll road results, please click here to see the MD&A report.

407 ETR Toll Rates

Toll rates applied from 1 February 2018 for light vehicles (expressed in CAD cents/km):

(Canadian dollar cents/km)	ZONE 1	ZONE 2	ZONE 3	ZONE 4
EAST BOUND				
AM Peak Period: M-F: 6-7am, 9-10am	39.33	39.57	39.21	36.38
AM Peak Hours: M-F: 7am-9am	47.09	46.66	46.24	41.39
PM Peak Period: M-F 2:30-3:30pm, 6-7pm	38.11	41.05	42.17	40.68
PM Peak Hours: M-F 3:30-6pm	43.30	49.21	50.55	48.76
WEST BOUND				
AM Peak Period: M-F: 6-7am, 9-10am	37.08	38.49	39.21	39.21
AM Peak Hours: M-F: 7am-9am	42.18	43.78	44.6	46.24
PM Peak Period: M-F 2:30-3:30pm, 6-7pm	42.55	42.55	42.17	37.75
PM Peak Hours: M-F 3:30-6pm	51.00	48.34	47.91	42.89
Midday Rate				
<i>Weekdays 10am-2:30pm</i>	33.81	33.81	33.81	33.81
<i>Weekends and holidays 11am-7pm</i>	30.83	30.83	30.83	30.83
Off Peak Rate				
<i>Weekdays 7pm-6am, weekends and holidays 7pm-11am</i>	23.38	23.38	23.38	23.38

2018 MANAGEMENT REPORT. FERROVIAL S.A. AND SUBSIDIARIES

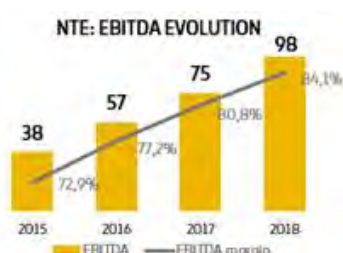
In December 2018 a toll rate increase was announced, which came into force on 1 February 2019. For more information on the new toll rates, please click on the following [link](#).

NTE

(USD million)	DEC-18	DEC-17	VAR.
Revenues	116	93	24.8%
EBITDA	98	75	30.0%
EBITDA margin	84.1%	80.8%	
EBIT	76	55	37.5%
EBIT margin	65.3%	59.3%	
Financial results	-62	-62	0.4%
Net Income	13	-7	295.2%
Contribution to Ferrovial consolidated result - 62.97% stake (EUR mn)	7	-4	n.s.

During 2018, revenue rose by +24.8% compared to 2017, on the back of traffic growth and higher toll rates.

EBITDA reached USD98mn (+30% vs. 2017), with an EBITDA margin of 84.1% (+332 basis points vs. 2017).



In 2018, NTE traffic increased by +10.7% in terms of transactions. The full opening of the NTE35W, Segments 3B (4Q 2017) and 3A (3Q 2018), have contributed very positively to the traffic performance of NTE. The number of vehicles on the road (general purpose lanes, along with the managed lanes) and the share of traffic on the managed lanes grew significantly, as connected trips between both corridors boosted NTE traffic. The opening of the 183 TEXpress in October also had a positive impact on NTE traffic, offsetting the negative impacts of construction works up to 1H 2018.

Quarterly Traffic and EBITDA

In terms of traffic: NTE recorded 8.1 million transactions in 4Q 2018, +18.6% vs 4Q 2017 (6.9 million transactions). This growth was favoured by the full opening of segment 3A (July 2018), which contributed to a sharp increase of journeys between NTE and NTE35W, along with the opening of the 183 TEXpress (October 2018), which is directly connected to Segment 2 of NTE.

Very positive EBITDA performance, with a +48.1% growth compared with 4Q 2017, as a result of good revenue performance and operating expense management.

QUARTERLY RESULTS	4Q18	4Q17	VAR.
Transactions (millions)	8.1	6.9	18.6%
EBITDA (USD mn)	28.1	19.0	48.1%

The average toll rate per transaction in 4Q 2018 at NTE reached USD4.1 vs. USD3.5 in 4Q 2017 (+14.6%).

NTE net debt

As of December 2018, net debt for NTE to USD996mn (USD1,028mn in December 2017), at an average cost of 5.32%.

NTE credit rating

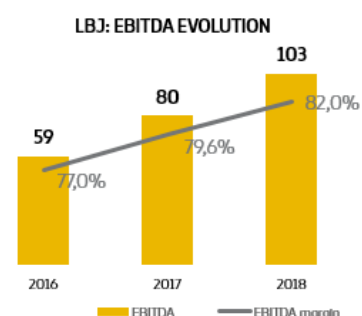
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Moody's	Baa3	
FITCH	BBB-	BBB-

LBJ

(USD million)	DEC-18	DEC-17	VAR.
Revenues	126	101	24.4%
EBITDA	103	80	28.1%
EBITDA margin	82.0%	79.6%	
EBIT	77	57	34.5%
EBIT margin	61.3%	56.7%	
Financial results	-87	-86	-0.5%
Net Income	-10	-29	64.1%
Contribution to Ferrovial consolidated result - 54.6% stake (EUR mn)	-5	-13	63.3%

In 2018, LBJ generated revenues of USD126mn (+24.4% vs. 2017), as a result of both the continued growth in traffic during the ramp-up phase and higher toll rates.

EBITDA reached USD103mn (+28.1% vs. 2017) aided by a strong traffic growth. The EBITDA margin rose to 82.0%, aided by the significant growth in revenues.



In 2018, traffic at LBJ grew by +6.9% compared to 2017, boosted by higher traffic in Segment 1, which benefitted from the opening of two projects operated by the Texas Department of Transportation (TxDOT): the I35E Managed Lanes project (May 2017) and the opening of the 183 TEXpress (October 2018). Traffic also benefitted from the strong growth in capture rates in Segment 3, resulting from the increase in congestion on the eastern end of the corridor.

Quarterly Traffic and EBITDA

In terms of traffic, a total of 11.4 million transactions were registered in 4Q 2018, +7.5% in comparison with 4Q 2017 (10.6 million transactions).

EBITDA in 4Q 2018 reached USD28.1mn, a significant increase compared to 4Q 2017 (+31.2%):

QUARTERLY RESULTS	4Q18	4Q17	VAR.
Transactions (millions)	11.4	10.6	7.5%
EBITDA (USD mn)	28.1	21.4	31.2%

The average toll rate per transaction at LBJ reached USD3.0 in 4Q 2018 vs. USD2.6 in 4Q 2017 (+16.7%).

LBJ net debt

As of December 2018, net debt for LBJ amounted to USD1,448mn (USD1,463mn in December 2017), at an average cost of 5.27%.

LBJ credit rating

	PAB	TIFIA
Moody's	Baa3	
FITCH	BBB-	BBB-

NTE 35W

(USD million)	DEC-18
Revenues	37
EBITDA	27
EBITDA margin	74.2%
EBIT	19
EBIT margin	52.4%
Financial results	-23
Net Income	-4
Contribution to Ferrovial consolidated result - 53.67% stake (EUR mn)	-2

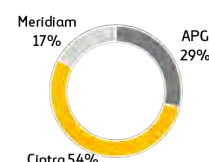
The NTE 35W toll road opened on 19 July, three months ahead of the scheduled opening date in the contract (October 2018). This asset follows a Managed Lane scheme, i.e., dynamic toll roads constructed as part of an urban highway, and forms part of the remodelling and **expansion project of one of the most important corridors in the Dallas/Fort Worth area**, the fifth largest metropolitan area in the USA and one of the fastest growing in the country.

As in the case with NTE and LBJ toll roads, this asset has a **dynamic tolling** system, i.e. it allows flexibility in the determination of the toll rate depending on the level of congestion. **Speed is guaranteed at a minimum of 50mph** (around 80km/h). Toll rates can be modified every 5 minutes.

The project has used four **sources of financing**:

- Issue of Private Activity Bonds (PABs): USD274mn.
- Long-term TIFIA Credit of USD531mn, granted by the US Transport Department.
- Shareholder contributions (USD430mn) and the Texas Transport Department (USD109mn).

Shareholder structure: along with Cintra, the asset's leading operator with 53.67% of share capital, the consortium also consists of the APG infrastructure fund (29%) and Meridiam (17%).



Corridor Map



FINANCIAL ASSETS

Under the terms of IFRIC 12, concession contracts are classified as intangible and financial assets. **Intangible assets** (where the operator assumes the traffic risk) are those for which remuneration is earned from charging the corresponding rates depending on level of use. **Financial assets** (no traffic risk for the concession holder) are those in which payment consists of an unconditional contractual right to receive cash or other financial assets, either because the body awarding the concession guarantees the payment of specific sums, or because it guarantees the recovery of any shortfall between the sums received from users of the public service and the aforementioned specific sums.

The financial assets in operation are Autema, 407 East Ext Phase I, M8, Algarve, A66, Norte Litoral and Eurolink M3 (except for Autema, all of them are equity-accounted).

ASSETS UNDER DEVELOPMENT

(EUR million)	INVESTED CAPITAL	PENDING COMMITTED CAPITAL	NET DEBT 100%	CINTRA SHARE
Global Consolidation				
Intangible Assets	-60	53	-246	
I-77	-60	53	-246	50%
Equity Consolidated				
Intangible Assets		670	-974	
I-66		670	-974	50%
Financial Assets	-65	69	-963	
407-East Extension II		10	-277	50%
Ruta del Cacao	-54		-6	42%
Toowoomba	-11		-237	40%
Bratislava		30	-336	35%
OSARs		29	-107	50%

I-77: a partial opening is expected during Spring 2019, in the northern part of the project. The project will be fully opened in summer 2019.

407 East Extension Phase II: in January 2018 Phase 2A was opened, in line with the expected time schedule. The construction works are 84% complete and the objective is to complete Phase 2B in December 2019, and open it to the public at the beginning of 2020.

I-66: Cintra won the "Transform I-66" (Virginia, USA), for which commercial negotiations were completed on 8 December 2016. Financial close was completed in November 2017 with the issue of PAB bonds for an amount of USD800mn. The project includes the construction of 35 km on the I-66 corridor (between Route 29, close to Gainesville, and the Washington DC ring road, I-495, in Fairfax County). The term for construction of the project runs until 2022, while the concession is granted for 50 years since the completion of the commercial agreement. The design and construction works are 17% complete.

Western Roads Upgrade (OSARs) in Melbourne, Australia: Cintra was awarded the OSARs project in October 2017. An availability payment project with a concession term of 22 and a half years, which consists of the improvement and maintenance of the Melbourne toll road and inter-city motorway network. The commercial and financial close took place in December 2017. The design and construction works are 23% complete.

Toowoomba: the partial opening of a 24 km stretch took place on 8 December 2018, with the full opening expected to take place during 2H 2019.

Ruta del Cacao: on 25 October 2018, Ferrovial reached the financial close of this project, with a value of EUR465mn. The concession involves the construction of 80.84 km of new road, improvements to 108.2 km of existing road, the construction of 16 bridges, 2 viaducts and 2 tunnels with a combined length of 5.95 km. This concession has a 25 years duration.

TENDERS PENDING

In the **USA**, we continue to pay close attention to private initiatives.

- In 2017, the **Maryland Department of Transport (MDOT)**, issued a request for information (RFI) for the I-495/I-95 Managed Lanes (Capital Beltway) and I-270 Congestion Relief Improvements projects. The MDOT announced that the prequalification process for the first project will take place in April 2019, which will be followed by three or four more projects in the coming years. The MDOT is considering a design, construction, financing, operation and/or maintenance project for both projects, which would take the structure of Managed Lanes. These projects fit perfectly with the Cintra strategy, as they are High Complexity Concessions, which Cintra has been extremely competitive on in the past.
- The offer for the "I-10 Mobile River Bridge" in Alabama, will be presented in December 2019. This is a design, construction, financing, operation and maintenance contract, with traffic risk for the construction and operation of a cable-stayed bridge over the Mobile River, with an approximate investment of USD2,000mn.
- The current economic and political climate in the USA favours infrastructure development and Cintra is following various projects of interest in States such as Maryland, Illinois, Virginia, Georgia and Texas, various of which are Managed Lanes structures.

In **other markets**, Cintra presented a bid on 20th February 2019 for the "**Silvertown Tunnel**" project in London (United Kingdom), with an estimated investment of GBP1,700mn.

PROJECT DIVESTMENTS

Ferrovial has sold its stake in the Greek toll roads Central Greece and Ionian Roads, to GEK Terna for the sum of EUR85mn. The Greek company acquired 100% of both assets following the transfer of the respective 33.34% and 21.41% stakes that Ferrovial still had in both toll roads. The capital gain of this transaction was EUR80mn.

Airports

The Airports Division contributed EUR73mn to Ferrovial's equity-accounted results in 2018 (EUR89mn in 2017).

- **HAH:** EUR70mn in 2018 (EUR87mn in 2017), primarily due to the lower positive mark to market impact of the hedging instruments, as a result of higher than expected inflation figure, partially offset by the lower cost of borrowing.
- **AGS:** contributed EUR4mn to Ferrovial's 2018 equity-accounted results (vs. EUR2mn in 2017).

In terms of distributions to shareholders:

- **Heathrow paid out GBP500mn (100%),** compared to GBP525mn in 2017, which included an extraordinary dividend of GBP150mn. Ferrovial received EUR144mn for its stake during 2018.
- **AGS paid out GBP70mn (100%),** compared to GBP146mn in 2017, which included an extraordinary dividend after the refinancing in 1Q 2017. Ferrovial received EUR39mn in 2018.

HEATHROW

Heathrow Traffic

In 2018, traffic at Heathrow reached an all-time record high of **80.1 million passengers** (+2.7%) with growth in most of the markets, continuing eight years of consecutive growth. December 2018 marked 26 consecutive months of record passenger numbers. Load factors reached 79.4% in 2018 (78.0% in 2017). The average number of seats per aircraft increased +0.5% to 213.4 (212.3 in 2017), due to airlines using higher capacity aircraft on the European and Middle East routes.

Intercontinental traffic growth (+3.1%) and short haul traffic growth (+2.2%) in 2018 reflect the success of the pricing strategy to fill short haul seats and boost connectivity, with a 50% additional discount on airport fees for short haul flights.

Million passengers	DEC-18	DEC-17	VAR.
UK	4.8	4.8	-0.1%
Europe	33.3	32.4	2.6%
Intercontinental	42.0	40.7	3.1%
Total	80.1	78.0	2.7%

Intercontinental traffic (+3.1%) was primarily driven by routes to North America (+4.3%), boosted by higher flight frequency and aircraft size to various destinations. Traffic in Asia-Pacific also increased by +2.4%, driven by the new routes to China and more frequent journeys to India.

During 2018, Heathrow added six direct routes to China, doubling the number of connections from Heathrow, the only airport in the UK to do so, and the main gateway into China. At the same time, British Airways announced new direct routes to Pittsburgh, and

American Airlines announced a new route to Phoenix, both routes will start to operate in April 2019.

Heathrow SP Revenue and EBITDA

Revenues increased by +3.0%, aided by robust traffic growth, coupled with continued strong retail revenues.

(GBP million)	DEC-18	DEC-17	VAR.
Aeronautic	1,745	1,716	1.7%
Retail	716	659	8.6%
Others	509	509	0.0%
TOTAL	2,970	2,884	3.0%

Aeronautical revenue increased by +1.7%, driven by traffic growth offset by recoverable yield dilution as airlines employ cleaner and quieter aircraft. Average aeronautical revenue per passenger declined slightly (-1%) to GBP21.78 (GBP22.00 in 2017).

Retail revenue grew by +8.6%, aided by growth in retail and catering concessions, which reflect the robust traffic growth and longer time spent by passengers in the lounge owing to the call to gate initiative. Retail concessions were boosted by new digital incentives in the Heathrow boutiques, allowing customers to click and collect their purchases. The catering services benefitted from the renovations of T3 and T5, as well as Grab & Go offers, allowing passengers to take their food onto their flight. Net retail revenues per passenger grew by +5.8%, reaching GBP8.94 (GBP8.45 in 2017).

Heathrow SP EBITDA grew +4.4% in 2018, reaching GBP1,837mn, with an EBITDA margin of 61.9% (61.0% in 2017).

Operating costs before depreciation and amortisation grew by +0.8%. Operating costs per passenger, excluding depreciation and amortisation, fell -1.9% on the back of cost control efforts.

User satisfaction

In 2018, Heathrow continued to remain ahead of the main European competitors in terms of passenger satisfaction, achieving a scoring of 4.15 out of 5, according to Airport Service Quality (ASQ), and 81.9% of the passengers surveyed classified their experience in the airport as "excellent" or "very good".

In 2018, Heathrow Terminal 2 was named "Best Terminal in the World" for the first time by Skytrax World Airport Awards. As well as this award, which was voted for by passengers all around the world, Heathrow was also recognised as the "Best Airport in Western Europe" for the fourth year running and "Best Shopping Airport" for the ninth consecutive year.

Regulatory aspects

Regulatory Asset Base (RAB): At 31 December 2018, the RAB reached GBP16,200mn (GBP15,786mn in December 2017).

Regulatory period: The Civil Aviation Authority (CAA) continues to develop a new regulatory framework for the coming period (H7) with a new consultation report launched in October 2018, entitled “Economic regulation of capacity expansion at Heathrow: policy update and consultation”.

The main objective of the CAA in creating the regulatory framework for the coming period (H7) is to achieve the right balance between economic feasibility and financing. H7 is due to start in January 2022 and the CAA confirms that Heathrow should produce a Business Plan for H7 by the end of 2019 to commence the price setting process.

The CAA plans to provide additional clarity on the regulatory framework in mid-2019 when it publishes its next consultation papers.

In addition to the work under way on the IH7 framework, based on a MoU agreed with major carriers, a Formal Agreement has been finalised between Heathrow and airline lawyers on the airline charges to be applied prior to the start of H7. The Formal Agreement has been signed by a number of key carriers from multiple alliances and groups representing well over half of Heathrow’s traffic with most other carriers expected to sign in coming days as they complete internal governance. Under the Formal Agreement, Heathrow will offer a rebate to all airlines depending on actual passenger traffic volumes. The rebate creates an incentive for airlines to make better use of the existing capacity by way of a volume discount, while also providing protection in the event that passenger volumes were to fall below current levels prior to 2022. The Formal Agreement remains subject to consultation by the CAA and for the avoidance of doubt is not intended to re-place the standard regulatory process for H7 which will continue in line with the CAA timetable.

Expansion: Heathrow continues to make progress on the airport expansion, following Parliament’s majority backing of the National Policy Statement (NPS) in the June vote.

