

ferrovial
OO LETTER FROM THE
CHAIRMAN

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Toll Roads
Airports
Construction
Services

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Employees:
People
Health and Safety

Clients:
Innovation
Quality

Society:
Ethics and Integrity
Human Rights
The Environment
Supply chain
Community
Responsible Tax Management

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PHOTO: Thames Tideway Tunnel, London (United Kingdom). © JMBallester

LETTER FROM THE CHAIRMAN

Fellow shareholder,

In 2018 our major infrastructure assets continued to outperform market expectations. 407 ETR, Managed Lanes and Heathrow all grew in terms of traffic and profitability while simultaneously achieving high levels of client satisfaction. This strong performance has led to healthy dividends, with a total of €623 million received from the projects in our portfolio.

These are unique high performing assets. Ferrovial's strategy revolves around developing, building and managing this type of infrastructure. By moving ahead with the sale of our Services division we will be focusing our strategy on the infrastructure business, where we see opportunities for greater value creation.

The decision to sell Services implies a change in the way results are reported. We will continue to report all the businesses as usual under continuing operations while Services will be stated as discontinued operations. This means Services results are reported in two captions, net income from discontinued operations and fair value adjustment.

Net profit from continuing operations increased to €460 million, a growth of 8.6%. Revenues totaled €5,737 million, an increase of 11.3% in like-for-like terms, driven by construction work in the United States. This net result for the whole group has been impacted by the fair value provision of €774 million against our stake in Amey. This is a non-cash provision and reflects the uncertain outlook of the sector in the UK.

The total net cash balance, excluding infrastructure projects, amounted to €1,236 million and includes the net cash position of the Services division. Shareholder remuneration amounted to €520 million.

In terms of operating performance the main highlights for each division are:

- Toll Roads continued to witness growth in profits and traffic across the board.
- Heathrow hit record passenger numbers every month and also achieved high satisfaction scores. The UK Parliament approved the National Policy Statement enabling a new runway development. Regional airports grew profitability despite lower traffic.
- Construction posted tighter margins due to cost pressure, particularly in Poland.
- Services in Spain grew more than 3% in revenues and EBITDA while maintaining high margins, Australia's backlog increased at year end and Amey ex-Birmingham posted EBITDA margins of 2.8%
- The combined backlog of the latter two divisions is €30,376 million.

The world is experiencing unprecedented levels of technological disruption. From automation of industrial process through the emergence of Artificial Intelligence to the transformation of mobility habits. Infrastructure projects such as Highway 407 in Toronto, the Managed Lanes in Dallas-Fort Worth, and London Heathrow Airport – all of them leaders in profitability, quality of service and user satisfaction – are showing us the way forward. We are applying big data analysis to enhance performance leveraging on customer segmentation.



Recently inaugurated assets, such as NTE 35W, which applies the successful Managed Lanes approach, and others under development, such as the upgrade of Denver airport's Jeppesen Terminal or I-66 in Virginia, promise to follow the track of the existing projects in terms of positive economic and social impact.

The process to deliver Heathrow's expansion is advancing on schedule. The next few years will also bring opportunities for new concessions with which to strengthen our chosen path. We will pursue such opportunities keenly.

Delivering business success has to be based on the company's ethical values, a set of commitments that necessarily include sustainability. We at Ferrovial are proud to be included in the DJSI, FTSE4Good and CDP indexes, and have just recently been incorporated into the prestigious Vigeo index. Our support for the Global Compact and efforts to combat climate change are a reflection of our commitment to the Sustainable Development Goals (SDG), an intergenerational mission to preserve our planet. But no commitment would be meaningful if we did not give priority to caring for our own people, through ongoing efforts to reduce accident rates. We are proud of having achieved a 10% reduction in workplace accidents.

RAFAEL DEL PINO
Chairman

I am convinced that all of us, workers and shareholders, clients and suppliers, share a confidence in the opportunities that this new era will bring. I would like to thank you, therefore, for your support and trust. They are the foundations on which Ferrovial is built.



LETTER FROM THE CHAIRMAN



Key Figures



A business model that creates value



Transportation infrastructure projects



Ferrovial on the Stock Market



Main Markets



Ferrovial with the SDG



1.1 FERROVIAL IN 2 MINUTES



Balance Sheet and Cash Flow Profile



2018 Milestones



The complete infrastructure cycle



1.2 STRATEGY AND VALUE CREATION

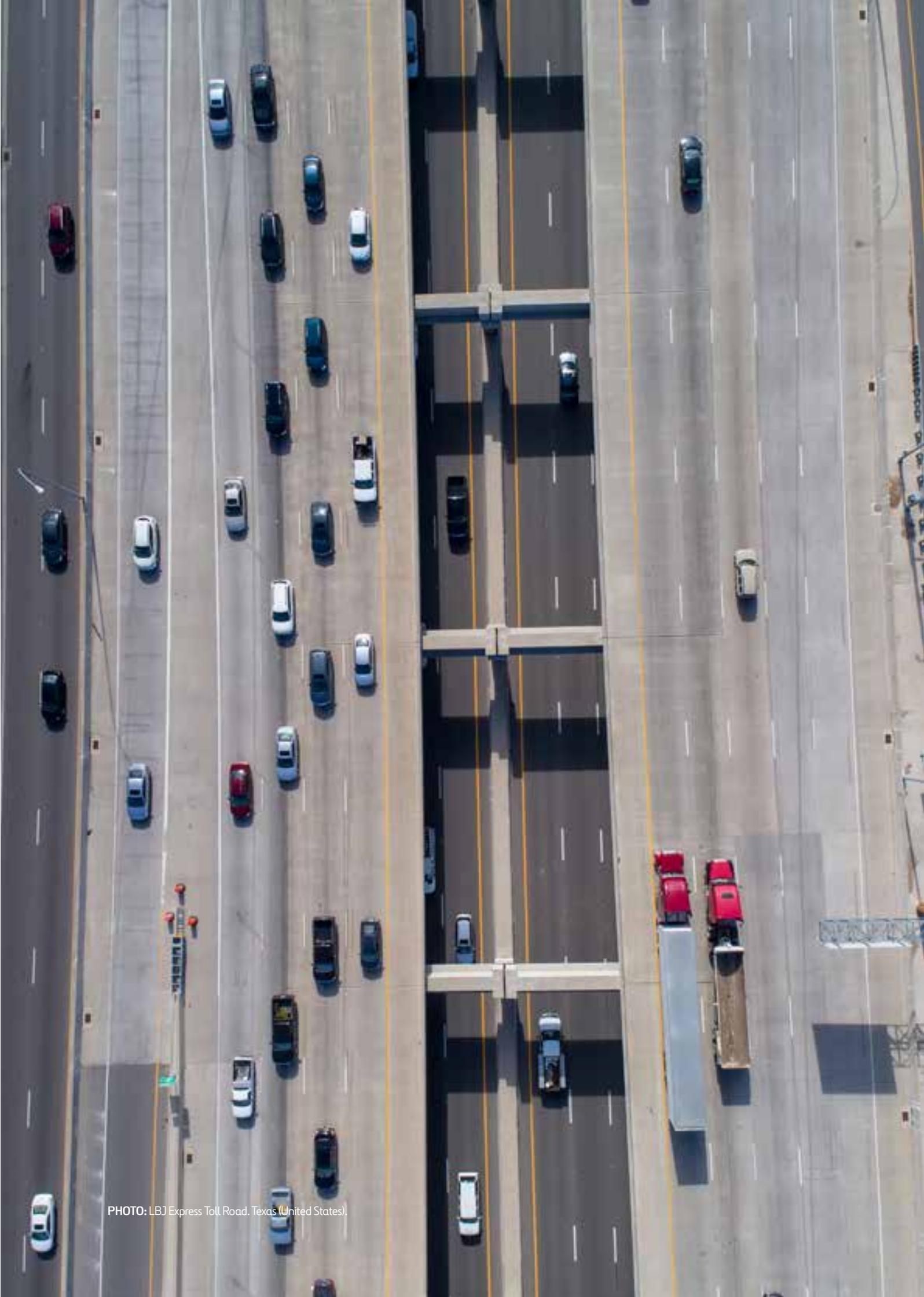


PHOTO: LBJ Express Toll Road, Texas (United States).

TRANSPORTATION INFRASTRUCTURE PROJECTS



PROBLEM: URBAN CONGESTION

Population is growing in big metropolitan urban areas and congestion is building up, while economic prosperity is creating more employment. Likewise, citizens value their time more every day and they are ready to pay to avoid congestion



FERROVIAL FOCUSES ITS BUSINESS ON TRANSPORTATION INFRASTRUCTURE PROJECTS, MAINLY IN THE UNITED STATES, WHERE MOST OF ITS INVESTMENTS ARE CHANNELLED

SOLUTION: MANAGED LANES

Ferrovial has developed its Managed Lanes model as a solution to urban congestion. They are highly complex concessions that operate under dynamic pricing systems that assume traffic risk. They have reported high levels of user satisfaction

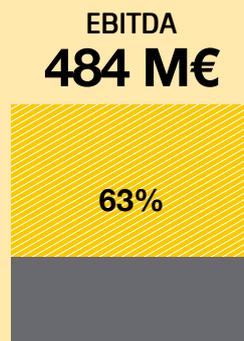
486 M€
IN DIVIDENDS RECEIVED
FROM INFRASTRUCTURE
ASSETS

CONTRIBUTION BY MAIN ASSETS



FERROVIAL'S MAIN ASSETS CONSOLIDATE BY EQUITY METHOD, CONTRIBUTING NEITHER TO SALES NOR TO EBITDA, BUT THEY DO CONTRIBUTE SIGNIFICANTLY TO DIVIDENDS AND TO THE GROUP'S VALUATION BY ANALYSTS

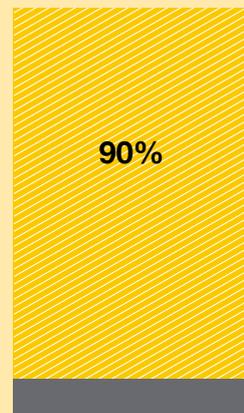
GLOBAL CONSOLIDATION*



EQUITY METHOD	
25%	43.23%
HEATHROW	407 ETR
50%	
Glasgow Airport	
Aberdeen International Airport	Southampton Airport
<50%	
Other assets	

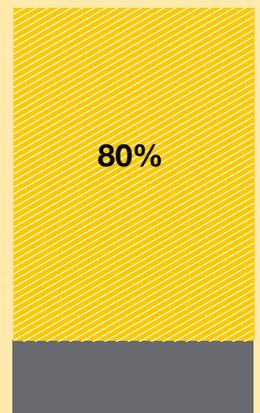
PROPORTIONAL INTEGRATION*

EBITDA
1,306 M€



ANALYST' VALUATION

TARGET PRICE
22.01€



* Data excluding Services, classified as discontinued activity.

A BUSINESS MODEL THAT CREATES VALUE



FERROVIAL SEEKS TO CREATE VALUE FOR SOCIETY AND ITS STAKEHOLDERS THROUGH A BUSINESS MODEL THAT RELIES ON A UNIQUE PORTFOLIO OF INFRASTRUCTURE ASSETS

INFRASTRUCTURES

TOLL ROADS AND AIRPORTS

Capital intensive, positive exposure to inflation and GDP growth, long-life and capable of generating dividends



EX-INFRASTRUCTURES

CONSTRUCTION AND SERVICES

Not capital intensive, with an order book that guarantees ongoing work and generates cash flow



Profitable growth achieved through a unique portfolio of transportation infrastructures, all managed to ensure operational efficiency and financial discipline. Robust corporate values that champion innovation, sustainability and responsibility, all rooted in people

STAKEHOLDERS



Maximizing shareholder return and transparent communication

SHAREHOLDERS

520 M€
DIVIDENDS



Solutions to urban congestion, offering efficient solutions, enhancing user mobility

CLIENTS/USERS

+80%
SATISFACTION
MANAGED LANES

4.15
OUT OF 5
EXPERIENCE AT
HEATHROW



Providing sustainable mobility solutions that seek out energy efficiency

SOCIETY

-54%
CO₂ EMISSIONS IN
RELATIVE TERMS
COMPARED TO 2009



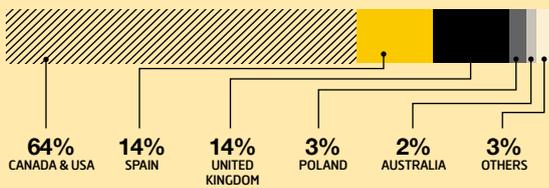
Diversity and training to guarantee employee engagement

EMPLOYEES

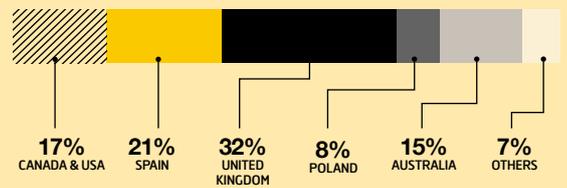
91%
COMMITMENT

MAIN MARKETS*

ANALYSTS' VALUATION



REVENUES



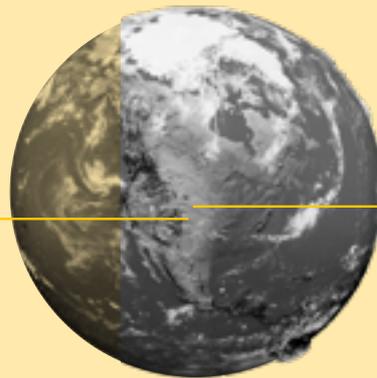
UNITED STATES

REVENUES: 1,717 M€
EBITDA: 102 M€
WORKFORCE: 4,490



CANADA

REVENUES: 502 M€
EBITDA: 341 M€
WORKFORCE: 378



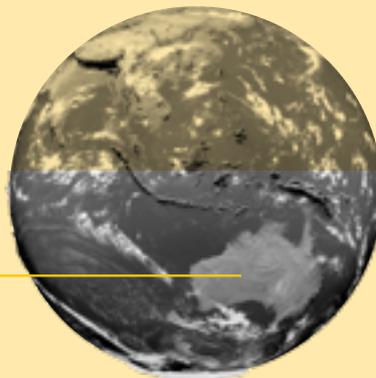
AUSTRALIA

REVENUES: 2,045 M€
EBITDA: 45 M€
WORKFORCE: 11,760



UNITED KINGDOM

REVENUES: 4,310 M€
EBITDA: 446 M€
WORKFORCE: 16,356



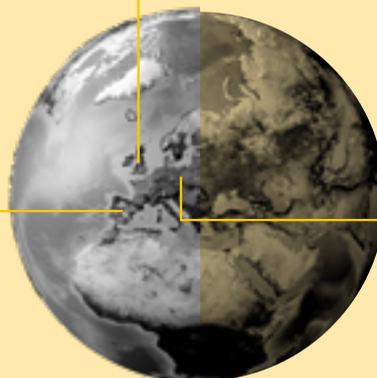
SPAIN

REVENUES: 2,830 M€
EBITDA: 367 M€
WORKFORCE: 42,045



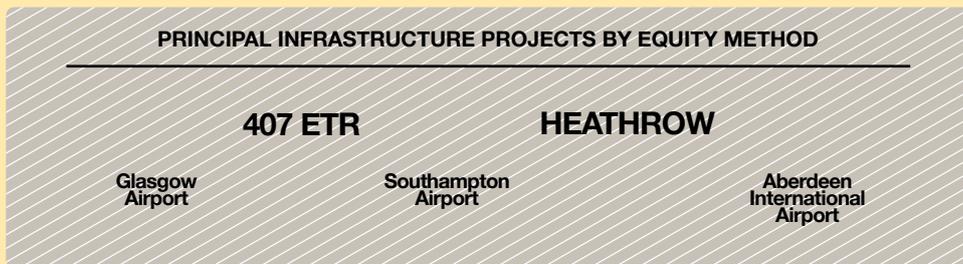
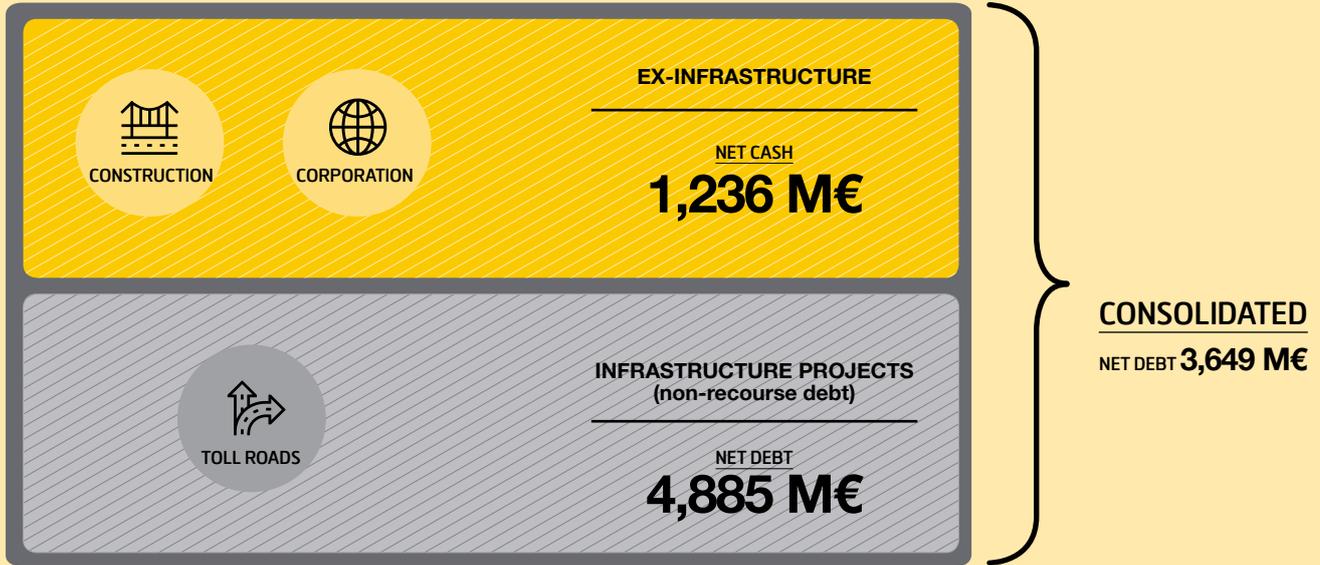
POLAND

REVENUES: 1,060 M€
EBITDA: 74 M€
WORKFORCE: 6,734

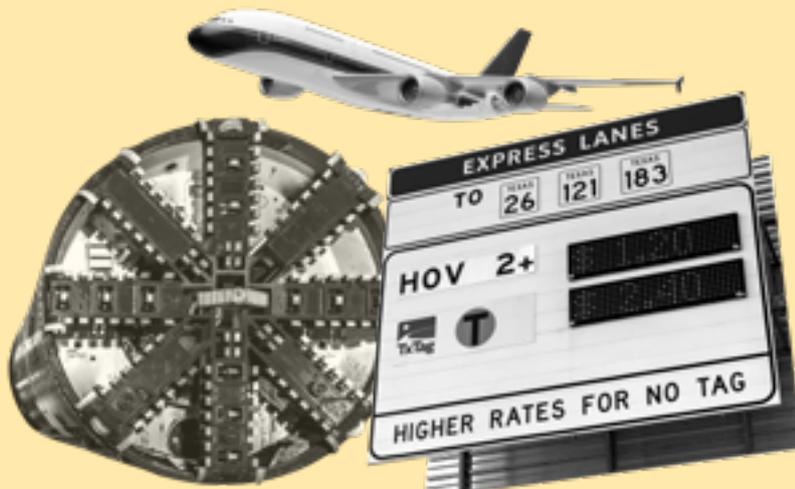


* Data by proportional integration method including Services' data (discontinued activity).

BALANCE SHEET⁽¹⁾



OPERATING CASH FLOW⁽¹⁾⁽²⁾ (EX-INFRASTRUCTURE)



ferrovial

OPERATING CASH FLOW
(CONTRACTING)

176 M€



OPERATING CASH FLOW
(EX-INFRASTRUCTURE)

572 M€



PROJECTS DIVIDENDS
(TOLL ROADS AND AIRPORTS)

486 M€

(1) Includes Services.
(2) Before taxes.

KEY FIGURES

FREQUENCY RATE*



-10.3%

COMPARED TO 2017

-47.9%

COMPARED TO 2014

*Year-on-year change in the ratio showing the number of accidents to have occurred during working hours and leading to medical leave, for every million hours worked (excluding contractors)

CO₂ EMISSIONS

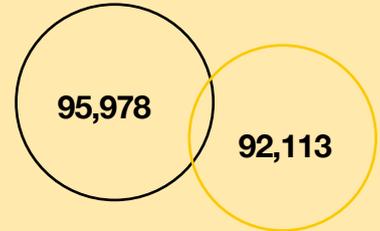
SCOPE 1&2 tCO₂ eq/M€

-54%

IN RELATIVE TERMS
COMPARED TO 2009

WORKFORCE AT YEAR END

● 2017 ● 2018



TOTAL TAXES (M€)*

2,127

* incurred, paid and collected in 2018 (cash basis)

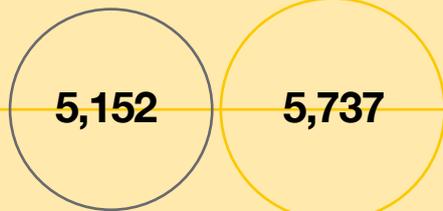
BENEFICIARIES OF COMMUNITY PROJECTS



213,713

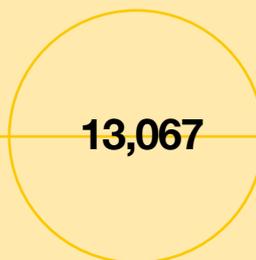
REVENUES* (M€)

● 2017 ● 2018



+11.3%
COMPARED TO
2017

CAPITALIZATION (M€)



-5.7%
COMPARED TO
2017

NET CASH (M€)

1,236

EX-INFRASTRUCTURE
INCLUDING SERVICES NET
CASH (261M€)

* Data excluding Services, classified as discontinued activity.

OPERATING CASH FLOW⁽¹⁾ (M€)

(BEFORE TAXES)

572

EX-INFRASTRUCTURE

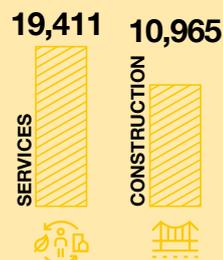
-42.8%

ORDER BOOK⁽¹⁾ (M€)

30,376

EX-INFRASTRUCTURE

-0.3%
COMPARED TO 2017



VIDEO: 2018 RESULTS
A brief of 2018 Ferrovial's results

(1) Includes Services.

FERROVIAL ON THE STOCK MARKET

CAPITALIZATION (M€)

13,067

TOTAL SHAREHOLDER RETURN (TSR)*

-2.5%

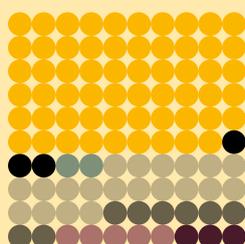
2018

CREDIT RATING

BBB

S&P AND FITCH

SHAREHOLDER STRUCTURE



- FLOATING CAPITAL 59%
- BLACKROCK 3% ● FIDELITY 2%
- RIJN CAPITAL BV 20% ● MENOSMARES S.L.U. 8%
- SIEMPRELARA S.L.U. 5%
- SOZIANCOR S.L.U. 3%

SOURCE: CNMV (December 31, 2018)

INSTITUTIONAL INVESTORS (%)



- NORTH AMERICA ● EUROPE (EX. SPAIN)
- UNITED KINGDOM AND IRELAND ● SPAIN
- REST OF THE WORLD

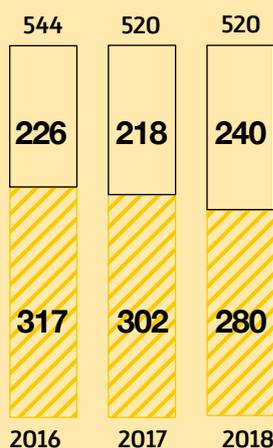
SOURCE: Ipreo (September 2018)

SHARE PRICE EVOLUTION

FERROVIAL & IBEX



SHAREHOLDER REMUNERATION (M€)



- SHARE BUYBACKS
- DIVIDEND

HISTORICAL SHARE DATA

	2018	2017	2016
CLOSING PRICE (€)	17.7	18.9	17.0
MAX. (€)	19.8	20.8	20.7
MIN. (€)	16.2	16.8	16.0
VWAP (€)	17.9	18.6	18.2
AVERAGE DAILY CASH (M€)	27.4	33.1	57.9
AVERAGE DAILY VOLUME (M SH)	1.5	1.8	3.2
NUMBER OF SHARES (M SH)	738.5	732.3	732.5
CAPITALIZATION (M€)	13,067	13,858	12,450

ANALYSTS' RECOMMENDATION

22 analysts covered Ferrovial at December 31. In 2018, BNP, City Group, Cheuvreux, Macquarie and InterMoney received coverage.



22.01 €
TARGET PRICE

CONTACT WITH THE MARKET

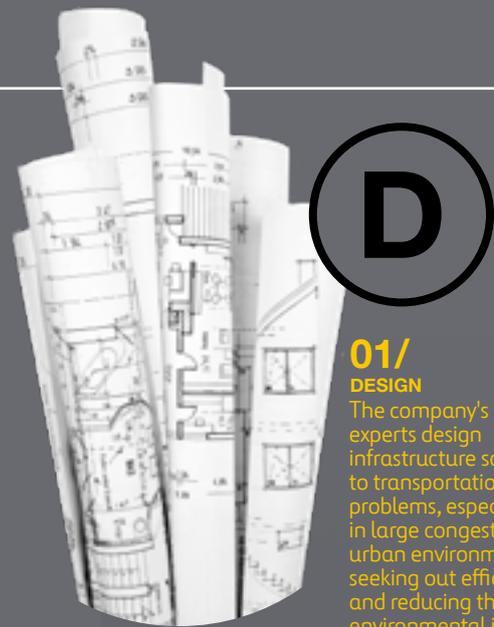
In 2018, the Investor and Shareholder Relations department held a total of 297 meetings, 9 roadshows and 7 seminars with over 480 investors

* Total Shareholder Return (TSR): total increase/decrease in the share price during the period, plus other payments such as where the company purchases the share subscription rights delivered to shareholders.

FERROVIAL, THE COMPLETE INFRASTRUCTURE CYCLE



FERROVIAL RANKS AMONG THE WORLD'S LARGEST TRANSPORTATION INFRASTRUCTURE OPERATORS AND MANAGERS OF URBAN SERVICES. IT TAKES PART ACROSS THE ENTIRE PROJECT LIFE CYCLE BY UNLOCKING SYNERGIES BETWEEN ITS BUSINESSES. INNOVATION ALLOWS IT TO DEVELOP MORE EFFICIENT PROJECTS THAT ENHANCE URBAN MOBILITY, REDUCE EMISSIONS AND CUSHION THE ENVIRONMENTAL IMPACT



01/ DESIGN

The company's experts design infrastructure solutions to transportation problems, especially in large congested urban environments, by seeking out efficiency and reducing the environmental impact

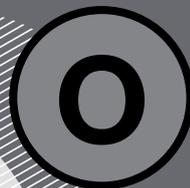
02/ CONSTRUCTION

Ferrovial Agroman has extensive experience in the design and construction of complex engineering projects at airports and in the road and railroad sectors in some of the world's most demanding countries



03/ FUNDING

Ferrovial secures efficient financing through the markets in response to project needs. It is adept at arranging funding across a wide range of financial markets and environments



04/ OPERATION

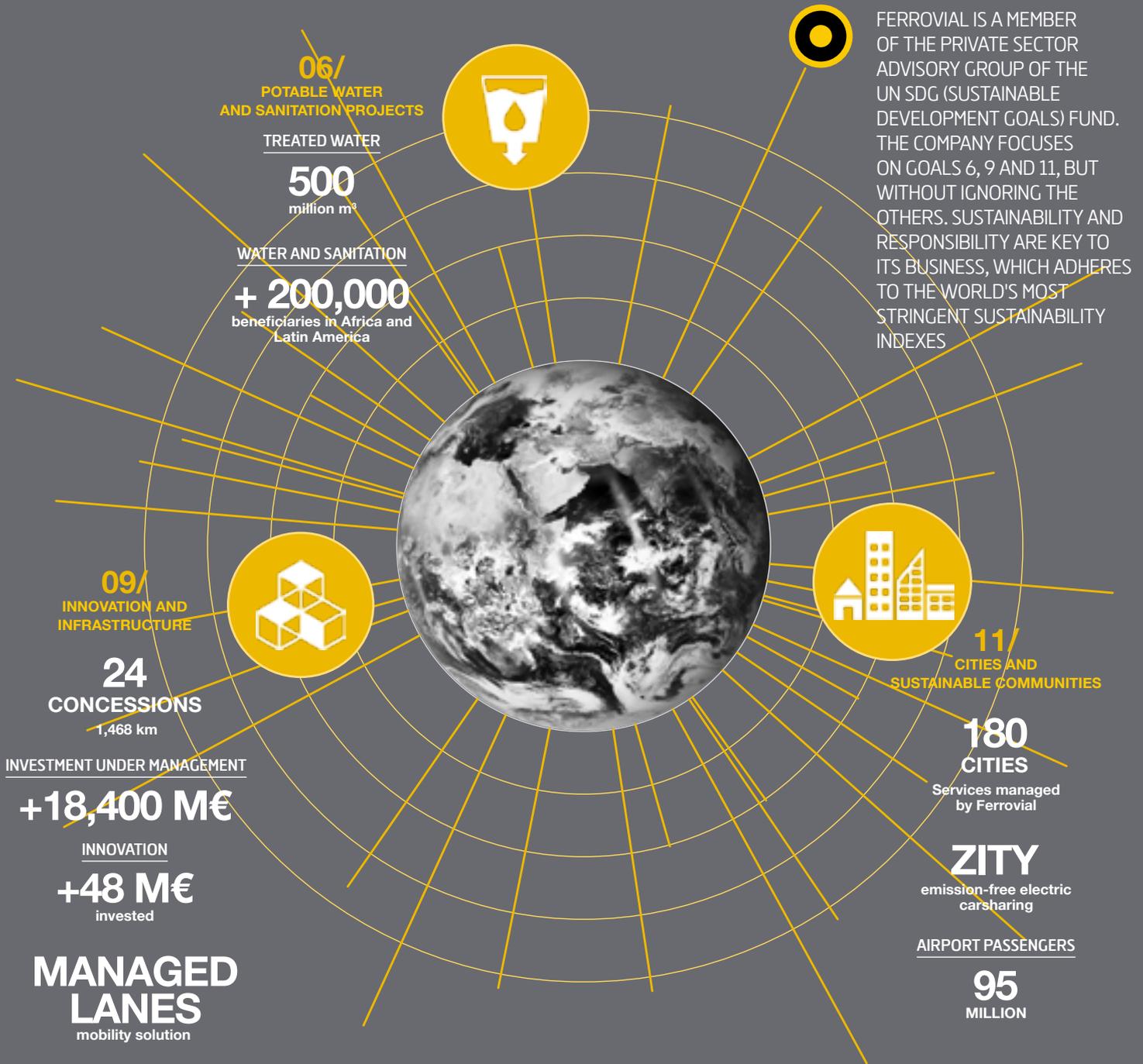
Both Cintra and Ferrovial Airports have shown their prowess at offering top quality service along with the highest standards of safety and security, with both the client and the end user in mind



05/ MAINTENANCE

A key priority is to maximize the value of the infrastructure asset for both the investor and the operator or user. Cintra, Ferrovial Airports and Ferrovial Services have proven their worth by offering large returns to shareholders and society

FERROVIAL WITH THE SDG



FERROVIAL IS A MEMBER OF THE PRIVATE SECTOR ADVISORY GROUP OF THE UN SDG (SUSTAINABLE DEVELOPMENT GOALS) FUND. THE COMPANY FOCUSES ON GOALS 6, 9 AND 11, BUT WITHOUT IGNORING THE OTHERS. SUSTAINABILITY AND RESPONSIBILITY ARE KEY TO ITS BUSINESS, WHICH ADHERES TO THE WORLD'S MOST STRINGENT SUSTAINABILITY INDEXES



01/ SAFE

Ferrovial develops a Zero Accidents policy towards workplace accidents by creating safe working environments and providing employees with well-being programs and initiatives



02/ DIVERSE

Committed to diversity and inclusion within its workforces, with over 100 different nationalities represented



03/ ETHICAL

Integrity, honesty, legal compliance, transparency and zero tolerance to all forms of corruption are the values that inspire Ferrovial



04/ SUSTAINABLE

Climate change and the reduction of environmental impact are the commitment to take care of the planet. Its reduction objectives are based on Science Based Targets



05/ COMMITTED

Ferrovial is involved in community projects to provide water systems and aid with social inclusion, integration of indigenous people, culture, education and sport
DJSI: featured on the world index for 17 years and leading company in Europe
FTSE4Good: on the index for 15 years
VIGEIO: joined in 2018
MSCI: AAA score
CDP Carbon: leader in environmental protection
STOXX: 4 years

2018 MILESTONES



VIDEO:2018 HIGHLIGHTS
Short overview of the year at Ferrovial



JULY - AUGUST - SEPTEMBER

Awarded a 321 M€ contract to expand Ruta 25, to build a bypass and to construct a building for the University of Chile

Opening of the extension to the North Tarrant Express toll road in Texas two months ahead of schedule

Signing of a new liquidity line of 900 M€ that includes sustainability criteria

Award of a new power transmission line spanning 250 kilometers in Chile, with the investment to reach 125 M\$

Construction of two roads in Poland for a total of 155 M€

DJSI includes Ferrovial on its global index, while MSCI renews the company's AAA rating

Rafael del Pino, granted the Conde de Campomanes award for economics

Awarded the IH-10 in Houston, the FM-156 in Fort Worth and the IH-35 in Austin, for a total of 308 M€

Bruno Di Leo, new Independent Director at Ferrovial

OCTOBER - NOVEMBER - DECEMBER

Launch of urban mobility platform WONDO

Ferrovial and Enagás team up on biogas projects

Contract worth 366 M€ to maintain the road network between Manchester and Liverpool

Funding secured for the Ruta del Cacao in Colombia, involving a total investment of 580 M€

Award of a new contract worth 57 M€ a year to maintain the facilities of the Parklea Center in Australia

Rafael del Pino receives the 2018 Business Leader Award from La Información

Vigeo includes Ferrovial on its sustainability indexes

Sale of the stake in two Greek toll roads for 85 M€

Ferrovial is awarded a contract worth 297 M€ to expand the IH 35 in Texas

JANUARY - FEBRUARY - MARCH

Heathrow, named World's Best Airport for Security by International Airport Review

Contract with the Australian Department of Defence raised to 300 M€ through to 2021

Contract for Shell-QGC in Queensland

Opening of phase 2 of the 407 East Extension

Awarded the first contract for water facilities in Australia

Opening of a waste treatment plant in North Yorkshire

APRIL - MAY - JUNE

Heathrow T2 named world's best terminal, and T5 named world's fourth best terminal at the World Airport Awards organized by Skytrax

Budimex, named best constructor of the year by Top Builder

Sara Collado, from Ferrovial Agroman Chile, named best civil engineer at the European Women in Construction & Engineering Awards

Contract awarded to expand the SH 146 (Houston) and IH-10 (San Antonio) roads in Texas for a total of 262 M€

Rafael del Pino handed the Best Business Career Award by La Razón





PHOTO: medical emergency transportation, Madrid (Spain).

