CONSOLIDATED MANAGEMENT REPORT AND FINANCIAL STATEMENTS

INTEGRATED ANNUAL REPORT

2017

ferrovial

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

PHOTO: Terminal 2A at Heathrow Airport. London (United Kingdom).

THE REPORT

1. The Management Report runs from page 10 to 135. It was drawn up by the Board of Directors on 28 February 2018.
2. The Consolidated Annual Financial Statements run from page 136 to 245 and were drawn up by the Board of Directors on February 28, 2018.
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 on an integrated model for reporting financial, social and environmental information, based on the "International Integrated Reporting Framework" from the International Integrated Reporting Committee (IIRC), as well as the Spanish Securities Commission (CNMV) "Guide for Management Reporting at Listed Companies". For the ninth year, the Corporate Responsibility information has applied the AA1000 standard (see page 115), a key tool for aligning the information presented in the Report with stakeholder expectations and the company's materiality. The report is drawn up in accordance with the "Comprehensive" option of the Global Reporting Initiative (GRI) G4 Guidelines. The report also meets the requisites of European Directive 2014/95/EU of the European Parliament and of the Council, transposed into Spanish law by Royal Decree-Law 18/2017 of November 24. It also contains information on governance, 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 detailed in the Corporate Responsibility Appendix.

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2. CONSOLIDATED FINANCIAL STATEMENTS

LETTER FROM THE CHAIRMAN

Fellow shareholders,

Ferrovial had a positive year in 2017, underpinned by the strong performance of the infrastructure assets, our main source of value creation. The total shareholder return was 15.7% in the year. Revenues increased 13.5%, mainly as a result of the growth of the toll roads in North America and the full-year consolidation of Broadspectrum. Net profit reached €454 million, an increase of 20.6%, supported by the contribution from 407 ETR and Heathrow, which are equity-accounted.

Operating cash flow, excluding infrastructure projects and before taxes, was €999 million. Cash flow totaled €781 million, after €355 million in capital expenditure and €253 million of divestments of mature assets. This allowed to return €520 million to shareholders. The sound financial position is supported by the fact that the company ended the year with a net cash position, excluding infrastructure projects, of €1.341 billion. During the year, Ferrovial successfully completed two €500 million bond issues paying 1.375% and 2.124%, the latter a perpetual hybrid.

Rafael del Pino
Chairman

Business performance.-

- **Toll roads** had growth in earnings and traffic on the main assets in North America. Highways 407 ETR, in Toronto, and LBJ and NTE, in Dallas-Fort Worth, exceeded the expectations in the business plan. These roads, located in growing urban areas, adjust their tolls according to congestion levels. Customer satisfaction indicators demonstrate Ferrovial's ability to contribute new and efficient solutions to improve urban mobility.

- **Airports** confirmed Heathrow's ability to continue setting records in passenger numbers despite operating almost at full capacity. The high levels of service quality are backed by the fact that Heathrow has headed the Airport Service Quality (ASQ) league table for thirteen consecutive quarters. The other airports also performed well in terms of traffic and earnings, enabling an increase in the dividend paid to Ferrovial of €237 million, compared with €134 million in 2016. The Denver airport upgrade contract marks this division's entrance into the US market.

- **Construction** has reduced the high returns of previous years due to losses on two contracts already concluded and the fact that ongoing contracts involved less in-house engineering work. Budimex had another excellent year, while margins in the rest of the division were in line with the industry.

- **Services** maintained a good performance in Spain while increasing exposure to private sector clients. After implementing a cost-cutting program, Amey improved margins despite local government budgetary restrictions, which are puttting pressure on earnings throughout the industry. Broadspectrum completed its first full year in the group with an increase in operating efficiency and the prospects for tenders are greater than initially projected.

Backlog.- The backlog stands at €32.063 billion. In the US, the financial closing of the I-66 project in Virginia and Denver airport increased the Construction backlog by more than €2 billion. As for Australia, the Western Roads Upgrade Project in Melbourne represents a sizeable backlog for Services.

Sustainability.- Ferrovial continues to be a member of the DJSI, FTSE4Good and Carbon Disclosure Project, while retaining an AAA rating from MSCI. Additionally, the application of the "Target Zero" principles in health and safety improved accident rates, and the company also exceeded its emission reduction commitment.

Ethics.- The company emphasizes that it is firmly committed to irreproachable ethical conduct. Ferrovial is confident that its policies, procedures, training and oversight offer sufficient assurance of impeccable conduct in the market.

Innovation.- The focus on open innovation, is reflected in the relationship with MIT and other prestigious universities, the implementation of the Digital Hub, and the relationships with startups.

Outlook.- The United States, Australia and Canada have a considerable need to upgrade and modernize their infrastructures. Ferrovial is closely monitoring these markets convinced on its competitive ability to offer original and efficient solutions to urban congestion and citizen mobility, thus covering the entire infrastructure cycle.

People.- The worldwide headcount was 95,978 at year-end; and the quality of our people represents a differentiating element towards our customers.

To conclude I would like to express my gratitude to the shareholders and customers for placing their trust in Ferrovial, and to all our professionals for their capability, commitment and values.

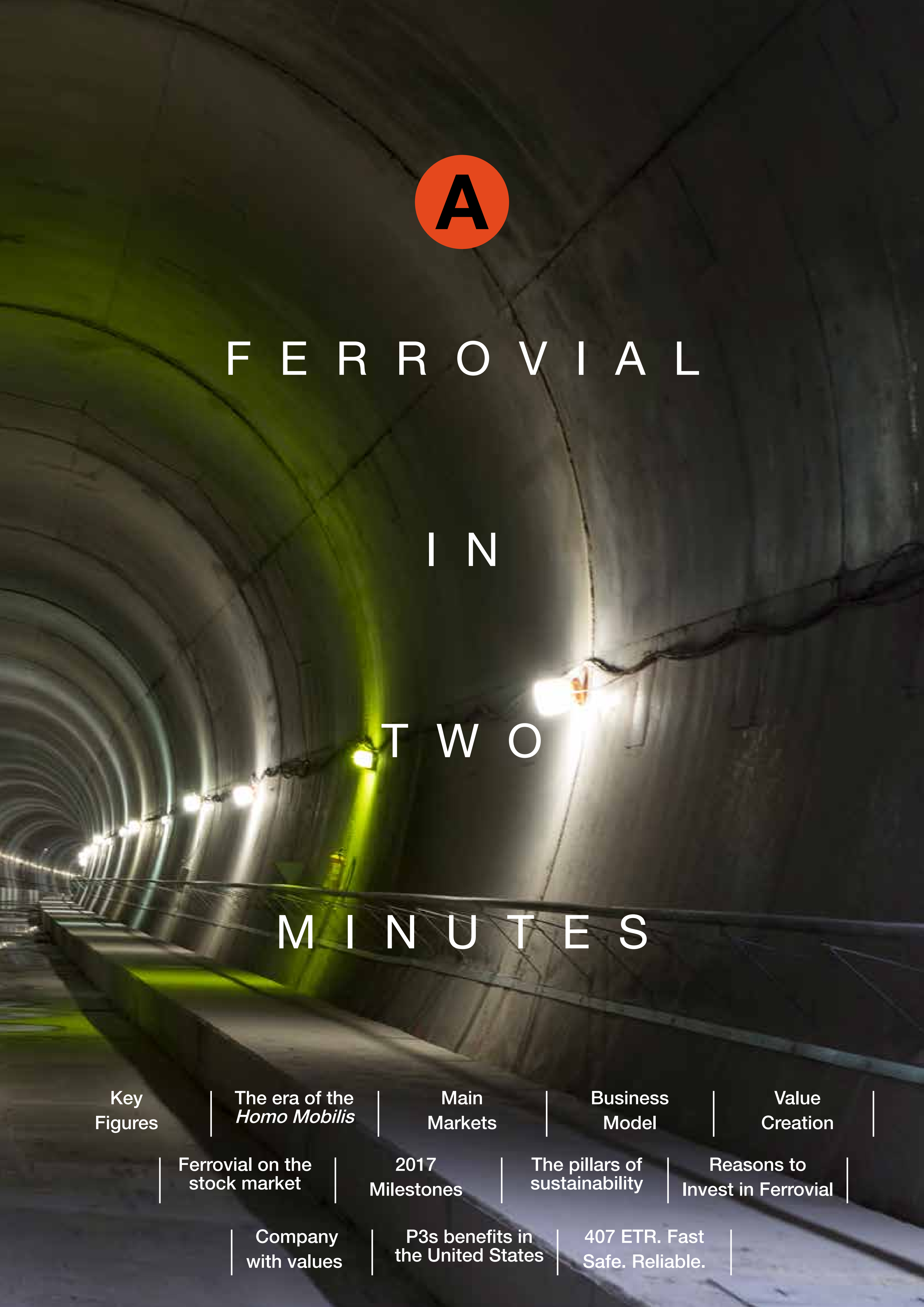

EXPRESS LANES
EXIT 1/2 MILE
35E
EXIT

A

01. MANAGEMENT REPORT

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

PHOTO: Espiño Tunnel. AVE to Galicia (Spain).



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FERROVIAL IN TWO MINUTES

Key Figures | The era of the *Homo Mobilis* | Main Markets | Business Model | Value Creation | Ferrovial on the stock market | 2017 Milestones | The pillars of sustainability | Reasons to Invest in Ferrovial | Company with values | P3s benefits in the United States | 407 ETR. Fast Safe. Reliable.

KEY FIGURES

REVENUES (M€)

2016 2017

10,759 12,208

+13.5%
COMPARED TO 2016

CAPITALIZATION (M€)

13,858

+11.3%
AS OF 12/31/2017

NET CASH (M€)

1,341
EX-INFRASTRUCTURES

OPERATING CASH FLOW (M€)

999
EX-INFRASTRUCTURES

+0.4%
COMPARED TO 2016

ORDER BOOK (M€)

32,063

CONSTRUCTION 11,145

SERVICES 20,918

-4.3%
COMPARED TO 2016

FREQUENCY INDEX*

-9.3%
COMPARED TO 2016

* Year-on-year change in the index giving the number of accidents occurring during working hours that lead to days lost, for every million hours worked. Subcontractor not included.

CO_2 EMISSIONS*

SCOPE 1&2 tCO_2eq/M€

-28.4%
IN RELATIVE TERMS
COMPARED TO 2009

* The evolution of the emissions has been calculated by adjusting the base year data to the Companies perimeter of 2017.

TOTAL TAX* (M€)

2,075

* Supported, paid and collected in 2017 (Cash Criteria).

WORKFORCE AT YEAR-END

95,978
EMPLOYEES

VIDEO: THE YEAR IN 2 MINUTES
For more information, click here

THE ERA OF THE *HOMO MOBILIS*

THE TRANSPORTATION INDUSTRY FACES A HUGE TRANSFORMATION DUE TO NEW SOCIAL TRENDS AND THE TECHNOLOGICAL REVOLUTION

A

A NEW SOCIETY IS EMERGING,

"Homo mobilis" conceives transportation as a shared, cheaper and simpler service. The urban concentration is growing, while traffic congestion is a problem in large cities. The planet is heating up and pollution and emissions must be reduced. Digital technology focuses on the user, based on data, fully integrated into networks, with dynamic rates, based on public-private collaboration.

B

FERROVIAL IS LOOKING FOR ALTERNATIVES...

Ferrovial, throw itsfour business line is identifying challenges and opportunities; boosting its internal capacities such as the Innovation Center, the Digital Hub, the Competence Centers and the Technical Offices; establishing alliances with research centers such as MIT*; participating in multilateral projects promoted by the EC Horizon 2020* program, EIT KICs*, or with national innovation authorities; exploring and collaborating with startups through programs like BuildUp!*; and partnering with other large corporations.

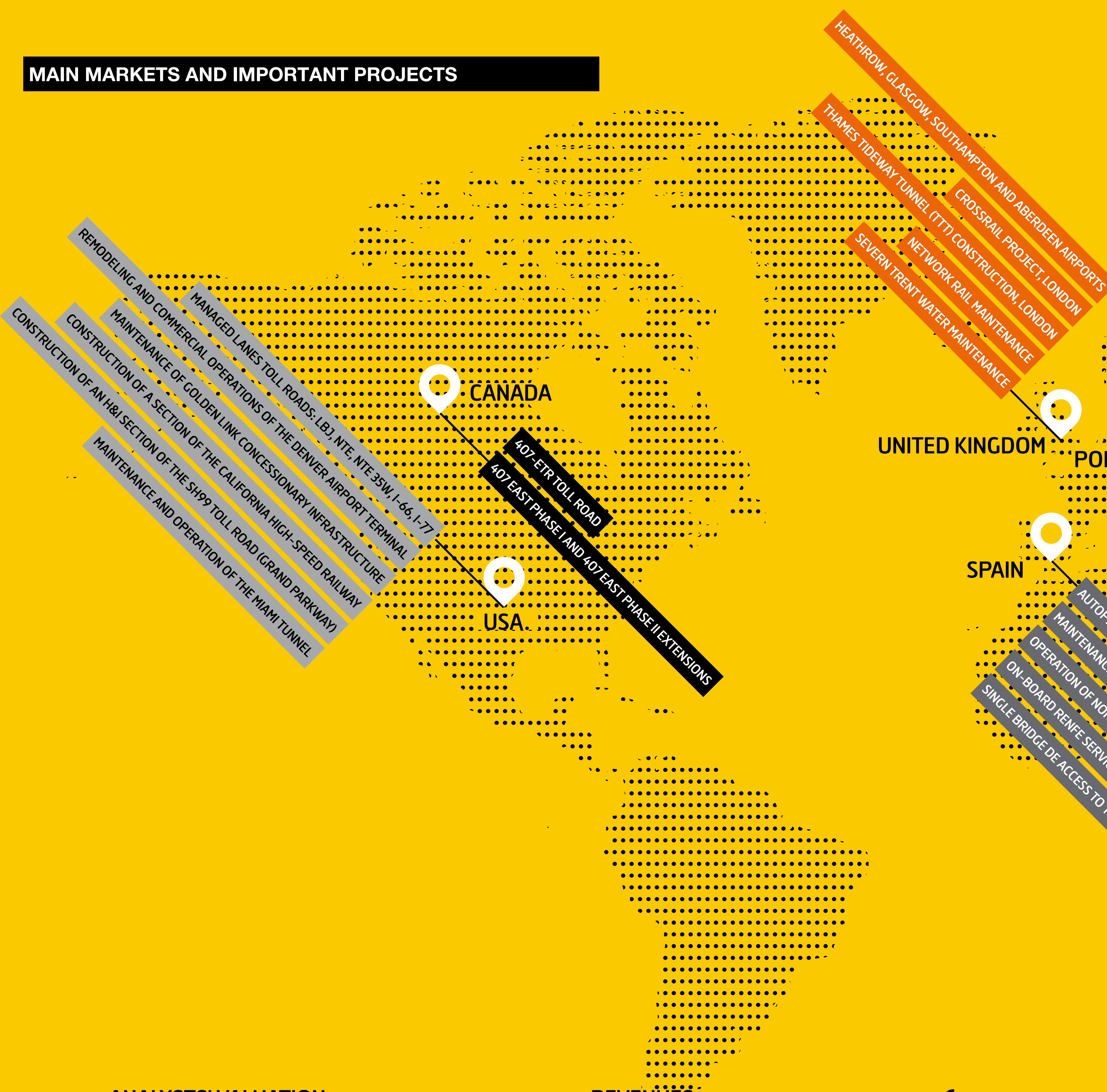
C

...AND OFFERING SOLUTIONS FOR TODAY

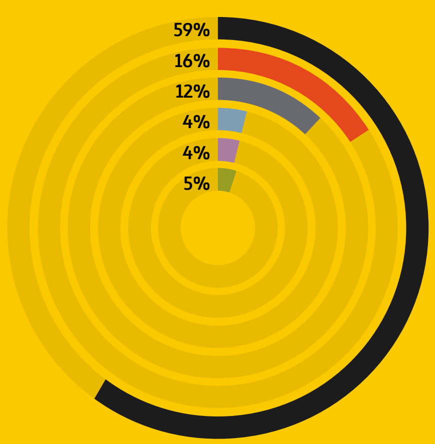
The *"homo mobilis"* is already moving around the world, which is why Ferrovial is proposing real alternatives in its airports, toll roads and cities. Solutions that combine emerging technologies with experienced management. Dynamic tariffs, tolls without barriers, data usage, flexibility for the user, robotics, air traffic automation, Managed Lanes, 407 ETR, Heathrow and services to cities. Zity, the car sharing launched in Madrid, is another example of this spirit of innovation that pursues efficiency and improvement of quality of life.

*See glossary of terms page 118.

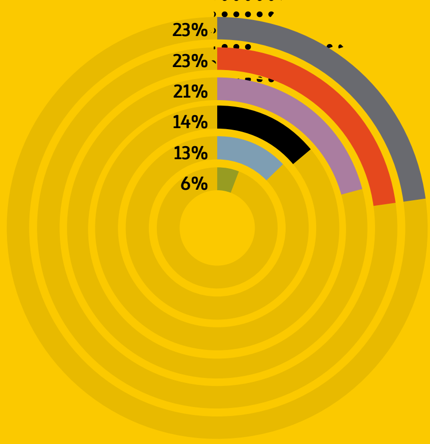
MAIN MARKETS AND IMPORTANT PROJECTS



ANALYSTS' VALUATION



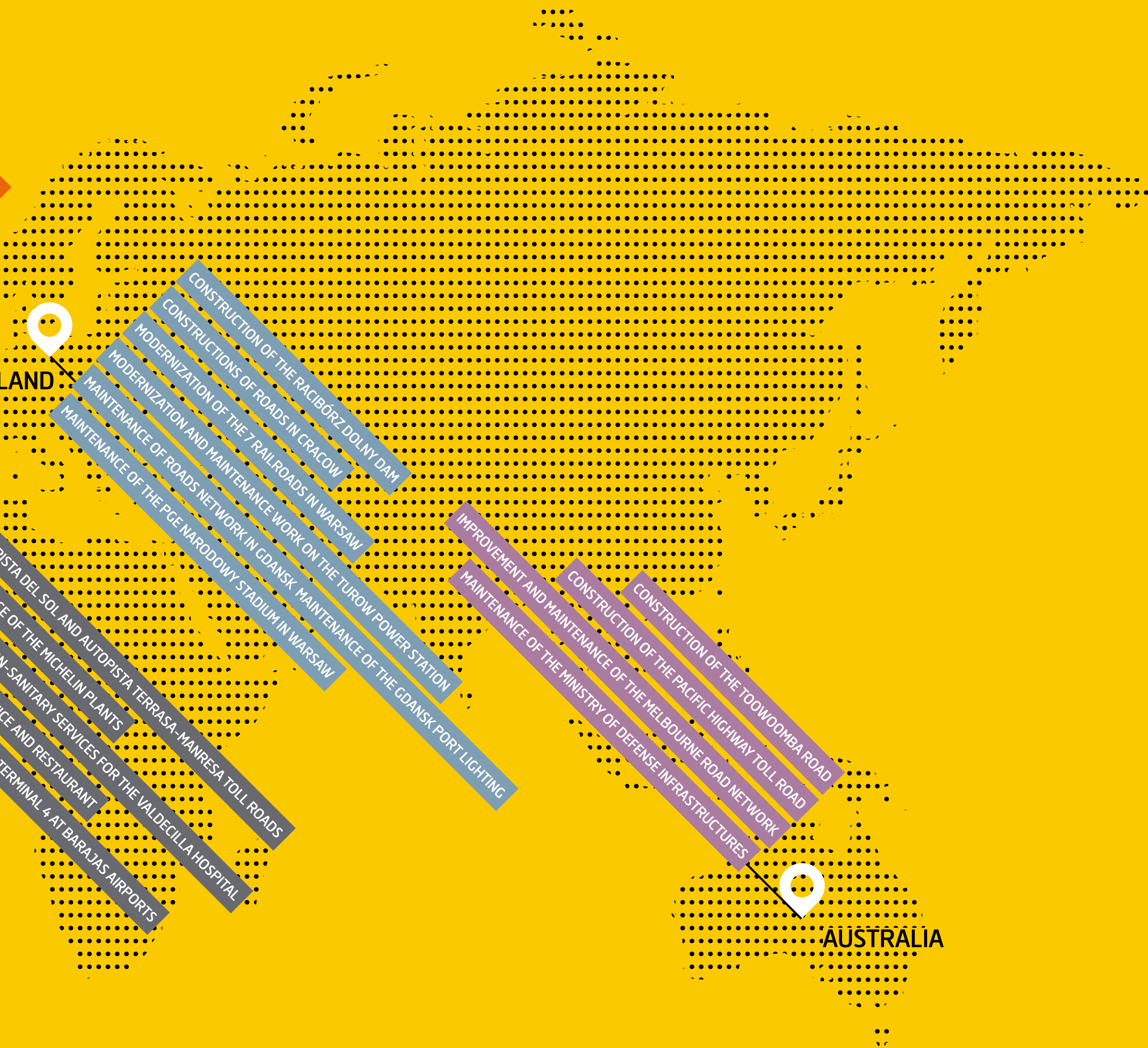
REVENUES



● CANADA AND USA ● SPAIN ● UNITED KINGDOM
● POLAND ● AUSTRALIA ● REST

CANADA

MANAGED INVESTMENT:
4,197 M€
DIVIDENDS:
262 M€
WORKFORCE:
376



UNITED STATES

REVENUES:
1,634 M€
EBITDA:
211 M€
WORKFORCE
3,648

UNITED KINGDOM

REVENUES:
2,871 M€
AIRPORT DIVIDENDS:
237 M€
WORKFORCE:
16,996

SPAIN

REVENUES:
2,837 M€
EBITDA:
417M€
WORKFORCE:
42,616

POLAND

REVENUES:
1.,563M€
EBITDA:
152 M€
WORKFORCE:
6,403

AUSTRALIA

REVENUES:
2,507 M€
EBITDA:
90 M€
WORKFORCE:
14,530

BUSINESS MODEL

FERROVIAL IS AMONG THE WORLD'S LARGEST INFRASTRUCTURE OPERATORS AND URBAN SERVICES PROVIDERS.

PARTICIPATION WITH AN INDUSTRIAL APPROACH ACROSS THE WHOLE INFRASTRUCTURE LIFECYCLE.

USE OF SYNERGIES BETWEEN ITS BUSINESS AREAS.

DESIGN

FINANCE

CONSTRUCTION

OPERATION

MAINTENANCE

BUSINESSES

TOLL ROADS

Private development of transport infrastructures, with innovative and high quality standards. Long-term assets and free pricing

AIRPORTS

Private operator of four airports in the United Kingdom, among them Heathrow Airport

CAPITAL INTENSIVE.
POSITIVE EXPOSURE TO INFLATION AND GDP GROWTH.
LONG-TERM ASSETS.

515M€
DIVIDENDS

530M€
OPERATING CASH FLOW

999 M€
TOTAL OPERATING CASH FLOW**

CONSTRUCTION

Civil engineering, industrial projects, building and water, with international recognition for design and exceptional transport infrastructure projects

SERVICES

Operation, maintenance and management of public and private infrastructures related to transport, the environment, industrial projects, natural resources and public services

NOT CAPITAL INTENSIVE.
SHORT-TERM VISIBILITY (ORDER BOOK).

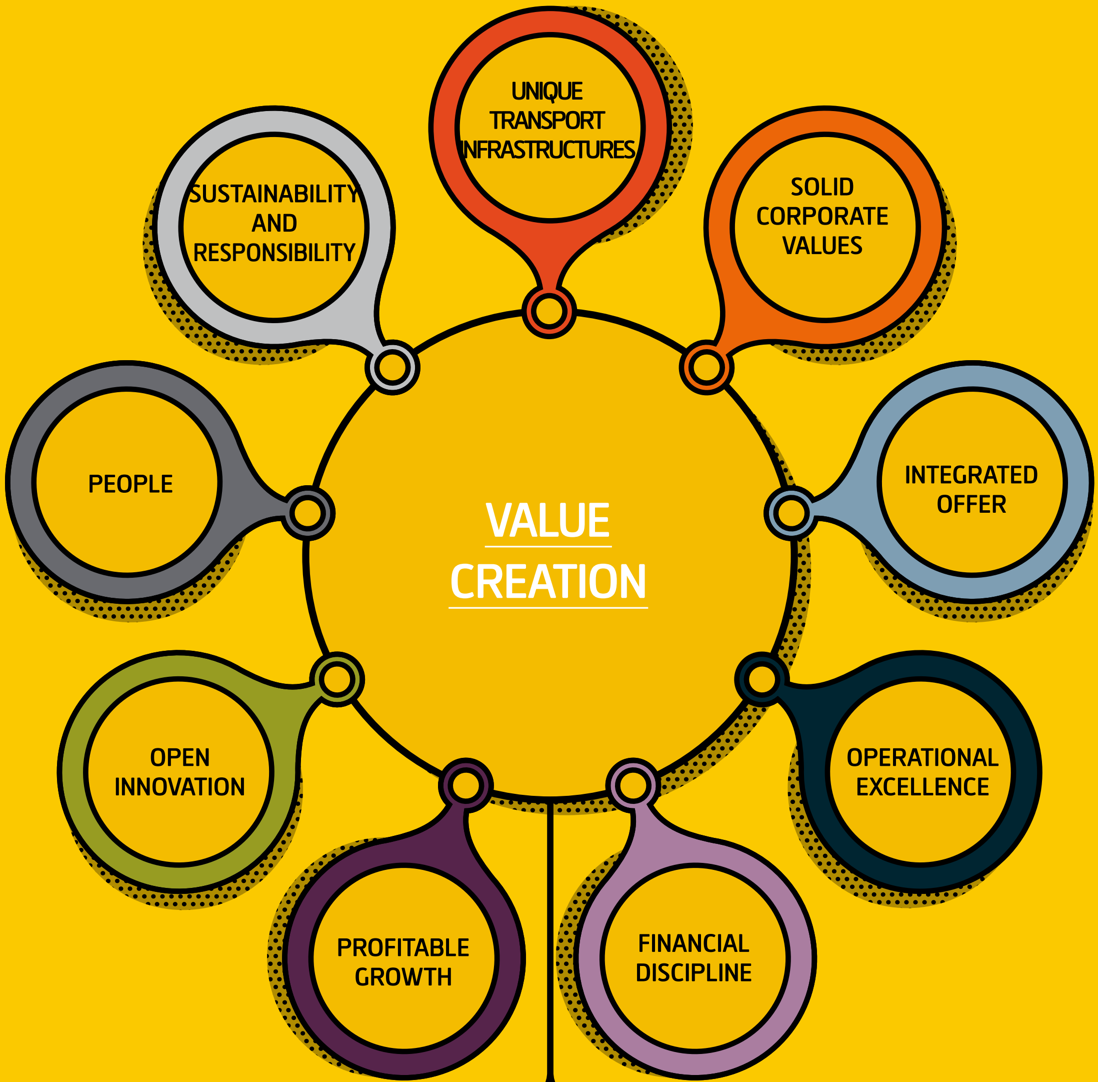
NET INFRASTRUCTURE DEBT*
4,804 M€
PROJECT DEBT

NET CASH EX-INFRASTRUCTURES
1,341 M€

* Includes Construction and Services projects.
** The flow of ex-infrastructure operations also includes the rest of the Operating Flow of Toll roads and Airports as well as that of Corporation and others.

VALUE CREATION

THE PURPOSE OF FERROVIAL IS TO CREATE VALUE FOR SOCIETY AND THE DIFFERENT STAKEHOLDERS, BASED ON UNIQUE TRANSPORT INFRASTRUCTURE ASSETS.



STAKEHOLDERS

SHAREHOLDERS

Maximizing shareholder return and transparent communication

CLIENTS/USERS

Solving urban congestion, for the benefit of the user and making cities cleaner

SOCIETY

Providing sustainable solutions that favor mobility, improve social infrastructure and seek energy efficiency

EMPLOYEES

Managing talent, with a solid corporate culture that seeks diversity and the training of professionals

2017

Shareholders

Dividends: **520 M€**

91% Buy recommendations

Clients/Users

SATISFACTION

407 ETR	LHR	MLs
90%	4.2 (Out of 5)	75%

Society

Sustainability Indexes DJSI, FTSE4Good, CDP

Reduction of emissions: **-28.4 %** (scope 1&2 tCO_2eq/M€) compared to 2009.

Employees

Commitment: **91%**

Total turnover: **12.7%**

Training: **857,079** hours

*Managed Lanes.

FERROVIAL ON THE STOCK MARKET

CAPITALIZATION (M€)

13,858

SHAREHOLDER RETURN (TSR)

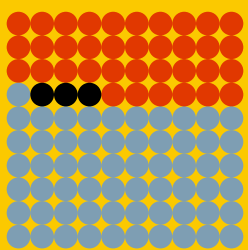
+15.7%
2017

CREDIT RATING

↓

BBB
S&P AND FITCH

SHAREHOLDER STRUCTURE



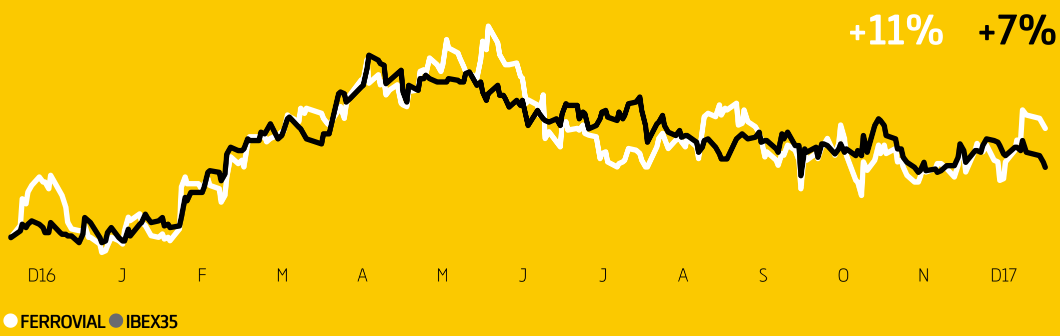
SOURCE: CNMV (8 January 2018)

INSTITUTIONAL INVESTORS (%)

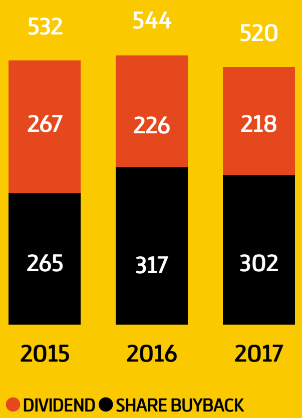
SOURCE: Ipreo (September 2017)

SHARE PRICE

FERROVIAL & IBEX



SHAREHOLDER REMUNERATION (M€)



PAST SHARE PERFORMANCE

	2017	2016	2015
CLOSING PRICE (€)	18.9	17.0	20.9
MAX. (€)	20.8	20.7	23.3
MIN. (€)	16.8	16.0	16.1
VWAP (€)	18.6	18.2	20.4
AVERAGE DAILY CASH (M€)	33.1	57.9	56.4
AVERAGE DAILY VOLUME (M SHARES)	1.8	3.2	2.8
NUMBER OF SHARES (M SHARES)	732.3	732.5	732.2
CAPITALIZATION (M€)	13,858	12,450	15,270
SHAREHOLDER REMUNERATION (%)	15.7	-15.3	31.4

ANALYSTS' RECOMMENDATION

23 analysts covered Ferrovial as of December 31. In 2017, Credit Suisse began effective coverage.

21	2	0
BUY	HOLD	SELL

TARGET PRICE

22.24 €

CONTACT WITH THE MARKET

On May 25, Ferrovial held an **Investor Day** in London, focused on its Toll road business.
In 2017, the Department for Investor and Shareholder Relations held a total of **310 meetings, 15 roadshows and 9 seminars with over 540 investors.**

Ferrovial publishes its Communication Policy
For more information, click here

Contact with shareholders, institutional investors, voting advisors and credit rating agencies.
For more information, click here

Return to Shareholder (TSR): is the sum of the appreciation/depreciation of shares in the period and other payments such as those arising from the purchase of subscription rights delivered to shareholders.

2017 MILESTONES

January

Presence in the FTSE4Good Sustainability Index for the 13th consecutive year

Ferrovial, partner of the Climate KIC to continue working on improving the environment

February

Creation of the Netflow with Plenary consortium to compete in the Australia and New Zealand infrastructure market.

Certification as Top Employer company for the seventh consecutive year

Refinancing of AGS, making it possible to improve the financial structure, terms, repayment of the debt and increase of funds paid to shareholders

March

Selection for the construction of a stretch of the Grand Parkway in Texas, United States, for 790 M€

Ferrovial issues 500 M€ in 8-year bonds at 1.375%

Placement of 3.9% of the Budimex capital

April

Sale of 51% of the Norte Litoral Toll Road in Portugal

Adjudication to Budimex and Ferrovial for the construction of a highway in Krakow for 802 M€

May

Heathrow: new record in the transport of goods

Celebration in London of the Ferrovial Capital Markets Day, focused on Highways

June

Ferrovial participates in the creation of the Spanish National Platform for Climate Action

July

Ferrovial, the first Spanish company to certify its emissions reduction targets with Science Based Targets

August

Adjudication for the modernization and operation of the main terminal of Denver Airport, United States, for 650 M$

September

Sale of 49% of the highway Algarve in Portugal

Acquisition of 6.3% in NTE and 3.6% in LBJ, up to 62.97% and 54.6% respectively.

Presence on the Dow Jones Sustainability Index for the 16th consecutive year

MSCI renews Ferrovial's maximum AAA rating

October

Installation of the latest spheroidal graphite rings in the Northern Line of the London Underground

Inclusion in the Carbon Disclosure Project's Climate A List

November

Financial closing of the I-66 in Virginia with an investment of 3,550 M€

Issuance of 500 M€ of perpetual hybrid bonds with an annual coupon of 2.124%

Adjudication for the improvement of the road network west of Melbourne, Australia for more than 1,150 M€

December

Heathrow celebrates 14 consecutive months of the passenger traffic record

THE PILLARS OF SUSTAINABILITY

SUSTAINABILITY AND RESPONSIBILITY ARE KEY FOR GENERATING PROFIT. FERROVIAL FOCUSES ON A SUSTAINABILITY THAT CONNECTS WITH ITS BUSINESS TO MAKE A POSITIVE CONTRIBUTION TO SOCIETY. FERROVIAL IS A MEMBER OF DJSI, FTSE4GOOD AND CDP. RESPONSIBILITY BECOMES A COMPETITIVE ADVANTAGE.

INNOVATING

Ferrovial is a stakeholder in the digital transformation of transport and services infrastructures, developing new solutions with research centers such as MIT, start-ups, the creation of a Digital Hub and alliances with other companies.

DIGITAL TRANSFORMATION OF INFRASTRUCTURES

ETHICS

The business and professional activities of Ferrovial and its administrators and employees are based on the values of integrity, honesty, respect for legality, transparency and avoidance of all forms of corruption. All integrated in a continuous supervision process.

ZERO TOLERANCE TO CRIME

COMMITTED

Ferrovial develops projects in the community where it operates, such as the construction of water systems, social inclusion, the development of the indigenous population, culture, education and sport.

CONTRIBUTION TO SOCIETY

SAFE

Strong commitment from the Ferrovial management with the creation of safe work environments for everyone, every day. It also develops well-being programs for its employees.

"TARGET ZERO"

EFFICIENCY

Ferrovial is committed to climate change and reducing emissions and its water footprint. With a presence as leader of the Carbon Disclosure Project and a Carbon Pricing methodology, its reduction targets are certified by Science Based Targets (SBTi).

LEADER IN *CARBON DISCLOSURE PROJECT*

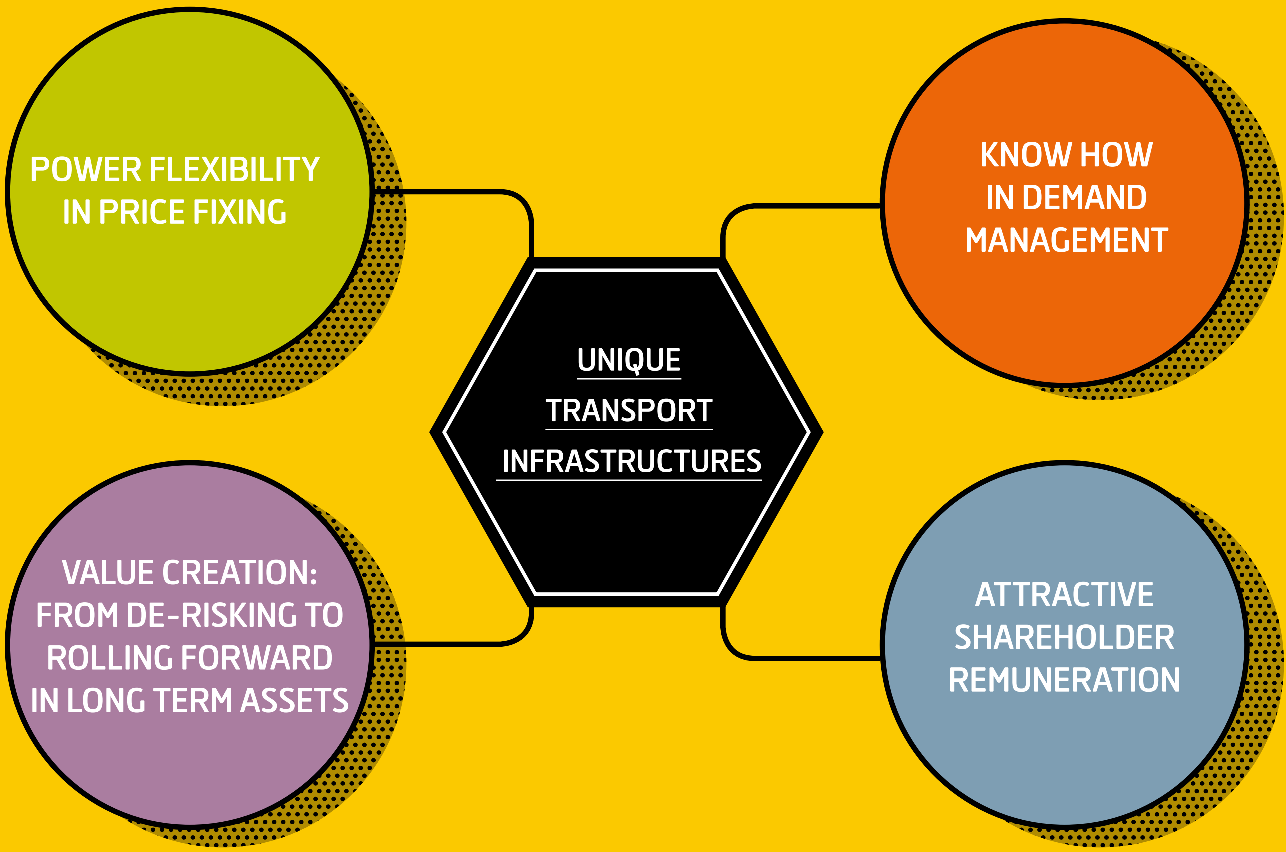
DIVERSE

Ferrovial advocates diversity and inclusion in its workforce. It has employees from more than 110 nationalities. Managing diversity by promoting inclusion increases the profitability and sustainability of the company.