In January 2019 a consultation on airspace and future runway operations was launched, followed by an expansion plan consultation in June 2019. After reviewing and evaluating the comments from the consultations, Heathrow will prepare a final version of the expansion plan and will present its DCO (Development Consent Order) in 2020, initiating an approval process expected to last 18 months. If Heathrow obtains approval of the DCO, the new runway is expected to open in 2026.

Heathrow Airports Holding (HAH) income statement

GBP million	DEC-18	DEC-17	VAR.
Revenues	2,970	2,883	3.0%
EBITDA	1,840	1,760	4.5%
EBITDA margin %	61.9%	61.0%	
Depreciation & impairments	779	750	-3.9%
EBIT	1,061	1,010	5.0%
EBIT margin %	35.7%	35.0%	
Financial results	-751	-628	-19.7%
EBT	292	383	-23.7%
Corporate income tax	-45	-79	43.0%
Net income	247	303	-18.6%
Contribution to Ferrovial equity accounted result (EUR mn)	70	87	-19.6%

HAH net debt

At 31 December 2018, the average cost of Heathrow's external debt was 5.30%, including all the interest-rate, exchange-rate and inflation hedges in place (vs. 5.62% in December 2017).

(GBP million)	DEC-18	DEC-17	VAR.
<i>Loan Facility</i> (ADI Finance 2)	75	0	n.a.
Subordinated	1,599	1,325	20.7%
Securitized Group	12,402	12,234	1.4%
Cash & adjustments	-345	-40	753.9%
Total	13,731	13,519	1.6%

The net debt figure relates to FGP Topco, HAH's parent company.

For further information, please see the notes on HAH's results [here](#).

UK REGIONAL AIRPORTS (AGS)**AGS Results**

In 2018, EBITDA grew by +5.7%, despite a lower volume of passengers. Revenues grew by +1.8%, due to higher retail and parking yields. Costs fell by -1.3% thanks to cost control.

(GBP million)	DEC-18	DEC-17	VAR.
Total Revenues AGS	213	209	1.8%
Glasgow	127	122	4.0%
Aberdeen	56	56	-0.5%
Southampton	30	31	-2.9%
Total EBITDA AGS	97	92	5.7%
Glasgow	64	58	9.3%
Aberdeen	22	22	0.5%
Southampton	11	11	-2.8%
Total EBITDA margin	45.5%	43.8%	167.7
Glasgow	50.1%	47.6%	243.9
Aberdeen	40.0%	39.6%	37.9
Southampton	36.5%	36.5%	1.6

AGS net bank debt

At 31 December 2018, the AGS' net bank debt stood at GBP684mn.

AGS Traffic

In 2018, the number of passengers at AGS reached 14.8 million, down -2.4% on 2017, due to a decline in traffic at the three airports.

(Million Passengers)	DEC-18	DEC-17	VAR.
Glasgow	9.7	9.9	-2.4%
Aberdeen	3.1	3.1	-1.4%
Southampton	2.0	2.1	-3.8%
Total AGS	14.8	15.1	-2.4%

Glasgow: 9.7 million passengers (-2.4%). Domestic traffic fell by -1.0% due to both the drop in the number of routes at London Stansted, and the adverse weather conditions during 1Q 2018, which forced temporary airport closures. These impacts were offset by the increase in capacity by Easyjet and Flybe. International traffic fell by -3.5%, due to cancellations and reduced capacity at various leisure destinations.

Aberdeen: 3.1 million passengers (-1.4%). Domestic traffic increased by +0.1%, driven by routes to Heathrow and London City airports, and the continued increase in oil and gas sector passengers. International traffic declined by -4.7% due to the loss of the Lufthansa (Frankfurt), Wizz (Warsaw) and Icelandair (Reykjavik) services in 1H 2018.

Southampton: 2.0 million passengers (-3.8%). Domestic traffic fell by -1.7% due to lower number of routes on Flybe services and Eastern Airlines, partially offset by favourable occupancy levels to the Channel Islands. International traffic declined (-6.9%) due to the cancelled Flybe services and lower volumes.

In September, Southampton Airport launched a public consultation of its future expansion plan. The plan aims to detail the growth process of the airport over the coming 20 years, including forecasts on passenger and infrastructure requirements to manage growing demand in the region. This plan will also include the runway expansion.

Construction

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Revenues	5,193	4,628	12.2%	14.3%
EBITDA	170	199	-14.5%	-14.6%
EBITDA margin	3.3%	4.3%		
EBIT	127	162	-21.6%	-22.0%
EBIT margin	2.5%	3.5%		
Order book	10,965	11,145	-1.6%	-2.9%

Revenues increased by +14.3% in comparable terms, with positive performance in all areas, except for a slight decline at Webber due to the finalisation of large concession projects. International revenue accounted for 84% of the Division's revenues, very much focused on the company's traditional strategic markets: Poland (32%) and North America (28%).

Profitability declined vs. 2017 (EBIT margin 2.5% vs. 3.5%), primarily at Budimex, due to increased material and labour costs.

BUDIMEX

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Revenues	1,671	1,457	14.6%	15.3%
EBITDA	79	131	-39.7%	-39.3%
EBITDA margin	4.7%	9.0%		
EBIT	67	122	-45.1%	-44.7%
EBIT margin	4.0%	8.4%		
Order book	2,362	2,467	-4.2%	-1.6%

Revenues in comparable terms increased by +15.3%, with growth in all business segments, with the faster completion of Civil Works and industrial projects being particularly notable, as well as being driven by contracting levels achieved in 2017. By contrast, there was a decline in profitability (-39.3% in comparable EBITDA), primarily due to higher subcontractor costs, materials and salaries, that are higher than the effect of the profits obtained from final payments on the infrastructure projects that have been completed.

The order book remained strong despite the increase in revenues, which fell by -1.6% in comparable terms compared to December 2017. Contracts reached EUR1,597mn in 2018, of which approximately 51% relate to Civil Works contracts awarded in large part due to the 2014-2023 New Highway Plan and 28% to Non-Residential Construction projects. Of particular note are the contract awards of the Construction of the Southern Section of the Zelazny Waste Treatment Plant (EUR134mn), the Polish History Museum in Warsaw (EUR107mn), the E59 Rokitnica - Wronki train line (EUR103mn) and the S61 Szczuczyn- Budzisko Express (EUR92mn). Budimex also has contracts that are currently pending signing or have been signed since 31 December 2018 worth a total of more than EUR400mn.

WEBBER

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Revenues	739	784	-5.7%	-2.5%
EBITDA	30	36	-16.9%	-13.6%
EBITDA margin	4.1%	4.6%		
EBIT	21	27	-21.0%	-17.7%
EBIT margin	2.9%	3.4%		
Order book	1,511	1,171	29.0%	22.9%

Revenues fell -2.5% LfL, largely due to the completion of the NTE 35W toll road. The EBIT margin declined slightly compared to 2017 due to the finalisation of concession projects, offset by the improvement in other Highway and Water Treatment Plant Civil Works.

The order book increased by +22.9% in comparable terms, thanks to strong contracting, which exceeded EUR950mn over the year. This figure does not include the award of the IH-35 toll road (Texas) for approximately EUR300mn, which will be included in the order book in 1Q 2019.

FERROVIAL AGROMAN

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Revenues	2,783	2,387	16.6%	19.1%
EBITDA	61	32	91.4%	78.5%
EBITDA margin	2.2%	1.3%		
EBIT	39	13	198.3%	146.8%
EBIT margin	1.4%	0.5%		
Order book	7,092	7,507	-5.5%	-7.5%

Revenues grew +19.1% LfL, primarily in the USA, following the start of preliminary and design works at Grand Parkway in Houston, the I-66 in Virginia and Denver Airport. Profitability tripled compared to December 2017 (1.4% EBIT margin) due to the elimination of extraordinary losses of a completed contract in the UK in 2017.

ORDER BOOK

(EUR million)	DEC-18	DEC-17	VAR.
Civil work	8,567	8,635	-0.8%
Residential work	346	382	-9.4%
Non-residential work	1,451	1,347	7.8%
Industrial	601	782	-23.1%
Total	10,965	11,145	-1.6%

The order book decreased by -2.9% LfL compared to December 2017. The civil works segment remains the largest segment (78%), and highly selective criteria are maintained when participating in

tenders. The international order book amounted to EUR9,793mn, far more than the domestic order book (EUR1,172mn), and represented 89% of the total.

Cintra's stake in the construction order book, excluding Webber and Budimex, equated to 40.6% of the order book at December 2018, compared to 43.1% in December 2017.

The order book figure at December 2018 does not include pre-awarded contracts or contracts for which commercial or financial agreement has not been finalised. These amount to over EUR1,200mn.

Services division classified as Discontinued Activity

Having completed the strategic review of its Services division announced in October 2018, Ferrovial announces that it has decided to classify as "held for sale" all of its services activities as of December 31st, 2018. This decision is framed within its strategy of focusing on the development of its infrastructure business.

In order to provide an analysis of the Services division and its comparison with previous year, the results of the Services activity and its sub-activities are shown below, prior to its classification of discontinued activity:

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Revenues	6,785	7,069	-4.0%	-1.2%
EBITDA	136	423	-68.0%	-67.6%
EBITDA Ex-BMH	371	424	-12.6%	-11.5%
EBITDA margin	2.0%	6.0%		
EBITDA margin Ex-BMH	5.5%	6.1%		
EBIT	-87	163	-153.3%	-152.3%
EBIT Ex-BMH	149	164	-9.4%	-11.0%
EBIT margin	-1.3%	2.3%		
EBIT margin Ex-BMH	2.2%	2.3%		
Order book	19,411	19,329	0.4%	3.3%

BMH (Birmingham Contract)

In 2018, Services revenues reached EUR6,785mn, falling by -4.0% compared to 2017. This change was primarily due to the finalisation of the contract with the Australian Immigration Department in 2017, the finalisation of construction projects and a selective tendering policy adopted by the company at Amey, which were offset by the incorporation of Rail and Facility Management contracts in the UK.

Revenues in Spain grew by +2.7%, driven by strong performance from treatment and industrial maintenance activities. International revenues increased by +16.7%, thanks to positive business growth performance, primarily in North America and Poland.

EBITDA stood at EUR136mn, EUR288mn less than in 2017, as a result of the impact from the Birmingham contract in the UK. Excluding this effect and in comparable terms, the Services EBITDA stood at EUR371mn (5.5% EBITDA margin), down -11.5% compared to 2017 LfL, primarily due to the ending of the immigration contract in Australia in October 2017.

The order book grew by +3.3% LfL compared to 2017, reaching EUR19,411mn.

SPAIN

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Revenues	1,950	1,898	2.7%	3.5%
EBITDA	202	197	2.5%	3.7%
EBITDA margin	10.4%	10.4%		
EBIT	113	107	5.0%	7.3%
EBIT margin	5.8%	5.7%		
Order book	4,670	4,992	-6.5%	-6.5%

Revenues in Spain grew by +2.7% compared to 2017, largely driven by higher volumes in treatment and industrial maintenance. This revenue growth is carried through in percentage terms to EBITDA, which grew by +2.5%.

At December 2018, the order book volume stood at EUR4,670mn (-6.5% compared to December 2017). The performance of the order book is linked to the slowdown in public tenders, whose impact on revenues has been offset by the grant of annual extensions. In 2018, contracts to the overall value of EUR322mn were extended. If this had been secured via contract awards, it would have resulted in an order book increase of EUR1,190mn (+24% on the order book at year-end 2017).

The contract awards in 2018 notably include the contract for the bicycle rental service in Barcelona (EUR121mn, 10 years). In the renovations and extensions section, notable was the renewal of the Line 010 Madrid Public Information Service, (EUR42mn, 4 years). At 31 December 2018, there were contracts in the preferred bidder phase, in the amount of EUR438mn.

UK

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Revenues	2,610	2,501	4.4%	5.6%
EBITDA	-163	86	n.s.	n.s.
EBITDA Ex-BMH	72	87	-17.5%	-16.5%
EBITDA margin	-6.3%	3.5%		
EBITDA margin Ex-BMH	2.8%	3.6%		
EBIT	-212	53	n.s.	n.s.
EBIT Ex-BMH	23	54	-56.5%	-56.0%
EBIT margin	-8.1%	2.1%		
EBIT margin Ex-BMH	0.9%	2.2%		
Order book	9,251	8,895	4.0%	5.1%

BMH (Birmingham Contract)

In the UK, revenues grew by +4.4% compared with 2017 (+5.6% in LfL terms). Notable in 2018 was the drop in activity linked to the completion of the CapEx phase in the major toll road and environment contracts, and the withdrawal from non-profitable contracts, which have been offset by a higher volume in Consulting & Rail and the incorporation of Defence Facility Management contracts (these have been integrated globally since September), following the acquisition of the Carillion stake in those contracts, which had contributed revenues of EUR217mn.

EBITDA margin performance was significantly affected by the Birmingham contract. Excluding this effect, the EBITDA margin would have been 2.8%, achieving the targets set for the period and improving on the 9M 2018 figure (2%).

During 2018 a large part of the disposals plan was launched, focusing on PFIs and Joint Ventures in non-strategic sectors, with a total value of EUR75mn. Of note was the sale of the stakes in the SPVs North York and Sheffield, which do not have an impact on the development of the contracts, given that Ferrovial Services continues to operate them.

On 22 February 2018, the UK Court of Appeals found in favour of Birmingham City Council, agreeing the execution of the additional works that were deemed necessary by the client. This overturned the judgement in which the High Court previously ruled in favour of Amey in September 2016. In talks with the Council regarding the execution of the ruling it has been stated that said investments must be made during the initial phase of the investment (CapEx) and not during the lifecycle as it was thought to date. As the related income for this phase of CapEx has been fully utilised, a provision has been set aside for the pending costs required to effectively comply with the ruling. In addition, the company has reassessed its forecasts regarding the level of penalties and extraordinary deductions, given the stance that the Council has been seen to adopt during recent months, when it has applied penalties and deductions in extremely high amounts. All of this has led the company to set aside an additional provision in the amount of GBP208mn, classifying this as an onerous contract. At present, Amey continues to provide the service set out in the contract, while negotiations for its redirection continue. Within this process, it must be noted that the credit institutions took control of the parent company of the project on 18 September 2018, appointing administrators.

In December 2018, the order book stood at EUR9,251mn (+5.1% compared with December 2017 in LfL terms). As part of this increase, of particular note is the contract with the Wales transport department in consortium with Keolis, which brings an order book of EUR472mn for the design and infrastructure management. Also notable are the tender awards in the highway maintenance, such as the new awarding of Area 10 (EUR368mn, 15 years) and the extension of the maintenance of Area 7 (EUR368mn, 12 years). In the Rail business, of particular note are the EUR180mn relating to the purchase of Carillion contracts for the electrification of the Midland and North East railway lines (2 years). Finally, in the facility management area, of particular note is the incorporation of the Carillion stake in the Ministry of Defence contracts (EUR391mn, 3 years) and the award of the Barnsley schools maintenance contract (EUR159mn, 19 years).

AUSTRALIA SERVICES

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Revenues	1,684	2,206	-23.7%	-18.4%
EBITDA	61	120	-49.6%	-48.8%
EBITDA margin	3.6%	5.5%		
EBIT	-2	3	-161.3%	-119.3%
EBIT margin	-0.1%	0.1%		
Order book	4,129	3,981	3.7%	9.6%

In 2018, Services Australia revenues reached EUR1,684mn, falling by -23.7% compared to 2017 (-18.4% LfL). This reduction was due to two factors: the ending of the immigration contract, which lead to a decrease of EUR323mn compared to 2017 and the strategy of ending or exiting non-profitable contracts such as East Noc (highway maintenance) and University of Newcastle (facility management). In June 2018, the light city urban bus service contract in Adelaide was sold, which was added to the sale of the non-controlling stake in energy generation assets during 1H 2018.

EBITDA reached EUR61mn (3.6% EBITDA margin), in line with forecasts for the year. EBIT includes an expense of EUR19.6mn relating to the amortisation of the intangible fixed asset created by the acquisition. Net intangible assets amount to EUR72mn, and this figure will be gradually written down over the coming 8 years.

The order book rose to EUR4,129mn, growing by +9.6% LfL compared to 2017. This increase was due to strong levels of contracting in the last quarter of 2018, which helped the recovery of part of the delayed contract awards for large public authority contracts that the company had experienced in 1H 2018. In 4Q 2018 of note was the 1 year extension of the facility management contract (EUR285mn) and 3 year renewal of the maintenance contract (EUR114mn), both of which were with the Ministry of Defence, the 5 year extension of the New South Wales school cleaning contract (EUR278mn) and the maintenance services contract at Parklea prison in Sydney (EUR198mn, 7 years). These contract awards come on top of the contracts won in previous quarters in 2018, of which of note are the granting of the maintenance contract for Shell natural gas plants (EUR411mn, 5 years) and the renewal of the operating and maintenance contract for waste water treatment in Northland (New Zealand) for EUR50mn (7 years).

INTERNATIONAL SERVICES

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Revenues	540	463	16.7%	19.8%
EBITDA	36	19	85.5%	88.9%
EBITDA margin	6.7%	4.2%		
EBIT	14	0	n.s.	n.s.
EBIT margin	2.6%	0.0%		
Order book	1,361	1,460	-6.8%	11.2%

Revenues from International business grew to EUR540mn in 2018, up by +16.7% (+19.8% LfL). There has been a general improvement across all geographies, particularly in North America, Poland and Portugal.

EBITDA also grew to EUR36mn, signalling a considerable improvement on EUR19mn figure recorded in 2017. There has been a general improvement in all regions, particularly in North America and Poland, which have offset the poorer performance in Chile, due to the delay in contracting works.