1.1 FERROVIAL IN 2 MINUTES



1.2 STRATEGY AND VALUE CREATION

Global Vision

Infographic: The new mobility map

Toll Roads

Infographic: Managed Lanes Benefits

Airports

Construction

Infographic: London Underground

Services

1.3 FERROVIAL IN 2018

Infrastructures and mobility

THE COMPANY HAS INFRASTRUCTURE ASSETS THAT HAVE ALLOWED DIFFERENTIAL INDUSTRIAL KNOWLEDGE IN THE MANAGEMENT OF URBAN CONGESTION.

Investment in infrastructure remains a key driver for economic development. It is estimated that global investment needs will reach 3.7 trillion dollars a year through 2035 (Bridging Global Infrastructure Gaps. McKinsey Global Institute, 2017), of which a significant portion will be spent in priority markets for Ferrovial.

The company has infrastructure assets that have allowed differential knowledge in the management of urban congestion. This competitive advantage relates mainly to toll roads with dynamic pricing schemes where users are willing to pay different tariffs depending on the level of congestion. In 2018, infrastructure assets accounted for 80% of Ferrovial's value and generated cash to provide 486 million euros in dividends.

The company has decided to classify the Services business as a discontinued activity, once the strategic review process initiated in October has been completed, with the aim of focusing on the development of its infrastructure business.

Ferrovial focused on the services business as a valuable cash generator and to develop new capabilities in business activities related to infrastructure. Future investments will focus on infrastructure assets given current rates of return,

size of existing opportunities, mainly in developed markets defined as priority for Ferrovial, the industrial knowledge acquired to date and the current cash generation from the company's assets.

The construction business is currently facing significant challenges that impact business margins such as cost inflation or the trend towards contracts that present an unbalanced transfer of risks. The group's Construction division, where sales are reaching ten-year highs, saw lower operating margins in 2018 and this situation is not expected to recover in the near future. Looking ahead, the business will be focused on technically complex projects that allow for greater profitability through design and the order book will be preferably linked to infrastructure projects (toll roads and airports), mainly in priority countries for the group.

BACKGROUND

Climate change, energy transition, concentration in cities, changes in mobility and technological advances are all transforming the way infrastructure is built and operated. Key considerations include:

- The global migration towards a low-emission economy is channeling investment and financing towards businesses that help meet the climate change goals set out in the Paris Agreement. These commitments are generating new opportunities for sustainable infrastructure, mobility and energy efficiency, among others.
- Population growth and urbanization are increasing congestion within cities, demanding new solutions and infrastructure. Governments face the need for significant investments limited by existing levels of indebtedness.
- Technology developments and digitalization improves infrastructure efficiency and productivity. Advances made in technologies such as IoT, drones, 3D printing, augmented reality and smart grids among others, is impacting the development of future infrastructure and its interaction with the end user.
- Autonomous driving, connected infrastructure, vehicle sharing and electrification will impact not

THE NEW MOBILITY MAP

ADVANCED ANALYTICS FOR TRAFFIC FORECASTING AND MANAGEMENT

↓
INTELLIGENT TRANSPORT SYSTEM

MASS TRANSIT OPERATION

AIRPORT MANAGEMENT

↓
AIR TRAFFIC CONTROL

PASSENGER EXPERIENCE

MOBILITY AS A SERVICE

ROAD PRICING/SMART TOLLING



THROUGHOUT HISTORY ALL THE ADVANCES IN TRANSPORT HAVE TRANSFORMED CITIES, WORK AND SOCIETY IN GENERAL. CURRENTLY WE ARE FACING ONE OF THESE MAJOR DISRUPTIONS, WHICH IS ALSO OCCURRING AT A SPEED NEVER SEEN BEFORE. FERROVIAL WANTS TO BE PRESENT IN THE MOBILITY OF THE FUTURE, SO IT FOCUSES ITS INNOVATION TO BE A LEADER IN THIS NEW ERA.



UNDERGROUND

WONDO

EXPRESS LANES
TO 26 121 103
HOV 2+
OVER RATES FOR NO TAG

SMART FLEET AND LOGISTICS

RAILWAYS PREDICTIVE MAINTENANCE

COMPLEX TRANSPORT INFRASTRUCTURE CONSTRUCTION

ELECTRIC VEHICLES INFRASTRUCTURE

ZITY CAR SHARING

BIKE SHARING

CONNECTED AND AUTONOMOUS VEHICLES ADAPTED INFRASTRUCTURE

only transportation infrastructure but also mobility services, opening up new business opportunities.

In this context, the main challenges facing the company will be:

- More competition: the growth in available private funding and the need to invest in the midterm, increase the interest in infrastructure investment, particularly in regions with better growth prospects and more appealing investment conditions.
- Commercial, political and social tensions: global economic growth is currently challenged by protectionist policies, geopolitical conflicts and populist sentiment, which present new risks for economic development.
- Active and efficient management: regulation and legal security are key factors when investing and require exhaustive risk control from the contracting phase to the execution of the project.
- Long term sustainable infrastructure: technological progress is making it increasingly necessary for infrastructure planning to become more flexible to future scenarios.

GLOBAL VISION

Ferrovial's vision is to improve the future through the development and operation of sustainable infrastructure and cities, with a commitment to maintaining the highest levels of safety, operational excellence and innovation, creating value for society and for clients, investors and employees.

Ferrovial's strategy rests on three key priorities:

- Profitable growth: Ferrovial will prioritize its growth on complex infrastructure projects (mainly toll roads and airports). Opportunities are also being explored in other sectors that present significant investment needs, such as energy (power transmission lines). Geographically, the company has three priority markets, United States, Canada and Australia, and selectively evaluates development in other regions, including Europe (Spain, United Kingdom and Poland) and Latin America (Chile, Colombia and Peru).

FERROVIAL IS COMMITTED TO A SUSTAINABLE GROWTH, OPERATING REGULARLY IN COUNTRIES THAT HAVE EMISSION REDUCTION COMMITMENTS AND INFRASTRUCTURE ADAPTATION PLANS, OFFERING THEM INNOVATIVE SOLUTIONS

- Operational excellence: by focusing on recurring cash flow generation, the company is developing value-added solutions to improve the experience of infrastructure users and the profitability of projects. It aims to unlock synergies between the group's divisions through projects that are complex in terms of both construction and concession. The company is also committed to improving the safety of users, its infrastructures and its own employees.
- Innovation: as the main driver of operational excellence, it generates sustainable competitive advantages for more efficient and profitable operations and also supports the development of new businesses. The company focuses on key transversal areas such as data-based management, mobility, automation and sustainability.

The mentioned strategic priorities are based on three main pillars:

- People: with a focus on talent, commitment and culture. In this context, developing the skills of its human resources is essential to face challenges such as internationalization, continuous innovation and digital transformation.
- Financial discipline: the basis of Ferrovial's activities, comprising of:
 - Exhaustive cost control and cash generation across all stages of each project.
 - Asset rotation to unlock the value of investments and to fund future growth.
 - Maintaining an investment grade credit rating at the corporate level
 - Transparency with investors, shareholders, rating agencies and bondholders enabling continued access to the financial markets in optimal cost and term conditions.
- Sustainability: Ferrovial is committed to sustainable growth operating in countries that have ratified the Paris Agreement and have embraced emission reduction targets and plans to adapt their infrastructure. Internally, the company has set itself emission reduction targets for 2030, as validated by the Science Based Target initiative (SBTi), which promotes the use of renewable energies ahead of fossil fuels. Notably, the company has presence in the FTSE4Good and Dow Jones Sustainability Index for 15 and 17 years, respectively. 🌱

Alternatives to urban congestion

CINTRA CONTRIBUTES TO REDUCE THE EXISTING INVESTMENT DEFICIT IN INFRASTRUCTURES, MAINLY IN URBAN AREAS THAT ARE INCREASINGLY CONGESTIONED, THROUGH 100% PRIVATE FUNDING CONCESSIONAL MODELS, CONTRIBUTING TO MINIMIZE THE NEED FOR PUBLIC FUNDS.

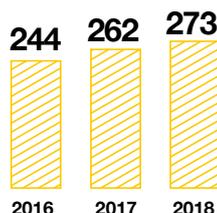
Cintra operates in markets with predictable institutional and regulatory frameworks, bright economic prospects (North America, Australia and Europe) and high demand for transportation infrastructure, especially the type designed to overcome traffic congestion problems in urban areas (complex greenfield concessions), as well as dynamic tolling systems. More than 50 years of experience, together with Ferrovial Agroman synergies, make Cintra a company with strong potential to create value and afford it considerable competitive advantages

MAIN ASSETS

Cintra owns 43.23% of the 407 ETR toll road in Toronto (Canada) and 62.97% and 54.6% of the NTE and LBJ Managed Lanes in Texas (USA), respectively. The NTE35 West toll road, also located in Texas, was fully opened to traffic in 2018 (53.67% Cintra). Meanwhile, the I-77 (50.10% Cintra) in North Carolina and the I-66 (50% Cintra) in Virginia are currently under construction.

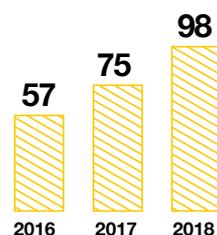
In the company's Managed Lanes, tolls are dynamic, meaning they can be adjusted every five minutes to respond to existing levels of congestion while always ensuring a minimum speed for drivers. These assets, with free-flow toll systems (no barriers), have a long life and are hugely flexible when it comes to setting tariffs, making Cintra a leader in the private development of highly complex transportation infrastructure.

407 ETR (CANADA)
Dividends received M€



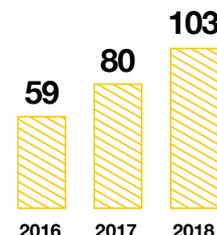
...

NTE (USA)
EBITDA M\$



...

LBJ (USA)
EBITDA M\$



...

VALUE CREATION

High-complexity greenfield projects

Cintra focuses on complex greenfield projects due to their excellent potential for value creation. The increased risk associated with these assets (construction, funding, operation and traffic) commands higher initial rates of return (IRR). Value creation comes into play because the discount rate on future cash flows drops steadily as project-related risks either disappear (construction) or gradually decline (traffic/funding) as the concession moves forward. An example of this risk reduction has been the financial closure of Ruta del Ca-cao, in Colombia, which will allow an external funding of EUR465 million, in the long term, without recourse and in local currency, to finance an investment of EUR580 million, through a syndicated loan in which six national and international entities have participated. This value creation can be increased further thanks to efficient management, innovation and synergies with other toll roads.

Cintra relies on Big Data techniques to better understand congestion problems and driver behavior, with a dual objective:

- Improving reliability and reducing the time needed to estimate traffic and revenue. By analyzing anonymous data from mobile telephones (localizations and travel times) and by reading Bluetooth and Wi-Fi devices, the company is able to make swifter and more effective forecasts.
- Increasing efficiency when managing projects. Data analysis enables the company to broaden its range of services, while improving project accessibility and connectivity and generating additional revenue based on the user's willingness to pay floating tolls that respond to existing levels of congestion.

Rotation of mature assets

After reducing risks, further value is created by selling mature projects and using the proceeds to invest in new assets with more potential for value creation. A prime example of this strategy was the deal completed in 2018 with GEK Terna —Cintra's partner in Greek concessions— whereby the company transferred its entire stake in those concessions to its Greek partner in exchange for EUR85 million.

Socially responsible infrastructures

Because they are highly complex, innovative and efficient, the projects developed by Cintra offer sustainable solutions that improve congestion in large cities, reduce pollution and the number of accidents, raise user satisfaction and ultimately improve people's quality of life.

In Dallas, Texas (USA), Cintra operates the first carbon neutral toll road (NTE). A comparison of scenarios from before (existing road) and after the development (existing road plus NTE) reveals that the new scenario has led to no increase in emissions along the corridor.

User: excellence in service

Customer satisfaction is a key priority for Cintra. In 2018, customer service for the 407 ETR issued over 21 million invoices and managed 3.2 million customer requests, yielding satisfaction levels of over 85%. This earned the company the World Class Center award from SQM (Service, Quality, Measurement) for the fifth straight year. Meanwhile, toll road users have recently ranked the 407 ETR third in terms of value for money, behind only fast food restaurants and public transport.

Employees: supporting merit

Cintra offers opportunities for the professional development of all its employees, promoting internal mobility and ensuring that merit is the determining factor in their professional career. During 2018, 24% of employees have had the opportunity to change their position or location, and one in four people hold jobs in an international assignment. 🌐

NORTH AMERICA

91%

Cintra valuation

...

CONCESSIONS

24

Assets in 9 countries

...

DIVIDENDS (M€)

296

52% of total flow
(Ex-infrastructure)

...



VIDEO: 20 YEARS OF
407 ETR

KILOMETERS

1,468

...

INVESTMENT MANAGED (M€)

18,472

94% international

...



RESEARCH ON MOBILITY

Cintra is collaborating on various research projects with the Massachusetts Institute of Technology (MIT), with the Center for Transportation Research of the University of Texas at Austin and with the Polytechnic University of Madrid to explore and anticipate the impacts on mobility and congestion of current trends and the collaborative economy (carpooling and shared travel, mobility as a service, e-commerce, etc.), new technologies (autonomous and connected cars) and changes in social behaviors. The ultimate aim of these projects is to predict and anticipate their likely impact on the existing and future order book and to unlock the value of these projects.



MANAGED LANES OPENING: 35W IN FORT WORTH (TEXAS)

In July 2018, Cintra opened the last section of the NTE 35W toll road, concluding the contract works signed with TxDOT in 2013. After the opening of this last segment, not only the traffic has been placed above the original expectations of this project, but also has significantly increased traffic on the NTE toll road, thanks to the connection between these toll roads. With this opening, the role played by the Managed Lanes in improving the mobility of the area becomes clear, not only for the users of these, but also for those who decide to use the toll-free lanes.

MANAGED LANES (MLs): BENEFITS FOR GOVERNMENTS AND USERS



DALLAS-FORT WORTH (TEXAS) IS ONE THE BUSIEST AND FASTEST GROWING AREAS IN THE UNITED STATES. TO HELP ADDRESS INCREASING TRAFFIC CONGESTION, FERROVIAL, THROUGH CINTRA, PARTNERED WITH THE TxDOT ON THREE MANAGED LANES (MLS) PROJECTS WITH DYNAMIC PRICING. THIS SUSTAINABLE TRAFFIC MANAGEMENT SOLUTION HAS INCREASED MOBILITY, ENHANCED USER EXPERIENCE AND IMPROVED TRAFFIC CONDITIONS ALONG THE CORRIDORS.

BENEFITS FOR GOVERNMENTS

- Leverage limited tax dollars to get needed projects delivered
- Shift risks from taxpayers to investors
- Accelerate project delivery
- Life-cycle cost saving and price certainty
- Gain access to advanced technology and design innovations

BENEFITS FOR USERS

- Decrease traffic congestion
- Reliable trip times
- Innovative design solutions to improve connectivity and enhance user experience
- More travel choices

RESULTS ACHIEVED

Managed Lanes developed by 5,100 million euros, by leveraging few more than 900 million euros of public funds. Over 10 million distinct vehicles have used LBJ, NTE, and NTE 35W Managed Lanes to date. Approximately, 80% of TExpress lane users view their experience positively



DISTANCE
21.4 km

INVESTMENT
1,741 M€

CONCESSION
52 years

AVERAGE DAILY TRAFFIC
200,000
vehicles



DISTANCE
27.4 km

INVESTMENT
2,157 M€

CONCESSION
52 years

AVERAGE DAILY TRAFFIC
270,000
vehicles



DISTANCE
16.4 km

INVESTMENT
1,176 M€

CONCESSION
52 years

AVERAGE DAILY TRAFFIC
132,000
vehicles



407

ETR

WEST

Express Toll Route



66
↗

70

PHOTO: 407 ETR Toll Road, Toronto (Canada).

Heathrow: getting ready for take-off

FERROVIAL AIRPORTS, ONE OF THE WORLD'S LARGEST PRIVATE INVESTORS AND OPERATORS AIRPORTS, HAS A PORTFOLIO COMPRISING FOUR ASSETS IN THE UNITED KINGDOM (HEATHROW AND AGS - ABERDEEN, GLASGOW AND SOUTHAMPTON). IN THE US, IT HAS A CONCESSION CONTRACT FOR THE REMODELING AND COMMERCIAL EXPLOTATION OF THE MAIN TERMINAL OF THE DENVER AIRPORT.

In 2018, the British Parliament passed plans to build a third runway at Heathrow Airport. The devaluation of the pound caused by Brexit has caused inflation to rise, thus raising the value of the regulated asset base (RAB) and pushing up commercial costs. However, this lingering uncertainty has had no significant impact in terms of traffic.

At Heathrow and AGS, the company has drawn up contingency plans to mitigate the possible impact of Brexit on airport operations. Meanwhile, the EU will allow UK airlines to fly through Europe provided there is a similar assurance for European companies. The British Government is working towards new air service agreements with 17 countries currently covered by the general EU-wide agreement. Notably, this includes the agreement already reached with the United States. This, combined with the bilateral agreements already in effect with a further 111 destinations, will guarantee that most airport traffic involving the company is not affected by the eventual outcome of the negotiations on the transition deal.

Ferrovial Airports has opened a bidding office in the United States since it is a growing strategic market for Ferrovial and the division.

MAIN ASSETS

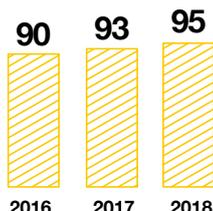
Ferrovial Airports is the main shareholder of Heathrow Airport (25%) and owns a 50% stake in AGS.



EXPANSION OF HEATHROW

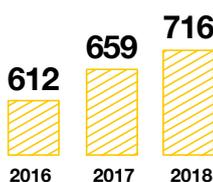
Heathrow has made significant progress in expanding the airport after receiving a majority go-ahead from the British Parliament in June 2018. Heathrow has already ensured that its master plan reflects the feedback obtained from the first public consultation process carried out in early 2018 and the airport aims to conduct two further consultations in 2019. Based on all this feedback, it will draw up a final plan and apply for permission to proceed from the Planning Inspectorate in 2020, whereupon it will have to wait a further 18 months for the final approval of the project. The third runway is expected to be opened sometime in 2026.

TRAFFICS HEATHROW AND AGS (MILL/PAX)



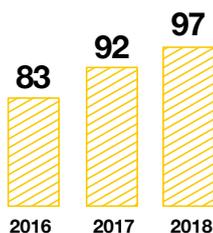
...

HEATHROW RETAIL REVENUES (M€)



...

AGS EBITDA (M€)



VALUE CREATION

Integrated approach to bidding and asset management

- Generating synergies between the different businesses of Ferrovial for airport construction, remodeling and expansion.
- Airport transformation and enhancing quality of service, with total investment exceeding GBP11,500 million since 2007.
- Implementing sustainable and innovative solutions to ensure responsible growth.

Operational excellence

Improving the user experience and maximizing the return for shareholders are key objectives in managing the assets of Ferrovial Airports. To accomplish them, the aim is to increase operating efficiency and develop commercial initiatives to increase revenue. By streamlining its financial structure, the company will be able to increase its dividend pay-out and undertake the investments needed to improve levels of service, safety and security at airports.

Innovation

Ferrovial Airports develops modern, secure and efficient infrastructure designed to provide the best passenger experience. The main innovation projects carried out in 2018 include:

- Biometric recognition: pilot project that relies on biometric recognition systems to speed up the transit of passengers throughout their journey through the airport.
- Artificial intelligence: analyzing and predicting consumer habits and passenger traffic patterns through Big Data.
- Digital Passenger Experience: digital transformation program to enhance passenger satisfaction and improve infrastructure operation.

The environment

Investing in sustainability is key to successful airport management. The fact that the United Kingdom, Ferrovial Airports' main market, has ratified the Paris Agreement and assumed emission reduction commitments is particularly relevant. Heathrow has also signed the Science Based Target initiative (SBTi), thus bringing airport objectives in line with the SBTi's. Heathrow intends to take part in an emissions offsetting project by recovering peat swamps as part of its commitment to becoming carbon neutral by 2020 and achieving zero emissions by 2050. It should be noted that Terminal 2 at Heathrow is one of the world's largest terminals to run exclusively on renewable energies.

Society: community engagement

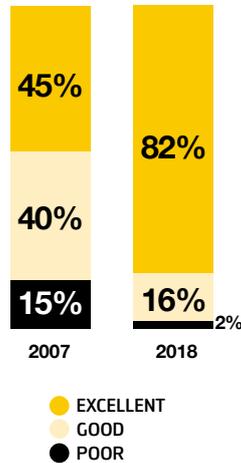
Ferrovial Airports is firmly committed to the sustainable growth of the communities in which it operates. The "Heathrow 2.0" plan contains numerous social commitments:

- At least halving the number of flights running from 23:30 onward by 2022.
- Significantly reducing airfield emissions by 2025.
- Optimizing inbound airport traffic by ensuring that at least 50% of passengers arrive on sustainable forms of public transport.



VIDEO: FERROVIAL AIRPORTS
Making good airports great

HEATHROW EXPERIENCE*



ACI (Airports Council International) satisfaction survey.

Passengers: user experience

Quality of service and continuous improvement of operations are key concerns for Ferrovial Airports. The results can be seen at Heathrow, where 82% of passengers rated their experience at the airport as "Very good" or "Excellent", according to the independent passenger satisfaction survey drawn up by ACI (Airports Council International). 🗣️



GREAT HALL (DENVER): THE REMODELING CONTINUES

An opening event was held in July 2018 to mark the start of the construction phase of the Great Hall project. The 34-year contract is headed by Ferrovial Airports and will involve the remodeling and subsequent commercial operation of the main terminal at Denver International Airport. A process is now under way to select the first concessionaires who will be able to open their stores and commercial establishments at the terminal.

Complex projects

FERROVIAL AGROMAN IS THE BUSINESS UNIT ENGAGED IN CIVIL ENGINEERING, BUILDING AND INDUSTRIAL CONSTRUCTION ACTIVITIES. IT HAS EARNED INTERNATIONAL RENOWN FOR ITS UNRIVALLED DESIGN AND CONSTRUCTION OF EXCEPTIONAL PROJECTS, MAINLY IN THE REALM OF LARGE-SCALE TRANSPORTATION INFRASTRUCTURE.

Ferrovial Agroman focuses on the international market, in which it faces fierce competition from global construction companies and local businesses alike. It targets complex projects in countries that have stable economies and are committed to modernizing their infrastructure, in which it has a project pipeline exceeding EUR150,000 million.

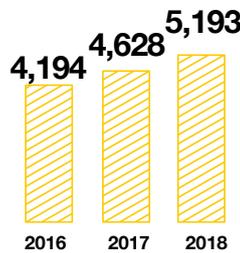
In the United States and Canada, local states and provinces are continuing to step up their investment with the support of the federal government. Highlights here include the privately-funded P3 and DBF projects, where Ferrovial has extensive experience. In 2018, bidding on road infrastructure in the state of Texas reached an all-time high.

The outlook in Poland continues to look promising, thanks to the country's long-term investment plans in road and rail through to 2025 and 2026, although returns will be affected in the short to mid term by rising prices for raw materials. In the long term, negotiations on European Funds for 2021-27 will provide added stability.

In Spain, the uncertain political environment has slowed the expected recovery, with a moderate increase in bidding compared to previous years led by private construction and ADIF's rail projects.

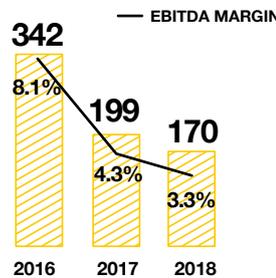
In recent years, the construction sector has been affected at a national and international level by particularly low profit margins due to excessively aggressive commercial strategies, imbalances in risk transfer with customers and cost inflation processes.

REVENUES (M€)



...

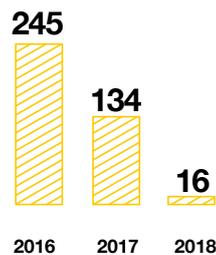
EBITDA (M€)



...

OPERATING CASH FLOW (M€)

before taxes



...

This competition and low profit margins affected returns and cash generation in 2018 at Ferrovial Agroman, which saw its EBITDA fall to 3.3%. In the near future there is no expected recovery of margins compared to current levels, which is why Ferrovial Agroman is redoubling the effort in bidding selection and control of costs, while implementing new work performance controls, concentrating more on the commercial management of the contract and focusing its strategy on profitability ahead of quantity.

VALUE CREATION

Construction is a key part of Ferrovial's strategy thanks to its expertise in complex international construction projects.

Together with its own profitability and cash generation capacity, coordinating the design and construction of transport infrastructure concessions creates value, in which other investing divisions of the group participate. At the same time, it offers optimal technical



TUNNELS UNDER THE THAMES: 0 ACCIDENT RATE

Thames Tideway Tunnel is currently one the largest sewage engineering projects in Europe, aiming to prevent the overflow and discharge of raw, untreated water into the Thames.

Ferrovial Agroman, which is constructing the central section at a cost of EUR1,500 million, started tunnelling in 2018 with two tunnel boring machines inserted through a well 53 meters below the surface and spanning 31 meters in diameter. Each boring machine comes in at over 100 meters long and weighs some 1,300 tons. They will work for two years in boring a 13 km tunnel under the Thames.

Thanks to the workplace risk prevention measures in place, there have been no accidents for the third straight year.

solutions and fixed prices and deadlines for construction, maximizing the value added to the customers and the competitiveness of the offers. In 2018, this collaboration led to the successful arrangement of funding for the Ruta del Cacao toll road (Colombia) and the award of the high-voltage Pan de Azúcar transmission line (Chile).

Risk management and financial control

The construction business is known for large volumes and tight margins, making risk management all the more important. In the bidding phase, the company selects countries that offer legal certainty and projects with acceptable risk sharing with the customer, while carefully picking expert local partners. During the construction phase, early planning, signing contracts with suppliers to mitigate price risks, cost control, innovation and active management with the customer are all essential.

Portfolio diversification

The company specializes in highly technical projects thanks to its experience and the international presence of over 300 employees from its Technical Office, who are adept at seeking out unrivalled engineering solutions.

The sectorial diversification and the bidding of less strategic projects that allow the maintenance of technical qualifications, enables Ferrovial Agroman to have critical mass and human teams prepared for the needs of the group in concessions and to position itself in the most profitable market niches at any time.

Selective internationalization

The international business remains focused on the US and Polish markets, which account for 60% of sales. Within other countries with permanent presence are the United Kingdom, Australia, Canada or Chile, as well as Spain as its home market.

In the United States, the group's main market, contract volume around EUR1,250 million in 2018, mainly in Texas. The group has also started construction on key projects such as the I-66 (Virginia) and Grand Parkway (Texas) toll roads and the Great Hall at Denver Airport.



THE MOST SUSTAINABLE HOSPITAL IN EUROPE

Construction was completed on Hospital Fraternidad-Muprespa Habana (Spain) in 2018. The building is looking to become one of only four hospitals in the world to be LEED Platinum certified from the US Green Building Council, the highest international standard a building can earn for sustainability.

When compared with similar buildings, the new hospital will generate an economic energy saving of 43% in heating and air conditioning, lighting and consumption of natural gas to generate sanitary hot water. Electricity consumption costs are reduced considerably thanks to its 600 m² of rooftop photovoltaic solar panels. The hospital also features technology to recover grey water, enabling it to recycle 3 million liters of water a year.

Innovation driving improvement

Ferrovial Agroman remains firmly committed to R&D+i and digital transformation, as shown by its drive to enhance BIM (Business Information Modelling) across all regions, or its involvement in various research projects, notably FORESEE and SAFEWAY, under the Horizon 2020 program of the EU to improve infrastructure resilience, security and safety.

Employees: talent management

The employees of Ferrovial Agroman possess extensive experience and professional value and worth, imbuing projects with local know-how. In 2018, two employees were named Top Young Professional by the journal *ENR* and *Best Woman Civil Engineer at the European Women in Construction & Engineering Awards*.

Commitment to society: quality, safety and the environment

The projects undertaken by Ferrovial Agroman help reduce impact on climate change by championing sustainable infrastructure and buildings and managing waste based on the circular economy model. The group received numerous accolades in 2018, notably The one transforming Polish Industry, title awarded to Budimex, or the International Safety Excellence Award from the British Safety Council. 📺



VIDEO: TUNNELS UNDER THE THAMES
Tunnelling London with zero accident rate

LONDON UNDERGROUND



FERROVIAL AGROMAN STARTED TUNNELING LONDON SUBSOIL IN 2010 TO TRANSFORM AND MODERNIZE THE CITY, IMPROVING ITS METRO AND RAIL CONNECTIONS, WHILE BUILDING A NEW SEWER SYSTEM. CROSSRAIL, THE THAMES TIDEWAY TUNNEL AND THE NORTHERN LINE WILL MAKE LONDON BETTER CONNECTED, MORE SUSTAINABLE AND CLEANER



HELEN AND AMY

NORTHERN LINE EXTENSION

100

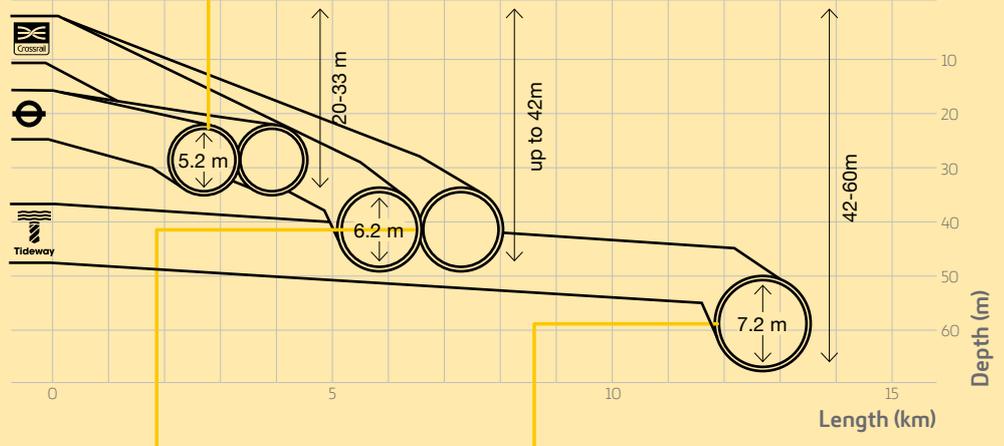
LENGTH (m)
SHIELD + BACK-UP

6

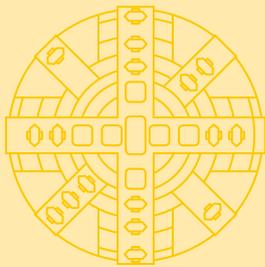
DIAMETER (m)

10-15

SHIELD (m)



BORING MACHINES



ADA AND PHYLLIS

CROSSRAIL

105

LENGTH (m)
SHIELD + BACK-UP

7.1

DIAMETER (m)

MILLICENT AND URSULA

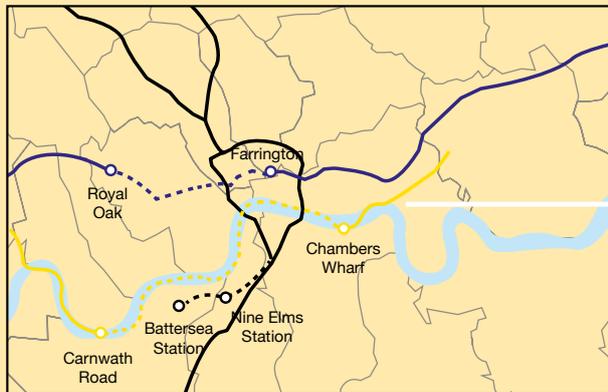
THAMES TIDEWAY TUNNEL

100

LENGTH (m)
SHIELD + BACK-UP

8.8

DIAMETER (m)



- Crossrail
- Northern Line Extension
- Thames Tideway Tunnel
- Crossrail: section built by Ferrovial
- Northern Line Extension: section built by Ferrovial
- Thames Tideway Tunnel: section built by Ferrovial

ON THE MAP OF LONDON



			
PERFORMED BY FERROVIAL (KM)	6.4	3.2	12.7
CONTRACT VALUE (M€)	600	653	1,150
EXPECTED COMPLETION	02/2014	2020	2023

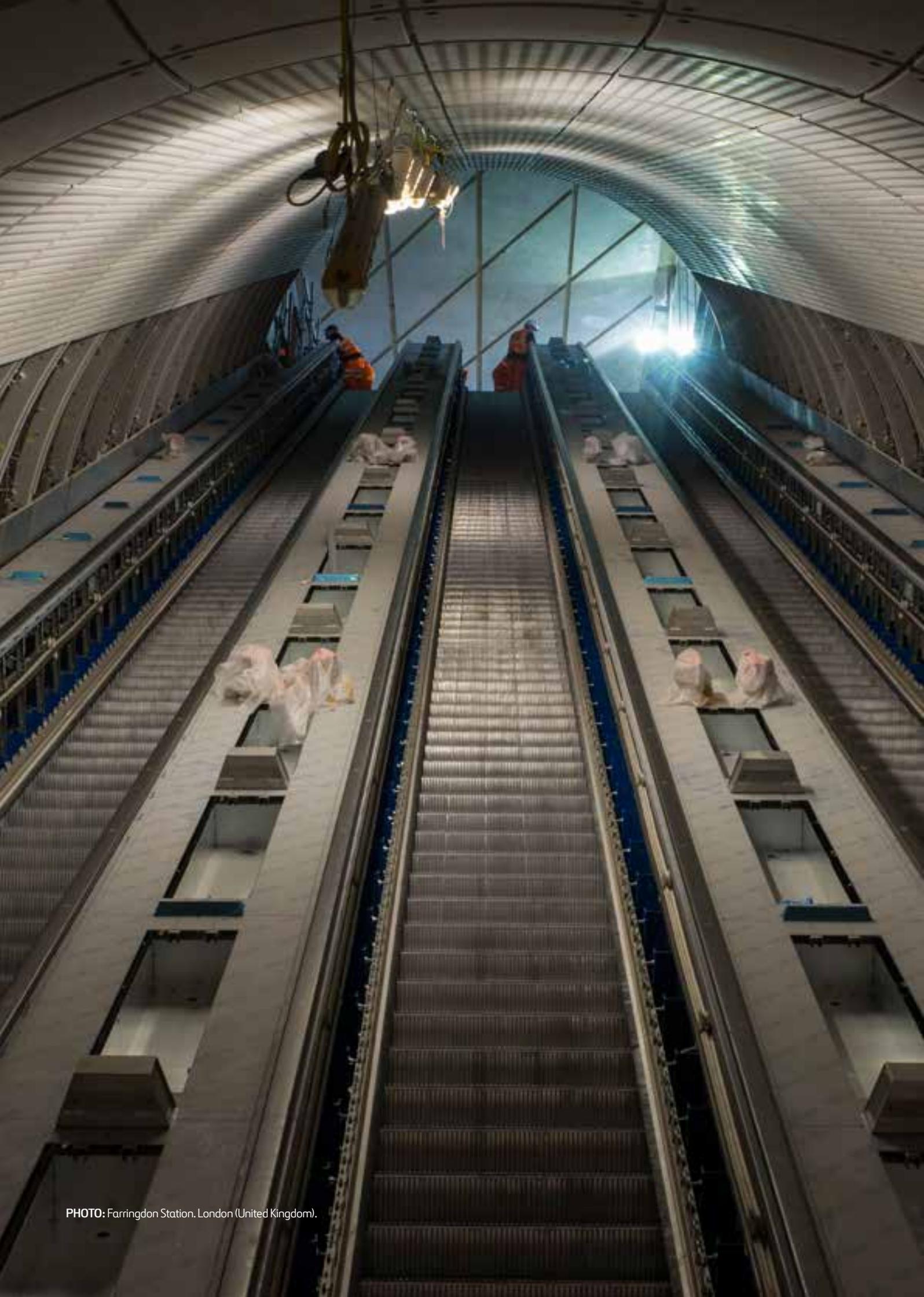


PHOTO: Farringdon Station, London (United Kingdom).

