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STRATEGY AND VALUE CREATION

Chapter. 1.2

HORIZON 24 PLAN: SUSTAINABLE INFRASTRUCTURES

FERROVIAL HAS REFLECTED THE REVIEW OF ITS STRATEGY IN THE HORIZON 24 PLAN, WHICH COVERS THE PERIOD 2020-2024, FOCUSING THE CORNERSTONE OF ITS ACTIVITY ON THE PROMOTION, CONSTRUCTION AND MANAGEMENT OF SUSTAINABLE INFRASTRUCTURES. THE PLAN IS BASED ON AN ANALYSIS OF TRENDS AND OPPORTUNITIES, WHILE SETTING PRIORITIES AND DETERMINING OBJECTIVES. THE PLAN PURSUES A MORE AGILE, INNOVATIVE AND EFFICIENT COMPANY.

TRENDS



MARKETS



KEY FIGURES

DIVIDEND

4,000 M€
of the infrastructures
portfolio

PROFITABILITY

11%
annual increase of
the EBITDA

SAVINGS

50 M€
per year in
structure costs

PIPELINE

12,000 M€

REDUCTION OF EMISSIONS

32%
(2030 vs 2009)

PRIORITIES



PEOPLE



SUSTAINABLE
GROWTH



OPERATIONAL
EXCELLENCE



INNOVATION

BUSINESS LINES



CLICK

CEO Ignacio Madrdejos
Horizon 24 Plan

AIRPORTS

Lever capabilities, with active portfolio management and greater geographic reach in its business development. Attentive to Heathrow's expansion.

TOLL ROADS

Growth in greenfield projects of high concessional value. Proactive generation of Managed Lanes pipeline with focus on the US, maintaining and developing competitive advantages with standard traffic risk and availability projects.

CONSTRUCTION

Key to the development of greenfield projects, focused on markets with a commitment to infrastructure. 25% of the revenue will come from internal projects.

NEW BUSINESSES

Mobility: Zity and Wondo.
Electrification: quick asset rotation.
Water: concessions and construction.



Strategy

Sustainable infrastructures

Ferrovial has updated its strategy to reaffirm its focus on the development and operation of infrastructures.

A sector with 3.7 trillion-dollar investments required per year. A significant part of these investments will be channeled into transport infrastructure, including roads (0.9 trillion-dollar per year) and airports.

The infrastructure sector is experiencing a transformation driven by changes in demographics, social habits, technology, mobility and environmental concerns. This dynamic context presents opportunities for Ferrovial, as it impacts the way infrastructure will be designed, constructed and operated in the future.

- The concentration of population in cities and the consequent congestion in the existing access routes will demand innovative alternatives, upgrades and new infrastructure. These solutions should take into consideration future needs, such as those related to the increasing interconnectivity among infrastructure, vehicles and users.
- E-commerce and on-demand delivery will contribute to changes in transport and logistics developments. Consumers demand a wide offering of products, short delivery times and easy returns, leading to more vehicles on the roads and to new traffic patterns. In addition, further development of autonomous vehicles will introduce new technology requirements in infrastructure.
- Climate change concerns and decarbonization commitments will also require new solutions in infrastructure development and operation, such as recharging networks for electric vehicles or traffic management systems to reduce congestion or to give circulation preference to low carbon vehicles.

In addition to the above-mentioned trends, the company also faces challenges such as: the evolution of regulatory frameworks and commercial, political and social tensions (in the countries where it operates), the increasing competition (both from infrastructure companies and from financial investors), and the transport decarbonization.

PURPOSE

Sustainable infrastructure for a world on the move.

VISION

Develop and operate sustainable, innovative and efficient infrastructure while creating value for our stakeholders.

VALUES

Respect, Collaboration, Excellence, Innovation, Integrity.

STRATEGY

Strategic priorities

- **People:** ensure the highest standards for health and safety in its operations, foster diversity and local talent, and continue to reinforce the engagement level of its employees.
- **Sustainable growth:** develop infrastructure projects with high concessional value. The company reaffirms its focus on toll roads and airports, with a pipeline of more than 12 B€ in infrastructure projects.

In Toll Roads, Ferrovial will continue developing greenfield projects, proactively generating pipeline in Managed Lanes, while maintaining its competitive advantages in standard traffic risk and availability projects.

In Airports, the company will leverage its expertise in development and operation, actively managing its portfolio and partnering to grow.

Ferrovial will reinforce its Construction presence where it is key to develop greenfield infrastructure projects. The core concessions markets for Ferrovial are USA, UK, Canada, Poland, Spain, Chile, Colombia and Peru, and the company will also invest selectively in other regions.