EMPLOYEES FROM MORE THAN 110 NATIONALITIES

REASONS TO INVEST IN FERROVIAL

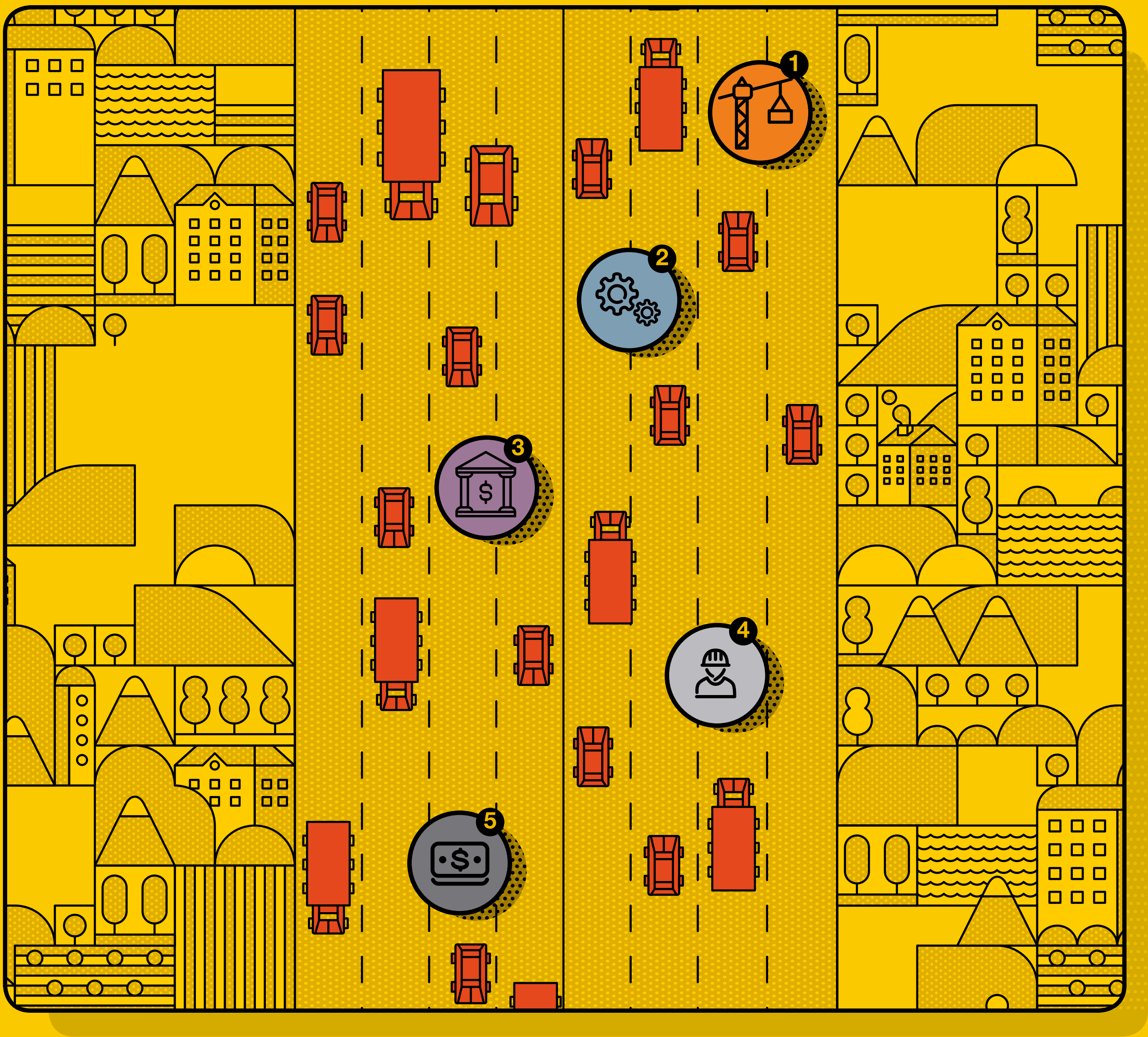
FERROVIAL HAS CERTAIN ASSETS AND CAPABILITIES FOR THE DEVELOPMENT AND MANAGEMENT OF TRANSPORT INFRASTRUCTURES THAT REPRESENT A GREAT INVESTMENT OPPORTUNITY.



COMPANY WITH VALUES

PUBLIC-PRIVATE PARTNERSHIP BENEFITS IN THE UNITED STATES

AMERICA'S INFRASTRUCTURE NEEDS MODERNIZATION, BUT GOVERNMENT FUNDING ALONE CANNOT MEET THE REQUIRED INVESTMENT. THE AMERICAN SOCIETY OF CIVIL ENGINEERS (ASCE) ESTIMATES THERE IS A MORE THAN $1 TRILLION DEFICIT IN TRANSPORTATION INFRASTRUCTURE FUNDING THROUGH 2025. BY PARTNERING WITH THE PRIVATE SECTOR, PUBLIC AGENCIES CAN BEGIN ADDRESSING THE IMMENSE INFRASTRUCTURE NEED IN THE U.S. PUBLIC-PRIVATE PARTNERSHIPS (P3s) ALLOW GOVERNMENTS TO EXECUTE LARGE, COMPLEX INFRASTRUCTURE PROJECTS YEARS SOONER THAN OTHERWISE POSSIBLE WHILE ALSO DECREASING RISKS FOR TAX PAYERS. P3S BRING AFFORDABLE, INNOVATIVE AND EFFICIENT SOLUTIONS THAT ENHANCE MOBILITY AND STIMULATE ECONOMIC DEVELOPMENT. FERROVIAL HAS HAD GREAT SUCCESS IN THE IMPLEMENTATION OF THE P3 MODEL, ESPECIALLY IN NORTH AMERICA.



1

FASTER EXECUTION

P3s make it possible to identify construction efficiencies that allow a faster completion of the project.

2

MORE INTELLIGENT INFRASTRUCTURE

The private sector provides access to state-of-the-art technologies and innovative design solutions that can result in significant cost savings and more efficient roadways.

3

FREES UP PUBLIC FUNDS

By utilizing the P3 model, states can reallocate available public funds to address additional infrastructure needs and provide more mobility options.

4

PUBLIC PROTECTION

The project risks are transferred to the private sector.

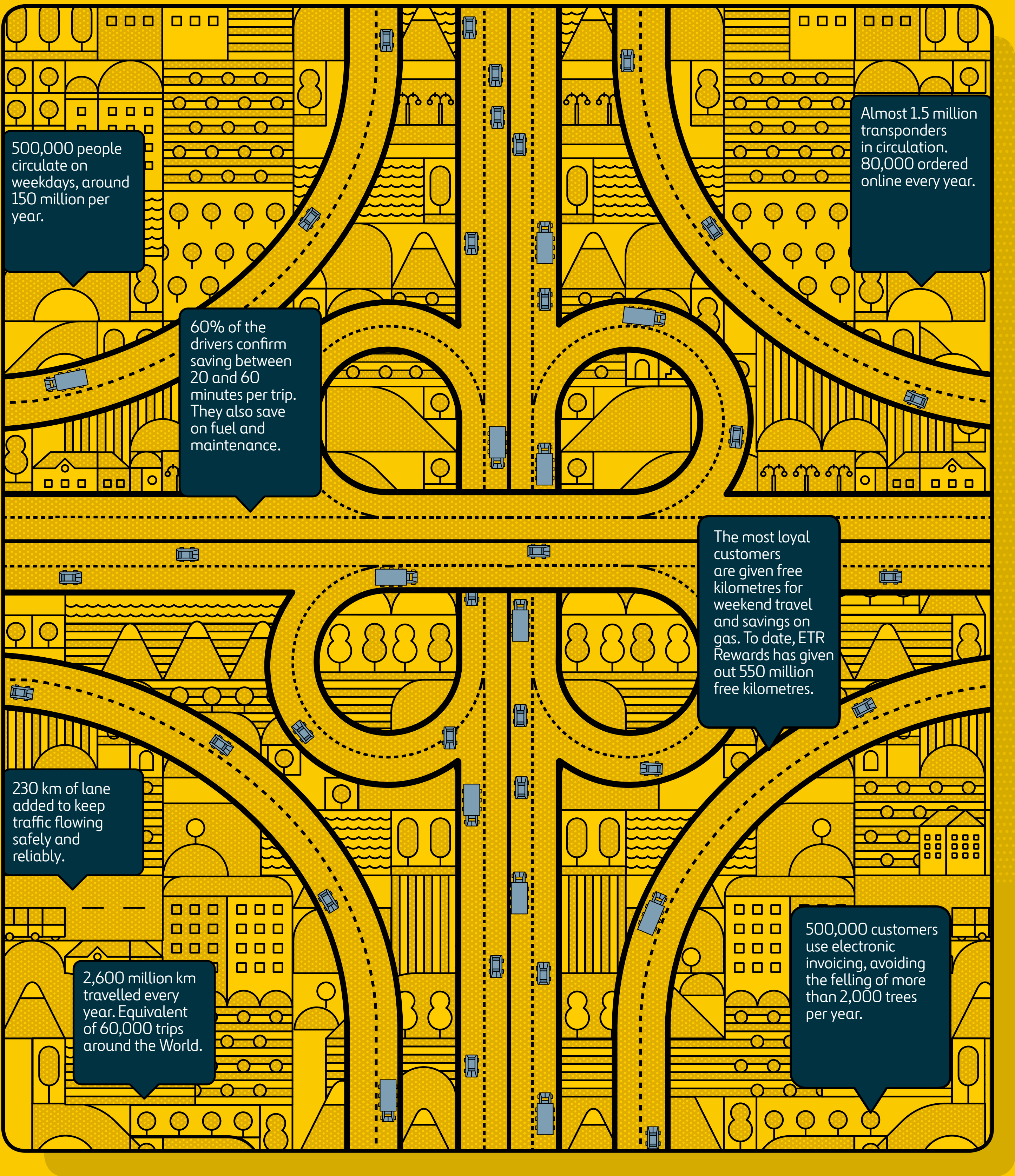
5

ECONOMIC GROWTH

Large-scale infrastructure projects are completed years sooner than otherwise possible, generating job opportunities and fostering economic development.

407 ETR. FAST. SAFE. RELIABLE

FAST, SAFE AND RELIABLE ARE THREE OF THE ATTRIBUTES THAT ENCOURAGE OVER 400,000 TRIPS (MOVING MORE THAN 500,000 PEOPLE) ON THE TOLL ROAD IN TORONTO, CANADA EVERY DAY. IT IS THE FIRST FULLY ELECTRONIC TOLL ROAD IN THE WORLD WITHOUT BARRIERS AND RUNS 108 KILOMETRES EAST TO WEST ACROSS THE REGION. ITS TECHNOLOGY ALLOWS USERS TO ENTER AND EXIT WITHOUT STOPS OR DELAYS, HELPING DRIVERS WHO USE THE ROAD AVOID CONGESTION AND TRAFFIC JAMS. DRIVERS SAVE TIME AND GAS AND REDUCE THEIR CARBON EMISSIONS.



STRATEGY AND VALUE CREATION

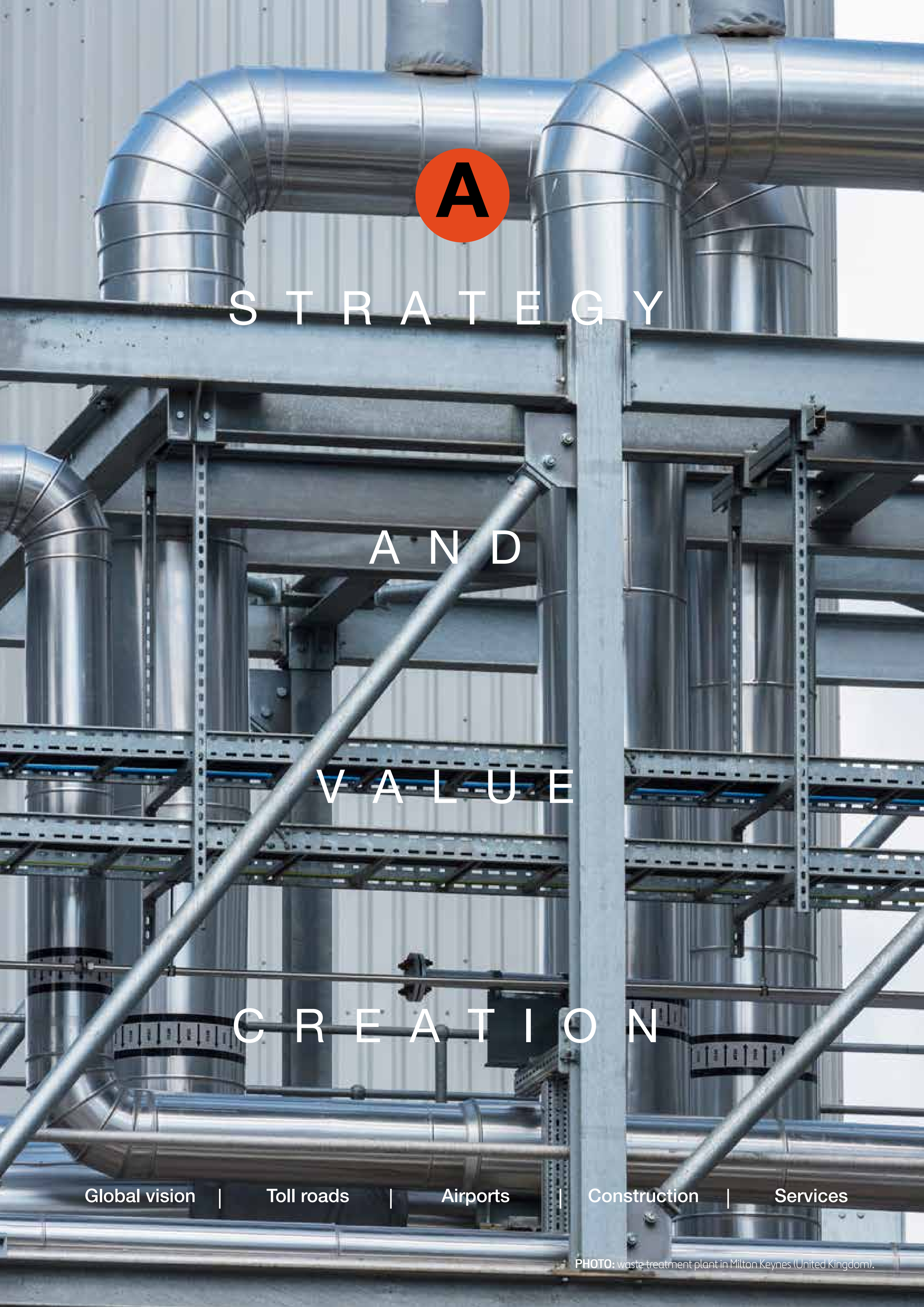
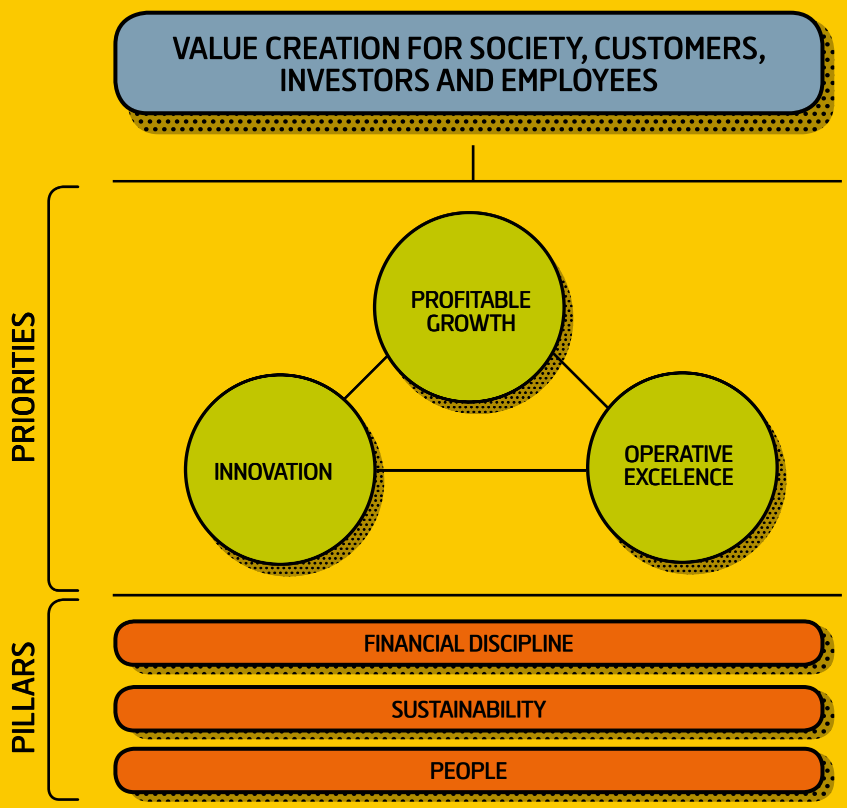


PHOTO: waste treatment plant in Milton Keynes (United Kingdom).



GLOBAL VISION

FERROVIAL'S VISION IS TO IMPROVE THE FUTURE THROUGH THE DEVELOPMENT AND OPERATION OF SUSTAINABLE INFRASTRUCTURES 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.

BACKGROUND

Economic performance is positive in Ferrovial's priority markets:

- In the United States, it is expected that during 2018 both the infrastructure investment plan (>1 trillion dollars) and the effects of the tax reform will be finalized.
- In the United Kingdom, negotiations with the EU for the Brexit continue, while investment in infrastructure is reinforced (600 billion pounds for the next decade).
- In Spain, the Government has approved a 5 billion euros infrastructure plan for the next two years.
- In Australia, the Government approved an infrastructure investment plan of 50 billion Australian dollars (32 billion euros) during the period 2013-2020, with special focus on transport, defense and renewable energy sectors.
- In Canada and Poland, investment continues to be promoted through infrastructure plans.

FERROVIAL FOCUSES ITS STRATEGY ON THREE KEY PRIORITIES: PROFITABLE GROWTH, INNOVATION AND OPERATIONAL EXCELLENCE AND REAFFIRMS ITS INTEREST IN TRANSPORT AND MOBILITY BY DEVELOPING PROJECTS SUCH AS MANAGED LANES, THE DENVER AIRPORT, OR THE LAUNCH OF ZITY TO OPERATE THE CAR SHARING BUSINESS IN MADRID.

OPPORTUNITIES AND CHALLENGES

In the current context, the main opportunities for business development are:

- Investment needs in infrastructures are still significant. Global investments of 3.3 trillion dollars per year are estimated until 2030*, of which a significant part will be made in key markets for Ferrovial. In addition, the difference between the needs and the rhythm of investment, added to the budgetary restrictions of the Public Administrations, are an opportunity for the private sector.
- Technological development and digitalization improve the efficiency and productivity of operations. Technologies such as artificial intelligence, IoT, robotics and others facilitating interaction with end users, optimizing the use of infrastructures and developing new businesses.
- The growth of the population and the concentration in urban centers, which increase congestion both in cities and in accesses, demand new mobility solutions. Autonomous driving, vehicle sharing and electrification will affect both transport infrastructures and the mobility services demanded. The mobility of people and goods is

*Bridging Global Infrastructure Gaps. McKinsey Global Institute, 2016 one of the main sources of CO_2 emissions. In this sense, it is important to design sustainable solutions to face challenges such as increased traffic and energy efficiency.

Meanwhile, the main challenges are:

- More competition in the infrastructure sector. Traditional companies have been joined by companies from emerging countries, mainly Asian, and financial investors who continue to increase their investment in the sector and technology companies developing new business models.
- Regulation and legal security are key factors and require active and efficient risk management, from contracting to the execution of projects.
- Economic environment. As mentioned, some geographical locations involve uncertainties that can affect the business.

STRATEGY

With the aim of creating value for society and for its clients, shareholders and employees, Ferrovial focuses its strategy around three key priorities:

- **Profitable growth:** with an international focus on six priority countries: the United States, Canada, Australia, United Kingdom, Spain and Poland. In addition, it selectively develops its presence in other countries, taking into account criteria such as forecast investments, legal security and the level of development of the financial markets, among others. The presence of a group unit in a new country serves as a platform for the entry of new businesses, generating economies of scale.

  As far as sectors are concerned, the company continues to focus its activity on Highways, Airports, Construction and Services, with an industrial focus on complex projects and value-added services. Opportunities are also being explored in electricity transmission.

  Ferrovial reaffirms its interest in transport and mobility by developing Managed Lanes projects such as the I-66 highway, Denver airport, the Zity launch to operate the carpooling business in Madrid, and the Western Roads Upgrade project, for the operation of highways in the west of Melbourne (Australia).

- **Innovation:** the company continues to promote an open innovation model with different external agents such as Public Administrations, research centers, large companies, startups and entrepreneurs, among others, encouraging the continuous exchange of solutions with the outside world. The main objective is the generation of sustainable competitive advantages to develop the operation in a more efficient and profitable way.

  In this sense, the company uses new technologies to develop solutions such as dynamic real-time pricing on highways, the automation of passenger and employee traffic in airports and the use of IoT platforms for energy consumption management.

- **Operational excellence:** the quality of the executed projects and the services provided, the generation of recurrent cash and the efficient management of complex operations

PHOTO: Euroscut Azores Toll Road (Portugal).

remains essential to the offer of value-added solutions. In this connection, the development of tools such as the InSite project management system, makes it possible to maintain in-depth control over the progress of works.

Furthermore, to generate greater client and user satisfaction, the company is promoting initiatives such as automatic payment in satellite tolls and the design of optimal waste collection routes using artificial intelligence.

The development of the aforementioned strategic priorities is based on three basic pillars for the company:

- **People:** Ferrovial seeks to attract and retain the best talent, forming experienced teams committed to the company as part of a collaborative, flexible and inclusive working environment. The development of its human resources is key to facing challenges such as the internationalization, the constant innovation and the digital transformation of its activities. To develop digital capacities at the organization throughout 2017, the "Play the Future" project was launched, the goal of which is to familiarize employees with key elements of new technologies (such as artificial intelligence, Big Data, IoT, drones, etc.) and relevant topics to railroad activities, such as people's mobility in the future.

- **Financial discipline:** the basis of any Ferrovial activity and materialized in:

FERROVIAL REAFFIRMS ITS INTEREST IN TRANSPORT AND MOBILITY BY DEVELOPING MANAGED LANES PROJECTS SUCH AS THE I-66 HIGHWAY, DENVER AIRPORT, THE ZITY LAUNCH TO OPERATE THE CARPOOLING BUSINESS IN MADRID, AND THE WESTERN ROADS UPGRADE PROJECT, FOR THE OPERATION OF HIGHWAYS IN THE WEST OF MELBOURNE (AUSTRALIA)

  - Comprehensive cost control and cash generation at all stages in each project.
  - Asset rotation to crystallize the value of investments and fund future growth.
  - Maintenance of an investment grade rating at corporate level to ensure low debt levels and competitive financing costs.
  - The commitment to transparency with investors, shareholders, rating agencies and bondholders promotes a relationship of trust and allows continued access to financial markets at lower cost and with better terms.

- **Sustainability:** this is an important factor in the company's operation, which is reflected in the development of Corporate Responsibility projects and in the continuous presence in the main international sustainability indexes. The continued presence for 13 and 16 years in the FTSE-4Good and DowJones Sustainability Index, respectively, should be noted. In addition, Ferrovial focuses on improving and optimizing the safety of users of its infrastructures and of its employees. In this regard, the naming of Heathrow as the best airport in the world in terms of security by the International Airport Review is noteworthy.

In summary, Ferrovial is a global infrastructure operator whose objective is to maximize the creation of value for all its stakeholders. The company, which participates with an industrial approach in all phases of the infrastructure cycle, reaffirms its commitment to providing efficient and sustainable transport and mobility solutions.

THE WORLD IS MOVING, AND FERROVIAL IS AS WELL

Every minute, 70 aircraft take off around the world. Right now, 10,000 aircraft are flying, transporting 1.5 million people on board. The world is driven by curiosity and a new nomadism in which technology and collaborative economy make travel easier and cheaper. Autonomous, electric and shared cars will change land transport, just as the return of the bicycle is doing in large cities. Ferrovial is playing a part in this change. In both the search for new solutions under an open innovation scheme, as well as contributing with new solutions such as car sharing Zity, Bike BCN and autonomous vehicles such as Navya and POD at Heathrow and the Satelise and Viriato projects.

PHOTO: Terminal 2. Heathrow Airport. London (United Kingdom).

TOLL ROADS

CINTRA IS A LEADER IN THE PRIVATE DEVELOPMENT OF TRANSPORT INFRASTRUCTURE, BOTH IN TERMS OF NUMBER OF PROJECTS AND THE VOLUME OF INVESTMENT. IT HAS 19,590 MILLION IN TOTAL MANAGED INVESTMENT, WITH TECHNOLOGICALLY INNOVATIVE PROJECTS AND HIGH QUALITY STANDARDS.

BACKGROUND

Cintra develops its activity in predictable institutional markets, with good economic prospects (North America, Australia, New Zealand, Europe, Colombia, Chile and Peru), and a high need for transport infrastructure, especially those that solve traffic congestion problems in urban areas (complex greenfield concessions) and that have freedom of pricing. It should also be mentioned that in built and mature projects (brownfield), the competition of infrastructure and pension funds is growing. The more than 50 years of experience accumulated in the sector, together with the synergies that it presents together with Ferrovial Agroman, make Cintra a company with a high potential for creating value and strong 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 Managed Lanes NTE and LBJ toll roads in Texas (USA), respectively. These assets operate as free-flow tolls (without barriers) and are notable for their long duration and broad toll rate flexibility. In the Managed Lanes, the toll rates are dynamic, adjusted according to congestion levels, always guaranteeing a minimum speed for drivers.

VALUE CREATION

Risk reduction or "de-risking"

The price of a concession is determined by a number of factors, including the rate of return (IRR) at which it is tendered, which is the result of adding a risk premium to the risk-free rate that takes into account the risks assumed by shareholders when they invest in the concession (mainly construction, finance, operation and traffic). Subsequently, as the concession progresses, Cintra reduces or eliminates those initial risks, thus decreasing the risk premium and progressively increasing its value. This value creation process does not require any improvement over the forecast volumes, but compliance with the initial estimates.

Thus, **NTE** and **LBJ,** inaugurated in 2014 and 2015, respectively, have reached the original revenue forecasts. Although they are still in the ramp-up period, they have already reduced a significant part of the operational risks. Another example is the I-66 toll road, in Virginia (USA), which has already reached financial closure, thus eliminating this risk.

Operational and financial efficiencies

Cintra seeks to maximize operating cash flows through efficient management, innovation and the search for synergies

CONCESSIONS

26

ASSETS IN 10 COUNTRIES

KILOMETERS

2,078

DIVIDENDS

277 M€

28% OF THE TOTAL FLOW (EX-INFRA)

with its other toll roads always guaranteeing user satisfaction. Cintra contracts financing that optimizes returns for the shareholder and adapts as much as possible to the cash generation of the project.

In 2017, Cintra closed the financing of the Western Roads Upgrade project in Melbourne (Australia) with a total debt of 665 million Australian dollars, of which 400 million came from a long-term private placement to institutional investors (USPP). It is the first time in Australia that a toll road under P3 format with construction risk has been financed in the long-term capital market.

In order to estimate and optimize traffic and revenue, Cintra uses Big Data techniques to better understand congestion problems and driver behavior, with a dual objective:

- **Improve reliability and reduce the estimation period of traffic and revenue in new projects:** this allowed it to carry out several feasibility studies of new Managed Lanes projects in 2017 and present innovative solutions to the Administrations in record time and at minimum cost, helping to develop a pipeline of opportunities for this type of investment. They identify, for example, congestion and travel patterns in the corridor by analyzing traces of vehicles with GPS. This makes it possible to know the levels, the places of congestion and the movements of the users with enormous reliability, and to identify initiatives to improve connectivity, increasing catchment -and therefore the income and the feasibility- of each project.

- **Optimize rates to efficiently manage the projects in operation:** the 407 ETR followed the strategy initiated in 2016 to optimize the pricing policy by segment and direction according to the Big Data traffic analysis, of the toll road itself and its alternative route.

Renegotiation of contracts

In the long life of concession and finance agreements, it is normal for modifications to be renegotiated as a result of the changing needs of the public authorities, variations in the characteristics of the corridors, or the situation of the financial markets. In these cases, Cintra proposes solutions that improve the risk profile of the asset and/or its generation of cash flows for the shareholder.

High-complexity greenfield projects

Cintra focuses primarily on complex greenfield projects due to their high value creation potential (better rewarded for higher risks), their high pipeline potential (they are an economically efficient solution for congested corridors and have a good political acceptance) and their great competitive advantages.

This is seen in the I-66 toll road (Virginia, USA) a highly technical Managed Lanes project with a high concession value, whose financing was recently closed with a total debt of more than 2,000 million dollars, with average maturity close to 40 years and average cost of around 3.2%.

Turnover of mature assets

After reducing risks, the value created is materialized with the sale of mature projects, using the income obtained to invest in new assets with a higher potential for profitability.

In 2017, Cintra closed the transmission of 49% of the **Via do Infante** toll road and 51% of **Norte Litoral**, both in Portugal, with the Dutch infrastructure fund DIF, for 161 million euro. As a result, Cintra has become the owner of 48% and 49% respectively, remaining as a reference industrial partner.

Company: socially responsible infrastructures

Due to their high level of complexity, innovation and efficiency, the projects developed by Cintra offer sustainable solutions that improve congestion in big cities, reduce pollution, decrease the number of accidents, raise user satisfaction and contribute substantially to improve people's quality of life.

In Dallas, Texas (USA), Ferrovial successfully took on several projects with the enormous engineering challenge of creating new roads in one of the busiest and fastest growing areas of the country, while maintaining existing toll roads open to traffic. The Managed Lanes, with their dynamic traffic management, have improved the traffic conditions not only for their users but also for the users of the free lanes: the volume of traffic throughout the corridor has increased by up to 40%, the daily congestion hours have been reduced by more than 60%, and the average speed has increased by up to 15%.

THANKS TO THE MANAGED LANES, TRAFFIC VOLUME HAS INCREASED BY UP TO 40%. CONGESTION HOURS HAVE BEEN REDUCED BY MORE THAN 60% AND THE AVERAGE SPEED HAS INCREASED 15%

Users: customized service

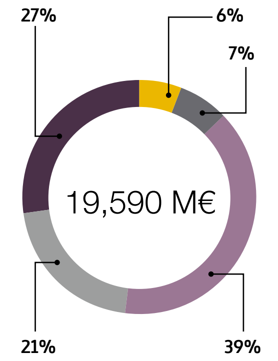
Customer satisfaction is a priority for Cintra. In 2017, the customer service of the 407 ETR managed 2.5 million customer requests and sent more than 20 million invoices with satisfaction levels of over 83%. This earned its call center the World Class Call Center in 2017 awarded by the SQM agency.

Employees: supporting merit

Cintra promotes a culture of merit both in the internal professional or geographical mobility of employees and in their professional development. In 2017, 12% of the workforce structure was able to change position or location, and one out of every five people from the team are currently working on an international assignment. Additionally, 34% of employees have had an international assignment during their professional career in the company.

VIDEO: CINTRA, 20 YEARS MAKING HISTORY
Click on this link for more information

MANAGED INVESTMENT



THE IMPACT OF NEW TECHNOLOGIES

Cintra is promoting three lines of research at the Center for Transportation Research at the University of Texas (Austin, USA). The aim is to analyze the potential impact of new transport technologies on the business and take better advantage of the opportunities they offer. These lines are: the ride-hailing and car sharing services; the adaptation of roads for the use of autonomous and connected vehicles; and the foreseeable impact on congestion, due to the coexistence of autonomous and conventional vehicles in upcoming decades.

FINANCIAL CLOSURE OF TOLL ROAD I-66

Cintra has reached the financial closure of the I-66 toll road (Virginia, USA), a concession awarded in 2016 of 35 kilometers of highly complex Managed Lanes with a high concessional value, with an investment of 3,550 million dollar. To finance the investment, Cintra has used an issue of 737 million dollar in Private Activity Bonds (PABs), with a return of 3.92% and maturities between 2047 and 2056. The issue was oversubscribed more than 4.9 times. In addition, Cintra closed a TIFIA loan for an initial amount of 1,229 million dollars maturing in 2057. The total debt (PABs and TIFIA) has obtained a BBB rating by Fitch Ratings and Baa3 by Moody's.

AIRPORTS

FERROVIAL AIRPORTS, ONE OF THE LEADING INVESTORS AND OPERATORS OF PRIVATE AIRPORTS IN THE WORLD, HAS A PORTFOLIO COMPOSED OF FOUR AIRPORTS IN THE UNITED KINGDOM: HEATHROW, GLASGOW, ABERDEEN AND SOUTHAMPTON. AT THE END OF 2017, THE GREAT HALL PROJECT WAS AWARDED AT THE DENVER INTERNATIONAL AIRPORT, WHICH ENTAILS A CONCESSION CONTRACT FOR THE REMODELING AND COMMERCIAL OPERATION FOR 34 YEARS OF THE MAIN TERMINAL OF THE AIRPORT.

PASSENGERS

93

MILLION

DIVIDENDS RECEIVED (M€)

237

24% OF TOTAL FLOW (EXCL. INFRA.)

HEATHROW EXPANSION

•••

In 2017, Heathrow Airport continued to work on the expansion project, having received the support of the Airports Commission and the British Government as the best alternative to increase airport capacity in the United Kingdom. In February, the British Government released the first draft of the National Policy Statement.

After a consultation period, the final version of the plan that will be presented to the British Parliament for approval in the first half of 2018 will be agreed upon.

BACKGROUND

The upward trend in the number of public-private partnership projects (P3s) at US airports has been one of the great milestones that have marked 2017. Ferrovial Airports has taken advantage of the new opportunities and will continue to strengthen its capabilities and positioning in the country to be able to win new projects that will foreseeably arise during the coming years.

Meanwhile, in 2017, it once again saw a positive trend in the growth of the number of passengers worldwide. To this day, the Brexit has not had a negative impact on the activity of British airports. Ferrovial Airports is closely following the progress of this process, with the aim of optimizing the possible impacts on the assets that the business has in the country.

MAIN ASSETS

Ferrovial Airports is the main shareholder of Heathrow Airport, the largest airport in Europe, with a 25% share. It also owns 50% of the Aberdeen, Glasgow and Southampton airports (grouped under the AGS brand). In total, these assets have served more than 93 million passengers this year. There are 81 airlines operating at Heathrow Airport that offer flights to 204 destinations.

The strategy in the asset portfolio is to maximize its value creation. In particular, since the acquisition of AGS, the focus has been on profitable growth, optimizing investment in airport capacity, increasing passengers with new routes and diversifying airlines and maintaining operational excellence and improving service quality.

VALUE CREATION

A comprehensive service

The integrated approach with the Group's Construction and Services, together with the experience in management and financing capacity of Ferrovial Airports, generate unique capabilities in tender processes. This has been one of the key elements for the award of the Great Hall project contract at Denver International Airport, which combines the construction experience of Ferrovial Agroman with the operational and financial capabilities of Ferrovial Airports.

Operational excellence

Ferrovial Airports aims for the highest efficiency in operating costs and the financial structure of its assets, together with commercial initiatives that imply an increase in revenues.

During 2017, a 3.1% growth in traffic at Heathrow, together with the expense control policy, allowed the gross operating result to increase by 4.6%. The renegotiation of contracts such as NATS, together with the efficiencies achieved in personnel expenses absorb the increase in expenses due to the growth of passengers while maintaining the high level of service. Likewise, the commercial revenue from the airport has benefited from the depreciation of the pound since 2016, and the impact of the renovation of the commercial area of terminals T4 and T5.

At AGS, the 10.7% improvement of the gross operating result in 2017 was possible thanks to the combination of traffic growth and the improvement of commercial revenue per passenger at the three airports. This improvement in profitability is mainly due to the refurbishment of the Aberdeen terminal, the new Glasgow passenger access fee and the renegotiation of the contract in the Glasgow parking lot.

AGS also completed the refinancing of the acquisition debt in the first quarter of 2017, two years after the acquisition process. The new debt optimizes the financial structure of the company and extends the terms. As a result of this refinancing, an extraordinary distribution of 75 million pounds was made to its shareholders.

