



# 01.

MANAGEMENT  
REPORT



**PHOTO:** Espiño Tunnel. AVE to Galicia (Spain).



F E R R O V I A L

I N

T W O

M I N U T E S

Key  
Figures

The era of the  
*Homo Mobilis*

Main  
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Business  
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Value  
Creation

Ferrovial on the  
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2017  
Milestones

The pillars of  
sustainability

Reasons to  
Invest in Ferrovial

Company  
with values

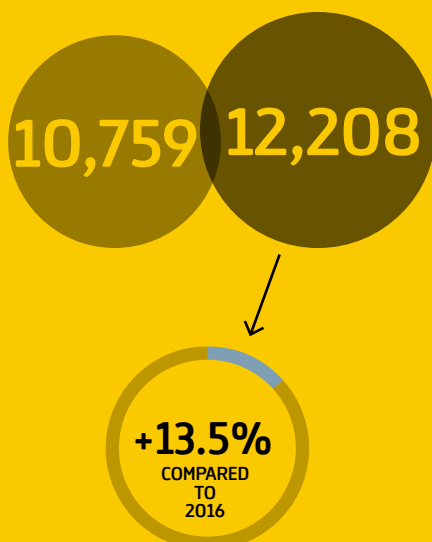
P3s benefits in  
the United States

407 ETR. Fast  
Safe. Reliable.

## KEY FIGURES

## REVENUES (M€)

● 2016 ● 2017



## CAPITALIZATION (M€)



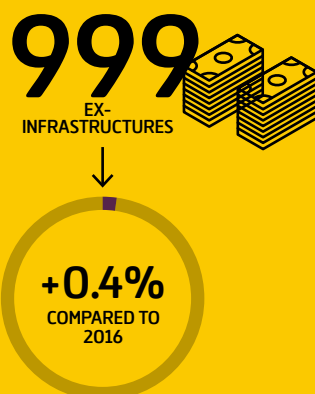
## NET CASH (M€)

1,341

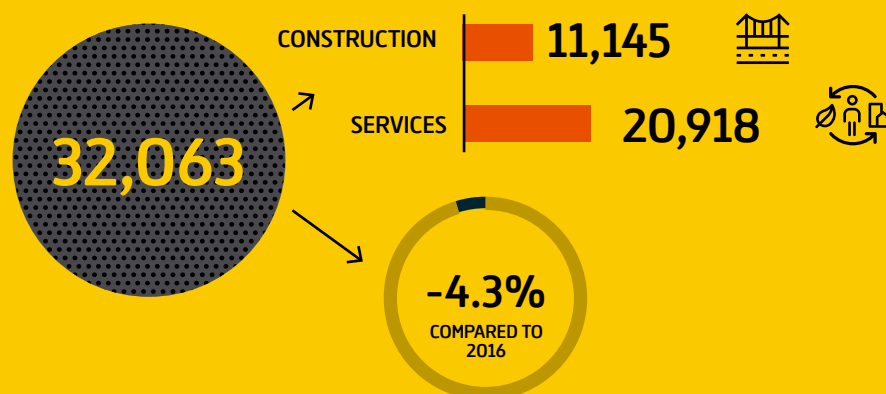
EX-INFRASTRUCTURES



## OPERATING CASH FLOW (M€)



## ORDER BOOK (M€)



## FREQUENCY INDEX\*

**-9.3%**

COMPARED TO 2016

\* Year-on-year change in the index giving the number of accidents occurring during working hours that lead to days lost, for every million hours worked. Subcontractor not included.

CO<sub>2</sub> EMISSIONS\*SCOPE 1&2 tCO<sub>2</sub>.eq/M€

**-28.4%**

IN RELATIVE TERMS  
COMPARED TO 2009

\* The evolution of the emissions has been calculated by adjusting the base year data to the Companies perimeter of 2017.

## TOTAL TAX\* (M€)

2,075

\* Supported, paid and collected in 2017 (Cash Criteria).

## WORKFORCE AT YEAR-END

95,978

EMPLOYEES



VIDEO: THE YEAR IN 2 MINUTES  
For more information, click here



## THE ERA OF THE *HOMO MOBILIS*

**THE TRANSPORTATION INDUSTRY  
FACES A HUGE TRANSFORMATION DUE  
TO NEW SOCIAL TRENDS AND THE  
TECHNOLOGICAL REVOLUTION**

A



### A NEW SOCIETY IS EMERGING,

"*Homo mobilis*" conceives transportation as a shared, cheaper and simpler service. The urban concentration is growing, while traffic congestion is a problem in large cities. The planet is heating up and pollution and emissions must be reduced. Digital technology focuses on the user, based on data, fully integrated into networks, with dynamic rates, based on public-private collaboration.

B



### FERROVIAL IS LOOKING FOR ALTERNATIVES...

Ferrovial, through its four business lines is identifying challenges and opportunities; boosting its internal capacities such as the Innovation Center, the Digital Hub, the Competence Centers and the Technical Offices; establishing alliances with research centers such as MIT\*; participating in multilateral projects promoted by the EC Horizon 2020\* program, EIT KICs\*, or with national innovation authorities; exploring and collaborating with startups through programs like BuildUp!\*, and partnering with other large corporations.

C

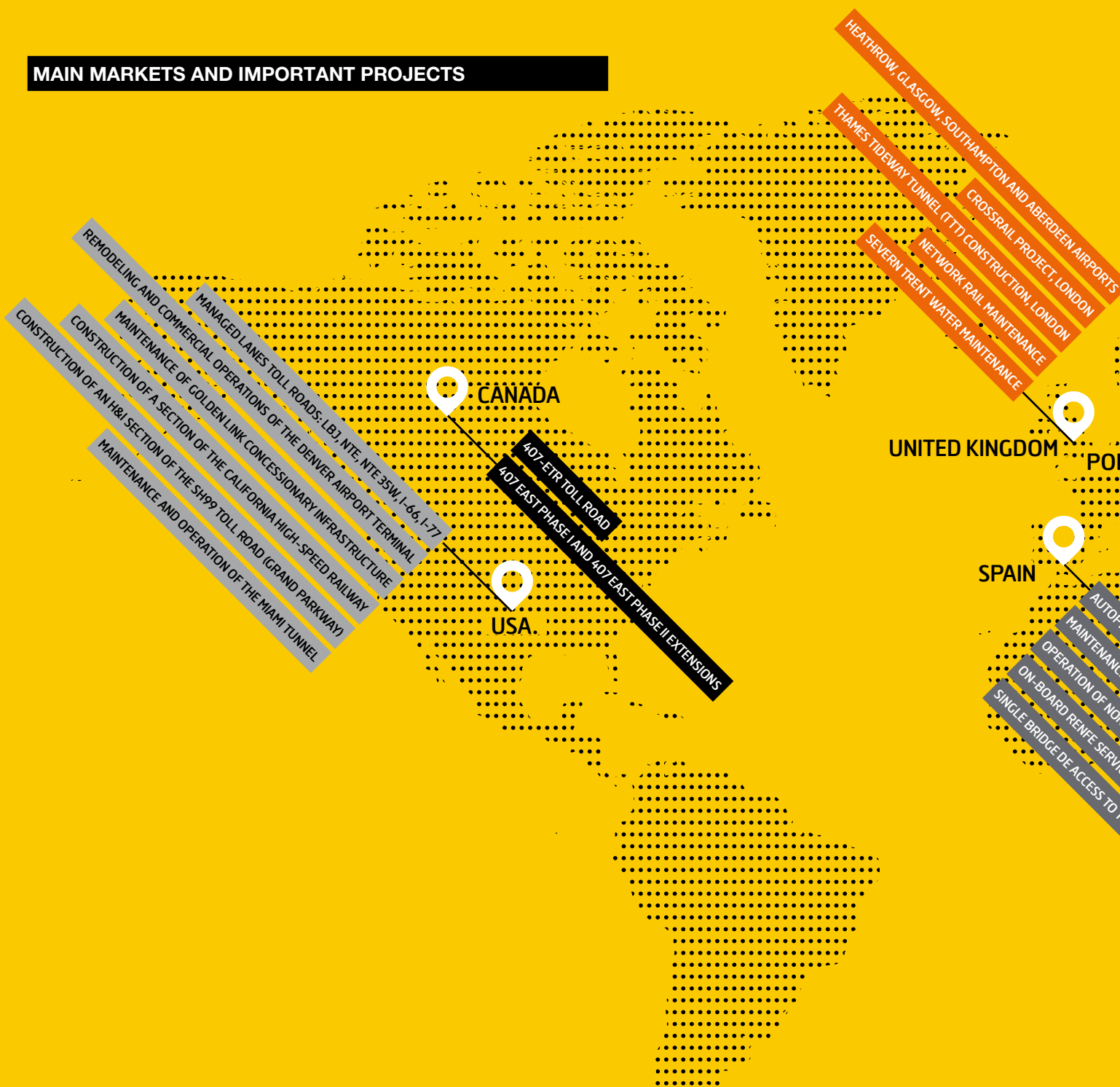


### ...AND OFFERING SOLUTIONS FOR TODAY

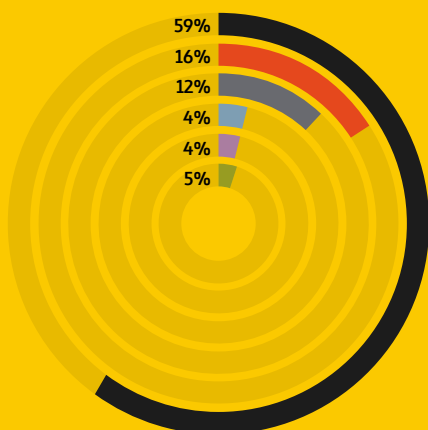
The "*homo mobilis*" is already moving around the world, which is why Ferrovial is proposing real alternatives in its airports, toll roads and cities. Solutions that combine emerging technologies with experienced management. Dynamic tariffs, tolls without barriers, data usage, flexibility for the user, robotics, air traffic automation, Managed Lanes, 407 ETR, Heathrow and services to cities. Zity, the car sharing launched in Madrid, is another example of this spirit of innovation that pursues efficiency and improvement of quality of life.

\*See glossary of terms page 118.

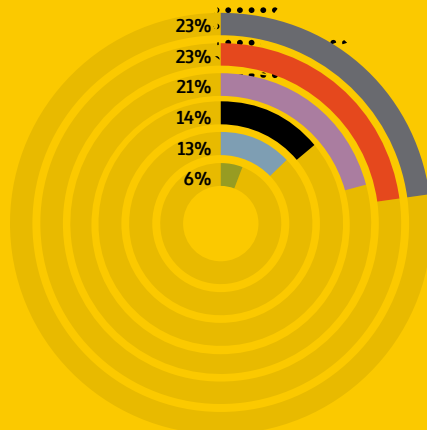
## MAIN MARKETS AND IMPORTANT PROJECTS



## ANALYSTS' VALUATION



## REVENÜES



## CANADA

**MANAGED INVESTMENT:**  
4,197 M€  
**DIVIDENDS:**  
262 M€  
**WORKFORCE:**  
376





## BUSINESS MODEL

FERROVIAL IS AMONG THE WORLD'S LARGEST INFRASTRUCTURE OPERATORS AND URBAN SERVICES PROVIDERS.

PARTICIPATION WITH AN INDUSTRIAL APPROACH ACROSS THE WHOLE INFRASTRUCTURE LIFECYCLE.

USE OF SYNERGIES BETWEEN ITS BUSINESS AREAS.



DESIGN



FINANCE



CONSTRUCTION

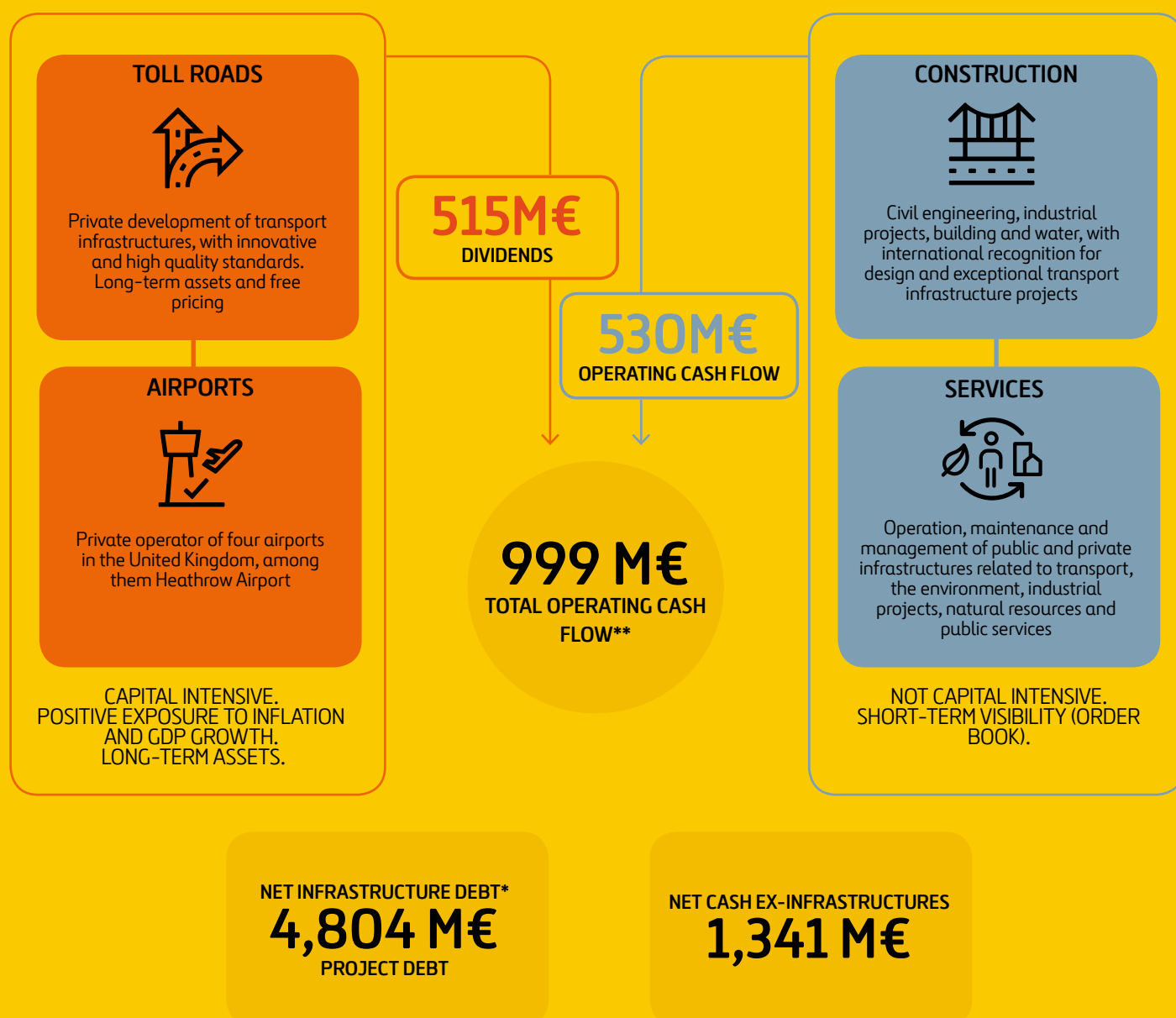


OPERATION



MAINTENANCE

## BUSINESSES



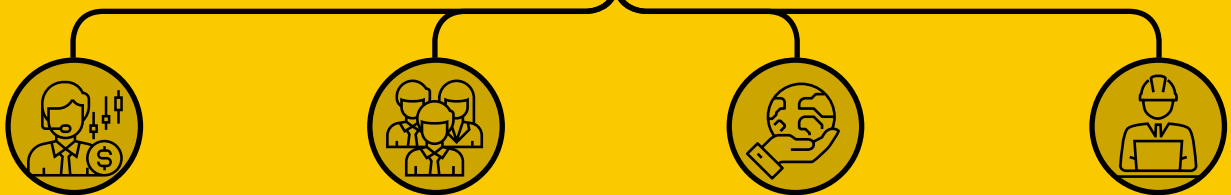
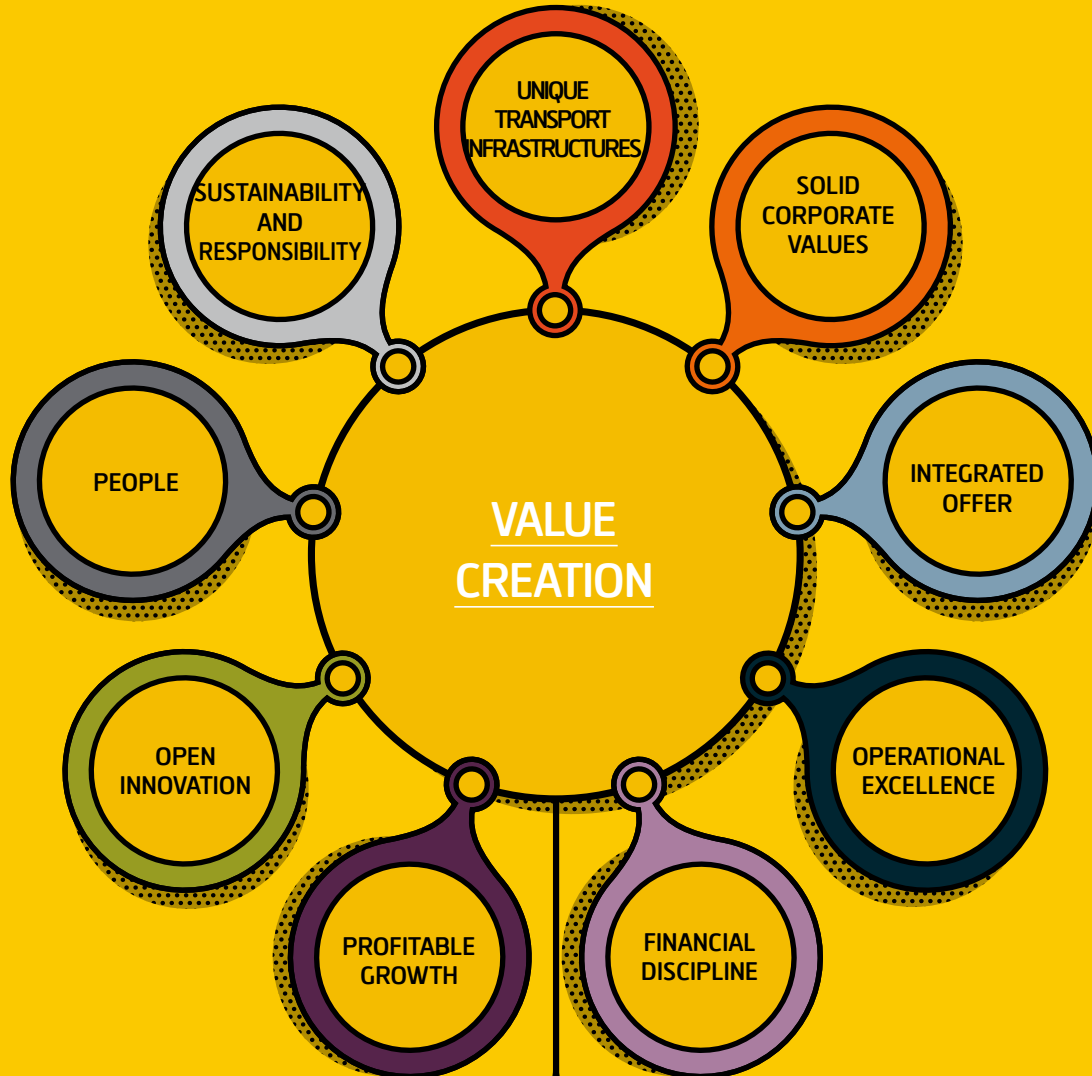
\* Includes Construction and Services projects.

\*\* The flow of ex-infrastructure operations also includes the rest of the Operating Flow of Toll roads and Airports as well as that of Corporation and others.



## VALUE CREATION

THE PURPOSE OF FERROVIAL IS TO CREATE VALUE FOR SOCIETY AND THE DIFFERENT STAKEHOLDERS, BASED ON UNIQUE TRANSPORT INFRASTRUCTURE ASSETS.



STAKEHOLDERS	SHAREHOLDERS	CLIENTS/USERS	SOCIETY	EMPLOYEES
	Maximizing shareholder return and transparent communication	Solving urban congestion, for the benefit of the user and making cities cleaner	Providing sustainable solutions that favor mobility, improve social infrastructure and seek energy efficiency	Managing talent, with a solid corporate culture that seeks diversity and the training of professionals
2017	Dividends: <b>520 M€</b> <b>91%</b> Buy recommendations	SATISFACTION 407 ETR <b>90%</b> LHR <b>4.2</b> Out of 5    MLs <b>75%</b>	Sustainability Indexes DJSI, FTSE4Good, CDP Reduction of emissions: <b>-28.4%</b> <small>(scope 1&amp;2 tCO<sub>2</sub>eq/M€) compared to 2009.</small>	Commitment: <b>91%</b> Total turnover: <b>12.7%</b> Training: <b>857,079</b> hours

## FERROVIAL ON THE STOCK MARKET

## CAPITALIZATION (M€)



13,858

## SHAREHOLDER RETURN (TSR)

+15.7%  
2017

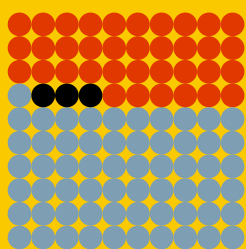
## CREDIT RATING



BBB

S&amp;P AND FITCH

## SHAREHOLDER STRUCTURE



● 61% FLOATING CAPITAL  
● 3% BLACKROCK  
● 36% FOUNDING FAMILY MEMBERS

SOURCE: CNMV (8 January 2018)

## INSTITUTIONAL INVESTORS (%)

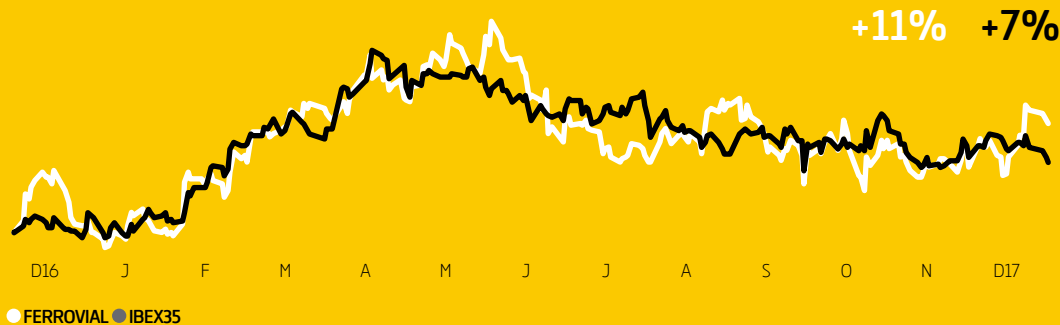


● NORTH AMERICA  
● EUROPE (EX. SPAIN)  
● UNITED KINGDOM AND IRELAND  
● SPAIN  
● REST OF THE WORLD

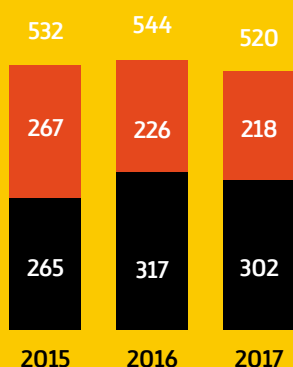
SOURCE: Ipreo (September 2017)

## SHARE PRICE

FERROVIAL &amp; IBEX



## SHAREHOLDER REMUNERATION (M€)



● DIVIDEND ● SHARE BUYBACK

## PAST SHARE PERFORMANCE

	● 2017	● 2016	● 2015
CLOSING PRICE (€)	18.9	17.0	20.9
MAX. (€)	20.8	20.7	23.3
MIN. (€)	16.8	16.0	16.1
VWAP (€)	18.6	18.2	20.4
AVERAGE DAILY CASH (M€)	33.1	57.9	56.4
AVERAGE DAILY VOLUME (M SHARES)	1.8	3.2	2.8
NUMBER OF SHARES (M SHARES)	732.3	732.5	732.2
CAPITALIZATION (M€)	13,858	12,450	15,270
SHAREHOLDER REMUNERATION (%)	15.7	-15.3	31.4

## ANALYSTS' RECOMMENDATION

23 analysts covered Ferrovial as of December 31. In 2017, Credit Suisse began effective coverage.



21

BUY



2

HOLD



0

SELL



TARGET PRICE

22.24€

## CONTACT WITH THE MARKET



On May 25, Ferrovial held an **Investor Day** in London, focused on its Toll road business. In 2017, the Department for Investor and Shareholder Relations held a total of **310 meetings, 15 roadshows and 9 seminars** with over 540 investors.

Ferrovial publishes its Communication Policy. For more information, [click here](#)

Contact with shareholders, institutional investors, voting advisors and credit rating agencies. For more information, [click here](#)

## 2017 MILESTONES

## January

Presence in the FTSE4Good Sustainability Index for the 13<sup>th</sup> consecutive year

Ferrovial, partner of the Climate KIC to continue working on improving the environment



## February

Creation of the Netflow with Plenary consortium to compete in the Australia and New Zealand infrastructure market.

Certification as Top Employer company for the seventh consecutive year



Refinancing of AGS, making it possible to improve the financial structure, terms, repayment of the debt and increase of funds paid to shareholders



## April

Sale of 51% of the Norte Litoral Toll Road in Portugal

Adjudication to Budimex and Ferrovial for the construction of a highway in Krakow for 802 M€

Selection for the construction of a stretch of the Grand Parkway in Texas, United States, for 790 M€

Ferrovial issues 500 M€ in 8-year bonds at 1.375%

Placement of 3.9% of the Budimex capital



## March

## May

Heathrow: new record in the transport of goods

Celebration in London of the Ferrovial Capital Markets Day, focused on Highways



## June

Ferrovial participates in the creation of the Spanish National Platform for Climate Action

## July

Ferrovial, the first Spanish company to certify its emissions reduction targets with Science Based Targets

## August

Adjudication for the modernization and operation of the main terminal of Denver Airport, United States, for 650 M\$



## October

Installation of the latest spheroidal graphite rings in the Northern Line of the London Underground

Inclusion in the Carbon A Disclosure Project's Climate A List



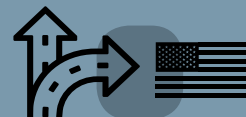
Presence on the Dow Jones Sustainability Index for the 16<sup>th</sup> consecutive year

MSCI renews Ferrovial's maximum AAA rating



Sale of 49% of the highway Algarve in Portugal

Acquisition of 6.3% in NTE and 3.6% in LBJ, up to 62.97% and 54.6% respectively.



## September

## November

Financial closing of the I-66 in Virginia with an investment of 3,550 M€

Issuance of 500 M€ of perpetual hybrid bonds with an annual coupon of 2.124%

Adjudication for the improvement of the road network west of Melbourne, Australia for more than 1,150 M€



## December

Heathrow celebrates 14 consecutive months of the passenger traffic record



## THE PILLARS OF SUSTAINABILITY

SUSTAINABILITY AND RESPONSIBILITY ARE KEY FOR GENERATING PROFIT. FERROVIAL FOCUSES ON A SUSTAINABILITY THAT CONNECTS WITH ITS BUSINESS TO MAKE A POSITIVE CONTRIBUTION TO SOCIETY. FERROVIAL IS A MEMBER OF DJSI, FTSE4GOOD AND CDP. RESPONSIBILITY BECOMES A COMPETITIVE ADVANTAGE.



### INNOVATING

Ferrovial is a stakeholder in the digital transformation of transport and services infrastructures, developing new solutions with research centers such as MIT, start-ups, the creation of a Digital Hub and alliances with other companies.

**DIGITAL TRANSFORMATION  
OF INFRASTRUCTURES**



### ETHICS

The business and professional activities of Ferrovial and its administrators and employees are based on the values of integrity, honesty, respect for legality, transparency and avoidance of all forms of corruption. All integrated in a continuous supervision process.

**ZERO TOLERANCE TO CRIME**



### COMMITTED

Ferrovial develops projects in the community where it operates, such as the construction of water systems, social inclusion, the development of the indigenous population, culture, education and sport.

**CONTRIBUTION TO SOCIETY**



### SAFE

Strong commitment from the Ferrovial management with the creation of safe work environments for everyone, every day. It also develops well-being programs for its employees.

**"TARGET ZERO"**



### EFFICIENCY

Ferrovial is committed to climate change and reducing emissions and its water footprint. With a presence as leader of the Carbon Disclosure Project and a Carbon Pricing methodology, its reduction targets are certified by Science Based Targets (SBTi).

**LEADER IN CARBON  
DISCLOSURE PROJECT**



### DIVERSE

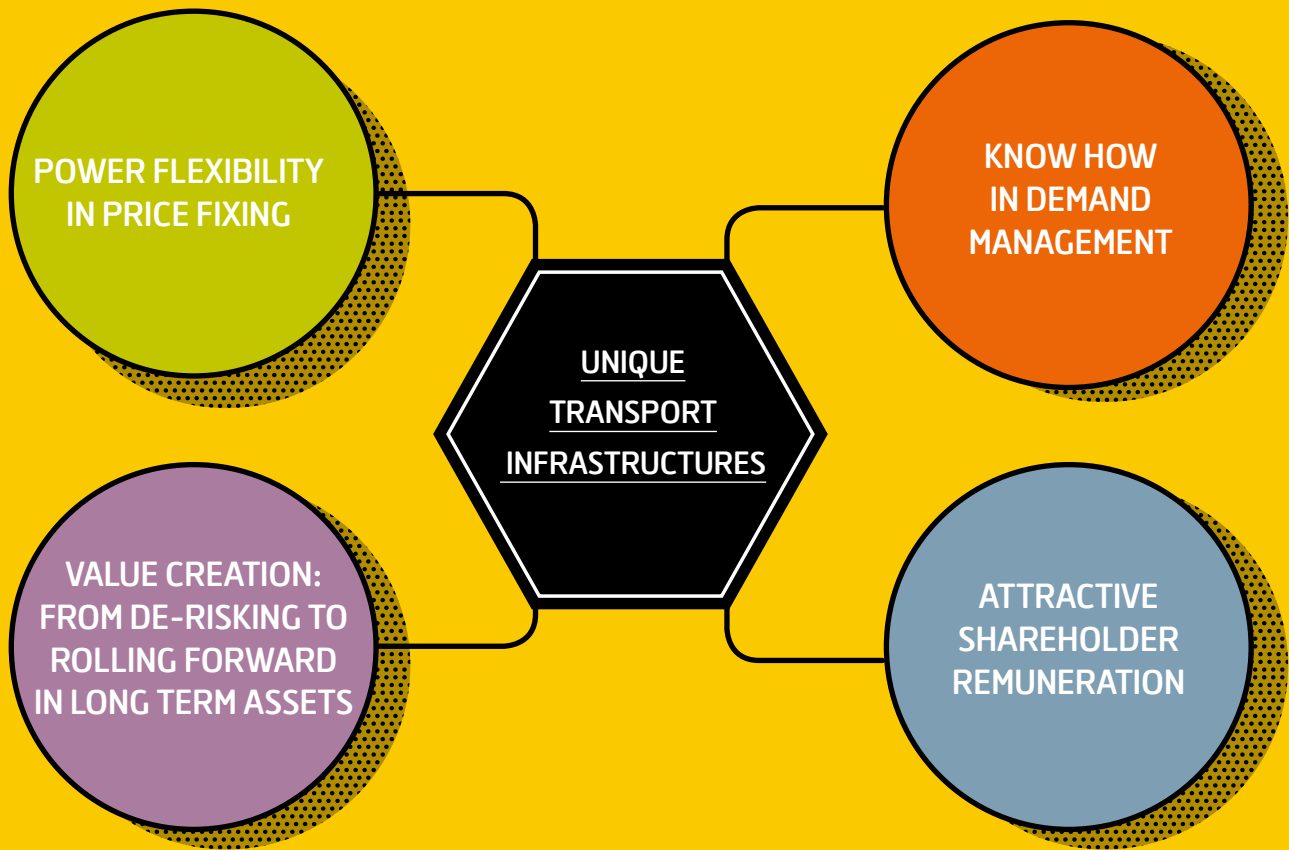
Ferrovial advocates diversity and inclusion in its workforce. It has employees from more than 110 nationalities. Managing diversity by promoting inclusion increases the profitability and sustainability of the company.

**EMPLOYEES FROM MORE  
THAN 110 NATIONALITIES**

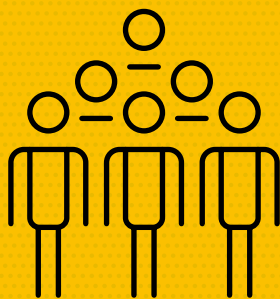


## REASONS TO INVEST IN FERROVIAL

FERROVIAL HAS CERTAIN ASSETS AND CAPABILITIES FOR THE DEVELOPMENT AND MANAGEMENT OF TRANSPORT INFRASTRUCTURES THAT REPRESENT A GREAT INVESTMENT OPPORTUNITY.

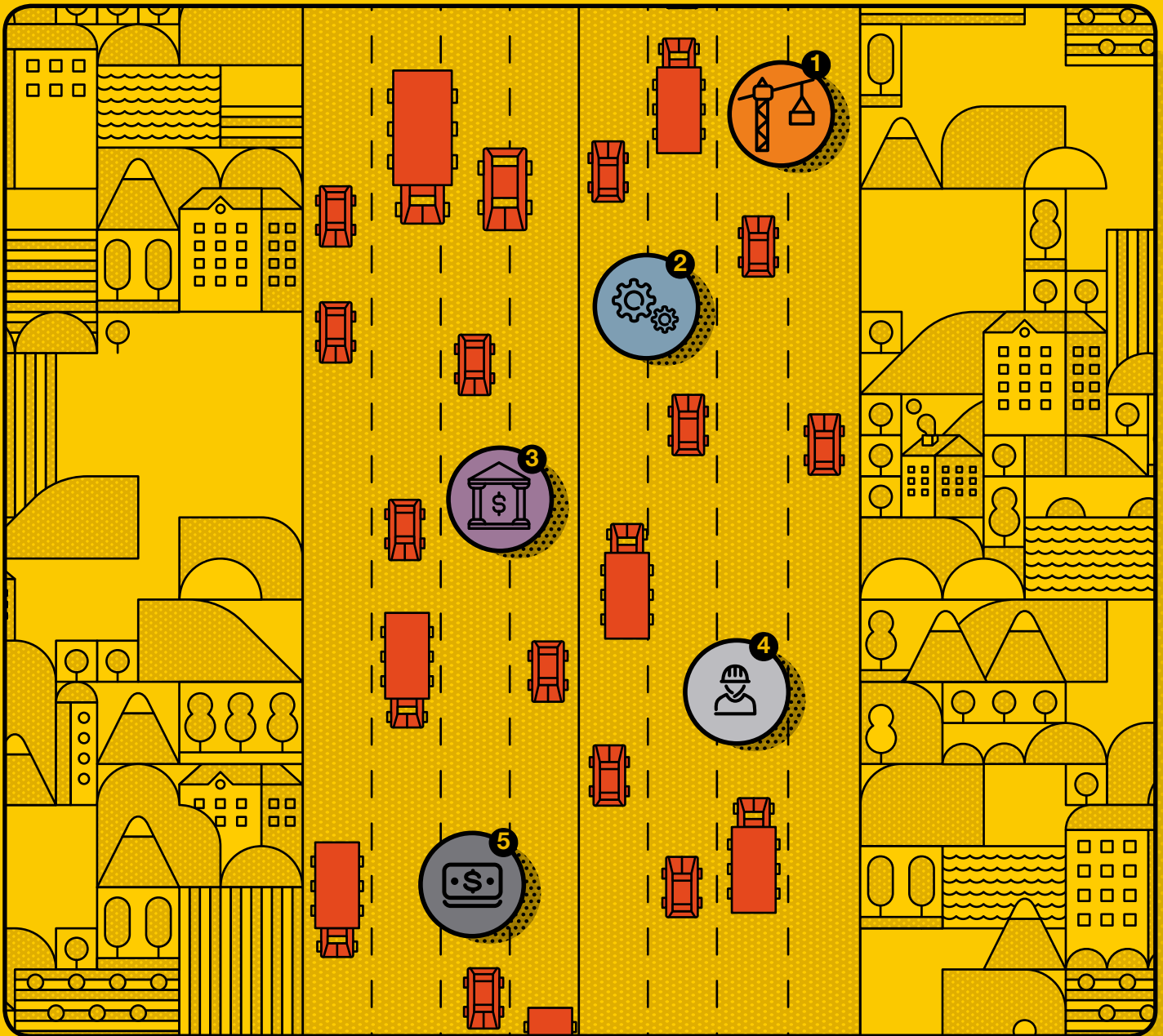


## COMPANY WITH VALUES



## PUBLIC-PRIVATE PARTNERSHIP BENEFITS IN THE UNITED STATES

AMERICA'S INFRASTRUCTURE NEEDS MODERNIZATION, BUT GOVERNMENT FUNDING ALONE CANNOT MEET THE REQUIRED INVESTMENT. THE AMERICAN SOCIETY OF CIVIL ENGINEERS (ASCE) ESTIMATES THERE IS A MORE THAN \$1 TRILLION DEFICIT IN TRANSPORTATION INFRASTRUCTURE FUNDING THROUGH 2025. BY PARTNERING WITH THE PRIVATE SECTOR, PUBLIC AGENCIES CAN BEGIN ADDRESSING THE IMMENSE INFRASTRUCTURE NEED IN THE U.S. PUBLIC-PRIVATE PARTNERSHIPS (P3s) ALLOW GOVERNMENTS TO EXECUTE LARGE, COMPLEX INFRASTRUCTURE PROJECTS YEARS SOONER THAN OTHERWISE POSSIBLE WHILE ALSO DECREASING RISKS FOR TAX PAYERS. P3S BRING AFFORDABLE, INNOVATIVE AND EFFICIENT SOLUTIONS THAT ENHANCE MOBILITY AND STIMULATE ECONOMIC DEVELOPMENT. FERROVIAL HAS HAD GREAT SUCCESS IN THE IMPLEMENTATION OF THE P3 MODEL, ESPECIALLY IN NORTH AMERICA.



1

### FASTER EXECUTION

P3s make it possible to identify construction efficiencies that allow a faster completion of the project.

2

### MORE INTELLIGENT INFRASTRUCTURE

The private sector provides access to state-of-the-art technologies and innovative design solutions that can result in significant cost savings and more efficient roadways.

3

### FREES UP PUBLIC FUNDS

By utilizing the P3 model, states can reallocate available public funds to address additional infrastructure needs and provide more mobility options.

4

### PUBLIC PROTECTION

The project risks are transferred to the private sector.

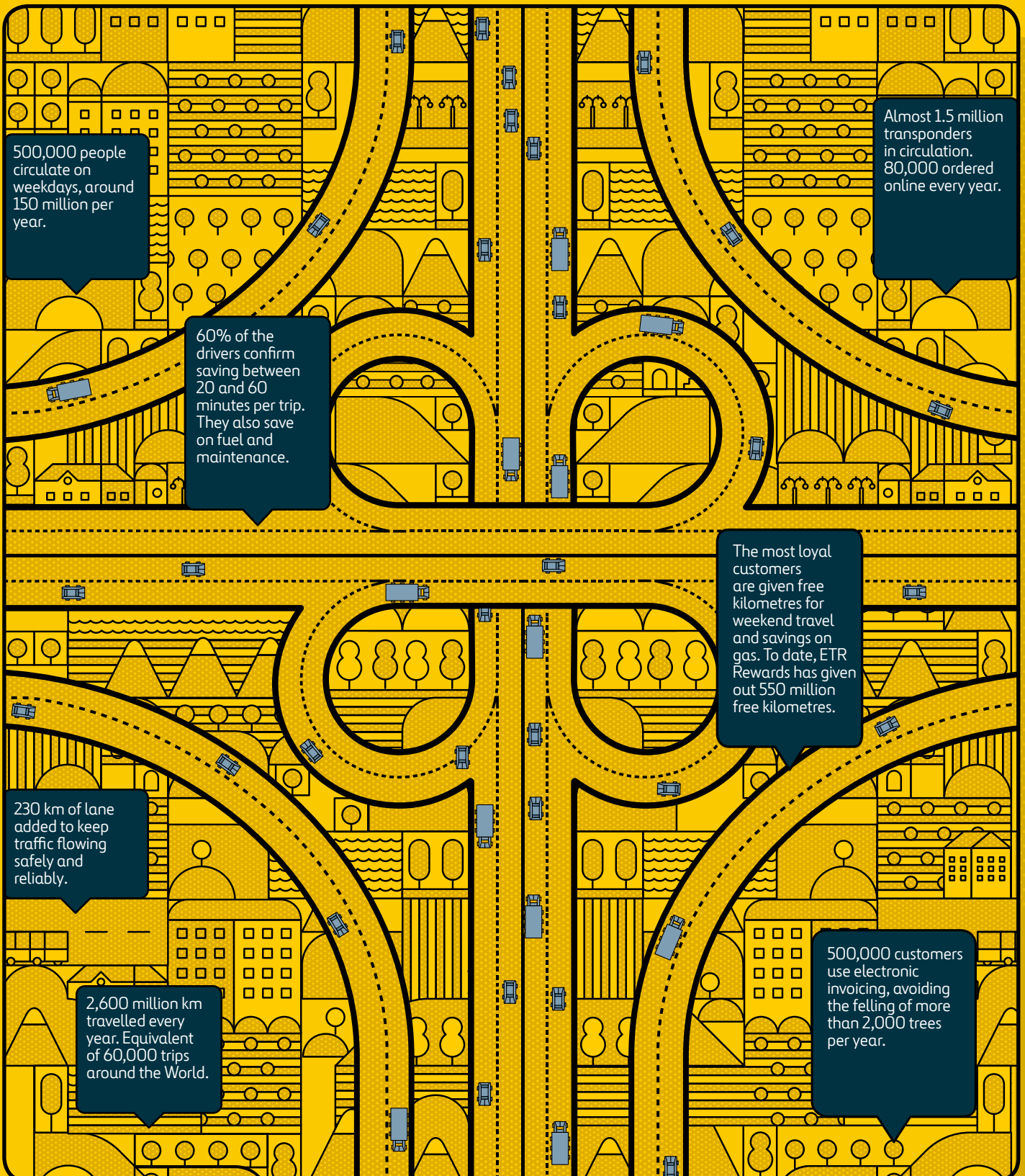
5

### ECONOMIC GROWTH

Large-scale infrastructure projects are completed years sooner than otherwise possible, generating job opportunities and fostering economic development.