State-of-the-art solutions

FERROVIAL SERVICES IS ONE OF THE LARGEST AND MOST DIVERSIFIED MULTINATIONAL SERVICE COMPANIES FOR INFRASTRUCTURE AND CITIES. IT OFFERS CUTTING-EDGE SOLUTIONS IN CONSULTING, WASTE TREATMENT, ENERGY EFFICIENCY, TRANSPORTATION INFRASTRUCTURE MAINTENANCE AND URBAN MOBILITY.

The customers of Ferrovial Services, most of which are public authorities, are now looking to optimize their costs and investments against a backdrop of budgetary constraints while also keeping their operations socially and environmentally friendly. The United Kingdom, Australia and Spain account for 92% of sales at the division, although it is also present in the United States, Canada, Chile, Poland, Portugal and Qatar.

In the United Kingdom, lower levels of public spending and cost pressures have prompted the division to restructure and walk away from unprofitable contracts. Operating margins are below historical levels and this situation is expected to in the near future due to the prevailing market uncertainty.

In Australia, the improved outlook for the natural resources and transportation businesses and the healthy state of the economy should drive future growth. Following the conclusion of the immigration center contracts in October 2017, the company has embarked on an ambitious internal restructuring and cost-cutting process.

In Spain, the lower public bidding has been managed with the extension of significant contracts and with the diversification towards high added value activities, requiring the company to work harder at

optimizing its operating processes due to rising levels of competition.

VALUE CREATION

Active management of a diversified business portfolio

Ferrovial Services does business across six broad categories of services. This operational diversification has enabled Ferrovial to position itself as a go-to operator for customers, offering integrated solutions geared toward improving the efficiency and functionality of cities while responding to social needs.

Highlights for 2018 included the efforts made by the company to streamline its portfolio by removing businesses that offer only limited growth potential. Here, the company managed to generate EUR108.2 million in cash by selling the stakes held by Broadspectrum in Ratch-Australia Corporation Limited and Amey's interests in various environmental and road projects.

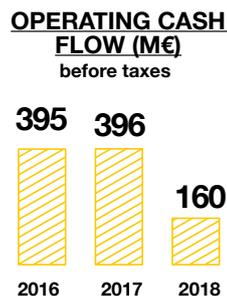
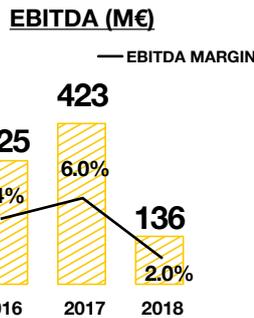
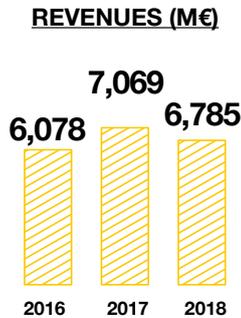
Refinancing agreements in project companies were also signed in the year, enabling the company to receive a total of EUR95.3 million in dividends.

The most significant contracts in 2018 were:

- Acquisition of the contracts belonging to the rail business portfolio of Carillion in the United Kingdom (EUR180 million).
- Operation of 11 oil extraction platforms for Shell-QGC in Australia (EUR411 million, five years).
- Bicing: management of 7,000 shared-use bicycles in Barcelona, Spain, in partnership with PBSC (EUR121 million, 10 years).
- Road maintenance in Ottawa and York, Canada, (EUR180 million, 7 years).

Focus on operational efficiency

The occupational safety of its more than 74,500 employees is a key strategic priority for Ferrovial. Its occupational safety and health plan has managed to bring down the accident ratio by 13.04%.



In 2018, the company continued to abandon or restructure loss-incurring contracts and those generating poor returns. The infrastructure maintenance agreement in Birmingham (United Kingdom) has required it to post a provision of EUR235 million. Further examples included the company's withdrawal from an urban services agreement in Liverpool (United Kingdom) and the improvement of 300 basis points in profit margins on the road maintenance agreements in North America.

Initiatives to streamline overheads include the implementation of the Fit for Growth program in Australia, leading to the departure of 250 employees and a 20% saving on information systems costs.

Integrated high value-added solutions

In 2018, Amey commissioned two waste-to-energy facilities in North Yorkshire and Milton Keynes. The power generated by both plants is enough to supply 51,000 homes for a whole year.

During 2018, Zity carsharing service reached 162,000 users, in partnership with Renault. Zity manages 500 electric vehicles powered by renewable energy. The 9.5 million kilometers traveled by users in 2018 were enough to prevent more than 1,100 tCO₂.

Ferrovial Services implemented its new Innovation Plan in 2018, covering 60 projects to improve efficiency and cushion the environmental impact. For instance, the ZRR for Municipal Waste robotics project has generated a 4% increase in the recovery of waste at selection and sorting plants. 📺



VIDEO: THE CENTURY OF CITIES.

Mobility will be autonomous, electrical, digital and on demand.



VIDEO: GREEN CITIES.

Cities will be greener, more circular and with more citizen participation.



ZERO WASTE TO LANDFILL PROJECT

Ferrovial Servicios has developed the Zero Waste to Landfill project, initiative that has managed to ensure that no waste generated in the Ford manufacturing plant in Almussafes (Valencia) ends up in the landfill, and therefore can have a second life.

This project has managed to stop the plant from sending 15,000 tons of waste per year to the landfill. Ferrovial Servicios carries out the integral waste management of this plant, which annually produces approximately 400,000 vehicles. [Watch video.](#)



WASTE FOR WATTS FOR 23,000 HOMES

Ferrovial Servicios operates the only plant in Spain that produces renewable natural gas from organic waste that is injected into the gas network. The plant, located in the Valdemingómez Technology Park in Madrid, manages a total of 148,000 MWh thermal energy per year, of which 57% is used for the production of electricity, while the remaining 43% is injected into the network as gas. With all this energy transformed into electricity, the annual domestic consumption of some 23,000 homes could be supplied. This installation prevents the emission of more than 16,000 tons of CO₂ per year, promoting energy self-sufficiency and placing the municipality of Madrid at the forefront of innovation.



1.2 STRATEGY AND
VALUE CREATION

1.3 FERROVIAL IN 2018

Shareholders:
Business Performance

Employees:
People
Health and Safety

Clients:
Innovation
Quality

Society:
Ethics and Integrity
Human Rights
The Environment
Supply chain
Community
Responsible Tax Management

1.4 RISKS



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-infrastructures 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

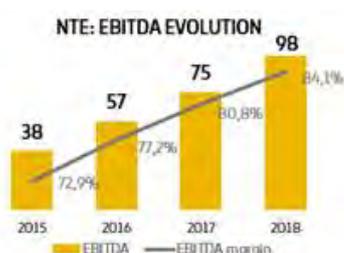
In December 2018 a toll rate increase was announced, which came into force on 1 February 2019. For more information on the new toll rates, please click on the following [link](#).

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

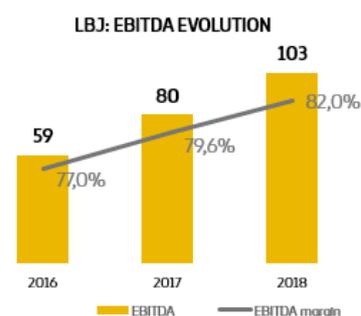
	PAB	TIFIA
Moody's	Baa3	
FITCH	BBB-	BBB-

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 Pittsburg, 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 H7 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 Rokietnica - 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 O10 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 led 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%

DEPRECIATION

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

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%

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 Catalonian 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

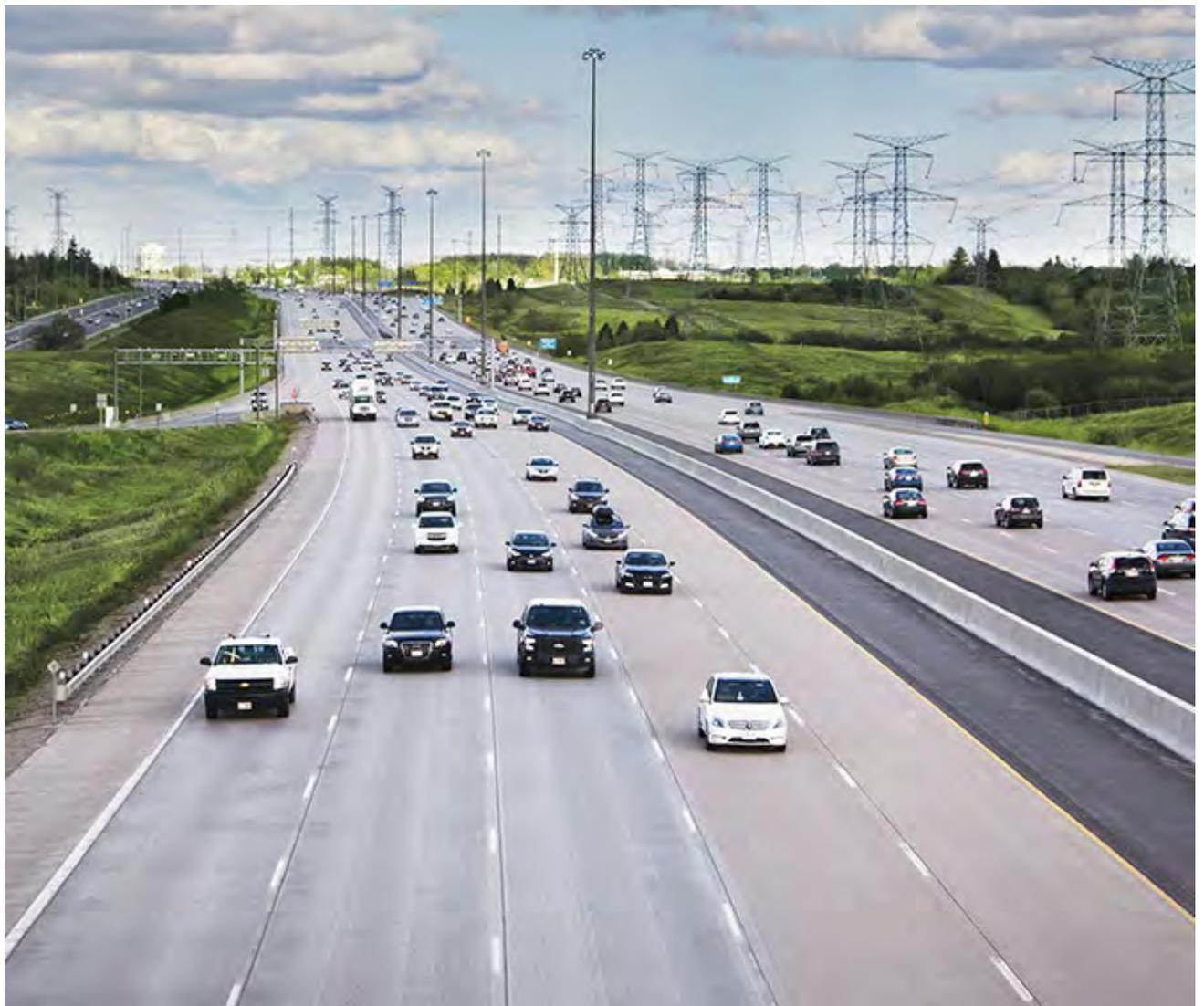
CORPORATE CREDIT RATING

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

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).

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.

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.

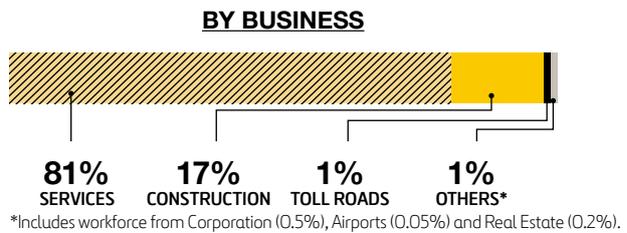
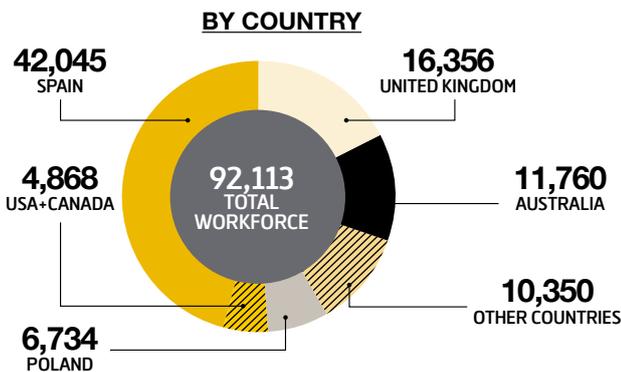
Here, the company is adhered to the European Business Leaders' Commitment to Inclusion and Diversity manifesto of the European Round Table of Industrialists, in support of a European campaign on diversity and equality at companies. 🌐



YOUNG TALENT

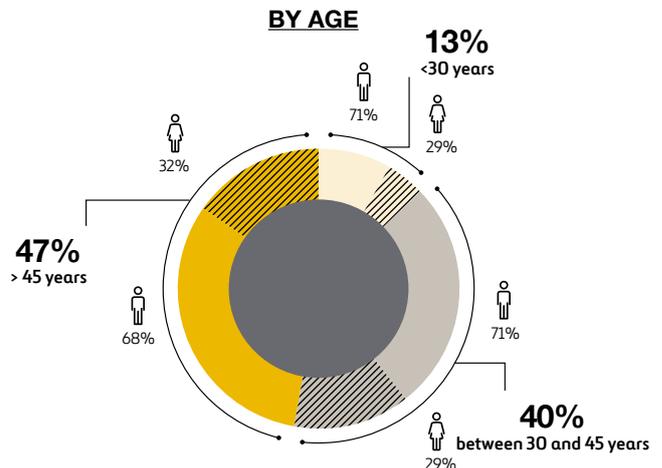
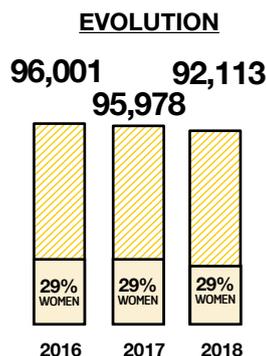
Ferrovial currently has 29 specific programs in place —lasting between three months and three years— to attract young talent. Thanks to these initiatives, the company opened its doors to some 1,000 young workers in 2018, including graduates, mainly in North America, the United Kingdom, Ireland and Poland.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

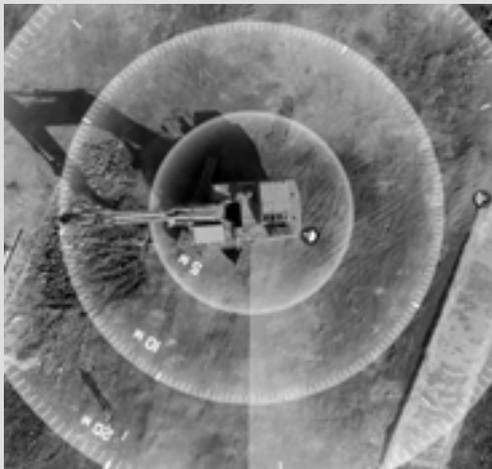
The most senior executive officer at Ferrovial supervises functions and responsibilities relating to health and safety. The CEO regularly reports to the Board of Directors on this important matter. Meanwhile, the person responsible for health and safety at all the business units sits on the Business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

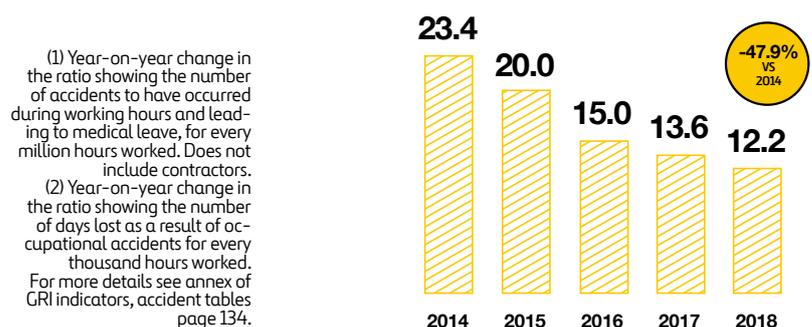
...

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, Ferrovia'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 Ferrovia'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

in emerging technologies and in detecting digital business opportunities.

INNOVATION CULTURE

Ferrovia 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 Ferrovia'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

Ferrovia'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

Ferrovia 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.

INVESTMENT IN R&D

+48
MILLION EUROS

...

PROJECTS DEVELOPED IN 2018

+100

...

STARTUPS

45
PROJECTS

...

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-



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.



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, WOND0 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.

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.



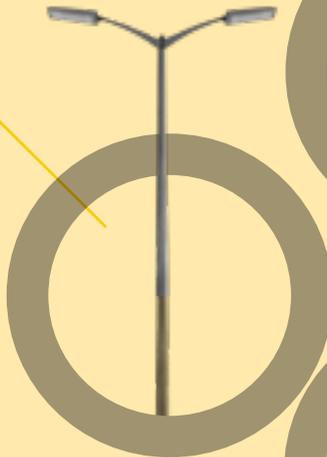
SAFETY AND SECURITY

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.



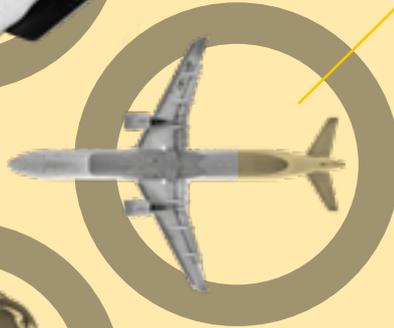
ENGINEERING

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.



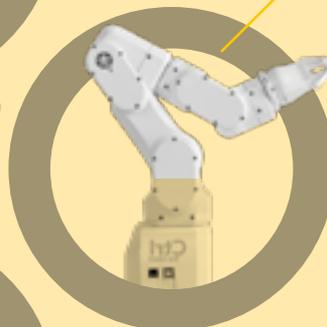
MOBILITY

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).

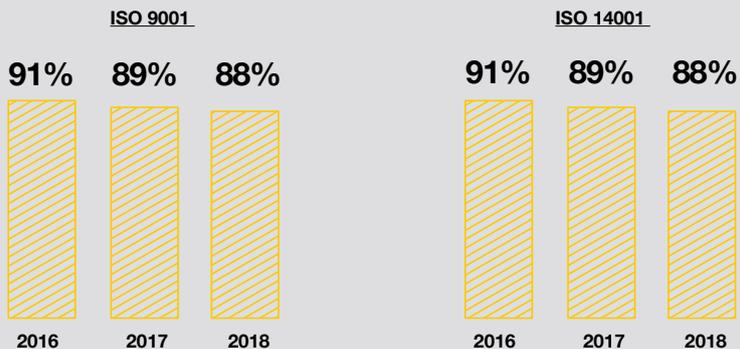
BIM methodology involves incorporating digitalization into construction processes and procedures, thus ensuring greater efficiency when managing information (plans, modifications, work orders, quality assurance, etc.) during the construction phase of an infrastructure project. By using virtual models 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.

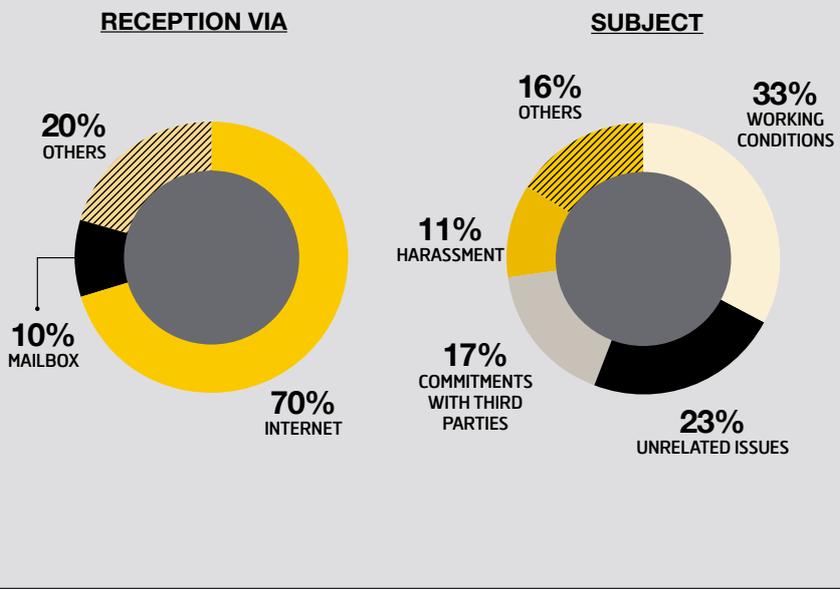
The Compliance Model includes a Crime Prevention Model designed to prevent or significantly reduce the risk of committing criminal acts, especially those that would lead to the company being held criminally liable, in accordance with Organic Law 1/2015 reforming the Criminal Code.

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. Ferrovia 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.

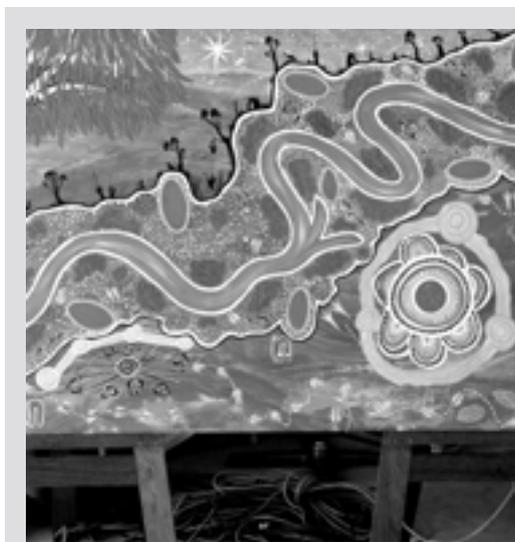
FERROVIAL BUILDS ITS HUMAN RIGHTS POLICY ON THE PRINCIPLES OF PROTECTION, RESPECT AND PROVIDING SOLUTIONS

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. Ferrovia's commitment to Human Rights embraces the entire value chain: employees, customers, suppliers and contractors. Ferrovia 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.

Ferrovia 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. Ferrovia 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 CO-MES 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.

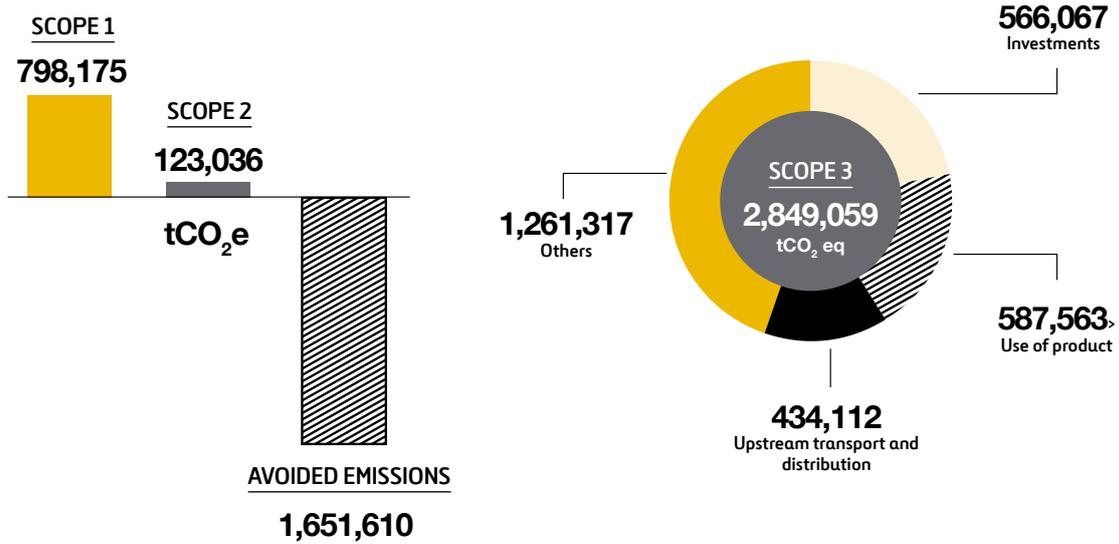
By 2030, the target approved and endorsed by SBTi is to reduce scope 1 & 2 emissions in absolute terms by 32% and in terms of intensity by 42.9%. In 2018, scope 1 & 2 emissions were reduced by 54% in relative terms of intensity and by 14% in absolute terms since 2009, which reflects Ferrovial's commitment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

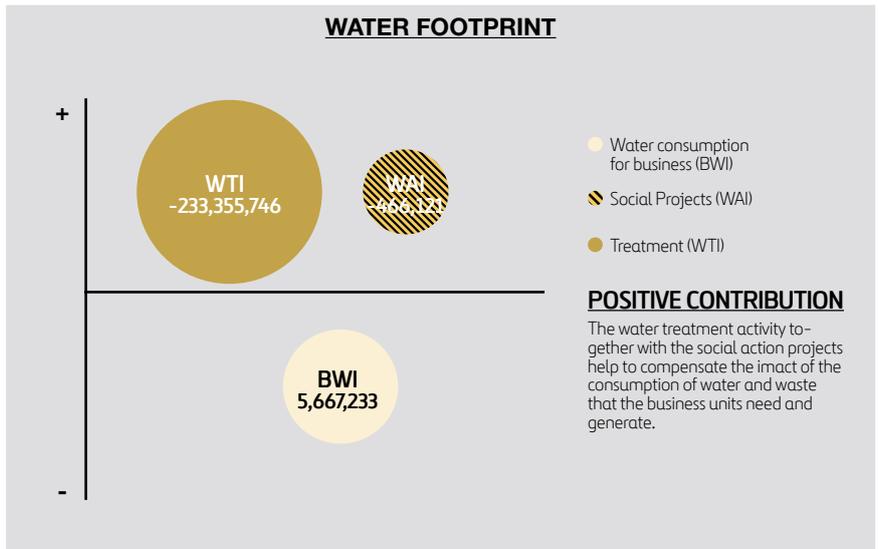
Ferrovial is involved in various think tanks and influence groups at European level to discuss and predict the future of the economic and environmental agenda for the 2030 and 2050 horizons. Notably, these include the Corporate Leaders Group (University of Cambridge Institute for Sustainability Leadership)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



ance of the ecosystems in which the resource is located.

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-

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 partial 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, three times more than the previous year.



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

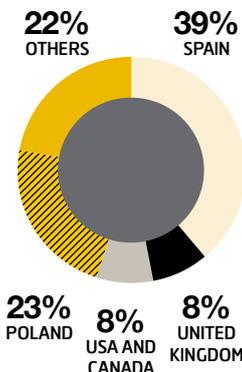
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NUMBER OF SUPPLIERS

88,857

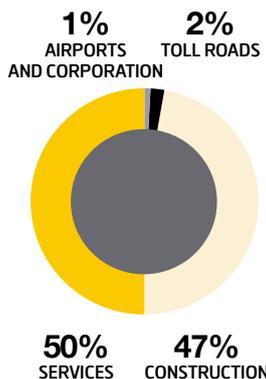
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SUPPLIERS BY COUNTRY



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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.



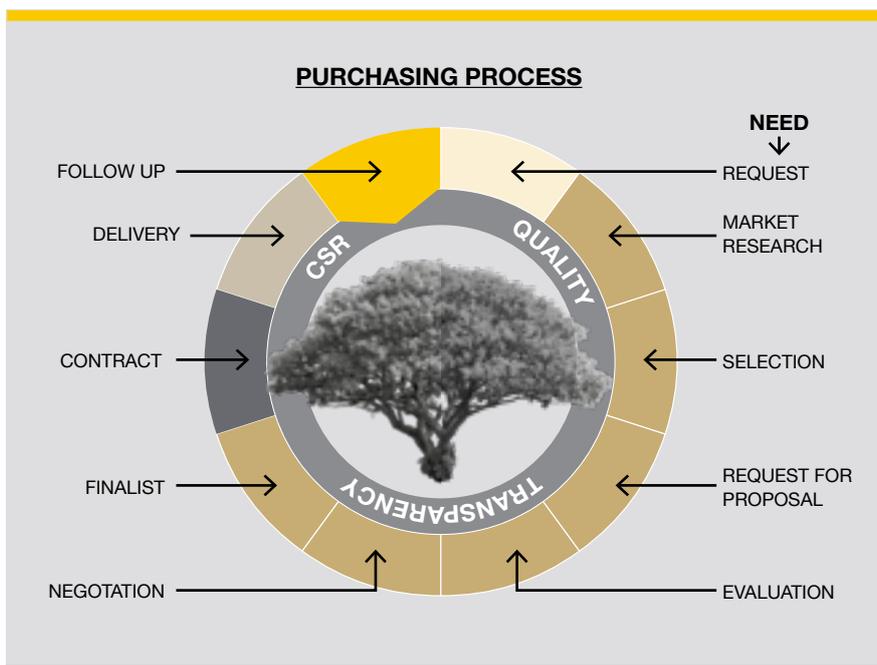
LONG-TAIL PROJECT AT FERROVIAL SERVICES SPAIN

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

...

INVESTMENT IN THE COMMUNITY

4.5 M€

...

BENEFICIARIES OF WATER AND SANITATION PROJECTS

213,713

...



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 BRIGHTER 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.

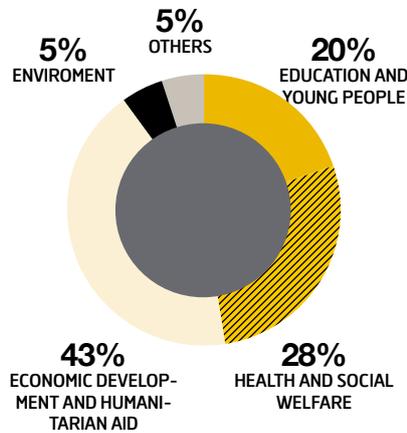
Poland

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

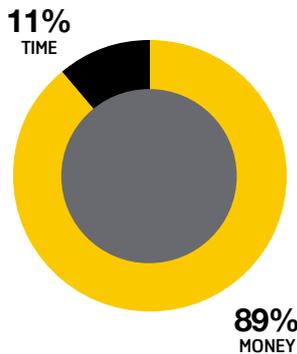
Aside from Broadspectrum's commitment to integrating indigenous people through its Reconciliation Action Plan, the company is

COMMUNITY SUPPORT PROJECTS BY AREAS



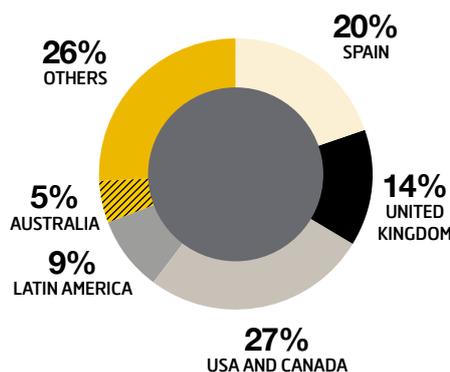
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COMMUNITY SUPPORT PROJECTS BY CONTRIBUTION



...

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 Urao, 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

...

TAXES PAID BY BUSINESS (M€)

128

...

* 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 ⁽³⁾		
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



PHOTO: D4R7 Toll Road, Bratislava (Slovakia)

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1.3 FERROVIAL IN 2018



1.4 RISKS



1.5 CORPORATE GOVERNANCE

Managing risks and opportunities

EFFECTIVE RISK MANAGEMENT IS KEY TO ACHIEVING THE STRATEGIC AND OPERATIONAL OBJECTIVES OF FERROVIAL AND TO DETECTING NEW BUSINESS OPPORTUNITIES AND COMPETITIVE EDGES.