The order book for 2018 closed at EUR1,361mn, an increase of +11.2% LfL. This order book volume does not include the recent awarding of the highway maintenance contracts in Canada in York and Ottawa, the combined total of which amounts to EUR181mn (7 years), which were recently signed in January 2019. Particularly notable among the contracts awarded this year is the highway maintenance contract in Duval, Florida (USA), amounting to EUR72mn (10 years), the new highway maintenance contract from Peel Halton for EUR60mn (7 years) and the operations and maintenance of the hydrometallurgical plant in the Salvador Division (Chile) for EUR24mn (5 years)

Balance sheet

(EUR million)	DEC-18	DEC-17		DEC-18	DEC-17
FIXED AND OTHER NON-CURRENT ASSETS	12,055	14,927	EQUITY	5,363	6,234
Consolidation goodwill	372	2,062	Capital & reserves attrib to the Company's equity holders	4,530	5,503
Intangible assets	32	431	Minority interest	833	731
Investments in infrastructure projects	7,155	6,917	Deferred Income	1,241	1,037
Property	9	6			
Plant and Equipment	251	694	NON-CURRENT LIABILITIES	8,912	9,871
Equity-consolidated companies	2,455	2,687	Pension provisions	3	66
Non-current financial assets	754	769	Other non current provisions	459	808
Long term investments with associated companies	173	312	Financial borrowings	7,419	7,511
Restricted Cash and other non-current assets	473	285	Financial borrowings on infrastructure projects	5,342	5,363
Other receivables	108	172	Financial borrowings other companies	2,077	2,149
Deferred taxes	664	1,035	Other borrowings	135	198
Derivative financial instruments at fair value	364	326	Deferred taxes	574	900
			Derivative financial instruments at fair value	321	387
CURRENT ASSETS	10,758	8,063			
Assets classified as held for sale	4,892	0	CURRENT LIABILITIES	7,297	5,848
Inventories	594	629	Liabilities classified as held for sale	3,259	0
Trade & other receivables	1,090	2,635	Financial borrowings	773	839
Trade receivable for sales and services	801	2,032	Financial borrowings on infrastructure projects	43	207
Other receivables	289	603	Financial borrowings other companies	730	631
Taxes assets on current profits	97	143	Derivative financial instruments at fair value	69	65
Cash and other temporary financial investments	4,005	4,601	Trade and other payables	2,700	4,221
Infrastructure project companies	239	463	Trades and payables	1,314	2,283
Restricted Cash	9	58	Other non comercial liabilities	1,386	1,938
Other cash and equivalents	230	405	Liabilities from corporate tax	65	94
Other companies	3,766	4,137	Trade provisions	431	629
Derivative financial instruments at fair value	80	55			
TOTAL ASSETS	22,813	22,990	TOTAL LIABILITIES & EQUITY	22,813	22,990

The assets and liabilities attributable to the Services division are shown in the line of assets and liabilities classified as held for sale. This reclassification takes place as of December 31, 2018, and in accordance with the IFRS 5, it does not imply re-enact the comparative balance sheet for 2017.

Income statement

(EUR million)	BEFORE FAIR VALUE ADJ.	FAIR VALUE ADJUSTMENT	DEC-18	BEFORE FAIR VALUE ADJ.	FAIR VALUE ADJUSTMENT	DEC-17
Revenues	5,737		5,737	5,152		5,152
Other income	2		2	1		1
Total income	5,738		5,738	5,154		5,154
COGS	5,254		5,254	4,638		4,638
EBITDA	484		484	516		516
EBITDA margin	8.4%		8.4%	10.0%		10.0%
Period depreciation	127		127	115		115
EBIT (ex disposals & impairments)	356		356	401		401
EBIT (ex disposals & impairments) margin	6.2%		6.2%	7.8%		7.8%
Disposals & impairments	95	-13	82	47	41	88
EBIT	451	-13	438	448	41	489
EBIT margin	7.9%		7.6%	8.7%		9.5%
FINANCIAL RESULTS	-216	24	-192	-269	25	-244
Financial result from financings of infrastructures projects	-233		-233	-229		-229
Derivatives, other fair value adjustments & other financial result from infrastructure projects	2	1	3	-4		-4
Financial result from ex infra projects	9		9	-26		-26
Derivatives, other fair value adjustments & other ex infra projects	7	23	30	-10	25	15
Equity-accounted affiliates	240	-1	239	175	49	225
EBT	475	10	486	354	116	469
Corporate income tax	-19	-6	-25	-38	-8	-46
NET INCOME FROM CONTINUING OPERATIONS	456	4	460	316	108	424
Fair Value Provision		-774	-774			
Services discontinued operations	-51	-27	-77			
Net income from discontinued operations	-51	-800	-851	85	-2	83
CONSOLIDATED NET INCOME	405	-796	-391	401	106	507
Minorities	-57	0	-57	-51	-2	-53
NET INCOME ATTRIBUTED	348	-796	-448	350	104	454

REVENUES

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Toll Roads	471	461	2.3%	13.7%
Airports	14	21	-32.6%	-30.4%
Construction	5,193	4,628	12.2%	14.3%
Others	59	43	n.a.	n.a.
Total	5,737	5,152	11.3%	14.3%

EBITDA

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Toll Roads	319	320	-0.2%	13.8%
Airports	-16	-12	-28.7%	-27.0%
Construction	170	199	-14.5%	-14.6%
Others	10	9	n.a.	n.a.
Total	484	516	-6.2%	1.4%

DEPRECIATION

Depreciation increased by 11.0% in 2018 (+13.3% LfL), to EUR127mn.

EBIT

(Before impairments and disposals of fixed assets)

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Toll Roads	239	247	-3.2%	14.2%
Airports	-18	-15	-20.2%	-19.5%
Construction	127	162	-21.6%	-22.0%
Others	7	6	n.a.	n.a.
Total	356	401	-11.1%	-2.3%

IMPAIRMENTS & FIXED ASSET DISPOSALS

The impairments and fixed asset disposals amounted to EUR82mn at year-end 2018 (EUR88mn in 2017), mainly due to the following impacts:

- Capital gains for the sale of the stake in the Greek toll roads Central Greece and Ionian Roads, for the sum of EUR84mn (before tax).
- Further impairments at Autema amounting to -EUR13mn, due to litigation with the Catalan regional government.

FINANCIAL RESULT

(EUR million)	DEC-18	DEC-17	VAR.
Infrastructure projects	-233	-229	-1.8%
Ex infra projects	9	-25	134.0%
Net financial result (financing)	-224	-254	11.8%
Infrastructure projects	3	-4	170.6%
Ex infra projects	30	14	109.4%
Derivatives, other fair value adj & other financial result	33	11	211.0%
Financial Result	-192	-244	21.4%

Financial expenses in 2018 were lower than in 2017, as a combination of the following impacts:

- **Financing result:** EUR30mn drop in expenses to -EUR224mn. The change compared with 2017 was primarily due to the following:
 - In the ex-projects area, EUR9mn of financial income compared to -EUR25mn of expenses in 2017, primarily due to the higher interest rates with a positive impact on the gross cash position.
 - In the infrastructure area, financial expenses amounted to EUR233mn, in line with 2017 (EUR229mn).
- **Result from derivatives and others:** EUR33mn of financial income in 2018 compared to EUR11mn in financial income in 2017, mainly due to the collection of interest charges from late payments and higher revenues from guarantees. This financial income was impacted by the hedges provided by equity swaps linked to payment plans, with no impact on cash flow. These hedges led to expenses of -EUR3mn at the close of 2018, due to

the negative performance of the share price, as compared with its positive performance in 2017, as shown in the following table:

FECHA	PRECIO DE CIERRE (€)
31-dic-16	17,00
31-dic-17	18,93
31-dic-18	17,70

EQUITY-ACCOUNTED RESULTS

At net profit level, equity-accounted consolidated assets contributed EUR239mn after tax (EUR225mn in 2017).

(EUR million)	DEC-18	DEC-17	VAR.
Toll Roads	166	138	20.7%
407 ETR	136	125	9.2%
Irish Toll Roads (M4 and M3)	1	2	-34.2%
Toowoomba	2	1	127.7%
Ruta del Cacao	4	-1	n.s.
Algarve	6	2	281.3%
Norte Litoral	8	6	44.9%
Others	8	3	144.2%
Airports	73	89	-17.5%
HAH	70	87	-19.6%
AGS	4	2	71.2%
Construction	0	-1	70.1%
Total	239	225	6.2%

TAXES

The corporate income tax expense for 2018 amounted to -EUR25mn (vs. -EUR46mn in corporate income tax in 2017), this amount:

- Does not include the corporate income tax expense relating to equity-accounted companies which, pursuant to accounting legislation, their profit/(loss) is already presented net of the related tax effect.
- Includes a corporate income tax rebate corresponding to prior financial years in the amount of EUR39mn (EUR17mn in 2017), primarily due to the regularisation of assets and liabilities for deferred taxes from prior years.

Excluding from the 2018 pre-tax profit (EUR486mn), the profit from equity-accounted companies (pre-tax profit of EUR239mn), the permanent differences (EUR44mn) and consolidated results without tax effects (-EUR10mn), and considering the expense due to adjusted corporate income from previous years (EUR65mn), the resulting effective corporate income tax rate is 23%.

NET INCOME FROM CONTINUING OPERATIONS

Net income from continued operations stood at EUR460mn, a +8.6% increase vs 2017 (EUR424mn). This result includes a series of impacts, notable among which were:

- Fair value adjustments for derivatives: +EUR24mn (EUR69mn in 2017), primarily impacted by HAH derivatives and the Toll road Canadian dollar options.
- Capital gain after tax on the sale of the Greek toll roads Central Greece and Ionian Roads: +EUR80mn (+EUR98mn in 2017 from the sale of Norte Litoral and Algarve toll roads).
- Impairment at Autema: -EUR13mn (-EUR29mn in 2017).

NET INCOME FROM DISCONTINUED OPERATIONS

Net income from discontinued operations stood at -851EURmn, that included:

- Fair value provision (-EUR774mn) due to the application of the fair value criteria of the discontinued activity in the case of Ferrovial's participation in Amey.
- Services discontinued operations (-EUR77mn).

NET INCOME

Net profit stood at -EUR448mn in 2018 (EUR454mn in 2017).

Net debt and corporate credit rating

NET DEBT

(EUR million)	DEC-18	DEC-17
NCP ex-infrastructure projects	975	1,341
Toll roads	-4,392	-4,274
Others	-248	-530
NCP infrastructures projects	-4,640	-4,804
Total Net Cash /(Debt) Position	-3,664	-3,463

The net treasury position, excluding infrastructure projects, stood at EUR975mn in December 2018. The net cash position including discontinued operations reached EUR1,236mn at December 2018 (EUR1,341mn at year-end 2017).

The main drivers of this change in the net cash position ex-infrastructure projects included the following:

- **Working capital** stood at -EUR351mn in 2018, compared to -EUR38mn in 2017. This decline was affected by:

Worsening of working capital at Budimex, which stood at -EUR127mn, compared to -EUR29mn in 2017, as well as Amey, which stood at -EUR128mn in 2018 compared to -EUR4mn in 2017.

In 2017, EUR210mn were collected in the form of construction work advance payments.

- **Dividends received from projects and capital reimbursements (+EUR623mn)**, a +13% increase compared to the dividend received in 2017 (EUR553mn). In 2018 there was a notable contribution from 407 ETR (EUR273mn) and Airports (EUR191mn). The contribution of dividends from Services reached EUR131mn (vs. EUR33mn in 2017), primarily from projects in Services in Spain (+EUR104mn).

- **Investments** that amounted to -EUR332mn in 2018.

- **Divestments** amounting to +EUR230mn in 2018, notably including EUR82mn from the sale of the stake in the Greek toll

roads Central Greece and Ionian Roads and EUR111mn from Services, following the sale of PFI in the UK and a stake in Ratch (a wind energy firm in Australia).

- **Shareholder remuneration of -EUR520mn**, in line with the 2017 figure, including the cash payment of the scrip dividend of -EUR240mn and the share buy-back for -EUR280mn. Dividends to minorities in subsidiaries also reached -EUR49mn.
- **Net debt from discontinued operations** stood at EUR261mn external net cash at 31 December 2018.

Net project debt stood at EUR4,640mn (EUR4,804mn in December 2017).

The Group's **consolidated net debt** at 31 December 2018 stood at EUR3,664mn (compared with EUR3,463mn in December 2017).

(EUR million)	DEC-18	DEC-17
Gross financial debt	-8,198	-8,367
Gross debt ex-infrastructure	-2,813	-2,797
Gross debt infrastructure	-5,385	-5,570
Gross Cash	4,533	4,904
Gross cash ex-infrastructure	3,822	4,156
Gross cash infrastructure	711	748
Total net financial position	-3,664	-3,463

CORPORATE CREDIT RATING

AGENCY	RATING	OUTLOOK
S&P	BBB	Stable
Fitch Ratings	BBB	Stable

EX-INFRASTRUCTURE DEBT MATURITIES

YEAR	CORPORATE DEBT MATURITIES
2019 *	700
2020	1
2021	504
2022 - 2032	1,093
>2033	0

(*) In 2019, ex-infrastructure debt includes ECP issuance (Euro Commercial Paper), which at 31 December 2018 had a carrying amount of EUR699mn, with an average rate of -0.24%.



Consolidated cash flow

DEC-18	EXINFRASTRUCTURE PROJECTS CASH FLOW	INFRASTRUCTURE PRROJECTS CASH FLOW	ADJUSTMENTS	TOTAL CASH FLOW
EBITDA	144	470		614
BMH provision with no cash impact	155			155
Dividends received	623		-112	511
Working capital variation (account receivables, account payables and others)	-351	-60		-410
Operating flow (before taxes)	572	410	-112	870
Tax payment	6	-31		-25
Operating Cash Flow	577	380	-112	845
Investments	-332	-69	83	-318
Divestments	230			230
Investment cash flow	-102	-69	83	-87
Activity cash flow	476	310	-29	758
Interest flow	-11	-191		-202
Capital flow from Minorities	-2	163	-86	75
Scrip dividend	-240			-240
Treasury share repurchase	-280			-280
Ferrovial shareholder remuneration	-520			-520
Other shareholder remuneration for subsidiary minorities	-49	-120	115	-54
Forex impact	-12	-150		-162
Variation of Bridge Loans (project financing)				
Changes in the consolidated perimeter	5			5
Other debt movements (non cash)	8	-94		-85
Financing cash Flow	-581	-391	29	-944
Net Debt from discontinued operations (cash)	-261	245		-16
Net debt variation	-366	164		-202
Net debt initial position	1.341	-4,804		-3,463
Net debt final position	975	-4,640		-3,664

DEC-17	EXINFRASTRUCTURE PROJECTS CASH FLOW	INFRASTRUCTURE PRROJECTS CASH FLOW	ADJUSTMENTS	TOTAL CASH FLOW
EBITDA	484	449		932
Dividends received	553		-10	543
Working capital variation (account receivables, account payables and others)	-38	-16		-53
Operating flow (before taxes)	999	433	-10	1.422
Tax payment	-115	-27		-142
Operating Cash Flow	883	407	-10	1.280
Investments	-355	-371	43	-684
Divestments	253		-5	248
Investment cash flow	-102	-371	38	-436
Activity cash flow	781	35	28	844
Interest flow	-32	-204		-236
Capital flow from Minorities	0	73	-38	35
Scrip dividend	-218			-218
Treasury share repurchase	-302			-302
Ferrovial shareholder remuneration	-520			-520
Other shareholder remuneration for subsidiary minorities	-48	-11	10	-49
Forex impact	-43	398		354
Variation of Bridge Loans (project financing)				
Changes in the consolidated perimeter	0	-43		-43
Other debt movements (non cash)	506	-88		418
Financing cash Flow	-137	125	-28	-40
Net debt variation	644	160		804
Net debt initial position	697	-4,963		-4,266
Net debt final position	1.341	-4,804		-3,463

EX-INFRASTRUCTURE PROJECT CASH FLOW

Ex-infrastructure activity cash flow*:

The ex-infrastructure pre-tax cash flow figures are as follows:

2018	OPERATING CF*	NET INVESTM. CF*	ACTIVITY CF*
Toll Roads Dividends	296	-9	287
Airports Dividends	191	0	191
Construction	16	-15	1
Services	160	-75	85
Other	-90	-3	-93
Total	572	-102	470
2017	OPERATING CF*	NET INVESTM. CF*	ACTIVITY CF*
Toll Roads Dividends	277	8	285
Airports Dividends	237	1	238
Construction	134	9	143
Services	396	-120	276
Other	-46	1	-45
Total	999	-102	896

*Before Corporate Income Tax, charges and operating payments

Cash flow from ex-project operations

At 31 December 2018, **cash flow from ex-infrastructure project operations totalled EUR572mn (before tax)**. This was lower than the EUR999mn recorded in 2017, due mainly to the performance of the Services and Construction operations cash flows.

By contrast, the contribution made by the main infrastructure projects improved as the result of the collection of dividends (EUR623mn in 2018 vs. EUR553mn in 2017).

Changes in cash flow from ex-infrastructure project operations cash flow by segment in 2018 as compared with 2017, are shown in the following table:

Operating cash flow	DEC-18	DEC-17
Dividends from Toll Roads	296	277
Dividends from Airports	191	237
Construction	16	134
Services	160	396
Other	-90	-46
Operating flow (before taxes)	572	999
Tax payment	6	-115
Total	577	883

The entry "Others" includes the operations cash flow corresponding to Corporate Business, Airports and Toll Roads and the real estate business in Poland..

Breakdown of cash flow from Construction and Services:

Construction	DEC-18	DEC-17
EBITDA	170	199
EBITDA from projects	15	13
EBITDA Ex projects	155	186
Dividends received	6	5
Working capital variation (account receivables, account payables and others)	-146	-57
Provision variation with no cash impact	13	-79
Changes in factoring	-12	5
Ex Budimex Working Capital	-18	46
Budimex Working Capital	-127	-29
Operating Cash Flow before Taxes	16	134

Services	DEC-18	DEC-17
EBITDA	136	423
EBITDA from projects	73	86
EBITDA Ex projects	62	338
BMH provision with no cash impact	155	0
Dividends received	131	33
Working capital variation (account receivables, account payables and others)	-188	25
Changes in factoring	-11	0
Pensions payments UK	-10	-32
Ex UK Working Capital	-39	61
UK Working Capital	-128	-4
Operating Cash Flow before Taxes	160	396

The following table shows a breakdown of the **Services** business:

	SPAIN	UK	AUSTRALIA	INTERNATIONAL	SERVICES
EBITDA Ex-infrastructure	139	-174	61	36	62
BMH provision with no cash impact	0	155	0	0	155
Dividends received	104	19	3	5	131
Changes in factoring	-11	0	0	0	-11
Pension scheme payments	0	-10	0	0	-10
Working capital	18	-128	-46	-11	-167
Op. cash flow ex-Taxes	250	-138	18	30	160

Breakdown of cash flow from **Toll Roads and Airports**:

The revenue from Toll Roads operations amounted to EUR296mn in 2018, resulting from dividends and repaid shareholder equity from companies owning toll road infrastructure projects.

Dividends and Capital reimbursements	DEC-18	DEC-17
ETR 407	273	262
Irish toll roads	1	2
Portuguese toll roads	9	9
Greek toll roads	3	0
Spanish toll roads	5	3
Other	4	1
Total	296	277

Dividends and capital reimbursements from Airports (EUR191mn) were lower than achieved in 2017 (EUR237mn), as the latter included extraordinary payments at HAH and AGS. HAH paid out EUR144mn vs. EUR153mn in 2017 (including the extraordinary dividend that was aided by good operating performance and an increase in inflation). The AGS dividend in 2017 (EUR84mn) was higher than that received in 2018 (EUR39mn) due to the extraordinary dividend paid following the refinancing obtained in 1Q 2017.

