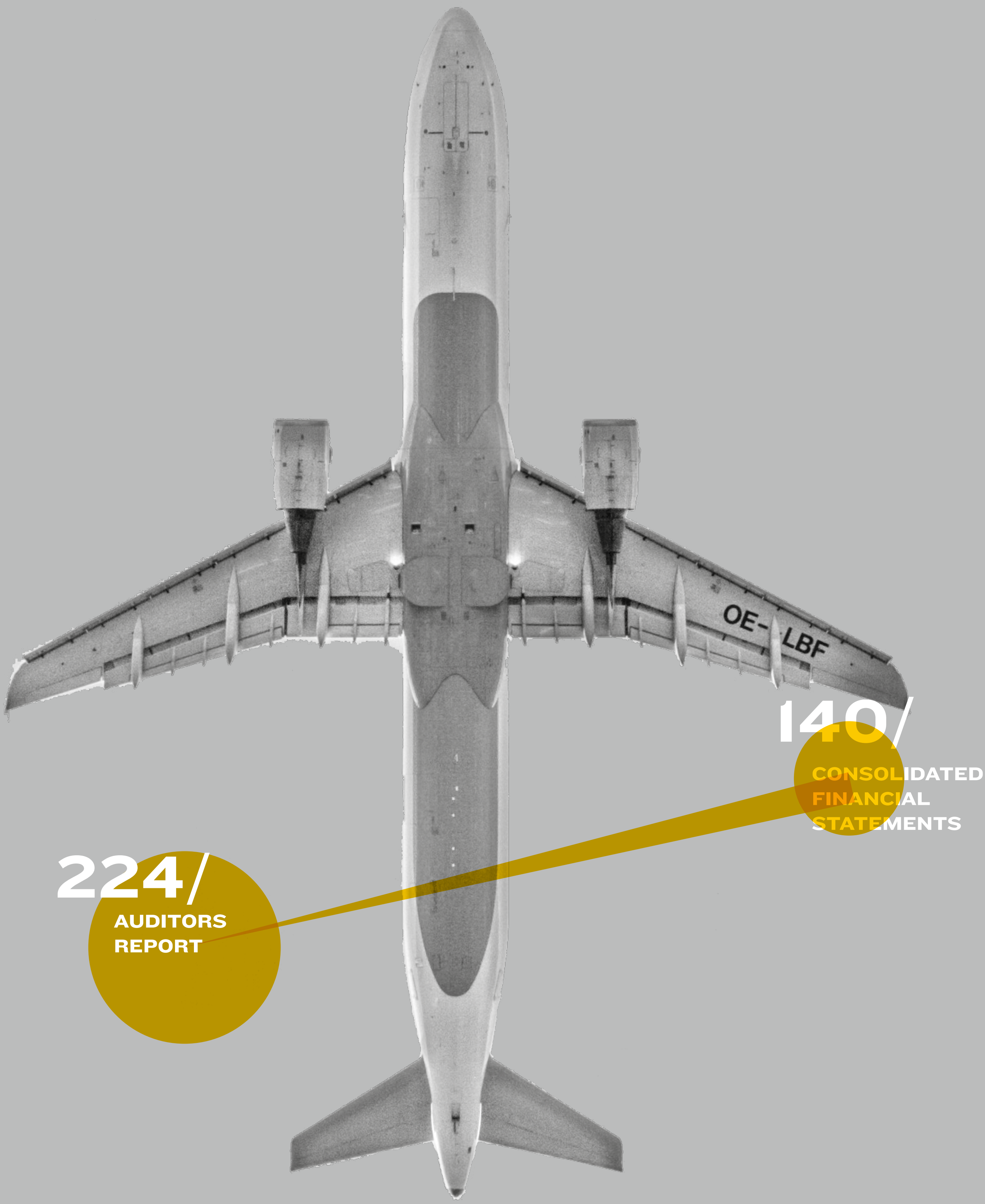

Cap. 2

Consolidated Financial Statements

Contents

A. Consolidated statement of financial position for 2019 and 2018

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ASSETS (Millions of euros)	**NOTE**	**2019**	**2018**
Non-current assets		**12,358**	**12,055**
Consolidation goodwill	3.1	248	372
Intangible assets	3.2	62	32
Investments in infrastructure projects	3.3	6,880	7,155
Intangible asset model		5,998	6,280
Assets, receivable model		883	875
Investment property		2	9
Property, plant and equipment	3.4	299	251
Right of use on leasing assets	3.7	126	0
Investments in associates	3.5	2,557	2,455
Non-current financial assets	3.6	1,247	754
Loans granted to associates		171	173
Restricted cash relating to infrastructure projects and other financial assets	5.2	970	473
Other receivables		106	108
Deferred taxes	2.8	502	664
Long-term financial derivative instruments at fair value	5.5	434	364
Current assets		**11,751**	**10,758**
Assets classified as held for sale and discontinued operations	1.1.3	4,936	4,892
Inventories	4.1	699	594
Current income tax assets		97	97
Short-term trade and other receivables	4.2	1,256	1,090
Trade receivables for sales and services		891	801
Other short-term receivables		364	289
Cash and cash equivalents	5.2	4,735	4,005
Infrastructure project companies		119	239
Restricted cash		6	9
Other cash and cash equivalents		113	230
Ex-infrastructure project companies		4,617	3,766
Short-term financial derivative instruments at fair value	5.5	27	80
TOTAL ASSETS		**24,109**	**22,813**

LIABILITIES AND EQUITY (Millions of euros)	**NOTE**	**2019**	**2018**
Equity	**5.1**	5,087	**5,363**
Equity attributable to shareholders		4,304	4,530
Equity attributable to non-controlling interests		783	833
Deferred income	**6.1**	**1,347**	**1,241**
Non-current liabilities		**9,054**	**8,912**
Pension plan deficit	6.2	4	3
Long-term provisions	6.3	518	459
Long-term lease liabilities	3.7	82	0
Financial borrowings	5.2	7,565	7,419
Debt securities and borrowings of infrastructure project companies		5,471	5,342
Debt securities and borrowings of ex-infrastructure project companies		2,094	2,077
Other borrowings	6.4	27	135
Deferred taxes	2.8	475	574
Hedging instruments at fair value	5.5	385	321
Current Liabilities		**8,621**	**7,297**
Liabilities classified as held for sale and from discontinued operations	1.1.3	3,491	3,259
Short-term lease liabilities	3.7	71	0
Financial borrowings	5.2	1,033	773
Debt securities and borrowings of infrastructure project companies		23	43
Debt securities and bank borrowings ex-infrastructure project companies		1,010	730
Hedging instruments at fair value	5.5	97	69
Current income tax liabilities		107	65
Short-term trade and other payables	4.3	3,072	2,700
Trade payables		1,327	1,314
Advanced payments from clients and amounts billed in advance for construction work		1,390	1,089
Other short-term payables		354	297
Trade provisions	6.3	750	431
TOTAL LIABILITIES AND EQUITY		**24,109**	**22,813**

The accompanying Notes 1.1 to 7.1 form an integral part of the Consolidated statement of financial position as at 31 December 2019.
Translation of consolidated financial statements originally. In the event of a discrepancy, the Spanish-language version prevails.

B. Consolidated income statement for 2019 and 2018

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(Millions of euros)	NOTE	2019 BEFORE FAIR VALUE ADJUSTMENTS	2019 FAIR VALUE ADJUSTMENTS (*)	TOTAL 2019	2018 BEFORE FAIR VALUE ADJUSTMENTS	2018 FAIR VALUE ADJUSTMENTS (*)	TOTAL 2018
Revenues		6,054	0	6,054	5,737	0	5,737
Other operating income		2	0	2	2	0	2
TOTAL OPERATING INCOME	**2.1**	**6,056**	**0**	**6,056**	**5,738**	**0**	**5,738**
Materials used	2.2	949	0	949	985	0	985
Other operating expenses	2.2	3,958	0	3,958	3,329	0	3,329
Staff expenses	2.3	1,027	0	1,027	945	0	945
TOTAL OPERATING EXPENSES		**5,935**	**0**	**5,935**	**5,259**	**0**	**5,259**
Gross operating profit	**2.4**	**121**	**0**	**121**	**479**	**0**	**479**
Fixed asset depreciation		180	0	180	127	0	127
Operating income before impairment losses and fixed asset disposals	**2.4**	**-58**	**0**	**-58**	**351**	**0**	**351**
Impairments and disposals of fixed assets (**)	2.5	423	37	460	95	-13	82
Operating profit/(loss)		**365**	**37**	**401**	**446**	**-13**	**434**
Net financial income/(expense) from financing		-264	0	-264	-233	0	-233
Profit/(loss) on derivatives and other financial results		2	-1	1	2	1	3
Financial result of infrastructure project companies		**-262**	**-1**	**-263**	**-231**	**1**	**-230**
Net financial income/(expense) from financing		28	0	28	9	0	9
Profit/(loss) on derivatives and other net financial income/(expense)		6	36	42	7	23	30
Net financial income/(expense) ex-infrastructure projects		**34**	**36**	**69**	**16**	**23**	**39**
Net financial income/(expense)	**2.6**	**-229**	**35**	**-194**	**-216**	**24**	**-192**
Share of profits of equity-accounted companies	2.7	269	27	296	240	-1	239
Pre-tax consolidated profit/(loss)		**405**	**99**	**504**	**470**	**10**	**481**
Corporate income tax	2.8	-39	-8	-47	-18	-6	-24
Consolidated profit/(loss) from continuing operations		**366**	**91**	**457**	**453**	**4**	**457**
Profit/(loss) from discontinued operations		265	-463	-198	-48	-800	-848
Consolidated profit/(loss) for the year		**631**	**-372**	**259**	**405**	**-796**	**-391**
Profit/(loss) for the year attributed to non-controlling interests	2.10	9	0	9	-57	0	-57
Profit/(loss) for the year attributed to the Parent		**640**	**-372**	**268**	**348**	**-796**	**-448**
Net earnings per share attributed to the Parent (Basic /Diluted)	*2.11*			*0.35/0.35*			*-0.61/-0.61*

(*) Relating to gains and losses arising from changes in the fair value of derivatives and other financial assets and liabilities (see Note 5.5), asset and liability impairment (see Note 2.5) and the impact of the two items on "share of profits of equity-accounted companies" (see Note 2.7).

(**) "Impairment and fixed asset disposals" primarily includes asset impairment and the gains or losses on the sale and disposal of investments in Group Companies and associates. When any such disposal of assets results in a loss of control, the capital gain relating to the updating of the fair value in respect of the shareholding maintained is entered in the column showing adjustments to fair value.

The accompanying Notes 1.1 to 7.1 form an integral part of the Consolidated income statement for the year ended 31 December 2019.

Translation of consolidated financial statements originally. In the event of a discrepancy, the Spanish-language version prevails.

C. Consolidated statement of comprehensive income for 2019 and 2018

(Millions of euros)	NOTE	2019	2018
a) Consolidated profit/(loss) for the year		**259**	**-391**
Attributed to the Parent		**268**	**-448**
Attributed to non-controlling interests		-9	57
b) Income and expenses recognised directly in equity	**5.1**	**93**	**45**
Fully consolidated companies		**-27**	**68**
Impact on reserves of hedging instruments	5.5	-14	53
Impact on reserves of defined benefit plans (*)	6.2	0	0
Translation differences		-15	28
Tax effect		3	-13
Companies classified as held for sale/discontinued		**-12**	**-11**
Impact on reserves of hedging instruments		0	22
Impact on reserves of defined benefit plans (*)		0	40
Translation differences		-12	-63
Tax effect		0	-11
Equity-accounted companies		**131**	**-11**
Impact on reserves of hedging instruments		-15	20
Impact on reserves of defined benefit plans (*)		-6	44
Translation differences		148	-64
Tax effect		5	-12
c) Transfers to the income statement	**5.1**	**0**	**0**
Fully consolidated companies		**0**	**0**
Transfers to the Income Statement		0	0
Tax effect		0	0
Equity-accounted companies		**0**	**0**
Transfers to the Income Statement		0	0
Tax effect		0	0
(a+b+c) TOTAL COMPREHENSIVE INCOME		**351**	**-346**
Attributed to the Parent		334	-431
Attributed to non-controlling interests		18	86

(*) The impact on reserves of defined benefit plans is the only line item of income and expenses recognised directly in equity that cannot be reclassified subsequently to the income statement (see Note 5.1).

The accompanying Notes 1.1 to 7.1 form an integral part of the consolidated statement of Comprehensive income for the year ended 31 December 2019.

Translation of consolidated financial statements originally. In the event of a discrepancy, the Spanish-language version prevails.

D. Consolidated statement of changes in equity for 2019 and 2018

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(Millions of euros)	SHARE CAPITAL	SHARE/ MERGER PREMIUM	TREASURY SHARES	OTHER EQUITY INSTRUMENTS	MEASUREMENT ADJUSTMENTS	RETAINED EARNINGS AND OTHER RESERVES	ATTRIBUTED TO SHAREHOLDERS	ATTRIBUTED TO NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at 31.12.2018	**148**	**1,273**	**-128**	**504**	**-1,261**	**3,993**	**4,530**	**833**	**5,363**
Impact of transition to IFRS 16 (Note 1.2.1)	**0**	**0**	**0**	**0**	**0**	**-25**	**-25**	**0**	**-25**
Balance at 01/01/2019	**148**	**1,273**	**-128**	**504**	**-1,261**	**3,968**	**4,505**	**833**	**5,338**
Consolidated profit/(loss) for the year						268	268	-9	259
Income and expenses recognised directly in equity					66		66	27	93
Total recognised income and expenses	**0**	**0**	**0**	**0**	**66**	**268**	**334**	**18**	**351**
Scrip dividend agreement	2					-241	-238		-238
Other dividends							0	-128	-128
Treasury share transactions	-3	-279	53			-53	-282	0	-282
Shareholder remuneration	**-1**	**-279**	**53**	**0**	**0**	**-293**	**-520**	**-128**	**-648**
Share capital increases/reductions							0	66	66
Share-based remuneration schemes						3	3	0	3
Other movements						-5	-5	-4	-11
Other transactions	**0**	**0**	**0**	**0**	**0**	**-3**	**-3**	**62**	**58**
Perpetual subordinated bond issues				**1**		**-8**	**-8**	**0**	**-8**
Changes in the consolidation scope	**0**	**0**	**0**	**0**	**0**	**-4**	**-4**	**-2**	**-7**
BALANCE AT 31.12.2019	**147**	**995**	**-75**	**505**	**-1,195**	**3,928**	**4,304**	**783**	**5,087**

(Millions of euros)	SHARE CAPITAL	SHARE/ MERGER PREMIUM	TREASURY SHARES	OTHER EQUITY INSTRUMENTS	MEASUREMENT ADJUSTMENTS	RETAINED EARNINGS AND OTHER RESERVES	ATTRIBUTED TO SHAREHOLDERS	ATTRIBUTED TO NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at 31.12.2017	**146**	**1,551**	**-42**	**500**	**-1,277**	**4,624**	**5,503**	**731**	**6,234**
IFRS 9 Impact	**0**	**0**	**0**	**0**	**0**	**-31**	**-31**	**-6**	**-38**
Balance at 01.01.2018	**146**	**1,551**	**-42**	**500**	**-1,277**	**4,593**	**5,471**	**725**	**6,197**
Consolidated profit/(loss) for the year						-448	-448	57	-391
Income and expenses recognised directly in equity					17		16	29	45
Total recognised income and expenses	**0**	**0**	**0**	**0**	**17**	**-448**	**-431**	**86**	**-346**
Scrip dividend agreement	3					-244	-240		-240
Other dividends							0	-54	-54
Treasury share transactions	-2	-278	-86			86	-280	0	-280
Shareholder remuneration	**1**	**-278**	**-86**	**0**	**0**	**-158**	**-520**	**-54**	**-574**
Share capital increases/reductions							0	77	77
Share-based remuneration schemes						10	10	0	10
Other movements			0			1	1	0	2
Other transactions	**0**	**0**	**0**	**0**	**0**	**11**	**11**	**78**	**89**
Perpetual subordinated bond issues				**4**		**-5**	**-1**	**0**	**-1**
Changes in the consolidation scope	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-1**	**-1**
Balance at 31.12.2018	**148**	**1,273**	**-128**	**504**	**-1,261**	**3,993**	**4,530**	**833**	**5,363**

The accompanying Notes 1.1 to 7.1 form an integral part of the Consolidated Statement of changes in equity for the year ended 31 December 2019.
Translation of consolidated financial statements originally. In the event of a discrepancy, the Spanish-language version prevails.

E. Consolidated cash flow statement for 2019 and 2018

(Millions of euros)	NOTE	2019	2018
Net profit/(loss) attributed to the Parent	**2.11**	**268**	**-448**
Adjustments to profit/(loss)		236	1,062
Non-controlling interests		-9	57
Net profit/(loss) from discontinued operations		198	848
Tax		47	24
Profit/(loss) from equity-accounted companies		-296	-239
Net financial income/(expense)		194	192
Fixed asset impairments and disposals		-460	-82
Amortisations		180	127
EBITDA discontinued operations	*2.9*	382	136
Gross operating profit (EBITDA) including discontinued operations		504	614
Income taxes paid	2.8.2	-61	-25
Working capital variation (receivables, payables and other)	5.3	206	-255
Dividends from infrastructure project companies received	3.5	529	511
Operations cash flow	**5.3**	**1,178**	**845**
Investments in property, plant and equipment/intangible assets	3.2 and 3.4	-202	-182
Investments in infrastructure projects	3.3	-157	-213
Loans granted to associates/acquisition of companies		-34	-66
Interest received	2.6	74	56
Investment of long-term restricted cash		-528	-171
Divestment of infrastructure projects	3.3	115	144
Divestment/sale of companies	1.1.4	484	230
Investment cash flow		**-247**	**-202**
Cash flows before financing activities		**931**	**643**
Capital proceeds from non-controlling interests		70	75
Scrip dividend		-238	-240
Acquisition of treasury shares		-282	-280
Shareholder remuneration	5.1	-520	-520
Dividends paid to non-controlling shareholders of investees	5.1	-124	-54
Subordinated hybrid bond issue		0	0
Other movements in shareholders' funds	1.2.3.3 and 5.1.2	-6	3
Cashflows from shareholders and non-controlling interests		**-580**	**-496**
Interest paid	2.6	-286	-258
Lease instalments		-135	0
Increase in borrowings		1,376	563
Decrease in borrowings		-633	-500
Net change in financial borrowing discontinued operations		117	0
Cash flows from financing activities		**-141**	**-692**
Effect of exchange rates on cash and cash equivalents		24	**-48**
Change in cash and cash equivalents due to changes in the consolidation scope		-34	**22**
Change in cash and cash equivalents from discontinued operations	**5.3**	-49	**-522**
Change in cash and cash equivalents	**5.2**	**731**	**-596**
Cash and cash equivalents at beginning of the year		4,005	4,601
Cash and cash equivalents at end of year		4,735	4,005

The accompanying Notes 1.1 to 7.1 form an integral part of the Consolidated cash flow for the year ended 31 December 2019.
Translation of consolidated financial statements originally. In the event of a discrepancy, the Spanish-language version prevails.

F. Notes to the consolidated annual accounts for 2019

SECTION 1: BASIS OF PRESENTATION AND CONSOLIDATION SCOPE

This section presents the information considered important to know prior to reading the Ferrovial consolidated financial statements.

BASIS OF PRESENTATION AND NEW ACCOUNTING STANDARDS

The Ferrovial consolidated financial statements were prepared in accordance with the IFRS standards that apply within the European Union. The accounting policies applied are explained in Note 1.2 of this section.

Of the standards first-time adopted at 1 January 2019, the most relevant impact relates to IFRS 16 Leases, assets (right-of-use, inventories and investment property) having been recognised on transition in the amount of EUR 125 million and additional lease liabilities in the same amount.

Company activities

The disclosures presented in these financial statements include most notably, given their importance, those relating to the distinction between infrastructure project companies and non-infrastructure project companies (see Note 1.1.2 for a definition). Also noteworthy are those relating to the Group's two main assets, the 25% ownership interest in Heathrow Airports Holdings (HAH), which owns Heathrow Airport, and the 43.23% ownership interest in the company that owns the 407 ETR toll road in Toronto (Canada).

Discontinued operations

As of 31 December 2019 the Company reports the main assets and liabilities linked to the Services Division as discontinued operations. On 23 December 2019, the company entered into an agreement for the sale of the Services business in Australia, the effectiveness of which is pending fulfilment of a number of conditions precedent (essentially relating to approval by the competition authorities), an associated impairment loss of EUR 270 million having been recognised in the final quarter.

As regards the remaining business areas in the Services Division (see Note 1.1.3), and in accordance with paragraph 9 of IFRS 5, the company considers that the conditions for continuing to classify these assets as discontinued operations have been met, despite the fact that a period of one year has elapsed since their reclassification. In addition, at year-end the company has revised the fair value estimation of these business areas, concluding that in all cases this value is higher than the carrying amount registered at 31 December 2019.

Changes in the consolidation scope

Note 1.1.4 provides detailed information on the main changes in the consolidation scope in the reporting period, primarily highlighting the sale of the shareholding in the Autopista del Sol toll road.

Judgements and estimates

This section includes the main estimates made by Ferrovial when measuring its assets, liabilities, revenues, expenses and obligations (see Note 1.2.4).

Exchange rate

Although Ferrovial's functional currency is the euro, a significant portion of its activities is carried out in countries outside the eurozone, its exposure including most notably that to the pound sterling, the US dollar, the Canadian dollar, the Australian dollar and the Polish zloty. The evolution of these currencies vis-à-vis the euro is shown in Note 1.3.

During 2019 all of the currencies appreciated against the euro, except for the Chilean peso closing exchange rate.

The impact recorded in this regard on shareholders' funds attributable to the parent company is EUR 105 million (see Note 5.1.1 Changes in Equity).

1.1. BASIS OF PRESENTATION, COMPANY ACTIVITIES AND CONSOLIDATION SCOPE

1.1.1. Basis of presentation

The consolidated annual accounts are presented in accordance with the regulatory financial reporting framework applicable to the Group and, are therefore a true and fair view of the Group's equity, financial position and profit/(loss). The regulatory framework consists of International Financial Reporting Standards (IFRS), as established by Regulation (EC) no. 1606/2002 of the European Parliament and of the Council dated 19 July 2002.

1.1.2 Company activities

Ferrovial comprises the parent company, Ferrovial, S.A., and its subsidiaries, which are detailed in Appendix II. Its registered office is in Madrid, at Calle Príncipe de Vergara 135.

Through these companies, Ferrovial engages in the following lines of business, which are its reporting segments pursuant to IFRS 8:

- **Construction:** Design and construction of all manner of public and private works, including most notably the construction of public infrastructure.
- **Toll Roads:** Development, financing and operating of toll roads.
- **Airports:** Development, financing and operating of airports, as well as integrated solutions for the development and management of electrical networks.
- **Services:** maintenance and upkeep of infrastructure, facilities and buildings; waste collection and treatment; maintenance of energy and industrial facilities and rendering of other kinds of public services. As detailed in Note 1.1.3, this business activity has classified as a discontinued operation since 31 December 2018.

For a more detailed description of the various areas of activity in which the consolidated Group conducts its business operations, please consult the Group's website: www.ferrovial.com.

For the purpose of understanding these Financial statements, it should be noted that a part of the activity carried out by the Group's business divisions consists of the development of infrastructure projects, primarily in the toll road and airport areas, but also in the construction and services fields.

These projects are conducted through long-term arrangements with public authorities under which the concession operator, in which the Group generally has an ownership interest together with other shareholders, finances the construction or upgrade of public infrastructure, mainly with borrowings secured by the cash flows from the project and with the shareholders' capital contributions, and subsequently maintains the infrastructure. The investment is recovered by collecting tolls or regulated charges for the use of the infrastructure, or through amounts paid by the authority awarding the contract based on the availability for use of the related asset. In most cases the construction and subsequent maintenance of the infrastructure is subcontracted by the concession operators to the Group's Construction and Services Divisions.

From an accounting standpoint, most of these arrangements fall within the scope of application of IFRIC 12.

Accordingly, and in order to aid understanding of the Group's financial performance, these consolidated Financial Statements separately detail the impact of projects of this nature in "fixed assets in infrastructure projects" (distinguishing between those to which the intangible asset model is applied and those to which the financial asset model is applied), in long-term financial assets and, mainly, in the net cash position and the cash flow disclosures, in which the cash flows called "ex-infrastructure projects", which combines the cash flows generated by the construction and services businesses, the dividends from the capital invested in infrastructure projects and investments in or divestments of the share capital of these projects, are presented separately from the cash flows of the infrastructure projects, which include the cash flows generated by the related concession operators. A list of the companies regarded as infrastructure project companies can also be consulted in Appendix II.

It is also important to highlight that two of the Group's main assets are its 25% ownership interest in Heathrow Airport Holdings (HAH), the company that owns Heathrow Airport in London (UK), and its 43.23% ownership interest in 407 ETR, the concession operator of the 407 ETR toll road in Toronto (Canada), which are equity-accounted companies since 2011 and 2010, respectively. In order to provide detailed information on the two companies, Note 3.5, Investments in equity-accounted companies includes information relating to the changes in the two companies' balance sheets and income statements, and this information is completed in other Notes within the annual accounts with data considered to be of interest.

Lastly, it should be noted that the Real Estate and Services businesses carried out by Budimex in Poland are included in the Construction segment. In 2018, the Services business carried out by its subsidiary FB Serwis was classified under discontinued operations and was 51% owned by Ferrovial Servicios and 49% by Budimex. In 2019 Budimex acquired the remaining 51% owned by Ferrovial Servicios, therefore it now owns 100% of the company, which is now reported within the Construction Division under continuing operations.

1.1.3. Discontinued operations

Reclassification of assets to discontinued operations

As of 31 December 2019 the Company classifies all assets and liabilities linked to the Services Business Division as discontinued operations and keeps open several divestmenr processes about the different business areas of the division.

As regards Australia, in December 2019 the company closed a sale and purchase agreement, the effectiveness of which is pending fulfilment of a number of conditions precedent, essentially relating to approval by the competition authorities.

As regards other activities, at the Ferrovial Board of Directors meeting held on 19 December 2019, it was unanimously confirmed to divest the Services Division.

The status of the sales process at the closing date of these consolidated financial statements is as follows:

- As regards the Spain and International businesses, although the initial intention focused on selling both activities together, after the experience achieved in the last months, the process has focused in separate divestment operations by geography, being the three most relevant areas Spain, North America and Chile.
- As regards the United Kingdom, the process has been delayed in relation to the other activities, due firstly to the time required to exit the agreement with Birmingham City Council and then to global uncertainties surrounding the UK economy caused by Brexit. However, at the closing date of these annual accounts, an active sale process was still underway, which aims to sell certain business areas separately in a first phase, and then go on to sell the rest of the United Kingdom business.

Based on the conditions indicated above, and in accordance with paragraph 9 of IFRS 5, the company considers that the conditions for continuing to classify these assets as discontinued operations have been met, despite the fact that a period of one year has elapsed since their reclassification.

Valuation of assets at fair value

In line with the legislation in force, the assets and liabilities of discontinued operations must be measured at fair value at year-end.

With respect to the Australia and New Zealand business, the transaction closing price (EUR 303 million), minus estimated costs to sell (EUR -3 million), were used as references to determine fair value. This entailed recognising an impairment loss of EUR -270 million in the final quarter of 2019, in addition to the EUR -170 million already recorded in the third quarter.

As regards the other Services businesses, fair value was determined as follows:

- Spain and International: An enterprise value has been calculated based on a multiple over the EBITDA planned for 2020 in each of the geographies that are planned to be sold separately. The multiple has been estimated based on the references obtained during the year due to the sale process. This enterprise value has been adjusted for the amount of the net debt of each of the activities and for the estimation of other adjustments that could be considered as assimilable to the debt.
- United Kingdom: an independent expert valuation was used, which used a similar calculation method as indicated for Spain and International.

In all cases, following the analysis conducted, the conclusion was drawn that no impairment need be recognised in addition to the amount already recognised for Amey in 2018.

Impact on Financial Statements

The reclassification of the Services Division to discontinued operations has had the following impacts on these financial statements:

- The profit/(loss) after tax generated by the Services business is not reported in each line of the income statement, instead it is reported in one line "net profit/(loss) from discontinued operations", both for 2019 and 2018. In accordance with IFRS 5, this result does not include the amortization of these assets. The aforementioned impairment loss forms part of this line and relates to the Australia business. Note 2.9 includes the disclosures required in connection with profit/(loss) from discontinued operations, including a breakdown of the main lines.
- With respect to cash flow, the main financial statement includes, within the global figures, the cash flow figures relating to discontinued activities, adjusting in the line "cash flow variation and equivalents for discontinued operations", such that the "variation of cash and cash equivalents "final matches with that of the Balance Sheet. The cash flow in Note 5.3, which explains the variation in the net cash position, has been prepared using the same criteria. This note also includes a breakdown of the flow of operations, investment and financing of discontinued activities
- For the purposes of the balance sheet, all assets and liabilities attributed to Services division have been reclassified as "assets/liabilities held for sale and discontinued operations".
- The following table details the different types of assets and liabilities that are classified as discontinued operations as at December 2019 and December 2018:

(Millions of euros)	2019.DEC	2018.DEC	VAR.
Non-current assets	**3,944**	**3,501**	**443**
Goodwill	1,708	1,659	49
Intangible assets	390	413	-22
Investments in infrastructure projects	423	427	-4
Property, plant and equipment	498	422	76
Right of use	377	0	377
Other non-current assets	548	580	-32
Current assets	**2,271**	**2,165**	**106**
Inventories	59	57	2
Short-term trade and other receivables	1,606	1,552	54
Cash and cash equivalents	570	522	49
Other current assets	36	35	1
TOTAL Assets	**6,215**	**5,666**	**549**
Fair value provision	-1,279	-774	-506
TOTAL assets classified as discontinued operations	**4,936**	**4,892**	**44**

(Millions of euros)	2019.DEC	2018.DEC	VAR.
Deferred income	**44**	**53**	**-9**
Non-current liabilities	**1,424**	**1,196**	**228**
Long-term provisions	272	323	-51
Long-term lease liabilities	191	0	191
Financial borrowings	544	442	102
Other non-current liabilities	416	431	-15
Current liabilities	**2,023**	**2,010**	**13**
Short-term lease liabilities	77	0	77
Financial borrowings	56	64	-7
Short-term trade and other payables	1,661	1,573	88
Trade provisions	224	347	-124
Other current liabilities	6	27	-21
TOTAL LIABILITIES CLASSIFIED AS DISCONTINUED OPERATIONS	**3,491**	**3,259**	**232**

- As it can be seen from the table, the net balance of assets and liabilities related to the discontinued Services activity is 1,445 million euros, 1,434 corresponding to equity attributable to the shareholders.
- Excluding Australia's business, the balance reaches 1,173 million euros. This figure already excludes the Services business in Poland, which, as mentioned, is now reported within the Construction division as a continuing activity and is also impacted by a dividend of 78 million euros that Ferrovial Servicios, S.A. has distributed to Ferrovial S.A. last December.
- Regarding the book value of the Australian business, it should be noted that the reported figure does not include the impact that the restructuring operations that are currently being carried out by which certain international businesses that are transferred to the rest of Ferrovial from Broadspectrum will have on the book value as of December 31, 2019. The acquisition of such shares will involve an estimated cash outflow of 60 million euros and will be compensated within the price of 303 million euros that has been set for the transaction.

1.1.4. Changes in the consolidation scope and other disposals in investees

Set forth below is a description of the most significant movements in the consolidation scope in 2019. The information was prepared taking into account IFRS 3, and the other disclosures required by the standard, which do not appear in this Note, are included in the Note on consolidated goodwill (see Note 3.1).

Toll roads

In December 2019, Ferrovial, via Cintra, closed the transfer of 65% of the Autopista del Sol toll road in Malaga, to the French infrastructure fund Meridiam for EUR 451 million.

The transaction gave rise to capital gains of EUR 474 million for Ferrovial, (see Note 2.5) (EUR 473 million of net profit), of which EUR 95 million relate to the updating of the fair value of the holding retained (15%), which has been classified as Investments in associates, on the grounds that it still has significant influence over the company.

The contract also includes a cross-purchase option between the parties for this remaining 15% that the company holds in the aforementioned toll road, which can be exercised between April and September 2022.

In October 2019, an agreement was also reached with the British infrastructure firm John Laing to transfer 11.7% of the Ruta del Cacao company, the concession operator on the Bucaramanga-Barrancabermeja-Yondó project in Colombia, for EUR 28 million (COP 103,000 million). The transaction generated a capital gain of EUR 10 million for Ferrovial (EUR 9 million in net profit). As a result of this transaction, Ferrovial's ownership interest in the concession operating company will now be 30%.

1.2. ACCOUNTING POLICIES

1.2.1. New accounting standards

1.2.1.a) New standards, amendments and interpretations adopted by the European Union mandatorily applicable for the first time in 2019:

On 1 January 2019, the following standards which might have an impact on the consolidated financial statements came into force in the European Union: IFRS 16 Leases, Amendment to IAS 28 Long-term Interests in Associates and Joint Ventures, Amendment to IAS 19 Amendment, Curtailment or Settlement of the Plan, Amendment to IFRS 9 Prepayment Features with Negative Compensation, IFRIC Interpretation 23 Uncertainty over Income Tax Treatments, Annual Improvements Cycle 2015-2017. Of these standards adopted for the first time, the most relevant impact relates to IFRS 16 Leases.

i) IFRS 16 Leases criteria

A new standard, which establishes one sole accounting model for lessees, where the amounts in the balance sheet are increased by the recognition of right of use assets and the financial liabilities for the future payment obligations relating to leases classified previously as operating leases.

The right of use of the asset is initially measured at cost and subsequently at cost less cumulative depreciation and impairment losses; adjustments are made for any new measurement of the lease liability due to the amendment or reassessment of the lease.

The lease liability is measured using the present values of future lease payments. When calculating lease liabilities, the Group applied discount rates (incremental rate), depending on the lease term and the country of the company holding the lease.

The Group considers a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In determining the lease term, the non-cancellable period of the lease agreement and the periods covered by the option to extend the lease are taken into account, if the lessee is reasonably certain that they will exercise this option. Available historical data has been taken into account pursuant to paragraph B.40 of IFRS 16, this general criterion having been included in a specific standard whereby, for asset leases related to construction projects or contracts for services in which the lease term is shorter than contract term, it is presumed that the extension option will be exercised to the contract end date.

IFRS 16 was applied retrospectively, recognising the cumulative effect of initially applying this standard as an adjustment to the opening balances for 2019 of the statement of financial position and not restating the information from comparative periods, where IAS 17 is still applicable.

The Group has also applied the following practical solutions permitted by the standard:

- Exclusion of short-term leases. The company considered those which had a duration of less than 12 months (unless there is reasonable certainty that they can be extended), or those that, at the date of first application, the outstanding lease term was less than 12 months regardless of the contract start date as indicated in paragraph C10(c) IFRS 16.
- Exclusion of low-value leases. As regards the definition of low value contracts, the company has considered in line with what is indicated in the basis of conclusions of the standard in its paragraph FC 100, those whose value was less than €5,000.
- For previous lease agreements with initial direct costs, these have been excluded from the right-of-use asset calculation in the transition adjustment.

In terms of the presentation, of note is that the lease liabilities do not form part of the net cash position (Note 5.3) and are presented in the "long- and short-term lease liability" balance sheet lines, based on their maturity.

ii) Impact on the Consolidated Financial Statements

At the date of transition, the group has recognised total assets amounting to 125 million euros reduced by the impact on equity of -25 million euros of investment in associates in HAH (Note 3.5.1) from certain rights of use assets that have been calculated in transition for its book value at inception of the contract (for the net amount of amortization), as allowed by the standard.

The mentioned amount of 125 million euros corresponds to the following concepts: 96 million euros for right of use asset in operating leases, 27 million euros as inventories and 2 million euros investment properties. The assets that have been classified as inventories or investment properties correspond to the real estate activity in Poland, since in this market there are specific use rights on the land on which their productive activity is carried out and that are part of the cost of these.

When calculating lease liabilities at 1 January 2019, the Group applied discount rates of between 2% and 6%, depending on the lease term, currency and the country of the company holding the lease.

The detailed breakdown of the financial statements affected by this adjustment at 1 January 2019 is as follows:

(Millions of euros)	Transition to IFRS 16 01/01/2019
Right of use	96
Investment property	2
Investments in associates	-25
Deferred taxes	0
Inventories	27
TOTAL ASSETS	**100**
Equity	**-25**
Long-term lease liabilities	94
Short-term lease liabilities	31
Liabilities	**125**
TOTAL LIABILITIES AND EQUITY	**100**

For the Services Division classified as discontinued operations, the transition adjustment at 1 January 2019 for the rights of use and lease liabilities amounts to EUR 273 million.

Set out below is the reconciliation of operating lease commitments at 31 December 2018 and the liabilities recognised at 1 January 2019 under IFRS 16:

(Millions of euros)	CORPORATE BUSINESS AND AIRPORTS	CONSTRUCTION	TOLL ROADS	TOTAL
Operating lease commitments at 31 December 2018 *	11	93	4	**108**
Present value of the lease commitments	**10**	**86**	**3**	**99**
Low-value and short-term leases	-2	-2	0	-4
Extension and early termination options	12	0	0	12
Other movements	9	10	0	19
Lease liabilities at 1 January 2019	29	94	3	125

* At 31 December, of the total EUR 389 million for operating lease commitments, EUR 281 million relate to Services (Discontinued operations).

iii) Leases registered in the Consolidated Income Statement

Lease expenses recorded during the year in the consolidated income statement amount to EUR 255 million (note 2.2) corresponding to the following concepts:

- Contracts that, even if they meet the definition of lease in IFRS 16, fall within one of the exceptions to the application of the rule mentioned above. In this sense, given the nature of the group's activity, the assets are normally leased to undertake the different phases of a project for periods that are less than one year or that are considered of low value.
- Contracts that do not meet the definition of lease primarily because the assets are not identified and are easily substitutable by the provider of the same.

1.2.1.b) New standards, amendments and interpretations mandatorily applicable in annual reporting periods after December 31st, 2019:

The new standards, amendments and interpretations approved by the IASB but not yet mandatorily applicable at 31 December 2019 that might have an effect on the Group are as follows:

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS		MUST BE APPLIED TO FINANCIAL YEARS BEGINNING FROM:
Approved by the EU		
Amendments to references in the conceptual framework		1 January 2020
Amendments to IAS 1 and IAS 8	Definition of material or with relative importance	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate benchmark reform	1 January 2020
Pending approval by the EU		
Amendment to IFRS 3	Definition of a business	1 January 2020
Amendment to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2022

None of these standards are expected to have any significant impact on the company.

1.2.2. Basis of consolidation

In 2019 and 2018 the reporting dates of the individual annual accounts of all the companies included in the consolidation scope were either the same as, or were temporarily brought into line with, that of the Parent company.

As indicated above, the consolidated Group applied the basis of consolidation established in the IFRS adopted by the European Union (EU-IFRS). In this regard, in order to calculate the degree of control, joint control or significant influence existing at each company in the Group, a review has been carried out of the consistency between the stake held and the number of votes controlled in each company under their articles of association and shareholder agreements.

In the case of business activities with companies in which the existence of joint control is identified, the general basis of consolidation is the equity method.

In relation to these jointly controlled businesses, apart from the situations in which there are two venturers, each with a 50% ownership interest, the cases requiring a more in-depth analysis are those relating to infrastructure projects in which Ferrovial is the shareholder with the largest ownership interest (less than or equal to 50%) and has the right to propose the Chief Executive Officer or other executives of the investee, while the other shareholders, mainly infrastructure funds, have a direct participation in the Board of Directors. In all these cases, it has been concluded that the projects in question should be equity-accounted, because Ferrovial does not have the right to nominate the majority of the Board of Directors of these companies, and the decisions of the said Boards (including the appointment of the main executive positions) always require a simple or qualified majority, when Ferrovial does not itself have a casting vote in the event of a tie. Notable cases in this regard are the stakes held in the companies that own the following Toll Road projects (the percentage stake held in each is shown in brackets): I-66 (50%), 407 ETR (43.2%), Slovakia (35%), Toowoomba (40%) and Osars (50%).

The contracts that are undertaken through Unincorporated Temporary Joint Ventures (UTEs) or similar entities that meet the IFRS 11 requirements for being classified as "joint arrangements" are proportionately consolidated. It is considered that, in these cases of joint control, the partners have direct control over the assets, liabilities, income and expenses of these entities and joint and several liability for their obligations. Operations of this nature contributed to the consolidated Group assets, profit/(loss) and revenues of EUR 182 million, EUR -133 million and EUR 963 million, respectively (2018: EUR 86 million, EUR -42 million and EUR 923 million). For assets, profit/(loss) and revenue, discontinued operations contribute EUR 652 million, EUR 49 million and EUR 660 million during the year. Particularly worthy of note due to their materiality (sales representing more than 0.5% of consolidated sales) are the following companies relating to construction projects:

PROJECT	ACTIVITY	% OWNERSHIP INTEREST	REVENUE (€M)
Northern Line / Thames Tideway Tunnel	Design and construction of the Thames Tideway tunnel and Northern Line extension of the London Underground	50%	256
Bucaramanga Toll Road (Ruta del Cacao)	Engineering, procurement and construction of the Bucaramanga-Barrancabermeja-Yondó project	70%	99
407 East Extension	Design and construction of the 407 East toll road in Toronto	50%	59
HS2	Preliminary ground and enabling works for the HS2 high speed line in the UK	37%	49
Tokamak - Iter	Construction of the Tokamak reactor located in Cadarache (France)	30%	47
The Daivões dam and hydroelectric plant	Construction of the Daivões dam and hydroelectric power plant	50%	39
UTE Toowoomba	Construction of a bypass around the city of Toowoomba, Australia	50%	38
Northern Beaches	Design and construction of improvements to the road network around the Northern Beaches Hospital in Australia	70%	37
TOTAL			624

The companies over which Ferrovial, S.A. exercises significant influence or joint control and which do not meet the requirements in IFRS 11 to be classified as "joint operations" are equity-accounted. A breakdown of the equity-accounted companies can be found in Note 3.5. and in Appendix II.

Certain companies are also consolidated using the equity method, in which it holds a direct or indirect stake of less than 20%, so long as Ferrovial can appoint one of the members of the Board of Directors.

Intra-Group balances and transactions are eliminated on consolidation. However, the transactions recognised in the income statement in relation to construction contracts performed by the Construction Division for infrastructure project concession operators are not eliminated on consolidation, since contracts of this kind are treated as construction contracts under which the Group performs work for the concession grantor or regulator in exchange for the right to operate the infrastructure under the terms pre-established by the grantor or regulator. The grantor or regulator thus controls the asset from inception and grants the above-mentioned right in exchange for the work performed, and, therefore, the conclusion may be reached that at Group level the work is performed for third parties. This is in line with IFRIC 12. The non-elimination of these transactions had an impact of EUR -127 million on the income statement, after taxes and non-controlling interests (2018: EUR 22 million). The detail of the transactions not eliminated on the basis of the foregoing is shown in Note 6.8, Related party transactions.

Appendix II contains a list of subsidiaries and associates.

Finally, as regards transactions for the purchase or sale of a percentage stake that does not lead to any change of control in the company in question, the minority stake may be measured at its fair value or at its proportional value in the identifiable net assets of the company being acquired.

The general criterion applied by the Group will be the one that avoids the advance recognition of capital gains in the company's equity. Thus, a minority stake is recognised at its fair value in the event that shares are sold for an amount that exceeds their carrying amount or purchased for less than their carrying amount. Similarly, the corresponding capital losses are recognised as part of the company's equity in the event that shares are sold for less than their carrying amount or purchased for more than their carrying amount.

1.2.3. Accounting policies applied to each line item in the consolidated statement of financial position and consolidated income statement

Set forth below is a detail of only those accounting policies adopted by the consolidated Group in preparing these consolidated annual accounts with respect to which there is an option permitted by IFRS or, as the case may be, on the basis of the specific nature of the industry in which it operates or of its materiality.

1.2.3.1. Property, plant and equipment, Investment property and Intangible assets

- Subsequent to initial recognition, the items included under "Intangible assets", "Investment property" and "Property, plant and equipment" are measured at cost less any accumulated depreciation and any accumulated impairment losses.
- The Group uses the straight-line method to calculate the amortisation charge for the assets included under "intangible assets", "investment property" and "property, plant and equipment", except in the case of certain machinery in the construction business, which is depreciated using the diminishing balance method.

The consolidated companies depreciate their various items of "property, plant and equipment" basically within the following ranges of years of useful life:

	YEARS OF USEFUL LIFE
Buildings and other structures	10-50
Machinery, fixtures and tools	2-25
Furniture and fittings	2-15
Vehicles	3-20
Other fixed assets	2-20

1.2.3.2. Investments in infrastructure projects

This line item includes investments in infrastructure made by companies that hold infrastructure projects within the scope of IFRIC 12 (mainly toll roads), where remuneration consists of an unconditional right to receive cash or other assets, or a right to charge the corresponding fees based on the degree to which the public service is used.

The assets acquired by the concession operator to provide the concession services but which do not form part of the infrastructure (vehicles, furniture, computer hardware, etc.) are not included in this line item because they are not returned to the concession grantor. Assets of this nature are classified under "Property, plant and equipment" and are depreciated over their useful life, using a method that reflects their economic use.

IFRIC 12 Intangible Asset Model

All initial investments relating to the infrastructure that is subsequently returned to the grantor, including compulsory purchase costs and borrowing costs capitalised during construction, are amortised on the basis of the expected pattern of consumption applicable in each case (normally forecast vehicle numbers in the case of toll roads) over the term of the concession.

The investments contractually agreed on at the start of the concession on a final and irrevocable basis for being made at a later date during the term of the concession, and provided they are not investments made to upgrade infrastructure, are considered to be initial investments. For investments of this nature, an asset and an initial provision are recognised for the present value of the future investment, applying a discount rate to calculate the present value that is equal to the cost of the borrowings associated with the project. The asset is amortised based on the pattern of consumption over the entire term of the concession and the provision is increased by the related interest cost during the period until the investment is made.

Where a payment is made to the grantor to obtain the right to operate the concession, this amount is also amortised based on the pattern of consumption over the concession term.

A provision is recognised systematically for replacement investments over the period in which the related obligations accrue, which must have been set up in full by the time the replacement becomes operational. The provision is recognised on the basis of the pattern of consumption over the period in which the obligation arises, and applying financial criteria.

Infrastructure upgrade investments are those that increase the infrastructure's capacity to generate revenue or reduce its costs. In the case of investments that will be recovered over the concession term, since the upgrade investments increase the capacity of the infrastructure, they are treated as an extension of the right granted and, therefore, they are recognised in the consolidated balance sheet when they come into service. They are amortised from the date on which they come into service based on the difference in the pattern of consumption arising from the increase in capacity. However, if, on the basis of the terms and conditions of the concession, these investments will not be offset by the possibility of obtaining increased revenue from the date on which they are made, a provision is recognised for the best estimate of the present value of the cash outflow required to settle the obligations related to the investment that will not be offset by the possibility of obtaining increased revenue from the date on which the investments are made. The balancing entry is an addition to the acquisition cost of the intangible asset.

In the case of the proportional part of the upgrade or increase in capacity that is expected to be recovered through the generation of increased future revenue, the general accounting treatment used for investments that will be recovered in the concession term will be applied. The main assumptions used in relation to these arrangements correspond to vehicle number and replacement investment estimates, which are updated each year by technical departments.

Set forth below is a detail of the main toll road concessions in force to which the intangible asset model is applied, showing their duration, their status and the accounting method applied:

Toll Road Concessions accounted for using the Intangible Asset Model:

CONCESSION OPERATOR	COUNTRY	STATUS	FIRST YEAR OF CONCESSION (*)	FINAL YEAR	ACCOUNTING METHOD
NTE Mobility Partners , LLC	USA	Operational	2014	2061	Full consolidation
NTE Mobility Partners Seg 3 LLC	USA	Operational	2018	2061	Full consolidation
LBJ Infr. Group LLC	USA	Operational	2014	2061	Full consolidation
I-66 Mobility Partners LLC	USA	Operational	2016	2066	Equity-accounted
I-77 Mobility Partners LLC	USA	Operational	2019	2069	Full consolidation
Euroscut Azores	Portugal	Operational	2011	2036	Full consolidation
Eurolink Motorway Operations (M4-M6)	Ireland	Operational	2005	2033	Equity-accounted
Autopista del Sol	Spain	Operational	1999	Ausol I 2046 Ausol II 2054	Equity-accounted

(*) First year of the concession (if in operation) or year of commencement of construction (if at the construction phase).

Financial Asset Model IFRIC 12

This line item includes the service concession arrangements related to infrastructure in which the consideration consists of an unconditional contractual right to receive cash or another financial asset, either because the grantor guarantees to pay the operator specified or determinable amounts or because it guarantees to pay the operator the shortfall between amounts received from users of the public service and specified or determinable amounts. Therefore, these are concession arrangements in which demand risk is borne in full by the grantor. In these cases, the amount due from the grantor is accounted for as a loan or receivable under assets in the consolidated balance sheet.

To calculate the amount due from the grantor, the value of the construction, operation and/or maintenance services provided and the financial income in arrangements of this nature are taken into consideration.

Revenue from the services (mainly construction and maintenance) provided in each period increases the amount of the related receivables with a balancing entry in sales. The financial income on the consideration for the services provided also increases the amount of the receivables with a balancing entry in sales. Amounts received from the grantor reduce the total receivable with a balancing entry in cash.

When reporting this financial income in concessions of this type it is classified as ordinary income, since it forms part of the ordinary concession activity and is earned on a regular and periodic basis.

At 31 December 2019 and 2018, the financial income included in sales revenue amounted to EUR 113 million and EUR 108 million, respectively (see Note 2.1). Also, the borrowing costs associated with the financing of concessions to which the financial asset model is applied amounted to EUR 26 million in 2019 and EUR 24 million in 2018).

Below is a detail of the main toll road concession arrangements in force to which the financial asset model is applied, showing their duration, their status and the accounting method applied:

Toll Road Concessions accounted for using the Financial Asset Model

CONCESSION OPERATOR	COUNTRY	STATUS	FIRST YEAR OF CONCESSION (*)	FINAL YEAR	ACCOUNTING METHOD
Terrassa Manresa toll road	Spain	Operational	1989	2036	Full consolidation
Auto-Estradas Norte Litoral	Portugal	Operational	2006	2031	Equity-accounted
Autoestrada do Algarve, S.A.	Portugal	Operational	2004	2030	Equity-accounted
Eurolink M3	Ireland	Operational	2010	2052	Equity-accounted
A66 Benavente - Zamora	Spain	Operational	2015	2042	Equity-accounted
407 East Extension	Canada	Operational	2016	2045	Equity-accounted
Scot Roads Partnership Project Limited (***)	UK	Operational	2017	2047	Equity-accounted
Nexus Infr. Unit Trust (Toowoomba) (****)	Australia	Operational	2019	2043	Equity-accounted
Blackbird Infrastructure Group (407 East Phase 2) (*****)	Canada	Operational	2019	2047	Equity-accounted
Ruta del Cacao S.A.S	Colombia	Construction	2015	2040	Equity-accounted
Zero Bypass Ltd.	Slovakia	Construction	2016	2050	Equity-accounted
Netflow OSARs Western	Australia	Construction	2017	2040	Equity-accounted
Riverlink, Ltd.	UK	Construction	2019	2050	Equity-accounted

(*) First year of the concession (if in operation) or year of commencement of construction (if at the construction phase).

(**) Owned 20% through Cintra and 20% through Amey.

Other concession arrangements accounted for using the Financial Asset Model:

The other arrangements to which the financial asset model is applied relate to the Construction Division. Below is a breakdown of the most significant:

CONCESSION OPERATOR	COUNTRY	STATUS	FIRST YEAR OF CONCESSION (*)	FINAL YEAR	ACCOUNTING METHOD
Concesionaria de Prisiones Lledoners	Spain	Operational	2008	2038	Full consolidation
Conc. Prisiones Figueras S.A.U.	Spain	Operational	2011	2040	Full consolidation
Depusa Aragón, S.A.	Spain	Construction	2017	2037	Full consolidation
Wroclaw Budimex Car Park	Poland	Operational	2014	2042	Full consolidation
Urbicsa Ciudad de la Justicia	Spain	Operational	2008	2039	Equity-accounted
Concesionaria Vía Olmedo Pedralba	Spain	Operational	2013	2041	Equity-accounted
FBSerwis SA - IMO09 DDS	Poland	Operational	2016	2021	Full consolidation
FBSerwis SA - IM08 S7 keep standard Grójec	Poland	Operational	2014	2020	Full consolidation

(*) First year of the concession (if in operation) or year of commencement of construction (if at the construction phase).

1.2.3.3. Other line items in the balance sheet and income statement

Cash and cash equivalents of infrastructure project companies: Restricted cash (Note 5.2.1).

This line item includes investments of the same type and maturity that are assigned to the financing of certain infrastructure projects, the availability of which is restricted under the financing contracts as security for certain obligations relating to the payment of debt principal and interest and to the maintenance and operation of the infrastructure.

Fair value measurement

In such derivative valuations, the credit risk of the parties to the related agreement is taken into account. The impact of credit risk will be recognised in profit and loss, unless the derivatives qualify as effective hedges, in which case they will be recognised in reserves. The Group uses appropriate valuation techniques based on the circumstances and on the volume of inputs available for each item, attempting to maximise the use of relevant observable inputs and avoiding the use of unobservable inputs. The Group establishes a fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into the following three levels:

- Level 1: Quoted prices for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.
- Level 3: Unobservable market inputs for the asset or liability.

As indicated in Note 5.5 Derivative financial instruments, all the Group's derivative financial instruments are categorised within Level 2.