Additionally, Ferrovial will also explore new sustainable infrastructure related opportunities, such as electrification, mobility and water.

- **Operational excellence:** continue to focus on efficiency at all levels, both in the design and execution of construction projects as well as in the management of the assets in portfolio. In construction, the company will maintain its references and capabilities in the design and construction of complex projects, and will review and optimize its core processes. In concessions, Ferrovial will continue leveraging its distinctive operation skills, such as revenue management, traffic optimization and customer service, with expertise in unique assets, such as the 407ETR, the Texas managed lanes and Heathrow.

(1) Source: Mc Kinsey Global Institute

The company will implement a new operating model to become more agile, innovative and efficient. The new model maintains the emphasis on accountability, promotes entrepreneurship and collaboration, and increases the level of digitalization and automation. In order to implement this new of operating model, the company will simplify processes, create shared service centers and review non-personnel expenses.

Solutions for a low carbon environment and corporate social responsibility are at the core of Ferrovial's strategy. The company is implementing

a decarbonization roadmap and has also defined a CSR plan aligned with the UN Sustainable Development Goals. Ferrovial will continue to be proactively engaged with the sustainable development of its operations to maintain its presence in sustainability indexes such as the Dow Jones Sustainability, Carbon Disclosure Project and FTSE4Good among others.

- **Innovation:** generate new competitive advantages and anticipate potential disruptions that may impact the company's businesses or that could present new business opportunities. In order to reinforce its value creation in the future, Ferrovial will develop both incremental innovation at the business unit level and disruptive at the corporate level, and will continue sponsoring the company's entrepreneurial culture.





PHOTO: Nippon Bridge, Nippon (Canada).

Toll Roads

Stepping on it

Cintra helps reduce the investment shortfall in infrastructures mainly in increasingly congested urban settings with sustainable concession models that minimize the need for public funds.

Cintra carries out its activity in markets with predictable institutional frameworks, good economic perspectives (North America, Australia and Europe), with developed financial markets, and with high demand for transport infrastructures, especially those that are resolving traffic congestion problems in urban areas (complex greenfield concessions) and with toll rate freedom. Its more than 50 years of experience, in-depth knowledge of new technologies applied to pricing (advanced analytics), as well as the synergies with Ferrovial Agroman make Cintra a company with high value creation and strong competitive advantages.

MAIN ASSETS

Cintra possesses 43.23% of the 407 ETR Toll Road in Toronto, Canada, and 62.97%, 54.6% and 53.67% of the NTE, LBJ and NTE 35W Managed Lanes in the state of Texas, respectively. In 2019, the I-77 (50.10%) in North Carolina was fully opened to traffic. The I-66 (50%) in Virginia remains in the construction phase.

In Managed Lanes, toll rates are dynamic and can be changed every five minutes according to the level of congestion, guaranteeing drivers a minimum speed at all times. Free-flow toll systems (no barriers) are notable for the long term of the concession, and broad rate flexibility and for an optimized long-term financial structure, making Cintra a leader in the private development of high-complexity transport infrastructures.

VALUE CREATION

High-complexity greenfield projects

Cintra is centered on complex greenfield projects owing to their high value-creation potential. Its ability to assess and assume higher levels of risk associated with the project in the bidding phase (construction, financing, operation and traffic) allows it to opt for higher initial rates of return (IRR). Thus, Cintra led a Consortium that in 2019

was awarded and closed the financing of the Silvertown project in London, a greenfield project with an investment of over 1,200 million pounds, which required over 1,100 million pounds of debt and which will be executed in the next 5 years to go into operation during the next 25.

The value creation process lies in the reduction in the discount rate of future cash flows and in the elimination (construction) or reduction (traffic/financing) of the project's risks as the concession progresses.

One example of this decrease in the discount rate is the refinancing of all of NTE's debt. 400 million dollars were raised in the market of private activity bonds (PAB's) at 20 years with an all-in cost of 3.05% and 871 million dollars in taxable bonds at 30 years with an all-in cost of 4.03%. Both issues were quite successful among investors. The result was a drop in the average cost of 1.50% (to 3.80%), an increase in the repayment term of the debt and an improvement of the rating (BBB from Fitch/Baa2 from Moody's), all this maximizing the payment to shareholders through the first dividend subscribed by the project in December 2019. Another example was the sale of 11.7% of the Ruta del Cacao Toll Road to the British infrastructure company John Laing for 28.6 million euros, which generated capital gains of close to 11 million euros, thanks to the fact that it materialised after the financial closure of the project and therefore eliminated that risk.

