



**ferrovial**  
FY 2017 Results

28 February 2018

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# Agenda

- 2017 Highlights
- Business Units
- Financial Results
- Looking ahead

# 2017 Highlights

Excellent growth from  
our infrastructure assets

Solid cash generation &  
financial position  
ex-infra projects

- Traffic increased across the board
- EBITDA grew at double digit in our main assets
- Higher dividends from 407ETR, LHR & AGS
  
- c.€1bn Operating Cash Flow (pre-tax)
- **€781mn** Activity Cash Flow (after tax)
- **€520mn** FER shareholder remuneration
- **€1,341mn** net cash position
  - €500mn hybrid bond issuance

# Cash flow generation vs Dividends

Ex- Infrastructure Projects

2017 figures  
€ million



# 2017 Highlights

Share Price has underperformed vs peers

- Addressing contracting
- Our infrastructure assets outperform in times of economic growth & inflation
- Reported figures don't fully reflect FER's business. More information on assets consolidated under equity method

# Agenda

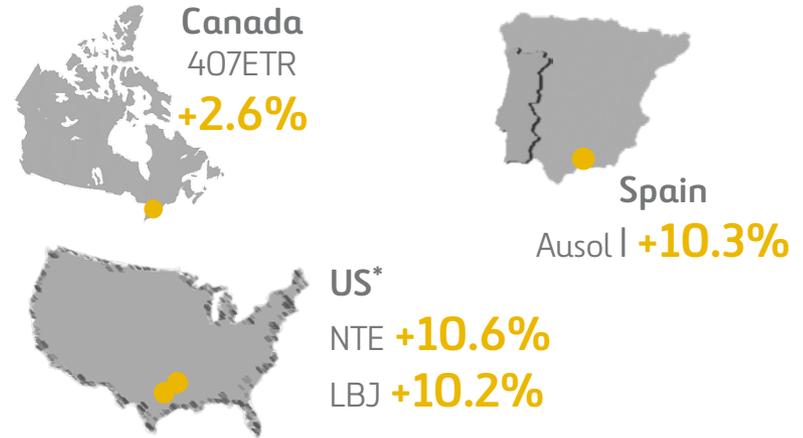
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# Toll roads

€ million

- Traffic growth in main markets
  - Solid financial results in LfL terms:
    - EBITDA +23.8%
    - +€19mn positive impact from success fee
  - €277mn dividends from toll roads
    - 407ETR dividends: €262mn
  - Cintra acquired 6.3% in NTE and 3.6% in LBJ (\$107mn)
  - Mature asset rotation to crystalize value:
    - Sale of 51% stake of Norte Litoral: €104mn
    - Sale of 49% stake of Algarve: €58mn
- ▶ €162mn cash in  
€98mn net capital gains

## TRAFFIC EVOLUTION

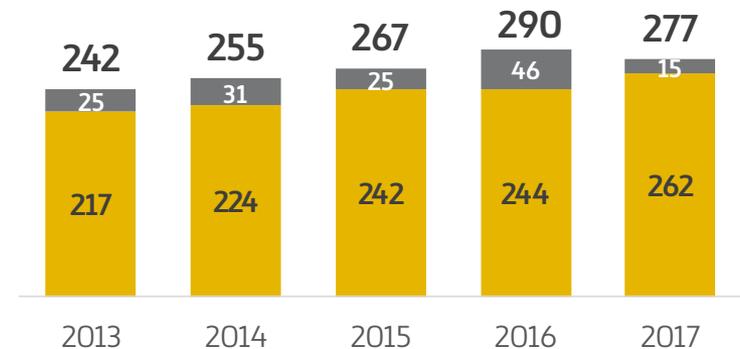


\* Transactions

## FY 2017 RESULTS TOLL ROADS

	FY2017	%	% LfL
Revenues	461	-5.3%	+15.7%
EBITDA	320	+7.7%	+23.8%

## DIVIDENDS FROM TOLL ROADS (€ mn)



■ 407ETR ■ OTHERS

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# 407ETR

Equity method, Ferrovial stake 43%

## 407ETR

(CADmn)	FY17	%
Revenues	1,268	+11.7%
EBITDA	1,104	+12.1%
EBITDA mg	87.1%	
Traffic (VKTs'000)	2,708,589	+2.6%
Dividends	845	+7.0%