Commitment to innovation and the environment

Innovation is one of the key elements of the value proposal. In the last year, Ferrovial Airports has launched a large number of innovative projects:

- **Robird:** a pioneering pilot project in the United Kingdom in which a drone in the shape of a bird, and which flies like a bird, scares off birds that fly over runways, reducing the risk of contact in the landing and takeoff of aircraft and in general operations on airport runways.

- **Autonomous vehicle:** at Heathrow Airport, pilot tests were carried out with autonomous vehicles for transporting passengers and employees in its terminals.

- **Airport Centre of Excellence:** in mid-2017, Ferrovial Airports signed a collaboration agreement as sole private operator of the first Airport Centre of Excellence, launched by Lion & Gazelle. The aim of the center is to identify trends in operations and technology applied to airports and develop innovative solutions and good practices in the processes.

Passengers: user experience

The quality of service and continuous improvement of operations are keys for Ferrovial Airports. This effort is reflected in the rating obtained in the Airports Council International (ACI) passenger satisfaction surveys and the numerous awards that recognize this focus.

The Transport News magazine has recognized Ferrovial Airports as "Best Airport Portfolio Manager in Europe" in its latest edition of the 2017 Air Transport Awards.

In Heathrow, 82% of passengers rate their experience at the four airports as either "very good" or "excellent", according to the Independent Airport Service Quality Survey conducted by ACI. In addition, the airport continued to receive recognition for its high service standards ("Best Western European airport" for the third consecutive time and "Best airport to go shopping" for the eighth consecutive time in the Skytrax 2017 awards).

ASQ* HEATHROW

4.2

OUT OF 5

ASQ* GLASGOW

4.1

OUT OF 5

VIDEO: FERROVIAL AIRPORTS
Click on this link for more information

Employees: mobility and diversity

The company is committed to the professional development of its teams through training and functional and geographic mobility programs. In 2017, 15% of the teams worked on some type of mobility or temporary assignment. It is also a line of business that is committed to diversity, since 38% of employees are women.

Society: committed to the community

Ferrovial Airports has a firm commitment to the sustainable growth of its assets and with its local communities.

Heathrow Airport launched the "Heathrow 2.0" sustainability plan at the start of 2017 with the aim of reducing the environmental impact of aviation while optimizing growth opportunities in the United Kingdom.

In 2017 Heathrow launched the Green Car Scheme to encourage employees to change their car to a low-emission one, and became one of the first ten members of the EV100, a global initiative to bring together the companies most committed to the transition to electric vehicles.

GREAT HALL PROJECT (DENVER)

In 2017, the consortium led by Ferrovial Airports was awarded the Great Hall project to carry out the remodeling and commercial operations of the main terminal, Jeppesen Terminal, at Denver International Airport, for a period of 34 years. Ferrovial Agroman, together with Saunders, a local construction company, will be responsible for carrying out the refurbishment of more than 70,000 m^2, which is a 650 million dollar investment.

* Airport Service Quality survey (ASQ): An independent survey, carried out the last quarter of 2016, by Airports Council International that rates the level of overall satisfaction of passengers with an airport on a scale of 0 to 5.

CONSTRUCTION

FERROVIAL AGROMAN IS ONE OF THE WORLD LEADERS IN THE CONSTRUCTION OF MAJOR TRANSPORT INFRASTRUCTURES. IT IS ALSO RECOGNIZED FOR ITS ABILITY TO EXECUTE ALL TYPES OF CIVIL ENGINEERING, INDUSTRIAL, BUILDING AND WATER PROJECTS.

ORDER BOOK (M€)

11,145

88% INTERNATIONAL

+23% GROWTH VS. 2016

SALES (M€)

4,628

83% INTERNATIONAL

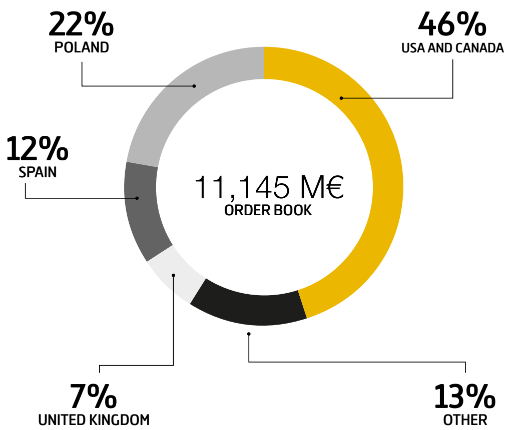
+10% GROWTH VS. 2016

CONTRACTING (M€)

7,050

91% INTERNATIONAL

+69% GROWTH VS. 2016



Its technical leadership is backed by more than 540 km of tunnels, 20,000 km of roads (including 4,600 km of highways), 5,300 km of railroads (including 1,000 km of high speed railroads) and more than 40 airports.

BACKGROUND

Ferrovial Agroman focuses its activity on the international market, which is characterized by a strong competition from global construction companies and local companies. Its differential strategic approach with other competitors concentrates the activity in large selected countries, with developed economies, a firm commitment to modernize their infrastructures and large projects that are technically and administratively complex. These countries offer a tangible and growing pipeline of more than 150,000 million euro.

In key markets in the **USA and Canada**, there will be a strong increase in investment in transport infrastructures, especially in privately financed projects where Ferrovial, with Ferrovial Agroman as the constructor, is one of the leaders. The support of the Federal Governments and the growing investment initiative of the states/provinces will give continuity to major awards such as I-66 Toll road (Virginia, USA) for 1,900 million euro, the largest of 2017 for Ferrovial Agroman.

Poland continues to present a favorable outlook, with the recovery of the civil works bid in 2017 and the Government's extension of the provision and execution period of the long-term investment plans in roads and railroads.

In **Spain**, although activity continues to slow down with only a certain improvement in private construction, the Government's launch of the Extraordinary Plan of Investment in Roads, with an expected investment of 5,000 million euro, means that the future can be faced in a more positive light.

VALUE CREATION

Exceptional and complex projects, with broad diversification between sectors. The company specializes in highly technical projects, standing out from its peers through the experience and international presence of its Technical Office, focused on the search for optimal engineering solutions for each client and project. Among other milestones, in 2017, the tunneling works were completed at the Northern Line Extension of the London Underground, for which the Ground Engineering Award for technical excellence has been received for the improvements in cost and safety compared to conventional methods.

The sectorial diversification of Ferrovial Agroman makes it possible to undertake very different types of civil, industrial and building projects, expanding the potential market. As shown, in 2017, Budimex, which was already the overall leader in road construction in the sector in Poland, managed to position itself among the main railroad contractors, with the award of six large contracts worth over 500 million euro.

Selective internationalization. The international focus is on increasing presence in markets of the USA, Poland, the United Kingdom, Australia and Canada, as well as Spain, the home market, persevering with the strategy defined in recent years. It is also present in stable countries in Latin America such as Chile, Colombia and Peru, for large projects in which differential added value is generated.

Based on this strategy, bidding is avoided in new countries of lower interest, except for exceptional one-off cases in projects with limited competition and risks, together with local leaders and in OECD countries.

The strong investment in infrastructure and good profitability obtained by the company motivated Ferrovial Agroman to increase its commitment to the USA, doubling its order book in 2017. The awarding of a section of the Grand Parkway bypass in Texas for almost 800 million euro, where Ferrovial Agroman and its subsidiary Webber are leaders in civil works; I-66 Toll road in Virginia, and the remodeling of the Denver Airport terminal in Colorado for more than 500 million euro are all noteworthy.

Risk management, financial discipline and cost control. The Construction business is characterized by high volumes and tight margins, so correct selection of projects and optimal risk management are key, both at the bidding and execution stages. In the first phase, countries with legal certainty are chosen, with projects where competitive advantages and expert partners can be a determining factor, limiting errors in price, deadlines and contractual conditions, which are difficult to mitigate subsequently in the execution phase.

Cost control and planning of the project is essential at Ferrovial Agroman. It has developed proprietary tools such as the InSite project management system, which provides quick and flexible control, with the necessary level of detail.

Ferrovial Agroman has maintained a high profitability in EBITDA in recent years, with a high cash conversion. In 2017, due to the execution of projects in the initial phases, the lower weighting of toll road concession contracts, market competitiveness and the impact of two projects already completed in Colombia and the United Kingdom, EBITDA has fallen to 4.3%, which remains favourable. In the future, the usual strategic discipline will be maintained, redoubling, if possible, the effort in a correct selection of projects and preserving the criterion of concentrating on profitability versus volume.

Clients: integrated approach. The collaboration with the rest of Ferrovial's businesses, due to the high technical complexity of the projects in which it is jointly tendered, allows us to offer an integrated solution that provides added value for clients, maximizes the competitiveness of the bids and facilitates compliance with the profitability and cash management targets.

In addition to the relationship with Cintra, there are growing opportunities with Ferrovial Airports, such as the award in 2017 of the remodeling of the Jeppesen terminal at Denver International Airport, which will cover more than 70,000 m^2.

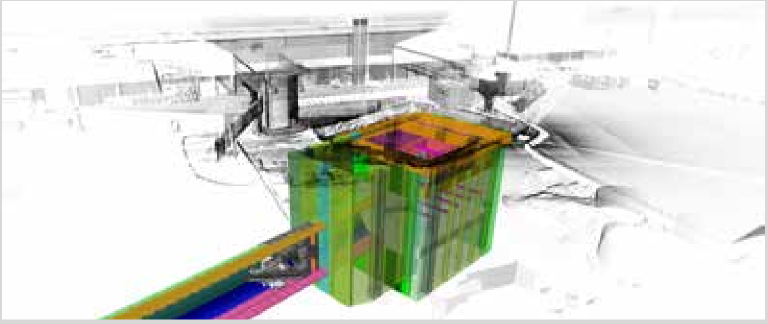
Innovation as a motor for continuous improvement. Ferrovial Agroman participates in various research projects with prestigious institutions such as MIT, the European Institute for Technology, the CDTI and the European Commission. The latter finances the Transforming Transport project of the Horizon 2020 program, which will improve the mobility and logistics models through the use of Big Data, applied by Ferrovial Agroman in the Córdoba-Málaga high-speed rail corridor. The ACCEPT Project is noteworthy due to its application in the execution of works. Its multi-device technological platform, which includes smart glasses, will make it possible to control the production process in building works.

Employees: talent management. The essential factor for success is the human factor. The company stands out due to the experience, mobility and professional value of its teams, adding local and technical know-how with new contracts. Therefore, Budimex has been recognized as the Responsible Employer of 2017 for its human resources and talent management policy. It should be noted that two Ferrovial Agroman engineers were awarded Best Women Contractor and Best Young Women in Construction at the 2017 European Women in Construction Awards.

Society: quality, safety and environmental impact. Commitment to quality, the community and the environment is a priority, with various public recognitions such as those received by the two largest toll roads in execution in Australia: Warrell Creek with five Australian Business Awards for Innovation and Sustainability, and Towoomba with the "Land Routes" Power of Works and Projects award.

Ferrovial Agroman believes that new standards of performance, technology and safety measures can be developed through innovation, contributing to the achievement of the Target Zero accident goal. In 2017, Webber was awarded by Associated General Contractors of America for its safety record in Texas.

VIDEO: ERQUES VIADUCT Click on this link for more information



LEADER IN THE IMPLEMENTATION OF BIM TECHNOLOGY

Ferrovial Agroman has implemented this work methodology in all the geographical areas in which it has a presence, applying it to different types of work, both in construction and civil works, enabeling the integral management of the life cicle of buldings and infrastuctures. Crossrail Farringdon, Northern Line Extension, Thames Tideway and the Harwood Bridge are good examples of the successful use of BIM (Building Information Modeling) in highly complex projects.

It should be noted that Ferrovial Agroman Australia has been certified by the British Standard Institute (BSI) in the use of BIM Level 2, thus following the strategy initiated in previous years by the United Kingdom, where the use of BIM is mandatory for public works projects in terms of certification.

GRAND PARKWAY PROJECT (TEXAS, USA)

The project consists of the design and construction of 85 kilometers of the Grand Parkway in Houston, the largest urban bypass in the US, for 790 million euro. The client, Texas Department of Transportation, will manage it as a toll highway after the completion of the work. Its execution represents a unique technical challenge, with 74 new bridges, 7.5 million m^3 of land moving and the relocation of connections for 10% of the total budget, after expropriating 375 plots in a planned period of two years.

SERVICES

FERROVIAL SERVICES IS AN INTERNATIONAL BENCHMARK IN THE DESIGN AND PROVISION OF SERVICES THAT IMPROVE THE EFFICIENCY, FUNCTIONALITY AND SUSTAINABILITY OF INFRASTRUCTURES AND CITIES.

BACKGROUND

The operating environment in which Ferrovial Services carries out its activities shows its particularities according to the geographical area in which it works.

The **United Kingdom** reduced its rate of growth in 2017, even though the labor market has recorded close to full employment. In this context, the ability of Public Administrations to increase their spending levels remains limited, so the pressure is maintained on margins and the limited number of opportunities available in the market.

In the case of **Australia and New Zealand,** their favorable economic situation continues to drive the growth of the market of services related to infrastructures, whose attractiveness explains the recent strengthening of the sector. Australia has announced plans to boost investment in transport infrastructure, government/defense and renewable energy. The prospects of the oil, gas and mining sectors are positive because of the upward trend in the prices of natural resources.

Spain has confirmed its macroeconomic improvement, although the continuation of fiscal consolidation policies and political uncertainty have led to lower bidding activity in the public sector.Ferrovial Services Spain has continued to strengthen its profitable development through programs for the continuous improvement of its operations, optimizing processes and integrating technology. With regard to growth, the company expects to capture the greatest dynamism of new customer profiles such as the industrial sector (for example, high added value logistics services) and the offer of services to citizens (for example, shared vehicles).

Activities in **other countries** in which Ferrovial Services operates through the International business unit (United States, Canada, Poland, Chile and Qatar) have performed well. This is the case of the United States and Canada, markets in which Ferrovial Services entered with the acquisition of Broadspectrum and where a new organization was consolidated

VALUE CREATION

The aspect that sets Ferrovial Services apart is based on a design of innovative financially attractive solutions, as well as operational excellence in its provision. This is achieved through collaboration with clients, the integral vision of the life cycle of infrastructures, the intelligent application of technology and the transfer of knowledge developed in its geographical areas and sectors of activity. This value proposal fits The aspect that sets Ferrovial Services apart is based on a design of innovative financially

VIDEO: FERROVIAL SERVICES
Click on this link for more information

REVENUES (M€)

7,069

73% INTERNATIONAL

ORDER BOOK (M€)

20,918

75% INTERNATIONAL

OPERATING CASH FLOW (M€)

396

40% OF THE TOTAL EX-PROJECTS BEFORE TAXES

attractive solutions, as well as operational excellence in its provision. This is achieved through collaboration with clients, the integral vision of the life cycle of infrastructures, the intelligent application of technology and the transfer of knowledge developed in its geographical areas and sectors of activity. This value proposal fits in perfectly with the growing demand for more efficient and sustainable infrastructures and cities.

Ferrovial Services bases its strategy on the following pillars:

- **Continuous improvement of profitability and cash generation** to provide attractive returns to shareholders and support the financing of capital intensive businesses. The main levers to achieve this objective are the restructuring of or exit from unprofitable contracts, operational excellence and focusing on the most attractive tenders in terms of profitability and risk.

  Thus, in 2017 the first phase of the "Fit 4 the Future" cost reduction program in Amey was completed, including the reduction of the workforce of more than 850 people and the rationalization of the contract portfolio, leaving contracts as in the case of Liverpool City Council or Affinity Water, with the purpose of reaching the target margins.

  Also Broadspectrum, which in October 2017 finished the contracts in the immigration centers according to the plans announced at the time of their acquisition,

OPTIMIZATION OF WASTE COLLECTION ROUTES

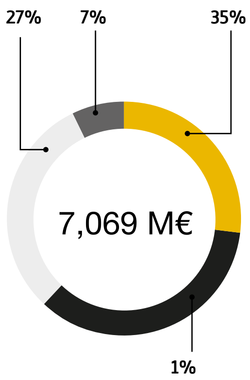
In 2017, Ferrovial Services intensified the integration of new technologies in its operations to optimize its economic, environmental and social contribution for the benefit of clients, employees and society in general. A good example is the application of data analytics to urban services, put into practice in the collection service of recyclable materials in Granada, in collaboration with the City Council and Cisco. Using an infrastructure based on the Internet of Things (IoT), with sensors installed in more than 400 containers, an analytical platform optimizes the cost and environmental footprint of the fleet through the dynamic design of routes based on variables such as container filling or weather conditions.

has optimized its cost structure including a reduction in personnel, has undertaken the restructuring of contracts with low profitability and is positioning itself to take advantage of opportunities in its priority markets: transport, administration / defense, urban infrastructures and natural resources.

- **Concentration in current geographical areas** to achieve and consolidate leadership positions in services and sectors of activity with greater opportunities for differentiation. The markets in which Ferrovial Services currently operates are an optimal platform to offer state-of-the-art solutions while acquiring new capabilities. A good example of growth in a strategic country, capitalizing on differential capabilities such as local knowledge and experience in managing the life cycle of assets is the OSARs West contract for 20 years maintenance of the road network in the western area of Melbourne, Australia, resulting from the collaboration between Cintra and Ferrovial Services, which includes a significant portfolio of services for Broadspectrum and for Amey.

- **Innovation,** through which the company pursues the development of service models that improve the efficiency and quality of life of citizens. With the aim of implementing its business model in line with a new global scale after the acquisition of Broadspectrum, Ferrovial Services has created a new Innovation and Change Division, responsible for the innovation strategy, the coordination of the activities of Competence Centers and the identification and management of transversal initiatives for operational improvement and capability transfer.

REVENUES BY BUSINESS UNIT



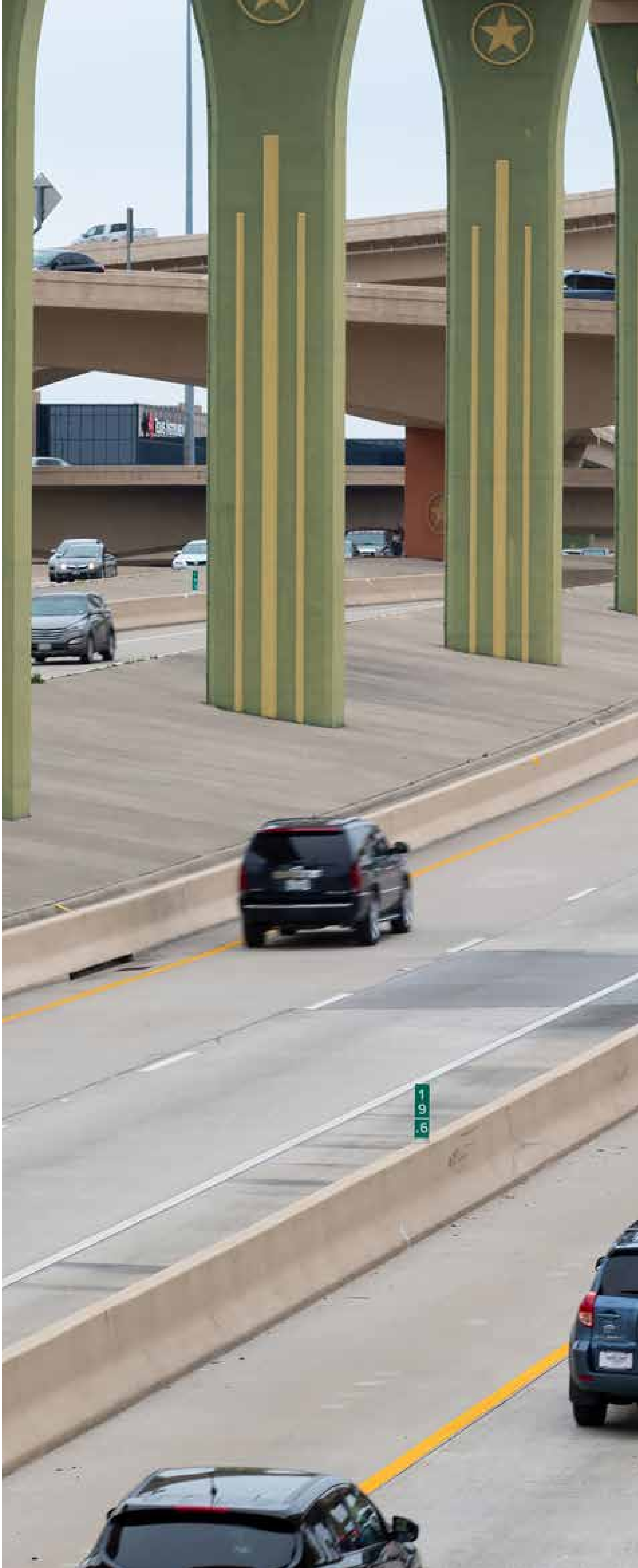
An example of an innovation program initiated in 2017 is the development in Oxfordshire, United Kingdom, of a prototype of autonomous vehicle with sensors designed to support activities in the urban environment such as asset inspections, waste collection or road maintenance.

- **Replicate best practices** to offer the best offer of services to the client. To move forward with this objective, Ferrovial Services has identified its differential capabilities, has enabled the geographical mobility of more than 100 internal managers and experts and has promoted the development of the company's five Competence Centers (Asset management, Cities, Energy and Facility Management, Environment and Natural Resources). This contribution of skills is especially relevant in new geographical areas such as North America, where resources and specialized knowledge in road maintenance have been transferred.

- **Zero operating accidents** to ensure the safety and well-being of employees and the communities in which it carries out its activities. To do so, programs of awareness and exchange of best practices have been implemented and new technologies applied in operations. For example, in 2017 workers at Amey environmental services in Wolverhampton participated in a program to measure physiological parameters with devices integrated into smart vests. The conclusions made it possible to identify actions to reduce stress and make the development of work healthier.

LAUNCH OF THE ZITY CAR SHARING SERVICE (MADRID)

The transformation of urban mobility opens up opportunities for Ferrovial Services to promote new business models, technologically focused and interactive with citizens, which improve the efficiency and sustainability of cities. Ferrovial Services is developing these new capabilities through practical experimental methodologies, knowledge of other Ferrovial divisions and alliances with external agents with complementary capabilities. A good example of Ferrovial Services' commitment to urban mobility is Zity, a carsharing service that operates in Madrid in collaboration with Renault. Zity was launched in December 2017 with an initial fleet of 500 electric vehicles fully recharged with renewable energy and zero emissions.



MANAGED LANES AGAINST URBAN CONGESTION

By 2050, it is anticipated that around 6,000 million people will live in urban environments, with dozens of cities having populations of more than 10 million inhabitants. The traffic jams are already, and will be even more of a problem regarding loss of time, environment and deterioration of quality of life. Ferrovial, with Cintra, has found a new, sustainable and efficient solution. They are Managed Lanes, already implemented in Texas and soon in Virginia. Based on barrier-free tolls with dynamic charging, they guarantee speed, safety and an improvement for the environment for drivers.

PHOTO: LBJ Express Toll Road. Texas (USA).

A

FERROVIAL IN 2017

SHAREHOLDERS:
- Business performance

EMPLOYEES:
- People
- Health and Safety

CUSTOMERS:
- Innovation
- Quality

SOCIETY:
- Ethics and Integrity
- Human Rights
- Environment
- Supply chain
- Community
- Responsible Tax Management

PHOTO: mantainance works at La Muñoza. Madrid (Spain).

GENERAL OVERVIEW

Operating Cash Flow excluding infrastructure projects reached EUR999mn in 2017, with a balanced contribution from infrastructure dividends (49%) and non-infrastructure operating cash flow (51%).

The net cash position, excluding infrastructure projects, stood at EUR1,341mn at year-end 2017 (EUR697mn at year-end 2016). This figure includes the cash obtained from the hybrid subordinated bond issuance, treated as an equity instrument. Net project debt stood at EUR4,804mn (vs. EUR4,963mn in December 2016). Net consolidated debt reached EUR3,463mn (vs. EUR4,266mn in December 2016).

In the results for 2017, **infrastructure assets continued to perform well (407 ETR, Managed Lanes, HAH and AGS), with solid growth in traffic volumes and greater contribution from dividends (EUR553mn vs. EUR477mn in 2016).**

The combined Construction and Services order book, above EUR32bn (including JVs), fell by -4.3% vs. 2016, affected by the decline in the Amey order book (-17.0%), where tender control and gaining improved margins are being prioritised.

Consolidated results in 2017, showed revenues up (+13.5%) impacted by the contribution from Broadspectrum, which has consolidated since June 2016 and EBITDA (-1.2%), due to poorer performance from Construction. In comparable terms, revenues grew +7.2% and EBITDA decreased -4.2% vs. 2016. Net profit stood at EUR454mn at year-end 2017 (EUR376mn in 2016).

MAIN INFRASTRUCTURE ASSETS:

Robust operating growth: EBITDA grew in local currency: +12.1% at the 407 ETR, +4.6% at Heathrow airport and +10.7% at the regional UK airports (AGS). All of these assets are accounted for by the equity method. There was also strong growth in Managed Lanes in the USA (Global consolidation) with EBITDA growth in local currency of +32.6% for NTE and +37.4% for LBJ.

Greater distribution of funds in the main assets:

- **407 ETR distributed dividends of CAD845mn** in 2017, +7% vs. 2016. The dividends distributed to Ferrovial amounted to EUR262mn.
- **Heathrow paid out GBP525mn compared to GBP325mn in 2016,** thanks to good operating performance (traffic and cost management) and the impact from a recovery in inflation. The dividends distributed to Ferrovial amounted to EUR153mn.
- **AGS paid out GBP146mn** (including GBP75mn in extraordinary dividends after its refinancing). Ferrovial received EUR84mn in 2017.

MAIN CORPORATE TRANSACTIONS IN 2017:

- In September 2017, Cintra, along with the other Managed Lanes partners (Meridiam and APG), acquired the Dallas Fire & Police Pension Scheme's stake in NTE (10%) and LBJ (7%). **Cintra acquired 6.3% in NTE and 3.6% in LBJ**, and now holds 62.97% in NTE and 54.6% in LBJ. Cintra paid USD107mn for the stake (NTE USD65mn and LBJ USD42mn).
- In June 2016, Ferrovial agreed the **sale of 51% of the Norte Litoral toll road and 49% of the Algarve toll road**, retaining a respective 49% and 48% stake. The sale of Norte Litoral was completed on 21 April 2017 (EUR104mn) and Algarve on 26 September 2017 (EUR58mn).
- On 31 March 2017, **1 million shares in Budimex were sold** (3.9% of its share capital), which had no impact on Ferrovial's profit and loss account, as it retains a controlling share (55.1%). The transaction was completed for +EUR59mn (PLN252mn).

MAIN FINANCIAL EVENTS:

- At corporate level, in November, a **EUR500mn hybrid subordinated bond issuance was completed, with an annual coupon of 2.125%,** in order to capitalise on the favourable market climate, and thereby increase the Company's ability to invest in infrastructure projects, given the prospect of an increase in tenders in the main countries where Ferrovial operates. These bonds are considered to be an equity instrument.
- **In March 2017, Ferrovial issued EUR500mn, 8 year corporate bond** with an annual coupon of 1.375%.
- **407 ETR made various bond issues in 2017**: in March, it carried out a CAD250mn senior bond issuance (maturing in 2033 and with an annual coupon of 3.43%) and in September, two bond issues for a total of CAD800mn (CAD500mn at 27 years and a coupon of 3.65% and CAD300mn at five years and a coupon of 2.47%).
- **The first quarter of 2017 saw the completion of the refinancing of AGS**, which led to the improvement of its financing structure, the extension of deadlines, partial repayment of shareholder debt and an increase in the amounts distributed among shareholders (GBP146mn distributed in 2017).

RESULTS BY DIVISION

Toll roads: significant improvement in traffic on the main toll roads, helped by the economic recovery in the countries where the main assets are located. 407 ETR, the Group's most important asset, maintained its operating strength, with traffic growth of +2.6%, supported by the opening of the 407Ext I, which was toll-free up to 1 February 2017. The Managed Lanes in Texas continued to post strong EBITDA growth (NTE +32.6% and LBJ +37.4% in local currency) on the back of robust traffic and tariff growth.

Airports: in 2017, Heathrow airport registered 78 million passengers, +3.1% vs. 2016, achieving record monthly growth for the past 14 consecutive months. Traffic at AGS rose +4.9% (Glasgow +5.7%, Southampton +6.1%, Aberdeen +1.9%). As a result, the airports posted EBITDA growth of +4.6% (HAH) and +10.7% (AGS).

Construction: Revenue growth (+11.0% LfL), with positive performance in all areas. However, the return was down vs. 2016 due to the number of major projects in their initial phases and the lower proportion of toll road concession contracts in the projects currently in progress. In addition, in 2017, relevant losses have been recorded in two completed contracts, one in Colombia (due to an unfavourable ruling) and one in the United Kingdom. The order book reached a record figure of EUR11,145mn (88%

international) equating to an LfL increase of +26.7%, following the incorporation of major projects such as I-66, Houston Grand Parkway and Denver, all in the USA. Contract awards exceeding EUR1bn are not included, notable among which are the Budimex contracts.

Services: reported revenues (+16.3%) were positively impacted by the integration of Broadspectrum (contributing EUR2,512mn in revenue in 2017, of which EUR2,206mn were obtained in Australia and New Zealand and EUR306mn in America and Chile) and adversely affected by the weakness of the pound sterling and budgetary cuts in the United Kingdom. In the United Kingdom, Amey posted a significant increase in profitability, thanks to the measures adopted by the company in order to adapt to the new environment (EBITDA margin 3.5% vs. 1.5% in 2016).

KEY FIGURES

P&L (EUR mn)	DEC-17	DEC-16
REVENUES	**12,208**	**10,759**
EBITDA	**932**	**944**
Period depreciation	375	342
Disposals & impairments	81	324
EBIT*	**638**	**926**
FINANCIAL RESULTS	**-311**	**-391**
Equity-accounted affiliates	251	82
EBT	**578**	**617**
Corporate income tax	-71	-233
CONSOLIDATED NET INCOME	**507**	**383**
Minorities	-53	-7
NET INCOME ATTRIBUTED	**454**	**376**

*EBIT after impairments and disposals of fixed assets

Revenues (EUR mn)	DEC-17	VAR.
Toll Roads	461	-5.3%
Airports	21	n.s.
Construction	4,628	10.3%
Services	7,069	16.3%
Others	30	n.a
Total	**12,208**	**13.5%**

EBITDA (EUR mn)	DEC-17	VAR.
Toll Roads	320	7.7%
Airports	-12	34.4%
Construction	199	-41.8%
Services	423	30.2%
Others	2	n.a.
Total	**932**	**-1.2%**

Operating figures	DEC-17	VAR.
ETR 407 (VKT´ 000)	2,708,589	2.6%
NTE (ADT)	33,814	10.9%
LBJ (ADT)	34,526	9.3%
Ausol I (ADT)	16,148	10.3%
Ausol II (ADT)	17,801	5.7%
Heathrow (million pax.)	78	3.1%
AGS (million pax.)	15	4.9%
Construction order book*	11,145	22.6%
Services order book (incl JVs)*	20,918	-14.4%

(EUR mn)	DEC-17	DEC-16
NCP ex-infrastructures projects	**1,341**	**697**
Toll roads	-4,274	-4,426
Others	-530	-537
NCP infrastructures projects	**-4,804**	**-4,963**
Total Net Cash /(Debt) Position	**-3,463**	**-4,266**

NCP: Net Cash Position

The ex-infrastructure pre-tax Operating, Net Investment and Activity cash flow figures for 2017 are as follows:

2017	OPERATING CF*	NET INVESTMENT 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**


PHOTO: Arch of the Regent. Asturias (Spain).

TOLL ROADS

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Revenues	461	486	-5.3%	15.7%
EBITDA	320	297	7.7%	23.8%
EBITDA margin	69.4%	61.1%		
EBIT	247	214	15.5%	27.1%
EBIT margin	53.7%	44.0%		

Revenues at the division grew +15.7% in comparable terms in 2017, bolstered by the higher contribution from the Managed Lanes toll roads in the USA, traffic growth in the majority of assets and due to the payment of success fees (+EUR19mn). In **comparable terms, the division posted EBITDA growth of +23.8% in 2017**.

The USA accounted for 37.5% of revenue and 42.8% of EBITDA in 2017.

The comparable figures stripped out the FX effect and the changes to the consolidation perimeter in 2016 and 2017. Notably from the disposals of:

- **Chicago Skyway**: sale to a consortium of Canadian pension funds of Cintra's 55% stake in this asset, for EUR230mn. The sale was completed in February 2016 (two months' contribution in 2016).
- **Irish Toll Roads**: sale of 46% of M4 and 75% of M3 to the Dutch fund DIF for EUR59mn. Ferrovial retains 20% in each, and they are now consolidated using the equity method. The sale was completed in February 2016 (two months' contribution in 2016).
- **Norte Litoral and Algarve**: in June 2016, Ferrovial reached an agreement 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 contributed 12 months in 2016). In April 2017, the sale of the Norte Litoral stake was completed (aprox. four months contribution in 2017) for EUR104mn; and in September the sale of the Algarve stake was completed (nine months contribution in 2017) for EUR58mn. Both were consolidated through equity method following the completion of the transactions.

Assets in operation

Traffic performance during 2017 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 +2.6% in the period (light traffic +2.3% and heavy traffic +6.3%), bolstered by the positive impact of the opening of the 407 East Extension Phase I toll road (open to traffic in June 2016, toll free until February 2017) and by the calendar effect and stronger economic growth in the Ontario region.

USA: traffic growth was driven by the very positive performance of the Managed Lanes toll roads (NTE +10.9% and LBJ +9.3%), which are still in the ramp up phase.

Spain: traffic trended upwards, boosted by the country's economic growth. Traffic at Ausol I grew by +10.3% in 2017 and Ausol II by +5.7%.

Portugal: performance has been positive in 2017, aided by the economic recovery and, in Azores (+6.7%), due to the increase of tourism on the back of the airline market liberalisation. In Algarve (+17.0%), traffic was positively affected by works on the alternative route.

Ireland: continued positive performance thanks to the upturn in employment. 2017 ended with similar growth to 2015 and 2016, around +6% at M4 and close to +9% at M3.

Greece: lower Ionian Roads ADT (-29.3%) due to the opening of new segments in 2017, which has distorted the average daily traffic calculation. Excluding this impact, IMD variation would have been +5.6%.

Globally consolidated toll roads

(EUR million)	TRAFFIC (ADT)			REVENUES			EBITDA			EBITDA MARGIN		NET DEBT 100%	
Global consolidation	**DEC-17**	**DEC-16**	**VAR.**	**DEC-17**	**DEC-16**	**VAR.**	**DEC-17**	**DEC-16**	**VAR.**	**DEC-17**	**DEC-16**	**DEC-17**	**SHARE**
NTE	33,814	30,485	10.9%	82	67	22.8%	66	51	28.5%	80.8%	77.2%	-855	63.0%
LBJ	34,526	31,582	9.3%	89	69	28.8%	71	53	33.1%	79.6%	77.0%	-1,217	54.6%
NTE35W*				3	0	n.a.	1	0	n.s.	46.4%		-587	53.7%
I-77 *						n.a.	0	0	n.a.			-239	50.1%
TOTAL USA				**173**	**135**	**27.7%**	**137**	**104**	**32.1%**			**-2,898**	
Ausol I	16,148	14,637	10.3%	61	56	8.5%	51	47	10.1%	84.0%	82.8%	-467	80.0%
Ausol II	17,801	16,837	5.7%										
Autema	17,871	16,835	6.2%	104	98	6.4%	95	89	7.3%	91.7%	90.9%	-608	76.3%
TOTAL SPAIN				**165**	**154**	**7.2%**	**147**	**135**	**8.2%**			**-1,075**	
Azores	9,831	9,215	6.7%	26	32	-16.6%	22	28	-20.4%	83.0%	87.0%	-305	89.2%
Algarve**	14,555	12,442	17.0%	27	38	-26.8%	24	33	-25.7%	89.0%	87.6%	-131	48.0%
Norte Litoral**	25,258	24,052	5.0%	14	44	-68.4%	12	38	-67.3%	89.2%	86.3%	-161	49.0%
Via Livre				15	14	6.9%	2	2	8.9%	13.8%	13.6%	3	84.0%
TOTAL PORTUGAL				**82**	**127**	**-35.1%**	**61**	**100**	**-39.4%**			**-594**	
DECONSOLIDATED TOLL ROADS IN 2016* **					**50**			**4**					
TOTAL HEADQUARTERS				**40**	**20**	**101.0%**	**-25**	**-47**	**48.6%**				
TOTAL TOLL ROADS				**461**	**486**	**-5.3%**	**320**	**297**	**7.7%**			**-4,567**	

* 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. ***Deconsolidated toll roads in 2016 (SH-130, Chicago Skyway and the Irish Toll roads M3 and M4).