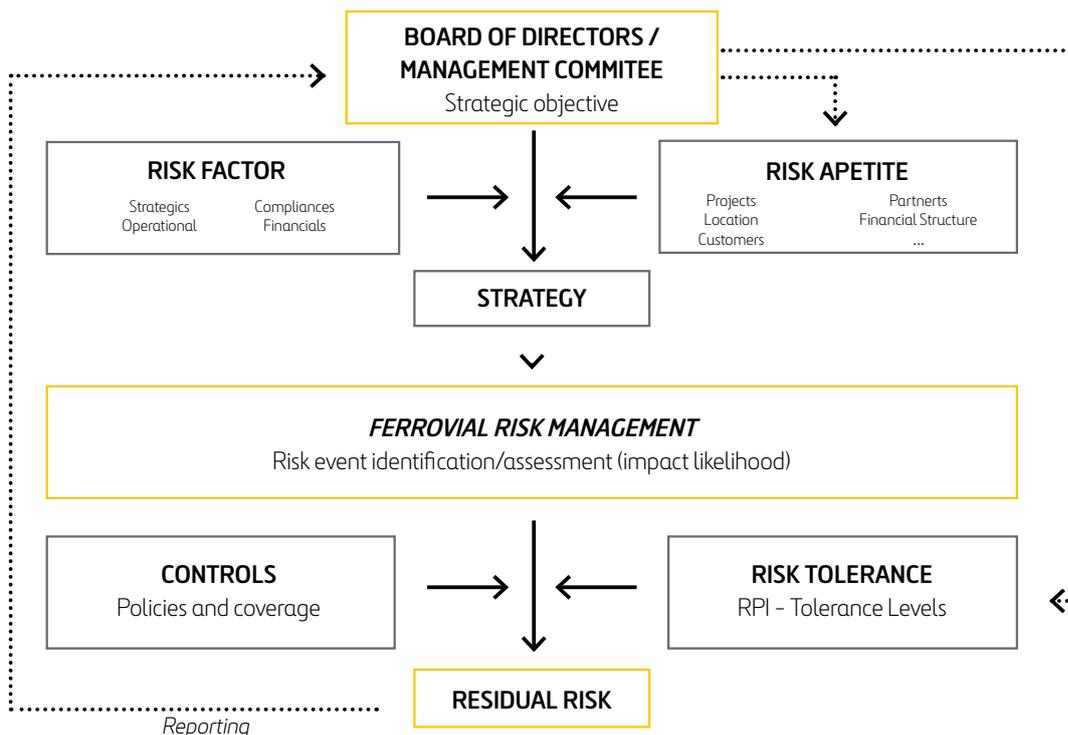
Ferrovial has a Risk Control and Management Policy, approved by Ferrovial's Board of Directors, to provide all employees with a general framework and guidance on how to control and manage the different sorts of risks they encounter when working towards the company's business objectives. The policy establishes how much risk is acceptable by risk factor and sets an acceptable level of tolerance.

The company has an identification and assessment process known as Ferrovial Risk Management (FRM), which is overseen by the Board of Directors and the Management Committee and implemented across all business areas. This process was created for the early detection and assessment of risk events based on their probability of occurrence and potential impact on strategic objectives. This enables Ferrovial to roll out the most suitable management and protective measures according to the nature and location of the risk.

The identified risk events are assessed using common metrics: one inherent, before the specific control measures put in place to mitigate the risk, and one residual, taking into account the specific control measures in place. The appraised difference between inherent risk and residual risk allows the company to determine the relative importance of each risk event in the risk matrix and also evaluate the effectiveness of the measures implemented to manage those risks.

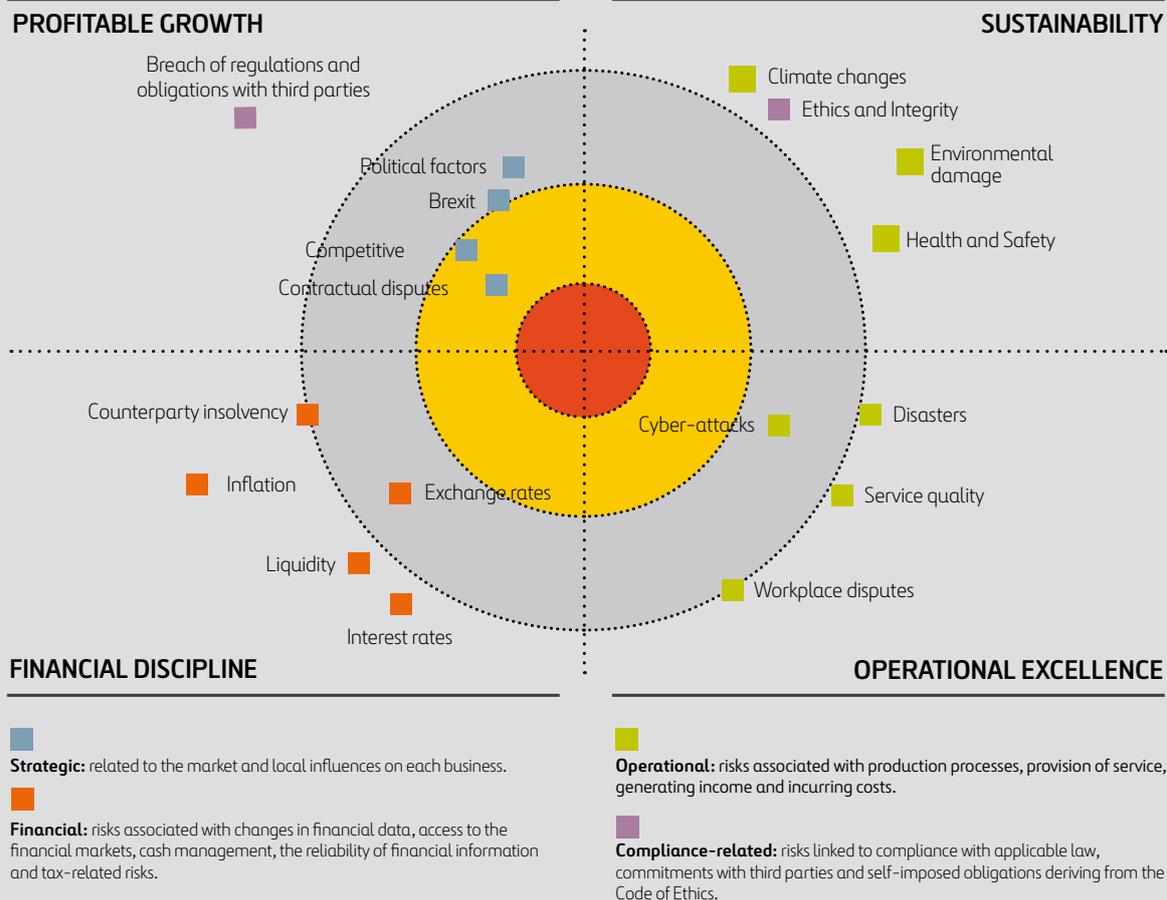
For further details, please refer to section E of the Annual Corporate Governance Report.

FERROVIAL RISK MANAGEMENT



MAIN RISKS

The chart shows the most relevant risk events according to their residual assessment (after controls) that threaten the fulfilment of Ferrovial's corporate strategy.



Explanatory note: the closer a risk is to the diagram's center, the more serious it is. The circled areas indicate tolerance levels. Risk events that threaten several strategic priorities have been placed in the section with the highest relative importance.

Below is a description of the most relevant risk events, and a list of the main control measures implemented to mitigate their potential impact and/or probability of occurrence.

RISKEVENT	DESCRIPTION	TREND	CONTROLS
STRATEGIC CONTRACTUAL DISPUTES	<p>The budgetary constraints facing some of the client's public sector clients are hurting their ability to invest and are increasing exposure to the risk of contractual disputes on construction projects, which can negatively impact the return on investment.</p> <p>A prime example of this is the dispute currently ongoing with Birmingham City Council (United Kingdom). As at December 2018, the company had posted provisions in the amount of GBP207 million to cover any liability eventually deriving from the dispute. For further information, please see Note 6.5.1 of the Consolidated Annual Financial Statements.</p> <p>Meanwhile, the complaint brought by SH-130 Concession Company, LLC (United States) against the construction company, which is 50% owned by Ferrovial, alleging construction defects, continues to progress through the preliminary stages. In tandem with this claim, the concessionaire filed suit in March 2018 against the previous concessionaires (Ferrovial and Zachry) claiming breach of their trustee functions. See Note 6.5.1 to the Consolidated Annual Financial Statements.</p>	↑	<ul style="list-style-type: none"> • High degree of legal security in the regions and areas where projects are undertaken. • Establishing contractual and safeguards and financial guarantees needed to safeguard the company's interests. • Active management of project risks.



	RISK EVENT	DESCRIPTION	TREND	CONTROLS
STRATEGIC	COMPETITIVE PRESSURE	<p>The economic slowdown in Europe and the financial difficulties facing emerging countries are negatively affecting public sector investment capacity and, by extension, business opportunities in those parts of the world. This situation has pushed capital flows towards more dynamic markets with greater investment capacity in which Ferrovial operates, increasing the competitive tension and the consequent pressure on prices and margins in projects in which risks transfer of is not balanced.</p> <p>The portfolio of technical references and the availability of partners with technical and economic solvency are also affected.</p>	↔	<ul style="list-style-type: none"> • Effective risk management affords the company competitive advantages when bidding on projects. • Investment approval procedure whereby the company identifies and assesses the most relevant project risks and picks only those for which there are suitable risk management capabilities and which provide a genuine competitive advantage. • The bidding activity focuses on technically complex projects in which the effective management of risks becomes a differentiator factor.
	BREXIT (For more information, see Consolidated Annual Financial Statements note 5.4)	<p>There is now considerable uncertainty as to whether the British Parliament will ratify the deal reached between the European Union and the UK government to implement a two-year transition period starting 29 March 2019. It is unclear what the economic and political ramifications of this precarious situation for both the UK and the EU will be. The resulting impact on Ferrovial's assets in the United Kingdom (14% of the value of its total assets according to analysts' estimates) could affect the company's overall profitability and ability to create value.</p> <p>In the case of Heathrow Airport, a possible stagnation or slowdown of the British economy is not expected to have any major impact on its business due to the importance of the asset and because it is already operating at full capacity. On top of this, the British government's support for the plans to build a third runway illustrate the airport's importance to the country, making it somewhat less exposed to the risk of Brexit.</p> <p>Heathrow has released a report on the potential adverse impact in the event of a hard Brexit wiping 114 million pound from the Budget for 2019. Meanwhile, S&P has announced its intention to maintain the airport's rating but with a negative outlook.</p>	↔	<ul style="list-style-type: none"> • Continuous monitoring of the ongoing negotiations between the UK and the EU. • Operational efficiency measures to be implemented across the various business units to respond to new market conditions. • Continuous monitoring of the financial markets in order to hedge risks accordingly. • Arranging hedge agreements to cover an amount roughly equivalent to the dividends expected to be received from UK assets over the coming three years.
	POLITICAL FACTORS	<p>Ferrovial carries on its business in stable regulatory environments with high levels of legal certainty. However, political instability in certain regions in which the company operates can lead to regulatory changes that would negatively impact asset management and expose the company to new risks.</p> <p>In the specific case of Spain, growth prospects may be affected by political instability and uncertainty derived from political and social initiatives in Catalonia calling for the separation of the region from Spain.</p> <p>Meanwhile, the political situation in the United Kingdom and the precarious position of its current government may well impact the planned expansion of Heathrow Airport, which was green-lighted by the British Parliament in June 2018 and which is continuing through the public consultation process eventually leading to the approval of the Development Consent Order.</p>	↑	<ul style="list-style-type: none"> • Permanent monitoring of any regulatory or legislative processes that may affect business, as well as possible political developments, in order to anticipate possible changes and manage them accordingly.
OPERATIONAL	CYBER-ATTACKS	<p>Ferrovial's infrastructures are vulnerable to cyber-attacks, which would impact people and the infrastructures themselves and could even paralyze operations. Airports and road infrastructures are the most exposed to this type of risk.</p>	↑	<ul style="list-style-type: none"> • Collaboration with security forces to implement the most appropriate security measures and systems to prevent attacks on company infrastructure. • Cybersecurity measures to reduce the risk of unauthorized access to the company's information and operating systems.
	WORKPLACE DISPUTES	<p>Potential disputes with individual employees or groups of workers can threaten the company's productive capacity, especially in relation to more employee-intensive activities.</p>	↔	<ul style="list-style-type: none"> • Continuous collaboration and contact with workers' representatives to forestall possible conflicts sufficiently in advance so that preventive measures can be adopted. • Adhering to current labor law and regulations and ensuring strict compliance with the labor agreements in place as a means of mitigating the risk of disputes with employees.

	RISK EVENT	DESCRIPTION	TREND	CONTROLS
OPERATIONAL	DISASTERS	Unexpected events that result in damage or injury to individuals or property, and located at or caused by assets owned and/or managed by the company, including natural disasters.	↔	<ul style="list-style-type: none"> Contingency plans for each type of event. Health and safety systems to be implemented in all areas of activity. Insurance policy with coverage and compensation limits for accident liability, including environmental risks, events triggered by terrorist attacks or sabotage against company-managed facilities and infrastructure.
	SERVICE QUALITY	Breach of quality levels and/or delivery times agreed upon with third parties. Inadequate or insufficient quality assurance systems for goods and services provided by the company.	↓	<ul style="list-style-type: none"> Quality policy, quality management system by business area (ISO 9001) and implementation of key indicators to measure quality levels during project performance and provision of service. Audit plan to ensure compliance with the law, regulations, contractual obligations and objectives. Digital platforms to ensure compliance with technical legislation and regulations throughout all phases of the contract life cycle.
	ENVIRONMENTAL DAMAGE (For more information, please see the section on the Environment on page 73 and 78)	Company activities that can have a significant impact on the environment and the local area in which it operates.	↔	<ul style="list-style-type: none"> Internal and external audit plan (ISO 14001 and EMAS mainly) to ensure compliance with the law, regulations, contractual obligations and objectives. Insurance policy with sufficient cover and compensation limits to meet possible liability arising from environmental risks. Measures to ensure compliance with and awareness of all applicable technical legislation and regulations.
	CLIMATE CHANGE (For more information, please see the section on the Environment on page 78)	Exposure to risks relating to climate change. Extreme weather events can not only affect infrastructure but also have an economic impact (increasing the cost of raw materials) and technological impact by leading to regulatory developments aimed at reducing polluting gases (higher taxes on fossil fuels, increased cost of GHG emissions, new forms of transport that impact project business plans, etc.).	↑	<ul style="list-style-type: none"> Ferrovial has implemented a process to identify and assess the risks arising from climate change in order to anticipate them sufficiently in advance to be able to implement remediation and adaptation measures in response to the new environment. Control and monitoring tools.
	HEALTH AND SAFETY (For more information, please see the section on Health and Safety on page 66)	Because of the nature of its business, the company is exposed to the risk of accidents occurring, which can impact both people and property.	↔	<ul style="list-style-type: none"> Implementation of adequate health and safety systems to safeguard company activities under a zero-accidents vision. Control and supervision of adequate occupational health and safety conditions at all work centers. Continuous training in occupational risk prevention. Permanent monitoring of management systems through internal and external audits.
COMPLIANCE-RELATED	ETHICS AND INTEGRITY (For more information, please see the section on Ethics and Integrity on page 74)	Actions carried out by employees, with or without the help of third parties, that breach or fall short of the principles governing integrity, transparency and respect for the law and human rights.	↓	<ul style="list-style-type: none"> Ferrovial has drawn up a Compliance Model that embodies the principles of respect for current legislation, ethical integrity, transparency and zero tolerance toward criminal actions. Training on ethics and anticorruption.
	BREACH OF REGULATIONS AND OBLIGATIONS WITH THIRD PARTIES	Breach of regulations affecting Ferrovial. Failure to honor contractual obligations with third parties, which may give rise to penalties or jeopardize project continuity and/or the company's financial position.	↓	<ul style="list-style-type: none"> Compliance Model at Ferrovial. FRM process allows us to detect, assess and monitor the risk of non-compliance with obligations early enough to be able to take appropriate corrective measures. Compliance model supervision plan.
FINANCIEROS	FINANCIAL RISKS (For more information, see Consolidated Annual Financial Statements note 5.4)	Risks associated with changes in financial data, access to the financial markets, cash management, the reliability of financial information and tax-related risks.	↑	<ul style="list-style-type: none"> Assessment and management of the risk exposure of the main financial variables: interest rates, exchange rates, share price, liquidity and credit. This analysis draws a distinction between the policies applied at infrastructure project companies and those applied at other companies (where this difference is deemed relevant).

Meanwhile, Ferrovial pays close attention to any emerging risks that might impair its ability to meet its strategic targets. This also extends to risks which, despite having a low probability of occurrence, could nevertheless have negative effects on its business targets. Some of the more prominent risks here include natural disasters or risks caused by human action, humanitarian crises, anti-globalization and protectionist political movements that have the effect of reducing international investment and jeopardizing free competition, or causing technological disruption and/or obsolescence and impacting technology innovation when it comes to infrastructure management. 📌



PHOTO: Denver Airport, Colorado (United States).



1.4 RISKS

1.5 CORPORATE GOVERNANCE

Corporate Governance

Remunerations

Board of Directors

Management Committee

1.6 EXPECTED BUSINESS PERFORMANCE

Independence and diversity

FERROVIAL'S CORPORATE GOVERNANCE SEEKS TO GUARANTEE INTEGRITY, WHICH IS VIEWED AS DILIGENT, TRANSPARENT AND RESPONSIBLE CONDUCT VIS-À-VIS SHAREHOLDERS, EMPLOYEES, CUSTOMERS AND THE DIFFERENT AGENTS INVOLVED IN THE COMPANY'S ACTIVITIES. INTEGRITY IS KEY TO ENSURING PROFITABLE BUSINESS AND LONG-TERM SUSTAINABILITY IN LINE WITH THE COMPANY'S STRATEGY, WHILE STRENGTHENING THE TRUST THAT SHAREHOLDERS AND OTHER STAKEHOLDERS PLACE IN THE COMPANY.

In compliance with commercial law, the Annual Corporate Governance Report (ACGR) forms part of this Management Report. It was drawn up by the Board of Directors and has been filed with the Spanish National Securities Market Commission (CNMV). The ACGR details all corporate governance aspects at Ferrovial and is available at www.ferrovial.com.

As explained in the ACGR, Ferrovial is fully or partially compliant with most of the recommendations set out in the Good Governance Code of Listed Companies (57 out of the 59 recommendations that apply to the company). The company regularly analyzes the national and international best practices and regulations relating to good governance to assess their application and possible incorporation into its internal regulations.

GOVERNING BODIES

The ACGR describes how the group's management bodies and the decision-making process work, highlighting the roles of the General Shareholders' Meeting and Board of Directors as the company's most senior governance bodies.

Board of Directors

The Board performs its duties with unity of purpose and independent judgment. It treats all shareholders equally and works towards the company's interests, meaning

the need to secure a profitable business that is sustainable in the long term, while supporting its continuity and seeking optimal economic value for the company.

It comprises 12 members, thus ensuring an efficient and participative functioning of the board. Its members are re-elected

Each year, the Board appraises the quality and efficiency of its own functioning and that of its various committees. For the fourth straight year, it has been aided in this process by a widely respected external consultant. As part of the action plan in place to improve upon those aspects, the Board has agreed to continue strengthening its role in discussing and shaping group strategy, in supervising innovation, technology and digital transformation and in permanently monitoring the projects and issues that matter the most to each business unit.

Executive Committee

This committee has all delegated powers of the Board of Directors, except for those that cannot be delegated for legal reasons or because the bylaws say so. The committee comprises seven members. Among other duties, it monitors the performance of key business indicators and the status of the most pressing corporate matters, while also approving the operations of its competence as a delegated body of the Board of Directors.

Audit and Control Committee

It comprises three independent directors, who have been appointed in consideration of their knowledge and experience in accounting, auditing or risk

BRUNO DI LEO, INDEPENDENT DIRECTOR

In 2018, the Board of Directors appointed Bruno Di Leo as an independent director by co-option. The appointment was duly preceded by a selection process with the involvement and assistance of a renowned external expert. This latest appointment, which follows the appointments of Hanne Sørensen in 2017 and Philip Bowman in 2016, effectively increases the Board presence of independent directors, who already account for 50% of total members. It also makes the Board more diverse in relation to the gender, backgrounds, knowledge and experience of its members.

FEMALE BOARD MEMBER TARGET

30%

Of the Board in 2020

...

EXTERNAL ASSESSMENT OF THE BOARD

4

Years in a row

...

VOTING RIGHTS ASSIGNED TO THE BOARD OF DIRECTORS

31.15%

...

LEAD DIRECTOR

1

...

INDEPENDENCE

50%

Of Directors

...

AUDIT AND CONTROL COMMITTEE

100%

Independent Directors

...

management. Between them, they possess the requisite technical knowledge and expertise in relation to the sector in which the company operates. To increase the diversity of its members, Australian board member Philip Bowman was awarded a seat on the committee in 2018.

Their main duties resulting from the adoption of the recommendations contained in the Good Governance Code of Listed Companies are described below, without prejudice to any others prescribed by law.

- Supervising the generation and presentation of mandatory financial information and ensuring that the Board seeks to present accounts to the General Shareholders' Meeting without any limitations or qualifications contained in the audit report.
- Remaining fully apprised of any structural and corporate changes planned by the company, while reporting previously to the Board of Directors on the financial terms and accounting impact of such changes, particularly in relation to the proposed exchange ratio such one exist.
- Ensuring that the company and the financial auditor adhere to rules governing the rendering of non-audit services, limits on the concentration of auditor services and other general regulations governing the independence of the financial auditor.
- Ensuring that the remuneration of the financial auditor does not compromise its quality or independence.
- Receiving regular information on activities from the Internal Audit Department.
- Ensuring the independence of the Internal Audit Division.
- Establishing and supervising a system that allows employees to confidentially and anonymously report any irregularities with potentially serious implications that may be detected at Ferrovial, particularly regarding financial and accounting matters.
- Supervising compliance with internal corporate governance and standards of conduct in the securities markets, and suggesting improvements.
- Coordinating the process of reporting non-financial information according to applicable law and benchmark international standards.

The committee held five meetings in 2018, with all members in attendance at each such meeting. The activities performed by the committee during the year are described in the report regarding its operation, available on the Ferrovial website. The Audit and Control Committee takes into account the recommendations of the CNMV Technical Guide on Audit Committees for Public-Interest Entities when going about its business.

BUSINESS DISCUSSED BY THE BOARD OF DIRECTORS

Every year, at the proposal of its Chairman, the Board of Directors draws up a calendar and an agenda for each of the meetings scheduled for the following year, taking into consideration the suggestions raised by directors and the recommendations of the company's external consultant who collaborated on the Board assessment process. Naturally the Board may also address any other unforeseen matters that require its attention during the year. The main matters addressed in 2018 are as follows:

- Financial information periodically reported.
- Internal financial reporting system.
- Risk management process.
- Annual General Shareholders' Meeting (call, proposal of agreements, reports).
- Report from each business unit and corporate area.
- Annual budget and amendments to the budget for the current year.
- Health and Safety (which is reviewed at each Board meeting due to the importance the company attaches to this subject).
- Fiscal and tax policies followed by the company in 2018.
- Compliance Model.
- Innovation.
- Cyber-security.
- Social welfare action.
- Quality and the Environment.
- Ferrovial's shareholding structure and on the perception of investors and analysts.
- Scrip dividend program.
- Annual assessment of the Board and its committees.
- Remuneration of Directors.
- New developments in corporate governance.

Appointments and Remunerations Committee

The committee comprises four non-executive directors, the majority of whom are independent, including its Chairman. They all possess the knowledge, aptitude and experience needed to perform the functions entrusted to them. To increase the diversity of its members, Danish board member Hanne Sørensen was awarded a seat on the committee in 2018.

Their main duties resulting from the adoption of the recommendations contained in the Good Governance Code of Listed Companies are described below, without prejudice to any others prescribed by law.

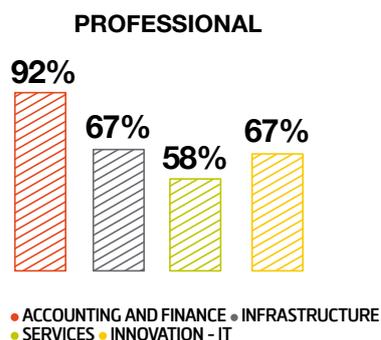
- Proposing the basic terms of the contracts signed with members of the senior management.
- Ensuring that all non-executive directors have sufficient time to duly perform their duties.
- Ensuring compliance with the remuneration policy established by the company.
- Verifying information on remuneration for executives and senior managers contained in the various corporate documents, including the Annual Report on Director Remuneration.
- Ensuring that any conflicts of interest do not impair the independence of the advice provided to the committee.
- Reporting on the appointment of the members that are to sit on each of the committees, in view of the knowledge, skills and experience of directors and the duties of each committee.

The committee held six meetings in 2018, with all members in attendance at each such meeting. The activities performed by the committee during the year are described in the report regarding its operation, which is available on the Ferrovial website. [f](#)

		RAFAEL DEL PINO	SANTIAGO BERGARECHE	JOAQUÍN AYUSO	ÍÑIGO MEIRÁS	MARÍA DEL PINO	SANTIAGO FERNÁN- DEZ VALBUENA	JOSE FERNANDO SÁNCHEZ-JUNCO	JOAQUÍN DEL PINO	ÓSCAR FANJUL	PHILIP BOWMAN	HANNE SØRENSEN	BRUNO DILLO
POSITION		Chairman	First Vice- Chairman	Second Vice- Chairman	CEO	Member	Member	Member	Member	Member and Lead Director	Member	Member	Member
Board of Directors	Executive	✓			✓								
	Proprietary	✓				✓			✓				
	Independent						✓	✓		✓	✓	✓	✓
	Other external		✓	✓									
Committees	Executive Committee	✓ C	✓	✓	✓	✓		✓		✓			
	Audit and Control Committee						✓ C			✓	✓		
	Appointments and Remunerations Committee		✓				✓	✓ C				✓	
Shareholding	% of capital held directly and indirectly	20.104	0.334	0.018	0.049	8.082	0.003	0.023	2.530	0.003	0.003	0.00	0.00
Other information	Date of first appointment	9/1/1992	23/2/1999	22/3/2002	20/10/2009	29/9/2006	29/5/2008	3/12/2009	29/10/2015	30/7/2015	28/7/2016	5/4/2017	26/7/2018
	Nationality	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	AUSTRA- LIAN	DANISH	PERUVIAN
	Positions as direc- tors at other listed companies	0	2	2	0	0	1	0	0	2	2	4	1
	Age	60	73	63	55	62	60	71	57	69	66	53	61

C: Chairman of the Executive Committee, Chairman of the Audit and Control Committee and Chairman of the Appointments and Remuneration Committee.
Information updated at February 2019.

EXPERIENCE AND TRAINING OF BOARD MEMBERS



Competitive, balanced and aligned with corporate interests

THE REMUNERATION OF FERROVIAL'S BOARD OF DIRECTORS IS ESTABLISHED ON THE BASIS OF BEST MARKET PRACTICES AND BACKED BY STUDIES ON REMUNERATION CONDUCTED BY EXTERNAL CONSULTANTS, INTERNAL RULES AND REGULATIONS AND APPLICABLE LAW.

The remuneration of Ferrovial's senior management is based on the following principles and criteria:

- Creating long-term value by aligning remuneration systems with the Strategic Plan.
- Attracting and retaining the finest talent.
- External competitiveness when setting remuneration.
- Periodic involvement in stock plans pegged to the attainment of specific profitability metrics.
- Attainment of targets under the Risk Management Policy.
- Maintaining a reasonable balance between fixed remuneration items (short term) and variable items (annual and long term).
- Transparency.

REMUNERATION OF EXECUTIVE DIRECTORS

Fixed items

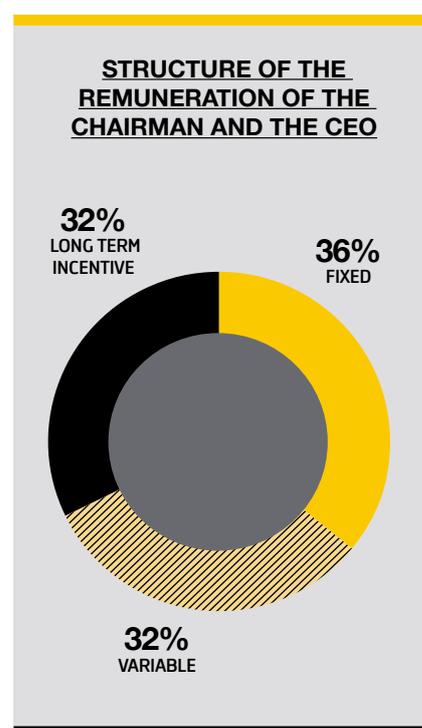
The fixed remuneration of executive directors is calculated on the basis of market benchmarks from a comparison group comprising 24 national and international peers in the relevant markets.

Variable items

Only executive directors have variable pay items as part of their remuneration. The package comprises an amount of annual variable remuneration plus long-term incentive plans.

The Company has decided to submit for approval of the General Shareholders' Meeting a reduction of the annual variable limit from 225% to 190% and also to modify the long-term incentive limit, which may amount to 150% of the fixed compensation. Ferrovial is therefore promoting best practices by gearing its remuneration mix more towards long-term items.

A new long-term incentive plan for 2019 based on options and shares will also be submitted to the general meeting for its approval. This plan is described at greater length in the [Annual Report on Remuneration of Directors](#).



VARIABLE REMUNERATION OF THE EXECUTIVE DIRECTORS

125%
Variable remuneration target

...

225%
Maximum variable remuneration

...

REMUNERATION OF EXECUTIVE DIRECTORS

REMUNERATION OF EXECUTIVE DIRECTORS (THOUSANDS OF €) (1)	FIXED	VARIABLE	SHARE-BASED PLANS	OTHER ⁽²⁾	TOTAL 2018	TOTAL 2017
Rafael del Pino y Calvo-Sotelo	1,455	1,337	1,204	8	4,004	5,262
Íñigo Meirás Amusco	1,200	1,053	1,204	4	3,461	4,589
TOTAL	2,655	2,390	2,408	12	7,465	9,851

(1) Remuneration for their position as executive director.
(2) Life insurance premiums/board positions at other subsidiaries

a) Annual variable remuneration for 2018

Remuneration is pegged to individual performance and the attainment of specific economic-financial, industrial and operational targets, which are pre-determined, quantifiable and consistent with company interests and expressly envisioned in the Strategic Plans. These targets may be quantitative or qualitative.

The target amount of the annual variable remuneration for executive directors, i.e. the remuneration corresponding to a standard level of target attainment, is equivalent to 125% of the fixed remuneration for both the Chairman and the CEO. The quantitative targets have an associated scale for rewarding overachieved targets up to a certain limit. The annual variable remuneration therefore has a cap of 225% on the fixed remuneration for executive directors in 2018.

Quantitative targets comprise metrics to guarantee a suitable balance between financial and operational aspects relating to the management of the company. Qualitative targets are pegged to an assessment of the individual performance of executive directors.

b) Current long-term Incentive Plans

Executive directors participate in a long-term variable remuneration system involving the delivery of shares. The current remuneration policy has a limit of 125% of the fixed remuneration as the incentive value at the time the

remuneration is awarded. It is structured into overlapping multi-year cycles (currently set at three years). Units are assigned each year and then converted into shares at the end of the cycle (currently three years). For the current plan (2016-2018), they are determined with a relative weighting of the table on the right:

REMUNERATION OF NON-EXECUTIVE DIRECTORS

The remuneration of non-executive directors is determined by an assignment (fixed plus complementary) and living allowances. Their remuneration is in the median of the remuneration paid to non-executive directors of lbx 35 companies.

Ferrovial's internal regulations state that the remuneration of external directors will be determined so as to adequately compensate for the responsibility and dedication required by the position, but without compromising their independence.

Remuneration systems involving the delivery of shares, options, share-linked instruments or instruments pegged to the company's performance apply only to executive directors.

Further information on the remuneration of the Board of Directors and senior management, and on the remuneration policy in general, is available on the Ferrovial website: www.ferrovial.com.

SCALE OF COMPLIANCE WITH THE METRIC

(2018 ALLOCATION)

GROSS OPERATING PROFIT (GOP) ⁽¹⁾ on Net Productive Assets		WEIGHT
Maximum	≥10.5%	70%
Minimum	<9%	
Total Shareholder Return (TSR) in comparison with a group of companies		
Maximum	Positions 1 to 5	30%
Minimum	Positions 11 to 18	

(1) Consolidated GOP: gross operating result before depreciation, adding the GOP from the companies incorporated based on the equity method in the consolidated financial statements in the percentage of stake that the company holds in them.

(2) Net Productive Assets: total amount of the assets in the consolidated balance of the company excluding assets allocatable to projects in an unpaid construction phase. The value corresponding to the proportional part of the net productive assets from the companies integrated by the equity method will then be added to this result, with the exception in any case of the part corresponding to the revaluations of companies stemming from divestment processes with loss of control.

REMUNERATION OF THE SENIOR MANAGEMENT

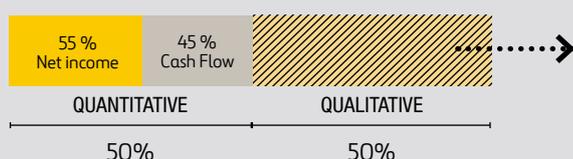
REMUNERATION OF THE SENIOR MANAGEMENT (THOUSANDS OF €)	2018	2017
Fixed remuneration	5,237	5,165
Variable remuneration	3,803	5,170
Target-based plan for the delivery of shares	5,083	5,435
Other ⁽¹⁾	54	52
Other ⁽²⁾	8,924	0
Total	23,101	15,822

(1) Life insurance premiums / board positions at other subsidiaries

(2) Disassociation of three members of the Executive Committee (data subject to personal income tax)

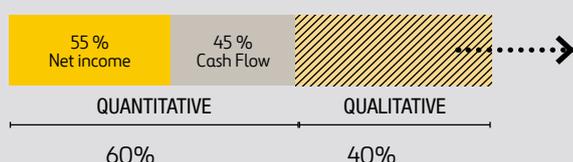
COMPONENTS OF THE VARIABLE REMUNERATION

CHAIRMAN



- Operations of the Board and the Executive Committee.
- Corporate Governance.
- Strategic Plan.
- Successions.
- Institutional Relations.

CEO



- Compliance with the Strategic Plan.
- Employee Health & Safety, measured using accident rates.
- Promoting Innovation and Corporate Social-Sustainability Responsibility.
- Development of professional teams to guarantee stability in the management and achievement of strategic objectives of the organization.
- Adjustment and monitoring of procedures linked to assuming controlled risks.
- Relationships with stakeholders.

BOARD OF DIRECTORS

01/ RAFAEL DEL PINO CHAIRMAN

● Executive and Proprietary Director

- Civil Engineer (Polytechnic University of Madrid, 1981). MBA (Sloan School of Management, MIT, 1986).
- Chairman of Ferrovial since 2000 and CEO since 1992. Chairman of Cintra from 1998 to 2009.
- Member of the MIT Corporation, IESE's International Advisory Board, the MIT Energy Initiative's External Advisory Board and the MIT Sloan European Advisory Board, and the Harvard Business School European Advisory Board. He is also a member of the Royal Academy of Engineering of Spain.
- He has been Director of Zurich Insurance Group, Banesto and Uralita.

