GENERAL OVERVIEW

Operating Cash Flow excluding infrastructure projects reached EUR999mn in 2017, with a balanced contribution from infrastructure dividends (49%) and non-infrastructure operating cash flow (51%).

The net cash position, excluding infrastructure projects, stood at EUR1,341mn at year-end 2017 (EUR697mn at year-end 2016). This figure includes the cash obtained from the hybrid subordinated bond issuance, treated as an equity instrument. Net project debt stood at EUR4,804mn (vs. EUR4,963mn in December 2016). Net consolidated debt reached EUR3,463mn (vs. EUR4,266mn in December 2016).

In the results for 2017, **infrastructure assets continued to perform well (407 ETR, Managed Lanes, HAH and AGS), with solid growth in traffic volumes and greater contribution from dividends (EUR553mn vs. EUR477mn in 2016).**

The combined Construction and Services order book, above EUR32bn (including JVs), fell by -4.3% vs. 2016, affected by the decline in the Amey order book (-17.0%), where tender control and gaining improved margins are being prioritised.

Consolidated results in 2017, showed revenues up (+13.5%) impacted by the contribution from Broadspectrum, which has consolidated since June 2016 and EBITDA (-1.2%), due to poorer performance from Construction. In comparable terms, revenues grew +7.2% and EBITDA decreased -4.2% vs. 2016. Net profit stood at EUR454mn at year-end 2017 (EUR376mn in 2016).

MAIN INFRASTRUCTURE ASSETS:

Robust operating growth: EBITDA grew in local currency: +12.1% at the 407 ETR, +4.6% at Heathrow airport and +10.7% at the regional UK airports (AGS). All of these assets are accounted for by the equity method. There was also strong growth in Managed Lanes in the USA (Global consolidation) with EBITDA growth in local currency of +32.6% for NTE and +37.4% for LBJ.

Greater distribution of funds in the main assets:

- **407 ETR distributed dividends of CAD845mn** in 2017, +7% vs. 2016. The dividends distributed to Ferrovial amounted to EUR262mn.
- **Heathrow paid out GBP525mn compared to GBP325mn in 2016,** thanks to good operating performance (traffic and cost management) and the impact from a recovery in inflation. The dividends distributed to Ferrovial amounted to EUR153mn.
- **AGS paid out GBP146mn** (including GBP75mn in extraordinary dividends after its refinancing). Ferrovial received EUR84mn in 2017.

MAIN CORPORATE TRANSACTIONS IN 2017:

- In September 2017, Cintra, along with the other Managed Lanes partners (Meridiam and APG), acquired the Dallas Fire & Police Pension Scheme's stake in NTE (10%) and LBJ (7%). **Cintra acquired 6.3% in NTE and 3.6% in LBJ**, and now holds 62.97% in NTE and 54.6% in LBJ. Cintra paid USD107mn for the stake (NTE USD65mn and LBJ USD42mn).
- In June 2016, Ferrovial agreed the **sale of 51% of the Norte Litoral toll road and 49% of the Algarve toll road**, retaining a respective 49% and 48% stake. The sale of Norte Litoral was completed on 21 April 2017 (EUR104mn) and Algarve on 26 September 2017 (EUR58mn).
- On 31 March 2017, **1 million shares in Budimex were sold** (3.9% of its share capital), which had no impact on Ferrovial's profit and loss account, as it retains a controlling share (55.1%). The transaction was completed for +EUR59mn (PLN252mn).

MAIN FINANCIAL EVENTS:

- At corporate level, in November, a **EUR500mn hybrid subordinated bond issuance was completed, with an annual coupon of 2.125%,** in order to capitalise on the favourable market climate, and thereby increase the Company's ability to invest in infrastructure projects, given the prospect of an increase in tenders in the main countries where Ferrovial operates. These bonds are considered to be an equity instrument.
- **In March 2017, Ferrovial issued EUR500mn, 8 year corporate bond** with an annual coupon of 1.375%.
- **407 ETR made various bond issues in 2017**: in March, it carried out a CAD250mn senior bond issuance (maturing in 2033 and with an annual coupon of 3.43%) and in September, two bond issues for a total of CAD800mn (CAD500mn at 27 years and a coupon of 3.65% and CAD300mn at five years and a coupon of 2.47%).
- **The first quarter of 2017 saw the completion of the refinancing of AGS**, which led to the improvement of its financing structure, the extension of deadlines, partial repayment of shareholder debt and an increase in the amounts distributed among shareholders (GBP146mn distributed in 2017).

RESULTS BY DIVISION

Toll roads: significant improvement in traffic on the main toll roads, helped by the economic recovery in the countries where the main assets are located. 407 ETR, the Group's most important asset, maintained its operating strength, with traffic growth of +2.6%, supported by the opening of the 407Ext I, which was toll-free up to 1 February 2017. The Managed Lanes in Texas continued to post strong EBITDA growth (NTE +32.6% and LBJ +37.4% in local currency) on the back of robust traffic and tariff growth.

Airports: in 2017, Heathrow airport registered 78 million passengers, +3.1% vs. 2016, achieving record monthly growth for the past 14 consecutive months. Traffic at AGS rose +4.9% (Glasgow +5.7%, Southampton +6.1%, Aberdeen +1.9%). As a result, the airports posted EBITDA growth of +4.6% (HAH) and +10.7% (AGS).

Construction: Revenue growth (+11.0% LfL), with positive performance in all areas. However, the return was down vs. 2016 due to the number of major projects in their initial phases and the lower proportion of toll road concession contracts in the projects currently in progress. In addition, in 2017, relevant losses have been recorded in two completed contracts, one in Colombia (due to an unfavourable ruling) and one in the United Kingdom. The order book reached a record figure of EUR11,145mn (88%

international) equating to an LfL increase of +26.7%, following the incorporation of major projects such as I-66, Houston Grand Parkway and Denver, all in the USA. Contract awards exceeding EUR1bn are not included, notable among which are the Budimex contracts.

Services: reported revenues (+16.3%) were positively impacted by the integration of Broadspectrum (contributing EUR2,512mn in revenue in 2017, of which EUR2,206mn were obtained in Australia and New Zealand and EUR306mn in America and Chile) and adversely affected by the weakness of the pound sterling and budgetary cuts in the United Kingdom. In the United Kingdom, Amey posted a significant increase in profitability, thanks to the measures adopted by the company in order to adapt to the new environment (EBITDA margin 3.5% vs. 1.5% in 2016).

KEY FIGURES

P&L (EUR mn)	DEC-17	DEC-16
REVENUES	**12,208**	**10,759**
EBITDA	**932**	**944**
Period depreciation	375	342
Disposals & impairments	81	324
EBIT*	**638**	**926**
FINANCIAL RESULTS	**-311**	**-391**
Equity-accounted affiliates	251	82
EBT	**578**	**617**
Corporate income tax	-71	-233
CONSOLIDATED NET INCOME	**507**	**383**
Minorities	-53	-7
NET INCOME ATTRIBUTED	**454**	**376**

*EBIT after impairments and disposals of fixed assets

Revenues (EUR mn)	DEC-17	VAR.
Toll Roads	461	-5.3%
Airports	21	n.s.
Construction	4,628	10.3%
Services	7,069	16.3%
Others	30	n.a
Total	**12,208**	**13.5%**

EBITDA (EUR mn)	DEC-17	VAR.
Toll Roads	320	7.7%
Airports	-12	34.4%
Construction	199	-41.8%
Services	423	30.2%
Others	2	n.a.
Total	**932**	**-1.2%**

Operating figures	DEC-17	VAR.
ETR 407 (VKT´ 000)	2,708,589	2.6%
NTE (ADT)	33,814	10.9%
LBJ (ADT)	34,526	9.3%
Ausol I (ADT)	16,148	10.3%
Ausol II (ADT)	17,801	5.7%
Heathrow (million pax.)	78	3.1%
AGS (million pax.)	15	4.9%
Construction order book*	11,145	22.6%
Services order book (incl JVs)*	20,918	-14.4%

(EUR mn)	DEC-17	DEC-16
NCP ex-infrastructures projects	**1,341**	**697**
Toll roads	-4,274	-4,426
Others	-530	-537
NCP infrastructures projects	**-4,804**	**-4,963**
Total Net Cash /(Debt) Position	**-3,463**	**-4,266**

NCP: Net Cash Position

The ex-infrastructure pre-tax Operating, Net Investment and Activity cash flow figures for 2017 are as follows:

2017	OPERATING CF*	NET INVESTMENT 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**

PHOTO: Arch of the Regent. Asturias (Spain).

TOLL ROADS

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Revenues	461	486	-5.3%	15.7%
EBITDA	320	297	7.7%	23.8%
EBITDA margin	69.4%	61.1%		
EBIT	247	214	15.5%	27.1%
EBIT margin	53.7%	44.0%		

Revenues at the division grew +15.7% in comparable terms in 2017, bolstered by the higher contribution from the Managed Lanes toll roads in the USA, traffic growth in the majority of assets and due to the payment of success fees (+EUR19mn). In **comparable terms, the division posted EBITDA growth of +23.8% in 2017**.

The USA accounted for 37.5% of revenue and 42.8% of EBITDA in 2017.

The comparable figures stripped out the FX effect and the changes to the consolidation perimeter in 2016 and 2017. Notably from the disposals of:

- **Chicago Skyway**: sale to a consortium of Canadian pension funds of Cintra's 55% stake in this asset, for EUR230mn. The sale was completed in February 2016 (two months' contribution in 2016).
- **Irish Toll Roads**: sale of 46% of M4 and 75% of M3 to the Dutch fund DIF for EUR59mn. Ferrovial retains 20% in each, and they are now consolidated using the equity method. The sale was completed in February 2016 (two months' contribution in 2016).
- **Norte Litoral and Algarve**: in June 2016, Ferrovial reached an agreement 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 contributed 12 months in 2016). In April 2017, the sale of the Norte Litoral stake was completed (aprox. four months contribution in 2017) for EUR104mn; and in September the sale of the Algarve stake was completed (nine months contribution in 2017) for EUR58mn. Both were consolidated through equity method following the completion of the transactions.

Assets in operation

Traffic performance during 2017 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 +2.6% in the period (light traffic +2.3% and heavy traffic +6.3%), bolstered by the positive impact of the opening of the 407 East Extension Phase I toll road (open to traffic in June 2016, toll free until February 2017) and by the calendar effect and stronger economic growth in the Ontario region.

USA: traffic growth was driven by the very positive performance of the Managed Lanes toll roads (NTE +10.9% and LBJ +9.3%), which are still in the ramp up phase.

Spain: traffic trended upwards, boosted by the country's economic growth. Traffic at Ausol I grew by +10.3% in 2017 and Ausol II by +5.7%.

Portugal: performance has been positive in 2017, aided by the economic recovery and, in Azores (+6.7%), due to the increase of tourism on the back of the airline market liberalisation. In Algarve (+17.0%), traffic was positively affected by works on the alternative route.

Ireland: continued positive performance thanks to the upturn in employment. 2017 ended with similar growth to 2015 and 2016, around +6% at M4 and close to +9% at M3.

Greece: lower Ionian Roads ADT (-29.3%) due to the opening of new segments in 2017, which has distorted the average daily traffic calculation. Excluding this impact, IMD variation would have been +5.6%.