**407 ETR. FAST. SAFE. RELIABLE**

FAST, SAFE AND RELIABLE ARE THREE OF THE ATTRIBUTES THAT ENCOURAGE OVER 400,000 TRIPS (MOVING MORE THAN 500,000 PEOPLE) ON THE TOLL ROAD IN TORONTO, CANADA EVERY DAY. IT IS THE FIRST FULLY ELECTRONIC TOLL ROAD IN THE WORLD WITHOUT BARRIERS AND RUNS 108 KILOMETRES EAST TO WEST ACROSS THE REGION. ITS TECHNOLOGY ALLOWS USERS TO ENTER AND EXIT WITHOUT STOPS OR DELAYS, HELPING DRIVERS WHO USE THE ROAD AVOID CONGESTION AND TRAFFIC JAMS. DRIVERS SAVE TIME AND GAS AND REDUCE THEIR CARBON EMISSIONS.







S T R A T E G Y

A N D

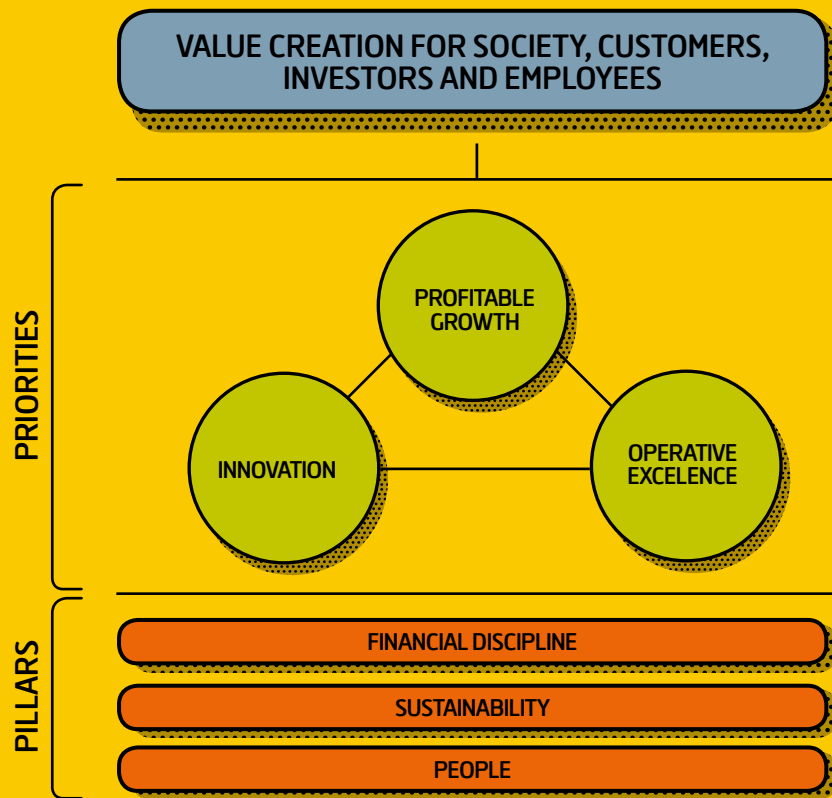
V A L U E

C R E A T I O N

Global vision | Toll roads | Airports | Construction | Services

PHOTO: waste treatment plant in Milton Keynes (United Kingdom).





## GLOBAL VISION

FERROVIAL'S VISION IS TO IMPROVE THE FUTURE THROUGH THE DEVELOPMENT AND OPERATION OF SUSTAINABLE INFRASTRUCTURES 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.

### BACKGROUND

Economic performance is positive in Ferrovial's priority markets:

- In the United States, it is expected that during 2018 both the infrastructure investment plan (>1 trillion dollars) and the effects of the tax reform will be finalized.
- In the United Kingdom, negotiations with the EU for the Brexit continue, while investment in infrastructure is reinforced (600 billion pounds for the next decade).
- In Spain, the Government has approved a 5 billion euros infrastructure plan for the next two years.
- In Australia, the Government approved an infrastructure investment plan of 50 billion Australian dollars (32 billion euros) during the period 2013-2020, with special focus on transport, defense and renewable energy sectors.
- In Canada and Poland, investment continues to be promoted through infrastructure plans.

**FERROVIAL FOCUSES ITS STRATEGY ON THREE KEY PRIORITIES: PROFITABLE GROWTH, INNOVATION AND OPERATIONAL EXCELLENCE AND REAFFIRMS ITS INTEREST IN TRANSPORT AND MOBILITY BY DEVELOPING PROJECTS SUCH AS MANAGED LANES, THE DENVER AIRPORT, OR THE LAUNCH OF ZITY TO OPERATE THE CAR SHARING BUSINESS IN MADRID.**

### OPPORTUNITIES AND CHALLENGES

In the current context, the main opportunities for business development are:

- Investment needs in infrastructures are still significant. Global investments of 3.3 trillion dollars per year are estimated until 2030\*, of which a significant part will be made in key markets for Ferrovial. In addition, the difference between the needs and the rhythm of investment, added to the budgetary restrictions of the Public Administrations, are an opportunity for the private sector.
- Technological development and digitalization improve the efficiency and productivity of operations. Technologies such as artificial intelligence, IoT, robotics and others facilitating interaction with end users, optimizing the use of infrastructures and developing new businesses.
- The growth of the population and the concentration in urban centers, which increase congestion both in cities and in accesses, demand new mobility solutions. Autonomous driving, vehicle sharing and electrification will affect both transport infrastructures and the mobility services demanded. The mobility of people and goods is

\*Bridging Global Infrastructure Gaps. McKinsey Global Institute, 2016

one of the main sources of CO<sub>2</sub> emissions. In this sense, it is important to design sustainable solutions to face challenges such as increased traffic and energy efficiency.

Meanwhile, the main challenges are:

- More competition in the infrastructure sector. Traditional companies have been joined by companies from emerging countries, mainly Asian, and financial investors who continue to increase their investment in the sector and technology companies developing new business models.
- Regulation and legal security are key factors and require active and efficient risk management, from contracting to the execution of projects.
- Economic environment. As mentioned, some geographical locations involve uncertainties that can affect the business.

## STRATEGY

With the aim of creating value for society and for its clients, shareholders and employees, Ferrovial focuses its strategy around three key priorities:

- **Profitable growth:** with an international focus on six priority countries: the United States, Canada, Australia, United Kingdom, Spain and Poland. In addition, it selectively develops its presence in other countries, taking into account criteria such as forecast investments, legal security and the level of development of the financial markets, among others. The presence of a group unit in a new country serves as a platform for the entry of new

businesses, generating economies of scale.

As far as sectors are concerned, the company continues to focus its activity on Highways, Airports, Construction and Services, with an industrial focus on complex projects and value-added services. Opportunities are also being explored in electricity transmission.

Ferrovial reaffirms its interest in transport and mobility by developing Managed Lanes projects such as the I-66 highway, Denver airport, the Zity launch to operate the carpooling business in Madrid, and the Western Roads Upgrade project, for the operation of highways in the west of Melbourne (Australia).

- **Innovation:** the company continues to promote an open innovation model with different external agents such as Public Administrations, research centers, large companies, startups and entrepreneurs, among others, encouraging the continuous exchange of solutions with the outside world. The main objective is the generation of sustainable competitive advantages to develop the operation in a more efficient and profitable way.

In this sense, the company uses new technologies to develop solutions such as dynamic real-time pricing on highways, the automation of passenger and employee traffic in airports and the use of IoT platforms for energy consumption management.

- **Operational excellence:** the quality of the executed projects and the services provided, the generation of recurrent cash and the efficient management of complex operations



PHOTO: Euroscut Azores Toll Road (Portugal).

remains essential to the offer of value-added solutions. In this connection, the development of tools such as the InSite project management system, makes it possible to maintain in-depth control over the progress of works.

Furthermore, to generate greater client and user satisfaction, the company is promoting initiatives such as automatic payment in satellite tolls and the design of optimal waste collection routes using artificial intelligence.


The development of the aforementioned strategic priorities is based on three basic pillars for the company:

- **People:** Ferrovial seeks to attract and retain the best talent, forming experienced teams committed to the company as part of a collaborative, flexible and inclusive working environment. The development of its human resources is key to facing challenges such as the internationalization, the constant innovation and the digital transformation of its activities. To develop digital capacities at the organization throughout 2017, the "Play the Future" project was launched, the goal of which is to familiarize employees with key elements of new technologies (such as artificial intelligence, Big Data, IoT, drones, etc.) and relevant topics to railroad activities, such as people's mobility in the future.
- **Financial discipline:** the basis of any Ferrovial activity and materialized in:

**FERROVIAL REAFFIRMS ITS INTEREST IN TRANSPORT AND MOBILITY BY DEVELOPING MANAGED LANES PROJECTS SUCH AS THE I-66 HIGHWAY, DENVER AIRPORT, THE ZITY LAUNCH TO OPERATE THE CARPOOLING BUSINESS IN MADRID, AND THE WESTERN ROADS UPGRADE PROJECT, FOR THE OPERATION OF HIGHWAYS IN THE WEST OF MELBOURNE (AUSTRALIA)**

- Comprehensive cost control and cash generation at all stages in each project.
- Asset rotation to crystallize the value of investments and fund future growth.
- Maintenance of an investment grade rating at corporate level to ensure low debt levels and competitive financing costs.
- The commitment to transparency with investors, shareholders, rating agencies and bondholders promotes a relationship of trust and allows continued access to financial markets at lower cost and with better terms.

- **Sustainability:** this is an important factor in the company's operation, which is reflected in the development of Corporate Responsibility projects and in the continuous presence in the main international sustainability indexes. The continued presence for 13 and 16 years in the FTSE-4Good and DowJones Sustainability Index, respectively, should be noted. In addition, Ferrovial focuses on improving and optimizing the safety of users of its infrastructures and of its employees. In this regard, the naming of Heathrow as the best airport in the world in terms of security by the International Airport Review is noteworthy.

In summary, Ferrovial is a global infrastructure operator whose objective is to maximize the creation of value for all its stakeholders. The company, which participates with an industrial approach in all phases of the infrastructure cycle, reaffirms its commitment to providing efficient and sustainable transport and mobility solutions. 





## THE WORLD IS MOVING, AND FERROVIAL IS AS WELL

Every minute, 70 aircraft take off around the world. Right now, 10,000 aircraft are flying, transporting 1.5 million people on board. The world is driven by curiosity and a new nomadism in which technology and collaborative economy make travel easier and cheaper. Autonomous, electric and shared cars will change land transport, just as the return of the bicycle is doing in large cities. Ferrovial is playing a part in this change. In both the search for new solutions under an open innovation scheme, as well as contributing with new solutions such as car sharing Zity, Bike BCN and autonomous vehicles such as Navya and POD at Heathrow and the Satelise and Viriato projects.







PHOTO: Terminal 2, Heathrow Airport, London (United Kingdom).

## TOLL ROADS

CINTRA IS A LEADER IN THE PRIVATE DEVELOPMENT OF TRANSPORT INFRASTRUCTURE, BOTH IN TERMS OF NUMBER OF PROJECTS AND THE VOLUME OF INVESTMENT. IT HAS 19,590 MILLION IN TOTAL MANAGED INVESTMENT, WITH TECHNOLOGICALLY INNOVATIVE PROJECTS AND HIGH QUALITY STANDARDS.

### BACKGROUND

Cintra develops its activity in predictable institutional markets, with good economic prospects (North America, Australia, New Zealand, Europe, Colombia, Chile and Peru), and a high need for transport infrastructure, especially those that solve traffic congestion problems in urban areas (complex greenfield concessions) and that have freedom of pricing. It should also be mentioned that in built and mature projects (brownfield), the competition of infrastructure and pension funds is growing. The more than 50 years of experience accumulated in the sector, together with the synergies that it presents together with Ferrovial Agroman, make Cintra a company with a high potential for creating value and strong 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 Managed Lanes NTE and LBJ toll roads in Texas (USA), respectively. These assets operate as free-flow tolls (without barriers) and are notable for their long duration and broad toll rate flexibility. In the Managed Lanes, the toll rates are dynamic, adjusted according to congestion levels, always guaranteeing a minimum speed for drivers.

### VALUE CREATION

#### Risk reduction or "de-risking"

The price of a concession is determined by a number of factors, including the rate of return (IRR) at which it is tendered, which is the result of adding a risk premium to the risk-free rate that takes into account the risks assumed by shareholders when they invest in the concession (mainly construction, finance, operation and traffic). Subsequently, as the concession progresses, Cintra reduces or eliminates those initial risks, thus decreasing the risk premium and progressively increasing its value. This value creation process does not require any improvement over the forecast volumes, but compliance with the initial estimates.

Thus, **NTE** and **LBJ**, inaugurated in 2014 and 2015, respectively, have reached the original revenue forecasts. Although they are still in the ramp-up period, they have already reduced a significant part of the operational risks. Another example is the I-66 toll road, in Virginia (USA), which has already reached financial closure, thus eliminating this risk.

#### Operational and financial efficiencies

Cintra seeks to maximize operating cash flows through efficient management, innovation and the search for synergies

### CONCESSIONS

26  
ASSETS IN 10  
COUNTRIES

### KILOMETERS

2,078

### DIVIDENDS

277 M€  
28% OF THE TOTAL  
FLOW (EX-INFRA)

with its other toll roads always guaranteeing user satisfaction. Cintra contracts financing that optimizes returns for the shareholder and adapts as much as possible to the cash generation of the project.

In 2017, Cintra closed the financing of the Western Roads Upgrade project in Melbourne (Australia) with a total debt of 665 million Australian dollars, of which 400 million came from a long-term private placement to institutional investors (USPP). It is the first time in Australia that a toll road under P3 format with construction risk has been financed in the long-term capital market.

In order to estimate and optimize traffic and revenue, Cintra uses Big Data techniques to better understand congestion problems and driver behavior, with a dual objective:

- **Improve reliability and reduce the estimation period of traffic and revenue in new projects:** this allowed it to carry out several feasibility studies of new Managed Lanes projects in 2017 and present innovative solutions to the Administrations in record time and at minimum cost, helping to develop a pipeline of opportunities for this type of investment. They identify, for example, congestion and travel patterns in the corridor by analyzing traces of vehicles with GPS. This makes it possible to know the levels, the places of congestion and the movements of the users with enormous reliability, and to identify initiatives to improve connectivity, increasing catchment -and therefore the income and the feasibility- of each project.
- **Optimize rates to efficiently manage the projects in operation:** the 407 ETR followed the strategy initiated in 2016 to optimize the pricing policy by segment and direction according to the Big Data traffic analysis, of the toll road itself and its alternative route.

#### Renegotiation of contracts

In the long life of concession and finance agreements, it is normal for modifications to be renegotiated as a result of the changing needs of the public authorities, variations in the characteristics of the corridors, or the situation of the financial markets. In these cases, Cintra proposes solutions that improve the risk profile of the asset and/or its generation of cash flows for the shareholder.

#### High-complexity greenfield projects

Cintra focuses primarily on complex greenfield projects due to their high value creation potential (better rewarded for higher risks), their high pipeline potential (they are an economically efficient solution for congested corridors and

have a good political acceptance) and their great competitive advantages.

This is seen in the I-66 toll road (Virginia, USA) a highly technical Managed Lanes project with a high concession value, whose financing was recently closed with a total debt of more than 2,000 million dollars, with average maturity close to 40 years and average cost of around 3.2%.

#### Turnover of mature assets

After reducing risks, the value created is materialized with the sale of mature projects, using the income obtained to invest in new assets with a higher potential for profitability.

In 2017, Cintra closed the transmission of 49% of the **Via do Infante** toll road and 51% of **Norte Litoral**, both in Portugal, with the Dutch infrastructure fund DIF, for 161 million euro. As a result, Cintra has become the owner of 48% and 49% respectively, remaining as a reference industrial partner.

#### Company: socially responsible infrastructures

Due to their high level of complexity, innovation and efficiency, the projects developed by Cintra offer sustainable solutions that improve congestion in big cities, reduce pollution, decrease the number of accidents, raise user satisfaction and contribute substantially to improve people's quality of life.

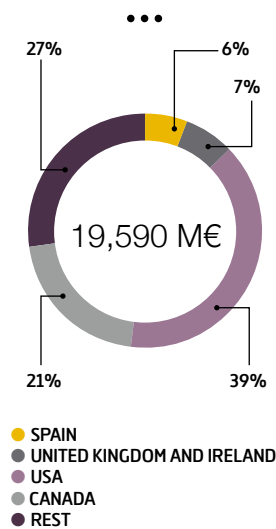
In Dallas, Texas (USA), Ferrovial successfully took on several projects with the enormous engineering challenge of creating new roads in one of the busiest and fastest growing areas of the country, while maintaining existing toll roads open to traffic. The Managed Lanes, with their dynamic traffic management, have improved the traffic conditions not only for their users but also for the users of the free lanes: the volume of traffic throughout the corridor has increased by up to 40%, the daily congestion hours have been reduced by more than 60%, and the average speed has increased by up to 15%.

**THANKS TO THE MANAGED LANES, TRAFFIC VOLUME HAS INCREASED BY UP TO 40%. CONGESTION HOURS HAVE BEEN REDUCED BY MORE THAN 60% AND THE AVERAGE SPEED HAS INCREASED 15%**

#### Users: customized service

Customer satisfaction is a priority for Cintra. In 2017, the customer service of the 407 ETR managed 2.5 million customer requests and sent more than 20 million invoices with satisfaction levels of over

#### MANAGED INVESTMENT



83%. This earned its call center the World Class Call Center in 2017 awarded by the SQM agency.

#### Employees: supporting merit

Cintra promotes a culture of merit both in the internal professional or geographical mobility of employees and in their professional development. In 2017, 12% of the workforce structure was able to change position or location, and one out of every five people from the team are currently working on an international assignment. Additionally, 34% of employees have had an international assignment during their professional career in the company.



#### THE IMPACT OF NEW TECHNOLOGIES

Cintra is promoting three lines of research at the Center for Transportation Research at the University of Texas (Austin, USA). The aim is to analyze the potential impact of new transport technologies on the business and take better advantage of the opportunities they offer. These lines are: the ride-hailing and car sharing services; the adaptation of roads for the use of autonomous and connected vehicles; and the foreseeable impact on congestion, due to the coexistence of autonomous and conventional vehicles in upcoming decades.



#### FINANCIAL CLOSURE OF TOLL ROAD I-66

Cintra has reached the financial closure of the I-66 toll road (Virginia, USA), a concession awarded in 2016 of 35 kilometers of highly complex Managed Lanes with a high concessional value, with an investment of 3,550 million dollar. To finance the investment, Cintra has used an issue of 737 million dollar in Private Activity Bonds (PABs), with a return of 3.92% and maturities between 2047 and 2056. The issue was oversubscribed more than 4.9 times. In addition, Cintra closed a TIFIA loan for an initial amount of 1,229 million dollars maturing in 2057. The total debt (PABs and TIFIA) has obtained a BBB rating by Fitch Ratings and Baa3 by Moody's.



**VIDEO: CINTRA, 20 YEARS MAKING HISTORY**  
Click on this link for more information



## AIRPORTS

FERROVIAL AIRPORTS, ONE OF THE LEADING INVESTORS AND OPERATORS OF PRIVATE AIRPORTS IN THE WORLD, HAS A PORTFOLIO COMPOSED OF FOUR AIRPORTS IN THE UNITED KINGDOM: HEATHROW, GLASGOW, ABERDEEN AND SOUTHAMPTON. AT THE END OF 2017, THE GREAT HALL PROJECT WAS AWARDED AT THE DENVER INTERNATIONAL AIRPORT, WHICH ENTAILS A CONCESSION CONTRACT FOR THE REMODELING AND COMMERCIAL OPERATION FOR 34 YEARS OF THE MAIN TERMINAL OF THE AIRPORT.

### PASSENGERS

93  
MILLION

### DIVIDENDS RECEIVED (M€)

237

24% OF TOTAL FLOW  
(EXCL. INFRA.)



### HEATHROW EXPANSION

...

In 2017, Heathrow Airport continued to work on the expansion project, having received the support of the Airports Commission and the British Government as the best alternative to increase airport capacity in the United Kingdom. In February, the British Government released the first draft of the National Policy Statement.

After a consultation period, the final version of the plan that will be presented to the British Parliament for approval in the first half of 2018 will be agreed upon.

### BACKGROUND

The upward trend in the number of public-private partnership projects (P3s) at US airports has been one of the great milestones that have marked 2017. Ferrovial Airports has taken advantage of the new opportunities and will continue to strengthen its capabilities and positioning in the country to be able to win new projects that will foreseeably arise during the coming years.

Meanwhile, in 2017, it once again saw a positive trend in the growth of the number of passengers worldwide. To this day, the Brexit has not had a negative impact on the activity of British airports. Ferrovial Airports is closely following the progress of this process, with the aim of optimizing the possible impacts on the assets that the business has in the country.

### MAIN ASSETS

Ferrovial Airports is the main shareholder of Heathrow Airport, the largest airport in Europe, with a 25% share. It also owns 50% of the Aberdeen, Glasgow and Southampton airports (grouped under the AGS brand). In total, these assets have served more than 93 million passengers this year. There are 81 airlines operating at Heathrow Airport that offer flights to 204 destinations.

The strategy in the asset portfolio is to maximize its value creation. In particular, since the acquisition of AGS, the focus has been on profitable growth, optimizing investment in airport capacity, increasing passengers with new routes and diversifying airlines and maintaining operational excellence and improving service quality.

### VALUE CREATION

#### A comprehensive service

The integrated approach with the Group's Construction and Services, together with the experience in management and financing capacity of Ferrovial Airports, generate unique capabilities in tender processes. This has been one of the key elements for the award of the Great Hall project contract at Denver International Airport, which combines the construction experience of Ferrovial Agroman with the operational and financial capabilities of Ferrovial Airports.

#### Operational excellence

Ferrovial Airports aims for the highest efficiency in operating costs and the financial structure of its assets, together with commercial initiatives that imply an increase in revenues.

During 2017, a 3.1% growth in traffic at Heathrow, together with the expense control policy, allowed the gross operating result to increase by 4.6%. The renegotiation of contracts such as NATS, together with the efficiencies achieved in personnel expenses absorb the increase in expenses due to the growth of passengers while maintaining the high level of service. Likewise, the commercial revenue from the airport has benefited from the depreciation of the pound since 2016, and the impact of the renovation of the commercial area of terminals T4 and T5.

At AGS, the 10.7% improvement of the gross operating result in 2017 was possible thanks to the combination of traffic growth and the improvement of commercial revenue per passenger at the three airports. This improvement in profitability is mainly due to the refurbishment of the Aberdeen terminal, the new Glasgow passenger access fee and the renegotiation of the contract in the Glasgow parking lot.

AGS also completed the refinancing of the acquisition debt in the first quarter of 2017, two years after the acquisition process. The new debt optimizes the financial structure of the company and extends the terms. As a result of this refinancing, an extraordinary distribution of 75 million pounds was made to its shareholders.

#### Commitment to innovation and the environment

Innovation is one of the key elements of the value proposal. In the last year, Ferrovial Airports has launched a large number of innovative projects:



- **Robird:** a pioneering pilot project in the United Kingdom in which a drone in the shape of a bird, and which flies like a bird, scares off birds that fly over runways, reducing the risk of contact in the landing and takeoff of aircraft and in general operations on airport runways.
- **Autonomous vehicle:** at Heathrow Airport, pilot tests were carried out with autonomous vehicles for transporting passengers and employees in its terminals.
- **Airport Centre of Excellence:** in mid-2017, Ferrovial Airports signed a collaboration agreement as sole private operator of the first Airport Centre of Excellence, launched by Lion & Gazelle. The aim of the center is to identify trends in operations and technology applied to airports and develop innovative solutions and good practices in the processes.

#### Passengers: user experience

The quality of service and continuous improvement of operations are keys for Ferrovial Airports. This effort is reflected in the rating obtained in the Airports Council International (ACI) passenger satisfaction surveys and the numerous awards that recognize this focus.

The Transport News magazine has recognized Ferrovial Airports as "Best Airport Portfolio Manager in Europe" in its latest edition of the 2017 Air Transport Awards.

In Heathrow, 82% of passengers rate their experience at the four airports as either "very good" or "excellent", according to

#### ASQ\* HEATHROW

4.2

OUT OF 5

#### ASQ\* GLASGOW

4.1

OUT OF 5



**VIDEO: FERROVIAL AIRPORTS**  
Click on this link for more information

the Independent Airport Service Quality Survey conducted by ACI. In addition, the airport continued to receive recognition for its high service standards ("Best Western European airport" for the third consecutive time and "Best airport to go shopping" for the eighth consecutive time in the Skytrax 2017 awards).


#### Employees: mobility and diversity

The company is committed to the professional development of its teams through training and functional and geographic mobility programs. In 2017, 15% of the teams worked on some type of mobility or temporary assignment. It is also a line of business that is committed to diversity, since 38% of employees are women.

#### Society: committed to the community

Ferrovial Airports has a firm commitment to the sustainable growth of its assets and with its local communities.

Heathrow Airport launched the "Heathrow 2.0" sustainability plan at the start of 2017 with the aim of reducing the environmental impact of aviation while optimizing growth opportunities in the United Kingdom.

In 2017 Heathrow launched the Green Car Scheme to encourage employees to change their car to a low-emission one, and became one of the first ten members of the EV100, a global initiative to bring together the companies most committed to the transition to electric vehicles. 



#### GREAT HALL PROJECT (DENVER)

...

In 2017, the consortium led by Ferrovial Airports was awarded the Great Hall project to carry out the remodeling and commercial operations of the main terminal, Jeppesen Terminal, at Denver International Airport, for a period of 34 years. Ferrovial Agroman, together with Saunders, a local construction company, will be responsible for carrying out the refurbishment of more than 70,000 m<sup>2</sup>, which is a 650 million dollar investment.

## CONSTRUCTION

FERROVIAL AGROMAN IS ONE OF THE WORLD LEADERS IN THE CONSTRUCTION OF MAJOR TRANSPORT INFRASTRUCTURES. IT IS ALSO RECOGNIZED FOR ITS ABILITY TO EXECUTE ALL TYPES OF CIVIL ENGINEERING, INDUSTRIAL, BUILDING AND WATER PROJECTS.

### ORDER BOOK (M€)

11,145

88% INTERNATIONAL  
+23% GROWTH VS.  
2016

### SALES (M€)

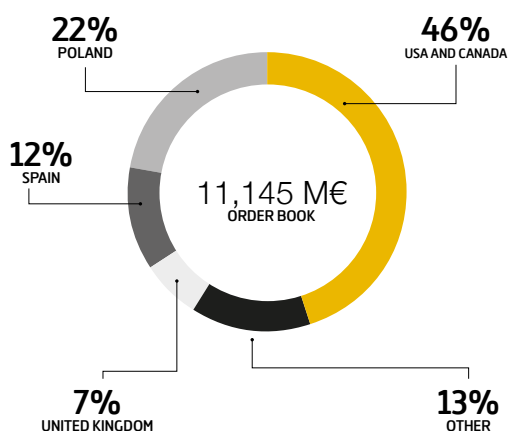
4,628

83% INTERNATIONAL  
+10% GROWTH VS.  
2016

### CONTRACTING (M€)

7,050

91% INTERNATIONAL  
+69% GROWTH VS.  
2016



Its technical leadership is backed by more than 540 km of tunnels, 20,000 km of roads (including 4,600 km of highways), 5,300 km of railroads (including 1,000 km of high speed railroads) and more than 40 airports.

### BACKGROUND

Ferrovial Agroman focuses its activity on the international market, which is characterized by a strong competition from global construction companies and local companies. Its differential strategic approach with other competitors concentrates the activity in large selected countries, with developed economies, a firm commitment to modernize their infrastructures and large projects that are technically and administratively complex. These countries offer a tangible and growing pipeline of more than 150,000 million euro.

In key markets in the **USA and Canada**, there will be a strong increase in investment in transport infrastructures, especially in privately financed projects where Ferrovial, with Ferrovial Agroman as the constructor, is one of the leaders. The support of the Federal Governments and the growing investment initiative of the states/provinces will give continuity to major awards such as I-66 Toll road (Virginia, USA) for 1,900 million euro, the largest of 2017 for Ferrovial Agroman.

**Poland** continues to present a favorable outlook, with the recovery of the civil works bid in 2017 and the Government's extension of the provision and execution period of the long-term investment plans in roads and railroads.

In **Spain**, although activity continues to slow down with only a certain improvement in private construction, the Government's launch of the Extraordinary Plan of Investment in Roads, with an expected investment of 5,000 million euro, means that the future can be faced in a more positive light.

### VALUE CREATION

**Exceptional and complex projects, with broad diversification between sectors.** The company specializes in highly technical projects, standing out from its peers through the experience and international presence of its Technical Office, focused on the search for optimal engineering solutions for each client and project. Among other milestones, in 2017, the tunneling works were completed at the Northern Line Extension of the London Underground, for which the Ground Engineering Award for technical excellence has been received for the improvements in cost and safety compared to conventional methods.

The sectorial diversification of Ferrovial Agroman makes it possible to undertake very different types of civil, industrial and building projects, expanding the potential market. As shown, in 2017, Budimex, which was already the overall leader in road construction in the sector in Poland, managed to position itself among the main railroad contractors, with the award of six large contracts worth over 500 million euro.

**Selective internationalization.** The international focus is on increasing presence in markets of the USA, Poland, the United Kingdom, Australia and Canada, as well as Spain, the home market, persevering with the strategy defined in recent years. It is also present in stable countries in Latin America such as Chile, Colombia and Peru, for large projects in which differential added value is generated.

Based on this strategy, bidding is avoided in new countries of lower interest, except for exceptional one-off cases in projects with limited competition and risks, together with local leaders and in OECD countries.

The strong investment in infrastructure and good profitability obtained by the company motivated Ferrovial Agroman to increase its commitment to the USA, doubling its order book in 2017. The

awarding of a section of the Grand Parkway bypass in Texas for almost 800 million euro, where Ferrovial Agroman and its subsidiary Webber are leaders in civil works; I-66 Toll road in Virginia, and the remodeling of the Denver Airport terminal in Colorado for more than 500 million euro are all noteworthy.

#### **Risk management, financial discipline and cost control.**

The Construction business is characterized by high volumes and tight margins, so correct selection of projects and optimal risk management are key, both at the bidding and execution stages. In the first phase, countries with legal certainty are chosen, with projects where competitive advantages and expert partners can be a determining factor, limiting errors in price, deadlines and contractual conditions, which are difficult to mitigate subsequently in the execution phase.

Cost control and planning of the project is essential at Ferrovial Agroman. It has developed proprietary tools such as the InSite project management system, which provides quick and flexible control, with the necessary level of detail.

Ferrovial Agroman has maintained a high profitability in EBITDA in recent years, with a high cash conversion. In 2017, due to the execution of projects in the initial phases, the lower weighting of toll road concession contracts, market competitiveness and the impact of two projects already completed in Colombia and the United Kingdom, EBITDA has fallen to 4.3%, which remains favourable. In the future, the usual strategic discipline will be maintained, redoubling, if possible, the effort in a correct selection of projects and preserving the criterion of concentrating on profitability versus volume.

**Clients: integrated approach.** The collaboration with the rest of Ferrovial's businesses, due to the high technical complexity of the projects in which it is jointly tendered, allows us to offer an integrated solution that provides added value for clients, maximizes the competitiveness of the bids and facilitates compliance with the profitability and cash management targets.

In addition to the relationship with Cintra, there are growing opportunities with Ferrovial Airports, such as the award in 2017 of the remodeling of the Jeppesen terminal at Denver International Airport, which will cover more than 70,000 m<sup>2</sup>.

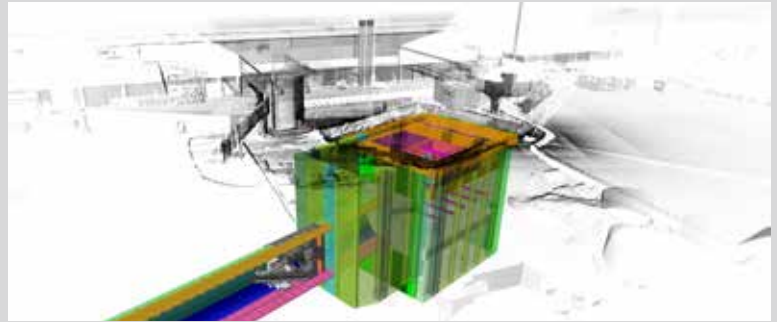
#### **Innovation as a motor for continuous improvement.**

Ferrovial Agroman participates in various research projects with prestigious institutions such as MIT, the European Institute for Technology, the CDTI and the European Commission. The latter finances the Transforming Transport project of the Horizon 2020 program, which will improve the mobility and logistics models through the use of Big Data, applied by Ferrovial Agroman in the Córdoba-Málaga high-speed rail corridor. The ACCEPT Project is noteworthy due to its application in the execution of works. Its multi-device technological platform, which includes smart glasses, will make it possible to control the production process in building works.

**Employees: talent management.** The essential factor for success is the human factor. The company stands out due to the experience, mobility and professional value of its teams, adding local and technical know-how with new contracts. Therefore, Budimex has been recognized as the Responsible Employer of 2017 for



**VIDEO: ERQUES VIADUCT** Click on this link for more information



## **LEADER IN THE IMPLEMENTATION OF BIM TECHNOLOGY**

...

Ferrovial Agroman has implemented this work methodology in all the geographical areas in which it has a presence, applying it to different types of work, both in construction and civil works, enabling the integral management of the life cycle of buildings and infrastructures. Crossrail Farringdon, Northern Line Extension, Thames Tideway and the Harwood Bridge are good examples of the successful use of BIM (Building Information Modeling) in highly complex projects.

It should be noted that Ferrovial Agroman Australia has been certified by the British Standard Institute (BSI) in the use of BIM Level 2, thus following the strategy initiated in previous years by the United Kingdom, where the use of BIM is mandatory for public works projects in terms of certification.



## **GRAND PARKWAY PROJECT (TEXAS, USA)**

...

The project consists of the design and construction of 85 kilometers of the Grand Parkway in Houston, the largest urban bypass in the US, for 790 million euro. The client, Texas Department of Transportation, will manage it as a toll highway after the completion of the work. Its execution represents a unique technical challenge, with 74 new bridges, 75 million m<sup>3</sup> of land moving and the relocation of connections for 10% of the total budget, after expropriating 375 plots in a planned period of two years.

its human resources and talent management policy. It should be noted that two Ferrovial Agroman engineers were awarded Best Women Contractor and Best Young Women in Construction at the 2017 European Women in Construction Awards.

#### **Society: quality, safety and environmental impact.**

Commitment to quality, the community and the environment is a priority, with various public recognitions such as those received by the two largest toll roads in execution in Australia: Warrell Creek with five Australian Business Awards for Innovation and Sustainability, and Towoomba with the "Land Routes" Power of Works and Projects award.

Ferrovial Agroman believes that new standards of performance, technology and safety measures can be developed through innovation, contributing to the achievement of the Target Zero accident goal. In 2017, Webber was awarded by Associated General Contractors of America for its safety record in Texas. 



## SERVICES

FERROVIAL SERVICES IS AN INTERNATIONAL BENCHMARK IN THE DESIGN AND PROVISION OF SERVICES THAT IMPROVE THE EFFICIENCY, FUNCTIONALITY AND SUSTAINABILITY OF INFRASTRUCTURES AND CITIES.

### BACKGROUND

The operating environment in which Ferrovial Services carries out its activities shows its particularities according to the geographical area in which it works.

The **United Kingdom** reduced its rate of growth in 2017, even though the labor market has recorded close to full employment. In this context, the ability of Public Administrations to increase their spending levels remains limited, so the pressure is maintained on margins and the limited number of opportunities available in the market.

In the case of **Australia and New Zealand**, their favorable economic situation continues to drive the growth of the market of services related to infrastructures, whose attractiveness explains the recent strengthening of the sector. Australia has announced plans to boost investment in transport infrastructure, government/defense and renewable energy. The prospects of the oil, gas and mining sectors are positive because of the upward trend in the prices of natural resources.

**Spain** has confirmed its macroeconomic improvement, although the continuation of fiscal consolidation policies and political uncertainty have led to lower bidding activity in the public sector. Ferrovial Services Spain has continued to strengthen its profitable development through programs for the continuous improvement of its operations, optimizing processes and integrating technology. With regard to growth, the company expects to capture the greatest dynamism of new customer profiles such as the industrial sector (for example, high added value logistics services) and the offer of services to citizens (for example, shared vehicles).

Activities in **other countries** in which Ferrovial Services operates through the International business unit (United States, Canada, Poland, Chile and Qatar) have performed well. This is the case of the United States and Canada, markets in which Ferrovial Services entered with the acquisition of Broadpectrum and where a new organization was consolidated

### VALUE CREATION

The aspect that sets Ferrovial Services apart is based on a design of innovative financially attractive solutions, as well as operational excellence in its provision. This is achieved through collaboration with clients, the integral vision of the life cycle of infrastructures, the intelligent application of technology and the transfer of knowledge developed in its geographical areas and sectors of activity. This value proposal fits The aspect that sets Ferrovial Services apart is based on a design of innovative financially

#### REVENUES (M€)

7,069

73%  
INTERNATIONAL

#### ORDER BOOK (M€)

20,918

75%  
INTERNATIONAL

#### OPERATING CASH FLOW (M€)

396

40% OF THE TOTAL  
EX-PROJECTS  
BEFORE TAXES

attractive solutions, as well as operational excellence in its provision. This is achieved through collaboration with clients, the integral vision of the life cycle of infrastructures, the intelligent application of technology and the transfer of knowledge developed in its geographical areas and sectors of activity. This value proposal fits in perfectly with the growing demand for more efficient and sustainable infrastructures and cities.

Ferrovial Services bases its strategy on the following pillars:

- **Continuous improvement of profitability and cash generation** to provide attractive returns to shareholders and support the financing of capital intensive businesses. The main levers to achieve this objective are the restructuring of or exit from unprofitable contracts, operational excellence and focusing on the most attractive tenders in terms of profitability and risk.

Thus, in 2017 the first phase of the "Fit 4 the Future" cost reduction program in Amey was completed, including the reduction of the workforce of more than 850 people and the rationalization of the contract portfolio, leaving contracts as in the case of Liverpool City Council or Affinity Water, with the purpose of reaching the target margins.

Also Broadpectrum, which in October 2017 finished the contracts in the immigration centers according to the plans announced at the time of their acquisition,



### OPTIMIZATION OF WASTE COLLECTION ROUTES

...

In 2017, Ferrovial Services intensified the integration of new technologies in its operations to optimize its economic, environmental and social contribution for the benefit of clients, employees and society in general. A good example is the application of data analytics to urban services, put into practice in the collection service of recyclable materials in Granada, in collaboration with the City Council and Cisco. Using an infrastructure based on the Internet of Things (IoT), with sensors installed in more than 400 containers, an analytical platform optimizes the cost and environmental footprint of the fleet through the dynamic design of routes based on variables such as container filling or weather conditions.