During 2019, a fair value measurement was also carried out with relation to the assets and liabilities that were reclassified to discontinued operations (see Note 1.1.3 with regards to the measurement criteria applied). This analysis is also framed in Level 2 of the fair value hierarchy

Financial instruments

Impairment of financial assets. IFRS 9 is based on an expected loss model whereby the loss provision is calculated based on 12-month or lifetime expected losses, depending on the significance of the related increase in risk. To this end, the Group has therefore established a procedure under which accounts receivable will not only become impaired when they are no longer recoverable (losses incurred), it will also consider losses that are potentially expected based on changes to the credit rating that are specific to the customer, business sector and country. This model applies to all financial assets, including commercial assets contracted under IFRS 15, non-trade assets and receivables under the IFRIC 12 model. For its calculation, the Group has developed a method whereby certain rates are applied to financial asset balances that reflect expected credit losses based on the credit profile of the counterparty (the customer, in the case of trade and other receivables and the awarding entity for financial assets under IFRIC 12). These percentages reflect the probability that payment obligations will not be met and the percentage lost, which, in the event of non-payment, will ultimately be irrecoverable. The assignment of ratings and trends in the rates are overseen by the financial risk department, which performs an update at each year end based on credit risks. If during the analysis a significant increase in risk is identified with respect to that initially recognised, the expected loss is calculated taking into account lifetime probability of default.

The Group applies the simplified approach to trade and other receivables including the contract assets. In order to calculate expected loss, an average rating is obtained for customers by business and geographic area and is used to generate the rates to be applied to the balances, depending on whether the customer is a public or private entity and on its business sector (only in the case of private customers). Moreover, if the customer is declared insolvent, a claim is filed against it or it defaults on payment, a breach is deemed to have occurred and the entire trade receivable will be provisioned. To this end, the Group has defined payment periods per type of customer that trigger a breach and thus the posting of a provision.

In the case of receivables under the IFRIC 12 model (see Note 3.3.2), the expected loss provision is calculated individually for each asset based on the awarding entity's credit quality. If the credit risk has not increased significantly, the calculation will be made based on the same amount as the expected credit losses over the next 12 months. The risk is deemed not to have increased significantly if the awarding entity has a rating above investment grade and has maintained this level since initial recognition.

- Classification and valuation of financial assets. According to IFRS 9 the classification and valuation method is based on two aspects, these being the features of the contractual cash flows from the financial asset and the entity's business model. The three new categories are amortised cost, fair value through other comprehensive income (equity) and fair value through profit or loss. The Group's financial assets are mainly assets held to maturity, the cash flows of which are only payments of principal and interest, so, on this basis, financial assets are carried at amortised cost. We would solely note that for its equity instruments that are measured by default at their fair value with changes reported in profit/(loss), there is an option to report changes in fair value in other comprehensive income from the outset. This decision cannot be revoked and must be taken for each asset individually.
- Hedge accounting. IFRS 9 attempts to align hedge accounting more closely with risk management, and the new requirements establish a principle-based approach. IFRS 9 also generally permits the designation of specific components of non-financial items and financial instruments as hedged items, provided that they are separately identifiable and reliably measurable, and that there is always a liquid market for the items concerned (IFRS 9 B6.3.8 and subsequent), and in certain cases it specifically allows for hedging against inflation for certain financial instruments (IFRS 9 B6.3.13 to 6.3.15).

Other equity instruments

These are perpetual bonds with payment at the discretion of the party that issues the coupon in question. They do not meet the conditions to be considered as a financial liability for accounting purposes, because they do not include any contractual obligation to make payment in the form of cash or any other financial asset, nor do they include any obligation to exchange financial assets or liabilities. They are therefore entered as part of the company's Equity, in the line item showing other equity instruments.

Non-refundable grants related to assets

Non-refundable grants related to assets are measured at the amount granted under "deferred income" (see Note 6.1) in the consolidated statement of financial position, and are taken to profit or loss gradually in proportion to the period of depreciation on the assets financed with these grants, which is recognised under "depreciation and amortisation charge". From the cash flow standpoint, the amount of the grants collected in the year is presented as a reduction of the amount of the investments made.

Trade payables

Trade payables include the balances payable to suppliers under reverse factoring arrangements with banks.

These balances are classified as trade payables and the related payments as cash flows from operating activities, since the payments are made to the banks under the same conditions as those agreed with the supplier, the company bound by the obligation to make payment does not agree an extension with the financial institutions beyond the due dates agreed with the supplier, the cost of the reverse factoring is paid by the supplier, and there are no special guarantees to secure the payments to be made.

1.2.3.4 Revenue recognition

In order to ensure that policy is standardised across all its different business areas, Ferrovial has prepared a common revenue recognition policy adapted to IFRS 15 "revenue from contracts with customers". The following section contains an explanation of the criteria on which this policy is based, which mainly affect Construction and Services activities. The final part of this section gives a summarised explanation of some specific aspects that may affect the recognition of revenues in each of the Group's business segments.

i) General revenue recognition criteria

The first step in the revenue recognition process involves identifying the relevant contracts and the performance obligations that they contain. The number of performance obligations included in a contract will depend on the type of contract and business activity involved, as explained when each of the Group's business segments are discussed.

Generally speaking, the performance obligations in the Construction and Services activities carried out by Ferrovial are met over time, rather than at a specific moment, since the customer simultaneously receives and consumes the benefits offered by the company's performance as the service is provided.

As regards the criterion for recognising revenues over time (the method of measuring the progress of performance of an obligation), Ferrovial has established certain criteria that are consistently applied in respect of similar performance obligations.

In this regard, the Group has chosen the output method as its preferred method for measuring the value of assets or services for which control is transferred to the customer over time, which is applied whenever the progress of the work performed can be measured on the basis and over the course of the contract.

In contracts for the provision of different, highly interrelated goods or services required to produce a combined output, which often occurs in contracts for construction activities, the applicable output method is that of measurement of units produced ("surveys of performance" under "output methods"), in which the revenue recognised relates to the work units completed, based on the price assigned to each unit. In accordance with this method, the units produced under each contract are measured and the output for the month is recognised as revenue. The costs of carrying out works or service projects are recognised on an accrued basis, and the costs actually incurred in producing the units of output are recognised as an expense together with those which, because they might be incurred in the future, have to be allocated to the units produced to date.

In routine or recurring service contracts (in which the services are substantially the same), such as maintenance and cleaning services, which are transferred with the same pattern of consumption over time and whose remuneration consists of a recurring fixed amount over the term of the contract (e.g. monthly or annual payment), in such a way that the customer receives and consumes the benefits of the services as the entity provides them, the method selected by the Group to recognise revenue is the "time elapsed output method". Under this method, revenue is recognised on a straight-line basis over the term of the contract and costs are recognised on an accrual basis.

Only in those contracts that are not for routine or recurring services and for which the unitary price of the units to be performed cannot be determined, use of the of the stage of completion measured in terms of the "costs incurred" (input method) is permitted. Under this method, the company recognises revenues based on the costs as they accrue, as a percentage of the total costs forecast for completion of the works, taking account of the expected profit margins for the whole project, according to the most recently updated budget. This method entails measuring the costs incurred as a result of the work completed to date as a proportion of the total costs forecast, and recognising revenues in proportion to the total revenues expected. Using this method, the percentage of costs incurred as a proportion of estimated total costs is used to determine the revenues to be recognised, based on the estimated margin for the entire term of the contract. As indicated above, this method only applies to those complex, lump-sum construction or services contracts in which it is not possible to break down and measure the units completed.

Finally, as regards determining whether the company acts as a principal or agent, Ferrovial is the principal in both construction and service contracts if it provides goods and services directly to the customer and transfers control of them without involving intermediaries. In the case of concession agreements in which Ferrovial both builds and operates the toll road, the construction company is the principal if it is ultimately responsible for fulfilling the commitment to execute the work in accordance with the concession agreement specifications and assumes the contractual obligations in the event of a claim or delay.

ii) Recognition of revenue from contract modifications, claims and disputes

Modifications are understood to mean changes to the scope of the work that are not provided for in the original contract and that could result in a change to the revenues attached to the contract in question. Changes to the initial contract require the customer's technical and financial approval prior to the issue of billings and collection of the amounts relating to additional work. The criterion applied by the Group is not to recognise any revenue from this additional work until the additional work has been approved by the client. In cases where the work has been approved but its valuation remains pending, the "variable consideration" requirement (as explained below) will apply. This entails recognising revenue in an amount that will be most likely not to suffer any significant reversal. Any costs associated with the units completed or services rendered will be recognised at the time at which they are incurred, regardless of whether or not the modification has been approved.

A claim is a request seeking payment or compensation from the customer (for example, cases involving compensation, reimbursement of costs, legally mandatory inflation-linked review), subject to the submission of a direct application to the customer. The criterion followed by the Group with regard to claims is to apply the method mentioned above in relation to changes, when such claims are not covered by the contract, or to apply the variable consideration method, when they are covered by the contract but need to be quantified.

A dispute is the result of an incident of non-compliance or rejection after a claim has been made to the customer under the terms of the contract, the result of which is pending in a procedure being pursued directly with the customer or in court or arbitration proceedings. In line with the criteria followed by the Group, in the event that the revenues relating to a dispute in which the enforceability of the amount being claimed are in doubt, these revenues will not be recognised and any recognised earlier will be cancelled, since the dispute shows that the customer has not given its approval for the completed work. In the event that the customer questions the value of the work completed revenues will be recognised on the basis of the criteria applied in cases of "variable consideration", as explained below.

Only in cases in which a legal report confirms that the rights forming the subject of the dispute are clearly enforceable and, therefore, at least the costs directly associated with the service relating to the dispute are recoverable, revenues may be recognised up to the maximum amount of the costs incurred.

(iii) Determination of the transaction price

The purpose is to allocate the transaction price to each performance obligation (or distinct good/service) for an amount that represents the consideration to which the entity expects to be entitled in exchange for the transfer of goods or services committed to the customer.

In order to fulfil the allocation purpose, the transaction price of each performance obligation identified in the contract is allocated as a selling price that is separate in relative terms.

The best evidence of a separate selling price is the observable price of a good or service when the entity sells that good or service separately in similar circumstances and to similar customers.

Variable consideration

If the consideration promised in a contract includes a variable amount, this amount is recognised only to the extent that it is highly probable that a significant reversal in the amount recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. For example, it is stipulated that a bonus may only be recognised once a high percentage of completion of the contract has been reached.

Financing component

Generally speaking, in order to calculate the price of a performance obligation, an implicit financing component is calculated, in cases in which the period between the date on which the goods or services are delivered and the date on which the customer is expected to pay for the goods or services is greater than a year. This component is treated as financial income.

Where a performance obligation involves a period of less than one year between the date on which the company transfers goods that have been promised to the customer and the date on which the customer pays, the practical solution permitted under the regulations is applied to avoid adjusting the financial amount of the payment.

In cases in which there is a contractual or legal right to charge late payment interest for a payment that is delayed with regard to the contractually agreed terms, this interest is only recognised when it is highly probable that it will be effectively paid.

iv) Balances relating to revenue recognition

Works completed and pending certification/work certified in advance

Unlike the method used to recognise revenues, the amounts billed to the customer are based on achievement of the various milestones established in the contract and on acknowledgement thereof by the customer, which takes the form of a contractual document referred to as a certificate of completion. Thus, the amounts recognised as revenue for a given year do not necessarily coincide with the amounts billed to or certified by the customer. In those contracts in which the revenues recognised exceed the amount billed or certified, the difference is recognised in an asset account entitled “Work Completed and Pending Certification” (since it is an asset under the contract), in the section “Trade receivables for sales and services”, while in contracts in which the revenues recognised are lower than the amount billed or certified, the difference is recognised in a liability account entitled “Work certified in advance” (since it is a liability under the contract), in the section “Short-term trade and other payables”.

Bidding and mobilisation costs

In addition to the balance sheet entries described above, the Group also recognises assets connected with the cost of obtaining contracts (bidding costs) and the costs incurred in order to comply with contracts, or the start-up costs (mobilisation costs) that relate directly to the main contract, provided that they are recoverable during the performance of the contract. These amounts are included in a different account on the assets side of the balance sheet, under “inventories” (Note 4.1).

Bidding costs are only capitalised when they are directly related to a contract, it is probable that they will be recovered in the future, and either the contract has been awarded or the company has been selected as preferred bidder. The costs incurred, regardless of whether or not the contract is won, are recognised as an expense, unless they are explicitly recoverable from the customer in any case (whether or not the contract is won). They are amortised systematically as the goods and services connected with the asset are transferred to the customer.

Any costs that are necessary in order to implement a contract, mobilisation costs, are capitalised whenever it is probable that they will be recoverable in the future and when they do not include costs that would normally be generated for the company if the contract had not been won. They are gradually recognised as an expense on the basis of the proportion of actual output to estimated output under each contract. Otherwise, the expenses are entered directly to profit or loss.

v) Provisions related to customer contracts

The main provisions relating to customer contracts are provisions for deferred costs and for budgeted losses.

- **Provisions for deferred expenses.** These cover expenses that are expected to be generated at the end of a contract, such as the removal of construction machinery or dismantling costs, together with estimates of the repairs that will be required during the warranty period. These provisions are connected with an existing obligation set out in the contract, on the basis that the company will probably allocate resources to complying with the obligation, the amount of which can be reliably estimated. The provisions are allocated on the basis of the best possible estimates of total costs. They may be calculated as a percentage of the total revenues expected from the contract, if there is historical information from similar contracts.
- As regards the warranty obligations included in this type of provision, these will not be treated as a separate performance obligation, unless the customer has the option of engaging the warranty separately, meaning that the obligation will be entered in accordance with IAS 37 on "provisions, contingent liabilities and contingent assets".
- **Provisions for budgeted losses.** These provisions are recognised as soon as it becomes obvious that the total costs expected to be incurred in a contract exceed total expected revenues. For the purposes of calculating this provision, where necessary, the criteria set out in paragraph 14 (b) of IAS 37 are applied. In this way, the estimate of the total contract budget will include the forecast revenues that are considered probable. These criteria are different from those set out in IFRS 15, mentioned above in Note 1.2.3.4 “revenue recognition”, under which the said revenues are only recognised when considered highly probable. Likewise, in the event that the total profit expected from a contract is lower than the amount recognised according to the rules set out above for revenue recognition, the difference is entered as a provision for negative margins.

vii) Specific criteria for the recognition of revenues by segment

Construction business

For construction contracts, as a general rule, single performance obligation will be identified owing to the high degree of integration and customisation of the various goods and services to provide a combined output that is transferred to the customer over time.

As mentioned above, the Group has chosen the "measured work unit" (output method) as its preferred method. This is applied whenever the progress of the work can be measured as it is being carried out, and a price has been allocated to each work unit.

It is only with regard to contracts in which it is not possible to determine a unit price for the units to be completed that the input method known as "measure of progress based on costs incurred" may be applied.

Services business

In the case of the Services business, there is no single type of contract, given the wide diversity of services offered. In general, contracts include a range of different tasks and unit prices, in which revenues are entered in the income statement when the services are provided, based on time elapsed, i.e. when the customer simultaneously receives and consumes the benefits provided by the performance of the service as it is being provided. This happens, for example, with recurring or routine services such as facility management, street cleaning or waste collection services.

Certain contracts include different types of activities, subject to a scale of fixed unit tariffs for the provision of the services that are provided and that form part of the contract as a whole. In these contracts, the customer requests each service by submitting work orders which are classified as independent performance obligations, and any associated revenues will be recognised on the basis of the specific requirements set out for approval in each contract.

In the case of complex, long-term contracts that include the provision of various services involving different performance obligations (construction, maintenance, operation, etc.), payment of which is made regularly and for which the price relating to the obligations in question is indicated in the contract or can be calculated, revenues are recognised for the recurring services on an elapsed time basis, using the progress achieved criterion for the more complex performance obligations in which it is not possible to allocate a price to each of the units completed.

Lastly, it should be noted that the revenue from certain contracts that fall within the scope of IFRIC 12 is recognised as described in Note 1.2.3.2.

Toll roads business

The arrangements included in this line of business are accounted for in accordance with IFRIC 12, which provides for the classification of the assets assigned to such arrangements on the basis of the intangible asset model and the financial asset model (bifurcated arrangements can also exist) (see Note 1.2.3.2).

In the case of concession arrangements accounted for using the intangible asset model, the customer is the user of the infrastructure and, therefore, each use made of the infrastructure by users is considered a performance obligation, and the related revenue is recognised at a point in time. In the case of concession arrangements accounted for using the financial asset model, in which the customer is the concession grantor, revenue recognition depends on the various services provided (e.g. operation or maintenance), which will be accounted for as different performance obligations, to which market prices have to be allocated. In cases in which an isolated sale price cannot be directly identified, it is estimated on the basis of the best possible estimate, applying the margin expected for this business.

Airports business

Generally speaking, these are short-term services rendered to the customer (airlines or airport users), in which regulated revenues will be recognised at a specific moment, which means there are no changes with regard to this activity. It should be noted that the revenue from certain contracts that fall within the scope of IFRIC 12 is recognised as described in Note 1.2.3.2.

Real estate business

This consists mainly of revenues associated with the sale of flats, retail units and garages, which are entered when the purchaser obtains legal rights and takes physical possession of the asset. Each unit (flat, etc.) will be classified as a separate performance obligation and recognised upon the legal and financial transfer of the asset to the purchaser, and there are no changes to the current way in which revenues are recognised.

Energy distribution business

Contracts with a series of services that are substantially the same and are transferred using the same standard model. The monthly tariff reflects the value of the services rendered. These types of contract will only have a performance obligation that is transferred over time, and revenues are recognised using the output method.

1.2.3.5 Non-current assets held for sale

Non-current assets are classified as assets held for sale if it is considered that their carrying amount will be recovered when sold, rather than via continued use. This condition is only met when the sale is highly probable, and they are available for immediate sale in their current condition, and that the sale is likely to be completed in the space of one year from the classification date. The period may be extended if the delay is caused by events and circumstances beyond the company's control and there is sufficient evidence of the commitment to the sales plan. The total of these assets is registered in one line, and valued at the lower value of their carrying amount and their fair value, less the costs to sell them, and are not subject to depreciation from the moment they are classified as held for sale. The profit/(loss) contribution of these assets to the Group's profit/(loss) is registered in the income statement, classified by type.

An entity that is committed to a sale plan that entails the loss of control of a subsidiary will classify all that subsidiary's assets and liabilities as held for sale when the requirements indicated in the previous paragraph are met, irrespective of whether or not the entity retains a non-controlling interest in its former subsidiary following the sale.

1.2.3.6 Discontinued operations

Discontinued operations are those that have been sold or otherwise disposed of, or have been classified as held for sale and represent a full segment for the consolidated Group, or form part of a single plan or relate to a subsidiary acquired solely for resale. The profit/(loss) generated from discontinued operations, both for the current financial year, as well as those presented alongside it, is presented in a specific line in the income statement after tax, with the total comprising the follow amounts:

- Profit/(loss) after tax of the activities and/or discontinued operations.
- Profit/(loss) after tax recognised for the fair value measurement, less sales costs, or for divestment.

1.2.4. Accounting estimates and judgements

In the consolidated annual accounts for 2019 estimates were made to measure certain of the assets, liabilities, revenues, expenses and obligations reported therein. These estimates basically relate to the following:

i) The estimates that are taken into account for the purposes of recognising revenues from contracts with customers (see Note 1.2.3.4), particularly important being those relating to:

- determining whether there are enforceable rights to recognise revenues;
- determining whether the modification of a contract has been approved;
- establishing whether the criteria have been met to recognise revenue as variable consideration;
- recognising revenues in relation to a claim or dispute;
- establishing whether there are one or more performance obligations and the price to be allocated to each of them;
- defining the method applicable to each performance obligation in order to recognise revenues on the basis of time, bearing in mind that, according to the accounting policy established by the company, the preferred method is the output method (analysis of work completed), based on either percentage completed or time elapsed, while the input method (measure of progress based on costs) is applied in cases in which the services rendered do not represent recurrent and routine services in which it is not possible to determine the unit price for the units to be completed;
- in the case of contracts entered under the criterion of examination of work completed, measurement of the units completed and the price to be allocated to them;
- in the case of contracts entered using the input method (measure of progress based on costs), defining the degree to which costs have been incurred and the margin expected to be obtained from the contract;
- determining capitalisation of bidding and mobilisation costs;
- assessment of whether to act as principal or agent;
- estimates relating to the calculation of provisions for expected losses and deferred expenses.

ii) The judgement regarding meeting the conditions to classify the assets and liabilities of the Services Division as discontinued operations in line with IFRS 5, and for the fair value estimation of those assets (see Note 1.1.3).

iii) The assessment of possible legal contingencies (see Note 6.5, contingent liabilities, and Note 6.3, provisions).

iv) The recognition for accounting purposes of the subordinated guaranteed hybrid bond (see Note 5.1.2 equity instruments).

v) The estimates for the selection of the accounting method to be applied in relation to the loss of control, as in the case of the Autopista del Sol in 2019 (see Note 1.2.2, basis of consolidation).

vi) Estimates regarding the valuation of derivatives and the expected cash flows associated with them in order to determine the existence of hedging relationships (see Note 5.5, derivative financial instruments at fair value).

vii) The measurement of possible impairment losses on certain assets (see Notes 3.1, goodwill, and Note 3.5, investments in associates).

viii) Business performance projections that affect the estimates of the activation of tax assets and the possible recoverability of the same (see Note 2.8 on tax matters).

ix) Estimates that take account of the future vehicle numbers on toll roads for the purpose of preparing financial information for toll roads pursuant to IFRIC 12 (see Note 3.3, Investments in infrastructure projects, and Note 6.3, Provisions).

x) The assumptions used in the actuarial calculation of liabilities due to pensions and other obligations to employees (see Note 6.2, Pension plan deficit).

xi) The measurement of share award plans (see Note 6.7, Share-based payment).

xii) Estimation to determine the term of lease agreements when they include cancellation or extension options; assessment of whether the exercise of such options, which affect the value of the right-of-use asset and the lease liability, is reasonably certain (see Note 1.2.1.a.).

These estimates were made using the best information available at 31 December 2019 on the events analysed. However, it is possible that events that may take place in the future might make it necessary to change these estimates. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8.

1.2.5. Disclosures

It should also be noted that in preparing these consolidated annual accounts the Group has omitted any information or disclosures which did not require disclosure due to their qualitative importance and were considered to be unimportant or not material in accordance with the concept of relative materiality, as defined in the IFRS conceptual framework.

1.3. EXCHANGE RATE

As indicated above, Ferrovial engages in business outside the eurozone through various subsidiaries. The exchange rates used to convert these financial statements for their inclusion in the Group's consolidated financial statements are as follows:

Items in the balance sheet (exchange rates at 31 December 2019 and at 31 December 2018 for the comparative period):

CLOSING EXCHANGE RATE	2019	2018	CHANGE 19/18 (*)
Pound sterling	0.8467	0.8984	-5.76%
US dollar	1.1229	1.1452	-1.95%
Canadian dollar	1.4573	1.56013	-6.59%
Australian dollar	1.5986	1.62595	-1.68%
Polish zloty	4.2565	4.2888	-0.75%
Chilean peso	845.17	794.66	6.36%

(*) A negative change represents an appreciation of the reference currency against the euro and vice versa.

Items in the income statement and cash flow statement (cumulative average rates at December 2019 and at December 2018 for the comparative period):

AVERAGE EXCHANGE RATE	2019	2018	CHANGE 19/18 (*)
Pound sterling	0.8745	0.8858	-1.28%
US dollar	1.1183	1.17823	-5.08%
Canadian dollar	1.4800	1.53115	-3.34%
Australian dollar	1.6077	1.58382	1.51%
Polish zloty	4.2960	4.27144	0.57%
Chilean peso	796.8192	758.5925	5.04%

(*) A negative change represents an appreciation of the reference currency against the euro and vice versa.

As detailed in the previous tables, during 2019 all of the currencies rose against the euro, except for the Chilean Peso closing exchange rate.

The impact recorded in this regard on shareholders' funds attributable to the parent company is EUR 105 million (see Note 5.1.1 Changes in Equity).

Note 5.4 explains how exchange rate risk is managed. The Note also contains an analysis of the impact that Brexit has had or might have in the future vis-à-vis the different financial risks affecting Ferrovial. This overview is further extended with a global analysis of Brexit in the Risk section of the Management Report.

In addition, the impact caused by exchange rates is also analysed in the Notes where this is a relevant issue.

1.4. INFORMATION BY SEGMENT

Appendix III contains the statements of financial position and the income statement for each business segment, both for the financial year in course and for the comparative period.

It also includes a breakdown by segment of the sections in which this information is important or required under accounting legislation.

SECTION 2: PROFIT/(LOSS) FOR THE YEAR

This section comprises the Notes relating to the profit/(loss) for 2019.

Net profit/(loss) for 2019 amounted to EUR 268 million, as compared with EUR -448 million in 2018.

Profit/(loss) in 2019 has been impacted by various non-recurring elements:

- Capital gains from the sale of 65% of the Autopista del Sol toll road (EUR 473 million).
- Impact of discontinued operations totalling EUR -263 million, mainly comprising EUR -440 million for value adjustments, of which EUR -270 million was recognised in the final quarter and EUR 216 million mainly due to the non-depreciation of the assets under IFRS 5 and eliminations of internal operations.

In addition to the impacts indicated, of note in 2019 were the recognised losses in the Construction business, with an operating loss of EUR -365 million, primarily relating to the provisions recognised in the first quarter of 2019 for potential future losses at various projects in the US.

Profit/(loss) in 2018 was affected by the fair value provision recognised in relation to the Services business in the UK, following its classification to discontinued operations (EUR -774 million).

For clarity, this section addresses income statement movements in continuing operations on each line and ends with a breakdown of discontinued operations.

	BALANCES AT 31/12/2019		BALANCES AT 31/12/2018	
NON-RECURRING IMPACTS (Millions of euros)	PRE-TAX PROFIT/(LOSS)	NET PROFIT/(LOSS)	PRE-TAX PROFIT/(LOSS)	NET PROFIT/(LOSS)
Impact of financial derivatives (Note 2.6)	35	27	24	21
Disposal of 65% of Autopista del Sol (see Note 2.5)	474	473	0	0
Divestment, deconsolidation and impairment of projects (Note 2.5)	-15	-24	82	72
Non-recurring impacts, HAH (Note 2.7)	31	31	-1	-1
Other non-recurring tax impacts	0	14	0	39
Non-recurring impacts, discontinued operations	0	-263	0	-756
Other impacts	0	-5	-3	-10
TOTAL	526	253	**102**	**-634**

NOTES ON PROFIT/(LOSS) FOR CONTINUING OPERATIONS

2.1. OPERATING INCOME

The detail of the Group's operating income at 31 December 2019 is as follows:

(Millions of euros)	2019	2018
Revenue	6,054	5,737
Other operating income	2	2
TOTAL OPERATING INCOME	**6,056**	**5,738**

The Group's revenue at 31 December 2019 relating to contracts with customers amounted to EUR 5,846 million (see Note 4.4).

Revenue includes the financial income for the services provided by the concession operators that apply the financial asset model, amounting to EUR 113 million in 2019 (2018: EUR 108 million), as described in Note 1.2.3.2.

"Other Operating Income" includes the impact of the grants related to income received in 2019 amounting to EUR 2 million (2018: EUR 2 million).

The detail, by segment, of revenue in 2019 and 2018 is as follows:

	2019			
(Millions of euros)	EXTERNAL REVENUE	INTERSEGMENT REVENUE	TOTAL	CHANGE 19/18
Construction	4,985	428	5,413	4%
Toll roads	616	1	617	31%
Airports	19	0	19	39%
Other segments	13	137	151	-45%
Adjustments	0	-146	-146	-33%
TOTAL	**5,634**	**420**	**6,054**	**6%**

	2018		
(Millions of euros)	EXTERNAL REVENUE	INTERSEGMENT REVENUE	TOTAL
Construction	4,638	554	5,193
Toll roads	470	1	471
Airports	14	0	14
Other segments	132	144	276
Adjustments	0	-217	-217
TOTAL	**5,253**	**483**	**5,737**

The inter-segment sales that are not eliminated in the Group's consolidated financial statements are the sales made by the Construction Division to the infrastructure concession operators, as discussed in Notes 1.2.2 and Note 6.8.

The sales in "other segments" relate to companies not assigned to any of the business segments, including most notably the Parent, Ferrovial, S.A., and its smaller subsidiaries.

The detail of sales, by geographical area, is as follows:

(Millions of euros)	2019	2018	VAR. 19/18
Spain	1,013	1,007	5
UK	396	337	59
Australia	90	271	-182
USA	1,934	1,684	250
Canada	59	63	-4
Poland	1,820	1,732	87
Other	742	641	101
TOTAL	**6,054**	**5,737**	**317**

The Ferrovial Group's sales in its six main markets account for 88% of total sales.

2.2. MATERIALS USED AND OTHER OPERATING EXPENSES

"Materials used" mainly includes the consumption of raw materials and the changes in inventories for the year.

"Other operating expenses" mainly includes services rendered by third parties under subcontracting arrangements and independent professional services.

(Millions of euros)	2019	2018	VAR.19/18
TOTAL MATERIALS USED	**949**	**985**	**-36**
Subcontracted work	2,623	2,361	262
Leases	255	298	-43
Repairs and maintenance	52	40	12
Independent professional services	317	254	63
Changes in provisions for liabilities (Note 6.3)	397	9	387
Other operating expenses	315	367	-52
TOTAL OTHER OPERATING EXPENSES	**3,958**	**3,329**	**630**
TOTAL MATERIALS USED AND OTHER OPERATING EXPENSES	**4,907**	**4,314**	**593**

The sum of these headings increased by EUR 593 million, from EUR 4,314 million at 31 December 2018 to EUR 4,907 million at 31 December 2019. This increase is explained essentially by the provision posted during the first quarter of the year for potential future losses at various projects in the US in the Construction Division as well as services rendered by subcontractors, also in that division.

2.3. STAFF COSTS

The detail of staff expenses is as follows:

(Millions of euros)	2019	2018	VAR.
Wages and salaries	864	791	73
Social security	126	113	13
Pension plan contributions	7	7	0
Share-based payments	7	12	-5
Other welfare charges	23	22	0
TOTAL	1,027	945	82

The detail of the number of employees at 31 December 2019 compared to 2018, by professional category and gender, is broken down by continuing and discontinued operations in the following tables:

	31/12/2019			
CONTINUING OPERATIONS CATEGORY	MEN	WOMEN	TOTAL	VAR. 19/18 (*)
Executive directors	2		2	0%
Senior executives	11	2	13	18%
Executives	116	11	127	-56%
Senior Managers/Managers/Senior Professionals/Supervisors/Professionals	6,374	2,281	8,655	11%
Administrative/support personnel	534	586	1,120	26%
Manual workers	7,965	234	8,199	-2%
TOTAL	15,002	3,114	18,116	4%

(*) Due to legal requirements relating to non-financial reporting, new professional categories have been created in 2019, which are not comparable to those in 2018.

CONTINUING OPERATIONS CATEGORY	31/12/2018 MEN	WOMEN	TOTAL
Executive directors	2	0	**2**
Senior Executives	9	2	**11**
Executives	259	28	**287**
Senior Managers/Managers/Senior Professionals/Supervisors/Professionals	5,552	2,241	**7,793**
Administrative/support personnel	421	467	**888**
Manual workers	8,138	251	**8,389**
TOTAL	**14,381**	**2,989**	**17,370**

DISCONTINUED OPERATIONS CATEGORY	31/12/2019 MEN	WOMEN	TOTAL	VAR. 19/18 (*)
Executive directors	0	0	**0**	0%
Senior Executives	0	0	**0**	-100%
Executives	32	9	**41**	-82%
Senior Managers/Managers/Senior Professionals/Supervisors/Professionals	4,605	2,116	**6,721**	7%
Administrative/support personnel	349	1,027	**1,376**	-79%
Manual workers	42,268	21,446	**63,714**	3%
TOTAL	**47,254**	**24,598**	**71,852**	**-4%**

(*) Due to legal requirements relating to non-financial reporting, new professional categories have been created in 2019, which are not comparable to those in 2018.

DISCONTINUED OPERATIONS CATEGORY	31/12/2018 MEN	WOMEN	TOTAL
Executive directors	0	0	**0**
Senior Executives	1	0	**1**
Executives	186	39	**225**
Senior Managers/Managers/Senior Professionals/Supervisors/Professionals	4,687	1,607	**6,294**
Administrative/support personnel	2,851	3,678	**6,529**
Manual workers	42,932	18,762	**61,694**
TOTAL	**50,657**	**24,086**	**74,743**

The average workforce by business division for the two periods being compared is as follows:

BUSINESS	31/12/2019 MEN	WOMEN	TOTAL	VAR. 19/18
Construction	14,510	2,653	**17,163**	5%
Toll roads	334	165	**499**	-21%
Airports	39	20	**59**	8%
Other	329	274	**604**	10%
TOTAL CONTINUING OPERATIONS	15,212	3,112	**18,324**	4%
TOTAL DISCONTINUED OPERATIONS	48,577	24,310	**72,887**	-6%
TOTAL	63,789	27,422	**91,211**	-4%

BUSINESS	31/12/2018 MEN	WOMEN	TOTAL
Construction	13,912	2,488	**16,400**
Toll roads	418	211	**629**
Airports	34	21	**55**
Other	289	260	**550**
TOTAL CONTINUING OPERATIONS	14,653	2,980	**17,634**
TOTAL DISCONTINUED OPERATIONS	52,497	24,775	**77,271**
TOTAL	67,150	27,755	**94,905**

2.4. EBITDA AND EBIT BEFORE IMPAIRMENTS AND DISPOSALS

EBITDA at 31 December 2019 amounted to EUR 121 million (31 December 2018: EUR 479 million), representing a decrease of -75% compared to 2018, primarily due to the aforementioned recognised losses in the Construction Division.

The amortisation charge for 2019 is EUR 180 million, compared to EUR 127 million in 2018.

The Management Report provides a detailed analysis of the way these line items have performed by business.

2.5. IMPAIRMENTS AND DISPOSALS

The following section contains a breakdown of the main gains and losses relating to impairment and disposals:

Profit/(loss) recognised in 2019:

The amounts recognised in respect of impairment and disposals in 2019 came to a total of EUR 460 million and primarily related to the following items:

- Capital gain on the disposal of the Autopista del Sol toll road, amounting to EUR 474 million (EUR 473 million in Net profit) of which EUR 95 million relate to the fair value of the shareholding retained (15%). This transaction is described in Note 1.1.4 Changes in the consolidation scope.
- Impairment loss of EUR -58 million on the Terrassa Manresa toll road (AUTEMA) receivable (see Note 3.3.2).

(Millions of euros)	IMPACT ON EARNINGS BEFORE TAX: BEFORE FAIR VALUE ADJUSTMENTS	FAIR VALUE ADJUSTMENTS	TOTAL 2019	IMPACT ON NET PROFIT
Autopista del Sol	380	95	474	473
Other	44	0	44	34
INCOME FROM CAPITAL GAINS AND DISPOSALS	**423**	**95**	**518**	**507**
Autema	0	-58	-58	-58
LOSSES DUE TO IMPAIRMENT	**0**	**-58**	**-58**	**-58**
TOTAL IMPAIRMENT AND DISPOSALS	423	37	460	449

The profit/(loss) relating to impairment and disposals in 2018 primarily related to the following:

(Millions of euros)	IMPACT ON EARNINGS BEFORE TAX: BEFORE FAIR VALUE ADJUSTMENTS	FAIR VALUE ADJUSTMENTS	TOTAL 2018	IMPACT ON NET PROFIT
Greek Toll Roads	84	0	84	80
Budimex Subsidiary	10	0	10	4
Other capital gains	1	0	1	1
INCOME FROM CAPITAL GAINS AND DISPOSALS	**95**	**0**	**95**	**85**
Autema	0	-13	-13	-13
LOSSES DUE TO IMPAIRMENT	**0**	**-13**	**-13**	**-13**
TOTAL IMPAIRMENT AND DISPOSALS	95	**-13**	**82**	**72**

2.6. NET FINANCIAL INCOME/(EXPENSE)

The following table gives a detailed, item-by-item breakdown of the changes in net financial income/(expense) in 2019 and 2018. The profit/(loss) generated by the infrastructure project companies is presented separately from the result of non-infrastructure project companies (see the definition in Note 1.1.2) and in each of them a further distinction is made between the financial income on financing (which includes the finance costs on credits and loans with credit institutions and bonds, and the returns on financial investments and loans granted) and the net financial income/(expense) from derivatives and other items, which includes the impact of the fair value measurement of ineffective hedges and other income and expenses not directly related to financing.

(Millions of euros)	2019	2018	VAR.
Financial income from financing	*18*	*6*	*192%*
Financial expenses from financing	*-282*	*-239*	*-18%*
Net financial income/(expense) from the financing of infrastructure projects	-264	-233	-13%
Profit/(loss) from derivatives (*)	*-1*	*1*	*198%*
Other net financial income/(expense)	*2*	*2*	*9%*
Other net financial income/(expense) from infrastructure projects	1	3	59%
Total net financial income/(expense) from infrastructure projects	**-263**	**-230**	**-14%**
Financial income from financing	*75*	*57*	*32%*
Financial expenses from financing	*-47*	*-48*	*3%*
Net financial income/(expense from financing ex-infrastructure project companies	28	9	-222%
Profit/(loss) from derivatives (*)	*36*	*23*	*55%*
Other net financial income/(expense)	*6*	*7*	*-14%*
Other net financial income/(expense) ex-infrastructure project companies	42	30	39%
Total net financial income/(expense) ex-infrastructure project companies	**69**	**39**	**80%**
NET FINANCIAL INCOME/(EXPENSE)	**-194**	**-192**	**-1%**

(*) Included in the fair value column in relation to the net financial income/(expense) in the consolidated income statement for a total amount of EUR 35 million in 2019 and EUR 24 million in 2018.

- **The net financial income/(expense) on the financing of the infrastructure project companies:** amounted to EUR -264 million in 2019 (31 December 2018: EUR -233 million). Of this profit/(loss), EUR -282 million relates to the external financing of these companies. The following table provides a breakdown of this financial expense, which includes the expenses capitalised as a result of toll roads under construction:

INFRASTRUCTURE PROJECT FINANCING EXPENSES

(Millions of euros)	2019	2018
Accrued financing expenses	-302	-271
Expenses capitalised during the construction period	20	32
FINANCIAL EXPENSES IN P&L	**-282**	**-239**

The movement in net financial income/(expense) is explained mainly by the reduction in the amount capitalised compared to 2018 (EUR -12 million) in respect of Toll roads under construction, due mainly to the opening of sections of the I-77 and NTE Segment 3, as well as the increase in interest accrued on US toll road borrowings (EUR -34 million).

- **The other net financial income/(expense) from infrastructure projects:** mainly refers to all other net financial income/(expense), which includes exchange rate differences and other profit/(loss) that are classified as financial income but are not directly linked to financing. The main impacts are detailed in the following table:

OTHER NET FINANCIAL INCOME/(EXPENSE) INFRASTRUCTURE PROJECT COMPANIES

(Millions of euros)	2019	2018	VAR. 19/18
Cost of bank guarantees	-4	-1	-3
Provision from expected IFRS 9 losses	10	7	4
Restatement of provisions for financial purposes	-3	-2	-1
Foreign exchange differences	0	0	0
Other	-1	-1	0
TOTAL	**2**	**2**	**0**

- **The financial income from ex-infrastructure projects** in 2019 amounted to EUR 28 million (31 December 2018: EUR 9 million), relating to external borrowing costs (EUR -47 million) and financial income primarily obtained from financial investments (EUR 75 million). The improvement over the 2018 financial year is primarily due to the higher return from cash resources compared to the previous financial year (improved position in Canadian dollars, which earn a higher return than the euro).
- **Other financial results from ex-infrastructure projects** include the impact of derivatives and other fair value adjustments primarily relating to the impact of the derivatives not designated as hedges, including most notably, equity swaps arranged by the Group to hedge the impact on equity of share-based variable remuneration schemes (see Note 6.7) with a positive impact in 2019 of EUR 25 million due to the good performance of the share price in 2019.
- Excluding the effects caused by derivatives, the remaining net financial income/(expense) from ex-infrastructure project companies are shown below:

OTHER NET FINANCIAL INCOME/(EXPENSE) FROM EX-INFRASTRUCTURE PROJECT COMPANIES

(Millions of euros)	2019	2018	VAR. 19/18
Cost of guarantees	-35	-29	-6
Provision from expected IFRS 9 losses	0	-1	1
Late-payment interest	7	11	-3
Foreign exchange differences	2	-3	5
Interest on loans to equity-accounted companies	14	16	-3
Interest on tax assessments	-7	-6	1
Cost of bank guarantees	19	18	1
Other	6	0	6
TOTAL	**6**	**7**	**-1**

This sub-section principally includes the cost of guarantees, late payment interest, foreign exchange differences, interest on loans granted to equity-accounted companies, financial expenses on pension plans and interest on tax proceedings. In 2019, bank guarantee income reflects the billing of bank guarantees to equity-accounted projects (EUR 19 million), in particular the I-66 toll road.

Impact on cash flow: As can be observed in the following table, the difference between the net financial income/(expense) on financing and the interest cash flows reported in the cash flow statement is EUR -44 million.

Millions of euros	NET FINANCIAL INCOME/(EXPENSE) ON UNCAPITALISED FINANCING	INTEREST CASH FLOW	DIFFERENCE
Infrastructure projects	-284	-239	-46
Ex-infrastructure projects	28	26	2
TOTAL	**-256**	**-212**	**-44**

This difference at project level primarily comes from the US toll roads (NTE, LBJ, NTE Segment 3 and I-77), in which the financing agreements allow for the capitalisation of interest during the early years of the concession, in such a way that it is added to the principal and means that there is no outflow of cash during the financial year (EUR -83 million), as well as the impact of the reclassification of the Services Division as a discontinued operation (EUR 24 million), given that it is not reflected in the net financial income/(expense) of the division in the line item "Net financial income/expense on financing" in the income statement, but the interest cash flow is in the Cash Flow Statement.

2.7. SHARE OF PROFITS OF EQUITY-ACCOUNTED COMPANIES

The share of the net profit of equity-accounted companies in 2019 amounted to EUR 296 million (2018: EUR 239 million). The detail of the most significant companies is as follows:

PROFIT/(LOSS) OF EQUITY-ACCOUNTED COMPANIES

(Millions of euros)	2019	2018
HAH	106	70
407 ETR	153	136
Other	37	33
TOTAL	**296**	**239**

In 2019 HAH's profit/(loss) most notably includes non-recurring impacts due to the impact of the fair value adjustments relating to the valuation of derivatives (primarily due to the performance of the ILSs contracted), which had a positive impact of EUR 31 million (2018: EUR 3 million). Excluding these non-recurring impacts, HAH's profit/(loss) improved by EUR 7 million compared to the previous year, reaching EUR 80 million at 31 December 2019 (31 December 2018: EUR 66 million).

In terms of 407 ETR, the positive performance compared to December 2018 (EUR 17 million) is primarily due to the increase in toll rates.

Within the item "Other", of particular note are the Portuguese toll roads Auto-Estrada Norte Litoral (EUR 9 million) and Autoestrada do Algarve (EUR 6 million), as well as AGS Airports (EUR 9 million) and other projects for the amount of EUR 13 million.

Note 3.5 provides greater detail on the profit/(loss) of these companies.

2.8. CORPORATE INCOME TAX AND DEFERRED TAXES

2.8.1. Explanation of the corporate income tax expense for the year and the applicable tax rate

The corporate income tax rebate for 2019 amounted to EUR -47 million (2018: EUR -24 million), this amount:

- Does not include the corporate income tax expense relating to equity-accounted companies (see Notes 2.7 and 3.5) which, pursuant to accounting legislation, the result is presented net of the related tax effect.
- Includes a corporate income tax rebate relating to prior financial years in the amount of EUR 7 million (2018: EUR 39 million), primarily due to the regularisation of assets and liabilities for deferred taxes from prior years.

Once the pre-tax profit/(loss) (EUR 504 million), the profit from these equity-accounted companies (pre-tax profit of EUR 296 million), permanent differences (EUR -34 million) and consolidated results without tax effects (EUR 46 million) have been excluded, and considering the expense due to corporate income tax adjusted for regularisations in prior years (EUR 54 million), the resulting effective corporate income tax rate is 25%, as detailed in the following table.

This effective tax rate is in line with the rates applicable in the main countries in which Ferrovial has a presence.

2019 (Millions of euros)	SPAIN	UK	AUSTRALIA	US	POLAND	CANADA	OTHER COUNTRIES	TOTAL
PRE-TAX PROFIT	**569**	**55**	**-62**	**-363**	**73**	**173**	**60**	**504**
Profit/(loss) from equity-accounted companies	-3	-114	-6	0	0	-158	-15	-296
Permanent differences	-452	27	69	266	45	7	4	-34
Profit/(loss) from consolidation with no tax impact	0	0	0	45	0	6	-5	46
TAXABLE INCOME	**116**	**-32**	**1**	**-53**	**118**	**27**	**44**	**219**
INCOME TAX EXPENSE FOR THE YEAR	**-189**	**6**	**0**	**107**	**-26**	**-15**	**69**	**-47**
Change in prior years' tax estimates	158	0	0	-96	3	8	-79	-7
ADJUSTED TAX EXPENSE/ BENEFIT	**-30**	**6**	**0**	**11**	**-23**	**-7**	**-10**	**-54**
Effective rate applicable to taxable income	26%	18%	30%	21%	20%	26%	24%	25%
Effective national tax rate	25%	19%	30%	21%	19%	27%		

The following is an explanation of the various items that must be adjusted in order to calculate the effective tax rate:

- Permanent differences. This item relates to the year's expenses or income which, pursuant to the tax legislation applicable in each of the countries, are not deductible (expenses) or taxable (income) in the year, and are not expected to be deductible or taxable in future years. The cumulative balance in this item is income of EUR -34 million. The most significant of these adjustments are broken down below:
  - Capital gains generated by the sale of assets in the Toll Roads Division (EUR -480 million), primarily for the sale of Autopista del Sol, which are exempt from tax (see Note 1.1.4).
  - Losses that are generated in specific contracts performed outside Spain and do not generate a tax credit, primarily in the US Construction Division (EUR 407 million).
  - Impairment of the Autema toll road receivable, without any tax impact (see Note 2.5), in the amount of EUR 58 million.
  - Limited deductibility of financial expenses for corporate income tax equating to an impact of EUR 7 million in the Toll Roads Division in Portugal.
  - Various different types of non-deductible expenses, primarily related to Budimex for EUR 12 million.
  - Prior years' deductions of EUR -16 million.
- Profit/(loss) on consolidation with no tax impact. This item relates to profit/(loss) derived from accounting consolidation criteria which do not have any tax implications. The accumulated balance for this concept is an expense of EUR 46 million that relates to profit in concession project companies in the US, Canada and Portugal, in which other companies have ownership interests and which are fully consolidated. The tax credit is recognised solely at Ferrovial's percentage of ownership as these companies are taxed under pass-through tax rules; the shareholders of these companies are the taxpayers, at the percentage of ownership that they hold therein.

- The following table includes the detail of the calculation of the effective tax rate for 2018.

2018 (Millions of euros)	SPAIN	UK	AUSTRALIA	US	POLAND	CANADA	OTHER COUNTRIES	TOTAL
PRE-TAX PROFIT	**113**	**27**	**-44**	**-20**	**105**	**147**	**157**	**486**
Profit/(loss) from equity-accounted companies	-4	-73	-2	0	0	-141	-19	-239
Permanent differences	22	-4	4	2	26	11	-16	44
Profit/(loss) from consolidation with no tax impact	0	0	0	-14	0	4	0	-10
TAXABLE INCOME	**131**	**-49**	**-43**	**-32**	**131**	**22**	**121**	**281**
INCOME TAX EXPENSE FOR THE YEAR	**-91**	**10**	**16**	**101**	**-25**	**-7**	**-29**	**-24**
Change in prior-year tax estimates	58	0	-3	-95	-1	1	0	-39
ADJUSTED TAX EXPENSE/ BENEFIT	**-33**	**9**	**13**	**7**	**-26**	**-6**	**-29**	**-65**
Effective rate applicable to taxable income	25%	19%	30%	20%	20%	26%	24%	23%
Effective national tax rate	25%	19%	30%	21%	19%	27%		

2.8.2 Detail of the current and deferred tax expense and the tax paid in the year

The breakdown of the income tax expense for 2019 and 2018, differentiating between current tax, deferred tax and changes in prior years' tax estimates, is as follows:

(Millions of euros)	2019	2018
INCOME TAX EXPENSE FOR THE YEAR	**-47**	**-24**
Current tax expense	-73	-41
Deferred tax expense	31	-7
Tax effect of consolidation adjustments in equity	-12	-17
Change in tax estimates from prior years and other regularisations	7	39

The corporate income tax paid in the year, both for continuing and discontinued operations amounted to EUR 61 million, as shown in the note on cash flows (see Note 5.3).

2.8.3. Movements in deferred tax assets and liabilities

The detail of the changes in the deferred tax assets and deferred tax liabilities in 2019 is as follows:

ASSETS (Millions of euros)	BALANCE AT 01/01/19	TRANSFERS AND OTHER	CHANGE IN PRIOR YEARS' ESTIMATES	CHARGE /CREDIT TO PROFIT/ (LOSS)	CHARGE/ CREDIT TO EQUITY	EXCHANGE RATE EFFECT	BALANCE AT 31/12/19
Tax credits	214	-4	-141	-17	1	2	55
Differences between tax and accounting criteria	347	-108	10	82	0	1	332
Deferred equity measurements	88	0	0	1	26	-1	115
Other items	14	8	-17	-4	0	0	1
TOTAL	663	-105	-148	62	28	2	502

LIABILITIES (Millions of euros)	BALANCE AT 01/01/19	TRANSFERS AND OTHER	CHANGE IN PRIOR YEARS' ESTIMATES	CHARGE /CREDIT TO PROFIT/ (LOSS)	CHARGE/ CREDIT TO EQUITY	EXCHANGE RATE EFFECT	BALANCE AT 31/12/19
Deferred liabilities relating to goodwill	32	7	-4	3	0	0	38
Differences between tax and accounting criteria	443	-6	-160	28	0	6	310
Deferred equity measurements	90	1	0	0	24	0	115
Other items	8	4	0	0	1	0	12
TOTAL	**574**	**4**	**-165**	**31**	**24**	**6**	**475**

The movements in deferred tax assets and liabilities most notably include the impact of the exclusion from the consolidation scope of Autopista del Sol, which lead to a decrease in deferred assets of EUR 81 million (see Note 1.1.4).

The deferred tax assets and liabilities entered at 31 December 2019 arose mainly from:

a) Tax credits

These are tax credits that have not yet been used by companies in the Group. This line item does not include all the existing tax credits, but rather only those that, based on the Group's projections, are expected to be able to be used before they expire. The total balance recognised amounts to EUR 54 million, of which EUR 39 million relate to negative tax loss carryforwards. The remaining effect relates to deductions that Ferrovial has accredited on the basis of double taxation, reinvestment and other items that remained pending application on 31 December 2019, amounting to a total of EUR 50 million (2018: EUR 61 million), of which EUR 15 million have been carried forward.

The detail of the total tax loss carryforwards, distinguishing between the maximum tax asset and the tax asset recognised based on the projected recoverability of continuing and discontinued operations, is as follows:

CONTINUING OPERATIONS COUNTRY	TAX-LOSS CARRY FORWARDS	EXPIRY DATE	MAXIMUM TAX CREDIT	TAX CREDIT CARRIED FORWARD
Spanish Consolidated Tax Group	472	No expiry date	118	0
US consolidated tax group	335	No expiry date	70	0
Canada	125	2024-2040	33	14
UK	65	No expiry date	12	7
Other	176	2020-No expiry date	41	17
TOTAL	**1,173**		**276**	**39**

DISCONTINUED OPERATIONS COUNTRY	TAX-LOSS CARRY FORWARDS	EXPIRY DATE	MAXIMUM TAX CREDIT	TAX CREDIT CARRIED FORWARD
Spanish Consolidated Tax Group	9	No expiry date	2	2
US consolidated tax group	17	No expiry date	0	0
Australia	304	No expiry date	91	91
UK	686	No expiry date	130	33
Other	121	2020-No expiry date	36	10
TOTAL	**1,136**		**260**	**136**

Spanish consolidated tax group:

For the purpose of ascertaining the recoverability of the tax-loss carryforwards and tax credits, a model was designed based on the Group companies' latest available results projections, the decision having been taken not to recognise all of the tax credits given the current uncertainty surrounding the sale of Autopista del Sol (Note 1.1.4) and the divestment of the Services division (Note 1.1.3).

US consolidated tax group:

At 31 December 2019, the balance of tax-loss carryforwards pending use of the consolidated tax group in the US totalled EUR 70 million. In line with the approach adopted in prior years, the Group has decided not to enter all of its tax credits, given the uncertainty of whether they will be recoverable, and that they could be delayed by new projects being awarded.

Australia:

Following the acquisition of Broadspectrum, Ferrovial formed a consolidated tax group with all of its Australian companies. When Broadspectrum is effectively divested, the company owning all the rights to the tax credits will be the parent of the Services Division tax group, so it has been decided to transfer the credits generated by the Construction and Toll Road divisions to 31 December 2018 to discontinued operations (EUR 19 million). Based on profit projections, tax-loss carryforwards were recognised in Australia in the amount of EUR 91 million for discontinued operations.

UK:

From 1 April 2017, new tax rules came into effect in the United Kingdom, with the application of new regulations that have an impact on the consolidated tax Group in the country. The main movements consist of a restriction on the use of tax losses; possible offset of 100% of taxable income up to GBP 5 million and 50% of the remaining taxable income for an unlimited time, whether the credit was generated before or after the date on which the reform came into effect. Tax-loss carryforwards may also be used by any company in the consolidated Group. Based on this new scheme, in the 2019 financial year tax-loss carryforwards were recognised in the United Kingdom in the amount of EUR 33 million and EUR 7 million for discontinued and continuing operations respectively.

b) Assets and liabilities arising from temporary differences between accounting and tax criteria

This line item relates to the tax impact resulting from the fact that the timing of recognition of certain expenses or depreciation and amortisation charges is different for accounting and tax purposes.

The recognition of a tax asset in this connection means that certain expenses have been recognised for accounting purposes before their recognition for tax purposes and, therefore, the company will recover these expenses for tax purposes in future years. Conversely, a liability for this item represents an expense that is recognised for tax purposes before its recognition for accounting purposes.

The deferred tax assets include most notably:

- Provisions recognised for accounting purposes which do not have a tax effect until they are materialised (EUR 206 million).
- Deferred tax assets of EUR 106 million arising as a result of differences between the tax and accounting methods used to recognise income, mainly in the Construction Division.
- Accelerated depreciation and amortisation for accounting purposes (EUR 9 million).

