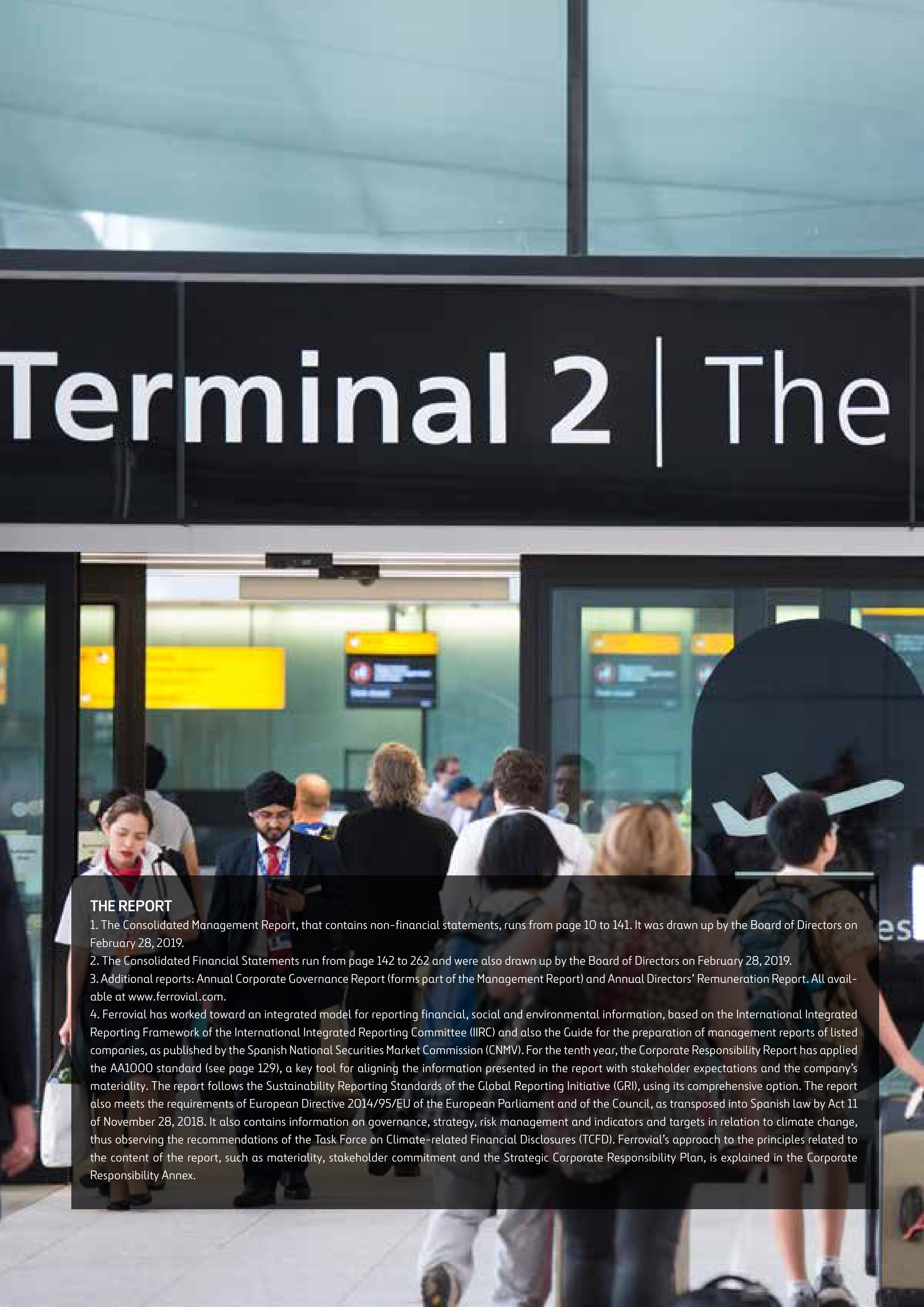
ferrovial

INTEGRATED ANNUAL REPORT 2018

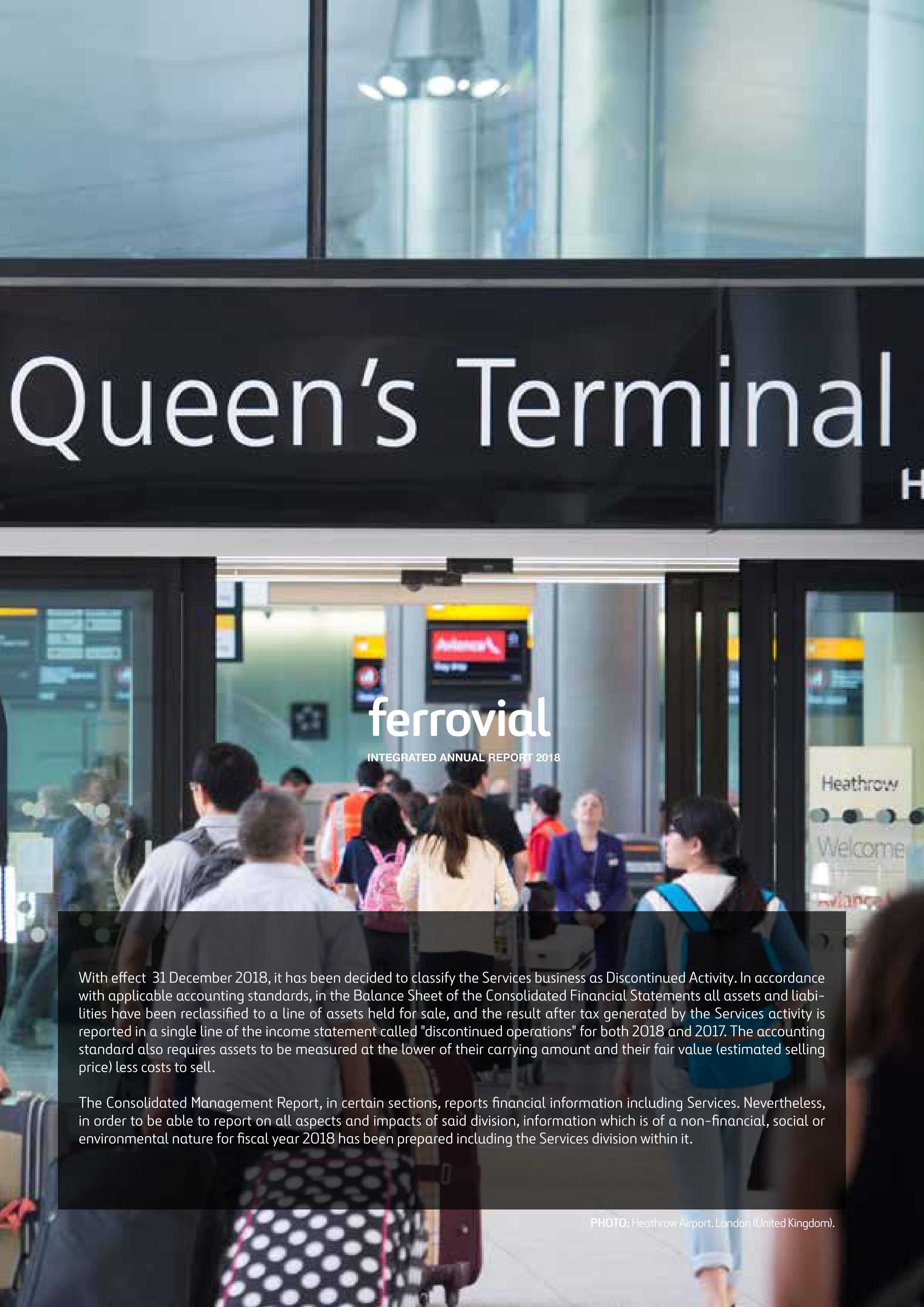
CONSOLIDATED MANAGEMENT REPORT AND FINANCIAL STATEMENTS

PHOTO: LBJ Express Toll Road. Texas (United States).



THE REPORT

1. The Consolidated Management Report, that contains non-financial statements, runs from page 10 to 141. It was drawn up by the Board of Directors on February 28, 2019.
2. The Consolidated Financial Statements run from page 142 to 262 and were also drawn up by the Board of Directors on February 28, 2019.
3. Additional reports: Annual Corporate Governance Report (forms part of the Management Report) and Annual Directors' Remuneration Report. All available at www.ferrovial.com.
4. Ferrovial has worked toward an integrated model for reporting financial, social and environmental information, based on the International Integrated Reporting Framework of the International Integrated Reporting Committee (IIRC) and also the Guide for the preparation of management reports of listed companies, as published by the Spanish National Securities Market Commission (CNMV). For the tenth year, the Corporate Responsibility Report has applied the AA1000 standard (see page 129), a key tool for aligning the information presented in the report with stakeholder expectations and the company's materiality. The report follows the Sustainability Reporting Standards of the Global Reporting Initiative (GRI), using its comprehensive option. The report also meets the requirements of European Directive 2014/95/EU of the European Parliament and of the Council, as transposed into Spanish law by Act 11 of November 28, 2018. It also contains information on governance, strategy, risk management and indicators and targets in relation to climate change, thus observing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Ferrovial's approach to the principles related to the content of the report, such as materiality, stakeholder commitment and the Strategic Corporate Responsibility Plan, is explained in the Corporate Responsibility Annex.



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INTEGRATED ANNUAL REPORT 2018

With effect 31 December 2018, it has been decided to classify the Services business as Discontinued Activity. In accordance with applicable accounting standards, in the Balance Sheet of the Consolidated Financial Statements all assets and liabilities have been reclassified to a line of assets held for sale, and the result after tax generated by the Services activity is reported in a single line of the income statement called "discontinued operations" for both 2018 and 2017. The accounting standard also requires assets to be measured at the lower of their carrying amount and their fair value (estimated selling price) less costs to sell.

The Consolidated Management Report, in certain sections, reports financial information including Services. Nevertheless, in order to be able to report on all aspects and impacts of said division, information which is of a non-financial, social or environmental nature for fiscal year 2018 has been prepared including the Services division within it.

PHOTO: Heathrow Airport. London (United Kingdom).

FERROVIAL: INFRASTRUCTURES AND CITIES

FERROVIAL IS ONE OF THE MAIN GLOBAL INFRASTRUCTURE GROUPS, OPERATING IN AIRPORTS, TOLL ROADS, SERVICES AND CONSTRUCTION, GENERATING SYNERGIES BETWEEN THE DIFFERENT DIVISIONS. ITS MAIN ASSETS ARE THE STAKES IN HEATHROW AIRPORT HOLDINGS (25%) AND THE 407 ETR TOLL ROAD IN TORONTO (43%). FERROVIAL ALSO HAS A PORTFOLIO OF FIVE DYNAMIC TOLL ROADS (MANAGED LANES) IN THE USA. INNOVATION ALLOWS THE COMPANY TO MANAGE MORE EFFICIENT PROJECTS THAT FACILITATE URBAN MOBILITY, REDUCING EMISSIONS AND IMPROVING THE ENVIRONMENT. THE CONSTRUCTION AND SERVICES DIVISIONS OPERATE MAINLY IN SPAIN, THE UNITED KINGDOM, POLAND, THE USA AND AUSTRALIA.

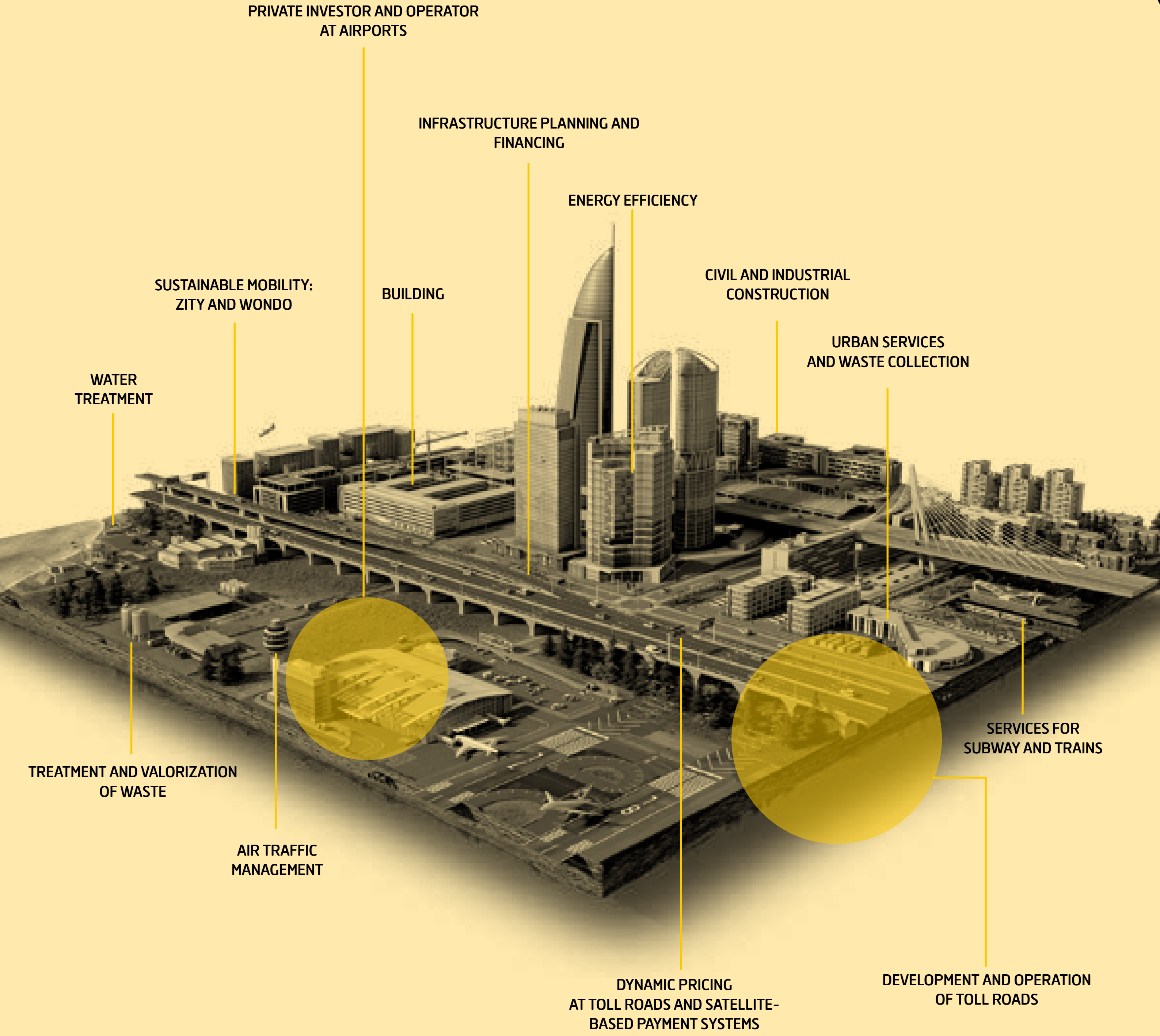

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PHOTO: Thames Tideway Tunnel, London (United Kingdom). ©JMBallester

LETTER FROM THE CHAIRMAN

Fellow shareholder,

In 2018 our major infrastructure assets continued to outperform market expectations. 407 ETR, Managed Lanes and Heathrow all grew in terms of traffic and profitability while simultaneously achieving high levels of client satisfaction. This strong performance has led to healthy dividends, with a total of €623 million received from the projects in our portfolio.

These are unique high performing assets. Ferrovial's strategy revolves around developing, building and managing this type of infrastructure. By moving ahead with the sale of our Services division we will be focusing our strategy on the infrastructure business, where we see opportunities for greater value creation.
The decision to sell Services implies a change in the way results are reported. We will continue to report all the businesses as usual under continuing operations while Services will be stated as discontinued operations. This means Services results are reported in two captions, net income from discontinued operations and fair value adjustment.

Net profit from continuing operations increased to €460 million, a growth of 8.6%. Revenues totaled €5,737 million, an increase of 11.3% in like-for-like terms, driven by construction work in the United States. This net result for the whole group has been impacted by the fair value provision of €774 million against our stake in Amey. This is a non-cash provision and reflects the uncertain outlook of the sector in the UK.

The total net cash balance, excluding infrastructure projects, amounted to €1,236 million and includes the net cash position of the Services division. Shareholder remuneration amounted to €520 million.
In terms of operating performance the main highlights for each division are:

- Toll Roads continued to witness growth in profits and traffic across the board.
- Heathrow hit record passenger numbers every month and also achieved high satisfaction scores. The UK Parliament approved the National Policy Statement enabling a new runway development. Regional airports grew profitability despite lower traffic.
- Construction posted tighter margins due to cost pressure, particularly in Poland.
- Services in Spain grew more than 3% in revenues and EBITDA while maintaining high margins, Australia's backlog increased at year end and Amey ex-Birmingham posted EBITDA margins of 2.8%
- The combined backlog of the latter two divisions is €30,376 million.

The world is experiencing unprecedented levels of technological disruption. From automation of industrial process through the emergence of Artificial Intelligence to the transformation of mobility habits. Infrastructure projects such as Highway 407 in Toronto, the Managed Lanes in Dallas-Fort Worth, and London Heathrow Airport — all of them leaders in profitability, quality of service and user satisfaction — are showing us the way forward. We are applying big data analysis to enhance performance levering on customer segmentation.

Recently inaugurated assets, such as NTE 35W, which applies the successful Managed Lanes approach, and others under development, such as the upgrade of Denver airport's Jeppesen Terminal or I-66 in Virginia, promise to follow the track of the existing projects in terms of positive economic and social impact.

The process to deliver Heathrow's expansion is advancing on schedule. The next few years will also bring opportunities for new concessions with which to strengthen our chosen path. We will pursue such opportunities keenly.

Delivering business success has to be based on the company's ethical values, a set of commitments that necessarily include sustainability. We at Ferrovial are proud to be included in the DJSI, FTSE4Good and CDP indexes, and have just recently been incorporated into the prestigious Vigeo index. Our support for the Global Compact and efforts to combat climate change are a reflection of our commitment to the Sustainable Development Goals (SDG), an intergenerational mission to preserve our planet. But no commitment would be meaningful if we did not give priority to caring for our own people, through ongoing efforts to reduce accident rates. We are proud of having achieved a 10% reduction in workplace accidents.

I am convinced that all of us, workers and shareholders, clients and suppliers, share a confidence in the opportunities that this new era will bring. I would like to thank you, therefore, for your support and trust. They are the foundations on which Ferrovial is built.

RAFAEL DEL PINO
Chairman

2'

LETTER FROM THE CHAIRMAN

1.1 FERROVIAL IN 2 MINUTES

1.2 STRATEGY AND VALUE CREATION

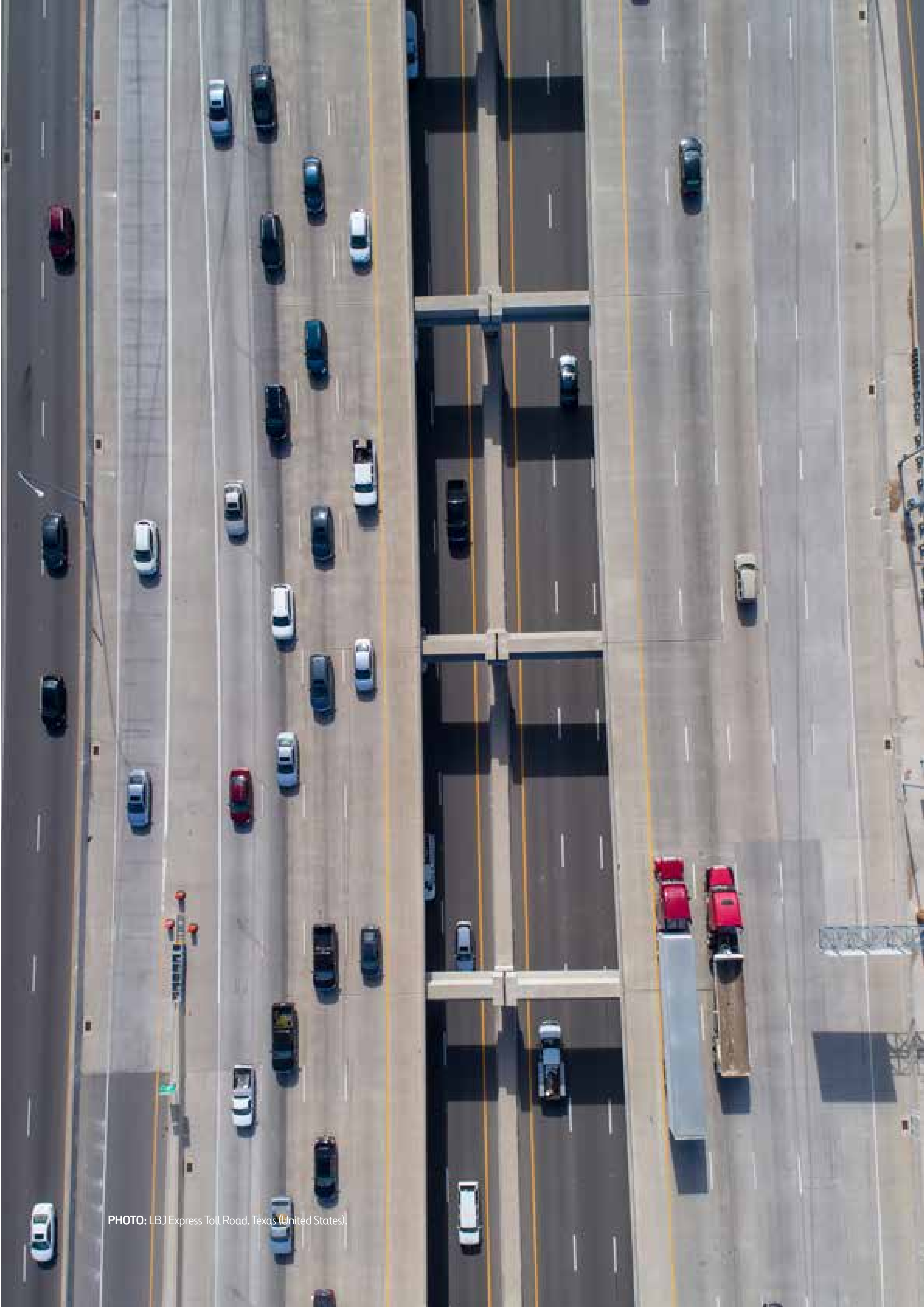


PHOTO: LBJ Express Toll Road. Texas (United States).

TRANSPORTATION INFRASTRUCTURE PROJECTS

FERROVIAL FOCUSES ITS BUSINESS ON TRANSPORTATION INFRASTRUCTURE PROJECTS, MAINLY IN THE UNITED STATES, WHERE MOST OF ITS INVESTMENTS ARE CHANNELLED

PROBLEM: URBAN CONGESTION

Population is growing in big metropolitan urban areas and congestion is building up, while economic prosperity is creating more employment. Likewise, citizens value their time more every day and they are ready to pay to avoid congestion

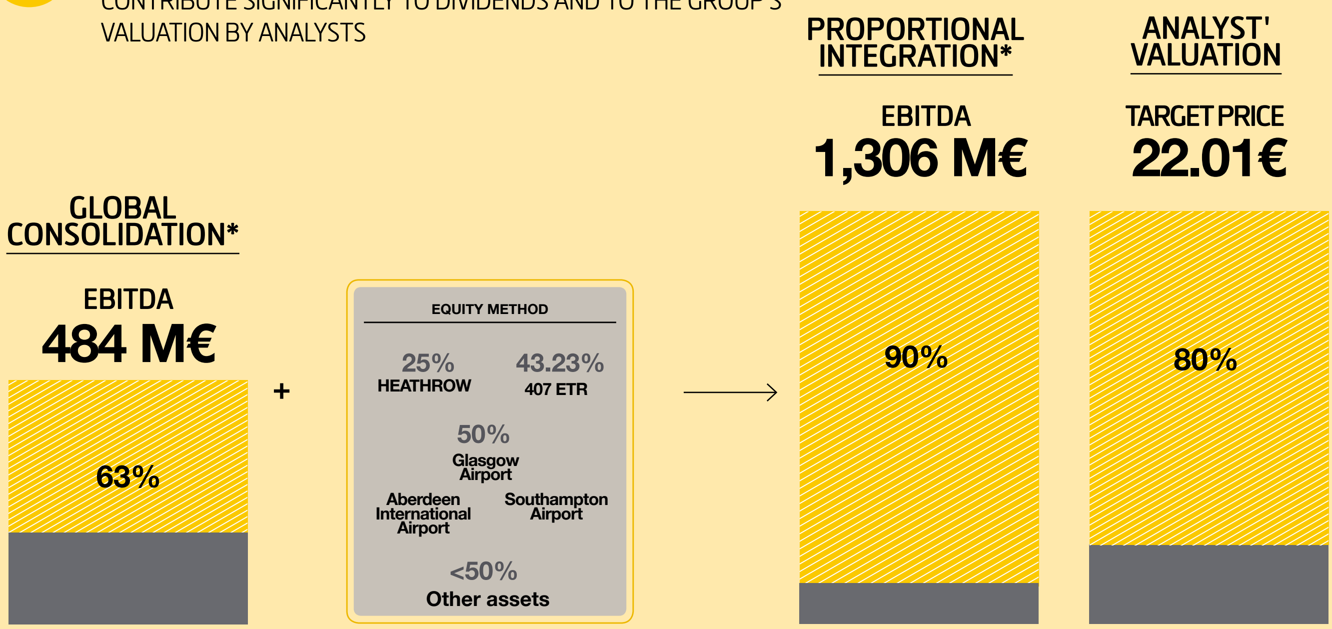
SOLUTION: MANAGED LANES

Ferrovial has developed its Managed Lanes model as a solution to urban congestion. They are highly complex concessions that operate under dynamic pricing systems that assume traffic risk. They have reported high levels of user satisfaction

486 M€
IN DIVIDENDS RECEIVED FROM INFRASTRUCTURE ASSETS

CONTRIBUTION BY MAIN ASSETS

FERROVIAL'S MAIN ASSETS CONSOLIDATE BY EQUITY METHOD, CONTRIBUTING NEITHER TO SALES NOR TO EBITDA, BUT THEY DO CONTRIBUTE SIGNIFICANTLY TO DIVIDENDS AND TO THE GROUP'S VALUATION BY ANALYSTS



* Data excluding Services, classified as discontinued activity.

INFRASTRUCTURES EX-INFRASTRUCTURES

A BUSINESS MODEL THAT CREATES VALUE

FERROVIAL SEEKS TO CREATE VALUE FOR SOCIETY AND ITS STAKEHOLDERS THROUGH A BUSINESS MODEL THAT RELIES ON A UNIQUE PORTFOLIO OF INFRASTRUCTURE ASSETS

INFRASTRUCTURES

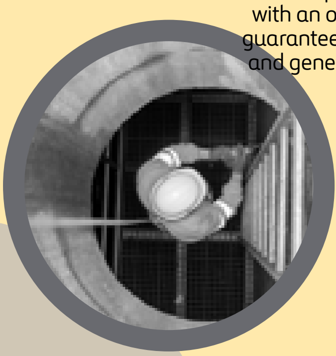
TOLL ROADS AND AIRPORTS

Capital intensive, positive exposure to inflation and GDP growth, long-life and capable of generating dividends

EX-INFRASTRUCTURES

CONSTRUCTION AND SERVICES

Not capital intensive, with an order book that guarantees ongoing work and generates cash flow



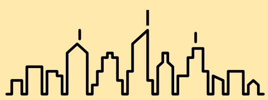
Profitable growth achieved through a unique portfolio of transportation infrastructures, all managed to ensure operational efficiency and financial discipline. Robust corporate values that champion innovation, sustainability and responsibility, all rooted in people

STAKEHOLDERS

Maximizing shareholder return and transparent communication

SHAREHOLDERS

520 M€
DIVIDENDS

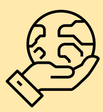


Solutions to urban congestion, offering efficient solutions, enhancing user mobility

CLIENTS/USERS

+80%
SATISFACTION MANAGED LANES

4.15
OUT OF 5 EXPERIENCE AT HEATHROW



Providing sustainable mobility solutions that seek out energy efficiency

SOCIETY

-54%
CO_2 EMISSIONS IN RELATIVE TERMS COMPARED TO 2009

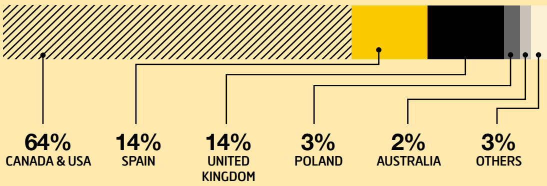
Diversity and training to guarantee employee engagement

EMPLOYEES

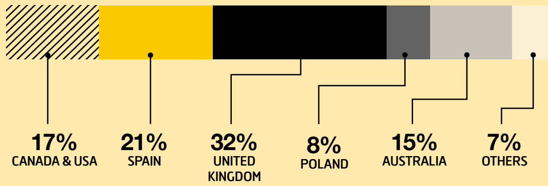
91%
COMMITMENT

MAIN MARKETS*

ANALYSTS' VALUATION



REVENUES

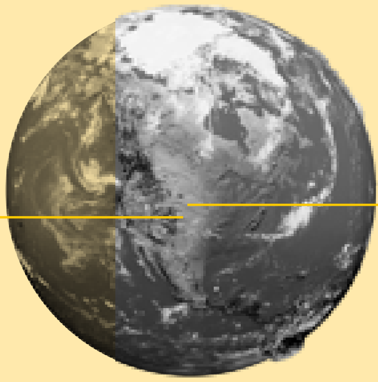


UNITED STATES

REVENUES: 1,717 M€
EBITDA: 102 M€
WORKFORCE: 4,490

CANADA

REVENUES: 502 M€
EBITDA: 341 M€
WORKFORCE: 378

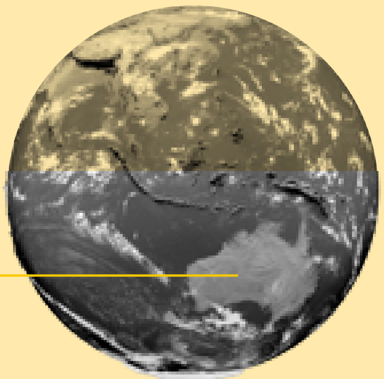


AUSTRALIA

REVENUES: 2,045 M€
EBITDA: 45 M€
WORKFORCE: 11,760

UNITED KINGDOM

REVENUES: 4,310 M€
EBITDA: 446 M€
WORKFORCE: 16,356

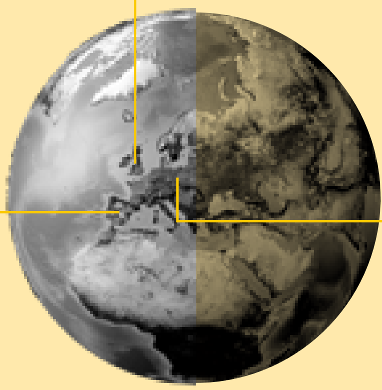


SPAIN

REVENUES: 2,830 M€
EBITDA: 367 M€
WORKFORCE: 42,045

POLAND

REVENUES: 1,060 M€
EBITDA: 74 M€
WORKFORCE: 6,734



* Data by proportional integration method including Services' data (discontinued activity).

BALANCE SHEET[1]

EX-INFRASTRUCTURE

CONSTRUCTION

CORPORATION

NET CASH
1,236 M€

INFRASTRUCTURE PROJECTS
(non-recourse debt)

TOLL ROADS

NET DEBT
4,885 M€

CONSOLIDATED
NET DEBT **3,649 M€**

PRINCIPAL INFRASTRUCTURE PROJECTS BY EQUITY METHOD

407 ETR

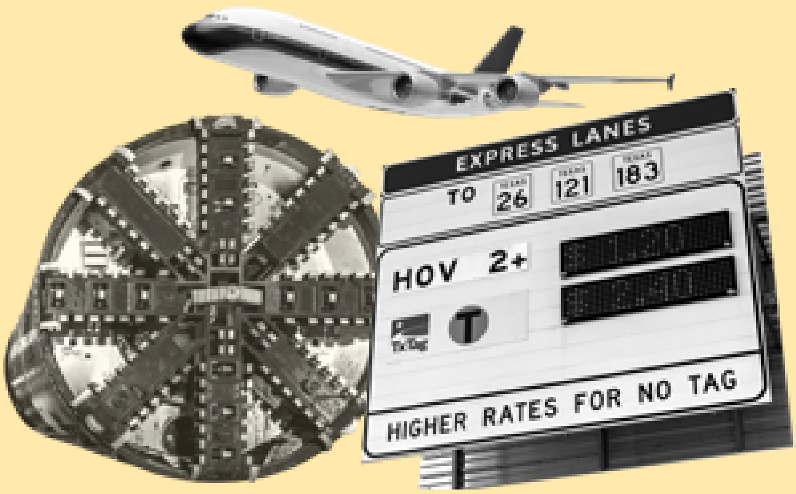
HEATHROW

Glasgow Airport

Southampton Airport

Aberdeen International Airport

OPERATING CASH FLOW[1][2] (EX-INFRASTRUCTURE)



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OPERATING CASH FLOW (CONTRACTING)		OPERATING CASH FLOW (EX-INFRASTRUCTURE)		PROJECTS DIVIDENDS (TOLL ROADS AND AIRPORTS)
176 M€	→	**572 M€**	←	**486 M€**

(1) Includes Services.
(2) Before taxes.

KEY FIGURES

FREQUENCY RATE*

-10.3%
COMPARED TO 2017

-47.9%
COMPARED TO 2014

*Year-on-year change in the ratio showing the number of accidents to have occurred during working hours and leading to medical leave, for every million hours worked (excluding contractors)

CO_2 EMISSIONS

SCOPE 1&2 tCO_2 eq/M€

-54%
IN RELATIVE TERMS COMPARED TO 2009

WORKFORCE AT YEAR END

● 2017 ● 2018

95,978
92,113

TOTAL TAXES (M€)*

2,127

* incurred, paid and collected in 2018 (cash basis)

BENEFICIARIES OF COMMUNITY PROJECTS

213,713

REVENUES* (M€)

● 2017 ● 2018

5,152
5,737

+11.3%
COMPARED TO 2017

CAPITALIZATION (M€)

13,067

-5.7%
COMPARED TO 2017

NET CASH (M€)

1,236
EX-INFRASTRUCTURE
INCLUDING SERVICES NET CASH (261M€)

* Data excluding Services, classified as discontinued activity.

OPERATING CASH FLOW[1] (M€)

(BEFORE TAXES)

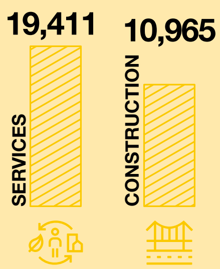
572
EX-INFRASTRUCTURE

-42.8%

ORDER BOOK [1] (M€)

30,376
EX-INFRASTRUCTURE

-0.3%
COMPARED TO 2017



VIDEO:2018 RESULTS
A brief of 2018 Ferrovial's results

(1) Includes Services.

FERROVIAL ON THE STOCK MARKET

CAPITALIZATION (M€)

13,067

TOTAL SHAREHOLDER RETURN (TSR)*

-2.5%

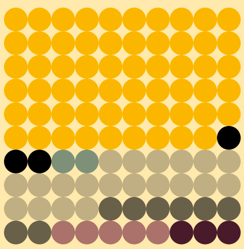
2018

CREDIT RATING

BBB

S&P AND FITCH

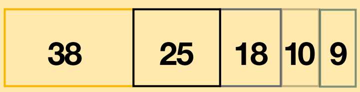
SHAREHOLDER STRUCTURE



FLOATING CAPITAL 59%
BLACKROCK 3% FIDELITY 2%
RIJN CAPITAL BV 20% MENOSMARES S.L.U. 8% SIEMPRELARA S.L.U. 5%
SOZIANCOR S.L.U. 3%

SOURCE: CNMV (December 31, 2018)

INSTITUTIONAL INVESTORS (%)

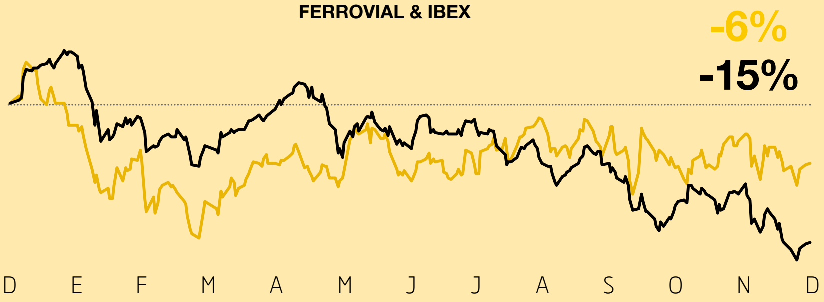


NORTH AMERICA EUROPE (EX. SPAIN)
UNITED KINGDOM AND IRELAND SPAIN
REST OF THE WORLD

SOURCE: Ipreo (September 2018)

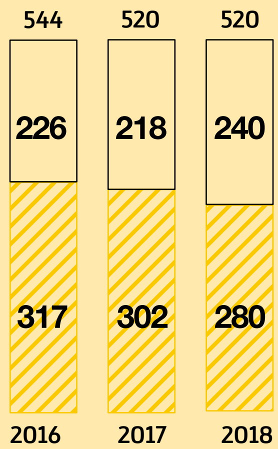
SHARE PRICE EVOLUTION

FERROVIAL & IBEX



FERROVIAL IBEX35

SHAREHOLDER REMUNERATION (M€)



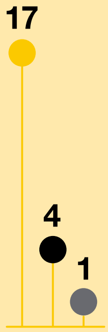
SHARE BUYBACKS
DIVIDEND

HISTORICAL SHARE DATA

	2018	2017	2016
CLOSING PRICE (€)	17.7	18.9	17.0
MAX. (€)	19.8	20.8	20.7
MIN. (€)	16.2	16.8	16.0
VWAP (€)	17.9	18.6	18.2
AVERAGE DAILY CASH (M€)	27.4	33.1	57.9
AVERAGE DAILY VOLUME (M SH)	1.5	1.8	3.2
NUMBER OF SHARES (M SH)	738.5	732.3	732.5
CAPITALIZATION (M€)	13,067	13,858	12,450

ANALYSTS' RECOMMENDATION

22 analysts covered Ferrovial at December 31. In 2018, BNP, City Group, Cheuvreux, Macquarie and Intermoney received coverage.



22.01 €

TARGET PRICE

BUY
HOLD
SELL

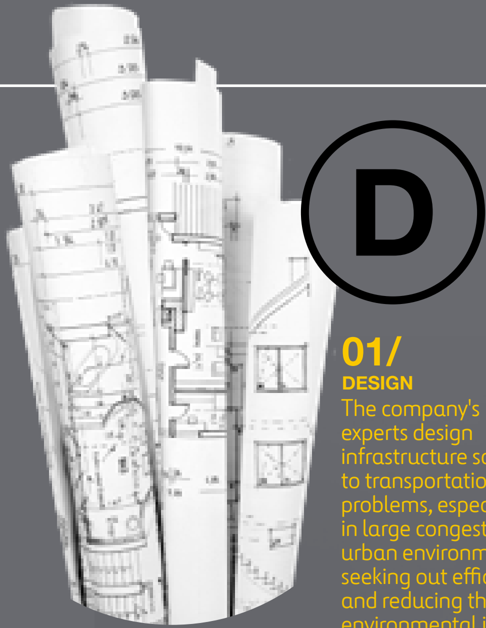
CONTACT WITH THE MARKET

In 2018, the Investor and Shareholder Relations department held a total of 297 meetings, 9 roadshows and 7 seminars with over 480 investors

* **Total Shareholder Return (TSR):** total increase/decrease in the share price during the period, plus other payments such as where the company purchases the share subscription rights delivered to shareholders.

FERROVIAL, THE COMPLETE INFRASTRUCTURE CYCLE

FERROVIAL RANKS AMONG THE WORLD'S LARGEST TRANSPORTATION INFRASTRUCTURE OPERATORS AND MANAGERS OF URBAN SERVICES. IT TAKES PART ACROSS THE ENTIRE PROJECT LIFE CYCLE BY UNLOCKING SYNERGIES BETWEEN ITS BUSINESSES. INNOVATION ALLOWS IT TO DEVELOP MORE EFFICIENT PROJECTS THAT ENHANCE URBAN MOBILITY, REDUCE EMISSIONS AND CUSHION THE ENVIRONMENTAL IMPACT



01/
DESIGN
The company's experts design infrastructure solutions to transportation problems, especially in large congested urban environments, by seeking out efficiency and reducing the environmental impact

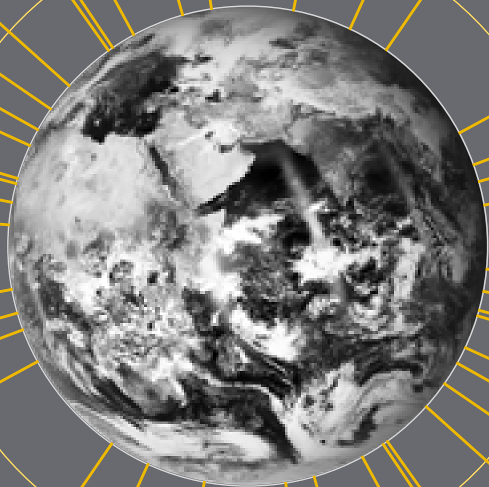
02/
CONSTRUCTION
Ferrovial Agroman has extensive experience in the design and construction of complex engineering projects at airports and in the road and railroad sectors in some of the world's most demanding countries

03/
FUNDING
Ferrovial secures efficient financing through the markets in response to project needs. It is adept at arranging funding across a wide range of financial markets and environments

04/
OPERATION
Both Cintra and Ferrovial Airports have shown their prowess at offering top quality service along with the highest standards of safety and security, with both the client and the end user in mind

05/
MAINTENANCE
A key priority is to maximize the value of the infrastructure asset for both the investor and the operator or user. Cintra, Ferrovial Airports and Ferrovial Services have proven their worth by offering large returns to shareholders and society

FERROVIAL WITH THE SDG



06/
POTABLE WATER AND SANITATION PROJECTS

TREATED WATER

500
million m³

WATER AND SANITATION

+ 200,000
beneficiaries in Africa and Latin America

FERROVIAL IS A MEMBER OF THE PRIVATE SECTOR ADVISORY GROUP OF THE UN SDG (SUSTAINABLE DEVELOPMENT GOALS) FUND. THE COMPANY FOCUSES ON GOALS 6, 9 AND 11, BUT WITHOUT IGNORING THE OTHERS. SUSTAINABILITY AND RESPONSIBILITY ARE KEY TO ITS BUSINESS, WHICH ADHERES TO THE WORLD'S MOST STRINGENT SUSTAINABILITY INDEXES

09/
INNOVATION AND INFRASTRUCTURE

24
CONCESSIONS
1,468 km

INVESTMENT UNDER MANAGEMENT

+18,400 M€

INNOVATION

+48 M€
invested

MANAGED LANES
mobility solution

11/
CITIES AND SUSTAINABLE COMMUNITIES

180
CITIES
Services managed by Ferrovial

ZITY
emission-free electric carsharing

AIRPORT PASSENGERS

95
MILLION

01/ SAFE

Ferrovial develops a Zero Accidents policy towards workplace accidents by creating safe working environments and providing employees with well-being programs and initiatives

02/ DIVERSE

Committed to diversity and inclusion within its workforces, with over 100 different nationalities represented

03/ ETHICAL

Integrity, honesty, legal compliance, transparency and zero tolerance to all forms of corruption are the values that inspire Ferrovial

04/ SUSTAINABLE

Climate change and the reduction of environmental impact are the commitment to take care of the planet. Its reduction objectives are based on Science Based Targets

05/ COMMITTED

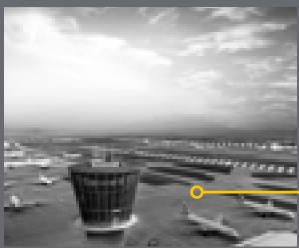
Ferrovial is involved in community projects to provide water systems and aid with social inclusion, integration of indigenous people, culture, education and sport

DJSI: featured on the world index for 17 years and leading company in Europe
FTSE4Good: on the index for 15 years
VIGEO: joined in 2018
MSCI: AAA score
CDP Carbon: leader in environmental protection
STOXX: 4 years

2018 MILESTONES

VIDEO:2018 HIGHLIGHTS
Short overview of the year at Ferrovial

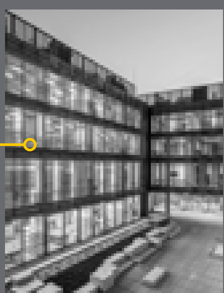
JANUARY - FEBRUARY - MARCH



- Heathrow, named World's Best Airport for Security by International Airport Review
- Contract with the Australian Department of Defence raised to 300 M€ through to 2021
- Contract for Shell-QGC in Queensland
- Opening of phase 2 of the *407 East Extension*
- Awarded the first contract for water facilities in Australia
- Opening of a waste treatment plant in North Yorkshire

APRIL - MAY - JUNE

- Heathrow T2 named world's best terminal, and T5 named world's fourth best terminal at the World Airport Awards organized by Skytrax
- Budimex, named best constructor of the year by Top Builder
- Sara Collado, from Ferrovial Agroman Chile, named best civil engineer at the European Women in Construction & Engineering Awards
- Contract awarded to expand the SH 146 (Houston) and IH-10 (San Antonio) roads in Texas for a total of 262 M€
- Rafael del Pino handed the Best Business Career Award by La Razón



JULY - AUGUST - SEPTEMBER

- Awarded a 321 M€ contract to expand Ruta 25, to build a bypass and to construct a building for the University of Chile
- Opening of the extension to the North Tarrant Express toll road in Texas two months ahead of schedule
- Signing of a new liquidity line of 900 M€ that includes sustainability criteria
- Award of a new power transmission line spanning 250 kilometers in Chile, with the investment to reach 125 M$
- Construction of two roads in Poland for a total of 155 M€
- DJSI includes Ferrovial on its global index, while MSCI renews the company's AAA rating
- Rafael del Pino, granted the Conde de Campomanes award for economics
- Awarded the IH-10 in Houston, the FM-156 in Fort Worth and the IH-35 in Austin, for a total of 308 M€
- Bruno Di Leo, new Independent Director at Ferrovial

OCTOBER - NOVEMBER - DECEMBER

- Launch of urban mobility platform WONDO
- Ferrovial and Enagás team up on biogas projects
- Contract worth 366 M€ to maintain the road network between Manchester and Liverpool
- Funding secured for the Ruta del Cacao in Colombia, involving a total investment of 580 M€
- Award of a new contract worth 57 M€ a year to maintain the facilities of the Parklea Center in Australia
- Rafael del Pino receives the 2018 Business Leader Award from La Información
- Vigeo includes Ferrovial on its sustainability indexes
- Sale of the stake in two Greek toll roads for 85 M€
- Ferrovial is awarded a contract worth 297 M€ to expand the IH 35 in Texas

PHOTO: medical emergency transportation. Madrid (Spain).

1.1 FERROVIAL IN 2 MINUTES

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1.2 STRATEGY AND VALUE CREATION

Global Vision
Infographic: The new mobility map

Toll Roads
Infographic: Managed Lanes Benefits

Airports

Construction
Infographic: London Underground

Services

1.3 FERROVIAL IN 2018

Infrastructures and mobility

THE COMPANY HAS INFRASTRUCTURE ASSETS THAT HAVE ALLOWED DIFFERENTIAL INDUSTRIAL KNOWLEDGE IN THE MANAGEMENT OF URBAN CONGESTION.

Investment in infrastructure remains a key driver for economic development. It is estimated that global investment needs will reach 3.7 trillion dollars a year through 2035 (Bridging Global Infrastructure Gaps. McKinsey Global Institute, 2017), of which a significant portion will be spent in priority markets for Ferrovial.

The company has infrastructure assets that have allowed differential knowledge in the management of urban congestion. This competitive advantage relates mainly to toll roads with dynamic pricing schemes where users are willing to pay different tariffs depending on the level of congestion. In 2018, infrastructure assets accounted for 80% of Ferrovial's value and generated cash to provide 486 million euros in dividends.

The company has decided to classify the Services business as a discontinued activity, once the strategic review process initiated in October has been completed, with the aim of focusing on the development of its infrastructure business.

Ferrovial focused on the services business as a valuable cash generator and to develop new capabilities in business activities related to infrastructure. Future investments will focus on infrastructure assets given current rates of return, size of existing opportunities, mainly in developed markets defined as priority for Ferrovial, the industrial knowledge acquired to date and the current cash generation from the company's assets.

The construction business is currently facing significant challenges that impact business margins such as cost inflation or the trend towards contracts that present an unbalanced transfer of risks. The group's Construction division, where sales are reaching ten-year highs, saw lower operating margins in 2018 and this situation is not expected to recover in the near future. Looking ahead, the business will be focused on technically complex projects that allow for greater profitability through design and the order book will be preferably linked to infrastructure projects (toll roads and airports), mainly in priority countries for the group.

BACKGROUND

Climate change, energy transition, concentration in cities, changes in mobility and technological advances are all transforming the way infrastructure is built and operated. Key considerations include:

- The global migration towards a low-emission economy is channeling investment and financing towards businesses that help meet the climate change goals set out in the Paris Agreement. These commitments are generating new opportunities for sustainable infrastructure, mobility and energy efficiency, among others.
- Population growth and urbanization are increasing congestion within cities, demanding new solutions and infrastructure. Governments face the need for significant investments limited by existing levels of indebtedness.
- Technology developments and digitalization improves infrastructure efficiency and productivity. Advances made in technologies such as IoT, drones, 3D printing, augmented reality and smart grids among others, is impacting the development of future infrastructure and its interaction with the end user.
- Autonomous driving, connected infrastructure, vehicle sharing and electrification will impact not

THE NEW MOBILITY MAP

THROUGHOUT HISTORY ALL THE ADVANCES IN TRANSPORT HAVE TRANSFORMED CITIES, WORK AND SOCIETY IN GENERAL. CURRENTLY WE ARE FACING ONE OF THESE MAJOR DISRUPTIONS, WHICH IS ALSO OCCURRING AT A SPEED NEVER SEEN BEFORE. FERROVIAL WANTS TO BE PRESENT IN THE MOBILITY OF THE FUTURE, SO IT FOCUSES ITS INNOVATION TO BE A LEADER IN THIS NEW ERA.

only transportation infrastructure but also mobility services, opening up new business opportunities .

In this context, the main challenges facing the company will be:

- More competition: the growth in available private funding and the need to invest in the midterm, increase the interest in infrastructure investment, particularly in regions with better growth prospects and more appealing investment conditions.
- Commercial, political and social tensions: global economic growth is currently challenged by protectionist policies, geopolitical conflicts and populist sentiment, which present new risks for economic development.
- Active and efficient management: regulation and legal security are key factors when investing and require exhaustive risk control from the contracting phase to the execution of the project.
- Long term sustainable infrastructure: technological progress is making it increasingly necessary for infrastructure planning to become more flexible to future scenarios.

FERROVIAL IS COMMITTED TO A SUSTAINABLE GROWTH, OPERATING REGULARLY IN COUNTRIES THAT HAVE EMISSION REDUCTION COMMITMENTS AND INFRASTRUCTURE ADAPTATION PLANS, OFFERING THEM INNOVATIVE SOLUTIONS

GLOBAL VISION

Ferrovial's vision is to improve the future through the development and operation of sustainable infrastructure and cities, with a commitment to maintaining the highest levels of safety, operational excellence and innovation, creating value for society and for clients , investors and employees.

Ferrovial's strategy rests on three key priorities:

- Profitable growth: Ferrovial will prioritize its growth on complex infrastructure projects (mainly toll roads and airports). Opportunities are also being explored in other sectors that present significant investment needs, such as energy (power transmission lines).
  Geographically, the company has three priority markets, United States, Canada and Australia, and selectively evaluates development in other regions, including Europe (Spain, United Kingdom and Poland) and Latin America (Chile, Colombia and Peru).
- Operational excellence: by focusing on recurring cash flow generation, the company is developing value-added solutions to improve the experience of infrastructure users and the profitability of projects. It aims to unlock synergies between the group's divisions through projects that are complex in terms of both construction and concession. The company is also committed to improving the safety of users, its infrastructures and its own employees.
- Innovation: as the main driver of operational excellence, it generates sustainable competitive advantages for more efficient and profitable operations and also supports the development of new businesses. The company focuses on key transversal areas such as data-based management, mobility, automation and sustainability.

The mentioned strategic priorities are based on three main pillars:

- People: with a focus on talent, commitment and culture. In this context, developing the skills of its human resources is essential to face challenges such as internationalization, continuous innovation and digital transformation.
- Financial discipline: the basis of Ferrovial's activities, comprising of:
  - Exhaustive cost control and cash generation across all stages of each project.
  - Asset rotation to unlock the value of investments and to fund future growth.
  - Maintaining an investment grade credit rating at the corporate level
  - Transparency with investors, shareholders, rating agencies and bondholders enabling continued access to the financial markets in optimal cost and term conditions.
- Sustainability: Ferrovial is committed to sustainable growth operating in countries that have ratified the Paris Agreement and have embraced emission reduction targets and plans to adapt their infrastructure. Internally, the company has set itself emission reduction targets for 2030, as validated by the Science Based Target initiative (SBTi), which promotes the use of renewable energies ahead of fossil fuels. Notably, the company has presence in the FTSE4Good and Dow Jones Sustainability Index for 15 and 17 years, respectively.

Alternatives to urban congestion

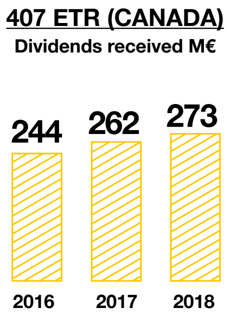
CINTRA CONTRIBUTES TO REDUCE THE EXISTING INVESTMENT DEFICIT IN INFRASTRUCTURES, MAINLY IN URBAN AREAS THAT ARE INCREASINGLY CONGESTIONED, THROUGH 100% PRIVATE FUNDING CONCESSIONAL MODELS, CONTRIBUTING TO MINIMIZE THE NEED FOR PUBLIC FUNDS.

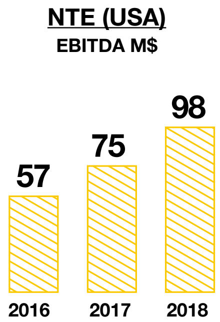
Cintra operates in markets with predictable institutional and regulatory frameworks, bright economic prospects (North America, Australia and Europe) and high demand for transportation infrastructure, especially the type designed to overcome traffic congestion problems in urban areas (complex greenfield concessions), as well as dynamic tolling systems. More than 50 years of experience, together with Ferrovial Agroman synergies, make Cintra a company with strong potential to create value and afford it considerable competitive advantages

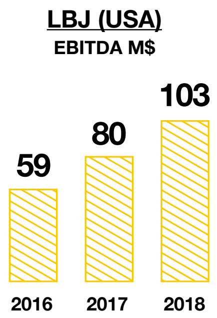
MAIN ASSETS

Cintra owns 43.23% of the 407 ETR toll road in Toronto (Canada) and 62.97% and 54.6% of the NTE and LBJ Managed Lanes in Texas (USA), respectively. The NTE35 West roll road, also located in Texas, was fully opened to traffic in 2018 (53.67% Cintra). Meanwhile, the I-77 (50.10% Cintra) in North Carolina and the I-66 (50% Cintra) in Virginia are currently under construction.

In the company's Managed Lanes, tolls are dynamic, meaning they can be adjusted every five minutes to respond to existing levels of congestion while always ensuring a minimum speed for drivers. These assets, with free-flow toll systems (no barriers), have a long life and are hugely flexible when it comes to setting tariffs, making Cintra a leader in the private development of highly complex transportation infrastructure.







VALUE CREATION

High-complexity greenfield projects

Cintra focuses on complex greenfield projects due to their excellent potential for value creation. The increased risk associated with these assets (construction, funding, operation and traffic) commands higher initial rates of return (IRR). Value creation comes into play because the discount rate on future cash flows drops steadily as project-related risks either disappear (construction) or gradually decline (traffic/funding) as the concession moves forward. An example of this risk reduction has been the financial closure of Ruta del Cacao, in Colombia, which will allow an external funding of EUR465 million, in the long term, without recourse and in local currency, to finance an investment of EUR580 million, through a syndicated loan in which six national and international entities have participated. This value creation can be increased further thanks to efficient management, innovation and synergies with other toll roads.

Cintra relies on Big Data techniques to better understand congestion problems and driver behavior, with a dual objective:

- Improving reliability and reducing the time needed to estimate traffic and revenue. By analyzing anonymous data from mobile telephones (localizations and travel times) and by reading Bluetooth and Wi-Fi devices, the company is able to make swifter and more effective forecasts.
- Increasing efficiency when managing projects. Data analysis enables the company to broaden its range of services, while improving project accessibility and connectivity and generating additional revenue based on the user's willingness to pay floating tolls that respond to existing levels of congestion.

Rotation of mature assets

After reducing risks, further value is created by selling mature projects and using the proceeds to invest in new assets with more potential for value creation. A prime example of this strategy was the deal completed in 2018 with GEK Terna —Cintra's partner in Greek concessions— whereby the company transferred its entire stake in those concessions to its Greek partner in exchange for EUR85 million.

Socially responsible infrastructures

Because they are highly complex, innovative and efficient, the projects developed by Cintra offer sustainable solutions that improve congestion in large cities, reduce pollution and the number of accidents, raise user satisfaction and ultimately improve people's quality of life.

In Dallas, Texas (USA), Cintra operates the first carbon neutral toll road (NTE). A comparison of scenarios from before (existing road) and after the development (existing road plus NTE) reveals that the new scenario has led to no increase in emissions along the corridor.

User: excellence in service

Customer satisfaction is a key priority for Cintra. In 2018, customer service for the 407 ETR issued over 21 million invoices and managed 3.2 million customer requests, yielding satisfaction levels of over 85%. This earned the company the World Class Center award from SQM (Service, Quality, Measurement) for the fifth straight year. Meanwhile, toll road users have recently ranked the 407 ETR third in terms of value for money, behind only fast food restaurants and public transport.

Employees: supporting merit

Cintra offers opportunities for the professional development of all its employees, promoting internal mobility and ensuring that merit is the determining factor in their professional career. During 2018, 24% of employees have had the opportunity to change their position or location, and one in four people hold jobs in an international assignment.

NORTH AMERICA

91%

Cintra valuation

VIDEO: 20 YEARS OF 407 ETR

CONCESSIONS

24

Assets in 9 countries

KILOMETERS

1,468

DIVIDENDS (M€)

296

52% of total flow (Ex-infrastructure)

INVESTMENT MANAGED (M€)

18,472

94% international

RESEARCH ON MOBILITY

Cintra is collaborating on various research projects with the Massachusetts Institute of Technology (MIT), with the Center for Transportation Research of the University of Texas at Austin and with the Polytechnic University of Madrid to explore and anticipate the impacts on mobility and congestion of current trends and the collaborative economy (carpooling and shared travel, mobility as a service, e-commerce, etc.), new technologies (autonomous and connected cars) and changes in social behaviors. The ultimate aim of these projects is to predict and anticipate their likely impact on the existing and future order book and to unlock the value of these projects.

MANAGED LANES OPENING: 35W IN FORT WORTH (TEXAS)

In July 2018, Cintra opened the last section of the NTE 35W toll road, concluding the contract works signed with TxDOT in 2013. After the opening of this last segment, not only the traffic has been placed above the original expectations of this project, but also has significantly increased traffic on the NTE toll road, thanks to the connection between these toll roads. With this opening, the role played by the Managed Lanes in improving the mobility of the area becomes clear, not only for the users of these, but also for those who decide to use the toll-free lanes.

MANAGED LANES (MLs): BENEFITS FOR GOVERNMENTS AND USERS

DALLAS-FORT WORTH (TEXAS) IS ONE THE BUSIEST AND FASTEST GROWING AREAS IN THE UNITED STATES. TO HELP ADDRESS INCREASING TRAFFIC CONGESTION, FERROVIAL, THROUGH CINTRA, PARTNERED WITH THE TxDOT ON THREE MANAGED LANES (MLS) PROJECTS WITH DYNAMIC PRICING. THIS SUSTAINABLE TRAFFIC MANAGEMENT SOLUTION HAS INCREASED MOBILITY, ENHANCED USER EXPERIENCE AND IMPROVED TRAFFIC CONDITIONS ALONG THE CORRIDORS.

BENEFITS FOR GOVERNMENTS

- Leverage limited tax dollars to get needed projects delivered
- Shift risks from taxpayers to investors
- Accelerate project delivery
- Life-cycle cost saving and price certainty
- Gain access to advanced technology and design innovations

BENEFITS FOR USERS

- Decrease traffic congestion
- Reliable trip times
- Innovative design solutions to improve connectivity and enhance user experience
- More travel choices

RESULTS ACHIEVED

Managed Lanes developed by 5,100 million euros, by leveraging few more than 900 million euros of public funds. Over 10 million distinct vehicles have used LBJ, NTE, and NTE 35W Managed Lanes to date. Approximately, 80% of TEXpress lane users view their experience positively

DISTANCE
21.4 km
INVESTMENT
1,741 M€
CONCESSION
52 years
AVERAGE DAILY TRAFFIC
200,000 vehicles

DISTANCE
27.4 km
INVESTMENT
2,157 M€
CONCESSION
52 years
AVERAGE DAILY TRAFFIC
270,000 vehicles

DISTANCE
16.4 km
INVESTMENT
1,176 M€
CONCESSION
52 years
AVERAGE DAILY TRAFFIC
132,000 vehicles

PHOTO: 407 ETR Toll Road. Toronto (Canada).

Heathrow: getting ready for take-off

FERROVIAL AIRPORTS, ONE OF THE WORLD'S LARGEST PRIVATE INVESTORS AND OPERATORS AIRPORTS, HAS A PORTFOLIO COMPRISING FOUR ASSETS IN THE UNITED KINGDOM (HEATHROW AND AGS - ABERDEEN, GLASGOW AND SOUTHAMPTON). IN THE US, IT HAS A CONCESSION CONTRACT FOR THE REMODELING AND COMMERCIAL EXPLOTATION OF THE MAIN TERMINAL OF THE DENVER AIRPORT.

In 2018, the British Parliament passed plans to build a third runway at Heathrow Airport. The devaluation of the pound caused by Brexit has caused inflation to rise, thus raising the value of the regulated asset base (RAB) and pushing up commercial costs. However, this lingering uncertainty has had no significant impact in terms of traffic.

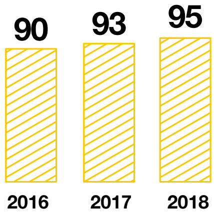
At Heathrow and AGS, the company has drawn up contingency plans to mitigate the possible impact of Brexit on airport operations. Meanwhile, the EU will allow UK airlines to fly through Europe provided there is a similar assurance for European companies. The British Government is working towards new air service agreements with 17 countries currently covered by the general EU-wide agreement. Notably, this includes the agreement already reached with the United States. This, combined with the bilateral agreements already in effect with a further 111 destinations, will guarantee that most airport traffic involving the company is not affected by the eventual outcome of the negotiations on the transition deal.

Ferrovial Airports has opened a bidding office in the United States since it is a growing strategic market for Ferrovial and the division.

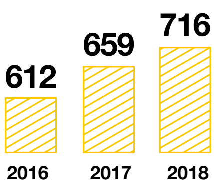
MAIN ASSETS

Ferrovial Airports is the main shareholder of Heathrow Airport (25%) and owns a 50% stake in AGS.

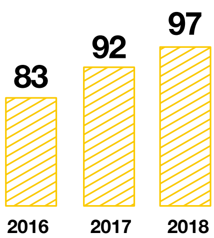
TRAFFICS HEATHROW AND AGS (MILL/PAX)



HEATHROW RETAIL REVENUES (M£)



AGS EBITDA (M£)



EXPANSION OF HEATHROW

Heathrow has made significant progress in expanding the airport after receiving a majority go-ahead from the British Parliament in June 2018. Heathrow has already ensured that its master plan reflects the feedback obtained from the first public consultation process carried out in early 2018 and the airport aims to conduct two further consultations in 2019. Based on all this feedback, it will draw up a final plan and apply for permission to proceed from the Planning Inspectorate in 2020, whereupon it will have to wait a further 18 months for the final approval of the project. The third runway is expected to be opened sometime in 2026.

VALUE CREATION

Integrated approach to bidding and asset management

- Generating synergies between the different businesses of Ferrovial for airport construction, remodeling and expansion.
- Airport transformation and enhancing quality of service, with total investment exceeding GBP11,500 million since 2007.
- Implementing sustainable and innovative solutions to ensure responsible growth.

Operational excellence

Improving the user experience and maximizing the return for shareholders are key objectives in managing the assets of Ferrovial Airports. To accomplish them, the aim is to increase operating efficiency and develop commercial initiatives to increase revenue. By streamlining its financial structure, the company will be able to increase its dividend pay-out and undertake the investments needed to improve levels of service, safety and security at airports.

Innovation

Ferrovial Airports develops modern, secure and efficient infrastructure designed to provide the best passenger experience. The main innovation projects carried out in 2018 include:

- Biometric recognition: pilot project that relies on biometric recognition systems to speed up the transit of passengers throughout their journey through the airport.
- Artificial intelligence: analyzing and predicting consumer habits and passenger traffic patterns through Big Data.
- Digital Passenger Experience: digital transformation program to enhance passenger satisfaction and improve infrastructure operation.

The environment

Investing in sustainability is key to successful airport management. The fact that the United Kingdom, Ferrovial Airports' main market, has ratified the Paris Agreement and assumed emission reduction commitments is particularly relevant. Heathrow has also signed the Science Based Target initiative (SBTi), thus bringing airport objectives in line with the SBTi's. Heathrow intends to take part in an emissions offsetting project by recovering peat swamps as part of its commitment to becoming carbon neutral by 2020 and achieving zero emissions by 2050. It should be noted that Terminal 2 at Heathrow is one of the world's largest terminals to run exclusively on renewable energies.

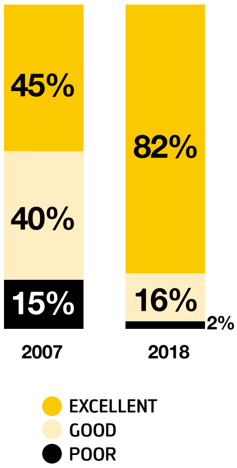
Society: community engagement

Ferrovial Airports is firmly committed to the sustainable growth of the communities in which it operates. The "Heathrow 2.0" plan contains numerous social commitments:

- At least halving the number of flights running from 23:30 onward by 2022.
- Significantly reducing airfield emissions by 2025.
- Optimizing inbound airport traffic by ensuring that at least 50% of passengers arrive on sustainable forms of public transport.

VIDEO: FERROVIAL AIRPORTS
Making good airports great

HEATHROW EXPERIENCE*



ACI (Airports Council International) satisfaction survey.

Passengers: user experience

Quality of service and continuous improvement of operations are key concerns for Ferrovial Airports. The results can be seen at Heathrow, where 82% of passengers rated their experience at the airport as "Very good" or "Excellent", according to the independent passenger satisfaction survey drawn up by ACI (Airports Council International).

GREAT HALL (DENVER): THE REMODELING CONTINUES

An opening event was held in July 2018 to mark the start of the construction phase of the Great Hall project. The 34-year contract is headed by Ferrovial Airports and will involve the remodeling and subsequent commercial operation of the main terminal at Denver International Airport.
A process is now under way to select the first concessionaires who will be able to open their stores and commercial establishments at the terminal.

Complex projects

FERROVIAL AGROMAN IS THE BUSINESS UNIT ENGAGED IN CIVIL ENGINEERING, BUILDING AND INDUSTRIAL CONSTRUCTION ACTIVITIES. IT HAS EARNED INTERNATIONAL RENOWN FOR ITS UNRIVALLED DESIGN AND CONSTRUCTION OF EXCEPTIONAL PROJECTS, MAINLY IN THE REALM OF LARGE-SCALE TRANSPORTATION INFRASTRUCTURE.

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, in which it has a project pipeline exceeding EUR150,000 million.

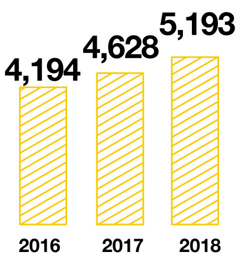
In the United States and Canada, local states and provinces are continuing to step up their investment with the support of the federal government. Highlights here include the privately-funded P3 and DBF projects, where Ferrovial has extensive experience. In 2018, bidding on road infrastructure in the state of Texas reached an all-time high.

The outlook in Poland continues to look promising, thanks to the country's long-term investment plans in road and rail through to 2025 and 2026, although returns will be affected in the short to mid term by rising prices for raw materials. In the long term, negotiations on European Funds for 2021-27 will provide added stability.

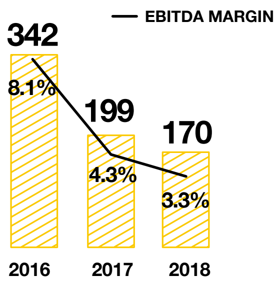
In Spain, the uncertain political environment has slowed the expected recovery, with a moderate increase in bidding compared to previous years led by private construction and ADIF's rail projects.

In recent years, the construction sector has been affected at a national and international level by particularly low profit margins due to excessively aggressive commercial strategies, imbalances in risk transfer with customers and cost inflation processes.

REVENUES (M€)

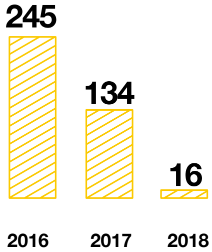


EBITDA (M€)



OPERATING CASH FLOW (M€)

before taxes



This competition and low profit margins affected returns and cash generation in 2018 at Ferrovial Agroman, which saw its EBITDA fall to 3.3%. In the near future there is no expected recovery of margins compared to current levels, which is why Ferrovial Agroman is redoubling the effort in bidding selection and control of costs, while implementing new work performance controls, concentrating more on the commercial management of the contract and focusing its strategy on profitability ahead of quantity.

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, coordinating the design and construction of transport infrastructure concessions creates value, in which other investing divisions of the group participate. At the same time, it offers optimal technical

TUNNELS UNDER THE THAMES: 0 ACCIDENT RATE

Thames Tideway Tunnel is currently one the largest sewage engineering projects in Europe, aiming to prevent the overflow and discharge of raw, untreated water into the Thames.

Ferrovial Agroman, which is constructing the central section at a cost of EUR1,500 million, started tunnelling in 2018 with two tunnel boring machines inserted through a well 53 meters below the surface and spanning 31 meters in diameter. Each boring machine comes in at over 100 meters long and weighs some 1,300 tons. They will work for two years in boring a 13 km tunnel under the Thames.

Thanks to the workplace risk prevention measures in place, there have been no accidents for the third straight year.

solutions and fixed prices and deadlines for construction, maximizing the value added to the customers and the competitiveness of the offers. In 2018, this collaboration led to the successful arrangement of funding for the Ruta del Cacao toll road (Colombia) and the award of the high-voltage Pan de Azúcar transmission line (Chile).

Risk management and financial control

The construction business is known for large volumes and tight margins, making risk management all the more important. In the bidding phase, the company selects countries that offer legal certainty and projects with acceptable risk sharing with the customer, while carefully picking expert local partners. During the construction phase, early planning, signing contracts with suppliers to mitigate price risks, cost control, innovation and active management with the customer are all essential.

Portfolio diversification

The company specializes in highly technical projects thanks to its experience and the international presence of over 300 employees from its Technical Office, who are adept at seeking out unrivalled engineering solutions.

The sectorial diversification and the bidding of less strategic projects that allow the maintenance of technical qualifications, enables Ferrovial Agroman to have critical mass and human teams prepared for the needs of the group in concessions and to position itself in the most profitable market niches at any time.

Selective internationalization

The international business remains focused on the US and Polish markets, which account for 60% of sales. Within other countries with permanent presence are the United Kingdom, Australia, Canada or Chile, as well as Spain as its home market.

In the United States, the group's main market, contract volume around EUR1,250 million in 2018, mainly in Texas. The group has also started construction on key projects such as the I-66 (Virginia) and Grand Parkway (Texas) toll roads and the Great Hall at Denver Airport.

THE MOST SUSTAINABLE HOSPITAL IN EUROPE

Construction was completed on Hospital Fraternidad-Muprespa Habana (Spain) in 2018. The building is looking to become one of only four hospitals in the world to be LEED Platinum certified from the US Green Building Council, the highest international standard a building can earn for sustainability.

When compared with similar buildings, the new hospital will generate an economic energy saving of 43% in heating and air conditioning, lighting and consumption of natural gas to generate sanitary hot water. Electricity consumption costs are reduced considerably thanks to its 600 m2 of rooftop photovoltaic solar panels. The hospital also features technology to recover grey water, enabling it to recycle 3 million liters of water a year.

Innovation driving improvement

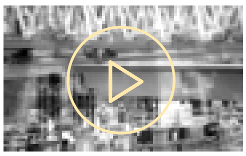
Ferrovial Agroman remains firmly committed to R&D+i and digital transformation, as shown by its drive to enhance BIM (Business Information Modelling) across all regions, or its involvement in various research projects, notably FORESEE and SAFEWAY, under the Horizon 2020 program of the EU to improve infrastructure resilience, security and safety.

Employees: talent management

The employees of Ferrovial Agroman possess extensive experience and professional value and worth, imbuing projects with local know-how. In 2018, two employees were named Top Young Professional by the journal *ENR* and *Best Woman Civil Engineer at the European Women in Construction & Engineering Awards.*

Commitment to society: quality, safety and the environment

The projects undertaken by Ferrovial Agroman help reduce impact on climate change by championing sustainable infrastructure and buildings and managing waste based on the circular economy model. The group received numerous accolades in 2018, notably The one transforming Polish Industry, title awarded to Budimex, or the International Safety Excellence Award from the British Safety Council.



VIDEO:TUNNELS UNDER THE THAMES
Tunnelling London with zero accident rate

LONDON UNDERGROUND

FERROVIAL AGROMAN STARTED TUNNELING LONDON SUBSOIL IN 2010 TO TRANSFORM AND MODERNIZE THE CITY, IMPROVING ITS METRO AND RAIL CONNECTIONS, WHILE BUILDING A NEW SEWER SYSTEM. CROSSRAIL, THE THAMES TIDEWAY TUNNEL AND THE NORTHERN LINE WILL MAKE LONDON BETTER CONNECTED, MORE SUSTAINABLE AND CLEANER

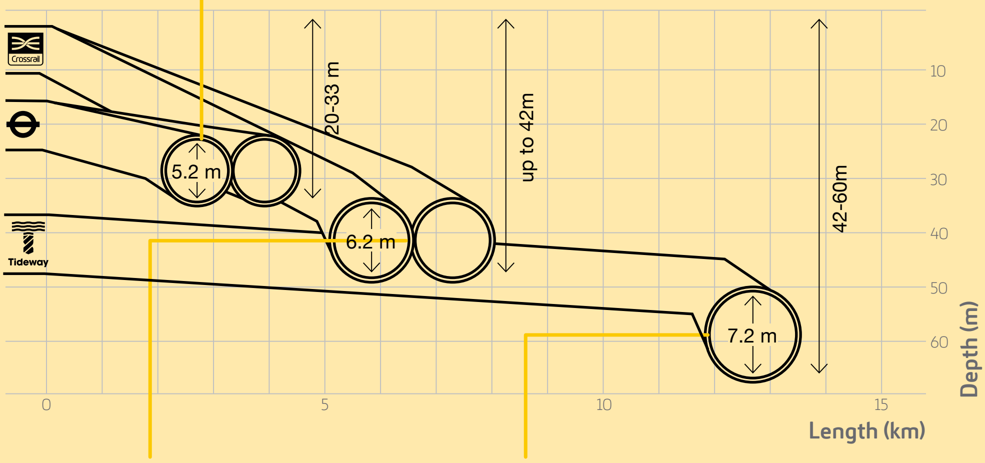
HELEN AND AMY

NORTHERN LINE EXTENSION

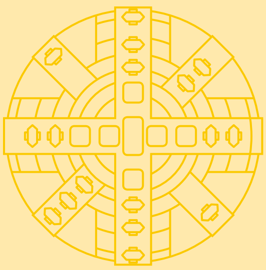
100
LENGTH (m)
SHIELD + BACK-UP

6
DIAMETER (m)

10-15
SHIELD (m)



BORING MACHINES



ADA AND PHYLLIS

CROSSRAIL

105
LENGTH (m)
SHIELD + BACK-UP

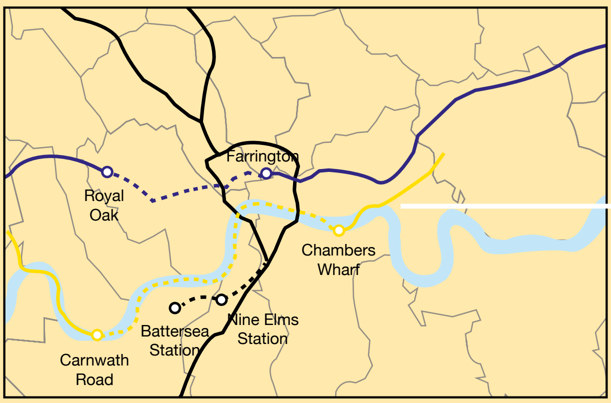
7.1
DIAMETER (m)

MILLICENT AND URSULA

THAMES TIDEWAY TUNNEL

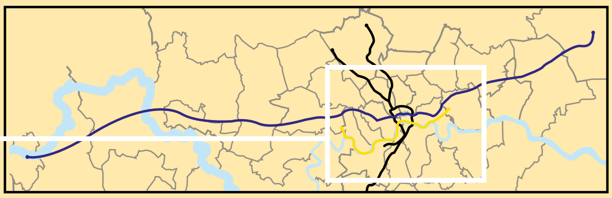
100
LENGTH (m)
SHIELD + BACK-UP

8.8
DIAMETER (m)



Crossrail
Crossrail: section built by Ferrovial
Northern Line Extension
Northern Line Extension: section built by Ferrovial
Thames Tideway Tunnel
Thames Tideway Tunnel: section built by Ferrovial

ON THE MAP OF LONDON



	Crossrail		Tideway
PERFORMED BY FERROVIAL (KM)	6.4	3.2	12.7
CONTRACT VALUE (M€)	600	653	1,150
EXPECTED COMPLETION	02/2014	2020	2023

PHOTO: Farringdon Station. London (United Kingdom).

State-of-the-art solutions

FERROVIAL SERVICES IS ONE OF THE LARGEST AND MOST DIVERSIFIED MULTINATIONAL SERVICE COMPANIES FOR INFRASTRUCTURE AND CITIES. IT OFFERS CUTTING-EDGE SOLUTIONS IN CONSULTING, WASTE TREATMENT, ENERGY EFFICIENCY, TRANSPORTATION INFRASTRUCTURE MAINTENANCE AND URBAN MOBILITY.

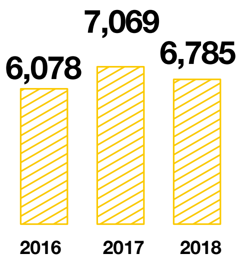
The customers of Ferrovial Services, most of which are public authorities, are now looking to optimize their costs and investments against a backdrop of budgetary constraints while also keeping their operations socially and environmentally friendly. The United Kingdom, Australia and Spain account for 92% of sales at the division, although it is also present in the United States, Canada, Chile, Poland, Portugal and Qatar.

In the United Kingdom, lower levels of public spending and cost pressures have prompted the division to restructure and walk away from unprofitable contracts. Operating margins are below historical levels and this situation is expected to in the near future due to the prevailing market uncertainty.

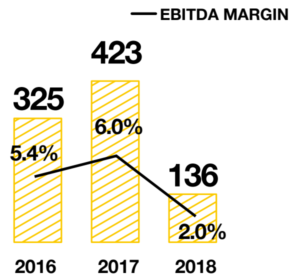
In Australia, the improved outlook for the natural resources and transportation businesses and the healthy state of the economy should drive future growth. Following the conclusion of the immigration center contracts in October 2017, the company has embarked on an ambitious internal restructuring and cost-cutting process.

In Spain, the lower public bidding has been managed with the extension of significant contracts and with the diversification towards high added value activities, requiring the company to work harder at optimizing its operating processes due to rising levels of competition.

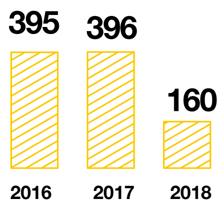
REVENUES (M€)



EBITDA (M€)



OPERATING CASH FLOW (M€)
before taxes



VALUE CREATION

Active management of a diversified business portfolio

Ferrovial Services does business across six broad categories of services. This operational diversification has enabled Ferrovial to position itself as a go-to operator for customers, offering integrated solutions geared toward improving the efficiency and functionality of cities while responding to social needs.

Highlights for 2018 included the efforts made by the company to streamline its portfolio by removing businesses that offer only limited growth potential. Here, the company managed to generate EUR108.2 million in cash by selling the stakes held by Broadspectrum in Ratch-Australia Corporation Limited and Amey's interests in various environmental and road projects.

Refinancing agreements in project companies were also signed in the year, enabling the company to receive a total of EUR95.3 million in dividends.

The most significant contracts in 2018 were:

- Acquisition of the contracts belonging to the rail business portfolio of Carillion in the United Kingdom (EUR180 million).
- Operation of 11 oil extraction platforms for Shell-QGC in Australia (EUR411 million, five years).
- Bicing: management of 7,000 shared-use bicycles in Barcelona, Spain, in partnership with PBSC (EUR121 million, 10 years).
- Road maintenance in Ottawa and York, Canada, (EUR180 million, 7 years).

Focus on operational efficiency

The occupational safety of its more than 74,500 employees is a key strategic priority for Ferrovial. Its occupational safety and health plan has managed to bring down the accident ratio by 13.04%.

In 2018, the company continued to abandon or restructure loss-incurring contracts and those generating poor returns. The infrastructure maintenance agreement in Birmingham (United Kingdom) has required it to post a provision of EUR235 million. Further examples included the company's withdrawal from an urban services agreement in Liverpool (United Kingdom) and the improvement of 300 basis points in profit margins on the road maintenance agreements in North America.

Initiatives to streamline overheads include the implementation of the Fit for Growth program in Australia, leading to the departure of 250 employees and a 20% saving on information systems costs.

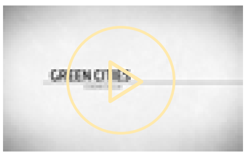
Integrated high value-added solutions

In 2018, Amey commissioned two waste-to-energy facilities in North Yorkshire and Milton Keynes. The power generated by both plants is enough to supply 51,000 homes for a whole year.

During 2018, Zity carsharing service reached 162,000 users, in partnership with Renault. Zity manages 500 electric vehicles powered by renewable energy. The 9.5 million kilometers traveled by users in 2018 were enough to prevent more than 1,100 tCO_2.

Ferrovial Services implemented its new Innovation Plan in 2018, covering 60 projects to improve efficiency and cushion the environmental impact. For instance, the ZRR for Municipal Waste robotics project has generated a 4% increase in the recovery of waste at selection and sorting plants.

VIDEO: THE CENTURY OF CITIES.
Mobility will be autonomous, electrical, digital and on demand.



VIDEO: GREEN CITIES.
Cities will be greener, more circular and with more citizen participation.

ZERO WASTE TO LANDFILL PROJECT

Ferrovial Servicios has developed the Zero Waste to Landfill project, initiative that has managed to ensure that no waste generated in the Ford manufacturing plant in Almussafes (Valencia) ends up in the landfill, and therefore can have a second life.

This project has managed to stop the plant from sending 15,000 tons of waste per year to the landfill. Ferrovial Servicios carries out the integral waste management of this plant, which annually produces approximately 400,000 vehicles. Watch video.

WASTE FOR WATTS FOR 23,000 HOMES

Ferrovial Servicios operates the only plant in Spain that produces renewable natural gas from organic waste that is injected into the gas network. The plant, located in the Valdemingómez Technology Park in Madrid, manages a total of 148,000 MWh thermal energy per year, of which 57% is used for the production of electricity, while the remaining 43% is injected into the network as gas. With all this energy transformed into electricity, the annual domestic consumption of some 23,000 homes could be supplied. This installation prevents the emission of more than 16,000 tons of CO_2 per year, promoting energy self-sufficiency and placing the municipality of Madrid at the forefront of innovation.

1.2 STRATEGY AND VALUE CREATION

1.3 FERROVIAL IN 2018

Shareholders:
Business Performance

Employees:
People
Health and Safety

Clients:
Innovation
Quality

Society:
Ethics and Integrity
Human Rights
The Environment
Supply chain
Community
Responsible Tax Management

1.4 RISKS

PHOTO: St. Pancras station maintenance. London (United Kingdom).

Business performance

SERVICES DIVISION CLASSIFIED AS DISCONTINUED ACTIVITY

Having completed the strategic review of its Services division announced in October 2018, Ferrovial has decided to classify as "held for sale" all of its services activities as of December 31st, 2018. This decision is framed within its strategy of focusing on the development of its infrastructure business.

This decision involves classifying the assets and liabilities of the services business as a discontinued activity and accounting for them at the lower of the carrying amount and fair value less costs to sell

The application of this fair value criteria, in the case of Amey, results in the recognition of a provision of EUR774mn as a result of the impairment of the value of Ferrovial´s participation in Amey, as at the end of the 2018 fiscal year. After giving effect to this provision, the book value of Ferrovial's participation in Amey stands at EUR103mn.

MAIN INFRASTRUCTURE ASSETS

In the results for 2018, **infrastructure assets continued to show strong operating performance (407 ETR, Managed Lanes and Heathrow), with growth in traffic volumes and dividends.**

Solid operating growth: Managed Lanes in the USA (global consolidation) increased EBITDA in local currency by +30.0% for NTE and +28.1% for LBJ. The equity-accounted Infrastructure assets continue to show strong EBITDA growth in local currency: +9.7% at the 407 ETR toll road, +5.7% at the regional UK airports (AGS) and +4.5% at Heathrow airport.

EUR623mn in dividends received from projects (EUR553mn in 2017).

- **407 ETR** distributed dividends of CAD920mn in 2018, +8.9% vs. 2017. The dividends distributed to Ferrovial amounted to EUR273mn.
- **Heathrow** paid out GBP500mn, compared to GBP525mn in 2017 which included an extraordinary dividend of GBP150mn. The dividends distributed to Ferrovial amounted to EUR144mn.
- **AGS** paid out GBP70mn compared to GBP146mn in 2017, which included an extraordinary dividend after refinancing. Ferrovial received EUR39mn in 2018.
- **Ferrovial Services** contributed project dividends of EUR131mn, primarily from projects in Services in Spain (EUR104mn).

On 19 July Ferrovial opened the NTE 35W managed lane, three months ahead of the scheduled opening date in the contract. This asset forms part of the remodelling and expansion project of one of the most important corridors in the Dallas/Fort Worth area, one of the fastest growing areas in the country. Ferrovial has a 53.67% stake in this asset, which has a length of 16.4 km and expires in 2061.

In December, **Ferrovial sold** its stake in the Greek toll roads **Central Greece** (33.34%) and **Ionian Roads** (21.41%), to GEK Terna for the sum of **EUR84mn.**

CONSOLIDATED RESULTS

Consolidated results posted higher revenues (+11.3%), largely impacted by the higher contribution recorded by Construction, due to the start of major works in USA.

Consolidated EBITDA reached EUR484mn in 2018, -6.2% decrease vs 2017 (EUR516mn). In comparable terms, EBITDA would have increased by +1.4% vs. 2017.