Cintra's advanced analytics team was consolidated in 2019 in Austin, Dallas and Toronto. It works on high-value projects like machine learning for dynamic real-time pricing or artificial intelligence for automatic vehicle detection. It is also developing new toll projects targetted at different client segments to support the use of Managed Lanes.

Turnover of mature assets

By reducing risks, the value created is materialised in the sale of mature projects, with use of the revenue for investment in new assets with greater value-creation potential. An example is the transfer to the Meridiam infrastructure fund of 65% of the Ausol toll roads for 451 million euros (with an implicit valuation 60% above the market consensus, showing the strong appetite for this asset category). Cintra continues to be the key industrial partner, with 15% of the asset, on which it has reserved a put option and granted a call option to Meridiam. In addition, Cintra has signed a management contract for the provision of certain long-term concession services.

NORTH AMERICA

96%

Cintra valuation

CONCESSIONS

23

Assets in 9 countries

KILOMETERS

1,474

DIVIDENDS (€M)

494

309 M€ from 407ETR and 166 M€ from NTE

61% of total flow (ex-Infra)

INVESTMENT MANAGED (M€)

21,949

94% International



CLICK

Managed Lanes

Socially responsible infrastructures

Owing to their complexity, innovation and efficiency, Cintra's projects offer sustainable solutions that improve congestion in large cities, reduce pollution, reduce accidents, increase users' satisfaction by improving its safety and people's quality of life. In the state of Texas, Cintra is operating the first carbon neutral toll road, the NTE, a feature that is evident when comparing the pre-existing scenario (existing road) and the present (the existing road plus the NTE), meaning that there is no emissions increase in the region despite the greater capacity of the infrastructure because of the reduction in congestion.

Users: excellence in service

Client satisfaction is a priority for Cintra. In 2019, the 407 ETR Toll Road achieved its high levels of client satisfaction of 87% in toll road service and in its call center, which handled 3.3 million requests and again won awards for its excellence in the quality of service for the sixth consecutive year as a World Class Call Center.

Employees: support for merit

Cintra offers opportunities for the professional development of all its employees by promoting internal mobility and ensuring that merit is the decisive factor in their career. In 2019, 16% of structure employees changed their job or location, and one of each four people are working in an international assignment.

NEW MANAGED LANES IN THE 35W: 3C SECTION

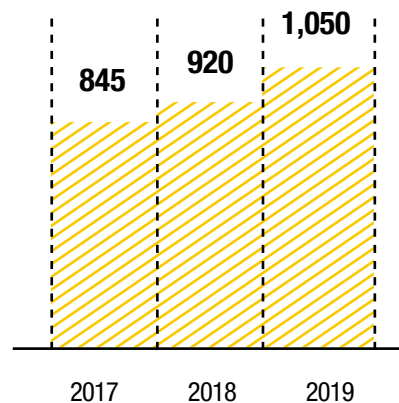
In 2019, Cintra financially closed a new section of the NTE 35W Toll Road, the 3C, in Texas, a Managed Lanes project of high technical complexity and high concession value, with an investment of roughly 1 billion dollars and a concession term of nearly 50 years. The agreement includes work on a section of nearly 11 kilometres of road, with renovation of existing lanes, which will remain toll-free; and the construction of two Managed Lanes in each direction, in addition to acceleration lanes. To finance the investment, Cintra has undertaken an issue of 750 million dollars in private activity bonds (PABs), with profitability (yield to worst) of 3.25% and maturing in 2058. The issue was also very successful among investors. The debt received a BBB rating from Fitch Ratings and Baa3 from Moody's.

URBAN MOBILITY PRICING

Cintra actively participates in initiatives to reduce pollution and congestion in urban areas through a sustainable approach. Ferrovial is developing a strategy to generate the right incentives to use more sustainable modes of transport in the city. Applying intelligent tariffs to available capacity can encourage the use of less polluting and higher occupancy vehicles at off-peak times, giving citizens more options, while reducing congestion and pollution, and ultimately creating more liveable cities.