Globally consolidated toll roads

(EUR million)	TRAFFIC (ADT)			REVENUES			EBITDA			EBITDA MARGIN		NET DEBT 100%	
Global consolidation	DEC-17	DEC-16	VAR.	DEC-17	DEC-16	VAR.	DEC-17	DEC-16	VAR.	DEC-17	DEC-16	DEC-17	SHARE
NTE	33,814	30,485	10.9%	82	67	22.8%	66	51	28.5%	80.8%	77.2%	-855	63.0%
LBJ	34,526	31,582	9.3%	89	69	28.8%	71	53	33.1%	79.6%	77.0%	-1,217	54.6%
NTE35W*				3	0	n.a.	1	0	n.s.	46.4%		-587	53.7%
I-77 *						n.a.	0	0	n.a.			-239	50.1%
TOTAL USA				**173**	**135**	**27.7%**	**137**	**104**	**32.1%**			**-2,898**	
Ausol I	16,148	14,637	10.3%	61	56	8.5%	51	47	10.1%	84.0%	82.8%	-467	80.0%
Ausol II	17,801	16,837	5.7%										
Autema	17,871	16,835	6.2%	104	98	6.4%	95	89	7.3%	91.7%	90.9%	-608	76.3%
TOTAL SPAIN				**165**	**154**	**7.2%**	**147**	**135**	**8.2%**			**-1,075**	
Azores	9,831	9,215	6.7%	26	32	-16.6%	22	28	-20.4%	83.0%	87.0%	-305	89.2%
Algarve**	14,555	12,442	17.0%	27	38	-26.8%	24	33	-25.7%	89.0%	87.6%	-131	48.0%
Norte Litoral**	25,258	24,052	5.0%	14	44	-68.4%	12	38	-67.3%	89.2%	86.3%	-161	49.0%
Via Livre				15	14	6.9%	2	2	8.9%	13.8%	13.6%	3	84.0%
TOTAL PORTUGAL				**82**	**127**	**-35.1%**	**61**	**100**	**-39.4%**			**-594**	
DECONSOLIDATED TOLL ROADS IN 2016* **					**50**			**4**					
TOTAL HEADQUARTERS				**40**	**20**	**101.0%**	**-25**	**-47**	**48.6%**				
TOTAL TOLL ROADS				**461**	**486**	**-5.3%**	**320**	**297**	**7.7%**			**-4,567**	

* 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. ***Deconsolidated toll roads in 2016 (SH-130, Chicago Skyway and the Irish Toll roads M3 and M4).

Toll roads consolidated using the equity method:

(EUR million)	TRAFFIC (ADT)			REVENUES			EBITDA			EBITDA MARGIN		NET DEBT 100%	
Equity accounted	**DEC-17**	**DEC-16**	**VAR.**	**DEC-17**	**DEC-16**	**VAR.**	**DEC-17**	**DEC-16**	**VAR.**	**DEC-17**	**DEC-16**	**DEC-17**	**SHARE**
407 ETR (VKT 000)	2,708,589	2,640,770	2.6%	859	778	10.5%	748	675	10.8%	87.1%	86.8%	-4,621	43.2%
M4	32,098	30,377	5.7%	28	27	5.7%	18	18	1.5%	63.1%	65.7%	-95	20.0%
M3	37,311	34,325	8.7%	23	22	3.3%	16	17	-2.2%	71.4%	75.4%	-151	20.0%
A-66 Benavente Zamora				24	24	0.0%	22	22	0.0%	91.4%	91.4%	-162	25.0%
Central Greece	13,183	12,151	8.5%	47	50	-5.7%	39	43	-8.2%	83.8%	86.1%	-346	21.4%
Ionian Roads	17,663	24,979	-29.3%	101	77	31.8%	34	15	130.8%	33.7%	19.2%	-67	21.4%
Serrano Park				6	5	3.4%	3	3	6.0%	61.2%	59.7%	-43	50.0%
Algarve	14,555	12,442	17.0%	10		n.s.	9		n.s.	87.1%	n.a.	-131	48.0%
Norte Litoral	25,258	24,052	5.0%	30		n.s.	26		n.s.	86.9%	n.a.	-161	49.0%

407 ETR

Profit and loss account

(CAD million)	DEC-17	DEC-16	VAR.
Revenues	1,268	1,135	11.7%
EBITDA	1,104	985	12.1%
EBITDA margin	87.1%	86.8%	
EBIT	998	880	13.4%
EBIT margin	78.7%	77.6%	
Financial results	-358	-373	3.9%
EBT	640	507	26.1%
Corporate income tax	-169	-134	-26.1%
Net Income	**470**	**373**	**26.1%**
Contribution to Ferrovial equity accounted result (EUR mn)	**125**	**98**	**27.8%**

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

Revenues at 407 ETR increased by +11.7% in local currency in 2017.

- **Toll revenues** (93% of the total): grew by +11.6% to CAD1,178mn, mainly due to the tariff increases applied since February 2017 and the improvement in traffic.

- **Fee revenues** (6.5% of the total): reached CAD82mn (+20.1%), mainly due to starting to manage the 407 East Ext Phase I toll road, coupled with an increase in the number of transponders and higher tariffs.

Average revenues per journey rose +10.4% (CAD9.96 vs. CAD9.02 in 2016).

The toll road also recorded an **increase in EBITDA of +12.1%** in 2017, with an EBITDA margin of 87.1% vs. 86.8% in 2016.

Financial result: -CAD358mn, CAD14mn fewer expenses vs. 2016 (+3.9%). Main components:

- **Interest expenses: -CAD364mn**. CAD14mn higher than in 2016, largely due to the increase in debt, after the recent issuance of CAD800mn in senior bonds in September 2017 and CAD250mn in March 2017.

- **Non-cash financial expenses linked to inflation: -CAD9mn** vs. -CAD34mn expenses in 2016 (up by +CAD25mn), due mainly to the positive impact of falling inflation over 2017, partially compensating for the negative impact resulting from the decrease in the discount rate.

- **Other financial income: CAD16mn** (vs. CAD11mn in 2016) due to greater returns on investment and higher average cash balance.

407 ETR contributed EUR125mn to Ferrovial's equity-accounted results (+27.8% vs. 2016), after the annual amortization 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 2017, 407 ETR distributed dividends of CAD845mn, **+7.0% vs. 2016**. Of these, EUR262mn were distributed to Ferrovial (EUR244mn in 2016). At the February Board meeting, the 1Q 2018 dividend payment was approved in the amount of CAD226.25mn (**+9.0% vs. 1Q 2017**).

(CAD million)	2017	2016	2015	2014	2013	2012
Q1	207,5	187,5	188	175	100	87,5
Q2	207,5	187,5	188	175	130	87,5
Q3	215,0	207,5	188	175	200	87,5
Q4	215,0	207,5	188	205	250	337,5
Total	**845**	**790**	**750**	**730**	**680**	**600**

407 ETR traffic

Traffic (kilometers travelled) rose by +2.6%, with an increase in the number of journeys (+1.0%) and an increase in the average distance travelled (+1.6%). Traffic has been bolstered by the positive impact of the opening of the 407 East Extension Phase I toll road (open to traffic in June 2016, toll free up to February 2017) and by the calendar effect and stronger economic growth in the Ontario region.

407 ETR net debt

The net debt figure for 407 ETR at 31 December 2017 was CAD6,958mn (average cost of 4.43%). 53% of the debt matures in more than 15 years' time. The next maturity dates are CAD14mn in 2018, CAD15mn in 2019 and CAD738mn in 2020.

407 ETR carried out various bond issues over the year:

- **In March**, a senior bonds issue was carried out worth **CAD250mn**, maturing in 16 years (maturing in 2033) with an annual coupon of 3.43%.

- **In September, it issued bonds worth CAD800mn:**
  - CAD500mn of 27 year bonds (maturing in 2044) and a coupon of 3.65%.

- CAD300mn of 5 year bonds (maturing in 2022) and a coupon of 2.47%.
- Simultaneously to this issue, it announced the early payment of a CAD300mn bond, with maturity date of November 2017.

407 ETR credit rating

- S&P: on 31 May 2017, the company remained at a rating of "A" (Senior Debt), "A-" (Junior Debt) and "BBB" (Subordinated Debt), with a stable outlook.
- DBRS: on 17 November 2017, the company remained at a rating of "A" (Senior Debt), "A low" (Junior Debt) and "BBB" (Subordinated Debt), with a stable outlook.

407 ETR Tariffs

In 2017, the tariffs were increased on 1 February, and a new tariff structure was announced, including variations depending on the direction of travel (as well as by area, day and time of travel, which was already taking place). Tariffs applied from 1 February 2017 for light vehicles (expressed in CAD cents/km):

CAD (¢/km)	ZONE 1	ZONE 2	ZONE 3
Eastbound			
AM Peak Period: *Mon-Fri: 6am-7am, 9am-10am*	35.97	35.97	34.65
AM Peak Hours: *Mon-Fri: 7am-9am*	42.42	42.42	39.42
PM Peak Period: *Mon-Fri: 2:30pm-4pm, 6pm-7pm*	35.95	37.32	37.32
PM Peak Hours: *Mon-Fri: 4pm-6pm*	40.85	44.74	44.74
Westbound			
AM Peak Period: *Mon-Fri: 6am-7am, 9am-10am*	34.65	35.97	35.97
AM Peak Hours: *Mon-Fri: 7am-9am*	39.42	40.92	42.42
PM Peak Period: *Mon-Fri: 2:30pm-4pm, 6pm-7pm*	37.32	37.32	35.95
PM Peak Hours: *Mon-Fri: 4pm-6pm*	44.74	42.40	40.85
Midday Rate			
Weekdays 10am-2:30pm	30.88	30.88	30.88
Weekend & public holidays 11am-7pm	28.29	28.29	28.29
Off Peak Rate			
Weekdays 7pm-6am, Weekend & public holidays 7pm-11am	22.48	22.48	22.48

In December 2017 a new tariff structure was announced and tariffs increased from 1 February 2018. For more information on the new tariffs, please click on the following link.

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

NTE

NTE Profit & loss account

(USD million)	DEC-17	DEC-16	VAR.
Revenues	**93**	**73**	**26.8%**
EBITDA	**75**	**57**	**32.6%**
EBITDA margin	80.8%	77.2%	
EBIT	**55**	**40**	**39.0%**
EBIT margin	59.3%	54.1%	
Financial results	-62	-61	-1.5%
Net Income	-7	-21	67.9%

In 2017, Ferrovial increased its stake in NTE by +6.3%, reaching 62.97% (see Other Events chapter)

During 2017, **revenue rose by +26.8% compared to the year before**, on the back of traffic growth and higher tariffs.

EBITDA reached USD75mn (+32.6% vs. 2016). EBITDA margin reached 80.8% during 2017 (+360 basis points), as a result of the growth in revenues and operational cost management.

Toll road traffic continues to increase its market share of traffic on the corridor. The average toll rate per transaction has also risen during the year (+9.9%). Construction progress on the I35W corridor is helping to draw traffic back onto the corridor (that connects to NTE1-2), and the opening of Segment 3B in July 2017 has also benefitted NTE users, by increasing the length of the Managed Lanes network. Finally, the connectivity improvements implemented at Segment 2 of NTE since 2Q 2017, have also had a positive effect on growth.

NTE Quarterly Traffic and EBITDA

In terms of traffic: **in 4Q 2017, NTE recorded 6.9 million transactions, +14.2% more than in 4Q 2016** (6.0 million transactions).