The net cash position, excluding infrastructure projects, stood at EUR975mn at December 2018. **The net cash position including discontinued operations reached EUR1.236mn at December 2018 (EUR1,341mn at year-end 2017).** Net project debt stood at EUR4,640mn (vs. EUR4,804mn in December 2017). Net consolidated debt reached EUR3,664mn (vs. EUR3,463mn in December 2017).

PROPORTIONAL RESULTS

In proportional terms, revenues in 2018 amounted to EUR6,069mn and EBITDA of EUR1,306mn, with Infrastructure assets accounting for circa 90% of proportional EBITDA.

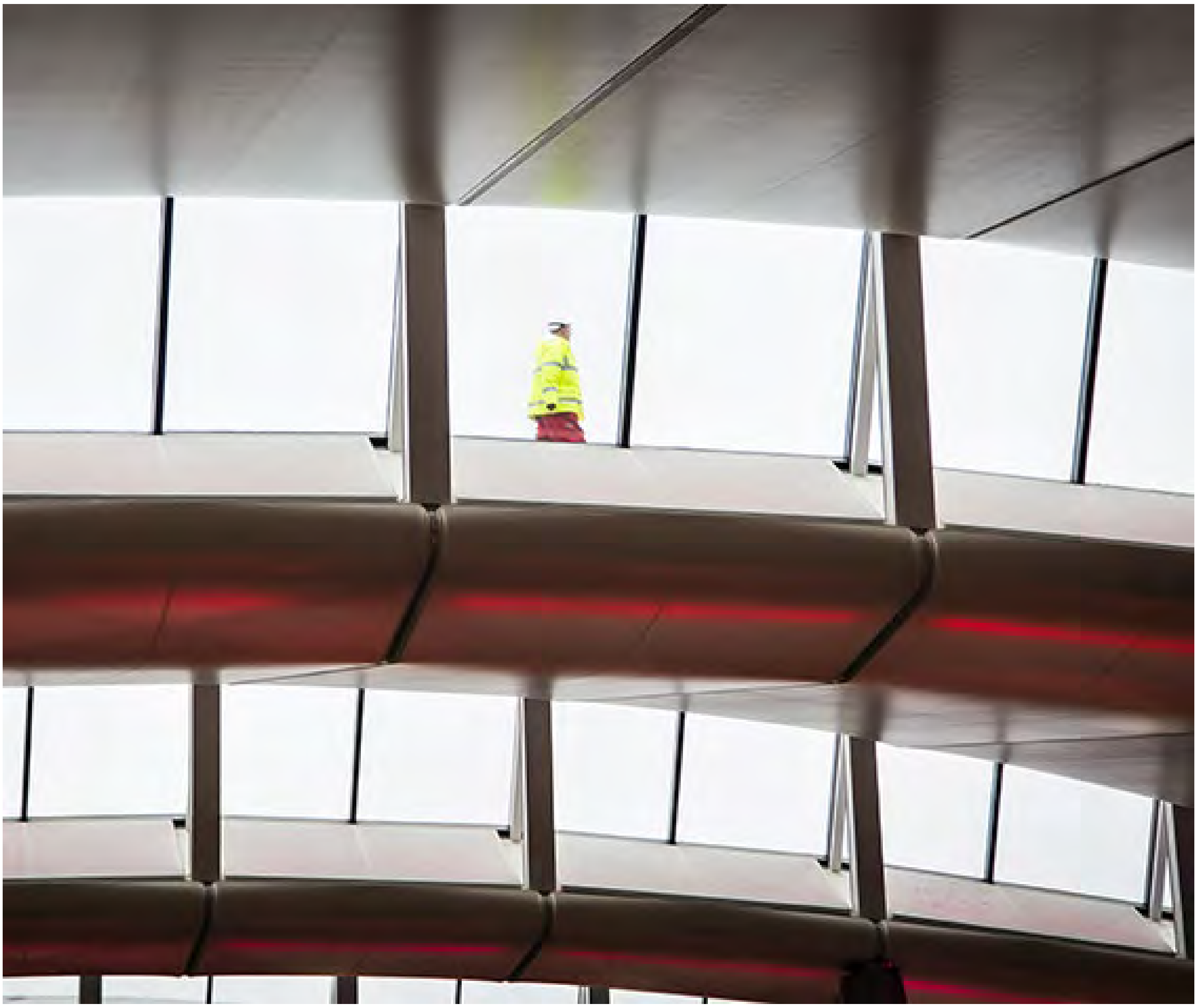
RESULTS BY DIVISION

Toll roads: traffic on the main toll roads has performed very well, helped by the economy, which continues to grow in the countries where the most important assets are located. Ferrovial's main asset, 407 ETR, continued to post strong operating figures, with traffic growth of +1.4%, on the back of economic growth and higher disposable income. The Managed Lanes in Texas continued to post strong EBITDA growth of circa +30% in 2018, on the back of robust traffic and toll rate growth. The NTE 35W toll road, fully open to traffic since 19 July, contributed EUR23mn to the division's EBITDA.

Airports: traffic at Heathrow reached an all-time record high of 80.1 million passengers (+2.7% vs. 2017) with growth in most of the markets, an EBITDA growth of +4.5%. Regional airports (AGS) posted EBITDA growth of +5.7%, although AGS traffic declined by -2.4%, due to lower traffic across the three airports.

Construction: revenue growth (+14.3% LfL), with positive performance in all areas except for a slight drop in Webber, and an 84% contribution from international projects. However, profitability declined vs. 2017 (EBIT margin 2.5% vs. 3.5%), primarily in Budimex, due to increased costs for labour and materials. The order book stood at EUR10,965mn (89% international), a reduction of -1.6% (-2.9% LfL) compared with 2017. Contract awards exceeding EUR1,200mn are not included.

Services (discontinued activity): revenues (-4.0%) were affected by the reduced activity in the UK, due to withdrawing from non-profitable contracts and the selective tender policy adopted by Amey in the past few years, and in Australia, due to the ending of the contract with the Government of Australia's Immigration Department. The Division's profitability was affected by the -EUR235mn provision registered in the UK for the Birmingham contract, leading to an EBITDA of EUR136mn (EUR371mn excluding the impact of the provision).



Key figures

In accordance with IFRS 5, the reclassification of the Services activity as an activity held for sale is carried out in the present report, also re-expressing the income statement of the previous period.

P&L (EUR mn)	DEC-18	DEC-17
REVENUES	**5,737**	**5,152**
EBITDA	**484**	**516**
Period depreciation	127	115
Disposals & impairments	82	88
EBIT*	**438**	**489**
FINANCIAL RESULTS	**-192**	**-244**
Equity-accounted affiliates	239	225
EBT	**486**	**469**
Corporate income tax	-25	-46
CONSOLIDATED PROFIT FROM CONTINUING OPERATIONS	**460**	**424**
Fair Value Provision	-774	0
Services discontinued operations	-77	83
NET PROFIT FROM DISCONTINUED OPERATIONS	**-851**	**83**
CONSOLIDATED NET INCOME	**-391**	**507**
Minorities	-57	-53
NET INCOME ATTRIBUTED	**-448**	**454**

* EBIT after impairments and disposals of fixed assets

KEY FIGURES REPORTED

REVENUES (EUR mn)	DEC-18	VAR.
Toll Roads	471	2.3%
Airports	14	-32.6%
Construction	5.193	12.2%
Others	59	n.a.
Total	**5.737**	**11.3%**

EBITDA (EUR mn)	DEC-18	VAR.
Toll Roads	319	-0.2%
Airports	-16	-28.7%
Construction	170	-14.5%
Others	10	n.a.
Total	**484**	**-6.2%**

OPERATING FIGURES	DEC-18	VAR.
407 ETR (VKT´ 000)	2,747,512	1.4%
NTE *	30	10.7%
LBJ *	44	6.9%
Ausol I (ADT)	17,440	8.0%
Ausol II (ADT)	18,667	4.9%
Heathrow (million pax.)	80.1	2.7%
AGS (million pax.)	14.8	-2.4%
Construction order book	10,965	-1.6%

*Traffic in millions of transactions

FINANCIAL POSITION (EUR mn)	DEC-18	DEC-17
NCP ex-infrastructures projects	**975**	**1,341**
Toll roads	-4,392	-4,274
Others	-248	-530
NCP infrastructures projects	**-4,640**	**-4,804**
Total Net Cash /(Debt) Position	**-3,664**	**-3,463**

NCP: Net Cash Position. ND: Net Debt

Proportional results

Ferrovial's main infrastructure assets are equity-accounted. In order to provide a more realistic picture of the Company's results, the following tables include the proportional results, adjusted for the equity-accounted assets and minorities of the globally consolidated assets.

P&L DEC-18 (EURmn)	REPORTED	PROPORTIONAL
Revenues	**5,737**	**6,069**
% var vs 2017	11.3%	6.0%
EBITDA	**484**	**1,306**
% var vs 2017	-6.2%	2.0%
EBIT	**356**	**931**
% var vs 2017	-11.1%	0.7%

PROPORTIONAL EBITDA

In 2018, proportional EBITDA reached EUR1,306mn (vs. EUR484mn of reported EBITDA), showing an increase of +2.0% (+4.7% LfL). Infrastructure assets accounted for close to 90% of EBITDA.

(EURmn)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Toll Roads	617	596	3.5%	8.8%
Airports	558	543	2.8%	4.1%
Construction	135	145	-6.8%	-8.0%
Others	-5	-4	n.s.	n.s.
Total EBITDA	**1,306**	**1,280**	**2.0%**	**4.7%**

PROPORTIONAL REVENUES

Proportional revenues reached EUR6,069mn compared with EUR5,737mn reported, showing an increase of +6.0% (+8.5% LfL).

(EURmn)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Toll Roads	918	856	7.2%	13.5%
Airports	971	962	0.9%	2.2%
Construction	4,282	3,941	8.6%	10.6%
Others	-101	-34	n.s.	n.s.
Total Revenues	**6,069**	**5,726**	**6.0%**	**8.5%**

Toll Roads

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Revenues	471	461	2.3%	13.7%
EBITDA	319	320	-0.2%	13.8%
EBITDA margin	67.7%	69.4%		
EBIT	239	247	-3.2%	14.2%
EBIT margin	50.8%	53.7%		

Revenues at the division grew +13.7% in comparable terms in 2018, boosted by the higher contribution from the Managed Lanes toll roads in the USA and by traffic growth at the majority of assets. **In comparable terms, the division posted EBITDA growth of +13.8% in 2018**.

The following table details the contributions from toll roads revenues and EBITDA by country excluding headquarters in 2018:

CONTRIBUTION BY COUNTRY EX-HEADQUARTERS	REVENUES	EBITDA
USA	52%	52%
SPAIN	38%	41%
PORTUGAL	9%	7%
TOTAL EX-HEADQUARTERS	455	376

The comparable figures stripped out the FX effect and the changes to the consolidation perimeter in 2017 and 2018. More specifically due to the sale of Norte Litoral and Algarve agreed in 2017 with the Dutch fund DIF, to sell a 51% stake in the Norte Litoral toll road and a 49% stake in the Algarve toll road. Both toll roads have been consolidated using the equity method since 2017 (Norte Litoral since April and Algarve since September).

In December 2018, Ferrovial sold its stake in the Greek toll roads Central Greece (33.34%) and Ionian Roads (21.41%), to GEK Terna for the sum of EUR85mn. This transaction, which forms part of the company's asset rotation strategy, resulted in a capital gain of EUR80mn after tax. Both the Central Greece and Ionian Roads concessions were assets consolidated through equity method.

ASSETS IN OPERATION

During 2018 traffic performance was very positive on Ferrovial's main toll roads, both in terms of light and heavy traffic.

Canada: traffic on the 407 ETR increased by +1.4% in 2018 (light traffic +1.2% and heavy traffic +5.1%), bolstered by economic growth in Ontario, higher levels of disposable income, and works on alternative roads, although this was slightly impacted by adverse weather conditions, a lower impact from lane closures and calendar effects.

USA: traffic growth was driven by the positive performance of the Managed Lanes toll roads (NTE +10.7% and LBJ +6.9%, in terms of transactions), as a result of continued economic growth in the area, the improved network and the high level of managed lanes capture, despite the negative impact due to works being carried out on the corridor SH183. During 4Q, traffic increased significantly (NTE +18.6% and LBJ +7.5%, in terms of transactions), largely due to the opening of the SH183 corridor connecting NTE with LBJ. In addition, NTE traffic was boosted following the full opening of the NTE 35W lanes since July 2018.

Spain: traffic trended upwards, boosted by the country's economic growth. In 2018, Ausol recorded growth of +8.0% for Ausol I and +4.9% for Ausol II, despite unfavourable weather conditions compared to 2017.

Portugal: positive growth in 2018, aided by the economic recovery. In Algarve, traffic grew by +6.2%, although this was lower than in 2017 (+17.0%) as in the previous year it benefitted from the positive effect of works on its main competitor toll road. The final configuration of this alternative road allowed Algarve to continue growing in 2018. On the Azores toll road (+4.5%), traffic continues to be supported by the increase in tourism, following the liberalisation of the airline market.

Ireland: positive performance thanks to employment recovery. In 2018, traffic grew on both toll roads, +5.2% in M4 and +6.9% in M3, despite the negative impact of the snow storms between the end of February and the beginning of March.

Globally Consolidated Toll Roads

(EUR million)	TRAFFIC (ADT)			REVENUES			EBITDA			EBITDA MARGIN		NET DEBT 100%	
GLOBAL CONSOLIDATION	DEC-18	DEC-17	VAR	DEC-18	DEC-17	VAR.	DEC-18	DEC-17	VAR.	DEC-18	DEC-17	DEC-18	SHARE
NTE*	30	27	10.7%	99	82	20.7%	83	66	25.7%	84.1%	80.8%	-870	63.0%
LBJ*	44	41	6.9%	107	89	20.2%	87	71	23.9%	82.0%	79.6%	-1,264	54.6%
NTE 35W*	19	2	n.a.	31	3	n.a.	23	1	n.s.	74.2%		-662	53.7%
I-77 **				2		n.a.	0	0	n.a.			-246	50.1%
TOTAL USA				**238**	**173**	**37.7%**	**194**	**137**	**40.9%**			**-3,042**	
Ausol I	17,440	16,148	8.0%	66	61	7.8%	56	51	8.3%	84.4%	84.0%	-443	80.0%
Ausol II	18,667	17,801	4.9%										
Autema	18,781	17,871	5.1%	109	104	4.5%	100	95	5.3%	92.4%	91.7%	-612	76.3%
TOTAL SPAIN				**174**	**165**	**5.7%**	**156**	**147**	**6.3%**			**-1,055**	
Azores	10,275	9,831	4.5%	28	26	7.2%	25	22	11.7%	86.5%	83.0%	-297	89.2%
Algarve***	15,456	14,555	6.2%		27	n.a		24	n.a	n.s.	89.0%		48.0%
Norte Litoral***	25,974	25,258	2.8%		14	n.a		12	n.a	n.s.	89.2%		49.0%
Via Livre				14	15	-3.8%	2	2	-11.9%	12.7%	13.8%	3	84.0%
TOTAL PORTUGAL				**42**	**82**	**-48.6%**	**26**	**61**	**-56.8%**			**-294**	
TOTAL HEADQUARTERS				**16**	**40**	**-59.6%**	**-56**	**-25**	**-126.0%**				
TOTAL TOLL ROADS				**471**	**461**	**2.3%**	**319**	**320**	**-0.2%**			**-4,392**	

* Traffic in millions of transactions
** Assets under construction.
*** Algarve contribution to 26/09/2017 and Norte Litoral to 21/04/2017, when they then began to be consolidated by the equity method.

407 ETR

Operating results

	DEC-18	DEC-17	VAR.
Avg trip length (km)	21.70	21.54	0.7%
Traffic/trips (mn)	126,625	125,738	0.7%
VKTs (mn)	2,747	2,709	1.4%
Avg revenue per trip (CAD)	10.86	9.96	9.0%

VKT (Vehicle kilometres travelled)

Traffic (km travelled) rose by +1.4%, with an increase in the number of journeys (+0.7%) and an increase in the average distance travelled (+0.7%). Traffic has increased thanks to longer journeys, helped by economic growth and works on alternative roads. These positive impacts were affected by adverse weather conditions during the winter, calendar effects and the lower number of lane closures on alternative roads.

Income statement

(CAD million)	DEC-18	DEC-17	VAR.
Revenues	**1,390**	**1,268**	**9.7%**
EBITDA	**1,211**	**1,104**	**9.7%**
EBITDA margin	87.1%	87.1%	
EBIT	**1,103**	**998**	**10.6%**
EBIT margin	79.4%	78.7%	
Financial results	-370	-358	-3.3%
EBT	733	640	14.6%
Corporate income tax	-194	-169	-14.5%
Net Income	**539**	**470**	14.6%
Contribution to Ferrovial equity accounted result (EUR mn)	**136**	**125**	9.2%

Note: following Ferrovial's disposal of 10% in 2010, the toll road switched to being equity-accounted, in line with the percentage stake controlled by Ferrovial (43.23%).

Revenues at 407 ETR increased by +9.7% in local currency in 2018:

- **Toll revenues** (93% of the total): rose by +9.9% to CAD1,295mn, mainly due to the toll rate increases applied since February 2018 and the improvement in traffic.

- **Fee revenues** (6% of the total): reached CAD90mn (+9.1%), primarily aided by the increase in late payment interest charges and higher revenues due to rental rates for transponders.

Average revenues per journey rose by +9.0% (CAD10.86 vs. CAD9.96 in 2017).

The toll road also recorded an **increase in EBITDA of +9.7%** in 2018, with an EBITDA margin of 87.1%, in line with 2017 (87.1%).

Financial result: -CAD370mn, CAD12mn in increased spending vs. 2017 (-3.3%).

407 ETR contributed EUR136mn to Ferrovial's equity-accounted results (+9.2% vs. 2017), after the annual amortisation of the goodwill following the sale of 10% in 2010, which is being written down over the life of the asset on the basis of the traffic forecast.

407 ETR Dividends

In 2018, 407 ETR distributed dividends of CAD920mn, +8.9% vs. 2017. The dividends distributed to Ferrovial in 2018 amounted to EUR273mn. At the February Board Meeting, the 1Q 2019 dividend payment was approved in the amount of CAD250mn (+10.5% vs. 1Q 2018).

(CAD million)	2018	2017	2016	2015	2014	2013
1Q	226,3	207,5	187,5	188	175	100
2Q	226,3	207,5	187,5	188	175	130
3Q	233,8	215,0	207,5	188	175	200
4Q	233,8	215,0	207,5	188	205	250
TOTAL	**920**	**845**	**790**	**750**	**730**	**680**

407 ETR net debt

The The net debt figure for 407 ETR at 31 December 2018 was CAD7,448mn (average cost of 4.58%). 60% of the debt matures in more than 15 years' time. The next maturity dates are CAD15mn in 2019, CAD316mn in 2020 and CAD717mn in 2021.

In May 2018, 407 ETR agreed to issue CAD500mn in senior bonds, at 3.72%, maturing on 11 May 2048.

407 ETR credit rating

- **S&P:** on 31 May 2018, the company remained at a rating of "A" (Senior Debt), "A-" (Junior Debt) and "BBB" (Subordinated Debt), with a stable outlook.

- **DBRS:** on 3 December 2018, the company remained at a rating of "A" (Senior Debt), "A low" (Junior Debt) and "BBB" (Subordinated Debt), with a stable outlook.

For more information on the 407 ETR toll road results, please click here to see the MD&A report.

407 ETR Toll Rates

Toll rates applied from 1 February 2018 for light vehicles (expressed in CAD cents/km):

(Canadian dollar cents/km)	ZONE 1	ZONE 2	ZONE 3	ZONE 4
EAST BOUND				
AM Peak Period: *M-F: 6-7am, 9-10am*	39.33	39.57	39.21	36.38
AM Peak Hours: *M-F: 7am-9am*	47.09	46.66	46.24	41.39
PM Peak Period: *M-F 2:30-3:30pm, 6-7pm*	38.11	41.05	42.17	40.68
PM Peak Hours: *M-F 3:30-6pm*	43.30	49.21	50.55	48.76
WEST BOUND				
AM Peak Period: *M-F: 6-7am, 9-10am*	37.08	38.49	39.21	39.21
AM Peak Hours: *M-F: 7am-9am*	42.18	43.78	44.6	46.24
PM Peak Period: *M-F 2:30-3:30pm, 6-7pm*	42.55	42.55	42.17	37.75
PM Peak Hours: *M-F 3:30-6pm*	51.00	48.34	47.91	42.89
Midday Rate				
Weekdays 10am-2:30pm	33.81	33.81	33.81	33.81
Weekends and holidays 11am-7pm	30.83	30.83	30.83	30.83
Off Peak Rate				
Weekdays 7pm-6am, weekends and holidays 7pm-11am	23.38	23.38	23.38	23.38

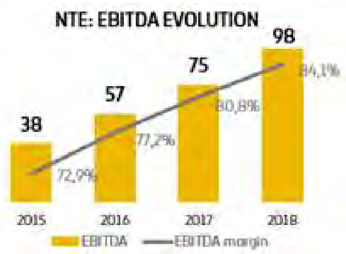
In December 2018 a toll rate increase was announced, which came into force on 1 February 2019. For more information on the new toll rates, please click on the following link.

NTE

(USD million)	DEC-18	DEC-17	VAR.
Revenues	**116**	**93**	**24.8%**
EBITDA	**98**	**75**	**30.0%**
EBITDA margin	84.1%	80.8%	
EBIT	**76**	**55**	**37.5%**
EBIT margin	65.3%	59.3%	
Financial results	-62	-62	0.4%
Net Income	**13**	**-7**	295.2%
Contribution to Ferrovial consolidated result - 62.97% stake (EUR mn)	**7**	**-4**	n.s.

During 2018, revenue rose by +24.8% compared to 2017, on the back of traffic growth and higher toll rates.

EBITDA reached USD98mn (+30% vs. 2017), with an EBITDA margin of 84.1% (+332 basis points vs. 2017).



In 2018, NTE traffic increased by +10.7% in terms of transactions. The full opening of the NTE35W, Segments 3B (4Q 2017) and 3A (3Q 2018), have contributed very positively to the traffic performance of NTE. The number of vehicles on the road (general purpose lanes, along with the managed lanes) and the share of traffic on the managed lanes grew significantly, as connected trips between both corridors boosted NTE traffic. The opening of the 183 TEXpress in October also had a positive impact on NTE traffic, offsetting the negative impacts of construction works up to 1H 2018.

Quarterly Traffic and EBITDA

In terms of traffic: NTE recorded 8.1 million transactions in 4Q 2018, +18.6% vs 4Q 2017 (6.9 million transactions). This growth was favoured by the full opening of segment 3A (July 2018), which contributed to a sharp increase of journeys between NTE and NTE35W, along with the opening of the 183 TEXpress (October 2018), which is directly connected to Segment 2 of NTE.

Very positive EBITDA performance, with a +48.1% growth compared with 4Q 2017, as a result of good revenue performance and operating expense management.

QUARTERLY RESULTS	4Q18	4Q17	VAR.
Transactions (millions)	8.1	6.9	18.6%
EBITDA (USD mn)	28.1	19.0	48.1%

The average toll rate per transaction in 4Q 2018 at NTE reached USD4.1 vs. USD3.5 in 4Q 2017 (+14.6%).

NTE net debt

As of December 2018, net debt for NTE to USD996mn (USD1,028mn in December 2017), at an average cost of 5.32%.

NTE credit rating

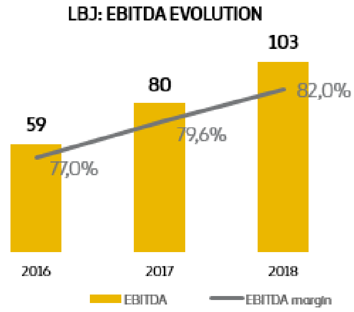
	PAB	TIFIA
Moody's	Baa3	
FITCH	BBB-	BBB-

LBJ

(USD million)	DEC-18	DEC-17	VAR.
Revenues	**126**	**101**	**24.4%**
EBITDA	**103**	**80**	**28.1%**
EBITDA margin	82.0%	79.6%	
EBIT	**77**	**57**	**34.5%**
EBIT margin	61.3%	56.7%	
Financial results	-87	-86	-0.5%
Net Income	**-10**	**-29**	64.1%
Contribution to Ferrovial consolidated result - 54.6% stake (EUR mn)	**-5**	**-13**	63.3%

In 2018, LBJ generated revenues of USD126mn (+24.4% vs. 2017), as a result of both the continued growth in traffic during the ramp-up phase and higher toll rates.

EBITDA reached USD103mn (+28.1% vs. 2017) aided by a strong traffic growth. The EBITDA margin rose to 82.0%, aided by the significant growth in revenues.



In 2018, traffic at LBJ grew by +6.9% compared to 2017, boosted by higher traffic in Segment 1, which benefitted from the opening of two projects operated by the Texas Department of Transportation (TxDOT): the I35E Managed Lanes project (May 2017) and the opening of the 183 TEXpress (October 2018). Traffic also benefitted from the strong growth in capture rates in Segment 3, resulting from the increase in congestion on the eastern end of the corridor.

Quarterly Traffic and EBITDA

In terms of traffic, a total of 11.4 million transactions were registered in 4Q 2018, +7.5% in comparison with 4Q 2017 (10.6 million transactions).

EBITDA in 4Q 2018 reached USD28.1mn, a significant increase compared to 4Q 2017 (+31.2%):

QUARTERLY RESULTS	4Q18	4Q17	VAR.
Transactions (millions)	11.4	10.6	7.5%
EBITDA (USD mn)	28.1	21.4	31.2%

The average toll rate per transaction at LBJ reached USD3.0 in 4Q 2018 vs. USD2.6 in 4Q 2017 (+16.7%).

LBJ net debt

As of December 2018, net debt for LBJ amounted to USD1,448mn (USD1,463mn in December 2017), at an average cost of 5.27%.

LBJ credit rating

	PAB	TIFIA
Moody's	Baa3	
FITCH	BBB-	BBB-

NTE 35W

(USD million)	DEC-18
Revenues	**37**
EBITDA	**27**
EBITDA margin	74.2%
EBIT	**19**
EBIT margin	52.4%
Financial results	-23
Net Income	**-4**
Contribution to Ferrovial consolidated result - 53.67% stake (EUR mn)	**-2**

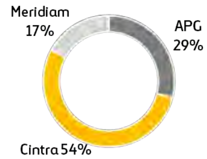
The NTE 35W toll road opened on 19 July, three months ahead of the scheduled opening date in the contract (October 2018). This asset follows a Managed Lane scheme, i.e., dynamic toll roads constructed as part of an urban highway, and forms part of the remodelling and **expansion project of one of the most important corridors in the Dallas/Fort Worth area**, the fifth largest metropolitan area in the USA and one of the fastest growing in the country.

As in the case with NTE and LBJ toll roads, this asset has a **dynamic tolling** system, i.e. it allows flexibility in the determination of the toll rate depending on the level of congestion. **Speed is guaranteed at a minimum of 50mph** (around 80km/h). Toll rates can be modified every 5 minutes.

The project has used four **sources of financing**:

- Issue of Private Activity Bonds (PABs): USD274mn.
- Long-term TIFIA Credit of USD531mn, granted by the US Transport Department.
- Shareholder contributions (USD430mn) and the Texas Transport Department (USD109mn).

Shareholder structure: along with Cintra, the asset's leading operator with 53.67% of share capital, the consortium also consists of the APG infrastructure fund (29%) and Meridiam (17%).



Corridor Map

FINANCIAL ASSETS

Under the terms of IFRIC 12, concession contracts are classified as intangible and financial assets. **Intangible assets** (where the operator assumes the traffic risk) are those for which remuneration is earned from charging the corresponding rates depending on level of use. **Financial assets** (no traffic risk for the concession holder) are those in which payment consists of an unconditional contractual right to receive cash or other financial assets, either because the body awarding the concession guarantees the payment of specific sums, or because it guarantees the recovery of any shortfall between the sums received from users of the public service and the aforementioned specific sums.

The financial assets in operation are Autema, 407 East Ext Phase I, M8, Algarve, A66, Norte Litoral and Eurolink M3 (except for Autema, all of them are equity-accounted).

ASSETS UNDER DEVELOPMENT

(EUR million)	INVESTED CAPITAL	PENDING COMMITTED CAPITAL	NET DEBT 100%	CINTRA SHARE
Global Consolidation				
Intangible Assets	**-60**	**53**	**-246**	
I-77	-60	53	-246	50%
Equity Consolidated				
Intangible Assets		**670**	**-974**	
I-66		670	-974	50%
Financial Assets	**-65**	**69**	**-963**	
407-East Extension II		10	-277	50%
Ruta del Cacao	-54		-6	42%
Toowoomba	-11		-237	40%
Bratislava		30	-336	35%
OSARs		29	-107	50%

I-77: a partial opening is expected during Spring 2019, in the northern part of the project. The project will be fully opened in summer 2019.

407 East Extension Phase II: in January 2018 Phase 2A was opened, in line with the expected time schedule. The construction works are 84% complete and the objective is to complete Phase 2B in December 2019, and open it to the public at the beginning of 2020.

I-66: Cintra won the "Transform I-66" (Virginia, USA), for which commercial negotiations were completed on 8 December 2016. Financial close was completed in November 2017 with the issue of PAB bonds for an amount of USD800mn. The project includes the construction of 35 km on the I-66 corridor (between Route 29, close to Gainesville, and the Washington DC ring road, I-495, in Fairfax County). The term for construction of the project runs until 2022, while the concession is granted for 50 years since the completion of the commercial agreement. The design and construction works are 17% complete.

Western Roads Upgrade (OSARs) in Melbourne, Australia: Cintra was awarded the OSARs project in October 2017. An availability payment project with a concession term of 22 and a half years, which consists of the improvement and maintenance of the Melbourne toll road and inter-city motorway network. The commercial and financial close took place in December 2017. The design and construction works are 23% complete.

Toowoomba: the partial opening of a 24 km stretch took place on 8 December 2018, with the full opening expected to take place during 2H 2019.

Ruta del Cacao: on 25 October 2018, Ferrovial reached the financial close of this project, with a value of EUR465mn. The concession involves the construction of 80.84 km of new road, improvements to 108.2 km of existing road, the construction of 16 bridges, 2 viaducts and 2 tunnels with a combined length of 5.95 km. This concession has a 25 years duration.

TENDERS PENDING

In the **USA**, we continue to pay close attention to private initiatives.

- In 2017, the **Maryland Department of Transport (MDOT)**, issued a request for information (RFI) for the I-495/I-95 Managed Lanes (Capital Beltway) and I-270 Congestion Relief Improvements projects. The MDOT announced that the prequalification process for the first project will take place in April 2019, which will be followed by three or four more projects in the coming years. The MDOT is considering a design, construction, financing, operation and/or maintenance project for both projects, which would take the structure of Managed Lanes. These projects fit perfectly with the Cintra strategy, as they are High Complexity Concessions, which Cintra has been extremely competitive on in the past.
- The offer for the "I-10 Mobile River Bridge" in Alabama, will be presented in December 2019. This is a design, construction, financing, operation and maintenance contract, with traffic risk for the construction and operation of a cable-stayed bridge over the Mobile River, with an approximate investment of USD2,000mn.
- The current economic and political climate in the USA favours infrastructure development and Cintra is following various projects of interest in States such as Maryland, Illinois, Virginia, Georgia and Texas, various of which are Managed Lanes structures.

In **other markets**, Cintra presented a bid on 20th February 2019 for the "**Silvertown Tunnel**" project in London (United Kingdom), with an estimated investment of GBP1,700mn.

PROJECT DIVESTMENTS

Ferrovial has sold its stake in the Greek toll roads Central Greece and Ionian Roads, to GEK Terna for the sum of EUR85mn. The Greek company acquired 100% of both assets following the transferal of the respective 33.34% and 21.41% stakes that Ferrovial still had in both toll roads. The capital gain of this transaction was EUR80mn.

Airports

The Airports Division contributed EUR73mn to Ferrovial's equity-accounted results in 2018 (EUR89mn in 2017).

- **HAH:** EUR70mn in 2018 (EUR87mn in 2017), primarily due to the lower positive mark to market impact of the hedging instruments, as a result of higher than expected inflation figure, partially offset by the lower cost of borrowing.

- **AGS:** contributed EUR4mn to Ferrovial's 2018 equity-accounted results (vs. EUR2mn in 2017).

In terms of distributions to shareholders:

- **Heathrow paid out GBP500mn (100%)**, compared to GBP525mn in 2017, which included an extraordinary dividend of GBP150mn. Ferrovial received EUR144mn for its stake during 2018.

- **AGS paid out GBP70mn (100%)**, compared to GBP146mn in 2017, which included an extraordinary dividend after the refinancing in 1Q 2017. Ferrovial received EUR39mn in 2018.

HEATHROW

Heathrow Traffic

In 2018, traffic at Heathrow reached an all-time record high of 80.1 million passengers (+2.7%) with growth in most of the markets, continuing eight years of consecutive growth. December 2018 marked 26 consecutive months of record passenger numbers. Load factors reached 79.4% in 2018 (78.0% in 2017). The average number of seats per aircraft increased +0.5% to 213.4 (212.3 in 2017), due to airlines using higher capacity aircraft on the European and Middle East routes.

Intercontinental traffic growth (+3.1%) and short haul traffic growth (+2.2%) in 2018 reflect the success of the pricing strategy to fill short haul seats and boost connectivity, with a 50% additional discount on airport fees for short haul flights.

Million passengers	DEC-18	DEC-17	VAR.
UK	4.8	4.8	-0.1%
Europe	33.3	32.4	2.6%
Intercontinental	42.0	40.7	3.1%
Total	**80.1**	**78.0**	**2.7%**

Intercontinental traffic (+3.1%) was primarily driven by routes to North America (+4.3%), boosted by higher flight frequency and aircraft size to various destinations. Traffic in Asia-Pacific also increased by +2.4%, driven by the new routes to China and more frequent journeys to India.

During 2018, Heathrow added six direct routes to China, doubling the number of connections from Heathrow, the only airport in the UK to do so, and the main gateway into China. At the same time, British Airways announced new direct routes to Pittsburg, and American Airlines announced a new route to Phoenix, both routes will start to operate in April 2019.

Heathrow SP Revenue and EBITDA

Revenues increased by +3.0%, aided by robust traffic growth, coupled with continued strong retail revenues.

(GBP million)	DEC-18	DEC-17	VAR.
Aeronautic	1,745	1,716	1.7%
Retail	716	659	8.6%
Others	509	509	0.0%
TOTAL	**2,970**	**2,884**	**3.0%**

Aeronautical revenue increased by +1.7%, driven by traffic growth offset by recoverable yield dilution as airlines employ cleaner and quieter aircraft. Average aeronautical revenue per passenger declined slightly (-1%) to GBP21.78 (GBP22.00 in 2017).

Retail revenue grew by +8.6%, aided by growth in retail and catering concessions, which reflect the robust traffic growth and longer time spent by passengers in the lounge owing to the call to gate initiative. Retail concessions were boosted by new digital incentives in the Heathrow boutiques, allowing customers to click and collect their purchases. The catering services benefitted from the renovations of T3 and T5, as well as Grab & Go offers, allowing passengers to take their food onto their flight. Net retail revenues per passenger grew by +5.8%, reaching GBP8.94 (GBP8.45 in 2017).

Heathrow SP EBITDA grew +4.4% in 2018, reaching GBP1,837mn, with an EBITDA margin of 61.9% (61.0% in 2017).

Operating costs before depreciation and amortisation grew by +0.8%. Operating costs per passenger, excluding depreciation and amortisation, fell -1.9% on the back of cost control efforts.

User satisfaction

In 2018, Heathrow continued to remain ahead of the main European competitors in terms of passenger satisfaction, achieving a scoring of 4.15 out of 5, according to Airport Service Quality (ASQ), and 81.9% of the passengers surveyed classified their experience in the airport as "excellent" or "very good".

In 2018, Heathrow Terminal 2 was named "Best Terminal in the World" for the first time by Skytrax World Airport Awards. As well as this award, which was voted for by passengers all around the world, Heathrow was also recognised as the "Best Airport in Western Europe" for the fourth year running and "Best Shopping Airport" for the ninth consecutive year.

Regulatory aspects

Regulatory Asset Base (RAB): At 31 December 2018, the RAB reached GBP16,200mn (GBP15,786mn in December 2017).

Regulatory period: The Civil Aviation Authority (CAA) continues to develop a new regulatory framework for the coming period (H7) with a new consultation report launched in October 2018, entitled “Economic regulation of capacity expansion at Heathrow: policy update and consultation”.

The main objective of the CAA in creating the regulatory framework for the coming period (H7) is to achieve the right balance between economic feasibility and financing. H7 is due to start in January 2022 and the CAA confirms that Heathrow should produce a Business Plan for H7 by the end of 2019 to commence the price setting process.

The CAA plans to provide additional clarity on the regulatory framework in mid-2019 when it publishes its next consultation papers.

In addition to the work under way on the IH7 framework, based on a MoU agreed with major carriers, a Formal Agreement has been finalised between Heathrow and airline lawyers on the airline charges to be applied prior to the start of H7. The Formal Agreement has been signed by a number of key carriers from multiple alliances and groups representing well over half of Heathrow’s traffic with most other carriers expected to sign in coming days as they complete internal governance. Under the Formal Agreement, Heathrow will offer a rebate to all airlines depending on actual passenger traffic volumes. The rebate creates an incentive for airlines to make better use of the existing capacity by way of a volume discount, while also providing protection in the event that passenger volumes were to fall below current levels prior to 2022. The Formal Agreement remains subject to consultation by the CAA and for the avoidance of doubt is not intended to re-place the standard regulatory process for H7 which will continue in line with the CAA timetable.

Expansion: Heathrow continues to make progress on the airport expansion, following Parliament's majority backing of the National Policy Statement (NPS) in the June vote.

In January 2019 a consultation on airspace and future runway operations was launched, followed by an expansion plan consultation in June 2019. After reviewing and evaluating the comments from the consultations, Heathrow will prepare a final version of the expansion plan and will present its DCO (Development Consent Order) in 2020, initiating an approval process expected to last 18 months. If Heathrow obtains approval of the DCO, the new runway is expected to open in 2026.

Heathrow Airports Holding (HAH) income statement

GBP million	DEC-18	DEC-17	VAR.
Revenues	**2,970**	**2,883**	**3.0%**
EBITDA	**1,840**	**1,760**	**4.5%**
EBITDA margin %	61.9%	61.0%	
Depreciation & impairments	779	750	-3.9%
EBIT	**1,061**	**1,010**	**5.0%**
EBIT margin %	35.7%	35.0%	
Financial results	-751	-628	-19.7%
EBT	**292**	**383**	**-23.7%**
Corporate income tax	-45	-79	43.0%
Net income	**247**	**303**	**-18.6%**
Contribution to Ferrovial equity accounted result (EUR mn)	**70**	**87**	**-19.6%**

HAH net debt

At 31 December 2018, the average cost of Heathrow's external debt was 5.30%, including all the interest-rate, exchange-rate and inflation hedges in place (vs. 5.62% in December 2017).

(GBP million)	DIC-18	DIC-17	VAR.
Loan Facility (ADI Finance 2)	75	0	n.a.
Subordinated	1,599	1,325	20.7%
Securitized Group	12,402	12,234	1.4%
Cash & adjustments	-345	-40	753.9%
Total	**13,731**	**13,519**	**1.6%**

The net debt figure relates to FGP Topco, HAH's parent company.

For further information, please see the notes on HAH's results here.

UK REGIONAL AIRPORTS (AGS)

AGS Results

In 2018, EBITDA grew by +5.7%, despite a lower volume of passengers. Revenues grew by +1.8%, due to higher retail and parking yields. Costs fell by -1.3% thanks to cost control.

(GBP million)	DEC-18	DEC-17	VAR.
Total Revenues AGS	**213**	**209**	**1.8%**
Glasgow	127	122	4.0%
Aberdeen	56	56	-0.5%
Southampton	30	31	-2.9%
Total EBITDA AGS	**97**	**92**	**5.7%**
Glasgow	64	58	9.3%
Aberdeen	22	22	0.5%
Southampton	11	11	-2.8%
Total EBITDA margin	**45.5%**	**43.8%**	**167.7**
Glasgow	50.1%	47.6%	243.9
Aberdeen	40.0%	39.6%	37.9
Southampton	36.5%	36.5%	1.6

AGS net bank debt

At 31 December 2018, the AGS' net bank debt stood at GBP684mn.

AGS Traffic

In 2018, the number of passengers at AGS reached 14.8 million, down -2.4% on 2017, due to a decline in traffic at the three airports.

(Million Passengers)	DEC-18	DEC-17	VAR.
Glasgow	9.7	9.9	-2.4%
Aberdeen	3.1	3.1	-1.4%
Southampton	2.0	2.1	-3.8%
Total AGS	**14.8**	**15.1**	**-2.4%**

Glasgow: 9.7 million passengers (-2.4%). Domestic traffic fell by -1.0% due to both the drop in the number of routes at London Stansted, and the adverse weather conditions during 1Q 2018, which forced temporary airport closures. These impacts were offset by the increase in capacity by Easyjet and Flybe. International traffic fell by -3.5%, due to cancellations and reduced capacity at various leisure destinations.

Aberdeen: 3.1 million passengers (-1.4%). Domestic traffic increased by +0.1%, driven by routes to Heathrow and London City airports, and the continued increase in oil and gas sector passengers. International traffic declined by -4.7% due to the loss of the Lufthansa (Frankfurt), Wizz (Warsaw) and Icelandair (Reykjavik) services in 1H 2018.

Southampton: 2.0 million passengers (-3.8%). Domestic traffic fell by -1.7% due to lower number of routes on Flybe services and Eastern Airlines, partially offset by favourable occupancy levels to the Channel Islands. International traffic declined (-6.9%) due to the cancelled Flybe services and lower volumes.

In September, Southampton Airport launched a public consultation of its future expansion plan. The plan aims to detail the growth process of the airport over the coming 20 years, including forecasts on passenger and infrastructure requirements to manage growing demand in the region. This plan will also include the runway expansion.

Construction

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Revenues	5,193	4,628	12.2%	14.3%
EBITDA	170	199	-14.5%	-14.6%
EBITDA margin	3.3%	4.3%		
EBIT	127	162	-21.6%	-22.0%
EBIT margin	2.5%	3.5%		
Order book	10,965	11,145	-1.6%	-2.9%

Revenues increased by +14.3% in comparable terms, with positive performance in all areas, except for a slight decline at Webber due to the finalisation of large concession projects. International revenue accounted for 84% of the Division's revenues, very much focused on the company's traditional strategic markets: Poland (32%) and North America (28%).

Profitability declined vs. 2017 (EBIT margin 2.5% vs. 3.5%), primarily at Budimex, due to increased material and labour costs.

BUDIMEX

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Revenues	1,671	1,457	14.6%	15.3%
EBITDA	79	131	-39.7%	-39.3%
EBITDA margin	4.7%	9.0%		
EBIT	67	122	-45.1%	-44.7%
EBIT margin	4.0%	8.4%		
Order book	2,362	2,467	-4.2%	-1.6%

Revenues in comparable terms increased by +15.3%, with growth in all business segments, with the faster completion of Civil Works and industrial projects being particularly notable, as well as being driven by contracting levels achieved in 2017. By contrast, there was a decline in profitability (-39.3% in comparable EBITDA), primarily due to higher subcontractor costs, materials and salaries, that are higher than the effect of the profits obtained from final payments on the infrastructure projects that have been completed.

The order book remained strong despite the increase in revenues, which fell by -1.6% in comparable terms compared to December 2017. Contracts reached EUR1,597mn in 2018, of which approximately 51% relate to Civil Works contracts awarded in large part due to the 2014-2023 New Highway Plan and 28% to Non-Residential Construction projects. Of particular note are the contract awards of the Construction of the Southern Section of the Zelazny Waste Treatment Plant (EUR134mn), the Polish History Museum in Warsaw (EUR107mn), the E59 Rokietnica - Wronki train line (EUR103mn) and the S61 Szczuczyn- Budzisko Express (EUR92mn). Budimex also has contracts that are currently pending signing or have been signed since 31 December 2018 worth a total of more than EUR400mn.

WEBBER

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Revenues	739	784	-5.7%	-2.5%
EBITDA	30	36	-16.9%	-13.6%
EBITDA margin	4.1%	4.6%		
EBIT	21	27	-21.0%	-17.7%
EBIT margin	2.9%	3.4%		
Order book	1,511	1,171	29.0%	22.9%

Revenues fell -2.5% LfL, largely due to the completion of the NTE 35W toll road. The EBIT margin declined slightly compared to 2017 due to the finalisation of concession projects, offset by the improvement in other Highway and Water Treatment Plant Civil Works.

The order book increased by +22.9% in comparable terms, thanks to strong contracting, which exceeded EUR950mn over the year. This figure does not include the award of the IH-35 toll road (Texas) for approximately EUR300mn, which will be included in the order book in 1Q 2019.

FERROVIAL AGROMAN

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Revenues	2,783	2,387	16.6%	19.1%
EBITDA	61	32	91.4%	78.5%
EBITDA margin	2.2%	1.3%		
EBIT	39	13	198.3%	146.8%
EBIT margin	1.4%	0.5%		
Order book	7,092	7,507	-5.5%	-7.5%

Revenues grew +19.1% LfL, primarily in the USA, following the start of preliminary and design works at Grand Parkway in Houston, the I-66 in Virginia and Denver Airport. Profitability tripled compared to December 2017 (1.4% EBIT margin) due to the elimination of extraordinary losses of a completed contract in the UK in 2017.

ORDER BOOK

(EUR million)	DEC-18	DEC-17	VAR.
Civil work	8,567	8,635	-0.8%
Residential work	346	382	-9.4%
Non-residential work	1,451	1,347	7.8%
Industrial	601	782	-23.1%
Total	**10,965**	**11,145**	**-1.6%**

The order book decreased by -2.9% LfL compared to December 2017. The civil works segment remains the largest segment (78%), and highly selective criteria are maintained when participating in tenders. The international order book amounted to EUR9,793mn, far more than the domestic order book (EUR1,172mn), and represented 89% of the total.

Cintra's stake in the construction order book, excluding Webber and Budimex, equated to 40.6% of the order book at December 2018, compared to 43.1% in December 2017.

The order book figure at December 2018 does not include pre-awarded contracts or contracts for which commercial or financial agreement has not been finalised. These amount to over EUR1,200mn.

Services division classified as Discontinued Activity

Having completed the strategic review of its Services division announced in October 2018, Ferrovial announces that it has decided to classify as "held for sale" all of its services activities as of December 31st, 2018. This decision is framed within its strategy of focusing on the development of its infrastructure business.

In order to provide an analysis of the Services division and its comparison with previous year, the results of the Services activity and its sub-activities are shown below, prior to its classification of discontinued activity:

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Revenues	6,785	7,069	-4.0%	-1.2%
EBITDA	**136**	**423**	**-68.0%**	**-67.6%**
EBITDA Ex-BMH	**371**	**424**	**-12.6%**	**-11.5%**
EBITDA margin	2.0%	6.0%		
EBITDA margin Ex-BMH	**5.5%**	**6.1%**		
EBIT	-87	163	-153.3%	-152.3%
EBIT Ex-BMH	149	164	-9.4%	-11.0%
EBIT margin	-1.3%	2.3%		
EBIT margin Ex-BMH	**2.2%**	**2.3%**		
Order book	19,411	19,329	0.4%	3.3%

BMH (Birmingham Contract)

In 2018, Services revenues reached EUR6,785mn, falling by -4.0% compared to 2017. This change was primarily due to the finalisation of the contract with the Australian Immigration Department in 2017, the finalisation of construction projects and a selective tendering policy adopted by the company at Amey, which were offset by the incorporation of Rail and Facility Management contracts in the UK.

Revenues in Spain grew by +2.7%, driven by strong performance from treatment and industrial maintenance activities. International revenues increased by +16.7%, thanks to positive business growth performance, primarily in North America and Poland.

EBITDA stood at EUR136mn, EUR288mn less than in 2017, as a result of the impact from the Birmingham contract in the UK. Excluding this effect and in comparable terms, the Services EBITDA stood at EUR371mn (5.5% EBITDA margin), down -11.5% compared to 2017 LfL, primarily due to the ending of the immigration contract in Australia in October 2017.

The order book grew by +3.3% LfL compared to 2017, reaching EUR19,411mn.

SPAIN

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Revenues	1,950	1,898	2.7%	3.5%
EBITDA	202	197	2.5%	3.7%
EBITDA margin	10.4%	10.4%		
EBIT	113	107	5.0%	7.3%
EBIT margin	5.8%	5.7%		
Order book	4,670	4,992	-6.5%	-6.5%

Revenues in Spain grew by +2.7% compared to 2017, largely driven by higher volumes in treatment and industrial maintenance. This revenue growth is carried through in percentage terms to EBITDA, which grew by +2.5%.

At December 2018, the order book volume stood at EUR4,670mn (-6.5% compared to December 2017). The performance of the order book is linked to the slowdown in public tenders, whose impact on revenues has been offset by the grant of annual extensions. In 2018, contracts to the overall value of EUR322mn were extended. If this had been secured via contract awards, it would have resulted in an order book increase of EUR1,190mn (+24% on the order book at year-end 2017).

The contract awards in 2018 notably include the contract for the bicycle rental service in Barcelona (EUR121mn, 10 years). In the renovations and extensions section, notable was the renewal of the Line 010 Madrid Public Information Service, (EUR42mn, 4 years). At 31 December 2018, there were contracts in the preferred bidder phase, in the amount of EUR438mn.

UK

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Revenues	2,610	2,501	4.4%	5.6%
EBITDA	-163	86	n.s.	n.s.
EBITDA Ex-BMH	72	87	-17.5%	-16.5%
EBITDA margin	-6.3%	3.5%		
EBITDA margin Ex-BMH	2.8%	3.6%		
EBIT	-212	53	n.s.	n.s.
EBIT Ex-BMH	23	54	-56.5%	-56.0%
EBIT margin	-8.1%	2.1%		
EBIT margin Ex-BMH	0.9%	2.2%		
Order book	9,251	8,895	4.0%	5.1%

BMH (Birmingham Contract)

In the UK, revenues grew by +4.4% compared with 2017 (+5.6% in LfL terms). Notable in 2018 was the drop in activity linked to the completion of the CapEx phase in the major toll road and environment contracts, and the withdrawal from non-profitable contracts, which have been offset by a higher volume in Consulting & Rail and the incorporation of Defence Facility Management contracts (these have been integrated globally since September), following the acquisition of the Carillion stake in those contracts, which had contributed revenues of EUR217mn.

EBITDA margin performance was significantly affected by the Birmingham contract. Excluding this effect, the EBITDA margin would have been 2.8%, achieving the targets set for the period and improving on the 9M 2018 figure (2%).

During 2018 a large part of the disposals plan was launched, focusing on PFIs and Joint Ventures in non-strategic sectors, with a total value of EUR75mn. Of note was the sale of the stakes in the SPVs North York and Sheffield, which do not have an impact on the development of the contracts, given that Ferrovial Services continues to operate them.

On 22 February 2018, the UK Court of Appeals found in favour of Birmingham City Council, agreeing the execution of the additional works that were deemed necessary by the client. This overturned the judgement in which the High Court previously ruled in favour of Amey in September 2016. In talks with the Council regarding the execution of the ruling it has been stated that said investments must be made during the initial phase of the investment (CapEx) and not during the lifecycle as it was thought to date. As the related income for this phase of CapEx has been fully utilised, a provision has been set aside for the pending costs required to effectively comply with the ruling. In addition, the company has reassessed its forecasts regarding the level of penalties and extraordinary deductions, given the stance that the Council has been seen to adopt during recent months, when it has applied penalties and deductions in extremely high amounts. All of this has led the company to set aside an additional provision in the amount of GBP208mn, classifying this as an onerous contract. At present, Amey continues to provide the service set out in the contract, while negotiations for its redirection continue. Within this process, it must be noted that the credit institutions took control of the parent company of the project on 18 September 2018, appointing administrators.

In December 2018, the order book stood at EUR9,251mn (+5.1% compared with December 2017 in LfL terms). As part of this increase, of particular note is the contract with the Wales transport department in consortium with Keolis, which brings an order book of EUR472mn for the design and infrastructure management. Also notable are the tender awards in the highway maintenance, such as the new awarding of Area 10 (EUR368mn, 15 years) and the extension of the maintenance of Area 7 (EUR368mn, 12 years). In the Rail business, of particular note are the EUR180mn relating to the purchase of Carillion contracts for the electrification of the Midland and North East railway lines (2 years). Finally, in the facility management area, of particular note is the incorporation of the Carillion stake in the Ministry of Defence contracts (EUR391mn, 3 years) and the award of the Barnsley schools maintenance contract (EUR159mn, 19 years).

AUSTRALIA SERVICES

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Revenues	1,684	2,206	-23.7%	-18.4%
EBITDA	61	120	-49.6%	-48.8%
EBITDA margin	3.6%	5.5%		
EBIT	-2	3	-161.3%	-119.3%
EBIT margin	-0.1%	0.1%		
Order book	4,129	3,981	3.7%	9.6%

In 2018, Services Australia revenues reached EUR1,684mn, falling by -23.7% compared to 2017 (-18.4% LfL). This reduction was due to two factors: the ending of the immigration contract, which lead to a decrease of EUR323mn compared to 2017 and the strategy of ending or exiting non-profitable contracts such as East Noc (highway maintenance) and University of Newcastle (facility management). In June 2018, the light city urban bus service contract in Adelaide was sold, which was added to the sale of the non-controlling stake in energy generation assets during 1H 2018.

EBITDA reached EUR61mn (3.6% EBITDA margin), in line with forecasts for the year. EBIT includes an expense of EUR19.6mn relating to the amortisation of the intangible fixed asset created by the acquisition. Net intangible assets amount to EUR72mn, and this figure will be gradually written down over the coming 8 years.

The order book rose to EUR4,129mn, growing by +9.6% LfL compared to 2017. This increase was due to strong levels of contracting in the last quarter of 2018, which helped the recovery of part of the delayed contract awards for large public authority contracts that the company had experienced in 1H 2018. In 4Q 2018 of note was the 1 year extension of the facility management contract (EUR285mn) and 3 year renewal of the maintenance contract (EUR114mn), both of which were with the Ministry of Defence, the 5 year extension of the New South Wales school cleaning contract (EUR278mn) and the maintenance services contract at Parklea prison in Sydney (EUR198mn, 7 years). These contract awards come on top of the contracts won in previous quarters in 2018, of which of note are the granting of the maintenance contract for Shell natural gas plants (EUR411mn, 5 years) and the renewal of the operating and maintenance contract for waste water treatment in Northland (New Zealand) for EUR50mn (7 years).

INTERNATIONAL SERVICES

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Revenues	540	463	16.7%	19.8%
EBITDA	36	19	85.5%	88.9%
EBITDA margin	6.7%	4.2%		
EBIT	14	0	n.s.	n.s.
EBIT margin	2.6%	0.0%		
Order book	1,361	1,460	-6.8%	11.2%

Revenues from International business grew to EUR540mn in 2018, up by +16.7% (+19.8% LfL). There has been a general improvement across all geographies, particularly in North America, Poland and Portugal.

EBITDA also grew to EUR36mn, signalling a considerable improvement on EUR19mn figure recorded in 2017. There has been a general improvement in all regions, particularly in North America and Poland, which have offset the poorer performance in Chile, due to the delay in contracting works.

The order book for 2018 closed at EUR1,361mn, an increase of +11.2% LfL. This order book volume does not include the recent awarding of the highway maintenance contracts in Canada in York and Ottawa, the combined total of which amounts to EUR181mn (7 years), which were recently signed in January 2019. Particularly notable among the contracts awarded this year is the highway maintenance contract in Duval, Florida (USA), amounting to EUR72mn (10 years), the new highway maintenance contract from Peel Halton for EUR60mn (7 years) and the operations and maintenance of the hydrometallurgical plant in the Salvador Division (Chile) for EUR24mn (5 years)

Balance sheet

(EUR million)	DEC-18	DEC-17
FIXED AND OTHER NON-CURRENT ASSETS	**12,055**	**14,927**
Consolidation goodwill	**372**	**2,062**
Intangible assets	**32**	**431**
Investments in infrastructure projects	**7,155**	**6,917**
Property	**9**	**6**
Plant and Equipment	**251**	**694**
Equity-consolidated companies	**2,455**	**2,687**
Non-current financial assets	**754**	**769**
Long term investments with associated companies	173	312
Restricted Cash and other non-current assets	473	285
Other receivables	108	172
Deferred taxes	**664**	**1,035**
Derivative financial instruments at fair value	**364**	**326**
CURRENT ASSETS	**10,758**	**8,063**
Assets classified as held for sale	**4,892**	**0**
Inventories	**594**	**629**
Trade & other receivables	**1,090**	**2,635**
Trade receivable for sales and services	801	2,032
Other receivables	289	603
Taxes assets on current profits	**97**	**143**
Cash and other temporary financial investments	**4,005**	**4,601**
Infrastructure project companies	239	463
Restricted Cash	9	58
Other cash and equivalents	230	405
Other companies	3,766	4,137
Derivative financial instruments at fair value	**80**	**55**
TOTAL ASSETS	**22,813**	**22,990**

	DEC-18	DEC-17
EQUITY	**5,363**	**6,234**
Capital & reserves attrib to the Company´s equity holders	4,530	5,503
Minority interest	833	731
Deferred Income	**1,241**	**1,037**
NON-CURRENT LIABILITIES	**8,912**	**9,871**
Pension provisions	**3**	**66**
Other non current provisions	**459**	**808**
Financial borrowings	**7,419**	**7,511**
Financial borrowings on infrastructure projects	5,342	5,363
Financial borrowings other companies	2,077	2,149
Other borrowings	**135**	**198**
Deferred taxes	**574**	**900**
Derivative financial instruments at fair value	**321**	**387**
CURRENT LIABILITIES	**7,297**	**5,848**
Liabilities classified as held for sale	**3,259**	**0**
Financial borrowings	**773**	**839**
Financial borrowings on infrastructure projects	43	207
Financial borrowings other companies	730	631
Derivative financial instruments at fair value	**69**	**65**
Trade and other payables	**2,700**	**4,221**
Trades and payables	1,314	2,283
Other non comercial liabilities	1,386	1,938
Liabilities from corporate tax	**65**	**94**
Trade provisions	**431**	**629**
TOTAL LIABILITIES & EQUITY	**22,813**	**22,990**

The assets and liabilities attributable to the Services division are shown in the line of assets and liabilities classified as held for sale. This reclassification takes place as of December 31, 2018, and in accordance with the IFRS 5, it does not imply re-enact the comparative balance sheet for 2017.

Income statement

(EUR million)	BEFORE FAIR VALUE ADJ.	FAIR VALUE ADJUESTMENT	DEC-18	BEFORE FAIR VALUE ADJ.	FAIR VALUE ADJUESTMENT	DEC-17
Revenues	5,737		**5,737**	5,152		**5,152**
Other income	2		2	1		1
Total income	5,738		5,738	5,154		5,154
COGS	5,254		5,254	4,638		4,638
EBITDA	484		**484**	516		**516**
EBITDA margin	8.4%		8.4%	10.0%		10.0%
Period depreciation	127		127	115		115
EBIT (ex disposals & impairments)	356		**356**	401		**401**
EBIT (ex disposals & impairments) margin	6.2%		6.2%	7.8%		7.8%
Disposals & impairments	95	-13	82	47	41	88
EBIT	451	-13	**438**	448	41	**489**
EBIT margin	7.9%		7.6%	8.7%		9.5%
FINANCIAL RESULTS	-216	24	**-192**	-269	25	**-244**
Financial result from financings of infrastructures projects	-233		-233	-229		-229
Derivatives, other fair value adjustments & other financial result from infrastructure projects	2	1	3	-4		-4
Financial result from ex infra projects	9		9	-26		-26
Derivatives, other fair value adjustments & other ex infra projects	7	23	30	-10	25	15
Equity-accounted affiliates	240	-1	239	175	49	225
EBT	475	10	**486**	354	116	**469**
Corporate income tax	-19	-6	-25	-38	-8	-46
NET INCOME FROM CONTINUING OPERATIONS	456	4	**460**	316	108	**424**
Fair Value Provision		-774	-774			
Services discontinued operations	-51	-27	-77			
Net income from discontinued operations	-51	-800	**-851**	85	-2	83
CONSOLIDATED NET INCOME	405	-796	**-391**	401	106	**507**
Minorities	-57	0	-57	-51	-2	-53
NET INCOME ATTRIBUTED	348	-796	**-448**	350	104	**454**

REVENUES

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Toll Roads	471	461	2.3%	13.7%
Airports	14	21	-32.6%	-30.4%
Construction	5,193	4,628	12.2%	14.3%
Others	59	43	n.a.	n.a.
Total	**5,737**	**5,152**	**11.3%**	**14.3%**

EBITDA

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Toll Roads	319	320	-0.2%	13.8%
Airports	-16	-12	-28.7%	-27.0%
Construction	170	199	-14.5%	-14.6%
Others	10	9	n.a.	n.a.
Total	**484**	**516**	**-6.2%**	**1.4%**

DEPRECIATION

Depreciation increased by 11.0% in 2018 (+13.3% LfL), to EUR127mn.

EBIT

(Before impairments and disposals of fixed assets)

(EUR million)	DEC-18	DEC-17	VAR.	LIKE FOR LIKE
Toll Roads	239	247	-3.2%	14.2%
Airports	-18	-15	-20.2%	-19.5%
Construction	127	162	-21.6%	-22.0%
Others	7	6	n.a.	n.a.
Total	**356**	**401**	**-11.1%**	**-2.3%**

IMPAIRMENTS & FIXED ASSET DISPOSALS

The impairments and fixed asset disposals amounted to EUR82mn at year-end 2018 (EUR88mn in 2017), mainly due to the following impacts:

- Capital gains for the sale of the stake in the Greek toll roads Central Greece and Ionian Roads, for the sum of EUR84mn (before tax).
- Further impairments at Autema amounting to -EUR13mn, due to litigation with the Catalonian regional government.

FINANCIAL RESULT

(EUR million)	DEC-18	DEC-17	VAR.
Infrastructure projects	-233	-229	-1.8%
Ex infra projects	9	-25	134.0%
Net financial result (financing)	**-224**	**-254**	**11.8%**
Infrastructure projects	3	-4	170.6%
Ex infra projects	30	14	109.4%
Derivatives, other fair value adj & other financial result	**33**	**11**	**211.0%**
Financial Result	**-192**	**-244**	**21.4%**

Financial expenses in 2018 were lower than in 2017, as a combination of the following impacts:

- **Financing result:** EUR30mn drop in expenses to -EUR224mn. The change compared with 2017 was primarily due to the following:
  - In the ex-projects area, EUR9mn of financial income compared to -EUR25mn of expenses in 2017, primarily due to the higher interest rates with a positive impact on the gross cash position.
  - In the infrastructure area, financial expenses amounted to EUR233mn, in line with 2017 (EUR229mn).
- **Result from derivatives and others:** EUR33mn of financial income in 2018 compared to EUR11mn in financial income in 2017, mainly due to the collection of interest charges from late payments and higher revenues from guarantees. This financial income was impacted by the hedges provided by equity swaps linked to payment plans, with no impact on cash flow. These hedges led to expenses of -EUR3mn at the close of 2018, due to the negative performance of the share price, as compared with its positive performance in 2017, as shown in the following table:

FECHA	PRECIO DE CIERRE (€)
31-dic-16	17,00
31-dic-17	18,93
31-dic-18	**17,70**

EQUITY-ACCOUNTED RESULTS

At net profit level, equity-accounted consolidated assets contributed EUR239mn after tax (EUR225mn in 2017).

(EUR million)	DEC-18	DEC-17	VAR.
Toll Roads	166	138	20.7%
407 ETR	136	125	9.2%
Irish Toll Roads (M4 and M3)	1	2	-34.2%
Toowoomba	2	1	127.7%
Ruta del Cacao	4	-1	n.s.
Algarve	6	2	281.3%
Norte Litoral	8	6	44.9%
Others	8	3	144.2%
Airports	73	89	-17.5%
HAH	70	87	-19.6%
AGS	4	2	71.2%
Construction	0	-1	70.1%
Total	**239**	**225**	**6.2%**

TAXES

The corporate income tax expense for 2018 amounted to -EUR25mn (vs. -EUR46mn in corporate income tax in 2017), this amount:

- Does not include the corporate income tax expense relating to equity-accounted companies which, pursuant to accounting legislation, their profit/(loss) is already presented net of the related tax effect.
- Includes a corporate income tax rebate corresponding to prior financial years in the amount of EUR39mn (EUR17mn in 2017), primarily due to the regularisation of assets and liabilities for deferred taxes from prior years.

Excluding from the 2018 pre-tax profit (EUR486mn), the profit from equity-accounted companies (pre-tax profit of EUR239mn), the permanent differences (EUR44mn) and consolidated results without tax effects (-EUR10mn), and considering the expense due to adjusted corporate income from previous years (EUR65mn), the resulting effective corporate income tax rate is 23%.

NET INCOME FROM CONTINUING OPERATIONS

Net income from continued operations stood at EUR460mn, a +8.6% increase vs 2017 (EUR424mn). This result includes a series of impacts, notable among which were:

- Fair value adjustments for derivatives: +EUR24mn (EUR69mn in 2017), primarily impacted by HAH derivatives and the Toll road Canadian dollar options.
- Capital gain after tax on the sale of the Greek toll roads Central Greece and Ionian Roads: +EUR80mn (+EUR98mn in 2017 from the sale of Norte Litoral and Algarve toll roads).
- Impairment at Autema: -EUR13mn (-EUR29mn in 2017).

NET INCOME FROM DISCONTINUED OPERATIONS

Net income from discontinued operations stood at -851EURmn, that included:

- Fair value provision (-EUR774mn) due to the application of the fair value criteria of the discontinued activity in the case of Ferrovial´s participation in Amey.
- Services discontinued operations (-EUR77mn).

NET INCOME

Net profit stood at -EUR448mn in 2018 (EUR454mn in 2017).

Net debt and corporate credit rating

NET DEBT

(EUR million)	DEC-18	DEC-17
NCP ex-infrastructures projects	**975**	**1,341**
Toll roads	-4,392	-4,274
Others	-248	-530
NCP infrastructures projects	**-4,640**	**-4,804**
Total Net Cash /(Debt) Position	**-3,664**	**-3,463**

The net treasury position, excluding infrastructure projects, stood at EUR975mn in December 2018. The net cash position including discontinued operations reached EUR1.236mn at December 2018 (EUR1,341mn at year-end 2017).

The main drivers of this change in the net cash position ex-infrastructure projects included the following:

- **Working capital** stood at -EUR351mn in 2018, compared to -EUR38mn in 2017. This decline was affected by:

  Worsening of working capital at Budimex, which stood at -EUR127mn, compared to -EUR29mn in 2017, as well as Amey, which stood at -EUR128mn in 2018 compared to -EUR4mn in 2017.

  In 2017, EUR210mn were collected in the form of construction work advance payments.

- **Dividends received from projects and capital reimbursements (+EUR623mn)**, a + 13% increase compared to the dividend received in 2017 (EUR553mn). In 2018 there was a notable contribution from 407 ETR (EUR273mn) and Airports (EUR191mn). The contribution of dividends from Services reached EUR131mn (vs. EUR33mn in 2017), primarily from projects in Services in Spain (+EUR104mn).
- **Investments** that amounted to -EUR332mn in 2018.
- **Divestments** amounting to +EUR230mn in 2018, notably including EUR82mn from the sale of the stake in the Greek toll roads Central Greece and Ionian Roads and EUR111mn from Services, following the sale of PFI in the UK and a stake in Ratch (a wind energy firm in Australia).
- **Shareholder remuneration of -EUR520mn**, in line with the 2017 figure, including the cash payment of the scrip dividend of -EUR240mn and the share buy-back for -EUR280mn. Dividends to minorities in subsidiaries also reached -EUR49mn.
- **Net debt from discontinued operations** stood at EUR261mn external net cash at 31 December 2018.

Net project debt stood at EUR4,640mn (EUR4,804mn in December 2017).

The Group's **consolidated net debt** at 31 December 2018 stood at EUR3,664mn (compared with EUR3,463mn in December 2017).

(EUR million)	DEC-18	DEC-17
Gross financial debt	**-8,198**	**-8,367**
Gross debt ex-infrastructure	-2,813	-2,797
Gross debt infrastructure	-5,385	-5,570
Gross Cash	**4,533**	**4,904**
Gross cash ex-infrastructure	3,822	4,156
Gross cash infrastructure	711	748
Total net financial position	**-3,664**	**-3,463**

CORPORATE CREDIT RATING

AGENCY	RATING	OUTLOOK
S&P	BBB	Estable
Fitch Ratings	BBB	Estable

EX-INFRASTRUCTURE DEBT MATURITIES

YEAR	CORPORATE DEBT MATURITIES
2019 *	700
2020	1
2021	504
2022 – 2032	1,093
>2033	0

(*) In 2019, ex-infrastructure debt includes ECP issuance (Euro Commercial Paper), which at 31 December 2018 had a carrying amount of EUR699mn, with an average rate of -0.24%.

Consolidated cash flow

DEC-18	EXINFRASTRUCTURE PROJECTS CASH FLOW	INFRASTRUCTURE PRROJECTS CASH FLOW	ADJUSTMENTS	TOTAL CASH FLOW
EBITDA	144	470		614
BMH provision with no cash impact	155			155
Dividends received	623		-112	511
Working capital variation (account receivables, account payables and others)	-351	-60		-410
Operating flow (before taxes)	**572**	**410**	**-112**	**870**
Tax payment	6	-31		-25
Operating Cash Flow	**577**	**380**	**-112**	**845**
Investments	-332	-69	83	-318
Divestments	230			230
Investment cash flow	**-102**	**-69**	**83**	**-87**
Activity cash flow	**476**	**310**	**-29**	**758**
Interest flow	-11	-191		-202
Capital flow from Minorities	-2	163	-86	75
Scrip dividend	-240			-240
Treasury share repurchase	-280			-280
Ferrovial shareholder remuneration	-520			-520
Other shareholder remmuneration for subsidiary minorities	-49	-120	115	-54
Forex impact	-12	-150		-162
Variation of Bridge Loans (project financing)				
Changes in the consolidated perimeter	5			5
Other debt movements (non cash)	8	-94		-85
Financing cash Flow	**-581**	**-391**	**29**	**-944**
Net Debt from discontinued operations (cash)	**-261**	**245**		**-16**
Net debt variation	**-366**	**164**		**-202**
Net debt initial position	**1.341**	**-4,804**		**-3,463**
Net debt final position	**975**	**-4,640**		**-3,664**

DEC-17	EXINFRASTRUCTURE PROJECTS CASH FLOW	INFRASTRUCTURE PRROJECTS CASH FLOW	ADJUSTMENTS	TOTAL CASH FLOW
EBITDA	484	449		932
Dividends received	553		-10	543
Working capital variation (account receivables, account payables and others)	-38	-16		-53
Operating flow (before taxes)	**999**	**433**	**-10**	**1.422**
Tax payment	-115	-27		-142
Operating Cash Flow	**883**	**407**	**-10**	**1.280**
Investments	-355	-371	43	-684
Divestments	253		-5	248
Investment cash flow	**-102**	**-371**	**38**	**-436**
Activity cash flow	**781**	**35**	**28**	**844**
Interest flow	-32	-204		-236
Capital flow from Minorities	0	73	-38	35
Scrip dividend	-218			-218
Treasury share repurchase	-302			-302
Ferrovial shareholder remuneration	-520			-520
Other shareholder remmuneration for subsidiary minorities	-48	-11	10	-49
Forex impact	-43	398		354
Variation of Bridge Loans (project financing)				
Changes in the consolidated perimeter	0	-43		-43
Other debt movements (non cash)	506	-88		418
Financing cash Flow	**-137**	**125**	**-28**	**-40**
Net debt variation	**644**	**160**		**804**
Net debt initial position	**697**	**-4,963**		**-4,266**
Net debt final position	**1.341**	**-4,804**		**-3,463**

EX-INFRASTRUCTURE PROJECT CASH FLOW

Ex-infrastructure activity cash flow*:

The **ex-infrastructure pre-tax cash flow** figures are as follows:

2018	OPERATING CF*	NET INVESTM. CF*	ACTIVITY CF*
Toll Roads Dividends	296	-9	287
Airports Dividends	191	0	191
Construction	16	-15	1
Services	160	-75	85
Other	-90	-3	-93
Total	**572**	**-102**	**470**

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

*Before Corporate Income Tax, charges and operating payments

Cash flow from ex-project operations

At 31 December 2018, **cash flow from ex-infrastructure project operations totalled EUR572mn (before tax)**. This was lower than the EUR999mn recorded in 2017, due mainly to the performance of the Services and Construction operations cash flows.

By contrast, the contribution made by the main infrastructure projects improved as the result of the collection of dividends (EUR623mn in 2018 vs. EUR553mn in 2017).

Changes in cash flow from ex-infrastructure project operations cash flow by segment in 2018 as compared with 2017, are shown in the following table:

Operating cash flow	DEC-18	DEC-17
Dividends from Toll Roads	296	277
Dividends from Airports	191	237
Construction	16	134
Services	160	396
Other	-90	-46
Operating flow (before taxes)	**572**	**999**
Tax payment	6	-115
Total	**577**	**883**

The entry "Others" includes the operations cash flow corresponding to Corporate Business, Airports and Toll Roads and the real estate business in Poland..

Breakdown of cash flow from **Construction and Services**:

Construction	DEC-18	DEC-17
EBITDA	170	199
EBITDA from projects	15	13
EBITDA Ex projects	155	186
Dividends received	6	5
Working capital variation (account receivables, account payables and others)	-146	-57
Provision variation with no cash impact	13	-79
Changes in factoring	-12	5
Ex Budimex Working Capital	-18	46
Budimex Working Capital	-127	-29
Operating Cash Flow before Taxes	**16**	**134**

Services	DEC-18	DEC-17
EBITDA	136	423
EBITDA from projects	73	86
EBITDA Ex projects	62	338
BMH provision with no cash impact	155	0
Dividends received	131	33
Working capital variation (account receivables, account payables and others)	-188	25
Changes in factoring	-11	0
Pensions payments UK	-10	-32
Ex UK Working Capital	-39	61
UK Working Capital	-128	-4
Operating Cash Flow before Taxes	**160**	**396**

The following table shows a breakdown of the **Services** business:

	SPAIN	UK	AUSTRALIA	INTERNATIONAL	SERVICES
EBITDA Ex-infrastructure	139	-174	61	36	62
BMH provision with no cash impact	0	155	0	0	155
Dividends received	104	19	3	5	131
Changes in factoring	-11	0	0	0	-11
Pension scheme payments	0	-10	0	0	-10
Working capital	18	-128	-46	-11	-167
Op. cash flow ex-Taxes	**250**	**-138**	**18**	**30**	160

Breakdown of cash flow from **Toll Roads and Airports**:

The revenue from Toll Roads operations amounted to EUR296mn in 2018, resulting from dividends and repaid shareholder equity from companies owning toll road infrastructure projects.

Dividends and Capital reimbursements	DEC-18	DEC-17
ETR 407	273	262
Irish toll roads	1	2
Portuguese toll roads	9	9
Greek toll roads	3	0
Spanish toll roads	5	3
Other	4	1
Total	**296**	**277**

Dividends and capital reimbursements from Airports (EUR191mn) were lower than achieved in 2017 (EUR237mn), as the latter included extraordinary payments at HAH and AGS. HAH paid out EUR144mn vs. EUR153mn in 2017 (including the extraordinary dividend that was aided by good operating performance and an increase in inflation). The AGS dividend in 2017 (EUR84mn) was higher than that received in 2018 (EUR39mn) due to the extraordinary dividend paid following the refinancing obtained in 1Q 2017.

AIRPORTS	DEC-18	DEC-17
HAH	144	153
AGS	39	84
Others	7	0
Total	**191**	**237**

Ex-project investment cash flow

The following table shows the breakdown by business segment of investment cash flow, excluding Infrastructure projects, with a separate entry in each case for the amounts paid for investments undertaken and the amounts received from divestments made:

DEC-18	INVESTMENT	DIVESTMENT	INVESTMENT CASH FLOW
Toll Roads	-90	82	-9
Airports	0	0	0
Construction	-52	37	-15
Services	-186	111	-75
Others	-3	0	-3
Total	**-332**	**230**	**-102**

DEC-17	INVESTMENT	DIVESTMENT	INVESTMENT CASH FLOW
Toll Roads	-154	161	8
Airports	-4	5	1
Construction	-55	64	9
Services	-139	19	-120
Others	-4	4	1
Total	**-355**	**253**	**-102**

The net investment cash flow in 2018 (-EUR102mn) includes:

- **Investments** reached -EUR332mn, below the -EUR355mn in 2017.
- **Divestments** reached EUR230mn in 2018:
  - EUR74mn received in Services from the sale of PFI in the UK and a stake in Ratch-Australia for EUR34mn.
  - EUR82mn received in Toll Roads from the sale of the stake in the Greek toll roads Central Greece and Ionian Roads.

Ex-project financing cash flow

Financing cash flow includes:

- **Shareholder remuneration cash flow:** -EUR520mn for Ferrovial shareholders, which includes the cash payment of the scrip dividend of -EUR240mn and the share buy-back for -EUR280mn. Dividends to minorities in subsidiaries also reached -EUR49mn.
- **Net interest payments** in 2018 reached -EUR11mn.
- **FX impact** (-EUR12mn), which originates from the operating cash for the businesses outside the Eurozone and the positions held in currencies, mainly in American and Canadian dollars (-EUR35mn), partially offset by exchange rate derivatives (+EUR37mn).
- **Other non-cash flow related movements** (+EUR8mn), which also includes book debt movements that do not affect cash flow, such as interest that has been accrued and remains unpaid, mainly resulting from interest accrued from corporate bonds.

Net debt from discontinued operations

The net cash position from discontinued operations stood at EUR261mn external cash at 31 December 2018.

INFRASTRUCTURE PROJECT CASH FLOW

Cash flow from project operations

As regards cash flows for companies that own Infrastructure project concessions, these basically include revenues from those companies that are currently in operation, though they also include VAT refunds and payments corresponding to projects currently in the construction phase.

The following table shows a breakdown of cash flow operations for infrastructure projects.

(EUR million)	DEC-18	DEC-17
Toll roads	296	317
Other	84	89
Operating flow	**380**	**407**

Project investment cash flow

The following table shows a breakdown of the investment cash flows for infrastructure projects, mainly payments made in respect of CapEx investments over the year.

INVESTMENT CASH FLOW	DEC-18	DEC-17
LBJ	-4	-9
NTE	-3	-8
NTE 35W	-134	-220
I-77	-210	-146
Portuguese toll roads	-1	-1
Spanish toll roads	-5	-2
Others	0	0
Total toll roads	**-356**	**-385**
Others	-40	-55
Projects total	**-396**	**-439**
Equity Subsidy	327	68
Total investment cash flow (projects)	**-69**	**-371**

Project financing cash flow

Financing Financing cash flow includes the payment of dividends and the repayment of equity by concession-holding companies to their shareholders, along with the payments for share capital increases received by these companies. In the case of concession holders which are fully integrated within Ferrovial, these amounts represent 100% of the amounts paid out and received by the concession-holding companies, regardless of the percentage share that the Company holds in such concessions. No dividend or Shareholder Equity repayment is included for equity-accounted companies.

The interest cash flow refers to the interest paid by the concession-holding companies, together with other fees and costs closely related to the acquisition of financing. The cash flow for these items relates to interest costs for the period, along with any other item that represents a direct change in the net debt amount for the period

INTEREST CASH FLOW	DEC-18	DEC-17
Spanish toll roads	-63	-63
US toll roads	-77	-82
Portuguese toll roads	-15	-21
Other toll roads	0	0
Total toll roads	**-154**	**-166**
Other	-37	-38
Total	**-191**	**-204**

The financing stream also includes the impact that changes in the interest rate have had on the debt held in foreign currency, which in 2018 was a negative impact in the amount of -EUR150mn, primarily as the result of the appreciation of the US dollar against the euro, a circumstance that had a significant effect on the net debt figure for the American toll roads.

Shareholder remuneration

In 2018, Ferrovial distributed EUR520mn of shareholder remuneration in line with the 2017 figure, including the cash payment of the scrip dividend of -EUR240mn and the share buy-back for -EUR280mn.

The company held its AGM on 5 April 2018. The AGM approved two share capital increases, by means of the issuance of new ordinary shares, with no share premium, of the same class and series as those at present in circulation, charged to reserves.

These increases form part of the shareholder remuneration scheme known as the "Ferrovial Scrip Dividend", which replaced the traditional complementary dividend payment for 2017 and the 2018 interim dividend.

SCRIP DIVIDEND DETAILS	MAY-18	NOV-18
Guaranteed set price to purchase rights	0.314	0.407
Rights per share	56	43
% shareholders chose shares as dividends	53.91%	55.31%
% shareholders chose cash as dividends	46.09%	44.69%
Number of new shares issued	7,049,868	9,510,262
Number of rights purchase	337,472,827	330,374,041

SHARE BUY-BACK AND CANCELLATION

The buy-back programme ended on 27 November 2018, after the company acquired 8,930,617 of its own shares (which therefore did not exceed the limit of EUR275mn or 19 million shares).

The share capital was subsequently reduced by EUR2,073,953 by means of the cancellation of 10,369,765 company shares held in the company's own portfolio, including 1,439,148 shares held prior to the Board of Directors' proposal, approved at the AGM, to reduce the company's share capital.

Ferrovial's share capital figure as of 31 December 2018 amounted to EUR147,691,167, all fully subscribed and paid up. The share capital comprises 738,455,837 ordinary shares of one single class, each with a par value of twenty-euro cents (EUR0.20).

SHAREHOLDER STRUCTURE

Significant holdings in the share capital of Ferrovial S.A., as detailed by the Spanish Stock Market Commission (CNMV) at the end of December 2018:

- **Rijn Capital BV:** 20.1%
- **Menosmares S.L.U.:** 8.1%.
- **Siemprelara S.L.U.:** 5.0%.
- **Blackrock**: 2.83%
- **Fidelity International Limited:** 2.03%

Appendix I: Exchange-rate movements

Exchange rates expressed in units of currency per Euro, with negative variations representing euro depreciation and positive variations euro appreciation.

	EXCHANGE RATE LAST (BALANCE SHEET)	CHANGE 18/17	EXCHANGE RATE MEAN (P&L)	CHANGE 18/17
GBP	0.8984	1.07%	0.8858	1.23%
US Dollar	1.1452	-4.74%	1.1782	3.43%
Canadian Dollar	1.5601	3.60%	1.5312	3.78%
Polish Zloty	4.2888	2.71%	4.2714	0.61%
Australian Dollar	1.6260	5.66%	1.5838	6.92%

Appendix II: Significant event notices

- **On 5 April, Ferrovial communicated the resolutions from the 2018 AGM.**

- **On 26 April, Ferrovial notified of an additional provision of GBP208mn** (EUR237mn), relating to the contract managed by Amey for the refurbishment and subsequent maintenance and repositioning of certain infrastructure in the city of Birmingham.

- On **11 May, Ferrovial agreed a scrip issue charged to reserves as a means of implementing the Ferrovial Scrip Dividend shareholder remuneration scheme.** At the same time, Ferrovial agreed to carry out a Buy-Back Programme to reduce the company's share capital by means of the cancellation of treasury stock, with the purpose of supporting the Company's shareholder remuneration policy by means of increasing earnings per share.

- On **5 June, Ferrovial announced the closure of the period for trading the free rights assigned corresponding to the scrip issue for the purposes of implementing the Ferrovial Scrip Dividend shareholder remuneration scheme.** At the end of this period on 31 May 2018, the holders of 53.91% of the rights (a total of 394,792,608 rights) opted to receive new Ferrovial shares. The definitive number of ordinary shares with a nominal value of EURO.20/share issued in the share capital increase thus amounts to 7,049,868. The holders of 46.09% of the rights have sold their rights to Ferrovial, which acquired a total of 337,472,827 rights (EUR105,966,467.68). The share capital increase was closed on 5 June 2018.

- **On 16 October 2018, Ferrovial explained that it had employed an external consultant to assess the potential disposal of all or part of the assets within the Services division that Ferrovial directly or indirectly owns.**

Appendix III: Significant event notices after closing 2018

On 27 February 2019, Ferrovial announced that it has decided to classify as "held for sale" all of its services activities as of December 31st, 2018. This decision is framed within its strategy of focusing on the development of its infrastructure business.

Appendix IV: additional information

SHARE BUY-BACK TRANSACTIONS:

TRANSACTION PERFORMED/OBJECTIVE	NUMBER OF SHARES ACQUIRED	NUMBER OF SHARES USED FOR OBJECTIVE	TOTAL NUMBER OF SHARES
Balance at 31/12/17			**2.167.237**
Capital reduction	8.930.617	-10.369.765	-1.439.148
Discretionary shares and other	6.915.588	0	6.915.588
Compensation systems	286.941	-966.079	-679.138
Shares received as payment for the scrip dividend	447.129	0	447.129
Balance at 31/12/18			**7.411.668**

AVERAGE PAYMENT PERIOD

In compliance with the obligation to disclose the average supplier payment period provided for in Article 539 and Additional Provision Eight of the Spanish Limited Liability Companies Law (in accordance with the new wording of Final Provision Two of Law 31/2014 reforming the Spanish Limited Liability Companies Act), the Company hereby states that the average period of payment to the suppliers of all the Group companies domiciled in Spain (including operations from discontinued activities) was 46 days.

The following table shows, as required under Act 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 2018 and 2017:

DAYS	2018	2017
Average period of payment to suppliers	46	49
Ratio of transactions settled	45	49
Ratio of transactions not yet settled	57	48
Amount (euros)		
Total payments made	**1.282.492.063**	**1.227.935.075**
Total payments outstanding	**50.153.671**	**45.114.969**

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

Human capital

EMPLOYEES ARE THE COMPANY'S BIGGEST ASSET WHEN IT COMES TO VALUE CREATION. FERROVIAL OFFERS EVERY EMPLOYEE A PLACE TO GROW AND BUILD THEIR OWN CAREER, WITH UNRIVALLED GROWTH OPPORTUNITIES

Ferrovial offers its workers the opportunity to work on unique and innovative projects alongside a top-drawer team of professionals, giving all of them the best tools with which to accomplish their objectives.

Training is one of the cornerstones to promote the development of the talent at Ferrovial. In 2018, training hours totalled 875,041, for an average of 9.30 hours per employee. Total investment in training came to 24.25M€.

The SUMMA Corporate University was conceived 11 years ago with the aim of catalyzing learning and global knowledge, sharing experiences and building relationships between company employees. A total of 73,522 training hours were delivered in 2018, while accumulated training hours since the university's foundation stand at more than 670,000 hours. Key training programs include leadership and strategy, which were completed by 528 executives and middle managers.

Ferrovial prioritizes the mobility of its employees as a means of fostering talent. The company has set up a Global Mobility Portal, which operates as a sort of job board where employees can consult all openings worldwide. A total of 14,728 job opportunities were generated in 2018, attracting more than 335,617 applications. Of these, 23.4% were awarded to existing company employees.

A total of 27,630 employees benefitted from performance assessments and professional development processes in 2018. Meanwhile, the company's succession plans allowed it to identify 363 possible candidates for the 144 most critical positions identified.