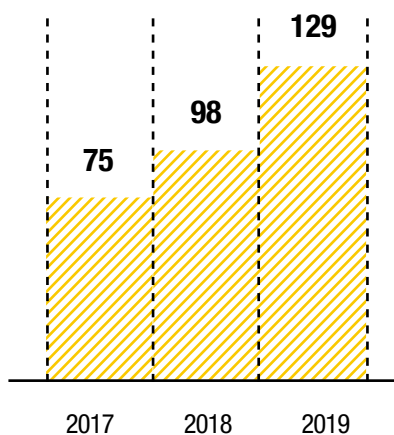
407 ETR (CANADA)

Dividends MCAD



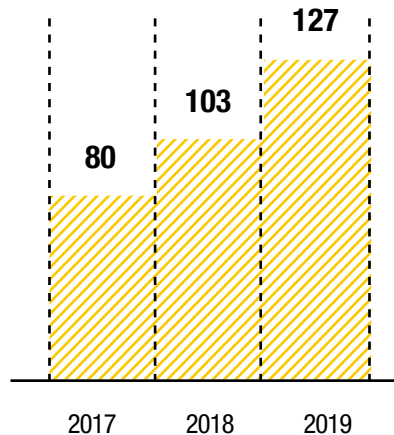
NTE (US)

EBITDA M\$



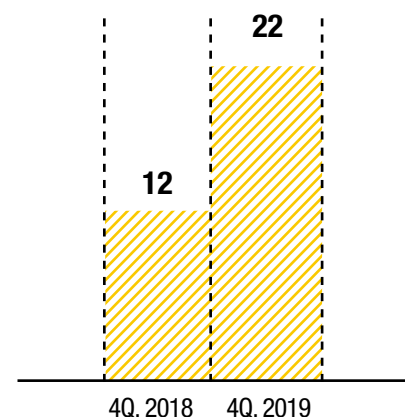
LBJ (US)

EBITDA M\$



NTE 35W* (US)

EBITDA M\$



* Data related to the last quarter of 2018 and 2019. The toll road opened in July 2018.

407 ETR CONTRIBUTION

407 ETR IS WELL KNOWN TO BE FAST, SAFE AND RELIABLE - THE THREE MAIN REASONS WHY OVER 400,000 DRIVERS AND THEIR PASSENGERS USE THE TOLL ROAD EACH WORKDAY IN TORONTO. THE ALL-ELECTRONIC BARRIER FREE TOLL ROADS MEANS DRIVERS ENTER AND EXIT WITHOUT HAVING TO WAIT AT CONGESTION CAUSING TOLL BOOTHS. DRIVERS OF 407 ETR ALSO REPORT SAVINGS ON FUEL AND VEHICLE MAINTENANCE COSTS AND KNOW THAT DRIVING THE TOLL ROAD REDUCES CARBON EMISSIONS.

GREAT FOR YOU, GREAT FOR ONTARIO

\$15.9 billion of economic benefits supported by Toll roads 407 ETR within Ontario since 1999.

407
ETR
Express Toll Route

KEEPING DRIVERS MOVING

Over 400,000 drivers and their passengers each workday, using Toll roads 407 ETR—the toll roads has increased capacity steadily to meet demand and keep traffic moving at the most important times of the day.

⊙ = ⊙ = ⊙

FEWER EMISSIONS

While driving at a safe and consistent speed on Toll roads 407 ETR—avoiding traffic congestion elsewhere—harmful vehicle emissions are reduced by 108 million kilograms of CO₂ every year.

KEEPING TRANSIT ON-TIME

Each workday, public transit agencies move over 86,000 passengers on 407 ETR, making 1,750 trips.



SAFETY IS OUR PRIORITY

Over 3,000 drivers are assisted by our toll roads Safety Patrollers every year.

SUPPORTING ONTARIO

\$724 million /year of economic benefits (including employment, wages, government revenue and household income) supported by Toll roads 407 ETR within Ontario.



MAINTENANCE AND IMPROVEMENTS

\$34 million towards maintenance and improvements in 2019: 60 km of concrete lanes—grinding and grooving, 12 km of asphalt lanes resurfaced, in addition to 13 bridges, 14 km of new lanes added between Markham Rd. and York Durham Line.



MOVING LARGE BUSINESSES

Truck traffic on 407 ETR has grown by over one million trips per year in the last 10 years and each workday, businesses make approximately 140,000 trips on Toll Road 407 ETR.

TIME SAVINGS

30.4 million hours /year saved by 407 ETR drivers. 22.7 million hours saved by personal vehicle drivers and another 7.7 million hours saved by businesses.





PHOTO: NTE 35W Toll Road, Texas (United States).

Airports

Growth and service quality

Ferrovial Aeropuertos is one of the leading private investors and operators of airports in the world. It has four assets in the United Kingdom: Heathrow (25%), the airport with the highest volume of passenger traffic in Europe and the seventh highest volume worldwide, as well as AGS (50%), consisting of the Aberdeen Glasgow and Southampton airports. Ferrovial is also developing its transmission lines business with current operations in Chile.