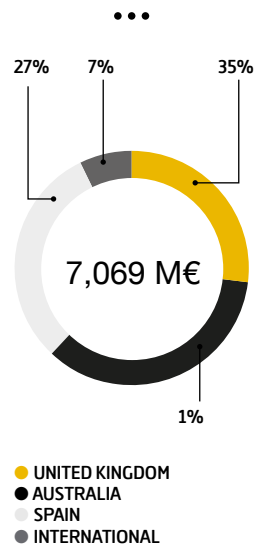


**VIDEO: FERROVIAL SERVICES**  
Click on this link for more information

has optimized its cost structure including a reduction in personnel, has undertaken the restructuring of contracts with low profitability and is positioning itself to take advantage of opportunities in its priority markets: transport, administration / defense, urban infrastructures and natural resources.

- **Concentration in current geographical areas** to achieve and consolidate leadership positions in services and sectors of activity with greater opportunities for differentiation. The markets in which Ferrovial Services currently operates are an optimal platform to offer state-of-the-art solutions while acquiring new capabilities. A good example of growth in a strategic country, capitalizing on differential capabilities such as local knowledge and experience in managing the life cycle of assets is the OSARs West contract for 20 years maintenance of the road network in the western area of Melbourne, Australia, resulting from the collaboration between Cintra and Ferrovial Services, which includes a significant portfolio of services for Broadpectrum and for Amey.
- **Innovation**, through which the company pursues the development of service models that improve the efficiency and quality of life of citizens. With the aim of implementing its business model in line with a new global scale after the acquisition of Broadpectrum, Ferrovial Services has created a new Innovation and Change Division, responsible for the innovation strategy, the coordination of the activities of Competence Centers and the identification and management of transversal initiatives for operational improvement and capability transfer.

### REVENUES BY BUSINESS UNIT



An example of an innovation program initiated in 2017 is the development in Oxfordshire, United Kingdom, of a prototype of autonomous vehicle with sensors designed to support activities in the urban environment such as asset inspections, waste collection or road maintenance.

- **Replicate best practices** to offer the best offer of services to the client. To move forward with this objective, Ferrovial Services has identified its differential capabilities, has enabled the geographical mobility of more than 100 internal managers and experts and has promoted the development of the company's five Competence Centers (Asset management, Cities, Energy and Facility Management, Environment and Natural Resources). This contribution of skills is especially relevant in new geographical areas such as North America, where resources and specialized knowledge in road maintenance have been transferred.
- **Zero operating accidents** to ensure the safety and well-being of employees and the communities in which it carries out its activities. To do so, programs of awareness and exchange of best practices have been implemented and new technologies applied in operations. For example, in 2017 workers at Amey environmental services in Wolverhampton participated in a program to measure physiological parameters with devices integrated into smart vests. The conclusions made it possible to identify actions to reduce stress and make the development of work healthier.



### LAUNCH OF THE ZITY CAR SHARING SERVICE (MADRID)

...

The transformation of urban mobility opens up opportunities for Ferrovial Services to promote new business models, technologically focused and interactive with citizens, which improve the efficiency and sustainability of cities. Ferrovial Services is developing these new capabilities through practical experimental methodologies, knowledge of other Ferrovial divisions and alliances with external agents with complementary capabilities. A good example of Ferrovial Services' commitment to urban mobility is Zity, a carsharing service that operates in Madrid in collaboration with Renault. Zity was launched in December 2017 with an initial fleet of 500 electric vehicles fully recharged with renewable energy and zero emissions.

## ***MANAGED LANES* AGAINST URBAN CONGESTION**

By 2050, it is anticipated that around 6,000 million people will live in urban environments, with dozens of cities having populations of more than 10 million inhabitants. The traffic jams are already, and will be even more of a problem regarding loss of time, environment and deterioration of quality of life. Ferrovial, with Cintra, has found a new, sustainable and efficient solution. They are Managed Lanes, already implemented in Texas and soon in Virginia. Based on barrier-free tolls with dynamic charging, they guarantee speed, safety and an improvement for the environment for drivers.

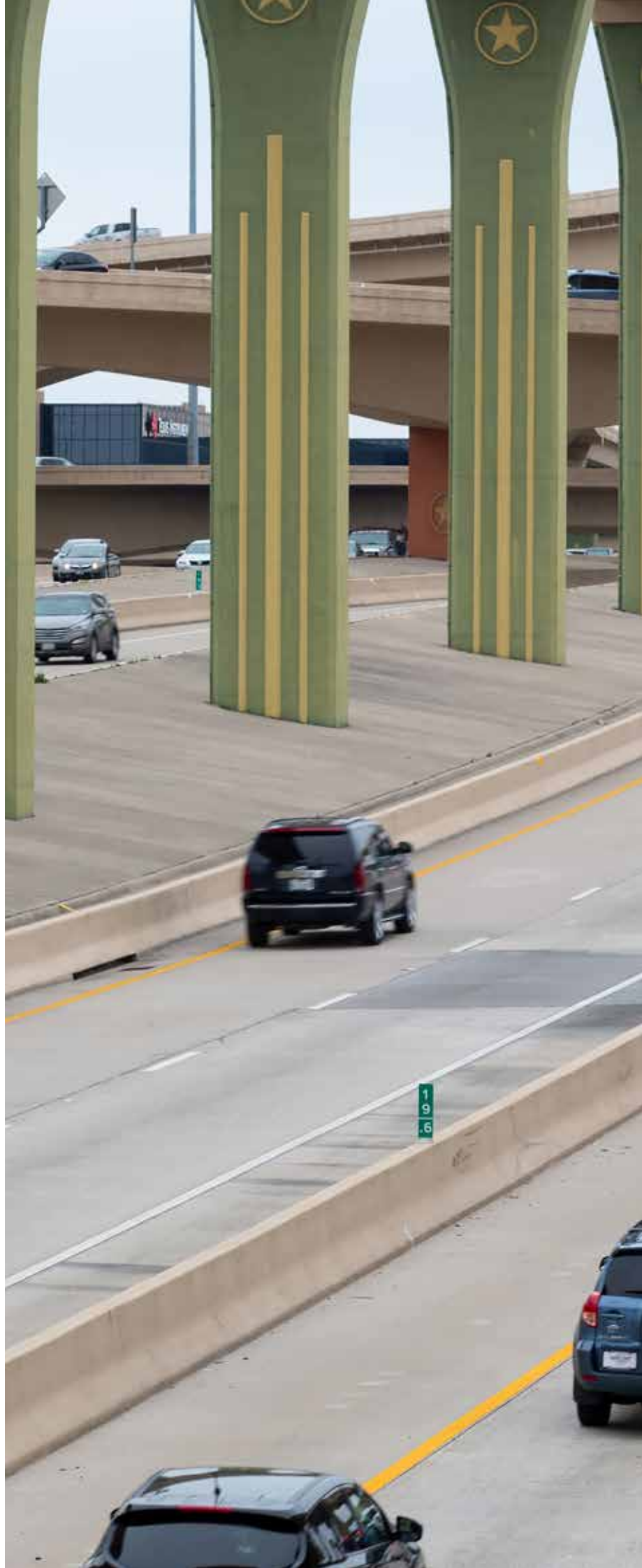






PHOTO: LBJ Express Toll Road, Texas (USA).





F E R R O V I A L

I N

2 0 1 7

SHAREHOLDERS:

Business  
performance

Ethics and  
Integrity

EMPLOYEES:

People

Human  
Rights

Health and  
Safety

Environment

SOCIETY:

Community

CUSTOMERS:

Innovation

Supply  
chain

Quality

Community

Responsible  
Tax  
Management

PHOTO: maintenance works at La Muñoz. Madrid (Spain).

## 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 Arney 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 APC), 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
<b>REVENUES</b>	<b>12,208</b>	<b>10,759</b>
<b>EBITDA</b>	<b>932</b>	<b>944</b>
Period depreciation	375	342
Disposals & impairments	81	324
<b>EBIT*</b>	<b>638</b>	<b>926</b>
<b>FINANCIAL RESULTS</b>	<b>-311</b>	<b>-391</b>
Equity-accounted affiliates	251	82
<b>EBT</b>	<b>578</b>	<b>617</b>
Corporate income tax	-71	-233
<b>CONSOLIDATED NET INCOME</b>	<b>507</b>	<b>383</b>
Minorities	-53	-7
<b>NET INCOME ATTRIBUTED</b>	<b>454</b>	<b>376</b>

\*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.
<b>Total</b>	<b>12,208</b>	<b>13.5%</b>

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.
<b>Total</b>	<b>932</b>	<b>-1.2%</b>

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
<b>NCP ex-infrastructures projects</b>	<b>1,341</b>	<b>697</b>
Toll roads	-4,274	-4,426
Others	-530	-537
<b>NCP infrastructures projects</b>	<b>-4,804</b>	<b>-4,963</b>
<b>Total Net Cash / (Debt) Position</b>	<b>-3,463</b>	<b>-4,266</b>

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
<b>Total</b>	<b>999</b>	<b>-102</b>	<b>896</b>



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%
<b>TOTAL USA</b>				<b>173</b>	<b>135</b>	<b>27.7%</b>	<b>137</b>	<b>104</b>	<b>32.1%</b>			<b>-2,898</b>	
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%
<b>TOTAL SPAIN</b>				<b>165</b>	<b>154</b>	<b>7.2%</b>	<b>147</b>	<b>135</b>	<b>8.2%</b>			<b>-1,075</b>	
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%
<b>TOTAL PORTUGAL</b>				<b>82</b>	<b>127</b>	<b>-35.1%</b>	<b>61</b>	<b>100</b>	<b>-39.4%</b>			<b>-594</b>	
<b>DECONSOLIDATED TOLL ROADS IN 2016***</b>					<b>50</b>			<b>4</b>					
<b>TOTAL HEADQUARTERS</b>				<b>40</b>	<b>20</b>	<b>101.0%</b>	<b>-25</b>	<b>-47</b>	<b>48.6%</b>				
<b>TOTAL TOLL ROADS</b>				<b>461</b>	<b>486</b>	<b>-5.3%</b>	<b>320</b>	<b>297</b>	<b>7.7%</b>			<b>-4,567</b>	

\* 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%
<b>Net Income</b>	<b>470</b>	<b>373</b>	<b>26.1%</b>
<b>Contribution to Ferrovial equity accounted result (EUR mn)</b>	<b>125</b>	<b>98</b>	<b>27.8%</b>

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
<b>Total</b>	<b>845</b>	<b>790</b>	<b>750</b>	<b>730</b>	<b>680</b>	<b>600</b>

#### 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
<b>Eastbound</b>			
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
<b>Westbound</b>			
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
<b>Midday Rate</b>			
Weekdays 10am-2:30pm	30.88	30.88	30.88
Weekend & public holidays 11am-7pm	28.29	28.29	28.29
<b>Off Peak Rate</b>			
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.
<b>Revenues</b>	<b>93</b>	<b>73</b>	<b>26.8%</b>
<b>EBITDA</b>	<b>75</b>	<b>57</b>	<b>32.6%</b>
EBITDA margin	80.8%	77.2%	
<b>EBIT</b>	<b>55</b>	<b>40</b>	<b>39.0%</b>
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	TIFA
Moody's	Baa3	
FITCH	BBB-	BBB-



## LBJ

## LBJ Profit and Loss Account

(USD million)	DEC-17	DEC-16	VAR.
<b>Revenues</b>	<b>101</b>	<b>76</b>	<b>33.0%</b>
<b>EBITDA</b>	<b>80</b>	<b>59</b>	<b>37.4%</b>
EBITDA margin	79.6%	77.0%	
<b>EBIT</b>	<b>57</b>	<b>39</b>	<b>47.8%</b>
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	TIFA
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
<b>Global Consolidation</b>				
<b>Intangible Assets</b>	<b>-165</b>	<b>134</b>	<b>-826</b>	
NTE 35W	-164	26	-587	54%
I-77	-1	108	-239	50%
<b>Equity Consolidated</b>				
<b>Financial Assets</b>		<b>633</b>	<b>-663</b>	
I-66		633	-663	50%
<b>Intangible Assets</b>	<b>-58</b>	<b>54</b>	<b>-378</b>	
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 Catalunya*) 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%
Long Haul	40.8	39.3	3.6%
<b>Total</b>	<b>78.0</b>	<b>75.7</b>	<b>3.1%</b>

**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%
<b>TOTAL</b>	<b>2,884</b>	<b>2,807</b>	<b>2.7%</b>

**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 remodelling 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.
<b>Revenues</b>	<b>2,883</b>	<b>2,809</b>	<b>2.6%</b>
<b>EBITDA</b>	<b>1,760</b>	<b>1,683</b>	<b>4.6%</b>
EBITDA margin %	61.0%	59.9%	
Depreciation	750	708	-5.9%
<b>EBIT</b>	<b>1,010</b>	<b>975</b>	<b>3.6%</b>
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%
<b>Net income</b>	<b>303</b>	<b>-189</b>	<b>260.4%</b>
<b>Contribution to Ferrovial equity accounted result (EUR mn)</b>	<b>87</b>	<b>-57</b>	<b>250.9%</b>

## 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%
<b>Total</b>	<b>13,519</b>	<b>13,677</b>	<b>-1.2%</b>

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%
<b>Total Revenues AGS</b>	<b>209</b>	<b>197</b>	<b>6.3%</b>
Glasgow	58	53	10.3%
Aberdeen	22	21	8.0%
Southampton	11	10	18.3%
<b>Total EBITDA AGS</b>	<b>92</b>	<b>83</b>	<b>10.7%</b>
Glasgow	47.6%	46.8%	
Aberdeen	39.6%	36.9%	
Southampton	36.5%	33.6%	
<b>Total EBITDA margin</b>	<b>43.8%</b>	<b>42.1%</b>	

### 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%
<b>Total AGS</b>	<b>15.1</b>	<b>14.4</b>	<b>4.9%</b>

**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%

## SERVICES

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%
<b>Total</b>	<b>11,145</b>	<b>9,088</b>	<b>22.6%</b>

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).

(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 22<sup>nd</sup> 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		<b>2,206</b>
EBITDA	120		<b>120</b>
EBITDA margin	5.5%		<b>5.5%</b>
EBIT	75	-72	<b>3</b>
EBIT margin	3.4%		<b>0.1%</b>
Order book	3,981		<b>3,981</b>
JVs order book	265		<b>265</b>
Global order book+JVs	4,246		<b>4,246</b>

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		DEC-17	DEC-16
<b>FIXED AND OTHER NON-CURRENT ASSETS</b>	<b>14,927</b>	<b>15,679</b>	<b>EQUITY</b>	<b>6,234</b>	<b>6,314</b>
Consolidation goodwill	2,062	2,155	Capital & reserves attrib to the Company's equity holders	5,503	5,597
Intangible assets	431	544	Minority interest	731	717
Investments in infrastructure projects	6,917	7,145	<b>Deferred Income</b>	<b>1,037</b>	<b>1,118</b>
Property	6	6			
Plant and Equipment	694	731	<b>NON-CURRENT LIABILITIES</b>	<b>9,871</b>	<b>10,421</b>
Equity-consolidated companies	2,687	2,874	Pension provisions	66	174
<b>Non-current financial assets</b>	<b>769</b>	<b>735</b>	Other non current provisions	808	757
Long term investments with associated companies	312	374	<b>Financial borrowings</b>	<b>7,511</b>	<b>7,874</b>
Restricted Cash and other non-current assets	285	249	Financial borrowings on infrastructure projects	5,363	5,310
Other receivables	172	112	Financial borrowings other companies	2,149	2,564
<b>Deferred taxes</b>	<b>1,035</b>	<b>1,057</b>	<b>Other borrowings</b>	<b>198</b>	<b>200</b>
<b>Derivative financial instruments at fair value</b>	<b>326</b>	<b>432</b>	<b>Deferred taxes</b>	<b>900</b>	<b>979</b>
			<b>Derivative financial instruments at fair value</b>	<b>387</b>	<b>436</b>
<b>CURRENT ASSETS</b>	<b>8,063</b>	<b>7,745</b>			
Assets classified as held for sale	0	624	<b>CURRENT LIABILITIES</b>	<b>5,848</b>	<b>5,570</b>
Inventories	629	516	Liabilities classified as held for sale	0	440
<b>Trade &amp; other receivables</b>	<b>2,635</b>	<b>2,822</b>	<b>Financial borrowings</b>	<b>839</b>	<b>302</b>
Trade receivable for sales and services	2,032	2,193	Financial borrowings on infrastructure projects	207	200
Other receivables	603	629	Financial borrowings other companies	631	102
<b>Taxes assets on current profits</b>	<b>143</b>	<b>186</b>	<b>Derivative financial instruments at fair value</b>	<b>65</b>	<b>69</b>
<b>Cash and other temporary financial investments</b>	<b>4,601</b>	<b>3,578</b>	<b>Trade and other payables</b>	<b>4,221</b>	<b>3,895</b>
Infrastructure project companies	463	277	Trades and payables	2,283	2,299
Restricted Cash	58	62	Other non comercial liabilities	1,938	1,596
Other cash and equivalents	405	215	<b>Liabilities from corporate tax</b>	<b>94</b>	<b>150</b>
Other companies	4,137	3,301	<b>Trade provisions</b>	<b>629</b>	<b>715</b>
<b>Derivative financial instruments at fair value</b>	<b>55</b>	<b>18</b>			
<b>TOTAL ASSETS</b>	<b>22,990</b>	<b>23,423</b>	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>22,990</b>	<b>23,423</b>

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 reestimated following the impact from the recent information obtained regarding the purchase 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 ADJUSTMENT	DEC-17	BEFORE FAIR VALUE ADJ.	FAIR VALUE ADJUSTMENT	DEC-16
<b>Revenues</b>	12,208		<b>12,208</b>	10,759		<b>10,759</b>
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
<b>EBITDA</b>	<b>932</b>		<b>932</b>	<b>944</b>		<b>944</b>
<b>EBITDA margin</b>	<b>7.6%</b>		<b>7.6%</b>	<b>8.8%</b>		<b>8.8%</b>
Period depreciation	375		375	342		342
<b>EBIT (ex disposals &amp; impairments)</b>	<b>557</b>		<b>557</b>	<b>602</b>		<b>602</b>
<b>EBIT (ex disposals &amp; impairments) margin</b>	<b>4.6%</b>		<b>4.6%</b>	<b>5.6%</b>		<b>5.6%</b>
Disposals & impairments	51	30	81	330	-6	324
<b>EBIT</b>	<b>608</b>	<b>30</b>	<b>638</b>	<b>932</b>	<b>-6</b>	<b>926</b>
<b>EBIT margin</b>	<b>5.0%</b>		<b>5.2%</b>	<b>8.7%</b>		<b>8.6%</b>
<b>FINANCIAL RESULTS</b>	<b>-346</b>	<b>35</b>	<b>-311</b>	<b>-365</b>	<b>-26</b>	<b>-391</b>
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
<b>Equity-accounted affiliates</b>	<b>201</b>	<b>49</b>	<b>251</b>	<b>214</b>	<b>-132</b>	<b>82</b>
<b>EBT</b>	<b>464</b>	<b>114</b>	<b>578</b>	<b>780</b>	<b>-164</b>	<b>617</b>
Corporate income tax	-63	-8	-71	-245	11	-233
<b>NET INCOME FROM CONTINUED OPERATIONS</b>	<b>401</b>	<b>106</b>	<b>507</b>	<b>536</b>	<b>-153</b>	<b>383</b>
Net income from discontinued operations						
<b>CONSOLIDATED NET INCOME</b>	<b>401</b>	<b>106</b>	<b>507</b>	<b>536</b>	<b>-153</b>	<b>383</b>
Minorities	-51	-1	-53	-11	4	-7
<b>NET INCOME ATTRIBUTED</b>	<b>350</b>	<b>104</b>	<b>454</b>	<b>525</b>	<b>-149</b>	<b>376</b>

### 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.
<b>Total</b>	<b>12,208</b>	<b>10,759</b>	<b>13.5%</b>	<b>7.2%</b>

### 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.
<b>Total</b>	<b>932</b>	<b>944</b>	<b>-1.2%</b>	<b>-4.2%</b>

### 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.
<b>Total</b>	<b>557</b>	<b>602</b>	<b>-7.4%</b>	<b>-8.6%</b>

### 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%
<b>Net financial result (financing)</b>	<b>-284</b>	<b>-354</b>	<b>19.8%</b>
Infrastructure projects	-6	-20	68.9%
Ex infra projects	-21	-18	-20.0%
<b>Derivatives, other fair value adj &amp; other financial result</b>	<b>-27</b>	<b>-37</b>	<b>26.8%</b>
<b>Financial Result</b>	<b>-311</b>	<b>-391</b>	<b>20.5%</b>

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%
<b>Total</b>	<b>251</b>	<b>82</b>	<b>207.0%</b>

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

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
<b>NCP ex-infrastructure projects</b>	<b>1,341</b>	<b>697</b>
Toll roads	-4,274	-4,426
Others	-530	-537
<b>NCP infrastructures projects</b>	<b>-4,804</b>	<b>-4,963</b>
<b>Total Net Cash / (Debt) Position</b>	<b>-3,463</b>	<b>-4,266</b>

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

## CORPORATE CREDIT RATING

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

## 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
<b>Operating flow (before taxes)</b>	<b>999</b>	<b>433</b>	<b>-10</b>	<b>1,422</b>
Tax payment	-115	-27		-142
<b>Operating Cash Flow</b>	<b>883</b>	<b>407</b>	<b>-10</b>	<b>1,280</b>
Investments	-355	-371	43	-684
Divestments	253		-5	248
<b>Investment cash flow</b>	<b>-102</b>	<b>-371</b>	<b>38</b>	<b>-436</b>
<b>Activity cash flow</b>	<b>781</b>	<b>35</b>	<b>28</b>	<b>844</b>
Interest flow	-32	-204		-236
Capital flow from Minorities	0	73	-38	35
Scrip dividend	-218			-218
Treasury share repurchase	-302			-302
Ferrovia 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
<b>Financing cash Flow</b>	<b>-137</b>	<b>125</b>	<b>-28</b>	<b>-40</b>
<b>Net debt variation</b>	<b>644</b>	<b>160</b>		<b>804</b>
<b>Net debt initial position</b>	<b>697</b>	<b>-4,963</b>		<b>-4,266</b>
<b>Net debt final position</b>	<b>1,341</b>	<b>-4,804</b>		<b>-3,463</b>

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
<b>Operating flow (before taxes)</b>	<b>995</b>	<b>373</b>	<b>-50</b>	<b>1,319</b>
Tax payment	-125	-23		-147
<b>Operating Cash Flow</b>	<b>870</b>	<b>351</b>	<b>-50</b>	<b>1,172</b>
Investments	-985	-388	72	-1,301
Divestments	340			340
<b>Investment cash flow</b>	<b>-645</b>	<b>-388</b>	<b>72</b>	<b>-961</b>
<b>Activity cash flow</b>	<b>226</b>	<b>-38</b>	<b>22</b>	<b>210</b>
Interest flow	-48	-303		-351
Capital flow from Minorities	2	122	-72	53
Scrip dividend	-226			-226
Treasury share repurchase	-317			-317
Ferrovia shareholder remuneration	-544			-544
Other shareholder remuneration 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
<b>Financing cash Flow</b>	<b>-1,043</b>	<b>1,131</b>	<b>-22</b>	<b>66</b>
<b>Net debt variation</b>	<b>-817</b>	<b>1,093</b>		<b>276</b>
<b>Net debt initial position</b>	<b>1,514</b>	<b>-6,057</b>		<b>-4,542</b>
<b>Net debt final position</b>	<b>697</b>	<b>-4,963</b>		<b>-4,266</b>

**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
<b>Total</b>	<b>999</b>	<b>-102</b>	<b>896</b>
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
<b>Total</b>	<b>995</b>	<b>-645</b>	<b>350</b>

\*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
<b>Operating flow (before taxes)</b>	<b>999</b>	<b>995</b>
Tax payment	-115	-125
<b>Total</b>	<b>883</b>	<b>870</b>

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
<b>Operating Cash Flow before Taxes</b>	<b>134</b>	<b>245</b>
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
<b>Operating Cash Flow before Taxes</b>	<b>396</b>	<b>395</b>

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
<b>Op. cash flow ex-Taxes</b>	<b>176</b>	<b>49</b>	<b>136</b>	<b>34</b>	<b>396</b>

**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
<b>Total</b>	<b>277</b>	<b>290</b>

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
<b>Total</b>	<b>237</b>	<b>134</b>

### 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
<b>Total</b>	<b>-355</b>	<b>253</b>	<b>-102</b>

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
<b>Total</b>	<b>-985</b>	<b>340</b>	<b>-645</b>

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
<b>Total</b>	<b>-154</b>	<b>-113</b>

### 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
<b>Operating flow</b>	<b>407</b>	<b>351</b>

#### 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
<b>Total Autopistas</b>	<b>-385</b>	<b>-361</b>
Resto	-55	-43
<b>Total proyectos</b>	<b>-439</b>	<b>-404</b>
Subvenciones de capital	68	16
<b>Total flujo inversión neto proyectos</b>	<b>-371</b>	<b>-388</b>



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
<b>Total toll roads</b>	<b>-166</b>	<b>-260</b>
Other	-38	-43
<b>Total</b>	<b>-204</b>	<b>-303</b>

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.



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
<b>Balance at 31/12/16</b>			<b>2.775.174</b>
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
<b>Balance at 31/12/17</b>			<b>2.167.237</b>

### 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
<b>Amount (euros)</b>		
Total payments made	<b>1.227.935.075</b>	<b>1.108.783.232</b>
Total payments outstanding	<b>45.114.969</b>	<b>52.916.260</b>

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.



PHOTO: bolt refurbishment for Transpower in South Island, New Zealand



## TRANSFORMATIONAL PROJECTS

At the forefront of Ferrovial is the idea of promoting projects that change cities and countries. Museums and airports have been built, toll roads have been developed, tunnels and railroads have been designed and cities have been managed. Guggenheim, Heathrow, 407 ETR, M30 and the Alta Velocidad are already in the history books. But the world keeps turning. And Ferrovial has transformative projects in its portfolio such as the modernization of Denver Airport, Managed Lanes I-66 in Virginia, the ITER in Cadarache and the management of the roads of West Melbourne. Projects named to mean a today and a tomorrow in their communities.



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

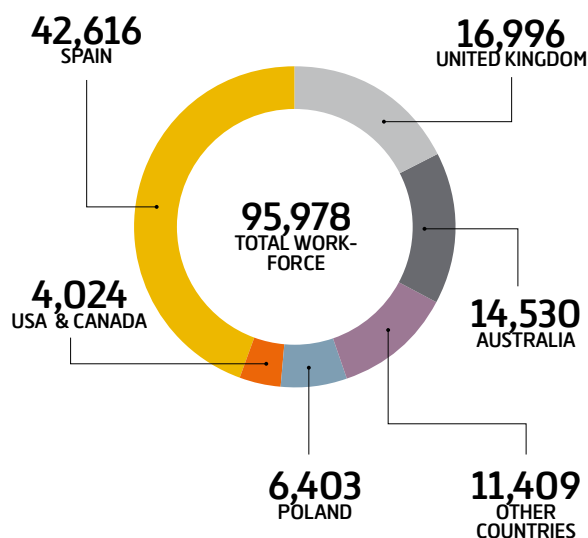




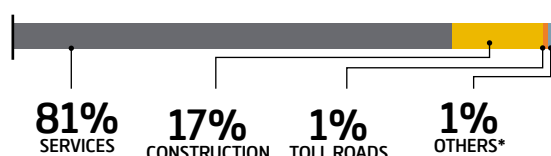


## WORKFORCE DESCRIPTION

### BY COUNTRIES

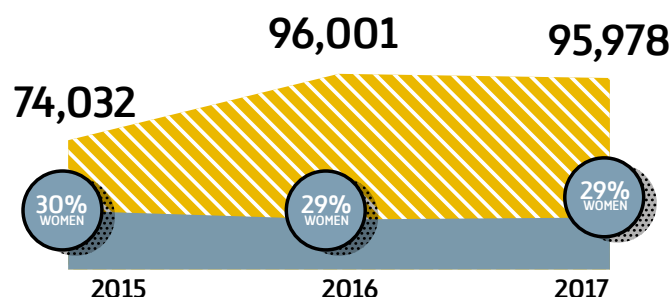


### BY BUSINESS

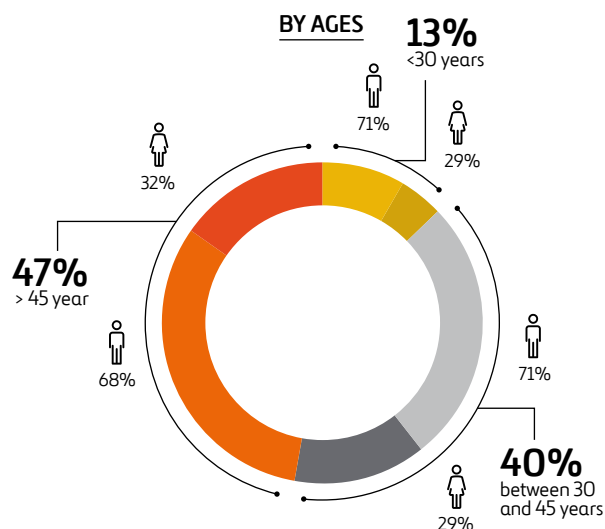


\*Includes the workforce of Corporation (0.5%), Airports (0.05%) and Real-Estate (0.2%)

### EVOLUTION



### BY AGES



## PEOPLE

FERROVIAL PROMOTES A COLLABORATIVE, FLEXIBLE AND INCLUSIVE CULTURE BASED ON MERITOCRACY, TO OFFER UNIQUE AND CHALLENGING EXPERIENCES, FORMING EXPERIENCED TEAMS COMMITTED TO CORPORATE VALUES.

### EMPLOYEE COMMITMENT AND EXPERIENCE

Attracting and hiring the best talent to become a reference employer in the markets in which the company is present is one of the strategic priorities in terms of people management that allows Ferrovial to be prepared for the future.

In 2017, an Employee Experience Survey was sent to 8,652 employees from Spain, the United Kingdom, Poland, the United States and Canada, to find out their preferences and analyze which elements are most important for employees. Traditional elements such as remuneration (salary and benefits) and other elements related to work experience were evaluated (corporate culture, flexibility, working conditions and training). The three most valued aspects were the brand and reputation (86%); soundness and solvency (74%); and Corporate Responsibility, together with safety at work (69%).

In relation to the remuneration policies, an essential part of employee commitment, established according to criteria based on competitiveness in the reference markets, the following programs are included:

- The Variable Remuneration System, which covers 18% of the staff, 17,184 employees, based on targets.

- The company's Flexible Remuneration Plan allows employees to amend their remuneration packages on a voluntary basis and according to their personal needs, replacing part of their remuneration for specific products in order to optimize available cash flows.
- The Share-Based Remuneration Plans, through which 1,954 employees opted for payment of part of the remuneration in company shares.
- The Long-Term Variable Remuneration System, based on signing over shares to 330 executives and managers in the company.

### TALENT

The talent management at Ferrovial aims to help each employee to reach their maximum potential while promoting the best professional opportunities.

Training development is undergoing a huge change due to, among other factors, the digital transformation in all areas of the business. The joint action between talent, innovation and technology are an opportunity to search for competitive advantages and positioning as a company recognized for its innovation and constant improvement. For this reason, different initiatives have been launched with the aim of providing tools for professionals to be able to work in a streamlined and efficient manner in a digital world:

- **Play the Future Project:** includes six training itineraries linked to new technologies (Big Data, IoT and drones)

available to all employees with the aim of increasing their current capabilities, as well as their future employability.

- **Awareness Sessions Cycle:** these are conferences focused on emerging technologies and innovation methodologies to learn about the existing business models and the opportunities they can offer to Ferrovial's different business units.
- **Executive Forums:** similar to the Awareness Sessions, they are completed with teamwork to describe the critical capabilities that must be reinforced or created to position the company as a key player in that activity.

In this sense, the Corporate University, which in 2017 has celebrated its tenth anniversary, has evolved adopting a more international approach with the organization of itinerant programs in the United Kingdom, North America and Latin America, although its mission remains unchanged as a place to learn and reflect, share and create, gathering the knowledge, values and common culture of Ferrovial.

The professional development model is based on the following programs:

- Evaluation and Development Process, through which 29,973 people have passed, 100% target group. In 2017, under the slogan "Conversations for development" we worked on making conversations more flexible, focused on the future, with better user experience and with new tools such as a chatbot (Qo). This is a robot trained to advise on the best way to develop skills following the 70/20/10 model that has been recommended to 713 users by more than 1,000 learning resources. In 2017, 84% of the employees indicated that they had a quality conversation with their manager and their general level of satisfaction was 3.54 out of 5.

- Reviewing critical talent programs, improving the process to ensure that vacancies are covered by the best candidate available within the organization and promoting the targeted mobility of key professionals. This process also identifies professionals who may have a faster development, in order to make it compatible with the business growth needs. The revision of the Succession Plans has identified 363 possible candidates (short, medium and long-term) for the 144 most critical positions identified in Ferrovial.

#### INCLUSIVE CULTURE

Ferrovial, with more than 110 nationalities in its workforce, shows a firm commitment to effective equality of opportunities. This is reflected in its Strategic Diversity Plan, which focuses on three areas: gender, generational and multicultural.

In terms of gender equality, mechanisms have been established to bring out female talent inside and outside the organization. The specific training programs for women managers promoted in the United Kingdom and Australia are noteworthy. In Spain, since 2014, the adoption of measures to increase the presence of women in management positions and steering committees has been actively promoted through the Voluntary Collaboration Agreement with the Ministry of Health, Social Affairs and Equality. Also in Spain, the Business Equality Badge was renewed in 2017.

It should be noted that 15 Ferrovial engineers were finalists in the 2017 European Women in Construction and Engineering Awards, with two of them winning. 

#### EMPLOYEE COMMITMENT

...



**69%**

Participation in the survey

**91%**

Level of commitment

**88%**

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



#### STEM Program

...

The initiative aims to promote STEM careers (Science, Technology, Engineering and Maths) and to guide young people toward their professional future in the different countries in which Ferrovial operates. This commitment is in line with the policies and internal processes regarding equal opportunities within the diversity and inclusion strategy and with the Strategic CR Plan. It seeks to improve the employability of new generations together with the reduction of the digital gender gap. The following initiatives are noteworthy:

- In Spain, the "Orienta-T" Program was launched in collaboration with the Junior Achievement Foundation, which aims to awaken STEM vocations among students between 14 and 16 years old. In 2017, it affected more than 1,000 students.
- In the United Kingdom, 135 women from different projects have signed up as ambassadors of the program to inspire young people to opt for a STEM career.
- The Discovery Place Education Studio project was funded in the USA, which promotes the continuous professional development of high school teachers.
- In Australia, the scholarship program for university students from the Monash University and the University of Technology Sydney (UTS) engineering schools was supported.

#### 10 YEARS OF SUMMA

...



600,000 hours of training provided



## HEALTH AND SAFETY

FERROVIAL WORKS TO CREATE RISK-FREE ENVIRONMENTS FOR ALL ITS EMPLOYEES, AS WELL AS FOR USERS OF INFRASTRUCTURES AND SERVICES BY DEVELOPING ACTION PLANS UNDER THE PREMISE OF THE TARGET ZERO PRINCIPLES AND THAT ANY ACCIDENT CAN BE AVOIDED.

### FREQUENCY INDEX<sup>(1)</sup>

-9.3%

### HOURS OF HEALTH AND SAFETY TRAINING

753,818

+2.4 MILLION  
SINCE 2015

### SEVERITY INDEX<sup>(2)</sup>

-6.1%

### HEALTH AND SAFETY INSPECTIONS AND AUDITS

79,058

(1) Year-on-year change in the index giving the number of accidents occurring during working hours that lead to days lost, for every million hours worked. Subcontractors not included.

(2) Year-on-year change in the index giving the number of days lost as a result of occupational accidents for every thousand hours worked.



**VIDEO: SAFETY IN AMEY**  
Click on this link for more information

## COMMITMENT BY THE MANAGEMENT

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

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

In 2015, the Board of Directors of Ferrovial approved a new Health and Safety Policy for the whole company, establishing the objective of developing risk-free working environments, based on the conviction that any accident is avoidable.

The maximum executive level of Ferrovial supervises the functions and responsibilities in Health and Safety. Thus the CEO reports the information related to this matter periodically to the Board of Directors. In addition, in all the areas the person responsible for Health and Safety is part of the Business Committee.

The annual Managers' meeting, which brings together the 300 company managers, begins with a Health and Safety presentation to report and raise awareness of this issue.

## HEALTH AND SAFETY STRATEGY

In October 2017, Ferrovial held the second edition of the H&S Global Meeting at the headquarters of its Corporate University, which brought together employees from the different business areas around the world with responsibilities in Health and Safety management. The meeting served to discuss the Health and Safety strategy for the next two years, pooling the projects being developed, highlighting examples of good practice and analyzing the measurement of results.

Ferrovial's Health and Safety strategy, which is currently being updated, is based on the principles of action included in its policy:

**Risk evaluation and planning.** A reliable risk and hazard evaluation process has been implemented in all work centers to establish the organization, planning and control systems needed to facilitate a safe work environment. To confirm that these control systems are implemented and effective, different initiatives are carried out in Ferrovial's subsidiaries, including RCE in Broadspectrum.

**Compliance** with legislation and other standards in force in each of the countries where the company operates, paying attention to best practices when they are reasonably viable.

**Effective and consistent communication,** facilitating communication channels to encourage all employees to contribute to a positive performance in matters of Occupational Health and Safety, promoting a safety culture throughout the company.

To promote a positive culture, different internal campaigns have been designed, including The Safety Week H&S Internal Campaign, carried out in Amey's environmental services business, awarded with the Chartered Institute of Public Relations, and finalist in the Chartered Institute of Waste Management awards within its industry.

**Training and involving workers.** Ferrovial has spent years increasing its training efforts to involve workers increasingly in the common goal of creating risk-free workplaces. Since 2015, more than 2.4 million hours of training have been given, encouraging the participation of all workers in the detection of unsafe acts and situations.

All sessions and campaigns aim to create a strong Health and Safety culture, driven by employees, the working environment and

## BRS: RISK CONTROL EFFECTIVENESS (RCE)

...

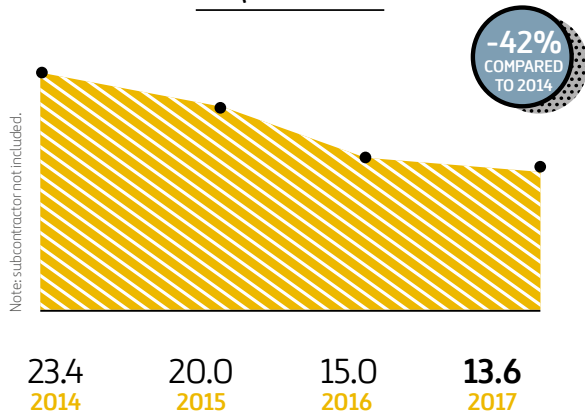
Broadspectrum has conducted a review to ensure the operation and effectiveness of safety controls in their processes. This analysis concluded that a large number of controls and verifications were being conducted, focused on low-risk activities and not high-risk activities.

The Risk Control Effectiveness (RCE) Program served to redirect the focus toward risks with greater potential risk, thus ensuring effective prevention and a focus on hazards that can cause potentially serious damages, enabling the implementation of better controls in activities with more risk.

Thanks to the RCE initiative, Broadspectrum eliminated 18 low-level controls and replaced them with new or updated controls. 59% fewer "first aid" controls were carried out and the critical controls on the highest risks increased by 45%.

This has led to a reduction in accident rates and breaches of the mandatory safety rules defined in Broadspectrum.

## FREQUENCY INDEX



the behaviors they demonstrate in the workplace.


**Measuring and monitoring performance.** To promote a consistent and positive work safety culture, a reporting system is needed that gives promotes the identification of unsafe situations or actions before they occur and implement the necessary preventive measures to avoid any type of accident. In 2017, 79,058 Health and Safety visits and audits were conducted at the different Ferrovial centers.

All these measures, together with the preventive actions that have been implemented, have led to a notable improvement in the frequency index, which has reduced by 42% since 2014.

Ferrovial monitors health and safety performance, seeking continuous improvement. To do so, specific Health and Safety targets have been set.

**Innovation.** New standards of performance, technology and safety measures can be developed through innovation, contributing to the achievement of the Target Zero goal.

The action plan for innovation includes:

- Wearables in road maintenance. Use of sensor equipment to detect signs of drowsiness, stress and fatigue, as well as monitoring, which includes a warning button to know the exact location of the worker in case he/she needs assistance.
- R2. Kit containing beacons and wristbands that implements security protocols to manage control and access to worksites, delimit risks and help in emergency situations by means of a panic button.
- Big Data. Use of the DriveSmart mobile application to promote road safety for drivers, both on the Autema toll road and in its areas of influence. The application analyzes the driver's behavior at the wheel to detect their bad habits, promoting better driving and rewarding their good driving. 



## AMEY: SAFETY WEEK

...