AIRPORTS	DEC-18	DEC-17
HAH	144	153
AGS	39	84
Others	7	0
Total	191	237

Ex-project investment cash flow

The following table shows the breakdown by business segment of investment cash flow, excluding Infrastructure projects, with a separate entry in each case for the amounts paid for investments undertaken and the amounts received from divestments made:

DEC-18	INVESTMENT	DIVESTMENT	INVESTMENT CASH FLOW
Toll Roads	-90	82	-9
Airports	0	0	0
Construction	-52	37	-15
Services	-186	111	-75
Others	-3	0	-3
Total	-332	230	-102

DEC-17	INVESTMENT	DIVESTMENT	INVESTMENT CASH FLOW
Toll Roads	-154	161	8
Airports	-4	5	1
Construction	-55	64	9
Services	-139	19	-120
Others	-4	4	1
Total	-355	253	-102

The net investment cash flow in 2018 (-EUR102mn) includes:

- **Investments** reached -EUR332mn, below the -EUR355mn in 2017.

- **Divestments** reached EUR230mn in 2018:

- EUR74mn received in Services from the sale of PFI in the UK and a stake in Ratch-Australia for EUR34mn.
- EUR82mn received in Toll Roads from the sale of the stake in the Greek toll roads Central Greece and Ionian Roads.

Ex-project financing cash flow

Financing cash flow includes:

- **Shareholder remuneration cash flow:** -EUR520mn for Ferrovial shareholders, which includes the cash payment of the scrip dividend of -EUR240mn and the share buy-back for -EUR280mn. Dividends to minorities in subsidiaries also reached -EUR49mn.
- **Net interest payments** in 2018 reached -EUR11mn.
- **FX impact** (-EUR12mn), which originates from the operating cash for the businesses outside the Eurozone and the positions held in currencies, mainly in American and Canadian dollars (-EUR35mn), partially offset by exchange rate derivatives (+EUR37mn).
- **Other non-cash flow related movements** (+EUR8mn), which also includes book debt movements that do not affect cash flow, such as interest that has been accrued and remains unpaid, mainly resulting from interest accrued from corporate bonds.

Net debt from discontinued operations

The net cash position from discontinued operations stood at EUR261mn external cash at 31 December 2018.

INFRASTRUCTURE PROJECT CASH FLOW**Cash flow from project operations**

As regards cash flows for companies that own Infrastructure project concessions, these basically include revenues from those companies that are currently in operation, though they also include VAT refunds and payments corresponding to projects currently in the construction phase.

The following table shows a breakdown of cash flow operations for infrastructure projects.

(EUR million)	DEC-18	DEC-17
Toll roads	296	317
Other	84	89
Operating flow	380	407

Project investment cash flow

The following table shows a breakdown of the investment cash flows for infrastructure projects, mainly payments made in respect of CapEx investments over the year.

INVESTMENT CASH FLOW	DEC-18	DEC-17
LBJ	-4	-9
NTE	-3	-8
NTE 35W	-134	-220
I-77	-210	-146
Portuguese toll roads	-1	-1
Spanish toll roads	-5	-2
Others	0	0
Total toll roads	-356	-385
Others	-40	-55
Projects total	-396	-439
Equity Subsidy	327	68
Total investment cash flow (projects)	-69	-371

Project financing cash flow

Financing cash flow includes the payment of dividends and the repayment of equity by concession-holding companies to their shareholders, along with the payments for share capital increases received by these companies. In the case of concession holders which are fully integrated within Ferrovial, these amounts represent 100% of the amounts paid out and received by the concession-holding companies, regardless of the percentage share that the Company

holds in such concessions. No dividend or Shareholder Equity repayment is included for equity-accounted companies.

The interest cash flow refers to the interest paid by the concession-holding companies, together with other fees and costs closely related to the acquisition of financing. The cash flow for these items relates to interest costs for the period, along with any other item that represents a direct change in the net debt amount for the period

INTEREST CASH FLOW	DEC-18	DEC-17
Spanish toll roads	-63	-63
US toll roads	-77	-82
Portuguese toll roads	-15	-21
Other toll roads	0	0
Total toll roads	-154	-166
Other	-37	-38
Total	-191	-204

The financing stream also includes the impact that changes in the interest rate have had on the debt held in foreign currency, which in 2018 was a negative impact in the amount of -EUR150mn, primarily as the result of the appreciation of the US dollar against the euro, a circumstance that had a significant effect on the net debt figure for the American toll roads.

Shareholder remuneration

In 2018, Ferrovial distributed EUR520mn of shareholder remuneration in line with the 2017 figure, including the cash payment of the scrip dividend of -EUR240mn and the share buy-back for -EUR280mn.

The company held its AGM on 5 April 2018. The AGM approved two share capital increases, by means of the issuance of new ordinary shares, with no share premium, of the same class and series as those at present in circulation, charged to reserves.

These increases form part of the shareholder remuneration scheme known as the "Ferrovial Scrip Dividend", which replaced the traditional complementary dividend payment for 2017 and the 2018 interim dividend.

SCRIP DIVIDEND DETAILS	MAY-18	NOV-18
Guaranteed set price to purchase rights	0.314	0.407
Rights per share	56	43
% shareholders chose shares as dividends	53.91%	55.31%
% shareholders chose cash as dividends	46.09%	44.69%
Number of new shares issued	7,049,868	9,510,262
Number of rights purchase	337,472,827	330,374,041

SHARE BUY-BACK AND CANCELLATION

The buy-back programme ended on 27 November 2018, after the company acquired 8,930,617 of its own shares (which therefore did not exceed the limit of EUR275mn or 19 million shares).

The share capital was subsequently reduced by EUR2,073,953 by means of the cancellation of 10,369,765 company shares held in the company's own portfolio, including 1,439,148 shares held prior to the Board of Directors' proposal, approved at the AGM, to reduce the company's share capital.

Ferrovial's share capital figure as of 31 December 2018 amounted to EUR147,691,167, all fully subscribed and paid up. The share capital comprises 738,455,837 ordinary shares of one single class, each with a par value of twenty-euro cents (EURO.20).

SHAREHOLDER STRUCTURE

Significant holdings in the share capital of Ferrovial S.A., as detailed by the Spanish Stock Market Commission (CNMV) at the end of December 2018:

- **Rijn Capital BV:** 20.1%
- **Menosmares S.L.U.:** 8.1%.
- **Siemprelara S.L.U.:** 5.0%.
- **Blackrock:** 2.83%
- **Fidelity International Limited:** 2.03%

Appendix I: Exchange-rate movements

Exchange rates expressed in units of currency per Euro, with negative variations representing euro depreciation and positive variations euro appreciation.

	EXCHANGE RATE LAST (BALANCE SHEET)	CHANGE 18/17	EXCHANGE RATE MEAN (P&L)	CHANGE 18/17
GBP	0.8984	1.07%	0.8858	1.23%
US Dollar	1.1452	-4.74%	1.1782	3.43%
Canadian Dollar	1.5601	3.60%	1.5312	3.78%
Polish Zloty	4.2888	2.71%	4.2714	0.61%
Australian Dollar	1.6260	5.66%	1.5838	6.92%

Appendix II: Significant event notices

- On 5 April, Ferrovial communicated the resolutions from the 2018 AGM.
- On 26 April, Ferrovial notified of an additional provision of GBP208mn (EUR237mn), relating to the contract managed by Amey for the refurbishment and subsequent maintenance and repositioning of certain infrastructure in the city of Birmingham.
- On 11 May, Ferrovial agreed a scrip issue charged to reserves as a means of implementing the Ferrovial Scrip Dividend shareholder remuneration scheme. At the same time, Ferrovial agreed to carry out a Buy-Back Programme to reduce the company's share capital by means of the cancellation of treasury stock, with the purpose of supporting the Company's shareholder remuneration policy by means of increasing earnings per share.
- On 5 June, Ferrovial announced the closure of the period for trading the free rights assigned corresponding to the scrip issue for the purposes of implementing the Ferrovial Scrip Dividend shareholder remuneration scheme. At the end of this period on 31 May 2018, the holders of 53.91% of the rights (a total of 394,792,608 rights) opted to receive new Ferrovial shares. The definitive number of ordinary shares with a nominal value of EURO.20/share issued in the share capital increase thus amounts to 7,049,868. The holders of 46.09% of the rights have sold their rights to Ferrovial, which acquired a total of 337,472,827 rights (EUR105,966,467.68). The share capital increase was closed on 5 June 2018.
- On 16 October 2018, Ferrovial explained that it had employed an external consultant to assess the potential disposal of all or part of the assets within the Services division that Ferrovial directly or indirectly owns.

Appendix III: Significant event notices after closing 2018

On 27 February 2019, Ferrovial announced that it has decided to classify as "held for sale" all of its services activities as of December 31st, 2018. This decision is framed within its strategy of focusing on the development of its infrastructure business.

Appendix IV: additional information

SHARE BUY-BACK TRANSACTIONS:

TRANSACTION PERFORMED/OBJECTIVE	NUMBER OF SHARES ACQUIRED	NUMBER OF SHARES USED FOR OBJECTIVE	TOTAL NUMBER OF SHARES
Balance at 31/12/17			2.167.237
Capital reduction	8.930.617	-10.369.765	-1.439.148
Discretionary shares and other	6.915.588	0	6.915.588
Compensation systems	286.941	-966.079	-679.138
Shares received as payment for the scrip dividend	447.129	0	447.129
Balance at 31/12/18			7.411.668

AVERAGE PAYMENT PERIOD

In compliance with the obligation to disclose the average supplier payment period provided for in Article 539 and Additional Provision Eight of the Spanish Limited Liability Companies Law (in accordance with the new wording of Final Provision Two of Law 31/2014 reforming the Spanish Limited Liability Companies Act), the Company hereby states that the average period of payment to the suppliers of all the Group companies domiciled in Spain (including operations from discontinued activities) was 46 days.

The following table shows, as required under Act 6 of the Ruling of 29 January 2016 by the Institute for Accounting and Accounts Auditing, the information relating to the average supplier payment period in 2018 and 2017:

DAYS	2018	2017
Average period of payment to suppliers	46	49
Ratio of transactions settled	45	49
Ratio of transactions not yet settled	57	48
Amount (euros)		
Total payments made	1.282.492.063	1.227.935.075
Total payments outstanding	50.153.671	45.114.969

The mutual intra-group commercial transactions between companies belonging to Ferrovial are not included in the consolidation process, meaning the consolidated balance sheet contains no outstanding balances to Ferrovial companies. Thus, the information detailed in the previous table refers solely to suppliers outside of the Company, noting for information purposes that the average payment period between Ferrovial companies is generally 30 days.

Human capital

EMPLOYEES ARE THE COMPANY'S BIGGEST ASSET WHEN IT COMES TO VALUE CREATION. FERROVIAL OFFERS EVERY EMPLOYEE A PLACE TO GROW AND BUILD THEIR OWN CAREER, WITH UNRIVALLED GROWTH OPPORTUNITIES

Ferrovial offers its workers the opportunity to work on unique and innovative projects alongside a top-drawer team of professionals, giving all of them the best tools with which to accomplish their objectives.

Training is one of the cornerstones to promote the development of the talent at Ferrovial. In 2018, training hours totalled 875,041, for an average of 9.30 hours per employee. Total investment in training came to 24.25M€.

The SUMMA Corporate University was conceived 11 years ago with the aim of catalyzing learning and global knowledge, sharing experiences and building relationships between company employees. A total of 73,522 training hours were delivered in 2018, while accumulated training hours since the university's foundation stand at more than 670,000 hours. Key training programs include leadership and strategy, which were completed by 528 executives and middle managers.

Ferrovial prioritizes the mobility of its employees as a means of fostering talent. The company has set up

a Global Mobility Portal, which operates as a sort of job board where employees can consult all openings worldwide. A total of 14,728 job opportunities were generated in 2018, attracting more than 335,617 applications. Of these, 23.4% were awarded to existing company employees.

A total of 27,630 employees benefitted from performance assessments and professional development processes in 2018. Meanwhile, the company's succession plans allowed it to identify 363 possible candidates for the 144 most critical positions identified.

AN EQUAL, EFFICIENT AND DIVERSE WORKING ENVIRONMENT

Ferrovial offers its employees remuneration that is flexible, fair and transparent and designed to compensate achievement and personal merit.

In Ferrovial periodic studies are carried out to analyze the gender pay gap. In the case of Spain, following the approval of the Equality Act in 2007, the company has signed the corresponding equality plans with the main trade unions in its sector in which a salary assessment is made, which is then reported in the Equality Commissions broken down into gender and professional categories. In countries such as the United Kingdom and Australia, due to their legislation, this information has been made public since 2018.

The gender pay gap, published in the Appendix to this Report, is mainly explained in terms of the current percentage of women represented in the company, by the type of positions they perform in line with the

EMPLOYEE COMMITMENT*

69%

Participation in the survey

...

91%

Commitment level

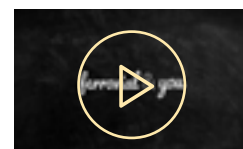
...

88%

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

...

*Consultation made with biennial character



VIDEO: FERROVIAL AND YOU

Ferrovial's employees share their experience

PLAY THE FUTURE PROJECT

Relentless technological progress is forcing people and companies alike to rethink their service and infrastructure management models and anticipate future changes. With this in mind, Ferrovial has launched Play the Future, a program that showcases the company's commitment to innovation, one of its five values, and aims to develop the digital skills and awareness of all employees. This project has three angles: individual scale, manager scale and company-wide scale:

- Individual scale (bottom-up): the company provides all employees with an online training plan to enable them to raise their knowledge and awareness of matters such as drones, IoT, 3D printing, Big Data, artificial intelligence, user experience and digital skills. The aim here is to increase knowledge of new technologies related to the company's businesses, thus allowing employees to become more tech-savvy and efficient when using these tools.
- Manager scale (top-down): when tackling the manager scale, the company has asked the SUMMA corporate university to organize a cycle of conferences aimed at executives and other key office holders to explore trends that could impact the company. So far, these conferences —known as Executive Forums— have been held in Madrid, London and Austin.

sectors in which Ferrovial operates, and by the current gender distribution in the different professional categories.

It is important to note that Ferrovial ensures equal opportunities to access to any position based on a criteria of merit and professional performance. It also establishes measures to avoid possible biases that may occur in people management processes, such as reports to the manager indicating the percentage of men / women in the potential processes for identifying talent, salary increases and the evaluation of objectives.

The company fosters an efficient working environment that includes work flexibility and work-life balance safeguards and is compliant with applicable law, customs and practices in each country. In 2018, the company implemented new measures to ensure a healthy work-life balance, such as allowing employees to buy extra days of vacation or increase their paternity leave. Ferrovial is also committed to the health of its employees, promoting initiatives at the job centers to champion sport, healthy habits and eating and good health.

Ferrovial is also a diverse and inclusive company. The Strategic Diversity and Inclusion Plan envisions initiatives to promote an inclusive and non-discriminatory working environment. The plan also targets training, among other courses of action, such as the inclusive leadership course, with over 1,300 leaders trained in Australia and the United Kingdom, and training into bias during recruitment processes, with 50 selection officers receiving training.

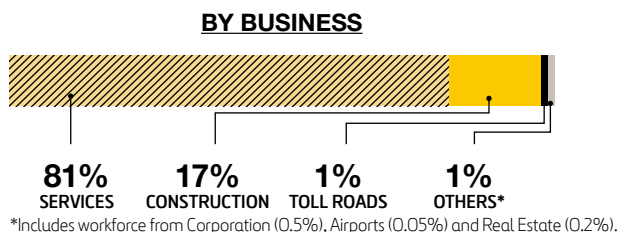
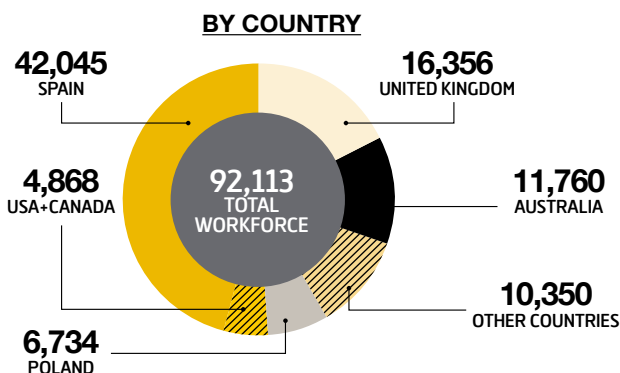
Here, the company is adhered to the European Business Leaders' Commitment to Inclusion and Diversity manifesto of the European Round Table of Industrialists, in support of a European campaign on diversity and equality at companies. 



YOUNG TALENT

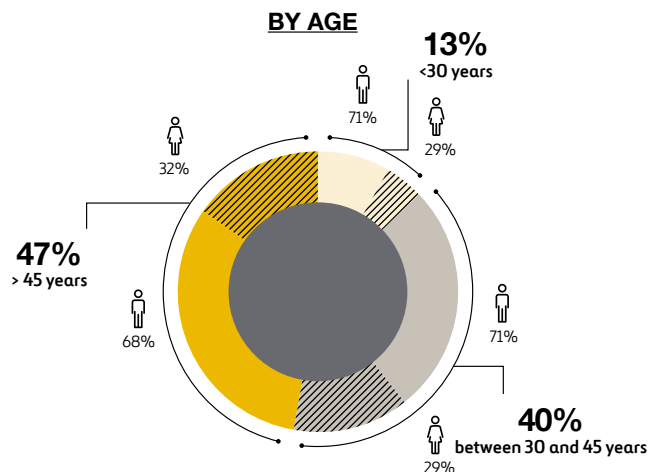
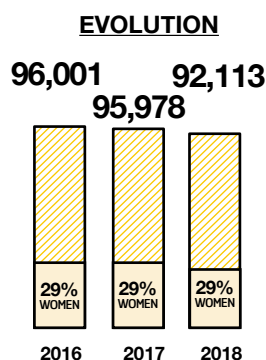
Ferrovial currently has 29 specific programs in place —lasting between three months and three years— to attract young talent. Thanks to these initiatives, the company opened its doors to some 1,000 young workers in 2018, including graduates, mainly in North America, the United Kingdom, Ireland and Poland. Total investment on these programs came to EUR6.6 M.

When it comes to promoting and seeking out young talent, a particular highlight in the period included the launch of a recruitment robot in Poland, known as Emplotbot. This bot cross-references job offers with candidate profiles, allowing it to pre-select suitable candidates and automatically invite them to attend a personal interview. To date, the initiative has yielded 1,003 conversations, 1,730 matches and 199 interviews.