AN EQUAL, EFFICIENT AND DIVERSE WORKING ENVIRONMENT

Ferrovial offers its employees remuneration that is flexible, fair and transparent and designed to compensate achievement and personal merit.

In Ferrovial periodic studies are carried out to analyze the gender pay gap. In the case of Spain, following the approval of the Equality Act in 2007, the company has signed the corresponding equality plans with the main trade unions in its sector in which a salary assessment is made, which is then reported in the Equality Commissions broken down into gender and professional categories. In countries such as the United Kingdom and Australia, due to their legislation, this information has been made public since 2018.

The gender pay gap, published in the Appendix to this Report, is mainly explained in terms of the current percentage of women represented in the company, by the type of positions they perform in line with the

EMPLOYEE COMMITMENT*

69%

Participation in the survey

...

91%

Commitment level

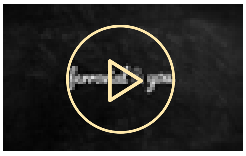
...

88%

Out of all the employees consider Ferrovial a good place to work

...

*Consultation made with biennial character



VIDEO: FERROVIAL AND YOU
Ferrovial's employees share their experience

PLAY THE FUTURE PROJECT

Relentless technological progress is forcing people and companies alike to rethink their service and infrastructure management models and anticipate future changes. With this in mind, Ferrovial has launched Play the Future, a program that showcases the company's commitment to innovation, one of its five values, and aims to develop the digital skills and awareness of all employees. This project has three angles: individual scale, manager scale and company-wide scale:

- Individual scale (bottom-up): the company provides all employees with an online training plan to enable them to raise their knowledge and awareness of matters such as drones, IoT, 3D printing, Big Data, artificial intelligence, user experience and digital skills. The aim here is to increase knowledge of new technologies related to the company's businesses, thus allowing employees to become more tech-savvy and efficient when using these tools.

- Manager scale (top-down): when tackling the manager scale, the company has asked the SUMMA corporate university to organize a cycle of conferences aimed at executives and other key office holders to explore trends that could impact the company. So far, these conferences —known as Executive Forums— have been held in Madrid, London and Austin.

sectors in which Ferrovial operates, and by the current gender distribution in the different professional categories.

It is important to note that Ferrovial ensures equal opportunities to access to any position based on a criteria of merit and professional performance. It also establishes measures to avoid possible biases that may occur in people management processes, such as reports to the manager indicating the percentage of men / women in the potential processes for identifying talent, salary increases and the evaluation of objectives.

The company fosters an efficient working environment that includes work flexibility and work-life balance safeguards and is compliant with applicable law, customs and practices in each country. In 2018, the company implemented new measures to ensure a healthy work-life balance, such as allowing employees to buy extra days of vacation or increase their paternity leave. Ferrovial is also committed to the health of its employees, promoting initiatives at the job centers to champion sport, healthy habits and eating and good health.

Ferrovial is also a diverse and inclusive company. The Strategic Diversity and Inclusion Plan envisions initiatives to promote an inclusive and non-discriminatory working environment. The plan also targets training, among other courses of action, such as the inclusive leadership course, with over 1,300 leaders trained in Australia and the United Kingdom, and training into bias during recruitment processes, with 50 selection officers receiving training.

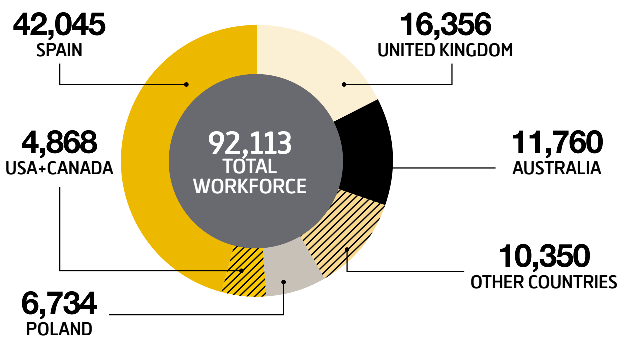
Here, the company is adhered to the European Business Leaders' Commitment to Inclusion and Diversity manifesto of the European Round Table of Industrialists, in support of a European campaign on diversity and equality at companies.

YOUNG TALENT

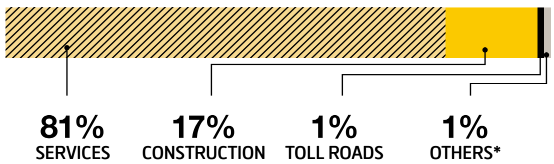
Ferrovial currently has 29 specific programs in place —lasting between three months and three years— to attract young talent. Thanks to these initiatives, the company opened its doors to some 1,000 young workers in 2018, including graduates, mainly in North America, the United Kingdom, Ireland and Poland. Total investment on these programs came to EUR6.6 M.

When it comes to promoting and seeking out young talent, a particular highlight in the period included the launch of a recruitment robot in Poland, known as Emplobot. This bot cross-references job offers with candidate profiles, allowing it to pre-select suitable candidates and automatically invite them to attend a personal interview. To date, the initiative has yielded 1,003 conversations, 1,730 matches and 199 interviews.

BY COUNTRY



BY BUSINESS

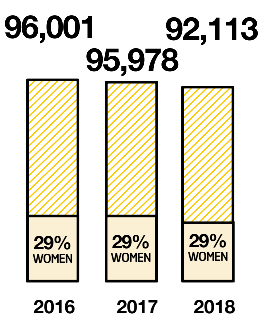


*Includes workforce from Corporation (0.5%), Airports (0.05%) and Real Estate (0.2%).

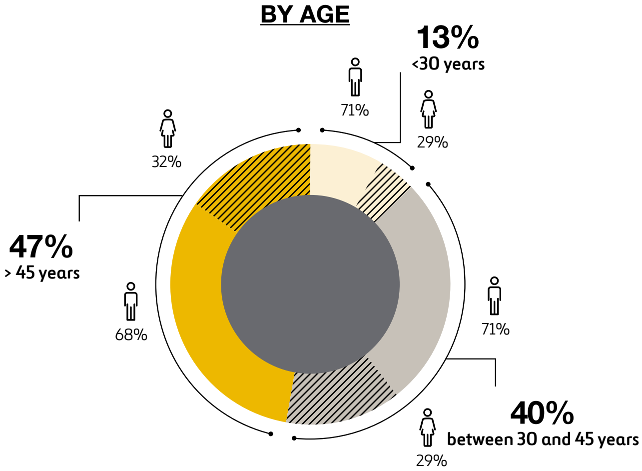
"WE ARE STRONGLY COMMITTED TO HAVING A DIVERSE AND INCLUSIVE WORKFORCE. DIFFERENT PEOPLE BRING DIFFERENT IDEAS AND WE APPRECIATE THE TALENT THAT EACH INDIVIDUAL BRINGS TO FERROVIAL."

Rafael del Pino
Chairman of Ferrovial

EVOLUTION



BY AGE



Workers' Health and Safety as a priority

FERROVIAL WORKS TO CREATE RISK-FREE ENVIRONMENTS BY DEVELOPING ACTION PLANS UNDER A TARGET ZERO VISION AND THE PRINCIPLE THAT ALL ACCIDENTS ARE PREVENTABLE.

Target Zero accidents. This is Ferrovial's overriding objective when it comes to occupational health and safety. The Management has embodied the company's commitment in a Health and Safety Policy and it is also reflected in the company's Health and Safety Strategy.

STRATEGY

In 2018, the Board of Directors commissioned an external assessment of Ferrovial's Health and Safety Strategy. The purpose was to verify the appropriateness of the strategy and to identify possible areas for improvement on the path to accomplishing the Zero Harm vision defined in the Health and Safety Policy and also to become a benchmark company within its sphere of action.

The assessment revealed that the company's strengths include its firm vision on health and safety; the high degree of standardization of the reporting and communication process; and the existence of a specific Corporate Action Plan allowing the business units to roll out their own actions in response to specific needs.

COMMITMENT BY THE MANAGEMENT

In 2015, the Board of Directors approved a new Health and Safety Policy for the whole company. The policy calls on the company to develop risk-free working environments, based on the conviction that all accidents are preventable.

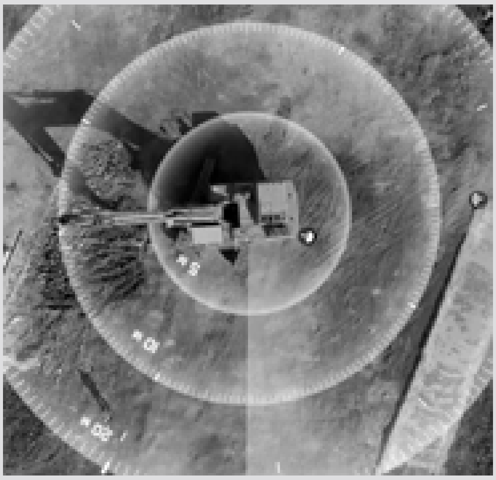
The most senior executive officer at Ferrovial supervises functions and responsibilities relating to health and safety. The CEO regularly reports to the Board of Directors on this important matter. Meanwhile, the person responsible for health and safety at all the business units sits on the Business Committee.

Thanks to the commitment of the Management and all employees and because of the preventive measures adopted to date, the company has reported a continuous drop in accident rates in recent years.

INITIATIVES AND GOOD PRACTICE

The safety of workers is one of the main concerns when pursuing the Target Zero accidents objective. Highlight initiatives in 2018 included:

- F-Safety, a corporate app that standardizes, improves and speeds up the process of gathering information relating to health and safety, enabling the company to rapidly spot areas for improvement and implement corrective measures.
- FS H&S Point: a database of knowledge and good practices taken from over 100 experts in health and safety.
- Safe for life: a prevention program implemented at Broadspectrum, with four strategic courses of action: visible leadership, effective communication, risk identification and control and organizational and personal resilience.
- Zero Code at Amey: a simple work code that shows the actions and behavior to be observed by all workers and contractors so as to minimize the risk of accidents.
- Awareness raising videos at Ferrovial Agroman to help show and explain corporate standards of health and safety to employees.



SAFETY LAB

Ferrovial's new Strategic Innovation Plan, designed for the coming five years, has among its priorities the promotion of health and safety. Key initiatives here include the Safety Lab, an accelerator for new methodologies and technologies that can help improve the health and safety of workers, users of infrastructure and any other person who may be affected by the company's activities in some shape or form.

The program should ultimately yield a state-of-the-art health and safety program; generate a stronger corporate safety culture; enable the sharing of knowledge, experiences and challenges; scale procedures and products accordingly within the organization; help to forge alliances with external partners; and encourage digitization on this important subject.

WORKERS' WELL-BEING

Ferrovial believes that the health and well-being of its workers creates a healthier working climate, reduces absenteeism, increases productivity and reduces the risk of accidents, among other benefits. It has therefore implemented different programs and initiatives in line with the guidelines of the European Agency for Safety and Health at Work.

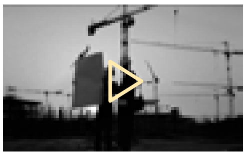
Aside from continuing to expand programs already implemented in previous years, such as HASAVI and Ferrovital, the company is committed to the following key projects:

- First Aid for Mental Health at Broadspectrum: internally developed training scheme that aims to increase awareness of a wide range of mental health problems. The initiative helps participants identify the associated warning signs and symptoms and take appropriate steps to seek help when necessary.
- Portable exoskeleton, an initiative implemented at Ferrovial Services Spain: a worker support device that generates extra energy when performing physical tasks to help avoid overexertion.
- Well-being week, held at the central offices of Ferrovial Agroman. Within the framework of this initiative, practical workshops were held on a variety of issues, most notably the control of psychosocial factors: dealing with stress, relaxation techniques and time management. Other activities related to nutrition, food and knowledge of product labelling, active breaks and workstation ergonomics, as well as an initiation to sport.

ROAD SAFETY

Ferrovial remains firmly committed to road safety for both its workers and users of its infrastructure. Several initiatives were launched in 2018, including the DriveSmart project.

DriveSmart is a mobile app developed by Cintra that seeks to improve road safety. The app collects driving data from highway users for subsequent analysis, treatment and detection of driving habits, all with the aim of improving road safety and preventing accidents. At present it remains a pilot initiative deployed on the Terrassa-Manresa toll road to promote its use among drivers, both on the highway and in its areas of influence. Since this pilot test has yielded promising results, it has been extended to the Autopista del Sol toll road. This initiative reflects Cintra's commitment to using new technologies to improve the health and safety of its workers and users.



VIDEO: HEALTH AND SAFETY MEASURES AT FERROVIAL SERVICES

Meanwhile, FBSerwis, the Polish subsidiary of Ferrovial Services, has developed SKOPI, a service to raise driver awareness and improve the safety of road maintenance operators. The initiative goes under the slogan of "Kill your speed! We're working for you". Drivers using the application receive an image and vibration notification on their mobile phones when they approach a part of the road undergoing construction work.

ACCIDENT FREQUENCY RATE[1]

-10.3%

ACCIDENT SEVERITY RATE [2]

-6.5%

HEALTH AND SAFETY HOURS OF TRAINING

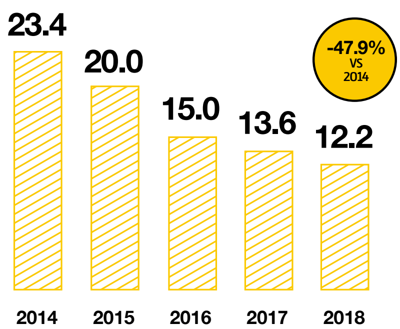
828,304

+3.2 MILLION SINCE 2015

HEALTH AND SAFETY INSPECTIONS AND AUDITS

87,908

FRECUENCY RATE



(1) Year-on-year change in the ratio showing the number of accidents to have occurred during working hours and leading to medical leave, for every million hours worked. Does not include contractors.
(2) Year-on-year change in the ratio showing the number of days lost as a result of occupational accidents for every thousand hours worked.
For more details see annex of GRI indicators, accident tables page 134.

Leading the transformation

INNOVATION IS A CORNERSTONE OF FERROVIAL'S BUSINESS. THE COMPANY FOCUSES ON PROJECTS RELATED TO BUSINESSES THAT GENERATE ADDED VALUE.

INVESTMENT IN R&D

+48
MILLION EUROS

•••

PROJECTS DEVELOPED IN 2018

+100

•••

STARTUPS

45
PROJECTS

•••

The development of innovation becomes effective through the Strategic Innovation Plan. Developed in 2018, the plan builds upon the previous model and has shown excellent performance to date when working bottom-up (gathering and resolving challenges) and carrying out top-down actions that look to the future and outside the company in a bid to generate long-term value for customers, while improving levels of social well-being and progress.

Ferrovial's Innovation Strategy is headed and steered by Innovation Committee, comprising the company's CEO, its CIIO, the CEOs of the Business Units, the Head of Human Resources and the Head of Corporate Strategy. Moving down a level, Ferrovial's Innovation Strategy is coordinated by the Global Innovation Steering Council, which is chaired by the Chief Innovation and Digital Strategy Officer and comprises the innovation officers of all of the company's business units. Expert working groups have also been set up to tackle specific subjects.

The plan rests on five main pillars: anticipation and exploration; collaboration and transversal approach; focus and impact; globality and ecosystem; and agility and swiftness. A set of transversal targets and related programs have been established in key areas relating to innovation, such as data-based management, mobility, automation and sustainability. The plan also includes the creation of a Venture Lab to incubate new digital businesses.

Thanks to Ferrovial's focus on innovation, more than 100 projects were in development in 2018, with an investment effort exceeding EUR48 million in R&D, 45 pilot projects carried out at start-ups and 17 partnership agreements signed with universities and research centers.

The company's innovation processes are highly mature —responding to business challenges through an open ecosystem of innovation and through the continuous development of an innovation culture— enabling it to develop the necessary capabilities in emerging technologies and in detecting digital business opportunities.

INNOVATION CULTURE

Ferrovial is committed to developing skills that will push us towards a corporate culture of agility and collaboration, the sharing of knowledge, foresight, experimentation and digital advancement. This has given rise to Play the Future, a program that bids to enhance the digital capabilities of the organization in key areas such as artificial intelligence, Big Data, IoT and drones. In 2018, new content was introduced and the scope of the initiative was broadened to include new target audiences, with game-based training via mobile phone and specific developments for each business unit.

The company also rolled out Executive Forum, a meeting of Ferrovial's managers and executives to analyze and reflect on emerging global trends and their impact and to stimulate innovative thought and collaboration among participants by aligning content with the company's digital strategy and drive to innovate.

A key pillar in promoting this culture of innovation is Zuritanken, whereby employees are encouraged to brainstorm innovative ideas that will benefit the business. In its last outing in 2018, a total of 576 ideas were received from 1,110 employees.

INNOVATION ECOSYSTEM

Ferrovial's commitment to an open innovation model as a key element of its strategy will ultimately result in a collaborative ecosystem of external partners capable of accelerating the innovation process. This framework will also include the Digital Hub, competency offices and technical offices, which act as catalysts of change and transformation. The ultimate goal is to make innovation more agile and to work together in placing new products, processes and business models on the market.

With the aim of expanding and strengthening the ecosystem, the company has continued to work on scouting in key regions, such as Israel, the United States, Finland and Singapore to identify capabilities and appraise those agents with whom a relationship could be productive.

Startups

Ferrovial views start-ups as an ideal platform for experimenting with disruptive concepts, not only for because of their orientation but also for the speed at which the associated projects can take shape.

The company has rolled out the second edition of its BuildUp! program, this time round with the support of Heathrow Airport and Climate-KIC to reduce the environmental impact of using plastics.

Meanwhile, and this time in partnership with the European Commission and its business acceleration services for small and medium-sized enterprises, Ferrovial has organized Corporate Day, an event at which a selection of European start-ups will present their solutions and hold meetings with the business units.

The company is taking part in numerous collaboration initiatives and networking events with start-ups in response to the challenges posed by urban mobility. These events include Data City Barcelona, Smart Open Lisboa and Intelligent Mobility.

Public innovation agencies

Ferrovial is a member of the European Institute of Innovation and Technology, which seeks to make Europe more competitive and consolidated its leadership in the field of innovation. Here, the company takes part in two of the innovation knowledge communities into which the institute is structured: Digital-KIC and Climate-KIC.

Ferrovial also maintains close ties with Innovate UK, a public innovation agency based in the United Kingdom, with which the company carries out joint projects on matters such as asset inspection using satellite data, real testing of autonomous connected vehicles, or mitigating the impact of extreme climatological events.

Research centers and universities

Under its partnership agreement with the Massachusetts Institute of Technology (MIT), Ferrovial has undertaken five innovation projects that aim to transform cities and develop the infrastructures of tomorrow. In 2018, two new projects were launched to investigate air mobility noise and solutions for reusing sewage sludge. The company also took part in the study titled *Mobility of the Future*, which addresses future changes in the transportation sector.

The company also helped to launch Madrid Innovation Driven Ecosystem, the first collaborative platform to champion innovation-based enterprise across the region, drawing inspiration from the model devised by the MIT.

Meanwhile, an agreement was finalized with Stanford University to research long-term infrastructure projects through the Global Projects Center's industrial affiliation program.

ZURITANKEN

The fourth edition of Zuritanken was held in 2018, the global brainstorming program to promote a culture of innovation among employees. One of the main objectives of this edition was to come up with bright ideas that are viable and will have a meaningful impact. To achieve this, the company arranged various face-to-face and online training actions on a mass scale, the aim being to focus on the design thinking approach and to stress the importance of the investigation phase before coming up with an idea. All this has allowed to company to increase and hone the skills needed to creatively troubleshoot problems, while helping employees understand that innovation is a process with a clear progression of stages that can be learned and systemized and that it is essential to continue working towards innovation in all areas of the company to continue generating value.

WONDO

A Ferrovial start-up which, via an app, helps the user find the best travel route by combining different forms of transport (public transportation, taxi and private carpooling and ridesharing operators). In its current stage, WONDO has successfully signed partnership agreements with taxi services, carsharing companies (Zity), bikesharing and discretionary bus transport companies. The company expects to increase the number of transport options down the line to make the service even more flexible.

PHOTO: Carsharing. Madrid (Spain).

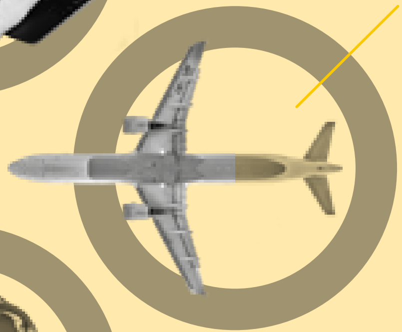
INNOVATION PROJECTS

BIG DATA

Information is a strategic asset at Ferrovial. We apply artificial intelligence to reach better decisions and optimize the management of our infrastructure, while developing new business models and services best suited to the needs of the public. This can be seen in our Managed Lanes in Texas or at Heathrow Airport.

MOBILITY

Technological and social trends are moving closer together and this is redefining the mobility of both people and goods. Ferrovial works hard to adapt its infrastructure to the needs of its users, incorporating the latest developments in electrical and autonomous mobility and offering personal mobility solutions. Wondo is a start-up conceived by Ferrovial to provide the public with access to the main urban mobility services, such as taxi, carpooling, motorbike sharing and private buses.

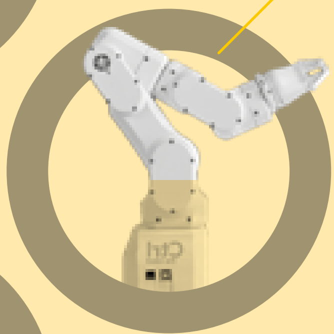


SAFETY AND SECURITY

Ferrovial is committed to the safety and security of its infrastructure, workers and users. It uses 3D simulators, virtual reality, augmented reality and wearables, among other technologies, to improve the safety conditions of its workers. It also relies on drones to inspect 200 km of transmission lines, thus eliminating the risk of having its technicians climb the towers.

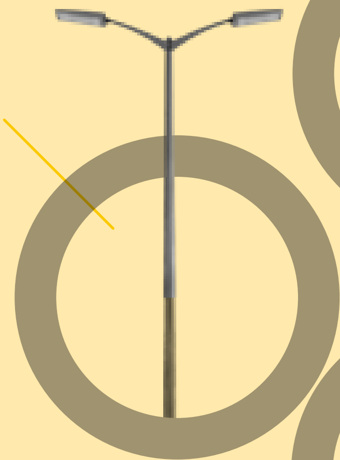
AUTOMATION

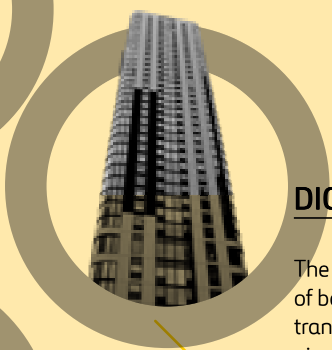
Robotics, drones and artificial vision aid with maintenance operations by making the work safer, more efficient and more productive. ZRR is a robotization project for waste treatment, enabling us to improve the material recovery ratio and working conditions for operators.



SUSTAINABILITY

Growing social concerns on the subject of climate change have prompted Ferrovial to develop tool and technologies that help improve the climate while also unlocking business opportunities in this field. In partnership with the MIT, Ferrovial and Heathrow have developed a device that captures the sound generated by aircraft and turns it into energy.



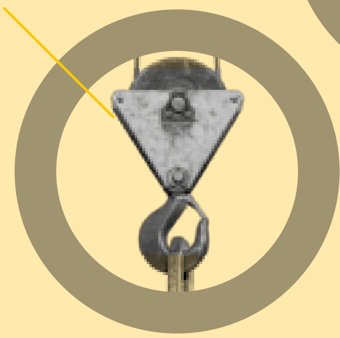


DIGITALIZATION

The company has a global vision of best practices and seeks to transfer knowledge, methodologies and digital solutions across the entire organization. Using the Digital Platform for Linear Assets, the company develops standards, processes and protocols that provide a contractual framework for new projects and lets it implement BIM methodology across all phases of the project.

ENGINEERING

By using new materials and procedures, we can continuously improve the design, construction and operation of infrastructure. The company is permanently exploring new possibilities for generating savings for its clients. Ferrovial has already started to use pieces created by 3D printers in order to build and maintain railroad track.



The user experience

ENSURING UNRIVALLED QUALITY OF SERVICE IS AN OVERRIDING PRIORITY FOR FERROVIAL. THE COMPANY APPLIES THE PRINCIPLE OF CONTINUOUS IMPROVEMENT TO ALL ITS ACTIVITIES.

CERTIFIED ACTIVITY

88%

ISO 9001

ISO 14001

MANAGED LANES

+80%

of users confirm positive experience

HEATHROW PASSENGER EXPERIENCE

4.15

out of 5

Providing customers and users with top quality services is one of Ferrovial's key priorities. The company is currently working on a system to ensure more effective and efficient management. The EFQM model of continuous improvement lets the company pinpoint strengths and weaknesses across different areas of the organization, while guaranteeing excellent management of each key aspect and setting priorities for its work.

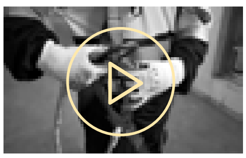
CUSTOMER AND USER SATISFACTION

Ferrovial's four business units carry out periodic surveys of the expectations and satisfaction of customers and users. A user means any individual who interacts directly or indirectly with the services and infrastructure the company offers, but who are not bound by a contractual agreement.

In 2018, the company worked on two parallel projects to help measure satisfaction among customers (Construction and Services) and users of its infrastructure (Toll Roads and Airports). It is an innovative experience involving not only surveys, but also the measurement of other service-related indicators, ultimately allowing for a fuller picture of the user's experience of the services on offer.

All of Ferrovial's business units have internal procedures in place that establish a methodology for detecting, identifying, recording and monitoring grievances or complaints received from customers and users. All grievances are recorded, processed and analyzed to offer the most suitable response and to establish actions for improvement.

The Quality, Prevention and Environment Department handles grievances received from customers requesting a solution from Ferrovial itself since they feel their case was not satisfactorily addressed by the business unit concerned. In 2018, Ferrovial companies as a whole received a total of 2,312 grievances from customers and users, of which 99% were resolved during the year.



VIDEO: FERROVIAL AGROMAN
BIM methodology Vs traditional methology

USER SATISFACTION WITH TRANSPORTATION INFRASTRUCTURE

In 2018, Cintra developed a series of measures to consolidate toll road customers and users as one of the strategic pillars of the concession business, including initiatives to better gauge and understand their opinion of the company's infrastructure (toll payments, assistance, etc.). Meanwhile, the company is continuing to work on standardizing methodologies for measuring satisfaction and on a set of standard metrics and indicators for all concessions.

For toll roads in North America, the company has continued to stage online surveys for users of the 407 ETR, with over 65,000 respondents in 2018. In relation to Managed Lanes, (LBJ and NTE), a total of 1,200 respondents completed the surveys.

Turning to European toll roads, highlight the user experience study carried out at the Autema highway, plus the subsequent measures to improve that experience. Further highlights included the restructuring of customer support at the concessionaire, the improvement of its CRM and a new website and customer area, as well as the campaign to measure user satisfaction at service areas, with more than 500 interviews completed. Meanwhile, Ausol conducted 1,200 surveys at its service areas during the month of August, in addition to the 1,300 plus surveys completed by users on the concessionaire's website.

Heathrow also carries out regular passenger experience surveys as part of its drive toward continuous service improvement. Of the total respondents, 82% of passengers rated their experience at the airport as either "Excellent" or "Very good". In addition, Heathrow's operational team has been working especially hard on improving flight punctuality, a key factor affecting user satisfaction, reaching a rate of 80.2% in 2018 for flights that take off within 15 minutes of their scheduled departure time.

Heathrow Airport received numerous accolades in 2018 at the Skytrax Awards. Heathrow's Terminal 2 was recognized for the first time with the World's Best Airport Terminal Award, and Heathrow was named Best Airport in Western Europe and Best Shopping for Shopping, for the fourth and ninth year in a row, respectively.

In Services, where carsharing company Zity has now completed its first year of business, the company asks users to complete surveys after each use of the vehicle, allowing them also to include specific comments and feedback on how the service can be improved.

QUALITY AND ENVIRONMENTAL SYSTEMS

Ferrovial has implemented quality and environmental systems into the contracts managed by its business units. These systems are mostly certified ISO 9001 and 14001, though some may also be certified under other standards depending on local requirements. In 2018, the percentage of business activities with quality and environmental certifications under standards ISO 9001 and ISO 14001 both stood at 88%.

Ferrovial has two corporate applications used to record and store relevant legislation and technical regulations: Normateca, to ensure legal compliance throughout the entire contract life cycle, and a digital platform to compile all environmental law requirements applicable to Ferrovial across all countries in which it operates. Both platforms contain rules and standards governing health and safety, quality and the environment. This enables the company to honor all its environmental obligations, including those relating to air, noise and light pollution. Meanwhile, all employees involved in production are fully familiar with operating procedures so as to prevent or minimize environmental risks.

Ferrovial also has other certified systems that comply with different standards and regulations, notably:

- Standard ISAE 3410 “Assurance Engagements on GHG Statements”.
- ISO 50001, ISO 22000:2005, ISO 18001, ISO 11000, ISO 27000, UNE179002:2011, UNE-EN 18295-1:2018, UNE 158401:2007, UNE 216701, UNE 1176-7:2009, UNE 179002, UNE 158101, UNE 158301, UNE 158401, UNE18295-1, EMAS, SGE21, Madrid Excelente.

FERROVIAL AGROMAN HAS OBTAINED BIM VERIFICATION IN SPAIN, PORTUGAL, THE UNITED KINGDOM AND AUSTRALIA

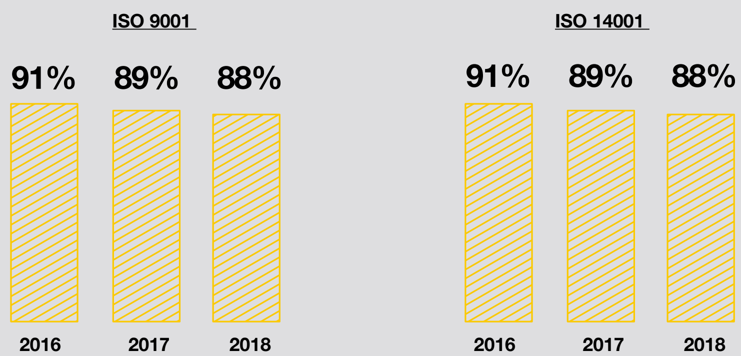
In Spain, Portugal, the United Kingdom and Australia, Ferrovial Agroman has achieved BIM Verification from the British Standards Institution, a testament to its expertise at managing projects in the construction phase with the Building Information Modelling (BIM) methodology, in accordance with standard PAS 1192-2 (recently converted to ISO 19650).

BIM methodology involves incorporating digitalization into construction processes and procedures, thus ensuring greater efficiency when managing information (plans, modifications, work orders, quality assurance, etc.) during the construction phase of an infrastructure project. By using virtual models and a collaborative approach to work involving all agents involved in the project, BIM offers multiple benefits over traditional construction processes, such as planning improvements, better control over measurements and certifications, resource optimization, process efficiency and stakeholder management.

During the certification process, the quality and consistency of the training plan established by the company to implement this work methodology was second to none, demonstrating Ferrovial’s commitment to innovation in processes and procedures.

CUSTOMER SATISFACTION

CERTIFIED ACTIVITY
(% sales)



An absolute must

FERROVIAL'S ACTIONS AND THOSE OF ITS DIRECTORS AND EMPLOYEES MUST ADHERE STRICTLY TO THE PRINCIPLE OF ZERO TOLERANCE TOWARDS CRIMINAL ACTIONS.

Ferrovial has a Compliance Model in place that aims to provide a transversal process spanning the entire company for monitoring and controlling compliance risks under the principle of zero tolerance toward criminal acts. This due diligence framework embodies the company's firm commitment to observing applicable law and to applying the highest ethical standards when going about its business. The independent and highly specialized Compliance Department is tasked with managing and analyzing this model.

The Compliance Model comprises the policies, procedures and organization and control systems needed to foster and promote professional conduct that is both lawful and ethically right. Notably, it includes the following policies, procedures and internal rules: Code of Business Ethics*; Regulations of the Board of Directors*; Internal Code of Conduct in the Securities Markets*; Compliance Policy; Crime Prevention Model; Anti-Corruption Policy; Policy on Risk Control and Management; Human Rights Policy*; Health and Safety Policy*; Corporate Responsibility Policy*; Anti-Trust and Competition Policy; Quality and Environment Policy*; Corporate Procedure for the Protection of Ferrovial Assets and Fraud Prevention; Approval and Monitoring Procedure for Sponsorship, Patronage or Donation Projects; Corporate Procedure for the Complaints Box; Procedure on Representation Expenses; Due Diligence Procedure for the Ethical Integrity of Partners; Procedure For Due Diligence With Respect To Supplier Integrity; Due Diligence Procedure For Candidate Selection, Hiring and Mobility; and Decalogue of confidential information treatment.

Code of Business Ethics

The Ferrovial Code of Business Ethics, which applies to all Group companies, sets out the basic principles and commitments governing the conduct of all such companies and their directors, managers and employees:

- Respect for the law: Ferrovial's activities will be carried out in strict compliance with applicable legislation.
- Ethical integrity: the business activities of Ferrovial and the actions of its employees shall be based on the values of integrity, honesty, avoidance of every form of corruption and respect for the individual circumstances and needs of all parties involved. Ferrovial shall see to it that its employees recognize and embrace types of conduct that reflect the principles enshrined in the Code.
- Respect for Human Rights: all actions of Ferrovial and its employees shall scrupulously respect the Human Rights and civil liberties enshrined in the Universal Declaration of Human Rights.

These principles are based on compliance with a series of commitments toward stakeholders of Ferrovial's business activities.

All employees must adhere to the principles and requirements contained in the Code and shall ensure that other individuals or groups that carry out activities on behalf of Ferrovial, including contractors, agents, consultants and other business partners, follow suit.

DUE DILIGENCE PROCESSES FOR THIRD PARTIES

Ferrovial has due diligence processes in place to ensure the ethical integrity of its business partners and suppliers. These procedures require the subject enterprise to conduct an integrity due diligence process before it can enter into a business relationship with Ferrovial, S.A. or any of its subsidiaries. The company also has systems to monitor the commercial relationship from start to finish. These procedures are essentially there to extend Ferrovial's values —as set out in its Code of Business Ethics— across its entire business, so as to ensure that all company activities are performed in strict accordance with applicable domestic and international laws, particularly anti-corruption laws that prohibit active or passive bribery. The system contains a series of warning signs and good ethical practices to be monitored closely when selecting potential Ferrovial partners and suppliers.

Meanwhile, and to further complement the processes just described, a due diligence process has been approved for the selection, hiring and mobility of candidates. This procedure includes the selection criteria to be taken into account when incorporating new employees or promoting or moving employees within the Group, along with a training process and clause to be signed by all successful candidates accepting the terms of the company's Code of Business Ethics and Anti-Corruption Policy.

*Available at www.ferrovial.com

Compliance Policy

The main objective of the Compliance Policy is to erect a common and standard framework for monitoring, controlling and managing compliance risks (especially measures to prevent criminal conduct). It also fosters a culture of business ethics across the organization and permeating all decision-making processes in order to shape and guide the conduct and intentions of directors, managers and employees. The policy also develops the different phases of the Compliance Model in place at the company and stipulates the competencies and remit of its governance and management bodies and those of its employees in relation to regulatory compliance.

The Compliance Model is structured around the following phases:

- Identifying compliance risks based on the company's activities.
- Assessing risks based on their impact and probability of occurrence.
- Identifying the surveillance and control measures put in place to avoid or mitigate the occurrence of risks.
- Training for company employees and executives in the principles and commitments enshrined in the Code of Ethics, the Compliance Policy and the other policies supporting the model.
- Periodic evaluation of control measures to detect possible shortfalls or areas of improvement that require specific action plans.
- Reporting to the company's governing bodies on the functioning of the Compliance Model and monitoring the action plans put in place to ensure that they remain up-to-date at all times.
- Reporting, assessing and investigating any breaches detected and applying appropriate disciplinary measures.
- Supervision of the model by an independent body.

The Compliance Model includes a Crime Prevention Model designed to prevent or significantly reduce the risk of committing criminal acts, especially those that would lead to the company being held criminally liable, in accordance with Organic Law 1/2015 reforming the Criminal Code.

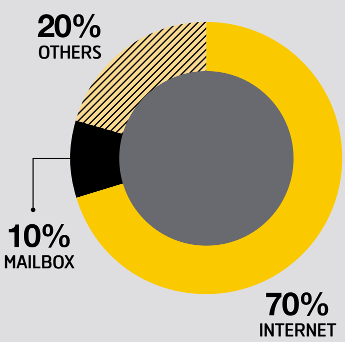
ETHICS CHANNEL

Ferrovial has set up an Ethics Channel to complement its other internal channels. Its purpose is to facilitate the reporting of any possible irregularity, non-compliance or behavior that runs contrary to the ethics, law and policies governing Ferrovial. The channel allows for anonymous whistleblowing and is accessible to employees through the intranet and to non-employees through the corporate website. A total of 64 reports were received in 2018, of which 21 were anonymous and 43 made by name.

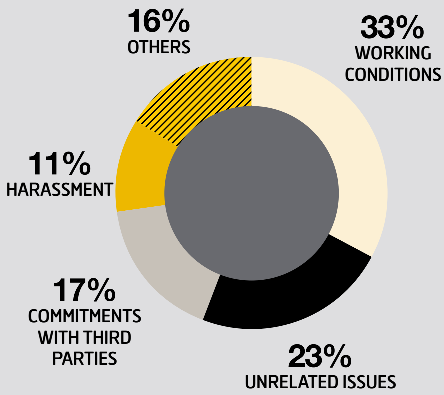
All complaints and reports lead to an investigation by the Oversight Committee, guaranteeing confidentiality and anonymity (if applicable) while respecting the rights of the parties involved and ensuring the absence of any kind of reprisal.

The Oversight Committee regularly reports to the Audit and Control Committee on the communications received and the steps taken.

RECEPTION VIA



SUBJECT



Anti-Corruption Policy

Ferrovial has an Anti-Corruption Policy in place that governs the behavior of all directors, managers and employees, and their collaborators in going about company business. A "zero tolerance" policy has been implemented to eradicate any practice that might qualify as active or passive corruption or bribery.

The policy insists on compliance with anti-corruption laws throughout the world, notably the Spanish Criminal Code (and that of the other jurisdictions in which Ferrovial operates), the US Foreign Corrupt Practices Act, the UK Bribery Act and the United Nations Convention against Corruption.

Training

Training for employees in the values and principles enshrined in the Code of Ethics and the Compliance Policy is one of the cornerstones of the company's Compliance Model. A training plan was implemented in 2018 to raise awareness of the values and principles that must govern the actions of all Ferrovial employees. Selected anti-corruption training programmes have also been implemented based on the level of risk exposure of certain groups of employees. Together, these courses were completed by 4,216 employees, with a total training volume of 7,456 hours.

Zero tolerance towards discrimination

THE UNIVERSAL DECLARATION OF HUMAN RIGHTS UNDERPINS FERROVIAL'S ACTIONS IN THIS REALM. THEY ARE RESPECTED ACROSS THE ENTIRE ORGANIZATION AND MADE TO PERMEATE THE ENTIRE VALUE CHAIN.

Ferrovial has a Human Rights Policy in place and the resources needed not only to enforce compliance but also to raise awareness of the principles among its stakeholders. It also guarantees respect for the labor rights of all its employees and contractors in all countries where it operates, in accordance with local law and regulations.

FERROVIAL BUILDS ITS HUMAN RIGHTS POLICY ON THE PRINCIPLES OF PROTECTION, RESPECT AND PROVIDING SOLUTIONS

CORPORATE POLICY

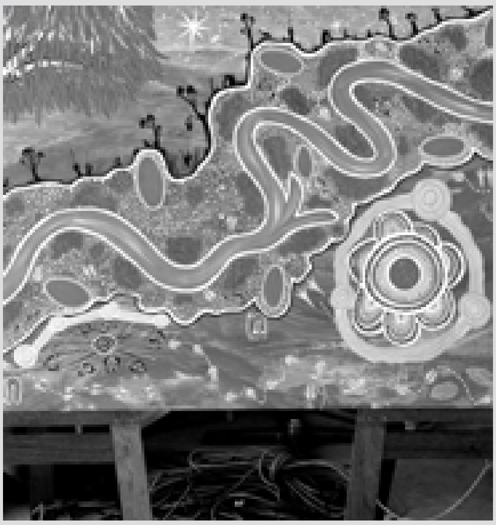
Ferrovial's values mean it is fully committed to the highest standards of integrity, transparency, respect for the law and Human Rights. Ferrovial approved its Human Rights Policy in 2014, which is aligned with the company's Code of Business Ethics, the principles of the UN Global Compact, the Guiding Principles for Business and Human Rights, the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the rules and regulations of the International Labor Organization.

The senior management is absolutely committed to enforcing compliance with the Human Rights Policy in order to support and raise awareness of Human Rights across all lines of business. Ferrovial's commitment to Human Rights embraces the entire value chain: employees, customers, suppliers and contractors. Ferrovial has defined a set of procedures to provide each type of stakeholder with the elements and information needed to honor and observe its Human Rights Policy.

Ferrovial refuses to tolerate any kind of discrimination and champions respect for Human Rights in the societies and communities where it operates. It also fosters a respectful and suitable working environment for all related people through training and awareness-raising activities. In order to promote labor integration, all work centers are adapted to be accessible spaces according to the commitments of the inclusion strategy as well as to particular demands that may exist in response to the diversity of the workforce.

In 2017, the company's Ethical Channel was upgraded to address various key aspects relating to Human Rights. The new functionalities are there to identify and report cases of harassment (broadly meaning any kind of abusive, hostile or offensive conduct) and to report and denounce discriminatory practices or behavior based on culture, political ideas, religious beliefs, race or other types of discrimination. Ferrovial is therefore promoting and enabling compliance with Human Rights in all the countries where it operates.

To identify, prevent, mitigate and respond to potential breaches of Human Rights, and given that



RECONCILIATION ACTION PLAN 2018-2021: STRENGTHENING RELATIONS BETWEEN AUSTRALIAN AND ABORIGINAL PEOPLE

Broadspectrum has launched its fourth Reconciliation Action Plan (RAP) alongside Reconciliation Australia, a non-profit NGO that is seeking to reconcile Australian and aboriginal people within the country. Under this new RAP supported by 22 Australian companies, over 40 actions will be undertaken to help build relations and opportunities. Broadspectrum launched the RAP project in 2009, and during the nearly 10 years this plan has been in place, it has managed to increase indigenous employment from 2.2% to 4.8%. It has also contributed AUD88 million to the Australian economy through its indigenous employment scheme and received an award for its endeavors at Supply Nation 2018. Broadspectrum's is now committed to hiring a further 450 aboriginal employees over the coming two years.

The commitment goes beyond generating employment. There is a genuine desire to create career opportunities for aboriginal Australians to access positions of responsibility and leadership. The target for 2020 is to ensure that 4% of employees flagged as high potential are aboriginal.

the associated risks can change over time, Ferrovial conducts a continuous due diligence process of its own business activities and of those directly related to its operations and services. In the case of infrastructure projects involving vulnerable communities, it analyzes the social and environmental impact on the affected communities. Following the initial diagnostic, the company designs contingency plans with measures to mitigate and/or offset the impact.

All the acquisitions that Ferrovial has made to date, and those that it will make in the future, have always included, will continue to include, a comprehensive analysis process so as to ensure that they respect the company's policies on Human Rights, corporate responsibility and the Code of Business Ethics.

The connection of the United Nations Guiding Principles on Business and Human Rights with the Sustainable Development Goals (SDGs) —in which more than 90% of the SDG agenda concerns human rights— has allowed Ferrovial to strengthen its commitment to both initiatives.

Spain

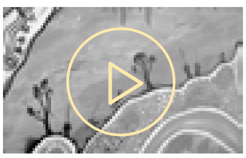
In Spain, Ferrovial is committed to the 31 principles enshrined in the National Business and Human Rights Action Plan developed by the Spanish Government. This plan is framed within the EU Action Plan on Human Rights and Democracy 2015-2019.

Meanwhile, Ferrovial's II Equality Plan remained in effect throughout 2018. It aims to guarantee equal treatment and opportunities between men and women while helping to identify and reduce any existing salary gap between both genders. Within the framework of this plan, the company is fostering the co-responsibility of all employees in their personal and family life, encouraging a well-balanced assumption of family responsibilities and ensuring a suitable work-life balance.

The company also has a Procedure for the Prevention of Occupational and Sexual Harassment, which is disseminated among all its employees. Similarly, Ferrovial is adhered to the "Businesses for a society free from gender-based violence", an initiative promoted by the Ministry of the Presidency, Relations with the Cortes and Equality.

Ferrovial has reiterated its commitment to this initiative in 2018. The charter is essentially a European initiative, falling within the anti-discrimination directives enacted by the European Union in 2000 and supported directly by the European Commission's Directorate-General for Employment, Social Affairs and Equal Opportunities.

FERROVIAL HAS PLANS TO GUARANTEE EQUAL TREATMENT AND OPPORTUNITIES BETWEEN WOMEN AND MEN



VIDEO: RECONCILIATION ACTION PLAN
Support to indigenous communities

United Kingdom

Ferrovial Agroman UK, Amey, AGS and Heathrow Airport have commitments aligned with the UK Parliament's Modern Slavery Act, which is there to prevent events related to slavery in any of its forms and human trafficking. This commitment not only covers their own business activities but permeates the entire value chain.

Australia

Broadspectrum, Ferrovial's Australian subsidiary, has implemented its fourth plan under the wider Reconciliation Action Plan of the Australian Government. The plan envisions specific measures and concrete indicators to better reconcile Australian and Aboriginal people.

RAISING AWARENESS OF HUMAN RIGHTS

The company takes part in international forums and working groups to help promote Human Rights across the business world and the rest of society, assuming positions of responsibility in different initiatives to support corporate responsibility and Human Rights in Spain. Examples here include the Secretariat of the Executive Committee of Forética, its seat on the Executive Committee of the Global Compact Network and its involvement in the Human Rights Labs of Fundación Seres.

COMMITTED TO LABOR RIGHTS

Ferrovial guarantees the right to strike, freedom of association and the right to collective bargaining by appointed workers' representatives and unions. Ferrovial employees are protected by collective employment regulations in each of the different countries. Of total employees, 69% are adhered to collective bargaining agreements.

Ferrovial has put in place internal communication channels, internal social networks and the corporate intranet (known as Ferronet) to help create collaborative, dynamic and flexible working environments that promote healthy habits and behaviors among employees.

Helping decarbonize the economy

FERROVIAL CONTINUES ITS EFFORTS TO OFFER SERVICES AND INFRASTRUCTURES THAT RESPOND TO CHALLENGES SUCH AS CLIMATE CHANGE, WATER FOOTPRINT MANAGEMENT, THE ENERGY CRISIS, THE REUSE OF WASTE AND THE LOSS OF BIODIVERSITY, TO CREATE VALUE BY LESSENING ITS ENVIRONMENTAL IMPACT AND TO DISCOVER NEW BUSINESS OPPORTUNITIES

Ferrovial offers services that help reduce the environmental impact of users and customers alike. The company is aligned with the global agenda of championing and promoting a low-carbon economy. It actively seeks to minimize the use of natural resources when going about its business.

CLIMATE STRATEGY

Ferrovial's climate strategy forms part of the company's wider business strategy. Matters relating to climate change has been analyzed and discussed by the Board of Directors and the Management Committee. The task of implementing the climate strategy is entrusted to the Quality and Environment Committee, which comprises the heads of quality and environment officers of the various business units. The strategy comes to life through the development of innovative products and low-carbon services, through the company's commitment to reducing its carbon footprint and to collaborating with stakeholders when transitioning toward a low-carbon economy.

RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE

During 2018, the company conducted a review of the risks and opportunities associated with climate change across all its business units worldwide, following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This analysis covers three different scenarios based on the degree of implementation of policies to combat climate change. They are known as the current policies scenario, the new policies scenario and the sustainable development scenario, the latter being the one that considers an increase of the temperatures with respect to preindustrial levels of 2° or less. The study reveals that Ferrovial faces various transition risks due to policy change and physical threats in the short, medium and long run.

REDUCTION IN GHG EMISSIONS

54%

in relative terms since 2009

ELECTRICITY CONSUMED COMES FROM RENEWABLE SOURCES

44.1%

The business opportunities detected relate to the range of possible solutions in the fields of water, energy efficiency, urban mobility, circular economy and conserving biodiversity. A quantification of the economic needs linked to these opportunities has also been carried out.

CARBON FOOTPRINT

The duty to calculate and report the carbon footprint extends across the entire company and covers all business units and subsidiaries. The calculation method is based chiefly on the GHG Protocol (WRI&WBCSD), which is the most internationally accepted approach, while also adhering to ISO14064-1 standards. The market-based method was used to calculate scope 2.

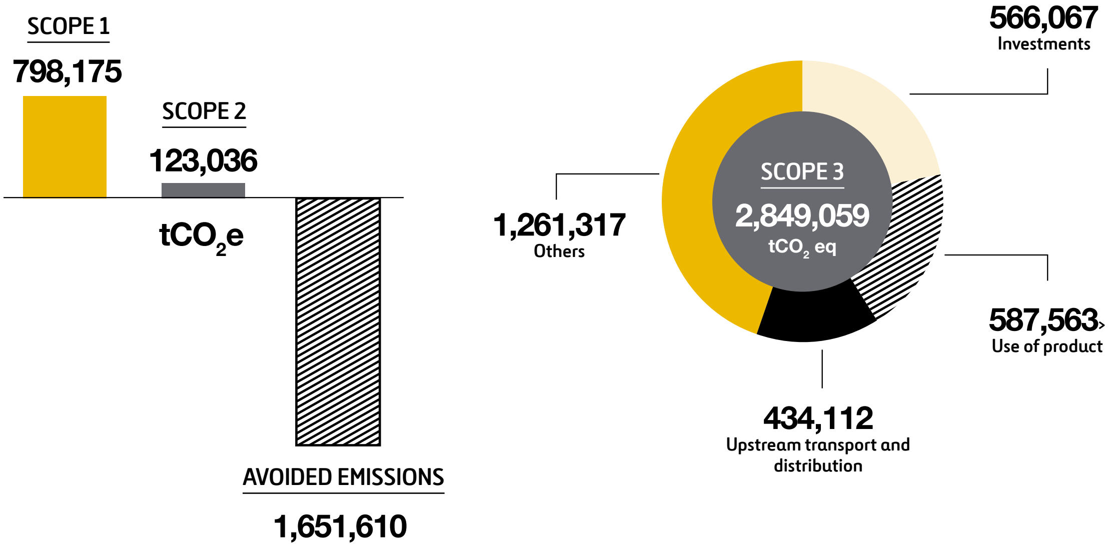
By 2030, the target approved and endorsed by SBTi is to reduce scope 1 & 2 emissions in absolute terms by 32% and in terms of intensity by 42.9%. In 2018, scope 1 & 2 emissions were reduced by 54% in relative terms of intensity and by 14% in absolute terms since 2009, which reflects Ferrovial's commitment to the roadmap established for the fulfillment of the established objectives.

Absolute and relative emissions (Scope 1+Scope2), by business area, are as follows:

BUSINESS UNIT	BASE YEAR (2009)	2016	2017	2018	18 vs 09
Toll roads	15,684	13,739	10,091	8,164	-48%
Construction	251,375	245,981	264,407	246,216	-2%
Services	724,816	584,528	620,677	589,358	-17%
Corporate	941	748	725	636	-32%
Total (tCO_2eq)	**1,070,232**	**922,412**	**990,303**	**921,211**	**-14%**
Relative Emissions (tCO_2eq/M€)	**162.36**	**66.30**	**69.62**	**74.13**	**-54%**

A progressive reduction of absolute emissions can be observed, in general terms, because of the different initiatives to promote energy efficiency, sustainable purchases or purchase of renewable energy in each of the divisions.

GREENHOUSE GAS (GHG) EMISSIONS



SCOPE 1: GHG from sources that are owned or controlled by the company. They mainly come from the combustion of fuels in stationary equipment, diffuse emissions, channeled and fugitive emissions.

SCOPE 2: GHG because of the consumption of electricity purchased from other companies that produce or control it.

SCOPE 3: GHG issued indirectly by Ferrovial attributable to the products and services acquired, or due to the use of products and services produced by third parties

SHADOW CARBON PRICING

Because of the nature of the infrastructure projects undertaken by Ferrovial, with an average concession life of 41.9 years, and because climate change legislation is in context flux, the company has developed a corporate tool that weighs up the financial risks associated with this aspect of its projects.

The tool uses a shadow pricing approach to consider variable prices for a ton of carbon over different time horizons and across different regions and project types, quantifying the potential economic risk facing the projects for which the company decides to use the tool. The tool helps reduce the inherent uncertainty associated with legislation relating to climate change and provides a realistic quantification of the possible costs associated with each project.

TRANSITION TO A LOW CARBON ECONOMY

Ferrovial maintains an active position with its most relevant stakeholders, particularly those that are or may be involved in the main climatic risks of the company's business activities across the globe.

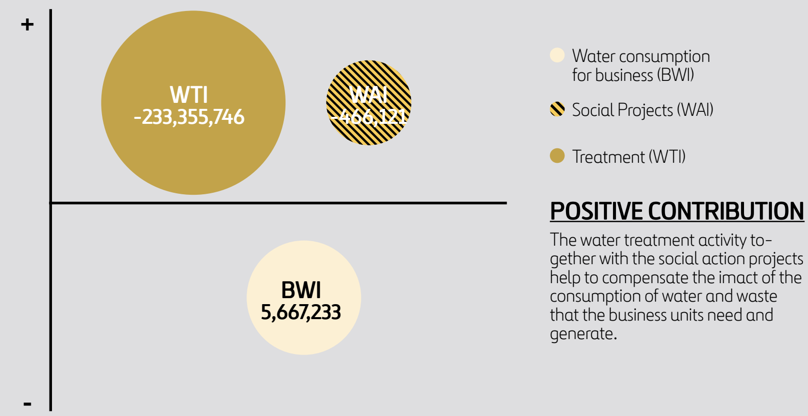
Ferrovial is involved in various think tanks and influence groups at European level to discuss and predict the future of the economic and environmental agenda for the 2030 and 2050 horizons. Notably, these include the Corporate Leaders Group (University of Cambridge Institute for Sustainability Leadership) and the EU Green Growth Group (platform comprising representatives from the business world, members of the European Parliament, governments and commissioners).

In the realm of climate innovation, Ferrovial has been a co-partner of Climate-KIC, the largest European initiative focused on mitigating and adapting to climate change.

In Spain, Ferrovial chairs the Spanish Green Growth Group, which promotes public-private partnerships to make further progress in mitigating and adapting to climate change, decarbonizing the economy and championing the circular economy. A manifesto was signed in 2018, together with 35 other Spanish companies, to activate the energy transition and a conference titled "Opportunities of the energy transition for the Spanish and European economy" was organized in collaboration with the European Alliance to Save Energy.

The company is a member of Fundación Empresa y Clima, a strategic partner in the #PorElClima Community, which promotes the Spanish Platform for Climate Action supporting public-private partnerships. It is also an observer member of the United Nations Framework Convention on Climate Change (UNFCCC) and belongs to the Climate Change Cluster promoted by Forética.

WATER FOOTPRINT



POSITIVE CONTRIBUTION

The water treatment activity together with the social action projects help to compensate the imact of the consumption of water and waste that the business units need and generate.

CIRCULAR ECONOMY

Ferrovial works hard to incorporate the principles of the circular economy in all its processes, products and services by reducing the use of non-renewable natural resources, reusing waste as raw materials, recycling, incorporating eco-design criteria and raising public awareness.
The company embarked on various projects in 2018 in support of these principles:

- Zero Waste to Landfill project, to eliminate the volume of waste sent to landfills. Developed by Ferrovial Services in partnership with Ford.
- Transforming biogas obtained from waste treatment into biomethane at waste treatment plants.
- Developing long-lasting pavements by improving bitumens and asphalt binders.
- Obtaining recycled fibers from waste construction material through the Horbran Project, to encourage the use of recycled materials in construction.
- Obtaining plastic biopolymers of renewable origin from wastewater treatment sludge, within the framework of the DEMO B-PLAS project.

BIODIVERSITY AND NATURAL CAPITAL

Under the "Ferrovial, Natural Capital" program, the company undertakes different projects related to biodiversity with the aim of achieving zero net loss of biodiversity in its projects.

The company is working alongside Creando Redes and Climate Kic to develop a methodology that will allow us to quantify impacts on the ecosystem. The objective of all the projects arising out of this program is to gear company business toward minimizing the impact of its activities following the principles of the mitigation hierarchy, while also looking for ways to improve the ecosystems in which the infrastructure lives.

During 2018 the company has been working in the development of a biodiversity initiatives catalogue, where the detail of them will be available.

It is also worth noting that Ferrovial has collaborated with the Spanish Business and Biodiversity Initiative, which is coordinated by Fundación Biodiversidad and which works with 22 large companies, important business and conservation bodies to integrate biodiversity into the business sector. This partnership led to the publication of the Practical Guide to Ecological Restoration. Meanwhile, the company has been undertaking ecological restoration and circular economy projects in partnership with Fundación para la Investigación en Etología y Biodiversidad and it signed a commitment against deforestation with WE MEAN BUSINESS.

WATER FOOTPRINT

In 2015, Ferrovial devised a methodology for calculating and reporting its water footprint, which guides and shapes the company's water management strategy based on estimates and consumption standards in processes. The method allows it to identify the value of water to the processes and to the environment, taking due account of its availability and quality, as well as the balance of the ecosystems in which the resource is located.

Ferrovial has a Water Policy, in which it recognizes water as a limited and irreplaceable natural resource as well as a fundamental human right. The policy expresses the company's firm commitment to using water responsibly and sustainably, integrating it under the principles of the circular economy and promoting access to clean and healthy water to the populations of developing countries.

The water footprint reveals that water consumption by the company's business units is parcial offset by the water treatment business, as well as the social action projects undertaken through the Social Infrastructure Program, which provide access to drinking water for communities located in developing countries.

REDUCING THE ENVIRONMENTAL IMPACT

Ferrovial's business activities generate a number of impacts around the vicinity of its projects and facilities, including emissions into the atmosphere, effects on the surrounding biodiversity, earthwork and the generation of waste. The company implements corrective actions to help minimize or even offset these impacts.

For instance, reusing earth on the construction site effectively eliminates the emissions that would otherwise be generated by having it transported off-site, while also ensuring the project's better integration with the landscape. Ferrovial has set itself an 80% earth reuse target for 2020. A further highlight is the increase in the amount of recycled waste, which, under the principles of reduction, reuse and recycling, amounted to 2.3 million m^3, three times more than the previous year.

PHOTO: Arch of La Regenta. Asturias (Spain).

A chain featuring 90,000 links

FERROVIAL IS WORKING TO DEVELOP A SUPPLY CHAIN THAT INCLUDES ONLY THE BEST PARTNERS AND SUPPLIERS, WHILE STRENGTHENING SUSTAINABLE PURCHASING, COLLABORATION, EFFICIENCY AND INNOVATION.

Ferrovial integrates ESG principles (environmental, social and good governance) into its supply chain by using a integrated model that aims to foster and improve efficiency, quality, sustainability, transparency, respect for human rights, non-discrimination and equal opportunities.

Selection, negotiation and purchasing processes are both objective and rigorous and are further bolstered with regular assessments and monitoring of the quality of the service provided.

To ensure that the entire process is traceable and transparent from start to finish, the company works with leading socially responsible companies and partners in order to forge long-term commercial relationships

STRATEGY AND MANAGEMENT PROCEDURES

Ferrovial has a Global Purchasing Policy, applicable to all Ferrovial companies and subsidiaries. The policy sets out the commercial, environmental, social and good governance principles that underlie the company's relations with all its suppliers. They are based on the Code of Business Ethics, the Corporate Responsibility to Respect Human Rights and the new due diligence process to ensure supplier integrity and ethics.

Overall coordination of purchasing activity rests with the Global Procurement Committee, which, led by Ferrovial's Chief Information and Innovation Officer (CIIO) and comprising the chief procurement manager of each business area, facilitates the sharing of good practices and the improvement of the procurement function on a global scale.

Another of the targets pursued is the professionalization of the function through specific training programs, presence at events and better communication with the various business lines.

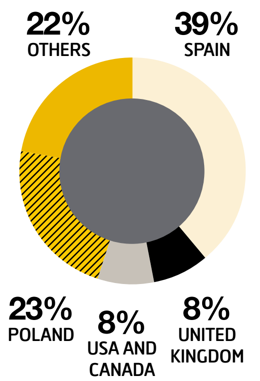
NUMBER OF SUPPLIERS ASSESSED

14,588

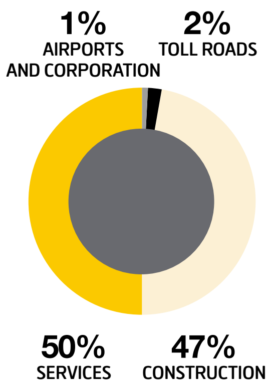
NUMBER OF SUPPLIERS

88,857

SUPPLIERS BY COUNTRY



SUPPLIERS BY BUSINESS



COMPREHENSIVE SUPPLIER MANAGEMENT

The task of selecting suppliers and partners and the company's working relationship with them is rooted in transparency, integrity, independence and sustainability with the clear goal of ensuring excellent and efficient levels of services. To achieve this, the company applies specific management, classification, assessment and risk control processes.

Supplier management gets started with a preliminary classification based on their degree of criticality. A supplier will qualify as critical when their purchasing volume is deemed significant in economic terms, or where the goods or services they provide could have a negative impact on business continuity in the event of an incident.

Meanwhile, the company ensures that all its suppliers comply with the Code of Business Ethics, the Corporate Responsibility to Respect Human Rights, the Anti-corruption Policy and the Due Diligence and Compliance Procedures in their applicable field of action. Contracts with suppliers include an anti-corruption clause that must be signed and accepted when entering into the contract.

The Construction and Services divisions, which account for 97% of the company's suppliers, have made certain procedural improvements to guarantee the ethical integrity of their suppliers, in line with the new procedure in place. The aim here is to help the company better track and monitor its regular suppliers and prevent risks from materializing. The aim is also to champion and promote green purchasing by providing information on suppliers of these types of product through the Green Purchasing Catalog drawn up by Construction, and the new Catalog of Responsible Purchases prepared by Services.

Further down the line, while the service is actually being provided, the company evaluates and monitors the quality of suppliers and subcontractors. This process includes an assessment of possible breaches of the obligations set out in the contract or purchase order where this leads to a change in how the service is provided. Incidents are classified as minor or serious and may lead to the blocking and/or exclusion of the supplier in future tenders.

In 2018, a total of 14,588 suppliers were assessed, of whom less than 1% were rejected. A total of 29,594 new suppliers were approved for use during the year. A total of 800 suppliers were considered critical, accounting for 21.55% of total supplier invoicing.

INNOVATION AND TECHNOLOGY

A commitment to innovation and use of new technologies is key to achieving a more agile, efficient and transparent supply chain. Collaboration with suppliers drives the improvement of the procurement processes and here the company brings its experience to bear in offering products and services that provide value, minimize risk and offer new opportunities.

For instance, Construction has drawn up a Catalog of Innovative Construction Products, which is made available for all construction projects across the globe. It provides valuable information on the improvements and developments detected by the Procurement Division and seeks to make innovation a bigger part of construction projects.

Meanwhile, Services has continued to implement its Smart Fleet project, which aims to improve efficiency and provide consumption control for fuel tanks, preventive and corrective maintenance and occupational and road safety for the company's vehicles and workshops. Two initiatives have been launched within the context of this project, the first relating to onboard electronics and the second governing active safety systems. The first of these initiatives promotes more proficient, more efficient and safer driving. Turning to the active safety systems, and in line with the Target Zero objective to promote road safety, the company's vehicles will all be fitted with active safety devices (advanced driver-assistance systems, known as ADAS), which alert the driver to any event or circumstance that might endanger their own safety or that of pedestrians or cyclists.

SUSTAINABLE PURCHASING

The procurement divisions at Ferrovial focus on renewable energies and on reducing fuel consumption by purchasing electric and hybrid vehicles. They also view energy consumption as a critical concern when making decisions. Services favors renewable energy with guarantee of origin ahead of other sources. Its goal is for renewable electricity to reach 88% of total power purchases by 2020.

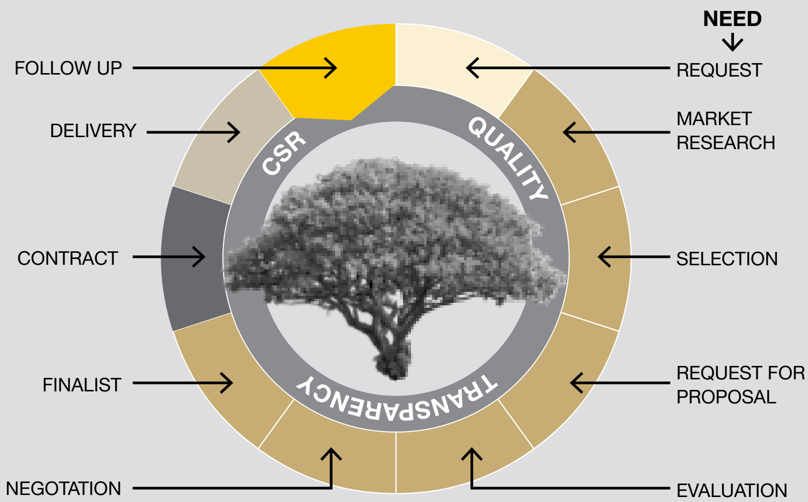
LONG-TAIL PROJECT AT FERROVIAL SERVICES SPAIN

The existing supplier base at Ferrovial Services Spain —with upward of 14,000 suppliers— is noteworthy because some 40% of the associated costs are not managed centrally. This type of decentralized management has prompted the company to launch its Long-Tail project, which aims to control and monitor all decentralized purchasing, reduce supplier risk and optimize operating costs.
Within the framework of this project, the company has implemented a Suppliers Panel to organize and sort all the information relating to the suppliers of Ferrovial Services Spain and to make it available across the entire company. The panel is essentially a tool to improve the daily management of the information. The panel gathers all available information on the suppliers. It then shares key information with the relevant businesses to ensure that it is suitably managed and helps them pick the suppliers best suited to the needs of each project. For more information on the new pane on this video.

The Construction business continues to expand its Catalog of Green Purchases, which it uses to raise awareness and to encourage the procurement of environmentally-friendly products for construction projects and services.

Meanwhile, Ferrovial Services Spain has drawn up a Catalog of Responsible Purchases, which aims to identify and flag those suppliers capable of integrating ESG (environmental, social and governance) factors into the value chain, thus unlocking their value when it comes to selection and negotiation.

PURCHASING PROCESS



Social investment for 200,000 people

FERROVIAL, AS A GLOBAL INFRASTRUCTURE OPERATOR AND ARRANGER OF SERVICES FOR CITIES, IS FIRMLY COMMITTED TO THE DEVELOPMENT OF CITIES AND SUSTAINABLE COMMUNITIES. IT STRIVES TO REDUCE TERRITORIAL IMBALANCES, WHILE AIDING DEVELOPMENT, GENERATING EMPLOYMENT, FAVORING LOCAL SUPPLIERS, PAYING ITS TAXES AND SHARING SKILLS, KNOWLEDGE, INNOVATION AND TECHNOLOGY.

Aside the positive social impact of its business activity —providing service to cities and their inhabitants— Ferrovial operates various community investment programs specifically aimed at improving the living conditions of people at risk of exclusion. In addition to the investment in the community, Ferrovial contributes to other associations and non-profit entities for aproximate amount of 1.2 million euros.

Spain

In 2012, Ferrovial rolled out its Social Action in Spain initiative, through which it is helping to refurbish and modernize premises and facilities used to prepare and distribute food to extremely vulnerable segments of society.

In 2018, the company worked alongside the Spanish Red Cross in modernizing five centers located in Pinto, Getafe, Aranjuez, Totana and Cordoba. This scheme will ultimately benefit more than 7,000 people by giving them a basic, yet healthy and balanced diet, with special attention given to families with small children.

The company also promotes the **Stronger Together** project, now in its twelfth outing, in which employees can donate to social projects over the course of the year. On reaching the end of the year, Ferrovial doubles their contribution.

Four projects received support in 2018: the refurbishment of the Domingo Savio catering training center for young people at risk of social exclusion in Valencia; the refurbishment of a building used to provide free accommodation for families of children hospitalized for congenital cardiopathy and living away from home in Madrid; a comprehensive support program for women and young victims of sexual violence in armed conflict zone in Goma, North Kivu, DR Congo, and a project to help prevent blindness in children from Mali.

NUMBER OF PROJECTS

357

...

INVESTMENT IN THE COMMUNITY

4.5 M€

...

BENEFICIARIES OF WATER AND SANITATION PROJECTS

213,713

...

VIDEO: FERROVIAL 2018 COMMITMENT
Summary of the programs developed during the year

When it comes to integrating people with disabilities, Ferrovial and the Adecco Foundation are working together on their Family Plan to help the family members of disabled employees. Meanwhile, Cadagua is committed to advanced professional training for disabled people. It is also heavily involved in Unidos, a pioneering project that provides academic and career guidance, and in the Grants Program of the Adecco Foundation aimed at disabled students. It also has agreements in place with Fundación ONCE and Fundación Integra, which champion the labor market integration of people at risk of social exclusion, including disabled people.

United Kingdom

In the United Kingdom, Amey and the Duke of Edinburgh Foundation have been working together for 14 years now to improve the employment prospects of

STRONGER TOGETHER: WORKING TOWARDS A BRIGHT FUTURE IN MALI

In 2018, one of the projects selected by employees under the Juntos Sumamos program was “Working towards a brighter future: preventing blindness in children from Mali”, organized by the Eyes of the World Foundation.

The project has enabled 5,500 children, including 2,760 girls, from 35 primary and secondary schools in the Mopti and Douentza regions of Mali, to have their eyes checked for eye diseases and/or poor eyesight. The examinations are conducted by ophthalmological health personnel from the region, in collaboration with local heads of education. A visit to a specialist is arranged for those children whose eyesight problems require more specialized attention. In addition, 200 sets of glasses have been made and delivered free of charge to children from destitute and low-income families.

The case of Adama Ouedraogo, a 14-year-old student living in Koro IV, is a prime example of how the project can change children's lives for the better. He explained that his eyes would hurt much of the time and how reading a book would make his eyes watery. Eyes of the World detected refractory errors in his eyes and prescribed him corrective lenses. His average grades at school have since improved. In his own words: “I am very happy, because the glasses have helped me follow my classes. Without glasses, I couldn't read or write. Thank you so much!”

thousands of young adults at risk of exclusion. The program is being run in Staffordshire, Birmingham, Liverpool, Wales and Sheffield.

Also in Sheffield but this time in partnership with Sheffield College, the company has set up an internship scheme for young people with learning difficulties aged between 18 and 24. More specifically, a total of ten young men and women have benefitted from this initiative by acquiring valuable work experience at offices, workshops and warehouses. The scheme, which runs for one school year, also seeks to improve the job prospects of these young adults.

Further highlights include the Amey Challenge Cup, a learning competition for careers in engineering. Aimed at girls aged 13 to 15, participants are asked to design and build a work of infrastructure, such as a bridge or college. Their projects are then put before a panel comprising of Amey volunteers and government representatives.

United States

In the United States, Ferrovial is involved in various educational projects by providing funding or getting its employees involved. For example, it collaborates with South Florida Construction Careers Days to raise awareness and arouse an interest in youngsters for careers in and around the construction trade. The company is also involved in the National Math and Science Initiative in Texas, which aims to education in science, technology, mathematics and engineering more attractive and successful for students and teachers alike.

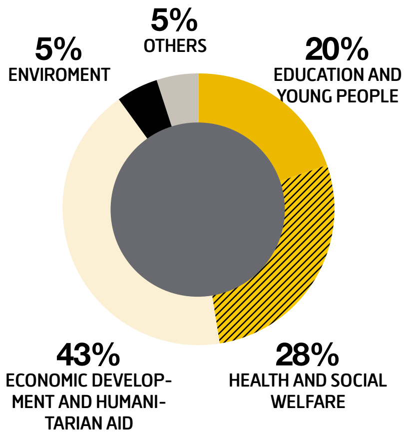
Poland

Budimex is working alongside Strefa Rodzica to help set up separate areas in the pediatric wards of hospitals where parents can spend time with their sick children. Also in the realm of child safety, the *Domofon* ICE initiative provides pupils with identifiers, which can easily be linked up to a school satchel to locate the child rapidly in the event of an emergency.

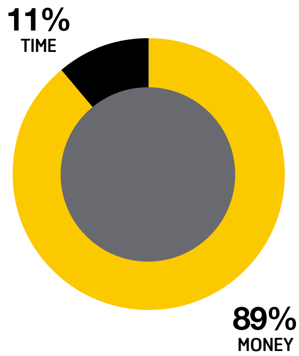
Australia

Aside from Broadspectrum's commitment to integrating indigenous people through its Reconciliation Action Plan, the company is

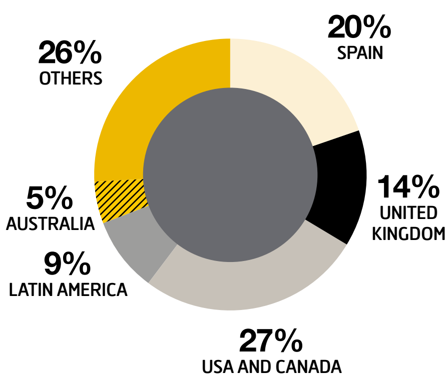
COMMUNITY SUPPORT PROJECTS BY AREAS



COMMUNITY SUPPORT PROJECTS BY CONTRIBUTION



INVESTMENT IN THE COMMUNITY



seeking to raise awareness among its employees of the culture, history and values of Aboriginal Australians.

Meanwhile, in Australia and New Zealand, the company is busy training young people and readying them for the job market by expanding their knowledge of different job positions, arranging meetings with company workers and helping them acquire the different skills needed in a real working environment. To achieve this, it has rolled out various initiatives, including Career Trackers, Dismantle and Seymour-Puckapunyal Youth Partnership.

DEVELOPING COUNTRIES

Ferrovial has a Social Infrastructure Program in place since 2011, which promotes international cooperation and development projects to provide access to fresh water and sanitation in numerous African and Latin American countries. The company has come up with a method for measuring the social impact of the projects carried out from this year onward.

The program relies on the support of various interest groups, development NGOs, local authorities and employees, who are offered the opportunity to take part as volunteers by visiting the beneficiary country and applying their professional knowledge there. The initiative was granted the I Award for Corporate Volunteering by Fundación Telefónica and has now completed four projects benefiting a total of 14,237 people:

- Lwangu District, Tanzania. Construction of a gravity flow structure for the supply of water; construction of a 75 m3 tank and distribution through 15 km of pipeline to bring the water to 15 delivery points.
- Veredas 20 de Julio and La Encarnación, municipality of Urrao, Antioquia, Colombia. Modernization of water capture facilities and installation of two water treatment plants.
- Community of San Benito, municipality of Lebrija, Santander, Colombia. Installation of a treatment plant to supply water fit for human consumption to 80 families and the local school.
- San Juan de Lurigancho, Lima, Peru. Modernization of five cisterns and construction of an elevated tank, replacement of pumps and pipeline and construction of six lavatories at five educational centers.

Transparency and efficient management

FERROVIAL'S TOTAL TAX CONTRIBUTION CAME TO EUR2,127 MILLION, INCLUDING MOST NOTABLY TAXES ON EMPLOYMENT (EUR1,182 MILLION) AND TAX ON BUSINESS ACTIVITIES (EUR685 MILLION). THE COMPANY IS GUIDED BY THE PRINCIPLES OF PRUDENCE AND TRANSPARENCY AND FULL COOPERATION WITH THE AUTHORITIES WHEN MANAGING ITS TAX AFFAIRS

In 2010, Ferrovial adhered to the Code of Good Tax Practices promoted by the Spanish Tax Agency. It follows these recommendations across all its activities worldwide through the Compliance Policy and Good Practices in Tax Matters. In February 2015, the Board of Directors approved the Ferrovial Tax Policy, thus complying with the provisions of Article 529 ter of the Spanish Corporate Enterprises Law.

PRINCIPLES

- **Transparency:** Ferrovial does not make use of any companies domiciled in tax havens or other non-transparent jurisdictions, except when a given activity —such as a construction project— is located in any such jurisdiction. In these cases, the company will provide information to the competent authorities in compliance with applicable law.
- **Compliance:** timely payment of all applicable taxes, in strict compliance with the law in each country.
- **Professionalism:** all taxes and the associated risks are managed by a team of specialized professionals, namely the Ferrovial Tax Advisory Division, which is aided in its work by a team of external advisors.
- **Efficiency:** taxes are managed consistently and coherently with the business strategy, thus maximizing the value for shareholders.
- **Cooperation:** the company maintains good relations with the tax authorities by proactively managing its tax affairs to avoid any possible conflict or dispute.
- **Sustainability:** Ferrovial has procedures and policies in place to manage its tax risks.
- **Participation:** Ferrovial offers its extensive international knowledge of tax matters to aid with legislative processes.
- **Market price:** all sales and transfers among Ferrovial companies are performed at arm's length.

PREVENTION OF TAX RISKS

Following the recommendations of the Code of Good Tax Practices, the company:

- Implements measures to prevent and reduce tax risks.
- Avoids conflicts arising from the interpretation of law and regulations by consulting regularly with the tax authorities and entering into preliminary valuation agreements.
- Collaborates with the competent tax authorities to detect and eradicate fraudulent tax practices.
- Provides all information and documentation requested by the tax authorities as swiftly as possible.
- Relies on inspection proceedings to settle possible disputes with the tax authorities.

THE ROLE OF THE BOARD

The company's Board of Directors, acting through the Chairman, CEO and senior executives, ensures that Ferrovial adheres to good tax practices and principles. The Board is responsible for approving a control and management policy for tax risks, as well as for any operations that carry a special tax risk.

When drawing up the annual accounts, the Board is informed about the tax policies applied during the year and about the effective fulfillment of the commitments included in the Code of Good Tax Practices. This compliance is discussed and explained in the Annual Corporate Governance Report. For further information, please see section 6.6 of the Consolidated Financial Statements.

TOTAL TAX* (M€)

2,127

TAXES PAID BY BUAINESS (M€)

128

* Incurred, paid and collected in 2018 (cash basis).

TAX CONTRIBUTION BY MARKET - 2018

This chart shows the amounts paid by Ferrovial in 2018. They are aggregate figures based on its percentage of participation or ownership of the assets (notably 43.23% in the case of the 407 ETR, 25% for Heathrow and 55.14% at Budimex). A distinction is drawn between input taxes (obligations assumed by Ferrovial) and output taxes (arising from its activity, but actually paid by other parties).

MARKET	PAID TAXES		COLLECTED TAXES (2)	TOTAL (€)
	CORPORATE TAXES	REST (1)		
Spain	€9,079,686	€356,623,272	€396,398,950	€762,101,907
United Kingdom	€24,244,699	€162,757,153	€410,610,479	€597,612,331
Australia(3)	€6,242,129	€88,693,100	€257,680,983	€352,616,212
America(4)	€69,797,960	€22,070,508	€79,349,842	€171,218,310
Poland	€7,200,868	€23,651,100	€135,980,999	€166,832,967
Rest of Europe	€11,813,898	€8,819,612	€52,585,463	€73,218,973
Others (<1%)	€67,972	€472,346	€2,501,074	€3,041,392
Total	€128,447,213	€663,087,091	€1,335,107,788	€2,126,642,092

(1) Includes Employment Taxes (Employer), Value Added Tax paid and Other Taxes.
(2) Includes Employment Taxes (Employee), Value Added Tax collected and Withholding Taxes.
(3) Includes Australia and the rest of the Pacific Islands.
(4) Includes United States of America, Canada, Brazil, Chile, Colombia. Mexico, Peru and Puerto Rico. 98% of corporate tax corresponds to Canada.

More information in notes 2.10 and 5.3 of the Consolidated Financial Statements

PHOTO: D4R7 Toll Road, Bratislava (Slovakia)

1.4 RISKS

Managing risks and opportunities

EFFECTIVE RISK MANAGEMENT IS KEY TO ACHIEVING THE STRATEGIC AND OPERATIONAL OBJECTIVES OF FERROVIAL AND TO DETECTING NEW BUSINESS OPPORTUNITIES AND COMPETITIVE EDGES.

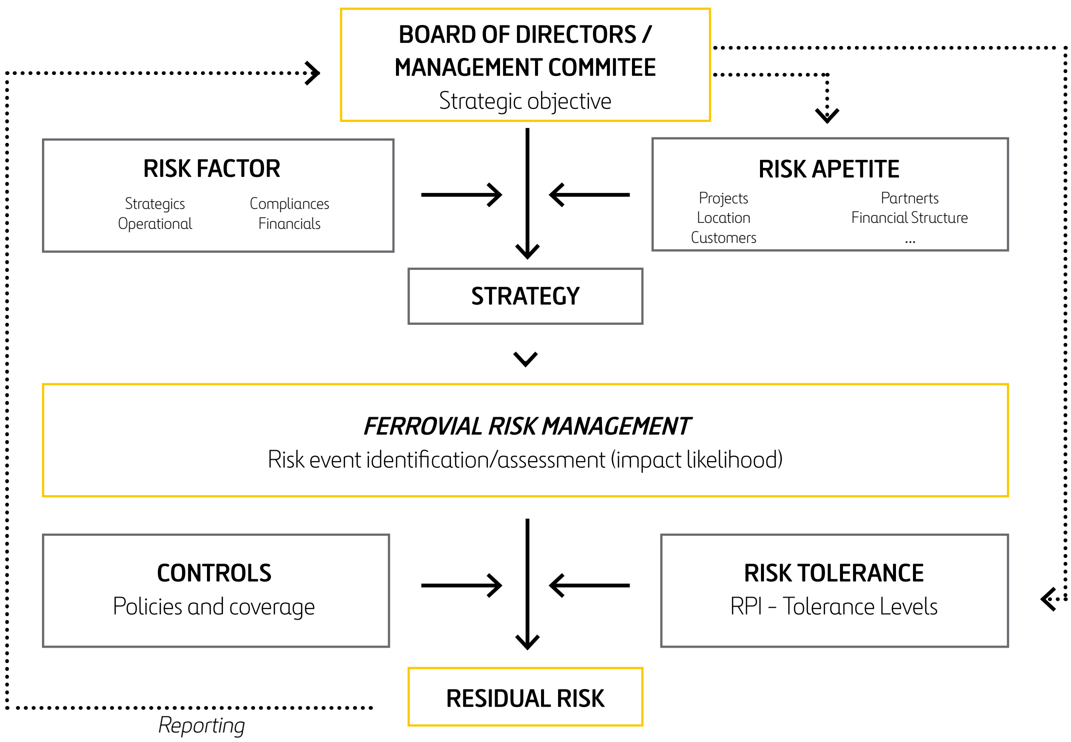
Ferrovial has a Risk Control and Management Policy, approved by Ferrovial's Board of Directors, to provide all employees with a general framework and guidance on how to control and manage the different sorts of risks they encounter when working towards the company's business objectives. The policy establishes how much risk is acceptable by risk factor and sets an acceptable level of tolerance.

The company has an identification and assessment process known as Ferrovial Risk Management (FRM), which is overseen by the Board of Directors and the Management Committee and implemented across all business areas. This process was created for the early detection and assessment of risk events based on their probability of occurrence and potential impact on strategic objectives. This enables Ferrovial to roll out the most suitable management and protective measures according to the nature and location of the risk.

The identified risk events are assessed using common metrics: one inherent, before the specific control measures put in place to mitigate the risk, and one residual, taking into account the specific control measures in place. The appraised difference between inherent risk and residual risk allows the company to determine the relative importance of each risk event in the risk matrix and also evaluate the effectiveness of the measures implemented to manage those risks.

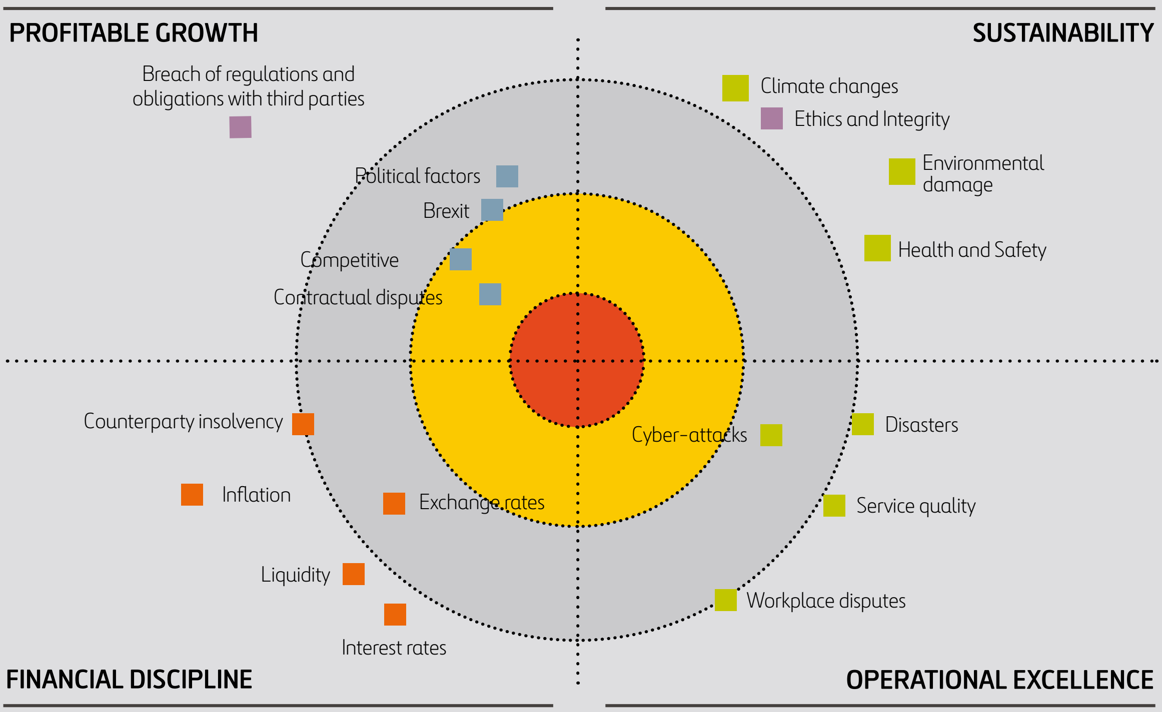
For further details, please refer to section E of the Annual Corporate Governance Report.

FERROVIAL RISK MANAGEMENT



MAIN RISKS

The chart shows the most relevant risk events according to their residual assessment (after controls) that threaten the fulfilment of Ferrovial's corporate strategy.



Strategic: related to the market and local influences on each business.

Financial: risks associated with changes in financial data, access to the financial markets, cash management, the reliability of financial information and tax-related risks.

Operational: risks associated with production processes, provision of service, generating income and incurring costs.

Compliance-related: risks linked to compliance with applicable law, commitments with third parties and self-imposed obligations deriving from the Code of Ethics.