Campaign carried out by Amey in 2017 to reinforce safety messages and involve workers regarding the risks they are exposed to on a daily basis. Includes training on how to avoid or minimize risks. This initiative is part of a more extensive Health and Safety program aimed at Target Zero. It takes on the following challenges:

- Increase awareness and knowledge of the main risks.
- Reduce the number of incidents.
- Encourage close call reporting, enabling problems to be addressed before they become potential incidents.
- Commitment and involving workers.

The campaign included the creation and publication of videos and posters, talks with superiors and the launch of a new advice book.



## PROMOTING HEALTH AND WELL-BEING

...

In recent years, Ferrovial has launched numerous initiatives aimed at improving the occupational health of its employees. The aim is to improve the working environment, reduce absenteeism, and increase productivity, among others. Numerous initiatives have been implemented to promote healthy habits, including:

- The HASAVI program, an innovative health and wellness project with the aim of promoting healthy habits and lifestyles among employees, based on three fundamental pillars (nutrition, physical activity and health - people), using the work environment as a lever.
- The Ferrovial Olympics, has an average of 1,200 participants per year.
- The Well-being Week, at the Construction headquarters.
- The Ferrovital initiative, at Corporation, which includes workshops, health talks and the physiotherapy service, among others.
- The mindfulness workshops taught at the Corporate University.

All these initiatives aim to help employees to achieve a better quality of life, which contributes not only to feeling better but to the development of their personal and social skills. They are also in line with the guidelines from the European Agency for Safety and Health at Work, which promotes healthy work at every age and diversity policies toward anti-aging in working life.

## INNOVATION

FERROVIAL FOCUSES ITS INNOVATIVE ACTIVITY ON STRATEGIC AND TRANSFORMATIONAL PROJECTS THAT GENERATE NEW SOLUTIONS FOR EXISTING PRODUCTS AND SERVICES, AND ACCELERATE THE DESIGN AND COMMERCIALIZATION OF NEW BUSINESS MODELS THAT BRING GREATER VALUE TO THE COMPANY.

New technologies (robotics, artificial intelligence, IoT and Big Data) are having a significant and fast impact on all sectors. The transformative capacity they generate derives in an environment with threats but also great opportunities. To respond to the challenges, Ferrovial is accelerating its process of implementing innovative solutions, within its open innovation strategy.

### OPEN INNOVATION ECOSYSTEM

#### Collaboration with startups

An essential part of this strategy focuses on collaboration with startups, which complement the company's capabilities, providing flexibility, agility and capacity for disruption, facilitating the joint market launch of new products, processes and business models. 30 projects were executed in collaboration with startups in 2017.

Under this scope, **BuildUp!** has been presented ([www.ferrovialbuildup.com](http://www.ferrovialbuildup.com)) a program to seek the collaboration of startups to resolve different business challenges. Given the importance of the safety of its workers, the first challenge was how to guarantee the safety of operators working in road maintenance. The selected startup will carry out a four-month pilot project in one of Ferrovial's infrastructures or contracts, and will have the possibility of becoming a supplier of the company and internationalizing its product or service.

Ferrovial is also participating as a partner in three European acceleration projects for startups approved by the European program H2020, **Impact Growth** in the Internet of the future area, **Impact Connected Car** in the connected vehicles area and **Systems for Robotics** in the robotics area.

#### Collaboration with research centers and universities

Within the current Ferrovial open innovation model, relationships with universities and research centers continue to be fostered and maintained with the aim of establishing medium and long-term collaboration agreements. At present, there are 13 medium to long-term collaboration agreements.

Due to its relevance, the **Massachusetts Institute of Technology (MIT)** has a prominent role. The agreement was renewed in 2016 until 2020 to develop research proj-

ects in different innovation areas of Ferrovial: construction, cities, infrastructures, water treatment, waste management and energy efficiency. It also participates as an associate member of the **MIT Energy Initiative (MITEI)**, an initiative to develop projects aimed at transforming the cities and infrastructure of the future. Ferrovial collaborates in the Mobility of the Future proposal to identify trends, new models, consumer preferences and government policies that will shape the future of mobility.

Ferrovial is also a member of **MIT REAP Madrid** (Regional Entrepreneurship Acceleration Program), a training program promoted by **MIT** to accelerate innovation and



### ATOMICO

...

Ferrovial is one of the participating partners in Atómico, a European venture capital fund that invests in startups, acting as an accelerator. The Atómico team comprises the founders of some of the most important technology companies in the world, helping the startups they invest in to think on a more global scale and multiply their business possibilities.

The investments are focused on European and North American companies, related to different emerging technologies.

entrepreneurship in different regions of the world. It aims to encourage collaboration to identify and implement a set of good driving and accelerating entrepreneurship practices that achieve economic growth and employment. The fourth edition will take place in the 2016–2018 period, with Madrid being one of the eight regions selected in this initiative. Ferrovial is an active member and promoter of the team constituted by the Government of the Community of Madrid, representatives of large companies, universities, venture capital funds and startup accelerator.

In 2017, Ferrovial became a partner of the **European Institute of Innovation and Technology (EIT)**, through two knowledge and innovation communities, the **Digital Community (Digital-KIC)** and the **Community on Climate Change (Climate-KIC)**. The EIT integrates the three areas of the triangle of knowledge, education, entrepreneurship and innovation, to promote the transformation of ideas and knowledge into new business opportunities. Digital-KIC aims to accelerate the absorption of digital technologies in the market, in a way that attracts business talent and leadership in Europe. Meanwhile, Climate-KIC seeks to help build a carbon-free economy to address climate change, working around four thematic areas: promoting sustainability in urban areas, production, land management and financial parameters and decision making.

To continue expanding the partner ecosystem in 2017, Ferrovial has continued carrying out exploration tasks in different Asian countries.

#### INNOVATION CULTURE

The innovation strategy not only seeks to collaborate with others, but also to develop the entrepreneurial spirit existing in the company. To this end, the second edition of the **ShuttleX** intrapreneurship program seeks to respond to internal challenges of the Services business. Through the creation of multidisciplinary teams, and with the support of experts in the lean startup methodology and different mentors, the entire innovation process has been worked on, from the generation of ideas to the obtaining of validated prototypes for their subsequent activation.

The company has also organized the second edition of the **Innovation Community Summit**, an internal conference that brings together the innovation leaders from all Ferrovial's business units to strengthening innovation and create contact networks to share knowledge and ideas that respond to existing challenges.

To reflect on the state of the latest technologies, generate debate and analyze the possibilities of application in Ferrovial, different **awareness sessions** have been organized, aimed at senior executive representatives, covering blockchain, machine learning, autonomous vehicles and cognitive computing.

#### INVESTMENT IN R&D (M€) \*

46.7

#### PROJECTS DEVELOPED IN 2017

+100

#### PILOT PROJECTS DEVELOPED WITH STARTUPS

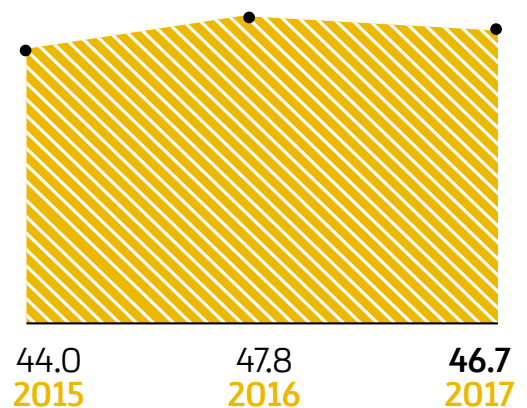
30

#### INNOVATION STRATEGY

Ferrovial's innovation strategy includes the goal of digitally transforming the company, taking advantage of existing opportunities in the use of emerging technologies. **Digital transformation** focuses mainly on four main lines of action: new business models that increase the offers of products and services; the improvement of operational efficiency, the improvement of cross-cutting knowledge management processes, administrative and financial processes and the increase of the digital skills of employees.

It should be noted that investment in R&D in 2017 was 46.7 million euro, having focused the efforts on projects of greater importance, aligned with the strategy and with the vision of transformation. In 2018, the company will continue to work on strengthening the innovation ecosystem, in particular the collaboration with startups, and focus on new topics such as streamlining processes and the rapid scaling of projects. 

#### INVESTMENT IN R&D (M€)



**VIDEO:  
INNOVATION  
STRATEGY**  
Click on this link for  
more information

(\*) 12% of innovation on Construction expenditure were made in 2016 but certified in 2017, following the criterion of certifications with Binding Motivated Reports.



## INNOVATION PROJECTS

FERROVIAL BELIEVES THAT INNOVATION IS A DIFFERENCE MAKER THAT ENABLES THE COMPANY TO LEAD THE TRANSFORMATION OF INFRASTRUCTURES AND SERVICES, PROVIDING CUSTOMERS AND USERS WITH SOLUTIONS THAT EFFICIENTLY, SUSTAINABLY AND SAFELY CONTRIBUTE TO THE WELL-BEING AND PROGRESS OF SOCIETY AS A WHOLE. THE COMPANY WORKS ON NEW BUSINESS MODELS THAT INCREASE THE OFFERS OF PRODUCTS AND SERVICES; THE IMPROVEMENT OF OPERATIONAL EFFICIENCY, THE IMPROVEMENT OF CROSS-CUTTING MANAGEMENT PROCESSES AND THE INCREASE OF THE DIGITAL SKILLS OF EMPLOYEES.

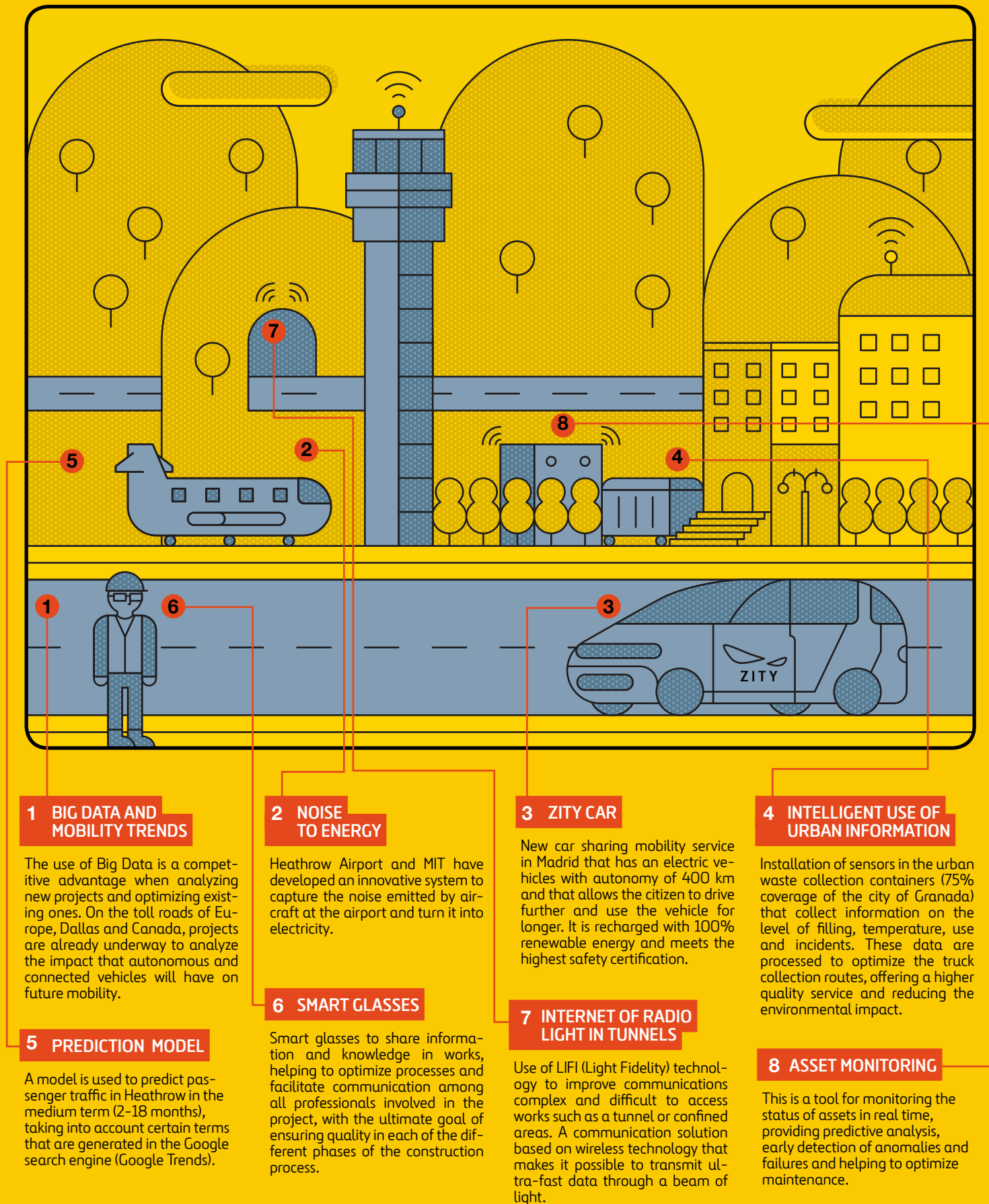




PHOTO: innovation project in the construction of tunnels in Padornelo (Spain).



## QUALITY

PROVIDING CUSTOMERS AND USERS WITH SERVICES WITH THE HIGHEST LEVEL OF QUALITY IS ONE OF FERROVIAL'S PRIORITIES. THE COMPANY HAS IMPLEMENTED SPECIFIC MECHANISMS TO DETERMINE ITS LEVEL OF SATISFACTION AND HAS ASSOCIATED PLANS AIMED AT INCREASING THE QUALITY OF THE SERVICE PROVIDED.

### CLIENT AND USER SATISFACTION

All of Ferrovial's business areas carry out periodic surveys of the expectations and satisfaction of customers and users, understanding how all the people who interact directly or indirectly with the services and infrastructures that Ferrovial offers, but who are not bound by a contractual agreement.

In 2017, Ferrovial initiated a project in collaboration with the Digital Hub to focus on users, with the aim of inferring their perception regarding the services and infrastructures provided by the company on a global scale, identifying the strengths and weaknesses in the performance of the company in order to establish improvement actions.

The project, which is scheduled to be completed in 2018, will provide a new tool to systematically capture all external information that is relevant to measure the perception of users, incorporate this information to the existing information in different business areas, and establish a simple reporting model for decision making.

All Ferrovial businesses have internal procedures for detecting, identifying, recording and monitoring complaints submitted by customers and users of products or services provided by the company. Complaints on record are processed and analyzed to offer the most suitable response and establish actions for improvement.

The Quality, Prevention & Environment Division handles complaints submitted by customers requesting a solution from Ferrovial, since they had not been satisfactorily addressed by the business areas. In 2017, Ferrovial companies as a whole received 2,047 complaints from customers and users, of which 99.31% were closed within the year.

### INFRASTRUCTURE USERS

**On Toll Roads,** Cintra offers its users innovative solutions that improve traffic flow and mobility in highly congested roads, reducing travel times and emissions of greenhouse gases.

The company is committed to public-private partnerships as a model for improving the transport infrastructure of a country. In an era of limited public resources, P3s provides innovation, efficiency and the capital needed to meet the growing demand for transportation infrastructure in the US.

The surveys reflect citizens' acceptance of the Managed Lanes model adopted by Ferrovial. Thus, the traveler gets a 75% improvement in travel times and a 26% reduction in fuel consumption.

### CERTIFIED ACTIVITY

89%  
ISO 9001  
AND ISO 14001

### HEATHROW PASSENGER EXPERIENCE

4.2  
OUT OF 5

### INTERNAL AUDITS

1,751  
QUALITY AND  
ENVIRONMENT

### MANAGED LANES

+75%  
USERS STATE  
THAT IT REDUCES  
CONGESTION

\* Airport Service Quality survey (ASQ):  
An independent survey, carried out the  
last quarter of 2016, by Airports Council  
International that rates the level of overall  
satisfaction of passengers with an airport  
on a scale of 0 to 5.

The quality of the service is measured through user surveys. The surveys conducted in 2017 revealed the favorable opinions of users regarding the toll roads in Texas (NTE and LBJ). 85% of respondents said they had a favorable opinion about the Managed Lane NTE and 90% about the LBJ.

Additionally, with a view to analyzing user behaviors on the NTE and LBJ toll roads (origin-destination, declared preferences, etc.), telephone surveys were designed for traffic teams, and over 1,200 are conducted yearly. The focus groups created for these toll roads are also salient in that they invite a group of users to share their experiences and expectation with company personnel.

Solutions and replies are also given to any correspondence received by e-mail, telephone or letter.

**Ferrovial Airports** is committed to quality service and the continuous improvement of operations, leading to higher levels of passenger satisfaction.

New technologies allow airports to be more efficient, safer and more comfortable for passengers.

In recent years, a lot has been invested in the automation of processes available to passengers, such as boarding pass, baggage check, access control, security, passport control and other processes beyond their reach, such as the baggage system, guidance systems from the time the plane touches the ground until the plane arrives at the stand.

An example of the improvement in the quality of passenger service is the development of the Heathrow app. This application gives information about flights, but also allows users to make purchases, rent a car, reserve a parking space, order a taxi or buy a ticket from the Heathrow Express.

The advances made by the company change the way of behaving and increase the expectations of the passengers.

Along this line, in 2017, Ferrovial Airports signed a collaboration agreement with Airports Center of Excellence for the development and deployment of best practices in operational and service performance, improving the experience of passengers based on the Six Sigma methodology.

The latest edition of the Air Transport Awards recognized Ferrovial Airports as Best Airport Portfolio Manager in Europe.

In 2017, Heathrow obtained the ACI Europe award for "Best European Airport of the Year" in the category of over 40

million passengers; the SkyTrax awards as "Best Airport in Western Europe" and "Best Airport for Shopping". Meanwhile, Aberdeen received the awards for the best B2C (Big Chip Awards) business project and the best bus service (Scottish Transport Awards).

**In the Services area,** the leading national survey "National Highways & Transport Survey (NHT) Public Satisfaction Survey" carried out with 112 local authorities in the United Kingdom shows that the population of Sheffield is happier with the city's roads and transport than a decade ago. It has been possible to double the satisfaction results since 2010 thanks to the state of the sidewalks and paths, the public lighting and the maintenance of the highways.

This survey provides relevant information to improve the performance of the contract by gathering opinions and public satisfaction about the services offered.

**Quality and Environment Systems.** Ferrovial has quality and environment systems implemented in the contracts managed by its business areas. These systems are mostly certified ISO 9001 and 14001, though some may also be certified under other standards depending on local requirements.

The percentage of activities with quality and environmental certifications according to standards ISO 9001 and ISO 14001 both stood at 89% in 2017.

All systems are internally audited by teams of qualified auditors. In keeping with previous years, 1,751 internal quality and environment audits were performed. 1,800 manufacturing centers were audited. Assessment visits for implementing management systems and technical queries rose to 3,092.

#### SYSTEMS FOR GUARANTEEING REGULATORY AND LEGISLATIVE COMPLIANCE


Ferrovial has digital platforms to ensure compliance with technical legislation and regulations throughout all phases of the life cycle of contracts.

Normateca contains a total of 17,373 technical standards in the fields of safety, quality and the environment.

In 2017, the corporate tool to access environmental legal requirements, as well as Occupational Health and Safety, was updated and improved. At present, this instrument provides 3,395 legal provisions, covering most of the countries in which Ferrovial operates.

There are other systems certified in accordance with different instruments, some of the more salient ones include:

#### ALL OF FERROVIAL'S BUSINESS AREAS CARRY OUT PERIODIC USER AND CLIENT EXPECTATION AND SATISFACTION SURVEYS

- Standard ISAE 3410 Assurance Engagements on GHG Statements.
- "Integrated Management System PAS 99" and "Specification PAS for composted materials and Quality Compost".
- UNE-EN 12899-1:2009; UNE 135332:2005; UNE 166002; UNE 179002; ISO 50001:2011; ISO 22000, ISO 39001, BS 1100, AQAP 2110:2009, ISO 27001:2013, EMAS and Madrid Excelente. 

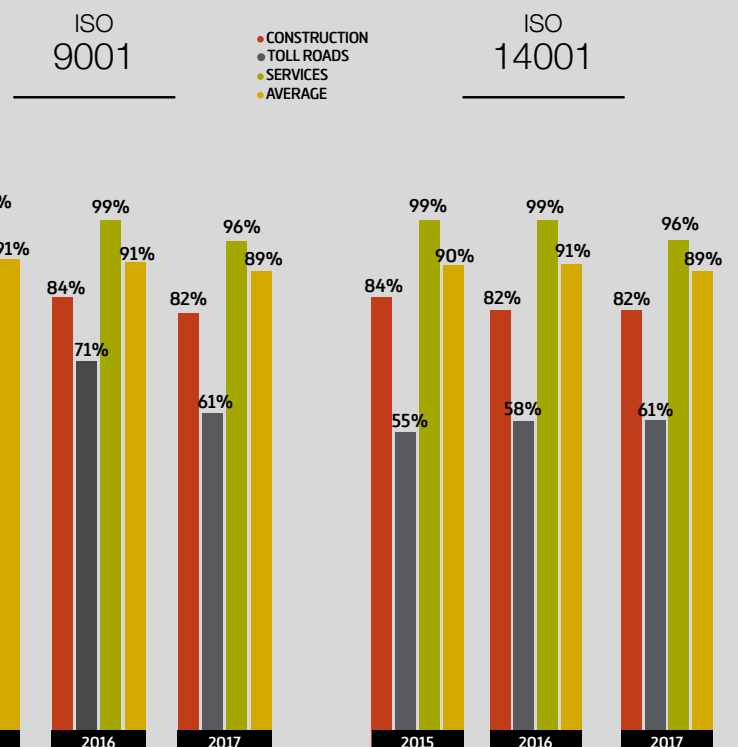
#### CUSTOMER SATISFACTION

...



#### CERTIFIED ACTIVITY (TURNOVER %)

...





## ETHICS AND INTEGRITY

THE BUSINESS ACTIVITIES OF FERROVIAL AND ITS ADMINISTRATORS AND EMPLOYEES ARE BASED ON THE HIGHEST STANDARDS OF INTEGRITY, TRANSPARENCY, RESPECT FOR LEGALITY AND HUMAN RIGHTS.

### COMPLIANCE MODEL

Within the framework of the commitment to strict compliance with its applicable laws and the highest standards of integrity, transparency and respect for Human Rights that govern its actions, Ferrovial has a Compliance Model that includes, among others, the following policies, procedures and internal regulations that have to be respected and observed by its administrators, managers and employees when doing their job:

Code of Business Ethics\*; Regulations of the Board of Directors\*; Internal Rules of Conduct in the Securities Markets (RIC)\*; Compliance Policy; Crime Prevention Model; Anti-corruption policy; Policy on Control and Risk Management; Corporate Procedure for the Protection of its Equity and Fraud Prevention; Human Rights Policy\*; Health and Safety Policy\*; Corporate Responsibility Policy\*; Competition Policy; Quality and Environment Policy\*; Corporate Procedure for the Complaints Box; Corporate Procedure on Representation Expenses; and Due diligence procedure for the ethical integrity of partners.

### Code of Business Ethics

The Ferrovial Code of Business Ethics, which is applicable to all Group companies, establishes the basic principles and commitments to which the behavior of said companies and their administrators, managers and employees must adhere to:

- Respect for the law: Ferrovial's activities will be carried out in strict compliance with applicable legislation.
- Ethical Integrity: the business and professional activities of Ferrovial and its employees will 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 will promote the recognition and assessment of behaviors that are in accordance with the principles established in the Code among its employees.
- 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 the compliance with a series of commitments included in the Code of Ethics.

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

**ETHICAL INTEGRITY, RESPECT FOR LEGALITY AND HUMAN RIGHTS ARE THE PRINCIPLES OF FERROVIAL'S CODE OF BUSINESS ETHICS**

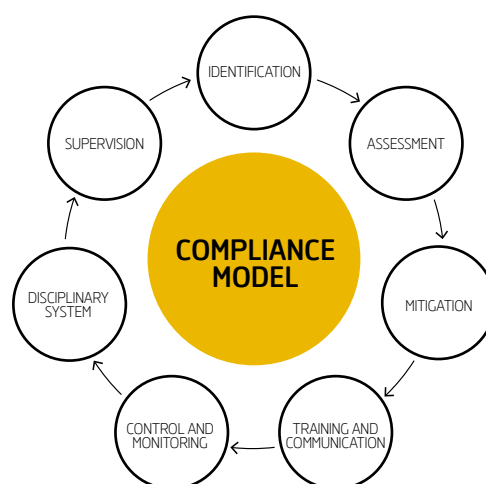
### Compliance Policy

The Compliance Policy develops the phases of the Compliance Model and establishes the competencies of the governance and management bodies of the company and those of its employees.

The purpose of the policy is to (i) to provide all Ferrovial administrators, directors and employees with a general framework of action to which they must abide when doing their job based on the highest standards of integrity, transparency, respect for legality and human rights; (ii) to establish a common and homogeneous procedure for monitoring, controlling and managing the risks of legislative or regulatory compliance, especially those aimed at the prevention of criminal behavior; and (iii) to foster a culture of business ethics in the organization and in the decision-making and training processes of the will of administrators, managers and employees.

The Compliance Model is structured around the following phases:

- Identification of compliance risks based on the company's activities.
- Assessment of risks based on their impact and the probability of their occurrence.
- Identification of the surveillance and control measures implemented to avoid or mitigate the occurrence of risks.
- Training for company employees and executives in the principles and commitments included in the Code of Ethics, in the Compliance Policy and the other policies that support the model.
- Periodic evaluation of control measures to detect possible shortfalls or areas of improvement that require specific action plans.





- Information for the governing bodies of the company on the operation of the Compliance Model and follow-up of the action plans put in place for their continuous updating.
- Communication, assessment and investigation of detected breaches and application of 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 entail the criminal liability of the legal entity.

### Anti-Corruption Policy

Ferrovial has an Anti-Corruption Policy that governs the behavior of all administrators, managers and employees, and their collaborators in the development of the business, bearing in mind that a "zero tolerance" policy has been implemented with any practice that could be qualified as active or passive corruption or bribery.

The policy imposes compliance with Anticorruption Acts throughout the world, including the Spanish Criminal Code and that of the other jurisdictions in which Ferrovial works, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Law and the United Nations Convention against Corruption.

On January 15, the Provincial Court of Barcelona issued a ruling on the Palau Case, not condemning the two directors related to Ferrovial Agroman. From the full respect of the judgment, Ferrovial Agroman reiterates its conviction that the adjudications of works in which it participated were always carried out correctly and to the offer with the best financial valuation. The company was oblivious to the final destination of the funds given to the Palau de la Música through sponsorship contracts.

## ETHICAL INTEGRITY OF PARTNERS

...

This procedure, approved at the end of 2017, establishes the obligation to perform a due diligence process of ethical integrity out when choosing partners, before reaching a business relationship of any kind (group, consortium, joint venture or business partnership of any kind), with Ferrovial, S.A. or any of the companies in its Group of companies.

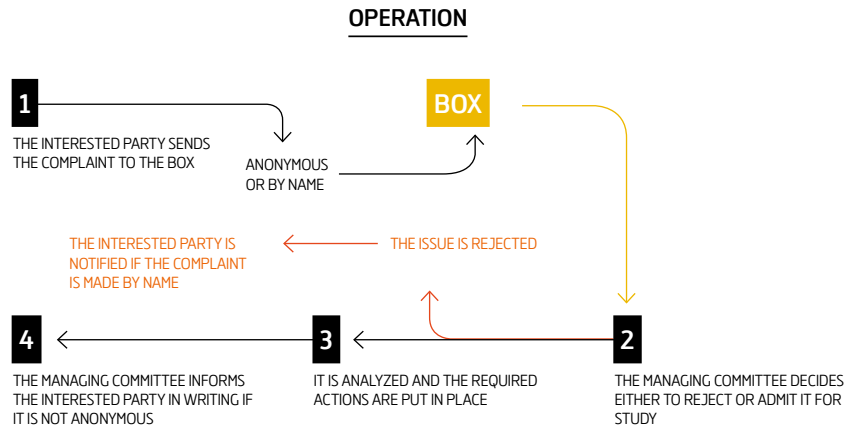
It involves extending Ferrovial's values, included in its Code of Business Ethics, to all its business, to be developed in accordance with the current applicable national and international laws, and in particular, anti-corruption laws that prohibit active or passive bribery.

A series of warning signs and good ethical practices to be taken into account when selecting potential Ferrovial partners, as well as limitations on the association. It also contains the process for the authorization, formalization and ethical monitoring of the association.

### Control and Risk Management policy

The aim is to provide all employees of Ferrovial, S.A. and its group of companies with an action framework for the control and management of the risks to which it is exposed in the fulfillment of its business targets. To this end, the Board of Directors establishes the acceptable risk and the admissible tolerance level for risk areas, included those related to ethics.

### ETHICS CHANNEL



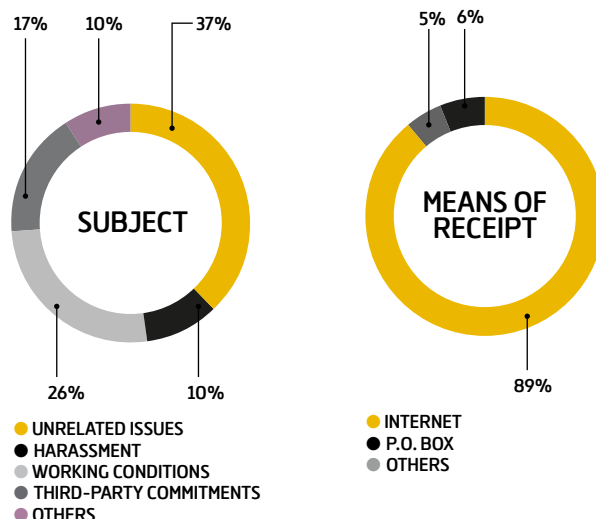
Ferrovial has an Ethics Channel as a complement to other internal channels. Its purpose is to facilitate the reporting of any possible irregularity, non-compliance or behavior contrary to the ethics, legality and policies that govern Ferrovial. The channel is accessible to employees through the intranet and for any interested counterpart through the website, and allows communications to be made confidentially. In 2017, 78 complaints were filed, 35 of which were anonymous and 43 made by name.

All complaints give rise to an investigation by the Management Committee, guaranteeing confidentiality and anonymity (if applicable), the rights of those involved and the absence of reprisals of any kind.

The Management Committee regularly informs the Audit and Control Committee of the communications received and the steps taken.

### COMPLAINTS RECEIVED

...



## A PARTICIPATING USER

Passengers and drivers are the protagonists of transport infrastructure, as are citizens in the municipalities. Their ability to express their opinion and to rate the service they receive and the satisfaction they express is Ferrovial's main concern. They are also increasingly more represented by their ability to make criticisms and propose improvements. More than 80% of Heathrow passengers value their experience as very good or excellent, while around 70% of Managed Lanes Texan drivers have had a "good experience".

PHOTO: sustainable mobility in cities.







## HUMAN RIGHTS

THE PRINCIPLES EMANATED FROM THE GLOBAL COMPACT OF THE UNITED NATIONS SUPPORT FERROVIAL'S HUMAN RIGHTS ACTIONS, BEING RESPECTED THROUGHOUT THE ORGANIZATION AND THROUGHOUT ITS SUPPLY CHAIN.

### CORPORATE POLICY IN LINE WITH INTERNATIONAL REGULATION

The Ferrovial Human Rights Policy, approved in 2014, is aligned with the Code of Business Ethics, the principles of the Global Compact, the Guiding Principles of Business and Human Rights of the United Nations, the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the Declaration on Multinational Enterprises of the International Labor Organization (ILO). The company's commitment extends to all its employees, clients, suppliers and contractors with whom it works through a procedure that is focused on respecting, supporting, promoting and guaranteeing Human Rights and rejecting any type of discrimination.

With the aim of identifying, preventing, mitigating and responding to the risks associated with Human Rights, Ferrovial carries out a due diligence process in its main activities. It is supported by the risk identification and assessment process called Ferrovial Risk Management.

The social and environmental impact on communities affected by infrastructure projects in sensitive contexts is analyzed. First, an initial diagnostic analysis is carried out on social issues, and then contingency plans are designed proposing measures to mitigate and/or offset the impact.

In 2017, the company's Ethical Channel incorporated Human Rights as a specific item, to better identify this matter, facilitating the communication of incidents and irregularities in relation to their provisions. By means of monitoring, Ferrovial aims to ensure compliance and respect for Human Rights across the whole value chain in all the countries where it operates.

#### Spain

In Spain, Ferrovial is committed to the 31 principles in the National Action Plan for Business and Human Rights developed by the Government of Spain, approved in July 2017. This plan responds to the recommendations made within the framework of the European Union through the Renewed Strategy of the European Union for 2011-2014 on Corporate Social Responsibility (CSR) and the 2015-2019 European Union Action Plan on Human Rights and Democracy.

### FERROVIAL ASSESSES THE SOCIAL AND ENVIRONMENTAL IMPACT OF ITS INFRASTRUCTURE PROJECTS ON VULNERABLE POPULATIONS

In 2015, the company updated the Procedure for the Prevention of Employment and Sexual Harassment, whilst promoting its 2nd Ferrovial Equality Plan, whose goal is based on guaranteeing the principle of equality of treatment and opportunity between men and women. Since 2013, Ferrovial has adhered to the Companies for a Society Free of Gender Violence project promoted by the Ministry of Health, Social Services and Equality to raise awareness in society of equality between men and women and respect for fundamental rights.

#### Australia

On October 31, 2017 Broadspectrum completed its contracts for the provision of maintenance, social care and security services to asylum seekers and refugees in the Regional Processing Centers of Manus and Nauru. As a result, Ferrovial kept its word, when in May 2016 it acquired the aforementioned Australian company, at which time it announced its decision to not apply for renewal.

All the acquisitions that Ferrovial has made to date, and those that it will make in the future, have been and will be framed in a comprehensive analysis process that guarantees that they are in line with the corporate policies of Human Rights, Corporate Responsibility and the Code of Business Ethics.

#### United Kingdom

The Modern Slavery Act of 2015 is a law from the UK Parliament designed to deal with slavery in the UK and consolidate crimes related to human trafficking and slavery.

Within the framework of this law, Ferrovial Agroman UK, Amey, AGS and Heathrow Airport have commitments that guarantee the prevention of acts related to slavery in all its forms and the trafficking of people, both in their own activities and in their supply chain.

### PROMOTION AND DISSEMINATION

Ferrovial promotes respect for Human Rights and fosters a respectful and dignified work environment for all people. The Code of Ethics course has been completed by 2,085 employees, accumulating a total of 11,956 hours since 2010.

Ferrovial has a firm commitment to the effective equality of opportunities, as set out in its Strategic Diversity Plan. Within the framework of this initiative is the Inclusive Leadership Program, through which more than 400 managers in Australia and



1,300 managers in the United Kingdom have already passed. The scope of the program is to be expanded to other locations.

The company capitalizes on its involvement in international forums and training programs to raise awareness of the need for the private sector to take a role in the protection of human rights. In fact, Ferrovial has been chosen to be Secretary of the Executive Committee of Forética and it participates as a member of the Executive Committee of the Global Compact Network and Fundación Seres, all of them pioneering associations for boosting Corporate Responsibility in Spain.

In relation to employment rights, Ferrovial guarantees the right to strike, freedom of association and the right to collective



**VIDEO: EL SALADO**  
Click on this link for more information

bargaining by appointed workers' representatives and unions. Ferrovial employees are protected by collective employment regulations in each of the different countries. 73% of the workforce is adhered to collective bargaining agreements.

Ferrovial promotes initiatives that encourage listening and a more flexible way of working that allows a better balance of personal and professional life, as well as a healthy environment. The communication channels, such as the internal social networks and the corporate intranet, Ferronet, facilitate the creation of collaborative, dynamic and flexible work environments. In 2017, Ferronet registered 2,911,857 sessions and 5,231,933 page views.



## INTEGRATION OF THE ABORIGINAL POPULATION IN AUSTRALIA

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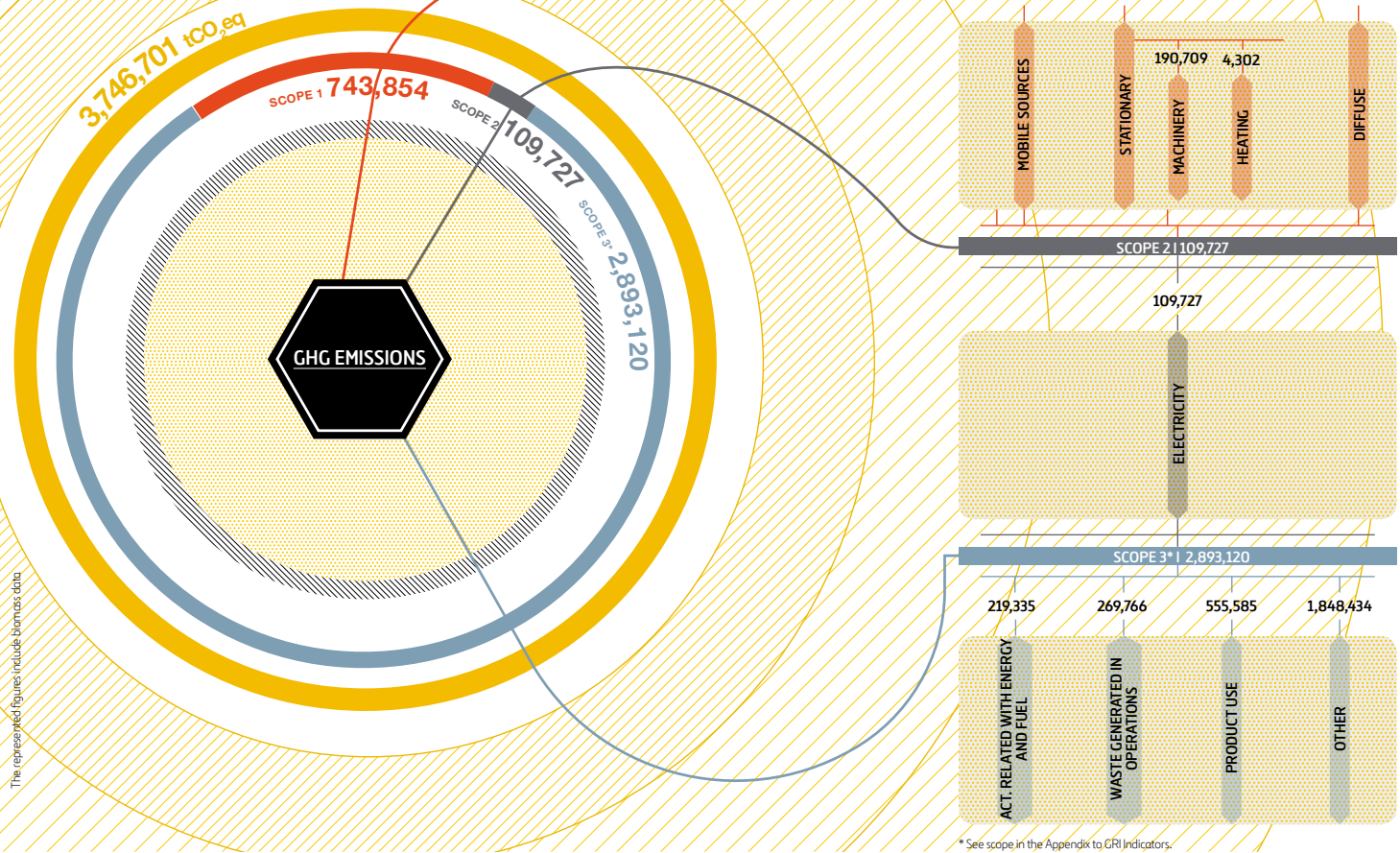
One of the main initiatives in Human Rights is developed by BROADSPECTRUM in Australia, through its programs linked to the Reconciliation Action Plan promoted by the government for the integration of the aboriginal population in society. The company has a plan to increase the presence of this important group through a supply of sustainable employment, training, education and long-term business opportunities for Aboriginal peoples and their communities. Therefore, the BROADSPECTRUM Reconciliation Action Plan includes measures such as to increase indigenous employment to 6% in 2018, and increase contracts with suppliers and subcontractors with this condition to 3% in 2020. It also facilitates the incorporation of young aboriginal professionals.

The program is developed through:

- Respecting the values and beliefs of aboriginal peoples.
- Generating employment, education and training opportunities.
- Understand the potential impact that business activity can have on aboriginal communities.
- Increase the participation of aboriginal communities in business success.
- Support programs that strengthen and promote the interests of aboriginal people.
- Encourage all employees to develop awareness of aboriginal cultures.
- Establish procedures for listening to aboriginal views.