"WE ARE STRONGLY COMMITTED TO HAVING A DIVERSE AND INCLUSIVE WORKFORCE. DIFFERENT PEOPLE BRING DIFFERENT IDEAS AND WE APPRECIATE THE TALENT THAT EACH INDIVIDUAL BRINGS TO FERROVIAL."

Rafael del Pino
Chairman of Ferrovial



Workers' Health and Safety as a priority

FERROVIAL WORKS TO CREATE RISK-FREE ENVIRONMENTS BY DEVELOPING ACTION PLANS UNDER A TARGET ZERO VISION AND THE PRINCIPLE THAT ALL ACCIDENTS ARE PREVENTABLE.

Target Zero accidents. This is Ferrovial's overriding objective when it comes to occupational health and safety. The Management has embodied the company's commitment in a Health and Safety Policy and it is also reflected in the company's Health and Safety Strategy.

STRATEGY

In 2018, the Board of Directors commissioned an external assessment of Ferrovial's Health and Safety Strategy. The purpose was to verify the appropriateness of the strategy and to identify possible areas for improvement on the path to accomplishing the Zero Harm vision defined in the Health and Safety Policy and also to become a benchmark company within its sphere of action.

The assessment revealed that the company's strengths include its firm vision on health and safety; the high degree of standardization of the reporting and communication process; and the existence of a specific Corporate Action Plan allowing the business units to roll out their own actions in response to specific needs.

COMMITMENT BY THE MANAGEMENT

In 2015, the Board of Directors approved a new Health and Safety Policy for the whole company. The policy calls on the company to develop risk-free working environments, based on the conviction that all accidents are preventable.

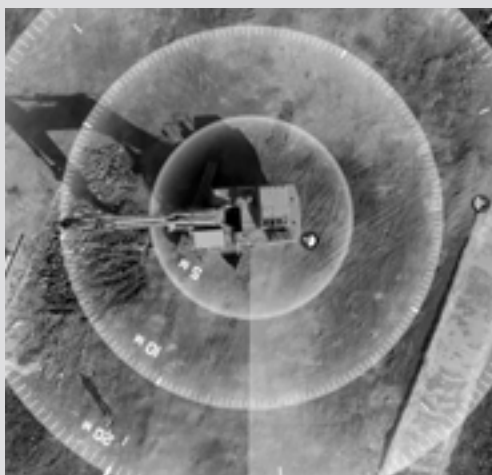
The most senior executive officer at Ferrovial supervises functions and responsibilities relating to health and safety. The CEO regularly reports to the Board of Directors on this important matter. Meanwhile, the person responsible for health and safety at all the business units sits on the Business Committee.

Thanks to the commitment of the Management and all employees and because of the preventive measures adopted to date, the company has reported a continuous drop in accident rates in recent years.

INITIATIVES AND GOOD PRACTICE

The safety of workers is one of the main concerns when pursuing the Target Zero accidents objective. Highlight initiatives in 2018 included:

- F-Safety, a corporate app that standardizes, improves and speeds up the process of gathering information relating to health and safety, enabling the company to rapidly spot areas for improvement and implement corrective measures.
- FS H&S Point: a database of knowledge and good practices taken from over 100 experts in health and safety.
- Safe for life: a prevention program implemented at Broadspectrum, with four strategic courses of action: visible leadership, effective communication, risk identification and control and organizational and personal resilience.
- Zero Code at Amey: a simple work code that shows the actions and behavior to be observed by all workers and contractors so as to minimize the risk of accidents.
- Awareness raising videos at Ferrovial Agroman to help show and explain corporate standards of health and safety to employees.



SAFETY LAB

Ferrovial's new Strategic Innovation Plan, designed for the coming five years, has among its priorities the promotion of health and safety. Key initiatives here include the Safety Lab, an accelerator for new methodologies and technologies that can help improve the health and safety of workers, users of infrastructure and any other person who may be affected by the company's activities in some shape or form.

The program should ultimately yield a state-of-the-art health and safety program; generate a stronger corporate safety culture; enable the sharing of knowledge, experiences and challenges; scale procedures and products accordingly within the organization; help to forge alliances with external partners; and encourage digitization on this important subject.

WORKERS' WELL-BEING

Ferrovial believes that the health and well-being of its workers creates a healthier working climate, reduces absenteeism, increases productivity and reduces the risk of accidents, among other benefits. It has therefore implemented different programs and initiatives in line with the guidelines of the European Agency for Safety and Health at Work.

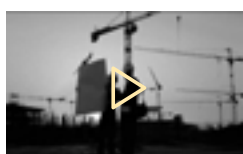
Aside from continuing to expand programs already implemented in previous years, such as HASAVI and Ferrovital, the company is committed to the following key projects:

- First Aid for Mental Health at Broadspectrum: internally developed training scheme that aims to increase awareness of a wide range of mental health problems. The initiative helps participants identify the associated warning signs and symptoms and take appropriate steps to seek help when necessary.
- Portable exoskeleton, an initiative implemented at Ferrovial Services Spain: a worker support device that generates extra energy when performing physical tasks to help avoid overexertion.
- Well-being week, held at the central offices of Ferrovial Agroman. Within the framework of this initiative, practical workshops were held on a variety of issues, most notably the control of psychosocial factors: dealing with stress, relaxation techniques and time management. Other activities related to nutrition, food and knowledge of product labelling, active breaks and workstation ergonomics, as well as an initiation to sport.

ROAD SAFETY

Ferrovial remains firmly committed to road safety for both its workers and users of its infrastructure. Several initiatives were launched in 2018, including the DriveSmart project.

DriveSmart is a mobile app developed by Cintra that seeks to improve road safety. The app collects driving data from highway users for subsequent analysis, treatment and detection of driving habits, all with the aim of improving road safety and preventing accidents. At present it remains a pilot initiative deployed on the Terrassa-Manresa toll road to promote its use among drivers, both on the highway and in its areas of influence. Since this pilot test has yielded promising results, it has been extended to the Autopista del Sol toll road. This initiative reflects Cintra's commitment to using new technologies to improve the health and safety of its workers and users.



VIDEO: HEALTH AND SAFETY MEASURES AT FERROVIAL SERVICES

Meanwhile, FBSerwis, the Polish subsidiary of Ferrovial Services, has developed SKOPI, a service to raise driver awareness and improve the safety of road maintenance operators. The initiative goes under the slogan of "Kill your speed! We're working for you". Drivers using the application receive an image and vibration notification on their mobile phones when they approach a part of the road undergoing construction work. 📱

ACCIDENT FREQUENCY RATE¹

-10.3%

...

ACCIDENT SEVERITY RATE²

-6.5%

...

HEALTH AND SAFETY HOURS OF TRAINING

828,304

+3.2 MILLION
SINCE 2015

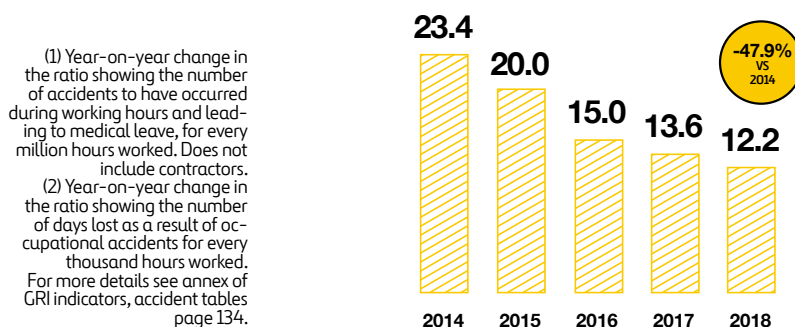
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HEALTH AND SAFETY INSPECTIONS AND AUDITS

87,908

...

FREQUENCY RATE



Leading the transformation

INNOVATION IS A CORNERSTONE OF FERROVIAL'S BUSINESS. THE COMPANY FOCUSES ON PROJECTS RELATED TO BUSINESSES THAT GENERATE ADDED VALUE.

The development of innovation becomes effective through the Strategic Innovation Plan. Developed in 2018, the plan builds upon the previous model and has shown excellent performance to date when working bottom-up (gathering and resolving challenges) and carrying out top-down actions that look to the future and outside the company in a bid to generate long-term value for customers, while improving levels of social well-being and progress.

Ferrovial's Innovation Strategy is headed and steered by Innovation Committee, comprising the company's CEO, its CIO, the CEOs of the Business Units, the Head of Human Resources and the Head of Corporate Strategy. Moving down a level, Ferrovial's Innovation Strategy is coordinated by the Global Innovation Steering Council, which is chaired by the Chief Innovation and Digital Strategy Officer and comprises the innovation officers of all of the company's business units. Expert working groups have also been set up to tackle specific subjects.

The plan rests on five main pillars: anticipation and exploration; collaboration and transversal approach; focus and impact; globality and ecosystem; and agility and swiftness. A set of transversal targets and related programs have been established in key areas relating to innovation, such as data-based management, mobility, automation and sustainability. The plan also includes the creation of a Venture Lab to incubate new digital businesses.

Thanks to Ferrovial's focus on innovation, more than 100 projects were in development in 2018, with an investment effort exceeding EUR48 million in R&D, 45 pilot projects carried out at start-ups and 17 partnership agreements signed with universities and research centers.

The company's innovation processes are highly mature —responding to business challenges through an open ecosystem of innovation and through the continuous development of an innovation culture— enabling it to develop the necessary capabilities

INVESTMENT IN R&D

+48
MILLION EUROS

...

PROJECTS DEVELOPED IN 2018

+100

...

STARTUPS

45
PROJECTS

...

in emerging technologies and in detecting digital business opportunities.

INNOVATION CULTURE

Ferrovial is committed to developing skills that will push us towards a corporate culture of agility and collaboration, the sharing of knowledge, foresight, experimentation and digital advancement. This has given rise to Play the Future, a program that bids to enhance the digital capabilities of the organization in key areas such as artificial intelligence, Big Data, IoT and drones. In 2018, new content was introduced and the scope of the initiative was broadened to include new target audiences, with game-based training via mobile phone and specific developments for each business unit.

The company also rolled out Executive Forum, a meeting of Ferrovial's managers and executives to analyze and reflect on emerging global trends and their impact and to stimulate innovative thought and collaboration among participants by aligning content with the company's digital strategy and drive to innovate.

A key pillar in promoting this culture of innovation is Zuritanken, whereby employees are encouraged to brainstorm innovative ideas that will benefit the business. In its last outing in 2018, a total of 576 ideas were received from 1,110 employees.

INNOVATION ECOSYSTEM

Ferrovial's commitment to an open innovation model as a key element of its strategy will ultimately result in a collaborative ecosystem of external partners capable of accelerating the innovation process. This framework will also include the Digital Hub, competency offices and technical offices, which act as catalysts of change and transformation. The ultimate goal is to make innovation more agile and to work together in placing new products, processes and business models on the market.

With the aim of expanding and strengthening the ecosystem, the company has continued to work on scouting in key regions, such as Israel, the United States, Finland and Singapore to identify capabilities and appraise those agents with whom a relationship could be productive.

Startups

Ferrovial views start-ups as an ideal platform for experimenting with disruptive concepts, not only for because of their orientation but also for the speed at which the associated projects can take shape.

The company has rolled out the second edition of its BuildUp! program, this time round with the support of Heathrow Airport and Climate-KIC to reduce the environmental impact of using plastics.

Meanwhile, and this time in partnership with the European Commission and its business acceleration services for small and medium-sized enterprises, Ferrovial has organized Corporate Day, an event at which a selection of European start-ups will present their solutions and hold meetings with the business units.

The company is taking part in numerous collaboration initiatives and networking events with start-ups in response to the challenges posed by urban mobility. These events include Data City Barcelona, Smart Open Lisboa and Intelligent Mobility.

Public innovation agencies

Ferrovial is a member of the European Institute of Innovation and Technology, which seeks to make Europe more com-



WONDO

A Ferrovial start-up which, via an app, helps the user find the best travel route by combining different forms of transport (public transportation, taxi and private carpooling and ridesharing operators). In its current stage, WONDO has successfully signed partnership agreements with taxi services, carsharing companies (Zity), bikesharing and discretionary bus transport companies. The company expects to increase the number of transport options down the line to make the service even more flexible.



ZURITANKEN

The fourth edition of Zuritanken was held in 2018, the global brainstorming program to promote a culture of innovation among employees. One of the main objectives of this edition was to come up with bright ideas that are viable and will have a meaningful impact. To achieve this, the company arranged various face-to-face and online training actions on a mass scale, the aim being to focus on the design thinking approach and to stress the importance of the investigation phase before coming up with an idea. All this has allowed the company to increase and hone the skills needed to creatively troubleshoot problems, while helping employees understand that innovation is a process with a clear progression of stages that can be learned and systemized and that it is essential to continue working towards innovation in all areas of the company to continue generating value.

petitive and consolidated its leadership in the field of innovation. Here, the company takes part in two of the innovation knowledge communities into which the institute is structured: Digital-KIC and Climate-KIC.

Ferrovial also maintains close ties with Innovate UK, a public innovation agency based in the United Kingdom, with which the company carries out joint projects on matters such as asset inspection using satellite data, real testing of autonomous connected vehicles, or mitigating the impact of extreme climatological events.

Research centers and universities

Under its partnership agreement with the Massachusetts Institute of Technology (MIT), Ferrovial has undertaken five innovation projects that aim to transform

cities and develop the infrastructures of tomorrow. In 2018, two new projects were launched to investigate air mobility noise and solutions for reusing sewage sludge. The company also took part in the study titled *Mobility of the Future*, which addresses future changes in the transportation sector.

The company also helped to launch Madrid Innovation Driven Ecosystem, the first collaborative platform to champion innovation-based enterprise across the region, drawing inspiration from the model devised by the MIT.

Meanwhile, an agreement was finalized with Stanford University to research long-term infrastructure projects through the Global Projects Center's industrial affiliation program. 



PHOTO: Carsharing, Madrid (Spain).

INNOVATION PROJECTS

BIG DATA

Information is a strategic asset at Ferrovial. We apply artificial intelligence to reach better decisions and optimize the management of our infrastructure, while developing new business models and services best suited to the needs of the public. This can be seen in our Managed Lanes in Texas or at Heathrow Airport.



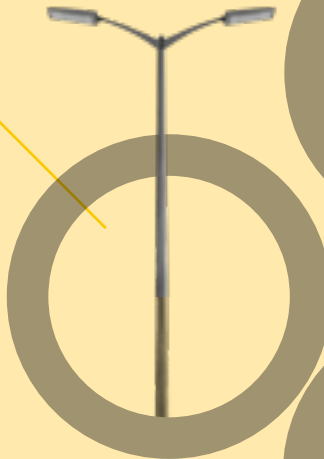
SAFETY AND SECURITY

Ferrovial is committed to the safety and security of its infrastructure, workers and users. It uses 3D simulators, virtual reality, augmented reality and wearables, among other technologies, to improve the safety conditions of its workers. It also relies on drones to inspect 200 km of transmission lines, thus eliminating the risk of having its technicians climb the towers.



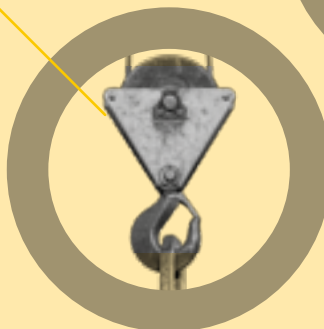
SUSTAINABILITY

Growing social concerns on the subject of climate change have prompted Ferrovial to develop tools and technologies that help improve the climate while also unlocking business opportunities in this field. In partnership with the MIT, Ferrovial and Heathrow have developed a device that captures the sound generated by aircraft and turns it into energy.



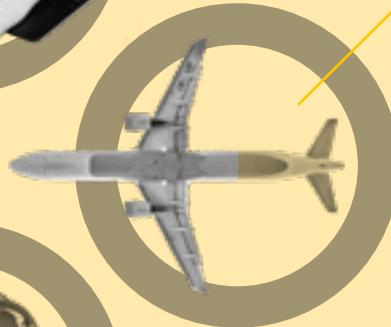
ENGINEERING

By using new materials and procedures, we can continuously improve the design, construction and operation of infrastructure. The company is permanently exploring new possibilities for generating savings for its clients. Ferrovial has already started to use pieces created by 3D printers in order to build and maintain railroad track.



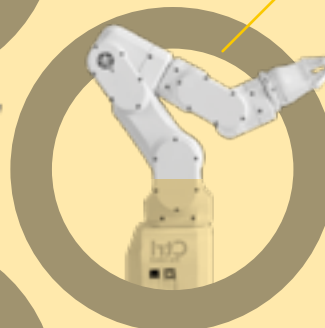
MOBILITY

Technological and social trends are moving closer together and this is redefining the mobility of both people and goods. Ferrovial works hard to adapt its infrastructure to the needs of its users, incorporating the latest developments in electrical and autonomous mobility and offering personal mobility solutions. Wondo is a start-up conceived by Ferrovial to provide the public with access to the main urban mobility services, such as taxi, carpooling, motorbike sharing and private buses.



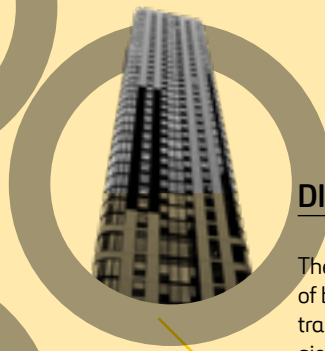
AUTOMATION

Robotics, drones and artificial vision aid with maintenance operations by making the work safer, more efficient and more productive. ZRR is a robotization project for waste treatment, enabling us to improve the material recovery ratio and working conditions for operators.



DIGITALIZATION

The company has a global vision of best practices and seeks to transfer knowledge, methodologies and digital solutions across the entire organization. Using the Digital Platform for Linear Assets, the company develops standards, processes and protocols that provide a contractual framework for new projects and lets it implement BIM methodology across all phases of the project.



The user experience

ENSURING UNRIVALLED QUALITY OF SERVICE IS AN OVERRIDING PRIORITY FOR FERROVIAL. THE COMPANY APPLIES THE PRINCIPLE OF CONTINUOUS IMPROVEMENT TO ALL ITS ACTIVITIES.

Providing customers and users with top quality services is one of Ferrovial's key priorities. The company is currently working on a system to ensure more effective and efficient management. The EFQM model of continuous improvement lets the company pinpoint strengths and weaknesses across different areas of the organization, while guaranteeing excellent management of each key aspect and setting priorities for its work.

CUSTOMER AND USER SATISFACTION

Ferrovial's four business units carry out periodic surveys of the expectations and satisfaction of customers and users. A user means any individual who interacts directly or indirectly with the services and infrastructure the company offers, but who are not bound by a contractual agreement.