The balance of the liabilities relates mainly to:

- Differences between tax and accounting criteria in relation to the recognition of provisions (EUR 93 million).
- Deferred tax liabilities for differences between tax and accounting amortisation (EUR 99 million).
- Deferred tax assets of EUR 25 million arising as a result of differences between the tax and accounting methods used to recognise income, mainly in the Construction Division.
- Deferred tax liabilities of EUR 46 million arising as a result of differences between the tax and accounting methods used to recognise income in accordance with IFRIC 12, mainly in the Toll Road Division.

c) Deferred taxes arising from equity measurement adjustments

This reflects the cumulative tax impact resulting from measurement adjustments recognised in reserves. This impact appears as an asset or liability since there is generally no direct tax effect until this amount in reserves is transferred to profit/(loss).

The asset balance relates to accumulated losses in reserves that will have a tax impact when they are recognised in profit/(loss). Conversely, the liability balance relates to gains not yet recognised for tax purposes. Noteworthy are the deferred tax asset and liability relating to financial derivatives amounting to EUR 114 million and EUR 115 million, respectively.

d) Deferred taxes relating to goodwill

These relate to deferred tax liabilities relating to the tax credit for goodwill amounting to EUR 38 million, which mainly include those related to the amortisation of Webber, LLC goodwill.

The detail of the movements in the deferred tax assets and deferred tax liabilities in 2018 is as follows:

ASSETS (Millions of euros)	BALANCE AT 01/01/18	TRANSFERS AND OTHER	CHANGE IN PRIOR YEARS' TAX ESTIMATES	CHARGE/CREDIT TO INCOME STATEMENT	CHARGE/CREDIT TO EQUITY	EXCHANGE RATE EFFECT	IFRS 9	DISCONTINUED OPERATIONS	BALANCE AT 31/12/18
Tax credits	353	43	-88	85	0	-5	0	-174	214
Differences between tax and accounting criteria	462	-1	27	5	1	-9	12	-149	350
Deferred equity measurements	102	0	0	-4	-1	0	0	-8	88
Other items	118	-51	23	-8	-7	1	0	-62	12
TOTAL	**1,035**	**-9**	**-38**	**78**	**-8**	**-13**	**12**	**-393**	**664**

LIABILITIES (Millions of euros)	BALANCE AT 01/01/18	TRANSFERS AND OTHER	CHANGE IN PRIOR YEARS' ESTIMATES	CHARGE/CRED IT TO INCOME STATEMENT	CHARGE/C REDIT TO EQUITY	EXCHAN GE RATE EFFECT	IFRS 9	DISCONTINUED OPERATIONS	BALANCE AT 31/12/18
Deferred liabilities relating to goodwill	223	5	0	8	0	0	0	-205	32
Differences between tax and accounting criteria	541	-1	-106	40	4	6	0	-41	443
Deferred equity measurements	81	0	0	0	10	0	0	0	90
Other items	56	6	5	-4	-1	-1	0	-54	8
TOTAL	**900**	**11**	**-100**	**44**	**13**	**5**	**0**	**-300**	**574**

2.8.4. Years open to tax inspection

In accordance with prevailing tax legislation, taxes may not be deemed to be finally settled until the returns filed have been inspected by the tax authorities or the four-year limitation period has elapsed. The tax authorities have a period of 10 years to verify and investigate tax-loss carryforwards and certain deductions pending offset.

Ferrovial S.A. is currently undergoing a tax inspection relating to a Recovery Procedure for Spanish State Aid linked to the tax write-down of financial goodwill resulting from the acquisition of Amey (EU Decision 2015/314 of the European Commission of 15 October 2014 (Third Decision)) (see Note 6.5.1), in connection with corporate income tax for the years 2016 to 2018. The tax inspection is currently at the documentation submission stage and tax assessments are expected to be raised during 2020.

The verification and inspection proceedings that began in July 2017 on the companies Ferrovial S.A. and its Spanish tax consolidated group, Ferrovial Agroman S.A., Ferrovial Servicios, S.A. and Ferrovial Internacional S.L.U. in respect of corporate income tax for 2012 to 2014, value added tax for June 2013 to December 2015, withholdings and payments on account of earned income and professional fees for June 2013 to December 2015, and withholdings on account of non-resident income tax for June 2013 to December 2015 were completed in the second half of 2019, when notifications were received of the settlement resolutions derived from the tax assessments accepted and not accepted. Claims have been lodged against the settlement resolutions in the economic-administrative courts and are currently being processed pending a ruling. Given these proceedings a net tax provision of EUR 15 million has been set aside during 2019.

The last four years are open to inspection for all applicable taxes.

The criteria that the tax authorities might adopt in relation to the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. It is considered that any possible material tax contingencies had been adequately provisioned at year-end.

2.8.5. Tax regime applicable to Ferrovial S.A.

Ferrovial, S.A. has filed consolidated tax returns since 2002. The companies composing the Consolidated Tax Group together with Ferrovial, S.A. in 2019 are detailed in Appendix II. In 2014, the entity adopted the tax system laid down in Articles 107 and 108 of Corporate Income Tax Act ("LIS") 27/2014, of 27 November. Given that the implementation of such system affects the taxation of potential dividends or capital gains obtained by company shareholders, a note describing the tax treatment applicable to shareholders is attached as Appendix I to these consolidated annual accounts, as well as information on tax results by Ferrovial S.A. to be considered by the shareholders for the purposes of applying this system.

NOTES ON PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

2.9. PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

As discussed in Note 1.1.3, at 31 December 2019, and as in 2018, the Services Division is classified to discontinued operations, the impact on the income statement of this business area is now reported in one line item "net profit/(loss) from discontinued operations". This line also includes an impairment loss equal to the difference between the estimated fair value of the assets and their carrying amount.

With respect to the Australia and New Zealand business, the transaction closing price (EUR 303 million), minus estimated costs to sell (EUR -3 million), were used as references to determine fair value. This entailed recognising an impairment loss of EUR -270 million in the final quarter of 2019, in addition to the EUR -170 million already recorded in the third quarter (see Note 1.1.3).

For a better understanding of the profit/(loss) of the Service business and the way in which it has been included in the Group's consolidated profit/(loss), the accompanying table provides a breakdown by line of the profit/(loss) of the discontinued operation:

(Millions of euros)	2019	2018	VAR.
Revenues	6,995	6,785	211
Gross operating profit	**382**	**136**	**247**
Fixed asset depreciation	-288	-222	-66
Operating income before impairment losses and fixed asset disposals	**95**	**-87**	**181**
Impairment and fixed asset disposals	-5	2	-7
Operating profit/(loss)	**89**	**-85**	**174**
Net financial income/(expense)	**-74**	**-78**	**4**
Share of profits of equity-accounted companies	29	15	14
Pre-tax consolidated profit/(loss)	**45**	**-148**	**193**
Corporate income tax	-16	47	-63
Post-tax profit/(loss)	**29**	**-101**	**130**
Profit/(loss) for the year attributed to non-controlling interests	-3	-4	1
Profit/(loss) for the year attributed to the Parent Company	**26**	**-105**	**131**
Adjustments from discontinued operations	216	30	186
Fair value provision	-440	-774	334
Profit/(loss) from discontinued operations	**-198**	**-848**	**650**

When analysing the different components of the profit/(loss) for discontinued operations, the following is noteworthy:

EBITDA in 2019 stood at EUR 382 million, compared to EUR 136 million in 2018. This improvement is primarily due to 2018 profit/(loss) recognising the impact of the Birmingham contract amounting to EUR -235 million (GBP -208 million).

The net financial income/(expense) amounted to EUR -74 million in 2019, in line with the figure for 2018 (EUR -78 million).

Adjustments for discontinued operations in 2019 mainly comprise the elimination of asset depreciation and the elimination of internal operations amounting to EUR 216 million (see Note 1.1.3).

The fair value provision relates to the aforementioned impairments at the Australia business.

NOTES ON PROFIT/(LOSS) FROM NON-CONTROLLING INTERESTS, NET PROFIT/(LOSS) AND EARNINGS PER SHARE

2.10. PROFIT/(LOSS) FROM NON-CONTROLLING INTERESTS

In 2019 the profit/(loss) attributed to non-controlling interests amounted to EUR 9 million (December 2018: EUR -57 million).

This figure relates to the profits obtained by Group Companies that may be allocated to other partners with a stake in the said companies. The figures shown as positive numbers refer to companies that generate losses, and the figure is therefore shown as a negative number.

(Millions of euros)	2019	2018	VAR. 19/18	NON-GROUP %
Budimex Group	-22	-24	3	44.90%
Autopista del Sol (*)	-5	-2	-4	15.00%
Autop. Terrasa Manresa, S.A.	-16	-17	0	23.70%
LBJ Infrastructure Group	-4	4	-8	45.4%
NTE Mobility Partners	-9	-4	-4	37.1%
FAM Construction LLC	37	-1	38	30.0%
Sugar Creek Construction LLC	27	-3	30	30.0%
Other companies	4	-7	11	
Total Continuing Operations	**12**	**-53**	**65**	
TOTAL Discontinued Operations	**-3**	**-4**	**1**	
TOTAL	**9**	**-57**	**67**	

*In December 2019 65% of Autopista del Sol was sold (see Note 1.1.4)

The main change was the decline in results at FAM Construction LLC (EUR 38 million) and Sugar Creek LLC (EUR 30 million), due to losses recognised in the first quarter of the year in relation to construction contracts in the US, as detailed in Note 6.3., offset by the improved results recognised at the North Tarrant Express and LBJ Infrastructure Group toll roads.

2.11. NET PROFIT/(LOSS) AND EARNINGS PER SHARE

The calculation of earnings per share attributed to the parent company is as follows:

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(Millions of euros)	2019	2018
Net profit/(loss) attributed to the parent company (millions of euros)	268	-448
Perpetual subordinated bond, net cost	-8	-8
Net adjusted profit/(loss) attributed to the parent company (millions of euros)	260	-456
Weighted average number of shares outstanding (thousands of shares)	742,193	738,479
Less average number of treasury shares (thousands of shares)	-10,514	-8,259
Average number of shares to calculate basic earnings per share	731,679	730,220
TOTAL BASIC/DILUTED EARNINGS PER SHARE (EUROS)	**0.35**	**-0.61**
Adjusted net profit/(loss) from continuing operations (millions of euros)	448	449
BASIC EARNINGS PER SHARE, CONTINUING OPERATIONS (EUROS)	**0.61**	**0.61**
Net profit/(loss) from discontinued operations (millions of euros)	-198	-848
BASIC EARNINGS PER SHARE, DISCONTINUED OPERATIONS (EUROS)	**-0.27**	**-1.16**

Basic earnings per share have been calculated by dividing profit for the year attributed to the parent company's shareholders, adjusted for the net coupon for the year on the subordinated perpetual bonds issued by the group and taken directly to equity (see Note 5.1.2.d), by the weighted average number of ordinary shares outstanding, excluding the average number of treasury shares held during the year.

As regards diluted earnings per share, it should be noted that the Group did not have any dilutive potential ordinary shares, since no convertible debt instruments were issued and the share-based remuneration schemes described in Note 6.7 will not give rise to any share capital increases at the Group. Consequently, no dilutive impact is envisaged when employee rights under the plans are exercised. Hence there is no difference between the basic and diluted earnings per share.

The capital increases carried out by the Group in 2018 and 2019 to meet commitments to make share-based payments to shareholders availing themselves of scrip dividend arrangements (see Note 5.1.1.) do not distort earnings per share since the company's policy is to reduce share capital in the amount approximately equivalent to the shares issued (see Note 5.1.2.a).

The detail of net profit/(loss) by geographical area is as follows:

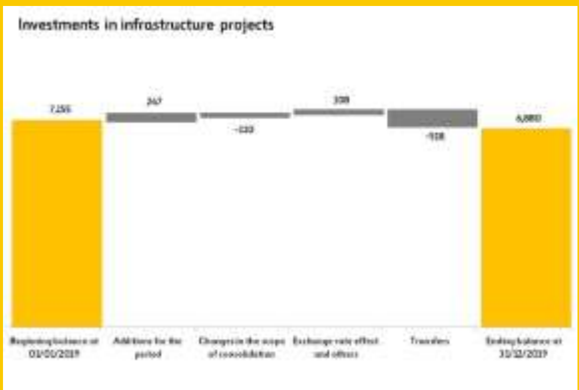
(Millions of euros)	2019	2018	VAR. 19/18
Spain	583	38	545
Canada	163	147	16
Australia	-464	-17	-448
USA	-194	75	-269
UK	82	-878	961
Poland	26	46	-20
Chile	22	52	-30
Ireland	18	19	-1
Greece	0	77	-77
Other	32	-6	38
TOTAL	**268**	**-448**	**716**

The earnings by business segment are shown in Appendix III

SECTION 3: NON-CURRENT ASSETS

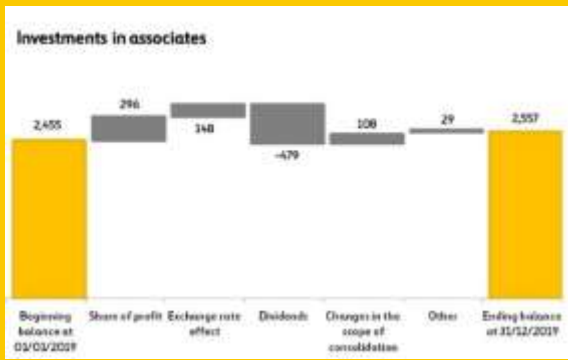
This section includes the Notes on non-current assets in the consolidated balance sheet, excluding deferred tax assets (Section 2) and financial derivatives (Section 5).

The main components of the non-current assets at December 2019 at Ferrovial are "fixed assets in infrastructure projects" amounting to EUR 6,880 million, accounting for 56% of total non-current assets (see Note 3.3), "investments in associates" amounting to EUR 2,557 million (relating mainly to the investments in HAH and 407 ETR), accounting for 20% of total non-current assets (see Note 3.5). The "Goodwill on consolidation" (EUR 248 million) accounts for 2% of total non-current assets.



As regards the performance of fixed assets in infrastructure projects, the movement as compared with the previous financial year is primarily due to changes in the consolidation scope due to the sale of 65% of Autopista del Sol (see Note 1.1.4), as well as fixed asset additions (EUR 247 million) and disposals (EUR -110 million) arriving to the net amount of EUR 137 million, primarily in projects under development in the US, as well as the exchange rate effect (appreciation of the US dollar against the euro), which has caused an impact of EUR 108 million.

Investments in associates increased by EUR 70 million, due principally to the share of the profit of these companies (EUR 296 million), the exchange rate effects, primarily due to the appreciation of the pound sterling and the Canadian dollar (EUR 148 million), as well as the classification to Investments in associates of the 15% held in Ausol for EUR 111 million, following the disposal carried out in 2019 (see Note 1.1.4), partly offset by the distribution of dividends amounting to EUR 479 million, primarily from HAH and 407 ETR.



Goodwill decreased by EUR 124 million due mainly to the aforementioned sale of Autopista del Sol (EUR -70 million) and to the reclassification of Autema's receivable (EUR -58 million), increasing the balance.

3.1. GOODWILL AND ACQUISITIONS

The table below details the movements in Goodwill in 2019:

(Millions of euros)	2018	CHANGE IN CONSOLIDATION SCOPE	RECLASSIFICATION	EXCHANGE RATE	2019
Construction	**202**	**0**	**0**	**3**	**205**
Budimex	68	0	0	0	68
Webber	134	0	0	3	137
Toll roads	**128**	**-70**	**-58**	**0**	**0**
Ausol	70	-70	0	0	0
Autema	58	0	-58	0	0
Airports	**42**	**0**	**0**	**1**	**43**
Transchile	42	0	0	1	43
TOTAL	**372**	**-70**	**-58**	**4**	**248**

3.1.1. Movements over the year

The following is a description of the main changes by type of change:

Changes in the consolidation scope

The impact of changes in the consolidation scope relates to the goodwill allocated to Autopista del Sol, the company sold to the French infrastructure fund Meridiam (see Note 1.1.4).

Reclassifications

In 2019, the company reclassified the goodwill allocated to the Autema project (EUR 58 million) as an increase in the amount of the account receivable recognised in respect of the concession, since the recoverability of both assets is tied to the receipt of the same contractual flows (see Note 3.3.2).

3.1.2. Goodwill impairment tests

A. Construction Division goodwill (Webber and Budimex):

Methodology and discount rate

The goodwill of Webber (US) and Budimex (Poland) amounted to EUR 137 million and EUR 68 million, respectively, at 31 December 2019 (31 December 2018: EUR 134 million and EUR 68 million, respectively).

In the case of Webber, five-year projections are adopted and the residual value is based on the cash flow for the last year projected, provided that this cash flow is normalised, and applying a growth rate that in no case exceeds the long-term growth rate estimated for the market in which the company operates. The cash flows are discounted at a discount rate (WACC) after tax of 7.1% (compared to 8.5% in 2018) and a growth rate into perpetuity of 2.0% (2018: 2.25%). The risk-free interest rate used to calculate the WACC is 2.25%, 34 basis points above the ten-year US bond rate at 31 December 2019.

In 2019, the approximate discount rate (WACC) before tax amounted to 8.5% (compared with 10.0% in 2018).

In the case of Budimex, since it is listed on the Warsaw Stock Exchange, the goodwill was tested for impairment by ascertaining whether the closing market price at 31 December 2019 of the Budimex share was higher than its carrying amount plus the allocated goodwill. The test did not show the existence of any impairment.

Main factors that affect the valuation and performance compared with the previous year and budget:

The projected cash flows are based on the latest estimates approved by the company, which take into account recent historical data. The main factors that affect the cash flow projections of Webber are revenue forecasts and the projected operating margins. These projections are based on four basic components: the existing order book, winning new contracts, estimated future margins and the perpetuity growth rate. It should be noted that the forecast operating margins are lower than the historical margins of recent years, in line with average margins in the industry. The perpetuity growth rate used was 2.00%, which is similar to long-term inflation forecasts for the US without considering present economic growth.

Impairment test results:

The value of Webber resulting from application of this impairment test model is 107% higher than its carrying amount (compared to 75% in 2018).

The residual value of Webber represents 42% of the total value after the specific forecast period.

The quoted market price of the Budimex share at 31 December 2019 was 546% higher than its carrying amount (compared to 278% in 2018).

Sensitivity analysis:

A sensitivity analysis was performed on Webber's goodwill, particularly in relation to the operating profit margin, the discount rate and the perpetuity growth rate, so as to ensure that possible changes in the estimate do not have an impact on the possible recovery of the goodwill recognised.

Specifically, a pessimistic scenario was taken into consideration with a perpetuity growth rate of 1% and a reduction in the profit from operations of 50 basis points. The value disclosed in this scenario presents a buffer of 80% over the carrying amount.

On this basis, the valuation disclosed would equal the carrying amount if the reduction in the margin with respect to the projected figure was 395 basis points, thereby leaving the assumption of perpetuity growth at 1%.

Lastly, it should be stated that in a scenario maintaining the margins but assuming a zero perpetuity growth rate (compared to 2%), there would be no impairment.

At Budimex, due to the significant buffer between the quoted market price and its carrying amount, the company considers that there is no evidence of impairment.

C. Transchile goodwill:

In addition to the goodwill relating to Budimex and Webber, the remaining goodwill relates to Transchile (the transmission line operating company in Chile).

Based on the goodwill impairment test findings, the buffer is 14% with respect to the carrying amount of EUR 61.6 million. The flows were discounted at a 6.8% cost of capital (8.1% before taxes), which is in line with the rate used to calculate goodwill impairment in 2018.

3.2. INTANGIBLE ASSETS

At year-end 2019, the balance of intangible assets other than infrastructure projects amounted to EUR 62 million (2018: EUR 32 million).

This line item includes:

- "Rights on Concessions" includes the rights to operate the tenders that are not classified as projects (see definition in Note 1.1.2). At 31 December 2019, this is not a significant amount (31 December 2018: EUR 4 million).
- "IT applications" with a net value of EUR 7 million (31 December 2018: EUR 6 million).
- "Contracts with customers and commercial relations", relating to the net value of the commercial order book, customer databases and other intangible assets, in the amount of EUR 57 million (31 December 2018: EUR 24 million) primarily derived from the Budimex Services business included in the Construction Division.
- During the financial year, no significant fully depreciated assets have been written down.

The impact on cash flows (see Note 5.3) from additions to intangible assets rose to EUR -8 million.

3.3. INVESTMENTS IN INFRASTRUCTURE PROJECTS

3.3.1. Intangible asset model

(Millions of euros)	BALANCE AT 01.01.2019	TOTAL ADDITIONS	TOTAL DISPOSALS	EXCHANGE RATE EFFECT	CHANGES IN CONSOLIDATION SCOPE AND TRANSFERS	BALANCES AT 31/12/2019
Spanish toll roads	736	1	-23	0	-713	0
US toll roads	5,581	214	0	110	0	5,905
Other toll roads	386	4	0	0	0	391
Investment in toll roads	**6,703**	**219**	**-23**	**110**	**-713**	**6,297**
Accumulated amortisation	-424	-94	4	-2	211	-305
Net investment in toll roads	**6,279**	**125**	**-19**	**108**	**-502**	**5,992**
Investment in other infrastructure projects	2	4	0	0	0	6
Amortisation of other infrastructure projects	-1	1	0	0	0	0
Total net investment in other infrastructure projects	**1**	**5**	**0**	**0**	**0**	**6**
TOTAL INVESTMENT	**6,705**	**223**	**-23**	**110**	**-713**	**6,302**
TOTAL AMORTISATIO N AND PROVISION	**-424**	**-93**	**4**	**-1**	**211**	**-303**
TOTAL NET INVESTMENT	**6,280**	**130**	**-19**	**109**	**-502**	**5,998**

The most significant changes in 2019 were as follows:

- Exchange rate fluctuations resulted in an increase of EUR 109 million (2018: EUR 249 million) in the balance of these assets, the full amount of which was attributed to the change in the euro/US dollar exchange rate at the US toll roads (see Note 1.3).
- There were gross Toll road additions of EUR 219 million, relating in particular to the US toll road assets, which increased by EUR 214 million. Of these, the most significant involve the I-77 Mobility Partners LLC for EUR 131 million (2018: EUR 266 million), and EUR 80 million at North Tarrant Express (2018: EUR 214 million).
- Scope changes relate to disposals of the assets of Autopista del Sol which, following the sale and purchase transaction completed during the year (see Note 1.1.4), has been classified on the line Investments in associates.
- Also, "investment in other infrastructure projects" includes concession arrangements awarded to the Airports Division that are classified as intangible assets under IFRIC 12, primarily associated with electricity transmission lines in Chile for a net investment of EUR 5 million euros.

In the case of the infrastructure project companies, all their concession assets have been pledged as security for the existing borrowings (see Note 5.2). The borrowing costs capitalised in this connection in 2019 are detailed in Note 2.6.

The movements to these assets in 2018 were as follows:

(Millions of euros)	BALANCE AT 01/01/2018	TOTAL ADDITIONS	TOTAL DISPOSALS	CHANGES IN CONSOLIDATION SCOPE AND TRANSFERS	EXCHANGE RATE EFFECT	BALANCES AT 31/12/2018
Spanish toll roads	734	2	0	0	0	736
US toll roads	4,842	484	0	255	0	5,581
Other toll roads	384	0	2	0	0	386
Investment in toll roads	**5,960**	**486**	**2**	**255**	**0**	**6,703**
Accumulated amortisation	-351	-67	0	-6	0	-424
Net investment in toll roads	**5,609**	**419**	**2**	**249**	**0**	**6,279**
Investment in other infrastructure projects	521	7	0	0	-526	2
Amortisation of other Infrastructure Projects	-246	-28	0	0	274	-1
Total net investment in other infrastructure projects	**274**	**-22**	**0**	**0**	**-252**	**1**
TOTAL INVESTMENT	**6,480**	**493**	**2**	**255**	**-526**	**6,705**
TOTAL AMORTISATIO N AND PROVISION	**-598**	**-96**	**0**	**-6**	**274**	**-425**
TOTAL NET INVESTMENT	**5,883**	**398**	**2**	**249**	**-252**	**6,280**

3.3.2. Assets, receivable model

The assets accounted for using the financial asset model pursuant to IFRIC 12 relate mainly to long-term receivables (more than twelve months) from governments in return for services rendered or investments made under a concession arrangement. The movements in the years ended 31 December 2019 and 2018 were as follows:

MOVEMENTS (Millions of euros)	RECEIVABLES INFRASTRUCTURE PROJECTS 2019	RECEIVABLES INFRASTRUCTURE PROJECTS 2018
YEAR-END BALANCE	**875**	**1,035**
IFRS 9 Impact	0	-46
OPENING BALANCE	**875**	**989**
Additions	117	178
Disposals	-92	-90
Transfers and other	30	-36
Autema Impairment	-58	0
Exchange rate effect	0	2
Other	10	7
Reclassification to discontinued operations	0	-175
YEAR-END BALANCE	**883**	**875**

Note: balances shown net of allowance provisions

As mentioned in note 3.1.3 as of December 2019, the company has reclassified the total amount of the goodwill allocated to Autema project as an increase in the amount of the account receivable recognised in respect of the concession, since the recoverability of both assets is tied to the receipt of the same contractual flows.

After this reclassification, new recalculation has been performed of the asset's book value in the account receivable, as stablished in paragraph 5.4.3 of IFRS 9, calculated as the present value of the new flows, discounted at the original effective interest rate. As a result of this calculation, an impairment of 58 million euros has been recorded, equivalent to the amount of the reclassified goodwill.

Regardless of this deterioration, and as indicated in note 6.5.1.a) regarding the dispute that Autema maintains with the Generalitat of Catalonia in relation to the change of the concession regime of this project, it has been concluded that there are very solid arguments to win the resources interposed and therefore it has been decided to keep the project registered as an account receivable.

CONCESSION OPERATOR (Millions of euros)	BALANCES AT 31/12/2019 LONG-TERM RECEIVABLE	SHORT-TERM RECEIVABLE (Note 4.2)	TOTAL 2019
Autopista Terrassa Manresa, S.A.	689	27	716
TOLL ROADS	689	27	716
Concesionaria de Prisiones Lledoners	59	2	61
Concesionaria de Prisiones Figueras	98	4	102
Depusa Aragón	25	1	26
Budimex parking Wrocław	11	0	11
CONSTRUCTION	193	6	200
Denver Great Hall LLC	0	0	0
AIRPORTS	0	0	0
TOTAL GROUP	883	33	916

CONCESSION OPERATOR (Millions of euros)	BALANCES AT 31/12/2018 LONG-TERM RECEIVABLE	SHORT-TERM RECEIVABLE (Note 4.2)	TOTAL 2018
Autopista Terrassa Manresa, S.A	642	27	669
TOLL ROADS	642	27	669
Concesionaria de Prisiones Lledoners	60	2	62
Concesionaria de Prisiones Figueras	100	4	104
Depusa Aragón	26	0	26
Budimex Parking Wrocław	11	0	11
CONSTRUCTION	198	5	203
Denver Great Hall LLC	35	0	35
AIRPORTS	35	0	35
TOTAL GROUP	875	32	907

3.3.3 Impact on cash flows

The total cash flow impact of the additions to projects accounted for using the intangible asset amounted to EUR -156 million and in the case of financial asset models, disposals of EUR +115 million (see Note 5.3), which differs from the additions recognised in the consolidated balance sheet, primarily due to the following reasons:

- In projects in which the intangible asset model is applied, due to differences between the accrual basis and cash basis of accounting, as well as the capitalisation of the borrowing costs attributable to projects under construction, which do not generate cash outflows.
- In projects in which the receivable asset model is applied, due to the increases in receivables as a balancing entry to income for services rendered, which do not generate cash outflows either.
- The impact on cash flows reflects movements associated with the discontinued operation, which are not recognised in the balance sheet due to being reclassified to held for sale.

3.4. PROPERTY, PLANT AND EQUIPMENT

The movements in "property, plant and equipment" in the statement of consolidated financial position were as follows:

MOVEMENTS IN 2019 (Millions of euros)	LAND AND BUILDINGS	PLANT AND MACHINERY	OTHER FACILITIES, TOOLS AND FURNITURE	TOTAL
Investment: Balance at 01/01/2019	**53**	**468**	**164**	**685**
Additions	3	27	25	56
Disposals	-4	-14	-12	-30
Changes in the consolidation scope and transfers	31	1	25	57
Exchange rate effect	1	2	2	4
Balances at 31/12/2019	**84**	**485**	**204**	**772**
Accumulated amortisation and impairment losses at 01.01.2019	**-11**	**-307**	**-116**	**-434**
Amortisation charge	-2	-25	-18	-46
Disposals	2	10	10	22
Changes in the consolidation scope and transfers	-9	6	-12	-15
Exchange rate effect	0	1	-1	0
Impairment of property, plant and equipment	0	0	0	0
Balances at 31/12/2019	**-20**	**-316**	**-137**	**-473**
Carrying amount at 31.12.2019	**64**	**169**	**66**	**299**

The most significant changes in 2019 were as follows:

Additions:

Of the total additions, amounting to EUR 56 million, the most significant arose at the Construction Division amounting to EUR 48 million in relation to specific construction machinery acquisitions.

The detail, by business segment, of the additions to property, plant and equipment is as follows:

(Millions of euros)	2019	2018
Construction	48	51
Toll roads	5	2
Services, discontinued operations	0	114
Other	2	2
TOTAL	**56**	**169**

Impact on cash flow: The impact on cash flows arising from additions to property, plant and equipment amounted to EUR -51 million (see Note 5.3).

Disposals:

The property, plant and equipment disposals and reductions amounted to EUR 30 million and arose largely as a result of the derecognition of fully depreciated or obsolete items, which did not have a material effect on the consolidated income statement. Specifically, EUR 26 million were removed in the Construction Division.

Other disclosures relating to property, plant and equipment:

The property, plant and equipment not used in operations are not material with respect to the final consolidated balances. Impairment losses on other items of property, plant and equipment total EUR 14 million (2018: EUR 14 million), associated with the Construction Division.

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

The property, plant and equipment in the course of construction amount to EUR 7 million (2018: EUR 4 million).

At 31 December 2019, no significant property, plant or equipment items were subject to ownership restrictions or pledged as collateral for liabilities.

The following table shows the changes that occurred during 2018:

MOVEMENTS IN 2018 (Millions of euros)	LAND AND BUILDINGS	PLANT AND MACHINERY	OTHER FACILITIES, TOOLS AND FURNITURE	TOTAL
INVESTMENT: BALANCE AT 01.01.2018	**214**	**974**	**773**	**1,961**
Additions	1	78	90	169
Disposals	-2	-61	-45	-108
Changes in consolidation scope and transfers	-5	44	-44	-5
Exchange rate effect	0	-3	-15	-18
Reclassification to Discontinued Operations	-154	-563	-596	-1,313
BALANCES AT 31.12.2018	**53**	**468**	**164**	**685**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES AT 01.01.2018	**-41**	**-671**	**-547**	**-1,259**
Amortisation charge	-7	-79	-57	-143
Disposals	2	46	29	77
Changes in consolidation scope and transfers	0	3	-7	-4
Exchange rate effect	0	3	5	9
Impairment of Property, Plant and Equipment	0	0	-4	-4
Reclassification to Discontinued Operations	34	392	465	891
BALANCES AT 31.12.2018	**-11**	**-307**	**-116**	**-434**
CARRYING AMOUNT AT 31.12.2018	**42**	**161**	**48**	**251**

3.5. INVESTMENTS IN ASSOCIATES

The detail of the investments in equity-accounted companies at 2019 year-end and of the movements therein are shown in the table below. Due to their significance, the investments in 407 ETR (43.23%) and Heathrow Airport Holdings (HAH) (25%) are presented separately.

2019 (Millions of euros)	HAH (25%)	407 ETR (43.23%)	OTHER	TOTAL
BALANCE 31.12.18	**705**	**1,475**	**275**	**2,455**
Share of profit/(loss) (Note 2.7)	106	153	37	**296**
Dividends	-145	-307	-28	**-479**
Foreign exchange differences	43	101	3	**148**
Pensions	-3	0	-2	**-5**
Transfers/Scope changes	0	0	108	**108**
Other	-17	0	51	**33**
BALANCE AT 31.12.19	**690**	**1,422**	**445**	**2,557**

Movements: The movements in this item were primarily due to the distribution of dividends of EUR -479 million, offset for the following impacts:

- The exchange rate effect due to the appreciation in value of the pound sterling and the Canadian dollar against the euro, which had a positive effect of EUR 148 million.
- The increase of EUR 296 million due to the share of results for the year.
- There was also an increase of EUR 108 million in the item relating essentially to the fair value of the 15% shareholding that the group holds in Ausol for EUR 111 million, once control was lost following the sale described in Note 1.1.4.
- **Impact on cash flow:** The difference between the dividends of EUR 478 million in the foregoing table and the dividends of EUR 529 million disclosed in the cash flow statement (Note 5.3) relates mainly to interest received on loans granted to equity-accounted companies, recognised under non-current financial assets in the balance sheet (Note 3.6), and to the effect of certain exchange rate hedges related to dividends received.

The changes in this item in the consolidated balance sheet in 2018 were as follows:

2018 (Millions of euros)	HAH (25%)	407ETR (43.23%)	OTHER	TOTAL
BALANCE AT 31.12.17	**737**	**1,652**	**298**	**2,687**
Share of profit/(loss) (Note 2.7)	70	136	47	**253**
Dividends	-143	-260	-49	**-452**
Changes in share capital	0	0	61	**61**
Foreign exchange differences	-5	-55	-3	**-63**
Pensions	33	0	3	**36**
Reclassification to discontinued operations	0	0	-75	**-75**
Other	15	1	-8	**8**
BALANCE AT 31.12.18	**705**	**1,475**	**275**	**2,455**

In view of the importance of the investments in HAH and 407 ETR, below is a detail of the balance sheets and income statements of these two companies, adjusted to bring them in line with Ferrovial's accounting policies, together with comments on the changes therein in 2019.

Also, since both ownership interests were remeasured when control was lost, registering goodwill, pursuant to IAS 28 p.40 and subsequent paragraphs, the possible existence of indications of impairment is assessed on an annual basis.

3.5.1. Information relating to HAH

a. Impairment test

Based on the measurements and sensitivity analyses performed, the reference values of the most recent transactions performed by third parties and the positive changes to assets during the financial year, it was concluded that there was no impairment.

The trend was positive in 2019, with EBITDA improving by 4.5% compared to 2018. RAB grew up to GBP 16,584 million in 2019. Traffic in 2019 was also 1.0% higher than in 2018.

The main assumptions used to value this asset for impairment testing purposes were as follows:

- The most recent business plan approved by the company was considered. This plan is based on the return on assets established by the regulator for the period of six years, extended by one, ending on 31 December 2019.
- The regulator has agreed to extend the current regulatory period, iH7, by two years (2020 and 2021).
- During the following regulatory periods, and following the British Parliament's approval of the "National Policy Statement" for the

expansion of Heathrow, plans to increase the capacity of the airport (third runway project) were taken into account.

- The value of the investment was calculated by discounting the future cash flows per the business plan, using the adjusted present value (APV) method until 2051. A period of more than five years has been used to capture the high volume of investment envisaged in the medium and long term and thanks to the visibility of cash flows from the assets, allowing the projection of a long-term capital structure. A five-year projection period would not adequately reflect the value of the assets.
- Terminal value is calculated using the EV/RAB multiple, which stands at 1.15x. The growth rate implicit in the terminal value calculation is 2.6%.
- Flows are discounted at the deleveraged rate (7.1%), discounting the tax shield at the cost of borrowings rate.

The valuation analysis shows a sizeable buffer is in place compared to its carrying amount. The value of the assets would be equal to the carrying amount were the discount rate to rise by 165 basis points (deleveraged rate of 8.7%), assuming the base case assumptions were unchanged.

In turn, a sensitivity analysis was performed on the EV/RAB multiple (reducing it from 1.15x to 1.0x) in the terminal value calculation, obtaining a value that shows a considerable buffer with respect to the carrying amount.

Lastly, after a sensitivity tests carried out in a scenario without the expansion of the third runway, there would also be no impairment. However, Heathrow records assets reflecting the capacity increase in the amount of GBP 450 million for a 100% ownership interest. If this increase were not finally approved, this asset should be written off and an impairment loss recognised, despite the fact that they would be included in the RAB and could be recovered by applying higher tariffs. In this case, the net result impact for Ferrovial could be close to EUR 102 million, once considered Ferrovial ownership interest in HAH and the impairment tax impact.

Regarding this matter, today February 27th 2020, there has been knowledge of a Court´s ruling that requires to introduce a number of amendments to the project that ensures the compatibility of it with the British government´s strategy in compliance with the Paris Agreement on climate change. This resolution expressly says that it does not prevent the third runway from going forward and that the "National Policy Statement" to which the decision refers is considered under suspension, not cancelled. Following the knowledge of the ruling, Heathrow has announced that they will appeal and that at the same time they will collaborate with the Government to resolve the issues included in said ruling. In accordance with the above, Ferrovial at the date of closing of these annual accounts, has considered that the probability conditions established in IAS16 are met, and has not registered any accounting impact at the December 2019 accounts related to the mentioned Court´s ruling.

b. Movements in the balance sheet and income statement 2019-2018

In view of the importance of this investment, the following is a detail of the balance sheet and income statement for this Group of companies, adjusted to bring them into line with Ferrovial's accounting policies, together with comments on the changes therein over the course of the 2019 financial year.

The balance sheet figures shown relate to the full balances of HAH and are presented in pounds sterling. The exchange rates used in 2019 are EUR 1=GBP 0.84665 (2018: GBP 0.89842) for the balance sheet figures and EUR 1=GBP 0.87453 (2018: GBP 0.88585) for the income statement figures.

Balance Sheet 2019/2018

HAH (100%) GBP (MILLION)	2019	2018	VAR. 19/18
Non-current assets	17,172	**16,766**	406
Goodwill	2,753	2,753	0
Fixed assets in infrastructure projects	13,521	13,391	130
Right of use on leasing assets	276	0	276
Non-current financial assets	49	50	-1
Pension plan surplus	33	28	5
Deferred taxes	0	0	0
Financial derivatives	539	543	-4
Other non-current assets	0	0	0
Current assets	1,851	**1,084**	767
Trade and other receivables	969	419	551
Financial derivatives	0	0	0
Cash and cash equivalents	869	652	217
Other current assets	13	13	0
TOTAL ASSETS	19,023	**17,849**	1,174

HAH (100%) GBP (MILLION)	2019	2018	VAR. 19/18
Equity	15	**212**	-198
Non-current liabilities	17,846	**16,389**	1,457
Pension provisions	29	32	-3
Financial borrowings	15,449	14,060	1,389
Deferred taxes	784	763	22
Financial derivatives	1,227	1,523	-296
Other non-current liabilities	356	11	344
Current liabilities	1,162	**1,248**	-86
Financial borrowings	644	742	-99
Trade payables	428	412	16
Financial derivatives	55	39	16
Other current liabilities	36	55	-19
TOTAL LIABILITIES	19,023	**17,849**	1,174

- Equity

At 31 December 2019, equity amounted to GBP 15 million, down GBP -198 million from the year ended 31 December 2018. In addition to the profit for the year of GBP 370 million, the main movements are the payment of dividends to shareholders in the amount of GBP -500 million, the negative impact of GBP -11 million recognised in reserves in relation to pension plans, and GBP -88 million (EUR -24 million net assignable to Ferrovial) due to the impact of the transition to IFRS 16 Leases on 1 January 2019 (see Note 1.2.1), all offset by the positive impact of hedging derivatives amounting to GBP 31 million.

25% of the shareholders' funds of the subsidiary does not relate to the carrying amount of the investment, since the carrying amount also includes the amount of capital gain arising from the measurement at fair value of the investment retained following the sale of a 5.88% ownership interest in HAH in October 2011. The gain was recognised as an addition to goodwill. Therefore, in order to obtain the carrying amount of Ferrovial, it would be necessary to apply 25% of the shareholders' funds presented above (GBP 3 million) by the amount of the aforementioned gain (GBP 581 million), giving a total of GBP 584 million which, translated at the year-end exchange rate (EUR 1 = GBP 0.84665), equates to a shareholding of EUR 690 million.

- **Financial borrowings**

  The borrowings of HAH (short and long-term) amounted to GBP 16,093 million at 31 December 2019, an increase of GBP 1,291 million with respect to the prior year (31 December 2018: GBP 14,802 million). This increase was primarily due to the effect of:

  - Amortisation and a bond issue in the amount of GBP -513 million and GBP 1,157 million respectively, as well as a net increase of GBP 629 million in bank borrowings.
  - Decrease of GBP 34 million as a result of the fair value adjustments made to bonds issued in foreign currencies and of the related exchange rate effect. This impact is offset by the changes in value of the cross currency swaps arranged to hedge this debt (EUR -21 million).
  - Other movements of EUR -10 million (mainly payable accrued interest and commissions).

- **Derivative financial instruments at fair value**

  The notional principal amount of HAH's derivatives portfolio at 31 December 2019 totalled GBP 26,875 million, including interest rate derivatives (IRSs) with a notional amount of GBP 2,309 million (hedging floating-rate borrowings), cross currency swaps (hedging bonds issued in foreign currencies) with a notional amount of GBP 18,171 million and index-linked swaps (ILSs) with a notional amount of GBP 6,395 million). The purpose of the index-linked swaps is to offset the imbalance that can arise between the business revenue and the regulated asset base, which are indexed to inflation, and the interest payments on fixed-rate borrowings, which do not fluctuate in response to changes in inflation.

  The net change in the value (asset/liability position) of these financial instruments gave rise to a GBP 275 million reduction in liabilities in the financial year. The main impacts relate to:

  - Cash settlements (net payments) of GBP 234 million.
  - Accrual of financial expenses (net financial income/(expense) on financing) of GBP -121 million.
  - Effect on reserves of changes in the value of hedging instruments in the amount of GBP 37 million.
  - Value adjustments to these instruments (results at fair value) of GBP 125 million, primarily due to the index-linked swaps (GBP 167 million), interest rate swaps (GBP -14 million) and cross currency swaps (GBP -28 million, although these are partially offset by the fair value adjustments to the currency bonds hedged by the instruments).

Income Statement 2019-2018

The following table shows HAH's income statement movements in 2019 and 2018.

HAH (100%) GBP (MILLIONS)	2019	2018	VAR. 19/18
Operating income	3,070	2,970	99
Operating expenses	-1,147	-1,130	-17
Gross operating profit	1,922	**1,840**	83
Depreciation charges	-805	-779	-26
Operating profit/(loss) before impairment and disposals	1,117	**1,061**	56
Impairment and fixed asset disposals	0	-17	17
Operating profit/(loss)	1,117	**1,043**	74
Net financial income/(expense)	-621	-751	131
Profit/(loss) before tax	497	**292**	205
Corporate income tax	-126	-45	-81
Profit/(loss) from continuing operations	370	**247**	123
Profit/(loss) from discontinued operations	0	0	0
Net profit/(loss)	370	**247**	123
Profit/(loss) attributed to Ferrovial (Millions of euros)	106	**70**	36

Operating income improved primarily as a result of an increase in the number of passengers. Expenses are in line with the previous year. These effects were reflected in EBITDA, which improved by 4.5%.

In addition, for the purposes of comparison, it should be noted that the 2019 Income Statement reflects the adoption of IFRS 16 Leases, entailing a reduction of GBP 52 million in operating expenses for the year, offset by an increase in depreciation/amortisation and financial charges (GBP 34 million and GBP 17 million, respectively).

However, the biggest change was in net financial income/(expense), which was adversely affected by the fair value adjustments to derivatives and liabilities at fair value (mainly index-linked swaps and interest rate swaps), which were an improvement compared to the previous year of GBP 116 million (EUR 33 million net attributed to Ferrovial), primarily as a result of the change in inflation forecasts.

The management report includes more detailed information on the changes in HAH's results.

3.5.2. Information relating to 407 ETR

As with HAH, given that Ferrovial's stake in the 407 ETR was remeasured when control was lost, and the implicit existence of goodwill was considered, pursuant to the contents of page 40 *et seq.* of IAS 28, the possible existence of indications of impairment is assessed on an annual basis.

a. Impairment test

Based on Ferrovial's valuation of this concession, the positive change in the asset seen in recent years and the sensitivity tests carried out, it has been concluded that there is no impairment.

The evolution of this asset over the last ten years has been very positive, with average annual growth in revenue of 10%, in EBITDA of 11% and in dividends of 19%. On a year-on-year basis, revenue and EBITDA increased by 8.1%.

The valuation that Ferrovial made of this concession shows a very large buffer over its book value. Sensitivity to increased revenues and the discount rate has been measured, and a broad buffer is maintained.

To calculate the recoverable value of a concessionary company with an independent financial structure and a limited duration, an assessment is made discounting the expected cash flows for the shareholder until the end of the concession. The Group believes that to reflect the value in use, models that consider the entire concessional life should be used as it is an asset with very different phases of investment and growth, and there is visibility to use a specific financial economic plan during the life of the concession.

The Cost of Equity has been estimated according to the CAPM model. To calculate the discount rate, a risk-free rate was used, which referenced the 30-year bond in Canada, a beta coefficient reflecting the asset's leverage and risk, and a market premium of 6.0% (same as last year) are used. The result is a post-tax discount rate (equity cost, or Ke) of 6.25% (7.45% before taxes).

Based on the valuation and its positive evolution in recent years, no signs of impairment have been identified.

b. Changes in the balance sheet and income statement for 2019-2018 relating to this Group of companies at 31 December 2019 and 2018.

These figures relate to the full balances of the Company and are presented in millions of Canadian dollars. The exchange rates used in 2019 are EUR 1=CAD 1.45730 (2018: CAD 1.56013) for the balance sheet figures and EUR 1=CAD 1.47988 (2018: CAD 1.53115) for the income statement figures.

Balance Sheet 2019-2018

407 ETR (100%) (CAD Million)	2019	2018	VAR. 18/17
Non-current assets	**4,539**	**4,470**	**69**
Fixed assets in infrastructure projects	4,007	3,978	29
Non-current financial assets	491	459	32
Deferred taxes	41	33	8
Current assets	**812**	**791**	**21**
Trade and other receivables	254	242	13
Cash and cash equivalents	557	549	8
Total assets	**5,350**	**5,261**	**90**
Equity	**-4,288**	**-3,813**	**-475**
Non-current liabilities	**9,396**	**8,865**	**532**
Financial borrowings	8,868	8,351	517
Deferred taxes	528	514	14
Current liabilities	**242**	**209**	**33**
Financial borrowings	143	105	38
Trade and other payables	99	104	-5
TOTAL LIABILITIES	**5,350**	**5,261**	**90**

Below is a description of the main changes in the balance sheet of 407 ETR at 31 December 2019 compared to the previous year:

- Equity
- Equity fell by CAD 475 million with respect to 2018, as a result of the inclusion of the profit for the year of CAD 576 million and the reduction of CAD 1,050 million due to the payment of a dividend to shareholders.
- 43.23% of the shareholders' funds of the subsidiary does not relate to the consolidated carrying amount of the holding, since the latter also includes the amount of the gain arising from the remeasurement at fair value of the investment retained following the sale of a 10% ownership interest in this company in 2010, recognised as an addition to the value of the concession, and the goodwill that arose in 2009 as a result of the merger of Grupo Ferrovial, S.A. and Cintra Concesiones de Infraestructuras de Transportes, S.A. Therefore, in order to obtain the consolidated carrying amount at Ferrovial, it is necessary to increase the 43.23% of shareholders' funds presented above (CAD -1,854 million) by the amount of the aforementioned gain and of the goodwill (CAD 2,607 million and CAD 1,319 million, respectively), giving a total of CAD 2,300 million which, translated at the year-end exchange rate (EUR 1 = CAD 1.45730), is equivalent to the investment of EUR 1,422 million.
- **Financial borrowings**

  Borrowings as a whole (short-term and long-term) increased by CAD 555 million with respect to December 2018, due mainly to a bond issue in March with a nominal value of CAD 800 million (Series 19-A1 maturing in 2030 for CAD 300 million and Series 19-A2 for CAD 500 million maturing in 2030). This increase was offset by the CAD -300 million repayment of bond series 10 A-2 and the ordinary redemption of bond series 99 A-3 and 00 A-2, respectively, for CAD -13 million.
- **Income Statement 2019-2018**

  The following table shows the income statement movements of 407 ETR in the years ended December 2019 and December 2018:

407 ETR (100%) (CAD Million)	2019	2018	VAR. 19/18
Operating income	1,503	1,390	112
Operating expenses	-193	-180	-14
Gross operating profit	**1,309**	**1,211**	**99**
Depreciation charges	-106	-107	2
Operating profit/(loss)	**1,204**	**1,103**	**101**
Net financial income/(expense)	-420	-370	-50
Profit/(loss) before tax	**783**	**733**	**50**
Corporate income tax	-207	-194	-13
NET PROFIT/(LOSS)	**576**	**539**	**37**
Net Profit/(loss) attributable to Ferrovial (43.23% in millions of CAD)	**249**	**233**	**16**
Adjustment to depreciation/amortisation following loss of control (Millions of CAD)	***-22***	***-24***	***2***
Adjusted net profit/(loss) attributable to Ferrovial (43.23% in millions of CAD)	**227**	**209**	**16**
Adjusted net profit/(loss) attributable to Ferrovial (43.23% in millions of EUR)	**153**	**136**	**17**

The main change in the income statement relates to "operating income" (CAD +112 million) as a result of the increase in tolls rates.

It should be noted that the profit/(loss) attributed to Ferrovial also includes the depreciation and amortisation over the concession term of the remeasurement recognised following the loss of control of the company as a result of the sale in 2010 mentioned above.

Therefore, CAD -22 million of amortisation would have to be deducted from the 43.23% of the local profit (CAD 249 million). Translating the resulting CAD 227 million at the average exchange rate (EUR 1 = CAD 1.47988) gives the EUR 153 million allocable to Ferrovial in 2019 (see Note 2.7). (EUR 1 = CAD 1.47988) gives the EUR 153 million attributed to Ferrovial in 2019 (see Note 2.7)

(EUR 1 = CAD 1.47988) gives the EUR 153 million attributed to Ferrovial in 2019.

3.5.3. Other disclosures relating to associates

a) Movements relating to the remaining associates

The associates breakdown, showing their consolidated carrying amount and the main data is disclosed in Appendix II.

The movements in 2019 in the investments in these companies were as follows:

2019 (Millions of euros)	OTHER
Balance at 31.12.18	**275**
Share of profit/(loss) (Note 2.7)	37
Dividends	-28
Foreign exchange differences	3
Pensions	-2
Changes in consolidation scope	108
Reclassifications and transfers (Note 6.3.)	36
Other	16
BALANCE AT 31.12.19	**445**

The share of profit/(loss) most notably includes the contributions of the joint ventures of Portuguese toll roads (EUR 15 million), AGS Airports Holding (EUR 9 million) and other associates (EUR 14 million).

The dividends received relate to AGS Airports Holding, amounting to EUR 12 million and toll roads EUR 16 million (primarily A66 Benavente-Zamora and Blackbird Infraestructure).

The net increase of EUR 108 million relates essentially to the recognition of the investment held in Autopista del Sol (EUR 111 million) explained in point 3.5. above.

Finally, the Group has reclassified the amount of EUR 36 million as an increase in provisions in connection with the additional losses in certain Toll Road division companies in respect of which there are contractual obligations to contribute additional capital and/or guarantees when the value of the relevant shareholdings falls to zero (see Note 6.3. and 6.5.)

See additional comments below in point b.3).

b) Other disclosures relating to equity-accounted companies

b.1) Investment in AGS

Notable among the equity-accounted companies are AGS Airports, which owns Aberdeen, Glasgow and Southampton airports. Given that goodwill was generated at the time at which they were acquired, an impairment test has been carried out. The net carrying amount of AGS amounts to EUR 163 million, i.e. the sum of the investment of EUR 57 million and the value of the participating loan of EUR 106 million (see Note 3.6, Non-current financial assets). AGS was valued using a discount rate (Ke) of around 7.5% (approximate pre-tax rate of 8.5%) and presents a very significant buffer over its carrying amount. In addition, the analysts' average valuation also provides a very high buffer over its carrying amount. It should also be noted that revenue in 2019 was 1.8% higher than in 2018, while EBITDA declined by -2.7%.

b.2) I-66 toll road

November 2017 saw the financial close of the I-66 toll road in Virginia. The stake held in the concession-holding company for this toll road is 50%, and it is equity-accounted.

Although at 2019 year-end the investment in the capital of this company was not material, there is a commitment to invest an additional EUR 670 million in the next five years.

At 31 December 2019, the main toll road assets are fixed assets used in infrastructure projects in the amount of EUR 1,222 million (EUR 835 million at 31 December 2018). In terms of liabilities, of particular note is financial borrowings in the amount of EUR 1,319 million (EUR 993 million at 31 December 2018).

b.3) Other information

There are also some associates with a carrying amount of zero. Under IAS 28, if an entity's share of losses of an associate equals or exceeds its interest in the associate, the entity discontinues recognising its share of further losses, unless the entity has incurred legal or constructive obligations that make it necessary to recognise a liability for additional losses after the entity's interest is reduced to zero.

There are no significant restrictions on the capacity of associates to transfer funds to the parent company in the form of dividends, debt repayments or advances other than such restrictions as might arise from the financing agreements of those associates or from their own financial position, and there are no contingent liabilities relating to associates that might ultimately be assumed by the Group.

There are no significant companies in which the ownership interest exceeds 20% that are not equity-accounted.

The guarantees provided by Group Companies to equity-accounted companies are detailed in Note 6.5.