## GREENHOUSE GAS EMISSIONS (SCOPE 1 &amp; 2 &amp; 3) IN ABSOLUTE TERMS, BY TYPE OF SOURCE



## ENVIRONMENT

FERROVIAL CONTINUES ITS EFFORTS TO OFFER SERVICES AND INFRASTRUCTURES THAT RESPOND TO CHALLENGES SUCH AS CLIMATE CHANGE, WATER FOOTPRINT MANAGEMENT, THE ENERGY CRISIS, THE REUSE OF WASTE AND THE LOSS OF BIODIVERSITY, TO CREATE VALUE BY REDUCING THE ENVIRONMENTAL IMPACT AND DISCOVER NEW BUSINESS OPPORTUNITIES

The ratification of the universal agreement against climate change, the Paris Agreement, confirms the commitment of governments to limit the increase in global warming to below 2 °C at the end of the century compared to pre-industrial levels. Most of the countries where Ferrovial operates have ratified their emission reduction commitments, which is why an acceleration of the process for the decarbonization of their economies is expected, which will generate new opportunities.

## CLIMATE STRATEGY

The strategy and climate governance is integrated into Ferrovial's business strategy. Technological advances, a commitment to innovation, to energy efficiency, the source of energy from renewable sources and an increase in their weight in electric mixes to the detriment of fossil fuels are essential elements to take on the environmental commitment to reduce own emissions and those of customers and users of products and services.

In this sense, Ferrovial has become a strategic partner in achieving the targets of mitigating emissions and adapting

to the effects of climate change by providing solutions through its low carbon business models: mobility of people (Managed Lanes on toll roads and car sharing), energy services, smart cities, water, circular economy and adaptation of infrastructures.

Ferrovial's climate strategy has been awarded once again by the Carbon Disclosure Project (CDP), when it was included in the "Climate A List" leadership category in the Climate Change edition and recognized by the international consultancy Carbon Clear as one of the leading companies among the Ibex 35 companies.

**Task Force on Climate-Related Financial Disclosures**

Ferrovial is committed to implementing the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Currently, Ferrovial's corporate risk system covers both physical, operational, regulatory, financial and reputational climate risks. This analysis provides useful and relevant information to plan the corporate strategy and take



advantage of the business opportunities derived from the mitigation and adaptation measures.

These recommendations are considered a turning point that will accelerate the economy with low emissions.

### Collaboration with stakeholders

Ferrovial maintains an active position with the most relevant stakeholders, highlighting those that are or may be involved in the main climatic risks of the company's activities throughout the world.

To facilitate this, the company is involved in several think tanks and influence groups at European level to discuss the future of the economic and environmental agenda for the 2030 and 2050 horizons. These include the Corporate Leaders Group (University of Cambridge Institute for Sustainability Leadership) and the EU Green Growth Group (platform formed by representatives of the business world, members of the European Parliament, governments and commissioners).

In the field of climate innovation, since 2017, Ferrovial has been a co-partner of the Climate-KIC, the largest European public-private innovation initiative created by the European Institute of Innovation and Technology (EIT) focused on mitigation and adaptation to climate change, either by carrying out innovation projects or by accessing the network of entrepreneurs articulated by the Climate-KIC.

In Spain, Ferrovial chairs the Spanish Green Growth Group (GECV) that promotes public-private collaboration to advance in mitigation and adaptation to climate change, the decarbonization of the economy and the promotion of a circular economy.

Along the same lines, the company is a member of the Fundación Empresa y Clima, a strategic partner in the #PorElClima Community, which promotes the Spanish Platform for Climate Action for public-private collaboration, presented in the framework of the Bonn COP, supports the Marrakech Alliance to contribute to a green and decarbonized economy, and participant in the Cluster of Climate Change promoted by Forética.

### Circular economy

The circular economy is an important element as a new economic model in the fight against climate change. Therefore, Ferrovial has supported the Pact for the Circular Economy promoted by the Ministries of Agriculture and Fisheries, Food and Environment and Economy, Industry and Competitiveness that mainly promotes the reduction of the use of non-renewable natural resources, reuse of waste as raw materials, recycling, incorporating ecodesign criteria and public awareness.

Under this scope, a Circular Economy Working Group has been set up internally to identify and promote opportunities to transform the waste generated and managed into raw materials or secondary fuels that can be used in works and infrastructures designed, constructed and operated by Ferrovial.

### CO<sub>2</sub> EMISSIONS OVER TIME\*

**-28.4%**

IN RELATIVE TERMS  
(tCO<sub>2</sub>eq/M€)  
(2009-2017)  
(Scope 1 & 2)

### ELECTRICITY FROM A RENEWABLE SOURCE

**36%**

OF THE TOTAL  
CONSUMED

### CARBON FOOTPRINT. REDUCTION TARGETS

The calculation and reporting of the carbon footprint is applicable to the entire company and covers all business areas 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.

The company has ambitious goals in this matter. By 2020, it has been proposed to reduce Scope 1 & 2 emissions in terms of intensity (tCO<sub>2</sub>eq / million euro of turnover) by 35.4% compared to the baseline year, 2009. 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%. The reduction target for 2017 in terms of intensity with respect to the baseline year is 25.75%.

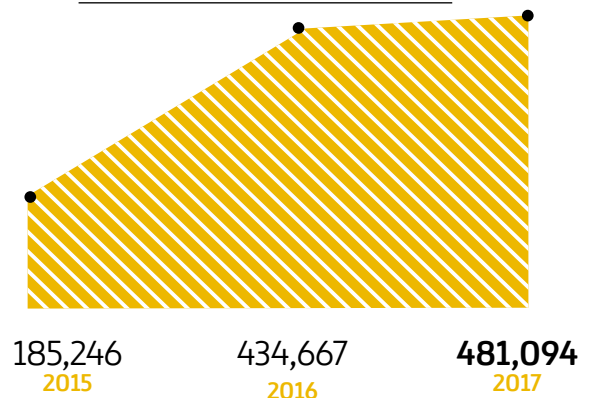
After calculating the 2017 carbon footprint, scope 1 & 2 emissions have been reduced by 28.4% in terms of intensity (2.65% above the target) with respect to the base year. In absolute terms, emissions have been reduced by 10.2%, despite the 25.4% increase in turnover since that year. For more information see the Appendix.

The fulfillment of the proposed target is being carried out based on the implementation of actions to improve energy efficiency in buildings and processes, in the incorporation of sustainable criteria in purchases, in leasing of vehicles and machinery, in the design of sustainable mobility plans, and in the promotion of the purchase of electricity from certified renewable sources. Along these lines, in 2017, 36.04% of the total electricity consumed came from renewable sources, with 94.08% purchased and 5.92% from self-consumption.

### Emissions avoided

Since 2009, and thanks to internal plans, scope 1 & 2 emissions have been reduced by 1,202,451 tCO<sub>2</sub>eq, a figure similar to the annual emissions of a city of 174,136 inhabitants. In 2017, the consumption of renewable electricity prevented the emission of 39,247 tCO<sub>2</sub>eq, and the emissions avoided thanks to the sorting and capturing of biogas in landfills amounted to 1,389,171 tCO<sub>2</sub>eq.

### CONSUMED RENEWABLE ENERGY (GJ)



\* The evolution of the emissions has been calculated by adjusting the base year data to the Companies perimeter of 2017.



## BIODIVERSITY AND NATURAL CAPITAL

Through the "Ferrovial, Natural Capital" program, Ferrovial carries out several biodiversity projects for not only assessing and mitigating the impact on natural spaces or ecosystems affected by its activity, but also anticipating market trends and, if applicable, making the most of any new opportunities in this field. At the end of 2016, the Natural Capital Protocol was made public, the first international standard that aims to make it easier for corporations to internalize risks and opportunities related to biodiversity and natural capital. Ferrovial had anticipated this process by incorporating the "No Net Loss of Biodiversity" criteria in its policy by developing tools to measure the company's impact on biodiversity, in collaboration with various scientific institutions (CSIC, Universidad Rey Juan Carlos of Madrid, University of Salamanca).

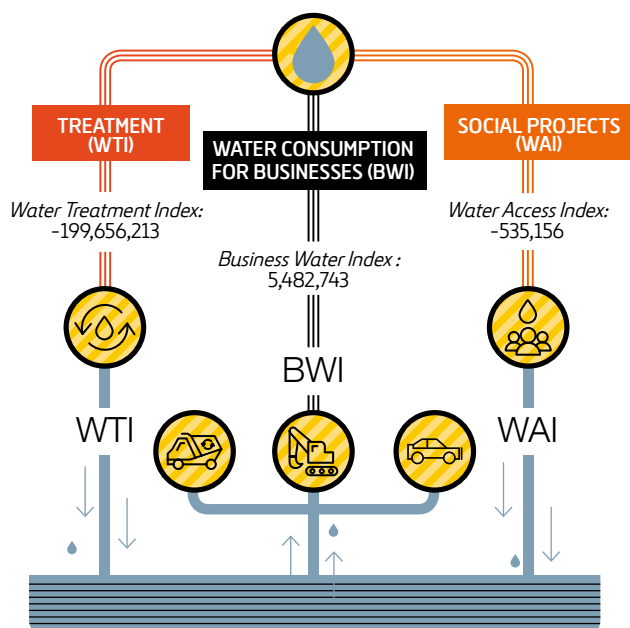
The development of these tools was completed in 2017, and their reliability was validated in some infrastructure projects. This initiative has served as a case study and has accelerated the entry of Ferrovial into the Natural Capital Coalition, the promoting entity of the protocol.

Meanwhile, the company maintains its lines of collaboration with the Spanish Enterprise and Biodiversity Initiative (<http://ieeb.fundacion-biodiversidad.es/>), and the Global Change Monitoring Network, of the Ministry of Environment (MAPAMA).

## WATER FOOTPRINT

Ferrovial is the first company in its sector to establish a methodology to quantify its impact on water resources. It is based on the principles of The Water Footprint Assessment Manual (WFM), the Global Water Tool (GWT) and GRI-G4, and considers aspects such as the country's water stress, the impact on water resources (quantity and quality) and the

### FERROVIAL WATER FOOTPRINT



**BWI:** Business Water Index. Water consumption and discharge in activities carried out by the business units. **WTI:** Water Treatment Index: impact of Cadagua's water treatment processes and those of Ferrovial Services and Amey's leachate treatment in landfills. **WAI:** Water Access Index: Impact of Social Action projects for water supply to communities in developing countries.

## REDUCTION TARGETS CERTIFIED BY SCIENCE BASED TARGETS (SBTi)

...

Ferrovial has joined the SBTi initiative that promotes the action of the private sector toward a low emission economy. A proposal that follows the recommendations of scientists and aligns them with the targets to reduce emissions required in the different temporary timelines. Ferrovial is the first company in its sector and in the world to set reduction targets aligned and validated by this initiative. SBTi collaborates with the United Nations Global Compact, CDP, World Wildlife Foundation (WWF) and the World Resources Institute (WRI).



## CARBON PRICING

...

In 2017, a tool was developed to implement a carbon price in the most relevant investments of Ferrovial in the shadow pricing modality with the aim of quantifying the associated risks and opportunities and guiding the asset portfolio to decarbonized business models. The methodology establishes the evolution of the long-term carbon price (from 2020 to 2050), in the main sectors and in the 15 most relevant geographies, making it possible to quantify the risks and opportunities of new investments. It also includes an analysis of the current carbon prices, the optimal prices to be able to meet the decarbonization target of the Paris Agreement and the path of compliance in each of the countries.

accessibility to water. More information on our water footprint at [www.ferrovial.com](http://www.ferrovial.com).

## REDUCTION OF ENVIRONMENTAL IMPACT

The high volumes of lands managed on site have motivated Ferrovial to establish an objective of reusing them, seeking to minimize the impacts associated with this activity. For this reason, an 80% target for land reuse has been established for 2020, considering 2015 as the base year.

## LAND REUSED IN WORKS

...

2017	2016	2015
15,498,439 m <sup>3</sup>	11,692,839 m <sup>3</sup>	5,910,889 m <sup>3</sup>

The company has also reduced the production of non-hazardous waste, reaching the target of a 2.5% annual reduction, taking 2016 as the base year.👉

## NON-HAZARDOUS WASTE GENERATED

...

2017	2016	2015
683,842 m <sup>3</sup>	731,874 m <sup>3</sup>	655,519 m <sup>3</sup>

The non-hazardous waste in 2015 and 2016 have been recalculated taking into account the contribution of the new companies acquired in order to improve the comparability of the data.





PHOTO: Glasgow Airport (United Kingdom).

## **BE RESPONSIBLE, BE SUSTAINABLE**

Ferrovial believes in long-term development. A business model that advocates responsibility in the way of acting and the sustainability of the project. Values that generate commitments, policies and procedures for the environment, community, ethics and innovation. A way of being and acting acknowledged by DJSI, FTSE4Good and Carbon Disclosure by including Ferrovial among its members.







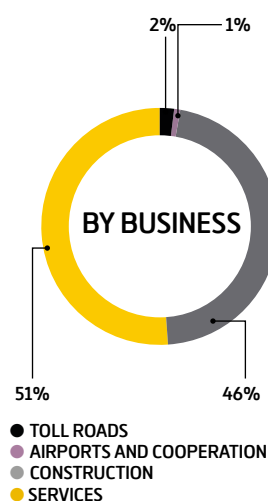
**PHOTO:** Castilblanco viaduct, Badajoz (Spain).



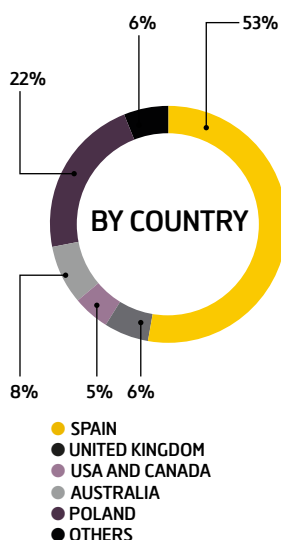
## SUPPLY CHAIN

FERROVIAL WORKS TO DEVELOP A SUPPLY CHAIN FORMED BY THE BEST PARTNERS AND SUPPLIERS, PROMOTING SUSTAINABLE PURCHASING, COLLABORATION, EFFICIENCY AND INNOVATION.

### NUMBER OF SUPPLIERS: 87,335



### TOTAL NUMBER OF SUPPLIERS



Ferrovial integrates its corporate principles and values throughout the entire supply chain. The company works with leading, socially responsible and collaborative organizations and partners.

The selection and contracting processes are objective and rigorous. Through the evaluation and monitoring of quality, the company seeks to increase the performance of the supply chain and facilitate solid and long-term business relationships.

### STRATEGY AND MANAGEMENT PROCEDURES

The Global Purchasing Policy, applicable to all Ferrovial companies and subsidiaries, includes the fundamental principles in terms of safety and sustainability that mark the relationship of the company with its suppliers. They are based on the company's Code of Business Ethics and the Corporate Responsibility Policies.

This policy defines the bases and the basic operating procedure, and specific operating procedures are applied for each country/area to adapt them to the particularities of each market. It seeks to shore up the management adapted to the specific requirements of each project in accordance with the local supplier marketplace yet applying an international vision in relevant purchase with a view to benefiting synergies and the extensive knowledge of the global supplier marketplace.

The overall coordination of the purchasing activity rests with the Global Procurement Committee, which, led by Ferrovial's Chief Information and Innovation Officer (CIIO) and formed by the chief procurement managers of the business areas, facilitates sharing good practices and improving the procurement function from a global point of view.

The strengthening of good purchasing governance is materialized with the reinforcement of the procedures control model using information obtained from the systems, developing certain sustainability plans, and establishing work groups to look into new approaches and specific solutions to mitigate risks.

Another of the targets pursued is the professionalization of the function through specific training programs, presence in events and the improvement of communication with businesses. This year, 5,820 hours of training were given, mainly aimed at procurement managers, to find out the best practices and latest developments in the field of provisioning.

### COMPREHENSIVE SUPPLIER MANAGEMENT

The relationship that Ferrovial maintains with its suppliers is based on transparency and mutual trust, with the clear objective of being able to guarantee an excellent, efficient and quality service provision. The relationship with suppliers and contractors is maintained through specific management, classification, approval, evaluation and risk control systems.

Supplier selection is based on objective and rigorous criteria that guarantee independence and impartiality. The procedure for evaluating and monitoring the quality of suppliers and subcontractors includes an assessment of incidents in the event of any breach of the agreed requirements included in the contract or order that change the provision of the service. Incidents are classified as minor or serious and may lead to the blocking and/or exclusion of the supplier in future tenders.

It is also essential that suppliers ensure compliance with the Corporate Responsibility Policy, the Code of Business Ethics and Anti-Corruption and Compliance Policies in their applicable field. Along this line, contract and order models have been updated to align them with the new Corporate Compliance Policy, so that procurement managers convey to suppliers the commitment to act in accordance with said policy.

### SUPPLIERS EVALUATED IN 2017

13,129

In 2017, 13,129 suppliers were assessed, and less than 1% were rejected. 29,173 new suppliers were incorporated during the year. A total of 685 suppliers were considered critical, which accounted for 19.1% of the total supplier invoicing.



## INNOVATION AND TECHNOLOGY

For Ferrovial, it is essential to continue being committed to innovation and using new technologies as key elements to improve procurement processes and available information. Continuous improvement is a priority, incorporating new ways of working, sharing knowledge and learning from best practices. Innovation is also sought in collaboration with suppliers, using their experience to offer products and services that add value, minimize risk and offer new opportunities.

In Construction, the use of InSite continues to be promoted as a tool to support procurement information and management, incorporating new information processing and analysis capabilities.

Meanwhile, Ferrovial Services launched an ambitious program to optimize the available information and share it with the other business activities. It includes punch-out catalogs for improved integration with critical suppliers; dashboards for procurement management (PIC BI) and fleet management (OMEGA BI), to take better advantage of available information; and the design and implementation of the OPTIMAS project, which consists of an improvement plan to optimize the backoffice functions of the business areas.

Regarding the management of information and data, the increase in the supply and fleet presence in innovation projects is noteworthy. The Smart Fleet project, an intelligent fleet and connectivity program that involves the implementation of technology in the fleet itself, is designed to obtain information aimed at improving efficiency, fuel consumption in fuel tanks, preventive and corrective maintenance, and workplace and road safety in the fleet and workshops.

## OMEGA PROJECT

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Ferrovial Services has been using the OMEGA tool (Optimization of Equipment Maintenance and Asset Management) software tool since March 2017 to gather all the equipment and vehicle information in its workshops, which enables greater control of the fleet and reduces the associated maintenance costs.

The objective of OMEGA is to obtain sufficient traceability to control expenses and efficiently allocate available resources such as labor, materials and subcontracting expenses. With the data obtained, and using Big Data, we expect to anticipate possible breakdowns and adapt preventive maintenance plans.

Considerable resources have been invested in designing the application to adjust it to the different technical profiles in the workshops. The main benefits of this new tool are:

- Having a unique management model unified in Ferrovial Services.
- Saving management costs thanks to improved planning.
- Improving fleet management, by having all the technical information of the equipment and vehicles.

## SUSTAINABLE PURCHASES

The procurement area actively contributes to achieving the objectives of the Strategic Plan for Corporate Responsibility, the 20.19 Plan, by promoting the contracting of renewable energies, the reduction of fuel consumption and by purchasing electric and hybrid vehicles. Along this line Construction has a Catalog of Green Purchases conceived for shoring up acquisitions of products and services with environmental characteristics that enable a contribution to improving energy efficiency, environmental sustainability and assisting responsible decision-making for purchasing supplies and commissioning construction work and services.

When making a decision in procurement processes, energy consumption is considered among the factors that are analyzed in the products or services to be contracted, in procurements in which this factor is relevant. In 2017 a market study was carried out on hybrid and electric vehicles to determine the possible alternatives, as well as the advantages and disadvantages and/or limitations compared to conventional vehicles. Ferrovial Services is analyzing new methods of propulsion for heavy vehicles, especially for waste collection trucks (100% electric and hybrid in development).

## PROCUREMENT PROCESS

...



### PURCHASE REQUEST

Each area organizes its own purchasing according to the management criteria established by the Procurement Committee.

### CONTRACTING STRATEGY

- Green Purchasing Catalog.
- Recycled Product Supplier Study.

### POTENTIAL VENDOR ASSESSMENT AND SELECTION

Suitability analysis:

- Financial capacity.
- Environmental.
- Social (Health & Safety, respect for human rights, ethics).

### REQUEST FOR PROPOSALS

Transmission of ethical and anti-corruption requirements, and inclusion of clauses in orders and contracts.

### CONTRACT AWARDING

Control and monitoring of suppliers and contracts.

## COMMUNITY

IN ITS COMMITMENT TO THE SUSTAINABLE DEVELOPMENT GOALS (SDG), FERROVIAL ACTIVELY PARTICIPATES IN THE COMMUNITY THROUGH THE DEVELOPMENT AND EXECUTION OF SOCIAL PROGRAMS TO SIGNIFICANTLY IMPROVE PEOPLE'S LIVES. THE COMPANY HAS A KEY ROLE IN THE SOCIAL AND ECONOMIC DEVELOPMENT OF THE COUNTRIES WHERE IT CARRIES OUT ACTIVITIES.

As an infrastructure manager, Ferrovial is a key component in reducing territorial imbalances, contributing to development, generating employment, buttresses purchases from local suppliers, contributes by paying taxes, and transfers skills, knowledge, innovation and technology.

The company develops different investment programs in the community aimed at groups of people at risk of exclusion, both in its main markets and in developing countries.

### INVESTMENT IN THE COMMUNITY

#### Spain

Ferrovial supports the refurbishment of shops set up for distributing food to underprivileged groups within the **Social Action in Spain** program. In 2017, the company, together with the Spanish Federation of Food Banks, supported the refurbishment of nine centers located in Palencia, Murcia, Orense, Cáceres, Algeciras, Huelva, Granada, Madrid and Barcelona.

It also has the **Juntos Sumamos** program, in which employees decide to contribute to social projects, which is doubled by the company. In 2017, three projects chosen by the donor employees were executed: start-up of a Day Center for Children's Villages in Málaga, rehabilitation of a medical clinic in Haiti with Manos Unidas and caring for leprosy patients in India with the Fontilles Association.

Ferrovial also supports the activities of the Integra Foundation with a view to contributing to integrating people at risk of social exclusion. Since 2002, Ferrovial has helped find work for over 500 people. Ferrovial Services has signed 32 collaboration agreements with special employment centers. It also launched the "Escuela de Oficios" trade school for helping improve the prospects of employment for people at risk of social exclusion or with disabilities. It also partners with the Exit Foundation's "Coach", a corporate volunteering initiative aimed at vulnerable young adults providing orientation and motivation.

Regarding the integration of people with disabilities, Ferrovial and the Adecco Foundation work together through the Plan Familia to help family members of disabled persons. Cadagua, in turn, participates in the Unidos Project, pioneer in academic and employment orientation for university students with disabilities.

In its endeavor to support culture, the company sponsors the Guggenheim Museum, the Liceu theater in Barcelona and the Teatro Real in Madrid. It also works with different local governments to promote concerts, exhibitions and competitions.

#### COMMUNITY SUPPORT PROJECTS

305

#### COMMUNITY INVESTMENT (M€)

4.3

#### BENEFICIARIES IN WATER AND WATER TREATMENT PROJECTS

212,605

#### United States

In the US, Ferrovial sponsors several **educational projects** such as "After School Matters", "Black Creativity Gala" and "Illinois Military Families Fund", in Chicago; and "National Math and Science Initiative" in Texas, to help young people further their studies in science, technology, math and engineering. Toll road I-77 supports the **Discovery Science Museum** in Charlotte, North Carolina. Discovery Place is an NGO focused on the exploration of nature through exhibitions and educational programs for all ages.

#### Canada

The 407 ETR and its employees are committed to local communities through various social initiatives in the following areas:

- **Youth sport.** Helping the Richmond Hill Soccer Club to provide leagues, camps and special events throughout the year to more than 7,000 players, 500 volunteers and 100 game officials.
- **Hospitals and Restoration.** It supports various health-care centers such as the Hamilton Health Sciences Foundation; Humber River Hospital Foundation; Joseph Brant Hospital, and Mackenzie Health Foundation, among others.
- **Environment.** Associated with Evergreen, 407 ETR not only donates but it also facilitates the participation of its employees in tree planting.

#### United Kingdom

Amey and the **Duke of Edinburgh Foundation (DofE)** have an agreement to improve the opportunities and employment prospects of thousands of young adults at risk of exclusion for the last 13 years. The program is being run in Staffordshire, Birmingham, Liverpool, Sheffield and Wales.

**Heathrow Community Fund** is a Heathrow Airport program that supports projects that improve the quality of life of the communities near the airport in matters such as the employability of young people, the environment, community activities and staff volunteering. Heathrow also works with another charitable organization known as the **Hillingdon Community Trust**, which offers grants for community projects.

#### Poland

Budimex work with **Strefa Rodzica**, aimed at creating separate areas in the pediatric wards of hospitals, where parents can accompany their sick children. Another initiative is **Domofon ICE**, which equips students with identifiers for



## UNITED NATIONS ADVISOR FOR SDGS

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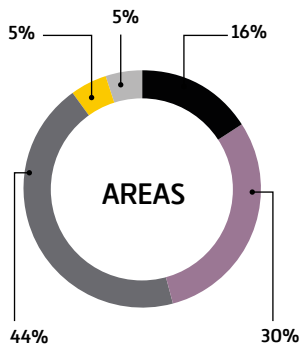
The New Agenda for Sustainable Development (2015-2030) sets forth the humanity targets for the next 15 years, incorporating the private sector as one of the main protagonists. The UN's Sustainable Development Goals (SDG) Fund created a Private Sector Advisory Group, in which Ferrovial and another 12 companies from around the world renewed their presence. Its role is to provide the experience of the private sector to articulate an effective collaboration with the public, to achieve the ambitious targets designed in the agenda. Ferrovial highlights its commitment to SDG 6 (Clean water and sanitation), SDG 9 (Industry, innovation and infrastructure) and SDG 11 (Sustainable cities and communities).

In addition, Ferrovial participates with Save the Children in a water and sanitation program for the El Tambo and Bolívar schools in El Cauca (Colombia), within a United Nations project. In the photo, schoolchildren from El Cauca.

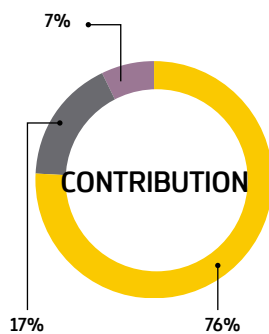


## COMMUNITY SUPPORT PROJECTS

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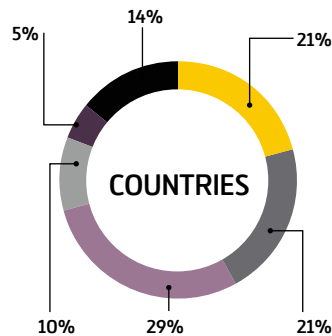
- EDUCATION AND YOUNG PEOPLE
- HEALTH AND SOCIAL WELFARE
- ECONOMIC DEVELOPMENT AND HUMANITARIAN AID
- ENVIRONMENT
- OTHERS



- MONEY
- TIME
- IN KIND

## INVESTMENT IN THE COMMUNITY

...



- SPAIN
- UNITED KINGDOM
- USA AND CANADA
- LATIN AMERICA
- AUSTRALIA
- REST OF THE WORLD

risky situations. Children receive a card in the shape of a cell phone with a reflective bag that can be easily attached to a backpack.

### Australia

Broadspectrum is committed to reducing inequality among indigenous people in Australia. The company promotes a socially inclusive business that recognizes local customs, the needs of indigenous peoples and their communities, as well as the preservation of their culture and customs. The program is part of the Reconciliation Action Plan government initiative, which aims to fully integrate Aborigines into Australian society.

### Other developing countries

Since 2011, Ferrovial has had a program to cooperate in the development of **Social Infrastructures**, which facili-



**VIDEO: SOCIAL ACTION 2017**  
Click on this link for more information

tates access to water in Africa and Latin America. Ferrovial, together with NGOs and Local Authorities, develops water and sanitation infrastructures. Company employees in turn participate as volunteers, contributing with their knowledge in the country where the intervention is being carried out. In 2017, the company carried out four projects benefiting 20,836 people, with an overall investment of 500,000€:

- **Zabzugu District, Ghana:** mechanization of four wells with solar energy for six communities, five schools and a health center together with World Vision International.
- **Ventanilla District, Peru:** improvement of water and sanitation conditions in six schools and two human settlements, together with the Plan Internacional España.
- **El Tambo and Bolívar districts, Colombia:** construction of potable water infrastructure and rehabilitation of sanitation in four schools and three communities, together with Save the Children. This project is part of the program led by UNDP in Cauca.

## RESPONSIBLE TAX MANAGEMENT

FERROVIAL MANAGES ITS FISCAL OBLIGATIONS IN A PRUDENT AND TRANSPARENT MANNER, UNDER THE HIGHEST LEVEL OF COOPERATIVE COMPLIANCE, BUT WITHOUT RENOUNCING AN EFFICIENT MANAGEMENT ALIGNED WITH THE GROUP'S STRATEGY. IN 2017, THE TOTAL TAX CONTRIBUTION STOOD AT 2,075 MILLION EURO, HIGHLIGHTING THE DERIVATIVE OF EMPLOYMENT, WHICH ROSE TO 1,184 MILLION, AND THAT DERIVED FROM THE COMPANY'S OWN ACTIVITY, WHICH REACHED 621 MILLION EURO.

### TOTAL TAX\* (M€)

2,075

\* Supported, paid and collected.

### EMPLOYMENT TAXES\* (M€)

1,184

\* Supported, paid and collected.

### TAX COLLECTED BY ACTIVITY (M€)

621

In 2010, Ferrovial adhered to the Code of Good Tax Practices promoted by the Spanish Tax Agency, subsequently extending these recommendations to all its activities in the world through the Compliance Policy and Good Practices in Tax Matters. Finally, in February 2015, the Board of Directors approved the Ferrovial Tax Policy, complying with the provisions of Article 529 ter of the Capital Companies Law.

#### PRINCIPLES

- Compliance, assuming the commitment to make the correct payment, and on time, of all applicable taxes, complying with the law in each country.
- Professionalism, assigning the management of taxes and the associated risks to a team of specialized professionals, the Ferrovial Tax Advisory Division, supported by top external advisors.
- Efficiency, managing tax aspects in coherence with the business strategy, maximizing the value for its shareholders.
- Cooperation, sustaining good relations with tax authorities and managing tax matters in a proactive manner in order to avoid any kind of unnecessary conflict.
- Sustainability, having procedures and policies in place to manage fiscal risks.
- Participation, contributing its international knowledge on tax matters in legislative processes.
- Applying market price in all transmissions made between the Ferrovial companies.

#### TAX RISK PREVENTION

Following the recommendations of the Good Taxation Practices Code:

- It promotes measures to prevent and reduce fiscal risks.

- It seeks to avoid conflicts arising from the interpretation of regulations by applying instruments such as prior consultation with tax authorities and prior valuation agreements.
- It collaborates with the competent tax administrations to detect fraudulent fiscal practices that may exist in the market, with the aim of eradicating them.
- It provides all information and documentation requested by tax authorities as quickly and as completely as possible.
- It makes use of all the possibilities offered by the inspector procedure to reach an agreement with the tax administrations.


## TRANSPARENCY

...

The principle of transparency frames the management of taxation. Ferrovial does not make use of any companies domiciled in tax havens or other non-transparent jurisdictions, except when a given activity - for example a specific construction project - is irredeemably connected with such jurisdictions. In this case, the company will provide information to the competent authorities pursuant to legislation.

#### THE ROLE OF THE BOARD OF DIRECTORS

The company's Board of Directors, via the Chairman, CEO and senior executives, ensures that Ferrovial adheres to principles and good practices with respect to taxation. In charge of approving a control and management policy for fiscal risks, as well as any operations that carry a tax risk.

When formulating the annual accounts, the Board is informed about the fiscal policies applied during the year and about the effective fulfillment of the commitments included in the Code of Good Tax Practices, reflecting it in the Annual Corporate Governance Report. For further information, please refer to section 6.6 of the Consolidated Financial Statements. 

## 2017 TAX CONTRIBUTION BY GEOGRAPHY

...

Amounts paid in 2017. Information in euros, considering the average interest rate of the year for payments in foreign currency. Aggregated figures based on the percentage of participation, not consolidation (it includes 43.23% 407 ETR, 25% of HAH and 55.14% of Budimex). Differentiation between Tax Borne (where Ferrovial is obliged to assume it) and Tax Collected (taxes derived from Ferrovial's activity, but borne by third parties: employees, clients, suppliers,...)

MARKET	INCURRED TAXES <sup>(1)</sup>	COLLECTED TAXES <sup>(2)</sup>	TOTAL (€)
Spain	361,672,219	379,225,355	740,897,573
United Kingdom	147,013,497	344,179,745	491,193,243
Australia <sup>(3)</sup>	134,580,394	317,783,713	452,364,107
The Americas	71,933,742	86,565,756	158,499,498
Poland	33,296,413	160,345,931	193,642,344
Rest of Europe	21,932,553	16,239,402	38,171,955
Other (<1%)	0	15,183	15,183
Total	770,428,818	1,304,355,086	2,074,783,904

(1) Taxes for income, production or profits, and Social Security contributions as an employer.

(2) VAT collected, employment taxes and contributions to the Social Security for employees.

(3) Related to Australia and the rest of Pacific Islands.

## EMPLOYMENT AND ACTIVITY

...

Ferrovial's total tax contribution represents 15.7% of its revenues (figures based on the percentage of participation). That is to say, for every 100 euro of sale, Ferrovial has deposited 16 euro in the public coffers. Ferrovial's tax contribution comes mainly from employment-related taxes, reflecting its importance as a large employer (almost 97,255 employees average workforce), and taxes related to the development of its activity, which it impacts to their clients and collects for the different tax administrations.



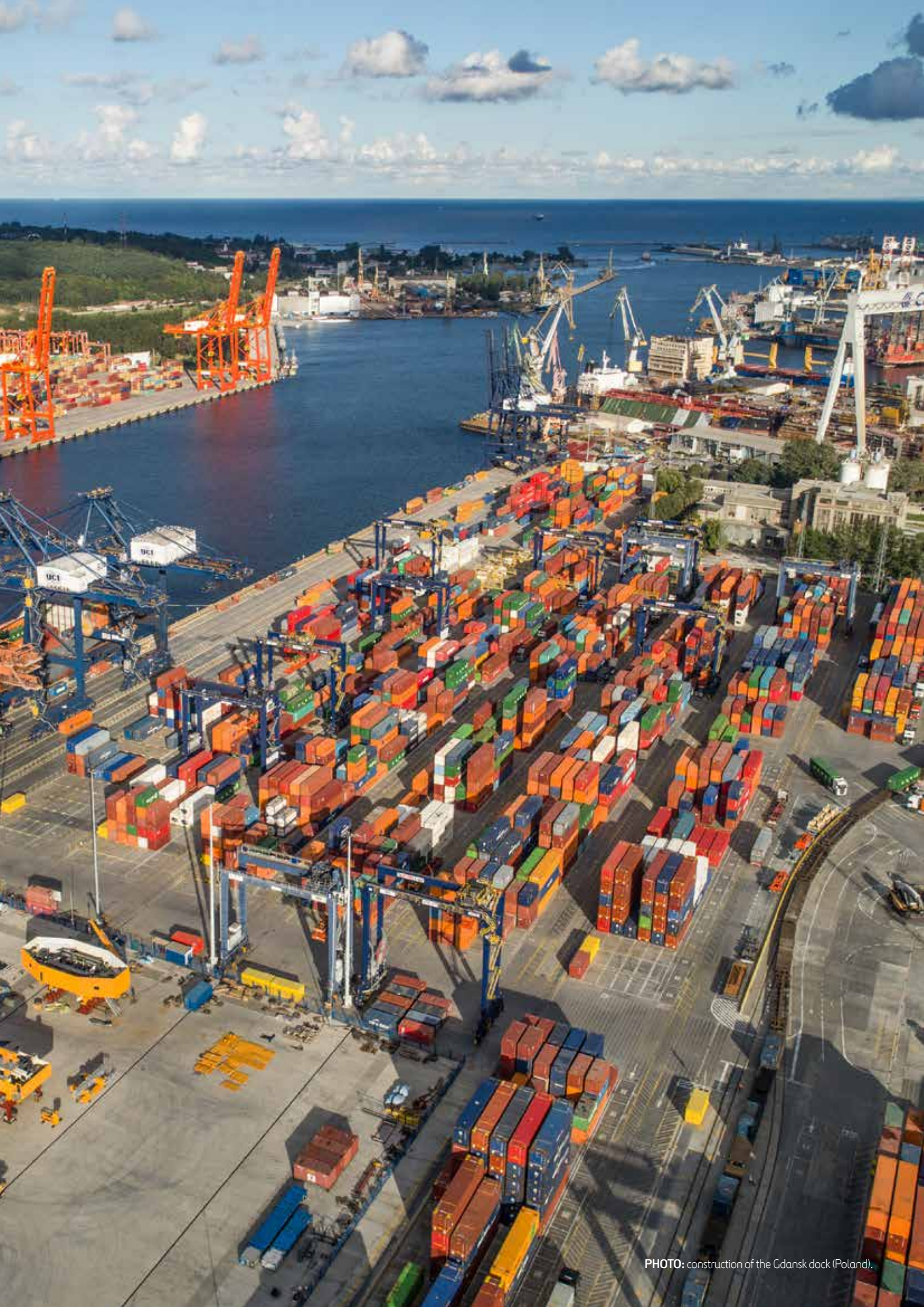


PHOTO: construction of the Gdansk dock (Poland).

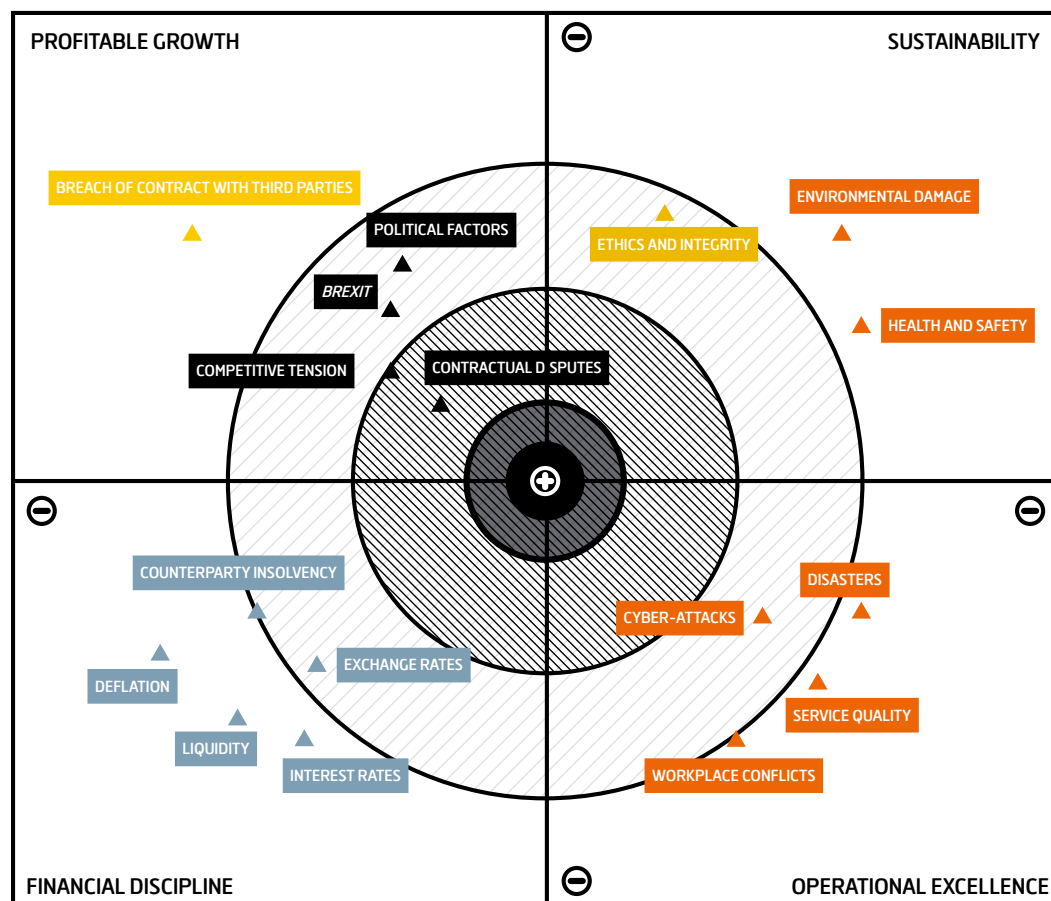




# R I S K S

PHOTO: maintenance of water supply and sanitation facilities in Bilbao (Spain).

## RISKS MATRIX

**STRATEGIC**

Risks related to the market and the environment of each business; risks derived from the regulatory framework and legislation in force; risks derived from alliances with partners and associates of the company's organization and its relationships with external agents.

**COMPLIANCE RELATED**

Risks linked to compliance with applicable legislation, obligations with third parties and self-imposed duties deriving from the Code of Ethics.