Toll roads consolidated using the equity method:

(EUR million)	TRAFFIC (ADT)			REVENUES			EBITDA			EBITDA MARGIN		NET DEBT 100%	
Equity accounted	**DEC-17**	**DEC-16**	**VAR.**	**DEC-17**	**DEC-16**	**VAR.**	**DEC-17**	**DEC-16**	**VAR.**	**DEC-17**	**DEC-16**	**DEC-17**	**SHARE**
407 ETR (VKT 000)	2,708,589	2,640,770	2.6%	859	778	10.5%	748	675	10.8%	87.1%	86.8%	-4,621	43.2%
M4	32,098	30,377	5.7%	28	27	5.7%	18	18	1.5%	63.1%	65.7%	-95	20.0%
M3	37,311	34,325	8.7%	23	22	3.3%	16	17	-2.2%	71.4%	75.4%	-151	20.0%
A-66 Benavente Zamora				24	24	0.0%	22	22	0.0%	91.4%	91.4%	-162	25.0%
Central Greece	13,183	12,151	8.5%	47	50	-5.7%	39	43	-8.2%	83.8%	86.1%	-346	21.4%
Ionian Roads	17,663	24,979	-29.3%	101	77	31.8%	34	15	130.8%	33.7%	19.2%	-67	21.4%
Serrano Park				6	5	3.4%	3	3	6.0%	61.2%	59.7%	-43	50.0%
Algarve	14,555	12,442	17.0%	10		n.s.	9		n.s.	87.1%	n.a.	-131	48.0%
Norte Litoral	25,258	24,052	5.0%	30		n.s.	26		n.s.	86.9%	n.a.	-161	49.0%

407 ETR

Profit and loss account

(CAD million)	DEC-17	DEC-16	VAR.
Revenues	1,268	1,135	11.7%
EBITDA	1,104	985	12.1%
EBITDA margin	87.1%	86.8%	
EBIT	998	880	13.4%
EBIT margin	78.7%	77.6%	
Financial results	-358	-373	3.9%
EBT	640	507	26.1%
Corporate income tax	-169	-134	-26.1%
Net Income	**470**	**373**	**26.1%**
Contribution to Ferrovial equity accounted result (EUR mn)	**125**	**98**	**27.8%**

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

Revenues at 407 ETR increased by +11.7% in local currency in 2017.

- **Toll revenues** (93% of the total): grew by +11.6% to CAD1,178mn, mainly due to the tariff increases applied since February 2017 and the improvement in traffic.
- **Fee revenues** (6.5% of the total): reached CAD82mn (+20.1%), mainly due to starting to manage the 407 East Ext Phase I toll road, coupled with an increase in the number of transponders and higher tariffs.

Average revenues per journey rose +10.4% (CAD9.96 vs. CAD9.02 in 2016).

The toll road also recorded an **increase in EBITDA of +12.1%** in 2017, with an EBITDA margin of 87.1% vs. 86.8% in 2016.

Financial result: -CAD358mn, CAD14mn fewer expenses vs. 2016 (+3.9%). Main components:

- **Interest expenses: -CAD364mn**. CAD14mn higher than in 2016, largely due to the increase in debt, after the recent issuance of CAD800mn in senior bonds in September 2017 and CAD250mn in March 2017.
- **Non-cash financial expenses linked to inflation: -CAD9mn** vs. -CAD34mn expenses in 2016 (up by +CAD25mn), due mainly to the positive impact of falling inflation over 2017, partially compensating for the negative impact resulting from the decrease in the discount rate.
- **Other financial income: CAD16mn** (vs. CAD11mn in 2016) due to greater returns on investment and higher average cash balance.

407 ETR contributed EUR125mn to Ferrovial's equity-accounted results (+27.8% vs. 2016), after the annual amortization 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 2017, 407 ETR distributed dividends of CAD845mn, **+7.0% vs. 2016**. Of these, EUR262mn were distributed to Ferrovial (EUR244mn in 2016). At the February Board meeting, the 1Q 2018 dividend payment was approved in the amount of CAD226.25mn (**+9.0% vs. 1Q 2017**).

(CAD million)	2017	2016	2015	2014	2013	2012
Q1	207,5	187,5	188	175	100	87,5
Q2	207,5	187,5	188	175	130	87,5
Q3	215,0	207,5	188	175	200	87,5
Q4	215,0	207,5	188	205	250	337,5
Total	**845**	**790**	**750**	**730**	**680**	**600**

407 ETR traffic

Traffic (kilometers travelled) rose by +2.6%, with an increase in the number of journeys (+1.0%) and an increase in the average distance travelled (+1.6%). Traffic has been bolstered by the positive impact of the opening of the 407 East Extension Phase I toll road (open to traffic in June 2016, toll free up to February 2017) and by the calendar effect and stronger economic growth in the Ontario region.

407 ETR net debt

The net debt figure for 407 ETR at 31 December 2017 was CAD6,958mn (average cost of 4.43%). 53% of the debt matures in more than 15 years' time. The next maturity dates are CAD14mn in 2018, CAD15mn in 2019 and CAD738mn in 2020.

407 ETR carried out various bond issues over the year:

- **In March**, a senior bonds issue was carried out worth **CAD250mn**, maturing in 16 years (maturing in 2033) with an annual coupon of 3.43%.
- **In September, it issued bonds worth CAD800mn:**
  - CAD500mn of 27 year bonds (maturing in 2044) and a coupon of 3.65%.

- CAD300mn of 5 year bonds (maturing in 2022) and a coupon of 2.47%.
- Simultaneously to this issue, it announced the early payment of a CAD300mn bond, with maturity date of November 2017.

407 ETR credit rating

- S&P: on 31 May 2017, the company remained at a rating of "A" (Senior Debt), "A-" (Junior Debt) and "BBB" (Subordinated Debt), with a stable outlook.
- DBRS: on 17 November 2017, the company remained at a rating of "A" (Senior Debt), "A low" (Junior Debt) and "BBB" (Subordinated Debt), with a stable outlook.

407 ETR Tariffs

In 2017, the tariffs were increased on 1 February, and a new tariff structure was announced, including variations depending on the direction of travel (as well as by area, day and time of travel, which was already taking place). Tariffs applied from 1 February 2017 for light vehicles (expressed in CAD cents/km):

CAD (¢/km)	ZONE 1	ZONE 2	ZONE 3
Eastbound			
AM Peak Period: *Mon-Fri: 6am-7am, 9am-10am*	35.97	35.97	34.65
AM Peak Hours: *Mon-Fri: 7am-9am*	42.42	42.42	39.42
PM Peak Period: *Mon-Fri: 2:30pm-4pm, 6pm-7pm*	35.95	37.32	37.32
PM Peak Hours: *Mon-Fri: 4pm-6pm*	40.85	44.74	44.74
Westbound			
AM Peak Period: *Mon-Fri: 6am-7am, 9am-10am*	34.65	35.97	35.97
AM Peak Hours: *Mon-Fri: 7am-9am*	39.42	40.92	42.42
PM Peak Period: *Mon-Fri: 2:30pm-4pm, 6pm-7pm*	37.32	37.32	35.95
PM Peak Hours: *Mon-Fri: 4pm-6pm*	44.74	42.40	40.85
Midday Rate			
Weekdays 10am-2:30pm	30.88	30.88	30.88
Weekend & public holidays 11am-7pm	28.29	28.29	28.29
Off Peak Rate			
Weekdays 7pm-6am, Weekend & public holidays 7pm-11am	22.48	22.48	22.48

In December 2017 a new tariff structure was announced and tariffs increased from 1 February 2018. For more information on the new tariffs, please click on the following link.

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

NTE

NTE Profit & loss account

(USD million)	DEC-17	DEC-16	VAR.
Revenues	**93**	**73**	**26.8%**
EBITDA	**75**	**57**	**32.6%**
EBITDA margin	80.8%	77.2%	
EBIT	**55**	**40**	**39.0%**
EBIT margin	59.3%	54.1%	
Financial results	-62	-61	-1.5%
Net Income	-7	-21	67.9%

In 2017, Ferrovial increased its stake in NTE by +6.3%, reaching 62.97% (see Other Events chapter)

During 2017, **revenue rose by +26.8% compared to the year before**, on the back of traffic growth and higher tariffs.

EBITDA reached USD75mn (+32.6% vs. 2016). EBITDA margin reached 80.8% during 2017 (+360 basis points), as a result of the growth in revenues and operational cost management.

Toll road traffic continues to increase its market share of traffic on the corridor. The average toll rate per transaction has also risen during the year (+9.9%). Construction progress on the I35W corridor is helping to draw traffic back onto the corridor (that connects to NTE1-2), and the opening of Segment 3B in July 2017 has also benefitted NTE users, by increasing the length of the Managed Lanes network. Finally, the connectivity improvements implemented at Segment 2 of NTE since 2Q 2017, have also had a positive effect on growth.

NTE Quarterly Traffic and EBITDA

In terms of traffic: **in 4Q 2017, NTE recorded 6.9 million transactions, +14.2% more than in 4Q 2016** (6.0 million transactions).

Very positive EBITDA performance, with growth of +25.3% between 4Q 2017 and 4Q 2016, as a result of good revenue performance and operating expense management.

Quarterly results	4Q'17	4Q'16	VAR.
Transactions (millions)	6.9	6.0	14.2%
EBITDA (USD mn)	19.0	15.2	25.3%

The average toll rate per transaction in 4Q 2017 at NTE reached USD3.5 vs. USD3.2 in 4Q 2016 (+9.9%).

NTE net debt

As of 31 December 2017, net debt for the toll road amounted to USD1,028mn (USD1,032mn in December 2016), at an average cost of 5.35%.

NTE credit rating

	PAB	TIFIA
Moody's	Baa3	
FITCH	BBB-	BBB-

LBJ

LBJ Profit and Loss Account

(USD million)	DEC-17	DEC-16	VAR.
Revenues	**101**	**76**	**33.0%**
EBITDA	**80**	**59**	**37.4%**
EBITDA margin	79.6%	77.0%	
EBIT	**57**	**39**	**47.8%**
EBIT margin	56.7%	51.0%	
Financial results	-86	-85	-1.6%
Net Income	-29	-46	37.0%

In 2017, Ferrovial increased its stake in LBJ by +3.6%, reaching 54.6% (see Other Events chapter).

During 2017, the toll road generated **revenues of USD101mn (+33.0% compared with the same period in 2016)**, as a result of both the continued growth in traffic during the ramp-up phase and higher tariffs.

EBITDA reached USD80mn (+37.4% vs. 2016) helped by a strong surge in traffic. The EBITDA margin reached 79.6%, aided by the significant growth in revenues.

Toll road traffic continued to register robust growth, as did the corridor, which continues to be in its growth phase, exceeding the existing volumes prior to construction of the project. At the same time, the average toll rate per transaction has significantly increased compared to the previous year. Completion of works on the I35E corridor, incorporating the new Managed Lanes operated by TxDOT, has led to a gradual increase in traffic on this corridor that connects directly to LBJ, above the average for other toll roads in the area.

LBJ Quarterly Traffic and EBITDA

In terms of traffic, a total of **10.6 million transactions took place during the fourth quarter of 2017, +5.2% in comparison with 4Q 2016** (10.1 million transactions).

EBITDA in 4Q 2017 reached USD21.4mn, a significant increase compared to 4Q 2016 (+29.8%):

Quarterly results	4Q'17	4Q'16	VAR.
Transactions (millions)	10.6	10.1	5.2%
EBITDA (USD mn)	21.4	16.5	29.8%

The average toll rate per transaction at LBJ reached USD2.60 in 4Q 2017 vs. USD2.1 in 4Q 2016 (+21.1%).

LBJ net debt

As of 31 December 2017, net debt for the toll road amounted to USD1,463 (USD1,449mn in December 2016), at an average debt cost of 5.44%.

LBJ credit rating

	PAB	TIFIA
Moody's	Baa3	
FITCH	BBB-	BBB-

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) 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%	SHARE
Global Consolidation				
Intangible Assets	**-165**	**134**	**-826**	
NTE 35W	-164	26	-587	54%
I-77	-1	108	-239	50%
Equity Consolidated				
Financial Assets		**633**	**-663**	
I-66		633	-663	50%
Intangible Assets	**-58**	**54**	**-378**	
407-East Extension II		10	-320	50%
Ruta del Cacao	-47	14	64	40%
Toowoomba	-11		58	40%
Bratislava		30	-179	35%
OSARs		31		50%

NTE 35W: financing close was reached in September 2013. Work is proceeding on schedule (98.9% of design and construction works were completed at December 2017, with the full opening scheduled for the second half of 2018).

I-77: construction works began in November 2015. In December 2017 the design and construction works were 49% complete, and the toll road is expected to open at the end of 2018.

407 East Extension Phase II: At end-December 2017, the design and construction works were 67% complete.

I-66: in October 2016, Cintra won the Transform I-66 Project (Virginia, USA), the commercial negotiations of which were completed on 8 December 2016 and includes the construction of 35 km along the I-66 corridor (between Route 29, close to Gainesville, and the Washington DC Beltway, the I-495, in Fairfax County).

Financial close was completed in November 2017 with the issue of PAB bonds for an amount of USD800mn. The committed capital for this project is estimated at EUR633mn (for Cintra's stake).The term allocated for construction of the project runs until 2022, while the concession is granted for 50 years since the commercial close, which took place in 2016.

Awarding of the "Western Roads Upgrade" contract, Melbourne

In Australia, in October 2017, Cintra was awarded the "Western Roads Upgrade" project (OSARs), 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 agreement was completed on 11 December and the financial agreement on 19 December 2017.

TENDERS PENDING

In the **USA**, Ferrovial continues to pay close attention to private initiatives.

- In September, the **Maryland Department of Transport (MDOT),** issued a Request For Information (RFI) for the I-495/I-95 (Capital Beltway) and I-270 Congestion Relief Improvements projects. The MDOT is considering a design, construction, financing, operation and/or maintenance project for both projects, which would take the form 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 pre-qualification of the **I-10 Mobile River Bridge** in Alabama, was presented on 17 November 2017. Cintra was pre-qualified on this project on 2 February 2018.

- We also continue to follow various processes in different states (primarily in Illinois, Maryland, Virginia and Texas).

In **Canada**, Cintra has been pre-qualified for the **Hurontario LTR** (Ontario) project, which consists of 20 kilometres of light railway under an availability payment system.

In **other markets**, Cintra has been pre-qualified for the **Silvertown Tunnel** project in London (United Kingdom), with an estimated investment of EUR1,230mn.

PROJECT DIVESTMENTS

Norte Litoral & Algarve Toll Roads

In June 2016, Ferrovial, through its toll roads subsidiary Cintra, reached an agreement with the Dutch infrastructure fund DIF to sell 51% of the Norte Litoral and 49% of the Algarve toll roads. After this transaction, Ferrovial will continue to hold 49% of the Norte Litoral and 48% of the Algarve, as well as its position as the principal industrial partner in both assets.

On 21 April 2017, the sale of a 51% stake in Norte Litoral was approved, for which EUR104mn was received. On 26 September 2017, the sale of the stake in Algarve (49%) was approved, for which EUR58mn was received.

OTHER EVENTS

Acquisition of the Dallas Fire & Police Pension Scheme stake for Managed Lanes

Cintra, along with the other Managed Lanes partners (Meridiam and APG), acquired the Dallas Fire & Police Pension Scheme's stake in NTE (10%) and LBJ (7%) in September 2017. **Cintra acquired 6.3% in NTE and 3.6% in LBJ**, and now holds 62.97% in NTE and 54.6% in LBJ. The total amount paid by Cintra for the stakes stands at USD107mn (NTE 65mn and LBJ 42mn).

Autema

In July 2015, the official journal of the regional government of Catalonia (*Diario Oficial de la Generalitat de Cataluña*) published Decree 161/2015, which unilaterally approved changes to the administrative concession for the Tarrasa-Manresa toll road. The new tariffs (discounts) included in this Decree were first applied in January 2016. In October 2016, the concession holder Autopista Tarrasa-Manresa filed a legal challenge to this Decree with the Catalan High Court (TSJC).

A further Decree was published in the official journal of the regional government of Catalonia on 30 December 2016 (337/2016). This was once again unilateral, and it basically amended and extended the discounts contained in the earlier Decree. The concession holder, Autopista Tarrasa-Manresa, also filed a legal challenge to this decree on 20 July 2017.

Both of these legal actions have been adjoined in one single action by the TSJC. The co-defendants (Generalitat de Catalunya and the Consell Comarcal de Bagés) have already submitted their briefs in response to the demands and the procedure is awaiting the start of the test phase.

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

AIRPORTS

The Airports division contributed EUR89mn to Ferrovial's equity-accounted results during 2017 (vs. -EUR46mn in 2016).

- **HAH**: EUR87mn in 2017 (-EUR57mn in 2016), was due mainly to the positive mark to market performance of the hedging instruments in 2017, as compared with the negative impact seen in 2016, as a result of an uptick in the expected inflation figure and the cut in interest rates.

- **AGS:** EUR2mn in 2017 (EUR12mn in 2016) primarily due to the positive non-recurrent non-cash item in 2016, due to changes in the pension plan conditions (EUR7mn) and the two percentage point drop in tax rate to 17% (EUR6mn).

In terms of distributions to shareholders:

- **Heathrow paid out GBP525mn (100%),** which is significantly more than in 2016 (GBP325mn) and the figure forecasted at the start of the year (GBP375mn). This extraordinary increase was due to the good operating performance and the uptick in inflation. In 2017 Ferrovial received EUR153mn for its stake.

- **AGS distributed GBP146mn (100%)**, of which GBP75mn resulted from an extraordinary distribution following the refinancing carried out in 1Q 2017, which led to optimisation of the financing structure, the extension of maturity terms and the partial repayment of shareholder debt. Ferrovial received EUR84mn in 2017.

CORPORATE OPERATIONS

On 24 August 2017, Great Hall Partners, the consortium led by Ferrovial Airports, signed a contract for the redesign and retail operation of the main terminal at the Denver International Airport for an investment of USD650mn and a term of 34 years. For more information, please visit the following link.

HEATHROW

Heathrow Traffic

Heathrow achieved a new record in traffic in 2017: 78 million passengers (+3.1%) with 471,082 passenger flights (470,764 in 2016), which reflects the plan launched in 4Q 2017 to increase the use of limited free capacity, which resulted in more than 1,300 additional flights in 4Q.

The higher occupancy levels registered (78% vs. 76% in 2016) represent an increase in inbound demand to United Kingdom, particularly from the Middle East and Asia Pacific. The average number of seats per aircraft increased +0.4% to 212.3 (2016: 211.5).

Million passengers	DEC-17	DEC-16	VAR.
UK	4.8	4.6	3.3%
Europe	32.4	31.7	2.4%
Long Haul	40.8	39.3	3.6%
Total	**78.0**	**75.7**	**3.1%**

Intercontinental traffic (+3.6%) has headed up growth thanks to improved occupancy levels. Traffic was particularly robust on the Middle East routes (+9.5%), with larger aircraft and more flights to the Asia Pacific region (+4.5%), introduced as a result of higher occupancy levels on existing routes to Malaysia and new or more services to Thailand, Philippines and Vietnam. In North America (+1.1%) cargo traffic played a greater role. Latin American traffic rose by +5.5%, due to more flights and higher occupancy levels on the planes.

European traffic increased (+2.4%) as a result of larger aircraft and higher occupancy levels, with notable growth on the routes to Italy, Russia, Belgium, Denmark, Holland and Portugal, with more than 70,000 additional passengers on each route and market. **Domestic traffic** grew by +3.3%, including the new Flybe services to Scotland.

More than 30% (in value) of non-EU **exports** from the United Kingdom currently pass through Heathrow. In 2017, cargo volumes at Heathrow increased by +10.2%, making it one of the strongest periods in the last five years, with notable increases in North America and the Middle East.

Heathrow SP Revenue and EBITDA

Revenue grew by +2.7%, thanks to growth in retail revenue (+7.7%), aeronautical revenues (+1.0%) and others (+2.6%).

(GBP million)	DEC-17	DEC-16	VAR.
Aeronautic	1,716	1,699	1.0%
Retail	659	612	7.7%
Others	509	496	2.6%
TOTAL	**2,884**	**2,807**	**2.7%**

Average aeronautical revenue per passenger decreased -2.0% to GBP22.00 (GBP22.45 in 2016), but was offset by the increase in traffic (+3.1%), which generated additional revenues by GBP51mn.

Retail revenue (+7.7%), was aided by greater traffic and growth in retail concessions (+10.5%) reflecting the improvement in Duty Free stores and specialist stores, due to the depreciation of sterling after the referendum to leave the EU at the end of June 2016, although this trend has subsided slightly. The remodelling of the luxury goods stores at T4, which was completed at the end of 2016, also contributed to this growth. Restaurant income also registered strong growth, due to the increase in traffic and the refurbishment of restaurants in T5. Net retail revenues per passenger reached GBP8.45, +4.5% compared to 2016.

Heathrow SP's EBITDA increased by +4.6% in 2017 vs. sales growth of +2.7%. The EBITDA margin reached 61.4% (59.9% in 2016). In addition, greater cost control has also helped to reduce operating costs per passenger by -3.1%. Amortization grew by +3.3% vs. 2016.

User satisfaction

Customer satisfaction remained at record highs in 2017, with the airport achieving a scoring of 4.16 out of 5. According to Airport Service Quality (ASQ), 82% of the passengers surveyed classified their experience in the airport as "excellent" or "very good". Heathrow ranked first out of European airports in this service quality survey for the past 13 consecutive quarters. In 2017, Heathrow was nominated "Best Airport in Western Europe" for the third time running by Skytrax World Airport Awards. As well as this award, which was voted for by passengers all around the world, Heathrow as also recognised was the "Best Shopping Airport" for the eighth year running. Heathrow also improved its punctuality and luggage management, reducing the number of suitcases lost to 10 out of 1,000 passengers (14 in 2016).

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

Regulatory aspects

Regulatory Asset Base (RAB): At 31 December 2017, the RAB reached GBP15,786mn (GBP15,237mn in December 2016).

Regulatory period: in December 2016, the Civil Aviation Authority (CAA) confirmed the extension of the current regulatory period (Q6) until 31 December 2019, maintaining the annual maximum tariff increase per passenger: RPI-1.5%. The latest consultation states that a further extension of Q6 to at least the end of 2020 is expected to be needed, with the CAA emphasising the need for flexibility to better align the start of H7 with commencement of the expansion construction programme.

In 2017, the CAA stated the importance of the regulatory framework of the expansion being based on a system developed over the past 30 years; including the RAB and the single till scheme. We expect to have greater clarity on these matters in April and September 2018, when the CAA publishes its next update.

Expansion: in October 2016, the British Government selected a third runway at Heathrow to increase airport capacity in the South East of England. The expansion requires parliamentary approval of the NPS (National Policy Statement) and the DCO (Development Consent Order) by the Secretary of State, respectively expected between 1H 2018 and 2021. In January 2018, Heathrow launched a consultation on expansion options, which would help to design a plan of action, which help define a preferred masterplan that will be presented in a second consultation in 2019. In December, Heathrow confirmed the possibility of an expansion plan that would be GBP2,5bn less than the one presented to the Airport Commission. The total cost would therefore stand at GBP14bn, which would help to reach the government's proposed target of maintaining airport charges close to current levels.

Heathrow Airports Holding (HAH) profit and loss account

GBP million	DEC-17	DEC-16	VAR.
Revenues	**2,883**	**2,809**	**2.6%**
EBITDA	**1,760**	**1,683**	**4.6%**
EBITDA margin %	61.0%	59.9%	
Depreciation	750	708	-5.9%
EBIT	**1,010**	**975**	**3.6%**
EBIT margin %	35.0%	34.7%	
Impairments & disposals		-7	n.a
Financial results	-628	-1,231	49.0%
EBT	383	-263	245.7%
Corporate income tax	-79	74	-207.9%
Net income	**303**	**-189**	**260.4%**
Contribution to Ferrovial equity accounted result (EUR mn)	**87**	**-57**	**250.9%**

HAH net debt

At 31 December 2017, the average cost of Heathrow's external debt was 5.62%, including interest-rate, exchange-rate & inflation hedges in place (vs. 5.26% in December 2016).

(GBP million)	DIC-17	DIC-16	Var.
Loan Facility (ADI Finance 2)	0	306	-100.0%
Subordinated	1,325	1,098	20.7%
Securitized Group	12,234	12,292	-0.5%
Cash & adjustments	-40	-20	100.9%
Total	**13,519**	**13,677**	**-1.2%**

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

UK REGIONAL AIRPORTS (AGS)

AGS Results

(GBP million)	DEC-17	DEC-16	VAR.
Glasgow	122	112	8.4%
Aberdeen	56	56	0.6%
Southampton	31	29	9.1%
Total Revenues AGS	**209**	**197**	**6.3%**
Glasgow	58	53	10.3%
Aberdeen	22	21	8.0%
Southampton	11	10	18.3%
Total EBITDA AGS	**92**	**83**	**10.7%**
Glasgow	47.6%	46.8%	
Aberdeen	39.6%	36.9%	
Southampton	36.5%	33.6%	
Total EBITDA margin	**43.8%**	**42.1%**	

AGS Traffic

	DEC-17	DEC-16	VAR.
Glasgow	9.9	9.4	5.7%
Aberdeen	3.1	3.1	1.9%
Southampton	2.1	2.0	6.1%
Total AGS	**15.1**	**14.4**	**4.9%**

Glasgow: 9.9 million passengers (+5.7%). Domestic traffic (-1.1%) reflected fewer routes to Stansted and more regional routes on Flybe and Loganair. International traffic grew (+11.5%) via European traffic with new Ryanair routes to Lisbon, Valencia, Palanga and Frankfurt, Jet2's new service to Dubrovnik and more capacity to the Canary Islands, Alicante, Cyprus and Malaga. Long-distance traffic volumes demonstrate the strength of Emirates and the new Delta service to New York.

Aberdeen: 3.1 million passengers (+1.9%). Domestic traffic (+1.3%), mainly reflected the London Heathrow route operated by Flybe. International traffic volumes increased (+3.2%) due to new Ryanair routes to Alicante, Malaga and Faro, the new Wizz services to Warsaw and Air Baltic services to Riga. The increase was partially offset by less routes to international airports (Paris CDG and Amsterdam) and lower Scandinavian passenger numbers.

Southampton: 2.1 million passengers (+6.1%) with greater domestic traffic (+3.7%) and more Flybe flights to Manchester, Glasgow and Newcastle, partly compensating for the fewer routes to Guernsey in 1Q; and international growth (+9.8%) due to greater capacity on routes to Amsterdam, Munich, Malaga and Cork.

AGS Revenue and EBITDA

In 2017, EBITDA improved by +10.7%, primarily due to a +6.3% increase in revenue, due to higher traffic, and good retail and parking revenue performance, coupled with the +3.0% increase in operating costs.

AGS net bank debt

At 31 December 2017, the airports' net bank debt stood at GBP656mn.

CONSTRUCTION

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Revenues	4,628	4,194	10.3%	11.0%
EBITDA	199	342	-41.8%	-41.8%
EBITDA margin	4.3%	8.1%		
EBIT	162	313	-48.1%	-48.1%
EBIT margin	3.5%	7.5%		
Order book	11,145	9,088	22.6%	26.7%

Revenues increased by +11,0% in Like for Like terms, with positive performance in all areas. International revenues were responsible for 83% of the Division's revenues, very much focused on traditional strategic markets: Poland (32%) and North America (30%).

Profitability declined compared to 2016 (EBIT margin 3.5% vs. 7.5%), due to large projects in their preliminary stages and a lower proportion of toll road concession contracts in the portfolio of projects currently in progress. In 2017, relevant losses were incurred primarily, as the result of an unfavourable ruling on a project carried out in Colombia in 2012/2013 and losses from an already completed contract in the United Kingdom.

BUDIMEX

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Revenues	1,457	1,270	14.8%	11.8%
EBITDA	131	111	17.7%	14.4%
EBITDA margin	9.0%	8.7%		
EBIT	122	105	16.2%	12.9%
EBIT margin	8.4%	8.3%		
Order book	2,467	2,027	21.7%	15.3%

In 2017, 3.9% stake in Budimex was sold, which did not impact Ferrovial's P&L (as it retained its controlling 55.1% share), it did have an impact on cash flow, which was up by +EUR59mn.

The same positive trend as previous years continues to be displayed. Revenues in comparable terms increased by +11.8%, with growth in all business segments, with the faster completion of Industrial projects and Residential and Non-Residential construction being particularly notable. Profitability increased (+14.4% of EBITDA in LfL terms), primarily due to final payment on the infrastructure projects that have been completed.

The order book reached an all-time record high (EUR2,467mn) up by +15.3% in comparable terms as compared with December 2016. In 2017, new contracts reached more than EUR1,754mn, of which approximately 62% relate to the signing of Civil Works contracts awarded under the 2014-20 New Highway Plan. We would highlight the awarding of the Ricibórz Dam (EUR160mn), the Lagiewnicka Highway in Krakow (EUR154mn), the S3 Miękowo-Brzozów Beltway (EUR70mn) and rail works for approximately EUR310mn. Budimex also has contracts that are currently pending signing or have been signed since 31 December 2017 worth a total of more than EUR500mn.

WEBBER

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Revenues	784	708	10.7%	18.5%
EBITDA	36	44	-17.7%	-17.7%
EBITDA margin	4.6%	6.2%		
EBIT	27	36	-24.7%	-25.2%
EBIT margin	3.4%	5.0%		
Order book	1,171	1,084	8.1%	23.2%

Revenues were up +18.5%, thanks to the incorporation of Pepper Lawson for the full year, a company that specialises in water projects and non-residential construction and which was acquired in March 2016, and whose revenues in 2017 increased by EUR82mn for a contribution of EUR179mn in 2017. The fall in the EBIT margin to 3.4% was due to the lower proportion of toll road concession contracts in the portfolio of projects currently in progress.

New contracts in 2017 exceeded EUR980mn, more than double the amount contracted in 2016. We highlight the 30% stake in the Houston beltway (EUR235mn, Ferrovial Agroman holds 40%), as well as a section of the US 281 toll road in San Antonio for EUR181mn. The higher number of contracts has meant an increase in the order book of +23.2% LfL.

FERROVIAL AGROMAN

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Revenues	2,387	2,217	7.7%	8.3%
EBITDA	32	187	-82.9%	-82.6%
EBITDA margin	1.3%	8.4%		
EBIT	13	172	-92.4%	-92.3%
EBIT margin	0.5%	7.7%		
Order book	7,507	5,977	25.6%	31.6%

Revenues increased (+8.3% in Like for Like terms), driven by the awarding of new projects, though profitability decreased in 2017 (EBITDA margin 1.3%), mainly as the result of relevant losses resulting from an unfavourable ruling on a project carried out in Colombia in 2012/2013 and those incurred in an already completed contract in the United Kingdom, due to tight completion deadlines and failure to reach an agreement with the client on the implementation of alternative technical solutions. In addition, profitability was affected by several projects in initial phases of execution, with lesser level of complexity.

ORDER BOOK

(EUR million)	DEC-17	DEC-16	VAR.
Civil work	8,635	7,088	21.8%
Residential work	382	344	10.9%
Non-residential work	1,347	873	54.2%
Industrial	782	783	-0.1%
Total	**11,145**	**9,088**	**22.6%**

The order book reached a record figure (EUR11,145mn), with comparable growth of +26.7% compared to December 2016. This growth is primarily due to the introduction to the order book, after the financial close, of the I-66 (EUR1,9bn), the Denver Airport (EUR541mn) and the Houston Grand Parkway beltway in the USA (EUR784mn) projects.

The civil works segment remains the largest segment (at 77%). The international order book amounted to EUR9,836mn, far more than the domestic order book (EUR1,309mn), and represented 88% of the total.

The order book figure at December 2017 does not include pre-awarded contracts or contracts for which commercial or financial agreement has not been finalised. These amount to over EUR1bn, notable among which are the aforementioned Budimex contracts, as well as the construction of a Toll road in Colombia (Bucaramanga-Barrancabermeja-Yondó) and another in Chile (Rutas del Loa).

SERVICES

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Revenues	7,069	6,078	16.3%	1.9%
EBITDA	423	325	30.2%	14.2%
EBITDA margin	6.0%	5.4%		
EBIT	163	99	64.1%	29.5%
EBIT margin	2.3%	1.6%		
Order book	19,329	22,205	-13.0%	-9.9%
JVs order book	1,589	2,226	-28.6%	-25.4%
Global order book+JVs	20,918	24,431	-14.4%	-11.3%

In 2017, Services revenues reached EUR7,069mn, +16.3% vs. 2016.

In 2017, Broadspectrum was included for the whole year, compared to the consolidated 7 months in 2016 (from 31 May 2016).

From January 2017, and with the aim of optimising business opportunities in the different geographical territories, the Continental American businesses were separated from Broadspectrum's other activities and included under International Services.

In comparable terms, excluding the exchange rate impact and Broadspectrum, revenue rose by +1.9% compared to 2016. In Spain, revenue increased by +7.7%, in the UK -2.7% and International +13.6% (LfL). EBIT increased by +29.5% vs 2016.

EBITDA margin stood at 6.0%, above the 5.4% reported in December 2016, mainly as a consequence of the positive performance in the UK.

In December 2017, the order book reached EUR20,918mn, -14.4% down vs. December 2016 (-11.3% LfL). In general, the reduction in the order book has been in the UK (-17.0%).

SPAIN

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Revenues	1,898	1,762	7.7%	7.7%
EBITDA	197	188	4.7%	5.1%
EBITDA margin	10.4%	10.7%		
EBIT	107	100	7.1%	8.0%
EBIT margin	5.7%	5.7%		
Order book	4,992	5,450	-8.4%	-8.4%
JVs order book	268	291	-8.0%	-8.0%
Global order book+JVs	5,260	5,741	-8.4%	-8.4%

Revenues in Spain grew by +7.7% compared with 2016, although there continues to be a background of fewer public tendering processes. Revenue growth stems from the extension of contracts and higher volumes of waste treatment, which have partly offset the delayed awarding of contracts by Local Authorities. In addition, the incorporation of several acquisitions in the industrial maintenance sector, which account for 5.3% of revenues. These activities usually offer lower returns than the average. EBIT grew in line with revenue growth.

The order book volume stood at EUR5,260mn in December 2017 (-8.4% compared with December 2016). The reduced size of the order book is directly related to the slowdown in competitive tendering processes, whose impact in revenues is offset with contract extensions. Particularly notable among the contracts awarded during 2017 were the renewal of on board customer services contract for Renfe (2 years EUR134mn), the contract to provide cleaning services at the Virgen del Rocío and Virgen Macarena Hospitals in Seville (2 years, EUR38mn), and the contract to manage the health transport service in La Rioja (4 years EUR27mn).

UK

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Revenues	2,501	2,732	-8.5%	-2.7%
EBITDA	86	41	113.1%	49.6%
EBITDA margin	3.5%	1.5%		
EBIT	53.0	0	n.s.	168.5%
EBIT margin	2.1%	0.0%		
Order book	8,895	10,636	-16.4%	-13.0%
JVs order book	983	1,262	-22.1%	-18.9%
Global order book+JVs	9,878	11,898	-17.0%	-13.6%

The business climate in the United Kingdom continues to be affected by the budgetary restrictions imposed on public sector clients, which has had an impact on the number of opportunities that come on to the market. In turn, from a commercial point of view, the company continues to apply a strict selection policy regarding the opportunities for which bids are to be submitted. As a result, revenues have fallen by -8.5% (-2.7% LfL by exchange rate).

EBITDA reached EUR86mn in 2017, reaching a margin of 3.5%. EBITDA Growth in LfL terms compared to the previous year was +49.6%. This improvement is due to measures implementes to adapt the Company to the complicated market situation in UK. The company continues to focus on improving contracts with low rates of return, or withdrawing from unprofitable contracts where relevant (ASC 6&8 in Highways or Affinity Water).

In 2017, the Birmingham contract contributed losses (-EUR10mn) which have been virtually fully offset by part of the provision set aside in 2015. On February 22nd 2018, the appeals court in UK has ruled in favour of the Birmingham City Council, cancelling the High Court's previous sentence in favor of Amey from September of 2016. Amey is considering the possibility of appealing the resolution before the Supreme Court. At the same time, and following the Court's mandate, in the following weeks, Amey and Birmingham City Council will negotiate the best way to make this sentence effective. Currently, Amey counts with a provision of GBP74.4mn, of which GBP37.9mn correspond to the balance from the provision registered for this litigation in 2015 and GBP36.5mn correspond to the adjustment from the application of IFRS 15.

In December, the order book stood at EUR9,878mn (-13.6% LfL compared with December 2016). The trend in this area was marked by the stricter project selection process mentioned above, and by consumption in the business portfolio for utilities that will be offered for tender in 2019 and 2020, coinciding with the regulatory periods imposed by clients. The most significant contracts awarded this year are the waste collection contract in Surrey (EUR131mn, ten years) and the contract to maintain the Manchester light railway (EUR181mn, seven years). The latter of these two amounts corresponds to Amey's 40% share in the joint venture that will perform the contract.

BROADSPECTRUM (AUSTRALIA*)

(*) Reported information regarding Australia & the rest of the Pacific Islands.

(EUR million)	BROADSPECTRUM DEC-17	INTANGIBLE AMORTIZATION	BROADSPECTRUM POST INTANGIBLE
Revenues	2,206		**2,206**
EBITDA	120		**120**
EBITDA margin	5.5%		**5.5%**
EBIT	75	-72	**3**
EBIT margin	3.4%		**0.1%**
Order book	3,981		**3,981**
JVs order book	265		**265**
Global order book+JVs	4,246		**4,246**

As previously mentioned, Broadspectrum's financial statements have been consolidated since 31 May 2016. Thus, the P&L to December 2016 includes a seven-month contribution from the company, compared to 12 months in 2017. As mentioned above, since 1 January 2017, the Company's business activity in Continental America has also been separated off into a separate management unit and now forms part of Ferrovial International Services (headquartered in Austin, Texas).

The EBITDA figure includes EUR6mn of restructuring costs in Australia, the bulk of which are related to personnel reduction.

The Broadspectrum account includes an expense of -EUR72mn relating to the amortization of the intangible fixed asset created by the acquisition (EUR60mn in 2016). Excluding this impact, EBIT would stand at EUR75mn with a 3.4% EBIT margin compared to 4.5% in 2016 (where the EUR6mn acquisition costs were included). In December 2017, the net intangible reached EUR94mn; its amortization will be progressively reduced over the coming 8 years.