3.6. NON-CURRENT FINANCIAL ASSETS

The movements in the year ended 31 December 2019 were as follows:

MOVEMENTS IN 2019 (Millions of euros)	LONG-TERM LOANS IN ASSOCIATES	RESTRICTED CASH RELATING TO INFRASTRUCTURE PROJECTS AND OTHER FINANCIAL ASSETS	OTHER LONG-TERM RECEIVABLES	TOTAL
BALANCE AT 01/01/2018	**173**	**473**	**108**	**754**
Additions	0	1,085	12	1,097
Disposals	1	-557	-17	-572
Transfers and other	-1	0	0	-1
Exchange rate effect	6	6	3	15
Changes in the consolidation scope	-9	-37	0	-46
BALANCE AT 31/12/2019	**170**	**970**	**106**	**1,247**

Note: balances shown net of allowance provisions

- "Long-term loans in associates" primarily includes the loan granted to AGS amounting to EUR 106 million (2018: EUR 100 million), and other ordinary loans to associates totalling EUR 64 million (2018: EUR 72 million).
- "Restricted cash relating to infrastructure projects and other financial assets" relates primarily to deposits made at toll road concession operators, the use of which is limited to certain purposes established in the concession arrangement, such as payment of future investments or operating expenses and debt servicing.
- The net increase of EUR 497 million primarily relates to NTE Mobility Partners Segments 3 LLC amounting to EUR 618 million, due to the financial close of the 3C stretch being completed in 2019 (see Note 5.2.) and the restricted cash of this financing in relation to the payment of future investments; LBJ Infrastructure Group for EUR 79 million and I-77 Mobility Partners LLC for EUR 22 million and NTE Mobility Partners for EUR -195 million net (relating to dividend payments of USD 292 million from the project, once the contract timeframes have been met).
- The Note on the Net cash position provides details of the main balances and changes recognised in relation to this line item.
- Lastly, "Other receivables" includes:
  - Other trade receivables, mainly from various public authorities in connection with long-term contracts, amounting to EUR 88 million (31 December 2018: EUR 87 million). Notable within this figure was the EUR 76 million for the M-203 toll road, relating to the recoverable amount from the Grantor (see Note 6.5.1 a)).
  - Long-term deposits and guarantees amounting to EUR 16 million (December 2018: EUR 20 million).
  - There has been a consolidation scope change of EUR -46 million due to the classification of Autopista del Sol as an investment in an associate (see Note 3.5.).

For information purposes, the movements in these line items in 2018 are detailed below:

MOVEMENTS IN 2018 (Millions of euros)	LONG-TERM LOANS IN ASSOCIATES	RESTRICTED CASH RELATING TO INFRASTRUCTURE PROJECTS AND OTHER FINANCIAL ASSETS	OTHER LONG-TERM RECEIVABLES	TOTAL
BALANCE AT 01/01/2017	**312**	**285**	**172**	**769**
Additions	65	373	28	**467**
Disposals	-130	-202	-60	**-392**
Transfers and other	15	0	-15	**0**
Exchange rate effect	-5	17	10	**23**
Reclassification to discontinued operations	-84	0	-27	**-111**
BALANCE AT 31/12/2018	**173**	**473**	**108**	**754**

3.7. RIGHT OF USE ON LEASE ASSETS AND ASSOCIATED LIABILITIES

This Nota details the right-of-use assets recognised under IFRS 16 Leases and the liabilities associated with them.

Note 1.2.1.a) details the accounting policy affecting lease agreements. The new IFRS 16 affects the group for those agreements in which it acts as a lessee. The transition impact at 1 January 2019 is detailed in Note 1.2.1.

Set out below are movements in right-of-use assets in the balance sheet:

CHANGES IN 2019 (Millions of euros)	LAND	BUILDINGS	VEHICLES	PLANT AND MACHINERY	OFFICE EQUIPMENT AND OTHER	TOTAL
Impact of transition to IFRS 16	5	47	32	10	3	96
Additions	4	29	18	22	1	74
Disposals	0	0	0	0	0	0
Transfers and other	0	0	0	0	0	0
Changes in the consolidation scope	0	0	0	0	0	0
Exchange rate effect	0	1	1	0	0	2
Depreciation/amortisation	-1	-15	-18	-10	-1	-46
BALANCE AT 31/12/2019	7	61	34	23	2	126

The group primarily has lease agreements for buildings, vehicles and technical installations and machinery. Buildings provide the greatest right-of-use asset value and primarily relate to the offices of the different long-term businesses.

The most significant variations in the item relate to additions totalling EUR 74 million, of which EUR 68 million is associated with Construction division leases (primarily the business in Poland and construction activities abroad).

As a balancing item for the rights of use in the amount of EUR 126 million, the lease liabilities amount to EUR 153 million, of which EUR 82 million is carried as a long-term item and EUR 71 million as a short-term item.

As mentioned in Note 1.2.1.a), the Poland real estate business records certain leased assets in inventories and investment property, therefore these leases have a net cost of EUR 23 million at 31 December 2019 and this is the main reason for the difference between the closing balance of the right-of-use assets and the lease liability.

The movements in 2019 related to lease liabilities associated with contracts in force were as follows:

	TOTAL LEASE LIABILITIES
Impact of transition to IFRS 16	125
Additions due to new contracts	68
Associated financial expenses	4
Disposals due to payments	-46
Exchange rate effect	2
Balance at 31.12.2019	153
Long Term Lease debt	82
Short Term Lease debt	71

Financial expenses associated with lease agreements amounted to EUR 4 million at 31 December 2019. Lease payments in 2019 amounted to EUR 46 million (see Note 5.3).

Future debt maturities are analysed below at 31 December 2019:

	2020	2021	2022	2023	2024	2025+	TOTAL
Corporation	7	5	3	3	3	3	23
Construction	62	27	13	9	3	9	124
Toll roads	1	1	1	0	0	1	4
Airports	0	1	0	0	0	0	1
TOTAL LEASE LIABILITIES	71	34	17	11	6	13	153

The detail of low-value short-term leases recognised in the income statement as at December 2019 totals EUR 255 million (2018: EUR 298 million). This impact includes variable payments not included in the value of liabilities, the amount recognised in the income statement at December 2019 is EUR 1 million. See more details in 1.2.1.a) note.

SECTION 4: WORKING CAPITAL

This section contains the Notes on inventories (Note 4.1), short-term trade and other receivables (see Note 4.2), as well as short-term trade and other payables (see Note 4.3). The net balance of these items is called working capital.

Millions of euros	2018	IFRS 16	EXCHANGE RATE	CHANGES IN THE CONSOLIDATION SCOPE/ TRANSFERS	OTHER	2019
Inventories	594	27	6	2	70	699
Short-term trade and other receivables	1,090	0	8	29	129	1,256
Short-term trade and other payables	-2,700	0	-27	-18	-327	-3,072
TOTAL	-1,016	28	-13	13	-128	-1,117

Working capital fell by EUR 101 million during 2019.

Section 4.4 includes a more detailed analysis of the items in the balance sheet relating to recognition of revenues from contracts with clients in the Construction business, including the disclosures required under IFRS 15 in relation to these contracts.

4.1. INVENTORIES

The inventories balance at 31 December 2019 and 2018 is as follows:

(Millions of euros)	2018	IFRS 16	EXCHANGE RATE	CHANGES IN THE CONSOLIDATION SCOPE/ TRANSFERS	OTHER	2019
Goods for resale	364	27	3	-4	0	390
Raw materials and other supplies	147	0	2	6	81	237
Bidding and mobilisation costs	83	0	1	0	-12	73
INVENTORIES	**594**	**27**	**6**	**2**	**70**	**699**

Of the trade inventories recognised at 31 December 2019, EUR 383 million (2018: EUR 310 million) relate to the Construction division real estate business in Poland. The impact of IFRS 16 amounting to EUR 27 million should be noted, relating to leased assets recognised in the Poland real estate business (see Note 1.2.1).

EUR 233 million of raw materials and other supplies relate to the Construction Division, primarily at Budimex amounting to EUR 112 million (2018: EUR 64 million) and via its subsidiaries in the US and Canada, amounting to EUR 102 million (2018: EUR 64 million).

Lastly, bidding and mobilisation costs includes contract costs for EUR 73 million (2018: EUR 83 million).

Both for bid and mobilisation costs, amortisation is carried out systematically, in accordance with the transfer of goods and services to which the asset corresponds. In 2019, EUR 12 million of bid costs and EUR 4 million of mobilisation costs were amortised.

4.2. SHORT-TERM TRADE AND OTHER RECEIVABLES

The detail of "Short-Term Trade and Other Receivables" at 31 December 2019 and 2018 is as follows:

(Millions of euros)	2018	EXCHANGE RATE	CHANGES IN THE CONSOLIDATION SCOPE/ TRANSFERS	OTHER	2019
Trade receivables for sales and services	801	7	24	60	891
Other receivables	289	1	5	69	364
TOTAL RECEIVABLES	**1,090**	**8**	**29**	**129**	**1,256**

a) Trade receivables for sales and services

The detail of "Balances with customers" at 31 December 2019 and 2018 is as follows:

(Millions of euros)	2018	EXCHANGE RATE	CHANGES IN THE CONSOLIDATION SCOPE/ TRANSFERS	OTHER	2019
Customers	*669*	*5*	*13*	*117*	*805*
Impairment provisions for trade receivables	*-227*	*-1*	*0*	*3*	*-225*
Net trade receivables	442	4	13	120	580
Net completed work pending certification	273	1	10	-68	217
Withholdings as security	86	1	0	7	94
TRADE RECEIVABLES FOR SALES AND SERVICES	**801**	**7**	**24**	**60**	**891**

"Trade receivables for sales and services" increased by EUR 90 million from a balance of EUR 801 million at 31 December 2018 to EUR 891 million at 31 December 2019. This change is primarily as a result of the following:

- The exchange rate effect has led to an increase in the balance of EUR 7 million due essentially to the depreciation of the euro against the main currencies.
- Variations due to scope changes/transfers amount to EUR 24 million and primarily relate to the Services business in Poland, which in 2018 was classified as a discontinued operation and in 2019 is now reported within the Construction Division, as detailed in Note 1.1.2.
- The remainder of the change (EUR 60 million), is explained primarily by the increase in this line item in Construction (EUR 43 million), particularly business activity in Poland.
-

At 31 December 2019 a total of EUR 1 million was deducted from "Trade Receivables for Sales and Services" relating to assets derecognised as a result of factoring arrangements, since it was considered that they met the conditions stipulated in paragraph 3.2.3 of IFRS 9 regarding the derecognition of financial assets (31 December 2018: EUR 4 million).

The following details the main trade receivables, broken down by type of debtor:

	CONSTRUCTION		OTHERS AND ADJUSTMENTS		TOTAL	
Public sector	478	54%	32	n.a.	510	57%
Private sector	249	28%	8	n.a.	257	29%
Group Companies and associates	164	18%	-40	n.a.	124	14%
TOTAL	**892**	**100%**	**0**	**N.A.**	**891**	**100%**

This detail shows that 57% of the Group's customers are public authorities and the rest are private sector customers.

In order to manage credit risk relating to private customers, the Group has implemented pre- and post-contracting measures. Pre-contracting measures include the consultation of debtor registers, ratings, solvency studies, etc., while post-contracting measures during the execution of construction work include the follow-up of contractual incidents, non-payment events, etc.

The changes in trade provisions were as follows:

(Millions of euros)	2019	2018
Opening balance	227	276
Transition to IFRS 9	0	1
Amounts charged to the income statement:	3	3
Allocations	8	16
Reversals	-5	-13
Applications	-6	-7
Exchange rate effect	1	-1
Transfers and other	0	-1
Total discontinued operations	0	-45
CLOSING BALANCE	**225**	**227**

Group management considers that the carrying amount of trade receivables approximates their fair value.

b) Other receivables

The detail of "Other receivables" at 31 December 2019 and 2018 is as follows:

(Millions of euros)	2018	EXCHANGE RATE	CHANGES TO CONSOLIDATION SCOPE/TRANSFERS	OTHER	2019
Advances payments to suppliers	52	0	0	13	65
Sundry receivables	103	1	3	44	151
Infrastructure project receivables	32	0	0	1	33
Receivables from public authorities	102	0	2	11	116
OTHER RECEIVABLES	**289**	**1**	**5**	**69**	**364**

"Sundry receivables" includes mainly receivables relating to normal business activities but not with the mayor customer. The change with respect to December 2018 is primarily due to pending collections under construction work insurance policies.

Also, "infrastructure project receivables" includes short-term financial assets arising from the application of IFRIC 12 relating mainly to amounts receivable from public authorities in return for services rendered or investments made under a concession arrangement, as detailed in Note 3.3.

Lastly, "receivables from public authorities" includes tax receivables other than income tax receivables.

4.3. SHORT-TERM TRADE AND OTHER PAYABLES

The detail of "Short-term trade and other receivables" at 31 December 2019 and 2018 is as follows:

(Millions of euros)	2018	EXCHANGE RATE	CHANGES IN THE CONSOLIDATION SCOPE / TRANSFERS	OTHER	2019
Trade payables	1,313	11	18	-16	1,327
Work certified in advance	486	7	-3	264	755
Advance payments	604	6	0	26	636
Other non-trade payables	297	2	2	53	354
TRADE AND OTHER PAYABLES	**2,700**	**27**	**18**	**327**	**3,072**

a) Trade payables

The detail of the trade payables at 31 December 2019 and 2018 is as follows:

(Millions of euros)	2018	EXCHANGE RATE	CHANGES IN THE CONSOLIDATION SCOPE AND TRANSFERS	OTHER	2019
Trade payables	865	9	17	18	910
Trade payables sent for reverse factoring	209	0	1	-37	172
Withholdings made from suppliers	239	2	0	3	245
TRADE PAYABLES	**1,313**	**11**	**18**	**-16**	**1,327**

The line item "Trade Payables" increased by EUR 13 million compared to the balance recognised at 31 December 2018, mainly as the result of exchange rate effects (EUR 11 million) and changes in the consolidation scope and transfers for EUR 18 million. As regards other movements, the main change relates to trade payables subject to reverse factoring, that is balances pending payment to suppliers under reverse factoring arrangements (see Note 1.2.3.3 on accounting policies) amounting to EUR -37 million, the balance having decreased from EUR 209 million at 31 December 2018 to EUR 172 million in December 2019.

Group management considers that the carrying amount of trade receivables approximates their fair value.

b) Disclosure obligation in relation to payments to suppliers provided for in Additional Provision Three of Law 15/2010

In compliance with the obligation to disclose the average supplier payment period provided for in Article 539 and Additional Provision Eight of the Spanish Companies Act (in accordance with the new wording of final provision two of Law 31/2014 reforming the Spanish Companies Act), the Company hereby states that the average period of payment to the suppliers of all the Group Companies domiciled in Spain (including the discontinued operations transactions) in 2019 was 39 days.

The following table details, as required under Article 6 of the Ruling of 29 January 2016 by the Institute for Accounting and Accounts Auditing, the information relating to the average supplier payment period in 2019 and 2018:

(Days)	2019	2018
AVERAGE SUPPLIER PAYMENT PERIOD	**39**	**40**
Ratio of transactions settled	39	40
Ratio of transactions not yet settled	43	52
AMOUNT (Euros)		
TOTAL PAYMENTS SETTLED	**676,032,318**	**697,200,453**
TOTAL OUTSTANDING PAYMENTS	**19,316,271**	**19,388,691**

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

The breakdown of the average supplier payment period for discontinued operations is as follows:

(Days)	2019	2018
AVERAGE SUPPLIER PAYMENT PERIOD, DISCONTINUED OPERATIONS	**55**	**53**
Ratio of transactions settled	55	52
Ratio of transactions not yet settled	67	59
AMOUNT (Euros)		
TOTAL PAYMENTS SETTLED	**625,129,365**	**585,291,610**
TOTAL OUTSTANDING PAYMENTS	**29,257,855**	**30,764,980**

c) Work certified in advance for construction work and customer advances

This line item includes:

- The works certified in advance (see Notes 1.2.3.4 and 4.4), increased by EUR 269 compared to the balance recognised at 31 December 2018, mainly as the result of the increase in the volume of billing compare to the works, mainly in the international activity.
- Advances received from customers (see definition Note 4.4) remains flat.

d) Other non-trade payables

The detail of "other non-trade payables" is as follows:

(Millions of euros)	2018	EXCHANGE RATE	CHANGES IN THE CONSOLIDATION SCOPE / TRANSFERS	OTHER	2019
Accrued wages and salaries	119	3	2	10	133
Payables to public authorities	152	4	0	11	168
Other payables	26	0	0	27	54
OTHER NON-TRADE PAYABLES	**297**	**7**	**2**	**48**	**354**

"Remunerations Payable" relates to the employee remuneration earned but not paid during the year amounting to EUR 133 million.

Also, "Payables to public authorities" includes tax payables other than corporate income tax payables, relating mainly to VAT and employer social security taxes.

4.4. INFORMATION ON BALANCES FROM CONTRACTS WITH CUSTOMERS AND OTHER DISCLOSURES RELATING TO IFRS 15

Information on the balance sheet from contracts with customers

As mentioned in Note 1.2.3.4, relating to the policy with regard to recognising revenues from contracts (IFRS 15), in contracts in which the performance obligations are measured over time, the difference between the revenues recognised for services rendered and the amounts actually billed to the customer are systematically analysed on a contract by contract basis. If the amount billed is lower than the revenue recognised, the difference is recognised as an asset under "trade receivables for sales and services - completed work pending certification" (see Note 4.2.a.), whereas if the amount of revenue recognised is lower than the amount billed, a liability is recognised under "short-term trade and other payables - Works certified in advance" (Note 4.3).

Also, in certain construction contracts, advances are agreed upon that are paid by the customer when work is commenced on the contract, the balance of which is offset against the various progress billings as the contract work is performed. These amounts are included on the liabilities side of the balance sheet, under "trade payables" (Note 4.3.a).

In contrast to the advance payments, in some contracts the customer retains a portion of the price to be paid in each progress billing to guarantee the satisfaction of certain obligations under the contract. These "retentions" are not reimbursed until the contract is definitively settled. These amounts are included on the assets side of the balance sheet, under "trade receivables for sales and services" (Note 4.2.a).

Unlike "work completed and pending certification" and "Work certified in advance", the "advances" and "retentions" are balances that will have an impact on future cash flows, since in the case of the "advances" a lower amount will be collected in the future as the advances are discounted from the progress billings, whereas the "retentions" will give rise to higher collections in the future, since the customer will reimburse the related amounts as and when the contract work is settled.

The detail of the amounts recognised in this connection at 31 December 2019 and 2018 is as follows:

(Millions of euros)	2018	EXCHANGE RATE	CHANGES IN THE CONSOLIDATION SCOPE / TRANSFERS	OTHER	2019
Completed work pending certification	273	1	10	-68	217
Withholdings	86	0	0	8	94
TOTAL ASSETS FROM CONTRACTS WITH CUSTOMERS	**359**	**1**	**10**	**-59**	**311**
Work certified in advance	486	7	-3	264	755
Advance payments	604	6	0	26	636
TOTAL LIABILITIES FROM CONTRACTS WITH CUSTOMERS	**1,090**	**14**	**-3**	**290**	**1,390**

The balance at 31 December 2019 of work completed and pending certification relates almost entirely to amounts relating to revenues from the main contract signed with the customer, since, in line with the general policy established by the Group, only works that are due and payable may be recognised, i.e. amounts that have been approved by the customer. The balance shown under claims includes only the cases in which it is deemed highly probable that there will be no reversal of revenues in the future.

As mentioned in Note 1.2.3.4, there are different methods for calculating revenues, depending on the nature of the contract. Generally speaking, performance obligations in the construction business are satisfied over time, meaning that in the case of contracts in which the output method is applied (given that the amounts relating to changes and claims are not relevant), the balance recognised primarily relates to work that has been completed and remains pending certification under the main contract, due to the difference between the time at which it is completed and the time at which it is certified.

In contracts in which such obligations do not relate to recurrent and/or routine work, and in which the level of progress method is used because it is not possible to determine the unit price of the work units to be carried out, the balance includes both the difference between the level of progress and the certification achieved, as well as the difference between the current margin obtained from the contract and the expected margin at the end of the contract at the current point of completion. The balance of "Construction work pending certification" corresponding to this type of contract amounts to EUR 168 million.

In 2018 the total for "Construction work pending certification" in relation to these types of contract amounted to EUR 77 million.

Other disclosures relating to IFRS 15:

Revenues from contracts with customers:

EUR 5,846 million of total revenue recognised in 2019 (see Note 2.1, Operating income) relate to revenue from contracts with customers, which represents 97% of revenue recognised.

(Millions of euros)	2019
Construction	5,312
Toll roads	502
Airports	19
Other segments	13
REVENUE RELATED TO CONTRACTS WITH CUSTOMERS	**5,846**

With regard to income pending recognition in relation to uncompleted performance obligations at year-end, this line item corresponds to what is generally referred to as the order book (see the definition in the section Alternative performance measures in the Management report). The table below is a breakdown of this figure by business area and includes an estimate of the years in which it is expected that it will appear in income.

INCOME	2020	2021	2022	2023	2024+	TOTAL
Construction	4,872	2,978	2,202	1,295	70	11,417
TOTAL	**4,872**	**2,978**	**2,202**	**1,295**	**70**	**11,417**

The total numbers of contracts in the Construction businesses are approximately 732.

Additionally, EUR 38 million of performance obligations of construction contracts executed in previous years relating to the Construction Division.

Other quantitative and qualitative disclosures

The information relating to the disclosures that describe when performance obligations are paid under the various contracts, the existence of a significant financing component, and how the variable consideration criterion is applied, including the conditions to be met in order for revenues to be recognised in this regard and in respect of guarantees, is included in Note 1.2.3.4. Information relating to the main value judgements and estimates used to recognise revenues is also set out in Note 1.2.4.

As regards assets originating from bidding and mobilisation costs relating to contracts with customers, information on the statement of financial position recognised at 31 December 2019 is set out in detail in Note 4.1, Inventories.

SECTION 5: CAPITAL STRUCTURE AND FINANCING

The Notes in this section describe the changes in the financial structure of Ferrovial as a result of variations in equity (see Note 5.1) and in its consolidated net debt (see Note 5.2), (taken to be the balance of cash and cash equivalents net of the financial debt, bank borrowings and debt securities), making a distinction between infrastructure project companies and ex-infrastructure project companies. They also describe the Group's exposure to the main financial risks and the policies for managing them (see Note 5.4), as well as the derivatives arranged in connection with those policies (see Note 5.5).

The equity attributable to shareholders (see Note 5.1) decreased with respect to 2018, primarily due to shareholder remuneration. This effect is partly offset by the net profit for the year.

EQUITY ATTRIBUTED TO SHAREHOLDERS

(Millions of euros)

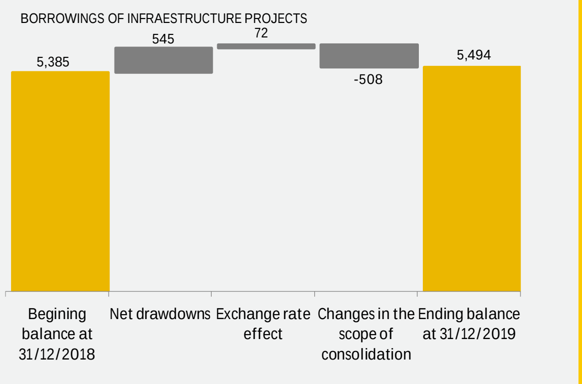
CLOSING BALANCE AT 31/12/2018	**4,530**
IFRS 16 Impact	-25
Net profit/(loss)	268
Income and expenses recognised directly in equity	66
Shareholder remuneration	-520
Other	-15
CLOSING BALANCE AT 31/12/2019	4,304

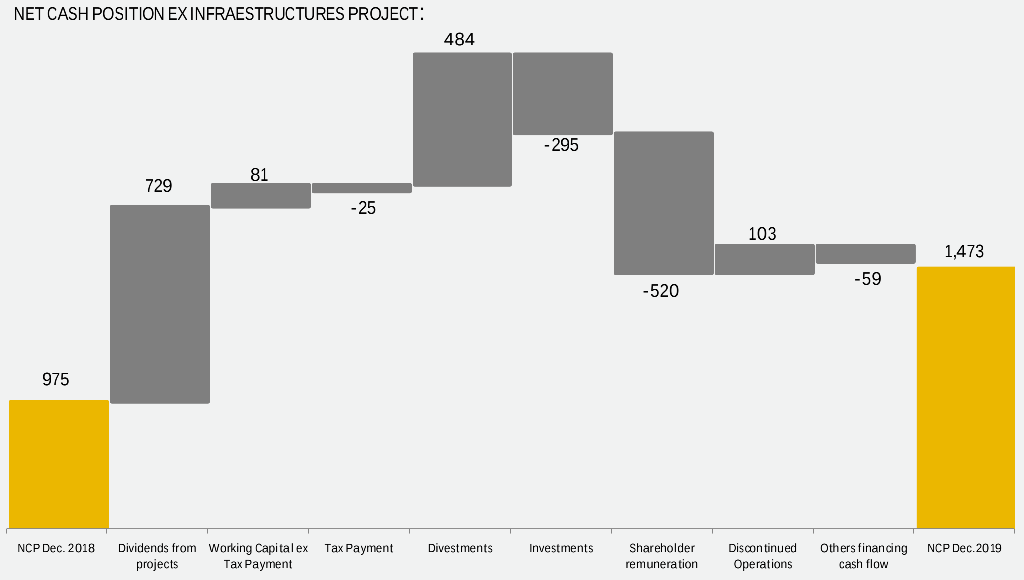
Ferrovial's net consolidated debt for non-infrastructure projects remains at a positive net figure of EUR 1,473 million, higher than the amount in December 2018 (EUR 975 million). This figures not included the net cash position of discontinued operations.

The positive cash flow evolution (including discontinued operations) explains the increased in the net cash position, especially noteworthy was the positive flow of business generated during the year (EUR 974 million), primarily from the divestment of Autopista de Ausol (EUR 451 million) and by the receipt of dividends from infrastructure projects (EUR 729 million) and an operating flow ex infrastructure projects (EUR 81 million), offset by the negative Birmingham cash flow (EUR -204 million(related to the termination of the PFI contract.

This positive net figure continues to make it possible to amply achieve the objective of maintaining an investment grade rating, where the Company considers a relevant metric a ratio, for ex-infrastructure projects, of Net Debt (gross debt less cash) to gross operating profit (EBITDA) plus dividends from projects of no more than 2:1. Ferrovial's current rating stands at BBB.

In relation to gross project borrowings, the variation on the previous year (EUR 5,494 million in December 2019 vs. EUR 5,385 million in December 2018) is explained essentially by the debt issues at NTE Mobility Partners Seg 3 following the financial close of the Segment 3C and the exchange rate effect (EUR 72 million), due mainly to the appreciation of the US dollar, offset by the impact of scope changes (EUR 508 million) owing to the sale of 65% of Autopista de Ausol.





As outlined in Note 1.1.3, the cash flow reported in this note includes cash flows from discontinued operations adjusting in "Change in Net Debt from discontinued operations".

5.1. EQUITY

5.1.1 Changes in Equity

The detail of the main impacts net of taxes that affected the changes in equity in 2019 and which explain the changes in equity in the period from December 2019 to December 2018 is as follows:

2019 (Millions of euros)	ATTRIBUTED TO SHAREHOLDERS	ATTRIBUTED TO NON-CONTROLLING INTERESTS	TOTAL EQUITY
EQUITY AT 31/12/2018	**4,530**	**833**	**5,363**
Transition to IFRS 16	-25	0	-25
Equity at 01/01/2019	**4,505**	**833**	**5,338**
Consolidated profit/(loss) for the year	**268**	**-9**	**259**
Impact on reserves of hedging instruments	-35	12	-24
Impact on reserves of defined benefit plans	-5	0	-5
Translation differences	105	15	121
Income and expenses recognised directly in equity	**66**	**27**	**93**
Amounts transferred to the income statement	**0**	**0**	**0**
Total recognised income and expenses	**334**	**18**	**351**
Scrip dividend agreement/Other dividends	-238	-128	-366
Treasury share transactions	-282	0	-282
Shareholder remuneration	**-520**	**-128**	**-648**
Share capital increases/reductions	0	66	66
Share-based remuneration scheme	3	0	3
Subordinated hybrid bond	-8	0	-8
Changes in the consolidation scope	-4	-2	-6
Other movements	-5	-4	-9
Other transactions	**-15**	**60**	**44**
EQUITY AT 31/12/19	**4,304**	**783**	**5,087**

The following is a description of the main changes in shareholders' funds in 2019, which gave rise to a reduction of EUR -226 million in equity attributed to shareholders.

Transition to IFRS 16. As indicated in Note 1.2.1.a), negative impact in the parent company's reserves of EUR -25 million relates to the retroactive application of IFRS 16 carried out by HAH.

The consolidated profit for the year attributed to the Parent company totalled EUR 268 million.

The income and expenses recognised directly in equity relate to:

- Hedging instruments: Recognition of the changes in value of the effective portion of derivatives designated as hedges, as detailed in Note 5.5, the negative impact of which was EUR -35 million, of which EUR -23.2 million relates to fully consolidated companies and EUR -12.2 million to equity-accounted companies.
- Defined benefit plans: This item includes the impact on equity of actuarial gains and losses arising from adjustments and changes to the Group's defined benefit plan assumptions, which had a total impact for the parent company of -EUR 5 million net of taxes relating to the equity-accounted companies (HAH/AGS).
- Translation differences: The currencies in which Ferrovial has the greatest exposure in terms of its equity (mainly the Canadian dollar, US dollar and the pound sterling), as detailed in Note 5.4, have given rise to translation differences of EUR 105 million attributed to the parent company. These translation differences are presented net of the effect of the foreign currency hedging instruments arranged by the Group (see Note 5.5). The following table provides a breakdown by currency of movements in currency translation differences attributed to the parent company:

(Millions of euros)	DECEMBER 2019
Canadian dollar	71
Pound sterling	46
Polish zloty	6
US dollar	-8
Australian dollar	-4
Chilean peso	-6
Other currencies	2
TOTAL	**105**

Shareholder remuneration

- Scrip dividend: For the third successive year, the Ferrovial S.A. Annual General Meeting held on 5 April 2019 approved a flexible shareholder remuneration scheme, whereby the shareholders can freely choose to receive newly issued Company shares by subscribing to a share capital increase with a charge to reserves, or an amount in cash through the transfer to the Company (if they have not already done so in the market) of the bonus issue rights relating to the shares held by them. As a result of this resolution, in 2019 two share capital increases were performed with the following characteristics:
  - In May 2019, 5,936,542 new shares were issued with a charge to reserves at a par value of EUR 0.20 per share, representing a share capital increase of EUR 1.2 million, and EUR 102 million of bonus shares were purchased, representing a payment per share of EUR 0.311.
  - In November 2019, 6,531,283 new shares were issued with a charge to reserves at a par value of EUR 0.20 per share, representing a share capital increase of EUR 1.3 million, and EUR 136 million of bonus shares were purchased, representing a payment per share of EUR 0.408.
  - EUR -238 million are included in this connection in the foregoing table.
- Buy-back Programme: The Annual General Meeting of Ferrovial, S.A. held on 5 April 2019 approved a treasury share Buy-Back Programme for a maximum amount of EUR 275 million, the objective of which was a subsequent share capital reduction through the retirement thereof. This transaction is described in Note 5.1.2 c) below.
- As can be observed in the preceding table, the cash flow impact of the shareholder remuneration in 2019 amounted to EUR 520 million (see Note 5.3), of which EUR 238 million related to the scrip dividend and EUR 282 million due to the acquisition of treasury shares.

Other transactions:

- Share capital increases by non-controlling interests: There was an increase of EUR 66 million in the equity attributable to non-controlling interests, primarily relating to the I-77 Mobility Partners LLC and North Tarrant Express Segment 3 toll roads for EUR 49 million and EUR 2 million, respectively and at Sugar Creek Construction LLC for EUR 15 million.
- Share-based remuneration schemes: in 2019 a total of 372,943 treasury shares were acquired, representing 0.25% of the share capital of Ferrovial, which were subsequently delivered, together with the treasury shares existing at the beginning of the year, to beneficiaries under share-based remuneration schemes. The total cost of acquisition of these shares was EUR 1.2 million and the total result recognised for these remuneration schemes in the Company's equity amounts to EUR 3 million.

  It should be noted, as discussed in Note 5.5, that the Company has arranged Equity Swaps in order to hedge against the possible impact on equity resulting from the exercise of the share-based remuneration schemes. These instruments gave rise to cash inflows of EUR 16 million and the changes in the fair value thereof had an impact on the net financial income/(expense) of EUR +25 million.

- Hybrid subordinated bond: the movement reflects the costs associated with this equity instrument described in the following Note 5.1.2 d), equating to a negative impact of EUR -8 million in 2019.

5.1.2 Equity components

The following is an explanation of each of the equity line items presented in the consolidated statement of changes in equity:

a) Share capital

As of 31 December 2019 the share capital amounted to EUR 147,043,088.60, all fully subscribed and paid up. The share capital is represented by 735,215,443 ordinary shares of a single class and with a par value of twenty euro cents (EUR 0.20) per share. The changes in 2019 detailed in the table below relate to the share capital increase and reduction transactions described in the preceding paragraph.

SHARES	NUMBER	PAR VALUE
Opening balance	738,455,837	147,691,167
Scrip dividend	12,467,825	2,493,565
Share capital reduction	-15,708,219	-3,141,644
SHARE CLOSING	**735,215,443**	**147,043,089**

At 31 December 2019, the only company with an ownership interest of over 10% is Rijn Capital BV, with 20.196% of the shares. This company is controlled by the Chairman of the Company's Board of Directors Rafael del Pino y Calvo Sotelo. The shares of the Parent Company are traded on the Spanish Stock Market Interconnection System (SIBE) and on the Spanish Stock Exchanges and all carry the same voting and dividend rights.

b) Share premium and merger premium

At 31 December 2019, the share premium and merger premium, which arose as a result of the merger of Grupo Ferrovial, S.A. with Cintra Concesiones de Infraestructuras de Transporte, S.A. (currently Ferrovial, S.A.) in 2009, totalled EUR 995 million. Both line items are classed as unrestricted reserves.

c) Treasury shares

At 31 December 2018, 7,411,668 treasury shares were held. The following changes took place in 2019:

OBJECTIVE	TOTAL SHARES 31 /12/18	NUMBER OF SHARES ACQUIRED / RECEIVED	TRANSFERS	NUMBER OF SHARES USED FOR OBJECTIVE	TOTAL NUMBER OF SHARES 31/12/19
Shares for capital reduction		8,792,631		-8,792,631	0
Discretionary treasury shares	6,915,588	2,755,960		-6,915,588	2,755,960
Remuneration schemes	48,951	372,943	299,573	-721,467	0
Shares received - scrip dividend	447,129	372,745	-299,573	0	520,301
BALANCE	**7,411,668**	**12,294,279**	**0**	**-16,429,686**	**3,276,261**

The Annual General Meeting of Ferrovial, S.A. held on 5 April 2019 approved a treasury share Buy-Back Programme for a maximum amount of EUR 275 million, the objective of which was a subsequent share capital reduction through the retirement thereof. Over the course of 2019 11,548,591 shares were acquired at an average price of EUR 24.43 per share, giving rise to a payment totalling EUR 282 million. Subsequently, it was resolved to reduce share capital by 15,708,219 shares, giving rise to a share capital reduction of EUR 3 million and an impact of EUR -279 million, which was recognised against unrestricted reserves (merger premium) and related to the difference between the acquisition price and the par value of the retired shares.

The market value of the treasury shares held by Ferrovial at 31 December 2019 (3,276,261 shares) was EUR 88 million.

d) Other equity instruments

Through its subsidiary Ferrovial Netherlands BV, with a guarantee from Ferrovial, S.A., the Group made a perpetual subordinated bonds issue in 2017 in the nominal amount of EUR 500 million and with an annual coupon of 2.124% until the first recalculation date (May 2023). Following the first recalculation date, the coupon will be changed to a rate equivalent to adding 2.127% to the 5-year swap rate that applies at that time. The same calculation will be made again every 5 years until 2043 from when, the 5-year swap rate that applies at that time will be increased by 2.877%.

These bonds may be repaid for the first time, at the issuer's discretion, in five and a half years (2023) from the date of issue (from 14 February 2023 to 14 May 2023 inclusive), and subsequently on each coupon payment date. Ferrovial also has the right to defer the payment of coupons over time, and such payment cannot be demanded by the holders.

As mentioned in Note 1.2.3.3, when it is the issuer that has the right to decide regarding both the repayment of principal and the possibility of deferring the payment of coupons on the bond, the instrument is entered under equity.

Thus, these subordinated perpetual bonds are recognised under "Other Equity Instruments". The costs associated with the issue of these bonds and the accrued interest and payment of the coupon, which at the end of 2019 amounted to an accumulated figure of EUR -19 million (EUR -8 million accrued in this financial year), are recognised under "Reserves" and treated in a similar way to dividends.

Irrespective of this type of instrument being classified as shareholders' funds from an accounting standpoint, the method followed by the rating agencies for the purpose of analysing the Group's debt level is to consider the hybrid bond issue fully or partially as debt and/or partially as equity, according to the current methodologies applied by each of these rating agencies.

e) Valuation adjustments

"Valuation adjustments" in the consolidated statement of changes in equity, the balance of which at 31 December 2019 was EUR -1,195 million, includes the accumulated amount in reserves of the valuation adjustments made to translation differences (EUR -466 million), pension plans (EUR -447 million) and valuation adjustments made to derivatives (EUR -282 million).

As regards the requirements of IAS 1 in relation to the disclosure of "income and expenses recognised directly in equity", it is important to note that the only items that under the related accounting legislation may not be transferred in a future period to profit or loss are the items relating to pension plans.

f) Retained earnings and other reserves

This line item includes prior years' retained earnings and other reserves totalling EUR 3,928 million (2018: EUR 3,993 million). The other reserves include restricted reserves of the Parent, relating mainly to the legal reserve of EUR 30 million.

Adjustments relating to share-based remuneration schemes and the impact of the subordinated perpetual bond's coupons and associated costs are also recognised under this heading.

g) Proposed distribution of profit for 2019

The Company has obtained a profit for the year amounting EUR 672,387,541.14, of which EUR 444,000,000 euros arises from dividend distributed by Ferrovial International SE, and the rest (228,387,541.14 euros) has been originated in Spain.

The Board of Directors will propose to the shareholders at the Company's duly convened Annual General Meeting that the profit of FERROVIAL, S.A. (individual company) be distributed as follows:

(Millions of euros)	AMOUNT
Profit of FERROVIAL, S.A. (individual company) (euros)	672,387,541.14
DISTRIBUTION (EUROS)	
Reserves (euros)	672,387,541.14

The Legal Reserve has reached the legally required minimum.

h) Non-Group Companies with significant ownership interests in subsidiaries

At 31 December 2019, the non-controlling interests in the share capital of the most significant fully consolidated Group Companies were as follows:

FERROVIAL GROUP SUBSIDIARY	NON-GROUP %	NON-GROUP SHAREHOLDER
TOLL ROADS		
Autopista Terrassa-Manresa, S.A.	23.72%	Acesa (Autopista Concesionaria Española, S.A.)
LBJ Infrastructure Group Holding LLC	28.3272%-17,0689%	LBJ Blocker (APG)- Meridiam Infr. S.a.r.l. (MI LBJ)
NTE Mobility Partners Holding, LLC	37.033%	Meridiam Infrastructure S.a.r.l.
NTE Mobility Partners SEG 3 Holding LLC	28.8399%-17.4949%	NTE Segments 3 Blocker, Inc. (APG) - Meridiam Infrastructure NTE 3A/3B LLC
I-77 Mobility Partners, LLC	20.58%-10%-10%-9.32%	GCM TH Invest.,LLC/Aberdeen Infr. Invest./John Laing I-77 Holco Corp./GCM BD Invest.,LLC
CONSTRUCTION		
Budimex S.A.	9.8%-5.3%-29.8%	AVIVA OFE Aviva BZ WBK-Nationale Nederlanden OFE (listed on the stock exchange)

The main financial statement aggregates of the most significant Group Companies in which other shareholders own interests are as follows (data at 100% terms):

2019 (Millions of euros)	ASSETS	LIABILITIES	EQUITY	NCP	NET PROFIT/(LOSS)
Terrassa Manresa toll road	1,194	318	876	11	-5
LBJ Infrastructure Group	2,375	1,952	423	-1,253	5
NTE Mobility Partners, LLC	1,699	1,641	58	-1,099	15
NTE Mobility Partners Segment 3 LLC	1,955	1,590	365	-740	-2
I-77 Mobility Partners LLC	701	489	211	-218	4
Budimex	1,638	1,391	246	319	29

The main changes in "equity attributed to non-controlling interests" in 2019 were as follows:

COMPANY	BALANCE AT 31.12.2018	PROFIT/(LOSS)	DERIVATIVES	TRANS. DIFFERENCES	DIV.	SHARE CAPITAL INCREASE	OTHER	BALANCE AT 31.12.2019
Terrassa Manresa toll road	**183**	16	12	0	-4	0	0	**208**
Autopista del Sol	**0**	5	0	0	0	0	-5	**0**
LBJ Infrastructure Group	**184**	4	0	4	0	0	0	**192**
I-77 Mobility Partners LLC	**52**	4	0	1	0	49	0	**105**
NTE Mobility Partners	**107**	9	0	3	-97	0	0	**21**
NTE Mobility Partners Segments 3 LLC	**166**	-2	0	3	0	2	0	**169**
Budimex	**124**	24	0	4	-17	0	5	**141**
Other	**17**	-71	-1	1	-9	15	-7	**-54**
TOTAL	**833**	**-9**	**12**	**15**	**-128**	**66**	**-6**	**783**

The item "other impacts" primarily includes the effect of EUR -5 million from the exit of non-controlling interests from Autopista del Sol caused by its sale to the French infrastructure fund Meridiam, as explained in Note 1.1.4.

5.2. NET CONSOLIDATED DEBT

In order to present an analysis of the Group's net debt position, the following table contains a breakdown of the Net Cash Position, distinguishing between infrastructure project companies and the other companies. The net cash position is understood to be the balance of the items included under "cash and cash equivalents", together with the long-term restricted cash of infrastructure projects, less financial borrowings (short-term and long-term bank borrowings and bonds).

The Net Cash Position also includes Forwards totalling EUR -24 million that hedge the cash held by the Group in US and Canadian dollars, as well as Cross-Currency Swaps, with a value of EUR 11 million, associated with the borrowings and cash denominated in US dollars. The derivatives are accounted for in this way because they are associated in full with the aforementioned borrowings/cash and the related exchange rate effect is netted off therefrom.

31.12.2019 (Millions of euros)	BANK BORROWINGS /BONDS	CROSS CURRENCY SWAPS	CASH AND CASH EQUIVALENTS	FORWARDS	LONG-TERM RESTRICTED CASH	NET BORROWING POSITION	INTRA-GROUP POSITION	TOTAL
Ex-infrastructure project companies	-3,104	11	4,617	-24	7	1,508	-34	1,473
Infrastructure project companies	-5,494	0	119	0	963	-4,412	34	-4,378
TOTAL NET CONSOLIDATED DEBT	-8,598	11	4,735	-24	970	-2,905	0	-2,905

31.12.2018 (Millions of euros)	BANK BORROWINGS /BONDS	CROSS CURRENCY SWAPS	CASH AND CASH EQUIVALENTS	FORWARDS	LONG-TERM RESTRICTED CASH	NET BORROWING POSITION	INTRA-GROUP POSITION	TOTAL
Ex-infrastructure project companies	-2,807	-6	3,766	55	1	1,009	-34	975
Infrastructure project companies	-5,385	0	239	0	472	-4,673	34	-4,640
TOTAL NET CONSOLIDATED DEBT	**-8,192**	**-6**	**4,005**	**55**	**473**	**-3,664**	**0**	**-3,664**

Change 2019-2018 (Millions of euros)	BANK BORROWINGS /BONDS	CROSS CURRENCY SWAPS	CASH AND CASH EQUIVALENTS	FORWARDS	LONG-TERM RESTRICTED CASH	NET BORROWING POSITION	INTRA-GROUP POSITION	TOTAL
Ex-infrastructure project companies	-297	17	851	-79	7	499	-1	498
Infrastructure project companies	-109	0	-120	0	491	261	1	262
TOTAL NET CONSOLIDATED DEBT	-406	17	731	-79	497	760	0	760

The net cash position excluding discontinued operations was reduced by EUR 760 million, falling from EUR -3,664 million in December 2018 to EUR -2,905 million in December 2019, whereas discontinued operations reduced by EUR -68 million. A more detailed analysis of this position, both for continuing and discontinued operations is included in Note 5.3 on Cash flow and in the Management report that has been formally prepared together with these Consolidated financial statements.

The following details the Net cash position of discontinued operations:

(Millions of euros)	DECEMBER 2019 BANK BORROWINGS /BONDS	DECEMBER 2019 CASH AND CASH EQUIVALENTS	DECEMBER 2019 NET BORROWING POSITION	DECEMBER 2018 BANK BORROWINGS /BONDS	DECEMBER 2018 CASH AND CASH EQUIVALENTS	DECEMBER 2018 NET BORROWING POSITION	VAR.
Ex-infrastructure project companies	-306	464	158	-145	406	261	-103
Infrastructure project companies	-317	107	-210	-361	116	-245	35
Net debt, discontinued operations	**-623**	**571**	**-52**	**-506**	**522**	**16**	**-68**

5.2.1. Infrastructure projects

a) Cash and cash equivalents and restricted cash

Infrastructure project financing agreements occasionally impose the obligation to arrange certain restricted accounts to cover short-term or long-term obligations relating to the payment of the principal or interest on the borrowings and to infrastructure maintenance and operation.

Restricted cash is classified as short-term or long-term depending on whether it must remain restricted for less than or more than one year. In any event, these funds are invested in highly-liquid financial products earning floating interest. The type of financial product in which the funds may be invested is also restricted by the financing agreements or, where no restrictions are stipulated, the decision is made on the basis of the Group's policy for the placement of cash surpluses.

Short-term balances, which amount to EUR 6 million (31 December 2018: EUR 9 million), are recognised under "Cash and Cash Equivalents" in the balance sheet, whereas long-term balances, of EUR 963 million (31 December 2018: EUR 472 million), are classified as financial assets. Therefore, the restricted cash at 31 December 2019 amounted to EUR 969 million, relating entirely to the NTE Segment 3, LBJ, I-77 and NTE toll roads, along with other European toll roads, amounting to EUR 685 million, EUR 253 million, EUR 22 million, EUR 3 million and EUR 6 million respectively (December 2018: EUR 481 million), including both long- and short-term amounts. Accordingly, there was a net change of EUR 487 million, due to:

- A net increase in the restricted cash amount of EUR 521 million (excluding exchange rate effects), primarily from the NTE Segment 3 (EUR 618 million), following the financial close of the Segment 3C, LBJ and I-77 (EUR 79 million and EUR 22 million respectively), the result of business operations, as well as NTE (EUR -195 million), primarily due to the dividend payment in December 2019.
- The exchange rate effect, which had an impact of EUR 7 million, caused mainly by changes in the value of the US dollar (see Note 1.3).
- The impact due to the change in the consolidation scope following the sale of 65% of the Autopista del Sol (see Note 1.1.4) amounting to EUR -41 million.

Other cash and cash equivalents relate to bank accounts and highly-liquid investments subject to interest rate risk.

b) Infrastructure project borrowings

b.1) Breakdown by project, significant changes in the year and main characteristics of the borrowings

The following is a breakdown of borrowings by project, distinguishing between bonds and bank borrowings, short- and long-term, and changes during the year.

(Millions of euros)	31.12.2019 BONDS AND DEBENTURES	31.12.2019 BANK BORROWINGS (*)	31.12.2019 TOTAL	CHANGE 19/18 BONDS	CHANGE 19/18 BANK BORROWINGS	CHANGE 19/18 TOTAL
Long-term	**2,636**	**2,835**	**5,471**	**779**	**-651**	**129**
US toll roads	2,636	1,680	4,315	1,443	-626	817
Spanish toll roads	0	648	648	-477	-11	-488
Portuguese toll roads	0	302	302	0	-9	-9
Airports	0	58	58	-187	0	-187
Construction	0	148	148	0	-4	-4
Short-term	**2**	**22**	**23**	**-8**	**-11**	**-19**
Spanish toll roads	0	5	5	-10	-11	-21
US toll roads	2	0	2	2	0	2
Portuguese toll roads	0	10	10	0	0	0
Airports	0	2	2	0	0	0
Construction	0	4	4	0	0	0
TOTAL	**2,637**	**2,856**	**5,494**	**771**	**-661**	**109**

(*) Includes TIFIA loan granted by the US Federal Government.

(Millions of euros)	31.12.2018 BONDS AND DEBENTURES	31.12.2018 BANK BORROWINGS (*)	31.12.2018 TOTAL
LONG-TERM	**1,856**	**3,486**	**5,342**
US toll roads	1,193	2,306	3,498
Spanish toll roads	477	659	1,136
Portuguese toll roads	0	311	311
Airports	187	59	245
Construction	0	151	151
SHORT-TERM	**10**	**32**	**43**
Spanish toll roads	10	16	26
US toll roads	0	0	0
Portuguese toll roads	0	11	11
Airports	0	2	2
Construction	0	4	4
TOTAL	**1,867**	**3,518**	**5,385**

(*) Includes TIFIA debt granted by Federal Goverment of United States.

The following table shows changes to gross borrowings on infrastructure projects, broken down into changes in borrowings with balancing entries in cash flow, exchange rate effects and changes in the consolidation scope, along with changes in debt resulting from the accrual of interest, which do not involve any changes to cash positions during the financial year.

(Millions of euros)	DEC.2018	INCREASE/ REDUCTION IN IMPACT ON CASH FLOW	EXCHANGE RATE EFFECT	IMPACT OF CHANGES IN THE CONSOLIDATION SCOPE AND OTHER	CAPITALISED/ACCRUED INTEREST	DEC.2019
Gross Debt Position Projects	5,385	491	72	-505	51	5,494

Infrastructure project borrowings increased by EUR 109 million with respect to December 2018, a change that was mainly due to the following reasons:

- Exchange rate effect amounting to EUR +72 million, mainly due to the depreciation of the US dollar.
- Increase in borrowings already arranged at the end of 2018 and capitalisation and accrual of interest for a net amount of EUR 542 million, of which:
  - There was an increase of EUR 752 million primarily due to US toll roads, with the most noteworthy changes being:
    - NTE Mobility Partners Seg 3 LLC (EUR 687 million), mainly due to debt issues following the financial close of the Segment 3C, as well as interest capitalised and accrued unpaid interest in the amount of EUR 16 million.

- LBJ (EUR 42 million), mainly due to interest capitalisation and accrued interest payable.
- NTE Mobility Partners (EUR 18 million), due to the new debt structure following the refinancing carried out in 2019 (EUR 20 million), as well as interest capitalised in the amount of EUR 16 million. Conversely, accrued unpaid interest and debt refinancing costs amounted to EUR 18 million (net).
- I-77 (EUR 5 million), mainly due to interest capitalisation

- In contrast, there was a repayment of the borrowings at the Denver project amounting to EUR -191 million.

- The impact due to changes in the consolidation scope following the sale of Autopista del Sol (see Note 1.1.4) amounting to EUR 505 million.

US toll roads:

NTE Mobility Partners, LLC

During 2019, the refinancing of the project debt was completed, consisting of the repayment of USD 1,248 million (USD 400 million in Private Activity Bonds and USD 848 million of the TIFIA loan) and a new bond issue of USD 1,203 million (total of USD 1,271 million with a premium), of which USD 871 million relates to Taxable Bonds and USD 400 million to PABs (Private Activity Bonds).

This refinancing agreement has led to a lower cost of debt (*yield to maturity* of 3.8% vs. previous average coupon of 5.3%) and a longer maturity term (30 years tranche subject to tax vs. the previous 15 year TIFIA loan).

NTE Mobility Partners Seg 3 LLC

In terms of segment 3A-3B, the borrowings for this project were structured through the issue of USD 274 million of Private Activity Bonds (PABs), maturing at 25 and 30 years (7.00% fixed interest on USD 128 million and 6.75% fixed interest on USD 146 million), and a TIFIA loan of USD 531 million at a fixed rate of 3.84%, with final maturity in 2054 and fully drawn down at 31 December 2019. In addition, USD 64 million of capitalised interest has been capitalised, therefore the carrying amount at 31 December 2019 amounts to USD 595 million.

As regards Segment 3C, following the financial close during 2019, USD 654 million (total of USD 750 million with premium) in Private Activity Bonds (PABs) were issued, to be paid from 2047 to 2058, at a fixed interest rate of 5.00%.

LBJ Infr. Group LLC

This concession operator is financed through a USD 615 million issue of PABs with final maturity in 2040 (7.00% fixed interest on USD 473.5 million, of which USD 419 million have final maturity in 2040 and USD 54.5 million in 2034; and 7.50% fixed interest on USD 142 million, of which USD 91 million have final maturity in 2032 and USD 51 million in 2033). LBJ also has a TIFIA loan of USD 850 million granted by the US Federal Government with a repayment profile from 2036 to 2050, against which USD 1,124.5 million had been drawn down at 31 December 2018 (USD 850 million of principal and USD 274.5 million of capitalised interest). This loan bears interest at a fixed rate of 4.22%.

I-77 Mobility Partners, LLC

This concession operator is financed through a USD 100 million issue of PABs (5.00% fixed interest), of which USD 7 million have final maturity between 2026 and 2030, USD 13 million have final maturity in 2037 and EUR 80 million have final maturity in 2054. It also has a TIFIA loan of USD 189 million against which USD 204.8 million had been drawn down at 31 December 2019 (USD 189.0 million of principal and USD 16 million of capitalised interest). This loan bears interest at a fixed rate of 3.04% and has final maturity in 2053. The total debt disposed at 31 December amounts USD 204,8 million (USD 189 million of Principal and USD 16 million of capitalized interest).

Spanish Toll Roads:

Cintra Inversora Autopistas de Cataluña / A. Terrasa Manresa

The company is now financed through a credit facility with a tranche A and a tranche B with limits of EUR 300 million and EUR 316 million, respectively, both bearing interest at 6-month EURIBOR of -0.237% +1.50%. Both tranches have been drawn down in their entirety, and the loan matures in 2035. The company has also been granted a liquidity line of up to a maximum of EUR 25 million, against which it had drawn down EUR 42.7 million as at 31 December 2019 (bearing interest at 6-month EURIBOR of -0.237%+1.50%). It should also be noted that this company has a derivative with a notional amount of EUR 603 million, a guaranteed interest rate of 5.263% and maturity in 2035. The fair value of the derivative arranged (recognised under "Derivative financial instruments at fair value", see Note 5.5) was EUR -293.8 million at year-end.

Portuguese toll roads:

Euroscut Azores

Syndicated bank financing with final maturity in 2033, against which EUR 314.5 million had been drawn down at 31 December 2019 (bearing interest at 6-month EURIBOR of -0.237% +0.85%). In relation to these borrowings, the concession operator has arranged a derivative with a notional amount of EUR 270.8 million, a guaranteed fixed interest rate of 4.115% and maturity in 2033. The fair value of the derivative arranged (recognised under "Derivative financial instruments at fair value", see Note 5.5) was EUR -76.1 million at year-end.