## HIGHLIGHTS

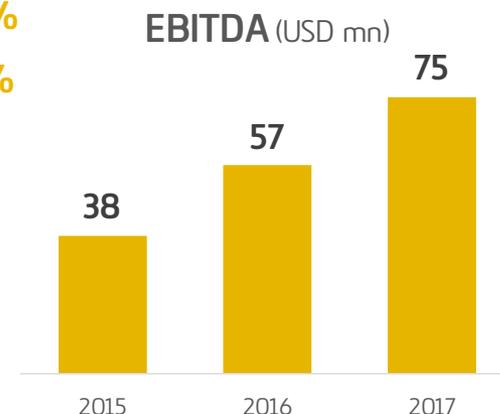
- Much better than expected 4Q'17 traffic growth despite a difficult comparison in 2H'2017
- 1Q18 dividend announcement (+9% vs 1Q17)

# Managed Lanes

Global consolidation

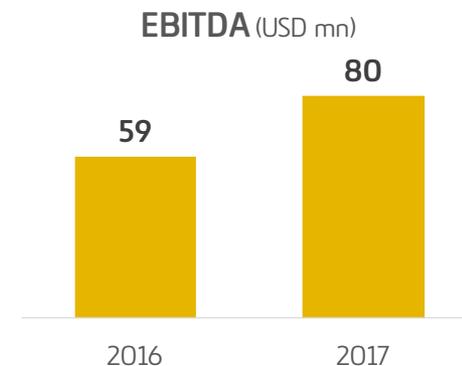
## NTE

- EBITDA **+32.6%**
- TRAFFIC\* **+10.6%**
- TARIFF\*\* **+13.2%**



## LBJ

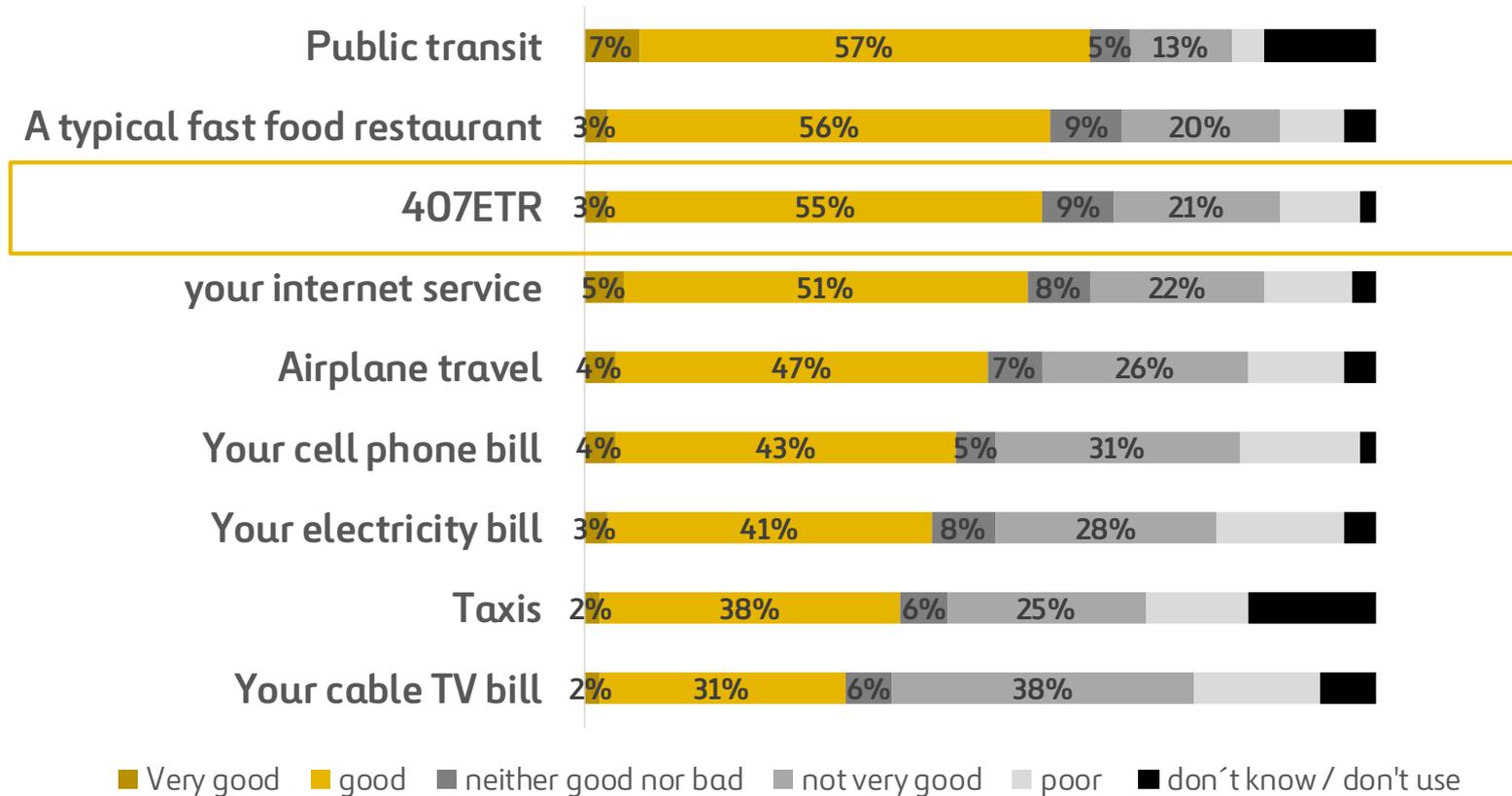
- EBITDA **+37.4%**
- TRAFFIC\* **+10.2%**
- TARIFF\*\* **+20.5%**