Explanatory note: the closer a risk is to the diagram's center, the more serious it is. The circled areas indicate tolerance levels. Risk events that threaten several strategic priorities have been placed in the section with the highest relative importance.

Below is a description of the most relevant risk events, and a list of the main control measures implemented to mitigate their potential impact and/or probability of occurrence.

	RISK EVENT	DESCRIPTION	TREND	CONTROLS
STRATEGIC	CONTRACTUAL DISPUTES	The budgetary constraints facing some of the client's public sector clients are hurting their ability to invest and are increasing exposure to the risk of contractual disputes on construction projects, which can negatively impact the return on investment. A prime example of this is the dispute currently ongoing with Birmingham City Council (United Kingdom). As at December 2018, the company had posted provisions in the amount of GBP207 million to cover any liability eventually deriving from the dispute. For further information, please see Note 6.5.1 of the Consolidated Annual Financial Statements. Meanwhile, the complaint brought by SH-130 Concession Company, LLC (United States) against the construction company, which is 50% owned by Ferrovial, alleging construction defects, continues to progress through the preliminary stages. In tandem with this claim, the concessionaire filed suit in March 2018 against the previous concessionaires (Ferrovial and Zachry) claiming breach of their trustee functions. See Note 6.5.1 to the Consolidated Annual Financial Statements.	↑	• High degree of legal security in the regions and areas where projects are undertaken. • Establishing contractual and safeguards and financial guarantees needed to safeguard the company's interests. • Active management of project risks.

	RISK EVENT	DESCRIPTION	TREND	CONTROLS
STRATEGIC	COMPETITIVE PRESSURE	The economic slowdown in Europe and the financial difficulties facing emerging countries are negatively affecting public sector investment capacity and, by extension, business opportunities in those parts of the world. This situation has pushed capital flows towards more dynamic markets with greater investment capacity in which Ferrovial operates, increasing the competitive tension and the consequent pressure on prices and margins in projects in which risks transfer of is not balanced. The portfolio of technical references and the availability of partners with technical and economic solvency are also affected.	⇔	• Effective risk management affords the company competitive advantages when bidding on projects. • Investment approval procedure whereby the company identifies and assesses the most relevant project risks and picks only those for which there are suitable risk management capabilities and which provide a genuine competitive advantage. • The bidding activity focuses on technically complex projects in which the effective management of risks becomes a differentiator factor.
STRATEGIC	BREXIT (For more information, see Consolidated Annual Financial Statements note 5.4)	There is now considerable uncertainty as to whether the British Parliament will ratify the deal reached between the European Union and the UK government to implement a two-year transition period starting 29 March 2019. It is unclear what the economic and political ramifications of this precarious situation for both the UK and the EU will be. The resulting impact on Ferrovial's assets in the United Kingdom (14% of the value of its total assets according to analysts' estimates) could affect the company's overall profitability and ability to create value. In the case of Heathrow Airport, a possible stagnation or slowdown of the British economy is not expected to have any major impact on its business due to the importance of the asset and because it is already operating at full capacity. On top of this, the British government's support for the plans to build a third runway illustrate the airport's importance to the country, making it somewhat less exposed to the risk of Brexit. Heathrow has released a report on the potential adverse impact in the event of a hard Brexit wiping 114 million pound from the Budget for 2019. Meanwhile, S&P has announced its intention to maintain the airport's rating but with a negative outlook.	⇔	• Continuous monitoring of the ongoing negotiations between the UK and the EU. • Operational efficiency measures to be implemented across the various business units to respond to new market conditions. • Continuous monitoring of the financial markets in order to hedge risks accordingly. • Arranging hedge agreements to cover an amount roughly equivalent to the dividends expected to be received from UK assets over the coming three years.
STRATEGIC	POLITICAL FACTORS	Ferrovial carries on its business in stable regulatory environments with high levels of legal certainty. However, political instability in certain regions in which the company operates can lead to regulatory changes that would negatively impact asset management and expose the company to new risks. In the specific case of Spain, growth prospects may be affected by political instability and uncertainty derived from political and social initiatives in Catalonia calling for the separation of the region from Spain. Meanwhile, the political situation in the United Kingdom and the precarious position of its current government may well impact the planned expansion of Heathrow Airport, which was greenlighted by the British Parliament in June 2018 and which is continuing through the public consultation process eventually leading to the approval of the Development Consent Order.	↑	• Permanent monitoring of any regulatory or legislative processes that may affect business, as well as possible political developments, in order to anticipate possible changes and manage them accordingly.
OPERATIONAL	CYBER-ATTACKS	Ferrovial's infrastructures are vulnerable to cyber-attacks, which would impact people and the infrastructures themselves and could even paralyze operations. Airports and road Infrastructures are the most exposed to this type of risk.	↑	• Collaboration with security forces to implement the most appropriate security measures and systems to prevent attacks on company infrastructure. • Cybersecurity measures to reduce the risk of unauthorized access to the company's information and operating systems.
OPERATIONAL	WORKPLACE DISPUTES	Potential disputes with individual employees or groups of workers can threaten the company's productive capacity, especially in relation to more employee-intensive activities.	⇔	• Continuous collaboration and contact with workers' representatives to forestall possible conflicts sufficiently in advance so that preventive measures can be adopted. • Adhering to current labor law and regulations and ensuring strict compliance with the labor agreements in place as a means of mitigating the risk of disputes with employees.

	RISK EVENT	DESCRIPTION	TREND	CONTROLS
OPERATIONAL	DISASTERS	Unexpected events that result in damage or injury to individuals or property, and located at or caused by assets owned and/or managed by the company, including natural disasters.	⇔	• Contingency plans for each type of event. • Health and safety systems to be implemented in all areas of activity. • Insurance policy with coverage and compensation limits for accident liability, including environmental risks, events triggered by terrorist attacks or sabotage against company-managed facilities and infrastructure.
	SERVICE QUALITY	Breach of quality levels and/or delivery times agreed upon with third parties. Inadequate or insufficient quality assurance systems for goods and services provided by the company.	↓	• Quality policy, quality management system by business area (ISO 9001) and implementation of key indicators to measure quality levels during project performance and provision of service. • Audit plan to ensure compliance with the law, regulations, contractual obligations and objectives. • Digital platforms to ensure compliance with technical legislation and regulations throughout all phases of the contract life cycle.
	ENVIRONMENTAL DAMAGE (For more information, please see the section on the Environment on page 73 and 78)	Company activities that can have a significant impact on the environment and the local area in which it operates.	⇔	• Internal and external audit plan (ISO 14001 and EMAS mainly) to ensure compliance with the law, regulations, contractual obligations and objectives. • Insurance policy with sufficient cover and compensation limits to meet possible liability arising from environmental risks. • Measures to ensure compliance with and awareness of all applicable technical legislation and regulations.
	CLIMATE CHANGE (For more information, please see the section on the Environment on page 78)	Exposure to risks relating to climate change. Extreme weather events can not only affect infrastructure but also have an economic impact (increasing the cost of raw materials) and technological impact by leading to regulatory developments aimed at reducing polluting gases (higher taxes on fossil fuels, increased cost of GHG emissions, new forms of transport that impact project business plans, etc.).	↑	• Ferrovial has implemented a process to identify and assess the risks arising from climate change in order to anticipate them sufficiently in advance to be able to implement remediation and adaptation measures in response to the new environment. • Control and monitoring tools.
	HEALTH AND SAFETY (For more information, please see the section on Health and Safety on page 66)	Because of the nature of its business, the company is exposed to the risk of accidents occurring, which can impact both people and property.	⇔	• Implementation of adequate health and safety systems to safeguard company activities under a zero-accidents vision. • Control and supervision of adequate occupational health and safety conditions at all work centers. • Continuous training in occupational risk prevention. • Permanent monitoring of management systems through internal and external audits.
COMPLIANCE-RELATED	ETHICS AND NTEGRITY (For more information, please see the section on Ethics and Integrity on page 74)	Actions carried out by employees, with or without the help of third parties, that breach or fall short of the principles governing integrity, transparency and respect for the law and human rights.	↓	• Ferrovial has drawn up a Compliance Model that embodies the principles of respect for current legislation, ethical integrity, transparency and zero tolerance toward criminal actions. • Training on ethics and anticorruption.
	BREACH OF REGULATIONS AND OBLIGATIONS WITH THIRD PARTIES	Breach of regulations affecting Ferrovial. Failure to honor contractual obligations with third parties, which may give rise to penalties or jeopardize project continuity and/or the company's financial position.	↓	• Compliance Model at Ferrovial. • FRM process allows us to detect, assess and monitor the risk of non-compliance with obligations early enough to be able to take appropriate corrective measures. • Compliance model supervision plan.
FINANCIEROS	FINANCIAL RISKS (For more information, see Consolidated Annual Financial Statements note 5.4)	Risks associated with changes in financial data, access to the financial markets, cash management, the reliability of financial information and tax-related risks.	↑	• Assessment and management of the risk exposure of the main financial variables: interest rates, exchange rates, share price, liquidity and credit. This analysis draws a distinction between the policies applied at infrastructure project companies and those applied at other companies (where this difference is deemed relevant).

Meanwhile, Ferrovial pays close attention to any emerging risks that might impair its ability to meet its strategic targets. This also extends to risks which, despite having a low probability of occurrence, could nevertheless have negative effects on its business targets. Some of the more prominent risks here include natural disasters or risks caused by human action, humanitarian crises, anti-globalization and protectionist political movements that have the effect of reducing international investment and jeopardizing free competition, or causing technological disruption and/or obsolescence and impacting technology innovation when it comes to infrastructure management.

PHOTO: Denver Airport. Colorado (United States).

1.5 CORPORATE GOVERNANCE

Corporate Governance

Remunerations

Board of Directors

Management Committee

1.4 RISKS

1.6 EXPECTED BUSINESS PERFORMANCE

Independence and diversity

FERROVIAL'S CORPORATE GOVERNANCE SEEKS TO GUARANTEE INTEGRITY, WHICH IS VIEWED AS DILIGENT, TRANSPARENT AND RESPONSIBLE CONDUCT VIS-À-VIS SHAREHOLDERS, EMPLOYEES, CUSTOMERS AND THE DIFFERENT AGENTS INVOLVED IN THE COMPANY'S ACTIVITIES. INTEGRITY IS KEY TO ENSURING PROFITABLE BUSINESS AND LONG-TERM SUSTAINABILITY IN LINE WITH THE COMPANY'S STRATEGY, WHILE STRENGTHENING THE TRUST THAT SHAREHOLDERS AND OTHER STAKEHOLDERS PLACE IN THE COMPANY.

In compliance with commercial law, the Annual Corporate Governance Report (ACGR) forms part of this Management Report. It was drawn up by the Board of Directors and has been filed with the Spanish National Securities Market Commission (CNMV). The ACGR details all corporate governance aspects at Ferrovial and is available at www.ferrovial.com.

As explained in the ACGR, Ferrovial is fully or partially compliant with most of the recommendations set out in the Good Governance Code of Listed Companies (57 out of the 59 recommendations that apply to the company). The company regularly analyzes the national and international best practices and regulations relating to good governance to assess their application and possible incorporation into its internal regulations.

GOVERNING BODIES

The ACGR describes how the group's management bodies and the decision-making process work, highlighting the roles of the General Shareholders' Meeting and Board of Directors as the company's most senior governance bodies.

Board of Directors

The Board performs its duties with unity of purpose and independent judgment. It treats all shareholders equally and works towards the company's interests, meaning the need to secure a profitable business that is sustainable in the long term, while supporting its continuity and seeking optimal economic value for the company.

It comprises 12 members, thus ensuring an efficient and participative functioning of the board. Its members are re-elected

Each year, the Board appraises the quality and efficiency of its own functioning and that of its various committees. For the fourth straight year, it has been aided in this process by a widely respected external consultant. As part of the action plan in place to improve upon those aspects, the Board has agreed to continue strengthening its role in discussing and shaping group strategy, in supervising innovation, technology and digital transformation and in permanently monitoring the projects and issues that matter the most to each business unit.

Executive Committee

This committee has all delegated powers of the Board of Directors, except for those that cannot be delegated for legal reasons or because the bylaws say so. The committee comprises seven members. Among other duties, it monitors the performance of key business indicators and the status of the most pressing corporate matters, while also approving the operations of its competence as a delegated body of the Board of Directors.

Audit and Control Committee

It comprises three independent directors, who have been appointed in consideration of their knowledge and experience in accounting, auditing or risk

BRUNO DI LEO, INDEPENDENT DIRECTOR

In 2018, the Board of Directors appointed Bruno Di Leo as an independent director by co-option. The appointment was duly preceded by a selection process with the involvement and assistance of a renowned external expert. This latest appointment, which follows the appointments of Hanne Sørensen in 2017 and Philip Bowman in 2016, effectively increases the Board presence of independent directors, who already account for 50% of total members. It also makes the Board more diverse in relation to the gender, backgrounds, knowledge and experience of its members.

FEMALE BOARD MEMBER TARGET

30%

Of the Board in 2020

EXTERNAL ASSESSMENT OF THE BOARD

4

Years in a row

VOTING RIGHTS ASSIGNED TO THE BOARD OF DIRECTORS

31.15%

LEAD DIRECTOR

1

INDEPENDENCE

50%

Of Directors

AUDIT AND CONTROL COMMITEE

100%

Independent Directors

management. Between them, they possess the requisite technical knowledge and expertise in relation to the sector in which the company operates. To increase the diversity of its members, Australian board member Philip Bowman was awarded a seat on the committee in 2018.

Their main duties resulting from the adoption of the recommendations contained in the Good Governance Code of Listed Companies are described below, without prejudice to any others prescribed by law.

- Supervising the generation and presentation of mandatory financial information and ensuring that the Board seeks to present accounts to the General Shareholders' Meeting without any limitations or qualifications contained in the audit report.
- Remaining fully apprised of any structural and corporate changes planned by the company, while reporting previously to the Board of Directors on the financial terms and accounting impact of such changes, particularly in relation to the proposed exchange ratio such one exist.
- Ensuring that the company and the financial auditor adhere to rules governing the rendering of non-audit services, limits on the concentration of auditor services and other general regulations governing the independence of the financial auditor.
- Ensuring that the remuneration of the financial auditor does not compromise its quality or independence.
- Receiving regular information on activities from the Internal Audit Department.
- Ensuring the independence of the Internal Audit Division.
- Establishing and supervising a system that allows employees to confidentially and anonymously report any irregularities with potentially serious implications that may be detected at Ferrovial, particularly regarding financial and accounting matters.
- Supervising compliance with internal corporate governance and standards of conduct in the securities markets, and suggesting improvements.
- Coordinating the process of reporting non-financial information according to applicable law and benchmark international standards.

The committee held five meetings in 2018, with all members in attendance at each such meeting. The activities performed by the committee during the year are described in the report regarding its operation, available on the Ferrovial website. The Audit and Control Committee takes into account the recommendations of the CNMV Technical Guide on Audit Committees for Public-Interest Entities when going about its business.

BUSINESS DISCUSSED BY THE BOARD OF DIRECTORS

Every year, at the proposal of its Chairman, the Board of Directors draws up a calendar and an agenda for each of the meetings scheduled for the following year, taking into consideration the suggestions raised by directors and the recommendations of the company's external consultant who collaborated on the Board assessment process. Naturally the Board may also address any other unforeseen matters that require its attention during the year. The main matters addressed in 2018 are as follows:

- Financial information periodically reported.
- Internal financial reporting system.
- Risk management process.
- Annual General Shareholders' Meeting (call, proposal of agreements, reports).
- Report from each business unit and corporate area.
- Annual budget and amendments to the budget for the current year.
- Health and Safety (which is reviewed at each Board meeting due to the importance the company attaches to this subject).
- Fiscal and tax policies followed by the company in 2018.
- Compliance Model.
- Innovation.
- Cyber-security.
- Social welfare action.
- Quality and the Environment.
- Ferrovial's shareholding structure and on the perception of investors and analysts.
- Scrip dividend program.
- Annual assessment of the Board and its committees.
- Remuneration of Directors.
- New developments in corporate governance.

Appointments and Remunerations Committee

The committee comprises four non-executive directors, the majority of whom are independent, including its Chairman. They all possess the knowledge, aptitude and experience needed to perform the functions entrusted to them. To increase the diversity of its members, Danish board member Hanne Sørensen was awarded a seat on the committee in 2018.

Their main duties resulting from the adoption of the recommendations contained in the Good Governance Code of Listed Companies are described below, without prejudice to any others prescribed by law.

- Proposing the basic terms of the contracts signed with members of the senior management.
- Ensuring that all non-executive directors have sufficient time to duly perform their duties.
- Ensuring compliance with the remuneration policy established by the company.
- Verifying information on remuneration for executives and senior managers contained in the various corporate documents, including the Annual Report on Director Remuneration.
- Ensuring that any conflicts of interest do not impair the independence of the advice provided to the committee.
- Reporting on the appointment of the members that are to sit on each of the committees, in view of the knowledge, skills and experience of directors and the duties of each committee.

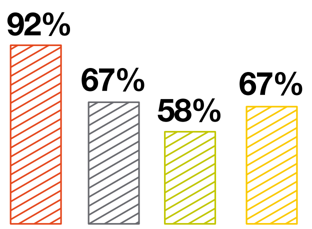
The committee held six meetings in 2018, with all members in attendance at each such meeting. The activities performed by the committee during the year are described in the report regarding its operation, which is available on the Ferrovial website.

		RAFAEL DEL PINO	SANTIAGO BERGARECHE	JOAQUÍN AYUSO	ÍÑIGO MEIRÁS	MARÍA DEL PINO	SANTIAGO FERNÁNDEZ VALBUENA	JOSE FERNANDO SÁNCHEZ-JUNCO	JOAQUÍN DEL PINO	ÓSCAR FANJUL	PHILIP BOWMAN	HANNE SØRENSEN	BRUNO DI LEO
POSITION		Chairman	First Vice-Chairman	Second Vice-Chairman	CEO	Member	Member	Member	Member	Member and Lead Director	Member	Member	Member
Board of Directors	Executive	✓			✓								
	Proprietary	✓				✓			✓				
	Independent						✓	✓		✓	✓	✓	✓
	Other external		✓	✓									
Committees	Executive Committee	✓C	✓	✓	✓	✓		✓		✓			
	Audit and Control Committee						✓C			✓	✓		
	Appointments and Remunerations Committee		✓				✓	✓C				✓	
Shareholding	% of capital held directly and indirectly	20.104	0.334	0.018	0.049	8.082	0.003	0.023	2.530	0.003	0.003	0.00	0.00
Other information	Date of first appointment	9/1/1992	23/2/1999	22/3/2002	20/10/2009	29/9/2006	29/5/2008	3/12/2009	29/10/2015	30/7/2015	28/7/2016	5/4/2017	26/7/2018
	Nationality	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	AUSTRALIAN	DANISH	PERUVIAN
	Positions as directors at other listed companies	0	2	2	0	0	1	0	0	2	2	4	1
	Age	60	73	63	55	62	60	71	57	69	66	53	61

C: Chairman of the Executive Committee, Chairman of the Audit and Control Committee and Chairman of the Appointments and Remuneration Committee.
Information updated at February 2019.

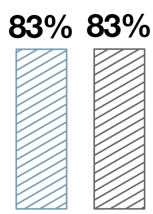
EXPERIENCE AND TRAINING OF BOARD MEMBERS

PROFESSIONAL



● ACCOUNTING AND FINANCE ● INFRASTRUCTURE
● SERVICES ● INNOVATION - IT

INTERNATIONAL



● EUROPE - UNITED KINGDOM ● NORTH AMERICA - AUSTRALIA

Competitive, balanced and aligned with corporate interests

THE REMUNERATION OF FERROVIAL'S BOARD OF DIRECTORS IS ESTABLISHED ON THE BASIS OF BEST MARKET PRACTICES AND BACKED BY STUDIES ON REMUNERATION CONDUCTED BY EXTERNAL CONSULTANTS, INTERNAL RULES AND REGULATIONS AND APPLICABLE LAW.

The remuneration of Ferrovial's senior management is based on the following principles and criteria:

- Creating long-term value by aligning remuneration systems with the Strategic Plan.
- Attracting and retaining the finest talent.
- External competitiveness when setting remuneration.
- Periodic involvement in stock plans pegged to the attainment of specific profitability metrics.
- Attainment of targets under the Risk Management Policy.
- Maintaining a reasonable balance between fixed remuneration items (short term) and variable items (annual and long term).
- Transparency.

REMUNERATION OF EXECUTIVE DIRECTORS

Fixed items

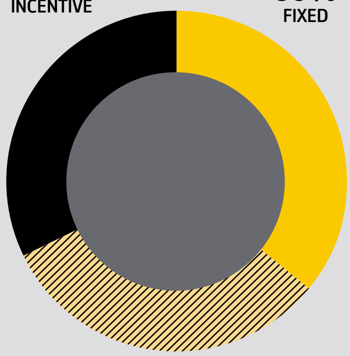
The fixed remuneration of executive directors is calculated on the basis of market benchmarks from a comparison group comprising 24 national and international peers in the relevant markets.

Variable items

Only executive directors have variable pay items as part of their remuneration. The package comprises an amount of annual variable remuneration plus long-term incentive plans.
The Company has decided to submit for approval of the General Shareholders' Meeting a reduction of the annual variable limit from 225% to 190% and also to modify the long-term incentive limit, which may amount to 150% of the fixed compensation. Ferrovial is therefore promoting best practices by gearing its remuneration mix more towards long-term items.

A new long-term incentive plan for 2019 based on options and shares will also be submitted to the general meeting for its approval. This plan is described at greater length in the Annual Report on Remuneration of Directors.

STRUCTURE OF THE REMUNERATION OF THE CHAIRMAN AND THE CEO



VARIABLE REMUNERATION OF THE EXECUTIVE DIRECTORS

125%
Variable remuneration target

225%
Maximun variable remuneration

REMUNERATION OF EXECUTIVE DIRECTORS

REMUNERATION OF EXECUTIVE DIRECTORS (THOUSANDS OF €) (1)	FIXED	VARIABLE	SHARE-BASED PLANS	OTHER(2)	TOTAL 2018	TOTAL 2017
Rafael del Pino y Calvo-Sotelo	1,455	1,337	1,204	8	4,004	5,262
Íñigo Meirás Amusco	1,200	1,053	1,204	4	3,461	4,589
TOTAL	**2,655**	**2,390**	**2,408**	**12**	**7,465**	**9,851**

(1) Remuneration for their position as executive director.
(2) Life insurance premiums/board positions at other subsidiaries

a) Annual variable remuneration for 2018

Remuneration is pegged to individual performance and the attainment of specific economic-financial, industrial and operational targets, which are pre-determined, quantifiable and consistent with company interests and expressly envisioned in the Strategic Plans. These targets may be quantitative or qualitative.

The target amount of the annual variable remuneration for executive directors, i.e. the remuneration corresponding to a standard level of target attainment, is equivalent to 125% of the fixed remuneration for both the Chairman and the CEO. The quantitative targets have an associated scale for rewarding overachieved targets up to a certain limit. The annual variable remuneration therefore has a cap of 225% on the fixed remuneration for executive directors in 2018.

Quantitative targets comprise metrics to guarantee a suitable balance between financial and operational aspects relating to the management of the company. Qualitative targets are pegged to an assessment of the individual performance of executive directors.

b) Current long-term Incentive Plans

Executive directors participate in a long-term variable remuneration system involving the delivery of shares. The current remuneration policy has a limit of 125% of the fixed remuneration as the incentive value at the time the remuneration is awarded. It is structured into overlapping multi-year cycles (currently set at three years). Units are assigned each year and then converted into shares at the end of the cycle (currently three years). For the current plan (2016-2018), they are determined with a relative weighting of the table on the right:

REMUNERATION OF NON-EXECUTIVE DIRECTORS

The remuneration of non-executive directors is determined by an assignment (fixed plus complementary) and living allowances. Their remuneration is in the median of the remuneration paid to non-executive directors of Ibex 35 companies.

Ferrovial's internal regulations state that the remuneration of external directors will be determined so as to adequately compensate for the responsibility and dedication required by the position, but without compromising their independence.

Remuneration systems involving the delivery of shares, options, share-linked instruments or instruments pegged to the company's performance apply only to executive directors.

Further information on the remuneration of the Board of Directors and senior management, and on the remuneration policy in general, is available on the Ferrovial website: www.ferrovial.com.

SCALE OF COMPLIANCE WITH THE METRIC

(2018 ALLOCATION)

GROSS OPERATING PROFIT (GOP)[1] on Net Productive Assets		WEIGHT
Maximun	≥10.5%	70%
Minimun	<9%	
Total Shareholder Return (TSR) in comparison with a group of companies		
Maximun	Positions 1 to 5	30%
Minimun	Positions 11 to 18	

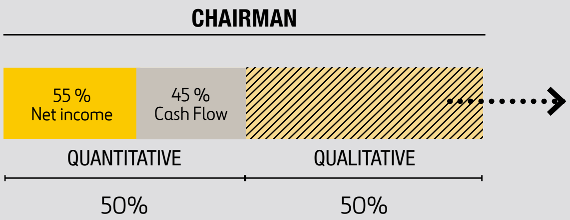
(1) Consolidated GOP: gross operating result before depreciation, adding the GOP from the companies incorporated based on the equity method in the consolidated financial statements in the percentage of stake that the company holds in them.
(2) Net Productive Assets. total amount of the assets in the consolidated balance of the company excluding assets allocatable to projects in an unpaid construction phase. The value corresponding to the proportional part of the net productive assets from the companies integrated by the equity method will then be added to this result, with the exception in any case of the part corresponding to the revaluations of companies stemming from divestment processes with loss of control.

REMUNERATION OF THE SENIOR MANAGEMENT

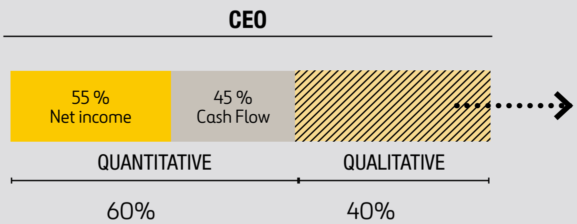
REMUNERATION OF THE SENIOR MANAGEMENT (THOUSANDS OF €)	2018	2017
Fixed remuneration	5,237	5,165
Variable remuneration	3,803	5,170
Target-based plan for the delivery of shares	5,083	5,435
Other [1]	54	52
Other [2]	8,924	0
Total	**23,101**	**15,822**

(1) Life insurance premiums / board positions at other subsidiaries
(2) Disassociation of three members of the Executive Committee (data subject to personal income tax)

COMPONENTS OF THE VARIABLE REMUNERATION



- Operations of the Board and the Executive Committee.
- Corporate Governance.
- Strategic Plan.
- Successions.
- Institutional Relations.



- Compliance with the Strategic Plan.
- Employee Health & Safety, measured using accident rates.
- Promoting Innovation and Corporate Social-Sustainability Responsibility.
- Development of professional teams to guarantee stability in the management and achievement of strategic objectives of the organization.
- Adjustment and monitoring of procedures linked to assuming controlled risks.
- Relationships with stakeholders.

BOARD OF DIRECTORS

01/ RAFAEL DEL PINO
CHAIRMAN

Executive and Proprietary Director

- Civil Engineer (Polytechnic University of Madrid, 1981). MBA (Sloan School of Management, MIT, 1986).
- Chairman of Ferrovial since 2000 and CEO since 1992. Chairman of Cintra from 1998 to 2009.
- Member of the MIT Corporation, IESE's International Advisory Board, the MIT Energy Initiative's External Advisory Board and the MIT Sloan European Advisory Board, and the Harvard Business School European Advisory Board. He is also a member of the Royal Academy of Engineering of Spain.
- He has been Director of Zurich Insurance Group, Banesto and Uralita.

02/ SANTIAGO BERGARECHE
VICE-CHAIRMAN

External Director

- Degree in Economics and Law (Universidad Comercial de Deusto).
- 1st Vice-Chairman of Ferrovial and member of the Board of Directors since 1999. Joined Ferrovial in 1995 as Chairman of Agroman. In February 1999, after the merger of Ferrovial and Agroman, appointed CEO of Ferrovial.
- Vice-Chairman of Alantra Partners; Director of Vocento, Maxam Corp Holding and Deusto Business School; Trustee of the Foundation Casa Ducal de Medinaceli.
- Former Managing Director of Banco Bilbao Vizcaya Argentaria (BBVA); Chairman of Vocento, Metrovacesa and Cepsa.

03/ JOAQUÍN AYUSO
VICEPRESIDENTE

External Director

- Degree in Civil Engineering (Universidad Politécnica de Madrid).
- 2nd Vice-Chairman of Ferrovial and member of the Board of Directors since 2002. Chairman of the Board of Directors of Autopista del Sol. Joined Ferrovial in 1982.Managing Director of Construction since 1992, CEO of Ferrovial Agroman (1999-2002), CEO of Ferrovial (2002-2009), executive Vice-Chairman of Ferrovial (2009-2012) and Vice-Chairman of Cintra (2002-2009). Former Director of BAA (UK), Budimex (Poland) and 407 ETR (Canada).
- Director of Bankia and National Express Group (UK). Member of the Advisory Boards of "Benjamin Franklin" Institute at the University of Alcalá de Henares, TRANSYT (Transport Investigation Center of the School of Civil Engineering) and A.T. Kearney for Spain.
- Former Director of Hispania Activos Inmobiliarios and member of the Board of Círculo de Empresarios.

04/ ÍÑIGO MEIRÁS
CEO

Executive Director

- Degree in Law (Universidad Complutense de Madrid); MBA (IE Business School).
- CEO of Ferrovial since 2009. Joined Ferrovial in 1992; former Managing Director of Autopista del Sol and Director of Toll Roads at Cintra. CEO of Ferrovial Services from 2000 to 2007; later appointed CEO of Ferrovial Airports.
- Previously worked at Holcim Group and Carrefour Group.

05/ MARÍA DEL PINO
DIRECTOR

External Proprietary Director

- Degree in Economics and Business Administration (Universidad Complutense de Madrid); Management Development Program (IESE).
- Director of Ferrovial since 2006.
- Chairman of the Rafael del Pino Foundation. Legal representative of Menosmares, S.L. that holds the positions of rotating Chairman / Vice-Chairman of the Board of Directors of Casa Grande de Cartagena, S.A.U. and Vice-Chairman of the Board of Directors of Pactio Gestión, SGIIC, S.A.U. Member of the Board of Trustees of the Princess of Asturias.
- Former member of the Governing Board of the Asociación para el Progreso de la Dirección and trustee of the Codespa Foundation and of the Fundación Científica de la Asociación Española contra el Cáncer.

06/ SANTIAGO FERNÁNDEZ VALBUENA
DIRECTOR

Independent Director

- Degree in Economics (Universidad Complutense de Madrid); PhD and Master's Degree in Economics (Northeastern University, Boston).
- Director of Ferrovial since 2008.
- Chairman of the Board of Directors of AEDAS Homes, S.A. and Vice-Chairman of EBN Banco de Negocios.
- Former Chairman of Telefónica Latinoamérica; Director and Chief Strategy, Finance and Corporate Development Officer at Telefónica; Managing Director of Société Générale Valores and Head of Equities at Beta Capital; Professor of Applied Economics at the Universidad Complutense and Professor at IE Business School.

07/ JOSÉ FERNANDO SÁNCHEZ-JUNCO
DIRECTOR

Independent Director

- Degree in Industrial Engineering (Universidad Politécnica de Barcelona). ISMP Graduate at Harvard Business School. Member of the State Corps of Industrial Engineers.
- Director of Ferrovial since 2009. Director of Cintra from 2004 to 2009.
- Executive Chairman of Maxam Group;

Chairman of Maxam Foundation; member of the Board of Trustees of the Museo de la Minería y la Industria and of the Foundation Princesa de Girona.

- Former Managing Director of Iron and Steel and Naval Industries and Managing Director of Industry at the Ministry of Industry and Energy; Director of Dinamia, Uralita and Duro Felguera.

8/ JOAQUÍN DEL PINO
DIRECTOR

External Proprietary Director

- Degree in Economics and Business Administration; MBA (IESE).
- Director of Ferrovial since 2015 (and has represented the Director Karlovy, S.L. since 2010, reelected in 2013).
- Legal representative of Soziancor, S.L.U., that holds the positions of rotating Chairman / Vice-Chairman of the Board of Directors of Casa Grande de Cartagena, S.A.U. and Chairman of the Board of Directors of Pactio Gestión, SGIIC, S.A.U.; Trustee of the Rafael del Pino Foundation and the Plan España Foundation.

- Former Director of Banco Pastor.

9/ ÓSCAR FANJUL
DIRECTOR

Independent Director Lead Director

- Professor of Economic Theory on leave of absence.
- Director of Ferrovial since 2015.
- Vice-Chairman of Omega Capital. Vice-Chairman of LafargeHolcim; Director of Altamira Asset Management and of Marsh & McLennan Companies; Vice-Chairman of the Museo Nacional Centro de Arte Reina Sofía and Trustee of the Center for Monetary and Financial Studies (Bank of Spain) and of the Aspen Institute (Spain).
- Former founding Chairman and CEO of Repsol; Chairman of Hidroeléctrica del Cantábrico; non-executive Chairman of NH Hoteles and Deoleo; Director of Acerinox, Unilever, BBVA, London Stock Exchange and Areva.

10/ PHILIP BOWMAN
DIRECTOR

Independent Director

- Degree with honors in Natural Science (University of Cambridge); Master in Natural Science (University of Cambridge); Fellow of the Institute of Chartered Accountants in England & Wales.
- Director of Ferrovial since 2016.
- Chairman of Potrero Distilling Holdings and Tegel Group Holdings Limited; Non-executive Chairman of Majid Al Futtaim Properties and Non-executive Director of its parent company, Majid Al Futtaim Holding LLC; Director of Kathmandu Holdings Limited and of Better Capital.
- Former Chairman of Coral Eurobet and Liberty; Non-executive Chairman of The Munroe Group (UK); CEO of Smiths Group, Scottish Power and Allied Domecq; and Director of Burberry Group, Berry Bros. & Rudd, Scottish & Newcastle Group, Bass, British Sky Broadcasting Group and Coles Myer.

11/ HANNE BIRGITTE BREINBJERG SØRENSEN
DIRECTOR

Independent Director

- MsC. in Economics and Management from the University of Aarhus (Denmark).
- Director of Ferrovial since 2017.
- Director of LafargeHolcim, Delhivery, Sulzer, Tata Motors, Tata Consulting Services and Jaguar Land Rover.
- Former CEO of Damco and Maersk Tankers; Senior Vice President and Chief Commercial Officer at Maersk Line; and CFO for the Asia Region at Maersk Line (A.P. Moller-Maersk Group). She has also been Chairman of ITOPF, Vice-Chairman of Hoegh Autoliners, Director of Axcel and INTTRA and member of the Supervisory Board of Koninklijke Vopak.

12/ BRUNO DI LEO
DIRECTOR

Independent Director

- He holds a Business Administration degree from Ricardo Palma University and a postgraduate degree from Escuela Superior de Administracion de Negocios, both in Lima (Peru).
- Director of Ferrovial since 2018.
- Director of Cummins Inc. Member of the International Advisory Board of Instituto de Estudios Superiores de la Empresa in Spain and of the Deming Center Advisory Board of Columbia Business School.
- He has developed his professional career at the multinational group IBM. He served as Senior Vice President of IBM Corporation; Senior Vice President of Global Markets; General Manager of the Growth Markets Unit; General Manager for Global Technology Services in Southwest Europe and then General Manager for Northeast Europe; General Manager for IBM Latin America and General Manager of IBM Brazil.

SANTIAGO ORTIZ VAAMONDE
SECRETARY

- Spanish State Attorney (on voluntary leave); PhD in Law (Universidad Complutense de Madrid).
- General Counsel and Secretary of the Board of Directors of Ferrovial since 2009.
- Former partner at two renowned law firms, in charge of Trial Law and Regulatory Law; Agent of the Kingdom of Spain before the Court of Justice of the European Union; professor at the Diplomatic School and the Carlos III University.

PHOTO: LBJ Express Toll Road. Texas (United States).

MANAGEMENT COMMITTEE

ÍÑIGO MEIRÁS

CEO

He is a Law graduate and holds an MBA from the Instituto de Empresa. He joined Ferrovial in 1992, was Managing Director of Autopista del Sol and later on Toll Roads Director in Cintra until November 2000. Between 2000 and 2007 he headed the expansion of Ferrovial Services as Managing Director, later on as CEO, and in 2007 he was appointed CEO of Ferrovial Aeropuertos. He held the position of Group Managing Director of Ferrovial between April and October 2009, when he became CEO.

MARÍA DIONIS

Chief Human Resources Officer

She holds a degree in Psychology from the Complutense University of Madrid and a Master's in HR Management from the University of Maryland. Before joining Ferrovial, she worked at Andersen Consulting, Watson Wyatt, Soluziona and Getronics Iberia. She joined the company in 2006 as HR Development Director. In May 2010, she became HR and Communications Director at Ferrovial Services. In June 2015 she became Chief Human Resources Officer.

ALEJANDRO DE LA JOYA

CEO of Cintra

Civil Engineer (ICCP). He joined the company in 1991, and he has built his professional career in Spain, Morocco, Italy, Portugal, and Poland (Budimex). He held the position of International Construction Manager from 2005 to 2008, when he was named Chief Executive Officer at Ferrovial Agroman. In November 2018, he was chosen to be the Chief Executive Officer at Cintra.

FEDERICO FLÓREZ

Chief Information Officer and Innovation Officer (CIIO)

He is a Naval Engineer (Polytechnical University of Madrid) and holds a Master's Degree in Business Administration and IT Management, PAD IESE, INSEAD Advanced Management Program, diplomas in Executive Education from Harvard, MIT and Cranfield. He has worked at such companies as IBM, Alcatel and Telefónica. His most recent position was CIO of the Bank of Spain. In April 2008, he was appointed Chief Information Officer.

IGNACIO GASTÓN

CEO of Ferrovial Agroman

Civil Engineer (ICCP) from the University of Cantabria and MBA from the London Business School. He joined Ferrovial in 1995, and during his professional career, he has held various high-level positions in the divisions of Construction and Services. In 2003, he joined Amey, and he went on to take the position of Construction Manager at Ferrovial Agroman in the United Kingdom in 2007. In 2013, he was named Managing Director at Ferrovial Services Spain, a position that he held until being chosen as Chief Executive Officer at Ferrovial Agroman in November 2018.

JORGE GIL

CEO of Ferrovial Aeropuertos

He has a double degree in Business Administration and Law from ICADE University. He joined Ferrovial in 2001, holding different positions in Cintra including Structured Finance Director and Corporate and Business Development Director. In 2010, he was appointed Director of Finance and Capital Markets of Ferrovial. He began his career at The Chase Manhattan Bank, where he was part of the Corporate Finance and M&A divisions. In December 2012 he was named CEO of Ferrovial Airports.

ERNESTO LÓPEZ MOZO

Chief Financial Officer (CFO)

He is a civil engineer (Polytechnical University of Madrid) and holds an MBA from The Wharton School of The University of Pennsylvania. In October 2009 he was appointed Chief Financial Officer of Ferrovial. Previously, he held various management positions at Telefónica Group, JP Morgan and Banco Santander. He worked in Civil Engineering before obtaining the MBA degree. Member of the IFRS Advisory Council (2013- 2015). Since 2017, he has been Chairman of the Audit and Control Committee and member of the Board of Directors of Aegon España, S.A.

FIDEL LÓPEZ SORIA

CEO of Ferrovial Services

He is a Mining Engineer from the Polytechnic University of Madrid and the École Nationale Superieure des Mines de Paris. He holds an MBA from MIT-Sloan School of Management. He joined Ferrovial in 2007, holding various positions in the Services and Airports divisions. Within the Services division, he has held the role of CEO of Broadspectrum, Development director of the division and member of the boards of Amey, Tube Lines and Swissport. Within the Airports division, he has been a member of the boards of HAH and AGS, commercial director of Heathrow and director of Airports at BAA. Before joining Ferrovial, he developed his career at McKinsey and Enel.

SANTIAGO ORTIZ VAAMONDE

General Counsel

Spanish State Attorney (on voluntary leave); PhD in Law (Universidad Complutense de Madrid). General Counsel and Secretary of the Board of Directors of Ferrovial since 2009. Former partner at two renowned law firms, in charge of Trial Law and Regulatory Law; Agent of the Kingdom of Spain before the Court of Justice of the European Union; professor at the Diplomatic School and the Carlos III University.

MARÍA TERESA PULIDO

Director of Corporate Strategy

Graduate in Economics from Columbia University and an MBA from MIT-Sloan School of Management. She has vast experience in the field of strategic consulting (McKinsey) and also in investment banking and private banking (in banks such as Citigroup, Deutsche Bank and Bankers Trust). Member of MIT's Sloan Executive (EMSAEB). Joined Ferrovial in April 2011, as Director of Corporate Strategy and since July 2014 she has been a member of the Management Committee of Ferrovial Group.

1.5 CORPORATE GOVERNANCE

1.6 EXPECTED BUSINESS PERFORMANCE

APPENDIX

FOTO: NTE Toll Road. Texas (United States).

EXPECTED BUSINESS PERFORMANCE

FERROVIAL HAS FORECAST THE PERFORMANCE OF ITS BUSINESSES FOR 2019 AND THE MAIN MARKETS IN WHICH IT OPERATES. THIS WILL BE ATTAINED BY DEVELOPING THE STRATEGY, OPPORTUNITIES AND RISKS ANALYZED IN CHAPTER 1.2 OF THIS INTEGRATED REPORT.

TOLL ROADS

The performance of the toll roads in operation during 2019 will depend on macroeconomic factors and developments in the countries or states where the assets are located and their impact on traffic volumes and revenues. The company will continue to focus its efforts on providing maximum quality of service while optimizing revenues and costs to the fullest extent permitted under the concession agreements.

- In **Canada**, and following completion of the ambitious investment plan to renovate maintenance equipment and modernize the tolling hardware for the 407 ETR toll road, the group will continue to invest in systems to optimize the management of customer accounts with the aim of maintaining and hopefully improving the high levels of user satisfaction reported in 2018. Meanwhile, the group will continue to analyze users behavior by relying on Big Data techniques as it continues to optimize revenues by improving existing tariff management processes.
- In the **United States**, the healthy economy outlook in Texas for 2019 and the sound performance of the assets to date strongly suggest that the NTE, LBJ and the 35W will all meet their expected traffic and revenue growth guidance, while achieving the target of obtaining high customer satisfaction and reducing congestion. Ultimately, this will consolidate Cintra's leading position as an operator of Managed Lanes in the Dallas-Fort Worth area. Meanwhile, the entry into service of the I-77 toll road in North Carolina —the biggest Managed Lanes concession in the state— will provide further proof of how valuable this system is in resolving traffic congestion problems in urban corridors. NTE and LBJ will distribute dividends in 2019 and 2020 respectively.
- In **Australia**, work is set to continue throughout 2019 on the Western Roads Upgrade project in Melbourne and the company is also set to open the Toowoomba toll road to traffic.
- In other markets, Cintra will continue to operate the assets that are already in operation, while working to complete the projects that are now in the construction phase: 407 Extension II in Canada; I66 in the United States; Ruta del Cacao in Colombia; and D4R7 in Slovakia.

In addition, Cintra will continue its bidding activity in the company's target regions (North America, Europe, Australia, New Zealand, Colombia, Chile and Peru), focusing primarily on complex greenfield projects, given their high potential for value creation.

AIRPORTS

Over the coming year, Ferrovial Airports will continue to focus efforts on its bidding activity and on maximizing the return on its assets, keeping a close eye on the expected impact of Brexit and the roll-out of the right contingency plans:

- At Heathrow, negotiations will continue for the new regulatory period and on the process of building the third runway.
- At AGS, the company will continue to maximize revenues and operating efficiency through innovation and by adapting its costs to the new operating environment.
- At Denver, the company will continue to manage and oversee the remodeling process while opening the initial phase of the new commercial bid for the terminal.

While bidding activity in 2019 will continue to focus on the North American market, new opportunities will also be analyzed in Europe and in markets that have been witnessing constant growth, such as Asia.

CONSTRUCTION

The outlook for 2019, by market, is as follows:

- In **Spain**, the prevailing political uncertainty means that growth within the sector is likely to stagnate in 2019, despite the recovery seen in recent years and the healthy state of the private construction market and relatively buoyant levels of bidding on public rail infrastructure projects in 2018. The project pipeline continued to shrink in 2018 and we expect to see a mild reduction in sales throughout 2019 as we await political decisions that will finally reactivate public bidding.

In international markets, the outlook remains positive due to the healthy state of the project pipeline and the company's technical prowess and expertise with large contracts. That said, profit margins remain tight due to fierce levels of competition and inflationary pressures on costs across all the main markets:

- In the **United States** and **Canada**, the company will continue to step up investment on transportation infrastructure with federal support in the form of the US Fast Act, the Federal Infrastructure Plan in Canada and steady increases in state and provincial budgets. Texas was a notable example in 2018, reaching an all-time high in road bidding and this trend is set to continue looking forward to the mid term. Following the November 2018 elections in the United States, the parties have announced their mutual intent to invest more heavily in infrastructure, pending a decision on funding. This heightened investment, notably on projects such as P3/DBF, where Ferrovial is lead partner alongside Ferrovial Agroman as constructor, will ensure a sound pipeline looking to the future. For 2019, we expect to see an increase in sales as various large projects now in the pipeline come to fruition, including the I-66 (Virginia) and Grand Parkway (Texas) toll roads, Denver Airport (Colorado) and the I-10 y SH146 toll roads in Texas, which were awarded to Webber in 2018.
- In **Poland**, public bidding will remain healthy, thanks to the increased budgets and time frames for the country's long-term road and rail plans, which count on the support of UE 2014-20 funding. Meanwhile, the EU's new 2021-27 financial framework (now being negotiated) will provide added stability down the line when it comes to funding and aid for Poland. In 2019, we expect to see more muted sales growth due to more selective bidding strategies aimed at mitigating pressures on profit margins within the sector resulting from the sharp increase in labor costs and raw material prices and in the long term for the award of road projects.

- Turning to the **United Kingdom**, and despite the uncertainties surrounding Brexit, current policy continues to support large infrastructure projects on both the short- and medium-term horizons, as recently shown by the majority vote among MPs green-lighting the third runway at Heathrow Airport. In **Australia**, the federal government and the states have maintained a robust project pipeline. However, sales for 2019 within these markets will be down on previous years due to the reduction in contracts awarded in 2017-18.
- The outlook is also relatively bright in **Latin America**, notably Chile following the ambitious infrastructure investment plan announced by its new government, a large portion of which will relate to projects under concession. Sales in 2019 will see some growth after the company successfully arranged funding in 2018 for the Ruta del Cacao toll road in Colombia and also because of the significant contracts awarded in Chile, including Rutas del Loa and the high-voltage Pan de Azúcar transmission line.

In short, moderate sales growth is expected for 2019, but with promising opportunities to win contracts down the line. Last but not least, profitability margins are expected to remain below historical levels, in line with what happened in 2018. The company now aims to concentrate on selective bidding, on maintaining strategic discipline when selecting projects and countries and on implementing new control measures and active commercial management to improve the performance of its construction activities.

SERVICES

The company expects to complete the process of selling the Services division in 2019. However, Ferrovial Services expectations for 2019 in its main markets are favorable. The company will continue with its strategic priorities: growing and optimizing the services order book (assigning resources and capacities to the most attractive prospects while selling non-strategic lines), improving operating margins and optimizing overheads.

In the **United Kingdom,** an economic growth similar to 2018 is expected, with considerable uncertainty regarding the impact of Brexit. While restrictions on public spending will continue in the short term, the government has now announced an end to the austerity measures. Budgets for some departments have already increased, including Network Rail, whose budget has been raised by 15% for the coming five years. The government is fully committed to the reform process. By ensuring a more balanced transfer of risks, it will make the services market more attractive to efficient and innovative suppliers.

The outlook for Amey is as follows:

- Development of negotiations for the resolution of the contract with the Birmingham City Council.
- Slight improvement in operating margins, but which will still remain below the target range.
- Focus on growing the most attractive business lines, such as consulting, rail, roads, services to the Ministry of Defence and utilities.
- Optimizing costs with the second phase of the Fit 4 the Future program, focusing on the structure of contracts, process reengineering and information systems.

In **Australia**, macroeconomic indicators continue to impress, driven by population growth, healthy public accounts and the steady recovery of the mining, oil and gas sectors.

The outlook at Broadspectrum is as follows:

- Consolidation of the strategic framework defined in 2017 after relinquishing the immigration contracts.
- Significant growth driven by an attractive pipeline.
  - Consolidating business activities and maintaining a solid competitive position (administration, transportation and natural resources).
  - Growing business lines that offer synergies with the company's existing capacities.
  - Exploring opportunities to penetrate new sectors (waste management and energy efficiency) by unlocking strategic the strategic capabilities of Ferrovial Services.
- Improved margins by consolidating and rolling out projects with high added value (such as Parklea, Shell-QGC) and by optimizing overheads through the Fit for Growth program.

In **Spain**, we expect macroeconomic conditions to remain stable during the year, although growth will be down on previous years. It is set to be an election year, with the ensuing political uncertainty and possible delays in bidding processes, large road concession projects and hospitals. Turning to the regulatory landscape, recent European regulations to promote the circular economy have opened up numerous opportunities for large projects relating to waste valorization and energy efficiency. We have also seen a new law on public sector tendering, which will affect the volume of services awarded to companies.

The outlook for Ferrovial Services is as follows:

- Above-market growth.
  - Renewal of large contracts with public authorities.
  - Organic growth in markets where the company already has a strong competitive position (waste treatment, facility management, industry and energy efficiency).
- Continuing to improve profitability.
  - Rolling out new high value-added contracts (e.g. Bicing).
  - Streamlining activities and contracts yielding low returns on investment.
  - Operational efficiency programs, integration of new technologies and data analysis.
  - Operating leverage and cutting overheads.
- Continuing to improve job safety by focusing on a safety culture and management system

The business of **Ferrovial Services International** will continue to combine growth and profitability across all regions. In the United States, where the macroeconomic outlook is particularly bright, the company will continue to focus heavily on its commercial and bidding activity as it seeks to earn a bigger share of its existing road maintenance and petrochemical infrastructure businesses, though first it will need to streamline and stabilize both businesses. Meanwhile, it will explore opportunities in new sectors such as airport services and energy efficiency by relying on the unique capabilities of Ferrovial Services. For the business in Chile, the company is confident of improving its margins and returning to its historical highs.

1.6 EXPECTED BUSINESS PERFORMANCE 2019

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APPENDIX

PHOTO: Workers from Shell's QGC business and Easternwell working together in Queensland's onshore natural gas business.

THE COMPANY PRESENTS ITS RESULTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING STANDARDS (IFRS). IN ADDITION, IN THE MANAGEMENT REPORT AND CONSOLIDATED FINANCIAL STATEMENTS, THE MANAGEMENT PROVIDES OTHER FINANCIAL MEASURES THAT ARE NOT REGULATED UNDER THE IFRS, KNOWN AS APMS (ALTERNATIVE PERFORMANCE MEASURES), IN ACCORDANCE WITH THE GUIDELINES ISSUED BY THE EUROPEAN SECURITIES AND MARKETS AUTHORITY (ESMA). THE MANAGEMENT USES THESE APMS WHEN TAKING DECISIONS AND EVALUATING THE COMPANY'S PERFORMANCE. THE FOLLOWING ARE THE BREAKDOWNS REQUIRED BY THE ESMA FOR EACH APM IN RESPECT OF THEIR DEFINITION AND RECONCILIATION, AN EXPLANATION OF THEIR USE AND THEIR COMPARISON AND COHERENCE. MORE DETAILED INFORMATION IS PROVIDED ON THE CORPORATE WEBSITE.

EBITDA = GROSS OPERATING PROFIT

Definition: operating result before charges for fixed asset depreciation and amortisation.
Reconciliation: the company presents its EBITDA figure in its Consolidated Income Statement (see the Consolidated Income Statement in section 1.3 of Management Report and the Consolidated Financial Statements) as: Gross operating profit = Total Operating Income – Total Operating Expenses (excluding those relative to fixed assets depreciation and amortisation which are reported in a separate line).
Explanation of use: EBITDA provides an analysis of the operating results excluding depreciation and amortisation, as they are non-cash variables which can vary substantially from company to company depending on accounting policies and the accounting value of the assets. EBITDA is the best approximation to pre-tax operating cash flow and reflects cash generation before working capital variation. One uses EBITDA as a starting point to calculate cash flow, adding the variation in working capital. Finally, it is an APM indicator which is widely used by investors when evaluating businesses (multiples valuation), as well as by rating agencies and creditors to evaluate the level of debt, comparing EBITDA with net debt.
Comparisons: the company presents comparative figures with previous years.
Consistency: the criteria used to calculate EBITDA is the same as the previous year.

COMPARISON ("LIKE-FOR-LIKE GROWTH")

Definition: relative year-on-year variation in comparable terms of the figures for revenues, EBITDA and EBIT. The comparable is calculated by adjusting the present year and the previous one, in accordance with the following rules:

- Elimination of the exchange-rate effect, calculating the results of both periods at the rate in the current period.
- Elimination from the EBIT of both periods of the impact of fixed asset impairments and results from company disposals (corresponds with the figure reported in the line "Impairments and disposals of fixed assets").
- In the case of company disposals and loss of control, the homogenisation of the operating result is undertaken by eliminating the operating results of the sold company when the impact occurred in the previous year, or if it occurred in the year under analysis, considering the same amount of months in both periods.
- Elimination in both periods of restructuring costs.
- In acquisitions of new companies which are considered material, elimination in the current period of the operating results derived from those companies, except in the case where this elimination is not possible due to the high level of integration with other reporting units (material companies are those where revenues represent ≥5% of the reporting unit's revenues before the acquisition).
- Elimination in both periods of other non-recurrent impacts (mainly related to tax and human resources) considered relevant for a better understanding of the company's underlying results.
- Note: the new contracts in the Toll Roads division coming into operation are not considered acquisitions and thus are not adjusted in the comparable.

Reconciliation: comparable growth is set out in separate columns in the section 1.3 headed Business Performance, under the heading Key Figures in the Management Report.
Explanation of use: Ferrovial uses the comparable to provide a more homogenous measure of the underlying profitability of its businesses, excluding those non-recurrent elements which would induce a misinterpretation of the reported growth, impacts such as exchange-rate movements or changes in the consolidation perimeter which distort the comparability of the information. Additionally, it also allows the Company to present homogenous information, thus ensuring its uniformity, providing a better understanding of the performance of each of its businesses.
Comparisons: the comparable breakdown is only shown for the current period compared with the previous period.
Coherence: the criteria used to calculate the comparison "Like-for-like growth" is the same as the previous year.

FAIR VALUE ADJUSTMENTS

Definition: the adjustments to the Consolidated Income Statement related to results from changes in the fair value of derivatives and other financial assets and liabilities; impairment of assets and the impact of the two previous elements on 'profit sharing of companies accounted for using the equity method'.
Reconciliation: a detailed breakdown of the Fair Value Adjustments is included in the Consolidated Income Statement (see the Consolidated Income Statement in section 1.3 of Management Report and the Consolidated Financial Statements).
Explanation of use: The Fair Value Adjustments can be use-

ful for investors and financial analysts when evaluating the underlying profitability of the company, as they are capable of excluding elements that do not generate cash and which can vary substantially from one year to another because of the accounting method used to calculate the fair value.
Comparisons: the company presents comparisons of previous years.
Coherence: the criteria used to calculate the Fair Value Adjustments is the same as previous year.

NET CONSOLIDATED DEBT

Definition: this is the net balance of Cash and cash equivalents (including short and long term restricted cash), less short and long-term financial debts (bank borrowing and bonds), including the balance relating to exchange rate derivatives that cover both the issue of debt in currency other than the currency used by the issuing company and cash positions that are exposed to exchange rate risk.
Reconciliation: a detailed breakdown of the reconciliation of this figure is given in the note 5.2 Net Consolidated Debt and Net debt and corporate credit rating in the Management Report.
Explanation of use: this is a financial indicator used by investors, financial analysts, rating agencies, creditors and other parties to determine the company's debt position. In addition, Ferrovial breaks down its net debt into two categories:

- Net Debt of Infrastructure Projects. This is the ring-fenced debt which has no recourse to the shareholder or with recourse limited to the granted guarantees. Debt corresponding to the companies considered as a Project.
- Net debt ex-Projects. This is the net debt from Ferrovial's businesses, including holding companies in the Group and other businesses not classified as Project companies. The debt included in this calculation is mainly with recourse, and is thus the measure used by investors, financial analysts and rating agencies to assess the company's leverage, financial strength, flexibility and risks.

Comparisons: the company presents comparisons with previous years.
Coherence: the criterion used to calculate the net debt is the same as previous year.

ORDER BOOK

Definition: the income pending execution, which correspond to contracts which the Company has signed up to a certain date, and over which it has certainty on its future execution. The total income of a contract corresponds to the price agreed or fee which correspond to the goods delivery and/or provision of services which have been agreed. If the implementation of a contract has its financing still pending, the revenues of said contract will not be added to the order book until the financing has been completed. The order book is calculated by adding the contracts of the current year to the balance of the contract order book of the previous year, then eliminating the revenues which have already been recognised in the current year.
Reconciliation: the order book is presented under Key Figures under Services and Construction sections in the Management Report. There is no comparable financial measure in IFRS. However, a breakdown of reconciliation with Construction and Services sales figures is provided in Note 2.1 of the Consolidated Financial Statements. This reconciliation is based on the order book value of a specific construction being comprised of its contracting value less the construction work completed, which is the main component of the sales figure. The difference between the construction work completed and the Construction and Services sales figure reported in Ferrovial's Financial Statements is attributable to the fact that consolidation adjustments, charges to JVs, sale of machinery, confirming income and other adjustments are made to the latter. In addition to contracts awarded and the construction work completed, the exchange rate of contracts awarded in foreign currency, rescissions (when a contract is terminated early) or changes to the scope are all aspects that also have an impact on the movement between the original order book (corresponding to the previous year) and the end order book (for the year in question), as shown in the tables at the end of this document. Management believes that the order book is a useful indicator in terms of the future income of the company, as the order book for a specific construction will be comprised of the final sale of said construction less the net construction work undertaken.
Explanation of use: Management believes the order book is a useful indicator with respect to the Company's future revenues.
Comparisons: the company presents comparisons with previous years.
Coherence: the criteria used to calculate the order book is the same as previous year.

WORKING CAPITAL VARIATION

Definition: measurement that explains the conciliation between the EBITDA and the operating cash flow before taxes. It is the result of the non-cash-convertible gross income primarily from changes in debt balance and commercial liabilities.
Reconciliation: in Note 5.3 Cash flow of the Consolidated Financial Statements, the company provides a reconciliation between the working capital variation on the balance (see description on Section 4 Working Capital of the Consolidated Financial Statements) and the working capital variation reported in the Cash Flow Statement.
Explanation of use: the working capital variation reflects the company's ability to convert EBITDA into cash. It is the result of company activities related with inventory management, collection from customers and payments to suppliers. It is useful for users and investors because it allows a measurement on the efficiency and short-term financial situation of the company.
Comparisons: the company presents comparative reports from previous years.
Coherence: the criteria employed for calculating the working capital variation is the same as the previous year.

TOTAL SHAREHOLDER RETURN

Definition: sum of the dividends received by shareholders, revaluation/depreciation of the shares and other payments such as the delivery of shares or buy-back plans.

Reconciliation: the total shareholder return is presented under the share part of section 1.1 of the Management Report. There is a breakdown of the reconciliation with the shareholder return in the financial statements.

Explanation of use: it is a financial indicator used by investors and financial analysts, to evaluate the performance that shareholders have received throughout the year in exchange for their contribution in capital of the Company.

Comparisons: the company presents comparative reports from previous years.

Coherence: the criteria employed for calculating shareholder return is the same as the previous year.

MANAGED INVESTMENT

Definition: managed investment is presented under Toll Roads in section 1.2 of the Management Report. During the construction phase, it is the total investment to make. During the operating phase, this amount is increased by the additional investment. Projects are included after signing the contract with the corresponding administration (commercial close), on which date the provisional financing terms and conditions, which will be confirmed after the financial closing, are normally available. 100% of investment is considered for all projects, including those that are integrated by the equity method, regardless of Ferrovial's participation. Projects are excluded with criteria in line with the exit from the consolidation scope.

Reconciliation: Managed investments at the end of December 2018 came to 18.472 billion euros and are made up of 24 concessions in 9 countries. The composition of managed investments by asset type is as follows:

(1) Model projects Intangible Assets IFRIC 12 (in operation), 6.196 billion euros. The managed investment coincides with the gross investment balance in these projects included in the table in section 3.3.1 of the Consolidated Financial Statements: 7.364 billion euros from Ausol included in Spain Highways, 5.074 billion euros from NTE, NTE35W and LBJ included in USA Highways and 386 million euros from the Azores, included in Other Highways.

(2) Model projects Intangible Assets IFRIC 12 (under construction), 479 million euros corresponds to American highway I-77. As they are under construction, the balance at year-end only reflects the assets in construction as part of this project, which comes to 503 million euros, included in the table in section 3.3.1 of the Consolidated Financial Statements, in USA Highways, excluding future investment commitments.

(3) Model projects Accounts Receivable IFRIC 12 (in operation), 232 million euros. Includes the managed investment in Autema. The balance at year-end comes to 669 million euros, including the long term and short term (see section 3.3.1 of the Consolidated Financial Statements) and, amongst others, financial remuneration of the accounts receivable, which is not considered an increase in the managed investment in the asset.

(4) Consolidation using the equity method, 11.565 billion euros. Includes both projects in operation and under construction that are consolidated using the equity method, such as 407ETR (3.063 billion euros of managed investment, 100%) or I-66 (2.642 billion euros, 100%). In the consolidated statement of financial position, these projects are included under Investments in associates, meaning the investment cannot be reconciled with the balance sheet.

Explanation of use: data useful by Management to indicate the size of the portfolio of managed assets.

Comparisons: no comparisons with previous years are itemized, though it is nevertheless a figure provided annually.

Coherence: the criteria employed for calculating the managed investment is the same as the previous year.

PROPORTIONAL RESULTS

Definition: this is the contribution to the consolidated results in the proportion of Ferrovial's ownership in the group subsidiaries, regardless to the applied consolidation method. This information is prepared to revenues, EBITDA and EBIT.

Reconciliation: a reconciliation between total and proportional figures is provided in the website to this document. This year also provides proportional results for both continued and discontinued operations (due to the reclassification of the Services Business as held for sale, see Note 1.1.3 Consolidated Financial Statements).

Explanation of use: the proportional results can be useful for investors and financial analysts to understand the real weight of business divisions in the operative results of the group, especially keeping in mind the weight of certain assets consolidated under the equity method as 407 ETR from Toronto and the airport of Heathrow. It is an indicator that other competitors with significant subsidiaries in infrastructure projects consolidated under the equity method present.

Comparisons: the company presents comparisons with previous years.

Coherence: the criteria used to calculate proportional results is the same as the previous year, however this is the first annual closing in which this information is presented and it is disaggregated between continued and discontinued operations.

PHOTO: Heathrow Airport, London(United Kingdom).

CORPORATE POLICY

Ferrovial views corporate responsibility as a voluntary commitment to driving the economic, social and environmental development of the communities in which it operates. The Corporate Responsibility Policy is rooted in the principles of the Global Compact and internationally accepted agreements and resolutions governing CR-related matters. Ferrovial's Board of Directors is tasked with ensuring adherence to these principles, which the company has voluntarily embraced. The policy is available at www.ferrovial.com.

CORPORATE RESPONSIBILITY COMMITTEE

The Corporate Responsibility Committee is the nexus joining the business units and corporate divisions with the senior management. It reports on the results obtained and proposes actions to the Management Committee, while also informing the rest of the company of the approval of proposals and the results reported.

The Communications and CR Director chairs the CR Committee, which comprises representatives from all business units (Toll Roads, Airports, Construction and Services) and corporate divisions (Human Resources, General Secretary's Office, Occupational Health and Safety, Quality and the Environment, Risks, and Innovation).

This committee is tasked with monitoring the Strategic Corporate Responsibility Plan. The Chairman of the CR Committee reports annually to the Board of Directors.

Its functions can be summarized as follows:

- Developing, implementing and supervising the company's CR policies.
- Defining and monitoring the Strategic Corporate Responsibility Plan.
- Coordinating reporting processes: Annual Integrated Report and sustainability ratios.
- Reporting and application of CR legislation.
- Approving and monitoring projects and sponsorships.
- Monitoring recommendations following external verification.
- Advising other departments on matters relating to CR.

STRATEGIC CORPORATE RESPONSIBILITY PLAN (2017-2019)

In 2016, the Corporate Responsibility Committee defined Plan 20.19, which is valid for the 2017-2019 horizon. A series of qualitative and quantitative annualized indicators were determined for each of the proposed progress actions to take stock of the performance and level of compliance of each of them. The company uses a scorecard to monitor its performance.

Plan 20.19 is based on Ferrovial's conviction that CR is a strategic function relating to sustainability, competitiveness and reputation for the sake of generating long-term value for all stakeholders and society as a whole. It is also an essential tool for developing the business, building the trust of stakeholders and fulfilling medium- and long-term objectives.

The 20.19 Plan will cement Ferrovial's position as a leading economic, social and environmental company, consolidating the progress it has made in the field of corporate responsibility. It was designed to make Ferrovial a benchmark in the field, particularly regarding the attainment of the UN Sustainable Development Goals, with which the company is fully aligned, though mainly in relation to goals 6 (clean water and sanitation), 9 (industry, innovation and infrastructure) and 11 (sustainable cities and communities).

The objectives are also aligned with its business objectives, allowing the company to extend them across the Ferrovial value chain, ranging from customers through to suppliers. The 20.19 Plan is structured around six areas, each comprising various courses of action that are broken down in turn into specific, measurable and quantifiable objectives.

These areas are as follows:

- Ethics and integrity.
- Corporate governance.
- People.
- The environment.
- Society.
- Innovation.

In 2018, the following progress was made in relation to each of the areas of action of Plan 20.19:

Area of action	Lines of action	Highlights for 2018
Ethics and Integrity	Continuing to guarantee ethical behavior and ensure respect for human rights.	• Two new online courses were launched, covering the Code of Ethics and Prohibited Conducts. • Ferrovial is a member of the Forética Cluster for Transparency, Good Governance and Integrity, allowing it keep up to date with all the latest trends and developments.
Corporate Governance	Integrating corporate responsibility criteria into management and continuing to guarantee transparency while adapting to the latest regulatory developments.	• The due diligence process for the ethical integrity of suppliers has now been approved and a report given to the Board on the main advances made in CR. • A new independent director has joined the Board, replacing a non-executive director. • The Annual Corporate Governance Report shows that the company is compliant with most of the recommendations contained in the Good Governance Code of Listed Companies (57 out of 59 that are applicable). • A new materiality study has been conducted, showing the results by region.
People	Guaranteeing a flexible, safe and healthy work environment, nurturing talent and employability and promoting an inclusive and open culture.	• The main accident indicators (severity and frequency) continue to fall. • Numerous well-being initiatives are under way at all the business units to improve employability mainly through training, while nurturing talent among the new generations. • The company continues to champion an inclusive and open culture through specific training activities for recruiters and middle managers, among other actions.
The environment	Reducing the carbon footprint, the water footprint, the impact on biodiversity and promoting the circular economy.	• The carbon footprint continues to decline in relative terms, meeting the proposed objectives. • Meanwhile, Ferrovial has developed a tool to incorporate "no net loss" criteria into the company's activities.
Society	Achieving the best quality standards, reinforcing ethical criteria in purchasing activity and systemizing the measurement of social impacts.	• Two pilot tests have been run for the SROI methodology developed in previous years.
Innovation	Promoting entrepreneurship and innovative solutions	• The company has stepped up its investment in innovation when compared with previous years, thus strengthening the open innovation model. • It has launched the fourth edition of Zuritanken to foster a culture of innovation among employees.

By the end of 2019, the company will analyze the degree of compliance with the objectives established for the plan as a whole, and new courses of action will be defined for Plan 20.22, covering the 2020-2022 horizon.

REPORTING PRINCIPLES

SCOPE OF THE INFORMATION

Ferrovial comprises the parent company, Ferrovial S.A., and its subsidiaries. For more detailed information on the companies included in the scope, please see the Consolidated Annual Financial Statements.

In 2018, the company carried out various corporate operations that led to changes to the scope, including the acquisition of companies, the awarding of new contracts and the start of new businesses. Company restructurings also took place. For more information, see page 38-63 on businesses evolution.

CONSOLIDATION PROCESS

The reporting process extends to all companies over which Ferrovial has economic control, meaning a stake of greater than 50%. In these cases, 100% of the information is reported.

Likewise, and following the indications contained in the Sustainability Reporting Standards of the GRI Guidelines, Ferrovial provides information on indicators and material aspects "outside the organization", so long as the data are of sufficient quality and always separately. Ferrovial considers that the most significant impacts relate to the 407 ETR toll road in Canada and the airports in the United Kingdom, at which its stake falls short of 50%.

TRACEABILITY

Ferrovial guarantees the traceability of information relating to corporate responsibility thanks to the reporting system it set up in 2007, enabling it to obtain detailed information down to individual company level while allowing for partial consolidation by region or business. In 2018, it conducted an in-depth review of the information requested to bring the system in line with the reporting requirements of its different stakeholders.

In 2018, the reporting system allowed the company to gather 322 quantitative and qualitative indicators at 127 companies, thanks to the collaboration of over 200 users.

RESTATING OF THE INFORMATION

In 2018 there were a number of company perimeter changes that might affect the comparability of the data contained in the report, although they are not considered particularly relevant. To guarantee the maximum transparency and comparability of the data, the body of the report indicates when an indicator from previous years has been modified or presents significant changes that affect the comparability of the information.

STAKEHOLDERS

Ferrovial is committed to transparency in the information it reports to the market by making continuous improvements to its communication channels with all stakeholders on the basis of innovative corporate information that addresses not only financial aspects but also environmental and social variables.

The company considers stakeholders to include any individuals or social groups with a legitimate interest and who are affected by the company's current or future activities. This definition includes stakeholders that form part of the company's value chain (shareholders, employees, investors, clients and suppliers) and that are therefore considered partners in the development of the businesses, and also external stakeholders (governments and public authorities, the media, analysts, the business sector, labor unions, the tertiary sector and society in general), starting with the local communities in which the company operates.

This relationship is dynamic, seeing as though the landscape in which the company operates is changing more rapidly than ever. Ferrovial's business is highly dependent on relationships with the public authorities of the countries in which it operates. Ferrovial holds decision-making positions at organizations that promote corporate responsibility in Spain and abroad, such as Fundación SERES, Forética, the Spanish Global Compact Network and the Spanish Quality Association (AEC). In 2018, Ferrovial was appointed chairman of the Spanish Green Growth Group.

Ferrovial is known for its absolute political neutrality, carrying out business for public authorities and private clients alike in the countries where it operates. The company does not make cash or in-kind contributions to political parties or electoral candidates. However, Ferrovial does belong to business organizations and foundations for the commercial exchange of knowledge and information between countries in its sphere of activity or in the regions where it operates. By belonging to these organizations, the company is aiding in the progress and development of all the fields of action it pursues.

Ferrovial's approach to the principles contained in the report is discussed further in the specific section on materiality. For more information on the AA1000 and GRI standards, see page 124 on GRI indicators.

MATERIAL ISSUES

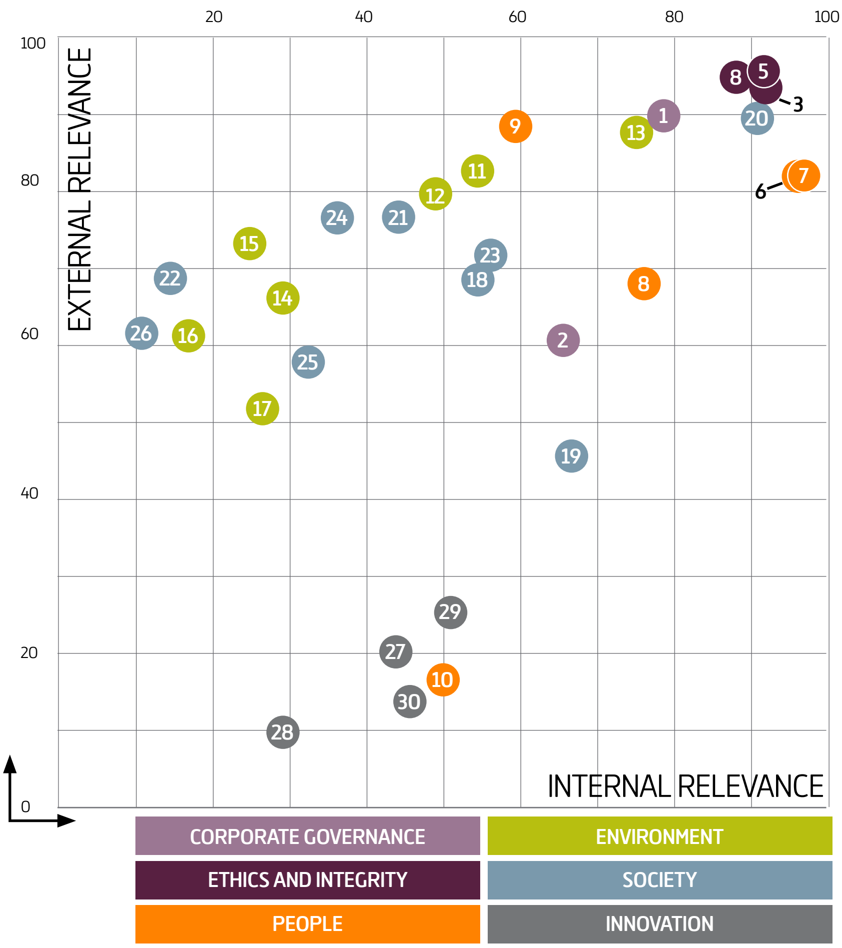
Ferrovial believes that an issue is material when it could have a substantial impact on the opinions or decisions of stakeholders, affecting its ability to address existing needs without compromising future generations.

Ferrovial conducted a new materiality analysis in 2018 as part of its two-year update process. The main change is the expansion of the consultation process carried out among the company's main stakeholders in regions considered business priorities (United States, Canada, United Kingdom, Australia, Spain and Poland), yielding separate results for each of these. While this report contains only the global materiality matrix, the company is fully aware of the matters considered most material in each country.

The analysis process was implemented in various stages:

- Identification and validation of relevant matters. By examining various relevant sources of information (GRI, Sustainability Accounting Standards Board (SASB), World Economic Forum, media coverage, consultations with socially responsible investors, etc.), the company was able to identify the main trends and most material matters for the sector in which it operates. After obtaining the initial list of material issues, the main corporate directors agreed upon the final list of 30 key material matters, which are grouped into six subject areas related to Plan 20.19.
- Determining internal materiality. The company's executive officers were asked to complete an online survey and to score the material matters previously identified, which were then sorted accordingly based on the scores awarded.
- Determining external materiality. The same survey completed by the executive officers was sent to the main stakeholders in each of the countries, and then sorted again based on the scores awarded.
- Prioritization. The result of graphically crossing internal and external materiality, as shown on the materiality matrix.

The materiality analysis revealed that the most material issues for Ferrovial are those relating to ethics and integrity and occupational health and safety.



1 Incorporating best practices into the Board of Directors.
2. Ensuring a director remuneration policy aligned with external law and regulations and the company's own interests.
3. Having suitable compliance programs in place to help prevent the perpetration of criminal acts.
4. Setting up communication channels for reporting unethical practices.
5. Respecting human rights in all countries where the company operates and having this permeate the entire value chain.
6. Guaranteeing a safe and healthy working environment for all employees under the "harm-free workplace" principle.
7. Reducing the occupational accidents ratio.
8. Upholding the rights of employees.
9. Promoting a flexible, diverse, inclusive and non-discriminatory working environment.
10. Providing training in digital skills to keep knowledge permanent refreshed and up-to-date.
11. Reducing the environmental impact of company activities.
12. Sustainable waste management.
13. Assessing and controlling risks to prevent environmental accidents.
14. Mitigation: public commitments to reduce greenhouse gas emissions.
15. Identifying risks and opportunities in relation to climate change.
16. Determining the water footprint of the company's operations and rolling out actions to ensure more efficient use of the resource.
17. Determining the impact on ecosystems and biodiversity and applying the "no net loss" principle.
18. Making channels of communication available to customers and providing grievance resolution processes.
19. Determining the level of customer and user satisfaction with the infrastructures and services provided by Ferrovial.
20. Guaranteeing the safety and security of users and of the infrastructure itself.
21. Having a global procurement policy that integrates suppliers in accordance with the company's ethical principles.
22. Appraising suppliers by determining their sustainability risk.
23. Implementing mechanisms to monitor contractors in relation to health and safety and human rights.
24. Measuring the social, economic and environmental impact of the company's activities.
25. Having a social action strategy aligned with business objectives.
26. Offering information on the company's tax strategy and contributions by country.
27. Planning and developing an innovation strategy to guide the company's investments.
28. Accelerating innovative activity through the global innovation ecosystem (start-ups, research centers, universities, etc.).
29. Incorporating state-of-the-art technology into Ferrovial's assets to help maximize their value.
30. Adopting a dual approach to innovation that strengthens the business' competitive edges while pursuing a long-term vision.

SCORECARD

SHAREHOLDERS	2016	2017	2018
Revenue (M€)	-	5,152	5,737
Operating cash flow excluding concessionaires (M€)	995	999	572
Dividends received (M€)[1]	544	520	520

EMPLOYEES	2016	2017	2018
Workforce at year-end	96,001	95,978	92,113
Total average churn rate (%)	5.11%	12.67%	8.18%
Frequency rate	15.0	13.6	12.2
Severity rate	0.33	0.31	0.29

CUSTOMERS	2016	2017	2018
Portfolio by business unit (M€)	33,519	32,063	30,376
- Services	24,431	20,918	19,411
- Construction	9,088	11,145	10,965
Investment in R&D (M€)	48	47	48
User satisfaction with Managed Lanes (NTE and LBJ) (%)	80%/91%	75%	>80%
HAH passenger experience (scale 1-5)	4.2	4.2	4.15
Certified activity (ISO 9001)	91%	89%	88%

SOCIETY	2016	2017	2018
Renewal of presence on sustainability indexes: DJSI, Vigeo FTSE4Good, MSCI, STOXX	✓	✓	✓
Carbon intensity: direct and indirect greenhouse gases emissions in relative terms (tCO_2 eq /M€[2]	-59%	-57%	-54%
Beneficiaries of potable water and sanitation projects[3]	191,759	212,605	213,713
Taxes (M€)[4]	-	2,075	2,127

(1) In scrip dividend and share buyback.
(2) Scope 1 & 2 since 2009. Data before 2018 have not been recalculated as a results of entries and exits from the perimeter.
(3) Data accumulated since 2008 (18 projects performed in Colombia, Peru, Mexico, Tanzania, Ethiopia, Uganda and Ghana).
(4) Taxes accrued, paid and collected (cash flow criteria).

CONTENTS OF NON-FINANCIAL INFORMATION STATEMENTS ABOUT NON-FINANCIAL INFORMATION AND DIVERSITY

Contents of Law 11/2018			GRI standard	Location / direct response
Business Model	Description of the group's business model	A brief description of the group's business model, including its business environment, organization and structure, the markets in which it operates, its objectives and strategies, and the main factors and trends that may affect its future evolution	102-2, 102-4, 102-6, 102-7, 102-15	Chapter Ferrovial in two minutes, pages 10-18 Chapter Strategy and Value Creation, pages 21-35
Policies	Policies applied by the group	Policies applied by the group, including the due diligence procedures applied to identify, assess, prevent and mitigate significant risks and impacts, and to verify and control, as well as the measures that have been adopted	103-2, 103-3	Chapter Ethics and Integrity, pages 74-75
Main risks	Main risks related to these issues linked to the group's activities	Main risks related to those issues linked to the group's activities, including, where relevant and proportionate, its commercial relations, products or services that may have negative effects in those areas, and how the group manages those risks, explaining the procedures used to identify and evaluate them in accordance with the national, European or international reference frameworks for each subject. This should include information on the impacts that have been identified, giving a breakdown of these impacts, in particular on the main risks in the short, medium and long term	102-11, 102-15.	Chapter Risks, pages 89-92
Information on environmental matters		Current and foreseeable impacts of the company's activities on the environment and, as the case may be, on health and safety	102-15, 102-29, 102-31	Chapter on the Environment; Reducing the Environmental Impact section on page 80.
		Procedures for environmental assessment or certification	102-11, 102-29 y 102-30	Chapter on Quality, page 73.
		Resources dedicated to environmental risk prevention	102-29	A total 542 people currently work at the Quality and Environment departments of Ferrovial and its subsidiaries, generating an approximate cost of 26.95 M€.
		Applying the principle of precaution	102-11	Chapter on Risks, page 89. Anual Corporate Governance Report, risks section
		Amount of provisions and guarantees for environmental risks	307-1	See Note 6.3 to the Consolidated Annual Financial Statements, page 220-221.
	Pollution	Measures to prevent, reduce or repair CO2 emissions that seriously impact the environment.	103-2, 302-4, 302-5, 305-5, 305-7	Chapter on the Environment, page 80, and appendix to GRI Indicators, page 133.
		Measures to prevent, reduce or repair emissions that generate atmospheric pollution (including noise and light pollution)	416-1	Chapter on Quality, page 73.
	Circular economy and waste prevention and management	Waste prevention, recycling, reuse and other forms of waste recovery and elimination measures	103-2, 301-1, 301-2, 301-3, 303-3, 306-1, 306-2, 306-3	Chapter on the Environment, page 80.
		Actions to combat food wastage	N/A	Due to the nature of the company's business activities, this indicator is not considered material.
	Sustainable use of resources	Consumption and supply of water in compliance with local limitations	303-1, 303-2, 303-3	Chapter on the Environment, Water Footprint section, page 80.
		Consumption of raw materials and measures in place to ensure more efficient use of raw materials	301-1, 302-2, 302-3	Appendix to GRI Indicators, page 132. Chapter on the Environment, Circular Economy section, page 80.
		Direct and indirect energy consumption and measures in place to improve energy efficiency and use of renewable energies	302-1, 302-2, 302-3, 302-4 and 302-5	Appendix to GRI Indicators, page 132.
	Climate change	Important aspects relating to the greenhouse gas emissions generated by the company's activities (including both goods and services)	305-3	Chapter on the Environment, Climate Strategy section, page 78.
		Measures in place to adapt to the consequences of climate change	102-15, 103-2, 201-2, 305-5	Chapter on the Environment, Climate Strategy section, page 78.
		Goals for reducing greenhouse gas emissions in the medium and long run and measures put in place to reduce greenhouse gas emissions	103-2	Chapter on the Environment, Climate Strategy section, page 78 and chapter on Airports, page 28.
	Protecting biodiversity	Measures put in place to conserve or restore biodiversity	304-1, 304-2 and 304-3	Chapter on the Environment, Biodiversity and Natural Capital section, page 80.
		Impact caused by activities and operations in protected areas	304-1, 304-2 and 304-4	Chapter on the Environment, Biodiversity and Natural Capital section, page 80.

Contents of Law 11/2018			GRI standard	Location / direct response
Information on social matters and employees	Employment	Total number and distribution of employees by gender, by age, by country and job category	102-7, 102-8, 405-1	Chapter on People page 65. Appendix to GRI Indicators, page 131 and 134.
		Total number and distribution of employment contract by type	102-8	Appendix to GRI Indicators, page 131.
		Annual average of open-ended contracts, temporary contacts and part-time contracts by gender, by age, by job category	102-8	Appendix to GRI Indicators, page 134. Ferrovial's information systems do not compile this type of information by age. It will be available, however, in future editions of this report. The total workforce and turnover rate are represented by age.
		Number of dismissals by gender, by age, by job category	401-1	Appendix to GRI Indicators, page 134.
		Average remuneration and trends, broken down by gender, by age, by job category	405-2	Appendix to GRI Indicators, page 134. Ferrovial's information systems do not compile this type of information by age. It will be available, however, in future editions of this report. The average and median remuneration are broken down by geography, which are the management indicators commonly used in the group.
		Salary gap	405-2	Chapter on People, page 65-66, and appendix to indicators, page 134.
		Remuneration for similar work positions or average remuneration at the company	202-1	Table of GRI standards, indicator 202-1, page 125.
		Average remuneration of board members and executives (including variable pay, per diem allowances, compensation and severance, payments to long-term pension and savings schemes and any other remuneration, broken down by gender)	102-35, 102-36, 201-3	Chapter on Remuneration, pages 98 and Directors' Remuneration Report.
		Implementation of job disconnection policies	402-1, 402-2	Ferrovial is developing an internal policy in relation to digital disconnection in the workplace. The working group created to establish practical and effective measures to ensure business continuity and provide the necessary technological means for compliance is made up of the Privacy Office, the Compliance and Legal Advice Department, the Human Resources Department and Security together with the legal representation of the workers.
		Disabled employees	405-1	The number of employees with disabilities in 2018 in Spain was 3.21% over 97.2% of the total workforce (100% of companies with more than 50 employees). Date of other countries in the group are not reported.
	Work organization	Organization of working hours	102-8	The company has the tools to adapt working time management to business needs and the demands of employees, with the aim of improving both the business competitiveness and the well-being of its staff allowing a company-oriented culture to be generated to results. In addition, it facilitates the adoption of measures of flexibility and conciliation according to the needs of each employee attending to their life cycles. Chapter on People, page 64-65.
		Absenteeism in hours	403-2	Appendix to GRI Indicators, page 134.
		Measures to improve the work-life balance of employees and to ensure an appropriate balance between mother and father	401-3	Chapter on People, page 65.
	Health and safety	Occupational health and safety conditions	103-2	Chapter on Health and Safety, page 67-68.
		Workplace accidents, especially frequency and severity, as well as occupational diseases, broken down by gender.	403-2, 403-3	Appendix to GRI Indicators, page 134. Ferrovial draws no distinction by gender when compiling injury rates, since its health and safety measures apply equally across the company, with no difference whatsoever between gender

Contents of Law 11/2018			GRI standard	Location / direct response
Information on social matters and employees	Labor relations	Enabling and organizing dialog with employees (including procedures for reporting, consulting and negotiating with employees)	102-43, 402-1, 403-1	Chapter on Human Rights, page 76-77.
		Percentage of employees covered by collective bargaining agreement, by country	102-41	Chapter on Human Rights, page 77, and table on GRI Indicators, page 125.
		List of collective agreements (especially in the field of occupational health and safety)	403-1, 403-4	The number of company collective agreements signed in 2018 was 41. In the signed agreements, there are provisions, articles, chapters or even specific titles for issues related to occupational risk prevention (occupational health and safety), giving compliance and adaptation to the legal provisions contained in the Occupational Risk Prevention Law, law 31/1995, of November 8. Nevertheless, in the negotiations held this year, occupational risk prevention matters were not substantially modified, although all the obligations that existed in the different collective agreements have been renewed.
	Training	Policies implemented in the field of training	404-2	Chapter on People, page 65.
		Total number of training hours by job category.	404-1	Appendix to GRI Indicators, page 134.
	Accessibility	Universal accessibility for people	103-2	Chapter on Human Rights, page 76.
	Equality	Measures put in place to champion equal treatment and opportunities between women and men	103-2	Chapter on Human Rights, page 77.
		Equality plans (Chapter III of Organic Law 3 of March 22, 2007, on the effective equality between women and men)	103-2	Chapter on Human Rights, page 77.
		Measures put in place to foster employment	103-2, 404-2	Chapters on People, Human Rights and Local Community, pages 65, 76 and 84-85, respectively.
		Protocols against sexual and gender-based harassment	103-2	Chapter on Human Rights, page 76-77.
		Policy against discrimination in all its forms and, as the case may be, integration of protocols against sexual and gender-based harassment	103-2	Chapter on Human Rights, page 76-77.
		Protocols against discrimination in all its forms and, as the case may be, to ensure the proper management of diversity	103-2, 406-1	Chapter on People, page 64-65.
Information on respect for human rights		Implementation of due diligence processes on the subject of human rights	414-2	Chapter on Human Rights, page 76.
		Preventing the risk of committing human rights breaches and, as the case may be, measures to mitigate, manage and repair possible abuses committed	410-1, 412-1	Chapter on Ethics and Integrity, page 74.
		Reports of cases where human rights have been breached	102-17, 419-1, 411-1	Chapter on Human Rights, page 76-77, and chapter on ethics and integrity page 74 and 75.
		Promoting and observing the fundamental conventions of the International Labor Organization governing respect for freedom of association and the right to collective bargaining, eliminating discrimination in the workplace and when hiring, eradication of forced labor and the effective eradication of child labor	103-2	Chapter on Human Rights, page 76-77.
Information on the fight against corruption and bribery		Measures put in place to prevent corruption and bribery	103-2	Chapter on Ethics and Integrity, page 74-75.
		Anti-money laundering measures	103-2	Chapter on Ethics and Integrity, page 74-75.
		Contributions to foundations and non-profit entities	103-2, 201-1, 203-2, 415-1	Chapter on Community, page 84-85.