The integration of Broadspectrum was carried out in line with the proposed plan. Its integration into Ferrovial, now provides Broadspectrum with greater investment capacity and complementary competences and credentials with other business activities within the Group, which should aid future growth. To take advantage of these opportunities, the Company has reorganised itself around four sectors in Australia and New Zealand, where activity was as follows.

- **Government (EUR1,197mn):** includes all the current contracts with regional and central governments.
- **Urban Infrastructure (EUR441mn):** includes activities in the water, electricity, energy and telecommunications sectors.
- **Natural Resources (EUR352mn):** focused on the maintenance and operation of wells and oil, gas, mining and agricultural installations, as well as on solutions for industrial clients.
- **Transport (EUR221mn):** includes activities related to the highway, railway and public transport networks.

In line with previous statements made by Ferrovial, since the end of October 2017, the Company has not serviced the contracts with the Australian Department of Immigration and these contracts and all relations therewith have now ended.

The order book amounts to EUR4,246mn compared to EUR4,624mn in 2016. Notable are the maintenance contract awards for the Melbourne highway network (EUR340mn, 23 years) and the extension of the National Defence facilities management contract (EUR304mn, one year).

INTERNATIONAL SERVICES

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Revenues	463	137	238.3%	13.6%
EBITDA	19	13	51.9%	-13.1%
EBITDA margin	4.2%	9.3%		
EBIT	0	4	-101.1%	-124.5%
EBIT margin	0.0%	3.0%		
Order book	1,460	530	175.4%	-0.6%
JVs order book	73	145	n.s.	n.s.
Global order book+JVs	1,533	675	127.1%	-14.0%

Since January 2017, International business has included Broadspectrum's business activity in Continental America (primarily USA, Canada and Chile). This activity has contributed a total of EUR306mn in revenues and an EBITDA of EUR8mn.

Transformers, a waste treatment company based in Poland, was incorporated in the second half of 2017 for EUR36mn, which has now been fully integrated. Revenues increased by EUR16mn, as a result of this incorporation.

In 2017, excluding the changes for perimeter variations, revenue grew by +13.6%, whilst EBITDA fell EUR2mn, primarily weighed down by Chile, associated with the extra costs created by factory stoppages and other operating issues.

As regards the order book, this stood at EUR1,533mn vs. EUR675mn in 2016. Notable are the incorporation of Transformers (EUR67mn), the awarding of the Washington DC tunnel maintenance contract (EUR22mn, five years) and the full maintenance of the S7 toll road in Kielce (EUR18mn, five years).

BALANCE SHEET

	DEC-17	DEC-16
FIXED AND OTHER NON-CURRENT ASSETS	**14,927**	**15,679**
Consolidation goodwill	**2,062**	**2,155**
Intangible assets	**431**	**544**
Investments in infrastructure projects	**6,917**	**7,145**
Property	**6**	**6**
Plant and Equipment	**694**	**731**
Equity-consolidated companies	**2,687**	**2,874**
Non-current financial assets	**769**	**735**
Long term investments with associated companies	312	374
Restricted Cash and other non-current assets	285	249
Other receivables	172	112
Deferred taxes	**1,035**	**1,057**
Derivative financial instruments at fair value	**326**	**432**
CURRENT ASSETS	**8,063**	**7,745**
Assets classified as held for sale	**0**	**624**
Inventories	**629**	**516**
Trade & other receivables	**2,635**	**2,822**
Trade receivable for sales and services	2,032	2,193
Other receivables	603	629
Taxes assets on current profits	**143**	**186**
Cash and other temporary financial investments	**4,601**	**3,578**
Infrastructure project companies	463	277
Restricted Cash	58	62
Other cash and equivalents	405	215
Other companies	4,137	3,301
Derivative financial instruments at fair value	**55**	**18**
TOTAL ASSETS	**22,990**	**23,423**

	DEC-17	DEC-16
EQUITY	**6,234**	**6,314**
Capital & reserves attrib to the Company´s equity holders	5,503	5,597
Minority interest	731	717
Deferred Income	**1,037**	**1,118**
NON-CURRENT LIABILITIES	**9,871**	**10,421**
Pension provisions	**66**	**174**
Other non current provisions	**808**	**757**
Financial borrowings	**7,511**	**7,874**
Financial borrowings on infrastructure projects	5,363	5,310
Financial borrowings other companies	2,149	2,564
Other borrowings	**198**	**200**
Deferred taxes	**900**	**979**
Derivative financial instruments at fair value	**387**	**436**
CURRENT LIABILITIES	**5,848**	**5,570**
Liabilities classified as held for sale	**0**	**440**
Financial borrowings	**839**	**302**
Financial borrowings on infrastructure projects	207	200
Financial borrowings other companies	631	102
Derivative financial instruments at fair value	**65**	**69**
Trade and other payables	**4,221**	**3,895**
Trades and payables	2,283	2,299
Other non comercial liabilities	1,938	1,596
Liabilities from corporate tax	**94**	**150**
Trade provisions	**629**	**715**
TOTAL LIABILITIES & EQUITY	**22,990**	**23,423**

Application of the IFRS 15 rule (Revenue from Contracts with Customers) has had a negative impact on the company's reserves to the value of –EUR272mn. For more details on the plan for the application of this rule and its expected impact, please see Note 1.3 of the consolidated accounts from December 2017.

Note: 2016 Balance Sheet has been reestated following the impact from the recent information obtained regarding the purchuse price allocation process of Broadspectrum. More details on this adjustment, please see Note 1.1.4. of the consolidated accounts from December 2017.

PHOTO: Denver International Airport. Colorado (USA).

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(EUR million)	BEFORE FAIR VALUE ADJ.	FAIR VALUE ADJUESTMENT	DEC-17	BEFORE FAIR VALUE ADJ.	FAIR VALUE ADJUESTMENT	DEC-16
Revenues	12,208		**12,208**	10,759		**10,759**
Other income	10		10	7		7
Total income	12,218		12,218	10,765		10,765
COGS	11,285		11,285	9,821		9,821
EBITDA	932		**932**	944		**944**
EBITDA margin	7.6%		7.6%	8.8%		8.8%
Period depreciation	375		375	342		342
EBIT (ex disposals & impairments)	557		**557**	602		**602**
EBIT (ex disposals & impairments) margin	4.6%		4.6%	5.6%		5.6%
Disposals & impairments	51	30	81	330	-6	324
EBIT	608	30	**638**	932	-6	**926**
EBIT margin	5.0%		5.2%	8.7%		8.6%
FINANCIAL RESULTS	-346	35	**-311**	-365	-26	**-391**
Financial result from financings of infrastructures projects	-254		-254	-305		-305
Derivatives, other fair value adjustments & other financial result from infrastructure projects	-6		-6	-7	-12	-20
Financial result from ex infra projects	-29		-29	-49		-49
Derivatives, other fair value adjustments & other ex infra projects	-56	35	-21	-4	-13	-18
Equity-accounted affiliates	201	49	251	214	-132	82
EBT	464	114	**578**	780	-164	**617**
Corporate income tax	-63	-8	-71	-245	11	-233
NET INCOME FROM CONTINUED OPERATIONS	401	106	**507**	536	-153	**383**
Net income from discontinued operations						
CONSOLIDATED NET INCOME	401	106	**507**	536	-153	**383**
Minorities	-51	-1	-53	-11	4	-7
NET INCOME ATTRIBUTED	350	104	**454**	525	-149	**376**

REVENUES

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Toll Roads	461	486	-5.3%	15.7%
Airports	21	4	n.s.	n.s.
Construction	4,628	4,194	10.3%	11.0%
Services	7,069	6,078	16.3%	1.9%
Others	30	-4	n.a	n.a
Total	**12,208**	**10,759**	**13.5%**	**7.2%**

EBITDA

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Toll Roads	320	297	7.7%	23.8%
Airports	-12	-18	34.4%	13.4%
Construction	199	342	-41.8%	-41.8%
Services	423	325	30.2%	14.2%
Others	2	-2	n.a.	n.a.
Total	**932**	**944**	**-1.2%**	**-4.2%**

DEPRECIATION

In 2017, depreciation increased by +9.6% (+7.1% LFL) to EUR375mn.

EBIT

(Before impairments and disposals of fixed assets)

(EUR million)	DEC-17	DEC-16	VAR.	LIKE FOR LIKE
Toll Roads	247	214	15.5%	27.1%
Airports	-15	-19	23.5%	13.3%
Construction	162	313	-48.1%	-48.1%
Services	163	99	64.1%	29.5%
Others	-1	-5	n.a.	n.a.
Total	**557**	**602**	**-7.4%**	**-8.6%**

IMPAIRMENTS & DISPOSALS

Impairments and disposals of fixed assets amounted to +EUR81mn at the end of 2017, accounted for by the additional impairment applied to Autema (-EUR29mn) and the capital gains on the sale of Norte Litoral (EUR48mn) and Algarve (EUR42mn). This figure stood at +EUR324mn in 2016, as it was affected by the capital gains relating to the disposals in Chicago Skyway and the Irish toll roads.

FINANCIAL RESULT

(EUR million)	DEC-17	DEC-16	VAR.
Infrastructure projects	-254	-305	16.6%
Ex infra projects	-29	-49	39.9%
Net financial result (financing)	**-284**	**-354**	**19.8%**
Infrastructure projects	-6	-20	68.9%
Ex infra projects	-21	-18	-20.0%
Derivatives, other fair value adj & other financial result	**-27**	**-37**	**26.8%**
Financial Result	**-311**	**-391**	**20.5%**

Financial expenses in 2017 were lower in EUR80mn vs. 2016, as a combination of the following impacts:

- **Financing result:** EUR70mn drop in expenses to -EUR284mn. The change compared with 2016 was primarily due to changes in the consolidation perimeter in the infrastructure projects:

  Deconsolidated assets in 2016:
  - Deconsolidation of Chicago Skyway (two months' contribution in 2016, generating EUR21mn in costs).
  - Deconsolidation of the SH-130 toll road (deconsolidated at the close of 2016, contributed EUR13mn in costs that year).
  - Deconsolidation of debt in Irish toll roads (two months' global consolidation in 2016, generating EUR3mn in costs).

  Deconsolidated assets in 2017:
  - Deconsolidation of debt in Norte Litoral (four months' global consolidation in 2017 vs. 12 months contribution in 2016, generating EUR7mn lower financial expenses).
  - Deconsolidation of debt in Algarve (nine months' global consolidation in 2017 vs. 12 months contribution in 2016, generating EUR4mn lower financial expenses).

- **Result from derivatives and others:** EUR10mn drop in financial expenses to -EUR27mn in 2017 vs. -EUR37mn in financial expenses in 2016, comprised of:
  - As regards infrastructure projects, EUR14mn less in financial expenses due mainly to the extraordinary negative impact caused in 2016 by the cancellation of the Ausol derivative, the result of the refinancing carried out in respect of this asset.
  - In the ex-infrastructure projects related category, -EUR4mn in costs, mainly resulting from financial restructuring processes, notable among which are the cancellation of the Broadspectrum high yield bonds (with an annual cost of 8.375%). Following the restructuring, the average cost of Broadspectrum stood below 6%.

EQUITY-ACCOUNTED RESULTS

At the net profit level, the equity-accounted consolidated assets contributed EUR251mn after tax (EUR82mn in 2016).

(EUR million)	DEC-17	DEC-16	VAR.
Toll Roads	138	108	27.4%
Airports	89	-46	294.8%
Construction	-1	0	n.s.
Services	26	19	36.4%
Total	**251**	**82**	**207.0%**

This improvement was due to the recovery of Heathrow's contribution (+EUR87mn as compared with -EUR57mn in 2016, due to the negative impact of the fair value of the derivatives) and the positive performance of Toll Roads (net profit at 407 ETR rose by +26.1%). AGS's contribution decreased compared to 2016 (EUR2mn vs. EUR12mn in 2016), primarily due to the positive non-recurrent non-cash item in 2016, due to the changes in the pension plan conditions (EUR7mn) and the two percentage point drop in tax rate to 17% (EUR6mn).

TAXES

Corporate Income Tax amounted to –EUR71mn in 2017 compared with -EUR233mn in 2016, the latter having been impacted principally by the extraordinary impact of the Chicago Skyway and the Irish toll roads divestments, figure which:

- Does not include the tax expenses corresponding to the companies accounted for using the equity method which, pursuant to accounting legislation, are presented net of its related tax effect.
- Includes a corporate tax income corresponding to previous years of EUR16mn (vs a EUR5mn expense in 2016), mainly as a consequence of the lower corporate tax rate in USA from 35% to 21%.

Excluding the result of these entities integrated through equity consolidation (net income of EUR251mn), and considering the income tax expense accrued in 2017 (-EUR87mn), the effective tax rate would reach 26.7%.

MINORITIES

The minorities figure in 2017 amounted to -EUR53mn vs. -EUR7mn in 2016. The main impacts causing this difference are:

- Greater profit at Budimex (-EUR11mn vs. 2016)
- Fewer losses at toll roads (-EUR33mn vs. 2016), as a result of the deconsolidations of SH-130 and Chicago Skyway and the improved results from Managed Lanes.

NET PROFIT

Net profit stood at EUR454mn at year-end 2017 (EUR376mn in 2016). This result includes a series of extraordinary impacts, notable among which were:

- Fair value adjustments for derivatives: +EUR69mn (this item resulted in a negative impact of –EUR150mn in 2016), primarily impacted by derivatives from HAH, as previously mentioned.
- Capital gain after tax on the sale of Norte Litoral and Algarve: +EUR98mn (+EUR124mn were earned in 2016 from the sale of the Chicago Skyway and Irish toll roads).
- Impairment at Autema: -EUR29mn (-EUR21mn in 2016).

NET DEBT AND CORPORATE CREDIT RATING

NET DEBT

The net cash position, excluding infrastructure projects, stood at EUR1,341mn at 31 December 2017 vs. EUR697mn in December 2016.

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

- **Cash flow obtained from the issuance of hybrid subordinated bond (EUR500mn)**, treated as an equity instrument.
- **Dividends received from projects (+EUR553mn)**: this figure increased by +16.0% compared to the dividends received in 2016 (EUR477mn). Notable this year was the contribution of EUR237mn made by Airports (as compared with EUR134mn in 2016), affected by the greater dividend paid out by HAH, supported by higher inflation and the good operating performance and the extraordinary dividend payout by AGS following its refinancing (AGS's total contribution amounted to EUR84mn, of which EUR43mn was an extraordinary amount).
- **Cash flow from divestments amounting to +EUR253mn**, of which EUR59mn come from sale of a stake in Budimex (sale of 1 million shares equivalent to a holding of 3.9%) and EUR104mn obtained after the sale of 51% of Norte Litoral and EUR58mn for the sale of 49% of Algarve.
- **Working capital performance** was negative in the period standing at –EUR38mn compared to the previous year.
- **Total investments** of -EUR355mn, which includes the investment to acquire the minority stakes in NTE and LBJ for -EUR94mn.
- **Ferrovial shareholder remuneration in the amount of -EUR520mn.** In addition, -EUR48mn was distributed to minorities in subsidiaries.

Net project debt stood at EUR4,804mn (EUR4,963mn in December 2016). This net debt includes EUR826mn that relates to toll roads under construction (NTE 35W and I-77).

The Group's **consolidated net debt** at 31 December 2017 stood at EUR3,463mn (compared with EUR4,266mn in December 2016).

(EUR million)	DEC-17	DEC-16
NCP ex-infrastructures projects	**1,341**	**697**
Toll roads	-4,274	-4,426
Others	-530	-537
NCP infrastructures projects	**-4,804**	**-4,963**
Total Net Cash /(Debt) Position	**-3,463**	**-4,266**

(EUR million)	DEC-17	DEC-16
Gross financial debt	**-8,367**	**-8,093**
Gross debt ex-infrastructure	-2,797	-2,584
Gross debt infrastructure	-5,570	-5,510
Gross Cash	**4,904**	**3,827**
Gross cash ex-infrastructure	4,156	3,301
Gross cash infrastructure	748	526
Total net financial position	**-3,463**	**-4,266**

CORPORATE CREDIT RATING

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

EX-INFRASTRUCTURE DEBT MATURITIES

YEAR	CORPORATE DEBT MATURITIES
2018	541
2019	79
2020	5
2021 – 2031	2.100
2031 – 2041	0
>2041	8

Following the close of 2017, in January 2018, of the EUR541mn that mature in 2018, EUR500mn have already been amortized (five year bond with a 3.375% coupon).

CONSOLIDATED CASH FLOW

DEC-17	EXINFRASTRUCTUREPROJECTS 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**

DEC-16	EXINFRASTRUCTUREPROJECTS CASH FLOW	INFRASTRUCTURE PRROJECTS CASH FLOW	ADJUSTMENTS	TOTAL CASH FLOW
EBITDA	502	442		944
Dividends received	477		-50	427
Working capital variation (account receivables, account payables and others)	16	-68		-52
Operating flow (before taxes)	**995**	**373**	**-50**	**1,319**
Tax payment	-125	-23		-147
Operating Cash Flow	**870**	**351**	**-50**	**1,172**
Investments	-985	-388	72	-1,301
Divestments	340			340
Investment cash flow	**-645**	**-388**	**72**	**-961**
Activity cash flow	**226**	**-38**	**22**	**210**
Interest flow	-48	-303		-351
Capital flow from Minorities	2	122	-72	53
Scrip dividend	-226			-226
Treasury share repurchase	-317			-317
Ferrovial shareholder remuneration	-544			-544
Other shareholder remmuneration for subsidiary minorities	-23	-50	50	-24
Forex impact	-9	-111		-119
Other equity movements				
Variation of Bridge Loans (project financing)	-440	1,702		1,262
Other debt movements (non cash)	18	-230		-212
Financing cash Flow	**-1,043**	**1,131**	**-22**	**66**
Net debt variation	**-817**	**1,093**		**276**
Net debt initial position	**1,514**	**-6,057**		**-4,542**
Net debt final position	**697**	**-4,963**		**-4,266**

EX-INFRASTRUCTURE PROJECT CASH FLOW

Ex-infrastructure activity cash flow*:

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

2017	OPERATING CF*	NET INVESTMENT 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**
2016	**OPERATING CF***	**NET INVESTMENT CF***	**ACTIVITY CF***
Toll Roads Dividends	290	176	466
Airports Dividends	134	-73	61
Construction	245	-74	171
Services	395	-658	-263
Other	-69	-16	-86
Total	**995**	**-645**	**350**

*Before Corporate Income Tax

Cash flow from ex-infrastructure operations

At end-December 2017, cash flow from ex-infrastructure project operations reached EUR999mn (pre-tax), improving on 2016 of EUR995mn, impacted by the significant increase in dividends received from the main infrastructure projects: 407 ETR (EUR262mn, +7.6% vs. 2016), HAH (EUR153mn, +59.6%) and AGS (EUR84mn vs EUR38mn 2016, after the refinancing carried out in 1Q 2017).

Changes in cash flow from ex-infrastructure project operations by segment in 2017 as compared with 2016, are shown in the following table:

Operating cash flow	DEC-17	DEC-16
Dividends from Toll Roads	277	290
Dividends from Airports	237	134
Construction	134	245
Services	396	395
Other	-46	-69
Operating flow (before taxes)	**999**	**995**
Tax payment	-115	-125
Total	**883**	**870**

The entry "Others" includes the operations cash flow corresponding to Corporate Business, headquarters of Airports, Toll Roads and Real Estate, as well as remuneration systems linked to the share prices of Airports, Toll Roads and Corporate divisions.

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

Construction	DEC-17	DEC-16
EBITDA	199	342
EBITDA from projects	13	13
EBITDA Ex projects	186	329
Dividends received	5	4
Provision variation with no cash impact	-79	-124
Changes in factoring	5	12
Ex Budimex Working Capital	46	31
Budimex Working Capital	-29	-6
Working capital variation (account receivables, account payables and others)	-57	-87
Operating Cash Flow before Taxes	**134**	**245**

Services	DEC-17	DEC-16
EBITDA	423	325
EBITDA from projects	86	85
EBITDA Ex projects	338	241
Dividends received	33	49
Changes in factoring	0	72
Pensions payments UK	-32	-15
Ex UK Working Capital	61	62
UK Working Capital	-4	-13
Working capital variation (account receivables, account payables and others)	25	106
Operating Cash Flow before Taxes	**396**	**395**

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

	SPAIN	UK	BROADSPECTRUM	INTERNATIONAL	SERVICES
EBITDA Ex-infrastructure	132	66	120	19	338
Dividends received	8	19	0	6	33
Changes in factoring	19	0	-18	0	0
Pension scheme payments	0	-32	0	0	-32
Working capital	18	-4	34	9	56
Op. cash flow ex-Taxes	**176**	**49**	**136**	**34**	**396**

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

The dividends from **Toll Roads** operations amounted to EUR277mn in 2017, resulting from dividends and repaid shareholder equity from companies owning toll road infrastructure projects. The 2017 figure (EUR277mn) was less than the amount received in 2016 (EUR290mn) due to the sale of stakes in the Portuguese toll roads (EUR9mn in 2017 vs. EUR37mn in 2016), although this was partially offset by the higher dividend from 407 ETR (EUR262mn vs. EUR244mn in 2016).

Dividends and Capital reimbursements	DEC-17	DEC-16
ETR 407	262	244
Irish toll roads	2	2
Portuguese toll roads	9	37
Greek toll roads	0	0
Spanish toll roads	3	3
Other	1	5
Total	**277**	**290**

Distributions to shareholders from **Airports** (EUR237mn) correspond to dividends received from HAH (EUR153mn) and AGS (EUR84mn). Of particular note as regards the second of these two figures is the extraordinary dividend paid following the refinancing obtained in 1Q 2017 (EUR43mn in extraordinary dividends corresponding to Ferrovial).

Airports	DEC-17	DEC-16
HAH	153	96
AGS	84	38
Total	**237**	**134**

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-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**

DEC-16	INVESTMENT	DIVESTMENT	INVESTMENT CASH FLOW
Toll Roads	-113	289	176
Airports	-73	0	-73
Construction	-76	2	-74
Services	-706	48	-658
Others	-17	1	-16
Total	**-985**	**340**	**-645**

The net investment cash flow in 2017 (-EUR102mn) includes:

- **EUR59mn received after the sale of 1 million shares in Budimex** (equivalent to 3.9% of the company's share capital), having no impact on Ferrovial's Profit and Loss Account as it retains a controlling share in the company (55.1%).

- **EUR104mn received for the 51% stake in Norte Litoral and EUR58mn for 49% of Algarve.**

The following table shows Cintra's capital investment in infrastructure projects:

Equity investment in toll roads	DEC-17	DEC-16
LBJ (minorities acquisition)	-36	0
NTE (minorities acquisition)	-57	0
NTE 35W	-38	-53
Spanish toll roads	0	-4
Portuguese toll roads	0	-26
Greek toll roads	0	0
Others	-22	-30
Total	**-154**	**-113**

Ex-infrastructure financing cash flow

Financing cash flows include:

- **Shareholder remuneration cash flow:** -EUR520mn for Ferrovial shareholders, which includes the cash payment of the scrip dividend of -EUR235mn and the share buy-back for -EUR285mn. Dividends to minorities in subsidiaries also reached -EUR48mn.

- **Net interest payments for the year** (-EUR32mn).

- **FX impact** (-EUR43mn), which originates from the operating cash for the businesses outside the Eurozone and the positions held in currencies, mainly in American and Canadian dollars (-EUR147mn), offset by exchange rate derivatives (+EUR103mn).

- **Other non-cash flow related movements** (+EUR506mn), which 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. This entry also includes the cash flow obtained from the hybrid subordinated bond issue (+EUR500mn), treated as an equity instrument.

INFRASTRUCTURE PROJECT CASH FLOW

Operating cash flow from infrastructure projects

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-17	DEC-16
Toll roads	317	250
Other	89	101
Operating flow	**407**	**351**

Infrastructure projects investment cash flow

The following table shows a breakdown of the investment cash flow from infrastructure projects, basically payments made in respect of capex investments over the course of the year.

Investment cash flow	DEC-17	DEC-16
LBJ	-9	-10
NTE	-8	-14
NTE 35W	-220	-267
I-77	-146	-54
Autopistas portuguesas	-1	-2
Autopistas españolas	-2	-3
Resto	0	-10
Total Autopistas	**-385**	**-361**
Resto	-55	-43
Total proyectos	**-439**	**-404**
Subvenciones de capital	68	16
Total flujo inversión neto proyectos	**-371**	**-388**

Infrastructure projects financing cash flow

Projects financing cash flow includes the payment of dividends and the repayment of equity by concessionary 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 equity repayment is included for companies accounted for by the equity method.

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-17	DEC-16
Spanish toll roads	-63	-132
US toll roads	-82	-88
Portuguese toll roads	-21	-38
Other toll roads	0	-3
Total toll roads	**-166**	**-260**
Other	-38	-43
Total	**-204**	**-303**

The financing cash flow also includes the impact that changes in the interest rate have had on the debt held in foreign currency, which in 2017 was a positive impact in the amount of EUR398mn, mainly as the result of the depreciation of the US dollar against the euro, a circumstance that had a significant effect on the net debt figure for the American toll roads.

PHOTO: ITER Project. Cadarache (France). ©SNC Engage.

SHAREHOLDER REMUNERATION

The company held its AGM on 5 April 2017. The AGM approved two capital increases, by means of the issuance of new ordinary shares, with no issue premium, of the same class and series as those at present in circulation, charged to reserves.

These increases form part of the shareholder remuneration system known as the "Ferrovial Scrip Dividend", which the company introduced in 2014, to replace the traditional complementary dividend payment for 2016 and the 2017 interim dividend.

The purpose of this programme is to offer Ferrovial's shareholders the option, at their choice, of receiving free new shares in Ferrovial, though without altering cash payments to its shareholders, as they can alternatively opt to receive a cash payment by means of selling the free rights that they receive against the shares they already own to Ferrovial (or selling them in the market).

SCRIP DIVIDEND DETAILS	MAY 17	NOVEMBER 17
Guaranteed set price to purchase rights	0.315	0.404
Number of rights to receive per new share	61	45
% of shareholders that chose shares as dividend	58.05%	59.30%
% of shareholders chose cash as dividend	41.95%	40.70%
Number of new shares issued	6,971,168	9,746,022
Number of rights purchased	307,307,195	300,948,587

SHARE BUY-BACK AND CANCELLATION

The buy-back programme ended, on 31 October 2017, after the company acquired 14,593,242 of its own shares (which therefore did not exceed the limit of EUR275mn or 19 million shares).
The share capital was subsequently reduced by EUR3,400,038.40 by means of the cancellation of 17,000,192 company shares held in the company's own portfolio, including 2,406,950 shares held prior to the Board of Directors' proposal, approved at the General Shareholders' Meeting, to reduce the company's capital.

The share capital comprises 732,265,472 ordinary shares of one single class, each with a par value of twenty euro cents, (the share capital as of 31 December 2017 was EUR146,453,094.40).

SHAREHOLDER STRUCTURE

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

- **Rijn Capital BV,** (a company controlled by Rafael del Pino y Calvo-Sotelo): 20.2%
- **Menosmares, S.L.U.,** (a company controlled by María del Pino y Calvo-Sotelo): 8.1%
- **Siemprelara S.L.U.,** (a company controlled by Leopoldo del Pino y Calvo-Sotelo): 5.0% .
- **Blackrock,** held 3.021% at the end of 2017.

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PHOTO: LBJ Managed Lanes. Texas (USA).

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 17/16	EXCHANGE RATE MEAN (P&L)	CHANGE 17/16
GBP	0.8889	4.03%	0.8751	6.32%
US Dollar	1.2022	13.99%	1.1391	3.24%
Canadian Dollar	1.5059	6.16%	1.4755	1.13%
Polish Zloty	4.1755	-5.20%	4.2455	-2.64%
Australian Dollar	1.5389	5.29%	1.4813	-0.27%

APPENDIX II: SUBSEQUENT EVENTS AFTER CLOSING 2017

- **On February 22nd 2018, the appeals court in UK has ruled in favour of the Birmingham City Council**, cancelling the High Court's previous sentence in favor of Amey from September of 2016. Amey is considering the possibility of appealing the resolution before the Supreme Court. The impact of this ruling has been considered when preparing these financial accounts as it corresponds to a litigation which was pending resolution at the date of the close of the financial year. In note 6.5.1 of the Consolidated Annual Accounts, relative to litigations, there is a more detailed explanation of the litigation and the provisions registered at the close of 2017 to cover the risks relative to it.

- **On February 27th 2018, the Spanish National High Court notified Cespa of a ruling by which it fully accepts the appeal that the latter had brought against a ruling from the National Competition Commission** in which a EUR14mn sanction was imposed. The ruling is not firm and the State Attorney can prepare a cassation appeal in the following 30 days. Ferrovial had decided not to register any provision relating to this litigation, so the result of the ruling has no impact on the financial accounts (see note 6.5.1 of Consolidated Annual Accounts).

APPENDIX III: ADDITIONAL INFORMATION

TREASURY SHARE TRANSACTIONS:

TRANSACTION PERFORMED/OBJECTIVE	NUMBER OF SHARES ACQUIRED	NUMBER OF SHARES USED FOR OBJECTIVE	TOTAL NUMBER OF SHARES
Balance at 31/12/16			**2.775.174**
Capital reduction	14.593.242	-17.000.192	-2.406.950
Discretionary shares and other	1.569.148	0	1.569.148
Compensation systems	830.371	-1.024.694	-194.323
Shares received as payment for the scrip dividend	424.188	0	424.188
Balance at 31/12/17			**2.167.237**

AVERAGE PAYMENT PERIOD

In compliance with the obligation to disclose the average period of payment to suppliers 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 Law), the Company hereby states that the average period of payment to the suppliers of all the Group companies domiciled in Spain in 2016 was 49 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 periods for making payments to suppliers in 2017 and 2016:

DAYS	2017	2016
Average period of payment to suppliers	49	55
Ratio of transactions settled	49	55
Ratio of transactions not yet settled	48	53
Amount (euros)		
Total payments made	**1.227.935.075**	**1.108.783.232**
Total payments outstanding	**45.114.969**	**52.916.260**

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.

PHOTO: bolt refurbishment for Transpower in South Island, New Zealand

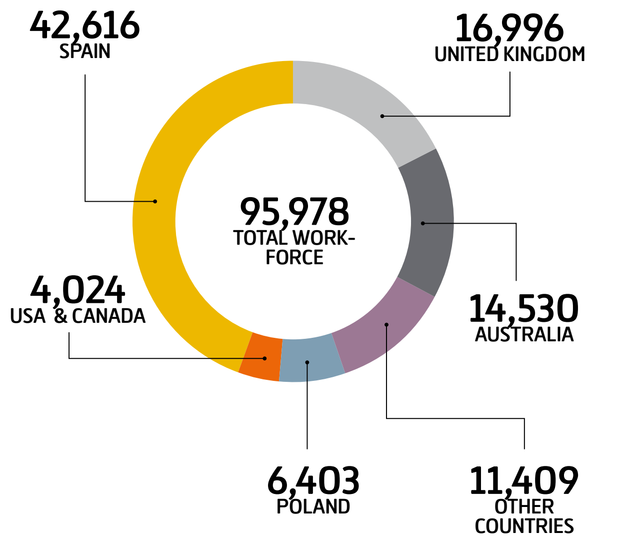
TRANSFORMATIONAL PROJECTS

At the forefront of Ferrovial is the idea of promoting projects that change cities and countries. Museums and airports have been built, toll roads have been developed, tunnels and railroads have been designed and cities have been managed. Guggenheim, Heathrow, 407 ETR, M30 and the Alta Velocidad are already in the history books. But the world keeps turning. And Ferrovial has transformative projects in its portfolio such as the modernization of Denver Airport, Managed Lanes I-66 in Virginia, the ITER in Cadarache and the management of the roads of West Melbourne. Projects named to mean a today and a tomorrow in their communities.

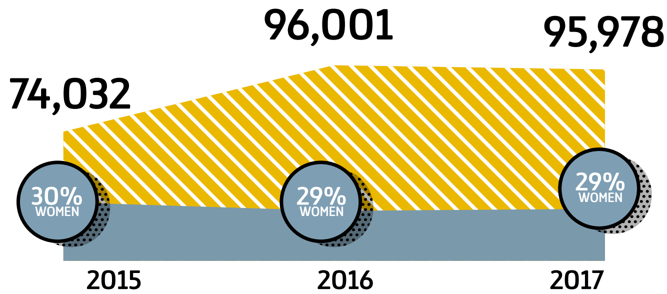
PHOTO: ITER Project. Cadarache (France). © SNC Engage.

WORKFORCE DESCRIPTION

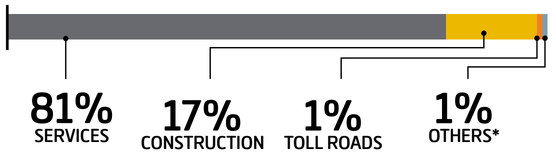
BY COUNTRIES



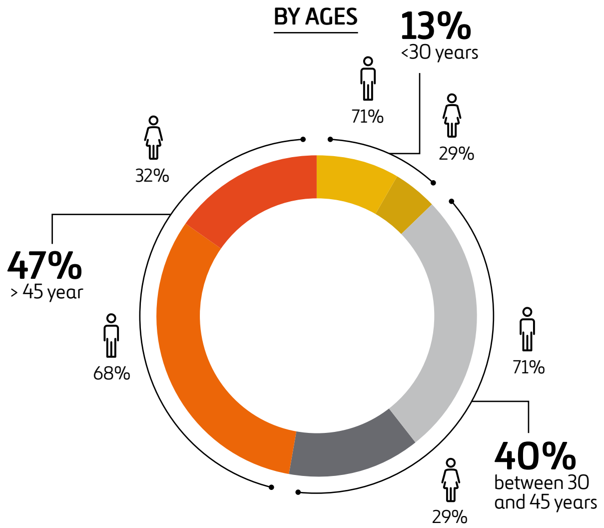
EVOLUTION



BY BUSINESS



*Includes the workforce of Corporation (0.5%), Airports (0.05%) and Real-Estate (0.2%)



PEOPLE

FERROVIAL PROMOTES A COLLABORATIVE, FLEXIBLE AND INCLUSIVE CULTURE BASED ON MERITOCRACY, TO OFFER UNIQUE AND CHALLENGING EXPERIENCES, FORMING EXPERIENCED TEAMS COMMITTED TO CORPORATE VALUES.

EMPLOYEE COMMITMENT AND EXPERIENCE

Attracting and hiring the best talent to become a reference employer in the markets in which the company is present is one of the strategic priorities in terms of people management that allows Ferrovial to be prepared for the future.

In 2017, an Employee Experience Survey was sent to 8,652 employees from Spain, the United Kingdom, Poland, the United States and Canada, to find out their preferences and analyze which elements are most important for employees. Traditional elements such as remuneration (salary and benefits) and other elements related to work experience were evaluated (corporate culture, flexibility, working conditions and training). The three most valued aspects were the brand and reputation (86%); soundness and solvency (74%); and Corporate Responsibility, together with safety at work (69%).

In relation to the remuneration policies, an essential part of employee commitment, established according to criteria based on competitiveness in the reference markets, the following programs are included:

- The Variable Remuneration System, which covers 18% of the staff, 17,184 employees, based on targets.
- The company's Flexible Remuneration Plan allows employees to amend their remuneration packages on a voluntary basis and according to their personal needs, replacing part of their remuneration for specific products in order to optimize available cash flows.
- The Share-Based Remuneration Plans, through which 1,954 employees opted for payment of part of the remuneration in company shares.
- The Long-Term Variable Remuneration System, based on signing over shares to 330 executives and managers in the company.

TALENT

The talent management at Ferrovial aims to help each employee to reach their maximum potential while promoting the best professional opportunities.

Training development is undergoing a huge change due to, among other factors, the digital transformation in all areas of the business. The joint action between talent, innovation and technology are an opportunity to search for competitive advantages and positioning as a company recognized for its innovation and constant improvement. For this reason, different initiatives have been launched with the aim of providing tools for professionals to be able to work in a streamlined and efficient manner in a digital world:

- **Play the Future Project**: includes six training itineraries linked to new technologies (Big Data, IoT and drones)

available to all employees with the aim of increasing their current capabilities, as well as their future employability.
- **Awareness Sessions Cycle:** these are conferences focused on emerging technologies and innovation methodologies to learn about the existing business models and the opportunities they can offer to Ferrovial's different business units.
- **Executive Forums:** similar to the Awareness Sessions, they are completed with teamwork to describe the critical capabilities that must be reinforced or created to position the company as a key player in that activity.

In this sense, the Corporate University, which in 2017 has celebrated its tenth anniversary, has evolved adopting a more international approach with the organization of itinerant programs in the United Kingdom, North America and Latin America, although its mission remains unchanged as a place to learn and reflect, share and create, gathering the knowledge, values and common culture of Ferrovial.

The professional development model is based on the following programs:

- Evaluation and Development Process, through which 29,973 people have passed, 100% target group. In 2017, under the slogan "Conversations for development" we worked on making conversations more flexible, focused on the future, with better user experience and with new tools such as a chatbot (Qo). This is a robot trained to advise on the best way to develop skills following the 70/20/10 model that has been recommended to 713 users by more than 1,000 learning resources. In 2017, 84% of the employees indicated that they had a quality conversation with their manager and their general level of satisfaction was 3.54 out of 5.
- Reviewing critical talent programs, improving the process to ensure that vacancies are covered by the best candidate available within the organization and promoting the targeted mobility of key professionals. This process also identifies professionals who may have a faster development, in order to make it compatible with the business growth needs. The revision of the Succession Plans has identified 363 possible candidates (short, medium and long-term) for the 144 most critical positions identified in Ferrovial.

INCLUSIVE CULTURE

Ferrovial, with more than 110 nationalities in its workforce, shows a firm commitment to effective equality of opportunities. This is reflected in its Strategic Diversity Plan, which focuses on three areas: gender, generational and multicultural.