**FINANCIAL**

Risks associated with changes to financial data, access to the financial markets, cash management, the reliability of financial information and tax-related risks.

**OPERATIONAL**

Risks associated with production processes, rendering the service, generating income and incurred costs. Particular attention is given to risks linked to deficiencies or delays in the rendering of services to customers and users and occupational risks.

**Please 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.

The chart displays the most relevant risk events according to their residual assessment (after controls) that threaten the execution of the corporate strategy.

**RISKS**

FERROVIAL IS EXPOSED TO A RANGE OF RISK FACTORS ARISING IN COUNTRIES WHERE IT CARRIES OUT ITS ACTIVITIES AND INHERENT TO THE SECTORS IN WHICH IT OPERATES. THE COMPANY SEEKS TO DETECT AND ASSESS RISKS, AND IMPLEMENT TIMELY CONTROL MEASURES TO MITIGATE THEIR PROBABILITY OF OCCURRENCE AND/OR POTENTIAL IMPACT ACCORDING TO THE STRATEGIC OBJECTIVES. MOREOVER, NEW BUSINESS OPPORTUNITIES CAN BE IDENTIFIED BECAUSE OF THE EFFECTIVE AND EFFICIENT MANAGEMENT OF CERTAIN RISKS.

The following risks are prominent among the main risks affecting the implementation of the Ferrovial strategy:

- **Contractual disputes:** fiscal consolidation policies in force in some of the areas where Ferrovial carries out its activities are negatively affecting the financial capacities of public sector customers and, therefore, their investment capabilities. The financial tensions affecting some public sector customers increase exposure to contractual dispute risks, which could affect the profitability of projects. The high level of legal security in the areas where projects are underway partly mitigates this risk.

Regarding the main litigation opened in December 2017 relates to the contract between Amey and the Birmingham City Council in the United Kingdom. On 5 September 2016, the Tribunal's decision was rendered in favour of Amey in all matters under discussion between the parties, although the other party requested permission to go to the Appeals Tribunal. During 2017 financial year, the company was involved in negotiations with the City Council in order to reach an agreed solution, although the City Council resorted to the following measures to the Court of Appeals, with negotiations finally held in abeyance. On February 22, 2018, this court has ruled against Amey in all matters and the intention of the company is to appeal the decision to the Supreme Court. At year-end, the company maintains an adequate provision to cover the final risks that may arise from this litigation. For further details, please refer to section 6.5.1 of the Consolidated Financial Statements.

It is also necessary to highlight that, after the sale of the SH-130 toll road in the USA, the concessionaire presented a claim to the construction company, pending evaluation, in which Ferrovial participates with a 50% stake, for short-falls in the construction.

The symbol indicates the development of the risk with respect to its situation in the previous integrated report (■ stable; ▲ the risk has increased, ▼ the risk has decreased)

■ **Competitive tension:** the economic recovery slowdown in Europe and emerging countries negatively affects public sector investment capacity and could therefore affect the demand on infrastructures. This circumstance increases competitive tension in the international markets where Ferrovial operates with the resulting pressures on prices and profit margins in projects that, by their very nature, have significant execution risks, and on the technical references portfolio.

As a response to these risks, the company has an investment approval procedure in place for identifying and assessing the most relevant project risks, including risks generated by the competitive environment, and opts to tender projects for which it has the most appropriate risk management capacities that will yield a competitive advantage.

▲ **Brexit:** after the United Kingdom Government submitted its formal intention to leave the European Union on June 19, 2016, the exit process was formally initiated and a two-year negotiation period began to determine the new terms of the UK's relationship with the European Union.

The final result of this negotiation process is subject to a high level of uncertainty that could adversely affect economic conditions in the United Kingdom and/or in the European market as a whole, as well as contributing to instability in financial markets and global currencies, including volatility in the value of the euro.

Ferrovial's assets in the United Kingdom (16% of the value of assets according to analysts' estimates), could affect its profitability and its ability to create value.

However, these estimates have been tweaked toward a more optimistic outlook. Heathrow airport is the largest asset in which Ferrovial participates in the United Kingdom but the forecast for a potential slowdown or standstill in the British economy is not expected to significantly affect its activity when compared to similar situations in the past in light of the relevance of the asset and its current full-capacity status. In addition, the decision of the British Government to move forward with the third runway project, pending final parliamentary approval, highlights the importance that the airport has for this country and, therefore, its lower exposure to this risk.

In the case of the Services business, which operates through Amey, the impact of budgetary restrictions of Public Administrations may continue to affect the business, although both Services and Construction may be positively impacted by the need to improve the transport network that entails more investment and maintenance tenders in the medium-term. Section 5.4 h of the Consolidated Annual Accounts shows how the Brexit has impacted on the main financial figures, contrasting the negative effect of the performance of the exchange rate with the positive effect of the increase in the inflation rate and the reduction of interest rates, and therefore, of the discount rate on the regulated assets of Heathrow airport.

**Regulated assets indexed at inflation increase their value as inflation increases.** In response to the risks that could emerge from Brexit, Ferrovial will continue monitoring the developments in negotiations between the United Kingdom and the European Union, foster operating efficiency measures across its diverse business areas to adapt to arising market circumstances, and continue tracking the trends in the financial markets to take the appropriate coverage measures.

To hedge the foreign currency risk, Ferrovial has arranged hedges to cover the amount equivalent to approximately the dividends it expects to receive from UK assets over the next three years. See Note 5.4 of the Consolidated Financial Statements.

▲ **Political and regulation factors:** In general, most of Ferrovial's operations are in countries with a high level of legal certainty and where there is an expectation of socioeconomic stability and transparent tax regulations, as in the case of the United Kingdom, the United States, Canada, Poland, Australia and Spain. Nevertheless, recent political events characterized by the exponential growth of protectionist policies and fiscal consolidation could affect the taxation, legal and regulatory environments in which the company operates, negatively affecting the targets of profitability and growth.

In this regard it can be mentioned that the expansion of Heathrow Airport is subject to the authorization of the British Government and Parliament. In the specific case of Spain, growth prospects may also be affected due to the uncertainties derived from political and social initiatives in Catalonia, calling for the separation of the region of Spain.

To mitigate this risk, Ferrovial permanently monitors the regulatory and legislative processes that may affect its activities, as well as the political movements that may occur, in order to anticipate possible changes in time for proper management.

▼ **Ethics and Integrity:** While conducting its activities, Ferrovial is exposed to ethical risks. To mitigate these risks, Ferrovial has a Compliance Model that is developed under the principles of respect for current legislation, ethical integrity, transparency and Zero Tolerance toward criminal actions. The purposes of the model are: i) to provide all Ferrovial administrators, directors and employees with a general framework of action to which they must abide when doing their job based on the highest standards of integrity, transparency, respect for legality and human rights; ii) to establish a common and homogeneous framework for monitoring, controlling and managing compliance risks, especially those aimed at the prevention of criminal behavior; iii) to foster a culture of business ethics in the organization and in the decision-making and training processes of the will of administrators, managers and employees.

On October 31, 2017, the Broadpectrum contracts with the Australian Government's Department of Immigration and Border Protection to provide welfare, maintenance



and security services at the Regional Processing Centers of Manus (Papua New Guinea) and Nauru simultaneously ended. As a result, Ferrovial fulfilled its commitment in May 2016 when it acquired Broadspectrum, to not continue with these contracts once they expire, given that these activities were not included in its portfolio of services. During these months, Broadspectrum has prioritized the safety and welfare of these refugees and asylum seekers, while working very closely with the new suppliers to ensure the best transition in both Nauru and Manus.

In January 2018, the Provincial Court of Barcelona notified the judgment of the Palau Case, not condemning the two directors related to Ferrovial Agroman who were accused.

Ferrovial encourages compliance with the principles of ethics and transparency and the responsible behavior of all employees, regardless of their hierarchical level and the country in which they work, and ensures that other individuals or groups that carry out activities on behalf of Ferrovial, including contractors, agents, consultants and other business partners, do so as well.

▲ **Cyber-attacks:** Ferrovial's infrastructures are exposed to cyber attacks with the consequent impact on people and on their own infrastructures, which may even lead to them coming to a standstill. Those most exposed to this type of risk are the airport and road infrastructures.

In this regard, Ferrovial collaborates with security authorities to implement the most appropriate security measures and systems to prevent attacks on its infrastructures. Furthermore, the implementation of cybersecurity measures reduces the risk of unauthorized access to the company's information and operating systems.

- **Emerging risks:** Ferrovial assesses and monitors the status of emerging risks that could negatively affect its ability to meet strategic targets or risks that, despite their low likelihood of occurrence, could nevertheless have negative effects on its business targets. Some of the more prominent risks include natural disasters or risks caused by human action, humanitarian crises, anti-globalization and protectionist political movements to reduce international investment and jeopardize free competition, the disruption and/or technological obsolescence and impact on technology innovation in managing infrastructures. Likewise, environmental risks are monitored, mainly those related to the effects of climate change (the "environment" section of this report, explains Ferrovial's strategy in relation to this matter). The company seeks to anticipate the occurrence of these risks to adapt its strategy sufficiently in advance.

- **Financial risks:** the company actively assesses and manages the risk exposure of the main financial variables: interest rate, exchange rate, share price, liquidity and credit. The analysis makes a distinction between the policies applied in infrastructure project companies and the rest of companies, in those cases where such a difference is relevant. The financial risks and applied management measures are described in section 5.4 of the Consolidated Financial Statements.

## EFFECTIVE RISK MANAGEMENT. FERROVIAL RISK MANAGEMENT

Ferrovial has a Risk Control and Management Policy that was approved by the Board of Directors to establish the acceptable risk and tolerance level per risk factor. These policies sets the general engagement framework for controlling and managing risks of diverse sorts that the managing team could encounter when attempting to attain business objectives.

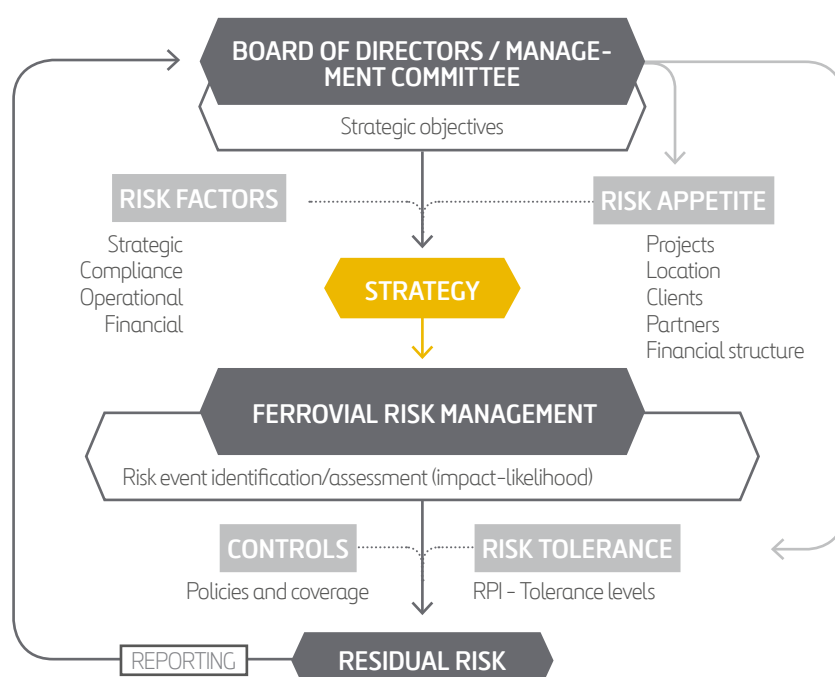
The Ferrovial Risk Management (FRM) is the company's risk identification and assessment process, which is supervised by the Board of Directors and Management Committee, and implemented in all business areas.

This process was created for the early detection and assessment of risk events based on their likelihood of occurrence and potential impact on strategic objectives, including corporate reputation. 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 implemented to mitigate the risk, whether impact or likelihood, and one residual, considering specific control measures. Furthermore, both assessments make it possible to determine the relative importance of each risk event in the risk matrix, assessing the effectiveness of the implemented measures for managing them.

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

### OPERATION OF THE RISK MANAGEMENT PROCESS



## DECARBONIZATION

The Paris Agreements are committed to limiting the increase of global warming to below 2°C at the end of the century. The economies decarbonization process is expected to accelerate, which will not only improve the environment, but also open up new business opportunities. Ferrovial creates value with an offer that responds to climate change, the water footprint, the energy crisis, the reuse of waste and the loss of biodiversity. For this reason, it has also developed a methodology to implement a carbon price in its assets, seeking decarbonized models.





**PHOTO:** energy efficiency of municipal installations and public lighting.





# C O R P O R A T E G O V E R N A N C E

Corporate  
Governance

Remuneration

Board of Directors

Steering Committee

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

## CORPORATE GOVERNANCE

FERROVIAL'S CORPORATE GOVERNANCE SEEKS TO GUARANTEE INTEGRITY, WHICH IS CONSTRUED AS DILIGENT, TRANSPARENT AND RESPONSIBLE CONDUCT VIS-À-VIS SHAREHOLDERS, EMPLOYEES, CLIENTS AND THE DIFFERENT AGENTS AFFECTED BY 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 THE DIFFERENT STAKEHOLDERS HAVE IN THE COMPANY.

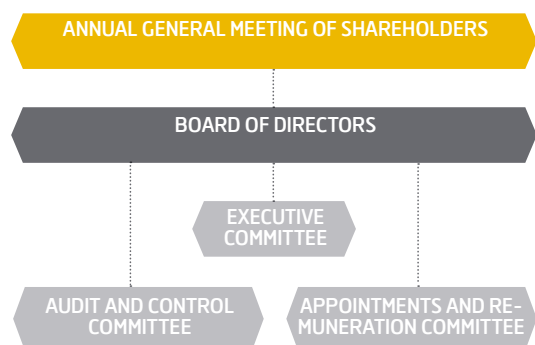
In compliance with commercial law, the Annual Corporate Governance Report (ACGR) forms part of this management report, and was drawn up by the Board of Directors and has been filed with the Spanish Securities Commission (CNMV). The ACGR details all corporate governance aspects at Ferrovial and is available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

As indicated in the ACGR, Ferrovial complies, in whole or in part, with the majority (56 of the 59 that are applicable) of the recommendations that apply to the Code of good governance of listed companies. In this sense, the company regularly analyzes the best practices and regulations of good governance in the national and international scope to assess their application and incorporation to its internal regulations.

### GOVERNMENT BODIES

The ACGR details how the company's management bodies and the decision-making process work, with emphasis on the roles of the Annual General Meetings and Board of Directors as the company's most senior management bodies.

### STRUCTURE OF THE GOVERNING BODIES



### Board of Directors

The Board performs its duties with unity of purpose and independent judgment. It treats all shareholders in the same position equally, and works in the social interest, with the same understood to mean securing a profitable business that is sustainable in the long term, supporting its continuity and seeking optimal economic value for the company.

### FEMALE BOARD REPRESENTATION

**30%**  
BOARD OF 2020

### EXTERNAL BOARD ASSESSMENT

**3**  
CONSECUTIVE  
YEARS

### VOTING RIGHTS ASSIGNED TO THE BOARD OF DIRECTORS

**31.5%**

### LEAD DIRECTOR

**1**  
LEAD DIRECTOR

It consists of 12 members, facilitating an efficient and participative operation. Re-elections take place every three years, compared to the maximum of four prescribed by the company regulations. This enables shareholders to validate their management more frequently.

In 2017, the Board held a total of six sessions, with an average duration of 6 hours and 50 minutes per meeting and 100% attendance.

### HANNE SØRENSEN, INDEPENDENT DIRECTOR

...

In 2017, the Annual General Meeting of Shareholders appointed Hanne Birgitte Breinbjerg Sørensen as Independent Director. This appointment reinforces the presence of Independent Directors, as well as the diversity of the gender, backgrounds and knowledge of the Board members, in compliance with the conclusions set forth in the Appointments and Remuneration Committee report on the needs of the Board's composition.

### Executive Committee

This Committee has all delegated powers of the Board of Directors, except for powers that cannot be delegated for legal or statutory reasons. The committee comprises seven members. In addition to other duties, it monitors the performance of key business indicators and approves certain group operations.

### Audit and Control Committee

It comprises three Non-Executive Directors, the majority of whom are independent, including the Chairman. All of them were appointed in consideration of their knowledge and experience in accounting, auditing or risk management.

The main duties, other than those attributed by law, are described below, representing the adoption of recommendations from the Good Governance Code for Listed Companies:

- Supervising the generation and presentation of mandatory financial information, and ensuring that the Board seeks to present accounts to the Annual General Meeting without any limitations or qualifications in the audit report.

- Be informed of the structural and corporate change operations planned by the Company, previously reported to the Board of Directors, on its economic conditions and accounting impact, particularly, if applicable, on the proposed exchange ratio.
- Ensuring that the company and the accounts auditor adhere to rules governing the provision of services other than auditing, limits on the concentration of auditor services and other general regulations concerning the independence of account auditors.
- Ensure that the remuneration of the auditor of accounts does not compromise quality or independence.
- Receiving regular information on activities from the Internal Audit Department.
- Ensuring the independence of the Internal Audit Department.
- Establishing and supervising a system that allows employees to confidentially and, if possible and deemed appropriate, anonymously report any irregularities with potentially serious implications that may be identified at Ferrovial, particularly regarding financial and accounting matters.
- Supervising compliance with internal corporate governance and conduct standards on securities markets, and proposing improvements.
- Coordinating the process for reporting non-financial information according to the applicable legislation and benchmark international standards.

The activities that the Committee carried out during the five sessions held in 2017 are detailed in the report regarding its operation, published on the Ferrovial website. The Audit and Control Committee takes into account the recommenda-

tions of the CNMV Technical Guide on Audit Committees for Public-Interest Entities in its activity and operation.

### Appointments and Remuneration Committee

The Committee comprises three Non-Executive Directors, the majority of whom are independent, including the Chairman.

The main duties, other than those attributed by law, are described below, representing the adoption of recommendations from the Good Governance Code for Listed Companies:

- Proposing basic terms for senior management contracts.
- 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 directors and senior management contained in the various corporate documents, including the Annual Board of Directors' Remuneration Report.
- Ensuring that any conflicts of interest do not impair the independence of the advice provided to the Committee.
- Reporting on the appointment of the Chief Executive Officer and the members that should form part of each of the Committees, taking into account the knowledge, skills and experience of the Directors and the duties of each Committee.


The activities that the Committee carried out during the four sessions held in 2017 are detailed in the report regarding its operation, published on the Ferrovial website. 



FOTO: Ferrovial offices. Madrid (Spain).

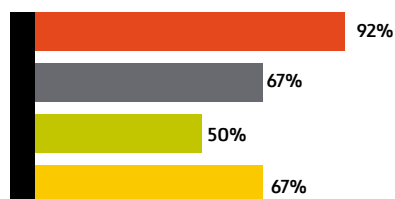


		RAFAEL DEL PINO	SANTIAGO BERGARECHE	JOAQUÍN AYUSO	ÍÑIGO MEIRÁS	JUAN ARENA	MARÍA DEL PINO	SANTIAGO FERNÁNDEZ VALBUENA	JOSE FERNANDO SÁNCHEZ-JUNCO	JOAQUÍN DEL PINO	ÓSCAR FANJUL	PHILIP BOWMAN	HANNE SØRENSEN
POSITION		Chairman	1 <sup>st</sup> Vice-chairman	2 <sup>nd</sup> Vice-chairman	CEO	Member	Member	Member	Member and Lead Director	Member	Member	Member	Member
Board of Directors	Executive Director	✓			✓								
	Proprietary	✓					✓			✓			
	Independent							✓	✓		✓	✓	✓
	Other external members		✓	✓		✓							
Committees	Executive Committee	✓ <b>P</b>	✓	✓	✓		✓		✓		✓		
	Audit and Control Committee					✓		✓ <b>P</b>			✓		
	Appointments and Remuneration Committee		✓					✓	✓ <b>P</b>				
Shareholding	% direct and indirect capital	20,267	0,337	0,018	0,045	0,016	8,150	0,003	0,023	2,552	0,003	0,003	0
Other data	Date of first appointment	9/1/1992	23/2/1999	22/3/2002	20/10/2009	26/6/2000	29/9/2006	29/5/2008	3/12/2009	29/10/2015	30/7/2015	28/7/2016	5/4/2017
	Nationality	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	AUSTRALIAN	DANISH
	Positions as directors at other listed companies	0	2	3	0	2	0	1	0	0	2	2	2

**P:** Chairman of the Executive Committee, Chairman of the Audit and Control Committee and Chairman of the Appointments and Remuneration Committee.  
Information updated in February 2018.

## EXPERIENCE OF THE MEMBERS OF THE BOARD

### PROFESSIONAL EXPERIENCE



● ACCOUNTING AND FINANCES ● INFRASTRUCTURES ● SERVICES ● INNOVATION - IT

### INTERNATIONAL EXPERIENCE

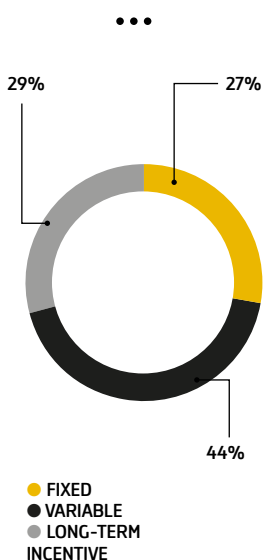


● EUROPE - UNITED KINGDOM ● NORTH AMERICA - AUSTRALIA

## REMUNERATION

REMUNERATION OF FERROVIAL'S BOARD OF DIRECTORS IS ESTABLISHED ON THE BASIS OF THE BEST PRACTICES IN THE MARKETPLACE AND BACKED BY STUDIES ON REMUNERATION CONDUCTED BY EXTERNAL CONSULTANTS, INTERNAL RULES AND REGULATIONS, AND PERTINENT LEGISLATION IN FORCE.

### STRUCTURE OF THE REMUNERATION OF THE CHAIRMAN AND CEO



### VARIABLE REMUNERATION OF EXECUTIVE DIRECTORS

125%

TARGET VARIABLE REMUNERATION

225%

MAXIMUM VARIABLE REMUNERATION

## PRINCIPLES AND CRITERIA

...



Creating long-term value by aligning remuneration systems with the Strategic Plan.



Attracting and retaining the finest professionals.



External competitiveness in the setting of remuneration.



Periodic involvement in plans linked to this activity and connected with achieving profitability metrics.



Objective compliance pursuant to the Risk Management Policy.



Maintenance of a reasonable balance between the different fixed remuneration components (short term) and variable components (annual and long term).



Transparency.

## EXECUTIVE DIRECTORS' REMUNERATION

### Fixed components

The fixed remuneration of the Executive Directors is calculated on the basis of market benchmarks from a comparison group comprising 24 national and international companies in their reference benchmarks.

### Variable components

Only Executive Directors have variable component elements in their remuneration. It comprises an Annual Variable Remuneration and Long-Term Incentive Plans.

#### a) Annual Variable Remuneration

It is linked to individual performance and the attainment of specific economic-financial, industrial and operational targets, which are pre-established, quantifiable and coherent with the social interest, and contemplated in the Strategic Plans. They could be quantitative or qualitative objectives.

The target amount of the annual variable remuneration for Executive Directors, i.e., the remuneration corresponding to a standard level of achievement insofar as objectives is equivalent to 125% of the Fixed Remuneration for the Chairman and CEO. The quantitative targets have an associated

## REMUNERATION OF EXECUTIVE DIRECTORS

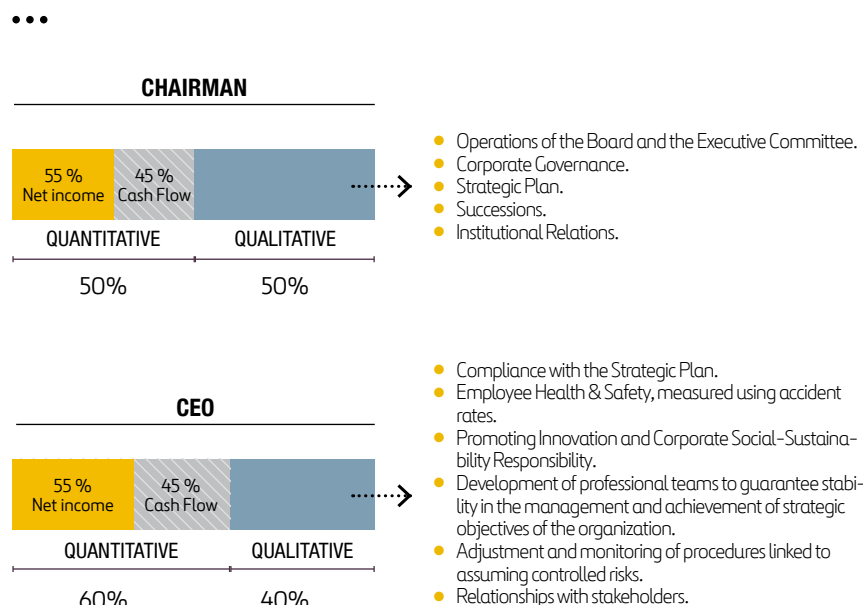
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Executive Director Remuneration (thousands of €) <sup>(1)</sup>	Fixed	Variable	Plans linked to shares	Other <sup>(2)</sup>	Total 2017	Total 2016
Rafael del Pino y Calvo-Sotelo	1,455	2,393	1,406	8	5,262	15,025
Íñigo Meirás Amusco	1,200	1,978	1,406	5	4,589	5,164
<b>SUBTOTAL</b>	<b>2,655</b>	<b>4,371</b>	<b>2,812</b>	<b>13</b>	<b>9,851</b>	<b>20,189</b>
Joaquín Ayuso García	0	0	0	31	31	1,625
<b>TOTAL</b>	<b>2,655</b>	<b>4,371</b>	<b>2,812</b>	<b>44</b>	<b>9,882</b>	<b>21,814</b>

(1) Remuneration due to their status as Executive Directors.

(2) Life insurance premiums / Directors in other subsidiaries.

## COMPONENTS OF THE VARIABLE REMUNERATION



scale for compensating overachieved targets up to a certain limit, hence the annual variable remuneration has a ceiling of 225% on the Fixed Remuneration for Executive Directors.

### b) Long-Term Incentive Plans

Executive Directors participate in a long-term variable remuneration system consisting of share-based remuneration plans. They are structured on overlapping multi-year cycles (currently at 3 years) with yearly unit assignments, which are converted into shares at the end of the cycle (currently 3 years).

For the valid plan (2016 – 2018), they are determined with the relative weighting of the following metrics:

## SCALE OF COMPLIANCE WITH THE METRIC

(2017 ALLOCATION)

...

Gross Operating Profit (GOP) <sup>(1)</sup> on Net Productive Assets <sup>(2)</sup>		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) The consolidated GOP will be construed as the 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. These will be construed for the 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.

## NON-EXECUTIVE DIRECTORS' REMUNERATION

The remuneration of non-executive directors is determined by an assignment (fixed plus complementary) and food allowances.

Their remuneration is in the median of the remuneration of Ibx-35 non-executive directors.

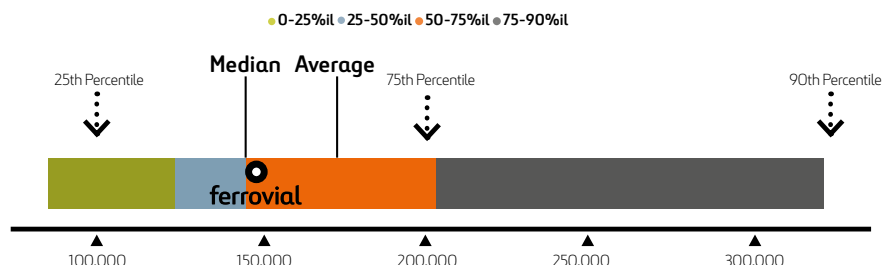
Ferrovial's internal regulations states that remuneration for External Directors will be determined so as to adequately compensate for the responsibility and dedication required by the position without compromising their independence.

Remuneration formulas involving the delivery of shares, options, share-linked instruments or instruments linked to the Company's performance will only apply to Executive Directors.

Further information on the remuneration of the Board of Directors and Senior Management, and on the Remuneration Policy is available at the Ferrovial website: [www.ferrovial.com](http://www.ferrovial.com).

## AVERAGE REMUNERATION OF THE DIRECTORS

...



## SENIOR MANAGEMENT REMUNERATION

...

Senior management remuneration (thousands of €)	2017	2016
Fixed remuneration	5,165	5,094
Variable remuneration	5,170	4,994
Plan for distributing assets linked to objects	5,435	7,053
Exercise of remuneration plans for share option plans and/or other financial instruments (see description)	0	698
Other <sup>(1)</sup>	52	46
<b>Total</b>	<b>15,822</b>	<b>17,885</b>

(1) Life insurance premiums / Directors in other subsidiaries



## BOARD OF DIRECTORS

### CHAIRMAN

#### RAFAEL DEL PINO. Executive and Proprietary

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.

### DEPUTY CHAIRMEN

#### SANTIAGO BERGARECHE. 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. Chairman of Vocento; Vice-Chairman of Alantia Partners; Director of 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 Metrovacesa and Cepsa.

#### JOAQUÍN AYUSO. 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, National Express Group (UK) and Hispania Activos Inmobiliarios. 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, as well as the Board of Círculo de Empresarios.

### CEO

#### ÍÑIGO MEIRÁS. Executive Director

Bachelor of Law and MBA from the Instituto de Empresa. He joined Ferrovial in 1992, was Managing Director of the Autopista del Sol and Director of Highways at Cintra until November 2000. Between 2000 and 2007 he led the expansion of Ferrovial Services as Managing Director and later as CEO. In 2007 he was appointed CEO of Ferrovial Airports. He held the position of Managing Director of Ferrovial between April and October 2009, the date in which he was appointed CEO.

### DIRECTORS

#### JUAN ARENA. External Director

PhD in Industrial Engineering (ICAI), Degree in Business Administration (ICADE), Degree in Psychology, Diploma in Tax Studies and AMP (Harvard Business School). Director of Ferrovial since 2000. Director of Laboratorios Almirall and Meliá Hotels International; Chairman of the Professional Council of ESADE; member of the International Advisory Board of Everis and the Advisory Boards of Marsh and Panda; Operating Partner of Advent International Corporation; Director of Deusto Business School and member of the World Advisory Board of Harvard Business School; member of the Executive Committee of SERES Foundation and Chairman of its Governance Committee. Former CEO and Executive Chairman of Bankinter; Director of UBS Spain, TPI, Everis, Panda, Dinamia and Prisa; Chairman of the Advisory Board of Consulnor; member of the Board of Trustees of ESADE and member of the Advisory Board of Spencer Stuart; professor in Harvard Business School and IESE.

#### MARÍA DEL PINO. 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 Foundation. 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.

#### SANTIAGO FERNÁNDEZ VALBUENA. External Independent Director

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

#### JOSÉ FERNANDO SÁNCHEZ-JUNCO. External Independent Director. Lead 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 Board of Círculo de Empresarios. 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.

#### JOAQUÍN DEL PINO. External Proprietary Director

Degree in Economics and Business Administration; MBA (IESE). Director of Ferrovial since 2015 (and has represented the Director Karlovy, 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, SGIC, S.A.U.; Trustee of the Rafael del Pino Foundation and the Plan España Foundation. Former Director of Banco Pastor. Sole shareholder of Soziancor, S.L.U.

#### ÓSCAR FANJUL MARTÍN. External Independent Director

Professor of Economic Theory on leave of absence. Director of Ferrovial since 2015. Vice-Chairman of Omega Capital. Vice-Chairman of LafargeHolcim and Director 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.

#### PHILIP BOWMAN. External 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; Non-executive Chairman of Majid Al Futtaim Properties; 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; Director of Burberry Group, Berry Bros. & Rudd, Scottish & Newcastle Group, Bass, British Sky Broadcasting Group and Coles Myer.

#### HANNE BIRGITTE BREINBJERG SØRENSEN. External Independent Director

MSc. in Business Economy from the University of Aarhus (Denmark). Director of Ferrovial since 2017. Director of LafargeHolcim, Delhivery and Tata Motors. 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. Møller-Maersk Group). She has also been Chairman of ITOPI, Vice-Chairman of Hoegh Autolins, Director of Axcel and INTTRA and member of the Supervisory Board of Koninklijke Vopak.

### SECRETARY

#### SANTIAGO ORTIZ VAAMONDE

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. 

## 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 Managing Director of Human Resources

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 Group HR Director.



### JORGE GIL CEO of Ferrovial Airports

He has a degree in Business and Law from ICADE University. 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.



### ALEJANDRO DE LA JOYA CEO of Ferrovial Agroman

He is a civil engineer who joined the company in 1991. He has developed his career in Spain, Morocco, Italy and Portugal, and later as Director for Poland (Budimex). In 2005 he occupied the roles of Foreign Business Director, until 2008 when he was appointed Chief Executive Officer of Ferrovial Agroman.



### ERNESTO LÓPEZ MOZO Finance Director

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.



### ENRIQUE DÍAZ-RATO CEO of Cintra

He holds degrees in Civil Engineering and Economic Sciences, as well as an MBA from the EOI. He joined Ferrovial in 2000 as Managing Director of Cintra Chile. In 2003 he was appointed Chairman and CEO of 407 ETR Toll Road (Toronto, Canada). In July 2006 he became Chief Executive Officer of Cintra.



### SANTIAGO OLIVARES CEO of Ferrovial Services

He holds a degree in Industrial Engineering from ICAI and an MBA from MIT-Sloan School of Management. He joined Ferrovial in 2002 as Business Development Director for the Services Division. He later became the Director of the International division. In May 2007 he was appointed CEO of Ferrovial Services.



### ALVARO ECHÁNIZ CEO of Ferrovial FISA (Real Estate Division)

He holds a degree in Business Studies. He joined Ferrovial with the takeover of Agroman, a company in which he held the position of Chief Financial Officer. He was formerly Chief Financial Officer of Cintra between 1998 and September 2002. Since 2002 he has been Chief Executive Officer of Ferrovial FISA.



### 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.



### 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.



### MARÍA TERESA PULIDO Chief Strategy Officer

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. 



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E X P E C T E D

B U S I N E S S

P E R F O R M A N C E



## EXPECTED BUSINESS PERFORMANCE

FERROVIAL FORECASTS THE EVOLUTION OF ITS BUSINESSES FOR 2018, AS WELL AS THE MAIN MARKETS IN WHICH IT OPERATES. THIS FORECAST IS MADE BY DEVELOPING THE STRATEGY, OPPORTUNITIES AND RISKS ANALYSED IN CHAPTER 1.2 OF THIS INTEGRATED REPORT.

### TOLL ROADS

The predictable behavior of the toll roads in operation during 2018 will depend on macroeconomic 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 maximizing revenues within the framework allowed by the concession rights, as well as in fulfilling its contractual obligations by optimizing costs.

- In **Canada**, the 407 ETR will continue to develop its Strategic Plan in 2018, increasing knowledge about user behavior through Big Data techniques. This increased knowledge will lead to greater pricing sophistication and price plans to continue optimizing the company's income. This pricing policy will continue to be supported by excellent customer service, for which the company will continue to invest in new systems in order to maintain and improve the high levels of user satisfaction reached in 2017.
- In the **USA**, the positive economic outlook in Texas for 2018, as well as the behavior to date of the assets, allow us to trust that NTE and LBJ will have growth in traffic and revenues that help meet the forecasts while complying with the user satisfaction objective. Additionally, the opening of segments 3A and 3B of toll road 35W in Fort Worth will consolidate Cintra as the operator of Managed Lanes in the Dallas-Fort Worth region. In North Carolina, the opening of toll road I-77, the first Managed Lanes toll road in this state, will validate this concept as a solution to the problems of congestion in urban corridors.
- In **Australia**, work is planned to start in 2018 on the recently awarded Western Roads Upgrade project in Melbourne, as well as continuing with the Toowoomba works.
- In **other markets** Cintra will continue to operate the assets that are already in the operation phase and will continue with the execution of several projects in the construction phase: 407 Extension II, in Canada; 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 next year, Ferrovial Airports will continue to focus its efforts on its bidding activity and maximize the performance of its assets:

- **Heathrow** will continue with the construction process of the third runway, which should be approved by British Parliament, together with different stakeholders (airlines, regulators and communities) in such a decisive contribution for the British economy. Regarding the next H7 regulatory period, the Civil Aviation Authority has confirmed that a RAB-based remuneration model and single till will continue to be used, and the consultative process on capital cost, inflation indexation or cost of debt will continue, among other issues.
- **AGS** will continue to invest in increasing the profitability of airports by expanding and improving the shopping area in Glasgow and Aberdeen, stimulating passenger growth through new routes and commercial revenues, as well as continuing to improve operating costs.
- **Denver**, whose remodeling works at the Jeppesen terminal will begin in the second half of the year.

The bidding activity at airports in 2018 will focus mainly on the North American market, with the opening of a new commercial office in Austin to improve the knowledge and needs of this market and strengthening the competitive advantages of the company. The bidding activity for electricity transmission will focus on Chile and other countries in South America.

### CONSTRUCTION

Perspectives for 2018, by markets, are as follows:

In **Spain**, despite the economic improvement, it is not expected that sales in 2018 will grow due to stagnation in public tender and high competition, not offset by the improvement in private construction. The order book in 2017 has fallen due to a selective contracting approach of the company, prioritizing profitability over volume. Future improvements are focused on the tendering of concessions from the Extraordinary Plan of Investment in Roads of the Ministry of Public Works in 2018.

In international markets, expectations are positive due to the high pipeline and the different technical and manage-

ment capacities in large contracts, despite the growing competition from global and local constructors:

- In the **USA and Canada**, investment in transport infrastructures with federal support is significantly increasing, including the P3 / Design-Build-Finance projects in which Ferrovial, and Ferrovial Agroman as a constructor, are leaders. The approval of the USA Fast Act in 2015 and the Canadian Federal Infrastructure Plan in 2016, as well as the increasing budgetary contribution of states and provinces, will continue with large recent awards to Ferrovial Agroman for both P3 projects (e.g. toll road I-66 in Virginia) and with public financing (e.g. toll road SH-99 Grand Parkway, Texas). The positive execution rate of the order book and the high level of contracts in 2017 will allow sales to increase in 2018.
- In **Poland**, the public tender has returned to a good level in roads and railroads associated with the European Funds 2014-20 framework, and an extension in the provision and term of the long-term plans in these sectors has also been announced. It is expected that in 2018 Budimex will continue its growth due to its high order book at the end of 2017, with large contracts such as the Lagiewnicka toll road and six railroad works.
- In the **United Kingdom**, despite the uncertainties of the Brexit, political willingness continues to promote large works from the infrastructure plan, including several P3s in 2018.
- Likewise, in **Australia**, the strong pipeline promoted by the Government's Infrastructure Plan is maintained. Despite the above, sales for 2018 in these markets will not grow compared to previous years due to lower contracting in 2017.
- The company has an important future pipeline in **Latin America** (Chile, Colombia and Peru) and in certain one-off OECD countries with projects of interest and leading local partners.

In summary, a growth in sales is expected for 2018 thanks to the international area, with good contracting opportunities. Finally, profit margins are expected to remain stable, in line with those of 2017, thanks to a selective portfolio with globally controlled risks and continuity in the strategic discipline of project and country selection.

## SERVICES

Ferrovial Services anticipates a year of profitable growth once the integration of Broadspectrum is completed, its organizational model has been consolidated, and cost rationalization measures have been identified. The perspectives for geographical locations are as follows:

- In the **United Kingdom**, it is foreseeable that the uncertainty about the pace of economic growth and investment in the country will continue as the Brexit implementation scenario becomes clearer. In this transition context, Amey will continue to work on improving its cost structure and its operational model. Additionally, with respect to the Birmingham City Council litigation, the company will negotiate with the city council on how best to enforce the judgment and will evaluate how to affect the solution to the future profitability of the contract.
- Macroeconomic prospects in **Australia and New Zealand**, reinforced by the increase in commodity prices, are positive. The portfolio of service projects identified in Broadspectrum's activity scope exceeds 30,000 million AUD. Broadspectrum has begun a new stage of growth in its activity sectors (transport, government/defense, urban infrastructure and natural resources) supported by the launch of new projects such as OSARS West. Regarding margins, 2018 will be a year of transition, not having the contribution of the Manus and Nauru contracts and implementing the rationalization measures for structure and contracts defined in 2017.
- **Spain** will continue its improvement in terms of growth and employment. Within this stable framework of activity, Ferrovial Services will continue to combine the optimization of its operations with the development of a range of high added value services by integrating technology and innovative business models in fields such as urban mobility.
- In the other countries, **Ferrovial Services Internacional** will consolidate its new organization and geographical presence with expected growth in all its markets. In the United States and Canada, the start-up of its strategy to develop its target sectors such as the maintenance of transport and energy infrastructures will begin. 