Very positive EBITDA performance, with growth of +25.3% between 4Q 2017 and 4Q 2016, as a result of good revenue performance and operating expense management.

Quarterly results	4Q'17	4Q'16	VAR.
Transactions (millions)	6.9	6.0	14.2%
EBITDA (USD mn)	19.0	15.2	25.3%

The average toll rate per transaction in 4Q 2017 at NTE reached USD3.5 vs. USD3.2 in 4Q 2016 (+9.9%).

NTE net debt

As of 31 December 2017, net debt for the toll road amounted to USD1,028mn (USD1,032mn in December 2016), at an average cost of 5.35%.

NTE credit rating

	PAB	TIFIA
Moody's	Baa3	
FITCH	BBB-	BBB-

LBJ

LBJ Profit and Loss Account

(USD million)	DEC-17	DEC-16	VAR.
Revenues	**101**	**76**	**33.0%**
EBITDA	**80**	**59**	**37.4%**
EBITDA margin	79.6%	77.0%	
EBIT	**57**	**39**	**47.8%**
EBIT margin	56.7%	51.0%	
Financial results	-86	-85	-1.6%
Net Income	-29	-46	37.0%

In 2017, Ferrovial increased its stake in LBJ by +3.6%, reaching 54.6% (see Other Events chapter).

During 2017, the toll road generated **revenues of USD101mn (+33.0% compared with the same period in 2016)**, as a result of both the continued growth in traffic during the ramp-up phase and higher tariffs.

EBITDA reached USD80mn (+37.4% vs. 2016) helped by a strong surge in traffic. The EBITDA margin reached 79.6%, aided by the significant growth in revenues.

Toll road traffic continued to register robust growth, as did the corridor, which continues to be in its growth phase, exceeding the existing volumes prior to construction of the project. At the same time, the average toll rate per transaction has significantly increased compared to the previous year. Completion of works on the I35E corridor, incorporating the new Managed Lanes operated by TxDOT, has led to a gradual increase in traffic on this corridor that connects directly to LBJ, above the average for other toll roads in the area.

LBJ Quarterly Traffic and EBITDA

In terms of traffic, a total of **10.6 million transactions took place during the fourth quarter of 2017, +5.2% in comparison with 4Q 2016** (10.1 million transactions).

EBITDA in 4Q 2017 reached USD21.4mn, a significant increase compared to 4Q 2016 (+29.8%):

Quarterly results	4Q'17	4Q'16	VAR.
Transactions (millions)	10.6	10.1	5.2%
EBITDA (USD mn)	21.4	16.5	29.8%

The average toll rate per transaction at LBJ reached USD2.60 in 4Q 2017 vs. USD2.1 in 4Q 2016 (+21.1%).

LBJ net debt

As of 31 December 2017, net debt for the toll road amounted to USD1,463 (USD1,449mn in December 2016), at an average debt cost of 5.44%.

LBJ credit rating

	PAB	TIFIA
Moody's	Baa3	
FITCH	BBB-	BBB-

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) 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%	SHARE
Global Consolidation				
Intangible Assets	**-165**	**134**	**-826**	
NTE 35W	-164	26	-587	54%
I-77	-1	108	-239	50%
Equity Consolidated				
Intangible Assets		**633**	**-663**	
I-66		633	-663	50%
Financial Assets	**-58**	**54**	**-378**	
407-East Extension II		10	-320	50%
Ruta del Cacao	-47	14	64	40%
Toowoomba	-11		58	40%
Bratislava		30	-179	35%
OSARs		31		50%

NTE 35W: financing close was reached in September 2013. Work is proceeding on schedule (98.9% of design and construction works were completed at December 2017, with the full opening scheduled for the second half of 2018).

I-77: construction works began in November 2015. In December 2017 the design and construction works were 49% complete, and the toll road is expected to open at the end of 2018.

407 East Extension Phase II: At end-December 2017, the design and construction works were 67% complete.

I-66: in October 2016, Cintra won the Transform I-66 Project (Virginia, USA), the commercial negotiations of which were completed on 8 December 2016 and includes the construction of 35 km along the I-66 corridor (between Route 29, close to Gainesville, and the Washington DC Beltway, the I-495, in Fairfax County).

Financial close was completed in November 2017 with the issue of PAB bonds for an amount of USD800mn. The committed capital for this project is estimated at EUR633mn (for Cintra's stake).The term allocated for construction of the project runs until 2022, while the concession is granted for 50 years since the commercial close, which took place in 2016.

Awarding of the "Western Roads Upgrade" contract, Melbourne

In Australia, in October 2017, Cintra was awarded the "Western Roads Upgrade" project (OSARs), 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 agreement was completed on 11 December and the financial agreement on 19 December 2017.

TENDERS PENDING

In the **USA**, Ferrovial continues to pay close attention to private initiatives.

- In September, the **Maryland Department of Transport (MDOT),** issued a Request For Information (RFI) for the I-495/I-95 (Capital Beltway) and I-270 Congestion Relief Improvements projects. The MDOT is considering a design, construction, financing, operation and/or maintenance project for both projects, which would take the form 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 pre-qualification of the **I-10 Mobile River Bridge** in Alabama, was presented on 17 November 2017. Cintra was pre-qualified on this project on 2 February 2018.

- We also continue to follow various processes in different states (primarily in Illinois, Maryland, Virginia and Texas).

In **Canada**, Cintra has been pre-qualified for the **Hurontario LTR** (Ontario) project, which consists of 20 kilometres of light railway under an availability payment system.

In **other markets**, Cintra has been pre-qualified for the **Silvertown Tunnel** project in London (United Kingdom), with an estimated investment of EUR1,230mn.

PROJECT DIVESTMENTS

Norte Litoral & Algarve Toll Roads

In June 2016, Ferrovial, through its toll roads subsidiary Cintra, reached an agreement with the Dutch infrastructure fund DIF to sell 51% of the Norte Litoral and 49% of the Algarve toll roads. After this transaction, Ferrovial will continue to hold 49% of the Norte Litoral and 48% of the Algarve, as well as its position as the principal industrial partner in both assets.

On 21 April 2017, the sale of a 51% stake in Norte Litoral was approved, for which EUR104mn was received. On 26 September 2017, the sale of the stake in Algarve (49%) was approved, for which EUR58mn was received.

OTHER EVENTS

Acquisition of the Dallas Fire & Police Pension Scheme stake for Managed Lanes

Cintra, along with the other Managed Lanes partners (Meridiam and APG), acquired the Dallas Fire & Police Pension Scheme's stake in NTE (10%) and LBJ (7%) in September 2017. **Cintra acquired 6.3% in NTE and 3.6% in LBJ**, and now holds 62.97% in NTE and 54.6% in LBJ. The total amount paid by Cintra for the stakes stands at USD107mn (NTE 65mn and LBJ 42mn).

Autema

In July 2015, the official journal of the regional government of Catalonia (*Diario Oficial de la Generalitat de Cataluña*) published Decree 161/2015, which unilaterally approved changes to the administrative concession for the Tarrasa-Manresa toll road. The new tariffs (discounts) included in this Decree were first applied in January 2016. In October 2016, the concession holder Autopista Tarrasa-Manresa filed a legal challenge to this Decree with the Catalan High Court (TSJC).

A further Decree was published in the official journal of the regional government of Catalonia on 30 December 2016 (337/2016). This was once again unilateral, and it basically amended and extended the discounts contained in the earlier Decree. The concession holder, Autopista Tarrasa-Manresa, also filed a legal challenge to this decree on 20 July 2017.

Both of these legal actions have been adjoined in one single action by the TSJC. The co-defendants (Generalitat de Catalunya and the Consell Comarcal de Bagés) have already submitted their briefs in response to the demands and the procedure is awaiting the start of the test phase.

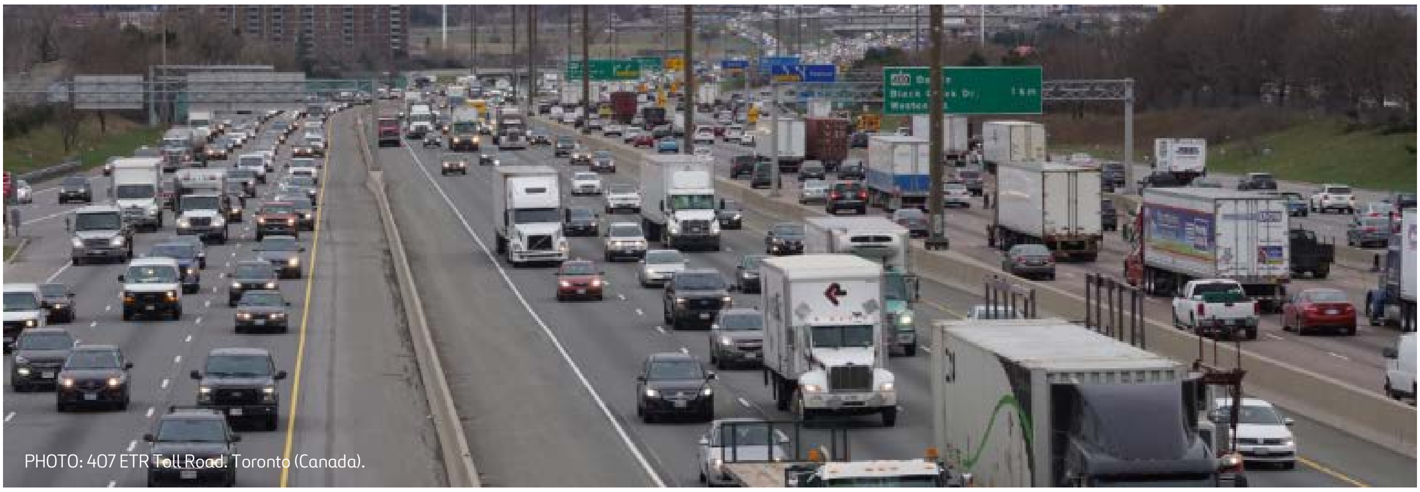
PHOTO: 407 ETR Toll Road. Toronto (Canada).

AIRPORTS

The Airports division contributed EUR89mn to Ferrovial's equity-accounted results during 2017 (vs. -EUR46mn in 2016).

- **HAH**: EUR87mn in 2017 (-EUR57mn in 2016), was due mainly to the positive mark to market performance of the hedging instruments in 2017, as compared with the negative impact seen in 2016, as a result of an uptick in the expected inflation figure and the cut in interest rates.

- **AGS:** EUR2mn in 2017 (EUR12mn in 2016) primarily due to the positive non-recurrent non-cash item in 2016, due to changes in the pension plan conditions (EUR7mn) and the two percentage point drop in tax rate to 17% (EUR6mn).

In terms of distributions to shareholders:

- **Heathrow paid out GBP525mn (100%),** which is significantly more than in 2016 (GBP325mn) and the figure forecasted at the start of the year (GBP375mn). This extraordinary increase was due to the good operating performance and the uptick in inflation. In 2017 Ferrovial received EUR153mn for its stake.

- **AGS distributed GBP146mn (100%)**, of which GBP75mn resulted from an extraordinary distribution following the refinancing carried out in 1Q 2017, which led to optimisation of the financing structure, the extension of maturity terms and the partial repayment of shareholder debt. Ferrovial received EUR84mn in 2017.

CORPORATE OPERATIONS

On 24 August 2017, Great Hall Partners, the consortium led by Ferrovial Airports, signed a contract for the redesign and retail operation of the main terminal at the Denver International Airport for an investment of USD650mn and a term of 34 years. For more information, please visit the following link.