02/ SANTIAGO BERGARECHE VICE-CHAIRMAN

● External Director

- Degree in Economics and Law (Universidad Comercial de Deusto).
- 1st Vice-Chairman of Ferrovial and member of the Board of Directors since 1999. Joined Ferrovial in 1995 as Chairman of Agroman. In February 1999, after the merger of Ferrovial and Agroman, appointed CEO of Ferrovial.
- Vice-Chairman of Alantra Partners; Director of Vocento, Maxam Corp Holding and Deusto Business School; Trustee of the Foundation Casa Ducal de Medinaceli.
- Former Managing Director of Banco Bilbao Vizcaya Argentaria (BBVA); Chairman of Vocento, Metrovacesa and Cepsa.

03/ JOAQUÍN AYUSO VICEPRESIDENTE

● External Director

- Degree in Civil Engineering (Universidad Politécnica de Madrid).
- 2nd Vice-Chairman of Ferrovial and member of the Board of Directors since 2002. Chairman of the Board of Directors of Autopista del Sol. Joined Ferrovial in 1982. Managing Director of Construction since 1992, CEO of Ferrovial Agroman (1999-2002), CEO of Ferrovial (2002-2009), executive Vice-Chairman of Ferrovial (2009-2012) and Vice-Chairman of Cintra (2002-2009). Former Director of BAA (UK), Budimex (Poland) and 407 ETR (Canada).
- Director of Bankia and National Express Group (UK). Member of the Advisory Boards of "Benjamin Franklin" Institute at the University of Alcalá de Henares, TRANSYT

(Transport Investigation Center of the School of Civil Engineering) and A.T. Kearney for Spain.

- Former Director of Hispania Activos Inmobiliarios and member of the Board of Círculo de Empresarios.

04/ ÍÑIGO MEIRÁS CEO

● Executive Director

- Degree in Law (Universidad Complutense de Madrid); MBA (IE Business School).
- CEO of Ferrovial since 2009. Joined Ferrovial in 1992; former Managing Director of Autopista del Sol and Director of Toll Roads at Cintra. CEO of Ferrovial Services from 2000 to 2007; later appointed CEO of Ferrovial Airports.
- Previously worked at Holcim Group and Carrefour Group.

05/ MARÍA DEL PINO DIRECTOR

● External Proprietary Director

- Degree in Economics and Business Administration (Universidad Complutense de Madrid); Management Development Program (IESE).
- Director of Ferrovial since 2006.
- Chairman of the Rafael del Pino Foundation. Legal representative of Menosmares, S.L. that holds the positions of rotating Chairman / Vice-Chairman of the Board of Directors of Casa Grande de Cartagena, S.A.U. and Vice-Chairman of the Board of Directors of Pactio Gestión, SGIC, S.A.U. Member of the Board of Trustees of the Princess of Asturias.
- Former member of the Governing Board of the Asociación para el Progreso de la Dirección and trustee of the Codespa Foundation and of the Fundación Científica de la Asociación Española contra el Cáncer.

06/ SANTIAGO FERNÁNDEZ VALBUENA DIRECTOR

● Independent Director

- Degree in Economics (Universidad Complutense de Madrid); PhD and Master's De-



gree in Economics (Northeastern University, Boston).

- Director of Ferrovial since 2008.
- Chairman of the Board of Directors of AEDAS Homes, S.A. and Vice-Chairman of EBN Banco de Negocios.
- Former Chairman of Telefónica Latinoamérica; Director and Chief Strategy, Finance and Corporate Development Officer at Telefónica; Managing Director of Société Générale Valores and Head of Equities at Beta Capital; Professor of Applied Economics at the Universidad Complutense and Professor at IE Business School.

07/ JOSÉ FERNANDO SÁNCHEZ-JUNCO DIRECTOR

● Independent Director

- Degree in Industrial Engineering (Universidad Politécnica de Barcelona). ISMP Graduate at Harvard Business School. Member of the State Corps of Industrial Engineers.
- Director of Ferrovial since 2009. Director of Cintra from 2004 to 2009.
- Executive Chairman of Maxam Group;



Chairman of Maxam Foundation; member of the Board of Trustees of the Museo de la Minería y la Industria and of the Foundation Princesa de Girona.

- Former Managing Director of Iron and Steel and Naval Industries and Managing Director of Industry at the Ministry of Industry and Energy; Director of Dinamia, Uralita and Duro Felguera.

8/ JOAQUÍN DEL PINO DIRECTOR

● External Proprietary Director

- Degree in Economics and Business Administration; MBA (IESE).
- Director of Ferrovial since 2015 (and has represented the Director Karlov, S.L. since 2010, reelected in 2013).
- Legal representative of Soziancor, S.L.U., that holds the positions of rotating Chairman / Vice-Chairman of the Board of Directors of Casa Grande de Cartagena, S.A.U. and Chairman of the Board of Directors of Pactio Gestión, SGILC, S.A.U.; Trustee of the Rafael del Pino Foundation and the Plan España Foundation.

- Former Director of Banco Pastor.

9/ ÓSCAR FANJUL DIRECTOR

● Independent Director Lead Director

- Professor of Economic Theory on leave of absence.
- Director of Ferrovial since 2015.
- Vice-Chairman of Omega Capital. Vice-Chairman of LafargeHolcim; Director of Altamira Asset Management and of Marsh & McLennan Companies; Vice-Chairman of the Museo Nacional Centro de Arte Reina Sofía and Trustee of the Center for Monetary and Financial Studies (Bank of Spain) and of the Aspen Institute (Spain).
- Former founding Chairman and CEO of Repsol; Chairman of Hidroeléctrica del Cantábrico; non-executive Chairman of NH Hoteles and Deoleo; Director of Acerinox, Unilever, BBVA, London Stock Exchange and Areva.

10/ PHILIP BOWMAN DIRECTOR

● Independent Director

- Degree with honors in Natural Science (University of Cambridge); Master in Natural Science (University of Cambridge); Fellow of the Institute of Chartered Accountants in England & Wales.
- Director of Ferrovial since 2016.
- Chairman of Potrero Distilling Holdings and Tegel Group Holdings Limited; Non-executive Chairman of Majid Al Futtaim Properties and Non-executive Director of its parent company, Majid Al Futtaim Holding LLC; Director of Kathmandu Holdings Limited and of Better Capital.
- Former Chairman of Coral Eurobet and Liberty; Non-executive Chairman of The Munroe Group (UK); CEO of Smiths Group, Scottish Power and Allied Domecq; and Director of Burberry Group, Berry Bros. & Rudd, Scottish & Newcastle Group, Bass, British Sky Broadcasting Group and Coles Myer.

11/ HANNE BIRGITTE BREINBJERG SØRENSEN DIRECTOR

● Independent Director

- MSc. in Economics and Management from the University of Aarhus (Denmark).
- Director of Ferrovial since 2017.
- Director of LafargeHolcim, Delhivery, Sulzer, Tata Motors, Tata Consulting Services and Jaguar Land Rover.
- Former CEO of Damco and Maersk Tankers; Senior Vice President and Chief Commercial Officer at Maersk Line; and CFO for the Asia Region at Maersk Line (A.P. Moller-Maersk Group). She has also been Chairman of ITOPF, Vice-Chairman of Hoegh Autoliners, Director of Axcel and INTTRA and member of the Supervisory Board of Koninklijke Vopak.

12/ BRUNO DI LEO DIRECTOR

● Independent Director

- He holds a Business Administration degree from Ricardo Palma University and a postgraduate degree from Escuela Superior de Administración de Negocios, both in Lima (Peru).
- Director of Ferrovial since 2018.
- Director of Cummins Inc. Member of the International Advisory Board of Instituto de Estudios Superiores de la Empresa in Spain and of the Deming Center Advisory Board of Columbia Business School.
- He has developed his professional career at the multinational group IBM. He served as Senior Vice President of IBM Corporation; Senior Vice President of Global Markets; General Manager of the Growth Markets Unit; General Manager for Global Technology Services in Southwest Europe and then General Manager for Northeast Europe; General Manager for IBM Latin America and General Manager of IBM Brazil.

SANTIAGO ORTIZ VAAMONDE SECRETARY

- Spanish State Attorney (on voluntary leave); PhD in Law (Universidad Complutense de Madrid).
- General Counsel and Secretary of the Board of Directors of Ferrovial since 2009.
- Former partner at two renowned law firms, in charge of Trial Law and Regulatory Law; Agent of the Kingdom of Spain before the Court of Justice of the European Union; professor at the Diplomatic School and the Carlos III University.



PHOTO: LBJ Express Toll Road, Texas (United States).

MANAGEMENT COMMITTEE



**ÍÑIGO
MEIRÁS**

● **CEO**

He is a Law graduate and holds an MBA from the Instituto de Empresa. He joined Ferrovial in 1992, was Managing Director of Autopista del Sol and later on Toll Roads Director in Cintra until November 2000. Between 2000 and 2007 he headed the expansion of Ferrovial Services as Managing Director, later on as CEO, and in 2007 he was appointed CEO of Ferrovial Aeropuertos. He held the position of Group Managing Director of Ferrovial between April and October 2009, when he became CEO.



**MARÍA
DIONIS**

● **Chief Human Resources Officer**

She holds a degree in Psychology from the Complutense University of Madrid and a Master's in HR Management from the University of Maryland. Before joining Ferrovial, she worked at Andersen Consulting, Watson Wyatt, Soluziona and Getronics Iberia. She joined the company in 2006 as HR Development Director. In May 2010, she became HR and Communications Director at Ferrovial Services. In June 2015 she became Chief Human Resources Officer.



**ALEJANDRO
DE LA JOYA**

● **CEO of Cintra**

Civil Engineer (ICCP). He joined the company in 1991, and he has built his professional career in Spain, Morocco, Italy, Portugal, and Poland (Budimex). He held the position of International Construction Manager from 2005 to 2008, when he was named Chief Executive Officer at Ferrovial Agroman. In November 2018, he was chosen to be the Chief Executive Officer at Cintra.



**FEDERICO
FLÓREZ**

● **Chief Information Officer and Innovation Officer (CIIO)**

He is a Naval Engineer (Polytechnical University of Madrid) and holds a Master's Degree in Business Administration and IT Management, PAD IESE, INSEAD Advanced Management Program, diplomas in Executive Education from Harvard, MIT and Cranfield. He has worked at such companies as IBM, Alcatel and Telefónica. His most recent position was CIO of the Bank of Spain. In April 2008, he was appointed Chief Information Officer.



**IGNACIO
GASTÓN**

● **CEO of Ferrovial Agroman**

Civil Engineer (ICCP) from the University of Cantabria and MBA from the London Business School. He joined Ferrovial in 1995, and during his professional career, he has held various high-level positions in the divisions of Construction and Services. In 2003, he joined Amey, and he went on to take the position of Construction Manager at Ferrovial Agroman in the United Kingdom in 2007. In 2013, he was named Managing Director at Ferrovial Services Spain, a position that he held until being chosen as Chief Executive Officer at Ferrovial Agroman in November 2018.



**JORGE
GIL**

● **CEO of Ferrovial Aeropuertos**

He has a double degree in Business Administration and Law from ICADE University. He joined Ferrovial in 2001, holding different positions in Cintra including Structured Finance Director and Corporate and Business Development Director. In 2010, he was appointed Director of Finance and Capital Markets of Ferrovial. He began his career at The Chase Manhattan Bank, where he was part of the Corporate Finance and M&A divisions. In December 2012 he was named CEO of Ferrovial Airports.



**ERNESTO
LÓPEZ MOZO**

● **Chief Financial Officer (CFO)**

He is a civil engineer (Polytechnical University of Madrid) and holds an MBA from The Wharton School of The University of Pennsylvania. In October 2009 he was appointed Chief Financial Officer of Ferrovial. Previously, he held various management positions at Telefónica Group, JP Morgan and Banco Santander. He worked in Civil Engineering before obtaining the MBA degree. Member of the IFRS Advisory Council (2013- 2015). Since 2017, he has been Chairman of the Audit and Control Committee and member of the Board of Directors of Aegon España, S.A.



**FIDEL
LÓPEZ SORIA**

● **CEO of Ferrovial Services**

He is a Mining Engineer from the Polytechnic University of Madrid and the École Nationale Supérieure des Mines de Paris. He holds an MBA from MIT-Sloan School of Management. He joined Ferrovial in 2007, holding various positions in the Services and Airports divisions. Within the Services division, he has held the role of CEO of Broadspectrum, Development director of the division and member of the boards of Amey, Tube Lines and Swissport. Within the Airports division, he has been a member of the boards of HAH and AGS, commercial director of Heathrow and director of Airports at BAA. Before joining Ferrovial, he developed his career at McKinsey and Enel.



**SANTIAGO
ORTIZ VAAMONDE**

● **General Counsel**

Spanish State Attorney (on voluntary leave); PhD in Law (Universidad Complutense de Madrid). General Counsel and Secretary of the Board of Directors of Ferrovial since 2009. Former partner at two renowned law firms, in charge of Trial Law and Regulatory Law; Agent of the Kingdom of Spain before the Court of Justice of the European Union; professor at the Diplomatic School and the Carlos III University.



**MARÍA
TERESA PULIDO**

● **Director of Corporate Strategy**

Graduate in Economics from Columbia University and an MBA from MIT-Sloan School of Management. She has vast experience in the field of strategic consulting (McKinsey) and also in investment banking and private banking (in banks such as Citigroup, Deutsche Bank and Bankers Trust). Member of MIT's Sloan Executive (EMSAEB). Joined Ferrovial in April 2011, as Director of Corporate Strategy and since July 2014 she has been a member of the Management Committee of Ferrovial Group.



1.5 CORPORATE GOVERNANCE



1.6
EXPECTED BUSINESS
PERFORMANCE



APPENDIX



FOTO: NTE Toll Road, Texas (United States).

FERROVIAL HAS FORECAST THE PERFORMANCE OF ITS BUSINESSES FOR 2019 AND THE MAIN MARKETS IN WHICH IT OPERATES. THIS WILL BE ATTAINED BY DEVELOPING THE STRATEGY, OPPORTUNITIES AND RISKS ANALYZED IN CHAPTER 1.2 OF THIS INTEGRATED REPORT.

TOLL ROADS

The performance of the toll roads in operation during 2019 will depend on macroeconomic factors and developments in the countries or states where the assets are located and their impact on traffic volumes and revenues. The company will continue to focus its efforts on providing maximum quality of service while optimizing revenues and costs to the fullest extent permitted under the concession agreements.

- In **Canada**, and following completion of the ambitious investment plan to renovate maintenance equipment and modernize the tolling hardware for the 407 ETR toll road, the group will continue to invest in systems to optimize the management of customer accounts with the aim of maintaining and hopefully improving the high levels of user satisfaction reported in 2018. Meanwhile, the group will continue to analyze users behavior by relying on Big Data techniques as it continues to optimize revenues by improving existing tariff management processes.
- In the **United States**, the healthy economy outlook in Texas for 2019 and the sound performance of the assets to date strongly suggest that the NTE, LBJ and the 35W will all meet their expected traffic and revenue growth guidance, while achieving the target of obtaining high customer satisfaction and reducing congestion. Ultimately, this will consolidate Cintra's leading position as an operator of Managed Lanes in the Dallas-Fort Worth area. Meanwhile, the entry into service of the I-77 toll road in North Carolina —the biggest Managed Lanes concession in the state— will provide further proof of how valuable this system is in resolving traffic congestion problems in urban corridors. NTE and LBJ will distribute dividends in 2019 and 2020 respectively.
- In **Australia**, work is set to continue throughout 2019 on the Western Roads

Upgrade project in Melbourne and the company is also set to open the Toowoomba toll road to traffic.

- In other markets, Cintra will continue to operate the assets that are already in operation, while working to complete the projects that are now in the construction phase: 407 Extension II in Canada; I66 in the United States; Ruta del Cacao in Colombia; and D4R7 in Slovakia.

In addition, Cintra will continue its bidding activity in the company's target regions (North America, Europe, Australia, New Zealand, Colombia, Chile and Peru), focusing primarily on complex greenfield projects, given their high potential for value creation.

AIRPORTS

Over the coming year, Ferrovial Airports will continue to focus efforts on its bidding activity and on maximizing the return on its assets, keeping a close eye on the expected impact of Brexit and the roll-out of the right contingency plans:

- At Heathrow, negotiations will continue for the new regulatory period and on the process of building the third runway.
- At AGS, the company will continue to maximize revenues and operating efficiency through innovation and by adapting its costs to the new operating environment.
- At Denver, the company will continue to manage and oversee the remodeling process while opening the initial phase of the new commercial bid for the terminal.

While bidding activity in 2019 will continue to focus on the North American market, new opportunities will also be analyzed in Europe and in markets that have been witnessing constant growth, such as Asia.

CONSTRUCTION

The outlook for 2019, by market, is as follows:

- In **Spain**, the prevailing political uncertainty means that growth within the sector is likely to stagnate in 2019, despite the recovery seen in recent years and the healthy state of the private construction market and relatively buoyant levels of bidding on public rail infrastructure projects in 2018.

The project pipeline continued to shrink in 2018 and we expect to see a mild reduction in sales throughout 2019 as we await political decisions that will finally reactivate public bidding.

In international markets, the outlook remains positive due to the healthy state of the project pipeline and the company's technical prowess and expertise with large contracts. That said, profit margins remain tight due to fierce levels of competition and inflationary pressures on costs across all the main markets:

- In the **United States** and **Canada**, the company will continue to step up investment on transportation infrastructure with federal support in the form of the US Fast Act, the Federal Infrastructure Plan in Canada and steady increases in state and provincial budgets. Texas was a notable example in 2018, reaching an all-time high in road bidding and this trend is set to continue looking forward to the mid term. Following the November 2018 elections in the United States, the parties have announced their mutual intent to invest more heavily in infrastructure, pending a decision on funding. This heightened investment, notably on projects such as P3/DBF, where Ferrovial is lead partner alongside Ferrovial Agroman as constructor, will ensure a sound pipeline looking to the future. For 2019, we expect to see an increase in sales as various large projects now in the pipeline come to fruition, including the I-66 (Virginia) and Grand Parkway (Texas) toll roads, Denver Airport (Colorado) and the I-10 y SH146 toll roads in Texas, which were awarded to Webber in 2018.
- In **Poland**, public bidding will remain healthy, thanks to the increased budgets and time frames for the country's long-term road and rail plans, which count on the support of UE 2014-20 funding. Meanwhile, the EU's new 2021-27 financial framework (now being negotiated) will provide added stability down the line when it comes to funding and aid for Poland. In 2019, we expect to see more muted sales growth due to more selective bidding strategies aimed at mitigating pressures on profit margins within the sector resulting from the sharp increase in labor costs and raw material prices and in the long term for the award of road projects.

- Turning to the **United Kingdom**, and despite the uncertainties surrounding Brexit, current policy continues to support large infrastructure projects on both the short- and medium-term horizons, as recently shown by the majority vote among MPs green-lighting the third runway at Heathrow Airport. In **Australia**, the federal government and the states have maintained a robust project pipeline. However, sales for 2019 within these markets will be down on previous years due to the reduction in contracts awarded in 2017-18.
- The outlook is also relatively bright in **Latin America**, notably Chile following the ambitious infrastructure investment plan announced by its new government, a large portion of which will relate to projects under concession. Sales in 2019 will see some growth after the company successfully arranged funding in 2018 for the Ruta del Cacao toll road in Colombia and also because of the significant contracts awarded in Chile, including Rutas del Loa and the high-voltage Pan de Azúcar transmission line.

In short, moderate sales growth is expected for 2019, but with promising opportunities to win contracts down the line. Last but not least, profitability margins are expected to remain below historical levels, in line with what happened in 2018. The company now aims to concentrate on selective bidding, on maintaining strategic discipline when selecting projects and countries and on implementing new control measures and active commercial management to improve the performance of its construction activities.

SERVICES

The company expects to complete the process of selling the Services division in 2019. However, Ferrovial Services expectations for 2019 in its main markets are favorable. The company will continue with its strategic priorities: growing and optimizing the services order book (assigning resources and capacities to the most attractive prospects while selling non-strategic lines), improving operating margins and optimizing overheads.

In the **United Kingdom**, an economic growth similar to 2018 is expected, with considerable uncertainty regarding the impact of Brexit. While restrictions on public spending will

continue in the short term, the government has now announced an end to the austerity measures. Budgets for some departments have already increased, including Network Rail, whose budget has been raised by 15% for the coming five years. The government is fully committed to the reform process. By ensuring a more balanced transfer of risks, it will make the services market more attractive to efficient and innovative suppliers.

The outlook for Amey is as follows:

- Development of negotiations for the resolution of the contract with the Birmingham City Council.
- Slight improvement in operating margins, but which will still remain below the target range.
- Focus on growing the most attractive business lines, such as consulting, rail, roads, services to the Ministry of Defence and utilities.
- Optimizing costs with the second phase of the Fit 4 the Future program, focusing on the structure of contracts, process reengineering and information systems.

In **Australia**, macroeconomic indicators continue to impress, driven by population growth, healthy public accounts and the steady recovery of the mining, oil and gas sectors.

The outlook at Broadpectrum is as follows:

- Consolidation of the strategic framework defined in 2017 after relinquishing the immigration contracts.
- Significant growth driven by an attractive pipeline.
 - Consolidating business activities and maintaining a solid competitive position (administration, transportation and natural resources).
 - Growing business lines that offer synergies with the company's existing capacities.
 - Exploring opportunities to penetrate new sectors (waste management and energy efficiency) by unlocking strategic the strategic capabilities of Ferrovial Services.
- Improved margins by consolidating and rolling out projects with high added value (such as Parklea, Shell-QGC) and by optimizing overheads through the Fit for Growth program.

In **Spain**, we expect macroeconomic conditions to remain stable during the year, although growth will be down on previous years. It is set to be an election year, with the ensuing political uncertainty and possible delays in bidding processes, large road concession projects and hospitals. Turning to the regulatory landscape, recent European regulations to promote the circular economy have opened up numerous opportunities for large projects relating to waste valorization and energy efficiency. We have also seen a new law on public sector tendering, which will affect the volume of services awarded to companies.

The outlook for Ferrovial Services is as follows:

- Above-market growth.
 - Renewal of large contracts with public authorities.
 - Organic growth in markets where the company already has a strong competitive position (waste treatment, facility management, industry and energy efficiency).
- Continuing to improve profitability.
 - Rolling out new high value-added contracts (e.g. Bicing).
 - Streamlining activities and contracts yielding low returns on investment.
 - Operational efficiency programs, integration of new technologies and data analysis.
 - Operating leverage and cutting overheads.
- Continuing to improve job safety by focusing on a safety culture and management system

The business of **Ferrovial Services International** will continue to combine growth and profitability across all regions. In the United States, where the macroeconomic outlook is particularly bright, the company will continue to focus heavily on its commercial and bidding activity as it seeks to earn a bigger share of its existing road maintenance and petrochemical infrastructure businesses, though first it will need to streamline and stabilize both businesses. Meanwhile, it will explore opportunities in new sectors such as airport services and energy efficiency by relying on the unique capabilities of Ferrovial Services. For the business in Chile, the company is confident of improving its margins and returning to its historical highs.



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1.6 EXPECTED BUSINESS PERFORMANCE 2019

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02 CONSOLIDATED FINANCIAL STATEMENTS



PHOTO: Workers from Shell's QGC business and Easternwell working together in Queensland's onshore natural gas business.

THE COMPANY PRESENTS ITS RESULTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING STANDARDS (IFRS). IN ADDITION, IN THE MANAGEMENT REPORT AND CONSOLIDATED FINANCIAL STATEMENTS, THE MANAGEMENT PROVIDES OTHER FINANCIAL MEASURES THAT ARE NOT REGULATED UNDER THE IFRS, KNOWN AS APMS (ALTERNATIVE PERFORMANCE MEASURES), IN ACCORDANCE WITH THE GUIDELINES ISSUED BY THE EUROPEAN SECURITIES AND MARKETS AUTHORITY (ESMA). THE MANAGEMENT USES THESE APMS WHEN TAKING DECISIONS AND EVALUATING THE COMPANY'S PERFORMANCE. THE FOLLOWING ARE THE BREAKDOWNS REQUIRED BY THE ESMA FOR EACH APM IN RESPECT OF THEIR DEFINITION AND RECONCILIATION, AN EXPLANATION OF THEIR USE AND THEIR COMPARISON AND COHERENCE. MORE DETAILED INFORMATION IS PROVIDED ON THE CORPORATE WEBSITE.

EBITDA = GROSS OPERATING PROFIT

Definition: operating result before charges for fixed asset depreciation and amortisation.

Reconciliation: the company presents its EBITDA figure in its Consolidated Income Statement (see the Consolidated Income Statement in section 1.3 of Management Report and the Consolidated Financial Statements) as: Gross operating profit = Total Operating Income – Total Operating Expenses (excluding those relative to fixed assets depreciation and amortisation which are reported in a separate line).

Explanation of use: EBITDA provides an analysis of the operating results excluding depreciation and amortisation, as they are non-cash variables which can vary substantially from company to company depending on accounting policies and the accounting value of the assets. EBITDA is the best approximation to pre-tax operating cash flow and reflects cash generation before working capital variation. One uses EBITDA as a starting point to calculate cash flow, adding the variation in working capital. Finally, it is an APM indicator which is widely used by investors when evaluating businesses (multiples valuation), as well as by rating agencies and creditors to evaluate the level of debt, comparing EBITDA with net debt.

Comparisons: the company presents comparative figures with previous years.

Consistency: the criteria used to calculate EBITDA is the same as the previous year.

COMPARISON ("LIKE-FOR-LIKE GROWTH")

Definition: relative year-on-year variation in comparable terms of the figures for revenues, EBITDA and EBIT. The comparable is calculated by adjusting the present year and the previous one, in accordance with the following rules:

- Elimination of the exchange-rate effect, calculating the results of both periods at the rate in the current period.
- Elimination from the EBIT of both periods of the impact of fixed asset impairments and results from company disposals (corresponds with the

figure reported in the line "Impairments and disposals of fixed assets").

- In the case of company disposals and loss of control, the homogenisation of the operating result is undertaken by eliminating the operating results of the sold company when the impact occurred in the previous year, or if it occurred in the year under analysis, considering the same amount of months in both periods.
- Elimination in both periods of restructuring costs.
- In acquisitions of new companies which are considered material, elimination in the current period of the operating results derived from those companies, except in the case where this elimination is not possible due to the high level of integration with other reporting units (material companies are those where revenues represent $\geq 5\%$ of the reporting unit's revenues before the acquisition).
- Elimination in both periods of other non-recurrent impacts (mainly related to tax and human resources) considered relevant for a better understanding of the company's underlying results.
- Note: the new contracts in the Toll Roads division coming into operation are not considered acquisitions and thus are not adjusted in the comparable.

Reconciliation: comparable growth is set out in separate columns in the section 1.3 headed Business Performance, under the heading Key Figures in the Management Report.

Explanation of use: Ferrovial uses the comparable to provide a more homogenous measure of the underlying profitability of its businesses, excluding those non-recurrent elements which would induce a misinterpretation of the reported growth, impacts such as exchange-rate movements or changes in the consolidation perimeter which distort the comparability of the information. Additionally, it also allows the Company to present homogenous information, thus ensuring its uniformity, providing a better understanding of the performance of each of its businesses.

Comparisons: the comparable breakdown is only shown for the current period compared with the previous period.

Coherence: the criteria used to calculate the comparison "Like-for-like growth" is the same as the previous year.

FAIR VALUE ADJUSTMENTS

Definition: the adjustments to the Consolidated Income Statement related to results from changes in the fair value of derivatives and other financial assets and liabilities; impairment of assets and the impact of the two previous elements on 'profit sharing of companies accounted for using the equity method'.

Reconciliation: a detailed breakdown of the Fair Value Adjustments is included in the Consolidated Income Statement (see the Consolidated Income Statement in section 1.3 of Management Report and the Consolidated Financial Statements).

Explanation of use: The Fair Value Adjustments can be use-

ful for investors and financial analysts when evaluating the underlying profitability of the company, as they are capable of excluding elements that do not generate cash and which can vary substantially from one year to another because of the accounting method used to calculate the fair value.

Comparisons: the company presents comparisons of previous years.

Coherence: the criteria used to calculate the Fair Value Adjustments is the same as previous year.

NET CONSOLIDATED DEBT

Definition: this is the net balance of Cash and cash equivalents (including short and long term restricted cash), less short and long-term financial debts (bank borrowing and bonds), including the balance relating to exchange rate derivatives that cover both the issue of debt in currency other than the currency used by the issuing company and cash positions that are exposed to exchange rate risk.

Reconciliation: a detailed breakdown of the reconciliation of this figure is given in the note 5.2 Net Consolidated Debt and Net debt and corporate credit rating in the Management Report.

Explanation of use: this is a financial indicator used by investors, financial analysts, rating agencies, creditors and other parties to determine the company's debt position. In addition, Ferrovia breaks down its net debt into two categories:

- Net Debt of Infrastructure Projects. This is the ring-fenced debt which has no recourse to the shareholder or with recourse limited to the granted guarantees. Debt corresponding to the companies considered as a Project.
- Net debt ex-Projects. This is the net debt from Ferrovia's businesses, including holding companies in the Group and other businesses not classified as Project companies. The debt included in this calculation is mainly with recourse, and is thus the measure used by investors, financial analysts and rating agencies to assess the company's leverage, financial strength, flexibility and risks.

Comparisons: the company presents comparisons with previous years.

Coherence: the criterion used to calculate the net debt is the same as previous year.

ORDER BOOK

Definition: the income pending execution, which correspond to contracts which the Company has signed up to a certain date, and over which it has certainty on its future execution. The total income of a contract corresponds to the price agreed or fee which correspond to the goods delivery and/or provision of services which have been agreed. If the implementation of a contract has its financing still pending, the revenues of said contract will not be added to the order book until the financing has been completed. The order book is calculated by adding the contracts of the current year to the balance of the contract order book of the previous year, then eliminating the revenues which have already been recognised in the current year.

Reconciliation: the order book is presented under Key Figures under Services and Construction sections in the Management Report. There is no comparable financial measure in IFRS. However, a breakdown

of reconciliation with Construction and Services sales figures is provided in Note 2.1 of the Consolidated Financial Statements. This reconciliation is based on the order book value of a specific construction being comprised of its contracting value less the construction work completed, which is the main component of the sales figure. The difference between the construction work completed and the Construction and Services sales figure reported in Ferrovia's Financial Statements is attributable to the fact that consolidation adjustments, charges to JVs, sale of machinery, confirming income and other adjustments are made to the latter. In addition to contracts awarded and the construction work completed, the exchange rate of contracts awarded in foreign currency, rescissions (when a contract is terminated early) or changes to the scope are all aspects that also have an impact on the movement between the original order book (corresponding to the previous year) and the end order book (for the year in question), as shown in the tables at the end of this document. Management believes that the order book is a useful indicator in terms of the future income of the company, as the order book for a specific construction will be comprised of the final sale of said construction less the net construction work undertaken.

Explanation of use: Management believes the order book is a useful indicator with respect to the Company's future revenues.

Comparisons: the company presents comparisons with previous years.

Coherence: the criteria used to calculate the order book is the same as previous year.

WORKING CAPITAL VARIATION

Definition: measurement that explains the conciliation between the EBITDA and the operating cash flow before taxes. It is the result of the non-cash-convertible gross income primarily from changes in debt balance and commercial liabilities.

Reconciliation: in Note 5.3 Cash flow of the Consolidated Financial Statements, the company provides a reconciliation between the working capital variation on the balance (see description on Section 4 Working Capital of the Consolidated Financial Statements) and the working capital variation reported in the Cash Flow Statement.

Explanation of use: the working capital variation reflects the company's ability to convert EBITDA into cash. It is the result of company activities related with inventory management, collection from customers and payments to suppliers. It is useful for users and investors because it allows a measurement on the efficiency and short-term financial situation of the company.

Comparisons: the company presents comparative reports from previous years.

Coherence: the criteria employed for calculating the working capital variation is the same as the previous year.

TOTAL SHAREHOLDER RETURN

Definition: sum of the dividends received by shareholders, revaluation/depreciation of the shares and other payments such as

the delivery of shares or buy-back plans.

Reconciliation: the total shareholder return is presented under the share part of section 1.1 of the Management Report. There is a breakdown of the reconciliation with the shareholder return in the financial statements.

Explanation of use: it is a financial indicator used by investors and financial analysts, to evaluate the performance that shareholders have received throughout the year in exchange for their contribution in capital of the Company.

Comparisons: the company presents comparative reports from previous years.

Coherence: the criteria employed for calculating shareholder return is the same as the previous year.

MANAGED INVESTMENT

Definition: managed investment is presented under Toll Roads in section 1.2 of the Management Report. During the construction phase, it is the total investment to make. During the operating phase, this amount is increased by the additional investment. Projects are included after signing the contract with the corresponding administration (commercial close), on which date the provisional financing terms and conditions, which will be confirmed after the financial closing, are normally available. 100% of investment is considered for all projects, including those that are integrated by the equity method, regardless of Ferrovial's participation. Projects are excluded with criteria in line with the exit from the consolidation scope.

Reconciliation: Managed investments at the end of December 2018 came to 18,472 billion euros and are made up of 24 concessions in 9 countries. The composition of managed investments by asset type is as follows:

(1) Model projects Intangible Assets IFRIC 12 (in operation), 6.196 billion euros. The managed investment coincides with the gross investment balance in these projects included in the table in section 3.3.1 of the Consolidated Financial Statements: 7.364 billion euros from Ausol included in Spain Highways, 5.074 billion euros from NTE, NTE35W and LBJ included in USA Highways and 386 million euros from the Azores, included in Other Highways.

(2) Model projects Intangible Assets IFRIC 12 (under construction), 479 million euros corresponds to American highway I-77. As they are under construction, the balance at year-end only reflects the assets in construction as part of this project, which comes to 503 million euros, included in the table in section 3.3.1 of the Consolidated Financial Statements, in USA Highways, excluding future investment commitments.

(3) Model projects Accounts Receivable IFRIC 12 (in operation), 232 million euros. Includes the managed investment in Autema.

The balance at year-end comes to 669 million euros, including the long term and short term (see section 3.3.1 of the Consolidated Financial Statements) and, amongst others, financial remuneration of the accounts receivable, which is not considered an increase in the managed investment in the asset.

(4) Consolidation using the equity method, 11.565 billion euros. Includes both projects in operation and under construction that are consolidated using the equity method, such as 407ETR (3.063 billion euros of managed investment, 100%) or I-66 (2.642 billion euros, 100%). In the consolidated statement of financial position, these projects are included under Investments in associates, meaning the investment cannot be reconciled with the balance sheet.

Explanation of use: data useful by Management to indicate the size of the portfolio of managed assets.

Comparisons: no comparisons with previous years are itemized, though it is nevertheless a figure provided annually.