In terms of gender equality, mechanisms have been established to bring out female talent inside and outside the organization. The specific training programs for women managers promoted in the United Kingdom and Australia are noteworthy. In Spain, since 2014, the adoption of measures to increase the presence of women in management positions and steering committees has been actively promoted through the Voluntary Collaboration Agreement with the Ministry of Health, Social Affairs and Equality . Also in Spain, the Business Equality Badge was renewed in 2017.

It should be noted that 15 Ferrovial engineers were finalists in the 2017 European Women in Construction and Engineering Awards, with two of them winning.

STEM Program

•••

The initiative aims to promote STEM careers (Science, Technology, Engineering and Maths) and to guide young people toward their professional future in the different countries in which Ferrovial operates. This commitment is in line with the policies and internal processes regarding equal opportunities within the diversity and inclusion strategy and with the Strategic CR Plan. It seeks to improve the employability of new generations together with the reduction of the digital gender gap. The following initiatives are noteworthy:

- In Spain, the "Orienta-T" Program was launched in collaboration with the Junior Achievement Foundation, which aims to awaken STEM vocations among students between 14 and 16 years old. In 2017, it affected more than 1,000 students.
- In the United Kingdom, 135 women from different projects have signed up as ambassadors of the program to inspire young people to opt for a STEM career.
- The Discovery Place Education Studio project was funded in the USA, which promotes the continuous professional development of high school teachers.
- In Australia, the scholarship program for university students from the Monash University and the University of Technology Sydney (UTS) engineering schools was supported.

EMPLOYEE COMMITMENT

•••

69% Participation in the survey

91% Level of commitment

88% Out of all the employees consider Ferrovial a good place to work

10 YEARS OF SUMMA

•••

DÉCIMO ANIVERSARIO summa universitas ferrovial

600,000 hours of training provided

HEALTH AND SAFETY

FERROVIAL WORKS TO CREATE RISK-FREE ENVIRONMENTS FOR ALL ITS EMPLOYEES, AS WELL AS FOR USERS OF INFRASTRUCTURES AND SERVICES BY DEVELOPING ACTION PLANS UNDER THE PREMISE OF THE TARGET ZERO PRINCIPLES AND THAT ANY ACCIDENT CAN BE AVOIDED.

FREQUENCY INDEX(1)	SEVERITY INDEX (2)
-9.3%	-6.1%

HOURS OF HEALTH AND SAFETY TRAINING	HEALTH AND SAFETY INSPECTIONS AND AUDITS
753,818 +2.4 MILLION SINCE 2015	79,058

(1) Year-on-year change in the index giving the number of accidents occurring during working hours that lead to days lost, for every million hours worked. Subcontractors not included.
(2) Year-on-year change in the index giving the number of days lost as a result of occupational accidents for every thousand hours worked.

COMMITMENT BY THE MANAGEMENT

Ferrovial's Health and Safety strategy, together with the firm commitment from the management and all employees, have improved the company's accident rates.

Health and Safety is a Senior Management priority, and it is fully committed.

In 2015, the Board of Directors of Ferrovial approved a new Health and Safety Policy for the whole company, establishing the objective of developing risk-free working environments, based on the conviction that any accident is avoidable.

The maximum executive level of Ferrovial supervises the functions and responsibilities in Health and Safety. Thus the CEO reports the information related to this matter periodically to the Board of Directors. In addition, in all the areas the person responsible for Health and Safety is part of the Business Committee.

The annual Managers' meeting, which brings together the 300 company managers, begins with a Health and Safety presentation to report and raise awareness of this issue.

HEALTH AND SAFETY STRATEGY

In October 2017, Ferrovial held the second edition of the H&S Global Meeting at the headquarters of its Corporate University, which brought together employees from the different business areas around the world with responsibilities in Health and Safety management. The meeting served to discuss the Health and Safety strategy for the next two years, pooling the projects being developed, highlighting examples of good practice and analyzing the measurement of results.

Ferrovial's Health and Safety strategy, which is currently being updated, is based on the principles of action included in its policy:

Risk evaluation and planning. A reliable risk and hazard evaluation process has been implemented in all work centers to establish the organization, planning and control systems needed to facilitate a safe work environment. To confirm that these control systems are implemented and effective, different initiatives are carried out in Ferrovial's subsidiaries, including RCE in Broadspectrum.

Compliance with legislation and other standards in force in each of the countries where the company operates, paying attention to best practices when they are reasonably viable.

VIDEO: SAFETY IN AMEY
Click on this link for more information

Effective and consistent communication, facilitating communication channels to encourage all employees to contribute to a positive performance in matters of Occupational Health and Safety, promoting a safety culture throughout the company.

To promote a positive culture, different internal campaigns have been designed, including The Safety Week H&S Internal Campaign, carried out in Amey's environmental services business, awarded with the Chartered Institute of Public Relations, and finalist in the Chartered Institute of Waste Management awards within its industry.

Training and involving workers. Ferrovial has spent years increasing its training efforts to involve workers increasingly in the common goal of creating risk-free workplaces. Since 2015, more than 2.4 million hours of training have been given, encouraging the participation of all workers in the detection of unsafe acts and situations.

All sessions and campaigns aim to create a strong Health and Safety culture, driven by employees, the working environment and

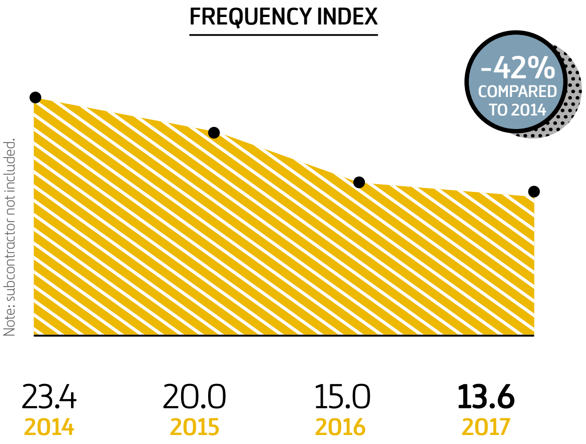
BRS: RISK CONTROL EFFECTIVENESS (RCE)

Broadspectrum has conducted a review to ensure the operation and effectiveness of safety controls in their processes. This analysis concluded that a large number of controls and verifications were being conducted, focused on low-risk activities and not high-risk activities.

The Risk Control Effectiveness (RCE) Program served to redirect the focus toward risks with greater potential risk, thus ensuring effective prevention and a focus on hazards that can cause potentially serious damages, enabling the implementation of better controls in activities with more risk.

Thanks to the RCE initiative, Broadspectrum eliminated 18 low-level controls and replaced them with new or updated controls. 59% fewer "first aid" controls were carried out and the critical controls on the highest risks increased by 45%.

This has led to a reduction in accident rates and breaches of the mandatory safety rules defined in Broadspectrum.



the behaviors they demonstrate in the workplace.

Measuring and monitoring performance. To promote a consistent and positive work safety culture, a reporting system is needed that gives promotes the identification of unsafe situations or actions before they occur and implement the necessary preventive measures to avoid any type of accident. In 2017, 79,058 Health and Safety visits and audits were conducted at the different Ferrovial centers.

All these measures, together with the preventive actions that have been implemented, have led to a notable improvement in the frequency index, which has reduced by 42% since 2014.

Ferrovial monitors health and safety performance, seeking continuous improvement. To do so, specific Health and Safety targets have been set.

Innovation. New standards of performance, technology and safety measures can be developed through innovation, contributing to the achievement of the Target Zero goal.

The action plan for innovation includes:

- Wearables in road maintenance. Use of sensor equipment to detect signs of drowsiness, stress and fatigue, as well as monitoring, which includes a warning button to know the exact location of the worker in case he/she needs assistance.

- R2. Kit containing beacons and wristbands that implements security protocols to manage control and access to worksites, delimit risks and help in emergency situations by means of a panic button.

- Big Data. Use of the DriveSmart mobile application to promote road safety for drivers, both on the Autema toll road and in its areas of influence. The application analyzes the driver's behavior at the wheel to detect their bad habits, promoting better driving and rewarding their good driving.

AMEY: SAFETY WEEK

Campaign carried out by Amey in 2017 to reinforce safety messages and involve workers regarding the risks they are exposed to on a daily basis. Includes training on how to avoid or minimize risks. This initiative is part of a more extensive Health and Safety program aimed at Target Zero. It takes on the following challenges:

- Increase awareness and knowledge of the main risks.
- Reduce the number of incidents.
- Encourage close call reporting, enabling problems to be addressed before they become potential incidents.
- Commitment and involving workers.

The campaign included the creation and publication of videos and posters, talks with superiors and the launch of a new advice book.

PROMOTING HEALTH AND WELL-BEING

In recent years, Ferrovial has launched numerous initiatives aimed at improving the occupational health of its employees. The aim is to improve the working environment, reduce absenteeism, and increase productivity, among others. Numerous initiatives have been implemented to promote healthy habits, including:

- The HASAVI program, an innovative health and wellness project with the aim of promoting healthy habits and lifestyles among employees, based on three fundamental pillars (nutrition, physical activity and health - people), using the work environment as a lever.
- The Ferrovial Olympics, has an average of 1,200 participants per year.
- The Well-being Week, at the Construction headquarters.
- The Ferrovital initiative, at Corporation, which includes workshops, health talks and the physiotherapy service, among others.
- The mindfulness workshops taught at the Corporate University.

All these initiatives aim to help employees to achieve a better quality of life, which contributes not only to feeling better but to the development of their personal and social skills. They are also in line with the guidelines from the European Agency for Safety and Health at Work, which promotes healthy work at every age and diversity policies toward anti-aging in working life.

INNOVATION

FERROVIAL FOCUSES ITS INNOVATIVE ACTIVITY ON STRATEGIC AND TRANSFORMATIONAL PROJECTS THAT GENERATE NEW SOLUTIONS FOR EXISTING PRODUCTS AND SERVICES, AND ACCELERATE THE DESIGN AND COMMERCIALIZATION OF NEW BUSINESS MODELS THAT BRING GREATER VALUE TO THE COMPANY.

New technologies (robotics, artificial intelligence, IoT and Big Data) are having a significant and fast impact on all sectors. The transformative capacity they generate derives in an environment with threats but also great opportunities. To respond to the challenges, Ferrovial is accelerating its process of implementing innovative solutions, within its open innovation strategy.

OPEN INNOVATION ECOSYSTEM

Collaboration with startups

An essential part of this strategy focuses on collaboration with startups, which complement the company's capabilities, providing flexibility, agility and capacity for disruption, facilitating the joint market launch of new products, processes and business models. 30 projects were executed in collaboration with startups in 2017.

Under this scope, **BuildUp!** has been presented (www.ferrovialbuildup.com) a program to seek the collaboration of startups to resolve different business challenges. Given the importance of the safety of its workers, the first challenge was how to guarantee the safety of operators working in road maintenance. The selected startup will carry out a four-month pilot project in one of Ferrovial's infrastructures or contracts, and will have the possibility of becoming a supplier of the company and internationalizing its product or service.

Ferrovial is also participating as a partner in three European acceleration projects for startups approved by the European program H2020, **Impact Growth** in the Internet of the future area, **Impact Connected Car** in the connected vehicles area and **Systems for Robotics** in the robotics area.

Collaboration with research centers and universities

Within the current Ferrovial open innovation model, relationships with universities and research centers continue to be fostered and maintained with the aim of establishing medium and long-term collaboration agreements. At present, there are 13 medium to long-term collaboration agreements.

Due to its relevance, the **Massachusetts Institute of Technology (MIT)** has a prominent role. The agreement was renewed in 2016 until 2020 to develop research projects in different innovation areas of Ferrovial: construction, cities, infrastructures, water treatment, waste management and energy efficiency. It also participates as an associate member of the **MIT Energy Initiative (MITEI)**, an initiative to develop projects aimed at transforming the cities and infrastructure of the future. Ferrovial collaborates in the Mobility of the Future proposal to identify trends, new models, consumer preferences and government policies that will shape the future of mobility.

Ferrovial is also a member of **MIT REAP Madrid** (Regional Entrepreneurship Acceleration Program), a training program promoted by **MIT** to accelerate innovation and

ATOMICO

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Ferrovial is one of the participating partners in Atomico, a European venture capital fund that invests in startups, acting as an accelerator. The Atómico team comprises the founders of some of the most important technology companies in the world, helping the startups they invest in to think on a more global scale and multiply their business possibilities.
The investments are focused on European and North American companies, related to different emerging technologies.

entrepreneurship in different regions of the world. It aims to encourage collaboration to identify and implement a set of good driving and accelerating entrepreneurship practices that achieve economic growth and employment. The fourth edition will take place in the 2016-2018 period, with Madrid being one of the eight regions selected in this initiative. Ferrovial is an active member and promoter of the team constituted by the Government of the Community of Madrid, representatives of large companies, universities, venture capital funds and startup accelerator.

In 2017, Ferrovial became a partner of the **European Institute of Innovation and Technology (EIT),** through two knowledge and innovation communities, the **Digital Community (Digital-KIC)** and the **Community on Climate Change (Climate-KIC).** The EIT integrates the three areas of the triangle of knowledge, education, entrepreneurship and innovation, to promote the transformation of ideas and knowledge into new business opportunities. Digital-KIC aims to accelerate the absorption of digital technologies in the market, in a way that attracts business talent and leadership in Europe. Meanwhile, Climate-KIC seeks to help build a carbon-free economy to address climate change, working around four thematic areas: promoting sustainability in urban areas, production, land management and financial parameters and decision making.

To continue expanding the partner ecosystem in 2017, Ferrovial has continued carrying out exploration tasks in different Asian countries.

INNOVATION CULTURE

The innovation strategy not only seeks to collaborate with others, but also to develop the entrepreneurial spirit existing in the company. To this end, the second edition of the **ShuttleX** intrapreneurship program seeks to respond to internal challenges of the Services business. Through the creation of multidisciplinary teams, and with the support of experts in the lean startup methodology and different mentors, the entire innovation process has been worked on, from the generation of ideas to the obtaining of validated prototypes for their subsequent activation.

The company has also organized the second edition of the **Innovation Community Summit,** an internal conference that brings together the innovation leaders from all Ferrovial's business units to strengthening innovation and create contact networks to share knowledge and ideas that respond to existing challenges.

To reflect on the state of the latest technologies, generate debate and analyze the possibilities of application in Ferrovial, different **awareness sessions** have been organized, aimed at senior executive representatives, covering blockchain, machine learning, autonomous vehicles and cognitive computing.

INVESTMENT IN R&D (M€) *

46.7

PROJECTS DEVELOPED IN 2017

+100

PILOT PROJECTS DEVELOPED WITH STARTUPS

30

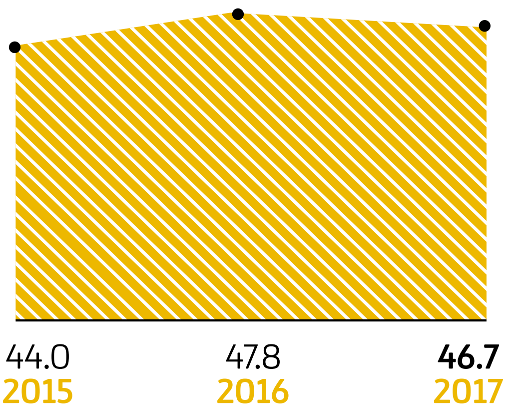
(*) 12% of innovation on Construction expenditure were made in 2016 but certified in 2017, following the criterion of certifications with Binding Motivated Reports.

INNOVATION STRATEGY

Ferrovial's innovation strategy includes the goal of digitally transforming the company, taking advantage of existing opportunities in the use of emerging technologies. **Digital transformation** focuses mainly on four main lines of action: new business models that increase the offers of products and services; the improvement of operational efficiency, the improvement of cross-cutting knowledge management processes, administrative and financial processes and the increase of the digital skills of employees.

It should be noted that investment in R&D in 2017 was 46.7 million euro, having focused the efforts on projects of greater importance, aligned with the strategy and with the vision of transformation. In 2018, the company will continue to work on strengthening the innovation ecosystem, in particular the collaboration with startups, and focus on new topics such as streamlining processes and the rapid scaling of projects.

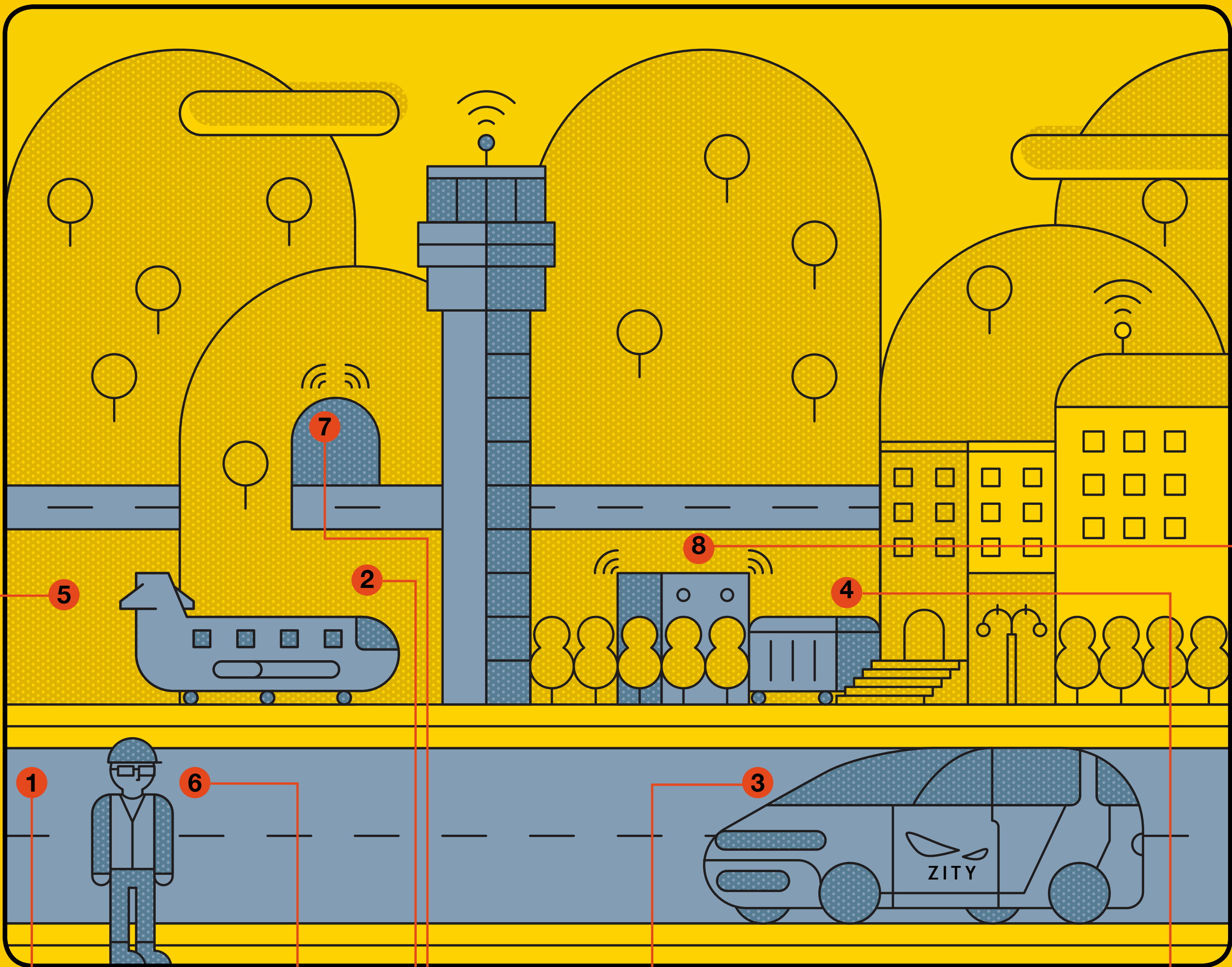
INVESTMENT IN R&D (M€)



VIDEO: INNOVATION STRATEGY
Click on this link for more information

INNOVATION PROJECTS

FERROVIAL BELIEVES THAT INNOVATION IS A DIFFERENCE MAKER THAT ENABLES THE COMPANY TO LEAD THE TRANSFORMATION OF INFRASTRUCTURES AND SERVICES, PROVIDING CUSTOMERS AND USERS WITH SOLUTIONS THAT EFFICIENTLY, SUSTAINABLY AND SAFELY CONTRIBUTE TO THE WELL-BEING AND PROGRESS OF SOCIETY AS A WHOLE. THE COMPANY WORKS ON NEW BUSINESS MODELS THAT INCREASE THE OFFERS OF PRODUCTS AND SERVICES; THE IMPROVEMENT OF OPERATIONAL EFFICIENCY, THE IMPROVEMENT OF CROSS-CUTTING MANAGEMENT PROCESSES AND THE INCREASE OF THE DIGITAL SKILLS OF EMPLOYEES.



1 BIG DATA AND MOBILITY TRENDS

The use of Big Data is a competitive advantage when analyzing new projects and optimizing existing ones. On the toll roads of Europe, Dallas and Canada, projects are already underway to analyze the impact that autonomous and connected vehicles will have on future mobility.

2 NOISE TO ENERGY

Heathrow Airport and MIT have developed an innovative system to capture the noise emitted by aircraft at the airport and turn it into electricity.

3 ZITY CAR

New car sharing mobility service in Madrid that has an electric vehicles with autonomy of 400 km and that allows the citizen to drive further and use the vehicle for longer. It is recharged with 100% renewable energy and meets the highest safety certification.

4 INTELLIGENT USE OF URBAN INFORMATION

Installation of sensors in the urban waste collection containers (75% coverage of the city of Granada) that collect information on the level of filling, temperature, use and incidents. These data are processed to optimize the truck collection routes, offering a higher quality service and reducing the environmental impact.

5 PREDICTION MODEL

A model is used to predict passenger traffic in Heathrow in the medium term (2-18 months), taking into account certain terms that are generated in the Google search engine (Google Trends).

6 SMART GLASSES

Smart glasses to share information and knowledge in works, helping to optimize processes and facilitate communication among all professionals involved in the project, with the ultimate goal of ensuring quality in each of the different phases of the construction process.

7 INTERNET OF RADIO LIGHT IN TUNNELS

Use of LIFI (Light Fidelity) technology to improve communications complex and difficult to access works such as a tunnel or confined areas. A communication solution based on wireless technology that makes it possible to transmit ultra-fast data through a beam of light.

8 ASSET MONITORING

This is a tool for monitoring the status of assets in real time, providing predictive analysis, early detection of anomalies and failures and helping to optimize maintenance.

PHOTO: innovation project in the construction of tunnels in Padornelo (Spain).

QUALITY

PROVIDING CUSTOMERS AND USERS WITH SERVICES WITH THE HIGHEST LEVEL OF QUALITY IS ONE OF FERROVIAL'S PRIORITIES. THE COMPANY HAS IMPLEMENTED SPECIFIC MECHANISMS TO DETERMINE ITS LEVEL OF SATISFACTION AND HAS ASSOCIATED PLANS AIMED AT INCREASING THE QUALITY OF THE SERVICE PROVIDED.

CLIENT AND USER SATISFACTION

All of Ferrovial's business areas carry out periodic surveys of the expectations and satisfaction of customers and users, understanding how all the people who interact directly or indirectly with the services and infrastructures that Ferrovial offers, but who are not bound by a contractual agreement.

In 2017, Ferrovial initiated a project in collaboration with the Digital Hub to focus on users, with the aim of inferring their perception regarding the services and infrastructures provided by the company on a global scale, identifying the strengths and weaknesses in the performance of the company in order to establish improvement actions.

The project, which is scheduled to be completed in 2018, will provide a new tool to systematically capture all external information that is relevant to measure the perception of users, incorporate this information to the existing information in different business areas, and establish a simple reporting model for decision making.

All Ferrovial businesses have internal procedures for detecting, identifying, recording and monitoring complaints submitted by customers and users of products or services provided by the company. Complaints on record are processed and analyzed to offer the most suitable response and establish actions for improvement.

The Quality, Prevention & Environment Division handles complaints submitted by customers requesting a solution from Ferrovial, since they had not been satisfactorily addressed by the business areas. In 2017, Ferrovial companies as a whole received 2,047 complaints from customers and users, of which 99.31% were closed within the year.

INFRASTRUCTURE USERS

On Toll Roads, Cintra offers its users innovative solutions that improve traffic flow and mobility in highly congested roads, reducing travel times and emissions of greenhouse gases.

The company is committed to public-private partnerships as a model for improving the transport infrastructure of a country. In an era of limited public resources, P3s provides innovation, efficiency and the capital needed to meet the growing demand for transportation infrastructure in the US.

The surveys reflect citizens' acceptance of the Managed Lanes model adopted by Ferrovial. Thus, the traveler gets a 75% improvement in travel times and a 26% reduction in fuel consumption.

CERTIFIED ACTIVITY

89%
ISO 9001
AND ISO 14001

HEATHROW PASSENGER EXPERIENCE

4.2
OUT OF 5

INTERNAL AUDITS

1,751

QUALITY AND ENVIRONMENT

MANAGED LANES

+75%
USERS STATE THAT IT REDUCES CONGESTION

* Airport Service Quality survey (ASQ): An independent survey, carried out the last quarter of 2016, by Airports Council International that rates the level of overall satisfaction of passengers with an airport on a scale of 0 to 5.

The quality of the service is measured through user surveys. The surveys conducted in 2017 revealed the favorable opinions of users regarding the toll roads in Texas (NTE and LBJ). 85% of respondents said they had a favorable opinion about the Managed Lane NTE and 90% about the LBJ.

Additionally, with a view to analyzing user behaviors on the NTE and LBJ toll roads (origin-destination, declared preferences, etc.), telephone surveys were designed for traffic teams, and over 1,200 are conducted yearly. The focus groups created for these toll roads are also salient in that they invite a group of users to share their experiences and expectation with company personnel.

Solutions and replies are also given to any correspondence received by e-mail, telephone or letter.

Ferrovial Airports is committed to quality service and the continuous improvement of operations, leading to higher levels of passenger satisfaction.

New technologies allow airports to be more efficient, safer and more comfortable for passengers.

In recent years, a lot has been invested in the automation of processes available to passengers, such as boarding pass, baggage check, access control, security, passport control and other processes beyond their reach, such as the baggage system, guidance systems from the time the plane touches the ground until the plane arrives at the stand.

An example of the improvement in the quality of passenger service is the development of the Heathrow app. This application gives information about flights, but also allows users to make purchases, rent a car, reserve a parking space, order a taxi or buy a ticket from the Heathrow Express.

The advances made by the company change the way of behaving and increase the expectations of the passengers.

Along this line, in 2017, Ferrovial Airports signed a collaboration agreement with Airports Center of Excellence for the development and deployment of best practices in operational and service performance, improving the experience of passengers based on the Six Sigma methodology.

The latest edition of the Air Transport Awards recognized Ferrovial Airports as Best Airport Portfolio Manager in Europe.

In 2017, Heathrow obtained the ACI Europe award for "Best European Airport of the Year" in the category of over 40 million passengers; the SkyTrax awards as "Best Airport in Western Europe" and "Best Airport for Shopping". Meanwhile, Aberdeen received the awards for the best B2C (Big Chip Awards) business project and the best bus service (Scottish Transport Awards).

In the Services area, the leading national survey "National Highways & Transport Survey (NHT) Public Satisfaction Survey" carried out with 112 local authorities in the United Kingdom shows that the population of Sheffield is happier with the city's roads and transport than a decade ago. It has been possible to double the satisfaction results since 2010 thanks to the state of the sidewalks and paths, the public lighting and the maintenance of the highways.

This survey provides relevant information to improve the performance of the contract by gathering opinions and public satisfaction about the services offered.

Quality and Environment Systems. Ferrovial has quality and environment systems implemented in the contracts managed by its business areas. These systems are mostly certified ISO 9001 and 14001, though some may also be certified under other standards depending on local requirements.

The percentage of activities with quality and environmental certifications according to standards ISO 9001 and ISO 14001 both stood at 89% in 2017.

All systems are internally audited by teams of qualified auditors. In keeping with previous years, 1,751 internal quality and environment audits were performed. 1,800 manufacturing centers were audited. Assessment visits for implementing management systems and technical queries rose to 3,092.

SYSTEMS FOR GUARANTEEING REGULATORY AND LEGISLATIVE COMPLIANCE

Ferrovial has digital platforms to ensure compliance with technical legislation and regulations throughout all phases of the life cycle of contracts.

Normateca contains a total of 17,373 technical standards in the fields of safety, quality and the environment.

In 2017, the corporate tool to access environmental legal requirements, as well as Occupational Health and Safety, was updated and improved. At present, this instrument provides 3,395 legal provisions, covering most of the countries in which Ferrovial operates.

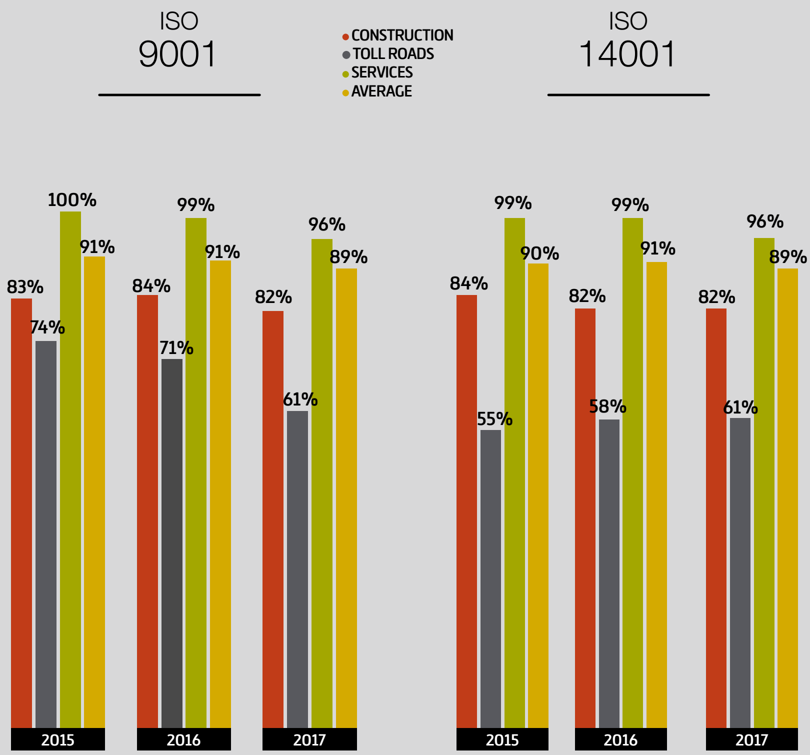
There are other systems certified in accordance with different instruments, some of the more salient ones include:

ALL OF FERROVIAL'S BUSINESS AREAS CARRY OUT PERIODIC USER AND CLIENT EXPECTATION AND SATISFACTION SURVEYS

- Standard ISAE 3410 Assurance Engagements on GHG Statements.
- "Integrated Management System PAS 99" and "Specification PAS for composted materials and Quality Compost".
- UNE-EN 12899-1:2009; UNE 135332:2005; UNE 166002; UNE 179002; ISO 50001:2011; ISO 22000, ISO 39001, BS 1100, AQAP 2110:2009, ISO 27001:2013, EMAS and Madrid Excelente.

CUSTOMER SATISFACTION

CERTIFIED ACTIVITY (TURNOVER %)



ETHICS AND INTEGRITY

THE BUSINESS ACTIVITIES OF FERROVIAL AND ITS ADMINISTRATORS AND EMPLOYEES ARE BASED ON THE HIGHEST STANDARDS OF INTEGRITY, TRANSPARENCY, RESPECT FOR LEGALITY AND HUMAN RIGHTS.

COMPLIANCE MODEL

Within the framework of the commitment to strict compliance with its applicable laws and the highest standards of integrity, transparency and respect for Human Rights that govern its actions, Ferrovial has a Compliance Model that includes, among others, the following policies, procedures and internal regulations that have to be respected and observed by its administrators, managers and employees when doing their job:

Code of Business Ethics*; Regulations of the Board of Directors*; Internal Rules of Conduct in the Securities Markets (RIC)*; Compliance Policy; Crime Prevention Model; Anti-corruption policy; Policy on Control and Risk Management; Corporate Procedure for the Protection of its Equity and Fraud Prevention; Human Rights Policy*; Health and Safety Policy*; Corporate Responsibility Policy*; Competition Policy; Quality and Environment Policy*; Corporate Procedure for the Complaints Box; Corporate Procedure on Representation Expenses; and Due diligence procedure for the ethical integrity of partners.

ETHICAL INTEGRITY, RESPECT FOR LEGALITY AND HUMAN RIGHTS ARE THE PRINCIPLES OF FERROVIAL'S CODE OF BUSINESS ETHICS

Code of Business Ethics

The Ferrovial Code of Business Ethics, which is applicable to all Group companies, establishes the basic principles and commitments to which the behavior of said companies and their administrators, managers and employees must adhere to:

- Respect for the law: Ferrovial's activities will be carried out in strict compliance with applicable legislation.
- Ethical Integrity: the business and professional activities of Ferrovial and its employees will 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 will promote the recognition and assessment of behaviors that are in accordance with the principles established in the Code among its employees.
- 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 the compliance with a series of commitments included in the Code of Ethics.

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

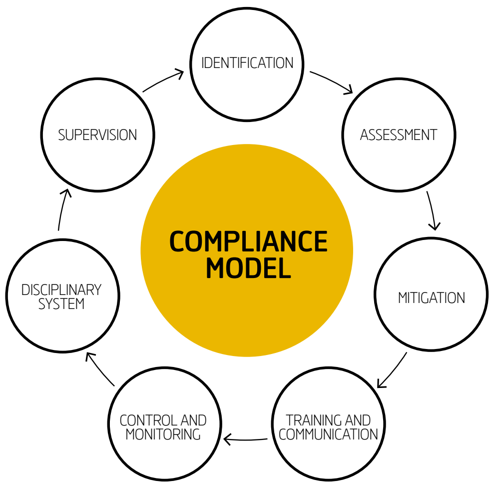
Compliance Policy

The Compliance Policy develops the phases of the Compliance Model and establishes the competencies of the governance and management bodies of the company and those of its employees.

The purpose of the policy is to (i) to provide all Ferrovial administrators, directors and employees with a general framework of action to which they must abide when doing their job based on the highest standards of integrity, transparency, respect for legality and human rights; (ii) to establish a common and homogeneous procedure for monitoring, controlling and managing the risks of legislative or regulatory compliance, especially those aimed at the prevention of criminal behavior; and (iii) to foster a culture of business ethics in the organization and in the decision-making and training processes of the will of administrators, managers and employees.

The Compliance Model is structured around the following phases:

- Identification of compliance risks based on the company's activities.
- Assessment of risks based on their impact and the probability of their occurrence.
- Identification of the surveillance and control measures implemented to avoid or mitigate the occurrence of risks.
- Training for company employees and executives in the principles and commitments included in the Code of Ethics, in the Compliance Policy and the other policies that support the model.
- Periodic evaluation of control measures to detect possible shortfalls or areas of improvement that require specific action plans.



- Information for the governing bodies of the company on the operation of the Compliance Model and follow-up of the action plans put in place for their continuous updating.
- Communication, assessment and investigation of detected breaches and application of 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 entail the criminal liability of the legal entity.

Anti-Corruption Policy

Ferrovial has an Anti-Corruption Policy that governs the behavior of all administrators, managers and employees, and their collaborators in the development of the business, bearing in mind that a "zero tolerance" policy has been implemented with any practice that could be qualified as active or passive corruption or bribery.

The policy imposes compliance with Anticorruption Acts throughout the world, including the Spanish Criminal Code and that of the other jurisdictions in which Ferrovial works, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Law and the United Nations Convention against Corruption.

On January 15, the Provincial Court of Barcelona issued a ruling on the Palau Case, not condemning the two directors related to Ferrovial Agroman. From the full respect of the judgment, Ferrovial Agroman reiterates its conviction that the adjudications of works in which it participated were always carried out correctly and to the offer with the best financial valuation. The company was oblivious to the final destination of the funds given to the Palau de la Música through sponsorship contracts.

ETHICAL INTEGRITY OF PARTNERS

This procedure, approved at the end of 2017, establishes the obligation to perform a due diligence process of ethical integrity out when choosing partners, before reaching a business relationship of any kind (group, consortium, joint venture or business partnership of any kind), with Ferrovial, S.A. or any of the companies in its Group of companies.

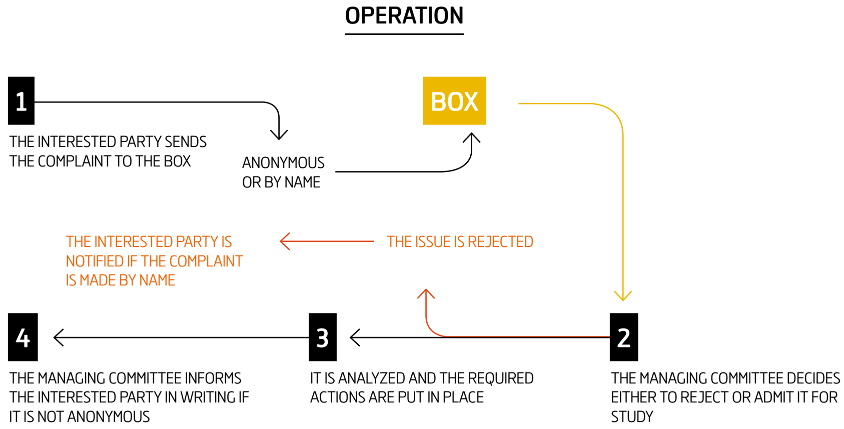
It involves extending Ferrovial's values, included in its Code of Business Ethics, to all its business, to be developed in accordance with the current applicable national and international laws, and in particular, anti-corruption laws that prohibit active or passive bribery.