HEATHROW

Heathrow Traffic

Heathrow achieved a new record in traffic in 2017: 78 million passengers (+3.1%) with 471,082 passenger flights (470,764 in 2016), which reflects the plan launched in 4Q 2017 to increase the use of limited free capacity, which resulted in more than 1,300 additional flights in 4Q.

The higher occupancy levels registered (78% vs. 76% in 2016) represent an increase in inbound demand to United Kingdom, particularly from the Middle East and Asia Pacific. The average number of seats per aircraft increased +0.4% to 212.3 (2016: 211.5).

Million passengers	DEC-17	DEC-16	VAR.
UK	4.8	4.6	3.3%
Europe	32.4	31.7	2.4%
Intercontinental	40.8	39.3	3.6%
Total	**78.0**	**75.7**	**3.1%**

Intercontinental traffic (+3.6%) has headed up growth thanks to improved occupancy levels. Traffic was particularly robust on the Middle East routes (+9.5%), with larger aircraft and more flights to the Asia Pacific region (+4.5%), introduced as a result of higher occupancy levels on existing routes to Malaysia and new or more services to Thailand, Philippines and Vietnam. In North America (+1.1%) cargo traffic played a greater role. Latin American traffic rose by +5.5%, due to more flights and higher occupancy levels on the planes.

European traffic increased (+2.4%) as a result of larger aircraft and higher occupancy levels, with notable growth on the routes to Italy, Russia, Belgium, Denmark, Holland and Portugal, with more than 70,000 additional passengers on each route and market. **Domestic traffic** grew by +3.3%, including the new Flybe services to Scotland.

More than 30% (in value) of non-EU **exports** from the United Kingdom currently pass through Heathrow. In 2017, cargo volumes at Heathrow increased by +10.2%, making it one of the strongest periods in the last five years, with notable increases in North America and the Middle East.

Heathrow SP Revenue and EBITDA

Revenue grew by +2.7%, thanks to growth in retail revenue (+7.7%), aeronautical revenues (+1.0%) and others (+2.6%).

(GBP million)	DEC-17	DEC-16	VAR.
Aeronautic	1,716	1,699	1.0%
Retail	659	612	7.7%
Others	509	496	2.6%
TOTAL	**2,884**	**2,807**	**2.7%**

Average aeronautical revenue per passenger decreased -2.0% to GBP22.00 (GBP22.45 in 2016), but was offset by the increase in traffic (+3.1%), which generated additional revenues by GBP51mn.

Retail revenue (+7.7%), was aided by greater traffic and growth in retail concessions (+10.5%) reflecting the improvement in Duty Free stores and specialist stores, due to the depreciation of sterling after the referendum to leave the EU at the end of June 2016, although this trend has subsided slightly. The remodeling of the luxury goods stores at T4, which was completed at the end of 2016, also contributed to this growth. Restaurant income also registered strong growth, due to the increase in traffic and the refurbishment of restaurants in T5. Net retail revenues per passenger reached GBP8.45, +4.5% compared to 2016.

Heathrow SP's EBITDA increased by +4.6% in 2017 vs. sales growth of +2.7%. The EBITDA margin reached 61.4% (59.9% in 2016). In addition, greater cost control has also helped to reduce operating costs per passenger by -3.1%. Amortization grew by +3.3% vs. 2016.

User satisfaction

Customer satisfaction remained at record highs in 2017, with the airport achieving a scoring of 4.16 out of 5. According to Airport Service Quality (ASQ), 82% of the passengers surveyed classified their experience in the airport as "excellent" or "very good". Heathrow ranked first out of European airports in this service quality survey for the past 13 consecutive quarters. In 2017, Heathrow was nominated "Best Airport in Western Europe" for the third time running by Skytrax World Airport Awards. As well as this award, which was voted for by passengers all around the world, Heathrow as also recognised was the "Best Shopping Airport" for the eighth year running. Heathrow also improved its punctuality and luggage management, reducing the number of suitcases lost to 10 out of 1,000 passengers (14 in 2016).

For further information, please see the note on HAH's results.

Regulatory aspects

Regulatory Asset Base (RAB): At 31 December 2017, the RAB reached GBP15,786mn (GBP15,237mn in December 2016).

Regulatory period: in December 2016, the Civil Aviation Authority (CAA) confirmed the extension of the current regulatory period (Q6) until 31 December 2019, maintaining the annual maximum tariff increase per passenger: RPI-1.5%. The latest consultation states that a further extension of Q6 to at least the end of 2020 is expected to be needed, with the CAA emphasising the need for flexibility to better align the start of H7 with commencement of the expansion construction programme.

In 2017, the CAA stated the importance of the regulatory framework of the expansion being based on a system developed over the past 30 years; including the RAB and the single till scheme. We expect to have greater clarity on these matters in April and September 2018, when the CAA publishes its next update.

Expansion: in October 2016, the British Government selected a third runway at Heathrow to increase airport capacity in the South East of England. The expansion requires parliamentary approval of the NPS (National Policy Statement) and the DCO (Development Consent Order) by the Secretary of State, respectively expected between 1H 2018 and 2021. In January 2018, Heathrow launched a consultation on expansion options, which would help to design a plan of action, which help define a preferred masterplan that will be presented in a second consultation in 2019. In December, Heathrow confirmed the possibility of an expansion plan that would be GBP2,5bn less than the one presented to the Airport Commission. The total cost would therefore stand at GBP14bn, which would help to reach the government's proposed target of maintaining airport charges close to current levels.

Heathrow Airports Holding (HAH) profit and loss account

GBP million	DEC-17	DEC-16	VAR.
Revenues	**2,883**	**2,809**	**2.6%**
EBITDA	**1,760**	**1,683**	**4.6%**
EBITDA margin %	61.0%	59.9%	
Depreciation	750	708	-5.9%
EBIT	**1,010**	**975**	**3.6%**
EBIT margin %	35.0%	34.7%	
Impairments & disposals		-7	n.a
Financial results	-628	-1,231	49.0%
EBT	383	-263	245.7%
Corporate income tax	-79	74	-207.9%
Net income	**303**	**-189**	**260.4%**
Contribution to Ferrovial equity accounted result (EUR mn)	**87**	**-57**	**250.9%**

HAH net debt

At 31 December 2017, the average cost of Heathrow's external debt was 5.62%, including interest-rate, exchange-rate & inflation hedges in place (vs. 5.26% in December 2016).

(GBP million)	DIC-17	DIC-16	Var.
Loan Facility (ADI Finance 2)	0	306	-100.0%
Subordinated	1,325	1,098	20.7%
Securitized Group	12,234	12,292	-0.5%
Cash & adjustments	-40	-20	100.9%
Total	**13,519**	**13,677**	**-1.2%**

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

UK REGIONAL AIRPORTS (AGS)

AGS Results

(GBP million)	DEC-17	DEC-16	VAR.
Glasgow	122	112	8.4%
Aberdeen	56	56	0.6%
Southampton	31	29	9.1%
Total Revenues AGS	**209**	**197**	**6.3%**
Glasgow	58	53	10.3%
Aberdeen	22	21	8.0%
Southampton	11	10	18.3%
Total EBITDA AGS	**92**	**83**	**10.7%**
Glasgow	47.6%	46.8%	
Aberdeen	39.6%	36.9%	
Southampton	36.5%	33.6%	
Total EBITDA margin	**43.8%**	**42.1%**	

AGS Traffic

	DEC-17	DEC-16	VAR.
Glasgow	9.9	9.4	5.7%
Aberdeen	3.1	3.1	1.9%
Southampton	2.1	2.0	6.1%
Total AGS	**15.1**	**14.4**	**4.9%**

Glasgow: 9.9 million passengers (+5.7%). Domestic traffic (-1.1%) reflected fewer routes to Stansted and more regional routes on Flybe and Loganair. International traffic grew (+11.5%) via European traffic with new Ryanair routes to Lisbon, Valencia, Palanga and Frankfurt, Jet2's new service to Dubrovnik and more capacity to the Canary Islands, Alicante, Cyprus and Malaga. Long-distance traffic volumes demonstrate the strength of Emirates and the new Delta service to New York.

Aberdeen: 3.1 million passengers (+1.9%). Domestic traffic (+1.3%), mainly reflected the London Heathrow route operated by Flybe. International traffic volumes increased (+3.2%) due to new Ryanair routes to Alicante, Malaga and Faro, the new Wizz services to Warsaw and Air Baltic services to Riga. The increase was partially offset by less routes to international airports (Paris CDG and Amsterdam) and lower Scandinavian passenger numbers.

Southampton: 2.1 million passengers (+6.1%) with greater domestic traffic (+3.7%) and more Flybe flights to Manchester, Glasgow and Newcastle, partly compensating for the fewer routes to Guernsey in 1Q; and international growth (+9.8%) due to greater capacity on routes to Amsterdam, Munich, Malaga and Cork.

AGS Revenue and EBITDA

In 2017, EBITDA improved by +10.7%, primarily due to a +6.3% increase in revenue, due to higher traffic, and good retail and parking revenue performance, coupled with the +3.0% increase in operating costs.

AGS net bank debt

At 31 December 2017, the airports' net bank debt stood at GBP656mn.

CONSTRUCTION

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Revenues	4,628	4,194	10.3%	11.0%
EBITDA	199	342	-41.8%	-41.8%
EBITDA margin	4.3%	8.1%		
EBIT	162	313	-48.1%	-48.1%
EBIT margin	3.5%	7.5%		
Order book	11,145	9,088	22.6%	26.7%

Revenues increased by +11,0% in Like for Like terms, with positive performance in all areas. International revenues were responsible for 83% of the Division's revenues, very much focused on traditional strategic markets: Poland (32%) and North America (30%).

Profitability declined compared to 2016 (EBIT margin 3.5% vs. 7.5%), due to large projects in their preliminary stages and a lower proportion of toll road concession contracts in the portfolio of projects currently in progress. In 2017, relevant losses were incurred primarily, as the result of an unfavourable ruling on a project carried out in Colombia in 2012/2013 and losses from an already completed contract in the United Kingdom.

BUDIMEX

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Revenues	1,457	1,270	14.8%	11.8%
EBITDA	131	111	17.7%	14.4%
EBITDA margin	9.0%	8.7%		
EBIT	122	105	16.2%	12.9%
EBIT margin	8.4%	8.3%		
Order book	2,467	2,027	21.7%	15.3%

In 2017, 3.9% stake in Budimex was sold, which did not impact Ferrovial's P&L (as it retained its controlling 55.1% share), it did have an impact on cash flow, which was up by +EUR59mn.

The same positive trend as previous years continues to be displayed. Revenues in comparable terms increased by +11.8%, with growth in all business segments, with the faster completion of Industrial projects and Residential and Non-Residential construction being particularly notable. Profitability increased (+14.4% of EBITDA in LfL terms), primarily due to final payment on the infrastructure projects that have been completed.

The order book reached an all-time record high (EUR2,467mn) up by +15.3% in comparable terms as compared with December 2016. In 2017, new contracts reached more than EUR1,754mn, of which approximately 62% relate to the signing of Civil Works contracts awarded under the 2014-20 New Highway Plan. We would highlight the awarding of the Ricibórz Dam (EUR160mn), the Lagiewnicka Highway in Krakow (EUR154mn), the S3 Miękowo-Brzozów Beltway (EUR70mn) and rail works for approximately EUR310mn. Budimex also has contracts that are currently pending signing or have been signed since 31 December 2017 worth a total of more than EUR500mn.