Breakdown of other projects:

(Millions of euros)	LONG-TERM	SHORT-TERM	TOTAL 2019	VAR.2019/2018
Denver Great Hall LLC	0	0	0	-187
Other airports	58	2	60	0
AIRPORTS	**58**	**2**	**60**	**-187**
Conc. Prisiones Lledoners, S.A.	70	2	72	-1
Concesionaria de Prisiones Figueras S.A.U.	58	2	60	-1
Other Construction	19	1	20	-1
CONSTRUCTION	**148**	**4**	**152**	**-3**
TOTAL OTHER INFRASTRUCTURE PROJECT BORROWINGS	**206**	**6**	**212**	**-190**

(Millions of euros)	LONG-TERM	SHORT-TERM	TOTAL 2018
Denver Great Hall LLC	187	0	187
Other airports	59	2	61
AIRPORTS	**245**	**2**	**247**
Conc. Prisiones Lledoners, S.A.	71	1	73
Concesionaria de Prisiones Figueras S.A.U.	60	2	61
Other Construction	20	1	21
CONSTRUCTION	**151**	**4**	155
TOTAL OTHER INFRASTRUCTURE PROJECT BORROWINGS	**397**	**6**	**402**

Other infrastructure project borrowings decreased by EUR -190 million as compared with December 2018. This decrease is due to the debt repayment of Denver Great Hall LLC in the amount of EUR -187 million, following the cancellation of the contract (see Note 1.1.4).

b.2) Maturities by currency and fair value of infrastructure project borrowings

(Millions of euros)	CURRENCY	FAIR VALUE 2019	FAIR VALUE 2018	CARRYING AMOUNT 2019	2020	2021	2022	2023	2024	2025 AND MORE	TOTAL MATURITY
INFRASTRUCTURE PROJECT COMPANY BONDS AND DEBENTURES		3,041	2,097	2,637	0	0	0	0	0	2,534	2,534
Toll roads		2,982	1,777	**2,637**	**0**	**0**	**0**	**0**	**0**	**2,534**	**2,534**
	USD	2,982	1,289	2,637	0	0	0	0	0	2,534	2,534
	EUR	0	487	0	0	0	0	0	0	0	0
Airports		0	206	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	USD	0	206	0	0	0	0	0	0	0	0
BANK BORROWINGS OF INFRASTRUCTURE PROJECT COMPANIES		2,856	3,518	2,856	19	79	29	73	38	**2,660**	2,897
Toll roads		2,644	3,302	2,644	15	17	24	70	36	2,520	2,682
	USD	1,680	2,306	1,680	0	0	0	42	0	1,669	1,711
	EUR	965	996	965	15	17	24	28	36	852	971
Airports		60	61	60	2	59	0	0	0	0	61
	USD	60	61	60	2	59	0	0	0	0	61
Construction		152	155	152	3	3	4	3	2	139	154
	EUR	152	155	152	3	3	4	3	2	139	154
TOTAL FINANCIAL BORROWINGS OF INFRASTRUCTURE PROJECT COMPANIES		**5,839**	**5,501**	**5,494**	**19**	**79**	**29**	**73**	**38**	**5,194**	**5,431**

The differences between the total maturities of bank borrowings (EUR 5,431 million) and the carrying amounts thereof at 31 December 2019 (EUR 5,494 million) are explained mainly by the difference between the nominal values and carrying amounts of the borrowings, as certain adjustments are made in accordance with applicable accounting legislation. Thus, the accrued interest payable and the application of the amortised cost method represent an impact of EUR 62 million, taking into account that the maturities of the borrowings do not include interest.

The fair value reflected in the table above is calculated as follows:

- For fixed-rate bonds, subject to changes in value due to fluctuations in market interest rates: since they are quoted in an active market, the related market value is used.
- For fixed-interest bank borrowings, also subject to changes in value due to fluctuations in rates: future cash flows are discounted using a market interest rate, calculated using an internal valuation model.

Lastly, for floating-rate bank borrowings: no significant differences are deemed to exist between the fair value of the borrowings and their carrying amount and, therefore, the carrying amount is used.

b.3) Information on credit limits and credit drawable for infrastructure projects

Set forth below is a comparative analysis of borrowings not drawn down at year-end:

2019 (Millions of euros)	DEBT LIMIT	DRAWN DOWN	AMOUNT DRAWABLE	CARRYING AMOUNT OF DEBT
Toll roads	5,261	5,216	45	**5,282**
US toll roads	4,265	4,245	20	**4,317**
Spanish toll roads	682	657	25	**653**
Other toll roads	314	314	0	**312**
Airports	61	61	0	**60**
Construction	154	154	0	**152**
TOTAL FINANCIAL BORROWINGS	**5,476**	**5,431**	**45**	**5,494**

2018 (Millions of euros)	DEBT LIMIT	DRAWN DOWN	AMOUNT DRAWABLE	CARRYING AMOUNT OF DEBT
Toll roads	5,073	5,047	25	4,982
US Toll Roads	3,553	3,553	0	3,498
Spanish Toll Roads	1,195	1,170	25	1,162
Other Toll Roads	324	324	0	322
Airports	226	226	0	247
Construction	157	157	0	155
TOTAL FINANCIAL BORROWINGS	**5,456**	**5,430**	**25**	**5,385**

The differences between the total bank borrowings drawn down and the carrying amount of the related debt at 31 December 2019 are explained mainly by the difference between the nominal values and carrying amounts of the debts, as certain adjustments are made in accordance with applicable accounting legislation (primarily accrued interest payable and the application of the amortised cost method, as detailed in point b.2).

Of the EUR 45 million drawable (31 December 2018: EUR 25 million), EUR 25 million relates to amounts not drawn down against Spanish toll roads, and EUR 20 million to amounts not drawn down against US toll roads. It should be noted that this drawable amount is associated exclusively with the projects, based on the nature and performance thereof, as discussed below.

b.4) Guarantees and covenants for project borrowings

The borrowings classified as project borrowings are without recourse to the shareholders of the projects or with recourse limited to the guarantees provided. The guarantees provided by subsidiaries of Ferrovial in relation with the borrowings of these projects are described in Note 6.5, Contingent liabilities.

At 31 December 2019, all the Project companies were achieving the significant covenants in force.

5.2.2. Net cash position excluding infrastructure projects

a) Borrowings excluding infrastructure project companies

a.1) Breakdown between short and long-term balances, changes during the year and main characteristics

(Millions of euros)	2019 LONG-TERM	2019 SHORT-TERM	2019 TOTAL	CHANGE 19/18 LONG-TERM	CHANGE 19/18 SHORT-TERM	CHANGE 19/18 TOTAL
Corporate Bonds and Debentures	1,788	19	1,807	0	0	0
Euro Commercial Paper	0	973	973	0	273	273
Corporate liquidity lines	255	0	255	11	0	11
Other borrowings	52	18	70	6	6	12
TOTAL FINANCIAL BORROWINGS EXCLUDING INFRASTRUCTURE PROJECT COMPANIES	**2,094**	**1,010**	**3,104**	**17**	**279**	**297**

2018 (Millions of euros)	LONG-TERM	SHORT-TERM	TOTAL
Corporate Bonds	1,788	19	1,807
Euro Commercial Paper	0	699	699
Corporate liquidity lines	243	0	243
Other borrowings	46	12	58
TOTAL FINANCIAL BORROWINGS EXCLUDING INFRASTRUCTURE PROJECT COMPANIES	**2,077**	**730**	**2,807**

The following table shows changes to gross borrowings on non-infrastructure projects, broken down into changes in borrowings with balancing entries in cash flow, exchange rate effects and changes in the consolidation scope, along with changes in borrowings resulting from the accrual of interest, which do not involve any changes to cash positions during the financial year.

(Millions of euros)	DIC.2018	INCREASE/ REDUCTION IN IMPACT ON CASH FLOW	EXCHANGE RATE EFFECT	IMPACT OF CHANGES IN THE CONSOLIDATION SCOPE AND OTHER	CAPITALISED/ ACCRUED INTEREST	DEC. 2019
Bank borrowings/ex-project bonds	2,807	252	5	12	28	3,104
Cross currency swaps	6	0	-17	0	0	-11
GROSS DEBT POSITION EX-INFRASTRUCTURE PROJECTS	**2,813**	**252**	**-12**	**12**	**28**	**3,093**

a.1.1) Corporate Debt

The corporate debt comprises the following debt instruments:

Corporate Bonds:

The debt consists of four corporate bonds the carrying amount of which totals EUR 1,807 million at 31 December 2019 (31 December 2018: EUR 1,807 million). These are broken down in the following table:

ISSUE DATE	(PAR) VALUE (MILLIONS OF EUROS)	MATURITY	ANNUAL COUPON
07/06/2013	500	07/06/2021	3.375%
15/07/2014	300	15/07/2024	2.500%
14/09/2016	500	14/09/2022	0.375%
29/03/2017	500	31/03/2025	1.375%

The bonds issued in 2013 are traded on the secondary market of the London Stock Exchange, while those issued in 2014, 2016 and 2017 are admitted to trading on the Spanish AIAF Fixed-Income market.

All these issues are guaranteed by Ferrovial S.A., the Parent Company of the Group. It should be noted that the Group has interest rate derivatives associated with the corporate bonds issued, with a notional amount of EUR 250 million; these derivatives convert the fixed interest rate into a floating one, see Note 5.5.

Euro Commercial Paper:

In the first quarter of 2018, the company formally completed a Euro Commercial Paper (ECP) programme for a maximum amount of EUR 1,000 million, with maturities between 1 and 364 days from the issue date, allowing for greater capital markets finance sourcing diversification and more efficiency when managing available liquidity. Towards the end of 2019 this limit was increased up to EUR 1,500 million, EUR 973 million recognized at December 2019 balance sheet.

Liquidity facility:

In July 2018, Ferrovial refinanced the liquidity facility, incorporating sustainability criteria. Of the current maximum limit on the facility (EUR 900 million and potential to draw down the balance in EUR, USD, CAD and GBP), USD 279 million is to be utilised and renewed monthly to September 2019 and USD 286 million from September 2019 to May 2020.

The foreign currency and interest rate risks on these drawdowns were hedged using the cross currency swaps (Note 5.5) at an interest rate of -0.439% until September 2019 and -0.01% from September 2019 to May 2020, always guaranteeing a notional amount of EUR 250 million, thus giving rise to income for the Group.

The variation in corporate debt with respect to December 2018 (EUR 284 million) is due basically to the increase in ECPs issued (EUR 273 million), at an average rate of -0.29%.

Information on the credit limits and credit drawable of the corporate debt.

The detail of the limits and the amounts drawable of the corporate debt at 31 December 2019 and at 31 December 2018 is as follows:

2019 (Millions of euros)	DEBT LIMIT	DRAWN DOWN	AMOUNT DRAWABLE	CONSOLIDATED DEBT
Bonds and debentures	1,800	1,800	0	1,807
Syndicated facility	900	250	650	255
ECPs	973	973	0	973
TOTAL CORPORATE DEBT	**3,673**	**3,023**	**650**	**3,034**

2018 (Millions of euros)	DEBT LIMIT	DRAWN DOWN	AMOUNT DRAWABLE	CONSOLIDATED DEBT
Bonds and debentures	1,800	1,800	0	1,807
Syndicated facility	900	250	650	243
ECPs	699	699	0	699
TOTAL CORPORATE DEBT	**3,399**	**2,749**	**650**	**2,749**

Corporate credit rating

The credit rating agencies Standard & Poor's and Fitch maintained their opinion regarding the financial rating of Ferrovial's corporate debt in December 2019, respectively rating it at BBB and BBB with stable outlook and, therefore, within the "Investment Grade" category.

a.1.2) Other borrowings

"Other borrowings" of EUR 70 million (31 December 2018: EUR 58 million) primarily include finance leasing balances for EUR 45 million

(31 December 2018: EUR 46 million) mainly in the Construction Division.

Information on credit limits and available credit:

As regards information on the limits and amounts available for drawdown under other borrowings, the following table shows the position at 31 December 2019 and 31 December 2018.

	2019			
(Millions of euros)	DEBT LIMIT	DRAWN DOWN	AMOUNT DRAWABLE	CONSOLIDATED DEBT
Construction	212	66	146	70
OTHER BORROWINGS	212	66	146	70

	2018			
(Millions of euros)	DEBT LIMIT	DRAWN DOWN	AMOUNT DRAWABLE	CONSOLIDATED DEBT
Construction	149	56	93	58
OTHER BORROWINGS	**149**	**56**	**93**	**58**

The differences between total bank borrowings and the carrying amount thereof at 31 December 2019 are explained mainly by the difference between the nominal values and carrying amounts of the debts, as certain adjustments are made in accordance with applicable accounting legislation.

a.2) Maturities by currency and fair value of borrowings excluding infrastructure projects

FINANCIAL BORROWINGS (MILLIONS OF EUROS)	CURRENCY	FAIR VALUE 2019	CARRYING AMOUNT 2019	2020	2021	2022	2023	2024	2025+	TOTAL MATURITIES
CORPORATE DEBT		**3,111**	**3,034**	**973**	**500**	**500**	**0**	**550**	**500**	**3,023**
	EUR	3,111	3,034	973	500	500	0	550	500	3,023
OTHER BORROWINGS		70	70	6	2	6	21	5	26	66
	EUR	5	5	0	0	0	0	2	0	2
	PLN	64	64	6	2	6	21	4	26	64
TOTAL BORROWINGS EXCLUDING INFRASTRUCTURE PROJECT COMPANIES		**3,181**	**3,104**	**979**	**502**	**506**	**21**	**555**	**526**	**3,089**

The differences between the total maturities of financial borrowings and the carrying amounts of the debt at 31 December 2019 are primarily explained by the difference between the nominal values and carrying amounts of the borrowings, as certain adjustments are made in accordance with applicable accounting legislation (basically accrued interest payable and the application of the amortised cost method).

The fair value of bank borrowings excluding infrastructure project companies coincides with the related carrying amount because the borrowings are tied to floating market interest rates and, therefore, changes in the benchmark interest rates do not affect their fair value.

As regards corporate bonds: since they are quoted in an active market, the related market value is used.

In line with the aforementioned criteria, the estimated total fair value of bank borrowings and bonds excluding infrastructure project companies at 31 December 2019 is estimated at EUR 3,181 million.

The 2020 maturities amount to EUR 979 million and primarily relate to the maturity of the ECPs. The borrowing maturities do not include interest.

b) Cash and cash equivalents of other companies

In general the method used to classify the cash and cash equivalents at short- and long-term coincides with that used in the preparation of the Consolidated Annual Accounts for 2018.

Also, at 31 December 2019 there were certain restricted accounts totalling EUR 87 million (31 December 2018: EUR 78 million) primarily relating to Construction, for operating motives in construction projects in the US, as well as the Budimex real estate works in progress.

5.3. CASH FLOW

The consolidated cash flow statement has been prepared in accordance with IAS 7. This note provides an additional breakdown, based on internal criteria established by the Company for business purposes, which in certain cases differ from the provisions of IAS 7. The main criteria applied are as follows:

- In order to provide a clearer explanation of the cash generated, the Group separates cash flows into "Cash flows excluding infrastructure projects", where infrastructure project concession operators are treated as financial assets and the investments in the capital of these companies are therefore included in cash flows from investing activities and the yields from the investments (dividends and capital reimbursements) are included in operations cash flow, and "cash flows from infrastructure projects", consisting of cash flows from the operating and financing activities of infrastructure project concession operators.
- The treatment given to interest received on cash and cash equivalents differs from that in the cash flow statement prepared in accordance with IAS 7, since this interest is included in financing cash flows, as a reduction of the amount of interest paid, under "Interest Cash Flow".
- This cash flow endeavours to present the changes in the net cash position as the net amount of financial borrowings, cash and cash equivalents and restricted cash. This method also departs from that established in IAS 7, which explains the changes in cash and cash equivalents.
- With regard to the treatment of leases, as the nature of the payment is also tied to business operations, the related cash flow is included in changes in working capital in cash flows from operating activities, which differs from the treatment afforded in

the cash flow statement, where it is included in cash flows from financing activities (EUR -135 million at December 2019), considering that EUR -46 million relate to continuing activities (See Note 3.7.) and EUR -89 million relate to discontinuing activities.

- It should finally be noted that dividends received derive mainly from infrastructure projects and equity-consolidated companies. This includes both dividends and other similar items, mainly interest on subordinated borrowings and participating loans, and repayments of capital, debt and loans.

- As outlined in Note 1.1.3, the cash flow reported in this note includes cash flows from operating, investing and financing activities discontinued and held for sale, as adjusted to reflect net borrowings of discontinued operations such that the net cash position in the cash flow statement matches the balance sheet figure.

The change in Cash flow is also discussed in the management report that was formally prepared together with these Consolidated financial statements.

		DECEMBER 2019 (figures in millions of euros)			
DECEMBER 2019	**NOTE:**	**CASH FLOW EXCLUDING INFRASTRUCTURE PROJECT COMPANIES**	**CASH FLOW INFRASTRUCTURE PROJECT COMPANIES**	**REMOVALS**	**CONSOLIDATED CASH FLOW**
EBITDA including discontinued operations	2.4 and 2.9	-76	580	0	504
IFRS 16 Impact		-134	-1	0	-135
EBITDA including discontinued operations, Ex-IFRS-16		-210	579	0	369
Dividends received	3.5	729	0	-199	529
Birmingham cash flow		*-204*	*0*	*0*	*-204*
Construction provision variation		*330*	*0*	*0*	*330*
Other working capital variation		*166*	*-86*	*0*	*80*
Working capital variation (receivables, payables and other)	5.3	292	-86	0	206
PRE-TAX OPERATING CASH FLOWS		810	493	-199	1,104
Taxes paid in the year	2.8.2	-25	-36	0	-61
OPERATIONS CASH FLOW		785	457	-199	1,043
Investment	3.2, 3.3 and 3.4	-295	-157	60	-390
Divestment	1.1.4 and 3.3.3	484	115	0	599
INVESTMENT CASH FLOW		189	-41	60	207
CASH FLOWS FROM OPERATING ACTIVITIES		974	416	-140	1,250
Interest cash flows	2.6	26	-239	0	-212
Capital proceeds from non-controlling interests		13	117	-60	70
Scrip dividend		*-238*	*0*	*0*	*-238*
Acquisition of treasury shares		*-282*	*0*	*0*	*-282*
Shareholder remuneration	5.1.1	-520	0	0	-520
Dividends paid to non-controlling shareholders of investees		-18	-306	199	-124
Other movements in shareholders' funds		-6	0	0	-6
Exchange rate effect		-60	-66	0	-126
Changes in the consolidation scope	1.1.4	-2	0	0	-2
Other movements in borrowings (not giving rise to cash flows)		-11	-47	0	-59
FINANCING CASH FLOW		-579	-541	140	-979
CHANGE IN NET DEBT FROM DISCONTINUED OPERATIONS	**5.2**	103	-35	0	68
CHANGE IN NET DEBT FROM ASSETS HELD FOR SALE		0	422	0	422
CHANGE IN NET CASH POSITION	**5.2**	498	262	0	760
Opening position		975	-4,640	0	-3,664
Closing position		1,473	-4,378	0	-2,905

Changes in working capital:

The changes in working capital disclosed in the foregoing table (EUR 206 million) are the measure used to explain the difference between the Group's EBITDA (Gross Operating Profit/(loss)) and its cash flows from operating activities before tax, and they arise from the difference between the timing of recognition of revenue and expenses for accounting purposes and the date on which the aforementioned revenue and expenses are converted into cash, due mainly to changes in the balances of trade receivables and payables to suppliers or other items in the balance sheet. Thus a reduction in the balance of trade receivables will give rise to an improvement in working capital and a reduction of the balance of payables to suppliers will give rise to a worsening of working capital.

The changes in this line item do not coincide with the changes in working capital reported in Section 4 of the consolidated annual accounts as detailed in the following table:

	EX-INFRASTRUCTURE PROJECT COMPANIES	INFRASTRUCTURE PROJECTS AND ADJUSTMENTS	TOTAL
Change in working capital (Note 4)	144	-16	128
Change in working capital for discontinued operations and assets held for sale (see Note 1.3)	64	7	71
Change in working capital including discontinued operations	**208**	**-9**	**199**
Changes in working capital with an impact on other lines in the cash flow statement	-84	-46	-130
Changes in provisions with an impact on EBITDA or on working capital	166	0	166
Continuing operations	*330*	*0*	*330*
Discontinued operations	*-164*	*0*	*-164*
Changes in other balance sheet items with an impact on operating cash flow	3	-31	-38
Total working capital reported in the cash and cash equivalents statement (Note 5.3)	**292**	**-86**	**206**

The differences detailed in the table relate to the following items:

- Changes in working capital with an impact on other lines in the cash flow statement (mainly investment cash flow). The working capital accounts reported in Note 4, in particular the payables to suppliers, can relate to transactions that do not affect operating cash flow, such as fixed asset purchases.
- Changes in provisions with an impact on EBITDA or on working capital for EUR 166 million, which relates to:
  - Construction provisions variations (EUR 330 million) as a result of the net provision EUR 356 million (see Note 6.3), and other similar effects, as asset provisions, totalling amount to EUR -26 million.
  - Changes in discontinued operations provisions (EUR -164 million), mainly by the provision used related to the settlement agreed with the City Council for the termination of the PFI contract in Birmingham.
- Changes in other balance sheet items with an impact on operating cash flow. The changes in working capital reported in Note 4 reflect only movements in items included under "short-term trade and other receivables", "short-term trade and other payables" and "inventories". In certain cases, operating income and expenses relate not only to items shown in working capital (short-term items) but also to certain items recognised as long-term assets and liabilities, such as long-term trade receivables and long-term trade payables, or even to items in equity accounts such as operations relating to share-based remuneration schemes.

Cash flow from discontinued operations:

The cash flow from discontinued operations in the Services Division is set out below, which as commented in Note 1.1.3 is recognised in the reported cash flow line:

(Millions of euros) 2019	EX-INFRASTRUCTURE PROJECT COMPANIES	INFRASTRUCTURE PROJECTS	ADJUSTMENTS	CONSOLIDATED
OPERATIONS CASH FLOW EX CORPORATE INCOME TAX	**77**	**70**	**-8**	**139**
Corporate income tax cash flow	-46	-7	0	-53
OPERATIONS CASH FLOW	**31**	**63**	**-8**	**86**
Investment	-164	-2	0	-165
Divestment	1	0	0	1
CASH FLOWS FROM OPERATING ACTIVITIES	**-131**	**61**	**-7**	**-77**
CASH FLOWS FROM FINANCING ACTIVITIES (NON-CONTROLLING INTERESTS)	-7	-20	0	-27

(Millions of euros) **2018**	EX-INFRASTRUCTURE PROJECT COMPANIES	INFRASTRUCTURE PROJECTS	ADJUSTMENTS	CONSOLIDATED
OPERATIONS CASH FLOW EX CORPORATE INCOME TAX	**160**	**65**	**-98**	**126**
Corporate income tax cash flow	-7	-10	0	-17
OPERATIONS CASH FLOW	**153**	**55**	**-98**	**110**
Investment	-186	-6	0	-192
Divestment	111	144	0	255
CASH FLOWS FROM OPERATING ACTIVITIES	**78**	**193**	**-98**	**173**
CASH FLOWS FROM FINANCING ACTIVITIES (NON-CONTROLLING INTERESTS)	-9	-21	0	-30

The cash flow reported in 2018 is detailed below:

DECEMBER 2018	NOTE:	CASH FLOW EXCLUDING INFRASTRUCTURE PROJECT COMPANIES	CASH FLOW INFRASTRUCTURE PROJECT COMPANIES	REMOVALS	CONSOLIDATED CASH FLOW
		DECEMBER 2018 (figures in millions of euros)			
EBITDA including discontinued operations	2.4 and 2.9	144	470	0	614
Dividends received	3.5	623	0	-112	511
Birmingham Provision with no impact on cash flow	6.3	155	0	0	155
Working capital variation (receivables, payables and other)	5.3	-351	-60	0	-410
PRE-TAX OPERATING CASH FLOWS		**572**	**410**	**-112**	**870**
Taxes paid in the year	2.8.2	6	-31	0	-25
OPERATIONS CASH FLOW		**577**	**380**	**-112**	**845**
Investment	3.2, 3.3 and 3.4	-332	-213	83	-462
Divestment	1.1.4 and 3.3.3	230	144	0	374
INVESTMENT CASH FLOW		**-102**	**-69**	**83**	**-87**
CASH FLOWS FROM OPERATING ACTIVITIES		**476**	**310**	**-29**	**758**
Interest cash flows	2.6	-11	-191	0	-202
Capital proceeds from non-controlling interests		-2	163	-86	75
Scrip dividend		*-240*	*0*	*0*	*-240*
Acquisition of treasury shares		*-280*	*0*	*0*	*-280*
Shareholder remuneration	5.1.1	-520	0	0	-520
Dividends paid to non-controlling shareholders of investees		-49	-120	115	-54
Other changes in shareholder's funds		3	0	0	3
Exchange rate effect		-12	-150	0	-162
Changes in consolidation scope	1.1.4	0	0	0	0
Other changes in borrowings (not giving rise to cash flows)		11	-94	0	-83
FINANCING CASH FLOW		**-581**	**-391**	**29**	**-944**
DISPOSAL NET DEBT FROM DISCONTINUED OPERATIONS		**-261**	**245**	**0**	**-16**
CHANGE IN NET CASH POSITION	**5.2**	**-366**	**164**	**0**	**-202**
Opening position		1,341	-4,804	0	-3,463
Closing position		975	-4,640	0	-3,664

5.4. MANAGEMENT OF FINANCIAL RISKS AND CAPITAL

The Group's business is affected by changes to the financial variables that have an impact on the Group's accounts, these being mainly interest rate risk, exchange rates, inflation, credit, liquidity and variable income. The policies adopted by the Group in managing these risks are explained in detail in the Management Report.

Following are specific data on the Group's exposure to each of these risks and an analysis of the sensitivity to a change in the various variables, together with a brief description of the way in which each risk is managed.

In addition, in view of the importance of the UK's decision to leave the European Union both economically and politically (Brexit), this Note includes a separate in-depth analysis of the impact it has had for Ferrovial with respect to the various financial risks and how these risks are being managed.

a. Exposure to interest rate variations

Ferrovial's businesses are subject to changes in the economic cycles and interest rate risk management takes this into consideration, modelling interest rate settings against financial instrument liquidity management. When interest rates are low, the Group seeks to fix future levels at non-infrastructure project level, although such hedging can affect liquidity in the event of cancellation. At infrastructure project level, the banks and rating agencies require a higher percentage of fixed-rate debt. These strategies are implemented by issuing fixed-rate debt or by arranging hedging financial derivatives, a breakdown of which is provided in Note 5.5, Derivative financial instruments at fair value. The aim of these hedges is to optimise the financial expenses borne by the Group.

The accompanying table shows a breakdown of the Group's borrowings, indicating the percentage of debt that is considered to be hedged (either by a fixed rate or by derivatives).

DEBT (Millions of euros)	TOTAL GROSS DEBT	% DEBT HEDGED	EXPOSED DEBT	IMPACT ON PROFIT/(LOSS) + 100 B.P.
	2019			
NON-INFRASTRUCTURE PROJECT COMPANIES	3,104	90%	306	3
Toll roads	5,282	98%	101	1
Construction	152	94%	9	0
Airports	60	100%	0	0
INFRASTRUCTURE PROJECTS	5,494	98%	110	1
TOTAL BORROWINGS	8,598	95%	415	4

DEBT (Millions of euros)	2018 TOTAL GROSS DEBT	% DEBT HEDGED	EXPOSED DEBT	IMPACT ON PROFIT/(LOSS) + 100 B.P.
NON-INFRASTRUCTURE PROJECT COMPANIES	**2,807**	**89%**	**299**	**3**
Toll roads	4,982	98%	99	1
Construction	155	94%	9	0
Airports	247	100%	0	0
INFRASTRUCTURE PROJECTS	**5,385**	**98%**	**108**	**1**
TOTAL BORROWINGS	**8,192**	**95%**	**407**	**4**

Based on the foregoing, at the fully consolidated companies, a linear increase of 100 basis points in the market yield curves at 31 December 2019 would increase the finance costs in the income statement by an estimated EUR 4 million, of which EUR 1 million relate to infrastructure projects and EUR 3 million to non-infrastructure project companies, with a net impact on the profit of Ferrovial of EUR -3 million.

It is also necessary to take into account changes in the fair value of the financial derivatives arranged, which are indicated in Note 5.5.

As regards these interest rate hedging instruments, a linear increase of 100 basis points in the market yield curves at 31 December 2019 would, in the case of the effective hedges, have a positive impact of approximately EUR 101 million on the shareholders' funds attributable to the parent from fully consolidated companies, while a decrease of 100 basis points would produce a negative impact of approximately EUR 107 million.

As a counterpart to this impact, it must be considered that a drop in interest rates would lead to an increase in the value of the projects, as this implies a lower discount rate in their valuation.

b. Exposure to foreign currency risk

Ferrovial regularly monitors its expected net exposure with regard to each currency over the coming years, both for dividends receivable and as regards investments in new projects, or potential divestments.

Ferrovial establishes its hedging strategy by analysing past changes in both short- and long-term exchanges rates, establishing monitoring mechanisms such as future projections and long-term equilibrium exchange rates. These hedges are established by using foreign currency deposits or arranging derivatives (see Note 5.5 for more details).

The following tables show, by type of currency, the value of assets, liabilities, non-controlling interests and shareholders' funds attributed to the parent company at December 2019, adjusted by the aforementioned currency forwards relating to each currency:

CURRENCY (Millions of euros)	2019 ASSETS	LIABILITIES	PARENT COMPANY SHAREHOLDERS' FUNDS	NON-CONTROLLING INTERESTS
Euro	6,211	4,423	1,575	213
Pound sterling	2,546	1,913	632	1
US dollar	8,742	7,888	421	433
Canadian dollar	3,416	1,979	1,437	0
Australian dollar	1,008	1,076	-68	0
Polish zloty	1,625	1,402	87	136
Chilean peso	291	213	78	0
Colombian Peso	182	75	106	0
Other	88	53	34	0
TOTAL GROUP	**24,109**	**19,022**	**4,304**	**783**

Note 1.3 contains a breakdown of the changes in the year in the closing exchange rates. As a result of these changes, the impact of translation differences on equity at 31 December 2019 was EUR 105 million for the Parent company. The breakdown by currency is detailed in Note 5.1.1.

Analyzing sensitivity to an impact on the exchange rate, Ferrovial estimates that a depreciation of 10% of the main currencies that the Group holds investments in against the euro at year end, would cause a change in the shareholders equity of 307 million euros, of which 52% would correspond to the Canadian dollar, 23% to the sterling pound and 15% to the US dollar. Also, the detail of net profit/(loss) attributed to the shareholders by currency for 2019 and 2018 is detailed in the following table.

CURRENCY (Millions of euros)	NET PROFIT/(LOSS) 2019	2018
Euro	594	134
Pound sterling	98	-858
US dollar	-188	77
Canadian dollar	163	147
Australian dollar	-464	-17
Polish zloty	26	49
Chilean peso	19	50
Other	19	-30
TOTAL GROUP	**268**	**-448**

Note 1.3 contains a detail of the changes in the year in the average exchange rates. In this regard, the impact of a 10% appreciation of the euro against other currencies on the income statement would have amounted to a change of EUR -38 million.

c. Exposure to credit and counterparty risk

The Group's main financial assets exposed to credit or counterparty risk are as follows:

(Millions of euros)	2019	2018	VAR. 19/18
Investments in financial assets (1)	1,126	693	433
Non-current financial assets	2,130	1,629	500
Financial derivatives (assets)	461	445	17
Trade and other receivables	1,256	1,090	167

(1) Included in cash and cash equivalents

- Ferrovial actively monitors the risk that it assumes with its Banks: Ferrovial constantly analyses the performance of risk via internal credit quality studies for each of the financial institutions at which it is exposed. Its internal regulations for managing surpluses sets maximum investment limits for each counterparty, based on objective criteria: a minimum acceptable risk is required in order for surplus cash to be invested, and limits are also set on the amounts invested, depending on the risk given to each of these counterparties. In addition, the Risk Department monitors the performance of each of the different counterparties, proposing the appropriate protective or corrective measures on the basis of specific events.
- Territories: Ferrovial monitors the performance of the markets (territories) in which it has a presence, along with that of its target markets. The Financial Risk Department proposes the potential action to be taken in the event that some change in risk levels is expected in a particular territory or market.
- Customers: Ferrovial analyses and monitors its customers' credit risk, using an internal methodology for the rating of Ferrovial customers that is standardised for the whole Group.

d. Exposure to liquidity risk

The Group has established the mechanisms necessary to preserve the level of liquidity that reflect the cash generation and need projections, in relation to both short-term collections and payments and obligations to be met at long term.

Ex-infrastructure project companies

At 31 December 2019, cash and cash equivalents amounted to EUR 4,617 million (2018: EUR 3,766 million). Also, at that date undrawn credit lines totalled EUR 796 million (2018: EUR 743 million).

Infrastructure project companies

At 31 December 2019, cash and cash equivalents (including short-term restricted cash) amounted to EUR 119 million (2018: EUR 239 million). Also, at that date undrawn credit lines amounted to EUR 45 million (2018: EUR 25 million), which were primarily arranged to cover committed investment needs.

e. Exposure to variable income risk

Ferrovial is also exposed to the risk relating to the fluctuation of its share price. This exposure arises specifically in equity swaps used to hedge against risks of appreciation of share-based remuneration schemes, the detail of which is shown in Note 5.5 to these consolidated financial statements.

Since these equity swaps are not classified as hedging derivatives, their market value has an impact on profit or loss. Accordingly, a EUR 1 increase/decrease in the Ferrovial share price would have a positive/negative impact of EUR 2 million on the net profit of Ferrovial.

f. Exposure to inflation risk

Most of the revenue from infrastructure projects is associated with prices tied directly to inflation. This is the case of the prices of both the toll road concession contracts and those of HAH, which are equity-accounted. Therefore, an increase in inflation would increase the cash flow derived from assets of this nature. Fixed benefit pension plans in the United Kingdom also include obligations that are linked to inflation. These are covered individually, since they are not consolidated within Ferrovial.

Unlike the other company assets, from the accounting standpoint the derivatives arranged at HAH, the objective of which is to convert fixed-rate borrowings into index linked debt, are measured at fair value through profit and loss, since up until now they are considered to be ineffective derivatives. HAH is assessing their classification as an accounting hedge under the new accounting standards (IFRS 9). The accounting impact to date means that an increase of 100 b.p. throughout the inflation curve would have an effect on the net profit attributable to Ferrovial (in proportion to its percentage of ownership) of EUR -241 million.

Also, in the case of the toll road concession operator Autema, there is a derivative tied to inflation that is deemed to qualify for hedge accounting, in which an increase of 100 b.p. throughout the inflation curve would have a negative effect on reserves of EUR -104 million.

g. Capital management

The Group aims to achieve a debt-equity ratio that makes it possible to optimise costs while safeguarding its capacity to continue managing its recurring activities and the capacity to continue to grow through new projects in order to create shareholder value.

With regard to financial borrowings, Ferrovial Group's objective is to maintain a low level of indebtedness, excluding infrastructure project borrowings, in a way that will allow it to retain its investment grade credit rating. In order to achieve this target it has established a clear and adequate financial policy in which a relevant metric refers to a maximum ratio, for non-infrastructure project companies, of net debt (gross debt less cash) to gross operating profit/(loss), plus dividends from projects of no more than 2:1.

At 31 December 2019, the net cash position is positive (assets exceeded liabilities) and, therefore, the difference with respect to the maximum debt-equity ratio established is very significant. For the purpose of calculating this ratio, "net debt excluding infrastructure project companies" is defined in Note 5.2 and "gross operating profit/(loss) from operations plus dividends" is the profit from operations before impairment losses, disposals and depreciation and amortisation of the Group Companies other than infrastructure concession operators, plus the dividends received from infrastructure project companies.

h. Impact of Brexit on financial risks

This section includes an analysis of the impact that Brexit is having for Ferrovial with respect to the financial risks and how these risks are being managed. The risk section of the Management Report contains a comprehensive analysis of Brexit and how it may affect the Group's various business areas.

Ferrovial's UK exposure on the basis of the various financial and business variables is detailed in the following table:

	2019		
(Millions of euros)	FERROVIAL TOTAL	UK EXPOSURE	% OF TOTAL
Revenue (*)	13,041	3,140	24%
EBITDA (*)	504	-19	-
Net profit/(loss)	268	82	-
Shareholders' funds	4,304	632	15%
Consensus analyst estimate			11%
Construction order book	11,417	924	8%
Services order book	17,599	7,979	45%
Airports managed		25% HAH, 50% AGS	

(*) Including discontinued operations

Exchange rate

During 2019, and once much of the uncertainty around the future of Brexit has been removed following the general elections in the United Kingdom and the subsequent passing of the Brexit law, the pound has strengthened against the euro. At 31 December 2019, the pound sterling had increased in value by 6% year-on-year. As a hedge against foreign currency risk against a negative outcome regarding the effect of Brexit, Ferrovial arranged hedges with a notional amount of GBP 416 million, which covers a figure similar to the dividends it expects to receive on its UK airport assets over the next 4 years.

Inflation and interest rates

Analysing performance between 2018-2019, the market has reduced its inflation forecast in relation to the future Retail Price Index (RPI) by an average of 0.25%, with figures standing at around 3.25% and a present rate that is also lower (for periods greater than 2 years), due to the more marked decline in nominal interest rates.

An adverse scenario in EU trade agreement negotiations in 2020 could result in a sharp rise in inflation, negatively affecting the value of the obligations in the defined benefit pension plans, as well as a significant increase in the nominal interest rate, leading to an increase in financing costs.

With regard to this adverse scenario, the Group has put in place natural hedges for the business (for example an increase in profit due to inflation) and financial hedges (for example an increase in financial products linked to inflation and nominal rates under pension plans).

One must also take into consideration that an increase in inflation has a positive impact on Heathrow, increasing the regulatory asset base (RAB), which is indexed to inflation and could have a positive impact on commercial revenues.

5.5. FINANCIAL DERIVATIVE INSTRUMENTS AT FAIR VALUE

a) Disclosure by type of derivative, changes, maturity dates and main features

The table below includes a detail of the fair values of the derivatives arranged at 31 December 2019 and 2018, as well as the maturity date of the notional amounts to which the derivatives relate (maturities of notional amounts are shown as positive figures and already-arranged future increases are presented as negative amounts):

TYPE OF INSTRUMENT (Millions of euros)	FAIR VALUE		NOTIONAL MATURITIES					
	BALANCES AT 31/12/2019	BALANCES AT 31/12/2018	2020	2021	2022	2023	2024+	TOTAL
ASSET BALANCES	**462**	**445**	**1,579**	**262**	**-1**	**-3**	**67**	**1,904**
Cintra index-linked swaps (inflation derivatives)	426	358	-1	-4	-2	-3	67	58
Cross Currency Swaps, Corporate Business	5	0	250	0	0	0	0	250
Cross currency swaps, toll roads	7	0	408	0	0	0	0	408
IRS Corporate Business	8	11	0	250	0	0	0	250
Equity swaps	8	0	65	0	0	0	0	65
Exchange rate derivatives, Corporate Business	0	50	132	0	0	0	0	132
Other derivatives	9	26	725	16	1	0	0	742
LIABILITY BALANCES	**482**	**390**	**4,317**	**97**	**86**	**25**	**805**	**5,328**
Cintra interest-rate swaps (interest-rate derivatives)	370	334	14	16	78	23	740	872
Cross Currency Swaps, Corporate Business	0	6	0	0	0	0	0	0
Equity swaps	0	2	0	0	0	0	0	0
IRS Corporate Business	41	9	500	0	0	0	0	500
Exchange rate derivatives, Corporate Business	24	2	954	0	0	0	0	954
Other derivatives	48	38	2,849	80	7	2	64	3,003
NET BALANCES (LIABILITIES)	**-20**	**55**	**5,896**	**359**	**85**	**22**	**872**	**7,233**

The cash flows comprising the fair value of the derivatives mature as follows:

TYPE OF INSTRUMENT (Millions of euros)	FAIR VALUE		CASH FLOW MATURITIES					
	BALANCES AT 31/12/2019	BALANCES AT 31/12/2018	2020	2021	2022	2023	2024+	TOTAL
ASSET BALANCES	**462**	**445**	**43**	**16**	**15**	**16**	**369**	**462**
Cintra index-linked swaps (inflation derivatives)	426	358	12	13	15	17	369	426
Cross Currency Swaps, Corporate Business	5	0	5	0	0	0	0	5
Cross currency swaps, toll roads	7	0	7	0	0	0	0	7
IRS Corporate Business	8	11	4	4	0	0	0	8
Equity swaps	8	0	8	0	0	0	0	8
Exchange rate derivatives, Corporate Business	0	50	0	0	0	0	0	0
Other derivatives	9	0	8	0	1	0	0	9
LIABILITY BALANCES	**482**	**390**	**92**	**52**	**46**	**43**	**250**	**482**
Cintra interest-rate swaps (interest-rate derivatives)	370	334	44	43	40	37	207	370
Cross Currency Swaps, Corporate Business	0	6	0	0	0	0	0	0
Equity swaps	0	2	0	0	0	0	0	0
Corporate IRS	41	9	0	7	7	6	21	41
Exchange rate derivatives, Corporate Business	24	2	24	0	0	0	0	24
Other derivatives	48	38	24	2	0	0	22	48
NET BALANCES (LIABILITIES)	**-20**	**55**	**135**	**68**	**62**	**59**	**619**	**-20**

Toll road derivatives

Interest rate swaps, toll roads

In order to hedge the interest rate risk in toll road infrastructure projects, the borrowings of which bear interest at a variable rate (primarily Autema and Euroscut Azores), the concession holders have arranged interest rate hedges on the projects' debt, establishing a fixed or increasing interest rate for a total notional amount of EUR 872 million at 31 December 2019. Overall, the fair value of these hedges increased from EUR -334 million at 31 December 2018 to EUR -370 million at 31 December 2019.

In general, since these derivatives are considered to be effective, the changes in their fair value are recognised in reserves, with an impact of EUR -36 million (EUR -27 million attributable to the Parent, after tax and non-controlling interests).

The changes in settlements and accruals gave rise to an impact on the financial result of EUR -46 million and of EUR 46 million in cash.

Index linked swaps, toll roads

This item relates exclusively to Autema, which in 2008 arranged an index linked swap to hedge income variability, by means of which an annual CPI of 2.50% was fixed.

This hedge, which was considered effective, had an impact of EUR 68 million on reserves (EUR 23 million after tax attributable to the Parent).

Cross currency swaps, toll roads

In 2019, the company 4352238 Canada Inc arranged cross-currency swaps to hedge a financial investment in US dollars (see Note 5.2.2). The notional amount of these instruments is CAD 594 million (EUR 408 million) and they expire in 2020, with a fair value of EUR 7 million.

Corporate Business Derivatives

Interest Rate Swaps, Corporate Business

In relation to the bond issues launched in 2013, the Group arranged interest rate derivatives for a notional amount of EUR 250 million expiring in 2021. Since they convert a portion of the fixed interest rate on the bonds into a floating interest rate, these derivatives constitute a partial fair value economic hedge of the aforementioned bond issues and they all qualify for hedge accounting. This means that the fair value changes in both the derivative and the hedged item (in this case, a part of the bond) are carried at fair value through profit or loss. The fair value impact of these bonds on the financial result amounted to EUR 1 million. It should be noted that the change in the fair value of the hedged bond amounts to EUR 2 million, while the effect on profit and loss of the fair value change in the IRS is EUR -3 million, so a net fair value loss of EUR -1 million (2018: EUR -1 million) is recognised.

In addition, on 4 July 2018, the group arranged interest rate derivatives (Interest Rate Swaps, IRS) for a total notional amount of EUR 500 million in order to secure the rate applicable to the potential refinancing of one of the bonds issued by the Company. At 31 December 2019, these derivatives have a fair value of EUR -41 million (31 December 2018: EUR -9 million) and are designated as cash flow hedges, value changes being recognised with a balancing entry in reserves.

Therefore, at year-end 2019 the fair value of these derivatives amounts to EUR -33 million.

Cross Currency Swaps, Corporate Business

In 2016, Ferrovial arranged cross-currency swaps to hedge a drawdown of borrowings in US dollars (see Note 5.2.2). The notional amount of these instruments is USD 287 million (EUR 250 million) and they expire in 2020, with a fair value of EUR 5 million.

Equity swaps

Ferrovial has arranged equity swaps in order to hedge against the possible impact on equity resulting from the exercise of the share-based remuneration schemes granted to its employees.

The modus operandi of these equity swap contracts is as follows:

- The calculation base is a given number of Ferrovial shares and a reference price, which is normally the market price of the share on the grant date.
- For the duration of the contract, Ferrovial pays interest equivalent to a given interest rate (EURIBOR plus a spread, to be applied to the result of multiplying the number of shares by the exercise price) and receives remuneration equal to the dividends relating to those shares.
- When the swap expires, if the share price has increased, Ferrovial will receive the difference between the market price and the reference price. If the share price has fallen, Ferrovial will pay the difference to the bank.

At 2019 year-end, these derivatives had a notional amount equivalent to 2.7 million shares, which, based on the exercise price of the equity swaps (the price at which they must be settled with the banks), represented a total notional amount of EUR 65 million.

Exchange rate derivatives, Corporate

These derivatives relate to Corporate hedges of foreign currency risk, the main aim of which is to protect against the volatility of future cash flows in foreign currencies (basically the pound sterling, the Australian dollar, the US dollar, and the Canadian dollar). Their notional value amounted to EUR 1,131 million at 31 December 2019, of which EUR 411 million relate to pound sterling, EUR 581 million to the Australian dollar, EUR 132 million to the US dollar, EUR 7 million to the Canadian dollar. They expire in the short-term. The changes in their value are recognised as translation differences and amounted to EUR -40 million in 2019 (for effective derivatives). Options, which are not classified as accounting hedges, are recognised in net financial income/(expense) at fair value and in 2019 represented an expense of EUR 1 million.

Other derivatives

This item includes the other derivatives contracted by the Group for a fair value of EUR -39 million, of which EUR -10 million relates to foreign exchange derivatives in the Toll Roads business, largely hedging volatility in future Canadian dollar flows (see Note 1.3), and EUR -27 million relating basically to interest rate swaps, hedging certain project borrowings in the Construction business.

B) MAIN IMPACTS ON PROFIT & LOSS AND EQUITY

The movements for accounting purposes in the main derivatives arranged by fully consolidated companies, detailing the fair values thereof at 31 December 2019 and 2018, and the impact on reserves, profit/(loss) and other balance sheet items are as follows:

	FAIR VALUE			IMPACTS						
TYPE OF INSTRUMENT (Millions of euros)	BALANCE AT 31/12/2019	BALANCE AT 31/12/2018	VAR.	IMPACT ON RESERVES (I)	FAIR VALUE IMPACT ON PROFIT/(LOSS) (INEFFECTIVENESS) (II)	IMPACT ON FINAL PROFIT/(LOSS) (III)	CASH (IV)	EXCHANGE RATE EFFECT (V)	OTHER IMPACTS ON BALANCE SHEET OR INCOME STATEMENT (VI)	TOTAL
Index-linked derivatives	**426**	**358**	**69**	**68**	**-1**	**0**	**-10**	**0**	**11**	**69**
Cash flow hedges	426	358	69	68	-1	0	-10	0	11	69
Interest rate derivatives	**-425**	**-343**	**-81**	**-79**	**-2**	**-45**	**45**	**0**	**0**	**-81**
Cash flow hedges	-432	-354	-78	-79	1	-49	49	0	0	-78
Fair value hedges	8	11	-3	0	-3	4	-4	0	0	-3
Cross Currency Swaps	**11**	**-6**	**17**	**-1**	**-1**	**14**	**-1**	**0**	**5**	**17**
Cash flow hedges	5	-6	17	-1	-1	8	-1	0	5	10
Fair value hedges	7	0	7	0	0	6	0	0	0	7
Exchange rate derivatives	**-41**	**48**	**-89**	**-3**	**3**	**0**	**106**	**-199**	**2**	**-90**
Fair value hedges	-34	44	-78	-2	2	0	69	-149	2	-78
Net foreign investment hedges	-7	-1	-6	0	-4	0	48	-50	0	-6
Speculative	0	5	-6	0	5	0	-10	0	-1	-6
Equity swaps	**8**	**-2**	**10**	**0**	**25**	**1**	**-16**	**0**	**0**	**10**
Speculative	8	-2	10	0	25	1	-16	0	0	10
TOTAL	**-20**	**55**	**-75**	**-14**	**25**	**-30**	**124**	**-199**	**17**	**-75**

Derivatives are recognised at market value at the arrangement date and at fair value at subsequent dates. Changes in the value of these derivatives are recognised for accounting purposes as follows:

- The changes in the year in the fair value of the derivatives that qualify for cash flow hedge accounting are recognised with a balancing entry in reserves (column I).
- The changes in fair value of the derivatives that do not qualify for hedge accounting or that are considered to be held for speculative purposes are recognised as a fair value adjustment in the Group income statement (column II) and are reflected separately in the income statement.
- "Impact on Financial Result" (column III) reflects the impacts on the financial result due to financing arising from the interest flows accrued during the year.
- "Impact on Cash" (column IV) indicates net payments and collections during the year.
- The impact of the difference between closing translation differences at December 2019 and 2018 is also presented separately (column V).
- The "Other Impacts" column shows the impacts on operating profit/(loss), financial result (exchange rate effect) or other effects not considered in the other columns (column VI).

C) DERIVATIVE VALUATION METHODS

All the Group's derivative financial instruments and other financial instruments carried at fair value are included in LEVEL 2 of the Fair Value Measurement Hierarchy, since although they are not quoted on regulated markets, the inputs on which their fair values are based are observable, either directly or indirectly.

The fair value measurements are performed by the Company using an internally developed measurement tool based on best market practices. However, they are in any event compared with the measurements received from the counterparty banks on a monthly basis.

Equity swaps are measured as the difference between the market price of the share on the calculation date and the unit settlement (strike) price agreed at inception, multiplied by the number of shares under the contract.

The other instruments are measured by quantifying the net future cash inflows and outflows, discounted to present value, with the following specific features:

- Interest rate swaps: the future cash flows with floating reference rates are estimated by using current market projections at the measurement date for each currency and settlement frequency; and each flow is updated using the market zero-coupon rate that is appropriate for the settlement period and currency in question at the valuation date.
- Index-linked swaps: the future cash flows are estimated by projecting the future behaviour implicit in the market curves on the valuation date for each currency and settlement frequency, for both reference interest rates and reference inflation rates. As in the cases described above, the flows are discounted using the discount rates obtained at the measurement date for each flow settlement period and currency.
- Cross currency swaps: the future cash flows with floating reference rates are estimated by using current market projections at the measurement date for each currency and settlement frequency; and each flow is discounted using the market zero-coupon rate that is appropriate for the settlement period and currency in question at the measurement date, including the cross currency basis spreads. The present value of the flows in a currency other than the measurement currency is translated at the spot exchange rate prevailing at the measurement date.
- Foreign currency derivatives: as a general rule, the future cash flows are estimated by using the exchange rates and market curves associated with each currency pair (forward points curve), and each flow is updated using the market zero-coupon rate that is appropriate for the settlement period and currency in question at the valuation date. For other more complex instruments (options, etc.), the valuation models appropriate for each instrument are employed, taking into consideration the necessary market data (volatilities, etc.).
- Lastly, credit risk, which pursuant to IFRS 13 was included in the valuation of derivatives, is estimated as follows:
- In order to calculate the adjustments associated with own and counterparty credit risk (CVAs/DVAs), Ferrovial applies a methodology based on calculating the future exposure of the various financial products using Monte Carlo simulations. To this potential exposure, a probability of default and a loss given

default based on the parties' business and credit quality are applied, as well as a discount factor based on the currency and applicable maturity at the valuation date.

- In order to calculate the probabilities of default of the Ferrovial Group Companies, the credit risk management department assesses the rating of the counterparty (company, project, etc.) using a proprietary, rating agency-based methodology. This rating is used to obtain market spread curves according to the currency and term in question (generic curves by rating level).

In order to calculate the probabilities of default of the balancing entries, the CDS curves of those companies are used, if available. Otherwise, the CDS curves of a similar entity (proxy) or a generic spread curve (by rating level) are used.

SECTION 6: OTHER DISCLOSURES

This section includes other notes required under the applicable legislation.

Of particular note due to its importance is Note 6.5, Contingent liabilities and commitments, in which the main lawsuits that affect the Group Companies and guarantees provided are described, with particular emphasis on the guarantees provided by ex-infrastructure project companies on behalf of infrastructure project companies.

The changes in liabilities other than current liabilities and financial borrowings, such as the pension obligations (see Note 6.2) and provisions (see Note 6.3), are also analysed.

6.1. DEFERRED INCOME

The detail of Deferred income at 31 December 2019 and 2018 is as follows:

(Millions of euros)	2019	2018	CHANGE 19/18
Capital grants	1,347	1,241	106
Other deferred income	0	0	0
TOTAL DEFERRED INCOME	**1,347**	**1,241**	**106**

The balance of "Deferred Income" totalled EUR 1,347 million at the end of 2019 (2018: EUR 1,241 million), primarily relating to the capital grants received from the infrastructure concession grantors. EUR 1,345 million of this amount relates to the Toll Roads Division.

These grants are mainly located in the following toll road projects: EUR 418 million for LBJ Infrastructure Group, EUR 508 million for NTE Mobility Partners, EUR 210 million for NTE Mobility Partners Segments 3 LLC and, lastly, EUR 207 million for I-77 Mobility Partners.

The main change during the financial year occurred at NTE Mobility Partners Segments 3 and I-77 Mobility Partners and Cintra subsidiaries in the USA, which received additional grants over the course of the year in the amount of EUR 65 million and EUR 27 million respectively.

The US companies have also seen their value rise by EUR 24 million due to the dollar's appreciation against the euro.

These capital grants are released to the income statement for the year at the same rate as the depreciation charged on the assets they finance, net of depreciation. The impact of these grants on cash flows is presented as a reduction of cash flows from investing activities.

6.2. PENSION PLAN DEFICIT

This line item reflects the deficit relating to pension and other employee retirement benefit plans. At 31 December 2019, the provision recognised in the consolidated balance sheet amounted to EUR 4 million and solely related to Budimex (31 December 2018: EUR 3 million).