In 2018, the company worked on two parallel projects to help measure satisfaction among customers (Construction and Services) and users of its infrastructure (Toll Roads and Airports). It is an innovative experience involving not only surveys, but also the measurement of other service-related indicators, ultimately allowing for a fuller picture of the user's experience of the services on offer.

All of Ferrovial's business units have internal procedures in place that establish a methodology for detecting, identifying, recording and monitoring grievances or complaints received from customers and users. All grievances are recorded, processed and analyzed to offer the most suitable response and to establish actions for improvement.

The Quality, Prevention and Environment Department handles grievances received from customers requesting a solution from Ferrovial itself since they

CERTIFIED ACTIVITY

88%

ISO 9001
ISO 14001

...

MANAGED LANES

+80%

of users confirm positive experience

...

HEATHROW PASSENGER EXPERIENCE

4.15

out of 5

...

feel their case was not satisfactorily addressed by the business unit concerned. In 2018, Ferrovial companies as a whole received a total of 2,312 grievances from customers and users, of which 99% were resolved during the year.

USER SATISFACTION WITH TRANSPORTATION INFRASTRUCTURE

In 2018, Cintra developed a series of measures to consolidate toll road customers and users as one of the strategic pillars of the concession business, including initiatives to better gauge and understand their opinion of the company's infrastructure (toll payments, assistance, etc.). Meanwhile, the company is continuing to work on standardizing methodologies for measuring satisfaction and on a set of standard metrics and indicators for all concessions.

For toll roads in North America, the company has continued to stage online surveys for users of the 407 ETR, with over 65,000 respondents in 2018. In relation to Managed Lanes, (LBJ and NTE), a total of 1,200 respondents completed the surveys.

Turning to European toll roads, highlight the user experience study carried out at the Autema highway, plus the subsequent measures to improve that experience. Further highlights included the restructuring of customer support at the concessionaire, the improvement of its CRM and a new website and customer area, as well as the campaign to measure user satisfaction at service areas, with more than 500 interviews completed. Meanwhile, Ausol conducted 1,200 surveys at its service areas during the month of August, in addition to the 1,300 plus surveys completed by users on the concessionaire's website.

Heathrow also carries out regular passenger experience surveys as part of its drive toward continuous service improvement. Of the total respondents, 82% of passengers rated their experience at the airport as either "Excellent" or "Very good". In addition, Heathrow's operational team has been working especially hard on improving flight punctuality, a key factor affecting user satisfaction, reaching a rate of 80.2% in 2018 for flights that take off within 15 minutes of their scheduled departure time.

Heathrow Airport received numerous accolades in 2018 at the Skytrax Awards. Heathrow's Terminal 2 was recognized for the first time with the World's Best Airport Terminal Award, and Heathrow was named Best Airport in Western Europe and Best Shopping for Shopping, for the fourth and ninth year in a row, respectively.



VIDEO: FERROVIAL AGROMAN
BIM methodology Vs traditional methodology


In Services, where carsharing company Zity has now completed its first year of business, the company asks users to complete surveys after each use of the vehicle, allowing them also to include specific comments and feedback on how the service can be improved.

QUALITY AND ENVIRONMENTAL SYSTEMS

Ferrovial has implemented quality and environmental systems into the contracts managed by its business units. These systems are mostly certified ISO 9001 and 14001, though some may also be certified under other standards depending on local requirements. In 2018, the percentage of business activities with quality and environmental certifications under standards ISO 9001 and ISO 14001 both stood at 88%.

Ferrovial has two corporate applications used to record and store relevant legislation and technical regulations: Normateca, to ensure legal compliance throughout the entire contract life cycle, and a digital platform to compile all environmental law requirements applicable to Ferrovial across all countries in which it operates. Both platforms contain rules and standards governing health and safety, quality and the environment. This enables the company to honor all its environmental obligations, including those relating to air, noise and light pollution. Meanwhile, all employees involved in production are fully familiar with operating procedures so as to prevent or minimize environmental risks.

Ferrovial also has other certified systems that comply with different standards and regulations, notably:

- Standard ISAE 3410 "Assurance Engagements on GHG Statements".
- ISO 50001, ISO 22000:2005, ISO 18001, ISO 11000, ISO 27000, UNE179002:2011, UNE-EN 18295-1:2018, UNE 158401:2007, UNE 216701, UNE 1176-7:2009, UNE 179002, UNE 158101, UNE 158301, UNE 158401, UNE18295-1, EMAS, SGE21, Madrid Excelente. 



FERROVIAL AGROMAN HAS OBTAINED BIM VERIFICATION IN SPAIN, PORTUGAL, THE UNITED KINGDOM AND AUSTRALIA

In Spain, Portugal, the United Kingdom and Australia, Ferrovial Agroman has achieved BIM Verification from the British Standards Institution, a testament to its expertise at managing projects in the construction phase with the Building Information Modelling (BIM) methodology, in accordance with standard PAS 1192-2 (recently converted to ISO 19650).

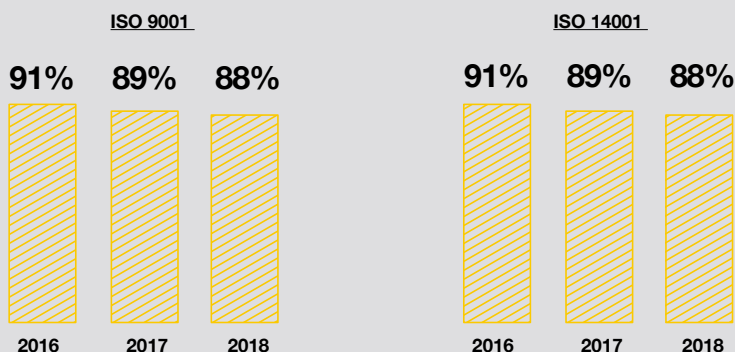
BIM methodology involves incorporating digitalization into construction processes and procedures, thus ensuring greater efficiency when managing information (plans, modifications, work orders, quality assurance, etc.) during the construction phase of an infrastructure project. By using virtual models and a collaborative approach to work involving all agents involved in the project, BIM offers multiple benefits over traditional construction processes, such as planning improvements, better control over measurements and certifications, resource optimization, process efficiency and stakeholder management.

During the certification process, the quality and consistency of the training plan established by the company to implement this work methodology was second to none, demonstrating Ferrovial's commitment to innovation in processes and procedures.

CUSTOMER SATISFACTION



CERTIFIED ACTIVITY (% sales)



An absolute must

FERROVIAL'S ACTIONS AND THOSE OF ITS DIRECTORS AND EMPLOYEES MUST ADHERE STRICTLY TO THE PRINCIPLE OF ZERO TOLERANCE TOWARDS CRIMINAL ACTIONS.

Ferrovial has a Compliance Model in place that aims to provide a transversal process spanning the entire company for monitoring and controlling compliance risks under the principle of zero tolerance toward criminal acts. This due diligence framework embodies the company's firm commitment to observing applicable law and to applying the highest ethical standards when going about its business. The independent and highly specialized Compliance Department is tasked with managing and analyzing this model.

The Compliance Model comprises the policies, procedures and organization and control systems needed to foster and promote professional conduct that is both lawful and ethically right. Notably, it includes the following policies, procedures and internal rules:

Code of Business Ethics*; Regulations of the Board of Directors*; Internal Code of Conduct in the Securities Markets*; Compliance Policy; Crime Prevention Model; Anti-Corruption Policy; Policy on Risk Control and Management; Human Rights Policy*; Health and Safety Policy*; Corporate Responsibility Policy*; Anti-Trust and Competition Policy; Quality and Environment Policy*; Corporate Procedure for the Protection of Ferrovial Assets and Fraud Prevention; Approval and Monitoring Procedure for Sponsorship, Patronage or Donation Projects; Corporate Procedure for the Complaints Box; Procedure on Representation Expenses; Due Diligence Procedure for the Ethical Integrity of Partners; Procedure For Due Diligence With Respect To Supplier Integrity; Due Diligence Procedure For Candidate Selection, Hiring and Mobility; and Decalogue of confidential information treatment.

Code of Business Ethics

The Ferrovial Code of Business Ethics, which applies to all Group companies, sets out the basic principles and commitments governing the conduct of all such companies and their directors, managers and employees:

- Respect for the law: Ferrovial's activities will be carried out in strict compliance with applicable legislation.
- Ethical integrity: the business activities of Ferrovial and the actions of its employees shall be based on the values of integrity, honesty, avoidance of every form of corruption and respect for the individual circumstances and needs of all parties involved. Ferrovial shall see to it that its employees recognize and embrace types of conduct that reflect the principles enshrined in the Code.
- Respect for Human Rights: all actions of Ferrovial and its employees shall scrupulously respect the Human Rights and civil liberties enshrined in the Universal Declaration of Human Rights.

These principles are based on compliance with a series of commitments toward stakeholders of Ferrovial's business activities.

All employees must adhere to the principles and requirements contained in the Code and shall ensure that other individuals or groups that carry out activities on behalf of Ferrovial, including contractors, agents, consultants and other business partners, follow suit.



DUE DILIGENCE PROCESSES FOR THIRD PARTIES

Ferrovial has due diligence processes in place to ensure the ethical integrity of its business partners and suppliers. These procedures require the subject enterprise to conduct an integrity due diligence process before it can enter into a business relationship with Ferrovial, S.A. or any of its subsidiaries. The company also has systems to monitor the commercial relationship from start to finish. These procedures are essentially there to extend Ferrovial's values — as set out in its Code of Business Ethics — across its entire business, so as to ensure that all company activities are performed in strict accordance with applicable domestic and international laws, particularly anti-corruption laws that prohibit active or passive bribery. The system contains a series of warning signs and good ethical practices to be monitored closely when selecting potential Ferrovial partners and suppliers.

Meanwhile, and to further complement the processes just described, a due diligence process has been approved for the selection, hiring and mobility of candidates. This procedure includes the selection criteria to be taken into account when incorporating new employees or promoting or moving employees within the Group, along with a training process and clause to be signed by all successful candidates accepting the terms of the company's Code of Business Ethics and Anti-Corruption Policy.

*Available at www.ferrovial.com

Compliance Policy

The main objective of the Compliance Policy is to erect a common and standard framework for monitoring, controlling and managing compliance risks (especially measures to prevent criminal conduct). It also fosters a culture of business ethics across the organization and permeating all decision-making processes in order to shape and guide the conduct and intentions of directors, managers and employees. The policy also develops the different phases of the Compliance Model in place at the company and stipulates the competencies and remit of its governance and management bodies and those of its employees in relation to regulatory compliance.

The Compliance Model is structured around the following phases:

- Identifying compliance risks based on the company's activities.
- Assessing risks based on their impact and probability of occurrence.
- Identifying the surveillance and control measures put in place to avoid or mitigate the occurrence of risks.
- Training for company employees and executives in the principles and commitments enshrined in the Code of Ethics, the Compliance Policy and the other policies supporting the model.
- Periodic evaluation of control measures to detect possible shortfalls or areas of improvement that require specific action plans.
- Reporting to the company's governing bodies on the functioning of the Compliance Model and monitoring the action plans put in place to ensure that they remain up-to-date at all times.
- Reporting, assessing and investigating any breaches detected and applying appropriate disciplinary measures.
- Supervision of the model by an independent body.

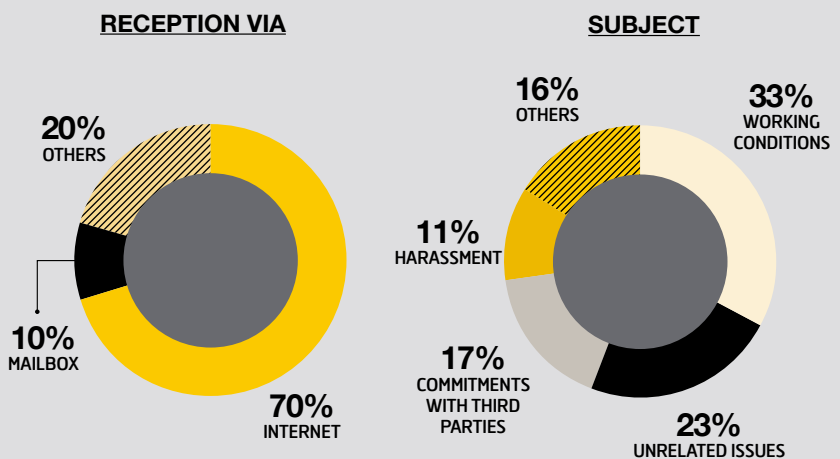
The Compliance Model includes a Crime Prevention Model designed to prevent or significantly reduce the risk of committing criminal acts, especially those that would lead to the company being held criminally liable, in accordance with Organic Law 1/2015 reforming the Criminal Code.

ETHICS CHANNEL

Ferrovial has set up an Ethics Channel to complement its other internal channels. Its purpose is to facilitate the reporting of any possible irregularity, non-compliance or behavior that runs contrary to the ethics, law and policies governing Ferrovial. The channel allows for anonymous whistleblowing and is accessible to employees through the intranet and to non-employees through the corporate website. A total of 64 reports were received in 2018, of which 21 were anonymous and 43 made by name.

All complaints and reports lead to an investigation by the Oversight Committee, guaranteeing confidentiality and anonymity (if applicable) while respecting the rights of the parties involved and ensuring the absence of any kind of reprisal.

The Oversight Committee regularly reports to the Audit and Control Committee on the communications received and the steps taken.



Anti-Corruption Policy

Ferrovial has an Anti-Corruption Policy in place that governs the behavior of all directors, managers and employees, and their collaborators in going about company business. A "zero tolerance" policy has been implemented to eradicate any practice that might qualify as active or passive corruption or bribery.

The policy insists on compliance with anti-corruption laws throughout the world, notably the Spanish Criminal Code (and that of the other jurisdictions in which Ferrovial operates), the US Foreign Corrupt Practices Act, the UK Bribery Act and the United Nations Convention against Corruption.

Training

Training for employees in the values and principles enshrined in the Code of Ethics and the Compliance Policy is one of the cornerstones of the company's Compliance Model. A training plan was implemented in 2018 to raise awareness of the values and principles that must govern the actions of all Ferrovial employees. Selected anti-corruption training programmes have also been implemented based on the level of risk exposure of certain groups of employees. Together, these courses were completed by 4,216 employees, with a total training volume of 7,456 hours. 📌

Zero tolerance towards discrimination

THE UNIVERSAL DECLARATION OF HUMAN RIGHTS UNDERPINS FERROVIAL'S ACTIONS IN THIS REALM. THEY ARE RESPECTED ACROSS THE ENTIRE ORGANIZATION AND MADE TO PERMEATE THE ENTIRE VALUE CHAIN.

Ferrovial has a Human Rights Policy in place and the resources needed not only to enforce compliance but also to raise awareness of the principles among its stakeholders. It also guarantees respect for the labor rights of all its employees and contractors in all countries where it operates, in accordance with local law and regulations.

CORPORATE POLICY

Ferrovial's values mean it is fully committed to the highest standards of integrity, transparency, respect for the law and Human Rights. Ferrovial approved its Human Rights Policy in 2014, which is aligned with the company's Code of Business Ethics, the principles of the UN Global Compact, the Guiding Principles for Business and Human Rights, the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the rules and regulations of the International Labor Organization.

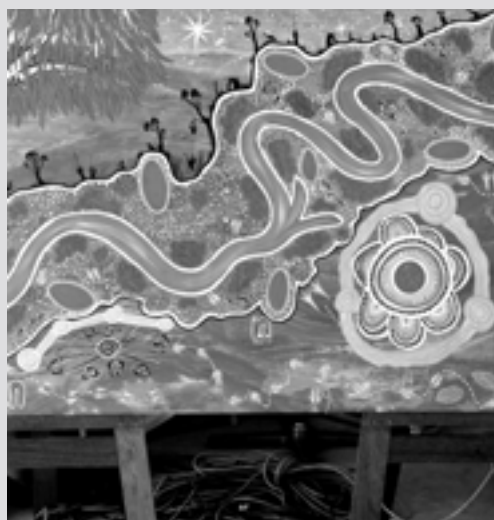
FERROVIAL BUILDS ITS HUMAN RIGHTS POLICY ON THE PRINCIPLES OF PROTECTION, RESPECT AND PROVIDING SOLUTIONS

The senior management is absolutely committed to enforcing compliance with the Human Rights Policy in order to support and raise awareness of Human Rights across all lines of business. Ferrovial's commitment to Human Rights embraces the entire value chain: employees, customers, suppliers and contractors. Ferrovial has defined a set of procedures to provide each type of stakeholder with the elements and information needed to honor and observe its Human Rights Policy.

Ferrovial refuses to tolerate any kind of discrimination and champions respect for Human Rights in the societies and communities where it operates. It also fosters a respectful and suitable working environment for all related people through training and awareness-raising activities. In order to promote labor integration, all work centers are adapted to be accessible spaces according to the commitments of the inclusion strategy as well as to particular demands that may exist in response to the diversity of the workforce.

In 2017, the company's Ethical Channel was upgraded to address various key aspects relating to Human Rights. The new functionalities are there to identify and report cases of harassment (broadly meaning any kind of abusive, hostile or offensive conduct) and to report and denounce discriminatory practices or behavior based on culture, political ideas, religious beliefs, race or other types of discrimination. Ferrovial is therefore promoting and enabling compliance with Human Rights in all the countries where it operates.

To identify, prevent, mitigate and respond to potential breaches of Human Rights, and given that



RECONCILIATION ACTION PLAN 2018-2021: STRENGTHENING RELATIONS BETWEEN AUSTRALIAN AND ABORIGINAL PEOPLE

Broadspectrum has launched its fourth Reconciliation Action Plan (RAP) alongside Reconciliation Australia, a non-profit NGO that is seeking to reconcile Australian and aboriginal people within the country. Under this new RAP supported by 22 Australian companies, over 40 actions will be undertaken to help build relations and opportunities. Broadspectrum launched the RAP project in 2009, and during the nearly 10 years this plan has been in place, it has managed to increase indigenous employment from 2.2% to 4.8%. It has also contributed AUD88 million to the Australian economy through its indigenous employment scheme and received an award for its endeavors at Supply Nation 2018. Broadspectrum's is now committed to hiring a further 450 aboriginal employees over the coming two years.

The commitment goes beyond generating employment. There is a genuine desire to create career opportunities for aboriginal Australians to access positions of responsibility and leadership. The target for 2020 is to ensure that 4% of employees flagged as high potential are aboriginal.

the associated risks can change over time, Ferrovial conducts a continuous due diligence process of its own business activities and of those directly related to its operations and services. In the case of infrastructure projects involving vulnerable communities, it analyzes the social and environmental impact on the affected communities. Following the initial diagnostic, the company designs contingency plans with measures to mitigate and/or offset the impact.