\* Transactions

\*\* Average toll rate per transaction

# 407ETR: 58% good or very good value for money



# Airports

- **HAH** (Equity method, FER stake 25%)
  - **Traffic:** 78mn; +3.1%
  - **Revenues:** +2.6% due to traffic & retail, despite lower aeronautical tariffs
  - **EBITDA:** +4.6% on cost control
  - Higher-than-expected **dividends:** GBP525mn (GBP150mn extraordinary dividend).
  
- **AGS** (Equity method, FER stake 50%):
  - Strong **traffic** growth in all airports (+4.9%)
  - Strong financial performance: **EBITDA** +10.7%
    - EBITDA growth since acquisition (2014): +35%
  - AGS **dividend:** GBP146mn following the refinancing (GBP75mn extraordinary dividend).
  
- **Dividends received by FER:**
  - **€237mn** (vs €134mn in 2016).
  
- **Denver International Airport**
  - 6<sup>th</sup> busiest airport in the US by passenger traffic
  - Redesign & retail operation of the main terminal (34y)

## AIRPORTS TRAFFIC

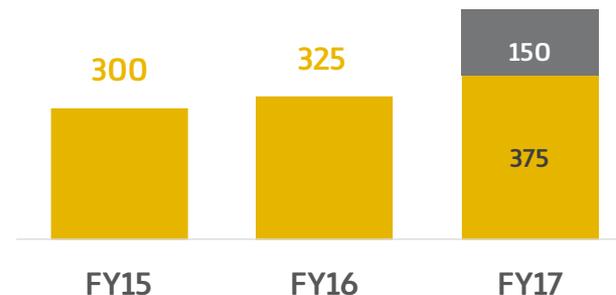
(PAX million)

	FY17	% LfL
Heathrow	78.0	+3.1%
AGS	15.1	+4.9%
Glasgow	9.9	+5.7%
Aberdeen	3.1	+1.9%
Southampton	2.1	+6.1%