Coherence: the criteria employed for calculating the managed investment is the same as the previous year.

PROPORTIONAL RESULTS

Definition: this is the contribution to the consolidated results in the proportion of Ferrovial's ownership in the group subsidiaries, regardless to the applied consolidation method. This information is prepared to revenues, EBITDA and EBIT.

Reconciliation: a reconciliation between total and proportional figures is provided in the website to this document. This year also provides proportional results for both continued and discontinued operations (due to the reclassification of the Services Business as held for sale, see Note 1.1.3 Consolidated Financial Statements).

Explanation of use: the proportional results can be useful for investors and financial analysts to understand the real weight of business divisions in the operative results of the group, especially keeping in mind the weight of certain assets consolidated under the equity method as 407 ETR from Toronto and the airport of Heathrow. It is an indicator that other competitors with significant subsidiaries in infrastructure projects consolidated under the equity method present.

Comparisons: the company presents comparisons with previous years.

Coherence: the criteria used to calculate proportional results is the same as the previous year, however this is the first annual closing in which this information is presented and it is disaggregated between continued and discontinued operations. 



PHOTO: Heathrow Airport, London(United Kingdom).

CORPORATE POLICY

Ferrovial views corporate responsibility as a voluntary commitment to driving the economic, social and environmental development of the communities in which it operates. The Corporate Responsibility Policy is rooted in the principles of the Global Compact and internationally accepted agreements and resolutions governing CR-related matters. Ferrovial's Board of Directors is tasked with ensuring adherence to these principles, which the company has voluntarily embraced. The policy is available at www.ferrovial.com.

CORPORATE RESPONSIBILITY COMMITTEE

The Corporate Responsibility Committee is the nexus joining the business units and corporate divisions with the senior management. It reports on the results obtained and proposes actions to the Management Committee, while also informing the rest of the company of the approval of proposals and the results reported.

The Communications and CR Director chairs the CR Committee, which comprises representatives from all business units (Toll Roads, Airports, Construction and Services) and corporate divisions (Human Resources, General Secretary's Office, Occupational Health and Safety, Quality and the Environment, Risks, and Innovation).

This committee is tasked with monitoring the Strategic Corporate Responsibility Plan. The Chairman of the CR Committee reports annually to the Board of Directors.

Its functions can be summarized as follows:

- Developing, implementing and supervising the company's CR policies.
- Defining and monitoring the Strategic Corporate Responsibility Plan.
- Coordinating reporting processes: Annual Integrated Report and sustainability ratios.
- Reporting and application of CR legislation.
- Approving and monitoring projects and sponsorships.
- Monitoring recommendations following external verification.
- Advising other departments on matters relating to CR.

STRATEGIC CORPORATE RESPONSIBILITY PLAN (2017-2019)

In 2016, the Corporate Responsibility Committee defined Plan 20.19, which is valid for the 2017-2019 horizon. A series of qualitative and quantitative annualized indicators were determined for each of the proposed progress actions to take stock of the performance and level of compliance of each of them. The company uses a scorecard to monitor its performance.

Plan 20.19 is based on Ferrovial's conviction that CR is a strategic function relating to sustainability, competitiveness and reputation for the sake of generating long-term value for all stakeholders and society as a whole. It is also an essential tool for developing the business, building the trust of stakeholders and fulfilling medium- and long-term objectives.

The 20.19 Plan will cement Ferrovial's position as a leading economic, social and environmental company, consolidating the progress it has made in the field of corporate responsibility. It was designed to make Ferrovial a benchmark in the field, particularly regarding the attainment of the UN Sustainable Development Goals, with which the company is fully aligned, though mainly in relation to goals 6 (clean water and sanitation), 9 (industry, innovation and infrastructure) and 11 (sustainable cities and communities).

The objectives are also aligned with its business objectives, allowing the company to extend them across the Ferrovial value chain, ranging from customers through to suppliers. The 20.19 Plan is structured around six areas, each comprising various courses of action that are broken down in turn into specific, measurable and quantifiable objectives.

These areas are as follows:

- Ethics and integrity.
- Corporate governance.
- People.
- The environment.
- Society.
- Innovation.

In 2018, the following progress was made in relation to each of the areas of action of Plan 20.19:

Area of action	Lines of action	Highlights for 2018
Ethics and Integrity	Continuing to guarantee ethical behavior and ensure respect for human rights.	<ul style="list-style-type: none"> • Two new online courses were launched, covering the Code of Ethics and Prohibited Conducts. • Ferrovial is a member of the Forética Cluster for Transparency, Good Governance and Integrity, allowing it keep up to date with all the latest trends and developments.
Corporate Governance	Integrating corporate responsibility criteria into management and continuing to guarantee transparency while adapting to the latest regulatory developments.	<ul style="list-style-type: none"> • The due diligence process for the ethical integrity of suppliers has now been approved and a report given to the Board on the main advances made in CR. • A new independent director has joined the Board, replacing a non-executive director. • The Annual Corporate Governance Report shows that the company is compliant with most of the recommendations contained in the Good Governance Code of Listed Companies (57 out of 59 that are applicable). • A new materiality study has been conducted, showing the results by region.
People	Guaranteeing a flexible, safe and healthy work environment, nurturing talent and employability and promoting an inclusive and open culture.	<ul style="list-style-type: none"> • The main accident indicators (severity and frequency) continue to fall. • Numerous well-being initiatives are under way at all the business units to improve employability mainly through training, while nurturing talent among the new generations. • The company continues to champion an inclusive and open culture through specific training activities for recruiters and middle managers, among other actions.
The environment	Reducing the carbon footprint, the water footprint, the impact on biodiversity and promoting the circular economy.	<ul style="list-style-type: none"> • The carbon footprint continues to decline in relative terms, meeting the proposed objectives. • Meanwhile, Ferrovial has developed a tool to incorporate "no net loss" criteria into the company's activities.
Society	Achieving the best quality standards, reinforcing ethical criteria in purchasing activity and systemizing the measurement of social impacts.	<ul style="list-style-type: none"> • Two pilot tests have been run for the SROI methodology developed in previous years.
Innovation	Promoting entrepreneurship and innovative solutions	<ul style="list-style-type: none"> • The company has stepped up its investment in innovation when compared with previous years, thus strengthening the open innovation model. • It has launched the fourth edition of Zuritanken to foster a culture of innovation among employees.

By the end of 2019, the company will analyze the degree of compliance with the objectives established for the plan as a whole, and new courses of action will be defined for Plan 20.22, covering the 2020-2022 horizon. 📌

SCOPE OF THE INFORMATION

Ferrovial comprises the parent company, Ferrovial S.A., and its subsidiaries. For more detailed information on the companies included in the scope, please see the Consolidated Annual Financial Statements.

In 2018, the company carried out various corporate operations that led to changes to the scope, including the acquisition of companies, the awarding of new contracts and the start of new businesses. Company restructurings also took place. For more information, see page 38-63 on businesses evolution.

CONSOLIDATION PROCESS

The reporting process extends to all companies over which Ferrovial has economic control, meaning a stake of greater than 50%. In these cases, 100% of the information is reported.

Likewise, and following the indications contained in the Sustainability Reporting Standards of the GRI Guidelines, Ferrovial provides information on indicators and material aspects "outside the organization", so long as the data are of sufficient quality and always separately. Ferrovial considers that the most significant impacts relate to the 407 ETR toll road in Canada and the airports in the United Kingdom, at which its stake falls short of 50%.

TRACEABILITY

Ferrovial guarantees the traceability of information relating to corporate responsibility thanks to the reporting system it set up in 2007, enabling it to obtain detailed information down to individual company level while allowing for partial consolidation by region or business. In 2018, it conducted an in-depth review of the information requested to bring the system in line with the reporting requirements of its different stakeholders.

In 2018, the reporting system allowed the company to gather 322 quantitative and qualitative indicators at 127 companies, thanks to the collaboration of over 200 users.

RESTATING OF THE INFORMATION

In 2018 there were a number of company perimeter changes that might affect the comparability of the data contained in the report, although they are not considered particularly relevant. To guarantee the maximum transparency and comparability of the

data, the body of the report indicates when an indicator from previous years has been modified or presents significant changes that affect the comparability of the information.

STAKEHOLDERS

Ferrovial is committed to transparency in the information it reports to the market by making continuous improvements to its communication channels with all stakeholders on the basis of innovative corporate information that addresses not only financial aspects but also environmental and social variables.

The company considers stakeholders to include any individuals or social groups with a legitimate interest and who are affected by the company's current or future activities. This definition includes stakeholders that form part of the company's value chain (shareholders, employees, investors, clients and suppliers) and that are therefore considered partners in the development of the businesses, and also external stakeholders (governments and public authorities, the media, analysts, the business sector, labor unions, the tertiary sector and society in general), starting with the local communities in which the company operates.

This relationship is dynamic, seeing as though the landscape in which the company operates is changing more rapidly than ever. Ferrovial's business is highly dependent on relationships with the public authorities of the countries in which it operates. Ferrovial holds decision-making positions at organizations that promote corporate responsibility in Spain and abroad, such as Fundación SERES, Forética, the Spanish Global Compact Network and the Spanish Quality Association (AEC). In 2018, Ferrovial was appointed chairman of the Spanish Green Growth Group.

Ferrovial is known for its absolute political neutrality, carrying out business for public authorities and private clients alike in the countries where it operates. The company does not make cash or in-kind contributions to political parties or electoral candidates. However, Ferrovial does belong to business organizations and foundations for the commercial exchange of knowledge and information between countries in its sphere of activity or in the regions where it operates. By belonging to these organizations, the company is aiding in the progress and development of all the fields of action it pursues.

Ferrovial's approach to the principles contained in the report is discussed further in the specific section on materiality. For more information on the AA1000 and GRI standards, see page 124 on GRI indicators.

MATERIAL ISSUES

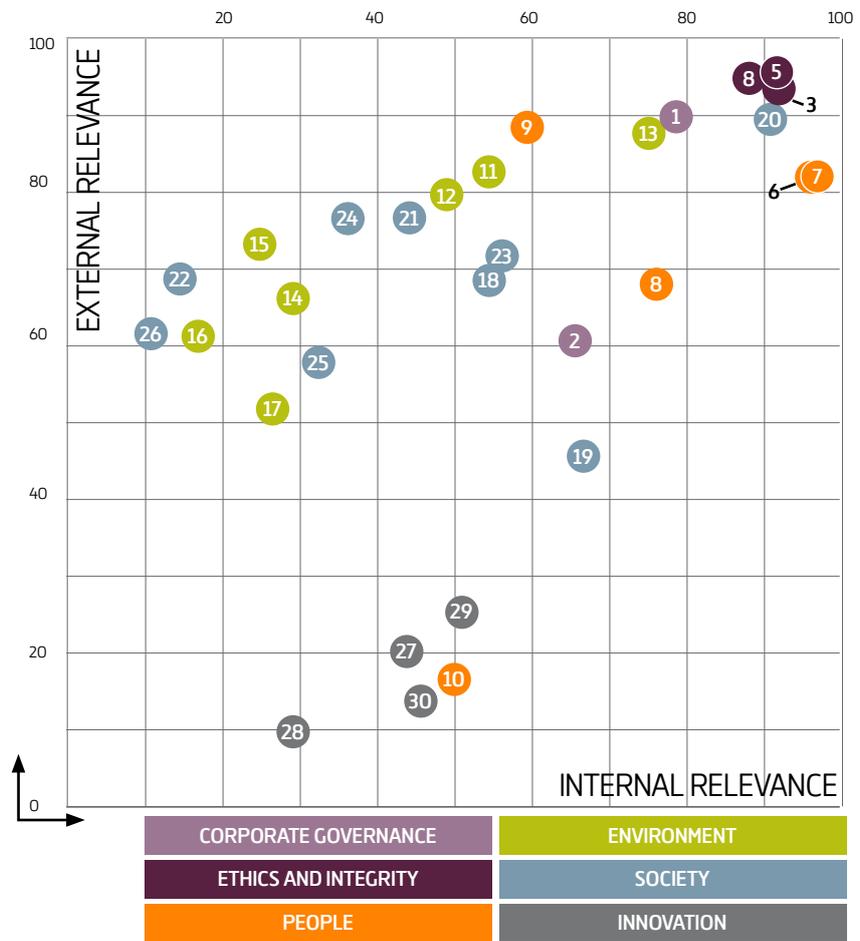
Ferrovial believes that an issue is material when it could have a substantial impact on the opinions or decisions of stakeholders, affecting its ability to address existing needs without compromising future generations.

Ferrovial conducted a new materiality analysis in 2018 as part of its two-year update process. The main change is the expansion of the consultation process carried out among the company's main stakeholders in regions considered business priorities (United States, Canada, United Kingdom, Australia, Spain and Poland), yielding separate results for each of these. While this report contains only the global materiality matrix, the company is fully aware of the matters considered most material in each country.

The analysis process was implemented in various stages:

- Identification and validation of relevant matters. By examining various relevant sources of information (GRI, Sustainability Accounting Standards Board (SASB), World Economic Forum, media coverage, consultations with socially responsible investors, etc.), the company was able to identify the main trends and most material matters for the sector in which it operates. After obtaining the initial list of material issues, the main corporate directors agreed upon the final list of 30 key material matters, which are grouped into six subject areas related to Plan 20.19.
- Determining internal materiality. The company's executive officers were asked to complete an online survey and to score the material matters previously identified, which were then sorted accordingly based on the scores awarded.
- Determining external materiality. The same survey completed by the executive officers was sent to the main stakeholders in each of the countries, and then sorted again based on the scores awarded.
- Prioritization. The result of graphically crossing internal and external materiality, as shown on the materiality matrix.

The materiality analysis revealed that the most material issues for Ferrovial are those relating to ethics and integrity and occupational health and safety. 🧠



1. Incorporating best practices into the Board of Directors.
2. Ensuring a director remuneration policy aligned with external law and regulations and the company's own interests.
3. Having suitable compliance programs in place to help prevent the perpetration of criminal acts.
4. Setting up communication channels for reporting unethical practices.
5. Respecting human rights in all countries where the company operates and having this permeate the entire value chain.
6. Guaranteeing a safe and healthy working environment for all employees under the "harm-free workplace" principle.
7. Reducing the occupational accidents ratio.
8. Upholding the rights of employees.
9. Promoting a flexible, diverse, inclusive and non-discriminatory working environment.
10. Providing training in digital skills to keep knowledge permanent refreshed and up-to-date.
11. Reducing the environmental impact of company activities.
12. Sustainable waste management.
13. Assessing and controlling risks to prevent environmental accidents.
14. Mitigation: public commitments to reduce greenhouse gas emissions.
15. Identifying risks and opportunities in relation to climate change.
16. Determining the water footprint of the company's operations and rolling out actions to ensure more efficient use of the resource.
17. Determining the impact on ecosystems and biodiversity and applying the "no net loss" principle.
18. Making channels of communication available to customers and providing grievance resolution processes.
19. Determining the level of customer and user satisfaction with the infrastructures and services provided by Ferrovial.
20. Guaranteeing the safety and security of users and of the infrastructure itself.
21. Having a global procurement policy that integrates suppliers in accordance with the company's ethical principles.
22. Appraising suppliers by determining their sustainability risk.
23. Implementing mechanisms to monitor contractors in relation to health and safety and human rights.
24. Measuring the social, economic and environmental impact of the company's activities.
25. Having a social action strategy aligned with business objectives.
26. Offering information on the company's tax strategy and contributions by country.
27. Planning and developing an innovation strategy to guide the company's investments.
28. Accelerating innovative activity through the global innovation ecosystem (start-ups, research centers, universities, etc.).
29. Incorporating state-of-the-art technology into Ferrovial's assets to help maximize their value.
30. Adopting a dual approach to innovation that strengthens the business' competitive edges while pursuing a long-term vision.

SCORECARD

SHAREHOLDERS	2016	2017	2018
Revenue (M€)	-	5,152	5,737
Operating cash flow excluding concessionaires (M€)	995	999	572
Dividends received (M€) ¹	544	520	520

EMPLOYEES	2016	2017	2018
Workforce at year-end	96,001	95,978	92,113
Total average churn rate (%)	5.11%	12.67%	8.18%
Frequency rate	15.0	13.6	12.2
Severity rate	0.33	0.31	0.29

CUSTOMERS	2016	2017	2018
Portfolio by business unit (M€)	33,519	32,063	30,376
- Services	24,431	20,918	19,411
- Construction	9,088	11,145	10,965
Investment in R&D (M€)	48	47	48
User satisfaction with Managed Lanes (NTE and LBJ) (%)	80%/91%	75%	>80%
HAH passenger experience (scale 1-5)	4.2	4.2	4.15
Certified activity (ISO 9001)	91%	89%	88%

SOCIETY	2016	2017	2018
Renewal of presence on sustainability indexes: DJSI, Vigeo FTSE4Good, MSCI, STOXX	✓	✓	✓
Carbon intensity: direct and indirect greenhouse gases emissions in relative terms (tCO ₂ eq /M€ ²)	-59%	-57%	-54%
Beneficiaries of potable water and sanitation projects ³	191,759	212,605	213,713
Taxes (M€) ⁴	-	2,075	2,127

(1) In scrip dividend and share buyback.

(2) Scope 1 & 2 since 2009. Data before 2018 have not been recalculated as a results of entries and exits from the perimeter.

(3) Data accumulated since 2008 (18 projects performed in Colombia, Peru, Mexico, Tanzania, Ethiopia, Uganda and Ghana).

(4) Taxes accrued, paid and collected (cash flow criteria).

CONTENTS OF NON-FINANCIAL INFORMATION STATEMENTS ABOUT NON-FINANCIAL INFORMATION AND DIVERSITY

Contents of Law 11/2018		GRI standard	Location / direct response
Business Model	Description of the group's business model	A brief description of the group's business model, including its business environment, organization and structure, the markets in which it operates, its objectives and strategies, and the main factors and trends that may affect its future evolution 102-2, 102-4, 102-6, 102-7, 102-15	Chapter Ferroviol in two minutes, pages 10-18 Chapter Strategy and Value Creation, pages 21-35
Policies	Policies applied by the group	Policies applied by the group, including the due diligence procedures applied to identify, assess, prevent and mitigate significant risks and impacts, and to verify and control, as well as the measures that have been adopted 103-2, 103-3	Chapter Ethics and Integrity, pages 74-75
Main risks	Main risks related to these issues linked to the group's activities	Main risks related to those issues linked to the group's activities, including, where relevant and proportionate, its commercial relations, products or services that may have negative effects in those areas, and how the group manages those risks, explaining the procedures used to identify and evaluate them in accordance with the national, European or international reference frameworks for each subject. This should include information on the impacts that have been identified, giving a breakdown of these impacts, in particular on the main risks in the short, medium and long term 102-11, 102-15.	Chapter Risks, pages 89-92
Information on environmental matters		Current and foreseeable impacts of the company's activities on the environment and, as the case may be, on health and safety 102-15, 102-29, 102-31	Chapter on the Environment; Reducing the Environmental Impact section on page 80.
		Procedures for environmental assessment or certification 102-11, 102-29 y 102-30	Chapter on Quality, page 73.
		Resources dedicated to environmental risk prevention 102-29	A total 542 people currently work at the Quality and Environment departments of Ferroviol and its subsidiaries, generating an approximate cost of 26.95 ME.
		Applying the principle of precaution 102-11	Chapter on Risks, page 89. Annual Corporate Governance Report, risks section
		Amount of provisions and guarantees for environmental risks 307-1	See Note 6.3 to the Consolidated Annual Financial Statements, page 220-221.
	Pollution	Measures to prevent, reduce or repair CO2 emissions that seriously impact the environment. 103-2, 302-4, 302-5, 305-5, 305-7	Chapter on the Environment, page 80, and appendix to GRI Indicators, page 133.
		Measures to prevent, reduce or repair emissions that generate atmospheric pollution (including noise and light pollution) 416-1	Chapter on Quality, page 73.
	Circular economy and waste prevention and management	Waste prevention, recycling, reuse and other forms of waste recovery and elimination measures 103-2, 301-1, 301-2, 301-3, 303-3, 306-1, 306-2, 306-3	Chapter on the Environment, page 80.
		Actions to combat food wastage N/A	Due to the nature of the company's business activities, this indicator is not considered material.
	Sustainable use of resources	Consumption and supply of water in compliance with local limitations 303-1, 303-2, 303-3	Chapter on the Environment, Water Footprint section, page 80.
Consumption of raw materials and measures in place to ensure more efficient use of raw materials 301-1, 302-2, 302-3		Appendix to GRI Indicators, page 132. Chapter on the Environment, Circular Economy section, page 80.	
Direct and indirect energy consumption and measures in place to improve energy efficiency and use of renewable energies 302-1, 302-2, 302-3, 302-4 and 302-5		Appendix to GRI Indicators, page 132.	
Climate change	Important aspects relating to the greenhouse gas emissions generated by the company's activities (including both goods and services) 305-3	Chapter on the Environment, Climate Strategy section, page 78.	
	Measures in place to adapt to the consequences of climate change 102-15, 103-2, 201-2, 305-5	Chapter on the Environment, Climate Strategy section, page 78.	
	Goals for reducing greenhouse gas emissions in the medium and long run and measures put in place to reduce greenhouse gas emissions 103-2	Chapter on the Environment, Climate Strategy section, page 78 and chapter on Airports, page 28.	
Protecting biodiversity	Measures put in place to conserve or restore biodiversity 304-1, 304-2 and 304-3	Chapter on the Environment, Biodiversity and Natural Capital section, page 80.	
	Impact caused by activities and operations in protected areas 304-1, 304-2 and 304-4	Chapter on the Environment, Biodiversity and Natural Capital section, page 80.	

Contents of Law 11/2018		GRI standard	Location / direct response
Information on social matters and employees	Total number and distribution of employees by gender, by age, by country and job category	102-7,102-8,405-1	Chapter on People page 65. Appendix to GRI Indicators, page 131 and 134.
	Total number and distribution of employment contract by type	102-8	Appendix to GRI Indicators, page 131.
	Annual average of open-ended contracts, temporary contracts and part-time contracts by gender, by age, by job category	102-8	Appendix to GRI Indicators, page 134. Ferrovial's information systems do not compile this type of information by age. It will be available, however, in future editions of this report. The total workforce and turnover rate are represented by age.
	Number of dismissals by gender, by age, by job category	401-1	Appendix to GRI Indicators, page 134.
	Average remuneration and trends, broken down by gender, by age, by job category	405-2	Appendix to GRI Indicators, page 134. Ferrovial's information systems do not compile this type of information by age. It will be available, however, in future editions of this report. The average and median remuneration are broken down by geography, which are the management indicators commonly used in the group.
	Salary gap	405-2	Chapter on People, page 65-66, and appendix to indicators, page 134.
	Remuneration for similar work positions or average remuneration at the company	202-1	Table of GRI standards, indicator 202-1, page 125.
	Average remuneration of board members and executives (including variable pay, per diem allowances, compensation and severance, payments to long-term pension and savings schemes and any other remuneration, broken down by gender)	102-35,102-36,201-3	Chapter on Remuneration, pages 98 and Directors' Remuneration Report.
	Implementation of job disconnection policies	402-1,402-2	Ferrovial is developing an internal policy in relation to digital disconnection in the workplace. The working group created to establish practical and effective measures to ensure business continuity and provide the necessary technological means for compliance is made up of the Privacy Office, the Compliance and Legal Advice Department, the Human Resources Department and Security together with the legal representation of the workers.
	Disabled employees	405-1	The number of employees with disabilities in 2018 in Spain was 3.21% over 97.2% of the total workforce (100% of companies with more than 50 employees). Date of other countries in the group are not reported.
Work organization	Organization of working hours	102-8	The company has the tools to adapt working time management to business needs and the demands of employees, with the aim of improving both the business competitiveness and the well-being of its staff allowing a company-oriented culture to be generated to results. In addition, it facilitates the adoption of measures of flexibility and conciliation according to the needs of each employee attending to their life cycles. Chapter on People, page 64-65.
	Absenteeism in hours	403-2	Appendix to GRI Indicators, page 134.
	Measures to improve the work-life balance of employees and to ensure an appropriate balance between mother and father	401-3	Chapter on People, page 65.
Health and safety	Occupational health and safety conditions	103-2	Chapter on Health and Safety, page 67-68.
	Workplace accidents, especially frequency and severity, as well as occupational diseases, broken down by gender.	403-2,403-3	Appendix to GRI Indicators, page 134. Ferrovial draws no distinction by gender when compiling injury rates, since its health and safety measures apply equally across the company, with no difference whatsoever between gender

Contents of Law 11/2018		GRI standard	Location / direct response	
Information on social matters and employees	Labor relations	Enabling and organizing dialog with employees (including procedures for reporting, consulting and negotiating with employees)	102-43, 402-1, 403-1	Chapter on Human Rights, page 76-77.
		Percentage of employees covered by collective bargaining agreement, by country	102-41	Chapter on Human Rights, page 77, and table on GRI Indicators, page 125.
		List of collective agreements (especially in the field of occupational health and safety)	403-1, 403-4	The number of company collective agreements signed in 2018 was 41. In the signed agreements, there are provisions, articles, chapters or even specific titles for issues related to occupational risk prevention (occupational health and safety), giving compliance and adaptation to the legal provisions contained in the Occupational Risk Prevention Law, law 31/1995, of November 8. Nevertheless, in the negotiations held this year, occupational risk prevention matters were not substantially modified, although all the obligations that existed in the different collective agreements have been renewed.
	Training	Policies implemented in the field of training		404-2
	Accessibility	Total number of training hours by job category.	404-1	Appendix to GRI Indicators, page 134.
		Universal accessibility for people	103-2	Chapter on Human Rights, page 76.
	Equality	Measures put in place to champion equal treatment and opportunities between women and men	103-2	Chapter on Human Rights, page 77.
		Equality plans (Chapter III of Organic Law 3 of March 22, 2007, on the effective equality between women and men)	103-2	Chapter on Human Rights, page 77.
		Measures put in place to foster employment	103-2, 404-2	Chapters on People, Human Rights and Local Community, pages 65, 76 and 84-85, respectively.
		Protocols against sexual and gender-based harassment	103-2	Chapter on Human Rights, page 76-77.
		Policy against discrimination in all its forms and, as the case may be, integration of protocols against sexual and gender-based harassment	103-2	Chapter on Human Rights, page 76-77.
		Protocols against discrimination in all its forms and, as the case may be, to ensure the proper management of diversity	103-2, 406-1	Chapter on People, page 64-65.
		Information on respect for human rights	Implementation of due diligence processes on the subject of human rights	414-2
	Information on respect for human rights	Preventing the risk of committing human rights breaches and, as the case may be, measures to mitigate, manage and repair possible abuses committed	410-1, 412-1	Chapter on Ethics and Integrity, page 74.
		Reports of cases where human rights have been breached	102-17, 419-1, 411-1	Chapter on Human Rights, page 76-77, and chapter on ethics and integrity page 74 and 75.
Promoting and observing the fundamental conventions of the International Labor Organization governing respect for freedom of association and the right to collective bargaining, eliminating discrimination in the workplace and when hiring, eradication of forced labor and the effective eradication of child labor		103-2	Chapter on Human Rights, page 76-77.	
Information on the fight against corruption and bribery	Measures put in place to prevent corruption and bribery	103-2	Chapter on Ethics and Integrity, page 74-75.	
	Anti-money laundering measures	103-2	Chapter on Ethics and Integrity, page 74-75.	
	Contributions to foundations and non-profit entities	103-2, 201-1, 203-2, 415-1	Chapter on Community, page 84-85.	

Contents of Law 11/2018	Standar GRI	Location / direct response		
Information on society	The impact of the company's business on employment, local development and the natural environment	203-1, 203-2, 204-1, 413-1, 413-2	Chapter on Community, page 84-85. All projects undertaken by Ferrovial require a preliminary environmental impact assessment. In some cases, the performance of the project may generate certain impacts on the local communities where they are carried out. Where this is the case, the company ensures two-way dialog and explains to the affected communities the possible implications of each phase of the project. It also sets up communication channels to collect grievances, suggestions and complaints. The company also carries out a two-year consultation process with its stakeholders as part of its materiality study, and provides an Ethics Channel on its website, which is available to absolutely everyone.	
	Relations with agents from the local communities and forms of dialog with such associations and people	102-43, 413-1		
	Company commitments to sustainable development			
	Association or sponsorship actions	102-13, 203-1, 201-1	All donation, sponsorship, patronage and association ventures are scrutinized in strict accordance with the company's own internal Procedure for approving and monitoring sponsorship, patronage and donation projects. In 2018, the company engaged in sponsorship action to promote art, culture, innovation and education. The company belongs to SEOPAN and various associations from the construction and infrastructure sectors both at home and abroad.	
	Inclusion of a procurement policy that champions social issues, gender equality and environmental protection	103-3	Chapter on the Supply Chain, section on Comprehensive Supplier Management, page 82-83.	
	Subcontracting and suppliers	Making its social and environmental responsibility values part of its relations with suppliers and subcontractors	102-9, 308-1, 308-2, 407-1, 409-1, 414-1, 414-2	Chapter on the Supply Chain, section on Comprehensive Supplier Management, page 82-83.
		Oversight systems, audits and troubleshooting processes	308-1, 308-2, 414-2	Chapter on the Supply Chain, section on Comprehensive Supplier Management, page 82-83.
	Consumers	Measures to improve the health and safety of consumers	416-1, 416-2, 417-1	Chapter on Health and Safety, section on Road Safety, page 66 - 67.
		Reporting and whistleblowing systems and grievances received and resolved	418-1	Chapter on Quality, page 72 - 73.
	Tax information	Profits obtained by country	201-1	Note 2.10 to the Consolidated Annual Financial Statements, page 174.
	Taxes paid on profits	201-1	Chapter on Responsible Tax Management, page 86.	
	Public subsidies and aid received	201-4	Note 6.1 to the Consolidated Annual Financial Statements, page 217.	

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

The content of this Integrated Annual Report follows the recommendations of the TCFD. Readers can use this table to locate the content suggested by the initiative.

CONTENTS		LOCATION
GOVERNANCE	Describe the Board’s oversight of climate related risks and opportunities.	<ul style="list-style-type: none"> • Chapter on Corporate Governance, page 78. • Section on Climate Change Strategy, page 96.
	Describe management’s role in assessing and managing climate-related risks and opportunities.	<ul style="list-style-type: none"> • Chapter on Risks, page 89-92. • Section on Climate Change Strategy, page 78.
STRATEGY	Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	<ul style="list-style-type: none"> • Chapter on Strategy, page 78. • Section on risks and opportunities relating to climate change, page 92. • Chapter on Risks, page 92.
	Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.	<ul style="list-style-type: none"> • Section on Climate Strategy, page 95. See also each section related to each of Ferrovial’s divisions, at pages 21-35.
	Describe the resilience of the organization’s strategy, taking into consideration different future climate scenarios, including a 2°C or lower scenario.	<ul style="list-style-type: none"> • Section of risks and opportunities relating to climate change, page 78.
RISKS	Describe the organization’s processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> • Chapter on Risks, page 89-92. • Section on risks and opportunities relating to climate change, page 78.
	Describe the organization’s processes for managing climate-related risks.	<ul style="list-style-type: none"> • Chapter on Risks, page 89-92. • Section on risks and opportunities relating to climate change, page 78.
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization’s overall risk management.	<ul style="list-style-type: none"> • Chapter on Risks, page 89-92. • Section on risks and opportunities relating to climate change, page 78.
METRICS	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<ul style="list-style-type: none"> • Chapter on Risks, page 89-92. • Section on risks and opportunities relating to climate change, page 78.
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.	<ul style="list-style-type: none"> • Chapter on the Environment, page 79. • Annex on indicators under GRI Standards, page 133.
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	<ul style="list-style-type: none"> • Chapter on the Environment, page 78.