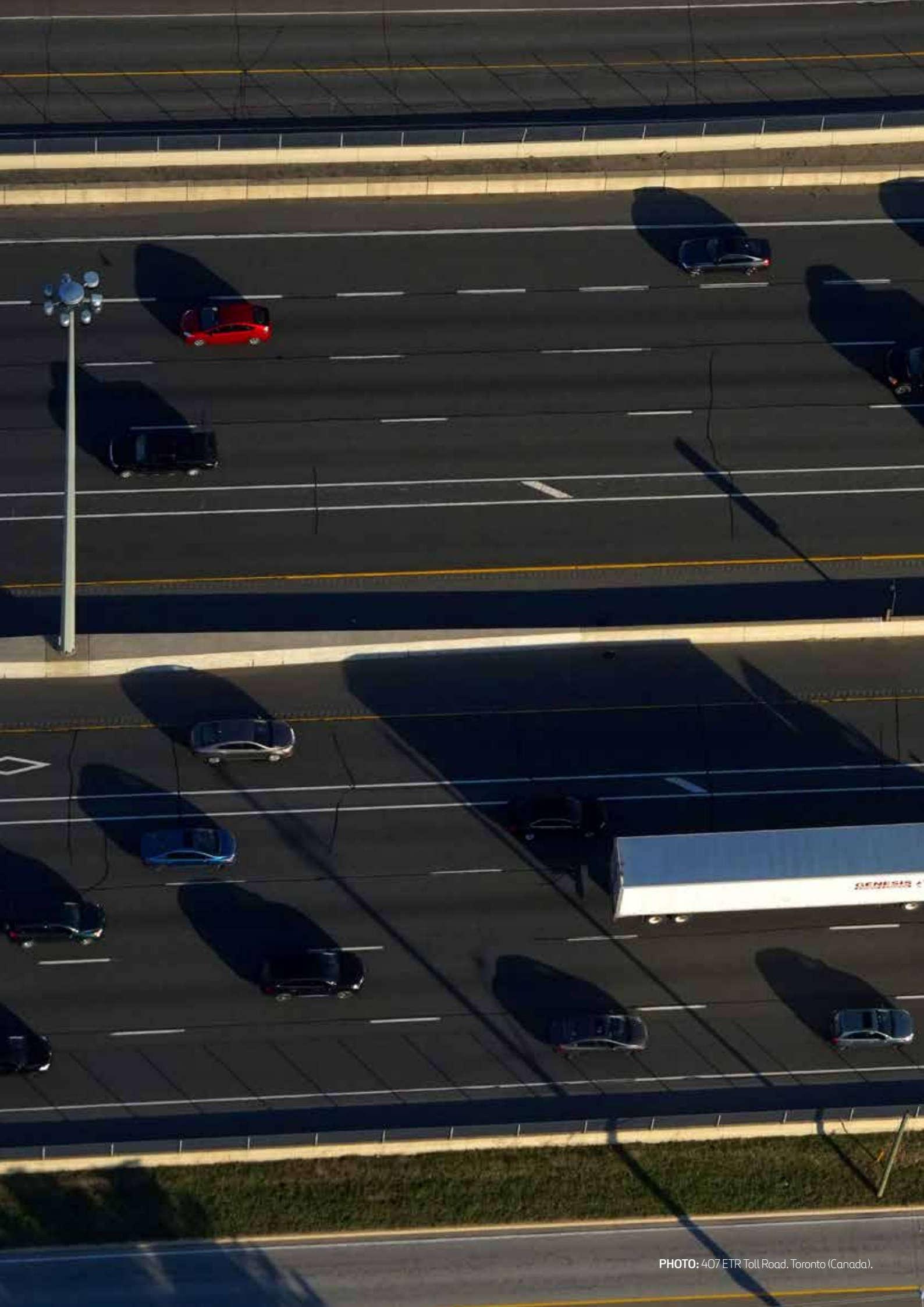


PHOTO: 407 ETR Toll Road. Toronto (Canada).





# A P P E N D I X

Alternative  
performance  
measures

Management  
of Corporate  
Responsibility

Principles  
reporting

Glossary  
of terms

GRI-G4  
Indicators

Appendix to  
GRI Indicators

Verification  
report

## ALTERNATIVE PERFORMANCE MEASURES (APM)

The company presents its results in accordance with generally accepted accounting standards (IFRS). Management also provides other financial measures not regulated in the IFRS, called APMs, (Alternative Performance Measures) in both the Management Report and the Consolidated Annual Accounts, according to the European Securities and Markets Authority (ESMA) Guidelines. Management uses these APMs in decision-making and to evaluate the performance of the company. Below are the breakdowns required by the ESMA for each APM on definition, reconciliation, explanation of use, comparison and coherence. More detailed information on the reconciliation with the financial statements is provided on the corporate website: <https://www.ferrovial.com/en/ir-shareholders/financial-information/quarterly-financial-information/>.

### EBITDA = GROSS OPERATING PROFIT (GOP)

- **Definition:** operating result before provisions to fixed asset depreciation.
- **Reconciliation:** the company presents the EBITDA calculation in the Consolidated Income Statement (refer to the Consolidated Income Statement in section 1.3 of the Management Report and the Financial Statements included in the Consolidated Annual Financial Statement) as:  $\text{EBITDA} = \text{Total Operating Income} - \text{Total operating expenditure (excluding expenditures related to depreciation provisions, which are separately reported on another line)}$ .
- **Explanation of the use:** EBITDA provides an analysis of the operating results excluding depreciation and amortization, 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. EBITDA is used as a starting point to calculate cash flow, adding the variation of the working capital. Finally, it is an APM indicator widely used by investors when evaluating businesses (multiples valuation), rating agencies and creditors to evaluate the level of debt, comparing EBITDA with net debt.
- **Comparison:** the Company presents comparative reports from previous years.
- **Coherence:** the criteria employed for calculating 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/GOP, operating results and the portfolio. The comparison 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 (corresponding to the figure reported in the line "Impairments and disposals of fixed assets").
  - In the case of company disposals and loss of control, the homogenization 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.

- Eliminating restructuring costs in both periods.
- In acquisitions of new companies that are considered to be 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 have revenues representing  $\geq 5\%$  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 to better understand the company's underlying results.
- Note: new contracts in the Toll Roads business coming into operation are not considered acquisitions and thus are not adjusted in the comparison.
- **Reconciliation:** comparable growth is presented in separate columns under Business Performance in section 1.3 of the Management Report.
- **Explanation of the use:** the comparison provide a more homogeneous measure of the underlying profitability of the businesses, excluding non recurrent elements that could lead to a misinterpretation of the reported growth, impacts such as exchange-rate variations or changes in the consolidation perimeter that distort the comparability of the information. It also enables the presentation of homogenous information, thus ensuring uniformity and providing a better understanding of the performance of each one of our businesses.
- **Comparisons:** the comparison is itemized only for the current period compared with the previous period.
- **Coherence:** the criteria employed for calculating the Comparison is the same as the previous year.

### ADJUSTMENTS FOR FAIR VALUE

- **Definition:** the adjustments to the Consolidated Income Statement relating 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 itemization of the Adjustments for Fair Value is included in the Consolidated Income Statement (see the Consolidated Income Statement in section 1.3 of the Management Report and the Financial Statements included in the Consolidated Annual Financial Statement).
- **Explanation of the use:** Adjustments for Fair Value could be useful for investors and financial analysts when assessing the underlying profitability of the Company, as they are capable of excluding elements that do not generate cash and could 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 employed for calculating Adjustments for Fair Value is the same as the previous year.

### CONSOLIDATED NET DEBT

- **Definition:** this is the net Treasury balance and equivalents (including short and long-term restricted cash), less short and long-term financial debt (bank debt and bonds) including the balance relating to exchange rate derivatives that cover debt issuance in currency different from the currency of the issuing company and cash positions with exchange rate risk.
- **Reconciliation:** the detailed reconciliation is itemized in Note 5.2. Consolidated Net Debt in the Consolidated Annual Financial Statements and in the section Net Debt and Corporate Reporting in the Management Report.
- **Explanation of the use:** financial indicator used by investors, financial analysts, rating agencies, creditors and other parties to ascertain a company's debt position. Net Debt is also broken down into two categories:
  - Net Debt of Infrastructure Projects. Ring-fenced debt with no recourse for shareholder or with a recourse limited to the granted guarantees. Debt corresponding to the companies considered as a Project.
  - Net Debt (ex Projects). Net debt of the other businesses, including group holding companies and other businesses not considered to be Project companies. The debt included in this calculation is with recourse, and is therefore the measure used by investors, financial analysts and rating agencies to appraise the leverage, financial strength, flexibility and risks of the Company.

- **Comparisons:** the Company presents comparative reports from previous years.
- **Coherence:** the criteria used to calculate the net debt is different from last year due to the incorporation in the calculation of the effect of the derivatives by exchange rate related to cash positions.

## PORTFOLIO

- **Definition:** the income pending execution corresponding to contracts that the Company has entered into on the date and regarding which there is a certainty concerning their future performance. The total income from a contract corresponds to the agreed price or rate corresponding to the delivery of goods and/or the rendering of the contemplated services. If the execution of a contract is pending the closure of financing, the income from said contract will not be added to the portfolio until financing is closed. The portfolio is calculated by adding the contracts of the actual year to the balance of the contract portfolio at the end of the previous year, less the income recognized in the current year.
- **Reconciliation:** the portfolio is presented under "Key figures" and under Services and Construction in the December 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. Operating Income" of the Financial Statements. This reconciliation is based on the portfolio 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 Ferrovial's Financial Statements is attributable to the fact that consolidation adjustments, compensations, the 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 portfolio (corresponding to the previous year) and the end portfolio (for the year in question), as shown in the Appendices available on the corporate website. Management believes that the portfolio is a useful indicator in terms of the future income of the company, as the portfolio for a specific construction will be comprised of the final sale of said construction less the net construction work undertaken.
- **Explanation of use:** The Management believes that the portfolio is a useful indicator with respect to the future income of the Company, due to the portfolio for a specific work will be the final sale of said work less the work executed net at source.
- **Comparisons:** the Company presents comparisons with the previous year.
- **Coherence:** the criteria employed for calculating the portfolio is the same as the previous year.

## WORKING CAPITAL VARIATION

- **Definition:** measurement that explains the reconciliation between the GOP 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 Annual Accounts, the company provides a reconciliation between the variation of the working capital in the Balance Sheet (see description in Section 4 Working Capital of the Consolidated Annual Accounts) and the variation of the operating fund shown in the Cash Flows Statement.
- **Explanation of the use:** The working capital variation reflects the Company's ability to convert GOP 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 2017 came to 19,590 billion euros and are made up of 26 concessions in 10 countries. The composition of managed investments by asset type is as follows:
  - (1) Model projects Intangible Assets IFRIC 12 (in operation), 4,833 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: 734 million euros from Ausol included in Spain Highways, 3,713 billion euros from NTE 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), 1,375 billion euros. Includes American highways NTE35W and I-77 (918 and 457 million euros of management investment, respectively). As they are under construction, the balance at year-end only reflects the assets in construction as part of these projects, which comes to 912 and 217 million euros, respectively, 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 659 million euros, including the long term and short term (see section 3.3.2 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, 13,150 billion euros. Includes both projects in operation and under construction that are consolidated using the equity method, such as 407ETR (3,128 billion euros of managed investment, 100%) or I-66 (2,517 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.



## MANAGEMENT OF CORPORATE RESPONSIBILITY

### CORPORATE POLICY

Ferrovial understands Corporate Responsibility to mean a voluntary commitment to driving the economic, social and environmental development of communities in which it operates. The Corporate Responsibility Policy is founded on the principles of the Global Compact and internationally accepted agreements and resolutions, the content of which covers CR-related matters. The Ferrovial Board of Directors is tasked with ensuring adherence to these principles to which the company has voluntarily committed itself. The policy is available at [www.ferrovial.com](http://www.ferrovial.com).

### CORPORATE RESPONSIBILITY COMMITTEE

The Corporate Responsibility Committee is the nexus joining business and corporate areas with senior management, reporting results and proposing actions to the Management Committee, and informing the rest of the company of the approval of proposals and reported results.

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

This Committee is entrusted with ensuring the tracking of the Strategic Corporate Responsibility Plan. The Chair 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 tracking the strategic corporate responsibility plan.
- Coordinating the reporting processes: Annual Integrated Report and indices.
- Information and application of CR legislation.
- Approval and tracking of projects and sponsorships.
- Tracking of recommendations following external verification.
- Advising other departments in CR matters.

### STRATEGIC CORPORATE RESPONSIBILITY PLAN (2017-2019)

In 2016, the Corporate Responsibility Committee defined Plan 20.19, valid for the period 2017-2019. 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. To this end, the company has a scorecard through which it monitors its performance. In 2017, the first year of application of the plan, the company made numerous advances, including a new course on the Code of Business Ethics, the approval of an Ethical Integrity Partner Procedure, the promotion of the presence of women in the Board of Directors, the improvement of accident rates, the reduction of GHG emissions, and the increase in investment in innovation.

Plan 20.19 is part of the concept that is a Ferrovial strategic duty related to the company's 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 business, building the trust of stakeholders and fulfilling medium and long-term objectives.

The 20.19 Plan positions Ferrovial as an economic, social and environmental leading company, consolidating the progress made in the field of corporate responsibility and was conceived to make Ferrovial a benchmark in the field, particularly regarding the attainment of UN's Sustainable Development Goals, which the company is aligned, primarily with goals 6 (clean water and sanitation), 9 (industry, innovation and infrastructure) and 11 (sustainable cities and communities).

The objectives are also aligned with the business objectives, making it possible to extend them to the Ferrovial chain of value, from customers to suppliers.

The 20.19 Plan is configured on the basis six areas, each one in engagement lines broken down in turn into specific, measurable and quantifiable objectives. They are the following:

- Ethics and integrity.
- Corporate Governance.
- People.
- Environment.
- Society.
- Innovation.

In 2017, the following advances were made in each of the areas of action of Plan 20.19

Area of action	Lines of action	Relevant events 2017
<b>Ethics and Integrity</b>	Continue to guarantee ethical behavior, and ensure respect for Human Rights.	<ul style="list-style-type: none"> <li>The training course on the Code of Ethics, which includes aspects of Human Rights, has been updated.</li> <li>In 2018, Ferrovial will become part of the Forética Transparency, Good Governance and Integrity Cluster.</li> <li>The visibility and accessibility of the Ethical Channel's corporate website have been improved, and the categories related to Human Rights have been reinforced.</li> </ul>
<b>Corporate Governance</b>	Integrate Corporate Responsibility criteria in management, and continue to guarantee transparency and adaptation to the latest regulatory trends.	<ul style="list-style-type: none"> <li>The due diligence procedure for the ethical integrity of partners has been approved by the CEO.</li> <li>In 2017, the Board was informed about the main advances in CR matters.</li> <li>A new Independent Director has joined the Board.</li> <li>Ferrovial complies, in whole or in part, with the majority (56 of the 59 that are applicable) of the recommendations that apply to the Code of good governance of listed companies.</li> </ul>
<b>People</b>	Guarantee a flexible, safe and healthy work environment, and encourage talent and employability.	<ul style="list-style-type: none"> <li>Preventive actions have been reinforced with the aim of continuing with a downward trend in the main severity and frequency indexes.</li> <li>Numerous wellbeing initiatives have been promoted in all businesses.</li> <li>An agreement has been signed with Junior Achievement to promote early STEM vocations among teenagers between 14 and 16, especially women.</li> </ul>
<b>Environment</b>	Reduce the carbon footprint, the water footprint, the impact on biodiversity and promote the circular economy.	<ul style="list-style-type: none"> <li>The carbon footprint continues to decline in relative terms, meeting the proposed objectives.</li> <li>A tool has also been developed to incorporate the no net loss of biodiversity criteria into the company's activities.</li> </ul>
<b>Society</b>	Achieve the best quality standards, reinforce the ethical criteria in the purchasing activity, and systematize the measurement of social impact.	<ul style="list-style-type: none"> <li>In 2017, a project was initiated in collaboration with the Digital Hub to learn the perception of users of Ferrovial infrastructures.</li> <li>The content of the buyer Code of Ethics has been revised, and various catalogs have been developed to promote green purchases, recyclable products, and the acquisition of renewable energy.</li> <li>The SROI methodology for calculating the impact of Ferrovial's social programs has been approved and tested in a specific project in Peru.</li> </ul>
<b>Innovation</b>	Promoting entrepreneurship and innovative solutions.	<ul style="list-style-type: none"> <li>It has collaborated with 30 startups, and participates in Atomico, where it invests in other startups.</li> <li>Investment in innovation has paid off in mobility with the launch of a new line of business, Zity, the electric car in Madrid.</li> </ul>

After analyzing the actions carried out during 2017, and comparing them with the proposed targets, it can be concluded that the degree of compliance with Plan 20.19 is greater than 85%.

## REPORTING PRINCIPLES

### SCOPE OF THE INFORMATION

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

2017 saw operations that involved changes to the scope, due to the acquisition of companies and the awarding of new contracts. Company restructuring also took place. For further details see pages 39–51 at the chapter Business Performance.

### CONSOLIDATION PROCESS

Non-financial information reporting includes all companies in which Ferrovial has economic control, construed as a stake of greater than 50% in them. In these cases, 100% of the information is reported.

Likewise, following the indications of the GRI G4 Guidelines, Ferrovial provides information on the 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 are those relating to the 407 ETR toll road in Canada and the airports in the United Kingdom.

### TRACEABILITY

Ferrovial guarantees the traceability of information related to the field of Corporate Responsibility thanks to a reporting system, which it has had since 2007, to obtain detailed information to company level, facilitating partial consolidation by geographical location or business. Each year, before the launch of the information collection campaign, the system is fully revised to adapt it to the needs of the company and its stakeholders.

In 2017, the reporting system made it possible to gather 391 quantitative and qualitative indicators, in 116 companies, through 202 users.

### REFORMULATION OF THE INFORMATION

In 2017 there were a number of company perimeter changes that could affect the comparability of data contained in the Report, although they are not 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 information.

### STAKEHOLDERS

Ferrovial is committed to transparency in the information reported to the market and thus implements continuous improvements to its communication channels with all stakeholders on the basis of innovative corporate information that not only includes financial aspects but also considers environmental and social variables.

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

This relationship is dynamic, because the climate 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 in organizations that boost corporate responsibility in Spain and abroad, such as Fundación SERES, Forética, the Spanish Global Compact Network, and the Spanish Quality Association (AEC). In 2017, Ferrovial formed part of the United Nations SDG Fund Advisory Group to promote the new UN Sustainable Development Goals, as well as holding the chair of the Spanish Green Growth Group. Its relations with each stakeholder group are detailed in [www.ferrovial.com](http://www.ferrovial.com)

Ferrovial's consideration of the principles related to the content of the report is developed in the specific section on materiality. For more information on the AA1000 and GRI standards, see page 122 of GRI indicators.

### MATERIAL ISSUES

Ferrovial considers relevant any issue that could have a substantial influence on the evaluations and decisions of stakeholders, affecting its ability to address existing needs without compromising future generations.

The company has established a biennial process to carry out its materiality study. In 2017, the issues that were most relevant for the company and its stakeholders during the year were analyzed, using the base of the previous year. As a result, the report offers a balanced and objective view of the issues that, by their nature, have significantly affected the company.



## ALIGNMENT WITH THE RECOMMENDATIONS FROM THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) AND THE CLIMATE DISCLOSURE STANDARDS BOARD (CDSB)

**P**Over the course of the Integrated Annual Report, explanation are provided as to how the customer addresses aspects such as Governance, Strategy, Risk Management and Indicators and Objectives. All these aspects are influenced by Climate Change. However, emphasizing and providing more details about the Risks and Opportunities with regards to Climate Change and the evolution of emissions has been considered appropriate.

### Strategy

Company's climate strategy is integrated into the company's strategy. In fact, the emerging policy related to Climate Change and the mobilization of the economy toward a low emission economy is directing investment and financing towards businesses that help meet the mitigation and adaptation objectives of the Paris Agreement.

These factors are the pillars of business and new business opportunities. New lines of business that provide low carbon solutions that help our clients and users to reduce energy consumption and emissions of the products and services offered by the company have assumed greater relevance in recent years.

In this sense, aspects such as energy efficiency in buildings and processes, the integral management of cities, efficient mobility of people, water management and the conservation of biodiversity make Ferrovial an excellent strategic partner to achieve global environmental objectives.

The current commitment with the SBTi initiative to establish reduction targets by 2030 will require a revision of our 2020 - 2030 strategy next year.

### Climate Change-related Risks and Opportunities

To analyze the impact that Climate Change has on the business targets, Ferrovial carried out an internal project called "Ferrovial 2020" to identify and evaluate risks and business opportunities related to climate change and the new associated regulatory framework. The risk assessment is carried out based on its potential impact on business targets, financial, reputational and sustainability, and their probability of occurrence. From this review and analysis project, the company set the global reduction targets for 2020, as well as the strategic path to achieve them.

Under the principle of continuous improvement, the risks identified through the corporate risk identification and assessment system (Ferrovial Risk Management) are reevaluated annually, and the status of achievement of the established reduction targets and deviations that may exist are reviewed to establish the appropriate corrective measures.

The identified risks are classified into groups according to their nature in order to facilitate their control, monitoring and assurance. Thus, the main groups are:

- Regulatory: risk of non-compliance with the regulatory framework applicable to the company's activities.
- Financial: Economic impact of the new regulation on climate change, due to the increase in operating costs as a result of the increase in rates on fossil fuels and the appearance of new markets for emission rights. Implementation of energy efficiency measures and the electrification of demand reduce exposure to this risk. In terms of the potential financial impact on the different climate scenarios, it is considered that the diversification of our activities toward "low carbon" activities will make it easier to attract new sources of financing.
- Operational: Catastrophic events derived from weather changes that may cause damage to the company's infrastructure and operation, causing temporary loss of income.
- Reputational: Loss of credibility due to the non-compliance of the objectives established and communicated to the stakeholders.

Management and reduction measures are associated with all risks.

Furthermore, a methodology has been developed to assess the price of carbon shadow pricing, used in the process to analyze and authorize new acquisitions and investments, making it possible to identify and evaluate the risks and opportunities associated with new investment projects.

**Ferrovial's new business opportunities** place a focus on a low-emission economy and adapting infrastructures to the impact of climate change, as mentioned in the Strategy section. Opportunities arise to respond to:

- The needs of cities. Cities represent a big management challenge that will require innovative and efficient solutions. Ferrovial is implementing service business models that help to reduce energy consumption, emissions and offer large-scale management savings. In 2017, a car sharing service was launched in Madrid with an initial fleet of 500 electric vehicles, fully charged with renewable energy. Energy efficiency agreements in buildings or lighting, optimization of waste collection routes, valuing or increasing the collection of biogas from landfills are all examples.
- Water. Problems relating to the quality and quantity (surplus and shortage) of water and the investment required to respond to these problems will gain more weight. In this regard, we can provide innovative solutions as water treatment plant managers and as a construction company to adapt infrastructures and make them more resistant.
- Infrastructures. There is a growing demand to reduce transport emissions. In the US, Ferrovial operates the first "carbon neutral" highway (NTE) given its dynamic management of traffic and Heathrow Airport is committed to being a "Zero Carbon Airport" by 2050.

### Emissions inventory by business

Company	Baseline Year (2009)		2016		2017	
	tCO <sub>2</sub> e	tCO <sub>2</sub> e/M€	tCO <sub>2</sub> e	tCO <sub>2</sub> e/M€	tCO <sub>2</sub> e	tCO <sub>2</sub> e/M€
Construction (Ferrovial Agroman, Budimex, Webber, Cadagua and PWL)	251,375	53.32	245,981	56.19	264,355	55.47
Infrastructure (Cintra)	15,684	52.81	13,739	29.74	10,091	22.94
Services (F. Services, Arney and Broadpectrum)	682,551	150.36	542,264	77.20	578,411	82.11

### Toll roads

In 2017, the absolute emissions from toll roads decreased by 35.66% since the baseline year, despite 48.1% increase in activity. These results are reflected in the evolution of intensity emissions

(tCO<sub>2</sub>eq / M €), which dropped to 56.56% in 2017 compared to the base year, reflecting the decoupling between growth and emissions. These data are the result of energy efficiency measures in lighting highways, the main source of consumption.

#### Services (Ferrovial Services, Amey and Broadpectrum)

In 2017, Services dropped by 15.29% in absolute terms and 45.39% in intensity, also showing the decoupling between emissions and growth. This evolution is the result of the imple-

mentation of energy efficiency measures, the increase in the fleet of electric or alternative vehicles, the purchase of electricity from renewable sources and the increase in the collection of diffuse land-fill emissions. The main cause of the increase in emissions compared to 2016 is the increase in waste received in landfills, as a consequence of the greater economic activity and repair works to some cells, which made it impossible to capture all the expected biogas.

#### Construction (Ferrovial-Agromán, Budimex, Webber, Cadagua and PWL)

In Construction, the emissions increase annually in line with the turnover. In 2017, emissions increased by 5.16% compared to 2016. However, a decoupling between emissions and turnover has been detected.

### SCORECARD

#### SHAREHOLDERS

	2015	2016	2017
Revenues (million euro)	9,701	10,759	12,208
Operating flow excluding concessionaries (million euro) <sup>(1)</sup>	889	995	999
Dividends received (millions of euro) <sup>(1)</sup>	532	544	520

#### EMPLOYEES

	2015	2016	2017
Workforce at year-end	74,032	96,001	95,978
Total average turnover rate (%) *	3.20%	5.11%	12.67%
Frequency index	20.0	15.0	13.6
Severity index	0.43	0.33	0.31

(1) For the calculation of the total average rotation rate, both voluntary and forced removals were taken in to account in 2017.

#### CLIENTS

	2015	2016	2017
Order book by line of business (million euro)	31,531	33,519	32,063
- Services	22,800	24,431	20,918
- Construction	8,731	9,088	11,145
Investment in R&D (million euro)	44	48	47
407 ETR user satisfaction %	-	97%	82%
Managed Lanes (NTE and LBJ) user satisfaction %	-	80%/91%	75%
HAH Passenger experience (Scale 1-5)	-	4.2	4.2
ISO9001 certified activity	91%	91%	89%

#### SOCIETY

	2015	2016	2017
Renewal of presence in Sustainability indexes: DJSI, FTSE4Good, MSCI	✓	✓	✓
Carbon intensity: Direct and indirect emissions of greenhouse gases in relative terms (t CO <sub>2</sub> eq/M€) <sup>(2)</sup>	-43.70%	-31.90%	-28.4%
Beneficiaries in potable water and sanitation projects <sup>(3)</sup>	-	191,759	212,605
Tax (million euro) <sup>(4)</sup>	-	-	2,075

(1) In flexible dividend and share buyback.

(2) Scope 1 & 2 since 2009.

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

(4) Supported, paid and collected in 2017 (Cash Criteria).

## 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 Macquarie 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: Building Information Modeling.** Building information modeling is a process involving the generation and management of digital representations of physical and functional characteristics of places. BIMs are files which can be extracted, exchanged or networked to support decision-making regarding a building or other built asset. Current BIM software is used by individuals, businesses and government agencies who plan, design, construct, operate and maintain diverse physical infrastructures, such as water, refuse, electricity, roads, bridges, ports, tunnels, etc.

**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.

**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.

**DBF: Design-Build-Finance.**

**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.

**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).



## COMMITTED TALENT

People talent is what sets us apart. Ferrovial searches for it, cares for it and develops it. Almost 100,000 people work at Ferrovial around the world, in countries with different cultures, customs and realities. Therefore, the company cultivates collaboration, flexibility, diversity and trust. The employee survey places commitment levels at above 90%. A figure that is the best guarantee for clients.



PHOTO: maintenance and cleaning of the Guggenheim Museum. Bilbao (Spain).



## GRI-G4 INDICATORS

### GENERAL STANDARD DISCLOSURES GRI G4

STRATEGY AND ANALYSIS		Page	Revision
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	5	✓
G4-2	Provide a description of key impacts, risks, and opportunities.	5, 23-25, 93-95	✓
ORGANIZATIONAL PROFILE		Page	Revision
G4-3	Report the name of the organization.	Note 1.1 of 2017 Annual Consolidated Financial Statements	✓
G4-4	Report the primary brands, products, and services.	14	✓
G4-5	Report the location of the organization's headquarters.	Note 1.1 of 2017 Annual Consolidated Financial Statements	✓
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	12-13	✓
G4-7	Report the nature of ownership and legal form.	Note 1.1 of 2017 Annual Consolidated Financial Statements	✓
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	12-13	✓
G4-9	Report the scale of the organization, including: - Total number of employees - Total number of operations - Net sales (for private sector organizations) or net revenues (for public sector organizations) - Total capitalization broken down in terms of debt and equity (for private sector organizations) - Quantity of products or services provided	10, 12 -14, 64-65 and Appendix	✓
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	10, 64, 65, 117 and Appendix	✓ (3)
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	79	✓
G4-12	Describe the organization's supply chain.	86-87 and Appendix	✓
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Note 1.1.2 and Note 1.1.3 of 2017 Annual Consolidated Financial Statements	✓
Commitments to external initiatives			
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	93-95	✓
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	115	✓
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: - Holds a position on the governance body - Participates in projects or committees - Provides substantive funding beyond routine membership dues - Views membership as strategic	115	✓
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		Page	Revision
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	Appendix II of 2017 Annual Consolidated Financial Statements	✓
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	115-117	✓
G4-19	List all the material Aspects identified in the process for defining report content.	115	✓
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	115	✓
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	115	✓
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	115	✓
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	115	✓
STAKEHOLDER ENGAGEMENT		Page	Revision
G4-24	Provide a list of stakeholder groups engaged by the organization.	115	✓
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	3, 15, 25, 81, 99-100, 102, 113 and 115	✓
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	15, 113 and 115	✓
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	15, 113 and 115	✓
REPORT PROFILE		Page	Revision
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	Fiscal Year 2017	✓
G4-29	Date of most recent previous report (if any).	Fiscal Year 2016	✓
G4-30	Reporting cycle (such as annual, biennial).	Annual	✓
G4-31	Provide the contact point for questions regarding the report or its contents.	Back cover	✓
GRI Content Index			
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option. c. Report the reference to the External Assurance Report, if the report has been externally assured.	3, 115, 129 and 134-135	✓
Assurance			
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	134-135	✓

GOVERNANCE		Page	Revision
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	99-101 Annual Corporate Governance Report 2017, Section C.	✓
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	113 Annual Corporate Governance Report 2017, Section C.	✓
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	113-114 Annual Corporate Governance Report 2017, Section C.	✓
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	113-115	✓
G4-38	Report the composition of the highest governance body and its committees.	99-101 Annual Corporate Governance Report 2017, Section C.	✓
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	99-101 Annual Corporate Governance Report 2017, Section C.1.2 and C.1.3	✓
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	99-101 Annual Corporate Governance Report 2017, Section C.1.19	✓
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	74-75 Annual Corporate Governance Report 2017, Section D.6.	✓
Highest Governance body's role in setting purpose, values and strategy			
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	99-100	✓
Highest Governance body's competencies and performance evaluation			
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	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. In 2017 it was approved the Ethic Integrity Procedure for partners which establishes the obligation to perform a due diligence process of integrity when choosing partners. For further information, see Annual Corporate Governance Report.	✓
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	Annual Corporate Governance Report 2017, Section from C.1.19 to C.1.21	✓ (2)
Highest Governance body's role in risk management			
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	104-105 Annual Corporate Governance Report 2017, Section E	✓
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.		✓
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.		✓
Highest Governance body's role in Sustainability Reporting			
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	104	✓
Highest Governance body's role in evaluating economic, environmental and social performance			
G4-49	Report the process for communicating critical concerns to the highest governance body.	113	✓
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	113	✓
Remuneration and Incentives			
G4-51	a. Report the remuneration policies for the highest governance body and senior executives. b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	102-103	✓
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	102-103	✓
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	102-103	✓
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	See appendix.	✓
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	See appendix.	✓
ETHICS AND INTEGRITY		Page	Revision
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	18-19, 74-75 and 78-79	✓
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	74-75	✓
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	74-75	✓

SPECIFIC BASIC CONTENT GRI G4					
Material issues identified on the materiality matrix, in the 20.19 Plan and the risks map.	Indicator		Page/Direct reference	Scope*	Revision
<b>ECONOMIC DIMENSION</b>					
<b>Economic performance</b>					
Profitable growth Transparency in the information provided to the market Activity in the securities market	G4-EC1	Direct economic value generated and distributed.	See Appendix	Ferrovial	✓
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Risks and opportunities are disclosed in the Carbon Disclosure Project report, which is publicly-available on the CDP website. Information for 2017 will be made available during 2018. (See pages 80-82 and 95)	Ferrovial	✓ (1)
	G4-EC3	Coverage of the organization's defined benefit plan obligations.	Note 6.6.4 of 2017 Annual Consolidated Financial Statements Note 6.2 of 2017 Annual Consolidated Financial Statements	Ferrovial	✓
	G4-EC4	Financial assistance received from government.	Note 6.1. of 2017 Annual Consolidated Financial Statements Note 6.4. of 2017 Annual Consolidated Financial Statements	Ferrovial	✓
<b>Presence in the market</b>					
Establishing a methodology for evaluating suppliers based on risk Diversity and equal opportunities Supply chain	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	The relationship between entry level wage and the local minimum wage in relevant countries is as follows: Spain: 1.15 United Kingdom: 1.06 United States: 1.53 Poland: 1.76 Chile: 1.73 Australia: 1.72	Ferrovial	✓
	G4-EC6	Proportion of senior management, direct employees, contractors and sub-contractors hired from the local community at significant locations of operation.	In 2017, the proportion of senior management hired from the local community was 88%.	Ferrovial	✓ (3)
<b>Indirect economic consequences</b>					
Social footprint Community Corporate Volunteering	G4-EC7	Development and impact of infrastructure investments and services supported.	88-89	Ferrovial	✓
	G4-EC8	Significant indirect economic impacts, including the extent of impacts.	23, 64, 66, 69, 78, 80, 82 and 88-90	Ferrovial	✓
<b>Purchasing practices</b>					
Supply chain	G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	In 2017, the proportion of spending on local suppliers has been 92%	Ferrovial	✓ (4)
<b>ENVIRONMENTAL DIMENSION</b>					
<b>Materials</b>					
Developing a sustainable construction strategy. Eco-efficiency. Having procedures and protocols in place for handling, use and storage of hazardous substances	G4-EN1	Materials used by weight, value or volume.	See Appendix	See note	✓ (5)
	G4-EN2	Percentage of materials used that are recycled input materials.	See Appendix	Ferrovial	✓ (6)
<b>Energy</b>					
Eco-efficiency. Climate change. Leading the sector on sustainability issues	G4-EN3	Energy consumption within the organization.	See Appendix	Ferrovial	✓ (7)
	G4-EN4	Energy consumption outside of the organization.	Energy use from consumption of fuels, electricity and losses due to electricity transport stood at 1,969,019 GJ.	Ferrovial	✓ (7)
	G4-EN5	Energy intensity.	Energy intensity is 923.10 GJ/net revenues	Ferrovial	✓ (7)
	CRE1	Building energy intensity.	Not applicable, as this indicator is associated with real estate, which does not represent a significant activity for Ferrovial.		
	G4-EN6	Reduction of energy consumption.	Energy consumption increased 8.56% compared to 2016.	Ferrovial	✓ (7)
	G4-EN7	Reductions in energy requirements of products and services.	81	Ferrovial	✓ (1)
<b>Water</b>					
Water Footprint	G4-EN8	Total water withdrawal by source.	See Appendix	Ferrovial	✓ (7) (9)
	G4-EN9	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	✓ (1)
	G4-EN10	Percentage and total volume of water recycled and reused.	The consumption of recycled and reused water stood at 435,806.6 m3	Ferrovial	✓ (7)
	CRE2	Building water intensity.	Not applicable, as this indicator is associated with real estate, which does not represent a significant activity for Ferrovial.		
<b>Biodiversity</b>					
Biodiversity	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	During 2017, Ferrovial has been working on 36 projects which were under an Environmental Impact Statement (or equivalent figure), depending on each country's legal framework	Ferrovial Agroman, S.A., Ferrovial Agroman US Corp, Ferrovial Portugal, Ferrovial Agroman Australia and Ferrovial Agroman Canada, Inc.	✓



## SPECIFIC BASIC CONTENT GRI G4

Material issues identified on the materiality matrix, in the 2019 Plan and the risks map.