In 2019, Heathrow registered a record number of 80.9 million passengers, which represents an increase of 1% over the previous year and the ninth consecutive year of growth. After a period of strong growth, the aviation market in AGS is becoming consolidated, especially with regard to low-cost airline companies.

The assets in the United Kingdom have detailed plans in place to guarantee proper operation and passenger service after the final break with the European Union. Regarding the effects of Brexit on the activity, the United Kingdom and the European Union have agreed to extend current agreements, which will significantly reduce the risk of flights being interrupted.

It should be noted that Ferrovial Aeropuertos has bolstered its offices established in 2018 in Austin (USA) and Amsterdam (Netherlands) to provide support for the division's tendering activities in the American and Asian markets.

During 2019, Great Hall Partners LLC (a consortium led by Ferrovial Aeropuertos) received written notice for the termination of the contract to remodel Denver Airport. At the end of this contract, the excess cash flow was distributed to the shareholders. Ferrovial received 21 million euro in dividends.

Furthermore, in 2019 the business dedicated to the development and management of electrical transmission lines continued to make progress in the construction and operation of the Centella substation and 250 kilometres of lines in the city of Salamanca, north of Santiago de Chile.

In conjunction with Transchile, which owns a 204-kilometre line in the Araucanía region in southern Chile, Ferrovial has an cumulative capacity of 2,160 MW and has become one of the most significant players in the country.

VALUE CREATION

Operational efficiency and service quality

Heathrow stands out for its solid financial performance, which has resulted in a 4.5% increase in EBITDA compared to the previous year, due to the investments made in improvements to luggage systems, immigration control, security services, business initiatives and passenger services.

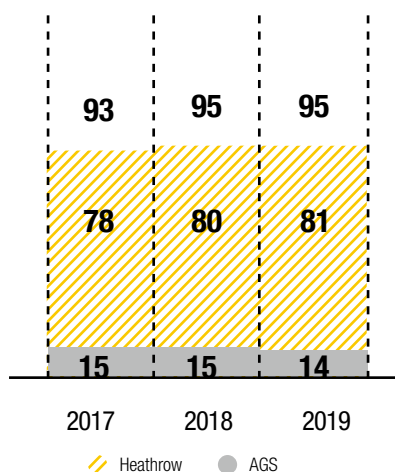
The improvements to service quality are evidenced by the results of the passenger satisfaction surveys (ASQs), which have reached record levels of approval at 4.17 over 5 (4.15 in 2018). Moreover, 82% of passengers scored their experience as "excellent" or "very good".

Heathrow was recognised by the Skytrax World Airport Awards as the "Best Airport in Western Europe" and "Best Airport for Purchases" for the fifth and tenth consecutive time, respectively. In addition, Terminal 5 of the London-based hub headed the list of best airport terminals in the world for the sixth time in its eleven-year history.

AGS, in turn, has established a new operating model focused on service quality, simplifying processes and reducing costs. Among the most important initiatives are the closure

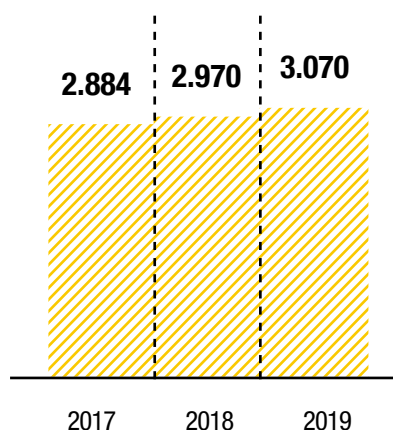
TRAFFIC

Heathrow and AGS (mill Pax)



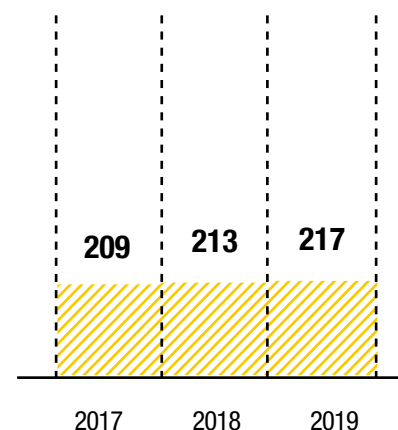
REVENUES

Heathrow SP (M£)



REVENUES

AGS (M£)





of the defined benefit pension plans, outsourcing of the security and fire prevention services and the optimization of supplier contracts.

Sustainability

The airports operated by Ferrovial are firmly committed to operate at the highest possible levels of sustainability by promoting economic and social development and putting in place initiatives that will minimize the impact of the industry on the environment.