6.3. PROVISIONS

The provisions recognised by the consolidated Group are intended to cover the risks arising from its various operating activities. They are recognised using the best estimates of the existing risks and uncertainties and their possible evolution.

This note provides a breakdown of all the line items composing provisions on the liability side of the consolidated balance sheet. In addition to these line items, there are other impairment losses and allowances that are presented as a reduction of certain asset line items and which are disclosed in the notes relating to those specific assets.

The movements in the long-term and short-term provisions presented separately in liabilities in the consolidated balance sheet were as follows:

(Millions of euros)	LITIGATION AND TAXES	RELOCATION AND UPGRADES IFRIC 12	OTHER LONG-TERM RISKS	WASTE LANDFILLS	COMPULSORY PURCHASES	TOTAL NON-CURRENT PROVISIONS	SHORT-TERM PROVISIONS	TOTAL
BALANCE AT 31 DECEMBER 2018	323	64	47	0	25	459	431	890
CHANGES IN THE CONSOLIDATION SCOPE AND TRANSFERS	3	-33	30	10	-2	7	-20	-12
CHARGES:	80	20	5	0	0	105	406	511
EBITDA	*53*	*0*	*5*	*0*	*0*	***57***	*405*	462
Net financial income/(expense)	*6*	*3*	*0*	*0*	*0*	***10***	*1*	11
Impairments & disposals	*0*	*0*	*0*	*0*	*0*	***0***	*0*	0
Corporate Income Tax	*21*	*0*	*0*	*0*	*0*	***21***	*0*	21
Fixed asset depreciation	*0*	*17*	*0*	*0*	*0*	***17***	*0*	17
REVERSALS:	-14	0	-1	0	-4	*-19*	-52	-71
EBITDA	*-13*	*0*	*-1*	*0*	*0*	***-14***	*-52*	-65
Net financial income/(expense)	*0*	*0*	*0*	*0*	*0*	***0***	*-1*	-1
Impairments & disposals	*0*	*0*	*0*	*0*	*0*	***0***	*0*	0
Corporate Income Tax	*-1*	*0*	*0*	*0*	*0*	***-1***	*0*	-1
Fixed asset depreciation	*0*	*0*	*0*	*0*	*-4*	***-4***	*0*	-4
AMOUNTS USED RECOGNISED IN CURRENT ASSETS OR CURRENT LIABILITIES	-13	0	0	0	0	-13	-28	-41
AMOUNTS USED RECOGNISED IN OTHER ASSETS	-1	-3	0	0	-19	-23	0	-23
EXCHANGE DIFFERENCES	0	1	0	0	0	1	14	16
BALANCE AT 31 DECEMBER 2019	378	49	81	10	0	518	750	1,268

The table above shows the changes in the year by detailing, on the one hand, the changes in the consolidation scope and transfers, the charges for the year and reversals that had an impact on the various lines in the income statement and, on the other, other changes which did not have an impact thereon, such as amounts used recognised under various headings in the balance sheet and the exchange rate effect.

In this regard, on analysing the effect on the consolidated income statement, mention should be made of the net provision (charge) of EUR 397 million with an impact on gross operating profit (EUR 462 million charge and EUR -65 million reversal), totally in the Construction Division following the provision recognised in the first quarter of the year for possible future losses at various projects in the US. Provisions have also been applied during the year with balancing items in working capital accounts in the amount of EUR -41 million, mainly relating to the Construction Division. The sums of charge/reversal (EUR 397 million) and the provision used (EUR -41 million), considering other effects such as bad debt provision (which is not included in the detail above (EUR -26 million), are explained for the purpose of working capital in the cash flow statement totalling EUR 330 million (see Note 5.3).

Litigation provisions

At 31 December 2019, the total litigation provisions for the group amounted to EUR 378 million. This item includes the following:

- Provisions to cover the possible risks resulting from lawsuits and litigation in progress, amounting to EUR 112 million (December 2018: EUR 82 million), largely relate to the Construction Division. These provisions are recognised and reversed with a charge/credit, respectively, to changes in provisions within EBITDA.
- Provisions for tax claims, amounting to EUR 266 million (31 December 2018: EUR 241 million), arising in relation to local or central government duties, income taxes and other taxes, as a result of the varying interpretations that can be made of the tax legislation in the various countries in which the Group operates (See Note 6.5.1.d). These provisions are recognised and reversed with a charge/credit to gross operating profit/(loss), net financial income/(expense) and/or corporate income tax, depending on the nature of the tax for which the provision has been recognised (penalties, related interest, and/or tax deficiencies in assessments signed on a contested basis). The impact of the Services business is recognised in the net profit/(loss) of discontinued operations (see Note 1.1.3).

Provision for replacements pursuant to IFRIC 12

This line item includes the provisions for investments in replacements established by IFRIC 12 (see Note 1.2.3.2), the total amount of which amounted to EUR 49 million. This provision is recognised and reversed with a charge/credit, respectively, to the depreciation and amortisation charge over the period in which the obligations accrue, until the replacement becomes operational. The impact of this amortisation amounts to EUR 17 million.

We would note the variation due to changes in the consolidation scope of EUR -33 million, largely due to the sale of the Autopista del Sol (see Note 1.1.4), amounting to EUR -25 million.

Provisions for other long-term risks

This line item includes the provisions recognised to cover certain long-term risks other than those attributable to litigation or tax claims, such as third-party liability resulting from the performance of contracts, guarantees provided with enforcement risk and other similar items, which amounted to EUR 81 million at 31 December

2019 (31 December 2018: EUR 47 million). The variation with respect to 2018 is due essentially to the reclassification of EUR 36 million from investments in associates in relation to the additional losses in certain Toll Road division companies in respect of which there are contractual obligations to contribute additional capital and/or guarantees when the value of the relevant shareholdings falls to zero (see Note 3.5).

Provision for landfills

"Provision for landfills" contains the estimated cost of landfill closure and post-closure activities relating to the landfills operated in the Services business in Poland. The provision is calculated based on a technical estimate of the consumption to date of the total capacity of the respective landfills. This provision is recognised and reversed with a charge/credit, respectively, to changes in provisions within gross operating profit/(loss), as the costs required for closure of the landfill are incurred. The total provision (EUR 10 million) comes from services activity in Poland, which has been classified to continued activity during 2019 fiscal year as part of construction business.

Provision for compulsory purchases

The provision for compulsory purchases recognised by the Spanish toll roads, the balance of which at December 2019 is zero (31 December 2018: EUR 25 million), following the changes to the consolidation scope due to the sale of 65% of Autopista del Sol. This provision is charged against the concession infrastructure as the costs are incurred over the concession term.

Short-term provisions

At 31 December 2019, the short-term provisions balance amounted to EUR 750 million (31 December 2018: EUR 431 million).

This entry primarily covers provisions relating to customer contracts, such as provisions for deferred costs (relating to the completion of works and the removal of site equipment, pursuant to the contract) and provisions for budgeted losses. In this regard, these types of provisions are mainly focused on the Construction Division for EUR 733 million (2018: EUR 414 million). Particularly noteworthy was the aforementioned provision recognised for potential future losses at various projects in the US.

These provisions are recognised and reversed with a charge/credit, respectively, to changes in provisions within EBITDA.

6.4. OTHER LONG-TERM PAYABLES

This line item includes:

- The participating loans granted by the State to various infrastructure project concession operators amount to EUR 9 million (31 December 2018: EUR 115 million) from the Construction Division. The decrease is due to the sale of the Autopista del Sol to the infrastructure fund Meridiam (see Note 1.1.4).
- Long-term loans with associates of the Toll Roads Division, amounted to EUR 11 million (31 December 2018: EUR 11 million).
- Long-term trade payables amounted to EUR 6 million (31 December 2018: EUR 7 million).

6.5. CONTINGENT LIABILITIES, CONTINGENT ASSETS, OBLIGATIONS AND COMMITMENTS

6.5.1. Litigation

In carrying on its activities the Group is subject to possible contingent liabilities of varying kinds. These contingent liabilities lead to lawsuits or litigation in relation to which a provision is recognised based on the best estimate of the foreseeable disbursements required to settle the obligation. These provisions are set out in Note 6.3.

Therefore, it is not expected that any significant liabilities will arise, other than those for which provisions have already been recognised, that might represent a material adverse effect.

The detail of the most significant litigation, in terms of amount, in the Group's various business divisions is as follows:

a) Litigation relating to the toll road business

Autopista Terrassa Manresa (Autema):

Contentious-administrative action against Decrees 161/2015 and 337/2016 approved by the Government of Catalonia:

On 14 July 2015, the Government of Catalonia published Decree 161/2015, which radically amended the rules governing the concession for the project originally established in Decree 137/1999. This legislative change was carried out in December 2016 via Decree 337/2016 (both referred to collectively as the "Decrees").

The change introduced by the new legislation entailed moving from a regime under which the Government of Catalonia paid the concession operator the difference between the tolls collected and the operating surplus established in the Economic and Financial Plan, to a system whereby the remuneration earned by the concession operator will depend on the number of the infrastructure's users, with the Government of Catalonia subsidising a portion of the toll paid by the user, reducing Autema's revenues by between 50% and 43%.

In this regard, the Concession Operator considers that there are sound arguments to conclude that the Grantor has clearly exceeded the limits of its power to amend the public arrangements by issuing these decrees. Accordingly, the company filed an appeal against the aforementioned Decrees at the High Court of Catalonia (TSJC).

Over the course of 2017, the co-defendants (the Catalan Government and Bages Regional Council) filed their written submissions in reply to the complaint and, during 1H 2018, evidence was heard. Following the submission of written conclusions by Autema in July and by the co-defendants in September 2018, the conclusions phase of the trial was brought to an end.

On 18 March 2019, AUTEMA was notified of the Catalan High Court's judgement rejecting AUTEMA's contentious-administrative appeal against the decrees. The Company then filed a cassational appeal with the Supreme Court against this judgement, so it is not yet final. Its effects are suspended until the Supreme Court rules on the appeal. The first stage in the filing of the cassational appeal has been completed, as the Catalan High Court has agreed to submit the appeal to the Supreme Court. It is now up to the Supreme Court whether or not to give the appeal leave to proceed. We estimate that this decision could take six to nine months (starting from June 2019). If the appeal is granted leave to proceed, the Supreme Court will decide whether to admit it or not, which we estimate will take approximately two years from the start of preparations (i.e. from June 2019). The final procedural stage completed in 2019 was the Supreme Court's acceptance of the case from the Catalan High Court, with the appearance of the parties before the Supreme Court and the appointment of the Presiding Judge, so that the Court may decide whether or not to admit the appeal for process.

Following an analysis of the available information on the proceedings, as of 31 December 2019 the company believed that there was a strong basis for the case to be admitted in cassation and for the merits of the action to be subsequently upheld, and it has therefore continued to treat this asset as a financial asset. It is felt that the aforementioned judgement could be an indication of the additional impairment of the assets connected with this project, to the extent that although it is believed that the action will be won on its merits, recovery of the outstanding unpaid amounts will be delayed until the cassational appeal has been resolved and enforcement of the judgement is subsequently achieved, so an impairment of EUR 58 million has therefore been entered in 2019 (Note 3.3.2).

M-203 Toll Road:

Legal action filed by the Concession operator seeking the termination of the concession agreement on the grounds of a breach by the Administration:

On 24 April 2014, the Concession operator instigated a proceeding at the Madrid High Court of Justice requesting the termination of the concession arrangement due to a breach by the grantor and the annulment of the penalties imposed on the Concession Operator due to the halting of the construction work.

Following the favourable judgement by the Madrid High Court, in an Order from the CAM's Ministry of Transport, Infrastructure and Housing dated 3 November 2017 (the "Order for Termination"), the Community of Madrid (CAM) terminated the concession agreement. In 2018, the CAM took over the works and refunded the bank bonds provided as a definitive guarantee (which amounted to EUR 6 million).

With regard to the Authority's subrogation to the expropriation proceedings and compensation both for the investment made (net investment value - NIV) and for the damage suffered, in April 2019 the Company filed a complaint with the CAM, citing the Authority's failure to act and demanding that it comply with its obligation to issue a ruling on the NIV.

As the CAM did not respond to the Company's demand within 3 months, the Company filed a contentious-administrative appeal on 15 July 2019 in which it cited the CAM's failure to act and included an interim injunction asking the court to order the CAM to issue its ruling expeditiously.

This interim injunction was rejected in October 2019, and the legal procedure seeking to have the CAM hand down its ruling on the NIV has continued its course. The Company filed a claim at the Madrid High Court on 17 December, and on 11 February 2020 notification was received of the CAM's response, giving the Company a period of time to submit its written conclusions.

In addition, on 27 January 2020, the Company was notified via administrative channels of the CAM's valuation report on the amount of the NIV, in which it puts this figure at EUR 56 million (excluding VAT) plus the interest that accrues until payment is effectively made. An allegations period was granted and the Company presented its allegations on 12/2/2020, referring to the previous arguments and statements of claim, requesting that a ruling be issued as soon as possible and reserving the right to take action as admissible to claim the difference between the amount claimed (EUR 60 million, which the Company has recognised in its balance sheet) and the amount recognised in the report. The Company has decided not to set aside any provision for the amount that has yet to be received, given that its legal advisers believe that we have strong arguments for claiming its recovery.

As regards the damages payable by the CAM due to the early termination of the concession agreement, the CAM must initiate a separate action from the one relating to the NIV. This action for damages has not been initiated by the Authorities, and therefore the Company, which has not recognised any amount relating to this item in its balance sheet, filed a claim on 7 August 2019 for damages and lost profit with the CAM, seeking the amount that it believes it is owed and submitting documentation in support of its case. As six months had elapsed without a reply from the Authorities to the claim filed on 7 August, the Company lodged a contentious-administrative appeal on 14 February 2020 against the rejection of the claim due to administrative silence.

As a result of the termination of the concession arrangement, at 31 December 2019 the company reclassified the carrying amount of the asset (EUR 76 million) as an account receivable from the grantor (see Note 3.6) and includes the EUR 60 million mentioned above, as well as EUR 13 million in VAT and EUR 3 million in interest.

Court proceedings instigated by the financial institutions of the radial 4 project:

With regard to Radial 4, in June 2013 a group of financial institutions from the banking syndicate that was financing the Project filed court proceedings with Madrid Court of First Instance No. 61 against the shareholders of the company that had guaranteed the contribution of contingent capital in certain circumstances, namely Cintra Infrastructures, SE – and Sacyr Concesiones, S.L.

In that lawsuit, they sought the enforcement of a guarantee that had been put in place by the shareholders, on the grounds of an alleged breach of certain ratios. This corporate guarantee amounts to a total of EUR 23 million, of which Cintra's share amounts to EUR 14.9 million. In their reply to the action, Cintra and Sacyr argued, *inter alia*, that the banks did not have active *locus standi* (a legitimate right to act), believing that they could not file an action against the Shareholders but should instead file it against the company that was the Investor in the Project. They also argued that the purpose of the guarantee was not to afford the borrower funds to cover payments relating to the financing, but rather to ensure its financial solvency in order to meet obligations arising from a refinancing process that has not taken place.

In the end, the First Instance Court accepted the plea for the lack of active *locus standi* on the part of the claimants, dismissing the banks' claim without entering into the merits of the case. The Banks appealed this judgement before the Madrid Court of Appeal, which upheld the first instance judgement in December 2016. Against this judgement, the financial institutions filed an extraordinary appeal for procedural infringement with the Supreme Court.

Notice of the Supreme Court's ruling admitting the Banks' appeal was given on 12 July 2019, and the Banks' active *locus standi* to make a direct claim against the Sponsors (Cintra and Sacyr) was recognised. The Court of Appeal was thus forced to enter into the merits of the case.

Lawsuit regarding insolvency of SH-130 toll road creditors

On 1 March 2018, "SH-130 Concession Company, LLC" filed an initial statement of case at the United States Bankruptcy Court Western District of Texas against Ferrovial, S.A, Cintra Infrastructures SE, Ferrovial Agroman, S.A. and other companies of the Ferrovial Group, and against the partner in the SH-130 toll road project.

SH-130 Concession Company, LLC was 65% owned by Cintra TX 56, LLC until 28 June 2017, when ownership of its share capital was transferred to the current shareholders as the result of the completion of the voluntary insolvency process (Chapter 11) filed on 2 March 2016.

The complaint is based on the claim that some of the payments made by the concession operator to the construction company in 2011 and 2012, during the toll road's design and construction phase, were allegedly made in a way that defrauded the creditors, since, in the claimant's opinion: (i) the works were completed incorrectly and should not, therefore, have been paid for; and (ii) the concession operator was insolvent.

The claimant is demanding the return of these payments, which amount to a total of USD 329 million.

It also accuses Ferrovial, S.A., Cintra Infrastructures SE and other companies in the group of having caused SH-130 Concession Company, LLC to make such payments, thus breaching the fiduciary duties that it should have observed under the mercantile law of the State of Delaware, as well as accusing them of aiding and abetting the breach of such duties.

In an amendment to the initial statement of case filed on 28 September 2018, the claimant sought additional damages consisting of the return of the profits earned under the agreements for services for which the defendants had invoiced the claimants over the said period. The claimant is yet to specify the amount required for this item. It has also extended the initial complaint in relation to fulfilment of fiduciary duties.

The Ferrovial Group defendant companies presented various motions to dismiss on the initial legal action. On 7 September 2018, the court allowed the motions to dismiss relating to the Group Companies Ferrovial Internacional, S.L.U. and Ferrovial International Ltd. (which have been excluded from the legal action). The proceeding continues with respect to the other defendants.

On 5 August 2019 the claimant filed a third amendment to the complaint, in which it extended its accusations of an infringement of fiduciary duties to events that had occurred in 2007 as a result of the financial closure of the project.

At present, this lawsuit is in the discovery phase, which once completed will be followed by the submission and argument phases.

The analysis carried out so far by the legal advisors of the affected companies, based on the information available throughout the process, would lead to the conclusion that the Ferrovial Group Companies named as defendants in the process have strong arguments to defend their interests, and it is reasonable to think that they could succeed in having the actions brought against them rejected by the Court. Based on the above, Ferrovial has not set aside any provision in group companies as a result of these legal proceedings.

b) Litigation relating to the Construction business

The Construction Division is involved in a number of ongoing legal actions, relating principally to potential construction defects in the building work it has completed and claims for civil liability.

The provisions recognised in relation to these risks at 31 December 2019 totalled EUR 112 million (2018: EUR 82 million) and relate to a total of approximately 87 lawsuits.

The main lawsuit relates to the SH 130 toll road construction works in Texas, as detailed below, and this is in addition to the complaint described in the previous section relating to the toll road business.

Arbitration - construction works at the SH-130 toll road in Texas:

In addition to the legal action mentioned in the section relating to lawsuits in the toll road business, the concession operator for the SH 130 toll road (SH130 Concession Company, LLC) filed a request for the submission to arbitration of a dispute against Central Texas Highway Contractors, LLC, the toll road's constructor (in which Ferrovial Agroman holds a stake), and against the companies Zachry Industrial, INC. and Ferrovial Agroman S.A., as the joint guarantors of the aforementioned company. In the request for arbitration, the concession operator claimed in both general and specific terms that there were failings and defects during the construction, mainly in the aggregates used to surface the toll road, which it valued at no less than USD 130 million. Of this, 50% (USD 65 million) would be attributed to Ferrovial's stake in the company, though there is no joint and several liability with regard to the other stakeholder's involvement.

In March 2019, the company SH130 Concession Company LLC, filed a statement of claim for USD 161 million (which added to the initial USD 130 million, amounts to a total of approximately USD 291 million), which consists of the amounts that SH130 Concession Company, LLC alleges it has incurred or will incur to repair the damages claimed.

Of this amount, 50% (USD 145 million) would be attributable to the stake held by the Ferrovial Group.

To date, following the submission of the respondent's statement of defence, SH130 Concession Company, LLC has filed its statement of reply in December 2019, in which it basically maintains the same claims but has reduced the amount to USD 280 million (USD 140 million would be attributed to the Ferrovial Group's share). The hearing will begin on 9 March 2020. The International Chamber of Commerce (institution responsible for the arbitration procedure) has announced that the final arbitration decision will be handed down before 30 July 2020. It is possible that this date may be extended. After analysing all of the documentation that they have had access to over the course of the year, the legal advisors of the affected companies still believe that construction work at the toll road was carried out in accordance with the terms of the contract and industry best practices, and that, in any case, any liability that may result from this lawsuit could be reduced by certain factors, such as:

- The existence of insurance policies to the benefit of the construction company.
- Where applicable, liability for the defects being alleged should rest with the companies that were subcontracted by the construction company, both with regard to design and as regards the work done to lay the road surface.
- It would appear that the Texas Department of Transport and the concession operator have reached an agreement to carry out the work required to repair the defects at a value of USD 60 million, which represents much less than the amount being claimed.

A mediation process has begun with SH130 Concession Company, LLC (which also involves the partner in the project, Zachry, insurance companies, designers and subcontractors connected with the alleged construction defects), with the aim of bringing this claim to an end in a negotiated manner. Any agreement that might be reached would also entail the ending of the lawsuit that relates to the same project and is described in the section relating to lawsuits in the toll road business. As of the date on which the annual accounts were drawn up, no results had been achieved in this mediation process.

It was concluded that upon closing the accounts in December 2019, the risk arising from these proceedings could amount to USD 25 million, and a supplementary allowance of USD 15 million was therefore set aside during the 2019 financial year, in addition to the USD 10 million already set aside.

Construction Business in Spain:

On 1 October 2018, the Spanish National Markets and Competition Commission's (CNMC) Competition Division (CD) agreed to bring sanctions proceedings against a number of companies, one of them being Ferrovial Agroman S.A, (FASA), for alleged prohibited behaviour that is contrary to competition regulations.

As outlined by the CD, this behaviour ostensibly consists of the exchange of certain information between companies for the purposes and/or with the effect of restricting competition during the course of the competitive tendering processes organised by Public Authorities in Spain for the construction and refurbishment of infrastructure and buildings.

The list of charges drawn up by the CD was received in October 2019. This document contains the conclusions reached in the investigation that was carried out and it gives details of the events that could constitute an infringement of the competition regulations. A statement of defence arguments was filed in December, arguing that the infringements indicated by the CD had not occurred. Subsequently, following completion of the necessary instruction process, notice of the proposed ruling will be given so that the relevant arguments may be put forward.

Lastly, the CNMC Board is expected to hand down its decision on the proceedings in April 2020.

This decision may be appealed in the National Court and, where applicable, in the Supreme Court. This risk is covered by the provisions mentioned in Note 6.3.

c) Litigation relating to the Services business

Services business in the UK:

The main lawsuits that remain ongoing are as follows: The main lawsuits that remain ongoing are as follows:

- Lawsuit relating to the Amey contract with Birmingham City Council:
- In June 2019 Amey reached an agreement to exit the Birmingham City Council contract. Pursuant to this agreement, Amey is required to pay GBP 215 million over a six-year period (GBP 100 million paid on 29 June 2019, two payments of GBP 30 million each at the end of September and December 2019, GBP 10 million each year from 2020 to 2024 and GBP 5 million in 2025) to fully discharge Amey's liability with respect to the Birmingham project and stakeholders.
- This agreement has no impact on Ferrovial's profit, as it falls into the calculation of the fair value provision recognised in December 2018 in relation to Ferrovial's stake in Amey.

Aggregate industries:

As detailed in the 2018 annual accounts, the Services business in the UK also had a claim by Aggregate Industries, the subcontractor in the Sheffield contract, amounting to GBP 32 million.

During 2019, Amey obtained a High Court judgement ordering Aggregate Industries to present the definitive claim for its evaluation. Following this judgement, the parties have reached an agreement, entailing an impact of GBP 2.2 million in the Amey income statement. The Group considers that the agreement reached marks the end of this lawsuit.

Services business in Spain:

- Litigation relating to the Ruling of the Spanish National Markets and Competition Commission (CNMC) in relation to the municipal solid waste sector.

  On 12 June 2019, the CNMC set forth a list of the established facts in which it outlined anti-trust conduct or practices, divided into two blocks:

  - participation in market-sharing agreements and recommendations in the municipal solid waste sector as a partner of ASELIP (Association of Waste Management and Street Cleaning Companies); and
  - bilateral client-sharing agreements with a competitor in the non-hazardous industrial waste sector in Catalonia and Andalusia, and with another competitor in the same industrial waste sector in Andalusia.

As reported in the 2018 annual accounts, Ferrovial has filed a contentious-administrative appeal with the National Court on the grounds that the initiation of these new proceedings violates the basic right of Cespa S.A. and Cespa Gestión de Residuos S.A.U. not to be tried twice for the same offence, since proceedings were previously initiated for the same reason and later dismissed by the Courts. The appeal has been concluded and is now pending a date to be set for the voting and handing down of the judgement. On 31 July 2019, the CNMC handed down its ruling on a proposed penalty, and on 30 August 2019 CESPA and CESPA GR filed claims against this ruling. On 19 September 2019, the CNMC Board ordered the suspension of the term allocated to resolve the proceedings until the National Court has ruled on the contentious-administrative appeal for the protection of basic rights. The Group has decided not to set aside any provision, given that the Company's legal advisors believe that the arguments set out in the appeal seeking protection for basic rights are robust.

- Litigation relating to the penalty proceedings opened by the Spanish National Markets and Competition Commission (CNMC) in relation to the road maintenance sector:

  Following a period of investigation into reserved information, on 16 July 2019, the CNMC initiated penalty proceedings against FERROSER INFRAESTRUCTURAS, S.A. and its Parent FERROVIAL, S.A., along with other companies in the sector (ACS, ACCIONA, FCC, OHL, SACYR, ELECNOR, and others), due to potential anti-trust practices during tendering for providing maintenance and operations services for the State Road Network, arranged by the Ministry of Public Works. The CNMC has only announced initiation and has provided access to part of the proceedings. In relation to the investigation period related to the reserved information, the Group has filed a contentious-administrative appeal with the Nation Court seeking protection for basic rights, essentially based on the fact that the Inspection order was very generalised and that the indicators of the investigation were not provided, and this has been admitted for process and has been challenged by the Public Prosecutor, pending a date for a vote and ruling. For the same reasons, on 11 January 2019, an appeal was filed with the Madrid High Court, asking for the Court Ruling that authorised the inspection to be revoked, though the appeal was definitively dismissed.

- Empresa de Mantenimiento y Explotación M-30, S.A. (Emesa).

  As set out in the 2018 annual accounts, acting through the company Empresa de Mantenimiento y Explotación M-30, S.A. (Emesa) in which it holds a 50% stake, the Group is operating the contract for the maintenance of the M-30 infrastructure, and it holds a 20% stake in the mixed financial holding company Madrid Calle 30, which is the holder of the concession agreement for this infrastructure. During the 2017 financial year, Madrid City Council, which also holds a stake in Madrid Calle 30, formed a municipal Investigation Commission whose main recommendations (insofar as they affect the Group) are to reverse the management model for Madrid Calle 30 to one in which the company is 100% municipally owned and to request the relevant City Council bodies to determine who is liable for paying for the electricity supply, which to date has been paid for by Madrid Calle 30. On 31 December 2018, Emesa filed an appeal against the resolution in which the Madrid City Council approved the Report by the Investigation Commission.

On 3 June 2019, a judgement was issued on the appeal, declaring that it was inadmissible due to a lack of legal standing on the part of the appellant (Emesa). Nonetheless, although it was not given leave to proceed, point of law four of the appeal states that the Investigation Committee's rulings are mere recommendations and are not binding on Emesa. In other words, the company could only be affected by any possible rulings that may be issued in the future that contain the said recommendations. In the opinion of the legal advisors, this judgement is positive for the company's interests.

d) Tax litigation

As indicated in Note 6.3, Ferrovial has recognised provisions for taxes for a total amount of EUR 266 million. In relation to the companies in the Services Division, located in the discontinued operations line item, these tax provisions amount to EUR 33 million.

These provisions primarily correspond to on-going tax-based legal actions relating to tax inspections in Spain, the most significant being those concerning corporate income tax and VAT for the periods 2002 to 2015. Therefore, the total amount for litigation in Spain amounts to EUR 363 million, of which the Group believes that it has strong arguments to defend its procedural position, therefore it has set aside partial allowance provisions to cover the risk that could arise from these actions in the amount of EUR 250 million, as well as EUR 24 million associated with companies in the Services Division, which are classified under discontinued operations.

These actions include one that relates to the tax write-down of financial goodwill resulting from the acquisition of Amey and Swissport. Ferrovial has filed an appeal against the decision by the European Commission in 2014 ("Third Decision"), in which this kind of tax measure is classified as constituting state aid. Although we feel there are sound grounds supporting the Group's procedural stance, if a favourable court judgement is not issued, the amount of EUR 84 million will be payable to the Treasury, including the expected Corporate Income Tax for 2019, of which EUR 37 million was already settled in 2017 and EUR 5 million is expected to be paid in 2020. In this pessimistic scenario, the impact on the income statement would be EUR 0.5 million, having recognised the corresponding deferred tax liability of EUR 127 million, which is offset by applying tax credits available to the company in the amount of EUR 42 million.

e) Other litigation

In addition to the litigation discussed above, of particular note is the Group continuing to maintain its contractual position vis-à-vis certain tax claims that had been filed by Promociones Habitat, S.A., which was sold by Ferrovial Fisa, S.L. in 2016. These claims are currently pending resolution or payment and a provision for the amount thereof has been duly recognised in the consolidated financial statements.

6.5.2. Guarantees

a) Bank guarantees and other guarantees provided by insurance companies

In carrying on its activities the Group is subject to possible contingent liabilities – uncertain by nature – relating to the liability arising from the performance of the various contracts that constitute the activity of its business divisions.

In order to cover the aforementioned liability, the Group has bank guarantees and other guarantees issued by insurance companies. At 31 December 2019, the balance amounted to EUR 7,994 million (2018: EUR 7,524 million).

The following table contains a breakdown of the risk covered in each business area.

(Millions of euros)	2019	2018
Construction	5,526	5,041
Toll roads	1,199	1,068
Airports	20	128
Other	292	272
Total continued activities	**7,037**	**6,509**
Services	**957**	**1,015**
Total continued activities	**957**	**1,015**
TOTAL	**7,994**	**7,524**

The EUR 7,994 million, by type of instrument, relate to: i) EUR 3,624 million of bank guarantees; ii) EUR 3,581 million of guarantees provided by bonding agencies and iii) EUR 788 million of bank guarantees provided by insurance companies.

These bonds and guarantees cover the liability to customers for correct performance in construction or services contracts involving Group Companies. Thus, if a project was not carried out, the customer would enforce the guarantee.

Despite the significant amount of these guarantees, the impact that might arise on the consolidated financial statements is very low, since the Group Companies perform contracts in accordance with the terms and conditions agreed upon with the customers and recognise provisions within the results of each contract for risks that might arise from performance thereof (see Note 6.3).

Lastly, of the total amount of the Group's bank guarantees listed in the above table, EUR 868 million (see Note 6.5.3.) secure its commitments to invest in the capital of infrastructure projects, fixed assets and company purchases.

b) Guarantees provided by Group Companies for other Group Companies

As indicated previously, in general guarantees are provided among Group Companies to cover third-party liability arising from contractual, commercial or financial relationships.

Although these guarantees do not have any effect at consolidated Group level, there are certain guarantees provided by non-infrastructure project companies to infrastructure project companies (see Note 1.1.2.) which, due to the classification of project borrowings as being without recourse, it is relevant to disclose (see Note b.1. on Contingent Capital Guarantees).

Other noteworthy guarantees have also been provided to equity-accounted companies (see b.2.).

b.1) Guarantees provided by ex-infrastructure projects to infrastructure project companies in relation to the borrowings of the latter that could give rise to future additional capital disbursements if the events guaranteed took place (Contingent Capital Guarantees).

Guarantees provided by non-infrastructure project companies to infrastructure project companies can be classified into the following two categories:

- Guarantees that address the correct performance in construction and service contracts which have been mentioned in Note 6.5.2.a).
- Guarantees related to risks other than the correct performance of construction and service contracts, which could give rise to future additional capital disbursements if the events guaranteed take place.

The latter guarantees are the ones that are going to be explained in further detail in this section since, as mentioned in Note 5.2., Net Cash Position, the borrowings for infrastructure projects are without recourse to the shareholders or with limited recourse to the guarantees provided and, therefore, it is relevant to distinguish those guarantees that if the guaranteed event occurs, could be executed and could result in disbursements to the infrastructure projects or holders of their debt other than the committed capital or investment mentioned in Note 6.5.3. Such guarantees are called contingent capital guarantees.

The detail, by beneficiary company, purpose and maximum amount, of the outstanding guarantees of this nature at 31 December 2019 relating to fully consolidated infrastructure project companies is as follows. It should be noted that the amounts below relate to Ferrovial:

BENEFICIARY COMPANY (PROJECT)	GUARANTEE PURPOSE	AMOUNT
Conc. Prisiones Lledoners	Technical guarantee to repay amounts to the bank in the event of termination of the contract. Does not cover insolvency (default) or breach by the grantor	71
Conc. Prisiones Figueras	Technical guarantee for failure to repay the bank in three specific cases relating to construction permit, General Urban Development Plan (PGOU) and modifications. Does not cover insolvency (default) or breach by the grantor	59
SUBTOTAL OF GUARANTEES FOR CONSTRUCTION PROJECTS		**130**
Líneas Transmisión Chile	Initial execution period technical guarantees aimed to cover achievement of different milestones and the payment of possible penalties	11
SUBTOTAL OF GUARANTEES FOR AIRPORT PROJECTS		**11**
TOTAL GUARANTEES FOR FULLY CONSOLIDATED INFRASTRUCTURE PROJECTS		**141**

The detail of the amounts of the guarantees, in relation to the financing of the equity-accounted infrastructure projects and, accordingly, the borrowings of which are not included in the Group's consolidated Financial Statements is as follows:

BENEFICIARY COMPANY	GUARANTEE PURPOSE	AMOUNT
Serrano Park (Cintra)	Guarantee to cover repayment of the debt	2
Auto-Estradas Norte Litoral (Cintra)	Guarantee limited to compulsory purchase overruns.	1
I66 (Cintra)	Guarantee limited to construction works overruns.	13
URBICSA (Construction)	Technical guarantee for repayment in the event of termination of the agreement or breach of certain contracts on grounds attributable to the Borrower or its Shareholders. Does not cover insolvency or breach by the Grantor.	44
TOTAL GUARANTEES FOR EQUITY-ACCOUNTED INFRASTRUCTURE PROJECTS		**60**

In addition, the Company has provided a guarantee amounting to EUR 14.9 million in relation to the Radial 4 toll road, which was excluded from the scope of consolidation in 2015. This amount had been provided for in full at 31 December 2019 (see Note 6.5.1.a)).

b.2) Other guarantees provided to equity-accounted companies other than infrastructure project companies

Certain construction and services contracts are performed by equity-accounted companies, often created specifically to perform contracts previously awarded to their shareholders. In these cases, the shareholders of those companies provide performance bonds relating to those contracts. The liability secured is similar to that indicated in Note 6.5.2.a.

Notable in this respect are the performance bonds provided in the Services Division by Amey UK PLC for various of its subsidiaries accounted for using the equity method totalling EUR 370 million, of which the most significant are those relating to contracts for the UK Ministry of Defence and the Manchester tram network. It should be noted that the aforementioned amount relates to the annual amount of contracts not yet performed in proportion to Ferrovial's percentage of ownership.

c) Security interests in assets

The security interests in assets are described in the following Notes:

- Guarantees given for fixed assets, see Note 3.4.
- Security interests in deposits or restricted cash, see Note 5.2.

d) Guarantees received from third parties

At 31 December 2019, Ferrovial had received guarantees from third parties totalling EUR 1,601 million (31 December 2018: EUR 1,098 million), mainly in the Construction Division in the Ferrovial Agroman companies in the United States (EUR 1,184 million), the Budimex Group (EUR 153 million) and other construction companies (EUR 264 million), particularly noteworthy were the companies in the UK (EUR 98 million) and national construction (EUR 66 million).

These third party guarantees are technical guarantees that are offered by certain subcontractors or suppliers in the construction business in order to guarantee complete compliance with their contractual obligations with regard to the work they are engaged to complete, and may not be sold or pledged.

6.5.3. Commitments

As described in Note 1.1, the infrastructure projects carried out by the Group are performed through long-term contracts where the concession operator is a company in which the Group has interests, either alone or together with other partners, and the borrowings necessary for financing the project are allocated to the project itself, without recourse to the shareholders or with recourse limited to the guarantees provided, under the terms set forth in Note 5.2. From the management viewpoint, therefore, Ferrovial takes into account only the investment commitments relating to the capital of the projects, since the investment in the assets is financed by the borrowings of the projects themselves.

a) Investment commitments

The investment commitments of the Group in relation to the capital of its projects are as follows:

(Millions of euros)	2020	2021	2022	2023	2024	2025+	TOTAL
Toll roads	3	0	36	41	0	0	81
Airports	6	45	60	24	0	0	135
INVESTMENTS IN FULLY CONSOLIDATED INFRASTRUCTURE PROJECTS	**9**	**45**	**96**	**65**	**0**	**0**	**216**
Toll roads	119	353	249	11	0	27	760
Construction	1	0	0	0	0	0	1
INVESTMENTS IN EQUITY-ACCOUNTED INFRASTRUCTURE PROJECTS	**120**	**353**	**249**	**11**	**0**	**27**	**761**
TOTAL INVESTMENTS INFRASTRUCTURE PROJECTS	**129**	**398**	**346**	**76**	**0**	**27**	**976**

At 31 December 2019, the investment commitments amount to EUR 976 million (2018: EUR 1,013 million). The curtailment in investment commitments is primarily related to the unexpected EUR 51 million equity contribution in 2019 from the cancellation of the Denver airport project.

As indicated in 6.5.2.a), a part of these commitments, amounting to EUR 976 million, EUR 846 million are secured by bank guarantees.

There are also property, plant and equipment purchase commitments in the Services Division totalling EUR 129 million (2018: EUR 162 million) which relate mainly to the acquisition of machinery or the construction of treatment plants. Also, EUR 23 million (2018: EUR 19 million) are due to the acquisition of companies, mostly related with Wales & Borders.

(Millions of euros)	2020	2021	2022	2023	2024	2025+	TOTAL
Acquisition of Property, Plant and Equipment	55	47	9	4	8	6	129
Acquisition of Companies	23	1	0	0	0	0	23
TOTAL SERVICES	**78**	**47**	**9**	**4**	**8**	**6**	**152**
Acquisition of Companies	0	0	0	4	0	0	4
TOTAL CONSTRUCTIÓN	**0**	**0**	**0**	**4**	**0**	**0**	**4**
TOTAL	**78**	**47**	**9**	**8**	**8**	**6**	**156**

It should be noted that the foregoing commitments of acquisition of Property and companies, only Wales & Borders are secured by bank guarantees amounting EUR 22 million.

b) Environmental commitments

Any operation designed mainly to prevent, reduce or repair damage to the environment is treated as an environmental activity.

Costs incurred to protect and improve the environment are taken to profit or loss in the year in which they are incurred, irrespective of when the resulting monetary or financial flow takes place.

Provisions for probable or certain environmental liability, litigation in progress and indemnities or other outstanding obligations of undetermined amount not covered by insurance policies are recorded when the liability or obligation giving rise to the indemnity or payment arises. These provisions include most notably the provisions for waste landfill closure discussed in Note 6.3, relating to the Services Division, which have been reclassified to discontinued operations.

6.6. REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

6.6.1. Bylaw-stipulated Board of Directors' remuneration

Under the Company's current remuneration scheme, regulated by Article 56 of its bylaws, the shareholders at the General Meeting determine the maximum annual remuneration for all the members of the Board of Directors, which is revised on the basis of the indices or aggregates defined by the General Meeting. This remuneration comprises (i) a fixed remuneration, part of which is paid in quarterly instalments and the rest (the additional fixed remuneration) via a single payment at the end of the financial year; and (ii) fees for actual attendance at Board and Committee meetings. Remuneration is linked to the functions and responsibilities assigned to each Director, their membership of Board Committees and other objective circumstances that the Board of Directors deems relevant, thereby ensuring their long-term independence and commitment.

On the same date that these annual accounts were authorised for issue, the Board of Directors prepared and made available to shareholders the Annual Report on Directors' Remuneration referred to in Article 541 of the Spanish Capital Companies Act. That Report describes in greater detail matters relating to the Company's remuneration policy applicable in the year and contains an overview of how the remuneration policy was applied in 2019, as well as a detail account of the individual remuneration earned by each of the Directors in 2019.

The table below shows the itemised bylaw-stipulated remuneration of the members of the Board of Directors earned in 2019 and 2018. If because there are more meetings than initially envisaged or for any other reason the amount of the attendance fees added to that of the fixed components exceeds the total maximum remuneration amount for Board membership established for the year in question, the difference is deducted from the amount of the supplementary fixed remuneration proportionally for each Director on the basis of his or her position on the Board. This adjustment took place during 2019.

This table does not include the remuneration received by the Executive Directors for the discharge of their executive functions at the Company, which are described in Note 6.6.2.

	2019			
DIRECTOR (a) (Thousands of euros)	**FIXED REMUNERATION**	**ATTENDANCE FEES**	**SUPPLEMENTARY FIXED REMUNERATION**	**TOTAL**
Rafael del Pino y Calvo-Sotelo	35	143	74	252
Santiago Bergareche Busquet (up to 19/12/2019)	34	77	63	174
Joaquín Ayuso García (up to 30/09/2019)	26	55	35	116
Ignacio Madridejos Fernández (up to 30/09/2019)	9	14	9	32
Íñigo Meirás Amusco (up to 30/09/2019)	26	57	28	111
María del Pino y Calvo-Sotelo	35	72	37	144
Santiago Fernández Valbuena	35	88	37	160
José Fernando Sánchez-Junco Mans	35	89	37	161
Joaquín del Pino y Calvo-Sotelo	35	54	37	126
Oscar Fanjul Martín	35	80	37	152
Philip Bowman	35	59	37	131
Hanne Birgitte Breinbjerg The Group has decided to set aside a provision of EUR 3 millionsen	35	58	37	130
Bruno Di Leo	35	54	37	126
Juan Hoyos Martínez de Irujo (from 2/10/2019)	9	12	9	30
Gonzalo Urquijo Fernández de Araoz (from 19/12/2019)	1	-	1	3
TOTAL	**420**	**912**	**515**	**1,848**

(a) Continuance in the post. Full year, unless otherwise stated.

DIRECTOR (a) (Thousands of euros)	2018 FIXED REMUNERATION	ATTENDANCE FEES	SUPPLEMENTARY FIXED REMUNERATION	TOTAL
Rafael del Pino y Calvo-Sotelo	35	85	106	226
Santiago Bergareche Busquet	35	53	95	183
Joaquín Ayuso García	35	43	72	150
Iñigo Meirás Amusco	35	43	60	138
Juan Arena de la Mora (up to 26/7/2018)	20	31	34	85
María del Pino y Calvo-Sotelo	35	43	60	138
Santiago Fernández Valbuena	35	68	60	163
José Fernando Sánchez-Junco Mans	35	62	60	157
Joaquín del Pino y Calvo-Sotelo	35	36	60	131
Oscar Fanjul Martín	35	48	60	143
Philip Bowman	35	43	60	138
Hanne Birgitte Breinbjerg Sorensen	35	43	60	138
Bruno Di Leo (since 25/9/2018)	9	12	16	37
TOTAL	**414**	**607**	**804**	**1,826**

a) Continuance in the post. Full year, unless otherwise stated.

6.6.2. Individual remuneration of the Executive Directors

a) Remuneration earned in 2019 and 2018.

The Executive Directors in 2019 earned the following remuneration for performing their duties, in addition to the remuneration discussed in the preceding section.

REMUNERATION OF THE EXECUTIVE DIRECTORS * (Thousands of euros)	2019 RAFAEL DEL PINO	IGNACIO MADRIDEJOS (from 30/9/19)	ÍÑIGO MEIRÁS** (until 30/9/19)	TOTAL
Fixed Remuneration	1,455	250	969	2,674
Variable Remuneration	1,608	250	188	2,046
Life insurance premiums	8	0	5	13
Share plans (1)	1,097	0	1,097	2,194
Others (2)	0	600	725	1,325
TOTAL 2019	**4,168**	**1,100**	**2,984**	**8,252**

* Remuneration for their role as Executive directors

** In addition to the information set out above, to compensate for losing his status as Executive Director of the Company and the subsequent termination of his Senior Management position, the Company paid a gross amount of EUR 8,167 thousand to Íñigo Meirás (total figure subject to personal income tax - IRPF); amount covered by the group savings insurance policy mentioned in Note 6.6.7.

(1) In March 2019, a number of shares equivalent to the level of completion of the units allocated in 2016 were delivered, after the relevant withholdings had been made. The CNMV was notified on 19/3/2019.

2) An appointment bonus was awarded to Ignacio Madridejos, in the form of Ferrovial shares. The figure for Íñigo Meirás relates to the final monetary settlement.

REMUNERATION OF THE EXECUTIVE DIRECTORS (Thousands of euros)	2018 RAFAEL DEL PINO	IÑIGO MEIRÁS	TOTAL
Fixed Remuneration	1,455	1,200	2,655
Variable Remuneration	1,337	1,053	2,390
Life insurance premiums	8	4	12
Share plans (1)	1,204	1,204	2,408
Total 2018	**4,004**	**3,461**	**7,465**

* Remuneration for their role as Executive directors
(1) In March 2018, since the agreed metrics had been complied with, a number of shares equivalent to the units allocated in 2015 were delivered, after the relevant withholdings had been made. The CNMV was notified on 19/03/2018.

b) Share-based remuneration scheme

The following is a detail of the target-based remuneration schemes linked to share performance, entitlement to which has not yet vested:

EXECUTIVE DIRECTORS' PLAN AT 31.12.2019		UNITS	NO. OF VOTING RIGHTS	% OF VOTING RIGHTS
Rafael del Pino y Calvo-Sotelo	Allowance 2017	76,850	76,850	0.01%
	Allowance 2018	73,900	73,900	0.01%
	Allowance 2019	70,000	70,000	0.009%
Ignacio Madridejos Fernández	Allowance 2019	14,468	14,468	0.002%
Íñigo Meirás Amusco *	Allowance 2017	76,850	76,850	0.01%
	Allowance 2018	73,900	73,900	0.01%
	Allowance 2019	70,000	70,000	0.009%

** Chief Executive Officer until 30.9.2019*

6.6.3. Remuneration of the members of the Board of Directors due to membership of other managing bodies of Group Companies or associates

Joaquín Ayuso García, who stepped down from his role as Director of the Company at 30 of September 2019, was also up to this date a member of the managing body of another Group company, received EUR 23 thousand in this connection in 2019 (2018: EUR 38 thousand).

6.6.4. Pension funds and plans or life insurance premiums

As in 2018, no contributions were made in 2019 to pension plans or funds for former or current members of the Company's Board of Directors or for directors of the Company who are members of other Boards of Directors and/or senior executives of Group Companies or associates. Similarly, no obligations were acquired in these connections in 2019.

As regards life insurance premiums, the Company has insurance policies covering death (for which premiums totalling EUR 13 thousand were paid in 2019; EUR 12 thousand in 2018), of which the Executive Directors are beneficiaries. No life insurance premiums were paid for the Directors of the Company who are members of other Boards of Directors and/or senior executives of Group Companies or Associates.

Lastly, the Company has arranged a third-party liability insurance policy the insureds of which are the directors and executives of the Group Companies the parent of which is the Company. Those insureds include the Company's Directors. The premium paid in 2019 under the aforementioned insurance policy amounted to EUR 621 thousand.

6.6.5. Advances and loans

At 31 December 2019, no advances or loans had been granted by the Company to the Directors in their capacity as such or as members of other Boards of Directors and/or as senior executives of Group Companies or associates.

6.6.6. Remuneration of senior executives

The joint remuneration earned by the Company's Senior Executives in 2019 was as follows:

REMUNERATION OF SENIOR EXECUTIVES	2019	2018
(Thousands of euros)	4,714	5,237
Variable remuneration	3,202	3,803
Performance-based share plan	3,090	5,083
Exercise of share option remuneration plans and/or other financial instruments (see description)	0	0
Remuneration as members of managing bodies of other Group Companies, jointly controlled entities or associates	35	35
Insurance premiums	18	19
Others (1)	0	8,924
TOTAL	11,059	23,101

(1) Removal of three Senior Executive members (figure subject to personal income tax - IRPF).

The aforementioned remuneration relates to the following posts: General Secretary, Chief Financial Officer, General Director of HR, General Director of Construction, General Director of Services, General Director of Airports, General Director of Toll Roads, General Director of Information Systems and Innovation, Director of Internal Audit, Director of Communications and Corporate Responsibility and Director of Corporate Strategy, Director of Risk and Compliance and Director of Mobility. This does not include remuneration for Senior Executives who were also Executive Directors, which was addressed in Note 6.6.2.

The Company has also introduced a flexible remuneration system called the "Flexible Remuneration Plan", which provides employees with the possibility of voluntarily modifying their remuneration package based on their personal needs, replacing a portion of their remuneration with the award of certain payments in kind. These products include a group life and retirement-related savings insurance plan. Participants may request that a portion of their gross annual remuneration be paid by the Company in the form of a premium for a Group life and retirement-related savings insurance policy. In this connection, the Senior Executives requested contributions of EUR 58 thousand from the Company, instead of the equivalent remuneration shown in the foregoing table (2018: EUR 193 thousand).

6.6.7. Other disclosures on remuneration

The agreements between the Company and Senior Executives, including one Executive Director, specifically provide for the right to receive the indemnities referred to in Article 56 of the Workers' Statute in the event of unjustified dismissal.

In order to encourage loyalty and long-service, a deferred remuneration scheme was recognised for thirteen Senior Executives, including one Executive Director. The scheme consists of extraordinary remuneration that will only be paid when one of the following circumstances occurs:

- Removal of the Senior Executive by mutual agreement upon reaching a certain age.
- Unjustified dismissal or termination by the Company at its discretion without any justification for dismissal, prior to the Senior Executive reaching the age initially agreed upon, if the amount of this remuneration exceeds that resulting from applying the Workers' Statute.
- The death or disability of the Senior Executive.
- To cover this incentive, each year the Company makes contributions to a Group savings insurance policy, of which the Company is both policy-holder and beneficiary. These contributions are quantified on the basis of a certain percentage of the total monetary remuneration of each senior executive. The contributions made in 2019 amounted to EUR 1,991 thousand (2018: EUR 2,628 thousand), of which EUR 562 thousand relate to Executive Directors. The figure displayed in the footnote to Table 6.6.2 as "Other" (amounts to EUR 8,167 thousand) corresponds to the departure of an Executive Director. This impact does not affect the 2019 income statement, as the company expenses the amounts contributed during the year to the group savings insurance policy regardless of when these amounts are received.

6.7. SHARE-BASED REMUNERATION SCHEMES

Performance-based share plan

At year-end 2019, Ferrovial has two remuneration schemes in place for Ferrovial Group Executive Directors, senior executives and executives, consisting of a performance-based share plan.

Plan approved on 29 October 2015 by the Board of Directors. It covers the financial years 2016, 2017 and 2018. The annual cost of the plan may not exceed EUR 22 million for each of the three years and is conditional upon employees having at least three years' service at the Company from the moment it is granted (barring special circumstances) and upon the achievement during this period of ratios calculated on the basis of EBITDA as a percentage of net productive assets, investing activities and total shareholder return with respect to a comparable Group. As mentioned, the plan is intended for Executive Directors, senior executives and executives. The application of this plan to Executive Directors was authorised at the Company's Annual General Meeting held on 4 May 2016.

Long-Term Incentive Plan approved by the Board of Directors on 28 February 2019. This Plan will be in effect for one year and the annual cost of the Plan may not exceed EUR 22 million. The Plan is conditional upon employees having at least three years' service at the Company from the moment it is granted (barring special circumstances) and upon the achievement during this period of ratios calculated on the basis of the return obtained and total shareholder return with respect to a comparable Group. The plan is intended for Executive Directors, senior executives and executives. The application of this Plan to Executive Directors was authorised at the Company's Annual General Meeting held on 5 April 2019, as communicated to the CNMV on the same day. The date of allocation of units for 2019 to the Executive Directors for the purpose of calculating the duration and terms and conditions of the aforementioned Plan was 15 February 2019.

There were 3,125,747 shares outstanding at 31 December 2019 relating to these plans.

The movements in the aforementioned share based remuneration schemes in 2019 and 2018 are summarised as follows:

	2019	2018
Number of shares at beginning of year	3,274,816	3,212,739
Plans granted	1,005,040	1,136,353
Plans settled	-724,787	-1,030,008
Shares surrendered and other	-408,762	-27,479
Shares exercised	-20,560	-16,789
Number of shares at year-end	3,125,747	3,274,816

This share award plan includes the plans described above in Note 6.6 on remuneration of Executive Directors and Senior Executives.

In 2019, the staff expenses recognised at the Group in relation to these remuneration schemes amounted to EUR 7 million (2018: EUR 12 million) with a balancing entry in equity. The decrease of staff expenses are due to the level of achievement related to the share-based plans liquidated in 2019, which has stood at 71.88% compared to the 100% reached in 2018.

Lastly, on 19 December 2019, the Board of Directors approved a new long-term incentive plan. The plan will be in force for three years (from 2020 to 2022) and consists of providing Ferrovial, S.A. shares. The annual cost of the plan may not exceed EUR 22 million and is conditional upon employees having at least three years' service at the Company from the moment it is granted (barring special circumstances) and upon the achievement during this period of ratios calculated on the basis of business cash flow and total shareholder return with respect to a comparable Group. The plan is intended for Executive Directors, senior executives and executives. The application of this form of remuneration to Executive Directors will be submitted for approval at the next Annual General Meeting.

Valuation of performance-based share plan

These plans were accounted for as futures and, therefore, the value of the foreseeable dividends up to the delivery date is discounted to the value of the shares at the grant date, using a rate of return equal to the average cost of borrowings over the share award period, and they are equity settled and, therefore, they are measured when granted and the initially calculated value thereof is not re-estimated. The related amounts are recognised under "Staff Expenses" with a balancing entry in reserves.

6.8. INFORMATION ON RELATED PARTY TRANSACTIONS

Legislation

In relation to the disclosures on transactions that the Company (or Group Companies) performs with related parties, Ministry of Economy and Finance Order EHA/3050/2004, of 15 September, on the information on related party transactions that must be disclosed by issuers of securities listed on official secondary markets must be taken into consideration.