A series of warning signs and good ethical practices to be taken into account when selecting potential Ferrovial partners, as well as limitations on the association. It also contains the process for the authorization, formalization and ethical monitoring of the association.

Control and Risk Management policy

The aim is to provide all employees of Ferrovial, S.A. and its group of companies with an action framework for the control and management of the risks to which it is exposed in the fulfillment of its business targets. To this end, the Board of Directors establishes the acceptable risk and the admissible tolerance level for risk areas, included those related to ethics.

ETHICS CHANNEL



Ferrovial has an Ethics Channel as a complement to other internal channels. Its purpose is to facilitate the reporting of any possible irregularity, non-compliance or behavior contrary to the ethics, legality and policies that govern Ferrovial. The channel is accessible to employees through the intranet and for any interested counterpart through the website, and allows communications to be made confidentially. In 2017, 78 complaints were filed, 35 of which were anonymous and 43 made by name.

All complaints give rise to an investigation by the Management Committee, guaranteeing confidentiality and anonymity (if applicable), the rights of those involved and the absence of reprisals of any kind.

The Management Committee regularly informs the Audit and Control Committee of the communications received and the steps taken.

COMPLAINTS RECEIVED

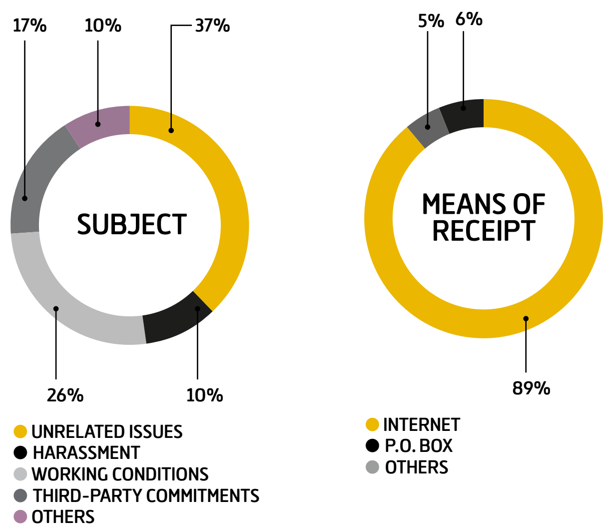


PHOTO: sustainable mobility in cities.

A PARTICIPATING USER

Passengers and drivers are the protagonists of transport infrastructure, as are citizens in the municipalities. Their ability to express their opinion and to rate the service they receive and the satisfaction they express is Ferrovial's main concern. They are also increasingly more represented by their ability to make criticisms and propose improvements. More than 80% of Heathrow passengers value their experience as very good or excellent, while around 70% of Managed Lanes Texan drivers have had a "good experience".

HUMAN RIGHTS

THE PRINCIPLES EMANATED FROM THE GLOBAL COMPACT OF THE UNITED NATIONS SUPPORT FERROVIAL'S HUMAN RIGHTS ACTIONS, BEING RESPECTED THROUGHOUT THE ORGANIZATION AND THROUGHOUT ITS SUPPLY CHAIN.

CORPORATE POLICY IN LINE WITH INTERNATIONAL REGULATION

The Ferrovial Human Rights Policy, approved in 2014, is aligned with the Code of Business Ethics, the principles of the Global Compact, the Guiding Principles of Business and Human Rights of the United Nations, the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the Declaration on Multinational Enterprises of the International Labor Organization (ILO). The company's commitment extends to all its employees, clients, suppliers and contractors with whom it works through a procedure that is focused on respecting, supporting, promoting and guaranteeing Human Rights and rejecting any type of discrimination.

With the aim of identifying, preventing, mitigating and responding to the risks associated with Human Rights, Ferrovial carries out a due diligence process in its main activities. It is supported by the risk identification and assessment process called Ferrovial Risk Management.

FERROVIAL ASSESSES THE SOCIAL AND ENVIRONMENTAL IMPACT OF ITS INFRASTRUCTURE PROJECTS ON VULNERABLE POPULATIONS

The social and environmental impact on communities affected by infrastructure projects in sensitive contexts is analyzed. First, an initial diagnostic analysis is carried out on social issues, and then contingency plans are designed proposing measures to mitigate and/or offset the impact.

In 2017, the company's Ethical Channel incorporated Human Rights as a specific item, to better identify this matter, facilitating the communication of incidents and irregularities in relation to their provisions. By means of monitoring, Ferrovial aims to ensure compliance and respect for Human Rights across the whole value chain in all the countries where it operates.

Spain

In Spain, Ferrovial is committed to the 31 principles in the National Action Plan for Business and Human Rights developed by the Government of Spain, approved in July 2017. This plan responds to the recommendations made within the framework of the European Union through the Renewed Strategy of the European Union for 2011-2014 on Corporate Social Responsibility (CSR) and the 2015-2019 European Union Action Plan on Human Rights and Democracy.

In 2015, the company updated the Procedure for the Prevention of Employment and Sexual Harassment, whilst promoting its 2nd Ferrovial Equality Plan, whose goal is based on guaranteeing the principle of equality of treatment and opportunity between men and women. Since 2013, Ferrovial has adhered to the Companies for a Society Free of Gender Violence project promoted by the Ministry of Health, Social Services and Equality to raise awareness in society of equality between men and women and respect for fundamental rights.

Australia

On October 31, 2017 Broadspectrum completed its contracts for the provision of maintenance, social care and security services to asylum seekers and refugees in the Regional Processing Centers of Manus and Nauru. As a result, Ferrovial kept its word, when in May 2016 it acquired the aforementioned Australian company, at which time it announced its decision to not apply for renewal.

All the acquisitions that Ferrovial has made to date, and those that it will make in the future, have been and will be framed in a comprehensive analysis process that guarantees that they are in line with the corporate policies of Human Rights, Corporate Responsibility and the Code of Business Ethics.

United Kingdom

The Modern Slavery Act of 2015 is a law from the UK Parliament designed to deal with slavery in the UK and consolidate crimes related to human trafficking and slavery.

Within the framework of this law, Ferrovial Agroman UK, Amey, AGS and Heathrow Airport have commitments that guarantee the prevention of acts related to slavery in all its forms and the trafficking of people, both in their own activities and in their supply chain.

PROMOTION AND DISSEMINATION

Ferrovial promotes respect for Human Rights and fosters a respectful and dignified work environment for all people. The Code of Ethics course has been completed by 2,085 employees, accumulating a total of 11,956 hours since 2010.

Ferrovial has a firm commitment to the effective equality of opportunities, as set out in its Strategic Diversity Plan. Within the framework of this initiative is the Inclusive Leadership Program, through which more than 400 managers in Australia and

1,300 managers in the United Kingdom have already passed. The scope of the program is to be expanded to other locations.

The company capitalizes on its involvement in international forums and training programs to raise awareness of the need for the private sector to take a role in the protection of human rights. In fact, Ferrovial has been chosen to be Secretary of the Executive Committee of Forética and it participates as a member of the Executive Committee of the Global Compact Network and Fundación Seres, all of them pioneering associations for boosting Corporate Responsibility in Spain.

In relation to employment 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. 73% of the workforce is adhered to collective bargaining agreements.

VIDEO: EL SALADO
Click on this link for more information

Ferrovial promotes initiatives that encourage listening and a more flexible way of working that allows a better balance of personal and professional life, as well as a healthy environment. The communication channels, such as the internal social networks and the corporate intranet, Ferronet, facilitate the creation of collaborative, dynamic and flexible work environments. In 2017, Ferronet registered 2,911,857 sessions and 5,231,933 page views.

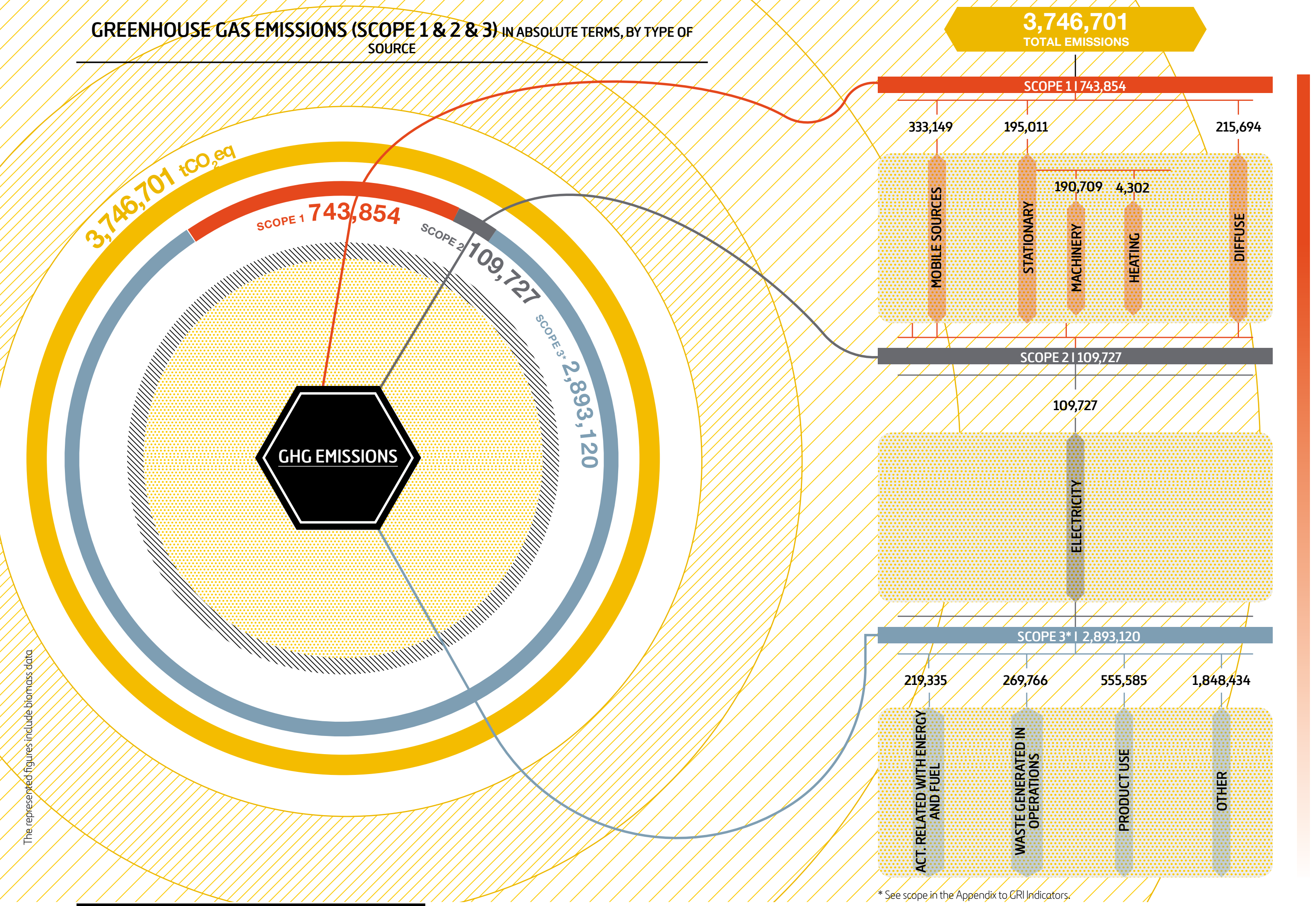
INTEGRATION OF THE ABORIGINAL POPULATION IN AUSTRALIA

One of the main initiatives in Human Rights is developed by Broadspectrum in Australia, through its programs linked to the Reconciliation Action Plan promoted by the government for the integration of the aboriginal population in society. The company has a plan to increase the presence of this important group through a supply of sustainable employment, training, education and long-term business opportunities for Aboriginal peoples and their communities. Therefore, the Broadspectrum Reconciliation Action Plan includes measures such as to increase indigenous employment to 6% in 2018, and increase contracts with suppliers and subcontractors with this condition to 3% in 2020. It also facilitates the incorporation of young aboriginal professionals.

The program is developed through:

- Respecting the values and beliefs of aboriginal peoples.
- Generating employment, education and training opportunities.
- Understand the potential impact that business activity can have on aboriginal communities.
- Increase the participation of aboriginal communities in business success.
- Support programs that strengthen and promote the interests of aboriginal people.
- Encourage all employees to develop awareness of aboriginal cultures.
- Establish procedures for listening to aboriginal peoples.

GREENHOUSE GAS EMISSIONS (SCOPE 1 & 2 & 3) IN ABSOLUTE TERMS, BY TYPE OF SOURCE



The represented figures include biomass data

* See scope in the Appendix to GRI Indicators.

ENVIRONMENT

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 REDUCING THE ENVIRONMENTAL IMPACT AND DISCOVER NEW BUSINESS OPPORTUNITIES

The ratification of the universal agreement against climate change, the Paris Agreement, confirms the commitment of governments to limit the increase in global warming to below 2 °C at the end of the century compared to pre-industrial levels. Most of the countries where Ferrovial operates have ratified their emission reduction commitments, which is why an acceleration of the process for the decarbonization of their economies is expected, which will generate new opportunities.

CLIMATE STRATEGY

The strategy and climate governance is integrated into Ferrovial's business strategy. Technological advances, a commitment to innovation, to energy efficiency, the source of energy from renewable sources and an increase in their weight in electric mixes to the detriment of fossil fuels are essential elements to take on the environmental commitment to reduce own emissions and those of customers and users of products and services.

In this sense, Ferrovial has become a strategic partner in achieving the targets of mitigating emissions and adapting to the effects of climate change by providing solutions through its low carbon business models: mobility of people (Managed Lanes on toll roads and car sharing), energy services, smart cities, water, circular economy and adaptation of infrastructures.

Ferrovial's climate strategy has been awarded once again by the Carbon Disclosure Project (CDP), when it was included in the "Climate A List" leadership category in the Climate Change edition and recognized by the international consultancy Carbon Clear as one of the leading companies among the Ibex 35 companies.

Task Force on Climate-Related Financial Disclosures

Ferrovial is committed to implementing the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Currently, Ferrovial's corporate risk system covers both physical, operational, regulatory, financial and reputational climate risks. This analysis provides useful and relevant information to plan the corporate strategy and take

(For more information about TCFD and emissions see Appendix page 116) advantage of the business opportunities derived from the mitigation and adaptation measures.

These recommendations are considered a turning point that will accelerate the economy with low emissions.

Collaboration with stakeholders

Ferrovial maintains an active position with the most relevant stakeholders, highlighting those that are or may be involved in the main climatic risks of the company's activities throughout the world.

To facilitate this, the company is involved in several think tanks and influence groups at European level to discuss the future of the economic and environmental agenda for the 2030 and 2050 horizons. These include the Corporate Leaders Group (University of Cambridge Institute for Sustainability Leadership) and the EU Green Growth Group (platform formed by representatives of the business world, members of the European Parliament, governments and commissioners).

In the field of climate innovation, since 2017, Ferrovial has been a co-partner of the Climate-KIC, the largest European public-private innovation initiative created by the European Institute of Innovation and Technology (EIT) focused on mitigation and adaptation to climate change, either by carrying out innovation projects or by accessing the network of entrepreneurs articulated by the Climate-KIC.

In Spain, Ferrovial chairs the Spanish Green Growth Group (GECV) that promotes public-private collaboration to advance in mitigation and adaptation to climate change, the decarbonization of the economy and the promotion of a circular economy.

Along the same lines, the company is a member of the Fundación Empresa y Clima, a strategic partner in the #PorElClima Community, which promotes the Spanish Platform for Climate Action for public-private collaboration, presented in the framework of the Bonn COP, supports the Marrakech Alliance to contribute to a green and decarbonized economy, and participant in the Cluster of Climate Change promoted by Forética.

Circular economy

The circular economy is an important element as a new economic model in the fight against climate change. Therefore, Ferrovial has supported the Pact for the Circular Economy promoted by the Ministries of Agriculture and Fisheries, Food and Environment and Economy, Industry and Competitiveness that mainly promotes the reduction of the use of non-renewable natural resources, reuse of waste as raw materials, recycling, incorporating ecodesign criteria and public awareness.

Under this scope, a Circular Economy Working Group has been set up internally to identify and promote opportunities to transform the waste generated and managed into raw materials or secondary fuels that can be used in works and infrastructures designed, constructed and operated by Ferrovial.

CO_2 EMISSIONS OVER TIME*

-28.4%

IN RELATIVE TERMS (tCO_2eq/M€) (2009-2017) (Scope 1 & 2)

ELECTRICITY FROM A RENEWABLE SOURCE

36%

OF THE TOTAL CONSUMED

* The evolution of the emissions has been calculated by adjusting the base year data to the Companies perimeter of 2017.

CARBON FOOTPRINT. REDUCTION TARGETS

The calculation and reporting of the carbon footprint is applicable to the entire company and covers all business areas 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.

The company has ambitious goals in this matter. By 2020, it has been proposed to reduce Scope 1 & 2 emissions in terms of intensity (tCO_2eq / million euro of turnover) by 35.4% compared to the baseline year, 2009. 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%. The reduction target for 2017 in terms of intensity with respect to the baseline year is 25.75%.

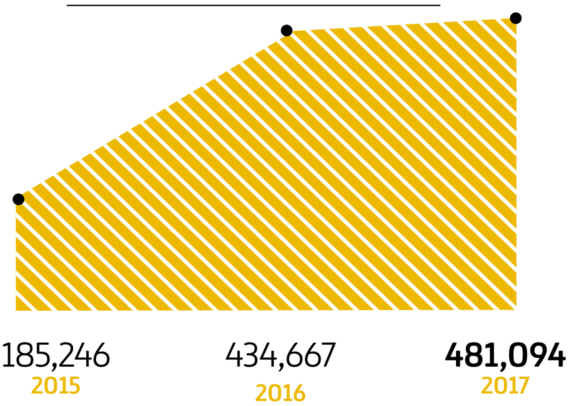
After calculating the 2017 carbon footprint, scope 1 & 2 emissions have been reduced by 28.4% in terms of intensity (2.65% above the target) with respect to the base year. In absolute terms, emissions have been reduced by 10.2%, despite the 25.4% increase in turnover since that year. For more information see the Appendix.

The fulfillment of the proposed target is being carried out based on the implementation of actions to improve energy efficiency in buildings and processes, in the incorporation of sustainable criteria in purchases, in leasing of vehicles and machinery, in the design of sustainable mobility plans, and in the promotion of the purchase of electricity from certified renewable sources. Along these lines, in 2017, 36.04% of the total electricity consumed came from renewable sources, with 94.08% purchased and 5.92% from self-consumption.

Emissions avoided

Since 2009, and thanks to internal plans, scope 1 & 2 emissions have been reduced by 1,202,451 tCO_2eq, a figure similar to the annual emissions of a city of 174,136 inhabitants. In 2017, the consumption of renewable electricity prevented the emission of 39,247 tCO_2eq, and the emissions avoided thanks to the sorting and capturing of biogas in landfills amounted to 1,389,171 tCO_2eq.

CONSUMED RENEWABLE ENERGY (GJ)



BIODIVERSITY AND NATURAL CAPITAL

Through the “Ferrovial, Natural Capital” program, Ferrovial carries out several biodiversity projects for not only assessing and mitigating the impact on natural spaces or ecosystems affected by its activity, but also anticipating market trends and, if applicable, making the most of any new opportunities in this field. At the end of 2016, the Natural Capital Protocol was made public, the first international standard that aims to make it easier for corporations to internalize risks and opportunities related to biodiversity and natural capital. Ferrovial had anticipated this process by incorporating the "No Net Loss of Biodiversity" criteria in its policy by developing tools to measure the company's impact on biodiversity, in collaboration with various scientific institutions (CSIC, Universidad Rey Juan Carlos of Madrid, University of Salamanca).

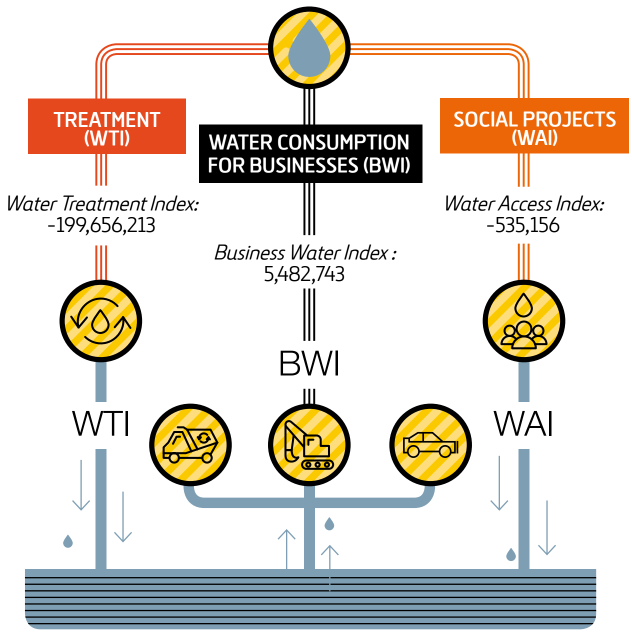
The development of these tools was completed in 2017, and their reliability was validated in some infrastructure projects. This initiative has served as a case study and has accelerated the entry of Ferrovial into the Natural Capital Coalition, the promoting entity of the protocol.

Meanwhile, the company maintains its lines of collaboration with the Spanish Enterprise and Biodiversity Initiative (http://ieeb.fundacion-biodiversidad.es/), and the Global Change Monitoring Network, of the Ministry of Environment (MAPAMA).

WATER FOOTPRINT

Ferrovial is the first company in its sector to establish a methodology to quantify its impact on water resources. It is based on the principles of The Water Footprint Assessment Manual (WFM), the Global Water Tool (GWT) and GRI-G4, and considers aspects such as the country's water stress, the impact on water resources (quantity and quality) and the accessibility to water. More information on our water footprint at www.ferrovial.com.

FERROVIAL WATER FOOTPRINT



BWI: Business Water Index. Water consumption and discharge in activities carried out by the business units. **WTI:** Water Treatment Index: impact of Cadagua's water treatment processes and those of Ferrovial Services and Amey's leachate treatment in landfills. **WAI:** Water Access Index: Impact of Social Action projects for water supply to communities in developing countries.

REDUCTION OF ENVIRONMENTAL IMPACT

The high volumes of lands managed on site have motivated Ferrovial to establish an objective of reusing them, seeking to minimize the impacts associated with this activity. For this reason, an 80% target for land reuse has been established for 2020, considering 2015 as the base year.

LAND REUSED IN WORKS

2017	2016	2015
15,498,439 m^3	11,692,839 m^3	5,910,889 m^3

The company has also reduced the production of non-hazardous waste, reaching the target of a 2.5% annual reduction, taking 2016 as the base year.

NON-HAZARDOUS WASTE GENERATED

2017	2016	2015
683,842 m^3	731,874 m^3	655,519 m^3

The non-hazardous waste in 2015 and 2016 have been recalculated taking into account the contribution of the new companies acquired in order to improve the comparability of the data.

REDUCTION TARGETS CERTIFIED BY SCIENCE BASED TARGETS (SBTi)

Ferrovial has joined the SBTi initiative that promotes the action of the private sector toward a low emission economy. A proposal that follows the recommendations of scientists and aligns them with the targets to reduce emissions required in the different temporary timelines. Ferrovial is the first company in its sector and in the world to set reduction targets aligned and validated by this initiative. SBTi collaborates with the United Nations Global Compact, CDP, World Wildlife Foundation (WWF) and the World Resources Institute (WRI).

CARBON PRICING

In 2017, a tool was developed to implement a carbon price in the most relevant investments of Ferrovial in the shadow pricing modality with the aim of quantifying the associated risks and opportunities and guiding the asset portfolio to decarbonized business models. The methodology establishes the evolution of the long-term carbon price (from 2020 to 2050), in the main sectors and in the 15 most relevant geographies, making it possible to quantify the risks and opportunities of new investments. It also includes an analysis of the current carbon prices, the optimal prices to be able to meet the decarbonization target of the Paris Agreement and the path of compliance in each of the countries.

PHOTO: Glasgow Airport (United Kingdom).

BE RESPONSIBLE, BE SUSTAINABLE

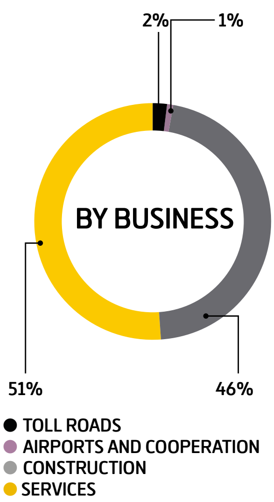
Ferrovial believes in long-term development. A business model that advocates responsibility in the way of acting and the sustainability of the project. Values that generate commitments, policies and procedures for the environment, community, ethics and innovation. A way of being and acting acknowledged by DJSI, FTSE4Good and Carbon Disclosure by including Ferrovial among its members.

PHOTO: Castilblanco viaduct. Badajoz (Spain).

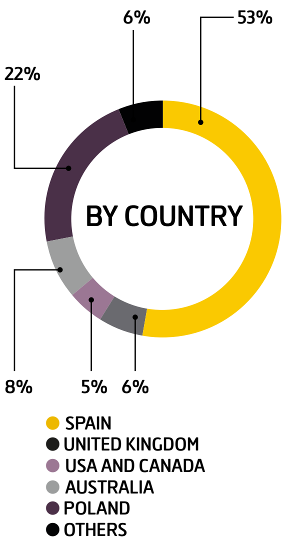
SUPPLY CHAIN

FERROVIAL WORKS TO DEVELOP A SUPPLY CHAIN FORMED BY THE BEST PARTNERS AND SUPPLIERS, PROMOTING SUSTAINABLE PURCHASING, COLLABORATION, EFFICIENCY AND INNOVATION.

NUMBER OF SUPPLIERS: 87,335



TOTAL NUMBER OF SUPPLIERS



Ferrovial integrates its corporate principles and values throughout the entire supply chain. The company works with leading, socially responsible and collaborative organizations and partners.

The selection and contracting processes are objective and rigorous. Through the evaluation and monitoring of quality, the company seeks to increase the performance of the supply chain and facilitate solid and long-term business relationships.

STRATEGY AND MANAGEMENT PROCEDURES

The Global Purchasing Policy, applicable to all Ferrovial companies and subsidiaries, includes the fundamental principles in terms of safety and sustainability that mark the relationship of the company with its suppliers. They are based on the company's Code of Business Ethics and the Corporate Responsibility Policies.

This policy defines the bases and the basic operating procedure, and specific operating procedures are applied for each country/area to adapt them to the particularities of each market. It seeks to shore up the management adapted to the specific requirements of each project in accordance with the local supplier marketplace yet applying an international vision in relevant purchase with a view to benefiting synergies and the extensive knowledge of the global supplier marketplace.

The overall coordination of the purchasing activity rests with the Global Procurement Committee, which, led by Ferrovial's Chief Information and Innovation Officer (CIIO) and formed by the chief procurement managers of the business areas, facilitates sharing good practices and improving the procurement function from a global point of view.

The strengthening of good purchasing governance is materialized with the reinforcement of the procedures control model using information obtained from the systems, developing certain sustainability plans, and establishing work groups to look into new approaches and specific solutions to mitigate risks.

Another of the targets pursued is the professionalization of the function through specific training programs, presence in events and the improvement of communication with businesses. This year, 5,820 hours of training were given, mainly aimed at procurement managers, to find out the best practices and latest developments in the field of provisioning.

COMPREHENSIVE SUPPLIER MANAGEMENT

The relationship that Ferrovial maintains with its suppliers is based on transparency and mutual trust, with the clear objective of being able to guarantee an excellent, efficient and quality service provision. The relationship with suppliers and contractors is maintained through specific management, classification, approval, evaluation and risk control systems.

Supplier selection is based on objective and rigorous criteria that guarantee independence and impartiality. The procedure for evaluating and monitoring the quality of suppliers and subcontractors includes an assessment of incidents in the event of any breach of the agreed requirements included in the contract or order that change the provision of the service. Incidents are classified as minor or serious and may lead to the blocking and/or exclusion of the supplier in future tenders.

It is also essential that suppliers ensure compliance with the Corporate Responsibility Policy, the Code of Business Ethics and Anti-Corruption and Compliance Policies in their applicable field. Along this line, contract and order models have been updated to align them with the new Corporate Compliance Policy, so that procurement managers convey to suppliers the commitment to act in accordance with said policy.

SUPPLIERS EVALUATED IN 2017

13,129

In 2017, 13,129 suppliers were assessed, and less than 1% were rejected. 29,173 new suppliers were incorporated during the year. A total of 685 suppliers were considered critical, which accounted for 19.1% of the total supplier invoicing.

INNOVATION AND TECHNOLOGY

For Ferrovial, it is essential to continue being committed to innovation and using new technologies as key elements to improve procurement processes and available information. Continuous improvement is a priority, incorporating new ways of working, sharing knowledge and learning from best practices. Innovation is also sought in collaboration with suppliers, using their experience to offer products and services that add value, minimize risk and offer new opportunities.

In Construction, the use of InSite continues to be promoted as a tool to support procurement information and management, incorporating new information processing and analysis capabilities.

Meanwhile, Ferrovial Services launched an ambitious program to optimize the available information and share it with the other business activities. It includes punch-out catalogs for improved integration with critical suppliers; dashboards for procurement management (PIC BI) and fleet management (OMEGA BI), to take better advantage of available information; and the design and implementation of the OPTIMAS project, which consists of an improvement plan to optimize the backoffice functions of the business areas.

Regarding the management of information and data, the increase in the supply and fleet presence in innovation projects is noteworthy. The Smart Fleet project, an intelligent fleet and connectivity program that involves the implementation of technology in the fleet itself, is designed to obtain information aimed at improving efficiency, fuel consumption in fuel tanks, preventive and corrective maintenance, and workplace and road safety in the fleet and workshops.

OMEGA PROJECT

Ferrovial Services has been using the OMEGA tool (Optimization of Equipment Maintenance and Asset Management) software tool since March 2017 to gather all the equipment and vehicle information in its workshops, which enables greater control of the fleet and reduces the associated maintenance costs.

The objective of OMEGA is to obtain sufficient traceability to control expenses and efficiently allocate available resources such as labor, materials and subcontracting expenses. With the data obtained, and using Big Data, we expect to anticipate possible breakdowns and adapt preventive maintenance plans.

Considerable resources have been invested in designing the application to adjust it to the different technical profiles in the workshops.
The main benefits of this new tool are:

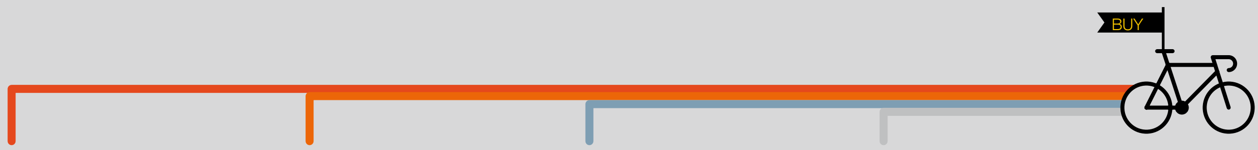
- Having a unique management model unified in Ferrovial Services.
- Saving management costs thanks to improved planning.
- Improving fleet management, by having all the technical information of the equipment and vehicles.

SUSTAINABLE PURCHASES

The procurement area actively contributes to achieving the objectives of the Strategic Plan for Corporate Responsibility, the 20.19 Plan, by promoting the contracting of renewable energies, the reduction of fuel consumption and by purchasing electric and hybrid vehicles. Along this line Construction has a Catalog of Green Purchases conceived for shoring up acquisitions of products and services with environmental characteristics that enable a contribution to improving energy efficiency, environmental sustainability and assisting responsible decision-making for purchasing supplies and commissioning construction work and services.

When making a decision in procurement processes, energy consumption is considered among the factors that are analyzed in the products or services to be contracted, in procurements in which this factor is relevant. In 2017 a market study was carried out on hybrid and electric vehicles to determine the possible alternatives, as well as the advantages and disadvantages and/or limitations compared to conventional vehicles. Ferrovial Services is analyzing new methods of propulsion for heavy vehicles, especially for waste collection trucks (100% electric and hybrid in development).

PROCUREMENT PROCESS



PURCHASE REQUEST

Each area organizes its own purchasing according to the management criteria established by the Procurement Committee.

CONTRACTING STRATEGY

- Green Purchasing Catalog.
- Recycled Product Supplier Study.

POTENTIAL VENDOR ASSESSMENT AND SELECTION

Suitability analysis:
- Financial capacity.
- Environmental.
- Social (Health & Safety, respect for human rights, ethics).

REQUEST FOR PROPOSALS

Transmission of ethical and anti-corruption requirements, and inclusion of clauses in orders and contracts.

CONTRACT AWARDING

Control and monitoring of suppliers and contracts.

COMMUNITY

IN ITS COMMITMENT TO THE SUSTAINABLE DEVELOPMENT GOALS (SDG), FERROVIAL ACTIVELY PARTICIPATES IN THE COMMUNITY THROUGH THE DEVELOPMENT AND EXECUTION OF SOCIAL PROGRAMS TO SIGNIFICANTLY IMPROVE PEOPLE'S LIVES. THE COMPANY HAS A KEY ROLE IN THE SOCIAL AND ECONOMIC DEVELOPMENT OF THE COUNTRIES WHERE IT CARRIES OUT ACTIVITIES.

As an infrastructure manager, Ferrovial is a key component in reducing territorial imbalances, contributing to development, generating employment, buttresses purchases from local suppliers, contributes by paying taxes, and transfers skills, knowledge, innovation and technology.

The company develops different investment programs in the community aimed at groups of people at risk of exclusion, both in its main markets and in developing countries.

INVESTMENT IN THE COMMUNITY

Spain

Ferrovial supports the refurbishment of shops set up for distributing food to underprivileged groups within the **Social Action in Spain** program. In 2017, the company, together with the Spanish Federation of Food Banks, supported the refurbishment of nine centers located in Palencia, Murcia, Orense, Cáceres, Algeciras, Huelva, Granada, Madrid and Barcelona.

It also has the **Juntos Sumamos** program, in which employees decide to contribute to social projects, which is doubled by the company. In 2017, three projects chosen by the donor employees were executed: start-up of a Day Center for Children's Villages in Málaga, rehabilitation of a medical clinic in Haiti with Manos Unidas and caring for leprosy patients in India with the Fontilles Association.

Ferrovial also supports the activities of the Integra Foundation with a view to contributing to integrating people at risk of social exclusion. Since 2002, Ferrovial has helped find work for over 500 people. Ferrovial Services has signed 32 collaboration agreements with special employment centers. It also launched the “Escuela de Oficios” trade school for helping improve the prospects of employment for people at risk of social exclusion or with disabilities. It also partners with the Èxit Foundation's "Coach", a corporate volunteering initiative aimed at vulnerable young adults providing orientation and motivation.

Regarding the integration of people with disabilities, Ferrovial and the Adecco Foundation work together through the Plan Familia to help family members of disabled persons. Cadagua, in turn, participates in the Unidos Project, pioneer in academic and employment orientation for university students with disabilities.

In its endeavor to support culture, the company sponsors the Guggenheim Museum, the Liceu theater in Barcelona and the Teatro Real in Madrid. It also works with different local governments to promote concerts, exhibitions and competitions.

COMMUNITY SUPPORT PROJECTS

305

COMMUNITY INVESTMENT (M€)

4.3

BENEFICIARIES IN WATER AND WATER TREATMENT PROJECTS

212,605

United States

In the US, Ferrovial sponsors several **educational projects** such as "After School Matters", "Black Creativity Gala" and "Illinois Military Families Fund", in Chicago; and "National Math and Science Initiative" in Texas, to help young people further their studies in science, technology, math and engineering. Toll road I-77 supports the **Discovery Science Museum** in Charlotte, North Carolina. Discovery Place is an NGO focused on the exploration of nature through exhibitions and educational programs for all ages.

Canada

The 407 ETR and its employees are committed to local communities through various social initiatives in the following areas:

- **Youth sport.** Helping the Richmond Hill Soccer Club to provide leagues, camps and special events throughout the year to more than 7,000 players, 500 volunteers and 100 game officials.
- **Hospitals and Restoration.** It supports various health-care centers such as the Hamilton Health Sciences Foundation; Humber River Hospital Foundation; Joseph Brant Hospital, and Mackenzie Health Foundation, among others.
- **Environment.** Associated with Evergreen, 407 ETR not only donates but it also facilitates the participation of its employees in tree planting.

United Kingdom

Amey and the **Duke of Edinburgh Foundation (DofE)** have an agreement to improve the opportunities and employment prospects of thousands of young adults at risk of exclusion for the last 13 years. The program is being run in Staffordshire, Birmingham, Liverpool, Sheffield and Wales.

Heathrow Community Fund is a Heathrow Airport program that supports projects that improve the quality of life of the communities near the airport in matters such as the employability of young people, the environment, community activities and staff volunteering. Heathrow also works with another charitable organization known as the **Hillingdon Community Trust**, which offers grants for community projects.