## DIVIDENDS (100% GBP million)

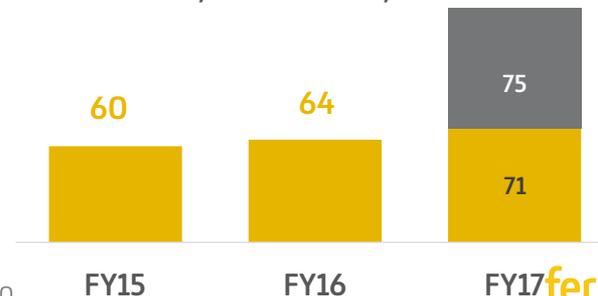
### HAH DIVIDENDS

■ Ordinary ■ Extraordinary **525**



### AGS DIVIDENDS

■ Ordinary ■ Extraordinary **146**



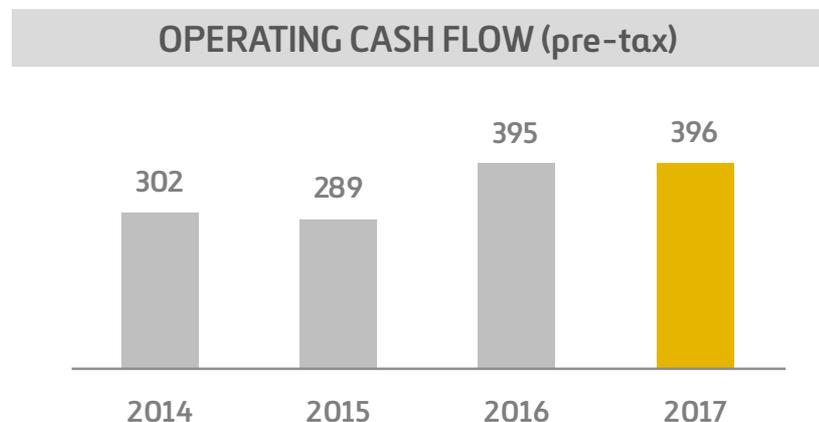
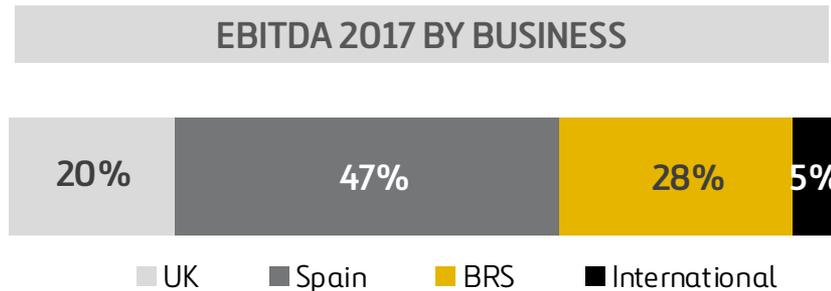
# Services

€ million

- **Revenues** +16.3% following the FY integration of BRS
- **EBITDA mg 6.0%** from 5.4% in 2016
- **Order book -11.3% LfL** on selective bidding in UK
- **€ 396mn operating cash flow (OCF)**
- **UK: Still challenging environment**
  - EBITDA'17 mg (3.5%) in line with guidance provided
  - EBITDA'18E mg : ex-Birmingham (2% - 3%)
- **AUSTRALIA: FY integration vs 7months in 2016**
  - 2017: EBITDA mg 5.5% (RPC\* contracts ended Oct 2017)
  - 2018E: EBITDA mg 3% - 4%
- **SPAIN: solid performance, EBITDA margin at 10.4%.**

\* RPC: Regional processing centres

	FY17	%	% LfL
Revenues	7,069	+16.3%	+1.9%
EBITDA	423	+30.2%	+14.2%
EBITDA %	6.0%		
Order book	20,918	-14.4%	-11.3%



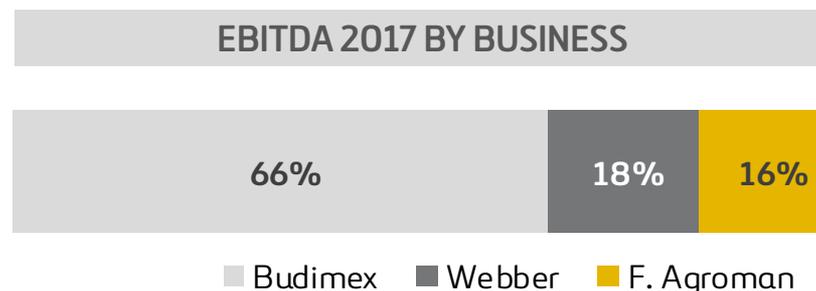
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# Construction

