

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

*EBIT after impairments and disposals of fixed assets

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

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

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

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

NCP: Net Cash Position

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

2017	OPERATING CF*	NET INVESTMENT CF*	ACTIVITY CF*
Toll Roads Dividends	277	8	285
Airports Dividends	237	1	238
Construction	134	9	143
Services	396	-120	276
Other	-46	1	-45
Total	999	-102	896



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