Contents of Law 11/2018			Standar GRI	Location / direct response
Information on society	Company commitments to sustainable development	The impact of the company's business on employment, local development and the natural environment	203-1, 203-2, 204-1, 413-1, 413-2	Chapter on Community, page 84-85.
		Relations with agents from the local communities and forms of dialog with such associations and people	102-43, 413-1	All projects undertaken by Ferrovial require a preliminary environmental impact assessment. In some cases, the performance of the project may generate certain impacts on the local communities where they are carried out. Where this is the case, the company ensures two-way dialog and explains to the affected communities the possible implications of each phase of the project. It also sets up communication channels to collect grievances, suggestions and complaints. The company also carries out a two-year consultation process with its stakeholders as part of its materiality study, and provides an Ethics Channel on its website, which is available to absolutely everyone.
		Association or sponsorship actions	102-13, 203-1, 201-1	All donation, sponsorship, patronage and association ventures are scrutinized in strict accordance with the company's own internal Procedure for approving and monitoring sponsorship, patronage and donation projects. In 2018, the company engaged in sponsorship action to promote art, culture, innovation and education. The company belongs to SEOPAN and various associations from the construction and infrastructure sectors both at home and abroad.
	Subcontracting and suppliers	Inclusion of a procurement policy that champions social issues, gender equality and environmental protection	103-3	Chapter on the Supply Chain, section on Comprehensive Supplier Management, page 82-83.
		Making its social and environmental responsibility values part of its relations with suppliers and subcontractors	102-9, 308-1, 308-2, 407-1, 409-1, 414-1, 414-2	Chapter on the Supply Chain, section on Comprehensive Supplier Management, page 82-83.
		Oversight systems, audits and troubleshooting processes	308-1,308-2, 414-2	Chapter on the Supply Chain, section on Comprehensive Supplier Management, page 82-83.
	Consumers	Measures to improve the health and safety of consumers	416-1, 416-2, 417-1	Chapter on Health and Safety, section on Road Safety, page 66 - 67.
		Reporting and whistleblowing systems and grievances received and resolved	418-1	Chapter on Quality, page 72 - 73.
	Tax information	Profits obtained by country	201-1	Note 2.10 to the Consolidated Annual Financial Statements, page 174.
		Taxes paid on profits	201-1	Chapter on Responsible Tax Management, page 86.
		Public subsidies and aid received	201-4	Note 6.1 to the Consolidated Annual Financial Statements, page 217.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

The content of this Integrated Annual Report follows the recommendations of the TCFD. Readers can use this table to locate the content suggested by the initiative.

CONTENTS		LOCATION
GOVERNANCE	Describe the Board's oversight of climate related risks and opportunities.	• Chapter on Corporate Governance, page 78. • Section on Climate Change Strategy, page 96.
	Describe management's role in assessing and managing climate-related risks and opportunities.	• Chapter on Risks, page 89-92. • Section on Climate Change Strategy, page 78.
STRATEGY	Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	• Chapter on Strategy, page 78. • Section on risks and opportunities relating to climate change, page 92. • Chapter on Risks, page 92.
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	• Section on Climate Strategy, page 95. See also each section related to each of Ferrovial's divisions, at pages 21-35.
	Describe the resilience of the organization's strategy, taking into consideration different future climate scenarios, including a 2°C or lower scenario.	• Section of risks and opportunities relating to climate change, page 78.
RISKS	Describe the organization's processes for identifying and assessing climate-related risks.	• Chapter on Risks, page 89-92. • Section on risks and opportunities relating to climate change, page 78.
	Describe the organization's processes for managing climate-related risks.	• Chapter on Risks, page 89-92. • Section on risks and opportunities relating to climate change, page 78.
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	• Chapter on Risks, page 89-92. • Section on risks and opportunities relating to climate change, page 78.
METRICS	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	• Chapter on Risks, page 89-92. • Section on risks and opportunities relating to climate change, page 78.
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.	• Chapter on the Environment, page 79. • Annex on indicators under GRI Standards, page 133.
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	• Chapter on the Environment, page 78.

GRI STANDARDS INDICATORS

GRI 101 Foundation 2018 DISCLOSURES GENERAL (GRI 102: CONTENIDOS GENERALES 2018)		
ORGANIZATION PROFILE	**Page/Direct Reference**	**Scope**
102-1 Name of the organization	Note 1.1. of Ferrovial's Consolidated Financial Statements 2018	Ferrovial
102-2 Activities, brands, products, and services	11, 24-35	Ferrovial
102-3 Location of headquarters	Note 1.1. of Ferrovial's Consolidated Financial Statements 2018	Ferrovial
102-4 Location of operations	12	Ferrovial
102-5 Ownership and legal form	Note 1.1. of Ferrovial's Consolidated Financial Statements 2018	Ferrovial
102-6 Markets served	12	Ferrovial
102-7 Scale of the organization	12,14, 15, 64-65 and Appendix	Ferrovial
102-8 Information on employees and other workers	14, 64-65, 118 and Appendix	Ferrovial
102-9 Supply Chain	82-83 and Appendix	Ferrovial
102-10 Significant changes to the organization and its supply chain	Note 1.1.2 and 1.1.3 Ferrovial's Consolidated Financial Statements 2018	Ferrovial
102-11 Precautionary Principle or approach	89-92	Ferrovial
102-12 External Initiatives	116	Ferrovial
102-13 Membership of associations	116	Ferrovial
STRATEGY	**Page/Direct Reference**	**Scope**
102-14 Statement from senior decision-maker	7	Ferrovial
102-15 Key impacts, risks, and opportunities	7, 21-23, 89-92	Ferrovial
ETHICS AND INTEGRITY	**Page/Direct Reference**	**Scope**
102-16 Values, principles, standards, and norms of behavior	17, 74-75, 84-85	Ferrovial
102-17 Mechanisms for advice and concerns about ethics	74-75	Ferrovial
GOVERNANCE	**Page/Direct Reference**	**Scope**
102-18 Governance structure	95-97 Section C of Ferrovial's Annual Corporate Governance Report 2018	Ferrovial
102-19 Delegating authority	114 Section C of Ferrovial's Annual Corporate Governance Report 2018	Ferrovial
102-20 Executive-level responsibility for economic, environmental, and social topics	114 Section C of Ferrovial's Annual Corporate Governance Report 2018	Ferrovial
102-21 Consulting stakeholders on economic, environmental, and social topics	116-117	Ferrovial
102-22 Composition of the highest governance body and its committees	95-97 Section C of Ferrovial's Annual Corporate Governance Report 2018	Ferrovial
102-23 Chair of the highest governance body	95-97 Sections C.1.2 y C.1.3 of Ferrovial's Annual Corporate Governance Report 2018	Ferrovial
102-24 Nominating and selecting the highest governance body	95-97 Sections C.1.19 of Ferrovial's Annual Corporate Governance Report 2018	Ferrovial
102-25 Conflicts of interest	74-75 Section D.6 of Ferrovial's Annual Corporate Governance Report 2018	Ferrovial
102-26 Role of highest governance body in setting purpose, values, and strategy	95-96	Ferrovial
102-27 Collective knowledge of highest governance body	The Board of Directors is informed annually regarding environmental management issues for the company, as well as regarding monitoring of the corporate responsibility strategic plan. Furthermore, the Board, directly or via its committees, remains abreast of a series of issues on which it is required to make decisions. These include approving policies on a wide range of issues.	Ferrovial
102-28 Evaluating the highest governance body's performance	Sections C.1.19 to C.1.21 of Ferrovial's Annual Corporate Governance Report 2018	Ferrovial

102-29 Identifying and managing economic, environmental, and social impacts	95-96 Section E of Ferrovial's Annual Corporate Governance Report 2018	Ferrovial
102-30 Effectiveness of risk management processes	95-96 Section E of Ferrovial's Annual Corporate Governance Report 2018	Ferrovial
102-31 Review of economic, environmental, and social topics	95-96 Section E of Ferrovial's Annual Corporate Governance Report 2018	Ferrovial
102-32 Highest governance body's role in sustainability reporting	114	Ferrovial
102-33 Communicating critical concerns	114	Ferrovial
102-34 Nature and total number of critical concerns	114	Ferrovial
102-35 Remuneration policies	98-99	Ferrovial
102-36 Process for determining remuneration	98-99	Ferrovial
102-37 Stakeholders' involvement in remuneration	98-99	Ferrovial
102-38 Annual total compensation ratio	See Appendix	Ferrovial
102-39 Percentage increase in annual total compensation ratio	See Appendix	Ferrovial
STAKEHOLDERS ENGAGEMENT	**Page/Direct Reference**	**Scope**
102-40 List of stakeholder groups	116	Ferrovial
102-41 Collective bargaining agreements	77 and table of contents of non-Financial Information Statements	Ferrovial
102-42 Identifying and selecting stakeholders	2, 11, 24, 80, 114, 116 y 117	Ferrovial
102-43 Approach to stakeholder engagement	114, 116 y 117	Ferrovial
102-44 Key topics and concerns raised	114, 116 y 117	Ferrovial
REPORTING PRACTICE	**Page/Direct Reference**	**Scope**
102-45 Entities included in the consolidated financial statements	Appendix II of Ferrovial's Consolidated Financial Statements 2018	Ferrovial
102-46 Defining report content and topic Boundaries	116-117	Ferrovial
102-47 List of material topics	117	Ferrovial
102-48 Restatements of information	116	Ferrovial
102-49 Changes in reporting	116	Ferrovial
102-50 Reporting period	Fiscal year 2018	Ferrovial
102-51 Date of most recent report	Fiscal year 2017	Ferrovial
102-52 Reporting cycle	Annual	Ferrovial
102-53 Contact point for questions regarding the report	Back cover	Ferrovial
102-54 Claims of reporting in accordance with the GRI Standards	2, 116, 130 y 138-141	Ferrovial
102-55 GRI content index	124-130	Ferrovial
102-56 External assurance	138-141	Ferrovial

GRI STANDARD Materiality	Indicator	Page/Direct Reference	Scope
THEMATIC CONTENTS			
Economic Performance			
GRI 103: Management approach	**103-1** Explanation of the material topic and its Boundary	116-117	Ferrovial
	103-2 The management approach and its components	10-15	Ferrovial
	103-3 Evaluation of the management approach	10-15	Ferrovial
GRI 201: Economic Performance 2018	**201-1** Direct ec onomic value generated and distributed	See Appendix to GRI Indicators	Ferrovial
	201-2 Financial implications and other risks and opportunities due to climate change	78-80, 92 Risks and opportunities are disclosed in the Carbon Disclosure Project report, which is publicly-available on the CDP website. Information for 2018 will be made available during 2019.	Ferrovial
	201-3 Defined benefit plan obligations and other retirement plans	Note 6.6.4 of Ferrovial's Consolidated Financial Statements 2018 Note 6.2 of Ferrovial's Consolidated Financial Statements 2018	Ferrovial
	201-4 Financial assistance received from government	Note 6.1 of Ferrovial's Consolidated Financial Statements 2018 Note 6.4 of Ferrovial's Consolidated Financial Statements 2018	Ferrovial

GRI STANDARD Materiality	Indicator	Page/Direct Reference	Scope
Market Presence			
GRI 202: Market presence 2018	**202-1** Ratios of standard entry level wage by gender compared to local minimum wage	The relationship betwen entry level wage and the local minimum wage in relevant countries by gender (Men/Women) is as follows: Spain 1.54/1.54 United Kingdom: 1.00/1.00 United States: 1.27/1.27 Poland: 1.43/1.26 Chile: 1.04/1.04	Ferrovial
	202-2 Proportion of senior management hired from the local community	In 2018, the proportion of senior management hired from the local community was 87.5%.	Ferrovial
Indirect economic impacts			
GRI 203: Indirect economic impacts 2018	**203-1** Infrastructure investments and services supported	84-85	Ferrovial
	203-2 Significant indirect economic impacts	21, 64, 66, 68, 76, 78, 82-86	Ferrovial
Procurent Practices			
GRI 204: Procurrent practices 2018	**204-1** Proportion of spending on local suppliers	Local suppliers represented 92% of total number of suppliers. Suppliers which are not centralized and locally contracted are classified as local suppliers.	Ferrovial
Anti-corruption			
GRI 205: Anti-corruption 2018	**205-1** Operations assessed for risks related to corruption	74-75	Ferrovial
	205-2 Communication and training about anti-corruption policies and procedures	74-75	Spain
	205-3 Confirmed incidents of corruption and actions taken	74-75	Ferrovial
Anti-competitive			
GRI 206: Anti-competitive 2018	**206-1** Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	In 2018, two cases and litigations related to monopoly practices were open. Note 6.3 of Ferrovial's Consolidated Financial Statements 2018 Note 6.5 of Ferrovial's Consolidated Financial Statements 2018	Ferrovial
ENVIRONMENTAL MATERIAL ASPECTS			
Management aproach			
GRI 103 Management approach	**103-1** Explanation of the material topic and its Boundary	116-117	Ferrovial
	103-2 The management approach and its components	88-90	Ferrovial
	103-3 Evaluation of the management approach	88-90	Ferrovial
Materials			
GRI 301: Materials 2017	**301-1** Materials used by weight or volume	See Appendix to GRI Indicators. It is given information about the most representative used material for each division. The most significant material could change every year, so it is not comparable.	Ferrovial
	301-2 Recycled input materials used	See Appendix to GRI Indicators	Ferrovial
	301-3 Reclaimed products and their packaging materials	The activity of the company does not include the production of goods destined for sale with packaging	Ferrovial
Energy			
GRI 302: Energy 2018	**302-1** Energy consumption within the organization	See Appendix to GRI Indicators	Ferrovial
	302-2 Energy consumption outside of the organization	Energy use from consumption of fuels, electricity and losses due to electricity transport stood at 2,165,902 GJ.	Ferrovial
	302-3 Energy intensity	Energy intensity is 659.11 GJ/net revenues	Ferrovial
	302-4 Reduction of energy consumption	Energy consumption reduced 29.83% compared to 2017.	Ferrovial
	302-5 Reductions in energy requirements of products and services	78-80	Ferrovial
Water			
GRI 303: Water 2018	**303-1** Water withdrawal by source	Reported data in 2018 include estimations based on the best available information at the date of closing this report. Main consumptions are estimated based on the average water prices by country. See Appendix to GRI Indicators.	Ferrovial
	303-2 Water sources significantly affected by withdrawal of water	Water withdrawal requires an authorization whereby the volume of water withdrawn is restricted. It must always be below the maximum limits established by the competent authority. This is why it is considered that, in accordance with these authorizations, the water withdrawn by Ferrovial does not affect the hydric resource significantly	Ferrovial
	303-3 Water recycled and reused	The consumption of recycled and reused water stood at a 150,793.73 m^3. 2018 data include the best estimation available at the date of closing this report.	Ferrovial

GRI STANDARD Materiality	Indicator	Page/Direct Reference	Scope
Biodiversity			
GRI 304: Biodiversity2018	**304-1** Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	During 2018, Ferrovial has been working on 29 projects which were under an Environmental Impact Statement or equivalent figure (9 of them had an environmental conditioning), depending on each country's legal framework	Ferrovial
	304-2 Significant impacts of activities, products, and services on biodiversity	Most signinficant impacts on biodiversity has been assessed through th Environmental Impact Statements or equivalent figures, depending on each country's legal framework. Furthermore, they are taken compensative actions arising from these statements when applicable.	Ferrovial
	304-3 Habitats protected or restored	Ferrovial performs the ecological restoration of the habitats affected by the construction and operation of its infrastructures in accordance with the provisions of current regulations in each country, adding improvements over the minimun requirements when it is possible, and ecological restoration criteria which could ensure better results on a long-term basis.	Ferrovial
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	See Appendix to GRI Indicators	Ferrovial
Emissions			
GRI 305: Emisions 2018	**305-1** Direct (Scope 1) GHG emissions	78-80. See Appendix to GRI Indicators	Ferrovial
	305-2 Energy indirect (Scope 2) GHG emissions	78-80. See Appendix to GRI Indicators	Ferrovial
	305-3 Other indirect (Scope 3) GHG emissions	78-80. See Appendix to GRI Indicators. Scope 3 emissions are limited to the described scope on the table 305-3 on the Appendix to GRI Indicators.	See Appendix to GRI Indicators
	305-4 GHG emissions intensity	GHG emissions intensity reached 74.13 tCO_2/INCN (M€)	Ferrovial
	305-5 Reduction of GHG emissions	See Appendix to GRI Indicators	Ferrovial
	305-6 Emissions of ozone-depleting substances (ODS)	Not relevant as Amey no longer has operational control over those centres that use refrigeration units which use refrigerants with fluorinated or ozone depleting substances base.	Ferrovial
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	See Appendix to GRI Indicators	Ferrovial
Effluents and Waste			
GRI 306: Effluents y waste 2018	**306-1** Water discharge by quality and destination	The total wastewater discharge stood at 903,564.28 m^3. Water discharge information was calculated based on standard indicators of water discharge of certain activities published by various sources. Therefore, this information does not represent real meassurements of water discharge.	Ferrovial
	306-2 Waste by type and disposal method	Page 78 - 80. See Appendix to GRI Indicators. 2018 data include estimations according to the best available information at the time of preparing this report.	Ferrovial
	306-3 Significant spills	During 2018 no significant spills have been recorded.	Ferrovial
	306-4 Transport of hazardous waste	Ferrovial doesn't have cross-border waste transport at any of its business units.	Ferrovial
	306-5 Water bodies affected by water discharges and/ or runoff	In the projects developed by Ferrovial in 2018, 16 had high-quality water courses in their vicinity.	Ferrovial
Environmental Compliance			
GRI 307: Environmental Compliance 2018	**307-1** Non-compliance with environmental laws and regulations	The total amount of fines paid in the year due to breach of environmental legislation in 2018 stood at € 90,750, €12,000 of them coming from past years' breaches . This amount does not include associated civil liability (compensation). Note 6.3 and Note 6.5.1 of Ferrovial's Consolidated Financial Statements 2018	Ferrovial
Supplier Environmental Assessment			
GRI 308: Supplier Environmental Assessment 2018	**308-1** New suppliers that were screened using environmental criteria	Pags. 82-83	Ferrovial
	308-2 Negative environmental impacts in the supply chain and actions taken	(See pag. 82-83) In Construction, the negative environmental impacts had by the supply chain are evaluated, identifying potential risks and substandard work. The measures adopted range from expulsion from the project and/or rejection of the supplier, to warnings that improvements are required in less serious cases.	Ferrovial
SOCIAL MATERIAL ASPECTS			
Management approach			
GRI 103: Management Approach	**103-1** Explanation of the material topic and its Boundary	116-117	Ferrovial
	103-2 The management approach and its components	64-67	Ferrovial
	103-3 Evaluation of the management approach	64-67	Ferrovial

GRI STANDARD Materiality	Indicator	Page/Direct Reference	Scope
Employment			
GRI 401: Employment 2018	**401-1** New employee hires and employee turnover	See Appendix to GRI Indicators	Ferrovial
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social benefits for each country and bussiness are offered equally to full-time employees and part-time employees. In some cases, employees need to have held their posts for at least one year to be eligible for certain social benefits.	Ferrovial
	401-3 Parental leave	Ferrovial does not consider this a risk, as the countries where it operates have protectionist legislation in place for such matters. Such information is therefore not subject to specific managerial procedures.	Ferrovial
Labor Relations			
GRI 402: Labor Relations 2018	**402-1** Minimum notice periods regarding operational changes	Ferrovial complies with the advance notice periods established in labor legislations or those enshrined, if applicable, in the collective agreements pertinent to each business, with no corporate advance notice periods having been established.	Ferrovial
Occupational Health and Safety			
GRI 403: Occupational Health and Safety 2018	**403-1** Workers representation in formal joint management–worker health and safety committees	See Appendix to GRI Indicators	Ferrovial
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	See Appendix to GRI Indicators. Information concerning contractors is only included in the calculation of the overall variation frequency index.	Ferrovial
	403-3 Workers with high incidence or high risk of diseases related to their occupation	Risk of developing occupational diseases is detected through risk assessments conducted by the Safety and Health Department and controlled through the health surveillance, where relevant relevant protocols according to the risk exposure of the workers are defined and applied.	Ferrovial
	403-4 Health and safety topics covered in formal agreements with trade unions	The agreements in this matter covered with the trade-union organizations are developed through sector agreements that specifically regulate matters such areas as training and information, collective protection, work teams, etc.	Ferrovial
Training and education			
GRI 404: Training and education 2018	**404-1** Average hours of training per year per employee	See Appendix to GRI Indicators	Ferrovial
	404-2 Programs for upgrading employee skills and transition assistance programs	All training and development programs are aimed at improving the employability of the candidate. In the case of early retirement or restructuring plans (e.g. redundancy packages), specific training plans may be negotiated as part of other outplacement plans.	Ferrovial
	404-3 Percentage of employees receiving regular performance and career development reviews	The percentage of employees receiving regular assessments of Ferrovial's performance and professional development is 30%.	Ferrovial
Diversity and Equality of Opportunities			
GRI 405: Diversity and equality of opportunities 2018	**405-1** Diversity of governance bodies and employees	See Appendix to GRI Indicators Section C of Annual Corporate Governance Report 2018	Ferrovial
	405-2 Ratio of basic salary and remuneration of women to men	See Appendix to GRI Indicators	Ferrovial
No discrimination			
GRI 406: No discrimination 2018	**406-1** Incidents of discrimination and corrective actions taken	75. Information about complaints received through the Corporative Whistleblowing Channel in Spain is given.	Ferrovial
Freedom of association			
GRI 407: Freedom of association 2018	**407-1** Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	76-77	Ferrovial
Child Labor			
GRI 408: Child Labor 2018	**408-1** Operations and suppliers at significant risk for incidents of child labor	76-77	Ferrovial
Forced or compulsory labor			
GRI 409: Forced or compulsory labor 2018	**409-1** Operations and suppliers at significant risk for incidents of forced or compulsory labor	76-77	Ferrovial
Forced or compulsory labor			
GRI 410: Security practices 2018	**410-1** Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	Security guards at Ferrovial offices are hired via a company that certifies that said personnel have received the due training.	Ferrovial headquarters
Rights of indigenous people			
GRI 411: Rights of indigenous people 2018	**411-1** Incidents of violations involving rights of indigenous peoples	During 2018 there hasn't been detected incidents of violations involving rights of indigenous people. Identified controversies are described on page 75.	Ferrovial
Human Rights Assessment			
GRI 412: Human Rights Assessment 2018	**412-1** Operations that have been subject to human rights reviews or impact assessments	76-77 During 2018, Ferrovial has not done specific reviews to evaluate the impact on Human Rights' matters additional to those on health and safety and compliance.	Ferrovial
	412-2 Employee training on human rights policies or procedures	75	Ferrovial
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	74, 76-77, 82-83	Ferrovial

GRI STANDARD Materiality		Indicator	Page/Direct Reference	Scope
Local Communities				
	GRI 413:Local Communities 2018	**413-1** Operations with local community engagement, impact assessments, and development programs	84-85	Ferrovial
		413-2 Operations with significant actual and potential negative impacts on local communities	During 2018, there has not been detected situations in which Ferrovial activities had caused a negative impact on local communities.	Ferrovial
Supplier Social Assessment				
	GRI 414: Supplier Social Assessment 2018	**414-1** New suppliers that were screened using social criteria	82-83	Ferrovial
		414-2 Negative social impacts in the supply chain and actions taken	82-83	Ferrovial
Public Policy				
	GRI 415: Public Policy 2018	**415-1** Political contributions	74-75, 116	Ferrovial
Customer Health and Safety				
	GRI 416: Customer Health and Safety 2018	**416-1** Assessment of the health and safety impacts of product and service categories	72-73	Ferrovial
		416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	In 2018, 102 cases and litigation related to the safety of workers, subcontractors and users were open. Note 6.3 of Ferrovial's Consolidated Financial Statements 2018 Note 6.5 of Ferrovial's Consolidated Financial Statements 2018	Ferrovial
Marketing and labeling				
	GRI 417: Marketing and labeling 2018	**417-1** Requirements for product and service information and labeling	72-73	Ferrovial
		417-2 Incidents of non-compliance concerning product and service information and labeling	There has not been identified non-compliance incidents on this subject	Ferrovial
		417-3 Incidents of non-compliance concerning marketing communications	There has not been identified non-compliance incidents on this subject	Ferrovial
Customer Privacy				
	GRI 418: Customer Privacy 2018	**418-1** Substantiated complaints concerning breaches of customer privacy and losses of customer data	There has not been identified non-compliance incidents on this subject	Ferrovial
Socioeconomic Compliance				
	GRI 419: Socioeconomic Compliance 2018	**419-1** Non-compliance with laws and regulations in the social and economic area	Note 6.3 of Ferrovial's Consolidated Financial Statements 2018 Note 6.5 of Ferrovial's Consolidated Financial Statements 2018	Ferrovial

REPORTING PRINCIPLES

AA1000 Standard

The standard is based on three fundamental principles:
- Inclusiveness: This principle analyzes whether the company has identified and understood the relevant aspects of its sustainable performance and presents sufficient information in terms of quality and quantity. For more information, please refer to the "Material Issues" section in this chapter.
- Materiality: The information must be the information required by the stakeholders. In other words, it ensures disclosure of all those material aspects whose omission or distortion could influence its stakeholders' decisions or actions. For more information, please refer to the GRI Standards Indicators Table.
- Responsiveness: This report includes the information relating to Ferrovial's response to stakeholder expectations.

GRI Standards Guidelines

The GRI Guidelines principles are:

- Establishing report contents:

- Materiality: Aspects that reflect the significant social, environmental and economic impacts had by the organization or those that could have a substantial influence on stakeholder decisions.
- Stakeholder engagement: Identifying stakeholders and describing in the report how their expectations and interests have been addressed.
- Sustainability context: Presenting the company's performance within the broader context of sustainability.
- Completeness: Coverage should enable stakeholders to assess the performance of the reporting organization.

- Establishing the quality of the report:

- Balance: The report must reflect both the positive and the negative aspects of the company's performance.
- Comparability: Stakeholders should be able to compare the information over time and with other companies.
- Accuracy: The published information must be accurate and detailed.
- Clarity: The information must be presented in a way that is clear and accessible to everyone.
- Reliability: The information must be of high quality and it should establish the company's materiality.

PHOTO: Lublin University (Poland).

APPENDIX TO GRI STANDARDS

102-8. INFORMATION ON EMPLOYEES AND OTHER WORKERS

Number of employees at year end by type of working day and gender

	Total		2017	2018
Full – time	78,316	Men	62,901	60,221
		Women	18,533	18,095
Partial – time	13,797	Men	5,064	4,817
		Women	9,480	8,980

Number of employees at year end by type of contract and gender

	Total		2017	2018
Temporary contract	18,125	Men	16,422	13,118
		Women	5,731	5,007
Undefined contract	73,988	Men	51,543	51,920
		Women	22,282	22,068

Average number of employees by type of contract, category and gender

	Unlimited		Temporary		Total		Total
	Men	Women	Men	Women	Men	Women	
Directors	2.0	0.0	0.0	0.0	2.0	0.0	2.0
Senior Management	10.0	2.0	0.0	0.0	10.0	2.0	12.0
Directives	483.4	81.3	12.4	0.3	495.8	81.6	577.4
Graduates	8,809.3	3,088.0	1,275.3	622.2	10,084.7	3,710.2	13,794.8
Administratives	3,136.6	3,793.1	394.1	658.6	3,530.7	4,451.7	7,982.3
Technicians and Operators	39,571.6	15,342.5	13,455.8	4,167.0	53,027.4	19,509.5	72,536.9
TOTAL	52,012.9	22,306.9	15,137.7	5,448.0	67,150.6	27,754.9	94,905.5

Number of employees at year end by region and gender

	2017	2018		
		Men	Women	Total
Spain	42,616	26,153	15,892	**42,045**
United Kingdom	16,996	12,065	4,291	**16,356**
Others	11,409	8,917	1,433	**10,350**
USA+CANADA	4,024	4,165	703	**4,868**
Poland	6,403	5,297	1,437	**6,734**
Australia	14,530	8,441	3,319	**11,760**
TOTAL	**95,978**	**65,038**	**27,075**	**92,113**

102-9. SUPPLY CHAIN

Due to the diverse nature of Ferrovial's activities, the supply chains are different for each. Around 97% of suppliers are concentrated in Construction and Services, registering the largest volumes of orders. The Global Purchase Committee, composed of the highest representatives of business purchases, coordinates this activity, looking for possible synergies and sharing best practices.

In the Construction area, the vast majority of purchases are destined for works in progress at any time. A small part goes to the offices, departments and services that support the execution of the same. The supply chain is made up of suppliers (manufacturers and distributors) and subcontractors. The specific characteristics of the construction supply chain are: high number of suppliers; degree of significant subcontracting, which varies depending on the type and size of the work and the country in which it is carried out; high percentage of local suppliers, since the sector is closely linked to the country / area in which each work is executed; very diverse supplier typology, from large multinationals with global implantation and highly technified, to small local suppliers (mainly subcontractors) for less qualified jobs; and need to adapt to the requirements of each local market.

In the Services business, the supply chain includes all the main and secondary suppliers (suppliers of raw materials, industrial supplies or energy, suppliers of capital goods, machinery and finished product) as well as the subcontractors and service providers involved in the company's activities, evaluating them to ensure adequate training. In Spain, from the Procurement and Fleet department, guidelines are drawn up for the different business areas regarding contracting with third parties and all the critical suppliers involved in the provision of services and supply of products for the company are managed. In the international part, each country has its procurement procedure, based on the Global Procurement Procedure defined by the Global Procurement Committee. In the United Kingdom, the typology of the supply chain is very diverse due to the wide range of activities that are carried out.

102-38. ANNUAL TOTAL COMPENSATION RATIO

	2016	2017	2018
TOTAL Ferrovial	**195.44**	**133.63**	**103.18**
USA	12.54	7.70	5.79
Spain	34.97	33.78	32.59
Poland	23.08	24.76	27.93
United Kingdom	23.85	25.79	23.78
Australia	48.31	8.72	13.03
Chile	19.80	14.54	15.12

Note indicators 102-38 and 102-39: 1) in the salary of the highest paid person, the 8-year apportionment of the Stock Options Plan has been considered. 2) The total average annual compensation of the staff only consider salaries and wages.

102-39. PERCENTAGE INCREASE IN ANNUAL TOTAL COMPENSATION RATIO

	2016	2017	2018
TOTAL Ferrovial	**32.43%**	**48.79%**	**20.07%**
USA	-0.23%	25.94%	36.36%
Spain	8.60%	10.44%	3.93%
Poland	8.45%	13.04%	2.99%
United Kingdom	27.61%	-15.93%	2.68%
Australia	-	89.15%	-55.5%
CHILE	24.60%	-1.85%	-15.54%

102-41. COLLECTIVE BARGAINING AGREEMENTS

	Total workforce	Employees represented	%
Spain	42,045	41,597	99%
United Kingdom	16,356	5,387	33%
Others	10,350	2,540	25%
USA+CANADA	4,868	508	10%
Poland	6,734	5,061	75%
Australia	11,760	8,795	75%
TOTAL	**92,113**	**63,888**	**69%**

201-1. DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

GENERATED ECONOMIC VALUE (M€)	2017	2018
a) Revenue:		
Turnover	5,152	5,737
Other operating revenue	1	2
Financial revenue	36	72
Disposals of fixed assets	47	95
Income carried by the equity method	175	240
TOTAL	**5,411**	**6,146**

DISTRIBUTED ECONOMIC VALUE (M€)		
b) Consumption and expenses [1]		
Consumption	818	985
Other operating expenses	2,905	3,324
c) Payroll and employee benefits		
Personnel expenses	915	945
d) Financial expenses and dividends		
Dividends to shareholders	218	240
Treasury share repurchase [2]	302	280
Financial expenses	305	287
e) Taxes		
Corporate income tax	38	19
Total	5,501	6,080
RETAINED ECONOMIC VALUE (M€)	**-90**	**66**

1) The Group's social action expenses, together with the Foundation's expenses, are set out in Community chapter

(2) Reduction of capital by amortization of treasury shares. For more information, note 5.1 Shareholders' Equity of Consolidated Annual Accounts

301-1. MATERIALS USED BY WEIGHT OR VOLUME

	2016	2017	2018
Paper (kg)	748,106	719,591	616,444
Timber (m^3)	63,946	54,059	48,131
Bitumen (t)	195,585	223,755	268,994
Concrete (t)	6,571,997	6,415,640	6,858,266
Corrugated steel (t)	263,270	200,664	162,558

302-1. ENERGY CONSUMPTION WITHIN THE ORGANIZATION

		2016	2017	2018
Fuels used by stationary and mobile sources (total) (GJ)	Diesel	6,029,033	6,085,079	5,196,171
	Fuel	37,269	78,994	98,703
	Gasoline	558,854	472,599	464,416
	Natural Gas	2,224,776	3,039,568	262,902
	Coal	276,998	390,225	570,558
	Kerosene	15,116	21,434	20,246
	Propane	19,458	18,467	27,732
	LPG	16,945	11,540	6,600
Electricity consumption from non-renewable sources (GJ)	Services	425,063	456,571	465,574
	Construction	424,230	421,327	342,583
	Toll Roads	90,602	66,489	50,693
	Corporation	4,549	4,501	4,073
	Airports	30	30	2
Electricity consumption from renewable sources (GJ)	Services	173,015	154,964	227,537
	Construction	356,723	447,483	448,834
	Toll Roads	4,090	4,049	4,009
	Corporation	0	0	0
	Airports	0	0	0

301-2. RECYCLED INPUT MATERIALS USED

	2016	2017	2018
Total recycled materials (t)	2,083,333	767,186	2,317,542

302-1. ENERGY CONSUMPTION WITHIN THE ORGANIZATION

ENERGY PRODUCED (GJ)	2016	2017	2018
Electric power for recovery of biogas	369,675	354,039	329,473
Thermal energy by biogas valorisation	197,104	202,812	261,406
Electric power generated in water treatment plants	41,405	110,464	113,380
Electric power generated in thermal drying	262,051	286,657	352,379
Electric power generated in waste incineration			598,836
TOTAL	**870,235**	**953,972**	**1,655,474**

302-2. ENERGY CONSUMPTION OUTSIDE OF THE ORGANIZATION

		2016	2017	2018
Consumption of energy acquired, by primary sources (GJ)	Coal	789,452.68	746,608.70	1,012,286.14
	Diesel	100,317.96	87,398.44	90,076.52
	Gas	624,181.76	653,127.36	457,585.15
	Biomass	58,461.75	54,845.22	101,151.39
	Waste	9,919.31	9,079.89	13,253.30
	Others	396,758.42	342,346.99	491,549.39

303-1. WATER WITHDRAWAL BY SOURCE

	2016*	2017	2018
Water Consumption (m3)	5,405,901	6,434,740	6,767,800

(*) Data from 2016 has been adjusted acording to the best data available in 2017

304-4. IUCN RED LIST SPECIES AND NATIONAL CONSERVATION LIST SPECIES WITH HABITATS IN AREAS AFFECTED BY OPERATIONS

Species (scientific name)	Common name	IUCN Red List	Others
Gambelia sila	Blunt-nosed leopard lizard	EN	(Federal and State - Endangered, California fully protected)
Vulpes macrotis mutica	San Joaquin kit fox	LC	State Threatened, Federally Endangered (ESA)
Ammospermophilus nelsoni	San Joaquin antelope squirrel	EN	State Threatened
Cambarus Howardi	Chattahoochee Crayfish	LC	Protected under the Georgia Endangered Wildlife Act
Sayornis Phoebe	eastern phoebe	LC	Protected under Migratory Bird Treaty Act of 1918.
Myotis septentrionalis	Northern Long-eared Bat	LC	Federally listed as endangered and state-listed as endangered in Virginia. Threatened by the USFWS. Listed under section 4(d) of the Endangered Species Act
Alasmidonta heterodon	Dwarf Wedge Mussel	EN	
Ptilimnium nodosum	Harperella		(Natural Serve)
Glyptemys insculpta	Wood turtle	EN	
Alasmidonta Varicosa	Brook floater	VU	
Chioglossa lusitanica	Salamandra rabilarga	VU	
Margaritifera margaritifera	Mejillón de río / Freshwater pearl mussel	EN	
Cedrela odorata	Cedro americano / Spanish Cedar	VU	
Pteropus poliocephalus	Grey Headed Flying Fox	VU	
Mixophyes iteratus	Giant Barred Frog	EN	
Phascolarctos cinereus	Koala	VU	
Pseudophryne australis	Red crowned toadlet	VU	
Delma torquatta	Collared delma	LC	Listed under EPBC Act.
Apium repens	Apio rastrero	VU	
Mustela lutreola	Visón europeo	CR	
Otis tarda	Avutarda	VU	
Neophron percnopterus	Alimoche común	EN	

305-1. DIRECT (SCOPE 1) GHG EMISSIONS (TCO2 EQ)

EMISSIONS BY COMPANY	2009 (base year)	2016	2017	2018
Budimex	27,744	42,687	55,008	77,094
Cadagua	18,669	803	1,010	720
FASA	61,287	110,315	116,525	81,326
Webber	55,532	40,204	36,221	40,664
Ferrovial Corporation	375	317	298	260
Cintra	3,145	2,633	2,171	2,220
Amey	252,999	221,644	215,380	216,716
Broadspectrum	98,015	98,015	98,294	62,539
Ferrovial Services	393,932	289,585	336,302	316,606
Trasnchile	41	41	41	30
TOTAL	**911,740**	**806,243**	**861,251**	**798,175**

EMISSIONS BY SOURCE	2009 (base year)	2016	2017	2018
Refrigerant	185	79	8	136
Stationary	257,927	297,499	312,558	287,278
Heating	3,794	4,564	4,302	5,477
Machinery	254,133	292,935	308,256	281,801
Mobile	382,178	336,658	332,990	307,211
Difuse	271,450	172,008	215,695	203,549
TOTAL	**911,740**	**806,243**	**861,251**	**798,175**

Biogenic CO_2 (tCO_2/eq)	2009 (base year)	2016	2017	2018
Construction	768	59,288	50,717	51,935
Services	729,776	740,990	733,487	736,842
TOTAL	**730,544**	**800,278**	**784,205**	**788,777**

305-2. ENERGY INDIRECT (SCOPE 2) GHG EMISSIONS (TCO2 EQ)

EMISSIONS BY COMPANY	2009 (base year)	2016	2017	2018
Budimex	19,921	17,323	17,154	18,446
Cadagua	44,552	17,665	14,087	11,131
FASA	13,647	10,725	17,741	10,723
Webber	10,023	6,259	6,661	6,112
Ferrovial Corporation	521	386	382	345
Cintra	12,538	11,106	7,920	5,944
Amey	14,291	5,202	2,563	2,524
Broadspectrum	27,946	27,946	44,106	55,434
Ferrovial Services	15,049	19,553	18,435	12,376
Trasnchile	4	4	4	0
TOTAL tCO_2 eq	**158,492**	**116,168**	**129,052**	**123,036**

305-3 OTHER INDIRECT GHG EMISSIONS (SCOPE 3)

Below are the activities, products and services subject to scope 3 calculations:

- Purchased goods and services: Includes emissions related to the life cycle of materials bought by Ferrovial that have been used in products or services offered by the company. This includes emissions derived from the purchase of paper, wood, water and other significant materials (concrete and asphalt), descibed in the indicator 301-1. Data from subcontractors are not included.
- Capital goods: Includes all upstream emissions (i.e. cradle-to-gate) from the production of capital goods bought or acquired by the company in the year, according to information included Consolidated Financial Statements.
- Fuel and energy related activities: This section includes the energy required for producing the fuel and electricity consumed by the company and electricity lost during transport.
- Upstream transportation and distribution: Includes emissions from the transport and distribution of the main products acquired over the year.
- Waste generated in operations: Emissions under this heading are linked to waste generated by the company's activities reported in 2018.
- Business travel: Includes emissions associated with business travel: train, plane and taxi, reported by the main travel agency that the group works with in Spain.
- Employee commuting: This includes emissions from journeys made by employees commuting from their homes to central offices in Spain.
- Investments: This calculates emissions linked to investments in British airports. Data for 2018 is not available as of the report release date, and therefore emission figures for 2017 are used.
- Use of sold products: Ferrovial calculates emissions generated by use of land transport infrastructure managed by Cintra.
- End of life treatment of sold products: This category includes emissions from the elimination of waste generated at the end of the useful lives of products sold by Ferrovial in the reporting year. Only emissions derived from products reported in the "purchased goods and services" category are taken into account.
- Upstream leased assets: Includes emissions related to the consumption of electricity at client buildings where maintenance and cleaning services, as well as consumption anagement, are provided by Amey.

	2012 (base-year)	2016	2017	2018
Business travel	6,606	9,117	8,181	8,334
Capital Goods	569,407	354,953	288,004	313,290
Employee commuting	792	3,183	3,221	1,821
End of life treatment of sold products	52,703	44,605	39,245	37,456
Fuel and energy related activities	191,927	200,325	219,335	178,902
Purchased goods and services	743,192	503,274	461,150	489,189
Upstream leased	1,405	0	0	0
Upstream transportation and distribution	461,487	418,962	407,580	434,112
Use of sold product	641,031	622,625	555,585	587,563
Waste generated in operations	212,976	231,225	269,766	232,326
Investments	805,044	641,053	566,067	566,067
TOTAL	**3,686,569**	**3,029,321**	**2,818,135**	**2,849,059**

305-5. REDUCTION OF GHG EMISSIONS

	2016	2017	2018
EMISSIONS AVOIDED BY SORTING AND BIOGAS CAPTURE			
Greenhouse gas avoided by sorting (t CO_2eq)	594,121	699,498	659,059
Greenhouse gas avoided by biogas capture (t CO_2eq)	795,586	729,724	815,778
EMISSIONS AVOIDED THROUGH POWER GENERATION			
In landfills (t CO_2eq)	33,509	32,060	29,626
At water treatment plants (t CO_2eq)	25,739	33,684	39,511
At waste treatment plants (t CO_2eq)			56,560
EMISSIONS PREVENTED BY PURCHASING ELECTRICITY FROM RENEWABLE SOURCES			
Electricity bought from third parties (t CO_2eq)	31,964	36,923	51,076
TOTAL	**1,480,920**	**1,531,889**	**1,651,610**

305-7. NITROGEN OXIDES (NOX). SULFUR OXIDES (SOX). AND OTHER SIGNIFICANT AIR EMISSIONS

	NOx (t)	CO (t)	COVNM (t)	SOx (t)	Particles (t)
Emissions from boilers	134.68	53.28	12.58	169.25	33.33
Emissions caused by motor vehicles	1,113.44	1,775.55	241.26	0.00	148.98
Emissions caused by electricity	61.87	24.78	0.48	92.50	5.39
	NOx (g/kg)	CO (g/kg)	COVNM (g/kg)	SOx (g/kg)	Particles (g/kg)
Emissions caused by mobile equipment used in construction works	2,624.03	11,779.43	1,146.61	-	38.16

306-2. WASTE BY TYPE AND DISPOSAL METHOD

	2016	2017	2018
Waste produced from construction and demolition (m^3)	1,628,147	1,439,795	2,344,504
Total soil from excavation (m^3)	19,759,576	27,612,500	19,363,051
Topsoil reused (m^3)	558,310	1,458,280	922,936
Material sent to landfill outside the worksite (m^3)	1,447,743	5,287,068	528,749
Materials reused at worksite (m^3)	11,692,839	15,498,439	14,336,346
Materials sent to other worksite or authorized landfill (m^3)	6,060,683	5,368,713	3,575,020
Hazardous waste (t)	27,602	27,943	18,419
Non-hazardous waste (t)*	627,897	683,842	766,285

* Non-hazardous waste data of 2018 include 161.74 t of waste managed and not produced.

CRE6. PERCENTAGE OF THE ORGANIZATION OPERATING IN VERIFIED COMPLIANCE WITH AN INTERNATIONALLY RECOGNIZED HEALTH AND SAFETY MANAGEMENT SYSTEM

	2016	2017	2018
Percentage of the organización certified in compliance with a health and safety management system	85	85	83

CRE8. TYPE AND NUMBER OF CERTIFICATIONS, CLASSIFICATIONS AND LABELLING SYSTEMS REGARDING THE SUSTAINABILITY OF NEW CONSTRUCTIONS, MANAGEMENT, OCCUPATION AND RECONSTRUCTION.

Over 2018 work was performed on the following projects seeking to obtain certification

Location	Description	Certification
DIR. MADRID EDIFICACIÓN	CENTRO DE ENSEÑANZA UNIVERSITARIA IESE	LEED Certification
DIR. MADRID EDIFICACIÓN	NAVE ARIANE 6 Y URBANIZACIÓN AIRBUS GETAFE	BREEAM Certification
DIR. MADRID EDIFICACIÓN	NAVE VALFONDO MARCHAMALO	LEED Certification V.4
DIR. MADRID EDIFICACIÓN	EDIFICIO DE OFICINAS PPE. VERGARA	LEED Certification
DIR. CATALUÑA	POLIDEPORTIVO LA PEIRA BCN	LEED Certification
DIR. CHILE	CONSTRUCCIÓN FACULTAD ADMINSTRACIÓN Y ECONOMÍA. UNIVERSIDAD SANTIAGO	CES Certification
DIR. CHILE	CONSTRUCCIÓN CENTRO PODER JUDICIAL PUENTE ALTO.	LEED Certification
Oddział Budownictwa Ogólnego Wschód w Warszawie	Ghelamco_Kapelanka	BREEAM Certification

Energy certifications obtained in Spain

Description	Area	Class
AMP. Y REF.C.SALUD CARBONERO SG	CASTILLA Y LEÓN	B
EDIFICIO CASTELLLANA, 66	MADRID	A
VDAS VITBOX LAS TABLAS	MADRID	B
EDIF. STARBOX EBROSA LAS TABLAS	MADRID	B
ORDEN HOSPITALARIA SAN JUAN DE DIOS - HOSPITAL INFANTIL SAN RAFAEL	MADRID	B
33 VIVIENDAS EL JUNCAL, ALCOBENDAS	MADRID	B
AMP. HOSPITAL VIRGEN DE LA CARIDAD	MURCIA	B
41 VDAS. SAN JUAN DE LA CRUZ	MADRID	B
OFICINAS CORPORATIVAS REAL MADRID	MADRID	A
EDIFICIO ALFAHUIR	VALENCIA	B
COMPL. TUR. SIETE FUENTES	EXTREMADURA	B
CEIP LA ADRADA	CASTILLA Y LEÓN	A
REHABILITACIÓN EDIFICIO FERNANDO VI MADRID	MADRID	B
CENTRO CÍVICO DE ZABALGANA	BASQUE COUNTRY	A
CENTRO SANTANDER TOTTA	LISBON	B
EDIF. PREFABRICADOS SKR-01 CARTAGENA	MURCIA	B/C
CENTRO FORMACIÓN ADULTOS GORNAL ACTIVA	CATALONIA	A

401-1. NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

Average turnover rate disclosed by gender category and age

Turnover		Voluntary			Involuntary*			Total		
		White Collars	Blue Collars	Total	White Collars	Blue Collars	Total	White Collars	Blue Collars	Total
Men	< 30	0.20%	0.81%	1.01%	0.04%	0.53%	0.57%	0.24%	1.34%	1.59%
	30-45	0.44%	1.41%	1.85%	0.13%	0.93%	1.06%	0.57%	2.34%	2.91%
	> 45	0.15%	0.91%	1.06%	0.14%	0.79%	0.93%	0.30%	1.70%	1.99%
Women	< 30	0.12%	0.24%	0.36%	0.04%	0.10%	0.13%	0.16%	0.34%	0.49%
	30-45	0.18%	0.31%	0.49%	0.08%	0.18%	0.26%	0.27%	0.50%	0.76%
	> 45	0.08%	0.21%	0.28%	0.03%	0.15%	0.18%	0.11%	0.36%	0.47%
TOTAL		1.17%	3.89%	5.06%	0.47%	2.68%	3.15%	1.64%	6.57%	8.21%

* Total involuntary leaves in 2018 were 2,990.

In 2018, the total number of new hires was 21,700, which corresponds to a total hiring rate of 23.56% in relation to the staff at the end of the year. By gender, the breakdown is as follows:

	Men	Women	TOTAL
Hiring Rate	16.46%	7.10%	**23.56%**

GLOBAL AVERAGE RETRIBUTION BY CATEGORY 2018

Category	Average workforce 2018	Total real retribution (average*) 2018
White Collar	15,637	55,103 €
Blue Collar	79,269	35,334 €
Total	94,906	

* Exchange rate have to be considered.

403-1. WORKERS REPRESENTATION IN FORMAL JOINT MANAGEMENT-WORKER HEALTH AND SAFETY COMMITTEES

	2016	2017	2018
Percentage of total workforce represented in formal joint management-worker health and safety committees	61.2	63.4	70.2

403-2. TYPES OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND NUMBER OF WORK-RELATED FATALITIES

	2016	2017	2018
Frequency rate	15.00	13.6	12.2
Frequency rate including subcontractors	11.81	10.8	10.0
Severity index	0.33	0.31	0.29
Absenteeism rate	4.31	5.28	5.66*
Occupational disease frequency index	0.40	0.56	0.44

Frequency Rate = number accidents involving absence * 1,000,000 / No. hours worked
Severity Index = No. days lost * 1,000 / No. hours worked
Note: in 2018 there were five fatal accidents of employees and three of contractor workers.
* The total number of absenteeism hours in 2018 were 9.77 million.

404-1. AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

	2016	2017	2018	Hours per employee
Corporate	24,128	26,079	34,342	**83.97**
Construction	121,855	195,515	192,331	**11.94**
Services	539,636	613,381	606,195	**8.11**
Toll Roads	24,871	18,950	21,087	**32.39**
Real Estate	304	2,064	1,145	**7.58**
Airports	1,475	1,091	1,941	**34.05**
TOTAL	**712,268**	**857,079**	**857,041**	**9.30**

Training hours in Spain, 37% of total, were distributed by categories as follows: 1% directives; 34% graduates; 11% administratives; and 54% technicians and operators.

405-1. DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

		2018					
		Directives	Graduates	Administratives	Technicians	Subtotal	Total
Corporate	Men	64	139	29	3	235	409
	Women	11	125	38	0	174	
Construction	Men	156	5,166	361	7,934	13,617	16,108
	Women	8	1,913	369	201	2,491	
Services	Men	181	4,687	2,851	42,932	50,651	74,737
	Women	39	1,607	3,678	18,762	24,086	
Toll Roads	Men	47	160	30	198	435	651
	Women	10	109	49	48	216	
Real Estate	Men	9	50	1	3	63	151
	Women	1	81	4	2	88	
Airports	Men	0	37	0	0	37	57
	Women	0	13	7	0	20	
TOTAL	**Men**	**457**	**10,239**	**3,272**	**51,070**	**65,038**	**92,113**
	Women	**69**	**3,848**	**4,145**	**19,013**	**27,075**	

405-2. RATIO OF BASIC SALARY AND REMUNERATION OF MEN TO WOMEN

Gender Salary Gap analysis segmented by country. This analysis have been performed on 92.57% of the real workforce as of December 31, 2018

	Gender	% of employees	Median salary	Mean salary	% of gender pay gap (median)	% of gender pay gap (mean)
Spain	Men	62%	28,033 €	32,941 €	14.16%	14.84%
	Women	38%	24,063 €	28,051 €		
United Kingdom	Men	74%	£26,907	£31,706	38.18%	37.41%
	Women	26%	£16,633	£19,845		
Australia	Men	73%	69,006 AUD	83,248 AUD	28.20%	23.91%
	Women	27%	49,545 AUD	63,344 AUD		
USA	Men	86%	$57,487	$68,512	-5.93%	3.76%
	Women	14%	$60,894	$65,937		
Poland	Men	78%	80,751 zł	103,616 zł	-4.78%	5.29%
	Women	22%	84,610 zł	98,139 zł		
Chile	Men	91%	12,989,776 CLP	16,076,403 CLP	14.82%	12.81%
	Women	9%	11,064,370 CLP	14,016,384 CLP		
Portugal	Men	63%	9,631 €	11,826 €	13.77%	31.15%
	Women	37%	8,305 €	8,142 €		

GLOSSARY OF TERMS

ACI: Airports Council International (ACI) is the only global trade representative of the world's airports. Established in 1991, ACI represents airport's interests with Governments and international organizations such as ICAO; develops standards, policies and recommends practices for airports, and provides information and training opportunities to raise standards around the world. This section provides you with information on the structure and background of ACI.

AGS: Aberdeen, Glasgow and Southampton. AGS Airports is the United Kingdom-based owner of Aberdeen, Glasgow and Southampton Airports. The company was formed in September 2014 by Ferrovial and Macquire Group. The company acquired Aberdeen, Glasgow and Southampton Airports in December 2014 from Heathrow Airport Holdings.

ASQ: Airport Service Quality Survey. The Airport Service Quality is the world-renowned and globally established global benchmarking programme measuring passengers' satisfaction whilst they are travelling through an airport. The programme provides the research tools and management information to better understand passengers' views and what they want from an airport's products and services.

BIM: It is a collaborative work methodology for the creation and management of a construction project (both building and infrastructure). Its objective is to centralize all project information in a digital information model created by all its agents. The use of BIM goes beyond the design phases, encompassing the execution of the project and extending throughout the life cycle of the building, allowing its management and reducing operating costs.

BWI: Business Water Index. Business Water Index is related to the consumption of water and its discharge carried out in activities developed by Ferrovial.

CAA: Civil Aviation Authority. The Civil Aviation Authority is the statutory corporation which oversees and regulates all aspects of civil aviations in the United Kingdom. The CAA is a public corporation of the Department for Transport establishd by the British Parliament in 1972 and an independent aviation regulator.

CAC: Audit and Control Committee. The Audit and Control Committee is composed of two independent directors and one external director. It is responsible for the supervision of accounts, internal audit, financial information and risk control.

DBFOM: Design, Building, Finance, Operation and Maintenance.

CDP: Carbon Disclosure Project. CDP is an organisation based in the United Kingdom which supports companies and cities to disclose the environmental impact of major corporations. It aims to make environmental reporting and risk management a business norm, and drive disclosure, insight and action towards a sustainable economy.

CIIO: Chief Information and Innovation Officer. A chief innovation officer (CINO) or chief technology innovation officer (CTIO) is a person in a company who is primarily responsible for managing the process of innovation and change management in an organization, as well as being in some cases the person who originates new ideas but also recognizes innovative ideas generated by other people.

CNMV: Comisión Nacional del Mercado de Valores. The National Securities Market Commission (CNMV) is the body responsible for the supervision and inspection of Spanish securities markets and the activity of all those involved in them. The aim of the CNMV is to ensure the transparency of Spanish securities markets and the correct formation of prices, as well as the protection of investors.

CSIC: Consejo Superior de Investigaciones Científicas. The Spanish National Research Council (CSIC) is the largest public institution dedicated to research in Spain and the third largest in Europe. Belonging to the Spanish Ministry of Economy and Competitiveness through the Secretary of State for Research, Development and Innovation, its main objective is to develop and promote research that will help bring about scientific and technological progress, and it is prepared to collaborate with Spanish and foreign entities in order to achieve this aim.

DJSI: The Dow Jones Sustainability Indices (DJSI) launched in 1999, are a family of indices evaluating the sustainability performance of thousands of companies trading publicly and a strategic partner of the S&P Dow Jones Indices. They are the longest-running global sustainability benchmarks worldwide and have become the key reference point in sustainability investing for investors and companies alike. The DJSI is based on an analysis of corporate economic, environmental and social performance, assessing issues such as corporate governance, risk management, branding, climate change mitigation, supply chain standards and labor practices.

FTSE4Good: The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.

EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization. The Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) is an accounting measure calculated using a company's net earnings, before interest expenses, taxes, depreciation, and amortization are subtracted, as a proxy for a company's current operating profitability (i.e., how much profit it makes with its present assets and its operations on the products it produces and sells, as well as providing a proxy for cash flow).

FRM: Ferrovial Risk Management. The Ferrovial Risk Management (FRM) is and identification and assesment process, supervised by the Board of Directors and the Management Committee, which is implemented in all business areas. This process makes it possible to forestall risks; once they have been analyzed and assessed based on their potential impact and likelihood, the most appropriate management and protection measures are taken, depending on the risk nature and location.

GECV: Grupo Español de Crecimiento Verde. The Spanish Group of Green Growth is a business association whose objective is to transfer to society and to public administration its vision of a model of economic growth which is compatible with the efficient use of natural resources.

GHG: Greenhouse Gas. A greenhouse gas is a gas in an atmosphere that absorbs and emits radiant energy within the thermal infrared range.

GRI: Global Reporting Initiative. GRI helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social well-being. This enables real action to create social, environmental and economic benefits for everyone. The GRI Sustainability Reporting Standards are developed with true multi-stakeholder contributions and rooted in the public interest.

GWT: Global Water Tool. The Global Water Tool (GWT) is a free, publicly available resource for identifying corporate water risks and opportunities which provides easy access to and analysis of critical data. It includes a workbook (data input, inventory by site, key reporting indicators, metrics calculations), a mapping function to plot sites with datasets, and a Google Earth interface for spatial viewing.

GOP: Gross Operating Profit (RBE): See EBITDA.

HAH: Heathrow Airport Holdings. Heathrow Airport Holdings Limited, formerly BAA is the United Kingdom-based operator of Heathrow Airport. It was formed by the privatisation of the British Airports Authority as BAA plc as part of Margaret Thatcher's moves to privatise government-owned assets. BAA plc was bought in 2006 by a consortium led by Ferrovial.

IAGC: Informe Anual de Gobierno Corporativo.

IFRS: NIIF. International Financial Reporting Standards, usually called the IFRS Standards, are standards issued by the IFRS Foundation and the International Accounting Standards Board (IASB) to provide a common global language for business affairs so that company accounts are understandable and comparable across international boundaries.

IRR: Internal Rate of Return. Internal Rate of Return (IRR) is a metric used in capital budgeting to estimate the profitability of potential investments. Internal rate of return is a discount rate that makes the net present value (NPV) of all cash flows from a particular project equal to zero.

IoT: Internet of Things. The Internet of things (IoT) is the network of physical devices, vehicles, home appliances and other items embedded with electronics, software, sensors, actuators, and network connectivity which enables these objects to connect and exchange data.

ILO: International Labour Organization. The International Labour Organization (ILO) is a United Nations agency dealing with labour problems, particularly international labour standards, social protection, and work opportunities for all.

ISO: International Organization for Standardization. ISO is an independent, non-governmental international organization with a membership of 162 national standards bodies. Through its members, it brings together experts to share knowledge and develop voluntary, consensus-based, market relevant International Standards that support innovation and provide solutions to global challenges.

Managed Lanes: assets developed by Ferrovial in the United States, consisting of a lane or toll lanes in addition to those already existing, in which a minimum speed is guaranteed to its users. The rates are adjusted to the traffic conditions, thereby regulating access levels.

MBA: The Master of Business Administration (MBA or M.B.A.) is a master's degree in business administration (management).

MIT: Massachusetts Institute of Technology is an educational institution focused on excellence and research and founded in Boston, Massachusetts (USA), in 1861. The mission of the Massachusetts Institute of Technology is to advance knowledge and educate students in science, technology, and other areas of scholarship. The Institute is an independent, coeducational, privately endowed university, organized into five Schools (architecture and planning; engineering; humanities, arts, and social sciences; management; and science). It has some 1,000 faculty members, more than 11,000 undergraduate and graduate students, and more than 130,000 living alumni.

OMEGA: Optimization of Equipment Maintenance and Asset Management.

P3: Public-Private Partnership. A public–private partnership (P3, 3P or P3) is a cooperative arrangement between two or more public and private sectors, typically of a long-term nature. Governments have used such a mix of public and private endeavors throughout history, for instance, in order to develop infrastructure projects.

PAB: Private Activity Bonds. Tax-exempt bonds issued by or on behalf of local or state government for the purpose of providing special financing benefits for qualified projects. The financing is most often for projects of a private user, and the government generally does not pledge its credit. These bonds are used to attract private investment for projects that have some public benefit. There are strict rules as to which projects qualify. This type of a bond results in reduced financing costs because of the exception of federal tax.

RCE: Risk Control Effectiveness.

SDG: Sustainable Development Goals. The Sustainable Development Goals (SDGs) are a collection of 17 global goals set by the United Nations. The SDGs cover a broad range of social and economic development issues. These include poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, environment and social justice.

SBTi: Science Based Targets. Science-based targets provide companies with a clearly defined pathway to future-proof growth by specifying how much and how quickly they need to reduce their greenhouse gas emissions.

STEM: Science, Technology, Engineering and Maths. This term is typically used when addressing education policy and curriculum choices in schools to improve competitiveness in science and technology development.

TCFD: Task Force on Climate-related Financial Disclosures. The FSB Task Force on Climate-related Financial Disclosures (TCFD) develops voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders. The Task Force considers the physical, liability and transition risks associated with climate change and what constitutes effective financial disclosures across industries.

TSR (RTA): Total Shareholder Return. Total shareholder return (TSR) (or simply total return) is a measure of the performance of different companies' stocks and shares over time. It combines share price appreciation and dividends paid to show the total return to the shareholder expressed as an annualized percentage.

USPP: US Private Placement. The US Private Placement ("USPP") market is a US private bond market which is available to both US and non US companies. The principle attraction of this market is that it provides an alternative source of liquidity from the traditional bank market without the need for a formal credit rating and reporting requirements which are a pre-requisite of the public bond markets.

UTE: Unión Temporal de Empresas.

WAI: Water Access Index. The Water Access Index (WAI) , related to water supply projects within the Social Action Program.

WBCSD: World Business Council For Sustainable Development. WBCSD is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world.

WFM: Water Footprint Assessment Manual. The manual covers a comprehensive set of definitions and methods for water footprint accounting. It shows how water footprints are calculated for individual processes and products, as well as for consumers, nations and businesses. It includes methods for water footprint sustainability assessment and a library of water footprint response options.

WRI: World Resources Institute. The World Resources Institute (WRI) is a global research non-profit organization that was established in 1982. The organization's mission is to promote environmental sustainability, economic opportunity, and human health and well-being. WRI partners with local and national governments, private companies, publicly-held corporations, and other non-profits, and offers services including global climate change issues, sustainable markets, ecosystem protection, and environmental responsible governance services.

WTI: Water Treatment Index. The Water Treatment Index is related to the impact of the water treatment activity on resources (WWTP, Wastewater Treatment Plant, iWWT, Industrial Wastewater Treatment Plant, PWTP, Potable Water Treatment Plant, and SWDF, Seawater Desalination Facilities).

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Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT LIMITED ASSURANCE REPORT

To the Shareholders of Ferrovial, S.A.,

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the 2018 Consolidated Management Report (CMR), which contains the Consolidated Non-Financial Information Statement (NFIS) for the year ended 31 December 2018 of Ferrovial, S.A. and subsidiaries ("Ferrovial" or "the Group"), which forms part of Consolidated Management Report of Ferrovial.

The CMR includes information, additional to that required by current Spanish corporate legislation relating to non-financial reporting and by the Global Reporting Initiative Standards for sustainability reporting in their comprehensive option ("GRI standards"), that was not the subject matter of our verification. In this regard, our work was limited solely to verification of the information identified in the tables of the Appendix of the CMR "GRI Standard Indicators" and the table of "Contents of Non-Financial Statements".

Responsibilities of the Directors

The preparation and content of the Ferrovial Group's CMR are the responsibility of the Board of Directors of Ferrovial. The NFIS included in the CMR was prepared in accordance with the content specified in current Spanish corporate legislation, with GRI standards in their comprehensive option, and with the standards established in the AA1000APS issued by Accountability, as well as other criteria described as indicated for each matter in the table of "Contents of Non-Financial Statements" in the Appendix to the CMR.

These responsibilities of the Board of Directors also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the CMR and the NFIS to be free from material misstatement, whether due to fraud or error.

The directors and the management of Ferrovial are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the CMR and the NFIS is obtained.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information about economic, social and environmental performance.

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Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed.

We conducted our review in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information, currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements on regarding non-financial information statements. Also, we have applied AccountAbility's AA1000 Assurance Standard (2008) (AA1000AS) to provide moderate assurance on the application of the principles established in standard AA100APS and on the sustainability performance indicators (type 2 moderate assurance).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and, consequently, the level of assurance provided is also lower.

Our work consisted in requesting information from management and the various units of Ferrovial that participated in the preparation of the CMR, which includes the NFIS, reviewing the processes used to compile and validate the information presented in the CMR, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Ferrovial personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external verification.
- Analysis of the scope, relevance and completeness of the contents included in the CMR based on the materiality analysis performed by Ferrovial and described in the "Reporting Principles" in the Appendix of the CMR, also taking into account the contents required under current Spanish corporate legislation.
- Analysis of the processes used to compile and validate the data presented in the 2018 CMR.
- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters described in the "Reporting Principles" in the Appendix of the CMR.
- Verification, by means of sample-based review tests, of the information relating to the contents identified in the "GRI Standard Indicators" and the table of "Contents of Non-Financial Statements" in the Appendix to the CMR, and the appropriate compilation thereof based on the data furnished by Ferrovial's information sources.
- Obtainment of a representation letter from the directors and management.

Conclusion

Based on the procedures performed and the evidence obtained, no matters have come to our attention that causes us to believe that:

A) the non-financial data included in the table "GRI Standard Indicators" of 2018 CMR's Appendix corresponding to the year ended 31 December 2018 has not been prepared, in all material respects, in accordance with the GRI standards in their comprehensive option.

B) Ferrovial's NFIS for the year ended 31 December 2018 was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and in keeping with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in the table of "Contents of Non Financial Information Statements" in the Appendix to the CMR.

C) Ferrovial did not apply in the preparation of the CMR the principles of inclusivity, materiality and responsiveness as described in the Appendix to the CMR, in accordance with AA1000 APS (2008), namely:

- Inclusivity: Ferrovial has developed a stakeholder participation process, enabling stakeholders to be considered in the development of a responsible approach.
- Materiality: the materiality determination process is geared towards identifying and understanding the issues that are material or significant for Ferrovial and its stakeholders.
- Responsiveness: Ferrovial responds, through specific actions and commitments, to the material issues identified.

Other information

The calculation of scope 3 greenhouse gas (GHG) emissions and water footprint, given their nature, is subject to high uncertainty. The calculations have been carried out according to the methodology and estimations specified in the CMR, based on the available information. A change in the parameters of the estimates could have an impact on the total amount of emissions and water footprint presented.

Pursuant to the provisions of the AA1000AS 2008, we presented to management of Ferrovial our recommendations relating to the areas for improvement in management and non-financial information and, specifically, to the application of the principles of inclusivity, materiality and responsiveness. Following is a summary of the most significant observations and recommendations, which do not modify the conclusions expressed in this report.

Inclusivity and materiality

Ferrovial's Plan 20.19 will end in 2019, and Ferrovial should work on evaluating the degree of compliance with that Plan and on defining its Strategic Corporate Responsibility Plan 2020-2022 (Plan 20.22). This Plan will be the framework to set the targets of the Group's business areas and units. Therefore, it is highly recommended that specific resources are assigned to the fulfillment of each target, and that a robust monitoring system is designed, in order to evaluate the contribution of the CR Plan to the Business Plan, to the management of sustainability risks and opportunities and to the Sustainable Development Goals.

On the other hand, during 2018 Ferrovial has carried out a new materiality analysis, extending its scope to the main geographical areas where the Group operates (USA, Canada, United Kingdom, Australia, Spain and Poland), thus incorporating the vision of local Management about local stakeholders' expectations. In order to continue improving, it would be advisable that Ferrovial continues to deepen and adapt direct consultation methods to the specific stakeholders involved in the business value chain, implementing a systematic and periodic process.

Responsiveness

Ferrovial has been working over the last four years on the integration of financial and non-financial information in the Consolidated Management Report, anticipating in many aspects the requirements stemming from Law 11/2018 on Non-financial Information and Diversity. The evolution of the non-financial information standards (GRI and AA1000) focuses on improving data quality and on including impact indicators which implies that Ferrovial should therefore continue to work on developing economic and social impact indicators that quantify the value that Ferrovial brings to its different stakeholders.

Regarding environmental information, Ferrovial has continued to work on the systematization of the water footprint calculation. Considering the difficulty involved in measuring that footprint and its impact, it would be positive to make and effort to improve the measurement and estimations of that information, so that can be used for the effective management of water resources in each project.

With regards to tax information, during 2018 Ferrovial has reported for the second consecutive year the taxes collected and paid by country. Given the complexity of the reporting process and the consolidation of this information, Ferrovial should continue to strengthen internal controls to assure the quality of the information and compliance with the established reporting deadlines.

Lastly, it is worth highlighting that the periodicity of internal reports of certain non-financial indicators has increased since 2017, specifically health and safety indicators of Ferrovial's own personnel. In this regard, it is advisable to continue improving the frequency of this reporting by including other areas, increasing its scope and including key information for Ferrovial's business, such as the one related to the safety of the infrastructures managed by the Group's companies.

DELOITTE, S.L.

Helena Redondo

February 28th, 2019

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02 CONSOLIDATED FINANCIAL STATEMENTS

PHOTO: NTE Toll Road. Texas (United States).

Index

A. Consolidated statements of financial position for 2018 and 2017

ASSETS (Millions of euros)	**NOTE**	**2018**	**2017**
Non-current assets		**12.055**	**14.927**
Goodwill on consolidation	3.1	372	2,062
Intangible assets	3.2	32	431
Investments in infrastructure projects	3.3	7,155	6,917
Intangible asset model		6,280	5,883
Financial asset model		875	1,035
Investment property		9	6
Property, plant and equipment	3.4	251	694
Investments in associates	3.5	2,455	2,687
Non-current financial assets	3.6	754	769
Loans granted to associates		173	312
Restricted cash relating to infrastructure projects and other financial assets	5.2	473	285
Other receivables		108	172
Deferred taxes	2.8	664	1,035
Long-term derivative financial instruments at fair value	5.5	364	326
Current assets		**10,758**	**8,063**
Assets classified as held for sale and discontinued operations	1.1.3	4,892	0
Inventories	4.1	594	629
Current income tax assets		97	143
Trade and other current receivables	4.2	1,090	2,635
Trade receivables for sales and services		801	2,032
Other current receivables		289	603
Cash and cash equivalents	5.2	4,005	4,601
Infrastructure project companies		239	463
Restricted cash		9	58
Other cash and cash equivalents		230	405
Ex-infrastructure project companies		3,766	4,137
Short-term derivative financial instruments at fair value	5.5	80	55
Total assets		**22,813**	**22,990**

LIABILITIES AND EQUITY (Millions of euros)	**NOTE**	**2018**	**2017**
Equity	**5.1**	**5.363**	**6.234**
Equity attributable to shareholders		4,530	5,503
Equity attributable to non-controlling interests		833	731
Deferred income	**6.1**	**1,241**	**1,037**
Non-current liabilities		**8,912**	**9,871**
Pension plan deficit	6.2	3	66
Long-term provisions	6.3	459	808
Financial borrowings	5.2	7,419	7,511
Debt securities and borrowings of infrastructure project companies		5,342	5,363
Debt securities and borrowings of ex-infrastructure project companies		2,077	2,149
Other payables	6.4	135	198
Deferred taxes	2.8	574	900
Derivative financial instruments at fair value	5.5	321	387
Current Liabilities		**7,297**	**5,848**
Liabilities classified as held for sale and from discontinued operations	1.1.3	3,259	0
Financial borrowings	5.2	773	839
Debt securities and borrowings of infrastructure project companies		43	207
Debt securities and bank borrowings excluding infrastructure project companies		730	631
Derivative financial instruments at fair value	5.5	69	65
Current income tax liabilities		65	94
Short-term trade and other payables	4.3	2,700	4,221
Trade payables		1,314	2,283
Customer advances and amounts billed in advance for construction work		1,089	1,271
Other current payables		297	667
Traffic operating provisions	6.3	431	629
Total liabilities and equity		**22,813**	**22,990**

The accompanying Notes 1.1 to 7.1 form an integral part of the Consolidated Statements of Financial Position as at 31 December 2018.

B. Consolidated income statement for 2018 and 2017

(Millions of euros)	NOTE	2018 BEFORE FAIR VALUE ADJUSTMENTS	2018 FAIR VALUE ADJUSTMENTS (**)	TOTAL 2018	2017 (*) BEFORE FAIR VALUE ADJUSTMENTS	2017 (*) FAIR VALUE ADJUSTMENTS (**)	TOTAL 2017
Revenues		5,737	0	5,737	5,152	0	5,152
Other operating income		2	0	2	1	0	1
Total operating income	**2.1**	**5,738**	**0**	**5,738**	**5,154**	**0**	**5,154**
Cost of materials used	2.2	985	0	985	818	0	818
Other operating expenses	2.2	3,324	0	3,324	2,905	0	2,905
Staff expenses	2.3	945	0	945	915	0	915
Total operating expenses		**5,254**	**0**	**5,254**	**4,638**	**0**	**4,638**
Gross operating profit	2.4	**484**	**0**	**484**	**516**	**0**	**516**
Fixed asset depreciation		127	0	127	115	0	115
Operating income before impairment losses and fixed asset disposals	2.4	**356**	**0**	**356**	**401**	**0**	**401**
Impairments and disposals of fixed assets (***)	2.5	95	-13	82	47	41	88
Operating profit/(loss)		**451**	**-13**	**438**	**448**	**41**	**489**
Financial result on financing		-233	0	-233	-229	0	-229
Profit/(loss) on derivatives and other financial results		2	1	3	-4	0	-4
Financial result of infrastructure project companies		**-231**	**1**	**-230**	**-233**	**0**	**-233**
Financial result on financing		9	0	9	-26	0	-26
Profit/(loss) on derivatives and other financial results		7	23	30	-10	25	15
Financial result ex-infrastructure project companies		**16**	**23**	**39**	**-37**	**25**	**-11**
Financial result	2.6	**-216**	**24**	**-192**	**-269**	**25**	**-244**
Share of profits of equity-accounted companies	2.7	240	-1	239	175	49	225
Consolidated profit/(loss) before tax		**475**	**10**	**486**	**354**	**116**	**469**
Corporate income tax	2.8	-19	-6	-25	-38	-8	-46
Consolidated income from continuing operations		**456**	**4**	**460**	**316**	**108**	**424**
Profit/(loss) from discontinued operations		-51	-27	-77	85	-2	83
Fair value provision		0	-774	-774	0	0	0
Net profit/(loss) from discontinued operations	**2.9**	**-51**	**-800**	**-851**	**85**	**-2**	**83**
Consolidated profit/(loss) for the year		**405**	**-796**	**-391**	**401**	**106**	**507**
Profit/(loss) for the year attributable to non-controlling interests	2.10	-57	0	-57	-51	-2	-53
Profit/(loss) for the year attributed to the Parent		**348**	**-796**	**-448**	**350**	**104**	**454**
Net profit/(loss) per share attributed to the Parent (Basic /Diluted)	*2.11*			*-0.61/-0.61*			0.62/0.62

(*) Re-presented amounts (Note 1.1.3)

(**) 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 Disposals of Fixed Assets" 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 corresponding to the updating of the fair value in respect of the stake 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 2018.

C. Consolidated statement of comprehensive income for 2018 and 2017

(Millions of euros)	NOTE	2018	2017
a) Consolidated profit/(loss) for the year		**-391**	**507**
Profit/(loss) attributable to the Parent		-448	454
Profit/(loss) attributable to non-controlling interests		57	53
b) Income and Expenses recognised directly in equity	5.1	**45**	**-251**
Fully Consolidated Companies		**68**	**-175**
Impact on reserves of hedging instruments	5.5	53	48
Impact on reserves of defined benefit plans (*)	6.2	0	0
Translation differences		28	-209
Tax effect		-13	-13
Companies held for sale/Discontinued		**-11**	**56**
Impact on reserves of hedging instruments		22	26
Impact on reserves of defined benefit plans (*)		40	76
Translation differences		-63	-27
Tax effect		-11	-19
Equity-Accounted Companies		**-11**	**-132**
Impact on reserves of hedging instruments		20	28
Impact on reserves of defined benefit plans (*)		44	-14
Translation differences		-64	-143
Tax effect		-12	-3
c) Transfers to the Income Statement	5.1	**0**	**6**
Fully Consolidated Companies		**0**	**0**
Transfers to the Income Statement		0	0
Tax effect		0	0
Equity-Accounted Companies		**0**	**6**
Transfers to the Income Statement		0	9
Tax effect		0	-3
(a+b+c) Total Comprehensive Income		**-346**	**262**
Income attributable to the Parent		-431	269
Income attributable to non-controlling interests		86	-7

(*) 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 2018.

D. Consolidated statement of changes in equity for 2018 and 2017

(Millions of euros)	SHARE CAPITAL	SHARE PREMIUM	MERGER PREMIUM	TREASURY SHARES	OTHER EQUITY INSTRUMENTS	MEASUREMENT ADJUSTMENTS	RETAINED EARNINGS AND OTHER RESERVES	ATTRIBUTABLE TO SHAREHOLDERS	ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at 31.12.2017	**146**	**1,202**	**349**	**-42**	**500**	**-1,277**	**4,624**	**5,503**	**731**	**6,234**
Impact of transition to IFRS 9 (Note 1.2.1)	**0**	**0**	**0**	**0**	**0**	**0**	**-31**	**-31**	**-6**	**-38**
Balance at 01.01.2018	**146**	**1,202**	**349**	**-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**	**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**	**0**	**-278**	**-86**	**0**	**0**	**-158**	**-520**	**-54**	**-574**
Share capital increases/reductions								0	77	77
Share-based remuneration schemes							10	10	0	10
Other changes			0	0			1	1	0	2
Other transactions	**0**	**0**	**0**	**0**	**0**	**0**	**11**	**11**	**78**	**89**
Perpetual subordinated bond issues					4		**-5**	**-1**	**0**	**-1**
Changes in the scope of consolidation	0	0	0	0	0	0	**0**	**0**	**-1**	**-1**
Balance at 31.12.2018	148	1,202	71	-128	504	-1,261	**3,993**	**4,530**	**833**	**5,363**

(Millions of euros)	SHARE CAPITAL	SHARE PREMIUM	MERGER PREMIUM	TREASURY SHARES	OTHER EQUITY INSTRUMENTS	MEASUREMENT ADJUSTMENTS	RETAINED EARNINGS AND OTHER RESERVES	ATTRIBUTABLE TO SHAREHOLDERS	ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at 31.12.2016	**147**	**1,202**	**650**	**-41**	**0**	**-1,092**	**4,731**	**5,597**	**717**	**6,314**
Impact of transition to IFRS 15	**0**	**0**	**0**	**0**	**0**	**0**	**-272**	**-272**	**0**	**-272**
Balance at 01.01.2017	**147**	**1,202**	**650**	**-41**	**0**	**-1,092**	**4,459**	**5,325**	**717**	**6,042**
Consolidated profit/(loss) for the year							454	454	53	**507**
Income and expenses recognised directly in equity						-185		-185	-60	**-245**
Total recognised income and expenses	**0**	**0**	**0**	**0**	**0**	**-185**	**454**	**269**	**-7**	**262**
Scrip dividend agreement	3						-222	-218	0	**-218**
Other dividends								0	-47	**-47**
Treasury share transactions	-3		-298	1			-1	-302	0	**-302**
Shareholder remuneration	**0**	**0**	**-301**	**1**	**0**	**0**	**-223**	**-520**	**-47**	**-568**
Share capital increases/reductions								0	33	**33**
Share-based remuneration schemes							1	1	0	**1**
Other changes			-2	-2			6	1	3	**4**
Other transactions	**0**	**0**	**-2**	**-2**	0	**0**	**7**	**2**	**35**	**38**
Perpetual subordinated bond issues	**0**	**0**	**0**	**0**	**500**	**0**	**-5**	**495**	**0**	**495**
Changes in the scope of consolidation	**0**	**0**	**0**	**0**	**0**	**0**	**-68**	**-68**	**33**	**-35**
Balance at 31.12.2017	**146**	**1,202**	**349**	**-42**	**500**	**-1,277**	**4,624**	**5,503**	**731**	**6,234**

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 2018.

E. Consolidated cash flow statement for 2018 and 2017

(Millions of euros)	NOTE	2018	2017
Net Profit/(Loss) attributable to the Parent	2.11	-448	454
Adjustments to profit/(loss)		1,062	479
Non-controlling interests		57	53
Net profit/(loss) from discontinued operations		851	-83
Tax		25	46
Profit/(loss) from equity-accounted companies		-239	-225
Financial result		192	244
Impairments & asset disposals		-82	-88
Amortisations		127	115
EBITDA discontinued operations	*2.9*	131	417
Gross Operating Profit (EBITDA) including Discontinued Operations		**614**	**932**
Income taxes paid	2.8.2	-25	-142
Working Capital Variation (receivables, payables and other)	5.3	-255	-53
Dividends from infrastructure project companies received	3.5	511	543
Operations cash flow	5.3	**845**	**1,280**
Investments in property, plant and equipment/intangible assets	3.2 and 3.4	-182	-135
Investments in Infrastructure projects	3.3	-213	-371
Loans granted to associates/acquisition of companies		-66	-178
Interest received	2.6	56	34
Investment of long-term restricted cash		-171	-66
Divestment of infrastructure projects		144	0
Divestment/sale of companies	1.1.4	230	248
Cash flows from investing activities		**-202**	**-468**
Cash flows before financing activities		**643**	**812**
Capital proceeds from non-controlling interests		75	35
Scrip dividend		-240	-218
Acquisition of treasury shares		-280	-302
Shareholder remuneration	5.1	-520	-520
Dividends paid to non-controlling shareholders of investees	5.1	-54	-49
Subordinated hybrid bond issue		0	500
Other changes in shareholder's funds	1.2.3.3 and 5.1.2	3	-2
Ex-project financing cash flow		**-496**	**-36**
Interest paid	2.6	-258	-270
Increase in borrowings		563	1,184
Decrease in borrowings		-500	-554
Cash flows from financing activities		**-692**	**324**
Effect of exchange rates on cash and cash equivalents		**-48**	**-71**
Change in cash and cash equivalents due to changes in the scope of consolidation		**22**	**-43**
Change in cash and cash equivalents for discontinued operations	**5.3**	**-522**	**0**
Change in cash and cash equivalents	5.2	**-596**	**1,023**
Cash and cash equivalents at beginning of the year		4,601	3,578
Cash and cash equivalents at end of year		4,005	4,601

The accompanying Notes 1.1 to 7.1 form an integral part of the Consolidated Cash Flow for the year ended 31 December 2018.

F. Notes to the consolidated annual accounts for 2018

SECTION 1: BASES FOR PRESENTATION AND SCOPE OF CONSOLIDATION.

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

BASES FOR 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 adopted for the first time at 1 January 2018, the most relevant impact relates to IFRS 9 Financial instruments, entailing a reduction in equity attributable to shareholders of EUR -31 million.

Company activities

The disclosures presented in these consolidated 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 Airport 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

With effect from 31 December 2018 it has been decided to reclassify all assets, liabilities and profit/(loss) linked to the Services Business Division as Discontinued Operations. Following the announcement in October 2018 that the Company was analysing the possibility of divesting this business area, and given the progress made with the transaction over the course of the last quarter of the year, the decision has been taken to reclassify given that the terms established in IFRS 5 have been met.

As the assets must be valued at the lower of their book value and their fair value less cost of sale, an impairment of -776 million euros has been recorded in 2018 in relation to the assets and liabilities of Ferrovial business in the United Kingdom (Amey).

CHANGES IN THE SCOPE OF CONSOLIDATION

Note 1.1.4 provides detailed information on the main changes in the scope of consolidation in the financial year and others divestments operations, including most notably the sale of the financial participation of the Greek toll roads Central Greece and Ionian Roads, as well as several disposals in the Construction and Services Divisions.

Use of 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 2018 all of the curencies depreciated against the euro, except for the US dollar closing exchange rate.

The impact recorded in this regard on shareholders' funds attributable to the parent company is EUR -119 million (see Note 5.1.1 Changes in Equity).

1.1 Bases for presentation, company activities, scope of consolidation

1.1.1 Bases for 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 representation of the Group's equity, financial position and the 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 performance of all manner of public and private works, including most notably the construction of public infrastructure.
- Services: 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.
- Toll Roads: Development, financing and operating of toll roads.
- Airports: Development, financing and operating of airports.

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 "Investments 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 non-current financial assets and, mainly, in the net cash position and the cash flow disclosures, in which the cash flows called "non-infrastructure projects", which brings together the 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.

1.1.3. DISCONTINUED OPERATIONS

Reclassification of assets to discontinued operations

With effect from 31 December 2018 it has been decided to reclassify all assets linked to the Services Business Division as Discontinued Operations. Following the announcement in October 2018 that the Company was analysing the possibility of divesting this business area, and given the progress made with the transaction over the course of the last quarter of the year, the decision has been taken to reclassify given that the terms established in IFRS 5 have been met.

This decision is in line with the strategy to focus the Group activity on developing the Infrastructure business and affects the four geographical areas that the division is divided into: Spain (Ferrovial Services Spain), UK (Amey), Australia and New Zealand (Broadspectrum) and International. The approach to the transaction includes the possibility of carrying it out together in one transaction, or separately for each of the geographical areas, or even by different business lines within the geographical areas.

Measurement of assets and recognition of impairment provision

The reclassification implies valuing the assets from now onwards at the lower of their carrying amount and fair value (estimated sale price) less costs to sell. This is a different approach to that followed to date, in which the reference to follow was the lower of the carrying amount or the usage value amount, which includes an estimated value that will be gained from using the asset, and which could differ from its estimated selling price.

The fair value estimation of the group of assets held for sale, has resulted in an asset impairment loss of EUR -774 million, which has negatively affected the income statement for the year.

