

UNIQUE TOLL ROADS

FERROVIAL IS THE MAJOR ROAD DEVELOPER IN THE US AND CANADA. SUSTAINABILITY IS A SIGN OF IDENTITY IN THE ENGINEERING AND CONSTRUCTION SECTOR, WHICH STARTS WITH THE DESIGN ITSELF. THEY IMPROVE CONNECTIVITY, FAVOUR MOBILITY, INCREASE ROAD SAFETY AND DEVELOP THE LOCAL ECONOMY. THEY ARE INFRASTRUCTURES WITH THE MARK OF THE FUTURE AND A SEAL OF SUSTAINABILITY.

FAUNA AND FLORA

Protection of flora and fauna, especially species at risk



WETLANDS

Protection of wetlands and riverbeds



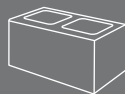
LED LIGHTING

Installation of low-energy LED lighting



CARBON FOOTPRINT

Reduction in supplies such as concrete, steel or asphalt, which consume energy and generate carbon footprint. Improved routes, reduction and use of mounds of earth in situ



AIR QUALITY

Reduction of emissions into the atmosphere in the corridor as the result of decreasing traffic congestion



WASTE ANALYSIS

Analysis and mitigation of toxic waste in soil and subterranean waters

WATER QUALITY



Control and processing of surface rainwater to prevent pollution

PROTECTED AREAS

Mitigation of the impact on protected areas or historic buildings, and scenic integration



CLIMATE CHANGE

Impact on climate change for tackling the risk of hurricanes and heavier precipitation



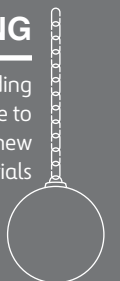
NOISE

Noise reduction in residential areas using screens or ditches and routes with less impact



RECYCLING

Recycling of building and demolition waste to reduce the use of new materials



Construction

Project selection

The Ferrovial Construction division is key in its strategy, focused on the development of complex infrastructure assets.

Ferrovial Agroman is the business unit that carries out civil engineering construction, building and industrial projects. It is internationally renowned for its design capacity and construction of exceptional projects, and primarily for its major transport infrastructures.

In recent years the construction sector has been experiencing particularly, at international level, low profitability margins due to excessively aggressive commercial strategies, imbalances in risk transfer with customers and cost inflation processes. The strong competitiveness in 2019 affected the profitability of Ferrovial Agroman, which has registered losses mainly due to the provision in first quarter of 2019 of 345 million euros (100%) to cover potential losses in some projects in the United States due to the increase in prices in subcontracting and raw materials, as well as the extension of the approval periods in the design phase.

To recover the positive path of profitability margins, Ferrovial Agroman's Management has introduced as mitigating measures the selective bidding of projects in strategic areas for the company, reinforcing its execution with its own means, intensifying risk management with improvements in operational processes and including a digital transformation plan oriented to process control in all phases of the project, tender, design and execution. Additionally, design capabilities in projects have been strengthened and teams have been formed to improve collaboration between bidding and execution departments. The improvement in margins is expected to culminate in 2024, where an operating profit margin target of 3.5% has been set for the division, although by 2020 cash flow consumption is expected from the repayment of part of the advances and payments for the execution of major works, especially in the USA.

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

Poland continues with good and stable prospects for medium-term contracting thanks to current investment plans in roads and railroads extended

until 2025-26. After a period of increases in the prices of raw materials and labor resources, a more stable environment is expected over the next few years.

In **Spain**, the parliamentary situation has not allowed the approval of the General Budgets, while the expected recovery in the sector has not taken place, although the good dynamics of public initiatives happening for the construction or improvement of railroad infrastructure (ADIF), or of airports (AENA).

In the **United States** and **Canada**, states and provinces are continuing to step up their investment with the support of the federal government. Highlights here include the privately-funded P3 and DBF projects, where Ferrovial has extensive experience. In 2019, bidding on road infrastructure in Texas reached an all-time high.

VALUE CREATION

Construction is a key part of Ferrovial's strategy thanks to its expertise in complex international construction projects. Together with its own profitability and cash generation capacity, this division provides value by coordinating the design and construction of transportation infrastructure concessions in which other investment divisions of the Group participate. At the same time, it offers optimal technical solutions and closed prices and construction deadlines, maximizing the added value to the customer and the competitiveness of the bids. This collaboration has resulted, in the financial closures of the NTE Segment 3C (USA) and the Silvertown Tunnel in London (United Kingdom), both in 2019.