	Indicator	Page/Direct reference	Scope*	Revision
Biodiversity	<b>G4-EN12</b>	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Most significant impacts on biodiversity has been assessed through 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.	Ferrovia Agroman, S.A., Ferrovia Agroman US Corp, Ferrovia Portugal, Ferrovia Agroman Australia and Ferrovia Agroman Canada, Inc. ✓
	<b>G4-EN13</b>	Habitats protected or restored.	Ferrovia 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.	Ferrovia ✓
	<b>G4-EN14</b>	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	See Appendix	Cintra Infraestructuras S.E., FS España Oficinas Centrales, Ferrovia Agroman S.A., Ferrovia Agroman US Corp., Ferrovia Agroman Australia, Ferrovia Agroman ✓
Emissions				
Climate change Environmental damages Leading the sector on sustainability issues	<b>G4-EN15</b>	Direct greenhouse gas (GHG) emissions (Scope 1).	80-81, See Appendix	Ferrovia ✓ (7) (10)
	<b>G4-EN16</b>	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	80-81, See Appendix	Ferrovia ✓ (7) (10)
	<b>G4-EN17</b>	Other indirect greenhouse gas (GHG) emissions (Scope 3).	80-81, See Appendix	See Appendix ✓ (7) (8)
	<b>G4-EN18</b>	Greenhouse gas (GHG) emissions intensity.	The greenhouse gas (GHG) emissions intensity stood at 69.62 tCO <sub>2</sub> /INCN (Million euro)	Ferrovia ✓ (7)
	<b>CRE3</b>	Greenhouse gas emissions intensity from buildings.	Not applicable, as this indicator is associated with real estate, which does not represent a significant activity for Ferrovia.	
	<b>CRE4</b>	Greenhouse gas emissions intensity from new construction and redevelopment activity.	Not applicable as this indicator is associated with real estate, which is not a significant activity for Ferrovia.	
	<b>G4-EN19</b>	Reduction of greenhouse gas (GHG) emissions.	See Appendix	Ferrovia ✓
	<b>G4-EN20</b>	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.	Ferrovia ✓
Effluent and waste				
Having programs to respond to spill emergencies Environmental damage	<b>G4-EN21</b>	NOX, SOX, and other significant air emissions.	See Appendix	Ferrovia ✓ (7) (11)
	<b>G4-EN22</b>	Total water discharge by quality and destination.	The total wastewater discharge stood at 894,851.86 m <sup>3</sup> .	Ferrovia ✓ (12) (13)
	<b>G4-EN23</b>	Total weight of waste by type and disposal method.	82 and Appendix	Ferrovia ✓ (7) (14)
	<b>G4-EN24</b>	Total number and volume of significant spills.	In 2017, there were 2 spills that have undergone significant penalty.	Ferrovia ✓ (15)
	<b>G4-EN25</b>	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Appendix I, II, III, and VIII, and percentage of transported waste shipped internationally.	Information not available	Ferrovia NV
	<b>G4-EN26</b>	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.	In the projects developed by Ferrovia in 2017, eight had high-quality water courses in their vicinity.	Ferrovia Agroman Australia and Ferrovia Agroman Canada, Inc. ✓ (1)
Degradation, contamination and soil remediation				
No material	<b>CRE5</b>	Land and other assets remediated and in need of remediation for the existing or intended land use according to applicable legal designations.	Not reported.	Ferrovia NV
Products and services				
Developing a sustainable construction strategy.	<b>G4-EN27</b>	Extent of impact mitigation of environmental impacts of products and services.	See Appendix	Ferrovia ✓ (1)
	<b>G4-EN28</b>	Percentage of products sold and their packaging materials that are reclaimed by category.	The company's activities do not include the production of goods sold with packaging.	Ferrovia ✓
Regulatory compliance				
Non-compliance with legislation	<b>G4-EN29</b>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	The total amount of fines paid in the year due to breach of environmental legislation in 2017 stood at € 22,627.65 plus € 78,750 coming from past years' breaches. This amount does not include associated civil liability (compensation). Note 6.3 and Note 6.5.1 of 2017 Annual Consolidated Financial Statements.	Ferrovia ✓

SPECIFIC BASIC CONTENT GRI G4					
Material issues identified on the materiality matrix, in the 20.19 Plan and the risks map.	Indicator		Page/Direct reference	Scope*	Revision
Transport					
Climate change	G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.	The most significant impact caused by the transport of products, materials and persons are greenhouse gas emissions caused by the same. Said emissions are included in Scope 3 under the "Business travel" and "Upstream transportation and distribution" categories.	Ferrovial	✓
General					
Eco-efficiency Climate Change	G4-EN31	Total environmental protection expenditures and investments by type.	Total environmental investment and spending in 2017 stood at 140,984,535.6 € breaking down into the following main items: - Environmental Responsibility Insurance: 935,606.63 € - Waste Management: 83,965,877 € - Certifications: 352,763.36 € - Training: 376,772 € - Personnel expenses: 21,357,094.60 € - Investment in equipment: 19,833,126 € - Various projects: 5,733,296 €	Ferrovial	✓
Environmental evaluation of suppliers					
Having a purchasing policy. Establishing a methodology for evaluating suppliers based on risk. Including suppliers in the company's corporate responsibility policy	G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	86-87	Ferrovial	✓ (1)
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	(See pages 90-91) 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	✓ (1)
Environmental evaluation of suppliers					
Non material.	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	Information not available.	Ferrovial	NV
SOCIAL DIMENSION					
LABOR PRACTICES AND DIGNITY OF LABOR					
Employment					
Attracting and retaining talent. Diversity and equal opportunities.	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	See appendix.	Ferrovial	✓ (3) (16) (17)
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	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	✓ (1) (17)
	G4-LA3	Return to work and retention rates after parental leave, by gender.	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	✓ (1)
Relations between staff and management					
Human Rights	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	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	✓ (1)
Health and safety in the workplace					
Occupational health and safety. Having a corporate policy on employee health and safety	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	See appendix.	Ferrovial	✓
	CRE6	Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system.	85% of the Company's activity is developed under Health and Safety Management Systems	Ferrovial	✓ (23)
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	66-67 See appendix.	Ferrovial	✓ (17) (18) (19)
	G4-LA7	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	✓
	G4-LA8	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					
Training and development	G4-LA9	Average hours of training per year per employee by gender, and by employee category.	See appendix.	Ferrovial	✓ (18) (20)
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	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	✓ (1)
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	The percentage of employees receiving regular assessments of Ferrovial's performance and professional development is 31.23%.	Ferrovial	✓ (18) (20)
Diversity and equal opportunities					
Diversity and equal opportunities	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	See Appendix Annual Corporate Governance Report 2017, Section C.	Ferrovial	✓ (21)

SPECIFIC BASIC CONTENT GRI G4					
Material issues identified on the materiality matrix, in the 2019 Plan and the risks map.	Indicator		Page/Direct reference	Scope*	Revision
Equal remuneration between women and men					
Diversity and equal opportunities	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Company management, in particular the Remuneration and Benefits Department, monitors compliance with confidentiality requirements and ensures that its remuneration policy is compliant with internal and external equality standards.	Ferrovial	✓(2)
Continuous evaluation of supplier labor practices					
Having a purchasing policy. Establishing a methodology for evaluating suppliers based on risk. Including suppliers in the company's corporate responsibility policy	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	86	Ferrovial	✓(1)
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	As for occupational health and safety practices, incidents range from non-compliance with employee training requirements, improper maintenance of machinery, failure to provide the required safety documentation and breach of instructions given by the project manager. The measures taken range from expulsion from the project and/or rejection of the supplier, to warnings that improvements are required in less serious cases.	Ferrovial	✓(1)
Labor practices claim procedures					
Having communication channels for reporting unethical practices	G4-LA16	Total number of incidents of discrimination and corrective actions taken.	75	Ferrovial	✓(22)
HUMAN RIGHTS					
Investment					
Human Rights	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	78	Ferrovial	✓(1)
	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	79	España	✓
Non-discrimination					
Codes of conduct Human rights Diversity and equal opportunities Having specific policies on ethics and integrity issues	G4-HR3	Total number of incidents of discrimination and corrective actions taken.	75	Ferrovial	✓(22)
Freedom of association and collective bargaining					
Human rights Workplace conflicts	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	78-79	Ferrovial	✓
Child labor					
Human rights	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	78-79	Ferrovial	✓
Forced labor					
Human rights	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	78-79	Ferrovial	✓
Security measures					
Human rights	G4-HR7	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	✓(1)
Rights of the indigenous population					
Human rights Community	G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken.	During 2017 there hasn't been detected incidents of violations involving rights of indigenous people. Identified controversies are described on page 78.	Ferrovial	✓
Evaluation					
Human rights	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	78-79 During 2017, Ferrovial has not done specific reviews to evaluate the impact on Human Rights' matters	Ferrovial	✓
Evaluation of suppliers in terms of human rights					
Having a purchasing policy. Establishing a methodology for evaluating suppliers based on risk. Including suppliers in the company's corporate responsibility policy	G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	86	Ferrovial	✓(1)
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	86-87 Regarding social matters, there have been detected impacts due to failures to deliver documents or breaches on their own suppliers' payments. The measures taken range from expulsion from the project and/or rejection of the supplier, to warnings that improvements are required in less serious cases.	Ferrovial	✓(1)
Human rights claim procedures					
Having communication channels for reporting unethical practices	G4-HR12	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	75	Ferrovial	✓(22)
SOCIETY					
Local communities					
Social footprint. Community.	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	88-89	Ferrovial	✓(1)
	G4-SO2	Operations with significant actual and potential negative impacts on local communities.	During 2017, there has not been detected situations in which Ferrovial activities had caused a negative impact on local communities.	Ferrovial	✓(1)
	CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project.	Information not available	Ferrovial	✓



SPECIFIC BASIC CONTENT GRI G4					
Material issues identified on the materiality matrix, in the 20.19 Plan and the risks map.	Indicator		Page/Direct reference	Scope*	Revision
Combating corruption					
Having specific policies on ethics and integrity issues. Fraud/Corruption	G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	74 y 75	Ferrovial	✓ (1)
	G4-S04	Communication and training on anti-corruption policies and procedures.	74 y 75	España	✓
	G4-S05	Confirmed incidents of corruption and actions taken.	75	Ferrovial	✓ (1)
Public policy					
Publishing policies on ethics and integrity issues Having a specific corporate governance policy	G4-S06	Total value of political contributions by country and recipient/beneficiary.	Ferrovial's Code of Conduct highlights the levels of approval through every third-party payment has to come. It also bans bribe payment to authorities and public officers and prohibits its workers to give or receive from third-parties improper payments of any kind, including presents or favours which are out of their market use; or when it could influence the normal develop of the professional, bussiness or administrative relationship in which their Companies are involved.	Ferrovial	✓ (2)
Unfair competition practices					
Non-compliance with legislation	G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Ferrovial has subject to a sanction and a surveillance file by The National Competition Commission. Note 6.3 of 2017 Annual Consolidated Statements Note 6.5 of 2017 Annual Consolidated Statements	Ferrovial	✓
Regulatory compliance					
Non-compliance with legislation	G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	In fiscal year 2017, 28 cases and litigation related to the safety of workers, subcontractors and users have been sanctioned. Note 6.3 of 2017 Annual Consolidated Statements Note 6.5 of 2017 Annual Consolidated Statements	Ferrovial	✓
Evaluation of social repercussions of suppliers					
Having a purchasing policy. Establishing a methodology for evaluating suppliers based on risk. Including suppliers in the company's corporate responsibility policy	G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society.	86	Ferrovial	✓ (1)
	G4-S010	Significant actual and potential negative impacts on society in the supply chain and actions taken.	86-87 On the social front, incidents of non-compliance in the provision of documentation and failure to pay their own suppliers are also evaluated. The measures taken range from expulsion from the project and/or rejection of the supplier, to warnings that improvements are required in less serious cases.	Ferrovial	✓ (1)
Social impact claim procedures					
Having communication channels for reporting unethical practices	G4-S011	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	75	Ferrovial	✓ (22)
RESPONSIBILITY WITH REGARD TO PRODUCTS					
Health and safety of clients					
Having policies and management systems to ensure that products/services do not pose a risk to customer health, security, integrity or privacy	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	72-74	Ferrovial	✓ (1)
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	During the fiscal year 2017, 28 cases and litigation related to the safety of workers, subcontractors and users have been closed with sanctions. Note 6.3 of 2017 Annual Consolidated Statements Note 6.5 of 2017 Annual Consolidated Statements	Ferrovial	✓
Labeling of products and services					
Service quality Having policies and management systems to ensure that products/services do not pose a risk to customer health, security, integrity or privacy. Making channels of communication available to customers and complaint resolution procedures Non-compliance with legislation	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	72-73	Ferrovial	✓ (1)
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	There has not been identified non-compliance incidents on this subject.	Ferrovial	✓
	G4-PR5	Results of surveys measuring customer satisfaction.	72-73	Ferrovial Agroman, S.A. Edytesa, S.A. Técnicas del Pretensado y Servicios Auxiliares, S.L (Tecpresa) Ferrovial Agroman Chile, S.A.	✓
	CRE8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment.	See Appendix	Ferrovial	✓
Marketing Communication					
Non-compliance with legislation	G4-PR6	Sale of banned or disputed products	Note 6.3 of 2017 Annual Consolidated Statements Note 6.5 of 2017 Annual Consolidated Statements	Ferrovial	✓
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	No incidents involving non-compliance were detecting during 2016	Ferrovial	✓
Client privacy					
Service quality Having policies and management systems to ensure that products/services do not pose a risk to customer health, security, integrity or privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	During 2017, they have not been received complaints regarding breaches of customer privacy and losses of customer data.	Ferrovial	✓

## SPECIFIC BASIC CONTENT GRI G4

Material issues identified on the materiality matrix, in the 20.19 Plan and the risks map.	Indicator	Page/Direct reference	Scope*	Revision
<b>Regulatory compliance</b>				
Non-compliance with legislation	<b>G4-PR9</b>	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services  In fiscal year 2017, 28 cases and litigation related to the safety of workers, subcontractors and users have been sanctioned. Note 6.3 of 2017 Annual Consolidated Statements Note 6.5 of 2017 Annual Consolidated Statements	Ferrovial	✓

(1) Reported qualitatively.  
 (2) Only information about the existing Policy is given.  
 (3) No information about contractors and sub-contractors is included.  
 (4) Locally-hired non-centralized suppliers are classified as local suppliers. Percentage of local suppliers is reported, but not the proportion of expending.  
 (5) The most relevant material consumed in each division is reported. The most significant material can change every year so it is not comparable.  
 (6) Only recycled paper consumed is reported.  
 (7) 2017 data includes estimations according to the best available information at the time of preparing this report, subsequently its level of accuracy is limited.  
 (8) Scope 3 emissions are limited to the scope which is described on the EN17 table on the GRI Indicators Appendix.  
 (9) The main consumption have been estimated from average prices of water consumption per country.  
 (10) The review of this information has consisted of checking the gathering process of the data reported by the different companies of the group and the analysis of trends in comparison with the previous year.  
 (11) Emissions data for NOx, SOx and other significant emissions to the air correspond to direct energy and electricity consumption.  
 (12) 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.  
 (13) The quality and destination of water discharges is not reported.  
 (14) Not broken down by disposal method.  
 (15) Information about total volume of spills is not reported.  
 (16) Not broken down by age.  
 (17) Not broken down by country or region.  
 (18) Not broken down by gender.  
 (19) Information concerning contractors is only included in the calculation of the overall variation frequency index. This information is partial and estimated, thus not representative. The review of this information has consisted of checking the gathering process of the data reported by the different companies of the group.  
 (20) Not broken down by professional category.  
 (21) Not broken down by age group, minority group membership and other indicators of diversity.  
 (22) Information about complaints received through the Corporate Whistleblowing Channel in Spain is given.  
 (23) Sales percentage under a certified Health and Safety Management System is calculated with the invoice instead of using number of own employees and subcontractors.  
 Note: NV: Indicator not verified.

**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-G4 Indicators Table.
- **Responsiveness:** This report includes the information relating to Ferrovial’s response to stakeholder expectations.

**GRI4 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.

## APPENDIX TO GRI INDICATORS

### G4-10. WORKFORCE CHARACTERISTICS

Number of employees by type of contract and gender

	Total		2016	2017
Full – time	81,434	Men	63,637	<b>62,901</b>
		Women	18,133	<b>18,533</b>
Partial – time	14,544	Men	4,742	<b>5,064</b>
		Women	9,489	<b>9,480</b>

Number of employees by type of contract and gender

	Total		2016	2017
Temporary contract	22,153	Men	15,662	<b>16,422</b>
		Women	5,203	<b>5,731</b>
Undefined contract	73,825	Men	52,717	<b>51,543</b>
		Women	22,419	<b>22,282</b>

Number of employees by region and gender

	2016	2017		
		Men	Women	Total
Spain	40,595	26,321	16,295	<b>42,616</b>
United Kingdom	18,022	12,704	4,292	<b>16,996</b>
Rest	12,855	10,018	1,391	<b>11,409</b>
USA & CANADA	4,280	3,454	570	<b>4,024</b>
Poland	5,298	4,966	1,437	<b>6,403</b>
Australia	14,951	10,502	4,028	<b>14,530</b>
<b>TOTAL</b>	<b>96,001</b>	<b>67,965</b>	<b>28,013</b>	<b>95,978</b>

### G4-12. DESCRIBE THE ORGANIZATION'S 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.

### G4-54. CALCULATE THE RATIO BETWEEN THE TOTAL ANNUAL COMPENSATION OF THE HIGHEST PAID PERSON IN THE ORGANIZATION IN EACH COUNTRY WHERE THE COMPANY IS SIGNIFICANTLY ACTIVE AND THE TOTAL AVERAGE ANNUAL COMPENSATION OF THE ENTIRE STAFF (EXCLUDING THE HIGHEST PAIDPERSON) OF THE CORRESPONDING COUNTRY.

	2015	2016	2017
<b>TOTAL Ferrovial</b>	<b>186.70</b>	<b>195.44</b>	
EE.UU.	6.68	12.54	7.70
USA	28.83	34.97	33.78
Poland	21.27	23.08	24.76
UK	39.09	23.85	25.79
Australia	-	48.31	8.72
Chile	-	19.08	14.54

Note indicators G4-54 and G4-55: 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.

### G4-55. CALCULATE THE RATIO BETWEEN THE PERCENT INCREASE OF THE TOTAL ANNUAL COMPENSATION OF THE HIGHEST PAID PERSON IN THE ORGANIZATION IN EACH COUNTRY WHERE THE COMPANY IS SIGNIFICANTLY ACTIVE AND THE PERCENT INCREASE OF THE TOTAL AVERAGE ANNUAL COMPENSATION OF THE ENTIRE STAFF (EXCLUDING THE HIGHEST PAID PERSON) OF THE CORRESPONDING COUNTRY

	2015	2016	2017
<b>TOTAL Ferrovial</b>	<b>2,21%</b>	<b>32,43%</b>	
USA	14,25%	-0,23%	
SPAIN	2,67%	8,60%	
POLAND	4,89%	8,45%	
UK	6,73%	27,61%	
CHILE	-	24,60%	

### G4-EC1. DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

GENERATED ECONOMIC VALUE (M€)	2015	2016	2017
<b>a) Revenue:</b>			
Turnover	9,701	10,759	12,208
Other operating revenue	9	7	10
Financial revenue	34	44	56
Disposals of fixed assets	185	330	51
Income carried by the equity method	277	214	201
<b>TOTAL</b>	<b>10,206</b>	<b>11,354</b>	<b>12,526</b>

<b>DISTRIBUTED ECONOMIC VALUE (M€)</b>			
<b>b) Consumption and expenses <sup>(1)</sup></b>			
Consumption	1,131	1,267	1,345
Other operating expenses	4,121	4,736	5,288
<b>c) Payroll and employee benefits</b>			
Personnel expenses	2,575	3,819	4,653
<b>d) Financial expenses and dividends</b>			
Dividends to shareholders	278	226	222
Treasury share repurchase <sup>(2)</sup>	235	317	302
Financial expenses	430	447	401
<b>e) Taxes</b>			
Corporate income tax	138	245	63
	8,908	11,057	12,274
<b>RETAINED ECONOMIC VALUE (M€)</b>	<b>204</b>	<b>297</b>	<b>252</b>

- 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.

### G4-EN1. MATERIALS BY WEIGHT, VALUE AND VOLUME

	2015	2016	2017
Paper (kg)	940,303.12	748,106.49	717,752.25
Timber (m³)	9,980.62	63,946.43	54,058.55
Bitumen (t)	1,222,000.00	195,585.00	223,755.00
Concrete (t)	7,692,545.00	6,571,997.00	6,415,639.60
Steel (t)	-	263,270.00	200,664.00
Tropical timber (m³), of Ferrovial Agroman	2640	2290	4785
Timber of guaranteed origin (%)	Ferrovial has a policy where it is established that the timber purchased must be of guaranteed origin.		

### G4-EN2. PERCENTAGE OF MATERIALS USED THAT ARE RECYCLED MATERIALS

	2015	2016	2017
Percentage of paper with FSC seal	62.15%	72.73%	73.77%
Percentage of recycled paper	31.70%	26.98%	20.33%

## G4-EN3. INTERNAL ENERGY CONSUMPTION

		2015	2016	2017
Fuels used by stationary and mobile sources (total) (GJ)	Diésel	5,354,020	5,922,431	5,975,814
	Fuel	78,346	37,269	78,994
	Gasolina	482,467	558,854	471,007
	GN	2,515,128	2,224,776	3,039,568
	Coal	206,658	276,998	367,756
	Kerosene	14,024	14,237	20,482
	Propane	21,586	19,458	18,467
Electricity consumption from non-renewable sources (GJ)	LPG	11,843	16,931	11,526
	Services	424,578	409,513	364,472.58
	Construction	454,507	415,330	418,030.44
	Toll Roads	121,592	90,602	66,488.59
	Corporate	4,575	4,549	4,501.11
Electricity consumption from renewable sources (GJ)	Services	161,429.85	165,006.77	146,955.94
	Construction	87,844.45	265,569.86	330,088.87
	Toll Roads	0.00	4,090.20	4,049.05
	Corporate	0.00	0.00	0.00

In order to facilitate data comparability, they have been included in 2015 and 2016 the internal energetic consumptions of 2017 from those Companies which have been completely incorporated for the first time to the perimeter.

## G4-EN3. INTERNAL ENERGY CONSUMPTION

ENERGIA PRODUCIDA (GJ)	2015	2016	2017
Electric power for recovery of biogas	415,569.45	369,675.11	354,039.03
Thermal energy by biogas valorisation	241,603.50	197,103.82	202,812.10
Electric power generated in Water Treatment plants	157,595.00	41,405.49	110,463.94
Electric power generated in thermal drying	32,637.29	262,050.99	286,656.92
<b>TOTAL</b>	<b>847,405.24</b>	<b>870,235.42</b>	<b>953,971.99</b>

## G4-EN4. EXTERNAL ENERGY CONSUMPTION

		2015	2016	2017
Consumption of energy acquired, by primary sources (GJ)	Carbón	826,017.26	789,452.68	746,608.70
	Gasoil	120,930.95	100,317.96	87,398.44
	Gas	603,861.11	624,181.76	653,127.36
	Biomasa	61,401.99	58,461.75	54,845.22
	Residuos	10,883.84	9,919.31	9,079.89
	Resto	467,501.22	396,758.42	342,346.99

In order to facilitate data comparability, they have been included in 2015 and 2016 the external energetic consumptions of 2017 from those Companies which have been completely incorporated for the first time to the perimeter.

## G4-EN8. TOTAL WATER CAPTURE BY SOURCE

	2015*	2016*	2017
Water Consumption (m³)	6,821,372	6,437,432	6,434,740

\*The 2015 and 2016 data have been adjusted according to the best available information.

## G4-EN14. NUMBER OF SPECIES INCLUDED IN THE IUCN RED LIST AND IN NATIONAL CONSERVATION LISTINGS WHOSE HABITATS ARE IN AREAS AFFECTED BY OPERATIONS, ACCORDING TO THE EXTINCTION LEVEL OF THE SPECIES.

Species (cientific name)	Common name	EPBC Act	IUCN Red List	Livro Vermelho dos Vertebrados de Portugal	ESA	Others
Alasmidonta heterodon	Dwarf Wedge Mussel		Vulnerable (VU)		En peligro	
Alasmidonta varicosa	Brook floater		Vulnerable (VU)		Under review	
Bucanetes githangineus	Camachuelo trompetero					En peligro (Libro Rojo de las aves de España)
Cambarus howardi	Chattahoochee Crayfish		Least Concern "Poco preocupante" (LC)			Protegido por Georgia Endangered Wildlife Act
Canis lupus	Lobo		Least Concern "Poco preocupante" (LC)	En peligro		
Caretta caretta	Tortuga boba		Vulnerable (VU)	En Peligro		En peligro (Libro Rojo de los anfibios y reptiles de España)
Caulanthus californicus	California Jewelflower				En Peligro	
Chelonia mydas	Green turtles		Endangered (EN) En Peligro			
Chamaesyce hooveri	Hoover's spurge				Amenazada	
Circus cyaneus	Aguilucho pálido		Least Concern "Poco preocupante" (LC)			Listado de Especies en Régimen de Protección Especial
Circus pygargus	Aguilucho cenizo		Least Concern "Poco preocupante" (LC)			"Vulnerable" en el Libro Rojo de las aves de España
Curubita moscata	Butternut (Calabaza)				En Peligro	
Dasyurus maculatus	Spotted tail quall	Endangered	*"Casi amenazado" Near threatened (NT)			
Dipodomys nitratoides nitratoides	Tipton kangaroo rat				En Peligro	
Dolichonyx oryzivorus	Bobolink		Least Concern "Poco preocupante" (LC)		En Peligro	
Eremalche parryi ssp. Kernensis	Kern mallow				En Peligro	
Falco peregrinus	Halcón peregrino		Least Concern "Poco preocupante" (LC)			"De interés especial" en el Catálogo Nacional de Especies Amenazadas
Gambelia sila	Blun-nosed leopard lizard		Endangered (EN) En Peligro		En Peligro	
Glyptemys insculpta	Wood turtle		Endangered (EN) En Peligro			
Hieraaetus pennatus	Águila calzada		Least Concern "Poco preocupante" (LC)			Régimen de protección especial en el Catálogo de especies amenazadas de Baleares y España
Hirundo rustica	Golondrina común (Barn swallow)		Least Concern "Poco preocupante" (LC)		En Peligro	"De interés especial" en Catálogo Nacional de Especies Amenazadas
Litoria brevipalmata	Green thighed frog		Endangered (EN) En Peligro			Vulnerable en la "NSW"
Milvus milvus	Milanoreal		Near threatened (NT)			"En peligro" (Libro Rojo de las aves de España)
Mixophyes iteratus	Giant barred frog	Endangered	Endangered (EN) En Peligro			
Monalopia congdonii	San Joaquin wooly threads				En Peligro	
Mustela lutreola	Visón europeo		Critically endangered "Amenaza crítica" (CR)			
Myotis lucifugus	Little Brown Myotis		Least Concern "Poco preocupante" (LC)		En Peligro de extinción	
Neophron percnopterus	Alimoche (Egyptian vulture)		Endangered (EN) En Peligro			"En peligro" (Libro Rojo de las Aves de España)
Nyctalus azoreum	Nóctulo de las Azores		Endangered (EN) En Peligro	En Peligro Crítico		
Pandion cristatus	Eastern Osprey		Least Concern "Poco preocupante" (LC)			Vulnerable in NSW
Petaurus australis	Yellow bellied glider	Vulnerable	Near threatened (NT)			
Salmo salar	Salmón atlántico		Lower risk/least concern (LC)	En Peligro Crítico		
Sorex ornatus relictus	Buena Vista lake ornate shrew				En peligro	
Sturnella magna	Eastern Meadowlark		Least Concern "Poco preocupante" (LC)		En Peligro	
Vulpes macrotis mutica	San Joaquin kit fox				En Peligro	



G4-EN15. DIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 1)  
G4-EN16.ENERGY INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 2)

	2009 (Año base)	2015	2016	2017
Budimex	47,665	55,496	60,011	72,162
Cadagua	63,221	23,296	18,467	15,098
FASA	74,934	75,544	121,040	134,213
Webber	52,194	30,796	33,102	29,521
PLW	13,361	13,361	13,361	13,361
Ferrovial Corporate	896	704	703	680
Cintra	15,684	17,671	13,739	10,091
Amey	147,608	113,241	107,164	98,262
Broadspectrum	125,961	125,961	125,961	125,412
Ferrovial Services	408,982	287,391	309,139	354,737
Transchile	45	45	45	45
<b>TOTAL tCO<sub>2</sub> eq</b>	<b>950,551</b>	<b>743,506</b>	<b>802,731</b>	<b>853,581</b>

In order to facilitate data comparability, they have been included in 2015 and 2016, the Scopes 1 & 2 emissions of 2017 from those companies which have been completely incorporated for the first time to the perimeter.

Biogenic CO <sub>2</sub> (tCO <sub>2</sub> eq)	2009 (año base)	2015	2016	2017
Cadagua	1,191	52,143	59,149	50,843
Ferrovial Services	33,108	29,553	44,322	36,819
<b>TOTAL</b>	<b>34,299</b>	<b>81,696</b>	<b>103,471</b>	<b>87,663</b>

G4-EN17.OTHER INDIRECT GREENHOUSE GAS (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).
- 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 2017.
- 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 2017 is not available as of the report release date, and therefore emission figures for 2016 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 anagement, are provided by Amey.

	2009 (base year)	2015*	2016*	2017
<i>Business travel</i>	403	9,900	9,117	8,181
<i>Capital Goods</i>		607,931	354,953	288,004
<i>Employee commuting</i>		1,547	3,183	3,221
<i>End of life treatment of sold products</i>		23,130	44,605	39,245
<i>Fuel and energy related activities</i>		174,079	200,325	219,335
<i>Purchased goods and services</i>		601,164	503,274	461,150
<i>Upstream leased</i>	1,728			
<i>Upstream transportation and distribution</i>		492,843	418,962	407,580
<i>Use of sold product</i>		844,645	622,625	555,585
<i>Waste generated in operations</i>		261,947	231,225	269,766
<i>Investments</i>	814,108	636,150	641,053	641,053
<b>TOTAL</b>	<b>816,239</b>	<b>3,653,336</b>	<b>3,029,322</b>	<b>2,893,120</b>

\* Scope 3 emissions data for 2015 and 2016 have been recalculated based on the best information available in 2017, with impact less than 1%.

G4-EN19. REDUCTION OF GREENHOUSE GAS (GHG) EMISSIONS

	2015	2016	2017
EMISSIONS AVOIDED BY SORTING AND BIOGAS CAPTURE			
Greenhouse gas avoided by sorting (t CO <sub>2</sub> eq)	525,627	594,121	699,498
Greenhouse gas avoided by biogas capture (t CO <sub>2</sub> eq)	889,483	795,586	689,673
EMISSIONS AVOIDED THROUGH POWER GENERATION			
In landfills (t CO <sub>2</sub> eq)	37,718	33,509	32,060
At water treatment plants (t CO <sub>2</sub> eq)	16,681	25,739	33,684
EMISSIONS PREVENTED BY PURCHASING ELEC-TRICITY FROM RENEWABLE SOURCESS			
Electricity bought from third parties (t CO <sub>2</sub> eq)	23,156	31,964	36,923
<b>TOTAL</b>	<b>1,492,665</b>	<b>1,480,920</b>	<b>1,491,838</b>

EN21. NOx, SOx AND OTHER SIGNIFICANT ATMOSPHERIC EMISSIONS

	NOx (t)	CO (t)	COVMN (t)	SOx (t)	Partículas (t)
Emissions from boilers	153.72	61.25	15.01	207.38	40.77
Emissions caused by motor vehicles	1,212.54	1,851.51	252.37	0.00	159.06
Emissions caused by electricity	56.82	23.21	0.45	85.02	4.96
	NOx (g/Kg)	CO (g/Kg)	COVMN (g/Kg)	SOx (Tn)	Particules (g/Kg)
Emissions caused by mobile equipment used in construction works	2,666	8,431	873	0	84

G4-EN23. TOTAL WEIGHTING OF WASTE. BY TYPE AND TREATMENT METHOD

	2015	2016	2017
Waste produced from construction and demolition (m³)	2,353,518	1,628,147	1,439,796
Total soil from excavation (m³)	21,284,729	19,759,576	27,612,500
Topsoil reused (m³)	440,204	558,310	1,458,280
Material sent to landfill outside the worksite (m³)	4,984,918	1,447,743	5,287,068
Materials reused at worksite (m³)	5,910,889	11,692,839	15,498,439
Materials sent to other worksite or authorized landfill (m³)	9,698,718	6,060,684	5,368,713
Hazardous waste (t) *	26,790	28,388	27,944
Non-hazardous waste (t) *	655,519	731,874	683,841

\* Data for 2015 and 2016 have been adjusted according to the best information available in 2017, also for 2015 and 2016 the 2017 contribution of the new acquire Companies has been taken into account in order to improve the comparability of the data.

G4-EN27. DEGREE OF MITIGATION OF THE ENVIRONMENTAL IMPACT HAD BY PRODUCTS AND SERVICES  
CREB. TYPE AND NUMBER OF CERTIFICATIONS, CLASSIFICATIONS AND LABELLING SYSTEMS REGARDING THE SUSTAINABILITY OF NEW CONSTRUCTIONS, MANAGEMENT, OCCUPATION AND RECONSTRUCTION.

Over 2017 work was performed on the following projects seeking to obtain certification:

Ubicación	Descripción	Certificación
Polonia	Budynek biurowy wraz z infrastrukturą we Wrocławiu	LEED
Polonia	Budowa Centrum Dystrybucyjnego Lidl Będzin w miejscowości Psary	LEED
Polonia	Budynek biurowo-usługowy dla BZWBK LEASING we Wrocławiu	LEED
Polonia	Budowa Centrum Dystrybucyjnego Lidl Mińsk Mazowiecki w miejscowości Kałuszyn	LEED
Polonia	Budynek biurowo - handlowy IKEA Poznań	BREEAM
Polonia	Budynki biurowe Off Piotrkowska w Łodzi	BREEAM
Polonia	Budynek biurowy ul. Heweliusza18 Gdańsk	BREEAM
Polonia	Karolkowa 2B - zespół budynków A i B	BREEAM
Polonia	Camelia zespół miesz. ul. Potrzebna Włochy	HQE
Madrid	EDIFICIO DE OFICINAS PPE. VERGARA	Certificación LEED
Madrid	PARQUE LOGISTICO CABANILLAS NAVE A	Certificación LEED
Madrid	PARQUE LOGISTICO CABANILLAS NAVE B	Certificación LEED
Madrid	PARQUE LOGISTICO CABANILLAS NAVE C	Certificación LEED
Madrid	PARQUE LOGISTICO CABANILLAS NAVE D	Certificación LEED
Barcelona	POLIDEPORTIVO LA PEIRA BCN	Certificación LEED
Barcelona	EDIF. RECERCA SANT PAU	Certificación LEED
Madrid	Hospital de Fraternidad-Muprespa, Madrid	Certificación LEED
Barcelona	REHAB.BIBLIOTECA LES CORTS - VIDRE	Certificación BREEAM

**LA1. NUMBER AND RATE OF HIRINGS AND AVERAGE EMPLOYEE ROTATION, BROKEN DOWN BY AGE GROUP, GENDER AND REGION**

In 2017, the total number of new hires was 24,270, which corresponds to a total hiring rate of 25.00% in relation to the staff at the end of the year. By gender, the breakdown is as follows:

	Men	Women	Total
Hiring Rate	17.70%	7.26%	25%

The turnover average rate for 2017 broken down by gender and age is as follows:

	Men	Women	Total
Total average turnover rate*	10.02%	2.65%	12.67%

\*For the calculation of the total average rotation rate, both voluntary and forced removals were taken into account in 2017.

**LA5. PERCENTAGE OF TOTAL WORKFORCE REPRESENTED IN FORMAL JOINT MANAGEMENT-WORKER HEALTH AND SAFETY COMMITTEES THAT HELP MONITOR AND ADVISE ON OCCUPATIONAL HEALTH AND SAFETY PROGRAMS.**

	2015	2016	2017
Percentage of total workforce represented in formal joint management-worker health and safety committees	68	61.2	63.4

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

	2015	2016	2017
Percentage of the organización certified in compliance with a health and safety management system	80	85	85

**LA12. COMPOSITION OF GOVERNANCE BODIES AND BREAKDOWN OF EMPLOYEES PER EMPLOYEE CATEGORY ACCORDING TO GENDER, AGE GROUP, MINORITY GROUP MEMBERSHIP, AND OTHER INDICATORS OF DIVERSITY.**

		2016					Total
		Executive	University Graduates	Administratives	Technicians	Subtotal	
Corporation	Men	67	140	29	3	239	422
	Women	12	132	39	0	183	
Construction	Men	158	5,063	417	8,406	14,044	16,433
	Women	9	1,795	384	201	2,389	
Services	Men	184	4,510	3,299	45,120	53,113	78,243
	Women	52	1,428	4,144	19,506	25,130	
Toll Roads	Men	47	164	27	240	478	693
	Women	8	110	51	46	215	
Real-state	Men	4	54	1	0	59	137
	Women	1	75	2	0	78	
Airports	Men	0	32	0	0	32	50
	Women	0	11	7	0	18	
<b>TOTAL</b>	<b>Men</b>	<b>460</b>	<b>9,963</b>	<b>3,773</b>	<b>53,769</b>	<b>67,965</b>	<b>95,978</b>
	<b>Women</b>	<b>82</b>	<b>3,551</b>	<b>4,627</b>	<b>19,753</b>	<b>28,013</b>	

**LA6. TYPE OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND TOTAL NUMBER OF WORK-RELATED FATALITIES, BY REGION AND BY GENDER**

	2015	2016	2017
Frequency rate	20.00	15.00	13.6
Frequency rate including subcontractors	15.80	11.81	10.8
Severity index	0.43	0.33	0.31
Absenteeism rate	5.16	4.31	5.28
Occupational disease frequency index	0.86	0.40	0.56

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

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

Note: in 2017 there were two fatal accidents of contractor workers.

**LA9. AVERAGE ANNUAL TRAINING HOURS PER EMPLOYEE, BREAKDOWN BY GENDER AND BY PROFESSIONAL CATEGORY**

	2015	2016	2017	Horas por empleado
Corporate	22,872	24,128	26,079	<b>62.13</b>
Construction	154,435	121,855	195,515	<b>11.53</b>
Services	1,464,542	539,636	613,381	<b>7.76</b>
Toll Roads	21,937	24,871	18,950	<b>26.88</b>
Real Estate	108	304	2,064	<b>15.49</b>
Airports	3,362	1,475	1,091	<b>28.38</b>
<b>TOTAL</b>	<b>1,667,255</b>	<b>712,268</b>	<b>857,079</b>	<b>8.81</b>

\* The information refers only to 71% of the perimeter of the organization.

## VERIFICATION REPORT



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

### Independent Assurance Report on the Corporate Responsibility Information included in the 2017 Consolidated Management Report of Ferrovial

To the Board of Directors of Ferrovial S.A.

#### Scope of our work

We have performed the review, with a limited assurance, of the Corporate Responsibility Information (CRI) included in the 2017 Consolidated Management Report (CMR) of Ferrovial, S.A. and independent subsidiaries (hereinafter referred to as Ferrovial), the scope and coverage of which is defined in the "Reporting Principles" Appendix. Our work consisted of the review of:

- The adherence of the CRI to the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines version 4 (hereinafter referred to as G4 Guidelines) and the reliability and adequacy of the contents proposed in the aforementioned guidelines for 2017 and also in the Construction and Real Estate Sector Supplement.
- The information provided in the CMR relating to the application of the principles of inclusivity, materiality and responsiveness set out in the *AccountAbility 1000 Assurance Standard* (AA1000AS).

#### Standards and verification procedures

We conducted our revision work in accordance with *International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) for the emission of limited assurance reports and the Guidelines for engagements relating to the review of Corporate Responsibility Reports issued by the Spanish Institute of Certified Public Accountants to achieve limited assurance. Also, we have applied *AccountAbility 1000 Assurance Standard* (AA1000AS), issued by AccountAbility to provide moderate assurance on the application of the principles established in the standard AA1000 and on the sustainability performance indicators (type 2 moderate assurance).

Our work consisted of making enquiries to management of Ferrovial, reviewing the processes of gathering and validating the data presented in the CMR, and carrying out the following analytical procedures and sample-based review tests:

- Meetings with Ferrovial personnel to ascertain the principles, systems and management approaches applied.
- Review of the 2017 meetings minutes of the Board of Directors, its Committees and Corporate Responsibility Committee.
- Review of the steps taken in relation to the identification and consideration of the stakeholders during the year and of the stakeholders' participation processes through the analysis of the available internal information and third-party reports.
- Analysis of the coverage, materiality and completeness of the CRI on the basis of the understanding of Ferrovial of its stakeholders' requirements defined in the "Reporting Principles" Appendix.
- Review of the information related to the management approaches applied to every area of corporate responsibility.
- Analysis of the adherence of the contents of the CRI to those recommended in the G4 Guidelines and verification that the indicators included in the CRI agree with those recommended by the GRI Guidelines.
- Review on a sample basis, of the quantitative and qualitative information relating to the GRI indicators and of the adequate compilation thereof based on the data furnished by the information sources of Ferrovial.

#### Responsibilities of Ferrovial management and of Deloitte

- The preparation and contents of the CMR is the responsibility of Ferrovial's Directors, who are also responsible for defining, adapting and maintaining the management and internal control systems from which the information is obtained.
- Our responsibility is to issue a limited assurance report based on the procedures applied in our review.
- This report has been prepared exclusively in the interest of Ferrovial in accordance with the terms and conditions of our Engagement Letter.
- We have complied our work with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.
- Deloitte maintains, in accordance with the International Standard on Quality Control 1 (ISQC 1), a global system of quality control including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.
- The scope of a limited assurance is substantially less in scope than a reasonable assurance engagement; therefore, the security provided is also lower. This report cannot be understood as an audit report.
- Our team consisted of professionals with expertise on assurances of Corporate Responsibility Reports and, specifically, on economic, social and environmental performance and stakeholders' participation processes.

## Conclusions

The "GRI-G4 Indicators" Appendix provides details of the contents reviewed and of the limitations in the scope of our work, and identifies any contents that do not cover all the areas recommended by the GRI Guidelines, including the contents of the Construction & Real Estate Sector Supplement. Based on the procedures performed and evidence obtained, except for the issues identified in the "GRI-G4 Indicators" Appendix, nothing has come to our attention that causes us to believe that:

- The CRI included in the CMR has not been prepared in all material aspects, including the reliability and adequacy of the contents, in accordance with the guidelines of the GRI G4.
- Ferrovial has not applied the principles of inclusivity, materiality and responsiveness as described in the "Reporting Principles" Appendix of the CMR, in accordance with standard AA1000:
  - ✓ Inclusivity: participation process for stakeholders that facilitates their involvement in the development of a responsible approach.
  - ✓ Materiality: the process of determining materiality requires an understanding of the important or relevant issues for Ferrovial and its stakeholders.
  - ✓ Responsiveness: specific actions and commitments related to the material issues identified previously.

## Observations and recommendations

In addition, we have presented to Ferrovial our recommendations relating to the areas for improvement in the CR management and information and also in the application of the principles of inclusivity, materiality and responsiveness. The most significant recommendations, which do not modify the conclusions expressed in this report, are summarised as follows:

### Inclusivity and materiality

Based on the biennial materiality study carried out in 2016 and the analysis of the results of the previous Strategic Corporate Responsibility Plan, Ferrovial developed a new Plan for the period 2017-2019, called Plan 20.19. This Plan is structured in six areas that develop different lines of action aimed at achieving the objectives set. In order to ensure a continuous adaptation of the Plan to the different businesses, it would be advisable that the materiality study which is planned for 2018 takes into consideration the main impacts of the geographies in which Ferrovial operates and, specifically, those that have recently joined the Group, as is the case of Australia. This analysis will also be useful to assign, within the 20.19 Plan, specific objectives and resources to each of the businesses in the different geographical areas and answer to the expectations of the stakeholders, both globally and locally.

### Responsiveness

Ferrovial has been working for several years on the integration of financial and non-financial information in the Consolidated Management Report, anticipating in 2014 the fulfillment of the new requirements derived from the Non-financial Information and Diversity Directive, which has been transposed to the legal Spanish framework in 2017. In this financial year, Ferrovial has continued working on this integration, incorporating new information to make a progress in measuring its contribution of value, standing out the fiscal contribution by geographic area. Keeping the efforts in this line, and evolve towards indicators of economic and social impact, could contribute to improve the understanding of how Ferrovial distributes the value that generates among the different stakeholders.

Additionally, Ferrovial continues to improve the information related to accident rate, incorporating this year the accident data of subcontractors of Ferrovial Services. According to the relevance of this information to optimize the management in this area, it would be advisable to continue working on the integrity and reliability of this information and to expand it to the accident data of the managed infrastructures and their impact on users.

In terms of the environment, Ferrovial has continued to develop methodologies and case studies to improve the measurement of the impact of climate change on its businesses. The adherence of these methodologies in a systematic way in the developed projects, should serve in the future for the identification, evaluation and management of the risks and opportunities towards less emission-intensive businesses.



Deloitte, S.L.

Helena Redondo  
Madrid, February 28<sup>th</sup>, 2018