WEBBER

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Revenues	784	708	10.7%	18.5%
EBITDA	36	44	-17.7%	-17.7%
EBITDA margin	4.6%	6.2%		
EBIT	27	36	-24.7%	-25.2%
EBIT margin	3.4%	5.0%		
Order book	1,171	1,084	8.1%	23.2%

Revenues were up +18.5%, thanks to the incorporation of Pepper Lawson for the full year, a company that specialises in water projects and non-residential construction and which was acquired in March 2016, and whose revenues in 2017 increased by EUR82mn for a contribution of EUR179mn in 2017. The fall in the EBIT margin to 3.4% was due to the lower proportion of toll road concession contracts in the portfolio of projects currently in progress.

New contracts in 2017 exceeded EUR980mn, more than double the amount contracted in 2016. We highlight the 30% stake in the Houston beltway (EUR235mn, Ferrovial Agroman holds 40%), as well as a section of the US 281 toll road in San Antonio for EUR181mn. The higher number of contracts has meant an increase in the order book of +23.2% LfL.

FERROVIAL AGROMAN

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Revenues	2,387	2,217	7.7%	8.3%
EBITDA	32	187	-82.9%	-82.6%
EBITDA margin	1.3%	8.4%		
EBIT	13	172	-92.4%	-92.3%
EBIT margin	0.5%	7.7%		
Order book	7,507	5,977	25.6%	31.6%

Revenues increased (+8.3% in Like for Like terms), driven by the awarding of new projects, though profitability decreased in 2017 (EBITDA margin 1.3%), mainly as the result of relevant losses resulting from an unfavourable ruling on a project carried out in Colombia in 2012/2013 and those incurred in an already completed contract in the United Kingdom, due to tight completion deadlines and failure to reach an agreement with the client on the implementation of alternative technical solutions. In addition, profitability was affected by several projects in initial phases of execution, with lesser level of complexity.

ORDER BOOK

(EUR million)	DEC-17	DEC-16	VAR.
Civil work	8,635	7,088	21.8%
Residential work	382	344	10.9%
Non-residential work	1,347	873	54.2%
Industrial	782	783	-0.1%
Total	**11,145**	**9,088**	**22.6%**

The order book reached a record figure (EUR11,145mn), with comparable growth of +26.7% compared to December 2016. This growth is primarily due to the introduction to the order book, after the financial close, of the I-66 (EUR1,9bn), the Denver Airport (EUR541mn) and the Houston Grand Parkway beltway in the USA (EUR784mn) projects.

The civil works segment remains the largest segment (at 77%). The international order book amounted to EUR9,836mn, far more than the domestic order book (EUR1,309mn), and represented 88% of the total.

The order book figure at December 2017 does not include pre-awarded contracts or contracts for which commercial or financial agreement has not been finalised. These amount to over EUR1bn, notable among which are the aforementioned Budimex contracts, as well as the construction of a Toll road in Colombia (Bucaramanga-Barrancabermeja-Yondó) and another in Chile (Rutas del Loa).

SERVICES

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Revenues	7,069	6,078	16.3%	1.9%
EBITDA	423	325	30.2%	14.2%
EBITDA margin	6.0%	5.4%		
EBIT	163	99	64.1%	29.5%
EBIT margin	2.3%	1.6%		
Order book	19,329	22,205	-13.0%	-9.9%
JVs order book	1,589	2,226	-28.6%	-25.4%
Global order book+JVs	20,918	24,431	-14.4%	-11.3%

In 2017, Services revenues reached EUR7,069mn, +16.3% vs. 2016.

In 2017, Broadspectrum was included for the whole year, compared to the consolidated 7 months in 2016 (from 31 May 2016).

From January 2017, and with the aim of optimising business opportunities in the different geographical territories, the Continental American businesses were separated from Broadspectrum's other activities and included under International Services.

In comparable terms, excluding the exchange rate impact and Broadspectrum, revenue rose by +1.9% compared to 2016. In Spain, revenue increased by +7.7%, in the UK -2.7% and International +13.6% (LfL). EBIT increased by +29.5% vs 2016.

EBITDA margin stood at 6.0%, above the 5.4% reported in December 2016, mainly as a consequence of the positive performance in the UK.

In December 2017, the order book reached EUR20,918mn, -14.4% down vs. December 2016 (-11.3% LfL). In general, the reduction in the order book has been in the UK (-17.0%).

SPAIN

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Revenues	1,898	1,762	7.7%	7.7%
EBITDA	197	188	4.7%	5.1%
EBITDA margin	10.4%	10.7%		
EBIT	107	100	7.1%	8.0%
EBIT margin	5.7%	5.7%		
Order book	4,992	5,450	-8.4%	-8.4%
JVs order book	268	291	-8.0%	-8.0%
Global order book+JVs	5,260	5,741	-8.4%	-8.4%

Revenues in Spain grew by +7.7% compared with 2016, although there continues to be a background of fewer public tendering processes. Revenue growth stems from the extension of contracts and higher volumes of waste treatment, which have partly offset the delayed awarding of contracts by Local Authorities. In addition, the incorporation of several acquisitions in the industrial maintenance sector, which account for 5.3% of revenues. These activities usually offer lower returns than the average. EBIT grew in line with revenue growth.

The order book volume stood at EUR5,260mn in December 2017 (-8.4% compared with December 2016). The reduced size of the order book is directly related to the slowdown in competitive tendering processes, whose impact in revenues is offset with contract extensions. Particularly notable among the contracts awarded during 2017 were the renewal of on board customer services contract for Renfe (2 years EUR134mn), the contract to provide cleaning services at the Virgen del Rocío and Virgen Macarena Hospitals in Seville (2 years, EUR38mn), and the contract to manage the health transport service in La Rioja (4 years EUR27mn).

UK

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Revenues	2,501	2,732	-8.5%	-2.7%
EBITDA	86	41	113.1%	49.6%
EBITDA margin	3.5%	1.5%		
EBIT	53.0	0	n.s.	168.5%
EBIT margin	2.1%	0.0%		
Order book	8,895	10,636	-16.4%	-13.0%
JVs order book	983	1,262	-22.1%	-18.9%
Global order book+JVs	9,878	11,898	-17.0%	-13.6%

The business climate in the United Kingdom continues to be affected by the budgetary restrictions imposed on public sector clients, which has had an impact on the number of opportunities that come on to the market. In turn, from a commercial point of view, the company continues to apply a strict selection policy regarding the opportunities for which bids are to be submitted. As a result, revenues have fallen by -8.5% (-2.7% LfL by exchange rate).

EBITDA reached EUR86mn in 2017, reaching a margin of 3.5%. EBITDA Growth in LfL terms compared to the previous year was +49.6%. This improvement is due to measures implemented to adapt the Company to the complicated market situation in UK. The company continues to focus on improving contracts with low rates of return, or withdrawing from unprofitable contracts where relevant (ASC 6&8 in Highways or Affinity Water).

In 2017, the Birmingham contract contributed losses (-EUR10mn) which have been virtually fully offset by part of the provision set aside in 2015. On February 22nd 2018, the appeals court in UK has ruled in favour of the Birmingham City Council, cancelling the High Court's previous sentence in favor of Amey from September of 2016. Amey is considering the possibility of appealing the resolution before the Supreme Court. At the same time, and following the Court's mandate, in the following weeks, Amey and Birmingham City Council will negotiate the best way to make this sentence effective. Currently, Amey counts with a provision of GBP74.4mn, of which GBP37.9mn correspond to the balance from the provision registered for this litigation in 2015 and GBP36.5mn correspond to the adjustment from the application of IFRS 15.

In December, the order book stood at EUR9,878mn (-13.6% LfL compared with December 2016). The trend in this area was marked by the stricter project selection process mentioned above, and by consumption in the business portfolio for utilities that will be offered for tender in 2019 and 2020, coinciding with the regulatory periods imposed by clients. The most significant contracts awarded this year are the waste collection contract in Surrey (EUR131mn, ten years) and the contract to maintain the Manchester light railway (EUR181mn, seven years). The latter of these two amounts corresponds to Amey's 40% share in the joint venture that will perform the contract.

BROADSPECTRUM (AUSTRALIA*)

(*) Reported information regarding Australia & the rest of the Pacific Islands.

(EUR million)	BROADSPECTRUM DEC-17	INTANGIBLE AMORTIZATION	BROADSPECTRUM POST INTANGIBLE
Revenues	2,206		**2,206**
EBITDA	120		**120**
EBITDA margin	5.5%		**5.5%**
EBIT	75	-72	**3**
EBIT margin	3.4%		**0.1%**
Order book	3,981		**3,981**
JVs order book	265		**265**
Global order book+JVs	4,246		**4,246**

As previously mentioned, Broadspectrum's financial statements have been consolidated since 31 May 2016. Thus, the P&L to December 2016 includes a seven-month contribution from the company, compared to 12 months in 2017. As mentioned above, since 1 January 2017, the Company's business activity in Continental America has also been separated off into a separate management unit and now forms part of Ferrovial International Services (headquartered in Austin, Texas).

The EBITDA figure includes EUR6mn of restructuring costs in Australia, the bulk of which are related to personnel reduction.

The Broadspectrum account includes an expense of -EUR72mn relating to the amortization of the intangible fixed asset created by the acquisition (EUR60mn in 2016). Excluding this impact, EBIT would stand at EUR75mn with a 3.4% EBIT margin compared to 4.5% in 2016 (where the EUR6mn acquisition costs were included). In December 2017, the net intangible reached EUR94mn; its amortization will be progressively reduced over the coming 8 years.

The integration of Broadspectrum was carried out in line with the proposed plan. Its integration into Ferrovial, now provides Broadspectrum with greater investment capacity and complementary competences and credentials with other business activities within the Group, which should aid future growth. To take advantage of these opportunities, the Company has reorganised itself around four sectors in Australia and New Zealand, where activity was as follows.

- **Government (EUR1,197mn):** includes all the current contracts with regional and central governments.
- **Urban Infrastructure (EUR441mn):** includes activities in the water, electricity, energy and telecommunications sectors.
- **Natural Resources (EUR352mn):** focused on the maintenance and operation of wells and oil, gas, mining and agricultural installations, as well as on solutions for industrial clients.
- **Transport (EUR221mn):** includes activities related to the highway, railway and public transport networks.

In line with previous statements made by Ferrovial, since the end of October 2017, the Company has not serviced the contracts with the Australian Department of Immigration and these contracts and all relations therewith have now ended.

The order book amounts to EUR4,246mn compared to EUR4,624mn in 2016. Notable are the maintenance contract awards for the Melbourne highway network (EUR340mn, 23 years) and the extension of the National Defence facilities management contract (EUR304mn, one year).

INTERNATIONAL SERVICES

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Revenues	463	137	238.3%	13.6%
EBITDA	19	13	51.9%	-13.1%
EBITDA margin	4.2%	9.3%		
EBIT	0	4	-101.1%	-124.5%
EBIT margin	0.0%	3.0%		
Order book	1,460	530	175.4%	-0.6%
JVs order book	73	145	n.s.	n.s.
Global order book+JVs	1,533	675	127.1%	-14.0%

Since January 2017, International business has included Broadspectrum's business activity in Continental America (primarily USA, Canada and Chile). This activity has contributed a total of EUR306mn in revenues and an EBITDA of EUR8mn.