This provision relates in full to the fair value measurement, less sales costs, of the UK business, estimated at EUR 103 million (GBP 93 million), compared to an exposure of EUR 877 million relating to the carrying amount of capital and intercompany loans. The fair value of the business is affected by the current market context in the UK, including macroeconomic uncertainties and reduced public spending, as well as the uncertainty around the continuing legal proceedings with the Birmingham City Council.

The fair value of the other geographical areas is considered to be above book value.

For the purposes of this valuation, fair value has been estimated based on an enterprise value calculated based on the reference of EBITDA multiples (both for listed companies and comparable transactions for each of the geographical areas), a value that has been adjusted by the value of the external net debt of each one of said areas, including within said external debt certain concepts that can be considered similar to debt. As the assets subject to valuation are not quoted in an active market, the valuation must be based on techniques that approximate the market value, as in the case of comparable references, but which are subject to a certain level of uncertainty that cannot be resolved until the divestments finally take place.

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 2018 and 2017. The aforementioned impairment loss forms part of this line. Note 2.9 includes the disclosures required in connection with profit/(loss) from discontinued operations, including a breakdown of the main lines.

- For cash flow purposes, note 5.3 includes the portion of cash flows from operating, investing and financing activities related to the discontinued operations, included in the total amount reported in this respect.

- For the purposes of the balance sheet, all assets and liabilities attributable to Services activity have been reclassified as "Assets/Liabilities held for sale and discontinued operations". This reclassification was made with effect at 31 December 2018 and, in accordance with IFRS 5, does not require the restatement of the comparative balance sheet for 2017. The following table details the statement of financial position before and after reclassification as at 31 December 2018, including the different types of assets and liabilities that have been reclassified as discontinued operations:

BALANCE SHEET (Millions of euros)	NOTE	PREVIOUS BALANCE SHEET	RECLASSIFICATION	BALANCE SHEET WITH DISCONTINUED OPERATIONS
Non-current assets		**15,556**	**-3,501**	**12,055**
Goodwill	3.1	2,031	-1,659	372
Intangible assets	3.2	445	-413	32
Investments in infrastructure projects	3.3	7,581	-427	7,155
Other non-current assets		5,499	-1,002	4,497
Current assets		**8,030**	**2,728**	**10,758**
Assets classified as held for sale and discontinued operations		0	4,892	4,892
Trade and other short-term receivables	4.2	2,641	-1,551	1,090
Cash and cash equivalents	5.2	4,526	-522	4,005
Other current assets		863	-92	771
TOTAL ASSETS		**23,586**	**-774**	**22,813**
Equity	**5.1**	**6,137**	**-774**	**5,363**
Attributable to shareholders		5,303	-774	4,530
Attributable to non-controlling interests		833	0	833
Deferred income	**6.1**	**1,294**	**-53**	**1,241**
Non-current liabilities		**10,108**	**-1,196**	**8,912**
Long-term provisions	6.3	782	-323	459
Financial borrowings	5.2	7,861	-442	7,419
Other non-current liabilities		1,465	-431	1,034
Current liabilities		**6,048**	**1,249**	**7,297**
Liabilities classified as held for sale and from discontinued operations		0	3,259	3,259
Financial borrowings	5.2	837	-64	773
Short-term trade and other payables	4.3	4,273	-1,573	2,700
Provisions for traffic transactions	6.3	778	-347	431
Other current liabilities		161	-27	134
TOTAL LIABILITIES		**23,586**	**-774**	**22,813**

Finally, in each of the notes to these annual accounts relating to balance sheet items, the changes caused by the reclassification made at 31 December 2018 are broken down to the line “Assets/Liabilities held for sale and discontinued operations”.

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

Set forth below is a description of the most significant changes in the scope of consolidation in 2018. 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).

Services

During 2018 Ferrovial carried out asset disposals (PFIs and Joint Ventures) in non-strategic Services sectors in the UK, with a total value of EUR 74 million. Of note was the sale of the stakes in the SPVs North York and Sheffield, which do not have an impact on the development of the contracts, given that Ferrovial Services continues to operate them. The capital gain registered amounts to EUR 30 million included in the Net profit/(loss) from discontinued operations.

In April 2018 Ferrovial Services Australia agreed the sale of its stake in RACL (Ratch Australia Corporation Limited). The transaction gave rise to a cash impact of AUD 53 million (EUR 34 million). Given that the asset was classified as a financial asset at fair value with changes in equity, the loss recognised from the transaction was registered directly into reserves with a net value of EUR -1 million.

The Group acquired an additional stake in Carillion Amey Ltd. (67%) and Carillion Amey (Housing Prime) Ltd. (50%), in which it already had a previous investment, for a total amount of GBP 18 million (EUR 20 million), after which it obtained 100% of the shares of both companies. As a result, the acquired companies have been accounted for by the equity method until August 2018, the date on which was the takeover date and from then on by full consolidation (see Note 3.1.1).

Construction

In September 2018, Ferrovial disposed of Elektromontaz Poznam, a subsidiary of Budimex, for PLN 107 million, generating a capital gain of PLN 10 million (EUR 8 million after tax) (see Note 2.5).

Toll roads

Although these shares were registered as a financial fixed asset and therefore did not form part of the scope of consolidation, in December 2018, Ferrovial also sold its stake in the Greek toll roads Central Greece (33.34%) and Ionian Roads (21.41%) for the sum of EUR 85 million. The capital gain of this transaction was EUR 84 million (see Note 2.5), (EUR 80 million in net profit/(loss)).

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 2018:

On 1 January 2018, the following standards which might have an impact on the consolidated financial statements came into force in the European Union: IFRS 9 Financial instruments, Amendment to IFRS 2 Classification and measurement of share-based payments, Amendment to IAS 40 Investment property and IFRIC 22 Foreign currency transactions and advance consideration. Of these standards adopted for the first time, the most relevant impact relates to IFRS 9 Financial Instruments.

With the exception of hedge accounting, which is applied prospectively, IFRS 9 was applied retrospectively, recognising the cumulative effect of initially applying this standard as an adjustment to the opening balances for 2018 of the statement of financial position. Therefore, the comparative information for 2017 was not restated and continues to be presented in accordance with IAS 39.

The impact on equity attributable to the Parent Company of the first-time adoption was EUR -31 million (EUR -29 million for continued operations and EUR -2 million for discontinued operations) and corresponded primarily to the adoption of the new standard for calculating impairments for financial assets. The main changes contained within this new standard are set out in more detail below.

i) Impairment of financial assets. IFRS 9 replaces the incurred loss model of IAS 39 with a model based on expected credit losses. Under the new standard, the loss allowance for a financial instrument will be calculated at an amount equal to 12 month expected credit losses, or lifetime expected credit losses if there has been a significant increase in the credit risk on the instrument. The trade receivables and assets from contracts with customers (IFRS 15), the group has used the simplified approach (provision for losses expected during the entire lifetime of the asset). In order to implement this approach, 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 (see more detail in Note 1.2.3.3). This model applies to all financial assets, including commercial assets contracted under IFRS 15, non-trade assets and receivables under the IFRIC 12 model. The negative impact on equity attributable to shareholders due to the impairment of financial assets amounted to EUR -32 million net of taxes.

ii) Classification and measurement of financial assets. A new classification has been introduced to reflect the Company's business model and the nature of the contractual financial asset cash flows. To this end, the Group has adapted its policies and established three categories that are permitted under the standard. No significant adjustments have been recognised due to this new classification, as the majority of assets are still measured at amortised cost, since the contractual cash flows consist only of principal and interest payments, and the assets are held to maturity. We would solely note that for its equity instruments that are measured by default at their fair value with changes reported in profit or 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.

(iii) Classification and measurement of financial liabilities. IFRS 9 does not make any changes to IAS 39, except for the change in treatment of the renegotiation of financial liabilities that does not cause them to be removed from the balance sheet. The transition adjustment for this connection amounts to EUR 1 million in equity attributable to the Parent Company.

iv) Hedge accounting. IFRS 9 attempts to align hedge accounting more closely with risk management, and the new requirements establish a principle-based approach. The new standard had no significant impact on these financial statements at 31 December 2018. 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).

Regarding IFRS 15, "Revenue from Contracts with Customers", although the legislation came into force on 1 January 2018, Ferrovial decided to apply it in advance in 2017. Therefore, the comparative information for 2017 was not restated and continues to be presented in accordance with IFRS 15.

1.2.1.b) New standards, amendments and interpretations mandatorily applicable in annual reporting periods subsequent to 2018:

The new standards, amendments and interpretations approved by the IASB but not yet mandatorily applicable at 31 December 2018 that might have an effect on the Group are as follows:

IFRS 16 LEASES:

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

The modified retrospective approach is expected to be applied at the transition date, recognising the same amount in both assets as in liabilities, for the cumulative effect of first-time adoption of the standard at 1 January 2019, without restating the information for comparative periods. In addition, the standard is not expected to be applied on transition to contracts that were previously carried as operating leases if they do not meet the definition of a lease under IFRS 16 or if they come under the exceptions allowed by the standard with respect to the recognition of short-term (less than 12 months), low-value leases.

From a preliminary analysis of the operating leases in place at the close of the financial year, the Group estimates an approximate impact of EUR 350 million in minimum, non-cancellable future payments, updated at the implicit interest rate, taking account of the type of asset and country, which could be comparable with the asset due to right-of-use and the financial debt that will have to be entered in the balance sheet. Approximately EUR 250 million of this impact would relate to the Services Division. The estimate has been made based on the portfolio of contracts and market conditions at 31 December 2018, but it could change because the Group has not finalised the implementation of the new solution that will facilitate the application of the standard and any possible changes to the accounting policy that may arise during actual adoption of the standard by the Group companies, until the financial statements for the year of first-time adoption are issued.

The other standards, amendments and interpretations approved by the IASB but that are still pending application in the European Union at 31 December 2018 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		
Amendment to IAS 28	Long-term Interests in Associates and Joint Ventures	1 January 2019
Pending approval by the EU		
IFRIC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendment to IAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendment to IFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Annual Improvements	2015-2017 Cycle	1 January 2019
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
Amendment to IFRS 3	Definition of a business	1 January 2020

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

1.2.2. BASIS OF CONSOLIDATION

In 2018 and 2017 the reporting dates of the separate annual accounts of all the companies included in the scope of consolidation 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 consolidated using the equity method, 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 operations" 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 liabilities for their obligations. Operations of this nature contributed to the consolidated Group assets profit/(loss) and revenues of EUR 86 million, EUR -42 million and EUR 923 million, respectively (EUR 913 million, EUR -19 million and EUR 1,406 million in 2017). For asets, profit/(loss) and revenue, discontinued operations contribute EUR 528 million, EUR 40 million and EUR 381 million respectively.

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	% SHARE	REVENUE (€M)
UTE NTE	Construction of the NTE toll road in Dallas-Fort Worth	75%	187
Northern Line / Thames Tideway Tunnel	Design and construction of the Thames Tideway tunnel and Northern Line extension of the London Underground	50%	182
UTE Toowoomba	Construction of a bypass around the city of Toowoomba, Australia	50%	141
Northern Beaches	Design and construction of improvements to the road network around the hospital of Northern Beaches in Australia	70%	75
407 East Extension	Design and construction of the 407 East toll road in Toronto	50%	53
PLW	Water treatment company based in Houston	50%	53
Tokamak - Iter	Construction of the Tokamak reactor located in Cadarache, in the south of France	30%	45
UTE Farringdon Station	Connection improvements between London Underground lines	33%	37
Grand Parkway Infrastructure	Design, construction and maintenance of the SH-99 Grand Parkway toll road in Houston	70%	33
UTE Harwood	Design and Construction of the Clarence River Bridge, in New South Wales	50%	32
Fusion Joint Venture - EW	High-speed rail project between London and Birmingham.	37%	30
Total			**867**

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.

As regards companies consolidated using the equity method, certain companies 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 22 million on the consolidated income statement, after taxes and non-controlling interests (2017: EUR 18 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, on a time proportion basis.

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 statement of financial position 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	CONCESSION TERM (YEARS)	STATUS	FIRST YEAR OF CONCESSION (*)	ACCOUNTING METHOD
NTE Mobility Partners, LLC	USA	52	Operational	2014	Full Consolidation
NTE Mobility Partners Seg 3 LLC	USA	43	Operational	2018	Full Consolidation
LBJ Infr. Group LLC	USA	52	Operational	2014	Full Consolidation
I-66 Mobility Partners LLC	USA	50	Under Construction	2016	Equity method
I-77 Mobility Partners LLC	USA	50	Under Construction	2014	Full Consolidation
Autopista del Sol	Spain	55	Operational	1999	Full Consolidation
Euroscut Azores	Portugal	30	Operational	2011	Full Consolidation
Eurolink Motorway Operations (M4-M6)	Ireland	30	Operational	2005	Equity method

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

Other concession arrangements accounted for using the Intangible Asset Model:

In addition to the toll road concessions shown in the foregoing table, there are other arrangements to which the IFRIC 12 intangible asset model is applied, including most notably a concession of the Services Division held through Autovía de Aragón Sociedad Concesionaria, S.A. for the rehabilitation and subsequent maintenance of a stretch of the Nacional II road in Spain. The main contracts of the Services Division are as follows:

CONCESSION OPERATOR	COUNTRY	CONCESSION TERM (YEARS)	STATUS	FIRST YEAR OF CONCESSION (*)	ACCOUNTING METHOD
Autovía Aragón	Spain	19	Operational	2007	Full Consolidation
Servicios Urbanos de Murcia	Spain	20	Operational	2011	Full Consolidation
PlanAlto Beirao	Portugal	25	Operational	2006	Full Consolidation
Ecoparc Can Mata (1)	Spain	14	Operational	2011	Full Consolidation
Gesmat	Spain	20	Operational	2012	Full Consolidation

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

(1) Bifurcated models (intangible asset / financial asset).

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 statement of financial position.

To calculate the amount due from the grantor, the value of the construction, operation and/or maintenance services provided and the interest implicit 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 interest 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 revenue 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 2018 and 2017, the interest recognised as revenue amounted to EUR 108 million and EUR 136 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 23 million in 2018 and EUR 35 million in 2017). The fall in both of these figures was primarily due to the Portuguese toll roads Norte Litoral and Algarve, which were consolidated using the equity method throughout the whole of 2018 (compared to 8 and 3 months, respectively in 2017).

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	YEARS	STATUS	FIRST YEAR OF CONCESSION (*)	ACCOUNTING METHOD
Autopista Terrassa Manresa	Spain	50	Operational	1989	Full Consolidation
Auto-Estradas Norte Litoral	Portugal	30	Operational	2006	Equity method
Autoestrada do Algarve, S.A.	Portugal	30	Operational	2004	Equity method
Eurolink M3	Ireland	45	Operational	2010	Equity method
A66 Benavente – Zamora	Spain	30	Operational	2015	Equity method
407 East Extension	Canada	30	Operational	2016	Equity method
Scot Roads Partnership Project Limited (**)	UK	30	Operational	2017	Equity method
Nexus Infr. Unit Trust (Toowoomba) (***)	Australia	25	Under Construction	2015	Equity method
Blackbird Infrastructure Group (407 East Phase 2) (****)	Canada	30	Under Construction	2015	Equity method
Ruta del Cacao S.A.S	Colombia	20	Under Construction	2015	Equity method
Zero Bypass Ltd.	Slovakia	30	Under Construction	2016	Equity method
Netflow OSARs Western	Australia	20	Under Construction	2017	Equity method

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

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

(***) Opening of Western Section in December 2018

(****) Opening of Segment 2A in January 2018

Other concession arrangements accounted for using the Financial Asset Model:

The other arrangements to which the financial asset model is applied relate to the Services, Construction and Airports Divisions.

Below is a breakdown of the most significant concession arrangements in the Construction Division:

CONCESSION OPERATOR	COUNTRY	CONCESSION TERM (YEARS)	STATUS	FIRST YEAR OF CONCESSION (*)	ACCOUNTING METHOD
Concesionaria de Prisiones Lledoners	Spain	32	Operational	2008	Full Consolidation
Conc. Prisiones Figueras S.A.U.	Spain	32	Operational	2011	Full Consolidation
Depusa Aragón, S.A.	Spain	20	Under Construction	2017	Full Consolidation
Wroclaw Budimex Car Park	Poland	30 years and 4 months	Operational	2012	Full Consolidation
Urbicsa Ciudad de la Justicia	Spain	35	Operational	2008	Equity method
Concesionaria Vía Olmedo Pedralba	Spain	25	Operational	2013	Equity method

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

As regards the Services Division, the most significant arrangements are as follows:

CONCESSION OPERATOR	COUNTRY	CONCESSION TERM (YEARS)	STATUS (*)	FIRST YEAR OF CONCESSION (**)	ACCOUNTING METHOD
CTR Oris	Spain	15 years	1	2015	Full Consolidation
Juan Grande	Spain	20 years	1	2014	Prop.
Salto del Negro	Spain	22 years	1	2012	Prop.
Smart Hospital Cantabria	Spain	20 years	1	2014	Full Consolidation
Toll Road IM08 DDS	Poland	6 years	1	2014	Full Consolidation
IM009 DDS	Poland	5 years	1	2016	Full Consolidation
AmeyCespa WM East	UK	28 years	1	2008	Full Consolidation
AmeyCespa MK SPV	UK	18 years	1	2013	Full Consolidation
Amey (IoW) SPV Ltd	UK	25 years	3	2015	Full Consolidation
Madrid Calle 30	Spain	35 years	1	2005	Equity method
Integrated Bradford Spv One Ltd	UK	27 years	1	2006	Equity method
Integrated Bradford Spv Two Ltd	UK	27 years	1	2009	Equity method
Amey Lagan Roads Ltd	UK	30 years	1	2007	Equity method
Amey Lighting Norfolk Limited	UK	25 years	1	2007	Equity method
E4D&G Project Co Ltd	UK	32 years	1	2008	Equity method
Amey Belfast Schools Partnership Pfi Co Ltd	UK	31 years	1	2008	Equity method
The Renfrewshire Schools Partnership Ltd	UK	33 years	1	2005	Equity method
Amey Birmingham Highways Ltd	UK	25 years	1	2010	Equity method
Amey Highways Lighting Manchester Limited	UK	25 years	1	2004	Equity method
Amey Highways Lighting Wakefield Limited	UK	25 years	1	2003	Equity method
Services Support A&S Ltd	UK	30 years	1	2004	Equity method
Scot Roads Partnership Project Ltd (***)	UK	30 years	1	2017	Equity method
Amey Hallam Highways	UK	25 years	2	2012	Equity method

(*) 1: Operating; 2: Construction; 3: Construction/Operating.

(**) 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.

The Airports Division has the following concession arrangement:

CONCESSION OPERATOR	COUNTRY	CONCESSION TERM (YEARS)	STATUS	FIRST YEAR OF CONCESSION (*)	ACCOUNTING METHOD
Denver Great Hall	USA	30	Under Construction	2017	Full Consolidation

(*) First year of the concession (if in operation) or year of commencement of construction (if in 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 the measurements of derivatives, 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 measurement 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 at fair value, all the Group's derivative financial instruments are categorised within Level 2.

In 2018, a valuation exercise was also carried out at fair value in relation to the assets and liabilities that have been reclassified to discontinued operations (see Note 1.1.3 in relation to the valuation criteria applied).

Financial instruments

As mentioned above in Note 1.2.1, the new IFRS 9 standard for financial instruments has been adopted, which sets out the requirements for recognising and measuring financial assets and liabilities.

Of particular note is the change that affects the classification and measurement of financial assets, whereby the measurement 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. As indicated previously, 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.

The group has also registered an expected loss provision as set out in the new IFRS 9 standard. 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.

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 point in time, 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 corresponds to the work units completed, based on the price allocated to each unit. In accordance with this method, the units produced under each contract are measured and, on a regular basis, the output 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 are expected to be incurred in the future, have to be allocated to the units completed 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.

Lastly, 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 the units produced and measured them.

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 measurement 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) 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.

iv) Statement of financial position balances relating to revenue recognition

Amounts to be billed for work performed/ amounts billed in advance for construction works

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 contracts in which the transfer of goods or services to the customer exceeds the amount billed or certified, the difference is recognised in an asset account entitled "Amounts to be billed for work performed" (since it is an asset under the contract), in the section "Trade receivables for sales and services", while in contracts in which the transfer of goods is lower than the amount billed or certified, the difference is recognised in a liability account entitled "Amounts billed in advance for construction work" (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 statement of financial position 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 costs to fulfill the contract (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 statement of financial position, 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 entering income, the difference is entered as a provision for negative margins.

vi) 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.

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 corresponding 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).

The IFRS 15 standard, "Revenue from Contracts with Customers", does not involve any change with regard to the way this business has been accounted for to date. 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 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 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 consolidated 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 2018 estimates were made to measure certain of the assets, liabilities, revenues, expenses and obligations reported in those statements. 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;
- Estimates relating to the calculation of provisions for expected losses and deferred expenses.

ii) The judgements regarding meeting the conditions to classify the assets held for sale and 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 Portuguese toll roads (see Note 1.2.2, Basis of consolidation).

vi) Estimates regarding the measurement 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 Note 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 relating to the fair value of assets and liabilities acquired in the business combinations detailed in Note 1.1.4, Changes in the scope of consolidation.

x) 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).

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

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

These estimates were made using the best information available at 31 December 2018 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 consolidated Group's consolidated financial statements are as follows:

Line items in the balance sheet (exchange rates at 31 December 2018 and at 31 December 2017 for the comparative period):

ING EXCHANGE RATE	2018	2017	CHANGE 18/17 (*)
Pound sterling	0.8984	0.8889	1.07%
US Dollar	1.1452	1.2022	-4.74%
Canadian Dollar	1.5601	1.50586	3.60%
Australian Dollar	1.6260	1.53885	5.66%
Polish Zloty	4.2888	4.1755	2.71%
Chilean Peso	794.66	739.8	7.42%

(*) A negative change represents a depreciation of the euro against the reference currency and a positive change represents an appreciation.

Line items in the income statement and cash flow statement (cumulative average rates at December 2018 and at December 2017 for the comparative period):

AVERAGE EXCHANGE RATE	2018	2017	CHANGE 18/17 (*)
Pound sterling	0.8858	0.8751	1.23%
US Dollar	1.1782	1.13913	3.43%
Canadian Dollar	1.5312	1.47545	3.78%
Australian Dollar	1.5838	1.48126	6.92%
Polish Zloty	4.2714	4.24552	0.61%
Chilean Peso	758.5925	737.72167	2.83%

(*) A negative change represents a depreciation of the euro against the reference currency and a positive change represents an appreciation.

As detailed in the previous tables, during 2018 all of the currencies depreciated against the euro, except for the US dollar closing exchange rate.

The impact recorded in this regard on shareholders' funds attributable to the parent company is EUR -119 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 the year.

The **net profit** for the year amounted to EUR -448 million compared with the positive impact in previous year (EUR 454 million). This result was affected by the fair value provision recognised in relation to the stake in Amey (fair value) once it was reclassified to discontinued operations (EUR 774 million, see Note 1.1.3), as well as the provision of GBP 208 million (EUR 195 million after tax) due to the onerous contract with Birmingham City Council.

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

Lastly, there is a notable series of non-recurring results related mainly to divestments, derivatives and taxes, as shown in the following breakdown and explained in more detail in the Notes indicated in the table:

	BALANCES AT 31/12/2018		BALANCES AT 31/12/2017	
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)	24	21	25	19
Divestment, deconsolidation and impairment of projects (Note 2.5)	82	72	88	87
Non-recurring impacts, HAH (Note 2.7)	-1	-1	48	48
Other non-recurring tax impacts (Note 2.8)	0	39	0	17
Other non-recurring discontinued operations	0	-756	0	-15
Other impacts	-3	-10	0	2
TOTAL	**102**	**-634**	**161**	**158**

NOTES ON PROFIT/(LOSS) FOR CONTINUING OPERATIONS

2.1. Operating income

The detail of the Group's operating income at 31 December 2018 is as follows:

(Millions of euros)	2018	2017
Revenue	5,737	5,152
Other operating income	2	1
Total operating income	**5,738**	**5,154**

The Group's revenue at 31 December 2018 relating to contracts with customers amounted to EUR 5,534 million (see Note 4.4).

Revenue includes the financial consideration for the services provided by the concession operators that apply the financial asset model, amounting to EUR 108 million in 2018 (2017: EUR 136 million), as described in Note 1.2.3.2.

"Other Operating Income" includes the impact of the grants related to income received in 2018 amounting to EUR 2 million (2017: EUR 1 million).

The detail, by segment, of revenue in 2018 and 2017 is as follows:

	2018			
(Millions of euros)	EXTERNAL REVENUE	INTERSEGMENT REVENUE	TOTAL	CHANGE 18/17
Construction	4,638	554	5,193	12%
Toll roads	470	1	471	2%
Airports	14	0	14	-33%
Other segments	132	144	276	5%
Adjustments	0	-217	-217	-3%
Total	**5,253**	**483**	**5,737**	**11%**

	2017		
(Millions of euros)	EXTERNAL REVENUE	INTERSEGMENT REVENUE	TOTAL
Construction	4,139	489	4,628
Toll road2.4 s	457	4	461
Airports	20	0	21
Other segments	125	137	262
Adjustments	0	-219	-219
Total	**4,741**	**411**	**5,152**

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

(Millions of euros)	2018	2017	CHANGE 18/17
Spain	1,007	966	42
UK	337	372	-35
Australia	271	300	-28
USA	1,684	1,425	260
Canada	63	85	-22
Poland	1,732	1,503	229
Other	641	502	139
Total	**5,737**	**5,152**	**584**

The Ferrovial Group's sales in its six main markets account for 89% 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 period.

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

(Millions of euros)	2018	2017	CHANGE 18/17
Total Materials Used	**985**	**818**	**168**
Subcontracted work	2,361	2,061	300
Leases	298	269	29
Repairs and maintenance	40	40	0
Independent professional services	254	283	-29
Changes in provisions for liabilities (Note 6.3)	-40	-148	108
Other operating expenses	411	400	11
Total Other Operating Expenses	**3,324**	**2,905**	**419**
Total materials used and other operating expenses	**4,309**	**3,723**	**587**

The sum of these headings increased by EUR 586 million, from EUR 3,723 million at 31 December 2017 to EUR 4,309 million at 31 December 2018. This increase was mainly due to the change in provisions during the year as well as services rendered by subcontracting arrangements, and to the cost of leasing machinery and vehicles, primarily in the Construction Division.

The amount related to changes in provisions in the year 2018 corresponds to a net amount of charges and reversals (expense) of -9 million euros and an application (income) of 49 million euros, the latter not having a real impact on the income statement since it implies the recognition of an expense by other nature for the same amount.

The difference between the changes in provisions of this Note (decrease of provisions of EUR -40 million) and the changes reported in Note 6.3 on provisions (EUR 70 million) is explained by movements during the year in provisions of the Services Division, which has been reclassified to discontinued operations at 31 December 2018 (see Note 1.1.3).

2.3 Staff expenses

The detail of staff expenses is as follows:

(Millions of euros)	2018	2017	CHANGE
Wages and salaries	791	763	28
Social security	113	111	2
Pension plan contributions	7	7	0
Share-based payments	12	14	-2
Other welfare charges	22	21	2
Total	**945**	**915**	**30**

The detail of the number of employees at 31 December 2018 compared to 2017, by professional category and gender, is brokendown by continuing and discontinued operations in the following tables:

	31/12/2018			
CONTINUING OPERATIONS CATEGORY	MEN	WOMEN	TOTAL	CHANGE 18/17
Executive Directors	2	0	**2**	0%
Senior Executives	9	2	**11**	0%
Executives	259	28	**287**	1%
University and further education college graduates	5,552	2,241	**7,793**	3%
Administrative personnel	421	467	**888**	-7%
Manual workers and unqualified technicians	8,138	251	**8,389**	-5%
Total	14,381	2,989	**17,370**	-2%

	31/12/2017		
CONTINUING OPERATIONS CATEGORY	MEN	WOMEN	TOTAL
Executive Directors	2	0	**2**
Senior Executives	9	2	**11**
Executives	256	28	**284**
University and further education college graduates	5,448	2,121	**7,569**
Administrative personnel	474	481	**955**
Manual workers and unqualified technicians	8,588	244	**8,832**
Total	14,777	2,876	**17,653**

DISCONTINUED OPERATIONS CATEGORY	31/12/2018 MEN	WOMEN	TOTAL	VAR. 18/17
Executive Directors	0	0	**0**	0%
Senior Executives	1	0	**1**	0%
Executives	186	39	**225**	-8%
University and further education college graduates	4,687	1,607	**6,294**	6%
Administrative personnel	2,851	3,678	**6,529**	-12%
Manual workers and unqualified technicians	42,932	18,762	**61,694**	-5%
Total	50,657	24,086	**74,743**	-5%

DISCONTINUED OPERATIONS CATEGORY	31/12/2017 MEN	WOMEN	TOTAL
Executive Directors	0	0	**0**
Senior Executives	1	0	**1**
Executives	192	52	**244**
University and further education college graduates	4,515	1,430	**5,945**
Administrative personnel	3,299	4,146	**7,445**
Manual workers and unqualified technicians	45,181	19,509	**64,690**
Total	53,188	25,137	**78,325**

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

BUSINESS	31/12/2018 MEN	WOMEN	TOTAL	CHANGE 18/17
Construction	13,912	2,488	**16,400**	-3%
Toll roads	418	211	**629**	0%
Airports	34	21	**55**	45%
Other	289	260	**550**	1%
Total Continuing Operations	14,653	2,980	**17,634**	-3%
Total Discontinued Operations	52,497	24,775	**77,271**	-2%
Total	67,150	27,755	**94,905**	-2%

BUSINESS	31/12/2017 MEN	WOMEN	TOTAL
Construction	14,348	2,605	**16,953**
Toll roads	425	206	**631**
Airports	23	15	**38**
Other	297	257	**554**
Total Continuing Operations	15,093	3,083	**18,176**
Total Discontinued Operations	53,917	25,163	**79,080**
Total	69,010	28,246	**97,256**

2.4. EBITDA and EBIT before impairment and disposals

EBITDA at 31 December 2018 amounted to EUR 484 million (31 December 2017: EUR 516 million), representing a decrease of 6% compared to 31 December 2017. Incorporating the balance relating to discontinued operations, this profit/(loss) would amount to EUR 615 million at 31 December 2018 (31 December 2017: EUR 933 million).

The depreciation and amortisation charge for 2018 is EUR 127 million, compared to EUR 115 million in 2016.

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 2018:

The amounts recognised in respect of impairment and disposals in 2018 came to a total of EUR 82 million and primarily related to the following items:

- Capital gain on the disposal of the Ionian Roads and Central Greece toll roads in Greece, amounting to EUR 84 million (EUR 80 million in Net Profit). This transaction is described in Note 1.1.4, Changes in the scope of consolidation.
- Capital gain on the disposal of the subsidiary of Budimex, Elektromontaz Poznam, amounting to EUR 10 million (EUR 4 million in Net Profit). This transaction is described in Note 1.1.4, Changes in the scope of consolidation.
- Impairment of the goodwill allocated to the Terrassa Manresa toll road (AUTEMA) amounting to EUR -13 million (see Note 3.1.). This amount is taken to net profit in full as it is not tax deductible.

(Millions of euros)	IMPACT ON EARNINGS BEFORE TAX (EBT) 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**

The profit/(loss) corresponding to impairment and disposals in 2017 primarily related to the following:

(Millions of euros)	IMPACT ON EARNINGS BEFORE TAXES (EBT) BEFORE FAIR VALUE ADJUSTMENTS	FAIR VALUE ADJUSTMENTS	TOTAL 2017	IMPACT ON NET PROFIT
Norte Litoral	25	24	48	56
Algarve	21	21	42	42
Other capital gains	1	0	1	0
Income from capital gains and disposals	**47**	**45**	**91**	**98**
Autema	0	-29	-29	-29
Azores	0	25	25	17
Other impairment losses	0	1	1	1
Impairment	**0**	**-4**	**-4**	**-11**
Total impairment and disposals	**47**	**41**	**88**	**87**

2.6 Financial result

The following table gives a detailed, item-by-item breakdown of the changes in financial results in 2018 and 2017. The result 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 result 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 financial result 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)	2018	2017	CHANGE
Financial income from financing	6	2	215%
Financial expenses from financing	-239	-231	-4%
Financial result from the financing of infrastructure projects	**-233**	**-229**	**-2%**
Result from derivatives (*)	1	0	n.a.
Other financial results	2	-4	152%
Other Financial Results from infrastructure projects	**3**	**-4**	**171%**
Total Financial Result from infrastructure projects	**-230**	**-233**	**1%**
Financial income from financing	57	34	69%
Financial expenses from financing	-48	-60	20%
Financial Result from financing ex-infrastructure project companies	**9**	**-26**	**133%**
Result from derivatives (*)	23	25	-9%
Other financial results	7	-10	-167%
Other Financial Results ex-infrastructure project companies	**30**	**15**	**99%**
Total Financial Result ex-infrastructure project companies	**39**	**-11**	**-446%**
Financial result	**-192**	**-244**	**21%**

(*) Included in the fair value column in relation to the financial result in the consolidated income statement for a total amount of EUR 24 million in 2018 and EUR 25 million in 2017.

- **The financial result on the financing of the infrastructure project companies:** amounted to EUR -233 million in 2018 (31 December 2017: EUR -229 million). Of this result, EUR -239 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)	2018	2017
Accrued financing expenses	-271	-273
Expenses capitalised during the construction period	32	42
Financial expenses in P&L	**-239**	**-231**

The change in financial results is explained mainly by the reduction in the amount capitalised with respect to 2017 (EUR -10 million) in respect of toll roads under construction, due mainly to the opening of sections of the NTE Segment 3, as well as the scope of consolidation changes in the previous year, as a result of the partial divestment in 2017 and the consequent loss of control of the Portuguese toll roads Norte Litoral (April) and Algarve (September), so no financial expense has accrued this year as compared with EUR -12 million in 2017.

- **Remaining financial result from Infrastructure projects:** this basically refers to all other financial results, which include exchange rate differences and other items that are classified as financial results but are not directly linked to financing. Particularly worthy of note this year is the impact of the expected loss provision under IFRS 9 in the amount of EUR 7 million (reversion), relating primarily to the improvement in the rates applied to the account receivable from the Terrasa Manresa toll road. The change in the line time versus 2017 (EUR 6 million), was primarily due to the aforementioned impact of the transition to IFRS 9.

- **The financial result from ex-infrastructure projects** in 2018 amounted to EUR 9 million (31 December 2017: EUR -26 million), corresponding to external borrowing costs (EUR -48 million) and financial income primarily obtained from financial investments (EUR 57 million). The improvement on 2017 is explained essentially by the decrease in interest accrued on debt due to the redemption at the start of 2018 of a corporate bond of EUR 500 million, which was replaced by a European Commercial Paper programme at a much more favourable interest rate (see Note 5.2.2 a.1.1), as well as the higher yield obtained on cash resources compared with the previous year (improved position in Canadian dollars earning better rates than the eurozone).

- **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 financial options (EUR 22 million), and the equity swaps arranged by the Group to hedge the impact on equity of share-based variable remuneration schemes (see Note 6.7) with a negative impact in

2018 of EUR -3 million due to the negative performance of the share price in 2018.

Excluding the effects caused by derivatives, the remaining financial results from ex-infrastructure project companies are shown below:

OTHER FINANCIAL RESULTS FROM EX-INFRASTRUCTURE PROJECT COMPANIES (Millions of euros)	2018	2017	CHANGE 18/17
Cost of guarantees	-29	-23	-6
Provision from expected IFRS 9 losses	-1	0	-1
Late-payment interest	11	5	6
Foreign exchange differences	-3	-6	4
Interest on loans to equity-accounted companies	11	14	-4
Interest on tax proceedings	-6	-6	1
Others	23	6	17
Total	**7**	**-10**	**17**

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. For 2018 we would highlight the impact of the provision for the expected IFRS 9 loss, amounting to EUR -1 million. In 2018, the line "Other" reflects the billing of security deposits to projects that are equity-accounted (EUR 18 million). The difference on the previous year being due basically to the increase in security deposits billed to associates (EUR 18 million as compared to EUR 4 million in 2017), in particular toll road I-66.

Impact on cash flows: As can be observed in the following table, the difference between the financial result on financing and the interest cash flows reported in the cash flow statement is EUR -54 million.

(Millions of euros)	FINANCIAL RESULT ON UNCAPITALISED FINANCING	INTEREST CASH FLOW	DIFFERENCE
Infrastructure Projects	-265	-191	-74
Ex-Infrastructure Projects	9	-11	20
Total	**-256**	**-202**	**-54**

This difference at project level primarily comes from the American 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 -90 million), as well as the impact of the reclassification of the Services Division as a discontinued operation (EUR 21 million), given that it is not reflected in the financial result of the division in the line item "Financial Result on Financing" in the income statement, but the interest cash flow is in the Cash Flow Statement.

In the case of ex-infrastructure projects, the difference was mainly due to the payment of the annual coupon for the first Corporate bond, which did not accrue any interest during 2018 as it was set to mature in January 2019, as well as the above-mentioned reclassification of the Services Division to discontinued operations.

2.7 Share of profits of equity-accounted companies

The share of the net profit of equity-accounted companies in 2018 amounted to EUR 239 million (2017: EUR 225 million). The detail of the most significant companies is as follows:

PROFIT/(LOSS) OF EQUITY-ACCOUNTED COMPANIES (Millions of euros)	2018	2017
HAH	70	87
407 ETR	136	125
Other	33	13
Total	**239**	**225**

In 2018 HAH's profit/(loss) include most notably non-recurring impacts due to the impact of the fair value adjustments, relating mainly to the measurement of derivatives (EUR 3 million) and asset impairments in the amount of EUR -4 million. The HAH figure for 2017 included non-recurring gains of EUR 48 million primarily relating to derivatives; excluding these non-recurring impacts, the HAH profit improved by EUR 32 million.

Regarding 407 ETR, the positive evolution compared to December 2017 (EUR 11 million) is a consequence, mainly, of the increase in rates and the improvement in traffic

Other include most notably the Portuguese toll roads Norte Litoral (EUR 8 million) and Algarve (EUR 6 million), which were consolidated using the equity method in April and September respectively, as well as AGS Airports (EUR 4 million) and other Toll Roads (EUR 16 million).

Note 3.5 provides greater detail on the results of these companies.

2.8 Costs relating to 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 2018 amounted to EUR -25 million (2017: EUR -46 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, their profit/(loss) is already presented net of the related tax effect.
- Includes a corporate income tax rebate corresponding to prior financial years in the amount of EUR 39 million (2017: EUR 17 million), primarily due to the regularisation of assets and liabilities for deferred taxes from prior years.

Excluding the pre-tax profit/(loss) (EUR 486 million), the result from these equity-accounted companies (pre-tax profit of EUR 239 million), permanent differences (EUR 44 million) and consolidated results without tax effects (EUR -10 million), and considering the expense due to adjusted corporate income from previous years (EUR 65 million), the resulting effective corporate income tax rate is 23%, 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.

2018 (Millions of euros)	SPAIN	UK	AUSTRALIA	US	POLAND	CANADA	OTHER COUNTRIES	TOTAL
Profit before tax	**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
Tax result	**131**	**-49**	**-43**	**-32**	**131**	**22**	**121**	**281**
Income tax expense for the year	**-91**	**10**	**16**	**101**	**-25**	**-7**	**-29**	**-25**
Change in prior years' 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 tax result	25%	19%	30%	20%	20%	26%	24%	23%
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 connection is an expense of EUR 44 million. The most significant of these adjustments are broken down below:
  - Capital gains generated by the sale of assets in the Toll Roads and Construction Divisions (EUR -40 million), which are not taxable.
  - Losses that are generated in specific construction contracts performed outside Spain and do not generate a tax credit (EUR 41 million).
  - Impairment of the goodwill in the Autema toll road, without any tax impact (Note 2.5), in the amount of EUR 13 million.
  - Limited deductability of financial expenses for corporate income tax equating to an impact of EUR 8 million in the Toll Roads Division.
  - Various different types of non-deductible expenses, primarily related to Budimex for EUR 10 million.

Profit/(loss) from 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 income of EUR 10 million that relates to profit/(loss) in concession project companies in the US and Canada, in which other companies have ownership interests and which are fully consolidated. The tax credit is recognised solely for Ferrovial's percentage of ownership as these companies are taxed under the 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 2017.

2017 (Millions of euros)	SPAIN	UK	AUSTRALIA	US	POLAND	CANADA	OTHER COUNTRIES	TOTAL
Profit before tax	**98**	**9**	**-45**	**11**	**136**	**126**	**134**	**469**
Profit/(loss) from equity-accounted companies	-8	-90	-1	12	0	-129	-8	-225
Permanent differences	12	6	0	-1	0	15	-18	14
Profit/(loss) from consolidation with no tax impact	34	3	0	15	0	4	-59	-4
Tax result	**136**	**-72**	**-46**	**37**	**136**	**16**	**49**	**255**
Income tax expense for the year	**-39**	**13**	**14**	**15**	**-27**	**-9**	**-12**	**-46**
Change in prior years' tax estimates	5	1	0	-29	0	5	1	-17
Adjusted tax expense/benefit	**-34**	**14**	**14**	**-14**	**-27**	**-4**	**-11**	**-62**
Effective rate applicable to tax result	25%	19%	29%	37%	20%	27%	22%	24%
Effective national tax rate	25%	19%	30%	35%	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 2018 and 2017, differentiating between current tax, deferred tax and changes in prior years' tax estimates, is as follows:

(Millions of euros)	2018	2017
Income tax expense for the year	**-25**	**-46**
Current tax expense	-42	-30
Deferred tax expense	-7	-61
Tax effect of adjustments from consolidation to equity	-16	29
Change in tax estimates from prior years and other regularisations	39	17

The corporate income tax paid related to continuing and discontinued operations in the year amounted to EUR 25 million, as shown in the note on cash flows (see Note 5.3).

2.8.3 Changes in deferred tax assets and liabilities

The detail of the changes 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 P&L (*)	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' TAX ESTIMATES (*)	CHARGE/CREDIT TO P&L (*)	CHARGE/CREDIT TO EQUITY	EXCHANGE 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**

(*) Includes the impact on Services included in the line Profit/(loss) from discontinued operations for 2018. These impacts correspond to EUR -15 million and EUR -41 million in changes in estimates and charge/credit to profit/(loss), respectively.

The changes in deferred tax assets and liabilities most notably include the impact for discontinued operations, which entails the reclassification of Services to assets held for sale, and which has lead to a decrease in deferred assets and liabilities of EUR 393 million and EUR 300 million respectively.

Another noteworthy entry is the impact recognised as a result of the application of IFRS 9 Financial instruments (Note 1.2.1.a)), which resulted in an increase in the line item of EUR 12 million in deferred asset taxes).

The deferred tax assets and liabilities entered at 31 December 2018 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 214 million, of which EUR 177 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 2018, amounting to a total of EUR 61 million (2017: EUR 228 million), of which EUR 37 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:

CONTINUED OPERATIONS COUNTRY	TAX LOSSES	EXPIRY DATE	MAXIMUM TAX CREDIT	TAX CREDIT CARRIED FORWARD
Spanish Consolidated Tax Group	517	No expiry date	129	129
US Consolidated Tax Group	156	No expiry date	33	0
Australia	69	No expiry date	21	21
UK	34	No expiry date	6	6
Other	274	2019-No expiry date	68	21
Total	**1,050**		**256**	**177**

DISCONTINUED OPERATIONS COUNTRY	TAX LOSSES	EXPIRY DATE	MAXIMUM TAX CREDIT	TAX CREDIT CARRIED FORWARD
Spanish Consolidated Tax Group	8	No expiry date	2	2
US Consolidated Tax Group	0	No expiry date	0	0
Australia	240	No expiry date	72	72
UK	503	No expiry date	85	81
Other	149	2019-No expiry date	38	11
Total	**900**		**197**	**166**

Spanish consolidated tax group:

The tax loss carryforwards of these companies at 2018 year-end for the Consolidated Group in Spain totalled EUR 129 million. For the purpose of ascertaining the recoverability of these assets, a model was designed that takes into account the changes introduced by Royal Decree 3/2016 and uses the Group companies' latest available earnings projections. Based on this model, the Group will recover all the tax credits generated by tax loss carryforwards, since profits will be generated on a recurring basis in the projected period, as well as the tax credits already carried forward for deductions (EUR 21 million), and they have therefore been retained in the consolidated statement of financial position.

US consolidated tax group:

At 31 December 2018, the balance of tax loss carryforwards of the Consolidated Group in the US totalled EUR 33 million. In line with the approach adopted in prior years, the Group has decided not to enter all of its tax credits, since it does not expect to recover them in the short-term, and this 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. The losses recognised relate mainly to historical losses incurred by the Construction and Toll Roads Divisions (EUR 21 million) in continuing operations and the Services Division (EUR 72 million) in discontinued operations. As in the foregoing cases, a projections model was prepared in which it is concluded that the Group will generate taxable profits on a systematic basis in the coming years. On the basis of this conclusion, a decision was made to continue to recognise the tax losses.

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 changes consist of a restriction on the use of tax losses; possible offset of 100% of the tax base up to GBP 5 million and 50% of the remaining tax base for an unlimited time, whether the credit was generated before or after the date on which the reform came into effect. In addition, tax loss carryforwards may be used by any company in the consolidated Group. Based on this new rule, tax loss carryforwards were recognised in the United Kingdom in the amount of EUR 81 million and EUR 6 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 140 million).
- Deferred tax assets of EUR 98 million arising as a result of differences between the tax and accounting methods used to recognise income, mainly in the Construction Division.
- Differences relating to borrowing costs at concession companies in Spain, which for tax purposes are recognised as an asset and subsequently amortised whereas for accounting purposes they are expensed currently (EUR 79 million).
- Accelerated depreciation and amortisation for accounting purposes (EUR 13 million).

The balance of the liabilities relates mainly to:

- Differences between tax and accounting criteria in relation to the recognition of provisions (EUR 252 million).
- Deferred tax liabilities for differences between tax and accounting amortisaton (EUR 68 million).
- Deferred tax liabilities of EUR 43 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 or loss.

The asset balance relates to accumulated losses in reserves that will have a tax impact when they are recognised in profit or 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 87 million and EUR 90 million, respectively.

d) Deferred taxes relating to goodwill

These correspond to deferred tax liabilities relating to the tax credit for goodwill amounting to EUR 32 million, which mainly include those related to the amortisation of Webber, LLC goodwill.

The detail of the changes in the deferred tax assets and deferred tax liabilities in 2017 is as follows:

ASSET (Millions of euros)	BALANCE AT 01/01/17	TRANSFERS AND OTHER	CHANGE IN PRIOR YEARS' TAX ESTIMATES	CHARGE/CREDIT TO INCOME STATEMENT	CHARGE/CREDIT TO EQUITY	EXCHANGE RATE EFFECT	IFRS 15	BALANCE AT 31/12/17
Tax credits	311	15	17	17	0	-6	0	353
Differences between tax and accounting criteria	557	-17	-18	-67	3	2	3	462
Deferred equity measurements	144	-2	0	0	-29	-1	0	112
Other items	45	16	-3	1	0	-5	55	107
Total	**1,056**	**11**	**-4**	**-50**	**-26**	**-11**	**58**	**1,035**

LIABILITY (Millions of euros)	BALANCE AT 01/01/17	TRANSFERS AND OTHER	CHANGE IN PRIOR YEARS' TAX ESTIMATES	CHARGE/CREDIT TO INCOME STATEMENT	CHARGE/CREDIT TO EQUITY	EXCHANGE RATE EFFECT	IFRS 15	BALANCE AT 31/12/17
Deferred liabilities relating to goodwill	270	-53	-8	13	0	1	0	223
Differences between tax and accounting criteria	243	44	-1	-8	1	-2	0	278
Deferred equity measurements	416	-1	-25	-9	4	-38	-2	344
Other items	51	12	2	-4	0	-6	0	55
Total	**979**	**2**	**-32**	**-7**	**5**	**-45**	**-2**	**900**

2.8.4 Years open to tax audit

With respect to Ferrovial S.A. and its consolidated tax Group, on 19 July 2017 the Large Taxpayers Central Office of the State Tax Agency announced the commencement of a tax audit of Ferrovial S.A., Ferrovial Agroman S.A., Ferrovial Servicios S.A. and Ferrovial Internacional S.L.U. in relation to the following taxes:

- Corporate income tax for 2012 to 2014.
- VAT for tax periods from June 2013 to December 2015.
- Tax withholdings and pre-payments relating to salary income for tax periods from June 2013 to December 2015.
- Non-Resident income withholding tax, for the periods June 2013 to December 2015.

The tax audit is currently at the documentation submission stage and formalisation of the tax assessments is expected during 2019. 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 2018 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) FOR DISCONTINUED OPERATIONS

2.9 Profit/(loss) from discontinued operations

As discussed in Note 1.1.3, given that the Services business has been 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", and the 2017 figures have been represented adopting the same approach. This line also includes an impairment loss equal to the difference between the estimated fair value of the assets and their carrying amount.

As regards profit/(loss) for the year from discontinued operations, IFRS 5.33-35 states that this will include the contribution made by the discontinued operation to the consolidated Group's figures, i.e. therefore excluding results recognised in the discontinued operation that originate in transactions between Group companies that are eliminated. Impacts not applied following IFRS 5.33-35 are:

- In 2018 EBITDA amounts to EUR 5 million (2017: EUR 7 million) relating to services provided to other Group Divisions.
- Within the 2018 financial result, EUR -34 million (2017: EUR -34 million) to the financial cost generated by internal financing operations.
- Tax effect on the above-mentioned amounts of EUR 5 million in 2018 (2017: EUR 5 million).

This does not match the company's approach to segment reporting to the market, which does not exclude internal transactions between business divisions or between the Group's parent and its business divisions.

For a better understanding of the profit generated by the Services division and how it has been integrated into the consolidated profit of the Group, the following table shows a breakdown by items of the Services division, including eliminated profits and profit from discontinued operations detailed by lines.

INCOME STATEMENT (Millions of euros) 2018	SERVICES P&L	ADJUSTMENTS	DISC. OPERATIONS P&L
Total operating income	6,791	-9	6,782
Total operating expenses	-6,655	4	-6,652
EBITDA	**136**	**-5**	**131**
Fixed asset depreciation	-222	0	-222
Operating income before impairment losses and fixed asset disposals	**-87**	**-5**	**-92**
Impairment and fixed asset disposals	2	0	2
Operating profit/(loss)	**-85**	**-5**	**-90**
Financial result	**-78**	**34**	**-44**
Share of profits of equity-accounted companies	15	0	15
Consolidated profit/(loss) before tax	**-148**	**29**	**-119**
Tax on profits	47	-5	42
Profit/(loss) from continuing operations	**-101**	**23**	**0**
Profit/(loss) from discontinued operations	0	0	-77
Fair value provision	0	-774	-774
Profit/(loss) from discontinued operations	**0**	**-774**	**-851**
Consolidated profit/(loss), Services Division	**-101**	**-750**	**-851**

INCOME STATEMENT (Millions of euros) 2017	SERVICES P&L	ADJUSTMENTS	DISC. OPERATIONS P&L
Total operating income	7,077	-13	7,064
Total operating expenses	-6,653	6	-6,647
EBITDA	**423**	**-7**	**417**
Fixed asset depreciation	-260	0	-260
Operating income before impairment losses and fixed asset disposals	**163**	**-7**	**156**
Impairment and fixed asset disposals	-7	0	-7
Operating profit/(loss)	**156**	**-7**	**149**
Financial result	**-101**	**34**	**-67**
Share of profits of equity-accounted companies	26	0	26
Consolidated profit/(loss) before tax	**80**	**28**	**108**
Tax on profits	-20	-5	-25
Profit/(loss) from continuing operations	**60**	**23**	**0**
Profit/(loss) from discontinued operations	0	0	83
Fair value provision	0	0	0
Profit/(loss) from discontinued operations	**0**	**0**	**83**
Consolidated profit/(loss), Services Division	**60**	**23**	**83**

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

2.10 Profit/(loss) from non-controlling interests

In 2018 the profit/(loss) from non-controlling interests amounted to EUR -57 million (December 2017: loss of EUR -53 million).

This figure corresponds to the profits obtained by Group companies that may be allocated to the 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)	2018	2017	CHANGE 18/17	NON-GROUP %
Budimex Group	-24	-42	18	44.9%
Autopista del Sol	-2	-1	-1	20.0%
Autop. Terrasa Manresa, S.A.	-17	-15	-2	23.7%
LBJ Infraestructure Group	4	12	-8	45.4%
NTE Mobility Partners	-4	2	-7	37.1%
Other companies	-10	-8	-2	
Total Continuing Operations	**-53**	**-51**	**-3**	
Total Discontinued Operations	**-4**	**-2**	**-2**	
TOTAL	**-57**	**-53**	**-4**	

The main change was due to the worsening of the Budimex result, which was offset by improved results at the North Tarrant Express and LBJ toll roads.

2.11 Net profit/(loss) and earnings per share

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

(Millions of euros)	2018	2017
Net profit/(loss) attributable to the parent company (millions of euros)	-448	454
Weighted average number of shares outstanding (thousands of shares)	738,479	738,216
Less average number of treasury shares (thousands of shares)	-8,259	-7,324
Average number of shares to calculate basic earnings per share	730,220	730,892
Basic/diluted earnings per share (euros)	**-0.61**	**0.62**
Net profit/(loss discontinued operations (millions of euros)	**-851**	**83**
Basic/diluted earnings per share discontinued operations (euros)	**-1.17**	**0.62**

Diluted earnings per share. At 31 December 2018 and 31 December 2017, 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, as explained in that Note. Consequently, no dilutive impact is envisaged when employee rights under the plans are exercised.

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

(Millions of euros)	2018	2017	CHANGE 18/17
Spain	38	67	-29
UK	-877	76	-953
USA	75	36	39
Australia	-17	-24	8
Canada	147	105	41
Poland	46	60	-14
Other	140	133	6
Total	**-448**	**454**	**-902**

The decline compared to last year was largely due to results in the UK, which were negatively impacted in 2018 by the Amey fair value provision (-EUR 774 million), as well as that related to the Birmingham contract for EUR 195 million in the net profit/(loss), both of which are registered in the net profit/(loss) relating to discontinued operations (see Note 2.9)

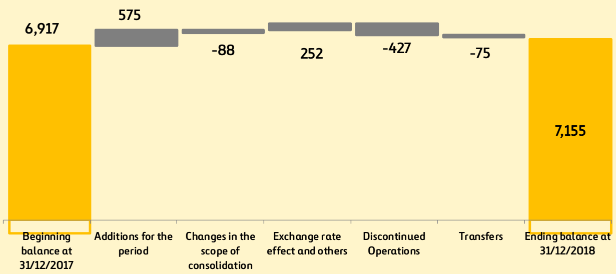
The earnings by business segment are shown in Appendix III.

SECTION 3: NON-CURRENT ASSETS

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

The main components of the non-current assets at December 2018 at Ferrovial are "Investments in Infrastructure Projects" amounting to EUR 7,155 million, accounting for 59% of total non-current assets (see Note 3.3) and "Investments in Associates" amounting to EUR 2,455 million (relating mainly to the investments in HAH and 407 ETR), accounting for 20% of total non-current assets (see Note 3.5). Following the reclassification of the Services Division to discontinued operations "Goodwill Arising on Consolidation" (EUR 372 million) represents 3% of total non-current assets compared with 14% in 2017.

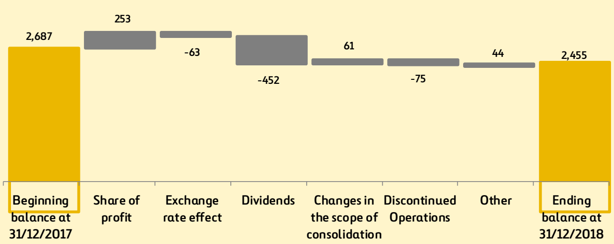
Investments in infrastructure projects



As regards the performance of fixed assets in infrastructure projects, the increase in this figure as compared with the previous financial year is primarily due to fixed asset additions in the amount of EUR 575 million, primarily in projects in the USA, as well as the exchange rate effect (appreciation of the US dollar), which has caused an impact of EUR 252 million.

Investments in associates fell by EUR 232 million, due principally to the distribution of dividends paid out in the amount of EUR 452 million, mainly by HAH and ETR 407, and to exchange rate effects, primarily as a result of the fall in the value of the pound sterling and the Canadian dollar (EUR -63 million). This was partly offset by the share of the profits from those companies (EUR 253 million, of which EUR 14 million related to Services discontinued operation, reclassified at the end of the year).

Investments in associates



As regards changes in goodwill, there was a fall of EUR -1,690 million, caused mainly by the reclassification of the Services Division to discontinued operations (EUR -1,659 milli

3.1 Goodwill and acquisitions

The table below details the changes in Goodwill in 2018:

(Millions of euros)	2017	OTHER	IMPAIRMENTS	EXCHANGE RATE	TOTAL DISCONTINUED OPERATIONS	2018
Services	**1,684**	**0**	**0**	**-26**	**-1,659**	**0**
Services Spain	443	0	0	0	-443	0
Amey	843	0	0	-9	-834	0
Broadspectrum	358	0	0	-15	-344	0
Steel	28	0	0	-2	-26	0
Other Services	13	1	0	0	-13	0
Construction	**198**	**0**	**0**	**4**	**0**	**202**
Budimex	70	0	0	-2	0	68
Webber	127	0	0	6	0	134
Toll Roads	**140**	**0**	**-13**	**0**	**0**	**128**
Ausol	70	0	0	0	0	70
Autema	71	0	-13	0	0	58
Airports	**40**	**0**	**0**	**2**	**0**	**42**
Transchile	40	0	0	2	0	42
TOTAL	**2,062**	**0**	**-13**	**-19**	**-1,659**	**372**

3.1.1 Acquisitions over the year

The Group acquired an additional stake in Carillion Amey Ltd. (67%) and Carillion Amey (Housing Prime) Ltd. (50%), in which it already had a previous investment, for a total amount of GBP 18 million (EUR 20 million), after which it obtained 100% of the shares of both companies. As a result, the acquired companies have been accounted for by the equity method until August 2018, the date on which the control was obtained and, subsequently, by full consolidation (see Note 1.1.4).

As it can be seen in the table below, the difference between the book value of the company and the acquisition price has been assigned as the greater value of an intangible asset relative to the contracts that the company owns, without any goodwill recognition.

In accordance with IFRS 3.42, the Group has measured the previously held interest in the equity of the acquiree at fair value at the acquisition date and has recognised a EUR 9 million profit (included in the net profit/loss form discontinued operations).

(Millions of euros)	2018
Acquisition-date shareholders' funds	6
Fair value adjustments	-9
Allocation of intangible asset (Note 3.2)	47
Tax impact of PPA	-7
Shareholders' funds following adjustments	36
Ferrovial investment, shares purchased	20
Fair value of previously held interest	15
Goodwill	0

3.1.2 Changes over the year

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

Total discontinued operations

The classification of Services to discontinued operations led to a decrease of EUR 1,659 million in this line item in 2018.

Exchange rate

As regards the changes caused by the exchange rate effect, the appreciation of the euro against most of the currencies in which the Group companies operate had a negative impact of EUR -19 million on goodwill, including most notably the change in this item in the Services Division, where the goodwill decreased by EUR -26 million, primarily due to Amey (EUR -15 million) and Broadspectrum (EUR - 9 million). This impact was partially offset by the appreciation on the US Dollar, which increased the value of the goodwill allocated to Webber by EUR 6 million.

Impairments

The only impairment entered during the financial year corresponds to the goodwill on consolidation allocated to Autema in the amount of EUR 13 million (see Note 3.1.3).

3.1.3 Goodwill impairment tests

A. Services Goodwill:

Following the reclassification of the Services Division to discontinued operations, the impairment analysis of the goodwill associated with the division is no longer applied, as it is measured at the lower of its carrying amount and fair value (estimated sale price) less costs to sell (see Note 1.1.3).

B. Construction Division goodwill (Webber and Budimex):

Methodology and discount rate

The goodwill of Webber (US) and Budimex (Poland) amounted to EUR 134 million and EUR 68 million, respectively, at 31 December 2018 (31 December 2017: EUR 127 million and EUR 70 million, respectively).

The impairment test methodology used for Webber was similar to that described above for the services companies and included an discount rate after tax (WACC) of 8.5% (compared to 8.9% in 2017) and a perpetuity growth rate of 2.25% (2017: 2.0%). The risk-free interest rate used to calculate the WACC is 3.2%, 48 basis points above the ten-year US bond rate at 31 December 2018.

In 2018, the approximate discount rate (WACC) before tax amounted to 10.0% (compared with 10.6% in 2017).

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 2018 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 measurement 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, similar to those described in the preceding section on Services (the existing order book, winning new contracts, estimated future margins and the perpetuity growth rate). It should be noted that the projected 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 2.25%, 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 75% higher than its carrying amount (compared to 59% in 2017).

The residual value of Webber represents 68% of the total value after the specific forecast period.

The quoted market price of the Budimex share at 31 December 2018 was 278% higher than its carrying amount (compared to 491% in 2017).

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 growth into perpetuity rate of 1% and a reduction in the operating profit margin of 50 basis points. The value disclosed in this scenario presents a buffer of 73% 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 296 basis points, thereby leaving the assumption of perpetuity growth ("g") at 1%.

Lastly, it should be stated that in a scenario maintaining the margins but assuming a zero-perpetuity growth rate (compared to 2.25%), there would be no impairment.

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

C. Toll Roads goodwill:

Methodology and discount rate

The goodwill of the Toll Road business at 31 December 2018 amounted to EUR 128 million (31 December 2017: EUR 140 million). This goodwill originated from the merger operation completed in 2009 between Ferrovial, S.A. and Cintra, S.A. and it corresponds to the acquisition of the percentage stake owned by Cintra's minority stakeholders. Allocation of the goodwill generated by the difference between the price of acquiring the said interest and its carrying amount was made by calculating the difference between the fair value of the main interests held in the concession holder companies at that time by Cintra, S.A. and the carrying amount of those interests, adjusted in accordance with the percentage acquired.

The recoverable amount of the toll roads was calculated as the higher of fair value less estimated costs to sell or value in use. The recoverable amount of concession operators with an independent financial structure and limited duration was calculated by discounting the cash flows to be received by shareholders until the end of the concession term. The Group considers that value in use must be obtained using models that cover the entire concession term, as the assets are in different phases of investment and growth and there is sufficient visibility to use a specific economic and financial plan for each phase during the concession term. Therefore, no residual value is considered to exist in these valuations. The projections were updated based on the historical evolution and specific features of each asset, using long-term modelling tools to estimate traffic, extraordinary maintenance, etc.

In order to calculate the discount rates shown in the following table, the Cost of Own Resources (or Equity Cost) was calculated in accordance with the CAPM model. To calculate the discount rates, a normalised risk-free rate usually referenced to a 30-year bond, taking into account the location of each concession operator, a beta coefficient reflecting the company's leverage and risk, and a market premium of 6.0% (same as in 2016) are used. The table below shows the discount rate after tax used for each asset in 2018 and 2017:

DISCOUNT RATE (COST OF EQUITY OR KE)	2018	2017
Autema	9.0%	8.9%
Ausol	8.5%	9.7%

The approximate discount rates (WACC) before tax in 2018 were 12.5% at Autema (2017: 12.3%) and 10.7% at Ausol (2017: 12.0%).

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

The main factor affecting cash flow projections of the toll roads are the revenue projections, which differ depending on whether the operator bears the demand risk (in which case the intangible asset model is used) or whether the grantor bears the demand risk and makes payments for capacity availability (in which case the financial asset model is used).

Intangible assets depend on traffic volumes and toll prices, the latter being generally updated on the basis of inflation. Of the two toll roads with goodwill, the intangible asset model is applied at Ausol, while the financial asset model is used at Autema, since the demand risk is assumed by the Catalonia Autonomous Community Government.

Traffic projections are prepared using long-term modelling tools that use data from public (or external) sources to estimate traffic in the corridor (which depends mainly on the growth in the population and car ownership) and the level of toll road capture.

Valuation projections and models begin with the budget for the following year approved by management. Any variances in traffic volumes in the year under way are taken into consideration when the initial budget and the long-term projections are reviewed. In 2018 Ausol's revenue grew by 8.5% compared with 2017 and 2.2% compared with the Budget.

In the case of Autema, which is classified as a financial asset, the uncertainties relate to counterparty credit risk and possible penalties arising from the service.

Impairment test results:

In the case of Ausol, the valuation presents a buffer of 414% over carrying amount (compared with 334% in 2017).

In 2018 Autema recognised impairment of goodwill amounting to EUR 13 million. The economic and financial model used in order to test impairment is based on the Economic and Financial Plan for the concession approved by the Catalan Government in Decree 137 dated 18 May 1999. The Group considers that the two Decrees of the Generalitat 161/2015 and 337/2016 that modify the regime established by decree 137/1999 will never produce effects because they are null and void, so the concession regime must be applied under the originally planned Decree 137/1999.

However, the Company is assuming that there will be certain delays in receiving cash flows until the aforementioned date of resolving the lawsuit. This model assumes a delay in receiving cash flows from the Generalitat until the lawsuit is resolved, which is the main reason behind the impairment of the previously mentioned goodwill, and why there is no impairment recognised in receivables.

Sensitivity analysis:

In the case of Ausol, a more pessimistic scenario was built, taking into consideration a revenue 20% below budget. The value disclosed in this scenario evidences a buffer of 318% over the carrying amount.

3.2 Intangible assets

At year-end 2018, the balance of intangible assets other than infrastructure projects amounted to EUR 32 million (2017: EUR 431 million). The changes in "Intangible Assets" in the consolidated statement of financial position were as follows:

CHANGES IN 2018 (Millions of euros)	RIGHTS ON CONCESSIONS	IT APPLICATIONS	CONTRACTS WITH CUSTOMERS AND COMMERCIAL RELATIONS	TOTAL
Investment:				
Balance at 31.12.2017	**37**	**201**	**458**	**696**
Items added	36	19	4	59
Items removed	0	-4	-77	-81
Transfers and other	0	12	23	35
Changes in the scope of consolidation	0	11	47	58
Exchange rate effect	0	-11	-11	-23
Asset impairments	0	-5	0	-5
Reclassification to Discontinued Operations	-66	-191	-422	-679
Balance at 31.12.2018	**7**	**31**	**22**	**60**
Accumulated Amortisation:				
Balance at 31.12.2017	**-15**	**-73**	**-176**	**-265**
Items added	-4	-34	-52	-90
Items removed	0	2	77	79
Transfers and other	0	0	-27	-28
Changes in the scope of consolidation	0	1	1	1
Exchange rate effect	0	4	4	8
Reclassification to Discontinued Operations	16	75	175	266
Balance at 31.12.2018	**-3**	**-25**	**2**	**-28**
Net Carrying Amount at 31.12.2018	**4**	**6**	**24**	**32**

Generally speaking, the main change in the line item "Intangible Assets" was due to the reclassification of the Services Division to discontinued operations, as set out in Note 1.1.3, amounting to a net carrying amount of EUR 413 million. Also noteworthy are:

- "Rights on Concessions" includes the rights to operate the tenders that are not classified as projects (see definition in Note 1.1.2), amounting to EUR 4 million (31 December 2017: EUR 22 million). The main variance in the financial year was due to the recognition of an intangible asset at the Milton Keynes waste treatment plant in the UK, due to the company being required to treat a certain volume of the Council's waste free of charge.

- "IT Applications" has a net value of EUR 6 million (31 December 2017: EUR 128 million). During the financial year, there was a EUR -5 million impairment in Group software, related to certain plants in the UK.

- As regards "contracts with customers and commercial relations", this also includes the net value of the commercial order book, customer databases and other intangible assets with a net value of EUR 24 million (31 December 2017: EUR 282 million). The changes in the scope of consolidation occurred as a result of the acquisition of specific Carillion projects, as discussed in Note 1.1.4 "Changes in the scope of consolidation". This acquisition had an impact of EUR 47 million due to an increase in the value of contracts with customers and commercial relations (see Note 3.1.1).

- During the financial year, fully depreciated assets have been written down in a total value of EUR -77 million, primarily associated with the contracts in Australia.

The cash flow impact (Note 5.3) of the additions to intangible assets amounted to EUR -8 million, an amount lower than the additions recognised in the consolidated statement of financial position, primarily due to investments made in computer software, which have not been paid up in full and the recognition of the aforementioned intangible asset (rights on concessions) at Milton Keynes, with no balancing entry in cash.

3.3 Investments in infrastructure projects

3.3.1 Intangible asset model

(Millions of euros)	BALANCE AT 01/01/2018	TOTAL ADDITIONS	TOTAL DISPOSALS	EXCHANGE RATE EFFECT	RECLASSIFICATION TO DISCONTINUED OPERATIONS	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
Impairment losses	0					0
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 amortisation and provision	**-598**	**-96**	**0**	**-6**	**274**	**-425**
Total net investment	*5,883*	*398*	*2*	*249*	*-252*	*6,280*

The most significant changes in 2018 were as follows:

- Exchange rate fluctuations resulted in an increase of EUR 249 million (2017: EUR -650 million) in the balance of these assets, the full amount of which was attributable to the change in the euro/US dollar exchange rate at the US toll roads (see Note 1.3).

- The assets relating to the US toll roads increased by EUR 484 million. Of these, the most significant involve the North Tarrant Express Extension for EUR 214 million (2017: EUR 262 million), and EUR 266 million at the I-77 Mobility Partners LLC (2017: EUR 165 million). The total investment in these toll roads includes a balance at 31 December 2018 of EUR 503 million (2017: EUR 1,129 million) relating to property, plant and equipment in the course of construction associated with the I-77 Mobility Partners LLC toll roads (see Note 5.3).

- Also, “Investment in Other Infrastructure Projects” includes concession arrangements awarded to the Services Division that are classified as intangible assets under IFRIC 12, primarily those relating to Autovía de Aragón Sociedad Concesionaria, S.A., with a net investment of EUR 104 million (2017: EUR 115 million) and various integral waste treatment plants located in Spain, mainly in Barcelona, Toledo and Murcia (Ecoparc de Can Mata, S.L.U., Gestión Medioambiental de Toledo, S.A. and Servicios Urbanos de Murcia, S.A.) among others, for a net amount of EUR 148 million (2017: EUR 159 million). These balances are reclassified under the line item "Discontinued Operations" (see Note 1.1.3).

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 2018 are detailed in Note 2.6.

The changes to these assets in 2017 were as follows:

(Millions of euros)	BALANCE AT 01/01/2017	TOTAL ADDITIONS	TOTAL DISPOSALS	CHANGES IN THE SCOPE OF CONSOLIDATION AND TRANSFERS	EXCHANGE RATE EFFECT	BALANCES AT 31/12/2017
Spanish Toll Roads	793	5	0	-64	0	734
US toll roads	5,025	477	0	0	-659	4,842
Other Toll Roads	384	0	0	0	0	384
Investment in Toll Roads	**6,201**	**483**	**0**	**-64**	**-659**	**5,960**
Accumulated amortisation	-300	-61	0	0	9	-351
Impairment losses	-25	1	25	0	0	0
Net investment in Toll Roads	**5,876**	**423**	**25**	**-64**	**-650**	**5,609**
Investment in other infrastructure projects	487	10	-5	28	0	521
Amortisation of other infrastructure projects	-196	-27	-1	-23	0	-246
Total net investment in other infrastructure projects	**291**	**-16**	**-6**	**5**	**0**	**274**
Total investment	**6,689**	493	-5	-37	-659	**6,480**
Total amortisation and provision	**-521**	-87	23	-23	9	**-598**
Total net investment	*6,168*	*406*	*19*	*-60*	*-650*	*5,883*

3.3.2 Financial asset 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 changes in the years ended 31 December 2018 and 2017 were as follows:

CHANGES (Millions of euros)	RECEIVABLES INFRASTRUCTURE PROJECTS 2018	RECEIVABLES INFRASTRUCTURE PROJECTS 2017
Year-end balance	**1,035**	**977**
IFRS 9 Impact	-46	0
Opening balance	**989**	**0**
Additions	178	185
Disposals	-90	-50
Transfers and other	-36	-75
Changes in the scope of consolidation	0	0
Exchange rate effect	2	-2
Reversal for IFRS 9 (note 2.6)	7	0
Reclassification to Discontinued Operations	-175	0
Year-end balance	**875**	**1,035**

Note: balances shown net of allowance provisions

The application of the new method for calculating expected loss under IFRS 9 (see Note 1.2.3.3) had an impact of EUR -46 million during the transition period. EUR -35 million relate to the Autema project, due to the increase in credit risk of the grantor (the Catalan Government) since the concession began, to the first-time application date. The calculation of the provision for losses expected during the entire lifetime of the asset was used for this project.

The amount of EUR 7 million was reversed during the year based on the update of the calculation of the expected loss provision under IFRS 9, recognised under financial income and expenses in the consolidated income statement (see Note 2.6.).

The reclassification to Discontinued Operations (see Note 1.1.3) in the amount of EUR -175 million refers to the receivables corresponding to the Services Division.

As regards the receivables relating to the Autema project, both the decree published in the 2015 financial year and the new decree published in the 2017 financial year have been appealed in one single adjoined action, and no substantial changes have been considered in terms of the way that this appeal is to be treated (see Note 6.5.1.a). As indicated in the aforementioned Note, since the company considers that there are very sound legal arguments with which to win the appeal, it was resolved to continue to recognise the project as a receivable. An impairment test was also performed on the goodwill that had been allocated to this project, and a loss of EUR 13 million was recognised (see Note 3.1.3). Based on the same assumptions as those used to calculate the impairment test on the goodwill, it was concluded that there was no impairment of the financial asset recognised at year-end for this item.

CONCESSION OPERATOR (Millions of euros)	BALANCES AT 31/12/2018 LONG-TERM RECEIVABLE	BALANCES AT 31/12/2018 SHORT-TERM RECEIVABLE (Note 4.2)	TOTAL 2018	BALANCES AT 31/12/2017 LONG-TERM RECEIVABLE	BALANCES AT 31/12/2017 SHORT-TERM RECEIVABLE (Note 4.2)	TOTAL 2017
Autopista Terrassa Manresa, S.A.	642	27	669	634	25	659
Toll Roads	**642**	**27**	**669**	**634**	**25**	**659**
Concesionaria de Prisiones Lledoners	60	2	62	66	2	68
Concesionaria de Prisiones Figueras	100	4	104	109	3	113
Depusa Aragón	26	0	26	26	0	26
Budimex Parking Wrocław	11	0	11	11	0	11
Construction	**198**	**5**	**203**	**213**	**5**	**218**
Hospital de Cantabria	0	0	0	71	14	85
Waste treatment plants in Spain	0	0	0	33	9	42
Waste treatment plants in the UK and Poland	0	0	0	71	168	239
Services	**0**	**0**	**0**	**175**	**191**	**366**
Denver Great Hall LLC	35	0	35	12	0	12
Airports	**35**	**0**	**35**	**12**	**0**	**12**
Total Group	**875**	**32**	**907**	**1,035**	**221**	**1,256**

3.3.3 Impact on cash flows

The total cash flow impact of the additions to projects accounted for using the intangible asset and financial asset models amounted to EUR -69 million (see Note 5.3), which differs from the additions recognised in the consolidated statement of financial position 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 financial asset model is applied, due to the increases in the accounts receivable as a balancing entry to income for services rendered, which do not generate cash outflows either.

3.4 Property, plant and equipment

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

CHANGES IN 2018 (Millions of euros)	LAND AND BUILDINGS	PLANT AND MACHINERY	OTHER FIXTURES, TOOLS AND FURNITURE	TOTAL
Investment: Balance at 01.01.2018	**194**	**948**	**824**	**1,966**
Items added	-1	78	101	178
Items removed	-2	-61	-45	-108
Changes in the scope of consolidation 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	**31**	**442**	**225**	**699**
Accumulated depreciation and impairment losses at 01.01.2018	**-47**	**-680**	**-545**	**-1,272**
Allocation to depreciation	-7	-79	-58	-144
Items removed	2	46	29	77
Changes in the scope of consolidation 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	**-17**	**-316**	**-115**	**-448**
Net Carrying Amount at 31.12.2018	**14**	**126**	**111**	**251**

The most significant changes in 2018 were as follows:

Additions:

Total additions amounted to EUR 178 million and, of these, the most significant were made in the Services Division, with EUR 114 million relating to investments allocated to increasing the capacity of waste landfills, the installation of waste transfer and treatment plants and the renewal of cleaning, transport and lighting equipment associated with the contracts currently in force. In the Construction Division acquisitions were carried out amounting to a total of EUR 60 million in relation to specific construction machinery.

In addition, in 2018 the change in value of the euro against the Australian and American dollar, Chilean peso and pound sterling have led to a net decline in property, plant and equipment in the amount of EUR 18 million.

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

(Millions of euros)	2018	2017
Construction	60	49
Toll Roads	2	9
Services Disc. Operations	114	83
Other	2	1
Total	**178**	**142**

Impact on cash flows: The impact on cash flows arising from additions to property, plant and equipment amounted to EUR -175 million (see Note 5.3).

Disposals or Reductions:

The property, plant and equipment disposals and reductions amounted to EUR 108 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 27 million were removed at the Construction Division and EUR 79 million in Services.

Reclassification to Discontinued Operations:

The net carrying amount of property, plant and equipment corresponding to the Services Division which is reclassified to Discontinued Operations (see Note 1.1.3) amounts to EUR 422 million.

Other disclosures relating to Property, Plant and Equipment:

The property, plant and equipment not used in operations are not material with respect to the ending consolidated balances. Impairment losses on other items of property, plant and equipment total EUR 14 million (2017: EUR 70 million), associated with the Construction Division. The changes compared to 2017 are due to the reclassification to Discontinued Operations (see Note 1.1.3) of the provision for impairments in the Services Division, amounting to EUR 68 million.

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 4 million (2017: EUR 58 million). The changes compared to 2017 are due to the reclassification to Discontinued Operations of the Services Division, amounting to EUR 53 million.

At 31 december 2018, no significant items of property, plant and equipment were subject to ownership restrictions or had been pledged to secure liablities. The following table shows the changes that occurred during 2017:

CHANGES IN 2017 (Millions of euros)	LAND AND BUILDINGS	PLANT AND MACHINERY	OTHER FIXTURES, TOOLS AND FURNITURE	TOTAL
Investment: Balance at 01.01.2017	**189**	**974**	**804**	**1,967**
Items added	7	64	71	142
Items removed	-8	-61	-49	-119
Changes in the scope of consolidation and transfers	12	3	19	34
Exchange rate effect	-5	-32	-22	-59
Balances at 31.12.2017	**194**	**948**	**824**	**1,966**
Accumulated depreciation and impairment losses at 01.01.2017	**-45**	**-669**	**-522**	**-1,235**
Allocation to depreciation	-7	-79	-58	-144
Items removed	7	48	37	92
Changes in the scope of consolidation and transfers	-3	3	-12	-12
Exchange rate effect	1	17	9	27
Impairment of Property, Plant and Equipment	0	0	0	0
Balances at 31.12.2017	**-47**	**-680**	**-546**	**-1,272**
Net Carrying Amount at 31.12.2017	**147**	**268**	**278**	**694**

3.5 Investments in associates

The detail of the investments in equity-accounted companies at 2018 year-end and of the changes therein is 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.

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**

Changes: The changes in "Investments in Associates" were due mainly to the distribution of dividends of EUR -452 million, and the appreciation in value of the euro, mainly against the pound sterling and the Canadian dollar, which had a negative effect of EUR -63 million, as well as the reclassification of Services to discontinued operations, amounting to EUR 75 million. In contrast, there was an increase of EUR 253 million due to the share in profit/(loss) of the year (of which EUR 14 million related to the Services discontinued operations) and an increase of EUR 61 million due to capital contributions (AGS), primarily via the capitalisation of a loan.

Impact on cash flow: The difference between the dividends of EUR 452 million in the foregoing table and the dividends of EUR 511 million disclosed in the consolidated cash flow statement (Note 5.3) relates mainly to interest received on loans granted to equity-accounted companies, entered under Non-Current Financial Assets in the Income Statement (Note 3.6), and to the effect of certain exchange rate hedges related to dividends received.

The changes in "Investments in Associates" in the consolidated statement of financial position in 2017 were as follows:

2017 (Millions of euros)	HAH (25%)	407ETR (43.23%)	OTHER	TOTAL
Balance at 31.12.16	**837**	**1,881**	**156**	**2,874**
Share of profit/(loss)	87	125	39	251
Dividends	-148	-248	-28	-423
Foreign exchange differences	-33	-106	-3	-143
Pensions	-15	0	3	-12
Changes in the scope of consolidation	0	0	148	148
Other	9	0	-17	-8
Balance at 31.12.17	**737**	**1,652**	**298**	**2,687**

In view of the importance of the investments in HAH and 407 ETR, set forth 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 2018.

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 also positive in 2018, highlights being the fact that gross operating profit was 4.5% higher than in 2017. RAB grew by 2.6% over the year, reaching GBP 16,200 million. Also, traffic was 2.7% higher than in 2017.

The main assumptions used to measure 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 5.35% return on assets established by the regulator for the current extended five-year period until 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.

The result of the valuation presents a reasonable margin with respect to its book value. Additionally, sensitivities have been made to the main variables (RAB remuneration, discount rate, long-term inflation and exit multiple) and in all cases the amount of the valuation exceeds the carrying amount. In a scenario without the expansion of the third runway, there would be almost no impairments.

b. Changes in the Balance Sheet and Income Statement 2018-2017

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 2018 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 2018 are EUR 1=GBP 0.89842 (2017: GBP 0.88893) for the balance sheet figures and EUR 1=GBP 0.88585 (2017: GBP 0.87506) for the Income Statement figures.

Balance Sheet 2018/2017

HAH (100%) GBP (MILLION)	2018	2017	CHANGE 18/17
Non-current assets	**16,766**	**16,590**	**176**
Goodwill	2,753	2,753	0
Intangible fixed assets in infrastructure projects	13,391	13,344	47
Non-current financial assets	50	48	2
Pension plan surplus	28	0	28
Deferred taxes	0	0	0
Hedging instruments	543	444	99
Other non-current assets	0	0	0
Current assets	**1,084**	**1,002**	**82**
Trade and other receivables	419	266	153
Hedging instruments	0	170	-170
Cash and cash equivalents	652	554	98
Other current assets	13	11	2
Total assets	**17,849**	**17,592**	**258**

HAH (100%) GBP (MILLION)	2018	2017	CHANGE 18/17
Equity	**212**	**297**	**-85**
Non-current liabilities	**16,389**	**15,523**	**866**
Provisions for pensions	32	158	-126
Financial borrowings	14,060	13,116	944
Deferred taxes	763	773	-10
Hedging instruments	1,523	1,459	64
Other non-current liabilities	11	18	-6
Current liabilities	**1,248**	**1,771**	**-523**
Financial borrowings	742	1,356	-614
Trade payables	412	377	35
Hedging instruments	39	7	32
Other current liabilities	55	32	24
Total liabilities	**17,849**	**17,592**	**258**

- Equity

At 31 December 2018, equity amounted to GBP 212 million, down GBP -85 million from the year ended 31 December 2017. In addition to the profit of GBP 247 million for the period, the main noteworthy changes are the dividends paid to shareholders amounting to GBP -500 million. This negative impact is partially offset by the impact of GBP 116 million registered on provisions for pensions, as well as the net impact of GBP 55 million due to hedging instruments.

25% of the shareholders' funds of the subsidiary does not correspond 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 increase the 25% of the shareholders' funds presented above (GBP 53 million) by the amount of the aforementioned gain (GBP 581 million), giving a total of GBP 634 million which, translated at the year-end exchange rate (EUR 1 = GBP 0.89842), equates to an interest of EUR 705 million.

- Financial borrowings

The borrowings of HAH (short and long-term) amounted to GBP 14,802 million at 31 December 2018, an increase of GBP 331 million with respect to the prior year (31 December 2017: GBP 14,471 million). This increase was primarily due to the effect of:

- Amortisation and a bond issue in the amount of GBP -910 million and GBP 1,076 million respectively, as well as a net increase of GBP 252 million in bank borrowings.
- Decrease of GBP 60 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 -67 million).
- Other changes of EUR -27 million (mainly payable accrued interest and commissions).

- Hedging instruments at fair value

The notional principal amount of HAH's derivatives portfolio at 31 December 2018 totalled GBP 12,979 million, including interest rate derivatives (IRSs) with a notional amount of GBP 2,513 million (hedging floating-rate borrowings), cross currency swaps (hedging bonds issued in foreign currencies) with a notional amount of GBP 3,947 million and index-linked swaps (ILSs) with a notional amount of GBP 6,519 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 167 million increase in liabilities in the financial year. The main impacts in this connection relate to:

- Cash settlements (net payments) of GBP 23 million.
- Accrual of borrowing costs (result on financing) of GBP -160 million.
- Effect on reserves of changes in the value of hedging instruments in the amount of GBP 66 million.
- Fair value adjustments to these instruments (fair value-related result) of GBP -97 million, primarily due to the index-linked swaps (GBP -89 million), interest rate swaps (GBP +59 million) and cross currency swaps (GBP -67 million, although these are partially offset by the fair value adjustments of the cross-currency swaps associated with these financial instruments).

Income Statement 2018-2017

The following table shows the HAH's income statement movements in 2018 and 2017.

HAH (100%) GBP (MILLIONS)	2018	2017	CHANGE 18/17
Operating income	2,970	2,883	87
Operating expenses	-1,130	-1,123	-7
EBITDA	**1,840**	**1,760**	**80**
Allocation to amortisation	-779	-750	-30
Operating profit/(loss) before impairment and disposals	**1,061**	**1,010**	**50**
Impairment and fixed asset disposals	-17	0	-17
Operating profit/(loss)	**1,043**	**1,010**	**33**
Financial result	-751	-628	-123
Profit/(loss) before tax	**292**	**383**	**-90**
Income tax	-45	-79	34
Profit/(loss) from continuing operations	**247**	**303**	**-56**
Profit/(loss) from discontinued operations	0	0	0
Net profit/(loss)	**247**	**303**	**-56**
Profit/(loss) attributable to Ferrovial (Millions of euros)	**70**	**87**	**-17**

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

However, the biggest change was in the financial result, 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 totalled GBP -188 million (EUR -45 million net attributable to Ferrovial), caused mainly by the change in inflation forecasts. At December 2017, this item totalled a positive amount of GBP 203 million (EUR 48 million on the net profit of Ferrovial).

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 analysis 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 21%. During 2018 the 407 ETR toll road outperformed the estimates in the Budget used as the starting point for the impairment test in the previous year; with revenue increasing by 1% compared to 2016 in local currency terms. On a year-on-year basis revenue increased by 9.7% due to the 8.6% increase in tolls and a 1.4% increase in traffic. Along similar lines, EBITDA increased by 9.7% with respect to 2015 and was 3% higher than budgeted.

The valuation that Ferrovial made of this concession shows a buffer over its carrying amount of more that 500%. Sensitivity to increased revenues and the discount rate has been measured, and a broad buffer is maintained.

The valuation methodology used is similar to the method described for all other toll roads (see Note 3.1.2.c relating to Goodwill for Toll Roads). 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 6.5% (8.1% before taxes).

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

b. Changes in the Statement of Financial Position and Income Statement for 2018-2017 relating to this Group of companies at 31 December 2018 and 2017.