All the acquisitions that Ferrovial has made to date, and those that it will make in the future, have always included, will continue to include, a comprehensive analysis process so as to ensure that they respect the company's policies on Human Rights, corporate responsibility and the Code of Business Ethics.

The connection of the United Nations Guiding Principles on Business and Human Rights with the Sustainable Development Goals (SDGs) —in which more than 90% of the SDG agenda concerns human rights— has allowed Ferrovial to strengthen its commitment to both initiatives.

Spain

In Spain, Ferrovial is committed to the 31 principles enshrined in the National Business and Human Rights Action Plan developed by the Spanish Government. This plan is framed within the EU Action Plan on Human Rights and Democracy 2015-2019.

Meanwhile, Ferrovial's II Equality Plan remained in effect throughout 2018. It aims to guarantee equal treatment and opportunities between men and women while helping to identify and reduce any existing salary gap between both genders. Within the framework of this plan, the company is fostering the co-responsibility of all employees in their personal and family life, encouraging a well-balanced assumption of family responsibilities and ensuring a suitable work-life balance.

The company also has a Procedure for the Prevention of Occupational and Sexual Harassment, which is disseminated among all its employees. Similarly, Ferrovial is adhered to the "Businesses for a society free from gender-based violence", an initiative promoted by the Ministry of the Presidency, Relations with the Cortes and Equality.

Ferrovial has reiterated its commitment to this initiative in 2018. The charter is essentially a European initiative, falling within the anti-discrimination directives enacted by the European Union in 2000 and supported directly by the European Commis-

FERROVIAL HAS PLANS TO GUARANTEE EQUAL TREATMENT AND OPPORTUNITIES BETWEEN WOMEN AND MEN

sion's Directorate-General for Employment, Social Affairs and Equal Opportunities.

United Kingdom

Ferrovial Agroman UK, Amey, AGS and Heathrow Airport have commitments aligned with the UK Parliament's Modern Slavery Act, which is there to prevent events related to slavery in any of its forms and human trafficking. This commitment not only covers their own business activities but permeates the entire value chain.

Australia


Broadspectrum, Ferrovial's Australian subsidiary, has implemented its fourth plan under the wider Reconciliation Action Plan of the Australian Government. The plan envisions specific measures and concrete indicators to better reconcile Australian and Aboriginal people.

RAISING AWARENESS OF HUMAN RIGHTS

The company takes part in international forums and working groups to help promote Human Rights across the business world and the rest of society, assuming positions of responsibility in different initiatives to support corporate responsibility and Human Rights in Spain. Examples here include the Secretariat of the Executive Committee of Forética, its seat on the Executive Committee of the Global Compact Network and its involvement in the Human Rights Labs of Fundación Seres.

COMMITTED TO LABOR RIGHTS

Ferrovial guarantees the right to strike, freedom of association and the right to collective bargaining by appointed workers' representatives and unions. Ferrovial employees are protected by collective employment regulations in each of the different countries. Of total employees, 69% are adhered to collective bargaining agreements.

Ferrovial has put in place internal communication channels, internal social networks and the corporate intranet (known as Ferronet) to help create collaborative, dynamic and flexible working environments that promote healthy habits and behaviors among employees. 



VIDEO: RECONCILIATION ACTION PLAN
Support to indigenous communities

Helping decarbonize the economy

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 LESSENING ITS ENVIRONMENTAL IMPACT AND TO DISCOVER NEW BUSINESS OPPORTUNITIES

Ferrovial offers services that help reduce the environmental impact of users and customers alike. The company is aligned with the global agenda of championing and promoting a low-carbon economy. It actively seeks to minimize the use of natural resources when going about its business.

CLIMATE STRATEGY

Ferrovial's climate strategy forms part of the company's wider business strategy. Matters relating to climate change has been analyzed and discussed by the Board of Directors and the Management Committee. The task of implementing the climate strategy is entrusted to the Quality and Environment Committee, which comprises the heads of quality and environment officers of the various business units. The strategy comes to life through the development of innovative products and low-carbon services, through the company's commitment to reducing its carbon footprint and to collaborating with stakeholders when transitioning toward a low-carbon economy.

RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE

During 2018, the company conducted a review of the risks and opportunities associated with climate change across all its business units worldwide, following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This analysis covers three different scenarios based on the degree of implementation of policies to combat climate change. They are known as the current policies scenario, the new policies scenario and the sustainable development scenario, the latter being

REDUCTION IN GHG EMISSIONS

54%

in relative terms
since 2009

...

ELECTRICITY CONSUMED COMES FROM RENEWABLE SOURCES

44.1%

...

the one that considers an increase of the temperatures with respect to preindustrial levels of 2° or less. The study reveals that Ferrovial faces various transition risks due to policy change and physical threats in the short, medium and long run.

The business opportunities detected relate to the range of possible solutions in the fields of water, energy efficiency, urban mobility, circular economy and conserving biodiversity. A quantification of the economic needs linked to these opportunities has also been carried out.

CARBON FOOTPRINT

The duty to calculate and report the carbon footprint extends across the entire company and covers all business units and subsidiaries. The calculation method is based chiefly on the GHG Protocol (WRI&WBCSD), which is the most internationally accepted approach, while also adhering to ISO14064-1 standards. The market-based method was used to calculate scope 2.

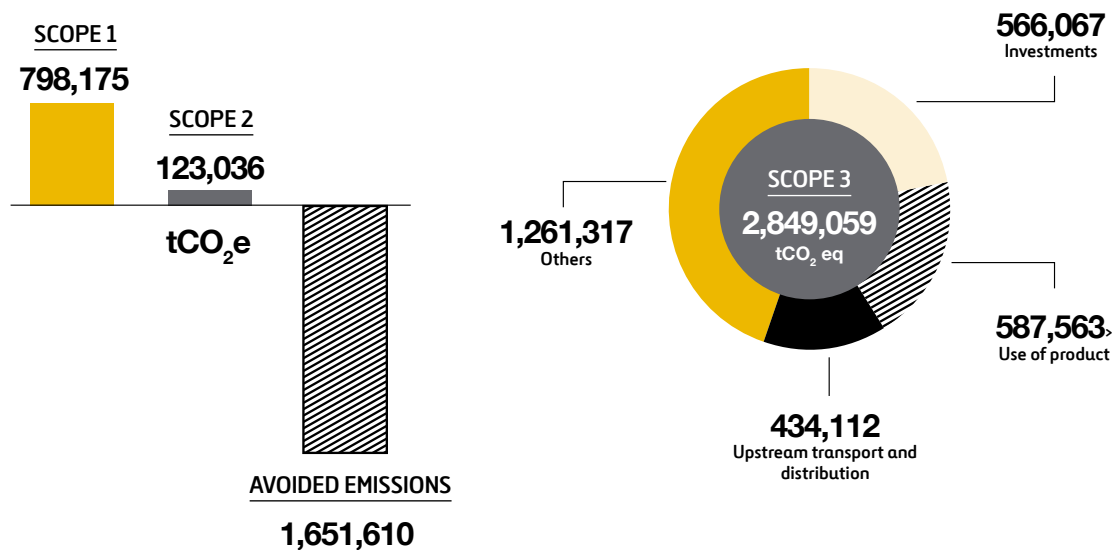
By 2030, the target approved and endorsed by SBTi is to reduce scope 1 & 2 emissions in absolute terms by 32% and in terms of intensity by 42.9%. In 2018, scope 1 & 2 emissions were reduced by 54% in relative terms of intensity and by 14% in absolute terms since 2009, which reflects Ferrovial's commitment to the roadmap established for the fulfillment of the established objectives.

Absolute and relative emissions (Scope 1+Scope2), by business area, are as follows:

BUSINESS UNIT	BASE YEAR (2009)	2016	2017	2018	18 vs 09
Toll roads	15,684	13,739	10,091	8,164	-48%
Construction	251,375	245,981	264,407	246,216	-2%
Services	724,816	584,528	620,677	589,358	-17%
Corporate	941	748	725	636	-32%
Total (tCO₂eq)	1,070,232	922,412	990,303	921,211	-14%
Relative Emissions (tCO₂eq/M€)	162.36	66.30	69.62	74.13	-54%

A progressive reduction of absolute emissions can be observed, in general terms, because of the different initiatives to promote energy efficiency, sustainable purchases or purchase of renewable energy in each of the divisions.

GREENHOUSE GAS (GHG) EMISSIONS



SCOPE 1: GHG from sources that are owned or controlled by the company. They mainly come from the combustion of fuels in stationary equipment, diffuse emissions, channeled and fugitive emissions.

SCOPE 2: GHG because of the consumption of electricity purchased from other companies that produce or control it.

SCOPE 3: GHG issued indirectly by Ferrovial attributable to the products and services acquired, or due to the use of products and services produced by third parties

SHADOW CARBON PRICING

Because of the nature of the infrastructure projects undertaken by Ferrovial, with an average concession life of 41.9 years, and because climate change legislation is in context flux, the company has developed a corporate tool that weighs up the financial risks associated with this aspect of its projects.

The tool uses a shadow pricing approach to consider variable prices for a ton of carbon over different time horizons and across different regions and project types, quantifying the potential economic risk facing the projects for which the company decides to use the tool. The tool helps reduce the inherent uncertainty associated with legislation relating to climate change and provides a realistic quantification of the possible costs associated with each project.

TRANSITION TO A LOW CARBON ECONOMY

Ferrovial maintains an active position with its most relevant stakeholders, particularly those that are or may be involved in the main climatic risks of the company's business activities across the globe.

Ferrovial is involved in various think tanks and influence groups at European level to discuss and predict the future of the economic and environmental agenda for the 2030 and 2050 horizons. Notably, these include the Corporate Leaders Group (University of Cambridge Institute for Sustainability Leadership) and the EU Green Growth Group (platform

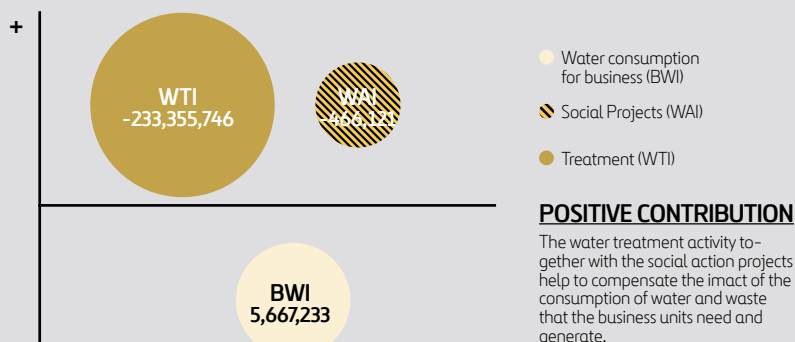
comprising representatives from the business world, members of the European Parliament, governments and commissioners).

In the realm of climate innovation, Ferrovial has been a co-partner of Climate-KIC, the largest European initiative focused on mitigating and adapting to climate change.

In Spain, Ferrovial chairs the Spanish Green Growth Group, which promotes public-private partnerships to make further progress in mitigating and adapting to climate change, decarbonizing the economy and championing the circular economy. A manifesto was signed in 2018, together with 35 other Spanish companies, to activate the energy transition and a conference titled "Opportunities of the energy transition for the Spanish and European economy" was organized in collaboration with the European Alliance to Save Energy.

The company is a member of Fundación Empresa y Clima, a strategic partner in the #PorElClima Community, which promotes the Spanish Platform for Climate Action supporting public-private partnerships. It is also an observer member of the United Nations Framework Convention on Climate Change (UNFCCC) and belongs to the Climate Change Cluster promoted by Forética.

WATER FOOTPRINT



ance of the ecosystems in which the resource is located.

Ferrovial has a Water Policy, in which it recognizes water as a limited and irreplaceable natural resource as well as a fundamental human right. The policy expresses the company's firm commitment to using water responsibly and sustainably, integrating it under the principles of the circular economy and promoting access to clean and healthy water to the populations of developing countries.

The water footprint reveals that water consumption by the company's business units is parcial offset by the water treatment business, as well as the social action projects undertaken through the Social Infrastructure Program, which provide access to drinking water for communities located in developing countries.

REDUCING THE ENVIRONMENTAL IMPACT

Ferrovial's business activities generate a number of impacts around the vicinity of its projects and facilities, including emissions into the atmosphere, effects on the surrounding biodiversity, earthwork and the generation of waste. The company implements corrective actions to help minimize or even offset these impacts.

For instance, reusing earth on the construction site effectively eliminates the emissions that would otherwise be generated by having it transported off-site, while also ensuring the project's better integration with the landscape. Ferrovial has set itself an 80% earth reuse target for 2020. A further highlight is the increase in the amount of recycled waste, which, under the principles of reduction, reuse and recycling, amounted to 2.3 million m³, tree times more than the previous year.

CIRCULAR ECONOMY

Ferrovial works hard to incorporate the principles of the circular economy in all its processes, products and services by reducing the use of non-renewable natural resources, reusing waste as raw materials, recycling, incorporating eco-design criteria and raising public awareness.

The company embarked on various projects in 2018 in support of these principles:

- Zero Waste to Landfill project, to eliminate the volume of waste sent to landfills. Developed by Ferrovial Services in partnership with Ford.
- Transforming biogas obtained from waste treatment into biomethane at waste treatment plants.
- Developing long-lasting pavements by improving bitumens and asphalt binders.
- Obtaining recycled fibers from waste construction material through the Horbran Project, to encourage the use of recycled materials in construction.
- Obtaining plastic biopolymers of renewable origin from wastewater treatment sludge, within the framework of the DEMO B-PLAS project.

BIODIVERSITY AND NATURAL CAPITAL

Under the "Ferrovial, Natural Capital" program, the company undertakes different projects related to biodiversity with the aim of achieving zero net loss of biodiversity in its projects.

The company is working alongside Creando Redes and Climate Kic to develop a meth-

odology that will allow us to quantify impacts on the ecosystem. The objective of all the projects arising out of this program is to gear company business toward minimizing the impact of its activities following the principles of the mitigation hierarchy, while also looking for ways to improve the ecosystems in which the infrastructure lives.

During 2018 the company has been working in the development of a biodiversity initiatives catalogue, where the detail of them will be available.

It is also worth noting that Ferrovial has collaborated with the Spanish Business and Biodiversity Initiative, which is coordinated by Fundación Biodiversidad and which works with 22 large companies, important business and conservation bodies to integrate biodiversity into the business sector. This partnership led to the publication of the Practical Guide to Ecological Restoration. Meanwhile, the company has been undertaking ecological restoration and circular economy projects in partnership with Fundación para la Investigación en Etología y Biodiversidad and it signed a commitment against deforestation with WE MEAN BUSINESS.

WATER FOOTPRINT

In 2015, Ferrovial devised a methodology for calculating and reporting its water footprint, which guides and shapes the company's water management strategy based on estimates and consumption standards in processes. The method allows it to identify the value of water to the processes and to the environment, taking due account of its availability and quality, as well as the bal-



PHOTO: Arch of La Regenta. Asturias (Spain).

A chain featuring 90,000 links

FERROVIAL IS WORKING TO DEVELOP A SUPPLY CHAIN THAT INCLUDES ONLY THE BEST PARTNERS AND SUPPLIERS, WHILE STRENGTHENING SUSTAINABLE PURCHASING, COLLABORATION, EFFICIENCY AND INNOVATION.

Ferrovial integrates ESG principles (environmental, social and good governance) into its supply chain by using a integrated model that aims to foster and improve efficiency, quality, sustainability, transparency, respect for human rights, non-discrimination and equal opportunities.

Selection, negotiation and purchasing processes are both objective and rigorous and are further bolstered with regular assessments and monitoring of the quality of the service provided.

To ensure that the entire process is traceable and transparent from start to finish, the company works with leading socially responsible companies and partners in order to forge long-term commercial relationships

STRATEGY AND MANAGEMENT PROCEDURES

Ferrovial has a Global Purchasing Policy, applicable to all Ferrovial companies and subsidiaries. The policy sets out the commercial, environmental, social and good governance principles that underlie the company's relations with all its suppliers. They are based on the Code of Business Ethics, the Corporate Responsibility to Respect Human Rights and the new due diligence process to ensure supplier integrity and ethics.

Overall coordination of purchasing activity rests with the Global Procurement Committee, which, led by Ferrovial's Chief Information and Innovation Officer (CIIO) and comprising the chief procurement manager of each business area, facilitates the sharing of good practices and the improvement of the procurement function on a global scale.

Another of the targets pursued is the professionalization of the function through specific training programs, presence at events and better communication with the various business lines.

NUMBER OF SUPPLIERS ASSESSED

14,588

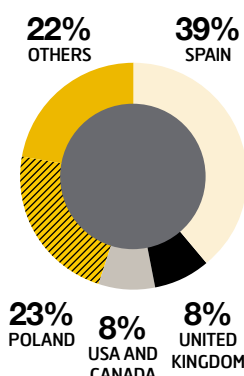
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NUMBER OF SUPPLIERS

88,857

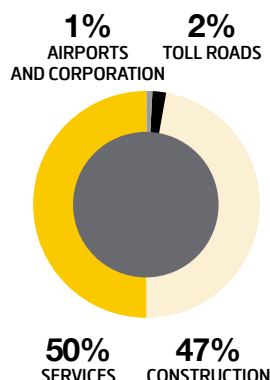
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SUPPLIERS BY COUNTRY



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SUPPLIERS BY BUSINESS



COMPREHENSIVE SUPPLIER MANAGEMENT

The task of selecting suppliers and partners and the company's working relationship with them is rooted in transparency, integrity, independence and sustainability with the clear goal of ensuring excellent and efficient levels of services. To achieve this, the company applies specific management, classification, assessment and risk control processes.

Supplier management gets started with a preliminary classification based on their degree of criticality. A supplier will qualify as critical when their purchasing volume is deemed significant in economic terms, or where the goods or services they provide could have a negative impact on business continuity in the event of an incident.

Meanwhile, the company ensures that all its suppliers comply with the Code of Business Ethics, the Corporate Responsibility to Respect Human Rights, the Anti-corruption Policy and the Due Diligence and Compliance Procedures in their applicable field of action. Contracts with suppliers include an anti-corruption clause that must be signed and accepted when entering into the contract.

The Construction and Services divisions, which account for 97% of the company's suppliers, have made certain procedural improvements to guarantee the ethical integrity of their suppliers, in line with the new procedure in place. The aim here is to help the company better track and monitor its regular suppliers and prevent risks from materializing. The aim is also to champion and promote green purchasing by providing information on suppliers of these types of product through the Green Purchasing Catalog drawn up by Construction, and the new Catalog of Responsible Purchases prepared by Services.