€ million

- **Revenues (+11% LfL)** with positive evolution in all areas
- **Lower profitability (EBIT margin 3.5%)**
  - Major projects in their initial phases.
  - Order book with a lesser levels of complexity.
  - Lower proportion of contracts with sisters companies.
  - Losses incurred in 2017: mainly explained by two contracts (Scotland -€54mn & Colombia -€31mn).
- **Solid growth in Budimex: EBITDA +17.7%**
- **Order book** reached a record figure **(+26.7%LfL)**
  - **I-66** (Virginia, EUR1.9bn), **Denver Airport** (EUR541mn) & **Grand Parkway** (Texas, EUR784mn).
- **2018 performance: EBIT mg should evolve from around 1% (Q1) to 3 - 3.5% for FY2018.**

	FY17	%	% LfL
Revenues	4,628	+10.3%	+11.0%
EBITDA	199	-41.8%	-41.8%
EBITDA %	4.3%		
EBIT	162	-48.1%	-48.1%
EBIT %	3.5%		
Order book	11,145	+22.6%	+26.7%



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# 2017 Profit & Loss

€ million

	2017	2016
<b>Revenues</b>	<b>12,208</b>	<b>10,759</b>
<b>EBITDA</b>	<b>932</b>	<b>944</b>
Depreciation	-375	-342
Impairment & disposals	81	324
<b>EBIT</b>	<b>638</b>	<b>926</b>
Net Financial Result	-311	-391
Equity accounted	251	82
<b>EBT</b>	<b>578</b>	<b>617</b>
Taxes	-71	-233
Minorities	-53	-7
<b>NET PROFIT</b>	<b>454</b>	<b>376</b>

## IMPAIRMENT & DISPOSALS (2017)

- Capital gain from Norte Litoral & Algarve
- Further provision registered at Autema

## NET FINANCIAL RESULT

- 2017: Lower financial expenses (deconsolidations)
- 2016: negative impact from cancellation of Ausol derivative

## EQUITY ACCOUNTED

- 2017: higher contribution from HAH & 407ETR

## TAXES

- 2016: Chicago divestment impact

## MINORITIES

- Higher profit at Budimex
- Deconsolidation of SH-130 & Chicago and the improved results from Managed Lanes

# Strong cash flow generation

Ex- Infrastructure Projects

2017 figures  
€ million

<b>OPERATING CASH FLOW pre-tax</b>	<b>2017</b>
Toll roads (Dividends)	277
Airports (Dividends)	237
Services	396
Construction	134
Others	-46
<b>TOTAL</b>	<b>999</b>

## BALANCED OPERATING CASH FLOW



**49%** DIVIDENDS FROM INFRA PROJECTS

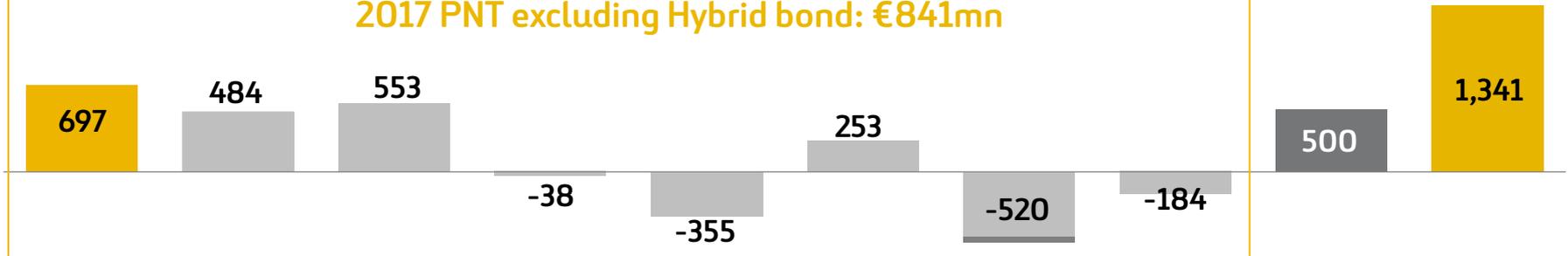
**51%** OCF FROM CONSTRUCTION AND SERVICES