GRI STANDARDS INDICATORS

GRI 101 Foundation 2018
DISCLOSURES GENERAL (GRI 102: CONTENIDOS GENERALES 2018)

ORGANIZATION PROFILE	Page/Direct Reference	Scope
102-1 Name of the organization	Note 1.1. of Ferrovial's Consolidated Financial Statements 2018	Ferrovial
102-2 Activities, brands, products, and services	11, 24-35	Ferrovial
102-3 Location of headquarters	Note 1.1. of Ferrovial's Consolidated Financial Statements 2018	Ferrovial
102-4 Location of operations	12	Ferrovial
102-5 Ownership and legal form	Note 1.1. of Ferrovial's Consolidated Financial Statements 2018	Ferrovial
102-6 Markets served	12	Ferrovial
102-7 Scale of the organization	12,14, 15, 64-65 and Appendix	Ferrovial
102-8 Information on employees and other workers	14, 64-65, 118 and Appendix	Ferrovial
102-9 Supply Chain	82-83 and Appendix	Ferrovial
102-10 Significant changes to the organization and its supply chain	Note 1.1.2 and 1.1.3 Ferrovial's Consolidated Financial Statements 2018	Ferrovial
102-11 Precautionary Principle or approach	89-92	Ferrovial
102-12 External Initiatives	116	Ferrovial
102-13 Membership of associations	116	Ferrovial
STRATEGY	Page/Direct Reference	Scope
102-14 Statement from senior decision-maker	7	Ferrovial
102-15 Key impacts, risks, and opportunities	7, 21-23, 89-92	Ferrovial
ETHICS AND INTEGRITY	Page/Direct Reference	Scope
102-16 Values, principles, standards, and norms of behavior	17, 74-75, 84-85	Ferrovial
102-17 Mechanisms for advice and concerns about ethics	74-75	Ferrovial
GOVERNANCE	Page/Direct Reference	Scope
102-18 Governance structure	95-97 Section C of Ferrovial's Annual Corporate Governance Report 2018	Ferrovial
102-19 Delegating authority	114 Section C of Ferrovial's Annual Corporate Governance Report 2018	Ferrovial
102-20 Executive-level responsibility for economic, environmental, and social topics	114 Section C of Ferrovial's Annual Corporate Governance Report 2018	Ferrovial
102-21 Consulting stakeholders on economic, environmental, and social topics	116-117	Ferrovial
102-22 Composition of the highest governance body and its committees	95-97 Section C of Ferrovial's Annual Corporate Governance Report 2018	Ferrovial
102-23 Chair of the highest governance body	95-97 Sections C.1.2 y C.1.3 of Ferrovial's Annual Corporate Governance Report 2018	Ferrovial
102-24 Nominating and selecting the highest governance body	95-97 Sections C.1.19 of Ferrovial's Annual Corporate Governance Report 2018	Ferrovial
102-25 Conflicts of interest	74-75 Section D.6 of Ferrovial's Annual Corporate Governance Report 2018	Ferrovial
102-26 Role of highest governance body in setting purpose, values, and strategy	95-96	Ferrovial
102-27 Collective knowledge of highest governance body	The Board of Directors is informed annually regarding environmental management issues for the company, as well as regarding monitoring of the corporate responsibility strategic plan. Furthermore, the Board, directly or via its committees, remains abreast of a series of issues on which it is required to make decisions. These include approving policies on a wide range of issues.	Ferrovial
102-28 Evaluating the highest governance body's performance	Sections C.1.19 to C.1.21 of Ferrovial's Annual Corporate Governance Report 2018	Ferrovial

102-29	Identifying and managing economic, environmental, and social impacts	95-96 Section E of Ferrovial's Annual Corporate Governance Report 2018	Ferrovial
102-30	Effectiveness of risk management processes	95-96 Section E of Ferrovial's Annual Corporate Governance Report 2018	Ferrovial
102-31	Review of economic, environmental, and social topics	95-96 Section E of Ferrovial's Annual Corporate Governance Report 2018	Ferrovial
102-32	Highest governance body's role in sustainability reporting	114	Ferrovial
102-33	Communicating critical concerns	114	Ferrovial
102-34	Nature and total number of critical concerns	114	Ferrovial
102-35	Remuneration policies	98-99	Ferrovial
102-36	Process for determining remuneration	98-99	Ferrovial
102-37	Stakeholders' involvement in remuneration	98-99	Ferrovial
102-38	Annual total compensation ratio	See Appendix	Ferrovial
102-39	Percentage increase in annual total compensation ratio	See Appendix	Ferrovial
STAKEHOLDERS ENGAGEMENT		Page/Direct Reference	Scope
102-40	List of stakeholder groups	116	Ferrovial
102-41	Collective bargaining agreements	77 and table of contents of non-Financial Information Statements	Ferrovial
102-42	Identifying and selecting stakeholders	2, 11, 24, 80, 114, 116 y 117	Ferrovial
102-43	Approach to stakeholder engagement	114, 116 y 117	Ferrovial
102-44	Key topics and concerns raised	114, 116 y 117	Ferrovial
REPORTING PRACTICE		Page/Direct Reference	Scope
102-45	Entities included in the consolidated financial statements	Appendix II of Ferrovial's Consolidated Financial Statements 2018	Ferrovial
102-46	Defining report content and topic Boundaries	116-117	Ferrovial
102-47	List of material topics	117	Ferrovial
102-48	Restatements of information	116	Ferrovial
102-49	Changes in reporting	116	Ferrovial
102-50	Reporting period	Fiscal year 2018	Ferrovial
102-51	Date of most recent report	Fiscal year 2017	Ferrovial
102-52	Reporting cycle	Annual	Ferrovial
102-53	Contact point for questions regarding the report	Back cover	Ferrovial
102-54	Claims of reporting in accordance with the GRI Standards	2, 116, 130 y 138-141	Ferrovial
102-55	GRI content index	124-130	Ferrovial
102-56	External assurance	138-141	Ferrovial

GRI STANDARD				
Materiality	Indicator	Page/Direct Reference	Scope	
THEMATIC CONTENTS				
Economic Performance				
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	116-117	Ferrovial
	103-2	The management approach and its components	10-15	Ferrovial
	103-3	Evaluation of the management approach	10-15	Ferrovial
GRI 201: Economic Performance 2018	201-1	Direct economic value generated and distributed	See Appendix to GRI Indicators	Ferrovial
	201-2	Financial implications and other risks and opportunities due to climate change	78-80, 92 Risks and opportunities are disclosed in the Carbon Disclosure Project report, which is publicly-available on the CDP website. Information for 2018 will be made available during 2019.	Ferrovial
	201-3	Defined benefit plan obligations and other retirement plans	Note 6.6.4 of Ferrovial's Consolidated Financial Statements 2018 Note 6.2 of Ferrovial's Consolidated Financial Statements 2018	Ferrovial
	201-4	Financial assistance received from government	Note 6.1 of Ferrovial's Consolidated Financial Statements 2018 Note 6.4 of Ferrovial's Consolidated Financial Statements 2018	Ferrovial

GRI STANDARD			
Materiality	Indicator	Page/Direct Reference	Scope
Market Presence			
GRI 202: Market presence 2018	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	The relationship between entry level wage and the local minimum wage in relevant countries by gender (Men/Women) is as follows: Spain 1.54/1.54 United Kingdom: 1.00/1.00 United States: 1.27/1.27 Poland: 1.43/1.26 Chile: 1.04/1.04	Ferrovial
	202-2 Proportion of senior management hired from the local community	In 2018, the proportion of senior management hired from the local community was 87.5%.	Ferrovial
Indirect economic impacts			
GRI 203: Indirect economic impacts 2018	203-1 Infrastructure investments and services supported	84-85	Ferrovial
	203-2 Significant indirect economic impacts	21, 64, 66, 68, 76, 78, 82-86	Ferrovial
Procurement Practices			
GRI 204: Procurement practices 2018	204-1 Proportion of spending on local suppliers	Local suppliers represented 92% of total number of suppliers. Suppliers which are not centralized and locally contracted are classified as local suppliers.	Ferrovial
Anti-corruption			
GRI 205: Anti-corruption 2018	205-1 Operations assessed for risks related to corruption	74-75	Ferrovial
	205-2 Communication and training about anti-corruption policies and procedures	74-75	Spain
	205-3 Confirmed incidents of corruption and actions taken	74-75	Ferrovial
Anti-competitive			
GRI 206: Anti-competitive 2018	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	In 2018, two cases and litigations related to monopoly practices were open. Note 6.3 of Ferrovial's Consolidated Financial Statements 2018 Note 6.5 of Ferrovial's Consolidated Financial Statements 2018	Ferrovial
ENVIRONMENTAL MATERIAL ASPECTS			
Management approach			
GRI 103 Management approach	103-1 Explanation of the material topic and its Boundary	116-117	Ferrovial
	103-2 The management approach and its components	88-90	Ferrovial
	103-3 Evaluation of the management approach	88-90	Ferrovial
Materials			
GRI 301: Materials 2017	301-1 Materials used by weight or volume	See Appendix to GRI Indicators. It is given information about the most representative used material for each division. The most significant material could change every year, so it is not comparable.	Ferrovial
	301-2 Recycled input materials used	See Appendix to GRI Indicators	Ferrovial
	301-3 Reclaimed products and their packaging materials	The activity of the company does not include the production of goods destined for sale with packaging	Ferrovial
Energy			
GRI 302: Energy 2018	302-1 Energy consumption within the organization	See Appendix to GRI Indicators	Ferrovial
	302-2 Energy consumption outside of the organization	Energy use from consumption of fuels, electricity and losses due to electricity transport stood at 2,165,902 GJ.	Ferrovial
	302-3 Energy intensity	Energy intensity is 659.11 GJ/net revenues	Ferrovial
	302-4 Reduction of energy consumption	Energy consumption reduced 29.83% compared to 2017.	Ferrovial
	302-5 Reductions in energy requirements of products and services	78-80	Ferrovial
Water			
GRI 303: Water 2018	303-1 Water withdrawal by source	Reported data in 2018 include estimations based on the best available information at the date of closing this report. Main consumptions are estimated based on the average water prices by country. See Appendix to GRI Indicators.	Ferrovial
	303-2 Water sources significantly affected by withdrawal of water	Water withdrawal requires an authorization whereby the volume of water withdrawn is restricted. It must always be below the maximum limits established by the competent authority. This is why it is considered that, in accordance with these authorizations, the water withdrawn by Ferrovial does not affect the hydric resource significantly	Ferrovial
	303-3 Water recycled and reused	The consumption of recycled and reused water stood at a 150,793.73 m ³ . 2018 data include the best estimation available at the date of closing this report.	Ferrovial

GRI STANDARD			
Materiality	Indicator	Page/Direct Reference	Scope
Biodiversity			
GRI 304: Biodiversity 2018	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	During 2018, Ferrovial has been working on 29 projects which were under an Environmental Impact Statement or equivalent figure (9 of them had an environmental conditioning), depending on each country's legal framework	Ferrovial
	304-2 Significant impacts of activities, products, and services on biodiversity	Most significant impacts on biodiversity has been assessed through the Environmental Impact Statements or equivalent figures, depending on each country's legal framework. Furthermore, they are taken compensative actions arising from these statements when applicable.	Ferrovial
	304-3 Habitats protected or restored	Ferrovial performs the ecological restoration of the habitats affected by the construction and operation of its infrastructures in accordance with the provisions of current regulations in each country, adding improvements over the minimum requirements when it is possible, and ecological restoration criteria which could ensure better results on a long-term basis.	Ferrovial
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	See Appendix to GRI Indicators	Ferrovial
Emissions			
GRI 305: Emissions 2018	305-1 Direct (Scope 1) GHG emissions	78-80. See Appendix to GRI Indicators	Ferrovial
	305-2 Energy indirect (Scope 2) GHG emissions	78-80. See Appendix to GRI Indicators	Ferrovial
	305-3 Other indirect (Scope 3) GHG emissions	78-80. See Appendix to GRI Indicators. Scope 3 emissions are limited to the described scope on the table 305-3 on the Appendix to GRI Indicators.	See Appendix to GRI Indicators
	305-4 GHG emissions intensity	GHG emissions intensity reached 74.13 tCO ₂ /INCN (M€)	Ferrovial
	305-5 Reduction of GHG emissions	See Appendix to GRI Indicators	Ferrovial
	305-6 Emissions of ozone-depleting substances (ODS)	Not relevant as Amey no longer has operational control over those centres that use refrigeration units which use refrigerants with fluorinated or ozone depleting substances base.	Ferrovial
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	See Appendix to GRI Indicators	Ferrovial
Effluents and Waste			
GRI 306: Effluents y waste 2018	306-1 Water discharge by quality and destination	The total wastewater discharge stood at 903,564.28 m ³ . Water discharge information was calculated based on standard indicators of water discharge of certain activities published by various sources. Therefore, this information does not represent real measurements of water discharge.	Ferrovial
	306-2 Waste by type and disposal method	Page 78 - 80. See Appendix to GRI Indicators. 2018 data include estimations according to the best available information at the time of preparing this report.	Ferrovial
	306-3 Significant spills	During 2018 no significant spills have been recorded.	Ferrovial
	306-4 Transport of hazardous waste	Ferrovial doesn't have cross-border waste transport at any of its business units.	Ferrovial
	306-5 Water bodies affected by water discharges and/or runoff	In the projects developed by Ferrovial in 2018, 16 had high-quality water courses in their vicinity.	Ferrovial
Environmental Compliance			
GRI 307: Environmental Compliance 2018	307-1 Non-compliance with environmental laws and regulations	The total amount of fines paid in the year due to breach of environmental legislation in 2018 stood at € 90,750, €12,000 of them coming from past years' breaches. This amount does not include associated civil liability (compensation). Note 6.3 and Note 6.5.1 of Ferrovial's Consolidated Financial Statements 2018	Ferrovial
Supplier Environmental Assessment			
GRI 308: Supplier Environmental Assessment 2018	308-1 New suppliers that were screened using environmental criteria	Pags. 82-83	Ferrovial
	308-2 Negative environmental impacts in the supply chain and actions taken	(See pag. 82-83) In Construction, the negative environmental impacts had by the supply chain are evaluated, identifying potential risks and substandard work. The measures adopted range from expulsion from the project and/or rejection of the supplier, to warnings that improvements are required in less serious cases.	Ferrovial
SOCIAL MATERIAL ASPECTS			
Management approach			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	116-117	Ferrovial
	103-2 The management approach and its components	64-67	Ferrovial
	103-3 Evaluation of the management approach	64-67	Ferrovial

GRI STANDARD			
Materiality	Indicator	Page/Direct Reference	Scope
Employment			
GRI 401: Employment 2018	401-1 New employee hires and employee turnover	See Appendix to GRI Indicators	Ferrovial
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social benefits for each country and business are offered equally to full-time employees and part-time employees. In some cases, employees need to have held their posts for at least one year to be eligible for certain social benefits.	Ferrovial
	401-3 Parental leave	Ferrovial does not consider this a risk, as the countries where it operates have protectionist legislation in place for such matters. Such information is therefore not subject to specific managerial procedures.	Ferrovial
Labor Relations			
GRI 402: Labor Relations 2018	402-1 Minimum notice periods regarding operational changes	Ferrovial complies with the advance notice periods established in labor legislations or those enshrined, if applicable, in the collective agreements pertinent to each business, with no corporate advance notice periods having been established.	Ferrovial
Occupational Health and Safety			
GRI 403: Occupational Health and Safety 2018	403-1 Workers representation in formal joint management-worker health and safety committees	See Appendix to GRI Indicators	Ferrovial
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	See Appendix to GRI Indicators. Information concerning contractors is only included in the calculation of the overall variation frequency index.	Ferrovial
	403-3 Workers with high incidence or high risk of diseases related to their occupation	Risk of developing occupational diseases is detected through risk assessments conducted by the Safety and Health Department and controlled through the health surveillance, where relevant relevant protocols according to the risk exposure of the workers are defined and applied.	Ferrovial
	403-4 Health and safety topics covered in formal agreements with trade unions	The agreements in this matter covered with the trade-union organizations are developed through sector agreements that specifically regulate matters such areas as training and information, collective protection, work teams, etc.	Ferrovial
Training and education			
GRI 404: Training and education 2018	404-1 Average hours of training per year per employee	See Appendix to GRI Indicators	Ferrovial
	404-2 Programs for upgrading employee skills and transition assistance programs	All training and development programs are aimed at improving the employability of the candidate. In the case of early retirement or restructuring plans (e.g. redundancy packages), specific training plans may be negotiated as part of other outplacement plans.	Ferrovial
	404-3 Percentage of employees receiving regular performance and career development reviews	The percentage of employees receiving regular assessments of Ferrovial's performance and professional development is 30%.	Ferrovial
Diversity and Equality of Opportunities			
GRI 405: Diversity and equality of opportunities 2018	405-1 Diversity of governance bodies and employees	See Appendix to GRI Indicators Section C of Annual Corporate Governance Report 2018	Ferrovial
	405-2 Ratio of basic salary and remuneration of women to men	See Appendix to GRI Indicators	Ferrovial
No discrimination			
GRI 406: No discrimination 2018	406-1 Incidents of discrimination and corrective actions taken	75. Information about complaints received through the Corporate Whistleblowing Channel in Spain is given.	Ferrovial
Freedom of association			
GRI 407: Freedom of association 2018	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	76-77	Ferrovial
Child Labor			
GRI 408: Child Labor 2018	408-1 Operations and suppliers at significant risk for incidents of child labor	76-77	Ferrovial
Forced or compulsory labor			
GRI 409: Forced or compulsory labor 2018	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	76-77	Ferrovial
Forced or compulsory labor			
GRI 410: Security practices 2018	410-1 Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	Security guards at Ferrovial offices are hired via a company that certifies that said personnel have received the due training.	Ferrovial headquarters
Rights of indigenous people			
GRI 411: Rights of indigenous people 2018	411-1 Incidents of violations involving rights of indigenous peoples	During 2018 there hasn't been detected incidents of violations involving rights of indigenous people. Identified controversies are described on page 75.	Ferrovial
Human Rights Assessment			
GRI 412: Human Rights Assessment 2018	412-1 Operations that have been subject to human rights reviews or impact assessments	76-77 During 2018, Ferrovial has not done specific reviews to evaluate the impact on Human Rights' matters additional to those on health and safety and compliance.	Ferrovial
	412-2 Employee training on human rights policies or procedures	75	Ferrovial
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	74, 76-77, 82-83	Ferrovial

GRI STANDARD			
Materiality	Indicator	Page/Direct Reference	Scope
Local Communities			
GRI 413: Local Communities 2018	413-1 Operations with local community engagement, impact assessments, and development programs	84-85	Ferrovial
	413-2 Operations with significant actual and potential negative impacts on local communities	During 2018, there has not been detected situations in which Ferrovial activities had caused a negative impact on local communities.	Ferrovial
Supplier Social Assessment			
GRI 414: Supplier Social Assessment 2018	414-1 New suppliers that were screened using social criteria	82-83	Ferrovial
	414-2 Negative social impacts in the supply chain and actions taken	82-83	Ferrovial
Public Policy			
GRI 415: Public Policy 2018	415-1 Political contributions	74-75, 116	Ferrovial
Customer Health and Safety			
GRI 416: Customer Health and Safety 2018	416-1 Assessment of the health and safety impacts of product and service categories	72-73	Ferrovial
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	In 2018, 102 cases and litigation related to the safety of workers, subcontractors and users were open. Note 6.3 of Ferrovial's Consolidated Financial Statements 2018 Note 6.5 of Ferrovial's Consolidated Financial Statements 2018	Ferrovial
Marketing and labeling			
GRI 417: Marketing and labeling 2018	417-1 Requirements for product and service information and labeling	72-73	Ferrovial
	417-2 Incidents of non-compliance concerning product and service information and labeling	There has not been identified non-compliance incidents on this subject	Ferrovial
	417-3 Incidents of non-compliance concerning marketing communications	There has not been identified non-compliance incidents on this subject	Ferrovial
Customer Privacy			
GRI 418: Customer Privacy 2018	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	There has not been identified non-compliance incidents on this subject	Ferrovial
Socioeconomic Compliance			
GRI 419: Socioeconomic Compliance 2018	419-1 Non-compliance with laws and regulations in the social and economic area	Note 6.3 of Ferrovial's Consolidated Financial Statements 2018 Note 6.5 of Ferrovial's Consolidated Financial Statements 2018	Ferrovial

REPORTING PRINCIPLES

AA1000 Standard

The standard is based on three fundamental principles:

- Inclusiveness: This principle analyzes whether the company has identified and understood the relevant aspects of its sustainable performance and presents sufficient information in terms of quality and quantity. For more information, please refer to the "Material Issues" section in this chapter.
- Materiality: The information must be the information required by the stakeholders. In other words, it ensures disclosure of all those material aspects whose omission or distortion could influence its stakeholders' decisions or actions. For more information, please refer to the GRI Standards Indicators Table.
- Responsiveness: This report includes the information relating to Ferrovial's response to stakeholder expectations.

GRI Standards Guidelines

The GRI Guidelines principles are:

- Establishing report contents:

- Materiality: Aspects that reflect the significant social, environmental and economic impacts had by the organization or those that could have a substantial influence on stakeholder decisions.
- Stakeholder engagement: Identifying stakeholders and describing in the report how their expectations and interests have been addressed.
- Sustainability context: Presenting the company's performance within the broader context of sustainability.
- Completeness: Coverage should enable stakeholders to assess the performance of the reporting organization.

- Establishing the quality of the report:

- Balance: The report must reflect both the positive and the negative aspects of the company's performance.
- Comparability: Stakeholders should be able to compare the information over time and with other companies.
- Accuracy: The published information must be accurate and detailed.
- Clarity: The information must be presented in a way that is clear and accessible to everyone.
- Reliability: The information must be of high quality and it should establish the company's materiality.

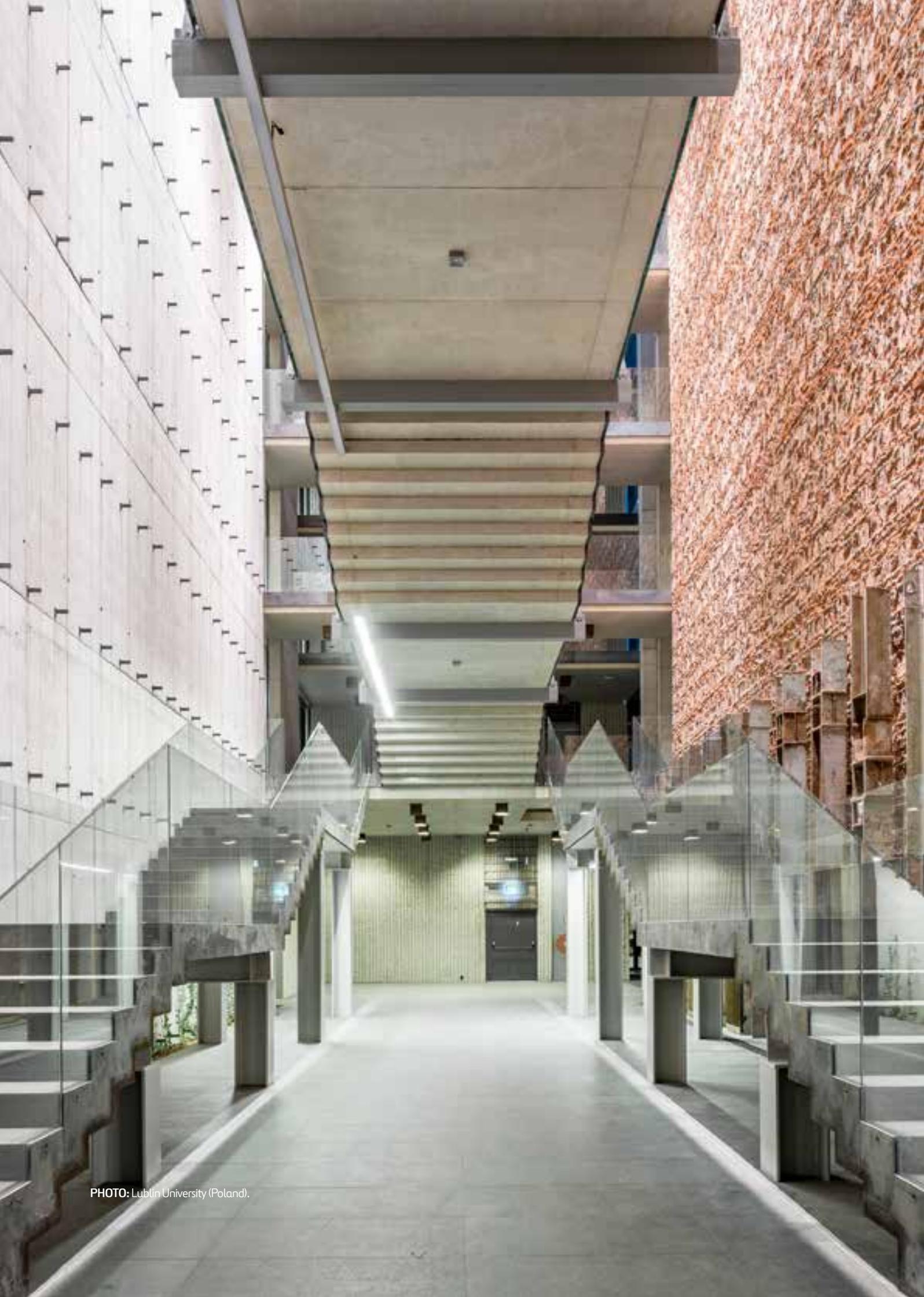


PHOTO: Lublin University (Poland).

APPENDIX TO GRI STANDARDS

102-8. INFORMATION ON EMPLOYEES AND OTHER WORKERS

Number of employees at year end by type of working day and gender

	Total		2017	2018
Full – time	78,316	Men	62,901	60,221
		Women	18,533	18,095
Partial – time	13,797	Men	5,064	4,817
		Women	9,480	8,980

Number of employees at year end by type of contract and gender

	Total		2017	2018
Temporary contract	18,125	Men	16,422	13,118
		Women	5,731	5,007
Undefined contract	73,988	Men	51,543	51,920
		Women	22,282	22,068

Average number of employees by type of contract, category and gender

	Unlimited		Temporary		Total		Total
	Men	Women	Men	Women	Men	Women	
Directors	2.0	0.0	0.0	0.0	2.0	0.0	2.0
Senior Management	10.0	2.0	0.0	0.0	10.0	2.0	12.0
Directives	483.4	81.3	12.4	0.3	495.8	81.6	577.4
Graduates	8,809.3	3,088.0	1,275.3	622.2	10,084.7	3,710.2	13,794.8
Administratives	3,136.6	3,793.1	394.1	658.6	3,530.7	4,451.7	7,982.3
Technicians and Operators	39,571.6	15,342.5	13,455.8	4,167.0	53,027.4	19,509.5	72,536.9
TOTAL	52,012.9	22,306.9	15,137.7	5,448.0	67,150.6	27,754.9	94,905.5

Number of employees at year end by region and gender

	2017	2018		
		Men	Women	Total
Spain	42,616	26,153	15,892	42,045
United Kingdom	16,996	12,065	4,291	16,356
Others	11,409	8,917	1,433	10,350
USA+CANADA	4,024	4,165	703	4,868
Poland	6,403	5,297	1,437	6,734
Australia	14,530	8,441	3,319	11,760
TOTAL	95,978	65,038	27,075	92,113

102-9. SUPPLY CHAIN

Due to the diverse nature of Ferrovial's activities, the supply chains are different for each. Around 97% of suppliers are concentrated in Construction and Services, registering the largest volumes of orders. The Global Purchase Committee, composed of the highest representatives of business purchases, coordinates this activity, looking for possible synergies and sharing best practices.

In the Construction area, the vast majority of purchases are destined for works in progress at any time. A small part goes to the offices, departments and services that support the execution of the same. The supply chain is made up of suppliers (manufacturers and distributors) and subcontractors. The specific characteristics of the construction supply chain are: high number of suppliers; degree of significant subcontracting, which varies depending on the type and size of the work and the country in which it is carried out; high percentage of local suppliers, since the sector is closely linked to the country / area in which each work is executed; very diverse supplier typology, from large multinationals with global implantation and highly technified, to small local suppliers (mainly subcontractors) for less qualified jobs; and need to adapt to the requirements of each local market.

In the Services business, the supply chain includes all the main and secondary suppliers (suppliers of raw materials, industrial supplies or energy, suppliers of capital goods, machinery and finished product) as well as the subcontractors and service providers involved in the company's activities, evaluating them to ensure adequate training. In Spain, from the Procurement and Fleet department, guidelines are drawn up for the different business areas regarding contracting with third parties and all the critical suppliers involved in the provision of services and supply of products for the company are managed. In the international part, each country has its procurement procedure, based on the Global Procurement Procedure defined by the Global Procurement Committee. In the United Kingdom, the typology of the supply chain is very diverse due to the wide range of activities that are carried out.

102-38. ANNUAL TOTAL COMPENSATION RATIO

	2016	2017	2018
TOTAL Ferrovial	195.44	133.63	103.18
USA	12.54	7.70	5.79
Spain	34.97	33.78	32.59
Poland	23.08	24.76	27.93
United Kingdom	23.85	25.79	23.78
Australia	48.31	8.72	13.03
Chile	19.80	14.54	15.12

Note indicators 102-38 and 102-39: 1) in the salary of the highest paid person, the 8-year apportionment of the Stock Options Plan has been considered. 2) The total average annual compensation of the staff only consider salaries and wages.

102-39. PERCENTAGE INCREASE IN ANNUAL TOTAL COMPENSATION RATIO

	2016	2017	2018
TOTAL Ferrovial	32.43%	48.79%	20.07%
USA	-0.23%	25.94%	36.36%
Spain	8.60%	10.44%	3.93%
Poland	8.45%	13.04%	2.99%
United Kingdom	27.61%	-15.93%	2.68%
Australia	-	89.15%	-55.5%
CHILE	24.60%	-1.85%	-15.54%

102-41. COLLECTIVE BARGAINING AGREEMENTS

	Total workforce	Employees represented	%
Spain	42,045	41,597	99%
United Kingdom	16,356	5,387	33%
Others	10,350	2,540	25%
USA+CANADA	4,868	508	10%
Poland	6,734	5,061	75%
Australia	11,760	8,795	75%
TOTAL	92,113	63,888	69%

201-1. DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

GENERATED ECONOMIC VALUE (M€)	2017	2018
a) Revenue:		
Turnover	5,152	5,737
Other operating revenue	1	2
Financial revenue	36	72
Disposals of fixed assets	47	95
Income carried by the equity method	175	240
TOTAL	5,411	6,146

DISTRIBUTED ECONOMIC VALUE (M€)

b) Consumption and expenses⁽¹⁾		
Consumption	818	985
Other operating expenses	2,905	3,324
c) Payroll and employee benefits		
Personnel expenses	915	945
d) Financial expenses and dividends		
Dividends to shareholders	218	240
Treasury share repurchase ⁽²⁾	302	280
Financial expenses	305	287
e) Taxes		
Corporate income tax	38	19
Total	5,501	6,080
RETAINED ECONOMIC VALUE (M€)	-90	66

1) The Group's social action expenses, together with the Foundation's expenses, are set out in Community chapter

(2) Reduction of capital by amortization of treasury shares. For more information, note 5.1 Shareholders' Equity of Consolidated Annual Accounts

301-1. MATERIALS USED BY WEIGHT OR VOLUME

	2016	2017	2018
Paper (kg)	748,106	719,591	616,444
Timber (m³)	63,946	54,059	48,131
Bitumen (t)	195,585	223,755	268,994
Concrete (t)	6,571,997	6,415,640	6,858,266
Corrugated steel (t)	263,270	200,664	162,558

302-1. ENERGY CONSUMPTION WITHIN THE ORGANIZATION

		2016	2017	2018
Fuels used by stationary and mobile sources (total) (GJ)	Diesel	6,029,033	6,085,079	5,196,171
	Fuel	37,269	78,994	98,703
	Gasoline	558,854	472,599	464,416
	Natural Gas	2,224,776	3,039,568	262,902
	Coal	276,998	390,225	570,558
	Kerosene	15,116	21,434	20,246
Electricity consumption from non-renewable sources (GJ)	Propane	19,458	18,467	27,732
	LPG	16,945	11,540	6,600
	Services	425,063	456,571	465,574
	Construction	424,230	421,327	342,583
	Toll Roads	90,602	66,489	50,693
	Corporation	4,549	4,501	4,073
Electricity consumption from renewable sources (GJ)	Airports	30	30	2
	Services	173,015	154,964	227,537
	Construction	356,723	447,483	448,834
	Toll Roads	4,090	4,049	4,009
	Corporation	0	0	0
	Airports	0	0	0

301-2. RECYCLED INPUT MATERIALS USED

	2016	2017	2018
Total recycled materials (t)	2,083,333	767,186	2,317,542

302-1. ENERGY CONSUMPTION WITHIN THE ORGANIZATION

ENERGY PRODUCED (GJ)	2016	2017	2018
Electric power for recovery of biogas	369,675	354,039	329,473
Thermal energy by biogas valorisation	197,104	202,812	261,406
Electric power generated in water treatment plants	41,405	110,464	113,380
Electric power generated in thermal drying	262,051	286,657	352,379
Electric power generated in waste incineration			598,836
TOTAL	870,235	953,972	1,655,474

302-2. ENERGY CONSUMPTION OUTSIDE OF THE ORGANIZATION

		2016	2017	2018
Consumption of energy acquired, by primary sources (GJ)	Coal	789,452.68	746,608.70	1,012,286.14
	Diesel	100,317.96	87,398.44	90,076.52
	Gas	624,181.76	653,127.36	457,585.15
	Biomass	58,461.75	54,845.22	101,151.39
	Waste	9,919.31	9,079.89	13,253.30
	Others	396,758.42	342,346.99	491,549.39

303-1. WATER WITHDRAWAL BY SOURCE

	2016*	2017	2018
Water Consumption (m3)	5,405,901	6,434,740	6,767,800

(*) Data from 2016 has been adjusted according to the best data available in 2017

304-4. IUCN RED LIST SPECIES AND NATIONAL CONSERVATION LIST SPECIES WITH HABITATS IN AREAS AFFECTED BY OPERATIONS

Species (scientific name)	Common name	IUCN Red List	Others
<i>Gambelia sila</i>	Blunt-nosed leopard lizard	EN	(Federal and State - Endangered, California fully protected)
<i>Vulpes macrotis mutica</i>	San Joaquin kit fox	LC	State Threatened, Federally Endangered (ESA)
<i>Ammospermophilus nelsoni</i>	San Joaquin antelope squirrel	EN	State Threatened
<i>Cambarus Howardi</i>	Chattahoochee Crayfish	LC	Protected under the Georgia Endangered Wildlife Act
<i>Sayornis Phoebe</i>	eastern phoebe	LC	Protected under Migratory Bird Treaty Act of 1918.
<i>Myotis septentrionalis</i>	Northern Long-eared Bat	LC	Federally listed as endangered and state-listed as endangered in Virginia. Threatened by the USFWS. Listed under section 4(d) of the Endangered Species Act
<i>Alasmidonta heterodon</i>	Dwarf Wedge Mussel	EN	
<i>Ptilimnium nodosum</i>	Harperella		(Natural Serve)
<i>Glyptemys insculpta</i>	Wood turtle	EN	
<i>Alasmidonta Varicosa</i>	Brook floater	VU	
<i>Chioglossa lusitanica</i>	Salamandra rabilarga	VU	
<i>Margaritifera margaritifera</i>	Mejillón de río / Freshwater pearl mussel	EN	
<i>Cedrela odorata</i>	Cedro americano / Spanish Cedar	VU	
<i>Pteropus poliocephalus</i>	Grey Headed Flying Fox	VU	
<i>Mixophyes iteratus</i>	Giant Barred Frog	EN	
<i>Phascolarctos cinereus</i>	Koala	VU	
<i>Pseudophryne australis</i>	Red crowned toadlet	VU	
<i>Delma torquatta</i>	Collared delma	LC	Listed under EPBC Act.
<i>Apium repens</i>	Apio rastrero	VU	
<i>Mustela lutreola</i>	Visón europeo	CR	
<i>Otis tarda</i>	Avutarda	VU	
<i>Neophron percnopterus</i>	Alimoche común	EN	

305-1. DIRECT (SCOPE 1) GHG EMISSIONS (TCO2 EQ)

EMISSIONS BY COMPANY	2009 (base year)	2016	2017	2018
Budimex	27,744	42,687	55,008	77,094
Cadagua	18,669	803	1,010	720
FASA	61,287	110,315	116,525	81,326
Webber	55,532	40,204	36,221	40,664
Ferrovial Corporation	375	317	298	260
Cintra	3,145	2,633	2,171	2,220
Amey	252,999	221,644	215,380	216,716
Broadspectrum	98,015	98,015	98,294	62,539
Ferrovial Services	393,932	289,585	336,302	316,606
Trasnchile	41	41	41	30
TOTAL	911,740	806,243	861,251	798,175

EMISSIONS BY SOURCE	2009 (base year)	2016	2017	2018
Refrigerant	185	79	8	136
Stationary	257,927	297,499	312,558	287,278
Heating	3,794	4,564	4,302	5,477
Machinery	254,133	292,935	308,256	281,801
Mobile	382,178	336,658	332,990	307,211
Difuse	271,450	172,008	215,695	203,549
TOTAL	911,740	806,243	861,251	798,175

Biogenic CO ₂ (tCO ₂ /eq)	2009 (base year)	2016	2017	2018
Construction	768	59,288	50,717	51,935
Services	729,776	740,990	733,487	736,842
TOTAL	730,544	800,278	784,205	788,777

305-2. ENERGY INDIRECT (SCOPE 2) GHG EMISSIONS (TCO2 EQ)

EMISSIONS BY COMPANY	2009 (base year)	2016	2017	2018
Budimex	19,921	17,323	17,154	18,446
Cadagua	44,552	17,665	14,087	11,131
FASA	13,647	10,725	17,741	10,723
Webber	10,023	6,259	6,661	6,112
Ferrovial Corporation	521	386	382	345
Cintra	12,538	11,106	7,920	5,944
Amey	14,291	5,202	2,563	2,524
Broadspectrum	27,946	27,946	44,106	55,434
Ferrovial Services	15,049	19,553	18,435	12,376
Trasnchile	4	4	4	0
TOTAL tCO₂ eq	158,492	116,168	129,052	123,036

305-3 OTHER INDIRECT GHG EMISSIONS (SCOPE 3)

Below are the activities, products and services subject to scope 3 calculations:

- Purchased goods and services: Includes emissions related to the life cycle of materials bought by Ferrovial that have been used in products or services offered by the company. This includes emissions derived from the purchase of paper, wood, water and other significant materials (concrete and asphalt), described in the indicator 301-1. Data from subcontractors are not included.
- Capital goods: Includes all upstream emissions (i.e. cradle-to-gate) from the production of capital goods bought or acquired by the company in the year, according to information included Consolidated Financial Statements.
- Fuel and energy related activities: This section includes the energy required for producing the fuel and electricity consumed by the company and electricity lost during transport.
- Upstream transportation and distribution: Includes emissions from the transport and distribution of the main products acquired over the year.
- Waste generated in operations: Emissions under this heading are linked to waste generated by the company's activities reported in 2018.
- Business travel: Includes emissions associated with business travel: train, plane and taxi, reported by the main travel agency that the group works with in Spain.
- Employee commuting: This includes emissions from journeys made by employees commuting from their homes to central offices in Spain.
- Investments: This calculates emissions linked to investments in British airports. Data for 2018 is not available as of the report release date, and therefore emission figures for 2017 are used.
- Use of sold products: Ferrovial calculates emissions generated by use of land transport infrastructure managed by Cintra.
- End of life treatment of sold products: This category includes emissions from the elimination of waste generated at the end of the useful lives of products sold by Ferrovial in the reporting year. Only emissions derived from products reported in the "purchased goods and services" category are taken into account.
- Upstream leased assets: Includes emissions related to the consumption of electricity at client buildings where maintenance and cleaning services, as well as consumption management, are provided by Amey.