Throughout 2019, Heathrow continued its strategy to implement initiatives and achieve milestones such as the Wildlife Trust's Biodiversity Benchmark award for the eleventh time and becoming the first airport in the world to reach the maximum Carbon Trust rating for its active participation in reducing emissions in its supply chain. Currently, 96% of the vehicle fleet at Heathrow is electric or hybrid. Glasgow airport has become the first airport in the United Kingdom to make use of a fleet of buses that are 100% electric, operating between the terminal and the long distance parking lot.

Innovation

Among the main innovation projects developed in 2019, the following are worthy of mention:

- Artificial intelligence for landing strip maintenance. The Aberdeen airport has chosen artificial intelligence to control the condition of the asphalt in the airport by using a mobile application and a web platform.
- Using drones to inspect transmission lines. In collaboration with the innovation team, a new project has been carried out with drones that intends to replace the traditional and manual inspection method with a method that is more efficient, automated and safer.

HEATHROW IS NOW CARBON NEUTRAL

After two years of work and an investment of more than 100 million pounds, Heathrow has become a carbon neutral airport, as set forth in the Heathrow 2.0 strategic plan announced in 2017. All of its terminals operate with 100% renewable energy sources, while it currently operates the largest fleet of electric vehicles in Europe. The airport also intends to make investments in upcoming years to eliminate the emissions caused by its operations by mid 2030.

In addition, the airport is working on capturing carbon in the atmosphere through projects such as renewal and restoration of peat bogs and research in new methods of agriculture.

Heathrow is promoting the elimination of flight emissions by working alongside airlines, industry partners and government organisations to continue making progress in the development of alternative fuels and providing support for the development of technologies that can reduce flight emissions.

BUSINESS PLAN FOR THE EXPANSION OF HEATHROW

During 2019, Heathrow has continued making progress in its intention to expand the airport, which includes the construction of a third runway. The airport presented its second public appraisal midway through 2019. The results will be included in the final plan, which will be submitted to the British Government (Development Consent Order) at the end of 2020.

This plan will include the details of the investment made by Heathrow in the 2022 - 2036 period to create an airport that provides service to and connects more than 130 million passengers from all over the world. The plan will also make it possible to reduce ticket prices significantly, increase airline offers and improve passenger satisfaction.



CLICK
Airports

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



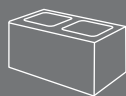
LED LIGHTING

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



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

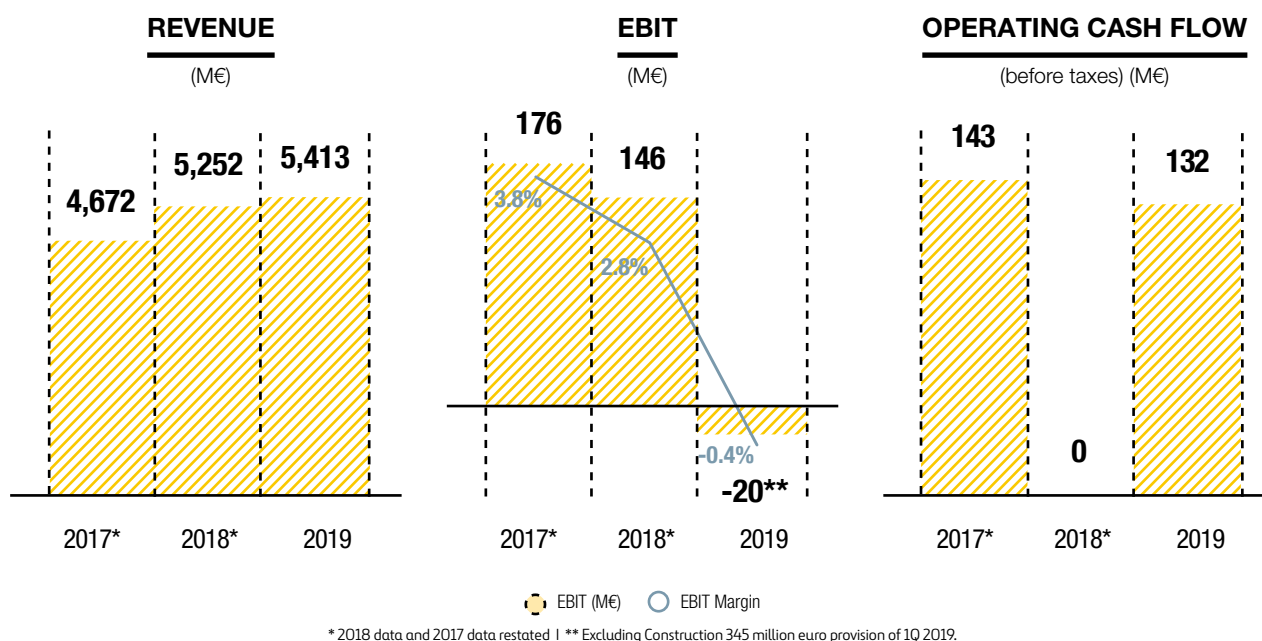
The company specializes in highly technical projects, which it is able to carry out thanks to its experience and the international presence of over 300 employees from its Technical Office, who are adept at seeking out unrivaled engineering solutions. In this respect, sector diversification and bidding 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.