Transformers, a waste treatment company based in Poland, was incorporated in the second half of 2017 for EUR36mn, which has now been fully integrated. Revenues increased by EUR16mn, as a result of this incorporation.

In 2017, excluding the changes for perimeter variations, revenue grew by +13.6%, whilst EBITDA fell EUR2mn, primarily weighed down by Chile, associated with the extra costs created by factory stoppages and other operating issues.

As regards the order book, this stood at EUR1,533mn vs. EUR675mn in 2016. Notable are the incorporation of Transformers (EUR67mn), the awarding of the Washington DC tunnel maintenance contract (EUR22mn, five years) and the full maintenance of the S7 toll road in Kielce (EUR18mn, five years).

BALANCE SHEET

	DEC-17	DEC-16
FIXED AND OTHER NON-CURRENT ASSETS	**14,927**	**15,679**
Consolidation goodwill	**2,062**	**2,155**
Intangible assets	**431**	**544**
Investments in infrastructure projects	**6,917**	**7,145**
Property	**6**	**6**
Plant and Equipment	**694**	**731**
Equity-consolidated companies	**2,687**	**2,874**
Non-current financial assets	**769**	**735**
Long term investments with associated companies	312	374
Restricted Cash and other non-current assets	285	249
Other receivables	172	112
Deferred taxes	**1,035**	**1,057**
Derivative financial instruments at fair value	**326**	**432**
CURRENT ASSETS	**8,063**	**7,745**
Assets classified as held for sale	**0**	**624**
Inventories	**629**	**516**
Trade & other receivables	**2,635**	**2,822**
Trade receivable for sales and services	2,032	2,193
Other receivables	603	629
Taxes assets on current profits	**143**	**186**
Cash and other temporary financial investments	**4,601**	**3,578**
Infrastructure project companies	463	277
Restricted Cash	58	62
Other cash and equivalents	405	215
Other companies	4,137	3,301
Derivative financial instruments at fair value	**55**	**18**
TOTAL ASSETS	**22,990**	**23,423**

	DEC-17	DEC-16
EQUITY	**6,234**	**6,314**
Capital & reserves attrib to the Company´s equity holders	5,503	5,597
Minority interest	731	717
Deferred Income	**1,037**	**1,118**
NON-CURRENT LIABILITIES	**9,871**	**10,421**
Pension provisions	**66**	**174**
Other non current provisions	**808**	**757**
Financial borrowings	**7,511**	**7,874**
Financial borrowings on infrastructure projects	5,363	5,310
Financial borrowings other companies	2,149	2,564
Other borrowings	**198**	**200**
Deferred taxes	**900**	**979**
Derivative financial instruments at fair value	**387**	**436**
CURRENT LIABILITIES	**5,848**	**5,570**
Liabilities classified as held for sale	**0**	**440**
Financial borrowings	**839**	**302**
Financial borrowings on infrastructure projects	207	200
Financial borrowings other companies	631	102
Derivative financial instruments at fair value	**65**	**69**
Trade and other payables	**4,221**	**3,895**
Trades and payables	2,283	2,299
Other non comercial liabilities	1,938	1,596
Liabilities from corporate tax	**94**	**150**
Trade provisions	**629**	**715**
TOTAL LIABILITIES & EQUITY	**22,990**	**23,423**

Application of the IFRS 15 rule (Revenue from Contracts with Customers) has had a negative impact on the company's reserves to the value of –EUR272mn. For more details on the plan for the application of this rule and its expected impact, please see Note 1.3 of the consolidated accounts from December 2017.

Note: 2016 Balance Sheet has been reestated following the impact from the recent information obtained regarding the purchuse price allocation process of Broadspectrum. More details on this adjustment, please see Note 1.1.4. of the consolidated accounts from December 2017.

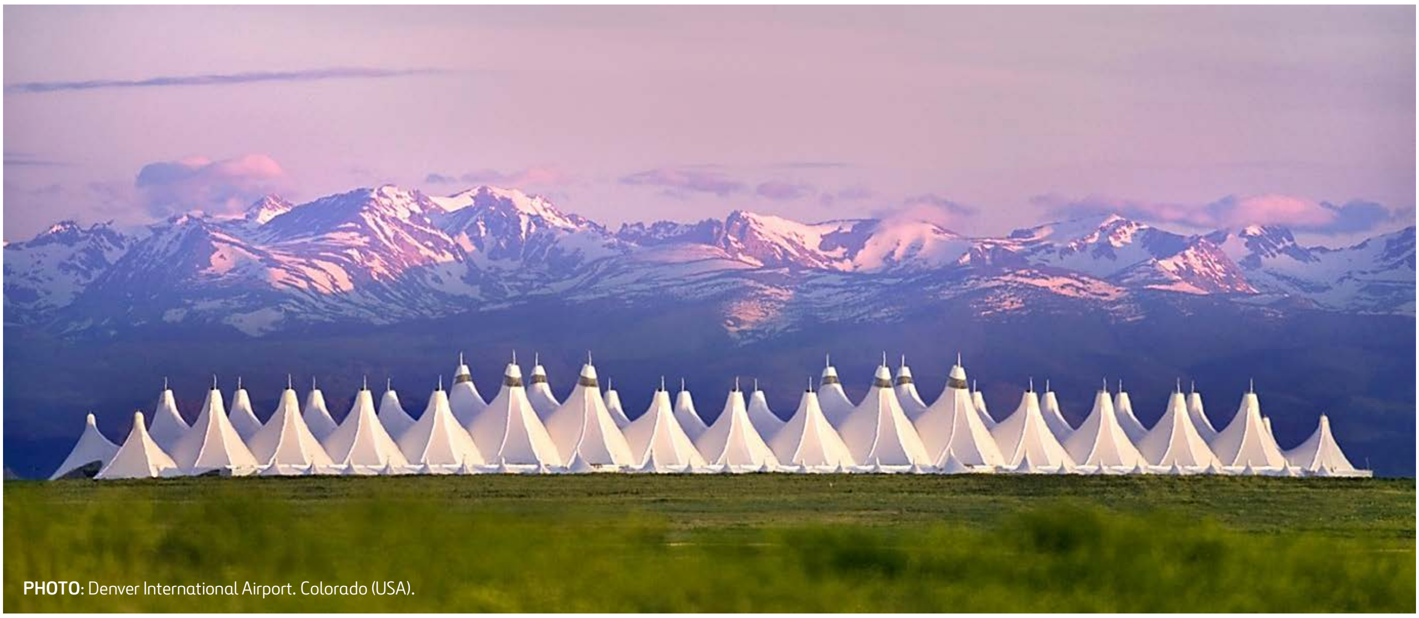

PHOTO: Denver International Airport. Colorado (USA).

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(EUR million)	BEFORE FAIR VALUE ADJ.	FAIR VALUE ADJUESTMENT	DEC-17	BEFORE FAIR VALUE ADJ.	FAIR VALUE ADJUESTMENT	DEC-16
Revenues	12,208		**12,208**	10,759		**10,759**
Other income	10		10	7		7
Total income	12,218		12,218	10,765		10,765
COGS	11,285		11,285	9,821		9,821
EBITDA	932		**932**	944		**944**
EBITDA margin	7.6%		7.6%	8.8%		8.8%
Period depreciation	375		375	342		342
EBIT (ex disposals & impairments)	557		**557**	602		**602**
EBIT (ex disposals & impairments) margin	4.6%		4.6%	5.6%		5.6%
Disposals & impairments	51	30	81	330	-6	324
EBIT	608	30	**638**	932	-6	**926**
EBIT margin	5.0%		5.2%	8.7%		8.6%
FINANCIAL RESULTS	-346	35	**-311**	-365	-26	**-391**
Financial result from financings of infrastructures projects	-254		-254	-305		-305
Derivatives, other fair value adjustments & other financial result from infrastructure projects	-6		-6	-7	-12	-20
Financial result from ex infra projects	-29		-29	-49		-49
Derivatives, other fair value adjustments & other ex infra projects	-56	35	-21	-4	-13	-18
Equity-accounted affiliates	201	49	251	214	-132	82
EBT	464	114	**578**	780	-164	**617**
Corporate income tax	-63	-8	-71	-245	11	-233
NET INCOME FROM CONTINUED OPERATIONS	401	106	**507**	536	-153	**383**
Net income from discontinued operations						
CONSOLIDATED NET INCOME	401	106	**507**	536	-153	**383**
Minorities	-51	-1	-53	-11	4	-7
NET INCOME ATTRIBUTED	350	104	**454**	525	-149	**376**

REVENUES

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Toll Roads	461	486	-5.3%	15.7%
Airports	21	4	n.s.	n.s.
Construction	4,628	4,194	10.3%	11.0%
Services	7,069	6,078	16.3%	1.9%
Others	30	-4	n.a	n.a
Total	**12,208**	**10,759**	**13.5%**	**7.2%**

EBITDA

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Toll Roads	320	297	7.7%	23.8%
Airports	-12	-18	34.4%	13.4%
Construction	199	342	-41.8%	-41.8%
Services	423	325	30.2%	14.2%
Others	2	-2	n.a.	n.a.
Total	**932**	**944**	**-1.2%**	**-4.2%**

DEPRECIATION

In 2017, depreciation increased by +9.6% (+7.1% LFL) to EUR375mn.

EBIT

(Before impairments and disposals of fixed assets)

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Toll Roads	247	214	15.5%	27.1%
Airports	-15	-19	23.5%	13.3%
Construction	162	313	-48.1%	-48.1%
Services	163	99	64.1%	29.5%
Others	-1	-5	n.a.	n.a.
Total	**557**	**602**	**-7.4%**	**-8.6%**

IMPAIRMENTS & DISPOSALS

Impairments and disposals of fixed assets amounted to +EUR81mn at the end of 2017, accounted for by the additional impairment applied to Autema (-EUR29mn) and the capital gains on the sale of Norte Litoral (EUR48mn) and Algarve (EUR42mn). This figure stood at +EUR324mn in 2016, as it was affected by the capital gains relating to the disposals in Chicago Skyway and the Irish toll roads.

FINANCIAL RESULT

(EUR million)	DEC-17	DEC-16	VAR.
Infrastructure projects	-254	-305	16.6%
Ex infra projects	-29	-49	39.9%
Net financial result (financing)	**-284**	**-354**	**19.8%**
Infrastructure projects	-6	-20	68.9%
Ex infra projects	-21	-18	-20.0%
Derivatives, other fair value adj & other financial result	**-27**	**-37**	**26.8%**
Financial Result	**-311**	**-391**	**20.5%**

Financial expenses in 2017 were lower in EUR80mn vs. 2016, as a combination of the following impacts:

- **Financing result:** EUR70mn drop in expenses to -EUR284mn. The change compared with 2016 was primarily due to changes in the consolidation perimeter in the infrastructure projects:

  Deconsolidated assets in 2016:
  - Deconsolidation of Chicago Skyway (two months' contribution in 2016, generating EUR21mn in costs).
  - Deconsolidation of the SH-130 toll road (deconsolidated at the close of 2016, contributed EUR13mn in costs that year).
  - Deconsolidation of debt in Irish toll roads (two months' global consolidation in 2016, generating EUR3mn in costs).