The paragraph 1 of the First Part the aforementioned Order requires the inclusion in the half-yearly financial reports of quantified information on all the transactions performed by the reporting company with related parties. Also, the paragraph 1 of the Third Part considers related party transactions to be any transfers of resources, services or obligations between related parties regardless of whether or not there is any consideration.

Related party transactions

The commercial transactions between the Company (or its Group Companies) and related parties carried out in 2019 are disclosed below, in three separate categories: a) transactions between Ferrovial, S.A and its significant shareholders, directors and senior executives, b) transactions between subsidiaries of Ferrovial, S.A and its significant shareholders, directors and senior executives, and c) Transactions between Group Companies.

Where the profit or loss from a transaction cannot be stated, as it pertains to the entity or individual supplying the related good or service, the transaction has been marked with an asterisk (*).

a) Transactions between Ferrovial, S.A and its significant shareholders, directors and senior executives

This line item includes the transactions performed (i) between Ferrovial S.A. and its significant shareholders, close family members or the entities over which those mentioned above might exercise significant influence; and (ii) between Ferrovial S.A. and its Directors, Senior Executives, close family members or the entities over which those mentioned above might exercise significant influence.

(Thousands of euros)		2019			2018		
NAME/COMPANY NAME	TRANSACTIONS	AMOUNT	PROFIT OR LOSS	BALANCE	AMOUNT	PROFIT OR LOSS	BALANCE
Bankia	Balance drawn down against guarantee facilities	-56,000	0	-56,000	-56,080	-	-56,080
Bankia	Services received	-368	0	0	-146	-	-

Information on remunerations and loans with Directors and Senior Executives can be consulted in Note 6.6.

b) Transactions between subsidiaries of Ferrovial, S.A and its significant shareholders, directors and senior executives

This line item includes the transactions performed (i) between the Company's subsidiaries and their significant shareholders, close family members or the entities over which those mentioned above might exercise significant influence; and (ii) by the Company's subsidiaries with their Directors, Senior Executives, close family members or the entities over which those mentioned above might exercise significant influence.

If the party related to the Company had this consideration during a portion of the year, the transactions performed in that period are indicated.

NAME/COMPANY NAME	TRANSACTIONS	AMOUNT	PROFIT OR LOSS	BALANCE AT 2019	AMOUNT	PROFIT OR LOSS	BALANCE AT 2018
Rafael del Pino y Calvo-Sotelo	Services rendered	8	1	1	9	0	1
María del Pino y Calvo-Sotelo	Services rendered	12	2	0	10	-	-
Joaquín del Pino y Calvo-Sotelo	Services rendered	-	-	-	0	0	0
Ana María Calvo-Sotelo y Bustelo	Services rendered	97	7	0	98	2	2
Joaquín Ayuso García	Services rendered	6	1	0	0	0	0
Almirall Laboratorios	Services rendered	-	-	-	4	0	0
Altamira Asset Management	Services received	-12	0	0	-17	-	-
	Services rendered	4,743	152	813	6,930	336	2,425
Criu, S.L.	Services rendered	80	4	2	67	6	2
Cummins and group companies	Services received	-16	0	0	23	0	0
Maxam Holding and its Group Companies	Purchase of goods/services received	-6	0	0	-60	-	-
	Services rendered	0	0	0	0	0	0
Marsh and its group companies	Receipt of insurance services	-8,951	0	-16	-3,461	0)	60
Meliá Hotels and its group companies	Receipt of hotel and catering services	-	-	-	-3	0	0
	Performance of construction works and maintenance and waste collection services	-	-	-	1,463	338	2
Bankia	Receipt of financial services	-1,490	0	0	-1,107	0)	0
	Financing agreements. Guarantees	-69,509	0	-69,509	-91,421	0)	-91,421
	Interest received	30	30	0	53	53	0
	Interest payment	-882	0	0	-894	0	0
	Balance drawn down against guarantee facilities	-100,700	0	-100,700	-94,360	0	-94,360
	Transactions with derivatives	-871	0	0	-1,010	0	0
Polan, S.A.	Services rendered	185	6	62	182	5	63
Rafael del Pino Foundation	Services rendered	0	0	0	6	0	0
	Services received	-	-	-	-1	0	0
Centro de Innovación de Infraestructuras Inteligentes Foundation	Collaboration agreements	-1,559	0	-44	-1,598	0	-18
	Services rendered	37	0	0	38	0	0
Red Eléctrica and its group companies	Construction works	-	-	-	1,697	240	-
	Services received	-	-	-	-33	0	0
Haya Real Estate, S.A.	Services rendered	38	4	47	-	-	-
Hispania Activos Inmobiliarios Socimi, S.A.	Services rendered	-	-	-	64	2	0
Lafarge Holcim and group companies	Purchase of cement and related materials	-2,616	0	-375	-5,101	0	-325
	External services	-51	0	-2	-86	0	24
	Waste collection	37	2	12	34	2	17
Sidecu, S.A.	Services rendered	1	0	0	2	0	1
Sulzer and group companies	Services received	-	-	-	-863	0	-111

c) Transactions between Group Companies

Also described are transactions between the subsidiaries and the Company which, in all cases form part of their ordinary businesses as regards purpose and conditions and were not eliminated on consolidation for the following reason.

As explained in detail in Note 1.2.2, the balances and transactions relating to construction work performed by the Construction Division for the Group's infrastructure concession operators are not eliminated on consolidation since, at consolidated level, contracts of this type are classed as construction contracts in which the work – to the extent that it is completed – is deemed to be performed for third parties, as the ultimate owner of the work is the grantor both from a financial and legal viewpoint.

In 2019 Ferrovial's Construction Division billed those concession operators for EUR 363,270 thousand (2018: EUR 509,764 thousand) for work performed and related advance payments and, in this respect, recognised sales totalling EUR 420,231 thousand (2018: EUR 483,211 thousand).

In 2019 the profit from these transactions attributable to the Company's holdings in the concession operators in question and not eliminated on consolidation, net of taxes and non-controlling interests, was EUR -127,354 thousand. In 2018, this amounted to EUR 22,491 thousand.

6.9. CONFLICTS OF INTEREST

In accordance with the legislation in force (Article 229 of the Spanish Capital Companies Act), there were no direct or indirect conflicts of interest with the Company, without prejudice to the transactions of the Company (or the companies forming part of its Group) with related party transactions disclosed in the notes to the consolidated financial statements or, where applicable, to the resolutions relating to matters of remuneration or appointments.

6.10. AUDITOR FEES

Pursuant to Royal Decree 1514 of 16 November 2007, approving the Spanish National Chart of Accounts, following is a disclosure of the total fees relating to the "audit services" and "other consultancy services" provided by the auditors of the 2019 and 2018 financial statements of the Group Companies, including both the principal auditor of Ferrovial S.A. and the other auditors of all its subsidiaries, both in Spain and abroad.

"Fees for Audit Services" includes the following items:

- "Audit Services" relates to strictly statutory audit services.
- "Audit-Related Services" relates to services other than statutory audit services which by law or by regulation can only be provided by the Company's auditor, such as the review of financial information in bond issues and services which due to their nature are normally provided by the Company's auditor, such as the review of tax returns.

The total "other audit services" provided by the principal auditor represented 3.59% of the total fees for audit services in 2019.

(Millions of euros)	2019	2018
FEES FOR AUDIT SERVICES	**6.1**	**5.7**
Lead auditor	**4.8**	**4.6**
Audit services	4.6	4.5
Audit-related services	0.2	0.1
Other auditors	1.3	1.1
Audit services	1.3	1.0
Audit-related services	0.0	0.1
OTHER AUDIT SERVICES	**0.2**	**0.3**
Lead auditor	0.2	0.3

6.11. EVENTS AFTER THE REPORTING DATE

There have been no subsequent events after 31 December 2019.

6.12. APPENDICES

Appendix I. Information related to the tax system laid down in Articles 107 and 108 of Law 27/2014

In 2014 Ferrovial opted to be taxed under the regime established currently in Articles 107 and 108 of the Spanish Corporate Income Tax Act, of 27 November 2014, which became applicable from 1 January 2014 and, consequently, applied to all of 2019. Under this tax regime:

1. Dividends and capital gains obtained by Ferrovial arising from ownership interests in non-resident operating companies (which represent at least 5% of the share capital of these companies or which were acquired for more than EUR 20 million) are exempt from Corporate Income Tax if the requirements provided for in Article 21 of the Spanish Corporate Income Tax Act ("exempt income") are fulfilled.

2. The dividends paid by Ferrovial with a charge to the aforementioned "exempt income", or to income arising from permanent establishments abroad to which the exemption provided for in Article 22 of the Spanish Corporate Income Tax Act is applicable are treated as follows:

   i) Where the recipient is a non-resident shareholder in Spain (and does not operate through tax havens or by means of a permanent establishment in Spain), dividends are not subject to withholdings or taxation in Spain.

   ii) Where the recipient is an entity subject to Spanish Income Tax, the dividends received shall give rise to the exemption in order to avoid double taxation of dividends of resident entities included in Article 21 of the Spanish Corporate Income Tax Act ("exempt income"), if the requirements provided for in the aforementioned law are met.

   iii) Where the recipient is a natural person resident in Spain subject to personal income tax (IRPF), the dividends received shall be considered savings income and the tax credit for the avoidance of double taxation in Spain may be taken in accordance with the terms of the Personal Income Tax Act, with respect to the taxes paid abroad by Ferrovial.

In 2019 all of the dividends paid by Ferrovial were paid out of "exempt income".

3. The capital gains obtained by the shareholders of Ferrovial arising from the transfer of their ownership interests in the Company are treated as follows:

   i) Where the shareholder is a non-resident in Spain (and does not operate through tax havens or a permanent establishment in Spain) the portion of the capital gain that relates to the reserves recognised by Ferrovial with a charge to the aforementioned "exempt income" or to changes in value attributable to Ferrovial's investments in non-resident entities that meet the requirements to be able to apply the foreign income exemption established in Articles 21 and 22 of the Spanish Corporate Income Tax Act shall be deemed not subject to taxation in Spain.

   ii) Where the shareholder is an entity subject to Spanish income tax with an ownership interest in Ferrovial that meets the requirement (5% ownership interest in the share capital or that the acquisition cost of the ownership interest exceeds EUR 20 million and it has been held for one year), the exemption provided for in Article 21 of the Spanish Corporate Income Tax Act may be applied.

   iii) Where the shareholder is a natural person resident in Spain subject to personal income tax, it shall pay tax on the capital gain obtained in accordance with the standard income tax rules.

The amount of exempt income pursuant to Article 21 and 22 of the Spanish Corporate Income Tax Act obtained by Ferrovial in 2019 and the related tax paid abroad are as follows:

A) EXEMPTION FOR FOREIGN SOURCE DIVIDENDS AND INCOME

A.1 Exemption for foreign source dividends:

(Amount in euros)

FERROVIAL, S.A.	444,000,000.00
Ferrovial International SE Dividend	444,000,000.00
TOTAL	444,000,000.00

A.2 Exemption for income from permanent establishments abroad:

No income was obtained from permanent establishments abroad during the year.

B) EXEMPTION FOR FOREIGN SOURCE CAPITAL GAINS

No capital gains have been obtained in 2019 from tax-exempt external sources.

The sale of the Greek toll roads in 2018 resulted in a capital gain, which is still pending application of the exemption set out in Article 21 of the Spanish Corporate Income Tax Act (LIS) for EUR 84,825,069.03. The amount exempt from tax stands at EUR 11,307,039.92.

In the years prior to 2018, no capital gains were obtained to which the exemption included in Article 21 of the Spanish Corporate Income Tax Act is applicable because (i) either the sales were made between Group Companies and were eliminated on preparation of the consolidated tax return, (ii) or they were reported in corporate restructuring transactions, which opted for the tax neutrality regime provided for in Article 76 et seq of the Spanish Corporate Income Tax Act. Nevertheless, the capital gains that would have been reported for tax purposes had these regimes not been not applicable (consolidated tax or tax neutrality) are as follows:

B.1 Elimination of capital gains for intra-group sales of foreign companies:

None took place during 2019.

B.2 Deferred capital gains arising in corporate restructuring processes:

(Amount in euros)	
Ferrovial, SA	1,940,292,200.15
Cintra Infraestructuras Irlanda, SLU	6,143,952.38
TOTAL	**1,946,436,152.53**

In order to enable the shareholders of Ferrovial to adopt the aforementioned tax regime, the Company performed a market assessment at the end of the year of its ownership interests (held directly and indirectly through investments in other entities that have adopted this special tax regime) in non-resident entities and permanent establishments abroad that meet the requirements to be able to apply the foreign source income exemption established in Articles 21 and 22 of the Spanish Corporate Income Tax Act.

At 31 December 2019, the result of this assessment means that these assets represent 90.8% of the total market value of Ferrovial. At 31 December 2018, this percentage amounted to 92%.

Taxation of Ferrovial's Scrip Dividend

In 2019 Ferrovial S.A. implemented two shareholder remuneration schemes under a framework known as the "Ferrovial Scrip Dividend", which provide the Company's shareholders with the free choice of (i) receiving newly issued bonus shares of the Company; (ii) transferring in the market the bonus issue rights relating to the shares held by them; or (iii) receiving a cash amount through the transfer to Ferrovial of the aforementioned bonus issue rights.

Set forth below are the main tax implications of these schemes, based on the tax legislation in force in Spain except for Navarre and the Basque Country and on the interpretation made by the Spanish Directorate-General of Taxes in its response to several requests for binding rulings.

Delivery of new shares: For tax purposes, the delivery of new shares is considered to be a delivery of bonus shares and, therefore, does not constitute income for the purposes of personal income tax, income tax or non-resident income tax, regardless of whether or not the recipients of these shares act through a permanent establishment in Spain. The delivery of new shares is not subject to withholdings or pre-payments. The acquisition cost per share for tax purposes, both of the bonus shares and the shares to which they correspond, will be the result of distributing the total cost of acquisition of the portfolio by the number of shares; both the original shares and the bonus shares that relate to them. The age of the bonus shares will be the age that relates to the shares that gave rise to them. Consequently, in the event of their subsequent transfer, the income obtained will be calculated by reference to this new value.

- **Sale to the market of the bonus issue rights:** If the shareholders sell their bonus issue rights to the market, the amount obtained will be subject to the tax rules indicated below:

  Shareholders who pay personal income tax (people with tax residence in Spain). The amount obtained on the sale to the market of the bonus issue rights is subject to the same rules established in tax legislation for pre-emption rights. As a result, the transferring shareholder will have been deemed to have made a capital gain in the tax period that the sale occurs. The amount obtained will be subject to 19% personal income tax withholdings. This withholding tax will be applied by the relevant custodian (and, failing this, by the financial intermediary or public notary involved in the transfer), Ferrovial not being required to make the withholdings or supply related tax information to its shareholders. Shareholders are therefore advised to contact the relevant custodians in this regard.

  Shareholders who pay personal income tax, without a permanent establishment in Spain. In the case of non-resident shareholders, the amount obtained on the sale to the market of the bonus issue rights is also subject to the same rules established in tax legislation for pre-emption rights, therefore the transferring shareholder will be considered to have made a capital gain in the tax period that the sale occurs, subject to non-resident income tax at a general rate of 19%. At present, this payment is not subject to non-resident income tax withholdings and the shareholders must self-assess this income in their tax returns. However, the income will be exempt from non-resident income tax in certain cases, such as non-resident shareholders that transfer their rights in official secondary securities markets in Spain, that are residents of a State that has a double taxation treaty (DTT) with Spain containing an information exchange clause and that do not operate or reside in a tax haven for Spanish purposes.

  Shareholders who pay Spanish Corporate Income Tax, or Personal Income Tax with a permanent establishment in Spain. To the extent that a full business cycle is completed, tax will be paid in accordance with applicable accounting legislation and, if appropriate, the adjustments applicable under corporate income tax (CIT) regulations and any special tax CIT schemes applicable.

- **Sale to Ferrovial of the bonus issue rights:** Lastly, if the holders of bonus issue rights decide to avail themselves of the Ferrovial Purchase Commitment, the tax regime applicable to the amount obtained on the sale to Ferrovial of the bonus issue rights received in their capacity as shareholders will be equivalent to the regime applied to the distribution of a cash dividend, and will therefore be subject to the corresponding withholding tax and taxation. Where shareholders provide evidence of non-resident income taxpayer status, no permanent establishment in Spain and non-residence in Spain or in a territory classed as a tax haven, the dividends paid by Ferrovial and therefore the amounts received from the sale of free allotment rights to Ferrovial will not be subject to tax or tax withholdings in Spain, since for tax purposes they are paid out of the exempt income from non-resident entities envisaged in Articles 21 and 22 of CIT Law 27/2014 of 27 November.

It should be borne in mind that the taxation scenarios of the various options relating to the scheme known as the "Ferrovial Scrip Dividend" set out above do not explain all the possible tax consequences. Accordingly, the shareholders should consult their tax advisers on the specific tax effect of the proposed scheme and pay attention to any changes that could take place, both in in-force legislation and in the criteria of the interpretation thereof, as well as the particular circumstances of each shareholder or holder of bonus issue rights.

Appendix II - Subsidiaries

(FULLY CONSOLIDATED COMPANIES) (MILLIONS OF EUROS)

The percentage of ownership and the net cost of ownersip corresponds to the effective values of the “Parent Company” over the “Company”.

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
CONTINUING OPERATIONS					
CORPORATION					
SPAIN (Registered Office: Madrid, Spain)					
Betonial, S.A. (a)		Ferrovial, S.A. (a)	99.0%	4	
Ferrovial Inversiones, S.A. (a)		Ferrovial, S.A. (a)	99.6%	0	
Can-Am, S.A. (a)		Ferrovial, S.A. (a)	100.0%	2	
Ferrovial Emisiones, S.A. (a)		Ferrovial, S.A. (a)	99.0%	0	■
Triconitex, S.L. (a)		Ferrovial, S.A. (a)	100.0%	1	
Ferrovial Corporación, S.A. (a)		Ferrovial, S.A. (a)	100.0%	5	■
Ferrofin, S.L. (a)		Ferrovial Agroman, S.A. (a)	52.0%	217	■
Temauri, S.L. (a)		Ferrovial, S.A. (a)	100.0%	4	
Ferrovial Mobility, S.L.U (a)		Ferrovial, S.A. (a)	100.0%	4	
Wondo Mobility, S.L. (a)		Ferrovial Mobility, S.L.U (a)	100.0%	2	
Car Sharing Mobility Services, S.L. (a)		Ferrovial Mobility, S.L.U (a)	80.0%	2	■
Ferrovial 001, S.A. (a)		Ferrovial, S.A. (a)	100.0%	0	
Ferrovial 002, S.A. (a)		Ferrovial, S.A. (a)	100.0%	0	
Ferrovial 003, S.L. (a)		Ferrovial, S.A. (a)	100.0%	0	
UNITED KINGDOM (Registered Office: Oxford, United Kingdom)					
Ferrocorp UK Ltd.		Ferrovial, S.A. (a)	100.0%	1	■
UNITED KINGDOM (Registered Office: London, United kingdom)					
Ferrovial Ventures, Ltd.		Ferrovial Internacional, S.E. (a)	100.0%	7	
IRELAND (Registered Office: Dublin, Ireland)					
Landmille Ireland DAC		Ferrovial, S.A. (a)	100.0%	109	■
LUXEMBURG. (Registered Office: Luxemburg)					
Krypton RE, S.A.		Ferrovial, S.A. (a)	100.0%	8	■
NETHERLANDS (Registered Office: Amsterdam, Netherlands)					
Ferrovial Internacional, S.E.		Ferrovial, S.A. (a)	100.0%	6,298	■
Ferrovial Netherlands B.V.		Ferrovial Internacional, S.E.	100.0%	2	
UNITED STATES (Registered Office: Austin, United States)					
Ferrovial Holding US Corp		Cintra Infraestructures, S.E.	100.0%	1,065	
Landmille US LLC		Ferrovial Holding US Corp	100.0%	0	
CONSTRUCTION					
SPAIN (Registered Office: Madrid, Spain)					
Ferroconservación, S.A. (a)		Ferrovial Agroman, S.A. (a)	99.0%	20	■
Editesa, S.A. (a)		Ferrovial Agroman, S.A. (a)	99.1%	2	
Compañía de Obras Castillejos, S.A. (a)		Ferrovial Agroman, S.A. (a)	100.0%	8	■
Ditecpesa, S.A. (a)		Ferrovial Agroman, S.A. (a)	100.0%	1	■
Teraoui, S.A. (a)		Ferrovial Agroman, S.A. (a)	100.0%	0	
Técnicas de Pretensado y Serv.Aux, S.A. (a)		Editesa, S.A. (a)	100.0%	3	
Urbaoeste, S.A. (a)		Ferrovial Agroman, S.A. (a)	99.0%	0	
Ferrrovial Railway, S.A. (a)		Ferrovial Agroman, S.A. (a)	98.8%	0	
Ferrovial Medio Ambiente, S.A. (a)		Ferrovial Agroman, S.A. (a)	99.0%	1	
Pilum S.A. (a)		Ferrovial Agroman, S.A. (a)	25.0%	1	
Ferrovial FISA, S.L. (a)		Ferrovial, S.A. (a)	100.0%	60	
Vergarapromoinvest S.L. (a)		Ferrovial FISA, S.L. (a)	99.7%	26	
SPAIN (Registered Office: Barcelona, Spain)					
Concesionaria de Prisiones Lledoners (a)	Project	Ferrovial Agroman, S.A. (a)	100.0%	16	■
Concesionaria de Prisiones Figueras S.A.U. (a)	Project	Ferrovial Agroman, S.A. (a)	100.0%	11	■
SPAIN (Registered Office: Bilbao, Spain)					
Cadagua, S.A. (a)		Ferrovial Agroman, S.A. (a)	100.0%	58	■
SPAIN (Registered Office: Zaragoza, Spain)					
Depusa Aragón S.A. (a)	Project	Cadagua, S.A. (a)	51.7%	2	■
GERMANY (Registered Office: Colonia, Germany)					
Budimex Bau GmbH		Budimex SA	100.0%	0	
SAUDÍ ARABIA (Registered Office: Riyadh, Saudi Arabia)					
Ferrovial Agroman Company		Ferrovial Agroman, S.A. (a)	95.0%	2	■
AUSTRALIA (Registered Office: Sidney, Australia)					
FA Australia PTY LTD		Ferrovial Agroman Ltda.	100.0%	25	■
BRASIL (Registered Office: Sao Paulo, Brasil)					
Constructora Ferrovial Agromán Ltda. Brasil		Ferrovial Agroman International, S.E.	99.0%	6	
CANADA (Registered Office: Markham, Canada)					
F&A Canada		Ferrovial Agroman International, S.E.	100.0%	1	■
CHILE (Registered Office: Santiago de Chile, Chile)					
Constructora Agroman Ferrovial Ltda.		Ferrovial Agroman Empresa Constructora Ltda.	97.2%	0	
Ferrovial Agroman Chile S.A.		Ferrovial Agroman Empresa Constructora Ltda.	100.0%	29	■
Ferrovial Agroman Empresa Constructora Ltda.		Ferrovial Agroman International, S.E.	100.0%	24	■
UNITED STATES (Registered Office: Atlanta, United States)					
Ferrovial Agromán Southeast, LLC		Ferrovial Agroman US Corp	100.0%	67	

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
UNITED STATES (Registered Office: Austin, United States)					
Ferrovial Agroman US Corp		Ferrovial US Construction Corp.	100.0%	379	■
Ferrovial US Construction Corp		Ferrovial Holding US Corp	100.0%	428	■
Ferrovial Agroman Texas LLC		Ferrovial Agroman US Corp	100.0%	0	
Ferrovial Agroman Indiana		Ferrovial Agroman US Corp	100.0%	0	
Ferrovial Agroman 56 LLC		Ferrovial Agroman Texas, LLC	100.0%	0	
Cadagua US, LLC		Ferrovial US Construction Corp.	100.0%	14	
Grand Parkway Infrastructure SH99		Ferrovial Agroman Texas LLC	40.0%	0	■
Grand Parkway Infrastructure SH99		W.W. Webber LLC	30.0%	0	■
UNITED STATES (Registered Office: Charlotte, United States)					
Sugar Creek Construction LLC		Ferrovial Agromán Southeast, LLC	70.0%	36	■
UNITED STATES (Registered Office: Dallas, United States)					
Trinity Infrastructure LLC		Ferrovial Agroman Texas LLC	60.0%	0	
UNITED STATES (Registered Office: Fort Worth, United States)					
North Tarrant Infrastructures		Ferrovial Agroman Texas LLC	75.0%	0	■
UNITED STATES (Registered Office: Georgia, United States)					
North Perimeter Contractors LLC		Ferrovial Agroman Southeast, LLC	100.0%	35	■
UNITED STATES (Registered Office: Katy, United States)					
52 Block Builders		Pepper Lawson Construction LP	100.0%	0	
UNITED STATES (Registered Office: Los Angeles, United States)					
California Rail Builders, LLC		Ferrovial Agroman West, LLC	80.0%	0	■
Ferrovial Agroman West, LLC		Ferrovial Agroman US Corp	100.0%	0	■
Great Hall Builders LLC		Ferrovial Agroman West, LLC	70.0%	0	■
UNITED STATES (Registered Office: North Richland Hills, United States)					
Bluebonnet Constractor, LLC		Ferrovial Agroman Texas LLC	60.0%	0	
UNITED STATES (Registered Office: Sufolk, United States)					
US 460 Mobility Partners LLC		Ferrovial Agromán Southeast, LLC	70.0%	0	
UNITED STATES (Registered Office: The Woodlands, United States)					
Webber Management Group, LLC		Webber Equipment & Materials LLC	100.0%	41	
Southerm Crushed Concrete, LLC		Webber Equipment & Materials LLC	100.0%	88	
W.W. Webber LLC		Ferrovial US Construction Corp.	100.0%	430	■
DBW Construction LLC		W.W. Webber LLC	100.0%	0	
Webber Barrier Services		W.W. Webber, LLC	100.0%	5	
Central Texas Mobility Partners		W.W. Webber LLC	50.0%	0	
Webber Holdings, LLC		Ferrovial US Construction Corp.	100.0%	0	
Pepper Lawson Waterworks, LLC		W.W. Webber, LLC	50.0%	5	
Pepper Lawson Waterworks, LLC		Cadagua US LLC	50.0%	5	
Pepper Lawson Construction LP		W.W. Webber, LLC	99.0%	7	
FAM Construction LLC (I-66)		Ferrovial Agroman US Corp	70.0%	0	■
Webber Equipment & Materials LLC		W.W. Webber, LLC	100.0%	205	
SLOVAKIA (Registered Office: Bratislava, Slovakia)					
Ferrovial Agroman Slovakia S.R.O.		Ferrovial Agroman Ltda.	99.0%	3	■
D4R7 Construction S.R.O.		Ferrovial Agroman Slovakia S.R.O.	65.0%	3	■
NETHERLANDS (Registered Office: Amsterdam, Netherlands)					
Ferrovial Agroman International, S.E.		Ferrovial International, S.E.	100.0%	237	■
INDIA (Registered Office: Nueva Delhi, India)					
Cadagua Ferrovial India		Cadagua, S.A. (a)	95.0%	0	■
IRLANDA (Registered Office: Dublín, Irlanda)					
Ferrovial Agroman (Ireland), Ltd.		Ferrovial Agroman Ltda.	100.0%	8	■
MEXICO (Registered Office: Mexico DF, Mexico)					
Cadagua Ferr. Industrial México		Cadagua, S.A.	75.1%	0	
Ferrovial Agroman Mexico		Ferrovial Agroman International, S.E.	100.0%	1	
NEW ZELAND (Registered Office: Wellington, New Zeland)					
FA New Zeland Limited		FA Australia PTY LTD	100.0%	1	
POLAND (Registered Office: Cracovia, Poland)					
Mostostal Kraków S.A.		Budimex SA	100.0%	3	■
Mostostal Kraków Energetyka sp. z o.o.		Mostostal Kraków SA	100.0%	0	
POLAND (Registered Office: Warsaw, Poland)					
Bx Budownictwo Sp. z o.o.		Budimex SA	100.0%	0	■
Bx Kolejnictwo SA		Budimex SA	100.0%	2	■
Bx Parking Wrocław Sp. z o.o.	Project	Budimex SA	51.0%	1	■
SPV-PIM 1 Sp. z o.o.		Budimex Nieruchomości Sp. z o.o.	100.0%	0	
Bx Nieruchomości Sp. z o.o.		Budimex SA	100.0%	169	■
Budimex, S.A.		Ferrovial Agroman International, S.E.	55.1%	91	■
FBSerwis SA		Budimex SA	100.0%	69	■
FBSerwis A Sp. z o.o.		FBSerwis SA	100.0%	0	
FBSerwis B Sp. z o.o.		FBSerwis SA	100.0%	0	
POLAND (Registered Office: Kamieńsk, Poland)					
FBSerwis Kamieńsk Sp. z o.o.		FBSerwis SA	80.0%	0	■
POLAND (Registered Office: Ścinawka Dolna, Poland)					
FBSerwis Dolny Śląsk Sp. z o.o.		FBSerwis SA	100.0%	0	■

■ Deloitte
■ BDO
■ KPMG
■ El Sayed, El Ayouty & co
■ Valdés, García, Marín & Martínez, Llp
■ Mohinder Puri & Company
■ EY
■ Vir Audit

(a) Form part of Ferrovial, S.A. tax frameworkand subsidiary companies.

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
POLAND (Registered Office: Tarnów, Poland)					
FBSerwis Karpatia Sp. z o.o.		FBSerwis SA	100.0%	0	EY
POLAND (Registered Office: Kąty Wrocławskie, Poland)					
FBSerwis Wrocław Sp. z o.o.		FBSerwis SA	100.0%	0	EY
PUERTO RICO (Registered Office: San Juan de Puerto Rico, Puerto Rico)					
Ferrovial Agroman LLC		Ferrovial Agroman International, S.E.	100.0%	6	Valdés, García, Marín & Martínez, Llp
UNITED KINGDOM (Registered Office: London, United Kingdom)					
Ferrovial Agroman UK Ltd.		Ferrovial Agroman Ltda.	100.0%	0	Deloitte
Ferrovial Agroman Ltda.		Ferrovial Agroman International, S.E.	100.0%	73	Deloitte
Cadagua Al Ghubrah		Cadagua, S.A. (a)	100.0%	4	
Cadagua UK Limited		Ferrovial Agroman Ltda.	100.0%	0	
AIRPORTS					
SPAIN (Registered Office: Madrid, Spain)					
Ferrovial Transco España , S.A.U. (a)	Project	Ferrovial Transco International B.V.	100.0%	18	Deloitte
Ferrovial Aeropuertos España, S.A. (a)		Ferrovial, S.A. (a)	99.0%	0	Deloitte
CHILE (Registered Office: Santiago, Chile)					
Ferrovial Power Infrastructure Chile, SpA	Project	Ferrovial Transco España S.A.U.	65.9%	98	KPMG
Ferrovial Transco Chile II SpA	Project	Ferrovial Power Infraestructure Chile, SpA	100.0%	0	
Transchile Charrúa Transmisión, S.A.	Project	Ferrovial Power Infraestructure Chile, SpA	100.0%	52	KPMG
Ferrovial Transco Chile III SPA	Project	Ferrovial Transco International, B.V.	100.0%	0	
Centella Transmisión, S.A.	Project	Ferrovial Power Infrastructure Chile, SpA	100.0%	0	
UNITED STATES (Registered Office: Austin, United States)					
Ferrovial Airports Holding US Corp	Project	Ferrovial Holding US Corp	100.0%	0	
UNITED STATES (Registered Office: Denver, United States)					
Ferrovial Airports Denver Corp	Project	Ferrovial Airports Denver UK Ltd.	100.0%	0	
Ferrovial Airports Great Hall Partners LLC	Project	Ferrovial Airports Denver Corp	100.0%	0	Deloitte
Denver Great Hall Holding LLC	Project	Ferrovial Airports Great Hall Partners LLC	80.0%	0	
Denver Great Hall LLC	Project	Denver Great Hall Holding LLC	80.0%	0	KPMG
NETHERLANDS (Registered Office: Amsterdam, Netherlands)					
Hubco Netherlands B.V.		Ferrovial Airports International, S.E.	100.0%	783	Deloitte
Ferrovial Transco Brasil, B.V.	Project	Ferrovial Transco International, B.V.	100.0%	0	
Ferrovial Santarem, B.V.	Project	Ferrovial Transco International, B.V.	100.0%	0	
Ferrovial Transco International B.V.	Project	Ferrovial International, S.E.	100.0%	83	
UNITED KINGDOM (Registered Office: Oxford, United Kingdom)					
Faero UK Holding Limited		Hubco Netherlands B.V.	100.0%	288	Deloitte
Ferrovial Airports International, S.E.	Project	Ferrovial International, S.E.	100.0%	1,219	Deloitte
Ferrovial Airports Denver UK Ltd.		Ferrovial Airports International, S.E.	100.0%	1	Deloitte
TOLL ROADS					
SPAIN (Registered Office: Madrid, Spain)					
Cintra Infraestructuras España, S.L. (a)		Ferrovial, S.A. (a)	100.0%	696	
Cintra Infraestructuras Irlanda, S.L.U. (a)		Cintra Global, S.E.	100.0%	3	
Cintra Inversora Autopistas de Cataluña, S.L.U. (a)	Project	Cintra Infraestructuras España, S.L. (a)	100.0%	0	Deloitte
Inversora Autopistas de Cataluña, S.L.U. (a)	Project	Cintra Inversora Autopistas de Cataluña, S.L.U. (a)	100.0%	0	Deloitte
Cintra Inversiones, S.L.U. (a)		Cintra Infraestructuras España, S.L. (a)	100.0%	318	Deloitte
Cintra Servicios de Infraestructuras, S.A. (a)		Cintra Infraestructuras España, S.L. (a)	100.0%	12	Deloitte
Cintra Autopistas Integradas, S.A.U. (a)		Cintra Infraestructuras España, S.L. (a)	100.0%	0	
M-203 Alcalá-O'Donnell, S.A.U. (a)		Cintra Autopistas Integradas, S.A.U. (a)	100.0%	61	
SPAIN (Registered Office: Barcelona, Spain)					
Autopista Terrasa Manresa, S.A. (a)	Project	Cintra Inversora Autopistas de Cataluña, S.L.U. (a)	75.3%	445	Deloitte
AUSTRALIA (Registered Office: Melbourne, Australia)					
Cintra OSARS (Western) Holdings Unit Trust		Cintra OSARS Western, Ltd	100.0%	32	
Cintra OSARS Western Unit Trust		Cintra OSARS (Western) Holdings PTY, Ltd	100.0%	0	
AUSTRALIA (Registered Office: Sidney, Australia)					
Cintra Developments Australia PTY, Ltd		Cintra Infrastructures UK, Ltd	100.0%	0	Deloitte
Cintra OSARS (Western) Holdings PTY, Ltd		Cintra OSARS Western, Ltd	100.0%	0	
Cintra OSARS Western PTY, Ltd		Cintra OSARS (Western) Holdings PTY, Ltd	100.0%	0	
CANADA (Registered Office: Toronto, Canada)					
Cintra 407 East Development Group Inc		407 Toronto Highway B.V.	100.0%	2	
Cintra OM&R 407 East Development Group Inc		407 Toronto Highway B.V.	100.0%	0	
4352238 Cintra Canada Inc		407 Toronto Highway B.V.	100.0%	0	
11200232 Canadá Inc.		4352238 Cintra Canada Inc	100.0%	230	
Blackbird Maintenance 407 Cintra GP Inc		407 Toronto Highway B.V.	100.0%	1	
Blackbird Infrastructures 407 Cintra GP Inc		407 Toronto Highway B.V.	100.0%	0	BDO
COLOMBIA (Registered Office: Bogotá, Colombia)					
Cintra Infraestructuras Colombia, S.A.S.		Cintra Global, S.E.	100.0%	5	Deloitte

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
UNITED STATES (Registered Office: Austin, United States)					
Ferrovial Holding US Corp		Cintra Infrastructures, S.E.	100.0%	850	
Cintra Holding US Corp		Ferrovial Holding US Corp	96.1%	638	
Cintra Texas Corp		Cintra Holding US Corp	100.0%	9	
Cintra US Services LLC		Cintra Texas Corp	100.0%	8	
Cintra Skyway LLC		Cintra Holding US Corp	100.0%	0	
Cintra ITR LLC		Cintra Holding US Corp	49.0%	21	
Cintra LBJ LLC		Cintra Holding US Corp	100.0%	342	
Cintra NTE LLC		Cintra Holding US Corp	100.0%	273	
Cintra NTE Mobility Partners Seg. 3 LLC		Cintra Holding US Corp	100.0%	206	
Cintra Toll Services LLC		Cintra Holding US Corp	100.0%	0	
Cintra I-77 Mobility Partners LLC		Cintra Holding US Corp	100.0%	143	
Cintra 2 I-66 Express Mobility Partners		Cintra Holding US Corp	100.0%	0	
Cintra I-66 Express Corp		Cintra I-66 Express UK Ltd	100.0%	0	
Cintra I-66 Express Mobility Partners LLC		Cintra I-66 Express Corp	100.0%	0	
UNITED STATES (Registered Office: Charlotte, United States)					
I-77 Mobility Partners Holding LLC	Project	Cintra I-77 Mobility Partners LLC	50.1%	111	
I-77 Mobility Partners LLC	Project	I-77 Mobility Partners Holding LLC	100.0%	221	Deloitte
UNITED STATES (Registered Office: Chicago, United States)					
Skyway Concession Company Holdings LLC	Project	Cintra Skyway LLC	55.0%	0	
UNITED STATESS (Registered Office: Dallas, United States)					
LBJ Infrastructure Group Holding LLC	Project	Cintra LBJ LLC	54.6%	342	
LBJ Infrastructure Group LLC	Project	LBJ Infrastructure Group Holding LLC	100.0%	598	Deloitte
UNITED STATES (Registered Office: North Richland Hills, United States)					
NTE Mobility Partners Holding LLC	Project	Cintra NTE LLC	63.0%	273	
NTE Mobility Partners LLC	Project	NTE Mobility Partners Holding LLC	100.0%	380	Deloitte
NTE Mobility Partners Seg. 3 Holding LLC	Project	Cintra NTE Mobility Partners Seg. 3 LLC	53.7%	206	
NTE Mobility Partners Seg. 3 LLC	Project	NTE Mobility Partners Seg. 3 Holding LLC	100.0%	383	Deloitte
NETHERLANDS (Registered Office: Amsterdam, Netherlands)					
407 Toronto Highway B.V.		Cintra Global, S.E.	100.0%	2,664	
Cintra Infrastructures, S.E.		Ferrovial International S.E.	100.0%	824	Deloitte
Cintra Global, S.E.		Ferrovial International S.E.	100.0%	2,873	Deloitte
IRELAND (Registered Office: Dublin, Ireland)					
Financinfrastructures, Ltd		Cintra Global, S.E.	100.0%	32	Deloitte
Cinsac, Ltd		Cintra Infraestructuras Irlanda, S.L.U. (a)	100.0%	0	Deloitte
POLAND (Registered Office: Warsaw, Poland)					
Autostrada Poludnie, S.A.		Cintra Infrastructures, S.E.	93.6%	0	Deloitte
PORTUGAL (Registered Office: Lisboa, Portugal)					
Vialivre, S.A.	Project	Cintra Infrastructures, S.E.	84.0%	0	Deloitte
PORTUGAL (Registered Office: Ribeira Grande, Portugal)					
Euroscut Açores, S.A.	Project	Cintra Infrastructures, S.E.	89.2%	0	Deloitte
UNITED KINGDOM (Registered Office: London, United Kingdom)					
Cintra Silvertown, Ltd		Cintra Infrastructures UK, Ltd	100.0%	0	
UNITED KINGDOM (Registered Office: Oxford, United Kingdom)					
Cintra Infrastructures UK, Ltd		Cintra Global, S.E.	100.0%	18	Deloitte
Cintra Toowoomba, Ltd		Cintra Infrastructures UK, Ltd	100.0%	12	Deloitte
Cintra UK I-77, Ltd		Cintra Infrastructures, S.E.	100.0%	2	Deloitte
Cintra Slovakia, Ltd		Cintra Global, S.E.	100.0%	0	Deloitte
Cintra I-66 Express UK, Ltd		Cintra Infrastructures UK, Ltd	100.0%	0	Deloitte
Cintra OSARS Western, Ltd		Cintra Infrastructures UK, Ltd	100.0%	6	
DISCONTINUED OPERATIONS					
SERVICES					
SPAIN (Registered Office: Madrid, Spain)					
Ferrovial Servicios, S.A. (a)		Ferrovial International, S.E.	100.0%	265	Deloitte
Cespa, S.A (a)		Ferrovial Servicios, S.A. (a)	100.0%	553	Deloitte
Sitkol, S.A. (a)		Cespa, S.A (a)	99.0%	5	
Cespa Jardinería, S.L. (a)		Cespa, S.A (a)	99.0%	7	Deloitte
Cespa Gestión de Residuos (a)		Cespa, S.A (a)	99.0%	86	Deloitte
Ecoenergia de Can Mata A.I.E. (a)		Cespa Gestión de Residuos (a)	70.0%	0	
Contenedores de Reus, S.A. (a)		Cespa Gestión de Residuos (a)	99.0%	0	
Cespa G.T.R, S.A. (a)		Cespa Gestión de Residuos (a)	100.0%	21	Deloitte
Ferrovial Servicios Logistica, S.A. (a)		Ferrovial Servicios, S.A. (a)	99.0%	0	
Siemsa Industria S.A. (a)		Ferrovial Servicios, S.A. (a)	99.0%	17	Deloitte
Siemsa Control y Sistemas S.A. (a)		Siemsa Industria S.A. (a)	99.0%	1	Deloitte
Ferrovial Servicios Participadas, S.L. (a)		Ferrovial Servicios, S.A. (a)	99.0%	2	
Ferroser Servicios Auxiliares (a)		Ferrovial Servicios, S.A. (a)	99.5%	9	Deloitte
Ferroser Infraestructuras, S.A. (a)		Ferrovial Servicios, S.A. (a)	100.0%	18	Deloitte
Ferrovial Servicios Transporte Asistencial, S.A. (a)		Ferrovial Servicios, S.A. (a)	99.0%	0	
Autovía de Aragón, Sociedad Concesionaria, S.A. (a)	Project	Ferroser Infraestructuras, S.A. (a)	60.0%	11	Deloitte
Pilum, S.A. (a)	Project	Ferroser Infraestructuras, S.A. (a)	60.0%	3	Deloitte
Ferrovial Aravia, SA (a)	Project	Ferroser Infraestructuras, S.A. (a)	60.0%	0	

- Deloitte
- BDO
- KPMG
- El Sayed, El Ayouty & co
- Valdés, García, Marín & Martínez, Llp
- Mohinder Puri & Company
- EY
- Vir Audit

(a) Form part of Ferrovial, S.A. tax frameworkand subsidiary companies.

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
SPAIN (Registered Office: Albacete, Spain)					
Ayora Gestión Biogás, S.L. (a)		Cespa, S.A (a)	80.0%	0	■
SPAIN (Registered Office: Alicante, Spain)					
Reciclaje y Compostaje Piedra Negra, S.A. (a)		Cespa Gestión de Residuos (a)	100.0%	7	■
SPAIN (Registered Office: Barcelona, Spain)					
Residus del Maresme, S.L.		Cespa, S.A (a)	51.0%	0	■
Ecoparc de Can Mata, S.L. (a)	Project	Cespa, S.A (a)	99.0%	11	■
Ecoparc del Mediterrani		Cespa Gestión de Residuos (a)	48.0%	3	■
SPAIN (Registered Office: Cáceres, Spain)					
Biogas Extremadura		Biotran Gestión de Residuos (a)	51.0%	0	
SPAIN (Registered Office: Ciudad Real, España))					
Reciclum, Reciclaje y valorización de Residuos, S.L. (a)		Biotran Gestión de Residuos (a)	99,0%	0	
SPAIN (Registered Office: Granada,Spain)					
Inagra, S.A. (a)		Cespa, S.A (a)	80.0%	3	■
SPAIN (Registered Office: Málaga, Spain)					
Andaluza de Señalizaciones, S.A. (a)		Ferroser Infraestructuras, S.A. (a)	99.0%	1	
SPAIN (Registered Office: Murcia, Spain)					
Cespa Serv. Urbanos Murcia (a)	Project	Cespa, S.A (a)	100.0%	10	■
SPAIN (Registered Office: Satander, Spain)					
Smart Hospital Cantabria (a)	Project	Ferrovial Servicios, S.A. (a)	85.0%	8	■
SPAIN (Registered Office: Toledo, Spain)					
Gestión Medioambiental de Toledo, S.A.	Project	Cespa, S.A (a)	60.0%	8	■
SPAIN (Registered Office: Valladolid, Spain)					
Biotran Gestión de Residuos (a)		Cespa Gestión de Residuos (a)	99.0%	11	■
Reciclum, Reciclaje y valorización de Residuos, S.L. (a)		Biotran Gestión de Residuos (a)	99.0%	0	
Maviva Valladolid, S.L. (a)		Ferrovial Servicios Logistica, S.A. (a)	99.7%	1	
NETHERLANDS (Registered Office: Amsterdam, Netherlands)					
Ferrovial Services Netherlands B.V.		Ferrovial, S.A.	100.0%	1	■
Ferrovial Services International, S.E.		Ferrovial International, S.E.	100.0%	173	■
SPAIN (Registered Office: Vigo, Spain)					
Maviva, S.A. (a)		Ferrovial Servicios Logistica, S.A. (a)	100.0%	12	■
Maviva Servicios Globales, S.L. (a)		Ferrovial Servicios Logistica, S.A. (a)	99.4%	0	
Almacenes Servicios y Recuperaciones, S.L. (a)		Ferrovial Servicios Logistica, S.A. (a)	99.7%	3	■
AUSTRALIA (Registered Office: Melbourne, Australia)					
Amey Consulting Australia Pty Ltd		Amey OW Ltd	100.0%	0	
AUSTRALIA (Registered Office: Sidney, Australia)					
Ferrovial Services Australia Pty Ltd		Ferrovial Services UK, Ltd.	100.0%	262	■
APP Corporation Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	1	■
Appoint Consulting Pty Ltd		APP Corporation Pty Ltd	100.0%	0	
Australian Drilling Solutions Pty Ltd		Piver Pty Ltd	100.0%	0	
Australian Quality Assurance & Superintendence Pty Ltd		Appoint Consulting Pty Ltd	100.0%	0	
BE & MG Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
BR & I Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Broadspectrum (Asset Management Optimisation) Pty Ltd		Broadspectrum (International) Pty Ltd	100.0%	0	
Broadspectrum (Australia) Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	-1	
Broadspectrum (Chile) Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Broadspectrum (East Timor) Pty Ltd		Broadspectrum (International) Pty Ltd	100.0%	0	
Broadspectrum (Finance) Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Broadspectrum (Holdings) Pty Ltd		Broadspectrum Pty Ltd	100.0%	52	
Broadspectrum (India) Pty Ltd		Broadspectrum (International) Pty Ltd	100.0%	0	
Broadspectrum (International) Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	51	
Broadspectrum (IP) Holdings Pty Limited		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Broadspectrum (Oil & Gas) Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Broadspectrum (USM) Holdings Pty Ltd		Broadspectrum Holdings (Delaware) Pty Ltd LLC	100.0%	91	
Broadspectrum Australia (QLD) Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Broadspectrum Escrow Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Broadspectrum Holdings (Delaware) Pty Ltd LLC		Broadspectrum (International) Pty Ltd	100.0%	0	
Broadspectrum Hospitality Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Broadspectrum Metrolink Pty Ltd		Broadspectrum Pty Ltd	100.0%	0	
Broadspectrum Property Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Broadspectrum Pty Ltd		Ferrovial Services Australia Pty Ltd	100.0%	708	■
Broadspectrum Services Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Broadspectrum Training Services Pty Ltd		Easternwell Group Investments Pty Ltd	100.0%	0	
BRS Employee Plan Co Pty Limited		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
CI Australia Pty Limited		APP Corporation Pty Ltd	100.0%	0	
Collinsville Operations Pty Ltd		Broadspectrum Pty Ltd	100.0%	0	
Eastern Catering Services Holdings Pty Ltd		Easternwell Group Investments Pty Ltd	100.0%	0	
Eastern Catering Services Pty Ltd		Eastern Catering Services Holdings Pty Ltd	100.0%	0	
Eastern Pressure Control Pty Ltd		Easternwell Group Investments Pty Ltd	51.0%	0	

■ Deloitte
■ BDO
■ KPMG
■ El Sayed, El Ayouty & co
■ Valdés, García, Marín & Martínez, Llp
■ Mohinder Puri & Company
■ EY
■ Vir Audit

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
Eastern Well Rigs Pty Ltd		Easternwell Drilling Holdings Pty Ltd	100.0%	0	
Eastern Well Service No 2 Pty Ltd		Easternwell Group Investments Pty Ltd	100.0%	0	
Easternwell Drilling Holdings Pty Ltd		Easternwell Group Investments Pty Ltd	100.0%	0	
Easternwell Drilling Labour Hire Pty Ltd		Easternwell Drilling Holdings Pty Ltd	100.0%	0	
Easternwell Drilling Services Assets Pty Ltd		Easternwell Drilling Services Holdings Pty Ltd	100.0%	1	
Easternwell Drilling Services Holdings Pty Ltd		Easternwell Drilling Holdings Pty Ltd	100.0%	1	
Easternwell Drilling Services Labour Pty Ltd		Easternwell Drilling Services Holdings Pty Ltd	100.0%	1	
Easternwell Drilling Services Operations Pty Ltd		Easternwell Drilling Services Holdings Pty Ltd	100.0%	1	
Easternwell Energy Rigs Pty Ltd		Easternwell Drilling Holdings Pty Ltd	100.0%	0	
Easternwell Engineering Pty Ltd		Easternwell Group Investments Pty Ltd	100.0%	0	
Easternwell Group Assets Pty Ltd		Easternwell Group Investments Pty Ltd	100.0%	0	
Easternwell Group Investments Pty Limited		Piver Pty Ltd	100.0%	0	
Easternwell Group Operations Pty Ltd		Easternwell Group Investments Pty Ltd	100.0%	0	
Easternwell Group Pty Ltd		Broadspectrum (Oil and Gas) Pty Ltd	100.0%	160	
Easternwell WA Pty Ltd		Piver Pty Ltd	100.0%	0	
Gorey & Cole Drillers Pty Ltd		Gorey & Cole Holdings Pty Ltd	100.0%	0	
Gorey & Cole Holdings Pty Ltd		Piver Pty Ltd	100.0%	0	
ICD (Asia Pacific) Pty Limited		Broadspectrum (Australia) Pty Ltd	100.0%	0	
O.G.C. Services Pty Ltd		Easternwell Group Investments Pty Ltd	100.0%	0	
Piver Pty Ltd		Easternwell Group Pty Ltd	100.0%	0	
Sides Drilling Contractors Pty Ltd		Sides Drilling Pty Ltd	100.0%	0	
Sides Drilling Pty Ltd		Piver Pty Ltd	100.0%	0	
Silver City Drilling (QLD) Pty Ltd		Easternwell Group Investments Pty Ltd	100.0%	0	
Ten Rivers Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Transhare Plan Company Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Translink Investments Pty Ltd		Broadspectrum Pty Ltd	100.0%	0	
TS (Procurement) Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
CANADA (Registered Office: Toronto, Canada)					
Broadspectrum Canada (Holdings) Limited		Broadspectrum (International) Pty Ltd	100.0%	0	
Broadspectrum (Ontario) Limited		Broadspectrum Canada (Holdings) Limited	100.0%	0	
Broadspectrum (Canada) Limited		Broadspectrum Canada (Holdings) Limited	100.0%	0	■
Broadspectrum (Alberta) Limited		Broadspectrum Canada (Holdings) Limited	100.0%	0	
CHILE (Registered Office: Antofagasta, Chile)					
Broadspectrum Chile SpA		Inversiones Broadspectrum (Chile) Limitada	65.1%	33	■
CHILE (Registered Office: Los Andes, Chile)					
Steel Ingenieria S.A.		Ferrovial Servicios Chile S.L	99.9%	6	■
Ferrovial Servicios Chile Soc Limitada		Ferrovial Services International S.E	99.0%	10	
CHILE (Registered Office: Santiago, Chile)					
Siemsa Chiles SPA		Siemsa Industria S.A. (a)	100.0%	0	
Ferrovial Servicios Ambientales		Broadspectrum Chile SpA	99.7%	3	■
Inversiones Broadspectrum (Chile) Holding Limitada		Broadspectrum (International) Pty	100.0%	4	
Inversiones Broadspectrum (Chile) Limitada		Inversiones Broadspectrum (Chile) Holding Limitada	100.0%	1	
UNITED STATES (Registered Office: Austin, United States)					
Broadspectrum Holdings (Delaware) Pty Ltd LLC		Broadspectrum (International) Pty Ltd	100.0%	0	
Broadspectrum (Delaware) General Partnership		Broadspectrum Holdings (Delaware) Pty Ltd LLC	61.7%	0	
Ferrovial Services U.S., Inc.		Broadspectrum Holdings (Delaware) Pty Ltd LLC	100.0%	0	■
Ferrovial Services Infrastructure, Inc.		Ferrovial Services U.S., Inc.	100.0%	0	■
Ferrovial Services Oil and Gas, Inc.		Ferrovial Services U.S., Inc.	100.0%	0	■
Broadspectrum Downstream Services, Inc.		Ferrovial Services Oil and Gas, Inc.	100.0%	0	■
Timec Specialty Services, Inc.		Ferrovial Services Oil and Gas, Inc.	100.0%	0	■
Timec Upstream Holdings, LLC		Ferrovial Services Oil and Gas, Inc.	100.0%	0	■
Timec Oilfields, LLC		Ferrovial Services Oil and Gas, Inc.	100.0%	0	■
Ferrovial Services Holding US Corp		Ferrovial Services Holding US Corp	100.0%	0	
UNITED STATES(Registered Office: Buffalo, United States)					
Timec, Inc.		Ferrovial Services Oil and Gas, Inc.	100.0%	0	■
UNITED STATES (Registered Office: Houston, United States)					
Amey Consulting USA, Inc.		Amey OW Ltd	100.0%	0	
UNITED STATES (Registered Office: Vallejo, United States)					
T.R.S.C., Inc.		Ferrovial Services Oil and Gas, Inc.	100.0%	0	■
MALASIA (Registered Office: Kuala Lumpur, Malasia)					
Transfield Services (Asia) Sdn Bhd		Broadspectrum (International) Pty Ltd	100.0%	0	
MARRUECOS (Registered Office: Tánger, Marruecos)					
Cespa Nadafa, S.A.R.L.		Cespa, S.A (a)	98.8%	0	

(a) Form part of Ferrovial, S.A. tax frameworkand subsidiary companies.