	2012 (base-year)	2016	2017	2018
Business travel	6,606	9,117	8,181	8,334
Capital Goods	569,407	354,953	288,004	313,290
Employee commuting	792	3,183	3,221	1,821
End of life treatment of sold products	52,703	44,605	39,245	37,456
Fuel and energy related activities	191,927	200,325	219,335	178,902
Purchased goods and services	743,192	503,274	461,150	489,189
Upstream leased	1,405	0	0	0
Upstream transportation and distribution	461,487	418,962	407,580	434,112
Use of sold product	641,031	622,625	555,585	587,563
Waste generated in operations	212,976	231,225	269,766	232,326
Investments	805,044	641,053	566,067	566,067
TOTAL	3,686,569	3,029,321	2,818,135	2,849,059

305-5. REDUCTION OF GHG EMISSIONS

	2016	2017	2018
EMISSIONS AVOIDED BY SORTING AND BIOGAS CAPTURE			
Greenhouse gas avoided by sorting (t CO ₂ eq)	594,121	699,498	659,059
Greenhouse gas avoided by biogas capture (t CO ₂ eq)	795,586	729,724	815,778
EMISSIONS AVOIDED THROUGH POWER GENERATION			
In landfills (t CO ₂ eq)	33,509	32,060	29,626
At water treatment plants (t CO ₂ eq)	25,739	33,684	39,511
At waste treatment plants (t CO ₂ eq)			56,560
EMISSIONS PREVENTED BY PURCHASING ELECTRICITY FROM RENEWABLE SOURCES			
Electricity bought from third parties (t CO ₂ eq)	31,964	36,923	51,076
TOTAL	1,480,920	1,531,889	1,651,610

305-7. NITROGEN OXIDES (NOX). SULFUR OXIDES (SOX). AND OTHER SIGNIFICANT AIR EMISSIONS

	NOx (t)	CO (t)	COVNM (t)	SOx (t)	Particles (t)
Emissions from boilers	134.68	53.28	12.58	169.25	33.33
Emissions caused by motor vehicles	1,113.44	1,775.55	241.26	0.00	148.98
Emissions caused by electricity	61.87	24.78	0.48	92.50	5.39
	NOx (g/kg)	CO (g/kg)	COVNM (g/kg)	SOx (g/kg)	Particles (g/kg)
Emissions caused by mobile equipment used in construction works	2,624.03	11,779.43	1,146.61	-	38.16

306-2. WASTE BY TYPE AND DISPOSAL METHOD

	2016	2017	2018
Waste produced from construction and demolition (m ³)	1,628,147	1,439,795	2,344,504
Total soil from excavation (m ³)	19,759,576	27,612,500	19,363,051
Topsoil reused (m ³)	558,310	1,458,280	922,936
Material sent to landfill outside the worksite (m ³)	1,447,743	5,287,068	528,749
Materials reused at worksite (m ³)	11,692,839	15,498,439	14,336,346
Materials sent to other worksite or authorized landfill (m ³)	6,060,683	5,368,713	3,575,020
Hazardous waste (t)	27,602	27,943	18,419
Non-hazardous waste (t)*	627,897	683,842	766,285

* Non-hazardous waste data of 2018 include 161.74 t of waste managed and not produced.

CRE6. PERCENTAGE OF THE ORGANIZATION OPERATING IN VERIFIED COMPLIANCE WITH AN INTERNATIONALLY RECOGNIZED HEALTH AND SAFETY MANAGEMENT SYSTEM

	2016	2017	2018
Percentage of the organización certified in compliance with a health and safety management system	85	85	83

CREB. TYPE AND NUMBER OF CERTIFICATIONS, CLASSIFICATIONS AND LABELLING SYSTEMS REGARDING THE SUSTAINABILITY OF NEW CONSTRUCTIONS, MANAGEMENT, OCCUPATION AND RECONSTRUCTION.

Over 2018 work was performed on the following projects seeking to obtain certification

Location	Description	Certification
DIR. MADRID EDIFICACIÓN	CENTRO DE ENSEÑANZA UNIVERSITARIA IESE	LEED Certification
DIR. MADRID EDIFICACIÓN	NAVE ARIANE 6 Y URBANIZACIÓN AIRBUS GETAFE	BREEAM Certification
DIR. MADRID EDIFICACIÓN	NAVE VALFONDO MARCHAMALO	LEED Certification V4
DIR. MADRID EDIFICACIÓN	EDIFICIO DE OFICINAS PPE. VERGARA	LEED Certification
DIR. CATALUÑA	POLIDEPORTIVO LA PEIRA BCN	LEED Certification
DIR. CHILE	CONSTRUCCIÓN FACULTAD ADMINISTRACIÓN Y ECONOMÍA. UNIVERSIDAD SANTIAGO	CES Certification
DIR. CHILE	CONSTRUCCIÓN CENTRO PODER JUDICIAL PUENTE ALTO.	LEED Certification
Oddział Budownictwa Ogólnego Wschód w Warszawie	Ghelamco_Kapelanka	BREEAM Certification

Energy certifications obtained in Spain

Description	Area	Class
AMP. Y REF. C. SALUD CARBONERO SG	CASTILLA Y LEÓN	B
EDIFICIO CASTELLANA, 66	MADRID	A
VDAS VITBOX LAS TABLAS	MADRID	B
EDIF. STARBOX EBROSA LAS TABLAS	MADRID	B
ORDEN HOSPITALARIA SAN JUAN DE DIOS - HOSPITAL INFANTIL SAN RAFAEL	MADRID	B
33 VIVIENDAS EL JUNCAL, ALCOBENDAS	MADRID	B
AMP. HOSPITAL VIRGEN DE LA CARIDAD	MURCIA	B
41 VDAS. SAN JUAN DE LA CRUZ	MADRID	B
OFICINAS CORPORATIVAS REAL MADRID	MADRID	A
EDIFICIO ALFAHUJR	VALENCIA	B
COMPL. TUR. SIETE FUENTES	EXTREMADURA	B
CEIP LA ADRADA	CASTILLA Y LEÓN	A
REHABILITACIÓN EDIFICIO FERNANDO VI MADRID	MADRID	B
CENTRO CÍVICO DE ZABALGANA	BASQUE COUNTRY	A
CENTRO SANTANDER TOTTA	LISBON	B
EDIF. PREFABRICADOS SKR-01 CARTAGENA	MURCIA	B/C
CENTRO FORMACIÓN ADULTOS GORNAL ACTIVA	CATALONIA	A

401-1. NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

Average turnover rate disclosed by gender category and age

Turnover	Voluntary			Involuntary*			Total			
	White Collars	Blue Collars	Total	White Collars	Blue Collars	Total	White Collars	Blue Collars	Total	
Men	< 30	0.20%	0.81%	1.01%	0.04%	0.53%	0.57%	0.24%	1.34%	1.59%
	30-45	0.44%	1.41%	1.85%	0.13%	0.93%	1.06%	0.57%	2.34%	2.91%
	> 45	0.15%	0.91%	1.06%	0.14%	0.79%	0.93%	0.30%	1.70%	1.99%
Women	< 30	0.12%	0.24%	0.36%	0.04%	0.10%	0.13%	0.16%	0.34%	0.49%
	30-45	0.18%	0.31%	0.49%	0.08%	0.18%	0.26%	0.27%	0.50%	0.76%
	> 45	0.08%	0.21%	0.28%	0.03%	0.15%	0.18%	0.11%	0.36%	0.47%
TOTAL	1.17%	3.89%	5.06%	0.47%	2.68%	3.15%	1.64%	6.57%	8.21%	

* Total involuntary leaves in 2018 were 2,990.

In 2018, the total number of new hires was 21,700, which corresponds to a total hiring rate of 23.56% in relation to the staff at the end of the year. By gender, the breakdown is as follows:

	Men	Women	TOTAL
Hiring Rate	16.46%	7.10%	23.56%

GLOBAL AVERAGE RETRIBUTION BY CATEGORY 2018

Category	Average workforce 2018	Total real retribution (average*) 2018
White Collar	15,637	55,103 €
Blue Collar	79,269	35,334 €
Total	94,906	

* Exchange rate have to be considered.

403-1. WORKERS REPRESENTATION IN FORMAL JOINT MANAGEMENT-WORKER HEALTH AND SAFETY COMMITTEES

	2016	2017	2018
Percentage of total workforce represented in formal joint management-worker health and safety committees	61.2	63.4	70.2

403-2. TYPES OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND NUMBER OF WORK-RELATED FATALITIES

	2016	2017	2018
Frequency rate	15.00	13.6	12.2
Frequency rate including subcontractors	11.81	10.8	10.0
Severity index	0.33	0.31	0.29
Absenteeism rate	4.31	5.28	5.66*
Occupational disease frequency index	0.40	0.56	0.44

Frequency Rate = number accidents involving absence * 1,000,000 / No. hours worked

Severity Index = No. days lost * 1,000 / No. hours worked

Note: in 2018 there were five fatal accidents of employees and three of contractor workers.

* The total number of absenteeism hours in 2018 were 9.77 million.

404-1. AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

	2016	2017	2018	Hours per employee
Corporate	24,128	26,079	34,342	83.97
Construction	121,855	195,515	192,331	11.94
Services	539,636	613,381	606,195	8.11
Toll Roads	24,871	18,950	21,087	32.39
Real Estate	304	2,064	1,145	7.58
Airports	1,475	1,091	1,941	34.05
TOTAL	712,268	857,079	857,041	9.30

Training hours in Spain, 37% of total, were distributed by categories as follows: 1% directives; 34% graduates; 11% administratives; and 54% technicians and operators.

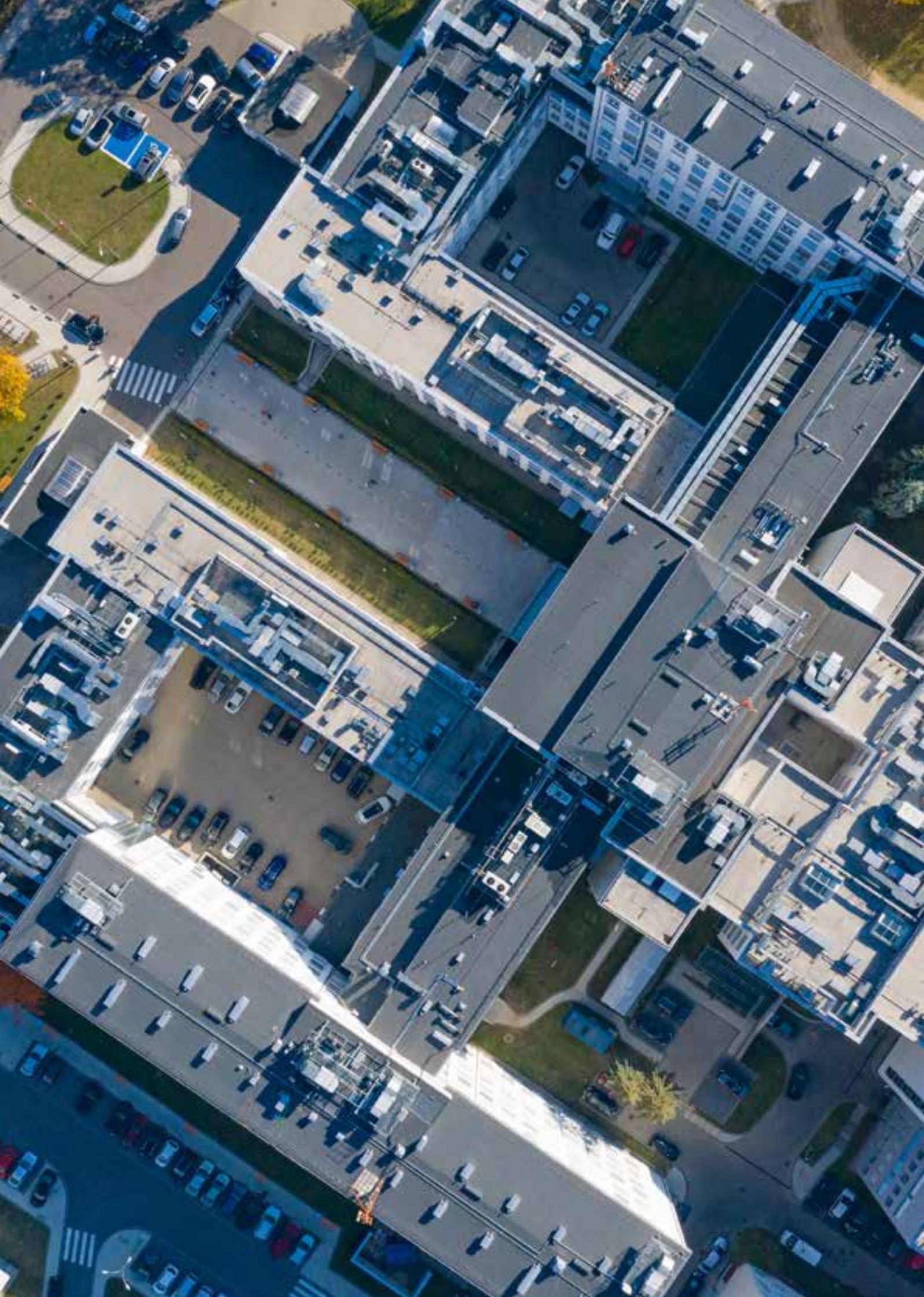
405-1. DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

		2018					Total
		Directives	Graduates	Administratives	Technicians	Subtotal	
Corporate	Men	64	139	29	3	235	409
	Women	11	125	38	0	174	
Construction	Men	156	5,166	361	7,934	13,617	16,108
	Women	8	1,913	369	201	2,491	
Services	Men	181	4,687	2,851	42,932	50,651	74,737
	Women	39	1,607	3,678	18,762	24,086	
Toll Roads	Men	47	160	30	198	435	651
	Women	10	109	49	48	216	
Real Estate	Men	9	50	1	3	63	151
	Women	1	81	4	2	88	
Airports	Men	0	37	0	0	37	57
	Women	0	13	7	0	20	
TOTAL	Men	457	10,239	3,272	51,070	65,038	92,113
	Women	69	3,848	4,145	19,013	27,075	

405-2. RATIO OF BASIC SALARY AND REMUNERATION OF MEN TO WOMEN

Gender Salary Gap analysis segmented by country. This analysis have been performed on 92.57% of the real workforce as of December 31, 2018

	Gender	% of employees	Median salary	Mean salary	% of gender pay gap (median)	% of gender pay gap (mean)
Spain	Men	62%	28,033 €	32,941 €	14.16%	14.84%
	Women	38%	24,063 €	28,051 €		
United Kingdom	Men	74%	£26,907	£31,706	38.18%	37.41%
	Women	26%	£16,633	£19,845		
Australia	Men	73%	69,006 AUD	83,248 AUD	28.20%	23.91%
	Women	27%	49,545 AUD	63,344 AUD		
USA	Men	86%	\$57,487	\$68,512	-5.93%	3.76%
	Women	14%	\$60,894	\$65,937		
Poland	Men	78%	80,751 zł	103,616 zł	-4.78%	5.29%
	Women	22%	84,610 zł	98,139 zł		
Chile	Men	91%	12,989,776 CLP	16,076,403 CLP	14.82%	12.81%
	Women	9%	11,064,370 CLP	14,016,384 CLP		
Portugal	Men	63%	9,631 €	11,826 €	13.77%	31.15%
	Women	37%	8,305 €	8,142 €		



GLOSSARY OF TERMS

ACI: Airports Council International (ACI) is the only global trade representative of the world's airports. Established in 1991, ACI represents airport's interests with Governments and international organizations such as ICAO; develops standards, policies and recommends practices for airports, and provides information and training opportunities to raise standards around the world. This section provides you with information on the structure and background of ACI.

AGS: Aberdeen, Glasgow and Southampton. AGS Airports is the United Kingdom-based owner of Aberdeen, Glasgow and Southampton Airports. The company was formed in September 2014 by Ferrovial and Macquire Group. The company acquired Aberdeen, Glasgow and Southampton Airports in December 2014 from Heathrow Airport Holdings.

ASQ: Airport Service Quality Survey. The Airport Service Quality is the world-renowned and globally established global benchmarking programme measuring passengers' satisfaction whilst they are travelling through an airport. The programme provides the research tools and management information to better understand passengers' views and what they want from an airport's products and services.

BIM: It is a collaborative work methodology for the creation and management of a construction project (both building and infrastructure). Its objective is to centralize all project information in a digital information model created by all its agents. The use of BIM goes beyond the design phases, encompassing the execution of the project and extending throughout the life cycle of the building, allowing its management and reducing operating costs.

BWI: Business Water Index. Business Water Index is related to the consumption of water and its discharge carried out in activities developed by Ferrovial.

CAA: Civil Aviation Authority. The Civil Aviation Authority is the statutory corporation which oversees and regulates all aspects of civil aviation in the United Kingdom. The CAA is a public corporation of the Department for Transport established by the British Parliament in 1972 and an independent aviation regulator.

CAC: Audit and Control Committee. The Audit and Control Committee is composed of two independent directors and one external director. It is responsible for the supervision of accounts, internal audit, financial information and risk control.

DBFOM: Design, Building, Finance, Operation and Maintenance.

CDP: Carbon Disclosure Project. CDP is an organisation based in the United Kingdom which supports companies and cities to disclose the environmental impact of major corporations. It aims to make environmental reporting and risk management a business norm, and drive disclosure, insight and action towards a sustainable economy.

CIIO: Chief Information and Innovation Officer. A chief innovation officer (CINO) or chief technology innovation officer (CTIO) is a person in a company who is primarily responsible for managing the process of innovation and change management in an organization,

as well as being in some cases the person who originates new ideas but also recognizes innovative ideas generated by other people.

CNMV: Comisión Nacional del Mercado de Valores. The National Securities Market Commission (CNMV) is the body responsible for the supervision and inspection of Spanish securities markets and the activity of all those involved in them. The aim of the CNMV is to ensure the transparency of Spanish securities markets and the correct formation of prices, as well as the protection of investors.

CSIC: Consejo Superior de Investigaciones Científicas. The Spanish National Research Council (CSIC) is the largest public institution dedicated to research in Spain and the third largest in Europe. Belonging to the Spanish Ministry of Economy and Competitiveness through the Secretary of State for Research, Development and Innovation, its main objective is to develop and promote research that will help bring about scientific and technological progress, and it is prepared to collaborate with Spanish and foreign entities in order to achieve this aim.

DJSI: The Dow Jones Sustainability Indices (DJSI) launched in 1999, are a family of indices evaluating the sustainability performance of thousands of companies trading publicly and a strategic partner of the S&P Dow Jones Indices. They are the longest-running global sustainability benchmarks worldwide and have become the key reference point in sustainability investing for investors and companies alike. The DJSI is based on an analysis of corporate economic, environmental and social performance, assessing issues such as corporate governance, risk management, branding, climate change mitigation, supply chain standards and labor practices.

FTSE4Good: The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.

EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization. The Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) is an accounting measure calculated using a company's net earnings, before interest expenses, taxes, depreciation, and amortization are subtracted, as a proxy for a company's current operating profitability (i.e., how much profit it makes with its present assets and its operations on the products it produces and sells, as well as providing a proxy for cash flow).

FRM: Ferrovial Risk Management. The Ferrovial Risk Management (FRM) is an identification and assessment process, supervised by the Board of Directors and the Management Committee, which is implemented in all business areas. This process makes it possible to forestall risks; once they have been analyzed and assessed based on their potential impact and likelihood, the most appropriate management and protection measures are taken, depending on the risk nature and location.

GECV: Grupo Español de Crecimiento Verde. The Spanish Group of Green Growth is a business association whose objective is to transfer to society and to public administration its vision of a model of economic growth which is compatible with the efficient use of natural resources.

GHG: Greenhouse Gas. A greenhouse gas is a gas in an atmosphere that absorbs and emits radiant energy within the thermal infrared range.

GRI: Global Reporting Initiative. GRI helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social well-being. This enables real action to create social, environmental and economic benefits for everyone. The GRI Sustainability Reporting Standards are developed with true multi-stakeholder contributions and rooted in the public interest.

GWT: Global Water Tool. The Global Water Tool (GWT) is a free, publicly available resource for identifying corporate water risks and opportunities which provides easy access to and analysis of critical data. It includes a workbook (data input, inventory by site, key reporting indicators, metrics calculations), a mapping function to plot sites with datasets, and a Google Earth interface for spatial viewing.

GOP: Gross Operating Profit (RBE): See EBITDA.

HAH: Heathrow Airport Holdings. Heathrow Airport Holdings Limited, formerly BAA is the United Kingdom-based operator of Heathrow Airport. It was formed by the privatisation of the British Airports Authority as BAA plc as part of Margaret Thatcher's moves to privatise government-owned assets. BAA plc was bought in 2006 by a consortium led by Ferrovial.

IAGC: Informe Anual de Gobierno Corporativo.

IFRS: NIIF. International Financial Reporting Standards, usually called the IFRS Standards, are standards issued by the IFRS Foundation and the International Accounting Standards Board (IASB) to provide a common global language for business affairs so that company accounts are understandable and comparable across international boundaries.

IRR: Internal Rate of Return. Internal Rate of Return (IRR) is a metric used in capital budgeting to estimate the profitability of potential investments. Internal rate of return is a discount rate that makes the net present value (NPV) of all cash flows from a particular project equal to zero.

IoT: Internet of Things. The Internet of things (IoT) is the network of physical devices, vehicles, home appliances and other items embedded with electronics, software, sensors, actuators, and network connectivity which enables these objects to connect and exchange data.

ILO: International Labour Organization. The International Labour Organization (ILO) is a United Nations agency dealing with labour problems, particularly international labour standards, social protection, and work opportunities for all.

ISO: International Organization for Standardization. ISO is an independent, non-governmental international organization with a membership of 162 national standards bodies. Through its members, it brings together experts to share knowledge and develop voluntary, consensus-based, market relevant International Standards that support innovation and provide solutions to global challenges.

Managed Lanes: assets developed by Ferrovial in the United States, consisting of a lane or toll lanes in addition to those already existing, in which a minimum speed is guaranteed to its users. The rates are adjusted to the traffic conditions, thereby regulating access levels.

MBA: The Master of Business Administration (MBA or M.B.A.) is a master's degree in business administration (management).

MIT: Massachusetts Institute of Technology is an educational institution focused on excellence and research and founded in Boston, Massachusetts (USA), in 1861. The mission of the Massachusetts Institute of Technology is to advance knowledge and educate students in science, technology, and other areas of scholarship. The Institute is an independent, coeducational, privately endowed university, organized into five Schools (architecture and planning; engineering; humanities, arts, and social sciences; management; and science). It has some 1,000 faculty members, more than 11,000 undergraduate and graduate students, and more than 130,000 living alumni.

OMEGA: Optimization of Equipment Maintenance and Asset Management.

P3: Public-Private Partnership. A public-private partnership (P3, 3P or P3) is a cooperative arrangement between two or more public and private sectors, typically of a long-term nature. Governments have used such a mix of public and private endeavors throughout history, for instance, in order to develop infrastructure projects.

PAB: Private Activity Bonds. Tax-exempt bonds issued by or on behalf of local or state government for the purpose of providing special financing benefits for qualified projects. The financing is most often for projects of a private user, and the government generally does not pledge its credit. These bonds are used to attract private investment for projects that have some public benefit. There are strict rules as to which projects qualify. This type of a bond results in reduced financing costs because of the exception of federal tax.

RCE: Risk Control Effectiveness.

SDG: Sustainable Development Goals. The Sustainable Development Goals (SDGs) are a collection of 17 global goals set by the United Nations. The SDGs cover a broad range of social and economic development issues. These include poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, environment and social justice.

SBTI: Science Based Targets. Science-based targets provide companies with a clearly defined pathway to future-proof growth by specifying how much and how quickly they need to reduce their greenhouse gas emissions.

STEM: Science, Technology, Engineering and Maths. This term is typically used when addressing education policy and curriculum choices in schools to improve competitiveness in science and technology development.

TCFD: Task Force on Climate-related Financial Disclosures. The FSB Task Force on Climate-related Financial Disclosures (TCFD) develops voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders. The Task Force considers the physical, liability and transition risks associated with climate change and what constitutes effective financial disclosures across industries.

TSR (RTA): Total Shareholder Return. Total shareholder return (TSR) (or simply total return) is a measure of the performance of different companies' stocks and shares over time. It combines share price appreciation and dividends paid to show the total return to the shareholder expressed as an annualized percentage.

USPP: US Private Placement. The US Private Placement ("USPP") market is a US private bond market which is available to both US and non US companies. The principle attraction of this market is that it provides an alternative source of liquidity from the traditional bank market without the need for a formal credit rating and reporting requirements which are a pre-requisite of the public bond markets.

UTE: Unión Temporal de Empresas.

WAI: Water Access Index. The Water Access Index (WAI), related to water supply projects within the Social Action Program.

WBCSD: World Business Council For Sustainable Development. WBCSD is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world.

WFM: Water Footprint Assessment Manual. The manual covers a comprehensive set of definitions and methods for water footprint accounting. It shows how water footprints are calculated for individual processes and products, as well as for consumers, nations and businesses. It includes methods for water footprint sustainability assessment and a library of water footprint response options.

WRI: World Resources Institute. The World Resources Institute (WRI) is a global research non-profit organization that was established in 1982. The organization's mission is to promote environmental sustainability, economic opportunity, and human health and well-being. WRI partners with local and national governments, private companies, publicly-held corporations, and other non-profits, and offers services including global climate change issues, sustainable markets, ecosystem protection, and environmental responsible governance services.

WTI: Water Treatment Index. The Water Treatment Index is related to the impact of the water treatment activity on resources (WWTP, Wastewater Treatment Plant, iWWT, Industrial Wastewater Treatment Plant, PWTP, Potable Water Treatment Plant, and SWDF, Seawater Desalination Facilities). 



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Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT LIMITED ASSURANCE REPORT

To the Shareholders of Ferrovial, S.A.,

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the 2018 Consolidated Management Report (CMR), which contains the Consolidated Non-Financial Information Statement (NFIS) for the year ended 31 December 2018 of Ferrovial, S.A. and subsidiaries ("Ferrovial" or "the Group"), which forms part of Consolidated Management Report of Ferrovial.

The CMR includes information, additional to that required by current Spanish corporate legislation relating to non-financial reporting and by the Global Reporting Initiative Standards for sustainability reporting in their comprehensive option ("GRI standards"), that was not the subject matter of our verification. In this regard, our work was limited solely to verification of the information identified in the tables of the Appendix of the CMR "GRI Standard Indicators" and the table of "Contents of Non-Financial Statements".

Responsibilities of the Directors

The preparation and content of the Ferrovial Group's CMR are the responsibility of the Board of Directors of Ferrovial. The NFIS included in the CMR was prepared in accordance with the content specified in current Spanish corporate legislation, with GRI standards in their comprehensive option, and with the standards established in the AA1000APS issued by Accountability, as well as other criteria described as indicated for each matter in the table of "Contents of Non-Financial Statements" in the Appendix to the CMR.

These responsibilities of the Board of Directors also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the CMR and the NFIS to be free from material misstatement, whether due to fraud or error.

The directors and the management of Ferrovial are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the CMR and the NFIS is obtained.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information about economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed.

We conducted our review in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information, currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements on regarding non-financial information statements. Also, we have applied AccountAbility's AA1000 Assurance Standard (2008) (AA1000AS) to provide moderate assurance on the application of the principles established in standard AA1000APS and on the sustainability performance indicators (type 2 moderate assurance).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and, consequently, the level of assurance provided is also lower.

Our work consisted in requesting information from management and the various units of Ferrovial that participated in the preparation of the CMR, which includes the NFIS, reviewing the processes used to compile and validate the information presented in the CMR, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Ferrovial personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external verification.
- Analysis of the scope, relevance and completeness of the contents included in the CMR based on the materiality analysis performed by Ferrovial and described in the "Reporting Principles" in the Appendix of the CMR, also taking into account the contents required under current Spanish corporate legislation.
- Analysis of the processes used to compile and validate the data presented in the 2018 CMR.
- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters described in the "Reporting Principles" in the Appendix of the CMR.
- Verification, by means of sample-based review tests, of the information relating to the contents identified in the "GRI Standard Indicators" and the table of "Contents of Non-Financial Statements" in the Appendix to the CMR, and the appropriate compilation thereof based on the data furnished by Ferrovial's information sources.
- Obtainment of a representation letter from the directors and management.

Conclusion

Based on the procedures performed and the evidence obtained, no matters have come to our attention that causes us to believe that:

- A) the non-financial data included in the table "GRI Standard Indicators" of 2018 CMR's Appendix corresponding to the year ended 31 December 2018 has not been prepared, in all material respects, in accordance with the GRI standards in their comprehensive option.
- B) Ferrovial's NFIS for the year ended 31 December 2018 was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and in keeping with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in the table of "Contents of Non Financial Information Statements" in the Appendix to the CMR.
- C) Ferrovial did not apply in the preparation of the CMR the principles of inclusivity, materiality and responsiveness as described in the Appendix to the CMR, in accordance with AA1000 APS (2008), namely:
 - Inclusivity: Ferrovial has developed a stakeholder participation process, enabling stakeholders to be considered in the development of a responsible approach.
 - Materiality: the materiality determination process is geared towards identifying and understanding the issues that are material or significant for Ferrovial and its stakeholders.
 - Responsiveness: Ferrovial responds, through specific actions and commitments, to the material issues identified.

Other information

The calculation of scope 3 greenhouse gas (GHG) emissions and water footprint, given their nature, is subject to high uncertainty. The calculations have been carried out according to the methodology and estimations specified in the CMR, based on the available information. A change in the parameters of the estimates could have an impact on the total amount of emissions and water footprint presented.

Pursuant to the provisions of the AA1000AS 2008, we presented to management of Ferrovial our recommendations relating to the areas for improvement in management and non-financial information and, specifically, to the application of the principles of inclusivity, materiality and responsiveness. Following is a summary of the most significant observations and recommendations, which do not modify the conclusions expressed in this report.

Inclusivity and materiality

Ferrovial's Plan 20.19 will end in 2019, and Ferrovial should work on evaluating the degree of compliance with that Plan and on defining its Strategic Corporate Responsibility Plan 2020-2022 (Plan 20.22). This Plan will be the framework to set the targets of the Group's business areas and units. Therefore, it is highly recommended that specific resources are assigned to the fulfillment of each target, and that a robust monitoring system is designed, in order to evaluate the contribution of the CR Plan to the Business Plan, to the management of sustainability risks and opportunities and to the Sustainable Development Goals.

On the other hand, during 2018 Ferrovial has carried out a new materiality analysis, extending its scope to the main geographical areas where the Group operates (USA, Canada, United Kingdom, Australia, Spain and Poland), thus incorporating the vision of local Management about local stakeholders' expectations. In order to continue improving, it would be advisable that Ferrovial continues to deepen and adapt direct consultation methods to the specific stakeholders involved in the business value chain, implementing a systematic and periodic process.

Responsiveness

Ferrovial has been working over the last four years on the integration of financial and non-financial information in the Consolidated Management Report, anticipating in many aspects the requirements stemming from Law 11/2018 on Non-financial Information and Diversity. The evolution of the non-financial information standards (GRI and AA1000) focuses on improving data quality and on including impact indicators which implies that Ferrovial should therefore continue to work on developing economic and social impact indicators that quantify the value that Ferrovial brings to its different stakeholders.

Regarding environmental information, Ferrovial has continued to work on the systematization of the water footprint calculation. Considering the difficulty involved in measuring that footprint and its impact, it would be positive to make an effort to improve the measurement and estimations of that information, so that can be used for the effective management of water resources in each project.

With regards to tax information, during 2018 Ferrovial has reported for the second consecutive year the taxes collected and paid by country. Given the complexity of the reporting process and the consolidation of this information, Ferrovial should continue to strengthen internal controls to assure the quality of the information and compliance with the established reporting deadlines.

Lastly, it is worth highlighting that the periodicity of internal reports of certain non-financial indicators has increased since 2017, specifically health and safety indicators of Ferrovial's own personnel. In this regard, it is advisable to continue improving the frequency of this reporting by including other areas, increasing its scope and including key information for Ferrovial's business, such as the one related to the safety of the infrastructures managed by the Group's companies.

DELOITTE, S.L.



Helena Redondo

February 28th, 2019



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