Further down the line, while the service is actually being provided, the company evaluates and monitors the quality of suppliers and subcontractors. This process includes an assessment of possible breaches of the obligations set out in the contract or purchase order where this leads to a change in how the service is provided. Incidents are classified as minor or serious and may lead to the blocking and/or exclusion of the supplier in future tenders.

In 2018, a total of 14,588 suppliers were assessed, of whom less than 1% were rejected. A total of 29,594 new suppliers were approved for use during the year. A total of 800 suppliers were considered critical, accounting for 21.55% of total supplier invoicing.

INNOVATION AND TECHNOLOGY

A commitment to innovation and use of new technologies is key to achieving a more agile, efficient and transparent supply chain. Collaboration with suppliers drives the improvement of the procurement processes and here the company brings its experience to bear in offering products and services that provide value, minimize risk and offer new opportunities.

For instance, Construction has drawn up a Catalog of Innovative Construction Products, which is made available for all construction projects across the globe. It provides valuable information on the improvements and developments detected by the Procurement Division and seeks to make innovation a bigger part of construction projects.

Meanwhile, Services has continued to implement its Smart Fleet project, which aims to improve efficiency and provide consumption control for fuel tanks, preventive and corrective maintenance and occupational and road safety for the company's vehicles and workshops. Two initiatives have been launched within the context of this project, the first relating to onboard electronics and the second governing active safety systems. The first of these initiatives promotes more proficient, more efficient and safer driving. Turning to the active safety systems, and in line with the Target Zero objective to promote road safety, the company's vehicles will all be fitted with active safety devices (advanced driver-assistance systems, known as ADAS), which alert the driver to any event or circumstance that might endanger their own safety or that of pedestrians or cyclists.

SUSTAINABLE PURCHASING

The procurement divisions at Ferrovial focus on renewable energies and on reducing fuel consumption by purchasing electric and hybrid vehicles. They also view energy consumption as a critical concern when making decisions. Services favors renewable energy with guarantee of origin ahead of other sources. Its goal is for renewable electricity to reach 88% of total power purchases by 2020.



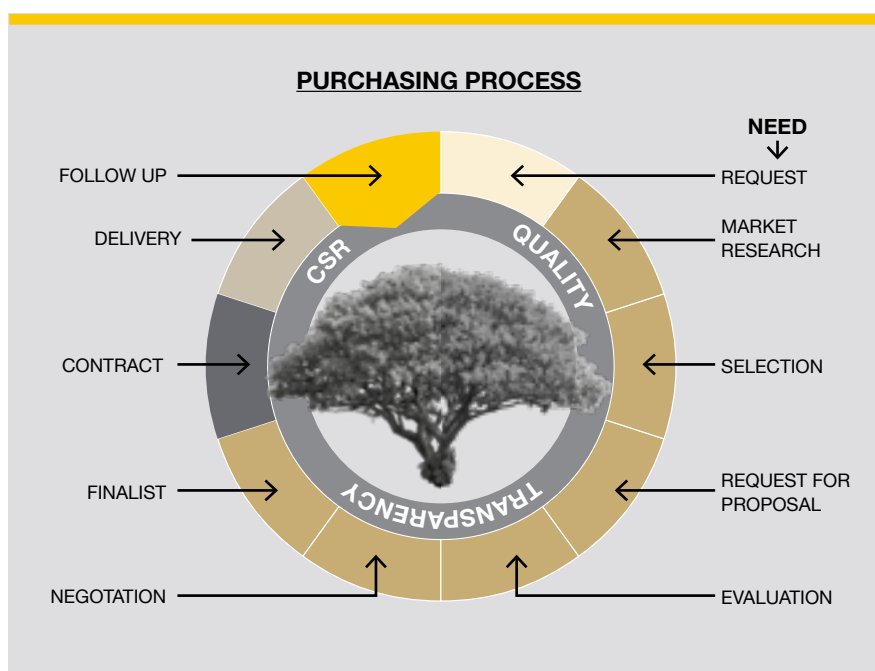
LONG-TAIL PROJECT AT FERROVIAL SERVICES SPAIN

The existing supplier base at Ferrovial Services Spain —with upward of 14,000 suppliers— is noteworthy because some 40% of the associated costs are not managed centrally. This type of decentralized management has prompted the company to launch its Long-Tail project, which aims to control and monitor all decentralized purchasing, reduce supplier risk and optimize operating costs.

Within the framework of this project, the company has implemented a Suppliers Panel to organize and sort all the information relating to the suppliers of Ferrovial Services Spain and to make it available across the entire company. The panel is essentially a tool to improve the daily management of the information. The panel gathers all available information on the suppliers. It then shares key information with the relevant businesses to ensure that it is suitably managed and helps them pick the suppliers best suited to the needs of each project. For more information on the new pane on this [video](#).

The Construction business continues to expand its Catalog of Green Purchases, which it uses to raise awareness and to encourage the procurement of environmentally-friendly products for construction projects and services.

Meanwhile, Ferrovial Services Spain has drawn up a Catalog of Responsible Purchases, which aims to identify and flag those suppliers capable of integrating ESG (environmental, social and governance) factors into the value chain, thus unlocking their value when it comes to selection and negotiation. 



Social investment for 200,000 people

FERROVIAL, AS A GLOBAL INFRASTRUCTURE OPERATOR AND ARRANGER OF SERVICES FOR CITIES, IS FIRMLY COMMITTED TO THE DEVELOPMENT OF CITIES AND SUSTAINABLE COMMUNITIES. IT STRIVES TO REDUCE TERRITORIAL IMBALANCES, WHILE AIDING DEVELOPMENT, GENERATING EMPLOYMENT, FAVORING LOCAL SUPPLIERS, PAYING ITS TAXES AND SHARING SKILLS, KNOWLEDGE, INNOVATION AND TECHNOLOGY.

Aside the positive social impact of its business activity—providing service to cities and their inhabitants—Ferrovial operates various community investment programs specifically aimed at improving the living conditions of people at risk of exclusion. In addition to the investment in the community, Ferrovial contributes to other associations and non-profit entities for approximate amount of 1.2 million euros.

Spain

In 2012, Ferrovial rolled out its Social Action in Spain initiative, through which it is helping to refurbish and modernize premises and facilities used to prepare and distribute food to extremely vulnerable segments of society.

In 2018, the company worked alongside the Spanish Red Cross in modernizing five centers located in Pinto, Getafe, Aranjuez, Totana and Cordoba. This scheme will ultimately benefit more than 7,000 people by giving them a basic, yet healthy and balanced diet, with special attention given to families with small children.

The company also promotes the **Stronger Together** project, now in its twelfth outing, in which employees can donate to social projects over the course of the year. On reaching the end of the year, Ferrovial doubles their contribution.

Four projects received support in 2018: the refurbishment of the Domingo Savio catering training center for young people at risk of social exclusion in Valencia; the refurbishment of a building used to provide free accommodation for families of children hospitalized for congenital cardiopathy and living away from home in Madrid; a comprehensive support program for women and young victims of sexual violence in armed conflict

NUMBER OF PROJECTS

357

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INVESTMENT IN THE COMMUNITY

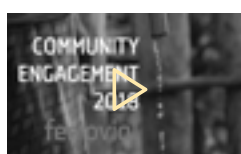
4.5 M€

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BENEFICIARIES OF WATER AND SANITATION PROJECTS

213,713

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VIDEO: FERROVIAL 2018 COMMITMENT

Summary of the programs developed during the year

zone in Goma, North Kivu, DR Congo, and a project to help prevent blindness in children from Mali.

When it comes to integrating people with disabilities, Ferrovial and the Adecco Foundation are working together on their Family Plan to help the family members of disabled employees. Meanwhile, Cadagua is committed to advanced professional training for disabled people. It is also heavily involved in Unidos, a pioneering project that provides academic and career guidance, and in the Grants Program of the Adecco Foundation aimed at disabled students. It also has agreements in place with Fundación ONCE and Fundación Integra, which champion the labor market integration of people at risk of social exclusion, including disabled people.

United Kingdom

In the United Kingdom, Amey and the Duke of Edinburgh Foundation have been working together for 14 years now to improve the employment prospects of



STRONGER TOGETHER: WORKING TOWARDS A BRIGHT FUTURE IN MALI

In 2018, one of the projects selected by employees under the Juntos Sumamos program was "Working towards a brighter future: preventing blindness in children from Mali", organized by the Eyes of the World Foundation.

The project has enabled 5,500 children, including 2,760 girls, from 35 primary and secondary schools in the Mopti and Douentza regions of Mali, to have their eyes checked for eye diseases and/or poor eyesight. The examinations are conducted by ophthalmological health personnel from the region, in collaboration with local heads of education. A visit to a specialist is arranged for those children whose eyesight problems require more specialized attention. In addition, 200 sets of glasses have been made and delivered free of charge to children from destitute and low-income families.

The case of Adama Ouedraogo, a 14-year-old student living in Koro IV, is a prime example of how the project can change children's lives for the better. He explained that his eyes would hurt much of the time and how reading a book would make his eyes watery. Eyes of the World detected refractory errors in his eyes and prescribed him corrective lenses. His average grades at school have since improved. In his own words: "I am very happy, because the glasses have helped me follow my classes. Without glasses, I couldn't read or write. Thank you so much!"

thousands of young adults at risk of exclusion. The program is being run in Staffordshire, Birmingham, Liverpool, Wales and Sheffield.

Also in Sheffield but this time in partnership with Sheffield College, the company has set up an internship scheme for young people with learning difficulties aged between 18 and 24. More specifically, a total of ten young men and women have benefited from this initiative by acquiring valuable work experience at offices, workshops and warehouses. The scheme, which runs for one school year, also seeks to improve the job prospects of these young adults.

Further highlights include the Amey Challenge Cup, a learning competition for careers in engineering. Aimed at girls aged 13 to 15, participants are asked to design and build a work of infrastructure, such as a bridge or college. Their projects are then put before a panel comprising of Amey volunteers and government representatives.

United States

In the United States, Ferrovia is involved in various educational projects by providing funding or getting its employees involved. For example, it collaborates with South Florida Construction Careers Days to raise awareness and arouse an interest in youngsters for careers in and around the construction trade. The company is also involved in the National Math and Science Initiative in Texas, which aims to education in science, technology, mathematics and engineering more attractive and successful for students and teachers alike.

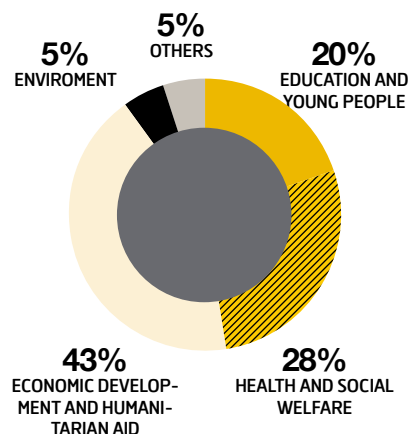
Poland

Budimex is working alongside Strefa Rodzica to help set up separate areas in the pediatric wards of hospitals where parents can spend time with their sick children. Also in the realm of child safety, the *DomofonICE* initiative provides pupils with identifiers, which can easily be linked up to a school satchel to locate the child rapidly in the event of an emergency.

Australia

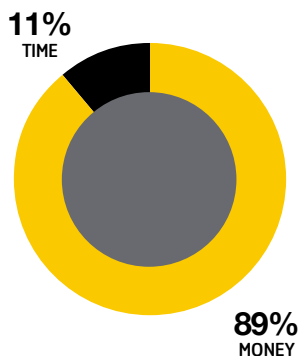
Aside from Broadspectrum's commitment to integrating indigenous people through its Reconciliation Action Plan, the company is

COMMUNITY SUPPORT PROJECTS BY AREAS



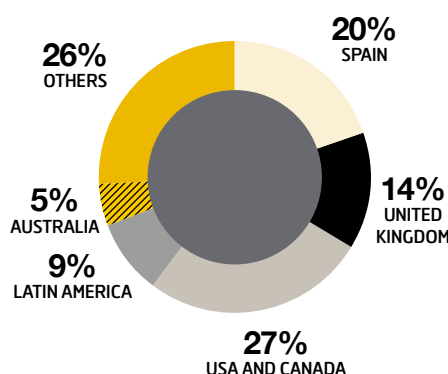
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COMMUNITY SUPPORT PROJECTS BY CONTRIBUTION



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INVESTMENT IN THE COMMUNITY



seeking to raise awareness among its employees of the culture, history and values of Aboriginal Australians.

Meanwhile, in Australia and New Zealand, the company is busy training young people and readying them for the job market by expanding their knowledge of different job positions, arranging meetings with company workers and helping them acquire the different skills needed in a real working environment. To achieve this, it has rolled out various initiatives, including Career Trackers, Dismantle and Seymour-Puckapunyal Youth Partnership.

DEVELOPING COUNTRIES

Ferrovia has a Social Infrastructure Program in place since 2011, which promotes international cooperation and development projects to provide access to fresh water and sanitation in numerous African and Latin American countries. The company has come up with a method for measuring the social impact of the projects carried out from this year onward.

The program relies on the support of various interest groups, development NGOs, local authorities and employees, who are offered the opportunity to take part as volunteers by visiting the beneficiary country and applying their professional knowledge there. The initiative was granted the I Award for Corporate Volunteering by Fundación Telefónica and has now completed four projects benefiting a total of 14,237 people:

- Lwangu District, Tanzania. Construction of a gravity flow structure for the supply of water; construction of a 75 m3 tank and distribution through 15 km of pipeline to bring the water to 15 delivery points.
- Veredas 20 de Julio and La Encarnación, municipality of Urrao, Antioquia, Colombia. Modernization of water capture facilities and installation of two water treatment plants.
- Community of San Benito, municipality of Lebrija, Santander, Colombia. Installation of a treatment plant to supply water fit for human consumption to 80 families and the local school.
- San Juan de Lurigancho, Lima, Peru. Modernization of five cisterns and construction of an elevated tank, replacement of pumps and pipeline and construction of six lavatories at five educational centers. ⓘ

Transparency and efficient management

FERROVIAL'S TOTAL TAX CONTRIBUTION CAME TO EUR2,127 MILLION, INCLUDING MOST NOTABLY TAXES ON EMPLOYMENT (EUR1,182 MILLION) AND TAX ON BUSINESS ACTIVITIES (EUR685 MILLION). THE COMPANY IS GUIDED BY THE PRINCIPLES OF PRUDENCE AND TRANSPARENCY AND FULL COOPERATION WITH THE AUTHORITIES WHEN MANAGING ITS TAX AFFAIRS

In 2010, Ferrovial adhered to the Code of Good Tax Practices promoted by the Spanish Tax Agency. It follows these recommendations across all its activities worldwide through the Compliance Policy and Good Practices in Tax Matters. In February 2015, the Board of Directors approved the Ferrovial Tax Policy, thus complying with the provisions of Article 529 ter of the Spanish Corporate Enterprises Law.

PRINCIPLES

- **Transparency:** Ferrovial does not make use of any companies domiciled in tax havens or other non-transparent jurisdictions, except when a given activity –such as a construction project– is located in any such jurisdiction. In these cases, the company will provide information to the competent authorities in compliance with applicable law.
- **Compliance:** timely payment of all applicable taxes, in strict compliance with the law in each country.
- **Professionalism:** all taxes and the associated risks are managed by a team of specialized professionals, namely the Ferrovial Tax Advisory Division, which is aided in its work by a team of external advisors.
- **Efficiency:** taxes are managed consistently and coherently with the business strategy, thus maximizing the value for shareholders.
- **Cooperation:** the company maintains good relations with the tax authorities by proactively managing its tax affairs to avoid any possible conflict or dispute.

- **Sustainability:** Ferrovial has procedures and policies in place to manage its tax risks.
- **Participation:** Ferrovial offers its extensive international knowledge of tax matters to aid with legislative processes.
- **Market price:** all sales and transfers among Ferrovial companies are performed at arm's length.

PREVENTION OF TAX RISKS


Following the recommendations of the Code of Good Tax Practices, the company:

- Implements measures to prevent and reduce tax risks.
- Avoids conflicts arising from the interpretation of law and regulations by consulting regularly with the tax authorities and entering into preliminary valuation agreements.
- Collaborates with the competent tax authorities to detect and eradicate fraudulent tax practices.
- Provides all information and documentation requested by the tax authorities as swiftly as possible.
- Relies on inspection proceedings to settle possible disputes with the tax authorities.

THE ROLE OF THE BOARD

The company's Board of Directors, acting through the Chairman, CEO and senior executives, ensures that Ferrovial adheres to good

tax practices and principles. The Board is responsible for approving a control and management policy for tax risks, as well as for any operations that carry a special tax risk.

When drawing up the annual accounts, the Board is informed about the tax policies applied during the year and about the effective fulfillment of the commitments included in the Code of Good Tax Practices. This compliance is discussed and explained in the Annual Corporate Governance Report. For further information, please see section 6.6 of the Consolidated Financial Statements. 

TOTAL TAX* (M€)

2,127

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TAXES PAID BY BUSINESS (M€)

128

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* Incurred, paid and collected in 2018 (cash basis).

TAX CONTRIBUTION BY MARKET - 2018

This chart shows the amounts paid by Ferrovial in 2018. They are aggregate figures based on its percentage of participation or ownership of the assets (notably 43.23% in the case of the 407 ETR, 25% for Heathrow and 55.14% at Budimex). A distinction is drawn between input taxes (obligations assumed by Ferrovial) and output taxes (arising from its activity, but actually paid by other parties).

MARKET	PAID TAXES		COLLECTED TAXES ⁽²⁾	TOTAL (€)
	CORPORATE TAXES	REST ⁽¹⁾		
Spain	€9,079,686	€356,623,272	€396,398,950	€762,101,907
United Kingdom	€24,244,699	€162,757,153	€410,610,479	€597,612,331
Australia ⁽³⁾	€6,242,129	€88,693,100	€257,680,983	€352,616,212
America ⁽⁴⁾	€69,797,960	€22,070,508	€79,349,842	€171,218,310
Poland	€7,200,868	€23,651,100	€135,980,999	€166,832,967
Rest of Europe	€11,813,898	€8,819,612	€52,585,463	€73,218,973
Others (<1%)	€67,972	€472,346	€2,501,074	€3,041,392
Total	€128,447,213	€663,087,091	€1,335,107,788	€2,126,642,092

(1) Includes Employment Taxes (Employer), Value Added Tax paid and Other Taxes.

(2) Includes Employment Taxes (Employee), Value Added Tax collected and Withholding Taxes.

(3) Includes Australia and the rest of the Pacific Islands.

(4) Includes United States of America, Canada, Brazil, Chile, Colombia, Mexico, Peru and Puerto Rico. 98% of corporate tax corresponds to Canada.

More information in notes 2.10 and 5.3 of the Consolidated Financial Statements