These figures relate to the full balances of 407 ETR and are presented in millions of Canadian dollars. The exchange rates used in 2018 are EUR 1=CAD 1.56013 (2017: CAD 1.5059) for the balance sheet figures and EUR 1=CAD 1.53115 (2017: CAD 1.4755) for the income statement figures.

Balance Sheet 2018-2017

407 ETR (100%) (CAD Million)	2018	2017	CHANGE 18/17
Non-current assets	**4,470**	**4,408**	**62**
Intangible fixed assets in infrastructure projects	3,978	3,943	35
Non-current financial assets	459	429	30
Deferred taxes	33	37	-4
Other non-current assets	0	0	0
Current assets	**791**	**1,219**	**-428**
Trade and other receivables	242	221	21
Cash and cash equivalents	549	998	-449
Total assets	**5,261**	**5,627**	**-366**
Equity	**-3,813**	**-3,435**	**-378**
Non-current liabilities	**8,865**	**8,364**	**500**
Financial borrowings	8,351	7,862	489
Deferred taxes	514	502	12
Current liabilities	**209**	**698**	**-489**
Financial borrowings	105	522	-417
Trade and other payables	104	176	-72
Total liabilities	**5,261**	**5,627**	**-366**

Below is a description of the main changes in the balance sheet of 407 ETR at 31 December 2018 compared to the previous year:

- Equity

Equity fell by CAD 378 million with respect to 2017, as a result of the inclusion of the profit for the year of CAD 539 million and the reduction of CAD 920 million due to the payment of a dividend to shareholders. Elsewhere, there was a lesser impact of USD 4 million due to IFRS 9.

43.23% of the shareholders' funds of the subsidiary does not correspond to the consolidated book value 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 -1,648 million) by the amount of the aforementioned gain and of the goodwill (CAD 2,630 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 1.56013), is equivalent to the investment of EUR 1,475 million.

- Financial borrowings

Borrowings as a whole (short-term and long-term) increased by CAD 72 million with respect to December 2017, due mainly to a bond issue in May with a nominal value of CAD 500 million (Series 18-A1 maturing in 2048). This increase was offset by the repayment of credit lines for CAD -422 million and the Series 99 A-3 and 00 A-2 bonds in July and December 2018 respectively for CAD -14 million.

Income Statement 2018-2017

The following table shows the income statement movements of 407 ETR in the years ended December 2018 and December 2017:

407 ETR (100%) (CAD Million)	2018	2017	CHANGE 18/17
Operating income	1,390	1,268	122
Operating expenses	-180	-164	-16
EBITDA	**1,211**	**1,104**	**106**
Allocation to amortisation	-107	-106	-1
Operating profit/(loss)	**1,103**	**998**	**105**
Financial result	-370	-358	-12
Profit/(loss) before tax	**733**	**640**	**93**
Tax on profits	-194	-169	-25
Net profit/(loss)	**539**	**470**	**69**
Profit/(loss) attributable to Ferrovial (CAD Million)	233	203	30

The main change in the income statement relates to "Operating Income" (CAD +122 million) as a result of the increase in tolls and the increase in toll road traffic.

It should be noted that the profit attributable 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. Thus, CAD -24 million of depreciation and amortisation would have to be deducted from 43.23% of the local profit (CAD 233 million). Converting the resulting CAD 209 million at the average exchange rate (EUR 1 = CAD 1.53115) gives the EUR 136 million attributable to Ferrovial in 2018.

3.5.3 Other disclosures relating to associates

a) Changes relating to the remaining associates

The detail of the associate companies, showing their consolidated book value and the main data is disclosed in Appendix II.

The changes in 2017 in the investments in these companies were as follows:

2018 (Millions of euros)	OTHER
Balance at 31.12.17	**298**
Share of profit/(loss)	47
Dividends	-49
Changes in share capital	61
Foreign exchange differences	-3
Pensions	3
Reclassification to Discontinued Operations	-75
Other	-8
Balance at 31.12.18	**275**

The share of results includes most notably the contributions of the joint ventures of the Services Division (EUR 14 million), Portuguese Toll Roads (EUR 14 million), AGS Airports Holding (EUR 4 million) and other associates (EUR 14 million).

The dividends received relate to the Services Division (EUR -20 million, arising mainly from the joint ventures of Amey, FMM Company -Doha airport maintenance agreement- and EMESA-Calle 30) and to the Toll Roads Division (EUR 13 million, mainly Algarve and Norte Litoral).

Also notable was the AGS share capital increase of EUR 61 million, carried out via the partial capitalisation of the loan granted to the company (see Note 3.6).

Lastly, there was a EUR -75 million reduction in this line item corresponding to the reclassification of the Services Division to discontinued operations.

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 carrying amount of AGS is EUR 160 million, the aggregate of the investment of EUR 60 million and the value of the participating loan recognised at EUR 100 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 significant buffer of 485% over its net carrying amount. In addition, the analysts' average valuation stood at EUR 471 million, 2.9 times higher than AGS' carrying amount. It should be pointed out that this asset evolved positively during 2018, with an increase in revenue and EBITDA of 1.8% and 5.7% respectively, compared with 2017 in LfL terms.

b.2) I-66 Toll Road

November 2017 saw the financial closure 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 consolidated using the equity method.

Although at 2018 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.

As of December 31, 2018, the main asset of the toll raod corresponds to investment in infrastructure projects for EUR 835 million. From the point of view of liabilities, the financial debt stands out for EUR 993 million.

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 equal 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.

The most significant equity-accounted companies in which the ownership interest is below 20% are Madrid Calle 30 and Amey Ventures Investment Limited (AVIL). The equity method is used because, although Ferrovial only has an indirect ownership interest of 10% and 5% respectively and has the power to appoint one member of the Board of Directors in the two cases, it retains the capacity to block important decisions in matters that are not of a protective nature.

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 changes in the year ended 31 December 2018 were as follows:

CHANGES IN 2018 (Millions of euros)	NON-CURRENT LOANS IN ASSOCIATES	RESTRICTED CASH RELATING TO INFRASTRUCTURE PROJECTS AND OTHER FINANCIAL ASSETS	LONG-TERM RECEIVABLES	TOTAL
Balance at 01/01/2018	**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**

Note: balances shown net of allowance provisions

- "Long-Term Loans to Associates" primarily includes the loan granted to AGS amounting to EUR 100 million (2017: EUR 175 million); as well as participating loans to associates amounting to EUR 37 million (2017: EUR 40 million) and other ordinary loans to associates totalling EUR 120 million (2017: EUR 97 million). The decrease in the AGS loan was largely due to its partial capitalisation in the value of EUR 61 million (see Note 3.5.3 a)).

- "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 188 million primarily relates to LBJ Infrastructure Group in the amount of EUR 52 million net, and NTE Mobility Partners in the amount of EUR 59 million net and NTE Mobility Partners 3 LLC for EUR 55 million. 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 87 million (31 December 2017: EUR 94 million). Notable within this figure was the EUR 74 million for the M-203 toll road, relating to the recoverable amount from the Grantor (see Note 6.5.1 a).

- Trade receivables by the Services Division from various public authorities, mainly municipal councils and autonomous regional governments, which had been renegotiated at long term in the services segment, amounting to approximately EUR 17 million (2017: EUR 21 million).
- Long-term deposits and guarantees amounting to EUR 20 million (December 2017: EUR 19 million).

For information purposes, the changes in these line items in 2017 are detailed below:

CHANGES IN 2017 (Millions of euros)	LONG-TERM INVESTMENTS IN ASSOCIATES	RESTRICTED CASH RELATING TO INFRASTRUCTURE PROJECTS AND OTHER FINANCIAL ASSETS	OTHER NON-CURRENT RECEIVABLES	TOTAL
Balance at 01/01/2017	**374**	**249**	**112**	**735**
Items added	28	168	15	211
Items removed	-82	-102	-10	-194
Transfers and other	6	0	58	64
Exchange rate effect	-14	-30	-3	-47
Balance at 31/12/2017	**312**	**285**	**172**	**769**

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	2017	IFRS 9	EXCHANGE RATE	CHANGES IN THE SCOPE OF CONSOLIDATION	OTHER	TOTAL DISCONTINUED OPERATIONS	2018
Inventories	629	0	-6	0	28	-57	594
Short-term trade and other receivables	2,635	-1	-29	57	-21	-1,551	1,090
Short-term trade and other payables	-4,221	0	36	-90	2	1,573	-2,700
TOTAL	**-957**	**-1**	**1**	**-33**	**9**	**-35**	**-1,016**

Working capital fell by EUR 59 million during 2018.

The main movements were due to the impact of reclassifying the Services Division to discontinued operations which implies a very significant reduction in both receivables and payables, although not to the net balance (-35 million euros) as the adjustment in receivables (-1,551 million euros) and in payables (+1,573 million euros) are similar, and due to the changes in the scope of consolidation (-33 million euros).

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

4.1 INVENTORIES

The inventories balance at 31 December 2018 and 2017 is as follows:

Millions of euros	2017	EXCHANGE RATE	OTHER	TOTAL DISCONTINUED OPERATIONS	2018
Goods purchased for resale	360	-8	33	-21	364
Raw materials and other supplies	145	0	19	-17	147
Bidding and mobilisation costs	124	2	-24	-19	83
Inventories	**629**	**-6**	**28**	**-57**	**594**

The trade inventories recognised at 31 December 2018, EUR 310 million (2017: EUR 286 million) relate to the Real Estate business in Poland, of which EUR 136 million (2017: EUR 128 million) relate to land and plots ready for development, and EUR 174 million (2017: EUR 158 million) relate to property developments at different stages of completion.

EUR 144 million of raw materials and other supplies relate to the Construction Division, primarily at its subsidiaries in the US and Canada, amounting to EUR 64 million (2017: EUR 53 million), and Budimex, amounting to EUR 64 million (2017: EUR 54 million).

Lastly, bidding and mobilisation costs includes contract costs for EUR 83 million (2017: EUR 124 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 2018, EUR 7 million of bid costs and EUR 49 million of mobilisation costs were amortised.

Lastly, the reclassification of Services as a discontinued operation had a negative impact of EUR 57 million on the inventories line item.

4.2 SHORT-TERM TRADE AND OTHER RECEIVABLES

The detail of "Short-Term Trade and Other Receivables" at 31 December 2018 and 2017 is as follows:

Millions of euros	2017	IFRS 9	EXCHANGE RATE	CHANGES IN THE SCOPE OF CONSOLIDATION	OTHER	TOTAL DISCONTINUED OPERATIONS	2018
Trade receivables for sales and services	2,032	-1	-25	57	117	-1,379	801
Other receivables	603	0	-4	0	-138	-172	289
TOTAL RECEIVABLES	**2,635**	**-1**	**-29**	**57**	**-21**	**-1,551**	**1,090**

a) Trade receivables for sales and services

The detail of “Balances with customers” at 31 December 2018 and 2017 is as follows:

Millions of euros	2017	IFRS 9	EXCHANGE RATE	CHANGES IN THE SCOPE OF CONSOLIDATION	OTHER	TOTAL DISCONTINUED OPERATIONS	2018
Customers	*1,483*	*0*	*-11*	*21*	*-29*	*-795*	*669*
Impairment provisions for trade receivables	*-276*	*-1*	*1*	*0*	*4*	*45*	*-227*
Net trade receivables	*1,207*	-1	-10	21	-25	-750	442
Net amounts to be billed for work performed	713	0	-15	37	150	-612	273
Withholdings as security	112	0	0	-1	-8	-17	86
TRADE RECEIVABLES FOR SALES AND SERVICES	**2,032**	**-1**	**-25**	**57**	**117**	**-1,379**	**801**

“Trade Receivables for Sales and Services” decreased by EUR 1,231 million from EUR 2,032 million at 31 December 2017 to EUR 801 million at 31 December 2018. This change is primarily explained by the following:

- The reclassification of Services to discontinued operations, which amounted to a EUR 1,379 million decrease in this line item.
- Change due to changes to the perimeter amounts to EUR 57 million. This impact was largely due to the acquisition of Carillion Amey entities (EUR +67 million) (see Note 1.1.4), and was partially reduced following the sale of a Construction firm in Poland (EUR -7 million).
- The exchange rate effect reduced this entry by EUR 25 million. This fall is explained by the depreciation experienced by the main currencies in which the Group operates.
- The remainder of the change is explained mainly by the increase in this line item in Construction Poland (EUR +74 million) and Services UK (EUR +36 million).

Also, at 31 December 2018 a total of EUR 4 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 IFRS 9 paragrah 3.2.3 regarding the derecognition of financial assets (31 December 2017: EUR 88 million). With regard to discontinued operations, EUR 61 million had been derecognised as a result of factoring arrangements (EUR 55 million corresponding to Services Spain and EUR 6 million of Broadspectrum)

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

	CONSTRUCTION		OTHERS AND ADJUSTMENTS		TOTAL	
Public sector	411	50%	16	n.a.	427	53%
Private sector	296	36%	4	n.a.	300	37%
Group Companies and Associates	116	14%	-42	n.a.	74	10%
TOTAL	**823**	**100%**	**-22**	N.A.	**801**	**100%**

This detail shows that 53% of the Group's customers are public authorities and the rest are private sector customers.

In relation to the discontinued operations, the main trade receivables broken down by type of debtor are as follows:

	SERVICES	
Public sector	810	58%
Private sector	512	37%
Group Companies and Associates	68	5%
TOTAL	**1,389**	**100%**

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 impairment provisions for trade receivables were as follows:

(Millions of euros)	2018	2017
Opening balance	276	287
Transition to IFRS 9	1	0
Transition to IFRS 15	0	2
Amounts charged to the income statement:	3	9
Allocations	16	20
Reversals	-13	-11
Amounts used	-7	-22
Exchange rate effect	-1	0
Transfers and other	-1	0
Total Discontinued Operations	-45	0
Closing balance	**227**	**276**

Impairment provisions for trade receivables during 2017 were calculated in line with IAS 39. In 2018, it has been measured in accordance with IFRS 9 (applying the simplified approach to the provision for the lifetime expected loss calculation for the asset; see Note 1.2.3).

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 2018 and 2017 is as follows:

Millions of euros	2017	EXCHANGE RATE	CHANGES IN THE SCOPE OF CONSOLIDATION	OTHER	TOTAL DISCONTINUED OPERATIONS	2018
Advances to suppliers	94	0	1	7	-50	52
Sundry receivables	157	-4	-1	19	-68	103
Infrastructure project receivables	221	1	0	-148	-42	32
Receivables from Public Authorities	131	-1	0	-16	-12	102
OTHER RECEIVABLES	**603**	**-4**	**0**	**-138**	**-172**	**289**

"Sundry Receivables" includes mainly receivables not relating to normal business activities. There are no line items included in the change that have a material effect when taken into consideration individually.

Also, "Infrastructure Project Receivables" includes current 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. The main changes to this entry occurred as a consequence of the payments made by the Authorities in the amount of EUR 144 million, upon completion of the construction phase at the Milton Keynes waste treatment plant in the UK and following the reclassification of Services to discontinued operations (EUR -42 million).

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 Payables" at 31 December 2018 and 2017 is as follows:

Millions of euros	2017	EXCHANGE RATE	CHANGES IN THE SCOPE OF CONSOLIDATION	OTHER	TOTAL DISCONTINUED OPERATIONS	2018
Trade payables	2,283	-24	92	27	-1,065	1,313
Amounts billed in advance for construction works	619	1	-1	40	-173	486
Advances	652	-3	0	-41	-4	604
Other non-trade payables	667	-10	-1	-28	-331	297
TRADE AND OTHER PAYABLES	**4,221**	**-36**	**90**	**-2**	**-1,573**	**2,700**

a) Trade payables

The detail of the trade payables at 31 December 2018 and 2017 is as follows:

Millions of euros	2017	EXCHANGE RATE	CHANGES IN THE SCOPE OF CONSOLIDATION	OTHER	TOTAL DISCONTINUED OPERATIONS	2018
Trade payables	1,760	-21	94	-75	-893	865
Trade payables sent for reverse factoring	286	-1	0	88	-164	209
Withholdings made from suppliers	237	-2	-2	14	-8	239
TRADE PAYABLES	**2,283**	**-24**	**92**	**27**	**-1,065**	**1,313**

The line item "Trade Payables" decreased by EUR 970 million compared to the balance recognised at 31 December 2017. The main changes were due to the reclassification of Services to discontinued operations (EUR -1,065 million) and changes in the scope of consolidation (due to the acquisition of Carillion Amey, with a positive impact of EUR 104 million, and partially offset by the sale of a Construction company in Poland, amounting to a negative impact of EUR 15 million.

This line item includes the balances payable to suppliers sent for reverse factoring (see Note 1.2.3.3 on Accounting policies) amounting to EUR 209 million (31 December 2017: EUR 286 million).

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 transactions related to discontinued operations) was 46 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 period of payment to suppliers in 2018 and 2017:

(Days)	2018	2017
Average supplier payment period	**46**	**49**
Ratio of transactions settled	45	49
Ratio of transactions not yet settled	57	48
AMOUNT (Euros)		
Total payments made	1,282,492,063	1,227,935,075
Total payments pending	50,153,671	45,114,969

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.

c) Amounts billed in advance for construction work and customer advances

This line item includes:

- The amounts billed in advance for construction works, the revenue from which lags behind the volume certified by the customer (see Notes 1.2.3.4 and 4.4).
- Advances received from customers, amounting to EUR 604 million (31 December 2017: EUR 652 million), of which EUR 143 million (31 December 2017: EUR 159 million) relate to advances received by the Real Estate business in Poland; and EUR 458 million (31 December 2017: EUR 486 million) relate to advances received by companies in the Construction Division (as described in Note 4.4).

d) Other non-trade payables

The detail of "Other Non-Trade Payables" is as follows:

Millions of euros	2017	EXCHANGE RATE	CHANGES IN THE SCOPE OF CONSOLIDATION	OTHER	TOTAL DISCONTINUED OPERATIONS	2018
Remunerations pending payment	289	-7	-3	11	-171	119
Payables to Public Authorities	306	-3	2	-15	-138	152
Other payables	72	0	0	-24	-22	26
OTHER NON-TRADE PAYABLES	**667**	**-10**	**-1**	**-28**	**-331**	**297**

"Remunerations Payable" relates to the employee remuneration earned but not paid during the year amounting to EUR 119 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 the balance sheet 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 – Amounts to be billed for work performed" (see Note 4.2.a), whereas if the amount of revenue recognised is lower than the amount billed, a liability is recognised under "Current Trade and Other Payables – Amounts billed in advance for construction works" (Note 4.3).

Also, in certain construction contracts or services, 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 advances, 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 "Amounts to be billed for work performed" and "Amounts billed in advance for construction works", 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 2018 and 2017 is as follows:

Millions of euros	2017	EXCHANGE RATE	CHANGES IN THE SCOPE OF CONSOLIDATION	OTHER	TOTAL DISCONTINUED OPERATIONS	2018
Services Amounts to be billed for work performed	445	-10	40	137	-612	0
Construction Amounts to be billed for work performed	268	-5	-2	12	0	273
Amounts to be billed for work performed	**713**	**-15**	**37**	**150**	**-612**	**273**
Withholdings	**112**	**0**	**-1**	**-8**	**-17**	**86**
Total assets from contracts with customers	**825**	**-15**	**36**	**142**	**-629**	**359**
Services Amounts billed in advance for construction works	161	-3	0	15	-173	0
Construction Amounts billed in advance for construction works	457	4	-1	26	0	486
Amounts billed in advance for construction works	**619**	**1**	**-1**	**40**	**-173**	**486**
Advances	**652**	**-3**	**0**	**-41**	**-4**	**604**
Total liabilities in contracts with customers	**1,271**	**-2**	**-1**	**-1**	**-177**	**1,090**

The most notable change during 2018 was the reclassification of Services to discontinued operations.

The balance at 31 December 2018 of work completed and pending certification corresponds 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 and service 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 corresponds principally 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 77 million (all of these balances relate to construction contracts). An additional EUR 137 million relating to contracts for services has been written off due to the discontinued operation classification.

In 2017 the total for "Construction work pending certification" in relation to these types of contract amounted to EUR 175 million (EUR 56 million relating to construction contracts and EUR 119 million relating to services contracts).

Other disclosures relating to IFRS 15:

Revenues from contracts with customers:

EUR 5,534 million of total revenue recognised in 2018 (see Note 2.1 Operating income) relate to revenue from contracts with customers, which represents 96% of revenue recognised.

(Millions of euros)	2018
Construction	5,047
Toll roads	342
Airports	14
Other segments	132
Revenue related to contracts with customers	**5,534**

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	2018	2019	2020	2021	2022+	TOTAL
Construction (Continuing operation)	4,525	4,003	1,384	610	445	10,967
Services (Discontinued operation)	4,618	2,773	2,061	1,606	8,352	19,411
Total	**9,143**	**6,776**	**3,445**	**2,216**	**8,797**	**30,377**

The total numbers of contracts in the Construction and Services businesses are approximately 800 and 1,600 respectively.

Additionally, EUR 80 million of performance obligations of construction contracts executed in previous years (EUR 15 million and EUR 65 million relating to the Construction and Services businesses), were recognised as income.

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. In addition, information relating to the main value judgements and estimates used to enter revenues is 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 2018 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 2017, primarily due to shareholder remuneration, and the consolidated net loss. There was also an impact of the first-time application of IFRS 9 (discussed in Note 1.2.1), and to the expenses recognised directly under equity (due to exchange rate effects, pensions and derivatives).

EQUITY ATTRIBUTABLE TO SHAREHOLDERS

(Millions of euros)

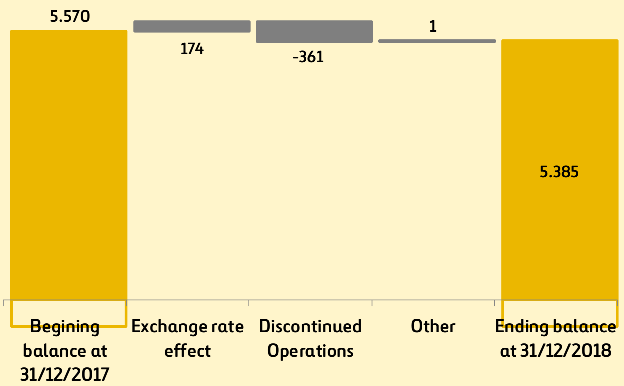
Closing Balance at 31/12/2017	**5,503**
IFRS 9 Impact	-31
Net profit/(loss)	-448
Income and expenses recognised directly in Equity	16
Shareholder remuneration	-520
Other	11
Closing Balance at 31/12/2018	**4,530**

Ferrovial's net consolidated debt for non-infrastructure projects remains at a positive net figure of EUR 975 million, lower than the amount in December 2017 (EUR 1,341 million). Especially noteworthy was the dividend payment (EUR -520 million), as well as the reclassification of the Services Division to discontinued operations (EUR -261 million), offset by the positive cash flow activity generated during the year (EUR 476 million). The other changes are analysed through cash flows (see Note 5.3) and the Management Report.

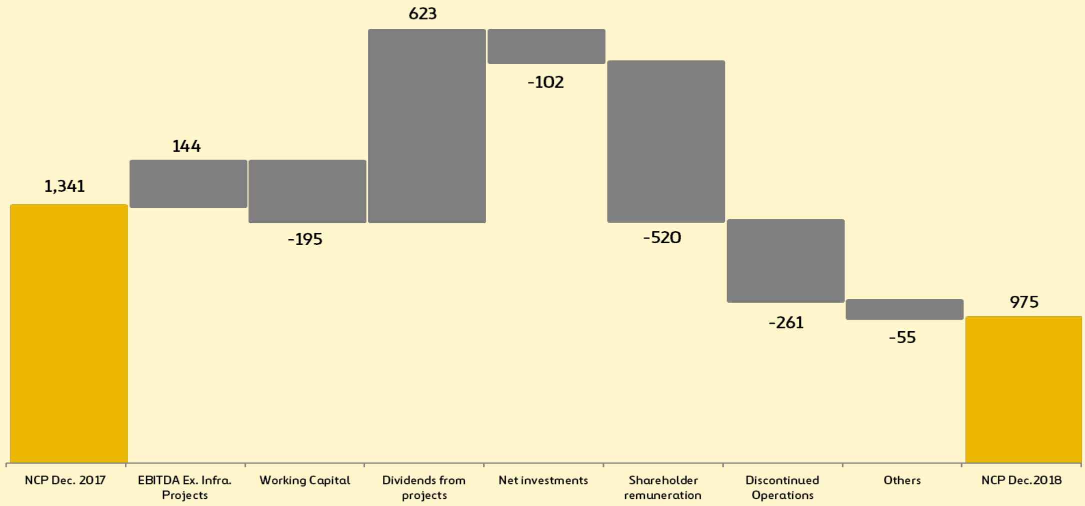
The consolidated net cash continues to make it possible to amply achieve the objective of maintaining an investment grade rating, where the Company considers a relevant metric a ratio, for ex-infrastructure projects, of Net Debt (gross debt less cash) to gross operating profit (EBITDA) plus dividends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

The borrowings of infrastructure projects, the changes compared to the previous year (EUR 5,385 million in December 2018, compared to EUR 5,570 million in December 2017), primarily explained by the reclassification of the Services Division to discontinued operations, as well as the positive exchange rate effect (EUR 174 million), due mainly to the appreciation in value of the US dollar.

BORROWINGS OF INFRAESTRUCTURE PROJECTS



NET CASH POSITION EX INFRAESTRUCTURES PROJECT:



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 2018 and which explain the changes in equity in the period from December 2017 to December 2018 is as follows:

2018 (Millions of euros)	ATTRIBUTABLE TO SHAREHOLDERS	ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY
Equity at 31/12/2017	**5,503**	**731**	**6,234**
Transition to IFRS 9	**-31**	**-6**	**-38**
Equity at 01/01/2018	**5,471**	**725**	**6,197**
Consolidated profit/(loss) for the year	**-448**	**57**	**-391**
Impact on reserves of hedging instruments	66	8	74
Impact on reserves of defined benefit plans	69	0	69
Translation differences	-119	21	-98
Income and expenses recognised directly in equity	**16**	**29**	**45**
Amounts transferred to the Income Statement	**0**	**0**	**0**
Total recognised income and expenses	**-431**	**86**	**-346**
Scrip dividend agreement/Other dividends	-240	-54	-294
Treasury share transactions	-280	0	-280
Shareholder remuneration	**-520**	**-54**	**-574**
Share capital increases/reductions	1	77	78
Share-based remuneration scheme	10	0	10
Subordinated hybrid bond	-1	0	-1
Other changes	-1	-1	0
Other transactions	**9**	**76**	**89**
Equity at 31/12/18	**4,530**	**833**	**5,363**

The following is a description of the main changes in shareholders' funds in 2018, which gave rise to a reduction of EUR -973 million in equity attributable to the shareholders.

Transition to IFRS 9. As indicated in Note 1.2, the Group applied IFRS 9 retrospectively, recognising the cumulative effect of first-time adoption as an adjustment to the opening balance of equity, which gave rise to a negative impact in the company's reserves of EUR -31 million.

The consolidated income for the year attributable to the parent company totalled EUR -448 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 positive impact of which was EUR 66 million, of which EUR 32.6 million corresponded to fully consolidated companies and EUR 16.8 million to equity-accounted companies and EUR 17.9 million relates to services classified to discontinued operations (See Note 1.1.3).
- 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, as described in Note 6.2, which had an impact for the parent company of EUR 69 million net of taxes (EUR 33 million in companies classified as held for sale (Amey) and EUR 36 million at 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 -119 million attributable to the parent company. More specifically, the depreciation of the Canadian dollar, pound sterling and the Australian dollar gave rise to translation differences of EUR -79 million, EUR -42 million and EUR -26 million respectively, offsetting the appreciation of the US dollar, which had an impact of EUR 33 million. The effect of the remaining currencies is EUR -5 million, primarily due to changes in the exchange rate of the Polish Zloty.

Shareholder remuneration:

- Scrip dividend: On 5 April 2018, the Annual General Meeting of Ferrovial, S.A. approved for the fourth consecutive year, a flexible capital return scheme for shareholders under which they could freely opt to receive shares newly issued by the Company through the subscription of a share capital increase out of reserves, or else receive an amount in cash by transferring their free share allotment rights derived from their current shareholding to the Company if not transferred in the market. As a result of this resolution, in 2018 two share capital increases were performed with the following characteristics:
    - In May 2018, 7,049,868 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 1.4 million, and EUR 106 million of bonus shares were purchased, representing a payment per share of EUR 0.314.
    - In November 2018, 9,510,262 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 1.9 million, and EUR 134 million of bonus shares were purchased, representing a payment per share of EUR 0.407.
    - EUR -240 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 2018 approved a treasury share Buy-Back Programme, the objective of which was a subsequent share capital reduction through the retirement of the shares purchased. 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 remuneration of shareholders in 2018 amounted to EUR 520 million (see Note 5.3), of which EUR 240 million related to the scrip dividend and EUR 280 million due to the acquisition of treasury shares.

Other transactions:

- Share capital increases by non-controlling interests: There was an increase of EUR 77 million in the shareholders' funds attributable to non-controlling interests, relating mainly to North Tarrant Express Segment 3 toll road.

- Share-based remuneration schemes: in 2018 a total of 286,491 treasury shares were acquired, representing 0.19% 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 5.3 million and the total result recognised for these remuneration schemes in the Company's equity amounts to EUR 10 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 2 million and the changes in the fair value thereof had an impact on the financial result of EUR -3 million.

- Subordinated hybrid bond: As described in the consolidated accounts at 31 December 2017, the Group issued perpetual bonds for a nominal amount of EUR 500 million, the features of which remain unchanged at 2018 year-end. Thus, these subordinated perpetual bonds are recognised under "Other Equity Instruments". The costs associated with the issue of these bonds and the accrued interest, which at the end of 2018 amounted to EUR -9 million, are recognised under "Reserves" and treated in a similar way to dividends.

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 at 31 December 2018 the share capital amounted to EUR 147,691,167.40 all fully subscribed and paid up. The share capital is represented by 738,455,837 ordinary shares of a single class and with a par value of twenty euro cents (EUR 0.20) per share. The changes in 2018 detailed in the table below relate to the share capital increase and reduction transactions described in the preceding paragraph.

SHARES	NUMBER	PAR VALUE
Beginning balance	732,265,472	146,453,094
Scrip dividend	16,560,130	3,312,026
Share capital reduction	-10,369,765	-2,073,953
Share closing	**738,455,837**	**147,691,167**

At 31 December 2018, the only company with an ownership interest of over 10% is Rijn Capital BV, with 20.11% 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 2018, the Company's share premium amounted to EUR 1,202 million, and the 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 71 million. Both line items are considered to be unrestricted reserves.

c) Treasury shares

At 31 December 2017, 2,167,237 treasury shares were held. The following changes took place in 2018:

TRANSACTION PERFORMED/OBJECTIVE	NUMBER OF SHARES ACQUIRED	NUMBER OF SHARES USED FOR OBJECTIVE	TOTAL NUMBER OF SHARES
Balance at 31.12.17			**2,167,237**
Share capital reduction	8,930,617	-10,369,765	-1,439,148
Discretionary shares	6,915,588	0	6,915,588
Remuneration schemes	286,941	-966,079	-679,138
Shares received - scrip dividend	447,129	0	447,129
Balance at 31.12.18			**7,411,668**

The Annual General Meeting of Ferrovial, S.A. held on 5 April 2018 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 2018 15,846,205 shares were acquired at an average price of EUR 17.65 per share, giving rise to a payment totalling EUR 280 million. Subsequently, it was resolved to reduce share capital by 10,369,765 shares, giving rise to a share capital reduction of EUR 2 million and an impact of EUR -278 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 2018 (7,411,668 shares) was EUR 131 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 par 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 in 2043, but in this case, 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 stated in Note 1.2.3.3, when it is at the issuer's discretion to decide both the repayment of the principal and the possibility of deferring the payment of the bond's coupon, the bond should classified as an equity instrument.

Thus, these subordinated perpetual bonds are recognised under "Other Equity Instruments". The costs associated with the issue of these bonds and the accrued interest, which at the end of 2018 amounted to EUR -9 million, 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 2018 was EUR -1,261 million, includes mainly the accumulated amount in reserves of the valuation adjustments made to derivatives (EUR -541 million), pension plans (EUR -442 million) and translation differences (EUR -572 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 the income statement 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 3,993 million (2017: EUR 4,624 million). The other reserves include restricted reserves of the Parent, relating mainly to the legal reserve of EUR 29 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 2018

It is planned for the Board of Directors to propose to the Company's duly convened Annual General Meeting that the profit of FERROVIAL, S.A. be distributed as follows:

(Millions of euros)	AMOUNT
Profit/(loss) FERROVIAL, S.A. (individual company) (euros)	48,321,239.91
Distribution (euros)	
To Voluntary Reserves (euros)	48,321,239.91

The Legal Reserve has reached the legally required minimum.

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

At 31 December 2018, 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.)
Autopista del Sol, C.E.S.A.	20%	Unicaja
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 Infrastrucuture 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
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 in 100% terms):

2018 (Millions of euros)	ASSETS	LIABILITIES	EQUITY	NCP	NET PROFIT
Autema	1,138	308	830	25	41
Autopista del Sol	760	691	69	-443	7
LBJ Express	2,276	1,871	405	-1,265	-5
NTE Mobility Partners, LLC	1,878	1,590	289	-870	7
NTE Mobility Partners Segment 3 LLC	1,247	890	358	-662	-2
I-77 Mobility Partners LLC	527	422	105	-246	0
Budimex	1,331	1,102	229	269	40

The main changes in "Equity Attributable to Non-Controlling Interests" in 2018 were as follows:

COMPANY	BALANCE AT 31.12.2017	PROFIT/(LOSS)	DERIVATIVES	TRANS. DIFFERENCES	DIV.	SHARE CAPITAL INCREASE	OTHER	BALANCE AT 31.12.2018
Autopista Terrassa Manresa	**170**	17	7	0	-5	0	-6	**183**
Autopista del Sol	**-2**	2	0	0	0	0	0	**0**
LBJ Infraestructure Group	**179**	-4	0	9	0	0	0	**184**
I-77 Mobility Partners LLC	**-7**	0	0	1	0	58	0	**52**
NTE Mobility Partners	**98**	4	0	5	0	0	0	**107**
NTE Mobility Partners Segments 3 LLC	**139**	-1	0	7	0	21	0	**166**
Budimex	**140**	32	0	-2	-47	0	2	**124**
Others	**14**	8	1	0	-2	-1	-3	**17**
Total	**731**	**57**	**8**	**21**	**-54**	**77**	**-7**	**833**

The entry "other impacts" primarily includes the effect of EUR -6 million relating to the adjustment of the opening balance as a result of the transition to IFRS 9, as explained under "Other Transactions" in the foregoing Note 5.1.1.

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 debt (short-term and long-term bank borrowings and bonds.

Also, the Net Cash Position includes Forwards totalling EUR 55 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 -6 million, associated with the borrowings 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

31.12.2018

(Millions of euros)	BANKING DEBT /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**

Net consolidated debt was reduced by EUR -202 million, falling from EUR -3,463 million in 2017 to EUR -3,664 million in December 2018. This reduction includes EUR -16 million due to the reclassification of Assets and Liabilities held for sale and discontinued operations in the Services Division (see Note 1.1.3). This change is explained in further detail in the note on cash flow (Note 5.3).

31.12.2017

(Millions of euros)	BANKING DEBT /BONDS	CROSS CURRENCY SWAPS	CASH AND CASH EQUIVALENTS	FORWARDS	LONG-TERM RESTRICTED CASH	NET BORROWING POSITION	INTRA-GROUP POSITION	TOTAL
Ex-Infrastructure Project Companies	-2,780	-17	4,137	18	0	1,359	-18	1,341
Infrastructure project companies	-5,570	0	463	0	285	-4,822	18	-4,804
Total net consolidated debt	**-8,350**	**-17**	**4,601**	**18**	**285**	**-3,463**	**0**	**-3,463**

Set forth below is a comparative analysis of net debt position of discontinued operations:

(Millions of euros) **2018**	BANKING DEBT/BONDS	CASH AND EQUIVALENTS	NET BORROWING POSITION
Ex – Infrastructure Projects Companies	-145	406	261
Infrastructure Projects Companies	-361	116	-245
Total net debt position	**-506**	**522**	**16**

(Millions of euros) **2017**	BANKING DEBT/BONDS	CASH AND EQUIVALENTS	NET BORROWING POSITION
Ex – Infrastructure Projects Companies	-185	550	365
Infrastructure Projects Companies	-509	192	-317
Total net debt position	**-694**	**742**	**48**

<u>Ex – Infrastructure Projects:</u>

Ex - Infrastructure project net borrowing position increased by EUR -104 million with respect to December 2017, a change that was mainly due to the restructuring of Broadspectrum debt and the negative evolution of Amey working capital.

<u>Infrastructure Projects:</u>

Infrastructure project net borrowing position decreased by EUR 72 million with respect to December 2017 mainly to the repayment of the borrowings of the company Milton Keynes after receiving payment from the customer when the plant became operational (EUR 144 million).

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 9 million (31 December 2017: EUR 58 million), are recognised under "Cash and Cash Equivalents" in the balance sheet whereas long-term balances, of EUR 472 million (31 December 2017: EUR 285 million) (see Note 3.6), are classified as financial assets. Therefore, the restricted cash at 31 December 2018 amounted to EUR 481 million, related entirely to the NTE (EUR 194 million), LBJ (EUR 171 million), NTE Segment 3 (EUR 67 million) and other European toll roads (EUR 49 million) (December 2017: EUR 343 million), including both long- and short-term amounts. Accordingly, there was a net change of EUR 138 million, due to:

- An increase therein of EUR 157 million (excluding the exchange rate effect), mainly at the NTE, NTE Segment 3 and LBJ toll roads (EUR 59 million, EUR 55 million and EUR 52 million, respectively), as a result of the business' operations, and at Autopistas del Sol C.E.A.S.A., amounting to EUR 4 million, in relation to future investments and debt servicing.

- The exchange rate effect, which had an impact of EUR 17 million, caused mainly by changes in the value of the US dollar (see Note 1.3).

- Reclassification of the Services Division to discontinued operations, amounting to EUR -36 million (Note 1.1.3).

The 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.

	31.12.2018			CHANGE 18/17		
(Millions of euros)	BONDS AND DEBENTURES	BANK BORROWINGS	TOTAL	BONDS	BANK BORROWINGS	TOTAL
Long-Term	**1,856**	**3,486**	**5,342**	**57**	**-78**	**-21**
US Toll Roads	1,193	2,306	3,498	57	281	338
Spanish Toll Roads	477	659	1,136	-10	-13	-23
Portuguese Toll Roads	0	311	311	0	-9	-9
Airports	187	59	245	10	1	11
Construction	0	151	151	0	-2	-2
Services	0	0	0	0	-335	-335
Short-Term	**10**	**32**	**43**	**1**	**-166**	**-165**
Spanish Toll Roads	10	16	26	1	6	7
US Toll Roads	0	0	0	0	0	0
Portuguese Toll Roads	0	11	11	0	2	2
Airports	0	2	2	0	0	0
Construction	0	4	4	0	0	0
Services	0	0	0	0	-174	-174
Total	**1,867**	**3,518**	**5,385**	**58**	**-244**	**-186**

	31.12.2017		
(Millions of euros)	BONDS AND DEBENTURES	BANK BORROWINGS	TOTAL
Long-Term	**1,799**	**3,563**	**5,363**
US Toll Roads	1,136	2,025	3,160
Spanish Toll Roads	487	672	1,159
Portuguese Toll Roads	0	320	320
Airports	177	57	234
Construction	0	154	154
Services	0	335	335
Short-Term	**9**	**199**	**207**
Spanish toll roads	9	10	19
US toll roads	0	0	0
Portuguese toll roads	0	9	9
Airports	0	2	2
Construction	0	4	4
Services	0	174	174
Total	**1,808**	**3,762**	**5,570**

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 scope of consolidation, 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 2017	INCREASE/ REDUCTION IMPACT ON CASH FLOW	EXCHANGE RATE EFFECT	IMPACT OF CHANGES IN THE SCOPE OF CONSOLIDATION AND OTHER	CAPITALISED/ACCRUED INTEREST	RECLASSIFICATION TO DISCONTINUED OPERATIONS	DEC 2018
Gross Debt Position Projects	5,570	-93	174	2	92	-361	5,385

Infrastructure project borrowings decreased by EUR 186 million with respect to December 2017, a change that was mainly due to the following reasons:

- Exchange rate effect amounting to EUR 174 million, mainly due to the appreciation of the US dollar (EUR 174 million).

- Drawdowns against the borrowings already arranged at the end of 2017 and interest accrual and addition of interest to debt principal, for a net amount of EUR -1 million, of which:

- Repayment of the borrowings of the company Amey-Cespa (Milton Keynes) SPV Limited, the owner of a waste plant in the United Kingdom, totalling EUR -146 million, after receiving payment from the customer when the plant became operational.
- As regards the US toll roads, EUR 85 million relates to the debt drawn down by the NTE 35W toll road and EUR 90 million to the capitalisation of interest on the TIFIA debt, of which EUR 38 million relates to the LBJ toll road, EUR 31 million to the NTE toll road, EUR 17 million to the NTE 35W toll road and EUR 5 million to the I-77 Mobility Partners LLC toll road.
- EUR -16 million relate to the Spanish toll roads, including most notably Autopista del Sol (EUR -16 million), mainly due to the repayment of borrowings.

- Reclassification of the Services Division to discontinued operations, amounting to EUR -361 million (Note 1.1.3).

US Toll Roads:

NTE Mobility Partners, LLC

This project is financed through a USD 400 million issue of Private Activity Bonds (PABs) with final maturity in 2039 (USD 60 million bearing fixed interest at 7.50% of which EUR 29 million mature in 2030 and EUR 31 million in 2031 and USD 340 million bearing fixed interest at 6.875% with final maturity in 2039). It also has a TIFIA loan of USD 830 million bearing fixed interest at 4.52% (USD 650.0 million of principal and USD 180 million of interest added to the principal) granted by the US Federal Government, which was drawn down in full at 31 December 2018 and has a repayment profile from 2035 to final maturity in 2050.

NTE Mobility Partners Seg 3 LLC

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 bearing a fixed rate of 3.84%, against which USD 572 million had been drawn down at 31 December 2018 (USD 530.6 million of principal and USD 41.4 million of interest added to the principal), with final maturity in 2054.

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 1,078.5 million had been drawn down at 31 December 2018 (USD 850 million of principal and USD 228.5 million of interest added to the principal). This loan bears interest at a fixed rate of 4.22% and has final maturity in 2050.

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 5 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 198.7 million had been drawn down at 31 December 2018 (USD 189.0 million of principal and USD 9.7 million of interest added to the principal). This loan bears interest at a fixed rate of 3.04% and has final maturity in 2053.

Spanish Toll Roads:

Ausol I and II

The borrowings are structured in the form of senior bonds and debentures for EUR 507 million maturing in 30 years with a coupon of 3.75% (EUR 351.5 million for AUSOL I and EUR 155.5 million for AUSOL II) and a junior loan of EUR 50.8 million maturing in 10 years with a fixed interest rate of 7% (EUR 35.2 million for AUSOL I and EUR 15.6 million for AUSOL II).

The outstanding borrowings at 31 December 2018 amounted to EUR 490.5 million of senior bonds and debentures and EUR 21.1 million of junior loans.

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 -0.27% +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 42.8 million as at 31 December 2018 (bearing interest at 6-month EURIBOR of -0.27%+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 5.234% 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 -260.9 million at year-end.

Portuguese Toll Roads:

Euroscut Azores

Syndicated bank financing with final maturity in 2033, against which EUR 324.4 million had been drawn down at 31 December 2018 (bearing interest at 6-month EURIBOR of -0.27%+0.85%). In relation to these borrowings, the concession operator has arranged a derivative with a notional amount of EUR 279.7 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 -72.7 million at year-end.

Breakdown of other projects:

(Millions of euros)	LONG-TERM	SHORT-TERM	TOTAL 2018	CHANGE 2018/ 2017
Denver Great Hall LLC	187	0	187	10
Other Airports	59	2	61	2
Airports	**245**	**2**	**247**	**12**
AmeyCespa (MK) SPV Limited	0	0	0	-145
Autovía de Aragón, Sociedad Concesionaria, S.A.	0	0	0	-98
Smart Hospital Cantabria S.A.	0	0	0	-69
Other Services	0	0	0	-197
Services	**0**	**0**	**0**	**-509**
Conc. Prisiones Lledoners, S.A.	71	1	73	-1
Concesionaria de Prisiones Figueras S.A.U.	60	2	61	-2
Other Construction	20	1	21	0
Construction	**151**	**4**	**155**	**-3**
Total other infrastructure project borrowings	**397**	**6**	**402**	**-500**

(Millions of euros)	LONG-TERM	SHORT-TERM	TOTAL 2017
Denver Great Hall LLC	177	0	177
Other Airports	57	2	59
Airports	**234**	**2**	**236**
AmeyCespa (MK) SPV Limited	0	145	145
Autovía de Aragón, Sociedad Concesionaria, S.A.	85	13	98
Smart Hospital Cantabria S.A.	65	3	69
Other Services	185	12	197
Services	**335**	**174**	**509**
Conc. Prisiones Lledoners, S.A.	73	1	74
Concesionaria de Prisiones Figueras S.A.U.	61	2	63
Other Construction	20	1	21
Construction	**154**	**4**	**158**
Total other infrastructure project borrowings	**723**	**179**	**902**

Other infrastructure project borrowings decreased by EUR -500 million as compared with December 2017. This decrease is due to the reclassification of the Services Division to discontinued operations, with the main change during the year comprising the aforementioned repayment of AmeyCespa (MK) SPV debt, in the amount of EUR -147 million.

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

(Millions of euros)	CURRENCY	FAIR VALUE 2018	FAIR VALUE 2017	CARRYING AMOUNT 2018	2019	2020	2021	2022	2023	2024+	TOTAL MATURITIES
Infrastructure project company bonds and debentures		**2,097**	**2,039**	**1,867**	**10**	**12**	**13**	**14**	**15**	**1,805**	**1,869**
Toll roads		**1,832**	**1,776**	**1,680**	**10**	**12**	**13**	**13**	**13**	**1,642**	**1,703**
	USD	1,345	1,281	1,193	0	0	0	0	0	1,213	1,213
	EUR	487	496	487	10	12	13	13	13	429	491
Airports		**265**	**262**	**187**	**0**	**0**	**0**	**1**	**1**	**163**	**165**
	USD	265	262	187	0	0	0	1	1	163	165
Bank borrowings of infrastructure project companies		**3,518**	**3,762**	**3,518**	**30**	**26**	**78**	**29**	**68**	**3,331**	**3,562**
Toll roads		**3,302**	**3,036**	**3,302**	**26**	**22**	**17**	**24**	**66**	**3,189**	**3,344**
	USD	2,306	2,025	2,306	0	0	0	0	38	2,302	2,340
	EUR	996	1,012	996	26	22	17	24	28	887	1,004
Airports		**61**	**59**	**61**	**2**	**2**	**58**	**0**	**0**	**0**	**61**
	USD	61	59	61	2	2	58	0	0	0	61
Construction		**155**	**158**	**155**	**2**	**3**	**3**	**4**	**3**	**142**	**157**
	EUR	155	158	155	2	3	3	4	3	142	157
Services (*)		**0**	**509**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	GBP	0	203	0	0	0	0	0	0	0	0
	EUR	0	306	0	0	0	0	0	0	0	0
Total financial borrowings of infrastructure project companies		**5,615**	**5,801**	**5,385**	**40**	**38**	**91**	**43**	**83**	**5,136**	**5,430**

(*) Reclassified Division to discontinued operations

The differences between the total maturities of the bank borrowings (EUR 5,430 million) and the carrying amounts thereof at 31 December 2018 (EUR 5,385 million) 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. Thus, the accrued interest payable and the application of the amortised cost method represent an impact of EUR 46 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 book value and, therefore, the book value 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:

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**

2017 (Millions of euros)	DEBT LIMIT	DRAWN DOWN	AMOUNT DRAWABLE	CARRYING AMOUNT OF DEBT
Toll roads	4,838	4,729	109	4,668
US Toll Roads	*3,293*	*3,210*	*84*	*3,160*
Spanish Toll Roads	*1,212*	*1,187*	*25*	*1,178*
Other Toll Roads	*333*	*333*	*0*	*329*
Airports	217	217	0	236
Construction	161	160	1	158
Services	514	508	6	509
Total borrowings	**5,730**	**5,615**	**116**	**5,570**

The differences between the total bank borrowings drawn down and the carrying amount of the related debt at 31 December 2018 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 25 million drawable (31 December 2017: EUR 116 million), the entire sum relates mainly to amounts not drawn down against Spanish 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 2018, all the Project companies were achieving the significant covenants in force.

5.2.2 Net cash position excluding infrastructure project companies.

a) Borrowings of non-infrastructure project companies

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

	2018			CHANGE 18/17		
(Millions of euros)	LONG-TERM	SHORT-TERM	TOTAL	LONG-TERM	SHORT-TERM	TOTAL
Corporate Bonds and Debentures	1,788	19	1,807	1	-517	-516
Euro Commercial Paper	0	699	699	0	699	699
Corporate liquidity lines	243	0	243	12	0	11
Other borrowings	46	12	58	-84	-83	-167
Total financial borrowings excluding infrastructure project companies	**2,077**	**730**	**2,807**	**-72**	**99**	**27**

2017 (Millions of euros)	LONG-TERM	SHORT-TERM	TOTAL
Corporate Bonds	1,787	536	2,323
Euro Commercial Paper	0	0	0
Corporate liquidity lines	232	0	232
Other borrowings	129	95	225
Total financial borrowings excluding infrastructure project companies	**2,149**	**631**	**2,780**

The following table shows changes to gross borrowings on Ex-Infrastructure Projects, broken down into changes in borrowings with balancing entries in cash flow, exchange rate effects and changes in the scope of consolidation, 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 2017	INCREASE/ REDUCTION IN IMPACT ON CASH FLOW	EXCHANGE RATE EFFECT	IMPACT OF CHANGES IN THE SCOPE OF CONSOLIDATION AND OTHER	CAPITALISED/ACCRUED INTEREST	RECLASSIFICATION TO DISCONTINUED OPERATIONS	DEC 2018
Bank borrowings/Ex-Project Bonds	2,780	157	8	22	-14	-145	2,807
Cross Currency Swaps	17	0	-11	0	0	0	6
Gross Ex-Infrastructure Project Debt Position	**2,797**	**157**	**-3**	**22**	**-14**	**-145**	**2,813**

a.1.1) Corporate Debt

The corporate debt comprises the following debt instruments:

- On the one hand, the debt consists of five corporate bonds the carrying amount of which totals EUR 1,807 million at 31 December 2018 (31 December 2017: EUR 2,323 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	31/03/2026	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.

In January 2018, the first corporate bond issued in 2013 was redeemed in the amount of EUR 500 million.

- In the first quarter of 2018, in view of the favourable market context, the company arranged an issue of Euro Commercial Papers for a maximum of up to EUR 1,000 million on the Irish Stock Exchange, approximately EUR 699 million having been issued at December 2018, with an average interest rate of -0.23%. Through this programme, Ferrovial is able to issue commercial paper notes maturing between 1 and 364 days as of the issue date so as to diversify funding sources in capital markets and manage cash surpluses more efficiently.

- In July 2018, Ferrovial refinanced the corporate liquidity line, incorporating sustainability criteria. With respect to the above terms and conditions, the amount of EUR 1,250 million was reduced to EUR 900 million, finance costs were improved by cutting the margin of 50 bps to 35 bps (32.5 bps following the 2.5 bps reduction due to meeting the sustainability rating in September 2018) and the maturity date was extended from March 2022 to July 2023, with an option for two 12-month extensions (to 2025). Of the current maximum limit on the facility, USD 278.6 million is to be utilised and renewed monthly to September 2019 and USD 286.3 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 -0.001% from September 2019 to May 2020, always guaranteeing a notional amount of EUR 250 million, thus giving rise to income for the Group.

The interest rate negotiated is tied to EURIBOR plus a spread based on the average rating assigned to the borrowings of Ferrovial S.A., the Parent Company of the Group.

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 2018 and at 31 December 2017 is as follows:

	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
Other lines	0	0	0	0
Total corporate debt	**3,399**	**2,749**	**650**	**2,749**

	2017			
(Millions of euros)	DEBT LIMIT	DRAWN DOWN	AMOUNT DRAWABLE	CONSOLIDATED DEBT
Bonds and debentures	2,300	2,300	0	2,323
Syndicated facility	1,250	232	1,018	232
Other lines	175	18	157	0
Total corporate debt	**3,725**	**2,550**	**1,175**	**2,555**

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 2018, respectively rating it at BBB and BBB with stable outlook and, therefore, within the "Investment Grade" category.

a.1.2) Other bank borrowings

"Other Borrowings" of EUR 58 million (31 December 2017: EUR 225 million) include mainly the finance leases of EUR 46 million (31 December 2017: EUR 54 million), mainly in the Construction Division. The fall in debt was largely due to the reclassification of the Services Division to discontinued operations.

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 2018 and 31 December 2017:

(Millions of euros)	2018			
	DEBT LIMIT	DRAWN DOWN	AMOUNT DRAWABLE	CONSOLIDATED DEBT
Construction	149	56	93	59
Services	0	0	0	0
Other debt	**149**	**56**	**93**	**59**

(Millions of euros)	2017			
	DEBT LIMIT	DRAWN DOWN	AMOUNT DRAWABLE	CONSOLIDATED BORROWINGS
Construction	**131**	**35**	**96**	**39**
Broadspectrum	284	113	171	123
UK Services	191	11	180	11
Other Services	45	26	19	52
Services	**519**	**149**	**370**	**185**
Other borrowings	**650**	**184**	**466**	**224**

The differences between total bank borrowings and the carrying amount thereof at 31 December 2018 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 2018	CARRYING AMOUNT 2018	2019	2020	2021	2022	2023	2024+	TOTAL MATURITIES
Corporate Debt		**2,572**	**2,750**	**699**	**0**	**500**	**500**	**250**	**800**	**2,749**
	EUR	2,572	2,750	699	0	500	500	250	800	2,749
Other Borrowings		**58**	**58**	**1**	**1**	**4**	**7**	**19**	**24**	**56**
	EUR	3	3	0	0	0	0	0	2	2
	PLN	54	54	0	1	4	7	19	22	54
	CLP	1	1	0	0	0	0	0	0	0
Total borrowings excluding infrastructure project companies		**2,630**	**2,807**	**700**	**1**	**504**	**507**	**269**	**824**	**2,805**

The differences between the total maturities of financial borrowings and the carrying amounts of the debt at 31 December 2018 are explained mainly by the difference between the par values and carrying amounts of the debts, 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.

Based on the aforementioned criteria, the estimated total fair value of bank borrowings and bonds excluding infrastructure projects was EUR 2,630 million at 31 December 2018 (31 December 2017: EUR 2,632 million).

The 2019 maturities amount to EUR 700 million and primarily relate to the maturity of the ECPs. The debt 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 2017.

Also, at 31 December there were certain restricted accounts totalling EUR 78 million (31 December 2017: EUR 31 million) primarily relating to Construction, for operating motives in construction projects in the US, as well as the Budimex real estate developments in progress.

5.3. CASH FLOW

The consolidated cash flow statement was 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".
- The cash flows endeavour to present the changes in the net cash position as the net amount of 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.

		DECEMBER 2018 (figures in millions of euros)			
DECEMBER 2018	**NOTE:**	**CASH FLOW EXCLUDING INFRASTRUCTURE PROJECT COMPANIES**	**CASH FLOW INFRASTRUCTURE PROJECT COMPANIES**	**ADJUSTMENTS**	**CONSOLIDATED CASH FLOW**
EBITDA including discontinued operations	2.4	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
Operations cash flow before tax		**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 flow from business activities		**476**	**310**	**-29**	**758**
Interest cash flow	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 the scope of consolidation	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 for safety 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

Changes in Working Capital:

The variations in Working Capital disclosed in the foregoing table are the measure used to explain the difference between the Group's EBITDA (Gross Operating Profit) and its Operating Cash Flow 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, primarily due to changes in the balances of trade receivables and payables to suppliers or other items in the consolidated 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 exactly 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	ADJUSTMENTS	TOTAL ex-Bmgh	BMGH PROVISION	TOTAL
Change in working capital (Section 4)	**-253**	**178**	**67**	**-9**	**0**	**-9**
Changes in working capital with an impact on other lines in the cash flow statement	4	-203	-74	-273	0	-273
Changes in provisions with an impact on Gross Operating Profit or on working capital	-85	0	0	-85	155	70
Changes in other balance sheet items with an impact on operating cash flows	-16	-34	6	-44	0	-44
Total working capital reported in the cash flow statement	**-351**	**-60**	**0**	**-410**	**155**	**-255**

The differences discussed above relate to the following items:

- Changes in working capital with an impact on other lines in the cash flow statement. The working capital accounts reported in Section 4, can relate to transactions that do not affect operating cash flows, such as fixed asset purchases or disvestments. The main difference between Working Capital reported in the cash flow statement (EUR -255 million) and the change in working capital in the balance sheet (EUR -9 million) reported in Section 4, is primarily due to movements in the balances of assets subject to infraestructure projects, especifically associated to Milton Keynes treatment plant in the United Kingdom which amounts to EUR 144 million (Note 4.2.b). This impact is shown in the short term receivables from infraestructure projects in the Balance Sheet, having an impact on Working Capital, however in the Cash Flows Statement is reported as positive cash flow from disvestments in projects. In addition to this impact, balances of assets subject to the receivable model (under IFRIC 12), along with movements of short term receivables are affected by the change in the long-term receivable as well as other impacts that may have an offset in the Working Capital cash flow from additions, withdrawals and transfers (Note 3.3.2).

- Changes in provisions with an impact on Gross Operating Profit or on working capital. These relate to the recognition/reversal of provisions with an impact on Gross Operating Profit but with no impact on cash, or provisions used with a balancing entry in working capital accounts. The differences for this item amounted to EUR 70 million (Note 6.3) in the current year, related to movement of provisions with an impact on Gross Operating Profit of EUR 555 million, a reversal of EUR 282 million, in addition to the use of provisions with a balancing entry in working capital accounts (EUR -204 million). From these items, stands out the provision made in the Birmingham contract (EUR 235 million) at the Services division, out of which (EUR 85 million) has been used in the current year. This represent a net balance of EUR 155 million which, given its relevance, is broken down separately in the previous table as well as in the cash flow table included in this note.

- Changes in other balance sheet items with an impact on operating cash flows. The changes in working capital reported in Section 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 (current items) but also to certain items recognised as non-current assets and liabilities, such as non-current trade receivables and non-current payables to suppliers, or even to items in equity accounts such as transactions relating to share-based remuneration schemes. In addition, this line item also includes the other financial income that is not directly connected with financing, such as late payment interest, guarantees and expenses arising from guarantee bonds.

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 recorded in the reported cash flow line:

(Millions of euros) 2018	EX INFRASTRUCTURE PROJECTS	INFRASTRUCTURE PROJECTS	ADJUSTMENTS	CONSOLIDATED
Operations cash flow before 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 flow from business activities	**78**	**193**	**-98**	**173**
Cash flows from financing activities (external interest)	**-9**	**-21**	**0**	**-30**
(Millions of euros) 2017	EX INFRASTRUCTURE PROJECTS	INFRASTRUCTURE PROJECTS	ADJUSTMENTS	CONSOLIDATED
Operations cash flow before tax	**396**	**98**	**-3**	**491**
Corporate income tax cash flow	-34	-8	0	-42
Operations cash flow	**362**	**91**	**-3**	**449**
Investment	-139	-17	0	-155
Divestment	19	0	0	19
Cash flow from business activities	**242**	**74**	**-3**	**312**
Cash flows from financing activities (external interest)	**-20**	**-25**	**0**	**-45**

The cash flow reported in 2017 is detailed below:

		DECEMBER 2017 (figures in millions of euros)			
DECEMBER 2017	NOTE:	CASH FLOW EXCLUDING INFRASTRUCTURE PROJECT COMPANIES	CASH FLOW INFRASTRUCTURE PROJECT COMPANIES	ADJUSTMENTS	CONSOLIDATED CASH FLOW
EBITDA including discontinued operations		484	449	0	932
Dividends received	3.5	553	0	-10	543
Working capital variation (receivables, payables and other)	5.3	-38	-16	0	-53
Operating cash flows before tax		**999**	**433**	**-10**	**1,422**
Taxes paid in the year	2.8.2	-115	-27	0	-142
Operations cash flow		**883**	**407**	**-10**	**1,280**
Investment	3.2, 3.3 and 3.4	-355	-371	43	-684
Divestment	1.1.4 and 3.3.3	253	0	-5	248
Investment cash flow		**-102**	**-371**	**38**	**-436**
Cash flows from business activities		**781**	**35**	**28**	**844**
Interest cash flows	2.6	-32	-204	0	-236
Capital proceeds from non-controlling interests		0	73	-38	35
Scrip dividend		*-218*	*0*	*0*	*-218*
Acquisition of treasury shares		*-302*	*0*	*0*	*-302*
Shareholder remuneration	5.1	-520	0	0	-520
Dividends paid to non-controlling shareholders of investees		-48	-11	10	-49
Exchange rate effect		-43	398	0	354
Changes in the scope of consolidation	1.1.4	0	-43	0	-43
Subordinated hybrid bond issue		500	0	0	500
Other changes in borrowings (not giving rise to cash flows)		6	-88	0	-82
Cash flows from financing activities		**-137**	**125**	**-28**	**-40**
Change in net cash position	**5.2**	**644**	**160**	**0**	**804**
Opening position		697	-4,963	0	-4,266
Closing position		1,341	-4,804	0	-3,463

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 detail 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 debt, indicating the percentage of the debt that is considered to be hedged (either by a fixed rate or by derivatives).

	2018			
DEBTS (Millions of euros)	TOTAL GROSS DEBT	% DEBT HEDGED	EXPOSED DEBT	IMPACT ON RESULTS + 100 b.p.
Non-infrastructure Project Companies	**2,807**	**89.3%**	**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**

	2017			
DEBTS (Millions of euros)	TOTAL GROSS DEBT	% DEBT HEDGED	EXPOSED DEBT	IMPACT ON RESULTS + 100 b.p.
Non-infrastructure Project Companies	**2,797**	**87.0%**	**363**	**4**
Toll roads	4,668	98%	99	1
Construction	158	94%	10	0
Services	509	65%	177	2
Airports	236	100%	0	0
Infrastructure Projects	**5,570**	**95%**	**285**	**3**
Total borrowings	**8,367**	**92%**	**648**	**6**

Also, it must be taken into consideration that the results relating to equity-accounted companies include the results corresponding to the 25% ownership interest in HAH and the 43.23% ownership interest in 407 ETR. As indicated in Note 3.5, the two companies have a significant volume of debt, of which 89% (HAH) and 100% (407 ETR) is hedged against interest rate risk.

Based on the foregoing, at the fully consolidated companies, a linear increase of 100 basis points in the market yield curves at 31 December 2018 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 2018 would, in the case of the effective hedges, have a positive impact of approximately EUR 247 million on the shareholders' funds attributable to the parent company (EUR 163 million at equity-accounted companies, EUR 84 million in fully consolidated companies), while a decrease of 100 basis points would produce a negative impact of approximately EUR 276 million (EUR 181 million in consolidated equity-accounted companies and EUR 95 million at fully consolidated companies).

As regards discontinued operations, a linear increase of 100 basis points in the market yield curves would, in the case of the effective hedges, have a positive impact of approximately EUR 29 million (EUR 15 million at equity-accounted companies and EUR 14 million in fully consolidated companies), while a decrease of 100 basis points would produce an impact of EUR 32 million (EUR 17 million in equity-accounted companies and EUR 15 million at fully consolidated companies).

b. Exposure to foreign currency risk

Ferrovial regularly monitors its expected net exposure with regard to each currency over the coming years, both as the result of dividends receivable and as regards investment in new projects or 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 values of assets, liabilities, non-controlling interests and shareholders' funds attributable to the parent company at December 2018, adjusted by the aforementioned currency forwards corresponding to each currency:

	2018			
CURRENCY (Millions of euros)	ASSETS	LIABILITIES	PARENT COMPANY SHAREHOLDERS' FUNDS	NON-CONTROLLING INTERESTS
Euro	6,527	4,544	1,793	190
Pound sterling	2,437	2,025	412	0
US Dollar	7,785	6,781	488	515
Canadian Dollar	2,861	1,628	1,232	0
Australian Dollar	1,216	972	244	0
Polish Zloty	1,437	1,179	130	128
Chilean Peso	315	180	136	0
Colombian Peso	135	42	93	0
Other	100	98	1	0
TOTAL GROUP	**22,813**	**17,450**	**4,530**	**833**

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 2018 was EUR -119 million for the Parent and EUR +21 million for non-controlling interests. Of the aforementioned EUR -119 million, EUR -79 million correspond to changes in the Canadian dollar, EUR -42 million to changes in pound sterling, EUR -26 million to changes in the Australian dollar, EUR +33 million to changes in the US dollar and EUR -6 million to changes in other currencies.

After analysing the sensitivity to changes in exchange rates, Ferrovial has estimated that a possible 10% appreciation of the euro at year-end against the main currencies in which the Group has investments would give rise to a change in the Parent's shareholders' funds of EUR 277 million, of which 49% would relate to the effect of the Canadian dollar, 19% to the US dollar and 17% to pound sterling. This fluctuation in the value of the Euro would give rise to a change in total assets of EUR 1,663 million, of which 52% would relate to the investments in US dollars, 19% to the Canadian dollar and 16% to the investments in pound sterling.

Also, the detail of the net profit/(loss) attributable to the Parent Company by type of currency for 2018 and 2017 is detailed in the following table.

	NET PROFIT/(LOSS)	
CURRENCY (Millions of euros)	2018	2017
Euro	128	208
Pound sterling	-858	96
US Dollar	77	37
Canadian Dollar	147	105
Australian Dollar	-17	-24
Polish Zloty	49	60
Chilean Peso	50	9
Others	-24	-37
Total Group	**-448**	**454**

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 -59 million.

c. Exposure to credit and counterparty risk

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

(Millions of euros)	2018	2017	CHANGE 18/17
Investments in financial assets (1)	693	886	-193
Non-current financial assets	1,629	1,804	-174
Financial Derivatives (assets)	445	381	64
Trade and other receivables	1,090	2,635	-1,545

(1) Included in Cash and Cash Equivalents

Ferrovial actively monitors the risk that it assumes with its various counterparties.

- Ferrovial actively monitors the risk that it assumes with its Financial Institutions: 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 2018, cash and cash equivalents amounted to EUR 3,766 million (2017: EUR 4,137 million). Also, at that date undrawn credit lines totalled EUR 743 million (2017: EUR 1,641 million).

Infrastructure project companies

At 31 December 2018, cash and cash equivalents (including short-term restricted cash) amounted to EUR 239 million (2017: EUR 463 million). Also, at that date undrawn credit lines amounted to EUR 25 million (2017: EUR 116 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 and, 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 accounted for using the equity method. Therefore, an increase in inflation would increase the cash flow derived from assets of this nature. In addition, fixed benefit pension plans in the United Kingdom 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 they are considered to be ineffective derivatives up until now. 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 debt, Ferrovial Group's objective is to maintain a low level of indebtedness, excluding infrastructure project debt, 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 plus dividends from projects of 2:1.

At 31 December 2018, the Net Cash Position was 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 projects" is defined in Note 5.2 and "gross operating profit 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 projects.

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:

	2018		
(Millions of euros)	FERROVIAL TOTAL	UK EXPOSURE	% OF TOTAL
Revenues (*)	12,511	2,942	12,511
EBITDA (*)	614	-184	-
Net Profit/(Loss)	-448	-877	-
Equity	4,530	412	4,530
Consensus analyst estimate	-	-	13.5%
Construction Order Book	10,967	675	6%
Services Order Book	19,411	9,251	48%
Airports managed	25% HAH, 50% AGS		

(*) Including discontinued activities

Exchange rate

During the 2018 financial year, with the United Kingdom and the European Union deep in negotiations, the pound continued to show weakness against the euro. At 31 December 2018, the pound sterling had fallen by 1% year-on-year. In order to hedge its foreign currency risk, due to the negative Brexit negotiations, Ferrovial has arranged hedges with a notional amount of GBP 641 million, which covers a higher amount than the dividends it expects to receive on its UK assets over the next 4 years. The depreciation of the pound can have a positive effect on the commercial revenues of Heathrow and AGS.

Inflation and interest rates

In 2018, the market has increased its inflation forecast in relation to the future Retail Price Index (RPI) by an average of 0.20%, with figures standing at around 3.5% and a present rate that is slightly lower, due to the slightly higher nominal interest rates.

An adverse scenario in Brexit negotiations in 2019 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 hedges for inflation and nominal amounts under pension plans).

Additionally, it must be taken into account that an increase in inflation has a positive impact on Heathrow, raising the value of the regulated asset (RAB), which is indexed to inflation.

5.5 Derivative financial instruments at fair value

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

The table below includes a detail of the fair values of the derivatives arranged at 31 December 2018 and 2017, as well as the expiry 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):

	FAIR VALUE		NOTIONAL MATURITIES					
TYPE OF INSTRUMENT (Millions of euros)	**BALANCE AT 31/12/18**	**BALANCE AT 31/12/17**	**2019**	**2020**	**2021**	**2022**	**2023+**	**TOTAL**
ASSET BALANCES	**444**	**381**	**2,119**	**336**	**57**	**246**	**65**	**2,823**
Cintra index-linked swaps (inflation derivatives)	358	316	0	-3	-1	-4	62	55
Cross Currency Swaps, Corporate Business	0	0	0	250	0	0	0	250
IRS Corporate Business	11	13	0	0	0	250	0	250
Equity swaps	0	1	0	0	0	0	0	0
Exchange rate derivatives, Corporate Business	50	30	1,709	15	0	0	0	1,724
Other derivatives	26	21	410	74	58	0	2	544
LIABILITY BALANCES	**390**	**452**	**1,319**	**15**	**519**	**78**	**847**	**2,778**
Cintra interest-rate swaps (interest-rate derivatives)	334	357	9	11	16	74	773	883
Cross Currency Swaps, Corporate Business	6	17	250	0	0	0	0	250
Equity swaps	2	0	50	0	0	0	0	50
IRS Corporate Business	9	0	0	0	500	0	0	500
Exchange rate derivatives, Corporate Business	2	3	353	0	0	0	0	353
Other derivatives	38	75	657	4	3	4	74	742
NET BALANCES (ASSETS)	**54**	**-71**	**3,437**	**351**	**576**	**324**	**912**	**5,601**

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

TYPE OF INSTRUMENT (Millions of euros)	FAIR VALUE		CASH FLOW MATURITIES					
	BALANCE AT 31/12/18	BALANCE AT 31/12/17	2019	2020	2021	2022	2023+	TOTAL
ASSET BALANCES	**444**	**381**	**86**	**18**	**17**	**15**	**308**	**444**
Toll road index-linked swaps (inflation derivatives)	358	316	10	12	13	15	308	358
Cross Currency Swaps, Corporate Business	0	0	0	0	0	0	0	0
IRS Corporate Business	11	13	4	4	3	0	0	11
Equity swaps (*)	0	1	0	0	0	0	0	0
Exchange rate derivatives, Corporate Business	50	30	49	1	0	0	0	50
Other derivatives	26	21	23	1	1	1	1	26
LIABILITY BALANCES	**390**	**452**	**75**	**44**	**47**	**40**	**184**	**390**
Toll road interest-rate swaps (interest-rate derivatives)	334	357	43	42	39	34	176	334
Cross Currency Swaps, Corporate Business	6	17	6	0	0	0	0	6
Equity swaps (*)	2	0	2	0	0	0	0	2
Corporate IRS	9	0	0	0	6	4	0	9
Exchange rate derivatives, Corporate Business	2	3	2	0	0	0	0	2
Other derivatives	38	75	23	2	2	2	9	38
NET BALANCES (ASSETS)	**54**	**-71**	**11**	**-26**	**-30**	**-25**	**124**	**54**

(*) The items indicated are the main derivatives arranged by the Group that do not qualify for hedge accounting, as explained in this Note

The following is a description of the main types of derivatives and of the most significant changes therein in 2018:

Toll Road Derivatives

Interest Rate Swaps, Toll Roads

In order to hedge the interest rate risk in toll road infrastructure projects, 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 883 million at 31 December 2018. Overall, the fair value of these hedges increased from EUR -357 million at 31 December 2017 to EUR -334 million at 31 December 2018.

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 +23 million (EUR +17 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 -47 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 40 million on reserves (EUR 23 million after tax attributable to the Parent)

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 2022. 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. The fair value impact of these bonds on the financial result amounted to EUR 2 million.

During 2018, the Group also arranged new interest rate derivatives for a notional amount of EUR 500 million to hedge future bond issues. At year-end 2018 the fair value of these derivatives amounts to EUR -9 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 279 million (EUR 250 million) and they expire in 2019, with a fair value of EUR -6 million. New cross currency swaps were agreed to during 2018, as a hedge against future increases in the aforementioned debt for a notional amount of USD 286 million (EUR 250 million) and they mature in 2020, with a fair value of EUR 0.1 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 corresponding 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 2018 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 50 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 2,077 million at 31 December 2018, of which EUR 1,037 million relate to the Canadian dollar, EUR 451 million relate to the US dollar, EUR 421 million to the Australian dollar, EUR 139 million to the pound sterling and EUR 29 million to the New Zealand dollar. They expire in the short-term. The changes in their value are recognised as translation differences and amounted to EUR -1 million in 2018 (for effective derivatives). Options, which are not classified as accounting hedges, are recognised in financial results at fair value and in 2017 represented an expense of EUR 11 million.

Other derivatives

This item comprises the rest of the derivatives arranged by the Group, including the derivatives corresponding to the Services Division. Its reclassification to discontinued operations has had a positive impact of EUR 40 million on the derivatives line item.

B) MAIN EFFECTS ON PROFIT & LOSS AND EQUITY

The changes for accounting purposes in the main derivatives arranged by fully consolidated companies, detailing the fair values thereof at 31 December 2018 and 2017, and the impact on reserves, profit & loss and other balance sheet items are as follows:

TYPE OF INSTRUMENT	FAIR VALUE			IMPACTS							
(Millions of euros)	BALANCE AT 31/12/2018	BALANCE AT 31/12/2017	CHANGE	IMPACT ON RESERVES (I)	FAIR VALUE IMPACT ON PROFIT/(LOSS) (III)	IMPACT ON FINANCIAL PROFIT/(LOSS) (III)	CASH (IV)	EXCHANG E RATE EFFECT (V)	OTHER IMPACTS ON BALANCE OR INCOME STATEMENT (VI)	TOTAL DISCONTINUED OPERATIONS (VII)	TOTAL
Index Linked Swaps, Cintra	358	316	42	40	1	0	-8	0	9	0	42
Interest Rate Swaps, Cintra	-334	-357	23	23	0	-47	46	0	0	0	23
Interest Rate Swaps, Corporate Business	2	13	-11	-9	2	0	-4	0	0	0	-11
Cross Currency Swaps, Corporate Business	-6	-17	11	0	0	7	-7	0	12	0	11
Equity swaps	-2	1	-3	0	-3	0	-2	0	2	0	-3
Corporate exchange rate derivatives	48	27	20	0	11	0	3	-1	8	0	20
Other derivatives	-11	-54	43	6	11	-13	11	-4	-9	40	43
TOTAL	**54**	**-71**	**125**	**60**	**22**	**-53**	**39**	**-5**	**21**	**40**	**125**

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 2017 and 2016 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).
- Lastly, the final column shows the impact of reclassifying Services to discontinued operations (column VII).

C) DERIVATIVE MEASUREMENT 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.

Although the fair value measurements are performed by the Company using an internally developed valuation tool based on best market practices, they are in any event compared with the valuations 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 measurement date.
- Index-linked swaps: the future cash flows are estimated by projecting the future behaviour implicit in the market curves on the measurement 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 measurement 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 measurement 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 measurement 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, contingent assets, obligations 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 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 2018 and 2017 is as follows:

(Millions of euros)	2018	2017	CHANGE 18/17
Capital grants	1,241	1,033	208
Other deferred income	0	4	-4
Total deferred income	**1,241**	**1,037**	**204**

The balance of "Deferred Income" totalled EUR 1,241 million at the end of 2018 (2017: EUR 1,037 million), primarily relating to the capital grants received from the infrastructure concession grantors for EUR 1,241 million. EUR 1,239 million of this amount relates to the Toll Roads Division.

These grants are mainly located in the following toll road projects: EUR 415 million for LBJ Infrastructure Group, EUR 505 million for NTE Mobility Partners, EUR 143 million for NTE Mobility Partners Segments 3 LLC and, lastly, EUR 176 million for I-77 Mobility Partners.

The main change during the financial year occurred at I-77 Mobility Partners and NTE Mobility Partners Segments 3, Cintra subsidiaries in the USA, which received additional grants over the course of the year in the amount of EUR 125 million and EUR 57 million respectively.

The US companies have also seen their value rise by USD 55 million, due to the rise in the value of the dollar against the euro.

These capital grants are recognised in profit & loss over the year and in the proportions in which depreciation expense on those assets is recognised, offseting it. The impact of these grants on cash flows is presented as a reduction of cash flows from investing activities.

Finally, it is noteworthy that the reclassification of the Services Division to discontinued operations (Note 1.1.3) resulted in an impact of EUR -53 million at 31 December 2018, EUR 22 million as opening balance and EUR 31 million in movements in the financial year, which main impact is related to Milton Keynes amounting to EUR 35 million (Note 3.2).

6.2 Pension plan deficit

This line item reflects the deficit relating to pension and other employee retirement benefit plans, including both defined benefit and defined contribution plans. The provision recognised in the consolidated statement of financial position amounted to EUR 3 million, related entirely to Budimex (31 December 2017: EUR 66 million). It should be noted that on 31 December 2018, the defined benefit plans of the Amey Group in the UK were reclassified to Discontinued Operations (see Note 1.1.3) to the amount of EUR 15 million (EUR 64 million at 31 December 2017).

The accompanying table analyses the changes in Amey's pension plan deficit. As the table shows, the main change relates to the actuarial gains and losses (EUR 40 million).

(Millions of euros)	ASSETS	LIABILITIES	TOTAL
Balance at 31/12/2017	**973**	**-1,037**	**-64**
Actuarial gains and losses recognised in reserves	-37	77	40
Contributions	19	0	19
Impact on P&L	22	-33	-11
Settlement Plan	-33	33	0
Forex Impact	-10	10	0
Reclassification to Discontinued Operations	-936	951	15
Balance at 31/12/2018	**0**	**0**	**0**

The Amey Group has 9 defined benefit plans covering a total of 7,902 employees and 8 defined contribution plans covering 12,441 employees. The most significant changes in 2018 that led to a EUR 49 million reduction in the deficit were as follows:

AMEY GROUP DEFINED BENEFIT PLANS	2018
Actuarial gains and losses	40
Company contributions	19
Income statement	-11
Total changes	**49**

- An impact of EUR 40 million arising from actuarial gains and losses which reduced the contribution to the pension plan deficit (a decrease in the related liability) recognised in equity. This pension deficit is explained by an improvement in actuarial assumptions due to a higher discount rate (EUR +70 million), the return on pension plan assets (EUR -36 million) and changes to demographic assumptions (EUR +6 million). More details are provided in section a) of this Note.

- Contributions of EUR 19 million made by the company to the pension plans, which reduced the pension plan deficit (lower liability). The ordinary contributions amounted to EUR 3 million, while the extraordinary contributions aimed at improving the pension plan deficit totalled EUR 16 million.

- A negative impact of EUR -11 million on profit/(loss), which increased the pension plan deficit (an increase in the related liability), as detailed in section b) of this Note.

Also, although they did not have any effect on the pension plan deficit, there were curtailments and settlements as a result of the payment of obligations to employees, which therefore reduced the related obligation at year-end and gave rise to a reduction of the same amount in the plan assets. In 2018 these curtailments and settlements totalled EUR 33 million.

a) Actuarial gains and losses recognised in reserves

The effects of changes in the actuarial assumptions relating to the defined benefit pension plans of the Amey Group are recognised directly in equity and are summarised (before taxes) in the following table:

AMEY GROUP DEFINED BENEFIT PLANS: (Millions of euros)	2018	2017
Actuarial gains and losses on bonds	77	31
Actuarial gains/losses on plan assets due to the difference between the expected return at the beginning of the year and the actual return	-37	45
Impact on recognised equity	**40**	**76**

The main actuarial assumptions used to calculate the defined benefit pension plan obligations are summarised as follows:

AMEY GROUP DEFINED BENEFIT PLANS MAIN HYPOTHESIS	2018	2017
Salary increase	2.31%	2.40%
Discount rate	2.85%	2.45%
Expected inflation rate	3.25%	3.25%
Expected return on assets	2.85%	2.45%
Maturity (years)	87-90	87-90

The mortality assumptions used by the Amey Group to calculate its pension obligations are based on the Actuarial Mortality Tables, with an estimated life expectancy of between 87 and 90 years.

The defined benefit pension plan assets stated at their fair value for 2018 and 2017 are summarised as follows:

AMEY GROUP DEFINED BENEFIT PLANS (Millions of euros)	2018	2017
Total plan assets (Fair value)		
Capital instruments	214	275
Debt instruments	633	580
Properties	50	62
Cash and other	39	56
Total plan assets	**936**	**973**

b) Impact on profit/(loss)

The detail of the impact of the defined benefit pension plans on profit/(loss) is as follows:

AMEY GROUP DEFINED BENEFIT PLANS: (Millions of euros)	2018	2017
Impact on profit/(loss) before tax		
Current service cost	-4	-4
Interest cost	-25	-28
Expected return on plan assets	24	24
Other	-5	-2
Total included in net profit/(loss) from discontinued operations	**-11**	**-11**

c) Complete actuarial reviews

The Amey Group performs complete actuarial valuations every three years, depending on the plan, the majority of the reviews were carried out in 2016 and 2017. An actuarial valuation was made of the remaining pensions plan in 2018.

Based on these reviews, the extraordinary contributions to be made in the coming years have been maintained.

For 2019 the ordinary contributions agreed with the trustees will be EUR 4 million for ordinary contributions and EUR 17 million for extraordinary contributions.

d) Sensitivity analysis

Below is a sensitivity analysis showing the impact on the Income Statement and on Shareholders' Funds of a change of 50 basis points in the Discount Rate.

	ANNUAL IMPACT ON PROFIT/(LOSS)		ANNUAL IMPACT ON BALANCE SHEET	
DEFINED BENEFIT PLANS GRUPO AMEY SENSITIVITY ANALYSIS DISCOUNT RATE (+ / - 50.B.P.)	PRE-TAX	AFTER TAXES	PRE-TAX	AFTER TAXES
+ 50 b.p.	3	2	70	58
- 50 b.p.	-2	-2	-80	-66

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 "Long-Term Provisions" and "Operating Provisions" on the liability side of the consolidated statement of financial position. 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 changes in the long-term and short-term provisions presented separately in liabilities in the consolidated statement of financial position were as follows:

(Millions of euros)	WASTE LANDFILLS	COMPULSORY PURCHASES	RELOCATION AND UPGRADES IFRIC 12	LITIGATION AND TAXES	OTHER LONG-TERM RISKS	TOTAL NON-CURRENT PROVISIONS	SHORT-TERM PROVISIONS	TOTAL
Balance at 31 December 2017	**130**	**25**	**126**	**443**	**84**	**808**	**629**	**1,437**
Changes in the scope of consolidation and transfers	**0**	**0**	**-13**	**-50**	**-17**	**-80**	**76**	**-4**
Allocations:	**30**	**0**	**27**	**28**	**10**	**95**	**514**	**609**
EBITDA	24	0	0	14	11	**48**	**507**	**555**
Financial result	6	0	5	6	0	**17**	**7**	**24**
Impairments & disposals	0	0	0	0	0	**0**	**0**	**0**
Corporate Income Tax	0	0	0	8	0	**8**	**0**	**8**
Fixed asset depreciation	0	0	22	0	0	**22**	**0**	**22**
Reversals:	**-17**	**0**	**0**	**-12**	**-2**	**-31**	**-251**	**-282**
EBITDA	-17	0	0	-12	-2	-31	**-251**	-282
Financial result	0	0	0	0	0	**0**	**0**	**0**
Impairments & disposals	0	0	0	0	0	**0**	**0**	**0**
Corporate Income Tax	0	0	0	0	0	**0**	**0**	**0**
Fixed asset depreciation	0	0	0	0	0	**0**	**0**	**0**
Amounts used recognised in current assets or current liabilities	**-4**	**0**	**-12**	**-7**	**-2**	**-26**	**-178**	**-204**
Amounts used recognised in other assets	**0**	**0**	**-1**	**0**	**17**	**15**	**0**	**15**
Exchange differences	**0**	**0**	**1**	**0**	**-1**	**0**	**-11**	**-11**
Reclass. to disc. operations (1.1.3)	**-139**	**0**	**-62**	**-79**	**-43**	**-323**	**-347**	**-670**
Balance at 31 December 2018	**0**	**25**	**64**	**323**	**47**	**459**	**431**	**890**

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

Therefore, analysing the effect of the income statement, of note is the net reversal (expense) of EUR 273 million that impacts the EBITDA, of which EUR (264) million relate to the discontinued operations of services, which was primarily due to the additional charge of EUR 235 million (GBP 208.5 million) in relation to the Birmingham contract (once the expectations were reevaluated regarding the level of penalties and deductions that the company were facing (see Note 6.5), as well as the EUR 204 million applied against working capital line items, of which EUR 155 million relate to the discontinued operations of services, of which EUR 85 million (GBP 75 million) relate to costs incurred relating to the Birmingham contract. The sums of both impacts are explained for the purpose of working capital in the cash flow statement (see Note 5.3).

Provision for landfills

"Provision for Landfills" contains the estimated cost of landfill closure and post-closure activities relating to the landfills operated by the Ferrovial Services business in Spain and UK. 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 in the consolidated income statement, as the costs required for closure of the landfill are incurred. At 31 December 2018 the impact of the allocation and reversion are discontinued and the EUR 139 million balance of the provision has been classified as being held for sale, see Note 1.1.3.

Provision for compulsory purchases

The provision for compulsory purchases recognised by the Spanish toll roads, totalling EUR 25 million (31 December 2017: EUR 25 million). This provision is charged against the concession infrastructure as the costs are incurred over the concession term.

Provision for replacements and upgrades 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 64 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 19 million for the continuing operations and EUR 3 million for discontinued operations. At 31 December 2018 the EUR 62 million provisions associated with the Services Division have been reclassified as held for sale (see Note 1.1.3)

Litigation provisions

The total litigation provisions for the Group amounts to EUR 323 million. Additionally, it is worth mentioning that EUR 79 million have been classified as held for sale in relation to the Services business (see Note 1.1.3). This line item includes:

- Provisions to cover the possible risks resulting from litigation in progress, amounting to EUR 133 million (31 December 2017: EUR 189 million), of which EUR 82 million (31 December 2017: EUR 94 million) relate to the construction business and EUR 46 million (31 December 2017: EUR 91 million) relate to litigation of the Services business which are detailed in Note 6.5 and that have been classified to discontinued operations. These provisions are recognised and reversed with a charge/credit, respectively, to changes in provisions within EBITDA. The impact of the Services business is recognised in the Net Profit/(Loss) of discontinued operations (see Note 1.1.3).

- Provisions for tax claims, amounting to EUR 269 million (31 December 2017: EUR 254 million), of which EUR 33 million relate to Services Division, which has been classified to discontinued operations, 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, financial result 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).