CLICK

Silvertown



PHOTO: Metro of Santiago, (Chile).

Services

Innovative and sustainable solutions

Ferrovial Servicios contributes to sustainable development on the geographical areas where it operates by designing and providing solutions that are efficient, both economically and environmentally, for the comprehensive maintenance of infrastructures and, the implementation of the circular economy model.

As announced in February 2019, Ferrovial has decided to sell its Services business with the aim of concentrating on developing its infrastructures business. The process of divesting in Services is in progress, and within this framework an agreement was reached in December for the sale of Broadpectrum (Services business in Australia and New Zealand) to a company controlled by Ventia Services Group for an enterprise value of 327 million euros. Also, in July 2019 Ferrovial Servicios ceased its operations in Poland on the sale of its 51% share in the FBSerwis company to its local partner Budimex, a subsidiary of Ferrovial Agroman. The rest of the Services business (including Spain, United Kingdom and International markets) remains under the classification of discontinued activity and classified as maintained for sale.

BACKGROUND

Ferrovial Servicios undertakes its activity in nine countries, with its main markets being the United Kingdom, Spain and North America.

In the **United Kingdom**, the difficult market conditions prevailing in recent years continue, with very tight margins and severe financial difficulties for some companies within the sector, pending further clarity in public entity budgets following the recent elections. In 2019, Amey signed an agreement with Birmingham City Council for early termination of the contract for maintenance and management of the road network for a payment of 215 million pounds (of which 160 were paid in 2019). Also, with the arrival of Amanda Fisher as the new CEO, the company is undertaking an in-depth review of its activities to concentrate on railways, consultancy and "facility management". In order to achieve higher operational efficiency, in addition to optimizing the structure of the support functions, the company is considering selling, on the one hand, the waste and treatment energy business and, on the other, divesting the services business to electricity and water companies.

In **Spain**, political and macroeconomic uncertainty has given rise to a slow down in new public contracts and a search for efficiency by the private sector. Ferrovial Servicios has grown profitably as a result of the combination of effective sales with investment in management systems and applied innovation.

Meanwhile, the favourable macroeconomic and industrial situation in **North America** has enabled the company to expand in the toll roads maintenance and crude oil infrastructures sectors.

VALUE CREATION

Ferrovial Servicios' sales showed an organic growth of 4.3% in 2019. This growth was the result of good positioning in all markets where it operates (especially in their Spanish and international business), as well on its distinguishing skills that enable it to compete successfully in highly demanding and complex projects.

Occupational safety

The occupational safety of its 71,852 employees is a priority for Ferrovial Servicios. The accident frequency index was 15.09% lower in 2019 as a result of implementing strategies and programs adapted to the circumstances prevalent in each country. Here are a few examples:

- Zero Code (United Kingdom): a code that highlights what should constitute key behaviour in a job position to guarantee safety.
- Safe for Life (Australia and New Zealand): a strategic health and safety model to be applied in all working environments.
- +Vial (Spain): a programme focussing on improved safety in road maintenance activities.

Sustainable growth

Ferrovial Servicios centers its activity on providing sustainable services for cities, infrastructures and facilities:

In Spain, in the **environmental services** activity, the company has started up a new recycling plant with a capacity for processing 50,000 tons yearly of PET plastic waste that is transformed into raw materials for industry. In the United Kingdom, the North Yorkshire and Milton Keynes energy recovery plants, that are both currently fully operative, are part of the facilities operated by the company with an installed capacity of 66 MW, equivalent to the energy consumed by 80,000 homes.