  Deconsolidated assets in 2017:
  - Deconsolidation of debt in Norte Litoral (four months' global consolidation in 2017 vs. 12 months contribution in 2016, generating EUR7mn lower financial expenses).
  - Deconsolidation of debt in Algarve (nine months' global consolidation in 2017 vs. 12 months contribution in 2016, generating EUR4mn lower financial expenses).

- **Result from derivatives and others:** EUR10mn drop in financial expenses to -EUR27mn in 2017 vs. -EUR37mn in financial expenses in 2016, comprised of:
  - As regards infrastructure projects, EUR14mn less in financial expenses due mainly to the extraordinary negative impact caused in 2016 by the cancellation of the Ausol derivative, the result of the refinancing carried out in respect of this asset.
  - In the ex-infrastructure projects related category, -EUR4mn in costs, mainly resulting from financial restructuring processes, notable among which are the cancellation of the Broadspectrum high yield bonds (with an annual cost of 8.375%). Following the restructuring, the average cost of Broadspectrum stood below 6%.

EQUITY-ACCOUNTED RESULTS

At the net profit level, the equity-accounted consolidated assets contributed EUR251mn after tax (EUR82mn in 2016).

(EUR million)	DEC-17	DEC-16	VAR.
Toll Roads	138	108	27.4%
Airports	89	-46	294.8%
Construction	-1	0	n.s.
Services	26	19	36.4%
Total	**251**	**82**	**207.0%**

This improvement was due to the recovery of Heathrow's contribution (+EUR87mn as compared with -EUR57mn in 2016, due to the negative impact of the fair value of the derivatives) and the positive performance of Toll Roads (net profit at 407 ETR rose by +26.1%). AGS's contribution decreased compared to 2016 (EUR2mn vs. EUR12mn in 2016), primarily due to the positive non-recurrent non-cash item in 2016, due to the changes in the pension plan conditions (EUR7mn) and the two percentage point drop in tax rate to 17% (EUR6mn).

TAXES

Corporate Income Tax amounted to –EUR71mn in 2017 compared with -EUR233mn in 2016, the latter having been impacted principally by the extraordinary impact of the Chicago Skyway and the Irish toll roads divestments, figure which:

- Does not include the tax expenses corresponding to the companies accounted for using the equity method which, pursuant to accounting legislation, are presented net of its related tax effect.
- Includes a corporate tax income corresponding to previous years of EUR16mn (vs a EUR5mn expense in 2016), mainly as a consequence of the lower corporate tax rate in USA from 35% to 21%.

Excluding the result of these entities integrated through equity consolidation (net income of EUR251mn), and considering the income tax expense accrued in 2017 (-EUR87mn), the effective tax rate would reach 26.7%.

MINORITIES

The minorities figure in 2017 amounted to -EUR53mn vs. -EUR7mn in 2016. The main impacts causing this difference are:

- Greater profit at Budimex (-EUR11mn vs. 2016)
- Fewer losses at toll roads (-EUR33mn vs. 2016), as a result of the deconsolidations of SH-130 and Chicago Skyway and the improved results from Managed Lanes.

NET PROFIT

Net profit stood at EUR454mn at year-end 2017 (EUR376mn in 2016). This result includes a series of extraordinary impacts, notable among which were:

- Fair value adjustments for derivatives: +EUR69mn (this item resulted in a negative impact of –EUR150mn in 2016), primarily impacted by derivatives from HAH, as previously mentioned.
- Capital gain after tax on the sale of Norte Litoral and Algarve: +EUR98mn (+EUR124mn were earned in 2016 from the sale of the Chicago Skyway and Irish toll roads).
- Impairment at Autema: -EUR29mn (-EUR21mn in 2016).

NET DEBT AND CORPORATE CREDIT RATING

NET DEBT

The net cash position, excluding infrastructure projects, stood at EUR1,341mn at 31 December 2017 vs. EUR697mn in December 2016.

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

- **Cash flow obtained from the issuance of hybrid subordinated bond (EUR500mn)**, treated as an equity instrument.
- **Dividends received from projects (+EUR553mn)**: this figure increased by +16.0% compared to the dividends received in 2016 (EUR477mn). Notable this year was the contribution of EUR237mn made by Airports (as compared with EUR134mn in 2016), affected by the greater dividend paid out by HAH, supported by higher inflation and the good operating performance and the extraordinary dividend payout by AGS following its refinancing (AGS's total contribution amounted to EUR84mn, of which EUR43mn was an extraordinary amount).
- **Cash flow from divestments amounting to +EUR253mn**, of which EUR59mn come from sale of a stake in Budimex (sale of 1 million shares equivalent to a holding of 3.9%) and EUR104mn obtained after the sale of 51% of Norte Litoral and EUR58mn for the sale of 49% of Algarve.
- **Working capital performance** was negative in the period standing at –EUR38mn compared to the previous year.
- **Total investments** of -EUR355mn, which includes the investment to acquire the minority stakes in NTE and LBJ for -EUR94mn.
- **Ferrovial shareholder remuneration in the amount of -EUR520mn.** In addition, -EUR48mn was distributed to minorities in subsidiaries.

Net project debt stood at EUR4,804mn (EUR4,963mn in December 2016). This net debt includes EUR826mn that relates to toll roads under construction (NTE 35W and I-77).

The Group's **consolidated net debt** at 31 December 2017 stood at EUR3,463mn (compared with EUR4,266mn in December 2016).

(EUR million)	DEC-17	DEC-16
NCP ex-infrastructures projects	**1,341**	**697**
Toll roads	-4,274	-4,426
Others	-530	-537
NCP infrastructures projects	**-4,804**	**-4,963**
Total Net Cash /(Debt) Position	**-3,463**	**-4,266**

(EUR million)	DEC-17	DEC-16
Gross financial debt	**-8,367**	**-8,093**
Gross debt ex-infrastructure	-2,797	-2,584
Gross debt infrastructure	-5,570	-5,510
Gross Cash	**4,904**	**3,827**
Gross cash ex-infrastructure	4,156	3,301
Gross cash infrastructure	748	526
Total net financial position	**-3,463**	**-4,266**

CORPORATE CREDIT RATING

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

EX-INFRASTRUCTURE DEBT MATURITIES

YEAR	CORPORATE DEBT MATURITIES
2018	541
2019	79
2020	5
2021 – 2031	2.100
2031 – 2041	0
>2041	8

Following the close of 2017, in January 2018, of the EUR541mn that mature in 2018, EUR500mn have already been amortized (five year bond with a 3.375% coupon).

CONSOLIDATED CASH FLOW

DEC-17	EXINFRASTRUCTUREPROJECTS 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 remmuneration 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**

DEC-16	EXINFRASTRUCTUREPROJECTS CASH FLOW	INFRASTRUCTURE PRROJECTS CASH FLOW	ADJUSTMENTS	TOTAL CASH FLOW
EBITDA	502	442		944
Dividends received	477		-50	427
Working capital variation (account receivables, account payables and others)	16	-68		-52
Operating flow (before taxes)	**995**	**373**	**-50**	**1,319**
Tax payment	-125	-23		-147
Operating Cash Flow	**870**	**351**	**-50**	**1,172**
Investments	-985	-388	72	-1,301
Divestments	340			340
Investment cash flow	**-645**	**-388**	**72**	**-961**
Activity cash flow	**226**	**-38**	**22**	**210**
Interest flow	-48	-303		-351
Capital flow from Minorities	2	122	-72	53
Scrip dividend	-226			-226
Treasury share repurchase	-317			-317
Ferrovial shareholder remuneration	-544			-544
Other shareholder remmuneration for subsidiary minorities	-23	-50	50	-24
Forex impact	-9	-111		-119
Other equity movements				
Variation of Bridge Loans (project financing)	-440	1,702		1,262
Other debt movements (non cash)	18	-230		-212
Financing cash Flow	**-1,043**	**1,131**	**-22**	**66**
Net debt variation	**-817**	**1,093**		**276**
Net debt initial position	**1,514**	**-6,057**		**-4,542**
Net debt final position	**697**	**-4,963**		**-4,266**

EX-INFRASTRUCTURE PROJECT CASH FLOW

Ex-infrastructure activity cash flow*:

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

2017	OPERATING CF*	NET INVESTMENT 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**
2016	**OPERATING CF***	**NET INVESTMENT CF***	**ACTIVITY CF***
Toll Roads Dividends	290	176	466
Airports Dividends	134	-73	61
Construction	245	-74	171
Services	395	-658	-263
Other	-69	-16	-86
Total	**995**	**-645**	**350**

*Before Corporate Income Tax

Cash flow from ex-infrastructure operations

At end-December 2017, cash flow from ex-infrastructure project operations reached EUR999mn (pre-tax), improving on 2016 of EUR995mn, impacted by the significant increase in dividends received from the main infrastructure projects: 407 ETR (EUR262mn, +7.6% vs. 2016), HAH (EUR153mn, +59.6%) and AGS (EUR84mn vs EUR38mn 2016, after the refinancing carried out in 1Q 2017).

Changes in cash flow from ex-infrastructure project operations by segment in 2017 as compared with 2016, are shown in the following table:

Operating cash flow	DEC-17	DEC-16
Dividends from Toll Roads	277	290
Dividends from Airports	237	134
Construction	134	245
Services	396	395
Other	-46	-69
Operating flow (before taxes)	**999**	**995**
Tax payment	-115	-125
Total	**883**	**870**

The entry “Others” includes the operations cash flow corresponding to Corporate Business, headquarters of Airports, Toll Roads and Real Estate, as well as remuneration systems linked to the share prices of Airports, Toll Roads and Corporate divisions.

Breakdown of cash flow from **Construction and Services:**

Construction	DEC-17	DEC-16
EBITDA	199	342
EBITDA from projects	13	13
EBITDA Ex projects	186	329
Dividends received	5	4
Provision variation with no cash impact	-79	-124
Changes in factoring	5	12
Ex Budimex Working Capital	46	31
Budimex Working Capital	-29	-6
Working capital variation (account receivables, account payables and others)	-57	-87
Operating Cash Flow before Taxes	**134**	**245**

Services	DEC-17	DEC-16
EBITDA	423	325
EBITDA from projects	86	85
EBITDA Ex projects	338	241
Dividends received	33	49
Changes in factoring	0	72
Pensions payments UK	-32	-15
Ex UK Working Capital	61	62
UK Working Capital	-4	-13
Working capital variation (account receivables, account payables and others)	25	106
Operating Cash Flow before Taxes	**396**	**395**

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

	SPAIN	UK	BROADSPECTRUM	INTERNATIONAL	SERVICES
EBITDA Ex-infrastructure	132	66	120	19	338
Dividends received	8	19	0	6	33
Changes in factoring	19	0	-18	0	0
Pension scheme payments	0	-32	0	0	-32
Working capital	18	-4	34	9	56
Op. cash flow ex-Taxes	**176**	**49**	**136**	**34**	**396**

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

The dividends from **Toll Roads** operations amounted to EUR277mn in 2017, resulting from dividends and repaid shareholder equity from companies owning toll road infrastructure projects. The 2017 figure (EUR277mn) was less than the amount received in 2016 (EUR290mn) due to the sale of stakes in the Portuguese toll roads (EUR9mn in 2017 vs. EUR37mn in 2016), although this was partially offset by the higher dividend from 407 ETR (EUR262mn vs. EUR244mn in 2016).