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 47 million at 31 December 2018 (31 December 2017: EUR 84 million). Additionally, EUR 43 million of provisions for other long-term risks of the services business are classified under assets held for sale (see Note 1.1.3).

Short-term provisions

At 31 December 2018, the Group short-term provisions balance amounts to EUR 431 million (31 December 2017: EUR 629 million). Furthermore, a balance of EUR 347 million of the services business was reclassified as liabilities held for sale at the end of the financial year (see Note 1.1.3) .

This entry principally 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 414 million (2017: EUR 432 million) and the Services Division for EUR 347 million (31 December 2017: EUR 186 million).

These provisions are recognised and reversed with a charge/credit, respectively, to changes in provisions within EBITDA. The impact of the Services business is recognised in the Net Profit/(Loss) of discontinued operations (see Note 1.1.3).

6.4 Other long-term payables

This line item includes:

- The participating loans granted by the State to various infrastructure project concession operators amounting to EUR 115 million (31 December 2017: EUR 156 million), of which EUR 105 million relate to the Toll Roads Division and EUR 10 million to the Construction Division. The reclassification of the Services Division to discontinued operations amounts to EUR 41 million.

- Long-term deposits and guarantees amounting to EUR 2 million (31 December 2017: EUR 7 million), of which EUR 2 million relate to the Toll Roads Division, and EUR 5 million were reclassified and held for sale in relation to the Services Division.

- Long-term trade payables of the Toll Roads Division, amounting to EUR 7 million (31 December 2017: EUR 3 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.

The change introduced by the new legislation has 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 Government of Catalonia, given the two published decrees, has clearly exceeded the limits of the power to amend the arrangements. Accordingly, the company has filed an appeal against the aforementioned Decrees at the High Court of Catalonia.

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, the conclusions phase of the trial was brought to an end. The Company has been given notice that the date set for the Catalan High Court to vote on and hand down its judgement is 28 February 2019. This means that, on the aforementioned date, the Court will decide on the contents of the judgement that will subsequently be drafted by the Presiding Judge and notified to the parties. The Court has not set a specific timeframe for this.

As a result of the amendment to the concession regime and taking into consideration the solid legal position against this amendment, the company has decided to classify this concession as a financial asset. However, the goodwill impairment test has been revised and an impairment loss of EUR 13 million in 2018 (2017: EUR 29 million) was recognised on the basis of the assumptions described in Note 3.1.

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 Grantor:

Legal action filed by the Concession operator (100% owned by Ferrovial) seeking the termination of the concession agreement on the grounds of a breach by the Grantor:

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. In February 2015, the Madrid High Court of Justice issued a judgement upholding in full the appeal for judicial review. A cassation appeal against this judgment was filed at the Supreme Court by the Autonomous Community of Madrid and, lastly, on 22 December 2016, the Supreme Court's decision was handed down, which dismissed the Autonomous Community of Madrid's cassation appeal.

Following the decision in the Concession Operator's favour, it has requested through various channels that the Autonomous Community of Madrid issue a formal administrative decision terminating the concession arrangement and initiating a procedure to settle the arrangement.

Finally, in an Order from the Community of Madrid's Ministry of Transport, Infrastructure and Housing dated 3 November 2017 (the "Order for Termination"), the Community of Madrid terminated the concession agreement. The Community of Madrid is obliged to comply with the following milestones resulting from its termination: (i) it must take possession of the works; (ii) it must return the bonds put in place by way of a definitive guarantee; (iii) the Authorities must subrogate to the expropriation proceedings; and (iv) it must pay compensation for the investments made (equity value of the investment) and for any damages suffered.

The milestones that were met during 2018 are as follows: (i) A formal process for the acceptance of the works by the Community of Madrid took place on 3 April 2018, and (ii) on 15 October 2018, the Ministry at the Community of Madrid returned the bonds originally put in place by the Company by way of a definitive guarantee for the concession. These bonds amounted to a total of EUR 6,180,970.20.

The Company has entered into negotiations with the Grantor since receiving the Order for Termination, to agree on the net investment value (NIV), and is currently waiting for the Grantor to issue the relevant ruling establishing the NIV amount. It must also initiate a procedure to settle any damages that it must pay to the Company.

As a result of the termination of the concession arrangement, at 31 December 2018 the company reclassified the carrying amount of the asset (EUR 74 million) as an account receivable from the grantor (see Note 3.6).

AP 36 Ocaña - La Roda and Radial 4 Toll Roads:

The companies that own both projects were adjusted in the 2015 financial year, due to the fact that they were both in a situation of insolvency. Since then, the insolvency process has followed its course, and the concession operators are currently entering the liquidation phase.

Provisional measures were adopted during the 2018 financial year to allow the public company SEITTSA to take control over both assets, and finally, on 16 July 2018, the Ministry of Public Works informed the Insolvency Administrator that it had agreed to terminate the concession agreement and enforce the guarantees.

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 against the shareholders of Cintra Infrastructures, SE and Sacyr Concesiones, S.L., seeking 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 guarantee amounts to a total of EUR 23 million, of which Cintra's share amounts to EUR 14.95 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 Sponsors but should instead file it against the company that was the Investor in the Project. They also argued that the purpose of the final maturity undertaking 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. Finally, Madrid Court of First Instance 61 handed down a judgement rejecting the banks' arguments in October 2015. The Banks appealed this judgement before the Madrid Court of Appeal, which in turn upheld the original judgement rejecting their arguments in December 2016. Against this judgement, the financial institutions filed an extraordinary appeal for procedural infringement with the Supreme Court, and this appeal is currently pending judgement.

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 admitted the preliminary motions to dismiss relating to group companies Ferrovial Internacional, S.L.U. and Ferrovial International Ltd. (which have been excluded from the legal action), though the proceedings continue in respect of the other defendants. The aforementioned amendment to the complaint was also the subject of a second motion to dismiss, though the court has not yet ruled on this motion.

At the closing of these financial statements the lawsuit continues to be in a preliminary phase, and the case has not yet begun to be analysed in-depth. The lawsuit discovery, presentation and debate phases are still pending. A final ruling is expected by 2H 2020. An analysis of the current situation would lead to the conclusion that the Ferrovial group companies named as defendants have strong arguments to defend their interests in these legal proceedings, 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 relation to this 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 2018 totalled EUR 82 million (2017: EUR 94 million) and relate to a total of approximately 94 lawsuits.

The main legal proceeding is related to the SH 130 toll road construction works in Texas, as detailed below.

Construction works at the SH-130 toll road in Texas

In addition to the legal action relating to the toll road business detailed in the previous section, the concession operator for the SH-130 toll road filed a request for the submission to arbitration of a dispute against the company, in which Ferrovial Agroman holds a stake, Central Texas Highway Contractors, LLC, the toll road's constructor, 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 attributable to Ferrovial's stake in the company, though there is no joint and several liability with regard to the other stakeholder's involvement.

During 2018, the three arbitrators that will resolve the dispute were appointed and another arbitration proceeding was initiated between the construction company and the subcontractors that took part in the project.

At the closing date of these financial statements, the discovery phase of the arbitration proceeding is in progress, the document containing the arguments supporting the claim has not been filed. As with the other proceeding relating to this project, a ruling is not expected to be received until 2020.

Although the company has not yet had access to the arguments used by the claimant, the company's legal advisors believe that construction work at the toll road was carried out in accordance with the terms of the contract and good industry practice, and that, in any case, any liability that may result from this lawsuit could be reduced by certain factors, such as:

- The existence of an insurance policy to the benefit of the construction company;
- 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 less than 50% of the amount being claimed.

On the basis of the foregoing, it was concluded that, at year-end, it was not necessary to allocate any additional provision to the USD 10 million currently set aside by the company to cover deferred expenses in relation to guaranteeing the construction work completed as part of this project.

With regard to arbitration in relation to the construction project for Warsaw airport, in August 2018 both parties signed a transactional agreement that put an end to the legal proceedings in progress. This agreement resulted in a payment of PLN 79 million to the consortium that carried out the project, comprised of Ferrovial Agroman (60%) and Budimex (40%), (EUR 21 million), which primarily results from the recovery of witholdings made by the client.

c) Litigation relating to the Services business

The total amount provisioned in the Services Division (discontinued activity) at the end of the financial year is EUR 237 million, of which EUR 46 million are recognised as a long term provisions and EUR 191 million (GBP 172 million) are registered as a short term provision related to the lawsuit with Birmingham City Council, see details below. The provisions recognised in relation to these risks at 31 December 2017 totalled EUR 91 million.

The main lawsuits that remain ongoing are as follows:

The main lawsuit for this business division relates to the Amey contract (Services business in the UK) with Birmingham City Council.

- As indicated in the annual accounts for 2017, on 22 February 2018, the UK Court of Appeals found in favour of Birmingham City Council, agreeing the execution of the additional works that were deemed necessary by the client. This overturned the judgement in which the High Court previously ruled in favour of Amey in September 2016.
- At 31 December 2017, the company has set aside a provision in relation to this project in the amount of GBP 74.4 million. The provision set aside in relation to this legal action as of the said date represented the Management's best estimate, based on negotiations with the client during the 2017 financial year.
- On 26 April 2018, Ferrovial notified the Stock Market of a significant event, indicating that, following communications that it had recently received from the client, the company had proceeded to set aside a provision of GBP 208 million in addition to the amount already existing as of 31 December 2017. This provision was recorded assuming the continuity of the scenario envisaged in the contract, in which the company must make the necessary investments to complete the Core Investment Period (CIP) and the customer will continue to apply the relevant deductions and penalties during that period.
- Given the negotiations held, in 2H 2018 both parties agreed that the best way to resolve the conflict was to reach a negotiated settlement.
- Over the past few months, the parties have been negotiating a settlement, although no agreement has been reached at the closing date of these financial statements.
- It should be noted that the company posted a cumulative provision of GBP 283 million for this contract, the outstanding balance of the provision being GBP 207 million at 31 December and the total losses accumulated under the contract having reached GBP 330 million.

- The Services business in the UK also received notification of claims by Aggregate Industries, the subcontractor in the Sheffield contract, amounting to GBP 32 million. Of this amount, GBP 21 million relate mainly to claims for delays and additional costs due to the sequence in which the works were executed, and GBP 11 million relate to the new estimates of the work performed. The Group considers that a significant portion of the claim made by the subcontractor, particularly in relation to the first items, has not been proven by Aggregate Industries, which has suspended the claim because it is recalculating the amounts, and it may reactivate it in the coming months. Aggregate Industries has acknowledged that a final settlement proposal is to be prepared. The Group considers that this contingency has been correctly provided for at year-end.

In relation to the Services business in Spain:

- The main lawsuit was related to a Resolution of the Spanish National Markets and Competition Commission (CNMC) imposing a penalty on Cespa Group companies and Cespa Gestión de Residuos, S.A.U. and other companies from the waste management and urban cleaning industry for participating in a market share agreement. Specifically, the penalty imposed on Cespa, S.A. and Cespa Gestión de Residuos, S.A.U. amounted to EUR 13.6 million. As already noted in the 2017 Annual Accounts, on 27 February the National Court gave notice of a judgement in which it upheld the Ferrovial's appeal, finding that there were no grounds for accusing it of participating in a cartel of this kind. It cancelled the penalty imposed on companies belonging to the Group and awarded costs against the Administration. This Judgement has not been appealed by the State Attorney's Office. However, bearing in mind that the judgement did not uphold the other two grounds for annulment that the Group had argued (annulment of all the evidence seized and time-barring of the penalty proceedings), the Group decided to file a cassation appeal with the Supreme Court. This cassation appeal was not granted leave to proceed, so the judgement is final and the lawsuit has been closed.

- In relation to the same matter, on 18 April 2018, new penalty proceedings were initiated in which the same practices that gave rise to the previous proceedings are going to be examined. Ferrovial has appeared in the proceedings (though the CNMC has not yet specified or categorised the anti-trust conduct or practices in question, nor has it quantified the potential penalty) and 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. The appeal has been concluded and is now pending a date to be set for voting and handing down of the judgement. 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, even though the action is still in its very early stages.

- In addition, 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. In the opinion of the Group's legal advisors, there are arguments to justify that the electricity supply should be paid for by Madrid Calle 30 and not by Emesa. Furthermore, in the event that the concession is removed, under the terms of the contract Emesa's stakeholders would recover the value of the participation loans they granted to the company and Emesa would recover the value of its stake in Madrid Calle 30, along with the subordinated loan it granted to the said company. It should also be mentioned that Emesa has filed a contentious-administrative appeal against the resolution in which the City Council approved the Report by the Investigation Commission, and this appeal has been admitted for process. On this basis, the Group has not set aside any allowance provision.

- Also, through Ecoparc de Can Mata, S.L.U., the Group has a contract for the construction and operation of a waste treatment centre. In 2017 notification was received from the granting body (the Ecop4rc Consorci) of the initiation of a proceeding to claim EUR 15.6 million in payments and penalties due to discrepancies regarding the waste recovery percentages and refuse dumping and in relation to the regularisation of the payments made on the basis of the remuneration formulas provided for in the contract. The granting body also issued a resolution that the billing method to be used from now on should meet the requirements used by it in the proceeding. The Group filed an appeal against the payments and penalties as well as against the resolution obliging billing to be performed in accordance with the imposed criteria. In October 2018, "Consorci del Ecop4rc" decided to partially uphold the appeal lodged by the Group, ordering a settlement of EUR 1,398 thousand in favour of "Consorci del Ecop4arc", covering all items. The customer also concluded that the new operating scheme reflects the actual status of the waste and the plant, it not being necessary to change the billing process in the future. The Group considers that the agreement reached marks the end of this lawsuit.

d) Tax litigation

As indicated in Note 6.3, Ferrovial has recognised provisions for taxes for a total amount of EUR 269 million, of which EUR 231 million are primarily on-going tax-related lawsuits, relating to tax assessments in Spain. Although the most important relate to Company Tax and VAT for the years between 2002 and 2013, amounting to a total of EUR 305 million, the Group believes that it has strong arguments to defend its procedural position, for which it has set aside partial allowance provisions to cover the risk that could arise from them (worth EUR 231 million mentioned above), of which EUR 33 million are classified as discontinued activities.

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 78 million will be payable to the Treasury, of which EUR 37 million was already settled in 2017. In this pessimistic scenario, the impact on the income statement would be EUR 16 million after applying other tax credits available to the company.

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 2018, the balance amounted to EUR 7,524 million (2017: EUR 7,472 million).

The following table contains a breakdown of the risk covered in each business area.

(Millions of euros)	2018	2017
Construction	5,041	4,850
Toll roads	1,068	1,165
Services	1,015	1,109
Airports	128	90
Other	272	259
Total	**7,524**	**7,472**

The EUR 7,524 million, by type of instrument, relate to: i) EUR 3,511 million of bank guarantees; ii) EUR 4,013 million of guarantees provided by insurance companies and bonding agencies.

These 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 873 million (see Note 6.5.3.) secure its commitments to invest in the capital of infrastructure projects.

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 2018 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
Ausol	Guarantee limited to covering compulsory purchase proceedings for 11 plots of land in Mijas (EUR 20 million) and the investment to bring tunnels into line with European legislation (EUR 13.7 million).	34
Subtotal of Guarantees for Cintra Projects		**34**
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	72
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	60
Subtotal of Guarantees for Construction Projects		**132**
Servicios Urbanos Murcia	Technical guarantee obtaining a presumed act of obtaining a license, actions for environmental authorization and granting a real right of pledge up to a joint limit of 70 million euros. Technical guarantee available to vehicles with a limit of 31.9 million euros.	70
Subtotal of Guarantees for Services Projects		**70**
Total guarantees for fully consolidated infrastructure projects		**236**

It should be noted that of the EUR 34 million related to Ausol, EUR 10 million have been included as investment commitments, because it is not considered probable that there will be an outflow of resources for the rest of the contingent capital. 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 cover construction work cost 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		**59**

Of the aforementioned guarantees detailed by fully consolidated infrastructure projects and infrastructure projects accounted for using the equity method, only bank guarantees are provided to Ausol.

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 2018 (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 by the Services Division for various companies accounted for using the equity method totalling EUR 439 million, of which the most significant are those relating to contracts for the UK Ministry of Justice and the Manchester tram network. It should be noted that the aforementioned amount corresponds 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:

- Security interests in property, plant and equipment, see Note 3.4.
- Security interests in deposits or restricted cash, see Note 5.2.

d) Guarantees received from third parties

At 31 December 2018, Ferrovial had received guarantees from third parties totalling EUR 1,098 million (31 December 2017: EUR 1,049 million), mainly in the Construction Division in the Ferrovial Agroman companies in the United States (EUR 882 million), the Budimex Group (EUR 140 million) and other construction companies (EUR 69 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 the 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)	2019	2020	2021	2022	2023	2024+	TOTAL
Toll roads	57	7	0	0	0	0	64
Airports	14	55	91	23	0	0	183
Investments in fully consolidated infrastructure projects	**71**	**62**	**91**	**23**	**0**	**0**	**247**
Toll Roads	18	158	294	250	21	0	741
Services	25	0	0	0	0	0	25
Construction	1	0	0	0	0	0	1
Investments in equity-accounted infrastructure projects	**44**	**158**	**294**	**250**	**21**	**0**	**767**
Total investments infrastructure projects	**114**	**220**	**385**	**273**	**21**	**0**	**1,013**

At 31 December 2018, the investment commitments amount to EUR 1,013 million (2017: EUR 968 million). The increase in investment commitments is primarily related to the EUR 51 million and EUR 132 million in equity investment due to transmission lines in Chile (in Aiport Activity). This amount has been partly offset by the investments made in US toll road projects in 2018.

As indicated in 6.5.2-a), a portion of these commitments, amounting to EUR 873 million, are secured by bank guarantees. The aforementioned amount includes EUR 34 million which are also included in the guarantees mentioned in 6.5.2.b.1), Contingent capital guarantees and which relate to Ausol. It should be noted that only EUR 10 million of these EUR 34 million were included as investment commitments because an outflow of resources of the other contingent capital relating to Ausol and other projects as indicated in b.1 above was considered to be unlikely.

In relation to the I-77 toll road project, Ferrovial is guaranteeing the investment commitments of another shareholder amounting to EUR 32 million. In return for providing this guarantee, if the shareholder fails to make the related disbursements, its ownership interest will be diluted in proportion to the disbursements not made.

There are also property, plant and equipment purchase commitments in the Services Division totalling EUR 162 million (2017: EUR 102 million) which relate mainly to the acquisition of machinery or the construction of treatment plants, and EUR 19 million (2017: EUR 15 million) relating mainly to the acquisition of the equity of Carillion-Amey (due to the liquidation of Carillion Plc. in January 2018), the purchase of two waste treatment companies in Poland, two maintenance contracts in Canada, and a logistics company in Spain. The schedule of the commitments of the Services Division is as follows:

(Millions of euros)	2019	2020	2021	2022	2023	2024+	TOTAL
Acquisition of Property, Plant and Equipment	80	20	43	7	5	7	162
Acquisition of Companies	10	2	1	0	6	0	19
Total services	**91**	**22**	**44**	**7**	**11**	**7**	**181**

It should be noted that the foregoing commitments of the Services Division are not secured by bank guarantees.

b) Equity commitments between continued and discontinued activities

In April 2018, Ferrovial S.A assumed a commitment to disburse additional funds in favor of Amey UK plc up to an amount of GBP 75 million for certain purposes and circumstances. At the date of signing of these annual financial statements, this commitment remains in force but has not materialized.

c) Obligations under operating and financial leases

The expense recognised in relation to operating leases for continuing operations in 2018 totals EUR 298 million (2017: EUR 269 million). Additionally, the expense of the Services activity related to operating leases amount to EUR 273 million (EUR 254 million in 2017), which is reclassified to discontinued operations (see 1.1.3).

The future total minimum lease payments for non-cancellable operating leases are shown below:

2018 (Millions of euros)	CORPORATION	CONSTRUCTION	TOLL ROADS	SERVICES	AIRPORTS	TOTAL
Less than one year	5	32	3	89	0	**129**
Between one and five years	6	46	1	138	0	**190**
More than five years	0	15	0	55	0	**70**
Lessee	**11**	**93**	**4**	**282**	**0**	**389**

2017 (Millions of euros)	CORPORATION	CONSTRUCTION	TOLL ROADS	SERVICES	AIRPORTS	TOTAL
Less than one year	5	32	3	97	0	**136**
Between one and five years	11	44	3	179	0	**236**
More than five years	0	14	0	27	0	**42**
Lessee	**16**	**90**	**6**	**303**	**0**	**414**

The Group has made no significant commitments as a lessor under operating leases.

d) 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, corresponding 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 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 2018, as well as a detailed account of the individual remuneration earned by each of the Directors in 2018.

The table below shows the itemised bylaw-stipulated remuneration of the members of the Board of Directors earned in 2018 and 2017. It also includes the supplementary fixed remuneration relating to the bylaw-stipulated remuneration. 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.At the Board of Directors' meeting on 28 February 2019 it was decided, within the maximum limits approved by the General Meeting, to supplement the amount of supplementary fixed remuneration for 2018 for the entire Board by EUR 167,955, sharing the amount among the Directors according to their time on the Board in 2018.

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.

DIRECTOR (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	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**

DIRECTOR (Thousands of euros)	2017			
	FIXED REMUNERATION	ATTENDANCE FEES	SUPPLEMENTARY FIXED REMUNERATION	TOTAL
Rafael del Pino y Calvo-Sotelo	35	98	104	238
Santiago Bergareche Busquet	35	52	93	180
Joaquín Ayuso García	35	49	70	154
Iñigo Meirás Amusco	35	49	58	142
Juan Arena de la Mora	35	35	58	128
María del Pino y Calvo-Sotelo	35	47	58	140
Santiago Fernández Valbuena	35	65	58	158
José Fernando Sánchez-Junco Mans	35	62	58	156
Joaquín del Pino y Calvo-Sotelo	35	36	58	129
Oscar Fanjul Martín	35	58	58	151
Philip Bowman	35	36	58	129
Hanne Birgitte Breinbjerg Sorensen (since 05.04.2017)	26	30	43	99
Total	**411**	**618**	**774**	**1,803**

6.6.2 Individual remuneration of the Executive Directors

a) Remuneration earned in 2018 and 2017.

The two Executive Directors in 2018 earned the following remuneration for performing their duties, in addition to the remuneration discussed in the preceding section.

2018

REMUNERATION OF THE EXECUTIVE DIRECTORS* (Thousands of euros)	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.

2017

REMUNERATION OF THE EXECUTIVE DIRECTORS (Thousands of euros)	RAFAEL DEL PINO	IÑIGO MEIRÁS	TOTAL
Fixed Remuneration	1,455	1,200	2,655
Variable Remuneration	2,393	1,978	4,371
Life insurance premiums	8	5	13
Share plans (1)	1,406	1,406	2,812
Total 2017	5,262	4,589	9,851

*Remuneration for their role as Executive Directors.
(1) In March 2017, since the agreed metrics had been complied with, a number of shares equivalent to the units allocated in 2014 were delivered, after the relevant withholdings had been made. The CNMV was notified on 13/03/2017.

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 SITUATION AT 31.12.2018		UNITS	NO. OF VOTING RIGHTS	% OF VOTING POWER
Rafael del Pino y Calvo-Sotelo	Allowance 2016	74,000	74,000	0.01%
	Allowance 2017	76,850	76,850	0.01%
	Allowance 2018	73,900	73,900	0.01%
Íñigo Meirás Amusco	Allowance 2016	74,000	74,000	0.01%
	Allowance 2017	76,850	76,850	0.01%
	Allowance 2018	73,900	73,900	0.01%

6.6.3 Remuneration of the members of the Board of Directors due to membership of other managing bodies of Group companies or Associates

A Director of the Company Joaquín Ayuso García, who is in turn a member of the managing body of another Group company, received EUR 38 thousand in this connection in 2018 (2017: EUR 31 thousand).

6.6.4 Pension funds and plans or life insurance premiums

As in 2017, no contributions were made in 2018 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 2017.

As regards life insurance premiums, the Company has insurance policies covering death (for which premiums totalling EUR 12 thousand were paid in 2018; EUR 13 thousand in 2017), 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 2018 under the aforementioned insurance policy amounted to EUR 592 thousand.

6.6.5 Advances and loans

At 31 December 2018, 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 2018 was as follows:

REMUNERATION OF SENIOR EXECUTIVES (Millions of euros)	2018	2017
Fixed remuneration	5,237	5,165
Variable remuneration	3,803	5,170
Performance-based share plan	5,083	5,435
Remuneration as members of managing bodies of other Group companies, jointly controlled entities or associates	35	33
Insurance premiums	19	19
Other (1)	8,924	0
Total	**23,101**	**15,822**

(1) Removal of three Senior Executive members (figure subject to personal income tax - IRPF).

The aforementioned remuneration corresponds to the following posts: General Secretary, Chief Financial Officer, General Director of HR, General Director of Construction, General Director of Real Estate, 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. 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 193 thousand from the Company, instead of the equivalent remuneration shown in the foregoing table (2017: EUR 181 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.

At 31 December 2018, additional rights had been established in the contract of one Senior Executive.

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. The contributions made in 2018 amounted to EUR 2,628 thousand (2017: EUR 2,366 thousand), of which EUR 542 thousand correspond to Executive Directors. The figure for “Others” amounting to EUR 8,924 thousand, which appears in the table in Note 6.6.6., corresponds to the amounts received by three members of senior management who have been separated from the company in the year 2018. This amount does not affect the account of results of the exercise, since the company recognizes as an expense annually the amounts contributed in the year to the collective savings insurance regardless of when these amounts are received.

Individuals are occasionally hired to hold executive positions, mainly from abroad, in areas unrelated to Senior Management. The contracts of these individuals include certain clauses that provide for indemnities in the event of unjustified dismissal.

6.7 Share-based remuneration schemes

Performance-based share plan

In 2018, Ferrovial had one remuneration schemes in place for Ferrovial Group Executive Directors, senior executives and executives, consisting of performance-based share plans:

The Plan was approved on 29 October 2015 by the Board of Directors. It covers 2016,2017 and 2018. The annual cost of the Plan may not exceed EUR 22 million for each year and is conditional upon employees having at least three years' service at the Company since grant date (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. As per the notification issued to the CNMV on 5 March 2018, the date of allocation of units for 2018 to the Executive Directors for the purpose of calculating the duration and terms and conditions of the aforementioned Plan was 15 February 2018.

There were 3,274,816 shares outstanding at 31 December 2018 relating to this plan.

The changes in the share-based remuneration schemes in 2018 and 2017 are summarised as follows:

	2018	2017
Number of shares at beginning of year	3,212,739	3,266,221
Plans granted	1,136,353	1,155,685
Plans settled	-1,030,008	-1,157,188
Shares surrendered and other	-27,479	-33,889
Shares exercised	-16,789	-18,090
Number of shares at end of year	3,274,816	3,212,739

This amount includes remuneration relating to Executive Directors and Senior Executives described above in Note 6.6

In 2018 the staff expenses recognised at the Group in relation to these remuneration schemes amounted to EUR 16 million (2017: EUR 18 million) with a balancing entry in equity, of which EUR 4 million relate to the discontinued operations of services (2017: EUR 4 million).

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 meas ured 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 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.

Article 1.1 of 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, Article 3.1 of the Order 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 2018 are disclosed below.

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 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) by Ferrovial, S.A. with its Directors, Senior Executives, close family members or the entities over which those mentioned above might exercise significant influence.

TRANSACTIONS WITH SIGNIFICANT SHAREHOLDERS, DIRECTORS AND SENIOR EXECUTIVES

(Thousands of euros)

		2018			2017		
NAME/COMPANY NAME	TRANSACTIONS	AMOUNT	PROFIT OR LOSS	BALANCE	AMOUNT	PROFIT OR LOSS	BALANCE
Bankia	Balance drawn down against guarantee facilities	-56,080	-	-56,080	-	-	-
Bankia	Services received	-146	-	-	-292	0	0
Rafael del Pino Foundation	Services received	-	-	-	-0,3	0,0	-0,3
Fundación Seres	Collaboration agreement	-	-	-	-18	(*)	0

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 significant shareholders, administrators 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 related party to the Company had this consideration during a portion of the year, the transactions performed in that period are indicated.

TRANSACTIONS WITH SIGNIFICANT SHAREHOLDERS, DIRECTORS AND SENIOR EXECUTIVES

(Thousands of euros)

		2018			2017		
NAME/COMPANY NAME	**TRANSACTIONS**	**AMOUNT**	**PROFIT OR LOSS**	**BALANCE**	**AMOUNT**	**PROFIT OR LOSS**	**BALANCE**
Rafael del Pino y Calvo-Sotelo	Services rendered	9	0	1	188	-	186
María del Pino y Calvo-Sotelo	Services rendered	10	-	-	3	-	-
Joaquín del Pino y Calvo-Sotelo	Services rendered	0	0	0	59	9	-
Ana María Calvo-Sotelo y Bustelo	Services rendered	98	2	2	24	2	0
Joaquín Ayuso García	Services rendered	0	0	0	7	-	-
Almirall Laboratorios	Services rendered	4	0	0	7	0	2
Altamira Asset Management	Services received	-17	-	-			
	Services rendered	6,930	336	2,425			
Burberry Spain Retail, S.L.	Services rendered	-	-	-	5	0	0
Criu, S.L.	Services rendered	67	6	2	30	2	131
Cummins and group companies	Services received	23	0	0			
Maxam Holding and its Group companies	Purchase of goods/services received	-60	-	-	-437	(*)	-6
	Services rendered	0	0	0			
Marsh and its group companies	Receipt of insurance services	-3,461	0	60	-5,228	(*)	-15
Meliá Hotels and its group companies	Receipt of hotel and catering services	-3	0	0	-10	(*)	0
	Performance of construction works and maintenance and waste collection services	1,463	338	2	5,425	845	1,005
Bankia	Receipt of financial services	-1,107	0	0	-1,911	(*)	0
	Financing agreements. Guarantees	-91,421	0	-91,421	-87,483	(*)	-87,483
	Interest received	53	53	0	186	186	0
	Interest payment	-894	0	0	-1,093	(*)	0
	Balance drawn down against guarantee facilities	-94,360	0	-94,360	-134,370	(*)	-134,370
	Transactions with derivatives	-1,010	0	0	-2,984	(*)	0
	Services rendered				1	0	4
Bimaran Pozuelo, S.L.	Services rendered	-	-	-	537	68	-
Polan, S.A.	Services rendered	182	5	63	179	5	75
Rijn Capital BV	Services rendered	-	-	-	23	-	23
Rafael del Pino Foundation	Services rendered	6	0	0	0	0	0
	Services received	-1	0	0			
Centro de Innovación de Infraestructuras Inteligentes Foundation	Collaboration agreements	-1,598	0	-18	-1,338	0	-12
	Services rendered	38	0	0	92	0	0
Red Eléctrica and its group companies	Construction works	1,697	240	-	6,743	-1,613	865
	Services received	-33	0	0	-9	-	-
Hispania Activos Inmobiliarios Socimi, S.A.	Services rendered	64	2	0	204	142	25
Lafarge Holcim and group companies	Purchase of cement and related materials	-5,101	0	-325	-11,796	0	-1,060
	External services	-86	0	-24			
	Waste collection	34	2	17	-	-	-
Mª Jesús Alcina Pérez-Gorostiaga	Services rendered	-	-	-	2	0	0
Sidecu, S.A.	Services rendered	2	0	1	2	0	0
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 2018 Ferrovial's Construction Division billed those concession operators for EUR 509,764 thousand (2017: EUR 391,813 thousand) for work performed and related advance payments and, in this respect, recognised sales totalling EUR 483,211 thousand (2017: EUR 411,158 thousand).

In 2018 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 22,491 thousand. In 2017, this amounted to EUR 18,301 thousand.

6.9. Conflicts of interest

In accordance with the legislation in force (Article 229 of the Spanish 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. Fees paid to auditors

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 2018 and 2017 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 5.54% of the total fees for audit services in 2018.

(Millions of euros)	2018	2017
Fees for audit services	**5.7**	**6.5**
Lead auditor	4.6	5.3
Audit services	4.5	5.0
Audit-related services	0.1	0.3
Other auditors	1.1	1.2
Audit services	1.0	1.2
Audit-related services	0.1	0.0
Other audit services	**0.3**	**0.3**
Lead auditor	0.3	0.3

6.11. Subsequent events

There have been no subsequent events after 31 December 2018.

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, which became applicable from 1 January 2014 and, consequently, applied to all of 2018. 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 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 2017 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 2018 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 Internacional, SLU		619,139,653.55
Ferrovial International SE Dividend	619,139,653.55	
Ferrovial International SE		702,256,219.75
Ferrovial Agromán International, SE Dividend	57,400,000.00	
Ferrovial Airports International, SE Dividend	519,655,532.91	
Cintra Infrastructures, SE Dividend	125,200,686.84	
Cintra Infraestructures, SE		528,684,188.86
Ferrovial Holding US Corp Dividend	519,366,197.19	
Norte Litoral Dividend	5,333,487.53	
Euroscut Algarve Dividend	2,639,993.47	
Algarve BV Dividend	160,320.00	
Via Livre Dividend	1,184,190.67	
Ferrovial Airports International, SE		202,992,579.72
Hubco Netherlands BV Dividend	202,992,579.72	
Ferrovial Agromán International, SE		57,400,000.00
Valivala Dividend	57,400,000.00	
Total		**2,110,472,641.88**

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

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 prior years, 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 2018.

B.2 Deferred capital gains arising in corporate restructuring processes:

	(Amount in euros)
Ferrovial, SA	2,580,214,929.68
Ferrovial Internacional, SLU	172,926,357.00
Cintra Infraestructuras internacional, SLU	22,143,952.38
Total	**2,775,285,239.06**

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.

The result of this assessment means that these assets represent 92% of the total market value of Ferrovial. At 31 December 2017, this percentage amounted to 91%.

Taxation of Ferrovial's Scrip Dividend

In 2018 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 corresponding 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 correspond to them. The age of the bonus shares will be the age that corresponds 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:

  a) Shareholders who pay personal income tax (IRPF) (natural persons 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.

  b) 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.

c) 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 witholding 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)

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%	4	
Ferrovial Corporación, S.A. (a)		Ferrovial, S.A. (a)	100.0%	5	■
Ferrofin, S.L. (a)		Ferrovial Agroman, S.A. (a)	52.0%	206	■
Ferrovial Internacional, S.L.U. (a)		Ferrovial, S.A. (a)	100.0%	6,337	■
Temauri, S.L. (a)		Ferrovial, S.A. (a)	100.0%	6	
Tríbulo, S.L. (a)		Ferrovial, S.A. (a)	100.0%	0	
Wondo Mobility, S.L. (a)		Ferrovial, S.A. (a)	100.0%	0	
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	■
Ferrovial International, S.E.		Ferrovial Internacional, S.L.U. (a)	100.0%	5,949	■
UNITED KINGDOM (Registered Office: London, United Kingdom)					
Ferrovial Ventures, Ltd.		Ferrovial International, Ltd. (a)	100.0%	7	
IRELAND (Registered Office: Dublín, Ireland)					
Landmille Ireland DAC		Ferrovial Internacional, S.L.U. (a)	100.0%	95	■
LUXEMBURGO. Luxemburgo					
Krypton RE, S.A.		Ferrovial, S.A. (a)	100.0%	8	■
NETHERLANDS (Registered Office: Amsterdam, Netherlands)					
Ferrovial Netherlands B.V.		Ferrovial International, S.E.	100.0%	2	
Ferrovial Services Netherlands, B.V.		Ferrovial Internacional, S.L.U. (a)	100,0%	0	■
UNITED STATES (Registered Office: Austin, United States)					
Landmille US LLC		Ferrovial Holding US Corp	100.0%	0	
Ferrovial Holding US Corp		Cintra Infraestructures, S.E.	100.0%	1,001	
REAL ESTATE					
SPAIN (Registered Office: Madrid, Spain)					
Ferrovial FISA, S.L. (a)		Ferrovial, S.A. (a)	100.0%	57	
Vergarapromoinvest, S.L. (a)		Ferrovial FISA, S.L. (a)	99.7%	26	
CONSTRUCTION					
SPAIN (Registered Office: Madrid, Spain)					
Ferroconservación, S.A. (a)		Ferrovial Agroman, S.A. (a)	99.0%	20	■
Arena, S.A. (a)		Ferrovial Agroman, S.A. (a)	100.0%	0	
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	
SPAIN (Registered Office: Barcelona, Spain)					
Concesionaria de Prisiones Lledoners (a)	Proyecto	Ferrovial Agroman, S.A. (a)	100.0%	16	■
Concesionaria de Prisiones Figueras S.A.U. (a)	Proyecto	Ferrovial Agroman, S.A. (a)	100.0%	11	■
Cadagua, S.A. (a)		Ferrovial Agroman, S.A. (a)	100.0%	49	■
Depusa Aragón S.A. (a)	Proyecto	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, Saudí Arabia)					
Ferrovial Agroman Company		Ferrovial Agroman, S.A. (a)	95.0%	0	■
AUSTRALIA (Registered Office: Sidney, Australia)					
FA Australia PTY LTD		Ferrovial Agroman Ltda.	100.0%	20	■
BRAZIL (Registered Office: Sao Paulo, Brazil)					
Constructora Ferrovial Agromán Ltda. Brasil		Ferrovial Agroman International, S.E.	99.0%	7	
CANADA (Registered Office: Markham, Canada)					
F&A Canada		Constco Holdings B.V.	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%	31	■
Ferrovial Agroman Empresa Constructora Ltda.		Ferrovial Agroman International, S.E.	100.0%	24	■
UNITE STATES (Registered Office: Atlanta, United States)					
Ferrovial Agromán Southeast, LLC		Ferrovial Agroman US Corp	100.0%	0	■

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%	315	■
Ferrovial US Construction Corp		Ferrovial Holding US Corp	100.0%	363	■
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%	5	
Grand Parkway Infrastructure SH99		Ferrovial Agroman Texas LLC	40.0%	0	
UNITED STATES (Registered Office: Charlotte, United States)					
Sugar Creek Construction LLC		Ferrovial Agroman Southeast, LLC	70.0%	0	■
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%	0	■
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: Madrid, United States)					
Norvarem, S.A.		Ferrovial Internacional, S.L.U. (a)	100.0%	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%	421	■
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	
Katy Equipment LP		W.W. Webber, LLC	99.0%	0	
Pepper Lawson Waterworks, LLC		W.W. Webber, LLC	50.0%	0	
Pepper Lawson Construction LP		W.W. Webber, LLC	99.0%	6	
FAM Construction LLC (I-66)		Ferrovial Agroman US Corp	70.0%	0	■
Webber Equipment & Materials LLC		W.W. Webber, LLC	100.0%	201	
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)					
Valivala Holdings, B.V.		Ferrovial Agroman International, S.E.	100.0%	141	
Contsco Holdings B.V.		Ferrovial Agroman International, S.E.	100.0%	0	
INDIA (Registered Office: Nueva Delhi, India)					
Cadagua Ferrovial India		Cadagua, S.A. (a)	95.0%	0	■
IRELAND (Registered Office: Dublín, Ireland)					
Ferrovial Agroman (Ireland), Ltd.		Ferrovial Agroman Ltda.	100.0%	9	■
MEXICO (Registered Office: Mexico FD, México)					
Cadagua Ferr. Industrial México		Cadagua, S.A.	75.1%	0	
Ferrovial Agroman Mexico		Ferrovial Agroman International, S.E.	100.0%	1	
NEW ZEALAND (Registered Office: Wellington, New Zealand)					
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: Varsovia, Poland)					
Bx Budownictwo Sp. z o.o.		Budimex SA	100.0%	0	■
Bx Kolejnictwo SA		Budimex SA	100.0%	1	■
Bx Parking Wrocław Sp. z o.o.	Proyecto	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%	154	■
Budimex, S.A.		Valivala Holdings, B.V.	55.1%	91	■
PUERTO RICO (Registered Office: Puerto Rico)					
Ferrovial Agroman LLC		Ferrovial Agroman International, S.E.	100.0%	6	■
UNITED KINGDOM (Registered Office: County Louth, United Kingdom)					
Ferrovial Agroman Irlanda del Norte		Ferrovial Agroman Ireland, Ltd.	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.
UNITED KINGDOM (Registered Office: Londres, United Kingdom)					
Ferrovial Agroman UK Ltd.		Ferrovial Agroman Ltda.	100.0%	6	■
Ferrovial Agroman Ltda.		Ferrovial Agroman International, S.E.	100.0%	5	■
Cadagua Al Ghubrah		Cadagua, S.A. (a)	100.0%	4	■
Ferrovial Agroman International, S.E.		Ferrovial International, S.E.	100.0%	258	■
Cadagua UK Limited		Ferrovial Agroman Ltda.	100.0%	0	
AIRPORTS					
SPAIN (Registered Office: Madrid, Spain)					
Ferrovial Transco España , S.A.U.	Proyecto	Ferrovial Transco International B.V.	100.0%	18	■
Ferrovial Aeropuertos España, S.A. (a)		Ferrovial, S.A. (a)	99.0%	0	■
CHILE (Registered Office: Santiago, Chile)					
Ferrovial Power Infrastructure Chile, SpA	Proyecto	Ferrovial Transco España S.A.U.	65.9%	105	■
Ferrovial Transco Chile II SpA	Proyecto	Ferrovial Power Infraestructure Chile, SpA	100.0%	0	
Transchile Charrúa Transmisión, S.A.	Proyecto	Ferrovial Power Infraestructure Chile, SpA	100.0%	99	■
Ferrovial Transco Chile III SPA	Proyecto	Ferrovial Transco International, B.V.	100.0%	0	
Centella Transmisión, S.A.	Proyecto	Ferrovial Power Infrastructure Chile, SpA	100.0%	0	
UNITED STATES (Registered Office: Austin, United States)					
Ferrovial Airports Holding US Corp	Proyecto	Ferrovial Holding US Corp	100.0%	0	
UNITED STATES (Registered Office: Denver, United States					
Ferrovial Airports Denver Corp	Proyecto	Ferrovial Airports Denver UK Ltd.	100.0%	4	
Ferrovial Airports Great Hall Partners LLC	Proyecto	Ferrovial Airports Denver Corp	100.0%	4	■
Denver Great Hall Holding LLC	Proyecto	Ferrovial Airports Great Hall Partners LLC	80.0%	1	
Denver Great Hall LLC	Proyecto	Denver Great Hall Holding LLC	80.0%	1	■
NETHERLANDS (Registered Office: Amsterdam, Netherlands)					
Hubco Netherlands B.V.		Ferrovial Airports International, S.E.	100.0%	783	■
Ferrovial Transco Brasil, B.V.	Proyecto	Ferrovial Transco International, B.V.	100.0%	0	
Ferrovial Santarem, B.V.	Proyecto	Ferrovial Transco International, B.V.	100.0%	0	
Ferrovial Transco International B.V.	Proyecto	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	■
Ferrovial Airports International, S.E.	Proyecto	Ferrovial International, S.E.	100.0%	1,241	■
Ferrovial Airports Denver UK Ltd.		Ferrovial Airports International, S.E.	100.0%	4	■
TOLL ROADS					
SPAIN (Registered Office: Madrid, Spain)					
Cintra Infraestructuras España, S.L. (a)		Ferrovial, S.A. (a)	100.0%	696	
Cintra Infraestructuras Internacional, S.L.U. (a)		Cintra Global, S.E.	100.0%	3	
Autopista del Sol, C.E.S.A. (a)	Proyecto	Cintra Infraestructuras España, S.L. (a)	80.0%	258	■
Cintra Inversora Autopistas de Cataluña, S.L.U. (a)	Proyecto	Cintra Infraestructuras España, S.L. (a)	100.0%	0	■
Inversora Autopistas de Cataluña, S.L.U. (a)	Proyecto	Cintra Inversora Autopistas de Cataluña, S.L.U. (a)	100.0%	0	■
Cintra Inversiones, S.L.U. (a)		Cintra Infraestructuras España, S.L. (a)	100.0%	318	■
Cintra Servicios de Infraestructuras, S.A. (a)		Cintra Infraestructuras España, S.L. (a)	100.0%	9	■
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%	60	
SPAIN (Registered Office: Barcelona, Spain)					
Autopista Terrasa Manresa, S.A. (a)	Proyecto	Cintra Inversora Autopistas de Cataluña, S.L.U. (a)	75.3%	445	■
AUSTRALIA (Registered Office: Melbourne, Australia)					
Cintra OSARS (Western) Holdings Unit Trust		Cintra OSARS Western, Ltd	100.0%	0	
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	
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%	4	
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	
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	
COLOMBIA (Registered Office: Bogotá, Colombia)					
Cintra Infraestructuras Colombia, S.A.S.		Cintra Global, S.E.	100.0%	5	■
UNITED STATES (Registered Office: Austin, United States)					
Ferrovial Holding US Corp		Cintra Infrastructures, S.E.	100.0%	787	
Cintra Holding US Corp		Ferrovial Holding US Corp	96.1%	578	
Cintra Texas Corp		Cintra Holding US Corp	100.0%	0	
Cintra US Services LLC		Cintra Texas Corp	100.0%	4	

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
Cintra Skyway LLC		Cintra Holding US Corp	100.0%	0	
Cintra ITR LLC		Cintra Holding US Corp	49.0%	20	
Cintra LBJ LLC		Cintra Holding US Corp	100.0%	336	
Cintra NTE LLC		Cintra Holding US Corp	100.0%	268	
Cintra NTE Mobility Partners Seg. 3 LLC		Cintra Holding US Corp	100.0%	200	
Cintra Toll Services LLC		Cintra Holding US Corp	100.0%	0	
Cintra I-77 Mobility Partners LLC		Cintra Holding US Corp	100.0%	92	■
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	Proyecto	Cintra I-77 Mobility Partners LLC	50.1%	61	
I-77 Mobility Partners LLC	Proyecto	I-77 Mobility Partners Holding LLC	100.0%	62	■
UNITED STATES (Registered Office: Chicago,United States)					
Skyway Concession Company Holdings LLC	Proyecto	Cintra Skyway LLC	55.0%	0	
UNITED STATES (Registered Office: Dallas, United States)					
LBJ Infrastructure Group Holding LLC	Proyecto	Cintra LBJ LLC	54.6%	336	
LBJ Infrastructure Group LLC	Proyecto	LBJ Infrastructure Group Holding LLC	100.0%	587	■
UNITED STATES (Registered Office: North Richland Hills, United States)					
NTE Mobility Partners Holding LLC	Proyecto	Cintra NTE LLC	63.0%	268	
NTE Mobility Partners LLC	Proyecto	NTE Mobility Partners Holding LLC	100.0%	372	■
NTE Mobility Partners Seg. 3 Holding LLC	Proyecto	Cintra NTE Mobility Partners Seg. 3 LLC	53.7%	200	
NTE Mobility Partners Seg. 3 LLC	Proyecto	NTE Mobility Partners Seg. 3 Holding LLC	100.0%	371	■
NETHERLANDS (Registered Office: Amsterdam, Netherlands)					
407 Toronto Highway B.V.		Cintra Global, S.E.	100.0%	2,664	
IRELAND (Registered Office: Dublín, Ireland)					
Financinfrastructures, Ltd		Cintra Global, S.E.	100.0%	32	■
Cinsac, Ltd		Cintra Infraestructuras Internacional, S.L.U. (a)	100.0%	0	■
POLAND (Registered Office: Varsovia, Poland)					
Autostrada Poludnie, S.A.		Cintra Infrastructures, S.E.	93.6%	0	■
PORTUGAL (Registered Office: Lisboa, Portugal)					
Vialivre, S.A.	Proyecto	Cintra Infrastructures, S.E.	84.0%	0	■
PORTUGAL (Registered Office: Ribeira Grande, Portugal)					
Euroscut Açores, S.A.	Proyecto	Cintra Infrastructures, S.E.	89.2%	0	■
UNITED KINGDOM (Registered Office: Oxford, United Kingdom)					
Cintra Infrastructures UK, Ltd		Cintra Global, S.E.	100.0%	1	■
Cintra Toowoomba, Ltd		Cintra Infrastructures UK, Ltd	100.0%	2	■
Cintra UK I-77, Ltd		Cintra Infrastructures, S.E.	100.0%	2	■
Cintra Slovakia, Ltd		Cintra Global, S.E.	100.0%	0	■
Cintra I-66 Express UK, Ltd		Cintra Infrastructures UK, Ltd	100.0%	0	■
Cintra OSARS Western, Ltd		Cintra Infrastructures UK, Ltd	100.0%	0	
Cintra Infrastructures, S.E.		Ferrovial International S.E.	100.0%	1,131	■
Cintra Global, S.E.		Ferrovial International S.E.	100.0%	2,873	■
DISCONTINUED OPERATIONS					
SERVICES					
SPAIN (Registered Office: Madrid, Spain)					
Ferrovial Servicios, S.A. (a)		Ferrovial, S.A. (a)	100.0%	264	■
Cespa, S.A (a)		Ferrovial Servicios, S.A. (a)	100.0%	553	■
Sitkol, S.A. (a)		Cespa, S.A (a)	99.0%	5	
Cespa Jardinería, S.L. (a)		Cespa, S.A (a)	99.0%	7	■
Cespa Gestión de Residuos (a)		Cespa, S.A (a)	99.0%	86	■
Ecoenergia de Can Mata A.I.E. (a)		Cespa Gestión de Residuos (a)	70.0%	0	
Albaida Residuos, S.L. (a)		Cespa Gestión de Residuos (a)	99.0%	5	
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	■
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	■
Siemsa Control y Sistemas S.A. (a)		Siemsa Industria S.A. (a)	99.0%	1	■
Ferrovial Servicios Participadas, S.L. (a)		Ferrovial Servicios, S.A. (a)	99.0%	2	
Car Sharing Mobility Services, S.L. (a)		Ferrovial Servicios, S.A. (a)	80.0%	4	■
Ferroser Servicios Auxiliares (a)		Ferrovial Servicios, S.A. (a)	99.5%	10	■
Ferroser Infraestructuras, S.A. (a)		Ferrovial Servicios, S.A. (a)	100.0%	18	■
Autovía de Aragón, Sociedad Concesionaria, S.A. (a)	Proyecto	Ferroser Infraestructuras, S.A. (a)	60.0%	11	■
Pilum, S.A. (a)	Proyecto	Ferroser Infraestructuras, S.A. (a)	60.0%	3	
Ferrovial Aravia, SA (a)	Proyecto	Ferroser Infraestructuras, S.A. (a)	60.0%	0	
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: Almería, Spain)					
TRM, S.L.		Albaida Residuos, S.L. (a)	55.0%	0	
SPAIN (Registered Office: Barcelona, Spain)					
Residus del Maresme, S.L.		Cespa, S.A (a)	51.0%	0	■
Ecoparc de Can Mata, S.L. (a)	Proyecto	Cespa, S.A (a)	99.0%	11	■

■ 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.
C.E.R.R. S.L. (a)		Cespa Gestión de Residuos (a)	81.1%	0	
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: Granada, Spain)					
Inagra, S.A. (a)		Cespa, S.A (a)	80.0%	3	■
SPAIN (Registered Office: Guipuzcoa, Spain)					
Oñeder S.A.		Cespa Gestión de Residuos (a)	51.6%	0	
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)	Proyecto	Cespa, S.A (a)	100.0%	10	■
SPAIN (Registered Office: Satander, Spain)					
Smart Hospital Cantabria (a)	Proyecto	Ferrovial Servicios, S.A. (a)	85.0%	8	■
SPAIN (Registered Office: Toledo, Spain)					
Gestión Medioambiental de Toledo, S.A.	Proyecto	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.		Ferrovial Servicios Logistica, S.A. (a)	99.7%	1	
SPAIN (Registered Office: Vigo, Spain)					
Maviva, S.A.		Ferrovial Servicios Logistica, S.A. (a)	100.0%	12	■
Maviva Servicios Globales, S.L.		Ferrovial Servicios Logistica, S.A. (a)	99.4%	0	
Almacenes Servicios y Recuperaciones, S.L.		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: 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%	0	■
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 & Superin-tendence 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%	32	
Broadspectrum (India) Pty Ltd		Broadspectrum (International) Pty Ltd	100.0%	0	
Broadspectrum (International) Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	31	
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%	55	
Broadspectrum Australia (QLD) Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Broadspectrum Australia (WA) 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%	428	■
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	
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%	0	

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
Easternwell Drilling Services Holdings Pty Ltd		Easternwell Drilling Holdings Pty Ltd	100.0%	0	
Easternwell Drilling Services Labour Pty Ltd		Easternwell Drilling Services Holdings Pty Ltd	100.0%	0	
Easternwell Drilling Services Operations Pty Ltd		Easternwell Drilling Services Holdings Pty Ltd	100.0%	0	
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%	97	
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%	35	■
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%	11	
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 STATE (Registered Office: Austin, United State)					
Broadspectrum Holdings (Delaware) Pty Ltd LLC		Broadspectrum (International) Pty Ltd	100.0%	0	
Broadspectrum (Delaware) General Partnership		Broadspectrum Holdings (Delaware) Pty Ltd LLC	61.73%	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 STATE (Registered Office: Buffalo, United State)					
Timec, Inc.		Ferrovial Services Oil and Gas, Inc.	100.0%	0	■
UNITED STATE (Registered Office: Houston, United State)					
Amey Consulting USA, Inc.		Amey OW Ltd	100.0%	0	
UNITED STATE (Registered Office: Vallejo, United State)					
T.R.S.C., Inc.		Ferrovial Services Oil and Gas, Inc.	100.0%	0	■
MALAYSIA (Registered Office: Kuala Lumpur, Malaysia)					
Transfield Services (Asia) Sdn Bhd		Broadspectrum (International) Pty Ltd	100.0%	0	
MOROCCO (Registered Office: Tánger, Morocco)					
Cespa Nadafa, S.A.R.L.		Cespa, S.A (a)	98.8%	0	
MAURICIO (Registered Office: Cybercity, Islas Mauricio)					
Broadspectrum (Mauritius) Ltd		Broadspectrum (International) Pty Ltd	100.0%	0	
NEW ZEALAND (Registered Office: Auckland, New Zealand)					
Broadspectrum (New Zealand) Limited		Broadspectrum (International) Pty Ltd	100.0%	45	■
Ferrovial Services (NZ Holdings) Limited		Broadspectrum (New Zealand) Limited	100.0%	0	
Ferrovial Services (NZ) Limited		Ferrovial Services (NZ Holdings) Limited	100.0%	0	
TSNZ Pulp & Paper Maintenance Limited		Broadspectrum (New Zealand) Limited	100.0%	0	

■ Deloitte
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(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: Breslavia, Poland)					
FBSerwis Wrocław Sp. z o.o.		FBSerwis, S.A.	100.0%	24	■
POLAND (Registered Office: Kamiensk, Poland)					
FBSerwis Kamieńsk Sp. z.o.o.		FBSerwis, S.A.	80.0%	8	■
POLAND (Registered Office: Poznan, Poland)					
FBSerwis Karpatia Sp. z o.o		FBSerwis, S.A.	100.0%	6	■
POLAND (Registered Office: Varsovia, Poland)					
FBSerwis SA		Ferrovial Services International, S.E.	51.0%	15	■
FBSerwis Dolny Śląsk Sp. z o.o.		FBSerwis, S.A.	100.0%	6	■
FBSerwis A Sp. z o.o.		FBSerwis, S.A.	100.0%	0	■
FBSerwis B SP. z o.o.		FBSerwis, S.A.	100.0%	0	■
PORTUGAL (Registered Office: Lisboa, Portugal)					
Ferrovial Serviços, SA		Ferrovial Services International S.E	100.0%	23	■
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: 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)					
Ferrovial Services International, S.E.		Ferrovial International, S.E.	100.0%	562	
Amey UK plc (a)		Ferrovial Services Netherlands, B.V.	100,0%	103	■
Cespa UK Ltd		Cespa, S.A. (a)	100,0%	9	■
Cespa Ventures Ltd		Cespa UK Ltd	100.0%	0	■
Amey Holdings Ltd		Amey UK plc	100.0%	554	■
Amey plc		Amey Holdings Ltd	100.0%	554	■
Amey Environmental Services Ltd		Amey plc	100.0%	0	■
Amey Building Ltd		Amey plc	100.0%	1	
Amey Community Ltd		Amey plc	100.0%	60	■
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%	49	■
Amey Group Information Services Ltd		Amey plc	100.0%	15	■
Amey Group Services Ltd		Amey plc	100.0%	45	■
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 LG Ltd		Amey plc	100.0%	249	■
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%	34	
Amey OW Ltd		Amey OW Group Ltd	100.0%	1	■
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%	38	■
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%	175	■
Amey Technology Services Ltd		Amey plc	100.0%	0	
Amey Tramlink Ltd		Amey Technololgy 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	
Wimco Ltd		Amey Railways Holding Ltd	100.0%	0	
Amey Public Services LLP		Amey LG Ltd	66.7%	0	■

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
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%	95	■
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%	170	■
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%	9	■
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%	90	■
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%	577	■
Enterprise Lighting Services Ltd		Enterprise Holding Company No 1 Ltd	100.0%	0	
Enterprise Managed Services (BPS) Ltd		Enterprise Managed Services Ltd	100.0%	21	
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%	11	■
Enterprise Public Services Ltd		Enterprise Holding Company No 1 Ltd	100.0%	4	■
Amey Utility Services Ltd		ARM Services Group Ltd	100.0%	47	■
Globemile Ltd		Enterprise Managed Services Ltd	100.0%	20	■
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%	1	
MRS Environmental Services Ltd		Enterprise Holding Company No 1 Ltd	100.0%	16	■
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%	54	■
AmeyCespa Services (East) Ltd	Proyecto	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	Proyecto	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	Proyecto	Amey Ventures Asset Holdings Ltd	50.0%	0	■
AmeyCespa (MK) Holding Co Ltd	Proyecto	Cespa Ventures Limited	50.0%	0	■
AmeyCespa (MK) SPV Ltd	Proyecto	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%	10	■
Amey Defence Services (Housing) Limited		Enterprise Managed Services Limited	100.0%	11	■

■ 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.

APPENDIX II - ASSOCIATES

(COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD) (MILLIONS OF EUROS)

COMPANY	TYPE OF COMPANY	PARENT COMPANY	% PAR.	VALUE BY EQUITY METHOD	ACTIVE	PASIVE	REVENUES	RESULT	AUDIT.
CONSTRUCTION									
SPAIN									
Sociedad Concesionaria BAIO	Proyecto	Ferrovial Agroman, S.A.	50.0%	2	4	4	0	0	
Via Olmedo Pedralba, S.A.	Proyecto	Ferrovial Agroman, S.A.	25.2%	1	10	10	25	0	BDO
Boremer, S.A.		Cadagua, S.A.	50.0%	0	8	8	0	0	Deloitte
Urbs Iudex et Causidicus, S.A.		Ferrovial Agroman, S.A.	22.0%	0	381	381	37	6	Deloitte
OMÁN									
Muscat City Desalination O&M CO LLC		Cadagua, S.A.	7.0%	0	8	8	3	0	KPMG
International Water Treatment LLC		Cadagua, S.A.	37.5%	0	2	2	0	-1	PWC
USA									
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	3	1	2	0	
AIRPORTS									
UNITED KINGDOM									
FGP Topco Limited	Proyecto	Hubco Netherlands B.V.	25.0%	705	22,453	19,631	3,353	279	Deloitte
AGS Airports Holdings Limited	Proyecto	Faero UK Holding Limited	50.0%	60	1,332	1,223	241	7	Deloitte
TOLL ROADS									
SPAIN									
Serrano Park, S.A.	Proyecto	Cintra Infraestructuras España, S.L.	50.0%	0	66	83,236	6	-2	Deloitte
A-334 Autovía del Almanzora (a)	Proyecto	Cintra Infrastructures, S.E.	23.8%	0	0	0	0	0	
Sociedad Concesionaria Autovía de la Plata, S.A.	Proyecto	Cintra Infrastructures, S.E.	25.0%	15	232	172	24	11	Deloitte
Bip & Drive, S.A.	Proyecto	Cintra Infraestructuras España, S.L.	20.0%	2	21	12	236	0	PWC
AUSTRALIA									
Nexus Infrastructures Holdings Unit Trust		Cintra Toowoomba, Ltd	40.0%	3	19	0	0	0	Deloitte
Nexus Infrastructures Unit Trust	Proyecto	Nexus Infrastructures Holdings Unit Trust	40.0%	11	63	27	4	5	Deloitte
Nexus Infrastructure Finance Holdings PTY, Ltd		Cintra Toowoomba, Ltd	40.0%	0	0	0	0	0	Deloitte
Nexus Infrastructure Finance PTY, Ltd	Proyecto	Nexus Infrastructure Finance Holdings PTY, Ltd	40.0%	0	0	0	0	0	Deloitte
Netflow Osars (Western) PTY, Ltd	Proyecto	Cintra Osars (Western) PTY, Ltd	50.0%	-1	147	146	46	1	
CANADA									
407 International Inc	Proyecto	4352238 Cintra Canada Inc.	43.2%	1,475	3,372	5,816	908	352	Deloitte
407 East Development Group General Partnership	Proyecto	Cintra 407 East Development Group Inc	50.0%	11	136	113	6	2	Deloitte
OM&R 407 East Development Group General Partnership	Proyecto	Cintra OM&R 407 East Development Group Inc	50.0%	1	5	2	4	0	
Blackbird Maintenance 407 GP	Proyecto	Blackbird Maintenance 407 Cintra GP Inc	50.0%	1	4	3	2	0	
Blackbird Infrastructures 407 GP	Proyecto	Blackbird Infrastructures 407 Cintra GP Inc	50.0%	5	373	363	13	5	BDO
COLOMBIA									
Concesionaria Ruta del Cacao, S.A.S.	Proyecto	Cintra Infraestructuras Colombia, S.A.S.	41.8%	14	278	245	35	10	Deloitte
SLOVAKIA									
Zero Bypass Limited, Organizacná Zlozka		Zero Bypass, Ltd	35.0%	0	0	0	0	0	Deloitte
UNITED STATES									
I-66 Express Mobility Partners Holdings LLC	Proyecto	Cintra 2 I-66 Express Mobility Partners	40.0%	0	0	0	0	0	
I-66 Express Mobility Partners Holdings LLC	Proyecto	Cintra I-66 Express Mobility Partners LLC	10.0%	0	0	0	0	0	
I-66 Express Mobility Partners LLC	Proyecto	I-66 Express Mobility Partners Holdings LLC	50.0%	-13	990	1,016	0	0	Deloitte

COMPANY	TYPE OF COMPANY	PARENT COMPANY	% PAR.	VALUE BY EQUITY METHOD	ACTIVE	PASIVE	REVENUES	RESULT	AUDIT.
GREECE									
Nea Odos, S.A. (a)	Proyecto	Ferrovial,S.A.	21.4%	0	0	0	0	0	
Central Greece Motorway, S.A. (a)	Proyecto	Ferrovial,S.A.	21.4%	0	0	0	0	0	
Hellas Tolls, S.A. (a)	Proyecto	Ferrovial,S.A.	33.3%	0	0	0	0	0	
NETHERLANDS									
Algarve International B.V.	Proyecto	Cintra Infrastructures, S.E.	48.0%	1	159	157	0	0	Deloitte
IRELAND									
Eurolink Motorway Operation (M4-M6), Ltd	Proyecto	Cintra Infraestructuras Internacional, S.L.U.	20.0%	5	277	278	30	3	Deloitte
Eurolink Motorway Operation (M3), Ltd	Proyecto	Cinsac, Ltd	20.0%	3	194	181	20	5	Deloitte
PORTUGAL									
Autoestrada do Algarve, S.A.	Proyecto	Cintra Infrastructures, S.E.	48.0%	58	227	161	38	15	Deloitte
Auto-Estradas Norte Litoral, S.A.	Proyecto	Cintra Infrastructures, S.E.	49.0%	97	363	215	43	21	Deloitte
UNITED KINGDOM									
Scot Roads Partnership Holdings, Ltd	Proyecto	Cintra Infrastructures UK	20.0%	0	0	0	0	0	PWC
Scot Roads Partnership Finance, Ltd	Proyecto	Scot Roads Partnership Holdings, Ltd	20.0%	0	432	432	0	0	PWC
Scot Roads Partnership Project, Ltd	Proyecto	Scot Roads Partnership Holdings, Ltd	20.0%	0	437	437	26	0	PWC
Zero Bypass Holdings, Ltd	Proyecto	Cintra Slovakia, Ltd	35.0%	0	0	0	0	0	Deloitte
Zero Bypass, Ltd	Proyecto	Zero Bypass Holdings, Ltd	35.0%	-2	401	400	13	-2	Deloitte
TOTAL VALUE BY EQUITY METHOD CONTINUING OPERATIONS				2,455					
SERVICES									
SPAIN									
Nora, S.A.		Cespa, S.A.	40.0%	0	10	9	10	0	Gabinete Técnico de Auditoría y Consultoría S.A
Vialnet Vic, S.L.		Cespa, S.A.	49.0%	0	1	0	2	0	Vir Audit
Recollida Residus Osona, S.L.		Cespa, S.A.	45.0%	1	3	2	7	0	Vir Audit
Inusa Ing. Urbana, S.A.		Cespa, S.A.	35.0%	4	13	1	1	0	Deloitte
Valdemingomez 2000, S.A.		Cespa, S.A.	20.0%	0	27	28	6	8	Deloitte
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%	-33	198	195	25	8	Deloitte
Concesionaria Madrid Calle 30	Proyecto	Empresa Mant. y Explotación M 30, S.A.	20.0%	49	611	126	125	64	Deloitte
Necropolis Valladolid, S.A.		Sitkol, S.A.	49.0%	4	19	3	4	1	BDO
Aetec, S.A.		Ferroser Infraestructuras S.A.	9.2%	0	1	0	1	0	
FerroNats Air Traffic Services, S.A.		Ferrovial Servicios, S.A.	50.0%	2	9	4	15	1	Deloitte
AUSTRALIA									
Ventia Boral Amey Qld Pty Ltd		Amey Consulting Australia Pty Ltd	20.0%	0	0	0	0	0	Grant Thornton UK LLP
Ventia Boral Amey NSW Pty Ltd		Amey Consulting Australia Pty Ltd	22.2%	0	0	0	0	0	Grant Thornton UK LLP
TW Power Services Pty Ltd		Broadspectrum (Australia) Pty Ltd	50.0%	14	37	20	72	2	EY
Skout Solutions Australia		Broadspectrum (Australia) Pty Ltd	50.0%	1	2	1	10	0	KPMG
TW New Cal JV		Broadspectrum (Australia) Pty Ltd	50.0%	0	0	0	0	0	
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	KPMG
NEW ZEALAND									
Skout Solutions (NZ) Limited		Broadspectrum (International) Pty Ltd.	50.0%	0	0	0	0	0	KPMG

Deloitte
BDO
KPMG
PWC
Grant Thornton UK LLP

Vir Audit
Gabinete Técnico de Auditoría y Consultoría S.A
EY
Martins Pereira, João Careca & Associados, SROC.

COMPANY	TYPE OF COMPANY	PARENT COMPANY	% PAR.	VALUE BY EQUITY METHOD	ACTIVE	PASIVE	REVENUES	RESULT	AUDIT.
PORTUGAL									
Valor Rib, Lda		Ferrovial Serviços, SA	45.0%	1	5	4	3	0	
Ecobeirão, SA		Ferrovial Serviços, SA	20.0%	0	19	19	8	0	■
Ferrovial Serviços, Egeo, ECAC, Gabriel Couto, ACE		Ferrovial Serviços, SA	35.0%	0	1	1	0	0	
UNITED KINGDOM									
GEO Amey PECS Ltd		Amey Community Ltd	50.0%	4	4	0	48	2	■
Amey Infrastructure Management (1) Ltd		Amey Ventures Asset Holdings Ltd	10.0%	0	0	0	0	0	
AHL Holdings (Manchester) Ltd		Amey Ventures Investments Ltd	2.5%	0	1	1	0	0	■
Amey Highways Lighting (Manchester) Ltd	Proyecto	AHL Holdings (Manchester) Ltd	2.5%	0	0	0	0	0	■
AHL Holdings (Wakefield) Ltd		Amey Ventures Investments Ltd	2.5%	0	1	1	0	0	■
Amey Highways Lighting (Wakefield) Ltd	Proyecto	AHL Holdings (Wakefield) Ltd	2.5%	0	0	0	0	0	■
ALC (Superholdco) Ltd		Amey Ventures Investments Ltd	2.5%	2	15	12	17	7	■
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	11	11	1	0	■
Amey Belfast Schools Partnership PFI Co Ltd	Proyecto	Amey Belfast Schools Partnership Hold Co Ltd	5.0%	0	0	0	0	0	■
Amey Birmingham Highways Holdings Ltd		Amey Ventures Investments Ltd	33.3%	0	147	147	26	-1	■
Amey Birmingham Highways Ltd	Proyecto	Amey Birmingham Highways Holdings ltd	33.3%	0	0	0	0	0	■
Amey FMP Belfast Strategic Partnership Hold Co Ltd		Amey Ventures Management Services Ltd	70.0%	0	1	1	4	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	15	15	1	0	■
Amey Roads NI Financial plc		Amey Roads NI Ltd	2.5%	0	0	0	0	0	■
Amey Roads NI Ltd	Proyecto	Amey Roads NI Holdings Ltd	2.5%	0	0	0	0	0	■
Amey Lighting (Norfolk) Holdings Ltd		Amey Ventures Investments Ltd	5.0%	0	4	4	1	0	■
Amey Lighting (Norfolk) Ltd	Proyecto	Amey Lighting (Norfolk) Holdings Ltd	5.0%	0	0	0	0	0	■
E4D&G Holdco Ltd		Amey Ventures Investments Ltd	4.3%	0	10	10	0	0	■
E4D&G Project Co Ltd	Proyecto	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	4	4	0	0	■
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	1	0	0	0	■
Integrated Bradford Hold Co Two Ltd		Amey Infrastructure Management (1) Ltd	1.0%	0	7	7	0	0	■
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	Proyecto	Integrated Bradford Hold Co One Ltd	3.3%	0	0	0	0	0	■
Integrated Bradford SPV Two Ltd	Proyecto	Integrated Bradford Hold Co Two Ltd	3.0%	0	0	0	0	0	■
RSP (Holdings) Ltd		Amey Ventures Investments Ltd	1.8%	0	4	4	0	0	■
The Renfrewshire Schools Partnership Ltd	Proyecto	RSP (Holdings) Ltd	1.8%	0	0	0	0	0	■
Services Support (Avon & Somerset) Holdings Ltd		Amey Ventures Investments Ltd	1.0%	0	1	1	0	0	■
Services Support (Avon & Somerset) Ltd	Proyecto	Services Support (Avon & Somerset) Holdings Ltd	1.0%	0	0	0	0	0	■
Keolis Amey Docklands Ltd		Amey Rail Ltd	30.0%	4	24	20	31	1	■
Keolis Amey Metrolink Ltd		Amey Rail Ltd	40.0%	2	2	0	7	1	
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	93	93	2	0	■
Scot Roads Partnership Project Ltd	Proyecto	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	■
MTCNovo Ltd		Novo Community Ltd	50.0%	1	19	19	54	1	■
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	Proyecto	Amey Infrastructure Management (2) Ltd	3.3%	0	11	11	12	2	■
AmeyCespa (AWRP) SPV Ltd	Proyecto	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	Proyecto	Amey Infrastructure Management (3) Ltd	3.3%	0	8	8	16	1	■
Amey Hallam Highways Ltd	Proyecto	Amey Hallam Highways Holdings Ltd	3.3%	0	0	0	0	0	■
Amey Ventures Investments Ltd		Amey Investments Ltd	5.0%	0	2	2	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%	2	2	0	32	1	
QATAR									
FMM Company LLC		Ferrovial Servicios, S.A.	49.0%	11	39	17	94	9	
SINGAPORE									
BW Energy Services		Broadspectrum (International) Pty Ltd	50.0%	2	3	1	9	1	■
TOTAL VALUE BY EQUITY METHOD DISCONTINUED OPERATIONS				**75**					

■ Deloitte
■ BDO
■ KPMG
■ PWC
■ Grant Thornton UK LLP
■ Vir Audit
■ Gabinete Técnico de Auditoría y Consultoría S.A
■ EY
■ Martins Pereira, João Careca & Associados, SROC.

Appendix III: Information by segment

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 statements of financial position and consolidated income statement for 2018 and 2017, 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 smaller subsidiaries, the current Polish Real Estate business, and inter-segment adjustments.

Segment statement of financial position: 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	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 and discontinued operations	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
Trade and other short-term 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	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
Payable to Group companies	2	41	1	0	293	-337	0
Other	197	4.945	245	0	2.031	0	7.419
Other payables	10	126	0	0	-1	0	135
Deferred taxes	105	363	5	0	101	0	574
Derivative financial 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 and from discontinued operations	0	0	0	3.259	0	0	3.259
Financial borrowings	106	93	36	0	3.123	-2.585	773
Payable to Group companies	89	56	34	0	2.405	-2.584	0
Other	17	37	2	0	719	-1	773
Short-term derivative financial instruments at	4	59	1	0	52	-46	69
Current income tax liabilities	29	-47	-10	0	106	-13	65
Current 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**

Segment statement of financial position: 2017 (millions of euros).

ASSETS	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER	ADJUSTMENTS	TOTAL
Non-current assets	**852**	**9,622**	**1,073**	**3,571**	**1,307**	**-1,498**	**14,927**
Goodwill	198	140	40	1,684	0	0	2,062
Intangible assets	8	4	18	399	1	0	431
Investments in infrastructure projects	216	6,367	36	449	0	-151	6,917
Investment property	6	0	0	0	0	0	6
Property, plant and equipment	140	21	57	448	16	13	694
Investments in associates	4	1,848	742	92	0	0	2,687
Non-current financial assets	39	670	175	152	1,094	-1,361	769
Deferred taxes	239	265	2	345	182	1	1,035
Long-term derivative financial instruments at fair value	2	307	2	0	14	0	326
Current assets	**4,347**	**1,661**	**500**	**2,569**	**1,370**	**-2,384**	**8,063**
Assets classified as held for sale	0	0	0	0	0	0	0
Inventories	233	10	0	71	311	5	629
Current income tax assets	44	46	11	29	48	-35	143
Trade and other short-term receivables	965	97	4	1,587	125	-143	2,635
Cash and cash equivalents	3,101	1,490	484	880	856	-2,210	4,601
Receivables with Group companies	1,214	266	298	138	297	-2,212	0
Other	1,886	1,224	187	742	559	2	4,601
Short-term derivative financial instruments at fair value	4	19	0	2	30	0	55
Total assets	**5,199**	**11,283**	**1,572**	**6,140**	**2,677**	**-3,882**	**22,990**

LIABILITIES AND EQUITY	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER	ADJUSTMENTS	TOTAL
Equity	**1,474**	**4,395**	**1,314**	**1,658**	**-2,598**	**-8**	**6,234**
Equity attributable to shareholders	1,403	3,822	1,314	1,639	-2,675	-1	5,503
Equity attributable to non-controlling interests	71	572	1	19	76	-7	731
Deferred income	**2**	**1,012**	**0**	**22**	**0**	**0**	**1,037**
Non-current liabilities	**666**	**5,687**	**238**	**2,076**	**2,566**	**-1,362**	**9,871**
Pension plan deficit	3	0	0	64	0	0	66
Long-term provisions	113	172	0	376	147	0	808
Financial borrowings	438	4,671	234	1,222	2,307	-1,361	7,511
Payable to Group companies	257	31	0	784	288	-1,361	0
Other	180	4,640	234	438	2,019	0	7,511
Other payables	10	119	0	70	-1	0	198
Deferred taxes	85	423	4	294	95	0	900
Hedging instruments at fair value	17	302	0	50	17	0	387
Current liabilities	**3,057**	**189**	**20**	**2,384**	**2,710**	**-2,512**	**5,848**
Liabilities classified as held for sale	0	0	0	0	0	0	0
Financial borrowings	38	93	20	611	2,285	-2,209	839
Payable to Group companies	22	64	18	356	1,749	-2,209	0
Other	16	28	2	256	536	1	839
Short-term derivative financial instruments at fair value	4	57	0	1	3	0	65
Current income tax liabilities	15	-56	-8	26	152	-35	94
Short-term trade and other payables	2,567	95	7	1,559	270	-277	4,221
Operating provisions	432	0	0	186	0	9	629
Total liabilities and equity	**5,199**	**11,283**	**1,572**	**6,140**	**2,677**	**-3,882**	**22,990**

The detail of total assets by geographical area is as follows:

(Millions of euros)	2018	2017	CHANGE
Spain	5,596	5,656	-60
UK	2,423	3,304	-881
USA	7,627	6,508	1,118
Canada	2,861	2,867	-6
Australia	1,216	1,499	-283
Poland	1,437	1,602	-164
Other	1,654	1,554	100
Total	**22,813**	**22,990**	**-177**

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	276	-6,776	-226	5,737
Other operating income	1	0	0	6	0	-6	0	2
Total operating income	**5,194**	**471**	**14**	**6,791**	**276**	**-6,782**	**-226**	**5,738**
Cost of materials used	957	2	0	514	96	-514	-69	985
Other operating expenses	3,257	92	21	2,506	107	-2,502	-156	3,324
Staff expenses	810	59	8	3,635	67	-3,635	0	945
Total operating expenses	**5,024**	**152**	**29**	**6,655**	**271**	**-6,652**	**-225**	**5,254**
EBITDA	**170**	**319**	**-16**	**136**	**5**	**-131**	**0**	**484**
Fixed asset depreciation	43	80	2	222	3	-222	0	127
Operating income before impairment losses and fixed asset disposals	127	239	-18	-87	3	92	0	356
Impairment and fixed asset disposals	13	71	0	2	0	-2	-2	82
Operating profit/(loss)	**141**	**310**	**-18**	**-85**	**3**	**90**	**-2**	**438**
Financial result on 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
Financial result of infrastructure project companies	**-8**	**-220**	**-4**	**-24**	**0**	**24**	**1**	**-230**
Financial result on financing	31	30	1	-42	-19	8	0	9
Profit/(loss) on derivatives and other financial results	-20	29	11	-12	11	12	-1	30
Financial result other companies	**11**	**59**	**12**	**-54**	**-9**	**20**	**-1**	**39**
Financial result	**4**	**-161**	**8**	**-78**	**-9**	**44**	**0**	**-192**
Share of profits of equity-accounted companies	0	166	73	15	0	-15	0	239
Consolidated profit/(loss) before tax	**144**	**315**	**64**	**-148**	**-6**	**119**	**-2**	**486**
Income tax	-40	6	3	47	-1	-42	0	-25
Consolidated income from continuing operations	**104**	**322**	**67**	**-101**	**-7**	**77**	**-2**	**460**
Net profit/(loss) from discontinued operations	0	0	0	0	0	-851	0	-851
Consolidated profit/(loss) for the year	**104**	**322**	**67**	**-101**	**-7**	**-774**	**-2**	**-391**
Profit/(loss) for the year attributable to non-controlling interests	-29	-17	0	-4	-8	0	1	-57
Profit/(loss) for the year attributed to the Parent	**74**	**305**	**67**	**-105**	**-15**	**-774**	**-1**	**-448**

Income statement by business segment: 2017 (millions of euros).

	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER	DISCONTINUED OPERATIONS	ADJUSTMENTS	TOTAL
Revenues	4,628	461	21	7,069	262	-7,056	-232	5,152
Other operating income	1	0	0	8	0	-8	0	1
Total operating income	**4,629**	**461**	**21**	**7,077**	**262**	**-7,064**	**-232**	**5,154**
Cost of materials used	796	2	0	527	91	-527	-71	818
Other operating expenses	2,849	83	26	2,389	103	-2,383	-163	2,905
Staff expenses	785	56	7	3,737	68	-3,737	0	915
Total operating expenses	**4,430**	**141**	**33**	**6,653**	**262**	**-6,647**	**-234**	**4,638**
EBITDA	199	320	-12	423	0	-417	2	516
Fixed asset depreciation	37	72	3	260	3	-260	0	115
Operating income before impairment losses and fixed asset disposals	162	247	-15	163	-3	-156	2	401
Impairment and fixed asset disposals	0	88	0	-7	0	7	0	88
Operating profit/(loss)	**162**	**335**	**-15**	**156**	**-3**	**-149**	**2**	**489**
Financial result on financing	-9	-217	-3	-25	0	25	1	-229
Profit/(loss) on derivatives and other financial results	0	-4	0	-2	0	2	1	-4
Financial result of infrastructure project companies	**-9**	**-222**	**-4**	**-28**	**0**	**28**	**2**	**-233**
Financial result on financing	24	16	0	-47	-30	12	-2	-26
Profit/(loss) on derivatives and other financial results	-26	26	17	-27	-1	27	0	15
Financial result other companies	**-2**	**42**	**17**	**-74**	**-32**	**39**	**-2**	**-11**
Financial result	**-11**	**-179**	**13**	**-101**	**-32**	**67**	**0**	**-244**
Share of profits of equity-accounted companies	-1	138	89	26	0	-26	0	225
Consolidated profit/(loss) before tax	**150**	**293**	**87**	**80**	**-35**	**-108**	**2**	**469**
Income tax	-52	-11	1	-20	12	25	0	-46
Consolidated income from continuing operations	**98**	**282**	**88**	**60**	**-22**	**-83**	**2**	**424**
Net profit/(loss) from discontinued operations	0	0	0	0	0	83	0	83
Consolidated profit/(loss) for the year	**98**	**282**	**88**	**60**	**-22**	**0**	**2**	**507**
Profit/(loss) for the year attributable to non-controlling interests	-44	-3	0	-2	-5	0	1	-53
Profit/(loss) for the year attributed to the Parent	**54**	**279**	**88**	**58**	**-28**	**0**	**3**	**454**

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.

PHOTO: Glasgow Airport (United Kingdom).

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 2018, which were approved by the Board of Directors of Ferrovial, S.A. at the meeting held in Madrid on 28 February 2019 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	D. Santiago Bergareche Busquet Vice-Chairman
______________________________	______________________________
D. Joaquín Ayuso García Vice-Chairman	D. Íñigo Meirás Amusco Chief Executive Officer
______________________________	______________________________
Dña. María del Pino y Calvo-Sotelo Director	D. Santiago Fernández Valbuena Director
______________________________	______________________________
D. José Fernando Sánchez-Junco Mans Director	D. Joaquín del Pino y Calvo-Sotelo Director
______________________________	______________________________
D. Óscar Fanjul Martín Director	D. Philip Bowman Director
______________________________	______________________________
Dña. Hanne Birgitte Breinbjerg Sørensen Director	D. Bruno Di Leo Director

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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 and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 1.1 and 7.1). 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 2018, 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 2018, 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, both in the Construction Division and in the Services 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 our internal infrastructure project experts in order to assist us in the process of assessing 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 2017 with the actual data for the contracts in 2018. 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.

Recoverable amount of assets classified as held for sale and inclusion of operations under "Discontinued Operations"

Description

As described in Note 1.1.3 to the accompanying consolidated financial statements, at the end of the reporting period the Group adopted the decision to dispose of the Services line of business, and, therefore, the consolidated statement of financial position as at 31 December 2018 includes assets and liabilities held for sale amounting to EUR 4,892 million and EUR 3,259 million, respectively, and the consolidated statements of profit or loss for 2018 and 2017 present EUR -851 million and EUR 83 million, respectively, under "Net Profit or Loss from Discontinued Operations" in relation to the results of the aforementioned line of business. In this connection, the result for 2018 includes the recognition of an impairment loss of EUR 774 million on the net assets associated with the Services business in the UK, which is included under "Net Profit or Loss from Discontinued Operations." Lastly, the cash flows generated by the Services line of business are presented separately in the consolidated statement of cash flows.

Both the determination of the probability of disposal of the aforementioned line of business in the short term and the estimation of the recoverable amount less costs to sell of the associated net assets make it necessary to use valuation techniques that include the utilisation of assumptions and require judgements and estimates to be made by the Group's management. Therefore, we considered this matter to be a key matter in our audit.

Procedures applied in the audit

Our audit procedures included, among others, the obtainment of the documentation supporting the decision adopted to dispose of the Services line of business, and verification of fulfilment of the other criteria provided for in *IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"* in order to classify the assets and liabilities of this line of business as held for sale, and to include its results as profit or loss from discontinued operations.

In relation to the determination of the recoverable amount of the net assets held for sale, we assessed the valuation methodology and assumptions applied by the Group, 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 in determining the recoverable amount.

Lastly, we focused our work on reviewing both the restatement of the affected accounting statements for 2017 in accordance with the content of IFRS 5, and the disclosures of information in relation 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 or settlement.

Recoverability of goodwill and other assets recognised at fair value	
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 2018 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 2,180 million. Also, the consolidated statement of financial position includes goodwill amounting to EUR 372 million relating to certain investments, associated mainly with the Cash-Generating Units (CGUs) of the Toll Road (EUR 128 million) and Construction (EUR 202 million) Divisions. 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. • Goodwill of the Toll Road Division: discount rates, projected traffic and tolls. • 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 to assess 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 assessed the reasonableness of the projected operating assumptions. Furthermore, we analysed the consistency of the assumptions used in the impairment tests of previous years 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 2018, the Group recognised EUR 7,155 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 use 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.

Deferred tax assets and liabilities	
Description	**Procedures applied in the audit**
The consolidated statement of financial position as at 31 December 2018 presents a balance of EUR 664 million of deferred tax assets, which includes EUR 214 million corresponding to tax losses and tax credits, of which EUR 150 million relate to the Spanish tax group. The Group also has EUR 810 million of deferred tax liabilities and provisions for tax contingencies. Each year the Group prepares financial models to assess the recoverability of the tax credits and tax losses, taking into consideration the new legislative developments and the latest business plans approved for the various business divisions and geographical areas. We identified this matter as key in our audit, since the preparation of these models requires a significant level of judgement, largely in connection with the projections of business performance, which affect the estimate of the recoverability of the tax assets. The Group also regularly assesses, together with its tax advisers, the possible tax contingencies to which it is exposed, and, as appropriate, recognises the related provisions or reverses the existing provisions if the contingency has become statute-barred.	Our audit procedures were based mainly on the performance of substantive tests comprising, among others, the review of the aforementioned financial models, which included verifying that the data included in the models were the same as the budgeted data that had been approved by the various businesses, and that they were consistent with the data furnished to us in the assessment of the recoverability of intangible and concession assets, as well as analysing the consistency of the actual results obtained compared with the results projected in the previous years' models. We also involved our internal tax experts to assist us in evaluating the reasonableness of the tax assumptions and of the changes in provisions for tax contingencies in 2018 based on the applicable tax legislation. Furthermore, we reviewed the disclosures made by the Group in relation to this matter. Notes 2.8 and 6.3 to the accompanying consolidated financial statements contain the relevant information relating to the Group's deferred taxes and tax-related provisions.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2018, 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 have checked that the information described in section a) above is provided in the consolidated directors' report and that the other information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2018 and its content and presentation are in conformity with the applicable regulations.

Responsibilities of the Directors and the 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 9 and 10, 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 28 February 2019.

Engagement Period

The Annual General Meeting held on 5 April 2018 appointed us as auditors for a period of one year from the year ended 31 December 2017, i.e. for 2018.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the consolidated financial statements uninterruptedly since the year ended 31 December 2010.

DELOITTE, S.L.
Registered in R.O.A.C. under no. S0692

Miguel Laserna Niño
Registered in R.O.A.C. under no. 18207

28 February 2019

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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