Another area of sustainable growth is **energy efficiency**, with an order book of over 400 million euros in Spain, that generates annual energy savings equivalent to 2% of the global objective in the National Energy Efficiency Plan. As proof of their know-how in this activity, the company has been awarded new contracts in Spain,

RECYCLING OF 50,000 TONNES OF PLASTICS ANNUALLY

In a social environment that encourages the circular economy and a reduction in the use of plastics, Ferrovial Servicios have opened a plant for recycling PET (polythene terephthalate) plastic flakes from recovered containers. The facility is located in Les Franqueses del Vallès (Spain) and is one of the largest in Europe, with a capacity for processing 50,000 tons a year, equivalent to the yearly generation of this type of plastic waste by 5 million people. The plant makes use of the latest technologies, resulting in minimum energy consumption and the ability to re-use water. The quality of the PET obtained at the plant has been approved for use in food and drink containers by the European Food Safety Authority. This activity contributes to reaching the objectives for the recovery of containers as laid down by the European Commission for the European Strategy for Plastics in a Circular Economy, which aims to recycle 25% of the material used to produce plastic containers by 2025.

ROAD MAINTENANCE IN NORTH AMERICA

Ferrovial Servicios Internacional implemented a transformation program that has led to average sales growth of 18% and an improvement in the RBE of 20% during 2017-19 period. This change has been possible thanks to the incorporation of new professionals who are experts in the sector, the improvement of operations and customer satisfaction levels, and the restructuring of the bidding department. The company currently manages about 23,000 kilometres of roads in eight US states and the province of Ontario (Canada). In 2018 it won contracts in Ottawa, York and Peel Halton in Ontario, as well as several contracts in Florida and other states. In 2019, it was awarded, among others, the first comprehensive maintenance contract, tendered by the Michigan Department of Transportation.



CLICK

Recycling plant

as well as its first contract for public lighting in New Zealand, in the city of Dunedin.

Ferrovial Servicios has also been awarded significant contracts for the **maintenance of infrastructures**, such as an extension to the facility management contracts with the United Kingdom's Ministry of Defence (886 million euros), the maintenance of infrastructures for Sydney Water in Australia (660 million euros), toll roads maintenance in Ottawa and York in Canada (183 million euros) and the Kwinana British Petroleum refinery in Australia (116 million euros).

Operational efficiency

The company plans to simplify its support structure in a context of business growth, specially in all geographical areas' where there has been cost reduction programs with positive results. One example are the actions undertaken by Oil & Gas business units in the United States and defence units in Australia. Another example is the implementation of an Energy Control Centre, with savings of 4% in facilities managed in Spain, Portugal, Australia and the United States.

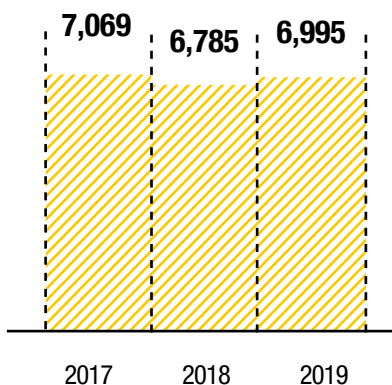
Digitalization

The application of new technologies and data analysis has provided a great opportunity for improving the safety, efficiency and functionality of services, while strengthening collaboration with customers and other interested parties. Ferrovial Servicios has a order book of over 100 innovate projects, including:

- DUGUD: an application to encourage the separation of organic waste in origin by citizens.
- Kuiko Pro: an intermediary platform between customers and suppliers in the facility management sector.
- XPERIoT: first remotely controlled hub for public lighting compatible with 5G technology.

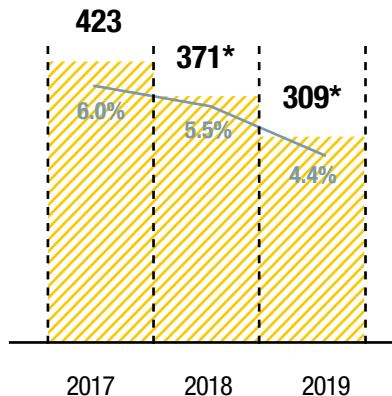
REVENUES

(Ex-Birmingham) (M€)



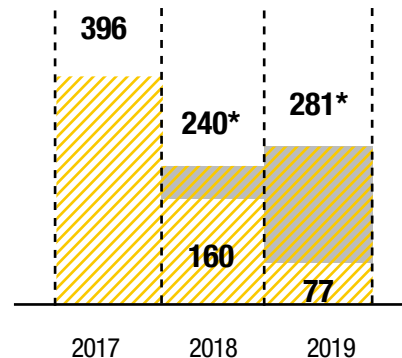
EBITDA

(M€)



OPERATING CASH FLOW

(Before taxes) (M€)



■ EBITDA (M€) ○ EBITDA Margin
* Birmingham is excluded

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