Dividends and Capital reimbursements	DEC-17	DEC-16
ETR 407	262	244
Irish toll roads	2	2
Portuguese toll roads	9	37
Greek toll roads	0	0
Spanish toll roads	3	3
Other	1	5
Total	**277**	**290**

Distributions to shareholders from **Airports** (EUR237mn) correspond to dividends received from HAH (EUR153mn) and AGS (EUR84mn). Of particular note as regards the second of these two figures is the extraordinary dividend paid following the refinancing obtained in 1Q 2017 (EUR43mn in extraordinary dividends corresponding to Ferrovial).

Airports	DEC-17	DEC-16
HAH	153	96
AGS	84	38
Total	**237**	**134**

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-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**

DEC-16	INVESTMENT	DIVESTMENT	INVESTMENT CASH FLOW
Toll Roads	-113	289	176
Airports	-73	0	-73
Construction	-76	2	-74
Services	-706	48	-658
Others	-17	1	-16
Total	**-985**	**340**	**-645**

The net investment cash flow in 2017 (-EUR102mn) includes:

- **EUR59mn received after the sale of 1 million shares in Budimex** (equivalent to 3.9% of the company's share capital), having no impact on Ferrovial's Profit and Loss Account as it retains a controlling share in the company (55.1%).

- **EUR104mn received for the 51% stake in Norte Litoral and EUR58mn for 49% of Algarve.**

The following table shows Cintra's capital investment in infrastructure projects:

Equity investment in toll roads	DEC-17	DEC-16
LBJ (minorities acquisition)	-36	0
NTE (minorities acquisition)	-57	0
NTE 35W	-38	-53
Spanish toll roads	0	-4
Portuguese toll roads	0	-26
Greek toll roads	0	0
Others	-22	-30
Total	**-154**	**-113**

Ex-infrastructure financing cash flow

Financing cash flows include:

- **Shareholder remuneration cash flow:** -EUR520mn for Ferrovial shareholders, which includes the cash payment of the scrip dividend of -EUR235mn and the share buy-back for -EUR285mn. Dividends to minorities in subsidiaries also reached -EUR48mn.

- **Net interest payments for the year** (-EUR32mn).

- **FX impact** (-EUR43mn), which originates from the operating cash for the businesses outside the Eurozone and the positions held in currencies, mainly in American and Canadian dollars (-EUR147mn), offset by exchange rate derivatives (+EUR103mn).

- **Other non-cash flow related movements** (+EUR506mn), which 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. This entry also includes the cash flow obtained from the hybrid subordinated bond issue (+EUR500mn), treated as an equity instrument.

INFRASTRUCTURE PROJECT CASH FLOW

Operating cash flow from infrastructure projects

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-17	DEC-16
Toll roads	317	250
Other	89	101
Operating flow	**407**	**351**

Infrastructure projects investment cash flow

The following table shows a breakdown of the investment cash flow from infrastructure projects, basically payments made in respect of capex investments over the course of the year.

Investment cash flow	DEC-17	DEC-16
LBJ	-9	-10
NTE	-8	-14
NTE 35W	-220	-267
I-77	-146	-54
Autopistas portuguesas	-1	-2
Autopistas españolas	-2	-3
Resto	0	-10
Total Autopistas	**-385**	**-361**
Resto	-55	-43
Total proyectos	**-439**	**-404**
Subvenciones de capital	68	16
Total flujo inversión neto proyectos	**-371**	**-388**

Infrastructure projects financing cash flow

Projects financing cash flow includes the payment of dividends and the repayment of equity by concessionary companies to their shareholders, along with the payments for share capital increases received by these companies. In the case of concession holders which are fully integrated within Ferrovial, these amounts represent 100% of the amounts paid out and received by the concession-holding companies, regardless of the percentage share that the Company holds in such concessions. No dividend or equity repayment is included for companies accounted for by the equity method.

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-17	DEC-16
Spanish toll roads	-63	-132
US toll roads	-82	-88
Portuguese toll roads	-21	-38
Other toll roads	0	-3
Total toll roads	**-166**	**-260**
Other	-38	-43
Total	**-204**	**-303**

The financing cash flow also includes the impact that changes in the interest rate have had on the debt held in foreign currency, which in 2017 was a positive impact in the amount of EUR398mn, mainly as the result of the depreciation of the US dollar against the euro, a circumstance that had a significant effect on the net debt figure for the American toll roads.

PHOTO: ITER Project. Cadarache (France). ©SNC Engage.

SHAREHOLDER REMUNERATION

The company held its AGM on 5 April 2017. The AGM approved two capital increases, by means of the issuance of new ordinary shares, with no issue premium, of the same class and series as those at present in circulation, charged to reserves.

These increases form part of the shareholder remuneration system known as the "Ferrovial Scrip Dividend", which the company introduced in 2014, to replace the traditional complementary dividend payment for 2016 and the 2017 interim dividend.

The purpose of this programme is to offer Ferrovial's shareholders the option, at their choice, of receiving free new shares in Ferrovial, though without altering cash payments to its shareholders, as they can alternatively opt to receive a cash payment by means of selling the free rights that they receive against the shares they already own to Ferrovial (or selling them in the market).

SCRIP DIVIDEND DETAILS	MAY 17	NOVEMBER 17
Guaranteed set price to purchase rights	0.315	0.404
Number of rights to receive per new share	61	45
% of shareholders that chose shares as dividend	58.05%	59.30%
% of shareholders chose cash as dividend	41.95%	40.70%
Number of new shares issued	6,971,168	9,746,022
Number of rights purchased	307,307,195	300,948,587

SHARE BUY-BACK AND CANCELLATION

The buy-back programme ended, on 31 October 2017, after the company acquired 14,593,242 of its own shares (which therefore did not exceed the limit of EUR275mn or 19 million shares).
The share capital was subsequently reduced by EUR3,400,038.40 by means of the cancellation of 17,000,192 company shares held in the company's own portfolio, including 2,406,950 shares held prior to the Board of Directors' proposal, approved at the General Shareholders' Meeting, to reduce the company's capital.

The share capital comprises 732,265,472 ordinary shares of one single class, each with a par value of twenty euro cents, (the share capital as of 31 December 2017 was EUR146,453,094.40).

SHAREHOLDER STRUCTURE

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

- **Rijn Capital BV,** (a company controlled by Rafael del Pino y Calvo-Sotelo): 20.2%
- **Menosmares, S.L.U.,** (a company controlled by María del Pino y Calvo-Sotelo): 8.1%
- **Siemprelara S.L.U.,** (a company controlled by Leopoldo del Pino y Calvo-Sotelo): 5.0% .
- **Blackrock,** held 3.021% at the end of 2017.

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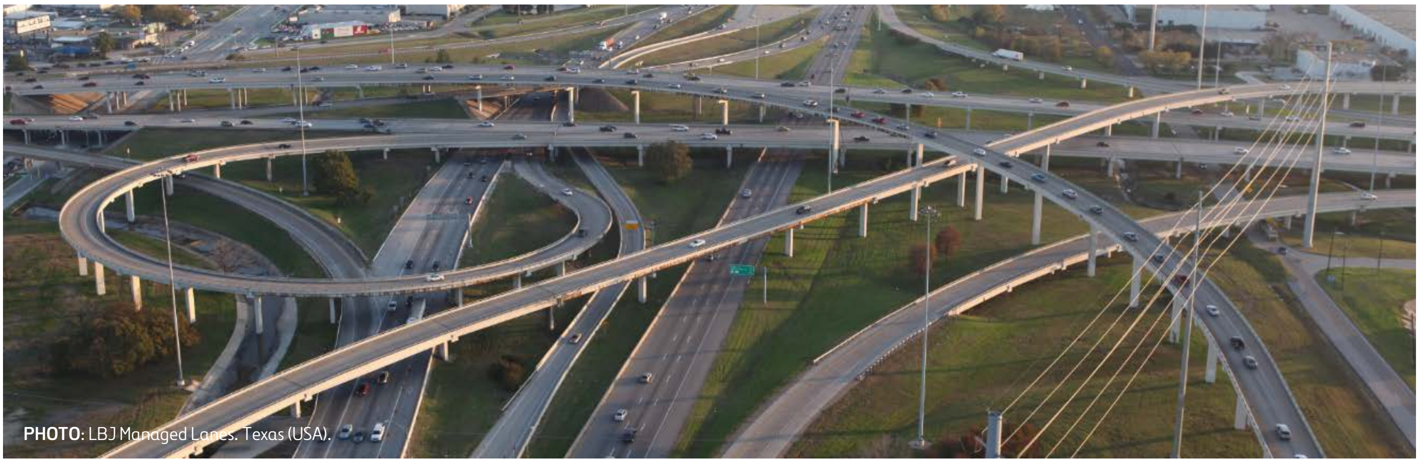

PHOTO: LBJ Managed Lanes. Texas (USA).

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 17/16	EXCHANGE RATE MEAN (P&L)	CHANGE 17/16
GBP	0.8889	4.03%	0.8751	6.32%
US Dollar	1.2022	13.99%	1.1391	3.24%
Canadian Dollar	1.5059	6.16%	1.4755	1.13%
Polish Zloty	4.1755	-5.20%	4.2455	-2.64%
Australian Dollar	1.5389	5.29%	1.4813	-0.27%

APPENDIX II: SUBSEQUENT EVENTS AFTER CLOSING 2017

- **On February 22nd 2018, the appeals court in UK has ruled in favour of the Birmingham City Council**, cancelling the High Court's previous sentence in favor of Amey from September of 2016. Amey is considering the possibility of appealing the resolution before the Supreme Court. The impact of this ruling has been considered when preparing these financial accounts as it corresponds to a litigation which was pending resolution at the date of the close of the financial year. In note 6.5.1 of the Consolidated Annual Accounts, relative to litigations, there is a more detailed explanation of the litigation and the provisions registered at the close of 2017 to cover the risks relative to it.

- **On February 27th 2018, the Spanish National High Court notified Cespa of a ruling by which it fully accepts the appeal that the latter had brought against a ruling from the National Competition Commission** in which a EUR14mn sanction was imposed. The ruling is not firm and the State Attorney can prepare a cassation appeal in the following 30 days. Ferrovial had decided not to register any provision relating to this litigation, so the result of the ruling has no impact on the financial accounts (see note 6.5.1 of Consolidated Annual Accounts).

APPENDIX III: ADDITIONAL INFORMATION

TREASURY SHARE TRANSACTIONS:

TRANSACTION PERFORMED/OBJECTIVE	NUMBER OF SHARES ACQUIRED	NUMBER OF SHARES USED FOR OBJECTIVE	TOTAL NUMBER OF SHARES
Balance at 31/12/16			**2.775.174**
Capital reduction	14.593.242	-17.000.192	-2.406.950
Discretionary shares and other	1.569.148	0	1.569.148
Compensation systems	830.371	-1.024.694	-194.323
Shares received as payment for the scrip dividend	424.188	0	424.188
Balance at 31/12/17			**2.167.237**

AVERAGE PAYMENT PERIOD

In compliance with the obligation to disclose the average period of payment to suppliers 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 Law), the Company hereby states that the average period of payment to the suppliers of all the Group companies domiciled in Spain in 2016 was 49 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 periods for making payments to suppliers in 2017 and 2016:

DAYS	2017	2016
Average period of payment to suppliers	49	55
Ratio of transactions settled	49	55
Ratio of transactions not yet settled	48	53
Amount (euros)		
Total payments made	**1.227.935.075**	**1.108.783.232**
Total payments outstanding	**45.114.969**	**52.916.260**

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.