# Net debt evolution

€ million

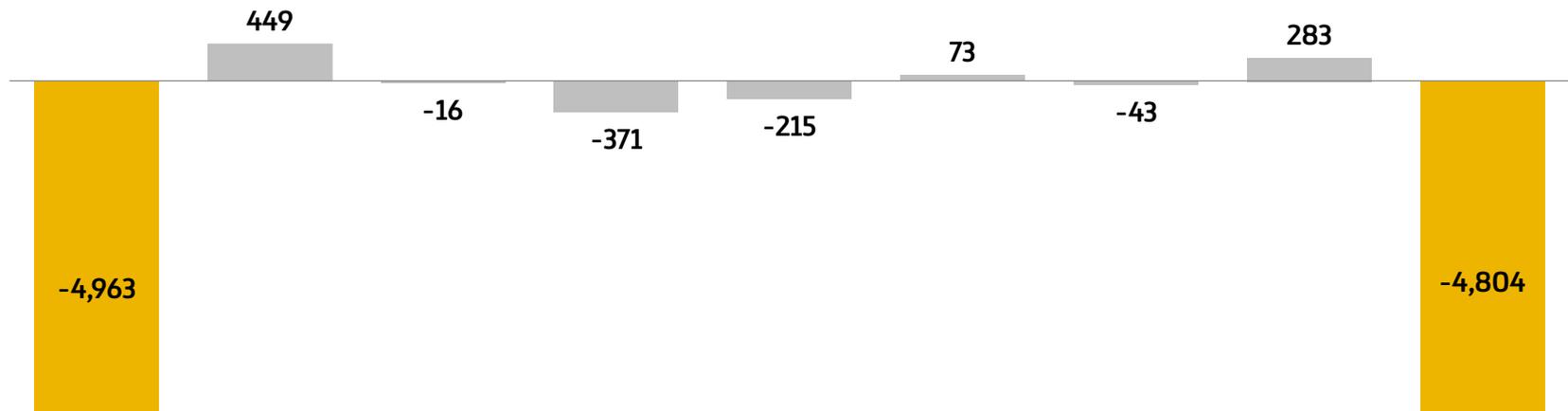
## EXCLUDING INFRASTRUCTURE PROJECTS

2017 PNT excluding Hybrid bond: €841mn



Net Cash Dec'16   EBITDA ex infra projects   Dividends from Toll Roads & Airports   WC Evolution   Investment CF   Divestments CF   Shareholder remuneration   Interest, taxes & others   Hybrid Bond   Net cash Dec'17

## INFRASTRUCTURE PROJECTS



Net debt Dec'16   EBITDA   Working Capital   Net Investment   Dividends & Interest   Capital   Perimeter changes/Divestments   Taxes, Forex & Other   Net debt Dec'17

# IFRS 15 impact

- **An adjustment of -€272mn** has been recognized through reserves in the opening balance (Jan 01, 2017). Early application in January 2017 of IFRS 15 Standard: Revenue from contracts with customers.
- New standard implies more strict threshold for revenue recognition (approval/highly probable vs. probable) and the evaluation of WIP/Debtor balance as of Dec.2016 according the new threshold. **The impact of that review has to be charged to equity.**
- **Part of the adjustment can be recovered through P&L** in the future if the threshold is finally reached.

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# Shareholder remuneration

2018 SHAREHOLDER REMUNERATION PROPOSAL (*)	2017
<b>Scrip dividend</b> (reference dividend /share)	
First scrip dividend (equivalent to 2017 complementary dividend)*	0.315
Second scrip dividend (equivalent to 2018 interim dividend)*	0.404
<b>TOTAL</b>	<b>0.719</b>
<b>Share buyback</b>	of up to €275mn or up to 19m shares

0.312

0.402

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**0.714**

of up to €275mn  
or up to 19m shares

(\*) Calculation based on average closing price from 30<sup>th</sup> January to 5<sup>th</sup> February of 18.103€

# Looking ahead

**Mitigating risks in contracting**

**Capital allocation focused on infra projects, mainly in the US**

**NTE & LBJ to pay dividends in 2019 - 2020**

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# Q&A Session



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INVESTOR RELATIONS DEPARTMENT - C/ Príncipe de Vergara, 135 - 28002 MADRID (Spain)  
T: +34 91 586 27 30 F: +34 91 586 28 69 e-mail: [ir@ferrovial.es](mailto:ir@ferrovial.es)  
website: [www.ferrovial.com](http://www.ferrovial.com)