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
MAURICIO (Registered Office: Cybercity, Islas Mauricio)					
Broadspectrum (Mauritius) Ltd		Broadspectrum (International) Pty Ltd	100.0%	0	
NEW ZELAND (Registered Office: Auckland, New Zeland)					
Broadspectrum (New Zealand) Limited		Broadspectrum (International) Pty Ltd	100.0%	74	■
Ferrovial Services (NZ Holdings) Limited		Broadspectrum (New Zealand) Limited	100.0%	1	
Ferrovial Services (NZ) Limited		Ferrovial Services (NZ Holdings) Limited	100.0%	0	
TSNZ Pulp & Paper Maintenance Limited		Broadspectrum (New Zealand) Limited	100.0%	0	
PORTUGAL (Registered Office: Lisboa, Portugal)					
Ferrovial Serviços, SA		Ferrovial Services International S.E	100.0%	27	■
Sopovico, SA		Ferrovial Serviços, SA	100.0%	-1	■
PORTUGAL (Registered Office: Porto, Portugal)					
Maviva Portugalia Lda.		Ferrovial Servicios Logistica, S.A. (a)	100.0%	1	
Citrup, Lda		Ferrovial Serviços, SA	70.0%	0	■
Ferrovial Serviços - Ecoambiente, ACE		Ferrovial Serviços, SA	60.0%	0	
QATAR (Registered Office: Doha, Qatar)					
Amey Consulting LLC		Amey OW Ltd	49.0%	0	
Transfield Services Mannai Oil and Gas WLL		Broadspectrum (International) Pty Ltd	49.0%	0	
UNITED KINGDOM (Registered Office: Glasgow, United Kingdom)					
Byzak Contractors (Scotland) Ltd		Byzak Ltd	100.0%	0	
C.F.M Building Services Ltd		Enterprise Managed Services Ltd	100.0%	4	■
UNITED KINGDOM (Registered Office: London, United Kingdom)					
Ferrovial Services UK, Ltd		Ferrovial Services International, S.E.	100.0%	115	■
UNITED KINGDOM (Registered Office: Liverpool, United Kingdom)					
Fleet and Plant Hire Ltd		Enterprise Managed Services Ltd	100.0%	0	■
UNITED KINGDOM (Registered Office: Manchester, United Kingdom)					
Enterprise Utility Services (DCE) Ltd		Enterprise Holding Company No 1 Ltd	100.0%	0	
Enterprise Utility Services (TBC) Ltd		Enterprise Holding Company No 1 Ltd	100.0%	0	
UNITED KINGDOM (Registered Office: Oxford, United Kingdom)					
Amey UK plc (a)		Ferrovial Services Netherlands, B.V.	100.0%	212	■
Cespa UK Ltd		Cespa, S.A. (a)	100.0%	8	■
Cespa Ventures Ltd		Cespa UK Ltd	100.0%	0	■
Amey Holdings Ltd		Amey UK plc	100.0%	588	■
Amey plc		Amey Holdings Ltd	100.0%	588	■
Amey Environmental Services Ltd		Amey plc	100.0%	0	■
Amey Building Ltd		Amey plc	100.0%	1	
Amey Community Ltd		Amey plc	100.0%	64	■
Amey Construction Ltd		Amey plc	100.0%	7	■
Amey Datel Ltd		Amey OW Ltd	100.0%	0	
Amey Facilities Partners Ltd		Comax Holdings Ltd	100.0%	2	
Amey Fleet Services Ltd		Amey plc	100.0%	51	■
Amey Group Information Services Ltd		Amey plc	100.0%	16	■
Amey Group Services Ltd		Amey plc	100.0%	47	■
Amey Highways Ltd		Amey plc	100.0%	0	■
Amey Investments Ltd		Amey plc	100.0%	0	■
Amey IT Services Ltd		Amey plc	100.0%	0	
Amey 1321 Limited		Amey plc	100.0%	0	
Amey LG Ltd		Amey plc	100.0%	265	■
Amey LUL 2 Ltd		Amey Tube Ltd	100.0%	7	■
Amey Mechanical & Electrical Services Ltd		Amey Community Ltd	100.0%	1	■
Amey OW Group Ltd		Amey plc	100.0%	36	
Amey OW Ltd		Amey OW Group Ltd	100.0%	2	■
Amey OWR Ltd		Amey OW Group Ltd	100.0%	0	■
Amey Programme Management Ltd		Amey plc	100.0%	0	■
Amey Rail Ltd		Amey plc	100.0%	40	■
Amey Railways Holding Ltd		Amey plc	100.0%	0	
Amey Roads (North Lanarkshire) Ltd		Amey LG Ltd	66.7%	0	■
Amey Services Ltd		Amey plc	100.0%	186	■
Amey Technology Services Ltd		Amey plc	100.0%	0	
Amey Tramlink Ltd		Amey Technolgy Services Ltd	100.0%	0	
Amey Tube Ltd		JNP Ventures Ltd	100.0%	8	
Amey Ventures Asset Holdings Ltd		Amey Investments Ltd	100.0%	0	■
Amey Ventures Ltd		Amey plc	100.0%	6	■
Amey Ventures Management Services Ltd		Amey Investments Ltd	100.0%	0	■
Amey Wye Valley Ltd		Amey LG Ltd	80.0%	0	■
Comax Holdings Ltd		Amey plc	100.0%	0	
JNP Ventures 2 Ltd		Amey Tube Ltd	100.0%	8	
JNP Ventures Ltd		Amey Ventures Ltd	100.0%	0	
Sherard Secretariat Services Ltd		Amey plc	100.0%	0	■
TPI Holdings Ltd		Amey OW Ltd	100.0%	0	
Transportation Planning International Ltd		TPI Holdings Ltd	100.0%	0	

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
Wimco Ltd		Amey Railways Holding Ltd	100.0%	0	
Amey Public Services LLP		Amey LG Ltd	66.7%	0	■
Nationwide Distribution Services Ltd		Amey LG Ltd	100.0%	5	■
AmeyCespa (MK) ODC Ltd		AmeyCespa Ltd	100.0%	0	■
A.R.M. Services Group Ltd		Enterprise Holding Company No 1 Ltd	100.0%	100	■
Access Hire Services Ltd		Enterprise Managed Services Ltd	100.0%	4	
Accord Asset Management Ltd		Accord Ltd	100.0%	11	
Accord Consulting Services Ltd		Accord Ltd	100.0%	0	
Accord Environmental Services Ltd		Accord Ltd	100.0%	0	
Accord Ltd		Enterprise plc	100.0%	181	■
Accord Network Management Ltd		Accord Asset Management Ltd	100.0%	1	
Brophy Grounds Maintenance Ltd		Enterprise Public Services Ltd	100.0%	5	■
Byzak Ltd		Globemile Ltd	100.0%	10	■
Countrywide Property Inspections Ltd		Durley Group Holdings Ltd	100.0%	0	
CRW Maintenance Ltd		Enterprise Holding Company No 1 Ltd	100.0%	0	
Durley Group Holdings Ltd		Enterprise Holding Company No 1 Ltd	100.0%	0	
Enterprise (AOL) Ltd		Accord Ltd	100.0%	95	■
Enterprise (ERS) Ltd		Trinity Group Holdings Ltd	100.0%	0	
Enterprise (Venture Partner) Ltd		Enterprise Holding Company No 1 Ltd	100.0%	0	■
Enterprise Building Services Ltd		Enterprise Holding Company No 1 Ltd	100.0%	0	
Enterprise Foundation (ETR) Ltd		Enterprise Holding Company No 1 Ltd	100.0%	0	
Enterprise Holding Company No.1 Ltd		Enterprise plc	100.0%	612	■
Enterprise Lighting Services Ltd		Enterprise Holding Company No 1 Ltd	100.0%	0	
Enterprise Managed Services (BPS) Ltd		Enterprise Managed Services Ltd	100.0%	22	
Amey Metering Ltd		Enterprise Managed Services Ltd	100.0%	10	■
Enterprise Managed Services Ltd		Amey Utility Services Ltd	100.0%	3	■
Enterprise plc		Amey plc	100.0%	0	■
Amey Power Services Ltd		Enterprise Managed Services Ltd	100.0%	12	■
Enterprise Public Services Ltd		Enterprise Holding Company No 1 Ltd	100.0%	4	■
Amey Utility Services Ltd		ARM Services Group Ltd	100.0%	50	■
Globemile Ltd		Enterprise Managed Services Ltd	100.0%	21	■
Haringey Enterprise Ltd		Accord Ltd	100.0%	0	
Heating and Building Maintenance Company Ltd		Enterprise Holding Company No 1 Ltd	100.0%	1	■
Hillcrest Developments (Yorkshire) Ltd		Durley Group Holdings Ltd	100.0%	0	
ICE Developments Ltd		Enterprise Holding Company No 1 Ltd	100.0%	0	
J J McGinley Ltd		Enterprise Holding Company No 1 Ltd	100.0%	4	
JDM Accord Ltd		Accord Ltd	100.0%	2	
MRS Environmental Services Ltd		Enterprise Holding Company No 1 Ltd	100.0%	17	■
MRS St Albans Ltd		MRS Environmental Services Ltd	100.0%	0	
Trinity Group Holdings Ltd		Enterprise Holding Company No 1 Ltd	100.0%	0	
Enterprise Business Solutions 2000 Ltd		Enterprise Holding Company No 1 Ltd	90.0%	0	
Enterprise Islington Ltd		Accord Ltd	99.0%	0	
EnterpriseManchester Partnership Ltd		Enterprise Managed Services Ltd	80.0%	0	■
Slough Enterprise Ltd		Accord Environmental Services Ltd	100.0%	0	■
Enterprise Fleet Ltd		Enterprise Managed Services Ltd	54.5%	0	
AmeyCespa Ltd		Amey LG Ltd	50.0%	0	■
AmeyCespa Ltd		Cespa UK Ltd	50.0%	0	■
AmeyCespa (East) Holdings Ltd		AmeyCespa Ltd	100.0%	57	■
AmeyCespa Services (East) Ltd	Project	AmeyCespa (East) Ltd	100.0%	8	■
Allerton Waste Recovery Park Interim SPV Ltd		AmeyCespa Ltd	100.0%	0	
AmeyCespa (AWRP) ODC Ltd		AmeyCespa Ltd	100.0%	0	■
AmeyCespa (East) Ltd		AmeyCespa (East) Holdings Ltd	100.0%	0	■
AmeyCespa WM (East) Ltd	Project	AmeyCespa Services (East) Ltd	100.0%	0	■
Novo Community Ltd		Amey Community Ltd	100.0%	0	■
Amey (IOW) SPV Ltd		Amey Ventures Asset Holdings Ltd	100.0%	0	■
Amey TPT Limited		Amey OWR Ltd	100.0%	6	■
Amey Finance Services Ltd		Amey plc	100.0%	0	■
AmeyCespa (MK) Holding Co Ltd	Project	Amey Ventures Asset Holdings Ltd	50.0%	0	■
AmeyCespa (MK) Holding Co Ltd	Project	Cespa Ventures Limited	50.0%	0	■
AmeyCespa (MK) SPV Ltd	Project	AmeyCespa (MK) Holding Co Ltd	100.0%	0	■
Amey MAP Services Limited		Amey Investments Ltd	100.0%	0	
Amey Equitix Smart Meters 1 Holdings Limited		Amey Ventures Asset Holdings Ltd	100.0%	0	
Amey Equitix Smart Meters 1 SPV Limited		Amey Equitix Smart Meters 1 Holdings Limited	100.0%	0	
Amey Keolis Infrastructure/Seilwaith Amey Keolis Limited		Amey Rail Limited	90.0%	0	■
Amey Defence Services Limited		Enterprise Managed Services Limited	100.0%	11	■
Amey Defence Services (Housing) Limited		Enterprise Managed Services Limited	100.0%	12	■

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(a) Form part of Ferrovial, S.A. tax frameworkand subsidiary companies.

Appendix II - Associates

(COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD) (MILLIONS OF EUROS)

The percentage of ownership and the consolidated Equity Value correspond to the contribution of each of the “Companies” in the consolidated of the Group.

COMPANY	TYPE OF COMPANY	PARENT COMPANY	% PAR.	VALUE EQUITY METHOD	ACTIVE	PASIVE	REVENUES	RESULTS	AUDIT.
CONSTRUCTION									
SPAIN									
Sociedad Concesionaria BAIO	Project	Ferrovial Agroman, S.A.	50.0%	1	3	0	0	-2	
Via Olmedo Pedralba, S.A.	Project	Ferrovial Agroman, S.A.	25.2%	1	3	0	13	-0	■
Boremer, S.A.		Cadagua, S.A.	50.0%	0	11	12	0	-0	■
Urbs Iudex et Causidicus, S.A.		Ferrovial Agroman, S.A.	22.0%	0	386	432	37	6	■
OMAN									
International Water Treatment LLC		Cadagua, S.A.	37.5%	0	2	7	-0	-0	■
UNITED STATES									
Pepper Lawson Horizon Intl. Group		Pepper Lawson Construction LP	70.0%	0	2	2	0	-0	
POLAND									
PPHU Promos Sp. z o.o.		Budimex, S.A.	26.3%	0	4	2	2	0	
AIRPORTS									
UNITED KINGDOM									
FGP Topco Limited	Project	Hubco Netherlands B.V.	25.0%	690	25,210	22,432	3,510	443	■
AGS Airports Holdings Limited	Project	Faero UK Holding Limited	50.0%	57	1,401	2,710	248	18	■
TOLL ROADS									
SPAIN									
Serrano Park, S.A.	Project	Cintra Infraestructuras España, S.L.	50.0%	0	63	87	6	-2	■
Sociedad Concesionaria Autovía de la Plata, S.A.	Project	Cintra Infrastructures, S.E.	25.0%	16	232	170	24	13	■
Bip & Drive, S.A.	Project	Cintra Infraestructuras España, S.L.	20.0%	2	22	13	265	1	■
Autopista del Sol, C.E.S.A.	Project	Cintra Infraestructuras España, S.L.	15.0%	111	98	103	10	4	■
AUSTRALIA									
Nexus Infrastructures Holdings Unit Trust		Cintra Toowoomba, Ltd	40.0%	3	19	0	0	0	■
Nexus Infrastructures Unit Trust	Project	Nexus Infrastructures Holdings Unit Trust	40.0%	15	59	13	27	8	■
Nexus Infrastructure Finance Holdings PTY, Ltd		Cintra Toowoomba, Ltd	40.0%	0	0	0	0	0	■
Nexus Infrastructure Finance PTY, Ltd	Project	Nexus Infrastructure Finance Holdings PTY, Ltd	40.0%	0	0	0	0	0	■
Netflow Osars (Western) PTY, Ltd	Project	Cintra Osars (Western) PTY, Ltd	50.0%	27	159	103	33	5	
CANADA									
407 International Inc	Project	4352238 Cintra Canada Inc.	43.2%	1,422	3,671	6,614	1,015	389	■
407 East Development Group General Partnership	Project	Cintra 407 East Development Group Inc	50.0%	13	142	117	6	2	■
OM&R 407 East Development Group General Partnership	Project	Cintra OM&R 407 East Development Group Inc	50.0%	1	5	3	5	1	
Blackbird Maintenance 407 GP	Project	Blackbird Maintenance 407 Cintra GP Inc	50.0%	0	5	1	4	-0	
Blackbird Infrastructures 407 GP	Project	Blackbird Infrastructures 407 Cintra GP Inc	50.0%	19	170	132	18	7	■
COLOMBIA									
Concesionaria Ruta del Cacao, S.A.S.	Project	Cintra Infraestructuras Colombia, S.A.S.	30.0%	9	473	364	82	-3	■
SLOVAKIA									
Zero Bypass Limited, Organizacná Zlozka		Zero Bypass, Ltd	35.0%	0	0	0	0	0	■
UNITED STATES									
I-66 Express Mobility Partners Holdings LLC	Project	Cintra 2 I-66 Express Mobility Partners	40.0%	0	0	0	0	0	
I-66 Express Mobility Partners Holdings LLC	Project	Cintra I-66 Express Mobility Partners LLC	10.0%	0	0	0	0	0	
I-66 Express Mobility Partners LLC	Project	I-66 Express Mobility Partners Holdings LLC	50.0%	0	1,359	1,369	0	1	■
NETHERLANDS									
Algarve International B.V.	Project	Cintra Infrastructures, S.E.	48.0%	1	142	141	0	0	■
IRELAND									
Eurolink Motorway Operation (M4-M6), Ltd	Project	Cintra Infraestructuras Internacional, S.L.U.	20.0%	6	266	160	31	3	■
Eurolink Motorway Operation (M3), Ltd	Project	Cinsac, Ltd	20.0%	4	181	160	22	7	■
PORTUGAL									
Autoestrada do Algarve, S.A.	Project	Cintra Infrastructures, S.E.	48.0%	58	215	145	37	16	■
Auto-Estradas Norte Litoral, S.A.	Project	Cintra Infrastructures, S.E.	49.0%	101	354	193	42	21	■
UNITED KINGDOM									
Scot Roads Partnership Holdings, Ltd	Project	Cintra Infrastructures UK	20.0%	0	0	0	0	0	■
Scot Roads Partnership Finance, Ltd	Project	Scot Roads Partnership Holdings, Ltd	20.0%	0	452	452	0	0	■
Scot Roads Partnership Project, Ltd	Project	Scot Roads Partnership Holdings, Ltd	20.0%	0	460	460	33	-0	■
Zero Bypass Holdings, Ltd	Project	Cintra Slovakia, Ltd	35.0%	0	0	0	0	0	■
Zero Bypass, Ltd	Project	Zero Bypass Holdings, Ltd	35.0%	0	684	728	18	1	■
RiverLinx Holdings Ltd	Project	Cintra Silvertown Ltd	22.5%	0	0	0	0	0	
RiverLinx Ltd	Project	RiverLinx Holdings Ltd	22.5%	0	232	250	0	-4	■
TOTAL VALUE BY EQUITY METHOD CONTINUING OPERATIONS				**2,557**					
SERVICES									
SPAIN									
Vialnet Vic, S.L.		Cespa, S.A.	49.0%	0	1	1	3	-0	■
Recollida Residus Osona, S.L.		Cespa, S.A.	45.0%	1	3	2	8	0	■
Inusa Ing. Urbana, S.A.		Cespa, S.A.	35.0%	4	12	0	1	0	■
Valdemingomez 2000, S.A.		Cespa, S.A.	20.0%	0	16	16	7	1	■
Novalis Medio Ambiente . S.A.		Cespa Gestión de Residuos, S.A.	50.0%	-0	3	4	0	-0	
Valvení Soluciones para el desarrollo sostenible		Biotran Gestión de Residuos	50.0%	4	0	0	0	-0	
Valoraciones Farmaceúticas, S.L.		Biotran Gestión de Residuos	50.0%	0	0	0	0	0	
Empresa Mant. y Explotación M 30, S.A.		Ferrovial Servicios, S.A.	50.0%	0	196	192	26	9	■
Concesionaria Madrid Calle 30	Project	Empresa Mant. y Explotación M 30, S.A.	20.0%	17	688	193	116	62	■
Necropolis Valladolid, S.A.		Sitkol, S.A.	49.0%	4	21	4	6	1	■
Aetec, S.A.		Ferroser Infraestructuras S.A.	9.2%	0	1	0	0	0	
FerroNats Air Traffic Services, S.A.		Ferrovial Servicios, S.A.	50.0%	3	10	4	17	2	■
AUSTRALIA									
Ventia Boral Amey Qld Pty Ltd		Amey Consulting Australia Pty Ltd	20.0%	0	0	0	0	0	■
Ventia Boral Amey NSW Pty Ltd		Amey Consulting Australia Pty Ltd	22.2%	0	0	0	0	0	■
TW Power Services Pty Ltd		Broadspectrum (Australia) Pty Ltd	50.0%	0	60	58	111	2	■
Skout Solutions Australia		Broadspectrum (Australia) Pty Ltd	50.0%	0	3	2	21	1	■
UNITED STATES									
AmeyWebber LLC		Amey Consulting USA, Inc	51.0%	0	0	0	0	0	
MALASIA									
Broadspectrum WorleyParsons JV (M) Sdn Bhd		Broadspectrum (International) Pty Ltd	50.0%	0	0	-0	-0	0	■
NEW ZELAND									
Skout Solutions (NZ) Limited		Broadspectrum (International) Pty Ltd.	50.0%	0	1	0	1	0	■
PORTUGAL									
Valor Rib, Lda		Ferrovial Serviços, SA	45.0%	1	7	5	4	1	
Ecobeirão, SA		Ferrovial Serviços, SA	20.0%	0	17	9	7	0	■
Ferrovial Serviços, Egeo, ECAC, Gabvriel Couto, ACE		Ferrovial Serviços, SA	35.0%	0	1	1	0	0	

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COMPANY	TYPE OF COMPANY	PARENT COMPANY	% PAR.	VALUE EQUITY METHOD	ACTIVE	PASIVE	REVENUES	RESULTS	AUDIT.
UNITED KINGDMON									
GEO Amey PECS Ltd		Amey Community Ltd	50.0%	0	28	18	131	8	■
Amey Infrastructure Management (1) Ltd		Amey Ventures Asset Holdings Ltd	10.0%	0	2	0	0	0	
AHL Holdings (Manchester) Ltd		Amey Ventures Investments Ltd	2.5%	0	29	26	16	1	■
Amey Highways Lighting (Manchester) Ltd	Project	AHL Holdings (Manchester) Ltd	2.5%	0	0	0	0	0	■
AHL Holdings (Wakefield) Ltd		Amey Ventures Investments Ltd	2.5%	0	15	14	4	1	■
Amey Highways Lighting (Wakefield) Ltd	Project	AHL Holdings (Wakefield) Ltd	2.5%	0	0	0	0	0	■
ALC (Superholdco) Ltd		Amey Ventures Investments Ltd	2.5%	0	39	-10	59	24	■
ALC (FMC) Ltd		ALC (Superholdco) Ltd	50.0%	0	0	0	0	0	■
ALC (Holdco) Ltd		ALC (Superholdco) Ltd	2.5%	0	0	0	0	0	■
ALC (SPC) Ltd		ALC (Holdco) Ltd	2.5%	0	0	0	0	0	■
Amey Belfast Schools Partnership Hold Co Ltd		Amey Ventures Investments Ltd	5.0%	0	117	116	9	1	■
Amey Belfast Schools Partnership PFI Co Ltd	Project	Amey Belfast Schools Partnership Hold Co Ltd	5.0%	0	0	0	0	0	■
Amey FMP Belfast Strategic Partnership Hold Co Ltd		Amey Ventures Management Services Ltd	70.0%	0	0	0	2	-0	■
Amey FMP Belfast Strategic Partnership SP Co Ltd		Amey FMP Belfast Schools Partnership Hold Co Ltd	70.0%	0	0	0	0	0	■
Amey Roads NI Holdings Ltd		Amey Ventures Investments Ltd	2.5%	0	315	328	20	1	■
Amey Roads NI Financial plc		Amey Roads NI Ltd	2.5%	0	0	0	0	0	■
Amey Roads NI Ltd	Project	Amey Roads NI Holdings Ltd	2.5%	0	0	0	0	0	■
Amey Lighting (Norfolk) Holdings Ltd		Amey Ventures Investments Ltd	5.0%	0	39	38	6	1	■
Amey Lighting (Norfolk) Ltd	Project	Amey Lighting (Norfolk) Holdings Ltd	5.0%	0	0	0	0	0	■
E4D&G Holdco Ltd		Amey Ventures Investments Ltd	4.3%	0	127	125	7	1	■
E4D&G Project Co Ltd	Project	E4D&G Holdco Ltd	4.3%	0	0	0	0	0	■
Eduaction (Waltham Forest) Ltd (IP)		Amey plc	50.0%	0	0	0	0	0	
Integrated Bradford Hold Co One Ltd		Amey Ventures Investments Ltd	1.3%	0	88	87	7	1	■
Integrated Bradford Hold Co One Ltd		Integrated Bradford LEP Ltd	2.0%	0	0	0	0	0	■
Integrated Bradford PSP Ltd (IP)		Amey Infrastructure Management (1) Ltd	25.0%	0	3	2	1	0	■
Integrated Bradford Hold Co Two Ltd		Amey Infrastructure Management (1) Ltd	1.0%	0	179	173	15	2	■
Integrated Bradford Hold Co Two Ltd		Integrated Bradford LEP Ltd	2.0%	0	0	0	0	0	■
Integrated Bradford LEP Ltd		Integrated Bradford PSP Ltd	20.0%	0	0	0	0	0	■
Integrated Bradford LEP Fin Co One Ltd		Integrated Bradford LEP Ltd	20.0%	0	0	0	0	0	■
Integrated Bradford SPV One Ltd	Project	Integrated Bradford Hold Co One Ltd	3.3%	0	0	0	0	0	■
Integrated Bradford SPV Two Ltd	Project	Integrated Bradford Hold Co Two Ltd	3.0%	0	0	0	0	0	■
RSP (Holdings) Ltd		Amey Ventures Investments Ltd	1.8%	0	122	119	10	1	■
The Renfrewshire Schools Partnership Ltd	Project	RSP (Holdings) Ltd	1.8%	0	0	0	0	0	■
Services Support (Avon & Somerset) Holdings Ltd		Amey Ventures Investments Ltd	1.0%	0	63	59	4	1	■
Services Support (Avon & Somerset) Ltd	Project	Services Support (Avon & Somerset) Holdings Ltd	1.0%	0	0	0	0	0	■
Keolis Amey Docklands Ltd		Amey Rail Ltd	30.0%	0	26	9	141	2	■
Keolis Amey Metrolink Ltd		Amey Rail Ltd	40.0%	0	11	1	51	4	
AmeyVTOL Ltd		Amey OWR Ltd	60.0%	0	0	0	0	0	
Scot Roads Partnership Holdings Ltd		Amey Ventures Asset Holdings Ltd	20.0%	0	473	473	16	0	■
Scot Roads Partnership Project Ltd	Project	Scot Roads Partnership Holdings Ltd	20.0%	0	0	0	0	0	■
Scot Roads Partnership Finance Ltd		Scot Roads Partnership Holdings Ltd	20.0%	0	0	0	0	0	■

COMPANY	TYPE OF COMPANY	PARENT COMPANY	% PAR.	VALUE EQUITY METHOD	ACTIVE	PASIVE	REVENUES	RESULTS	AUDIT.
The Thames Valley Community Rehabilitiation Company Ltd		MTCNovo Ltd	50.0%	0	0	0	0	0	■
The London Community Rehabilitiation Company Ltd		MTCNovo Ltd	50.0%	0	0	0	0	0	■
Amey Infrastructure Management (2) Ltd		Amey Ventures Asset Holdings Ltd	10.0%	0	0	0	0	0	
AmeyCespa (AWRP) Holdco Ltd	Project	Amey Infrastructure Management (2) Ltd	3.3%	0	363	358	26	-3	■
AmeyCespa (AWRP) SPV Ltd	Project	AmeyCespa (AWRP) Holdco Ltd	3.3%	0	0	0	0	0	■
Amey Infrastructure Management (3) Ltd		Amey Ventures Asset Holdings Ltd	10.0%	0	0	0	0	0	
Amey Hallam Highways Holdings Ltd	Project	Amey Infrastructure Management (3) Ltd	3.3%	0	305	344	62	5	■
Amey Hallam Highways Ltd	Project	Amey Hallam Highways Holdings Ltd	3.3%	0	0	0	0	0	■
Amey Ventures Investments Ltd		Amey Investments Ltd	5.0%	0	34	33	0	0	■
Keolis Amey Wales Cymru Ltd		Amey Rail Ltd	40.0%	0	0	0	0	0	
Keolis Amey Operations/ Gweithrediadau Keolis Amey Ltd		Amey Rail Ltd	36.0%	0	14	2	415	8	
Amey Breathe Limited		Amey Community Limited	50.0%	0	0	0	0	0	
QATAR				0	0	0	0	0	
FMM Company LLC		Ferrovial Servicios, S.A.	49.0%	11	27	16	51	6	
SINGAPORE									
BW Energy Services		Broadspectrum (International) Pty Ltd	50.0%	0	2	3	2	-1	■
TOTAL VALUE BY EQUITY METHOD DISCONTINUED OPERATIONS				**47**					

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Appendix III. Information by segment

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The Board of Directors analyses the performance of the Group mainly from a business perspective. From this perspective, the Board assesses the performance of the Construction, Toll roads, Airports and Services segments. Set forth below are the consolidated balance sheet and consolidated income statement for 2019 and 2018, broken down by business segment. The “Other” column includes the assets and/or liabilities and income and/or expenses of the companies not assigned to any of the business segments, including most notably the Parent, Ferrovial, S.A., and its other smaller subsidiaries. The "Adjustments" column reflects inter-segment consolidation eliminations.

BALANCE SHEET BY BUSINESS SEGMENT: 2019 (MILLIONS OF EUROS).

ASSETS	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER	ADJUSTMENTS	TOTAL
NON-CURRENT ASSETS	**1,149**	**10,539**	**980**	**0**	**748**	**-1,058**	**12,358**
Goodwill	205	0	43	0	0	0	248
Intangible assets	41	1	20	0	1	0	62
Fixed assets in infrastructure projects	196	6,716	7	0	0	-38	6,880
Investment property	2	0	0	0	0	0	2
Property, plant and equipment	202	22	56	0	14	4	299
Right of use	98	4	1	0	23	0	126
Investments in associates	3	1,808	747	0	0	0	2,557
Non-current financial assets	59	1,443	106	0	664	-1,024	1,247
Deferred taxes	341	131	2	0	27	1	502
Long-term derivative financial instruments at fair value	1	415	-1	0	20	0	434
CURRENT ASSETS	**4,837**	**2,622**	**64**	**4,937**	**1,604**	**-2,311**	**11,751**
Assets classified as held for sale and discontinued operations	0	0	0	4,936	0	0	4,936
Inventories	682	12	-1	0	0	6	699
Current income tax assets	31	14	8	0	77	-31	97
Short-term trade and other receivables	1,106	165	8	0	130	-152	1,256
Cash and cash equivalents	3,018	2,404	48	0	1,394	-2,129	4,735
Receivables with Group Companies	1,136	409	31	0	555	-2,133	0
Other	1,881	1,995	17	0	839	4	4,735
Short-term financial derivative instruments at fair value	0	26	1	0	3	-4	27
TOTAL ASSETS	**5,985**	**13,161**	**1,043**	**4,936**	**2,353**	**-3,369**	**24,109**

LIABILITIES AND EQUITY	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER	ADJUSTMENTS	TOTAL
EQUITY	**1,214**	**5,262**	**955**	**1,445**	**-3,099**	**-690**	**5,087**
Equity attributable to shareholders	1,127	4,572	955	1,434	-3,099	-685	4,304
Equity attributable to non-controlling interests	87	689	0	11	0	-5	783
DEFERRED INCOME	**2**	**1,345**	**0**	**0**	**0**	**0**	**1,347**
NON-CURRENT LIABILITIES	**564**	**6,101**	**73**	**0**	**2,733**	**-417**	**9,054**
Pension plan deficit	4	0	0	0	0	0	4
Long-term provisions	165	188	0	0	164	0	518
Long-term lease liabilities	61	3	1	0	17	0	82
Financial borrowings	200	5,311	67	0	2,404	-418	7,565
Payables to group companies	0	47	9	0	362	-418	0
Other	199	5,264	58	0	2,043	0	7,565
Other borrowings	13	13	0	0	0	0	27
Deferred taxes	101	263	5	0	107	0	475
Financial derivative instruments at fair value	21	323	0	0	41	0	385
CURRENT LIABILITIES	**4,206**	**453**	**15**	**3,491**	**2,718**	**-2,261**	**8,621**
Liabilities classified as held for sale and from discontinued operations	0	0	0	3,491	0	0	3,491
Short-term lease liabilities	63	1	0	0	7	0	71
Financial borrowings	283	294	14	0	2,497	-2,055	1,033
Payables to group companies	261	277	12	0	1,505	-2,055	0
Other	22	17	2	0	992	0	1,033
Short-term financial derivative instruments at fair value	7	65	1	0	26	-2	97
Current income tax liabilities	79	-51	-8	0	119	-31	107
Short-term trade and other payables	3,042	137	7	0	68	-183	3,072
Trade provisions	733	6	1	0	1	9	750
TOTAL LIABILITIES AND EQUITY	**5,985**	**13,161**	**1,043**	**4,936**	**2,353**	**-3,369**	**24,109**

BALANCE SHEET BY BUSINESS SEGMENT: 2018 (MILLIONS OF EUROS).

ASSETS	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER	ADJUSTMENTS	TOTAL
NON-CURRENT ASSETS	**891**	**10,232**	**1,074**	**0**	**1,497**	**-1,640**	**12,055**
Goodwill	202	128	42	0	0	0	372
Intangible assets	8	4	19	0	1	0	32
Investments in infrastructure projects	200	6,950	78	0	0	-73	7,155
Investment property	1	0	0	0	8	0	9
Property, plant and equipment	155	21	59	0	15	2	251
Investments in associates	4	1,686	766	0	0	0	2,455
Non-current financial assets	39	887	106	0	1,292	-1,570	754
Deferred taxes	281	209	2	0	171	1	664
Long-term derivative financial instruments at fair value	2	348	3	0	11	0	364
CURRENT ASSETS	**3,990**	**2,442**	**209**	**4,892**	**1,530**	**-2,306**	**10,758**
Assets classified as held for sale	0	0	0	4,892	0	0	4,892
Inventories	245	11	0	0	335	2	594
Current income tax assets	32	11	9	0	57	-13	97
Short-term trade and other receivables	987	88	4	0	126	-115	1,090
Cash and cash equivalents	2,724	2,268	196	0	957	-2,140	4,005
Receivables with Group Companies	973	830	41	0	299	-2,143	0
Other	1,752	1,438	155	0	658	2	4,005
Short-term derivative financial instruments at fair value	1	64	0	0	55	-40	80
TOTAL ASSETS	**4,881**	**12,674**	**1,284**	**4,892**	**3,028**	**-3,945**	**22,813**

LIABILITIES AND EQUITY	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER	ADJUSTMENTS	TOTAL
EQUITY	**1,364**	**5,271**	**996**	**1,634**	**-3,103**	**-798**	**5,363**
Equity attributable to shareholders	1,305	4,584	996	1,615	-3,180	-790	4,530
Equity attributable to non-controlling interests	59	686	0	19	77	-8	833
DEFERRED INCOME	**2**	**1,239**	**0**	**0**	**0**	**0**	**1,241**
NON-CURRENT LIABILITIES	**436**	**5,945**	**252**	**0**	**2,616**	**-337**	**8,912**
Pension plan deficit	3	0	0	0	0	0	3
Long-term provisions	103	182	0	0	175	0	459
Financial borrowings	199	4,986	246	0	2,324	-337	7,419
Payables to group companies	2	41	1	0	293	-337	0
Other	197	4,945	245	0	2,031	0	7,419
Other borrowings	10	126	0	0	-1	0	135
Deferred taxes	105	363	5	0	101	0	574
Financial derivative instruments at fair value	17	288	0	0	17	0	321
CURRENT LIABILITIES	**3,079**	**219**	**36**	**3,259**	**3,515**	**-2,810**	**7,297**
Liabilities classified as held for sale	0	0	0	3,259	0	0	3,259
Financial borrowings	106	93	36	0	3,123	-2,585	773
Payables to group companies	89	56	34	0	2,405	-2,584	0
Other	17	37	2	0	719	-1	773
Short-term financial derivative instruments at fair value	4	59	1	0	52	-46	69
Current income tax liabilities	29	-47	-10	0	106	-13	65
Short-term trade and other payables	2,532	101	9	0	233	-175	2,700
Operating provisions	407	13	0	0	1	9	431
TOTAL LIABILITIES AND EQUITY	**4,881**	**12,674**	**1,284**	**4,892**	**3,028**	**-3,945**	**22,813**

The detail of total assets by geographical area is as follows:

(Millions of euros)	2018	2017	CHANGE
Spain	5,239	5,596	-357
UK	2,578	2,422	156
USA	8,571	7,627	945
Canada	3,416	2,861	555
Australia	1,008	1,216	-207
Poland	1,625	1,437	188
Other	1,671	1,655	17
TOTAL	**24,109**	**22,813**	**1,297**

INCOME STATEMENT BY BUSINESS SEGMENT: 2019 (MILLIONS OF EUROS).

	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER	DISCONTINUED OPERATIONS	ADJUSTMENTS	TOTAL
Revenues	5,413	617	19	6,995	151	-6,995	-146	6,054
Other operating income	1	0	0	4	0	-4	0	2
TOTAL OPERATING INCOME	**5,414**	**617**	**19**	**6,999**	**151**	**-6,999**	**-146**	**6,056**
Materials used	947	2	0	511	0	-511	0	949
Other operating expenses	3,855	118	26	2,987	105	-2,987	-146	3,958
Staff expenses	898	62	10	3,118	58	-3,118	0	1,027
TOTAL OPERATING EXPENSES	**5,700**	**182**	**35**	**6,617**	**163**	**-6,617**	**-146**	**5,935**
EBITDA	**-286**	**436**	**-16**	**382**	**-12**	**-382**	**0**	**121**
Fixed asset depreciation	79	89	2	288	9	-288	0	180
OPERATING INCOME BEFORE IMPAIRMENT LOSSES AND FIXED ASSET DISPOSALS	**-365**	**346**	**-18**	**95**	**-22**	**-95**	**0**	**-58**
Impairment and fixed asset disposals	0	426	33	-5	0	5	0	460
OPERATING PROFIT/(LOSS)	**-365**	**773**	**15**	**89**	**-22**	**-89**	**0**	**401**
Net financial income/(expense) from financing	-9	-253	-2	-13	0	13	0	-264
Profit/(loss) on derivatives and other net financial income/(expense)	3	-2	-1	0	0	0	1	1
NET FINANCIAL INCOME/(EXPENSE) OF INFRASTRUCTURE PROJECT COMPANIES	-6	-254	-3	-13	0	13	1	-263
Net financial income/(expense) from financing	30	44	0	-37	-15	37	-32	28
Profit/(loss) on derivatives and other net financial income/(expense)	-27	26	13	-23	31	23	-1	42
NET FINANCIAL INCOME/(EXPENSE) OTHER COMPANIES	3	69	13	-60	17	60	-33	69
NET FINANCIAL INCOME/(EXPENSE)	**-3**	**-185**	**9**	**-74**	**17**	**74**	**-31**	**-194**
Share of profits of equity-accounted companies	-1	182	115	29	0	-29	0	296
PRE-TAX CONSOLIDATED PROFIT/(LOSS)	**-369**	**770**	**139**	**45**	**-5**	**-45**	**-31**	**504**
Corporate income tax	3	89	-3	-16	-142	16	6	-47
CONSOLIDATED PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**-366**	**858**	**136**	**29**	**-147**	**-29**	**-25**	**457**
Net profit/(loss) from discontinued operations	0	0	0	0	0	-198	0	-198
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR	**-366**	**858**	**136**	**29**	**-147**	**-227**	**-25**	**259**
Profit/(loss) for the year attributed to non-controlling interests	56	-37	-7	-3	0	3	-3	9
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTED TO THE PARENT COMPANY	**-310**	**822**	**129**	**26**	**-146**	**-224**	**-28**	**268**

INCOME STATEMENT BY BUSINESS SEGMENT: 2018 (MILLIONS OF EUROS).

	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER	DISCONTINUED OPERATIONS	ADJUSTMENTS	TOTAL
Revenues	5,193	471	14	6,785	148	-6,785	-89	5,737
Other operating income	1	0	0	6	0	-6	0	2
TOTAL OPERATING INCOME	**5,194**	**471**	**14**	**6,791**	**148**	**-6,791**	**-89**	**5,738**
Materials used	957	2	0	514	0	-514	27	985
Other operating expenses	3,257	92	21	2,506	102	-2,506	-142	3,329
Staff expenses	810	59	8	3,635	61	-3,635	7	945
TOTAL OPERATING EXPENSES	**5,024**	**152**	**29**	**6,655**	**163**	**-6,655**	**-109**	**5,259**
EBITDA	**170**	**319**	**-16**	**136**	**-14**	**-136**	**19**	**479**
Fixed asset depreciation	43	80	2	222	2	-222	0	127
OPERATING INCOME BEFORE IMPAIRMENT LOSSES AND FIXED ASSET DISPOSALS	**127**	**239**	**-18**	**-87**	**-17**	**87**	**19**	**351**
Impairment and fixed asset disposals	13	71	0	2	0	-2	-2	82
EBIT	**141**	**310**	**-18**	**-85**	**-17**	**85**	**17**	**434**
Net financial income/(expense) from financing	-9	-221	-2	-21	0	21	0	-233
Profit/(loss) on derivatives and other financial results	2	1	-1	-3	0	3	1	3
NET FINANCIAL INCOME/(EXPENSE) OF INFRASTRUCTURE PROJECT COMPANIES	**-8**	**-220**	**-4**	**-24**	**0**	**24**	**1**	**-230**
Net financial income/(expense) from financing	31	30	1	-42	-20	42	-33	9
Profit/(loss) on derivatives and other net financial income/(expense)	-20	29	11	-12	10	12	-1	30
NET FINANCIAL INCOME/(EXPENSE) OTHER COMPANIES	**11**	**59**	**12**	**-54**	**-10**	**54**	**-34**	**39**
NET FINANCIAL INCOME/(EXPENSE)	**4**	**-161**	**8**	**-78**	**-10**	**78**	**-33**	**-192**
Share of profits of equity-accounted companies	0	166	73	15	0	-15	0	239
PRE-TAX CONSOLIDATED PROFIT/(LOSS)	**144**	**315**	**64**	**-148**	**-26**	**148**	**-16**	**481**
Corporate income tax	-40	6	3	47	3	-47	4	-24
CONSOLIDATED PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**104**	**322**	**67**	**-101**	**-23**	**101**	**-12**	**457**
Net profit/(loss) from discontinued operations	0	0	0	0	0	-848	0	-848
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR	**104**	**322**	**67**	**-101**	**-23**	**-747**	**-12**	**-391**
Profit/(loss) for the year attributed to non-controlling interests	-29	-17	0	-4	0	4	-11	-57
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTED TO THE PARENT COMPANY	**74**	**305**	**67**	**-105**	**-23**	**-743**	**-23**	**-448**

SECTION 7: EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 1.1.1). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Translation of consolidated financial statements originally. In the event of a discrepancy, the Spanish-language version prevails.

Issue of the Financial Statements

The foregoing pages contain the consolidated financial statements –the balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the financial statements- and the consolidated management report (which includes the consolidated non-financial reporting statement) of Ferrovial, S.A. for the year ended 31 December 2019, which were approved by the Board of Directors of Ferrovial, S.A. at the meeting held in Madrid on 27 February 2020 and which, pursuant to Article 253 of the Spanish Capital Companies Act, the directors attending sign below.

D. Rafael del Pino y Calvo-Sotelo
Chairman

Mr. Ignacio Madridejos Fernández
Chief Executive Officer

Dña. María del Pino y Calvo-Sotelo
Director

Mr. Santiago Fernández Valbuena
Chief Executive Officer

Mr. José Fernando Sánchez-Junco Mans
Director

D. Joaquín del Pino y Calvo-Sotelo
Director

D. Óscar Fanjul Martín
Director

D. Philip Bowman
Director

Ms. Hanne Birgitte Breinbjerg Sørensen
Director

D. Bruno Di Leo
Director

Mr. Juan Hoyos Martínez de Irujo
Director

Mr. Gonzalo Urquijo Fernández de Araoz
Director

The Secretary non-Director of the Board of Directors states for the record that the Director Mr. Philip Bowman has not signed this document because he has attended the meeting of the Board of Directors held on 27 February 2020 by telephone. This Director has voted in favour of the approval of the consolidated financial statements and the consolidated management report of Ferrovial, S.A. and its subsidiaries for the year ended 31 December 2019.

Mr. Santiago Ortiz Vaamonde
Secretary non-Director of the Board of Directors

Auditors Report

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Ferrovial, S.A.,

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ferrovial, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2019, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Deloitte, S.L. inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of revenue from long-term contracts	
Description	**Procedures applied in the audit**
The Group's method for recognising revenue from long-term contracts in the Construction Division was a key matter in our audit, since it affects a very significant amount of total consolidated revenue and requires Group management to make significant estimates relating mainly to the expected outcome of the contract, the amount of costs to be incurred at the end of the construction work, the measurement of the work completed in the period, or the accounting for any modifications to the initial contract, all of which have an impact on the revenue recognised in the reporting period. In this connection, it should be noted that the Group generally recognises contract modifications when it has received approval for them from the customer. Also, if the parties have agreed to a modification, but the related price has yet to be determined, the corresponding revenue is recognised for an amount in relation to which it is highly probable that a significant change therein will not occur when the uncertainty associated therewith is resolved. These judgements and estimates are made by the persons in charge of performing the construction work or services contracts, are subsequently reviewed at the various levels of the organisation, and are submitted to controls designed to ensure the consistency and reasonableness of the criteria applied.	Our audit procedures included, among others, the review of the design and implementation of the relevant controls that mitigate the risks associated with the process to recognise revenue from contracts in which performance obligations are satisfied at long term, as well as tests to verify that the aforementioned controls operate effectively. We also performed substantive tests which included an in-depth, itemised analysis of the main projects in order to evaluate the reasonableness of the hypotheses and assumptions made by the Group, which include, among others, the identification of the various performance obligations, the determination of the transaction price, the allocation of the transaction price to the various performance obligations, the treatment for accounting purposes of the modifications approved by the customer and the recognition of variable consideration. In certain individually significant construction and services contracts, we involved internal experts in order to assist us in the process of evaluating the reasonableness of the assumptions and hypotheses used by the Group to update the estimated costs, and to measure progress towards satisfaction of the performance obligations. We also reviewed the consistency of the estimates made by the Group in 2018 with the actual data for the contracts in 2019. Lastly, we reviewed the disclosures made by the Group in relation to these matters. Notes 1.2.3.4 and 4.4 to the accompanying consolidated financial statements contain the relevant information relating to the recognition of revenue from contracts in which performance obligations are satisfied at long term.

Classification and determination of the recoverable amount of assets classified as held for sale and inclusion of operations under "Discontinued Operations"	
Description	**Procedures applied in the audit**
As described in Note 1.1.3, effective from 31 December 2018 the Group adopted the decision to dispose of the Services line of business. In December 2019 the Group entered into a purchase and sale agreement for the Services business in Australia, the effectiveness of which is subject to the fulfilment of a series of conditions precedent. In relation to the Services business in the other geographical areas, the Group remains committed to and is working actively on the sale thereof and, therefore, the Group considers that the conditions to continue to classify those net assets as held for sale have been met. Consequently, the consolidated statement of financial position as at 31 December 2019 includes assets and liabilities held for sale amounting to EUR 4,936 million and EUR 3,491 million, respectively, and the consolidated statement of profit or loss for 2019 presents EUR -198 million under "Profit or Loss from Discontinued Operations" in relation to the results of the aforementioned line of business. In this connection, in 2019 "Profit or Loss from Discontinued Operations" includes the effect of recognising the net assets associated with the Services business in Australia at fair value less costs of disposal, amounting to EUR -440 million, calculated on the basis of the price agreed upon in the aforementioned purchase and sale agreement. Both the determination of the probability of disposal of the Services line of business in the short term in the various geographical areas and the estimation of the recoverable amount less costs of disposal of the associated net assets make it necessary to use valuation techniques that include the utilisation of assumptions and require significant judgements and estimates to be made by the Group's management, which was assisted by external experts engaged for this purpose. Therefore, we considered this matter to be a key matter in our audit.	Our audit procedures included, among others, the obtainment of the documentation supporting the maintenance of the classification of the assets and liabilities of the Services line of business as held for sale, based on the conditions provided for in *IFRS 5, Non-current Assets Held for Sale and Discontinued Operations*. In relation to the net assets of the Services business in Australia, we verified that the recoverable amount thereof was calculated on the basis of the terms and conditions contained in the purchase and sale agreement entered into in December 2019, less the estimated costs of disposal. In relation to the determination of the recoverable amount of the remaining net assets held for sale, we evaluated the valuation methodology and assumptions applied by the Group (Spanish and International Services business) and by the external experts engaged by the Group (Amey Services business), and also involved our internal valuation experts to assist us in the process of evaluating the reasonableness of the methodology and assumptions used by the Group and by the external experts engaged by the Group in determining the recoverable amount. It should also be noted that we evaluated the competence, capability and objectivity of the experts used by the Group, as well as the adequacy of their work for use as audit evidence. Lastly, we focused our work on reviewing the disclosures relating to these matters, included in Notes 1.1.3, 2.9 and 5.3 to the accompanying consolidated financial statements, which contain information relating to the estimate of the recoverable amount of the assets and liabilities held for sale and of the existing uncertainties regarding the timing and ultimate amounts of their realisation.

Recoverability of goodwill and investments in 407 ETR and Heathrow Airport Holding (HAH)	
Description	**Procedures applied in the audit**
Two of the Group's main assets, the investments in the 407 ETR concession arrangement and Heathrow Airport Holdings (HAH), were remeasured in the consolidated accounting records at their fair value at the time when the respective control was lost, which occurred in previous years. At 2019 year-end the carrying amount of the two investments, which includes the aforementioned remeasurement and subsequent adjustments arising as a result of application of the equity method, totalled EUR 2,112 million. Also, the consolidated statement of financial position includes goodwill amounting to EUR 248 million relating to certain investments, associated mainly with the Cash-Generating Units (CGUs) of the Construction Division (EUR 205 million). The Group tests these assets for impairment each year. Management's assessment of the possible impairment is a key matter in our audit since the assessment is a complex process that requires a significant number of estimates, judgements and assumptions to be made, mainly in relation to: • Goodwill of the Construction Division: discount rates, contract backlog, award of new contracts, estimated future margins and the perpetuity growth rate. • Investments in associates recognised at fair value: discount rates, business plans and rates.	Our audit procedures included, among others, the review of the design and implementation of the relevant controls that mitigate the risks associated with the process involved in assessing the recoverable amount of goodwill and of the investments in 407 ETR and HAH, as well as the performance of tests to determine whether the aforementioned controls operate effectively. We also performed substantive tests based on the obtainment of the impairment tests performed by the Group and verified the clerical accuracy of the calculations made and evaluated the reasonableness of the projected operating assumptions. Furthermore, we analysed the consistency of the assumptions used in the impairment tests of previous years both with those used in 2019 and with the actual figures. Also, we involved our internal valuation experts to assist us in evaluating the methodologies and assumptions used by the Group, in particular those permitting the calculation of the discount rates in the various areas and businesses, as well as the reasonableness of the perpetuity growth rates used. In addition, we reviewed the sensitivity analyses of the key assumptions, which are those with the greatest effect on the determination of the recoverable amount of the assets. We also focused our work on reviewing the disclosures relating to these matters, included in Notes 3.1 and 3.5 to the accompanying consolidated financial statements, which contain information relating to the impairment tests performed on these assets and, in particular, the detail of the main assumptions used and the sensitivity analysis performed by management of changes in the key assumptions used in the tests performed.

Recoverability of investments in infrastructure projects operated under concession arrangements	
Description	**Procedures applied in the audit**
At 31 December 2019, the Group recognised EUR 6,880 million of investments in transport infrastructure, services and waste treatment plant projects, relating to those made by infrastructure concession operators within the scope of *IFRIC 12, Service Concession Arrangements*, the remuneration for which consists of the right to collect the related charges based on the level of usage of the public service or to receive amounts paid by the grantor based on the asset's availability. Each year the Group tests the aforementioned investments in infrastructure projects in operation for impairment. We consider this to be a key matter in our audit since the measurement of the recoverable amount of those investments in infrastructure projects involves a complex process that requires estimates to be made including significant judgements and assumptions by Group management when preparing the impairment tests, in particular in relation to future investments, discount rates, changes in traffic and tolls, and future operating costs.	Our audit procedures included the performance of substantive tests based on the obtainment of the infrastructure projects' economic and financial models prepared by the Group, and we verified the clerical accuracy of the calculations performed and evaluated the reasonableness of the main operating assumptions projected (relating mainly to traffic, tolls, operating costs and disbursements for investments). To do so we cross-checked the traffic or usage estimates made against external evidence, and checked the consistency of the actual records with the assumptions included in the economic and financial models prepared in previous years. We also involved our internal valuation experts to assist us in evaluating the methodologies and assumptions used by the Group, in particular those relating to the calculation of the discount rates used. In addition, we reviewed the sensitivity analyses of the key assumptions, which are those with the greatest effect on the determination of the recoverable amount of the assets. Furthermore, we reviewed the disclosures made by the Group in relation to this matter. Note 3.3 to the accompanying consolidated financial statements contains the relevant information relating to the recoverability of the investments in infrastructure projects operated under concession arrangements.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2019, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the information contained in the consolidated directors' report is defined in the audit regulations in force, which establish two distinct levels of responsibility in this regard:

a) A specific level that applies to the consolidated non-financial information statement, as well as to certain information included in the Annual Corporate Governance Report, as defined in Article 35.2.b) of Spanish Audit Law 22/2015, which consists solely of checking that the aforementioned information has been provided in the consolidated directors' report, or, as the case may be, that the consolidated directors' report contains the corresponding reference to the separate report on non-financial information as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) A general level applicable to the other information included in the consolidated directors' report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements and excluding any information other than that obtained as evidence during the audit, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above was provided in the consolidated directors' report and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2019 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and Audit and Control Committee of the Parent for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit and control committee is responsible for overseeing the process involved in the preparation and presentation of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix I to this auditor's report. This description, which is on pages 8 and 9, forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

Additional Report to the Parent's Audit and Control Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit and control committee dated 26 February 2020.

Engagement Period

The Annual General Meeting held on 5 April 2019 appointed us as auditors for a period of one year from the year ended 31 December 2018, i.e., for 2019.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the financial statements uninterruptedly since the year ended 31 December 2010.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Miguel Laserna Niño
Registered in ROAC under no. 18207

27 February 2020

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.

- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the Parent's audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

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