Portfolio diversification

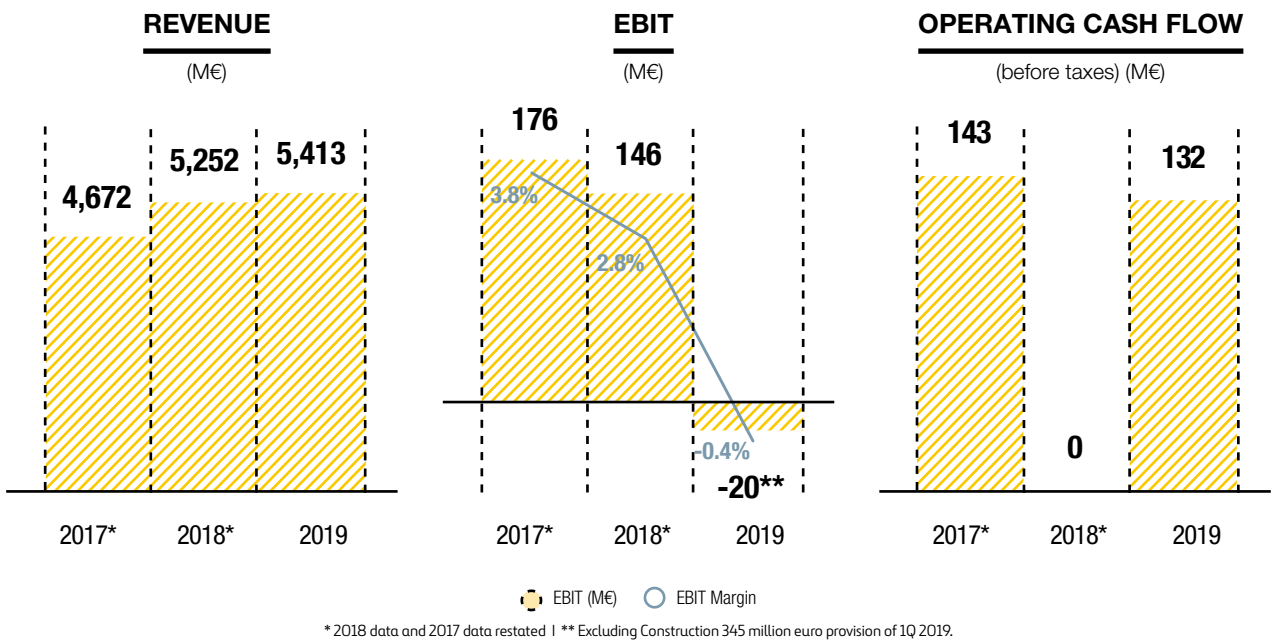
The company specializes in highly technical projects, which it is able to carry out thanks to its experience and the international presence of over 300 employees from its Technical Office, who are adept at seeking out unrivaled engineering solutions. In this respect, sector diversification and bidding for less strategic projects, which allow technical expertise to be maintained, enable Ferrovial Agroman to have materials and human resources continually prepared for the company's needs when bidding for complex infrastructure concessions. In 2019, numerous awards were received, including those awarded to the NTE 35W projects, Best Design-Build Award by JLT Build America, and Toowoomba Second Range Crossing, named Most Innovative Road Construction by Build Magazine.

Selective internationalization

The international business remains focused on the US and Polish markets, which account for 62% of total sales. Among other countries with a stable presence, the United Kingdom, Canada, Chile and Australia stand out, as well as Spain as the home market.

Committed to society: environment, quality and safety

Ferrovial Agroman undertakes its operations under strict criteria of minimizing its contribution to climate change through sustainable infrastructure and build-ings, and based on waste management according to the circular economy model. A good example of this is LEED Platinum certification, the highest international standard a building can earn for sustainability awarded by the US Green Building



NEW TUNNEL UNDER THE THAMES RIVER

Transport for London has again chosen Ferrovial to build the first infrastructure to cross the River Thames that it has been developing since 1991. The Silvertown Tunnel project will be executed along with Bam Nuttal and SK E&C for 1.15 billion euros, and includes the design and construction of two 1.4-kilometer long twin tunnels under the river with their corresponding access ramps.

Silvertown Tunnel will be the largest road tunnel in the United Kingdom that includes bus lanes in both directions, allowing approximately 37 buses per hour to run in each direction, and will enable an estimated saving of one million hours per year for drivers crossing the river in its area of influence. In addition, it will have a positive impact on air quality by reducing congestion, and tolls will be set up in order to promote sustainable forms of transport and facilitate the increase in the supply of public transportation.

Council, which has been received by the Hospital Fraternidad-Muprespa Habana (Spain) built by Ferrovial Agroman.

Innovation driving improvement

Ferrovial Agroman remains committed to R&D+i and digital transformation, as shown by the enhancement of BIM (Building Information Modeling) in all geographical areas, or the participation in various research projects such as Shift2Rail of the EU Horizon 2020 program, to optimize and maximize the performance of track equipment, or the development, together with its subsidiary Ditecpesa, of a smart road surface for driving autonomous cars.

Employees: talent management

The employees of Ferrovial Agroman possess extensive experience and professional value imbuing projects with a local know-how. In 2019, the Technical Manager of Ferrovial Agroman was awarded the gold medal with distinction by the Road Association 2019.

COMMITMENT IN THE FIGHT AGAINST CLIMATE CHANGE

Ferrovial Agroman shows its commitment to the environment by using renewable energy, recycling materials and recovering waste. A good example of this is the use of night lighting towers with photovoltaic LED panels in the regeneration work of the Adolfo Suarez Madrid-Barajas Airport runway, with an emission savings of 13,771 kg of CO₂, the reuse of recycled material to manufacture retaining walls on the I-66 and Grand Parkway toll roads, and the collaboration with MIT to develop technology for waste recovery through hydrothermal carbonation for its transformation into nano-structured materials for later use.