Poland

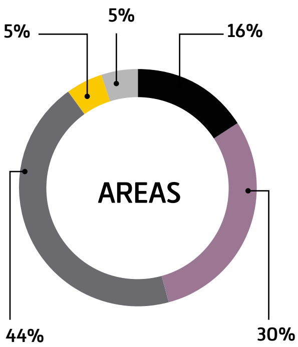
Budimex work with **Strefa Rodzica,** aimed at creating separate areas in the pediatric wards of hospitals, where parents can accompany their sick children. Another initiative is **Domofon ICE**, which equips students with identifiers for

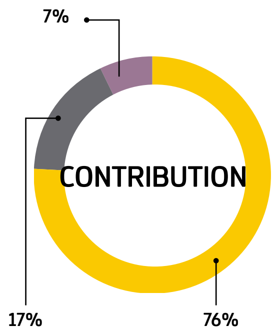
UNITED NATIONS ADVISOR FOR SDGS

The New Agenda for Sustainable Development (2015-2030) sets forth the humanity targets for the next 15 years, incorporating the private sector as one of the main protagonists. The UN's Sustainable Development Goals (SDG) Fund created a Private Sector Advisory Group, in which Ferrovial and another 12 companies from around the world renewed their presence. Its role is to provide the experience of the private sector to articulate an effective collaboration with the public, to achieve the ambitious targets designed in the agenda. Ferrovial highlights its commitment to SDG 6 (Clean water and sanitation), SDG 9 (Industry, innovation and infrastructure) and SDG 11 (Sustainable cities and communities).

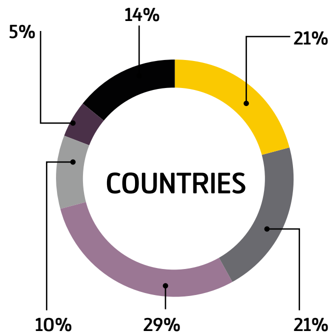
In addition, Ferrovial participates with Save the Children in a water and sanitation program for the El Tambo and Bolívar schools in El Cauca (Colombia), within a United Nations project. In the photo, schoolchildren from El Cauca.

COMMUNITY SUPPORT PROJECTS





INVESTMENT IN THE COMMUNITY



risky situations. Children receive a card in the shape of a cell phone with a reflective bag that can be easily attached to a backpack.

Australia

Broadspectrum is committed to reducing inequality among indigenous people in Australia. The company promotes a socially inclusive business that recognizes local customs, the needs of indigenous peoples and their communities, as well as the preservation of their culture and customs. The program is part of the Reconciliation Action Plan government initiative, which aims to fully integrate Aborigines into Australian society.

Other developing countries

Since 2011, Ferrovial has had a program to cooperate in the development of **Social Infrastructures**, which facilitates access to water in Africa and Latin America. Ferrovial, together with NGOs and Local Authorities, develops water and sanitation infrastructures. Company employees in turn participate as volunteers, contributing with their knowledge in the country where the intervention is being carried out. In 2017, the company carried out four projects benefiting 20,836 people, with an overall investment of 500,000€:

- **Zabzugu District, Ghana:** mechanization of four wells with solar energy for six communities, five schools and a health center together with World Vision International.
- **Ventanilla District, Peru**: improvement of water and sanitation conditions in six schools and two human settlements, together with the Plan International España.
- **El Tambo and Bolívar districts, Colombia**: construction of potable water infrastructure and rehabilitation of sanitation in four schools and three communities, together with Save the Children. This project is part of the program led by UNDP in Cauca.

VIDEO: SOCIAL ACTION 2017
Click on this link for more information

RESPONSIBLE TAX MANAGEMENT

FERROVIAL MANAGES ITS FISCAL OBLIGATIONS IN A PRUDENT AND TRANSPARENT MANNER, UNDER THE HIGHEST LEVEL OF COOPERATIVE COMPLIANCE, BUT WITHOUT RENOUNCING AN EFFICIENT MANAGEMENT ALIGNED WITH THE GROUP'S STRATEGY. IN 2017, THE TOTAL TAX CONTRIBUTION STOOD AT 2,075 MILLION EURO, HIGHLIGHTING THE DERIVATIVE OF EMPLOYMENT, WHICH ROSE TO 1,184 MILLION, AND THAT DERIVED FROM THE COMPANY'S OWN ACTIVITY, WHICH REACHED 621 MILLION EURO.

TOTAL TAX* (M€)

2,075

* Supported, paid and collected.

EMPLOYMENT TAXES* (M€)

1,184

* Supported, paid and collected.

TAX COLLECTED BY ACTIVITY (M€)

621

In 2010, Ferrovial adhered to the Code of Good Tax Practices promoted by the Spanish Tax Agency, subsequently extending these recommendations to all its activities in the world through the Compliance Policy and Good Practices in Tax Matters. Finally, in February 2015, the Board of Directors approved the Ferrovial Tax Policy, complying with the provisions of Article 529 ter of the Capital Companies Law.

PRINCIPLES

- Compliance, assuming the commitment to make the correct payment, and on time, of all applicable taxes, complying with the law in each country.
- Professionalism, assigning the management of taxes and the associated risks to a team of specialized professionals, the Ferrovial Tax Advisory Division, supported by top external advisors.
- Efficiency, managing tax aspects in coherence with the business strategy, maximizing the value for its shareholders.
- Cooperation, sustaining good relations with tax authorities and managing tax matters in a proactive manner in order to avoid any kind of unnecessary conflict.
- Sustainability, having procedures and policies in place to manage fiscal risks.
- Participation, contributing its international knowledge on tax matters in legislative processes.
- Applying market price in all transmissions made between the Ferrovial companies.

TAX RISK PREVENTION

Following the recommendations of the Good Taxation Practices Code:

- It promotes measures to prevent and reduce fiscal risks.
- It seeks to avoid conflicts arising from the interpretation of regulations by applying instruments such as prior consultation with tax authorities and prior valuation agreements.
- It collaborates with the competent tax administrations to detect fraudulent fiscal practices that may exist in the market, with the aim of eradicating them.
- It provides all information and documentation requested by tax authorities as quickly and as completely as possible.
- It makes use of all the possibilities offered by the inspector procedure to reach an agreement with the tax administrations.

TRANSPARENCY

The principle of transparency frames the management of taxation. Ferrovial does not make use of any companies domiciled in tax havens or other non-transparent jurisdictions, except when a given activity - for example a specific construction project - is irredeemably connected with such jurisdictions. In this case, the company will provide information to the competent authorities pursuant to legislation.

THE ROLE OF THE BOARD OF DIRECTORS

The company's Board of Directors, via the Chairman, CEO and senior executives, ensures that Ferrovial adheres to principles and good practices with respect to taxation. In charge of approving a control and management policy for fiscal risks, as well as any operations that carry a tax risk.

When formulating the annual accounts, the Board is informed about the fiscal policies applied during the year and about the effective fulfillment of the commitments included in the Code of Good Tax Practices, reflecting it in the Annual Corporate Governance Report. For further information, please refer to section 6.6 of the Consolidated Financial Statements.

2017 TAX CONTRIBUTION BY GEOGRAPHY

Amounts paid in 2017. Information in euros, considering the average interest rate of the year for payments in foreign currency. Aggregated figures based on the percentage of participation, not consolidation (it includes 43.23% 407 ETR, 25% of HAH and 55.14% of Budimex). Differentiation between Tax Borne (where Ferrovial is obliged to assume it) and Tax Collected (taxes derived from Ferrovial 's activity, but borne by third parties: employees, clients, suppliers,..)

MARKET	INCURRED TAXES (1)	COLLECTED TAXES (2)	TOTAL (€)
Spain	361,672,219	379,225,355	740,897,573
United Kingdom	147,013,497	344,179,745	491,193,243
Australia (3)	134,580,394	317,783,713	452,364,107
The Americas	71,933,742	86,565,756	158,499,498
Poland	33,296,413	160,345,931	193,642,344
Rest of europe	21,932,553	16,239,402	38,171,955
Other (<1%)	0	15,183	15,183
Total	770,428,818	1,304,355,086	2,074,783,904

(1) Taxes for income, production or profits, and Social Security contributions as an employer.
(2) VAT collected, employment taxes and contributions to the Social Security for employees.
(3) Related to Australia and the rest of Pacific Islands.

EMPLOYMENT AND ACTIVITY

Ferrovial's total tax contribution represents 15.7% of its revenues (figures based on the percentage of participation). That is to say, for every 100 euro of sale, Ferrovial has deposited 16 euro in the public coffers. Ferrovial's tax contribution comes mainly from employment-related taxes, reflecting its importance as a large employer (almost 97,255 employees average workforce), and taxes related to the development of its activity, which it impacts to their clients and collects for the different tax administrations.

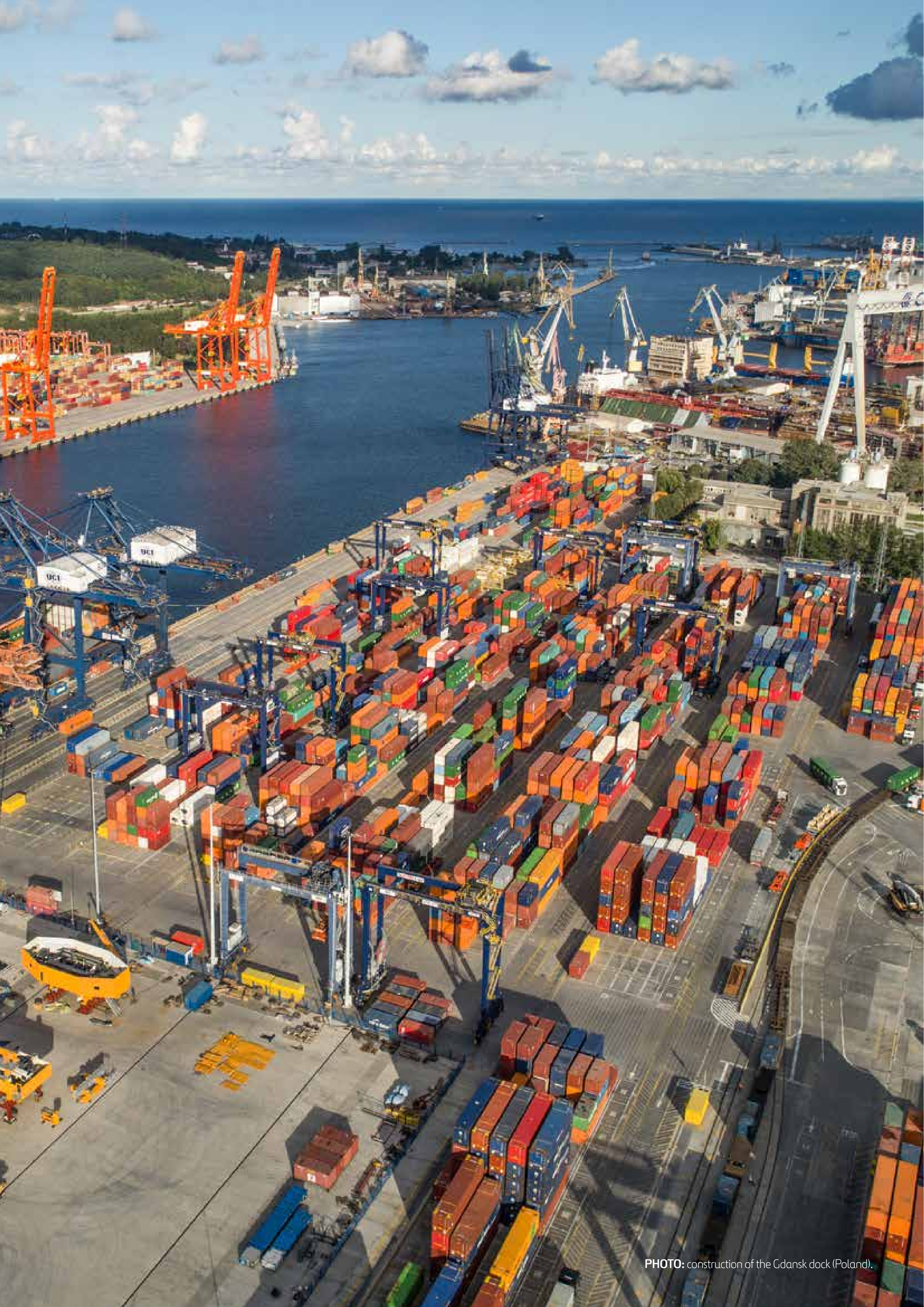
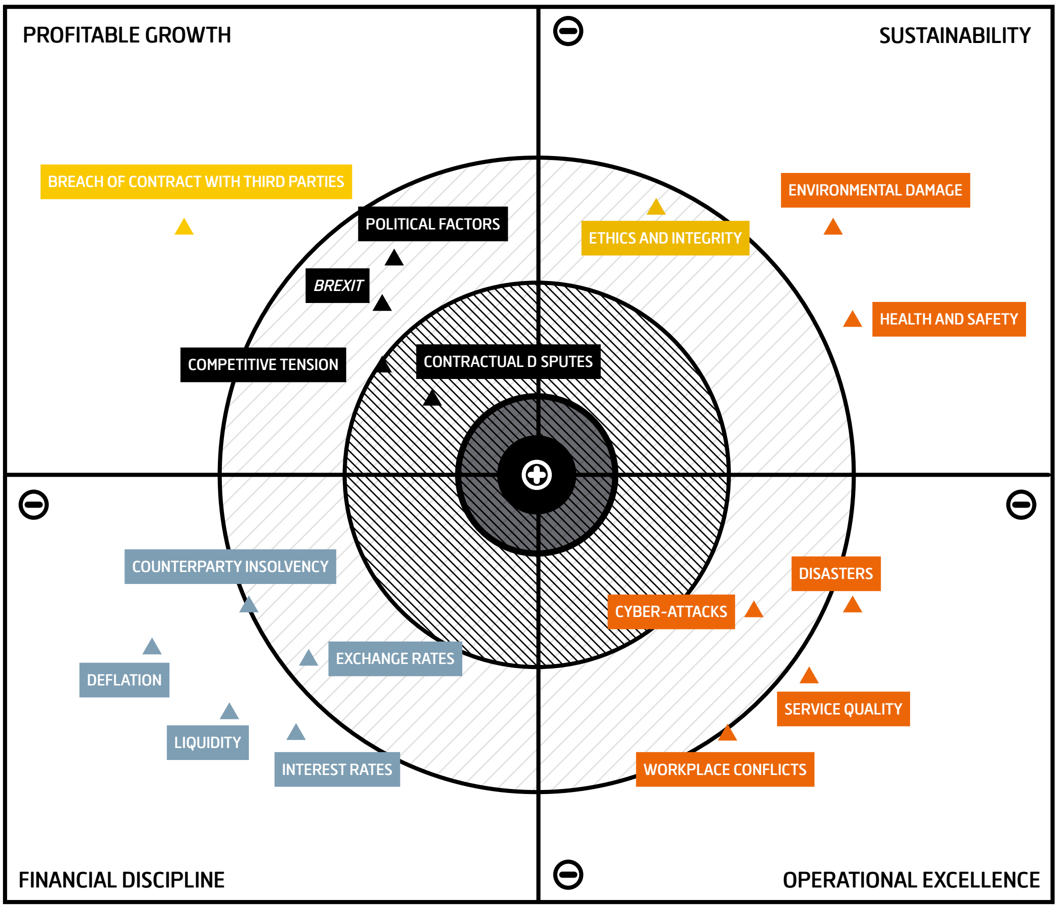


PHOTO: construction of the Gdansk dock (Poland).

PHOTO: maintenance of water supply and sanitation facilities in Bilbao (Spain).

RISKS MATRIX



STRATEGIC
Risks related to the market and the environment of each business; risks derived from the regulatory framework and legislation in force; risks derived from alliances with partners and associates of the company's organization and its relationships with external agents.

COMPLIANCE RELATED
Risks linked to compliance with applicable legislation, obligations with third parties and self-imposed duties deriving from the Code of Ethics.

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

OPERATIONAL
Risks associated with production processes, rendering the service, generating income and incurred costs. Particular attention is given to risks linked to deficiencies or delays in the rendering of services to customers and users and occupational risks.

Please 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.

The chart displays the most relevant risk events according to their residual assessment (after controls) that threaten the execution of the corporate strategy.

RISKS

FERROVIAL IS EXPOSED TO A RANGE OF RISK FACTORS ARISING IN COUNTRIES WHERE IT CARRIES OUT ITS ACTIVITIES AND INHERENT TO THE SECTORS IN WHICH IT OPERATES. THE COMPANY SEEKS TO DETECT AND ASSESS RISKS, AND IMPLEMENT TIMELY CONTROL MEASURES TO MITIGATE THEIR PROBABILITY OF OCCURRENCE AND/OR POTENTIAL IMPACT ACCORDING TO THE STRATEGIC OBJECTIVES. MOREOVER, NEW BUSINESS OPPORTUNITIES CAN BE IDENTIFIED BECAUSE OF THE EFFECTIVE AND EFFICIENT MANAGEMENT OF CERTAIN RISKS.

The following risks are prominent among the main risks affecting the implementation of the Ferrovial strategy:

- **Contractual disputes:** fiscal consolidation policies in force in some of the areas where Ferrovial carries out its activities are negatively affecting the financial capacities of public sector customers and, therefore, their investment capabilities. The financial tensions affecting some public sector customers increase exposure to contractual dispute risks, which could affect the profitability of projects. The high level of legal security in the areas where projects are underway partly mitigate this risk.

Regarding the main litigation opened in December 2017 relates to the contract between Amey and the Birmingham City Council in the United Kingdom. On 5 September 2016, the Tribunal's decision was rendered in favour of Amey in all matters under discussion between the parties, although the other party requested permission to go to the Appeals Tribunal. During 2017 financial year, the company was involved in negotiations with the City Council in order to reach an agreed solution, although the City Council resorted to the following measures to the Court of Appeals, with negotiations finally held in abeyance. On February 22, 2018, this court has ruled against Amey in all matters and the intention of the company is to appeal the decision to the Supreme Court. At year-end, the company maintains an adequate provision to cover the final risks that may arise from this litigation. For further details, please refer to section 6.5.1 of the Consolidated Financial Statements.

It is also necessary to highlight that, after the sale of the SH-130 toll road in the USA, the concessionaire presented a claim to the construction company, pending evaluation, in which Ferrovial participates with a 50% stake, for shortfalls in the construction.

The symbol indicates the development of the risk with respect to its situation in the previous integrated report (■ stable; ▲ the risk has increased, ▼ the risk has decreased)

- **Competitive tension:** the economic recovery slowdown in Europe and emerging countries negatively affects public sector investment capacity and could therefore affect the demand on infrastructures. This circumstance increases competitive tension in the international markets where Ferrovial operates with the resulting pressures on prices and profit margins in projects that, by their very nature, have significant execution risks, and on the technical references portfolio.

  As a response to these risks, the company has an investment approval procedure in place for identifying and assessing the most relevant project risks, including risks generated by the competitive environment, and opts to tender projects for which it has the most appropriate risk management capacities that will yield a competitive advantage.

- ▲ **Brexit:** after the United Kingdom Government submitted its formal intention to leave the European Union on June 19, 2016, the exit process was formally initiated and a two-year negotiation period began to determine the new terms of the UK's relationship with the European Union.

  The final result of this negotiation process is subject to a high level of uncertainty that could adversely affect economic conditions in the United Kingdom and/or in the European market as a whole, as well as contributing to instability in financial markets and global currencies, including volatility in the value of the euro.

  Ferrovial's assets in the United Kingdom (16% of the value of assets according to analysts' estimates), could affect its profitability and its ability to create value.

  However, these estimates have been tweaked toward a more optimistic outlook. Heathrow airport is the largest asset in which Ferrovial participates in the United Kingdom but the forecast for a potential slowdown or standstill in the British economy is not expected to significantly affect its activity when compared to similar situations in the past in light of the relevance of the asset and its current full-capacity status. In addition, the decision of the British Government to move forward with the third runway project, pending final parliamentary approval, highlights the importance that the airport has for this country and, therefore, its lower exposure to this risk.

  In the case of the Services business, which operates through Amey, the impact of budgetary restrictions of Public Administrations may continue to affect the business, although both Services and Construction may be positively impacted by the need to improve the transport network that entails more investment and maintenance tenders in the medium-term. Section 5.4 h of the Consolidated Annual Accounts shows how the Brexit has impacted on the main financial figures, contrasting the negative effect of the performance of the exchange rate with the positive effect of the increase in the inflation rate and the reduction of interest rates, and therefore, of the discount rate on the regulated assets of Heathrow airport. **Regulated assets indexed at inflation increase their value as inflation increases.** In response to the risks that could emerge from Brexit, Ferrovial will continue monitoring the developments in negotiations between the United Kingdom and the European Union, foster operating efficiency measures across its diverse business areas to adapt to arising market circumstances, and continue tracking the trends in the financial markets to take the appropriate coverage measures.

  To hedge the foreign currency risk, Ferrovial has arranged hedges to cover the amount equivalent to approximately the dividends it expects to receive from UK assets over the next three years. See Note 5.4 of the Consolidated Financial Statements.

- ▲ **Political and regulation factors:** In general, most of Ferrovial's operations are in countries with a high level of legal certainty and where there is an expectation of socioeconomic stability and transparent tax regulations, as in the case of the United Kingdom, the United States, Canada, Poland, Australia and Spain. Nevertheless, recent political events characterized by the exponential growth of protectionist policies and fiscal consolidation could affect the taxation, legal and regulatory environments in which the company operates, negatively affecting the targets of profitability and growth.

  In this regard it can be mentioned that the expansion of Heathrow Airport is subject to the authorization of the British Government and Parliament. In the specific case of Spain, growth prospects may also be affected due to the uncertainties derived from political and social initiatives in Catalonia, calling for the separation of the region of Spain.

  To mitigate this risk, Ferrovial permanently monitors the regulatory and legislative processes that may affect its activities, as well as the political movements that may occur, in order to anticipate possible changes in time for proper management.

- ▼ **Ethics and Integrity:** While conducting its activities, Ferrovial is exposed to ethical risks. To mitigate these risks, Ferrovial has a Compliance Model that is developed under the principles of respect for current legislation, ethical integrity, transparency and Zero Tolerance toward criminal actions. The purposes of the model are: i) to provide all Ferrovial administrators, directors and employees with a general framework of action to which they must abide when doing their job based on the highest standards of integrity, transparency, respect for legality and human rights; ii) to establish a common and homogeneous framework for monitoring, controlling and managing compliance risks, especially those aimed at the prevention of criminal behavior; iii) to foster a culture of business ethics in the organization and in the decision-making and training processes of the will of administrators, managers and employees.

  On October 31, 2017, the Broadspectrum contracts with the Australian Government's Department of Immigration and Border Protection to provide welfare, maintenance and security services at the Regional Processing Centers of Manus (Papua New Guinea) and Nauru simultaneously ended. As a result, Ferrovial fulfilled its commitment in May 2016 when it acquired Broadspectrum, to not continue with these contracts once they expire, given that these activities were not included in its portfolio of services. During these months, Broadspectrum has prioritized the safety and welfare of these refugees and asylum seekers, while working very closely with the new suppliers to ensure the best transition in both Nauru and Manus.

In January 2018, the Provincial Court of Barcelona notified the judgment of the Palau Case, not condemning the two directors related to Ferrovial Agroman who were accused.

Ferrovial encourages compliance with the principles of ethics and transparency and the responsible behavior of all employees, regardless of their hierarchical level and the country in which they work, and ensures that other individuals or groups that carry out activities on behalf of Ferrovial, including contractors, agents, consultants and other business partners, do so as well.

▲ **Cyber-attacks:** Ferrovial's infrastructures are exposed to cyber attacks with the consequent impact on people and on their own infrastructures, which may even lead to them coming to a standstill. Those most exposed to this type of risk are the airport and road infrastructures.

In this regard, Ferrovial collaborates with security authorities to implement the most appropriate security measures and systems to prevent attacks on its infrastructures. Furthermore, the implementation of cybersecurity measures reduces the risk of unauthorized access to the company's information and operating systems.

- **Emerging risks:** Ferrovial assesses and monitors the status of emerging risks that could negatively affect its ability to meet strategic targets or risks that, despite their low likelihood of occurrence, could nevertheless have negative effects on its business targets. Some of the more prominent risks include natural disasters or risks caused by human action, humanitarian crises, anti-globalization and protectionist political movements to reduce international investment and jeopardize free competition, the disruption and/or technological obsolescence and impact on technology innovation in managing infrastructures. Likewise, environmental risks are monitored, mainly those related to the effects of climate change (the "environment" section of this report, explains Ferrovial's strategy in relation to this matter). The company seeks to anticipate the occurrence of these risks to adapt its strategy sufficiently in advance.

-Financial risks: the company actively assesses and manages the risk exposure of the main financial variables: interest rate, exchange rate, share price, liquidity and credit. The analysis makes a distinction between the policies applied in infrastructure project companies and the rest of companies, in those cases where such a difference is relevant. The financial risks and applied management measures are described in section 5.4 of the Consolidated Financial Statements.

EFFECTIVE RISK MANAGEMENT. FERROVIAL RISK MANAGEMENT

Ferrovial has a Risk Control and Management Policy that was approved by the Board of Directors to establish the acceptable risk and tolerance level per risk factor. These policies sets the general engagement framework for controlling and managing risks of diverse sorts that the managing team could encounter when attempting to attain business objectives.

The Ferrovial Risk Management (FRM) is the company's risk identification and assessment process, which is supervised by the Board of Directors and Management Committee, and implemented in all business areas.

This process was created for the early detection and assessment of risk events based on their likelihood of occurrence and potential impact on strategic objectives, including corporate reputation. 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 implemented to mitigate the risk, whether impact or likelihood, and one residual, considering specific control measures. Furthermore, both assessments make it possible to determine the relative importance of each risk event in the risk matrix, assessing the effectiveness of the implemented measures for managing them.

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

OPERATION OF THE RISK MANAGEMENT PROCESS

DECARBONIZATION

The Paris Agreements are committed to limiting the increase of global warming to below 2ºC at the end of the century. The economies decarbonization process is expected to accelerate, which will not only improve the environment, but also open up new business opportunities. Ferrovial creates value with an offer that responds to climate change, the water footprint, the energy crisis, the reuse of waste and the loss of biodiversity. For this reason, it has also developed a methodology to implement a carbon price in its assets, seeking decarbonized models.

PHOTO: energy efficiency of municipal installations and public lighting.

A

CORPORATE GOVERNANCE

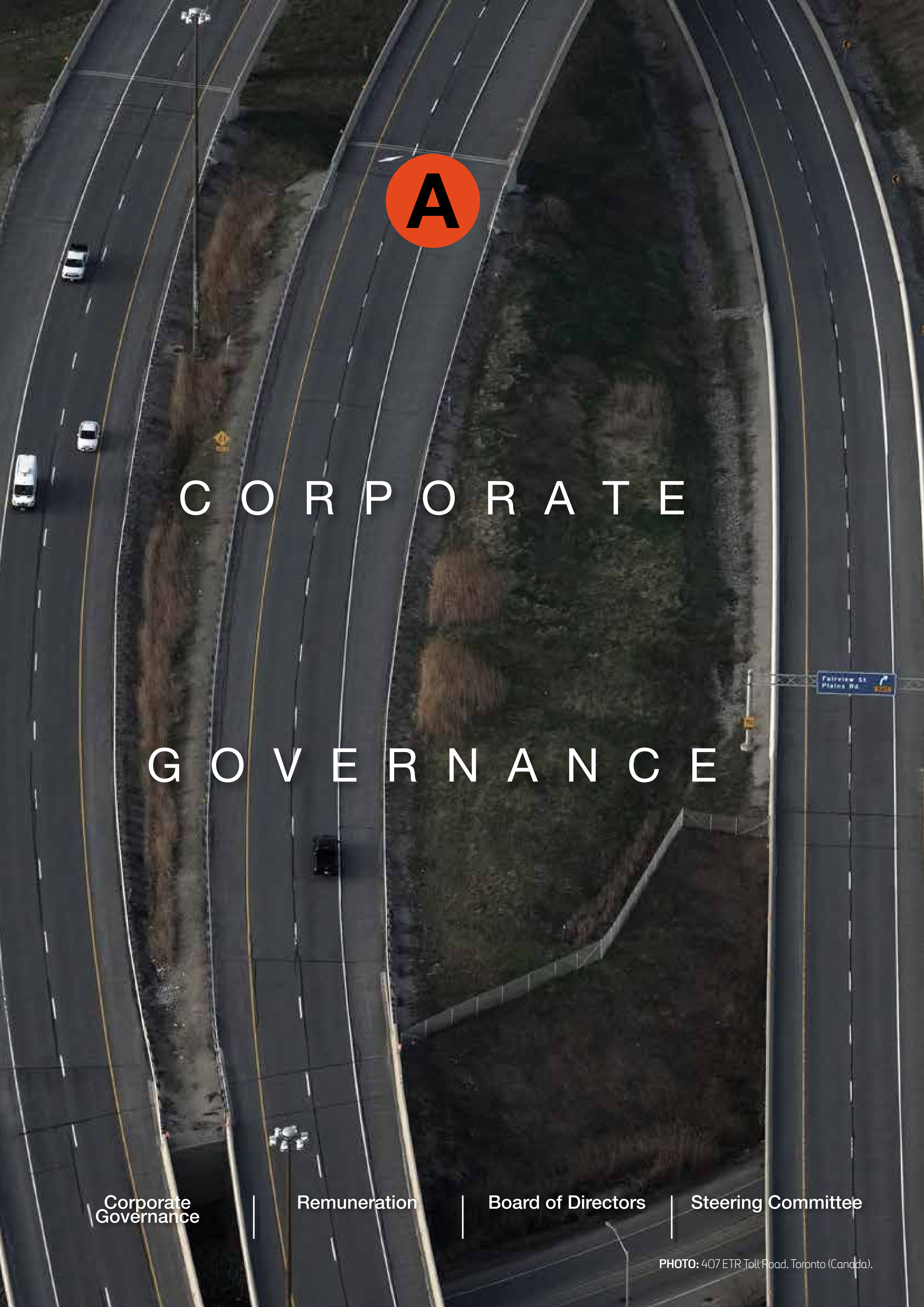


PHOTO: 407 ETR Toll Road. Toronto (Canada).

CORPORATE GOVERNANCE

FERROVIAL'S CORPORATE GOVERNANCE SEEKS TO GUARANTEE INTEGRITY, WHICH IS CONSTRUED AS DILIGENT, TRANSPARENT AND RESPONSIBLE CONDUCT VIS-À-VIS SHAREHOLDERS, EMPLOYEES, CLIENTS AND THE DIFFERENT AGENTS AFFECTED BY 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 THE DIFFERENT STAKEHOLDERS HAVE IN THE COMPANY.

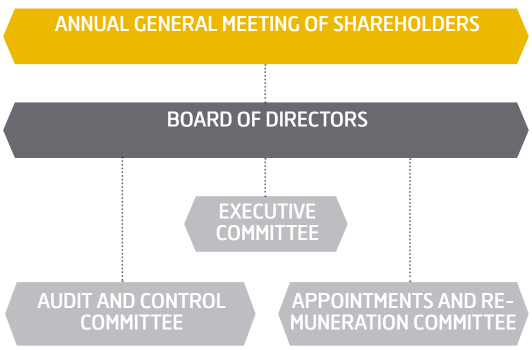
In compliance with commercial law, the Annual Corporate Governance Report (ACGR) forms part of this management report, and was drawn up by the Board of Directors and has been filed with the Spanish Securities Commission (CNMV). The ACGR details all corporate governance aspects at Ferrovial and is available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

As indicated in the ACGR, Ferrovial complies, in whole or in part, with the majority (56 of the 59 that are applicable) of the recommendations that apply to the Code of good governance of listed companies. In this sense, the company regularly analyzes the best practices and regulations of good governance in the national and international scope to assess their application and incorporation to its internal regulations.

GOVERNMENT BODIES

The ACGR details how the company's management bodies and the decision-making process work, with emphasis on the roles of the Annual General Meetings and Board of Directors as the company's most senior management bodies.

STRUCTURE OF THE GOVERNING BODIES



Board of Directors

The Board performs its duties with unity of purpose and independent judgment. It treats all shareholders in the same position equally, and works in the social interest, with the same understood to mean securing a profitable business that is sustainable in the long term, supporting its continuity and seeking optimal economic value for the company.

FEMALE BOARD REPRESENTATION

30%
BOARD OF 2020

EXTERNAL BOARD ASSESSMENT

3
CONSECUTIVE YEARS

VOTING RIGHTS ASSIGNED TO THE BOARD OF DIRECTORS

31.5%

LEAD DIRECTOR

1
LEAD DIRECTOR

It consists of 12 members, facilitating an efficient and participative operation. Re-elections take place every three years, compared to the maximum of four prescribed by the company regulations. This enables shareholders to validate their management more frequently.

In 2017, the Board held a total of six sessions, with an average duration of 6 hours and 50 minutes per meeting and 100% attendance.

HANNE SØRENSEN, INDEPENDENT DIRECTOR

•••

In 2017, the Annual General Meeting of Shareholders appointed Hanne Birgitte Breinbjerg Sørensen as Independent Director. This appointment reinforces the presence of Independent Directors, as well as the diversity of the gender, backgrounds and knowledge of the Board members, in compliance with the conclusions set forth in the Appointments and Remuneration Committee report on the needs of the Board's composition.

Executive Committee

This Committee has all delegated powers of the Board of Directors, except for powers that cannot be delegated for legal or statutory reasons. The committee comprises seven members. In addition to other duties, it monitors the performance of key business indicators and approves certain group operations.

Audit and Control Committee

It comprises three Non-Executive Directors, the majority of whom are independent, including the Chairman. All of them were appointed in consideration of their knowledge and experience in accounting, auditing or risk management.

The main duties, other than those attributed by law, are described below, representing the adoption of recommendations from the Good Governance Code for Listed Companies:

- Supervising the generation and presentation of mandatory financial information, and ensuring that the Board seeks to present accounts to the Annual General Meeting without any limitations or qualifications in the audit report.

- Be informed of the structural and corporate change operations planned by the Company, previously reported to the Board of Directors, on its economic conditions and accounting impact, particularly, if applicable, on the proposed exchange ratio.
- Ensuring that the company and the accounts auditor adhere to rules governing the provision of services other than auditing, limits on the concentration of auditor services and other general regulations concerning the independence of account auditors.
- Ensure that the remuneration of the auditor of accounts does not compromise quality or independence.
- Receiving regular information on activities from the Internal Audit Department.
- Ensuring the independence of the Internal Audit Department.
- Establishing and supervising a system that allows employees to confidentially and, if possible and deemed appropriate, anonymously report any irregularities with potentially serious implications that may be identified at Ferrovial, particularly regarding financial and accounting matters.
- Supervising compliance with internal corporate governance and conduct standards on securities markets, and proposing improvements.
- Coordinating the process for reporting non-financial information according to the applicable legislation and benchmark international standards.

The activities that the Committee carried out during the five sessions held in 2017 are detailed in the report regarding its operation, published 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 in its activity and operation.

Appointments and Remuneration Committee

The Committee comprises three Non-Executive Directors, the majority of whom are independent, including the Chairman.

The main duties, other than those attributed by law, are described below, representing the adoption of recommendations from the Good Governance Code for Listed Companies:

- Proposing basic terms for senior management contracts.
- 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 directors and senior management contained in the various corporate documents, including the Annual Board of Directors' Remuneration Report.
- Ensuring that any conflicts of interest do not impair the independence of the advice provided to the Committee.
- Reporting on the appointment of the Chief Executive Officer and the members that should form part of each of the Committees, taking into account the knowledge, skills and experience of the Directors and the duties of each Committee.

The activities that the Committee carried out during the four sessions held in 2017 are detailed in the report regarding its operation, published on the Ferrovial website.

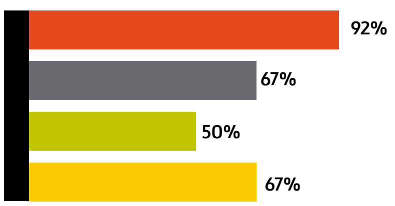
FOTO: Ferrovial offices. Madrid (Spain).

		RAFAEL DEL PINO	SANTIAGO BERGARECHE	JOAQUÍN AYUSO	ÍÑIGO MEIRÁS	JUAN ARENA	MARÍA DEL PINO	SANTIAGO FERNÁNDEZ VALBUENA	JOSE FERNANDO SÁNCHEZ-JUNCO	JOAQUÍN DEL PINO	ÓSCAR FANJUL	PHILIP BOWMAN	HANNE SØRENSEN
POSITION		Chairman	1st Vice-chairman	2nd Vice-chairman	CEO	Member	Member	Member	Member and Lead Director	Member	Member	Member	Member
Board of Directors	Executive Director	✓			✓								
	Proprietary	✓					✓			✓			
	Independent							✓	✓		✓	✓	✓
	Other external members		✓	✓		✓							
Committees	Executive Committee	✓P	✓	✓	✓		✓		✓		✓		
	Audit and Control Committee					✓		✓P			✓		
	Appointments and Remuneration Committee		✓					✓	✓P				
Shareholding	% direct and indirect capital	20,267	0,337	0,018	0,045	0,016	8,150	0,003	0,023	2,552	0,003	0,003	0
Other data	Date of first appointment	9/1/1992	23/2/1999	22/3/2002	20/10/2009	26/6/2000	29/9/2006	29/5/2008	3/12/2009	29/10/2015	30/7/2015	28/7/2016	5/4/2017
	Nationality	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	AUSTRALIAN	DANISH
	Positions as directors at other listed companies	0	2	3	0	2	0	1	0	0	2	2	2

P: Chairman of the Executive Committee, Chairman of the Audit and Control Committee and Chairman of the Appointments and Remuneration Committee.
Information updated in February 2018.

EXPERIENCE OF THE MEMBERS OF THE BOARD

PROFESSIONAL EXPERIENCE



● ACCOUNTING AND FINANCES ● INFRASTRUCTURES ● SERVICES ● INNOVATION - IT

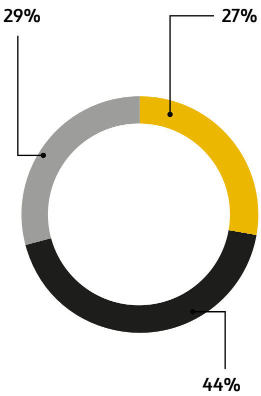
INTERNATIONAL EXPERIENCE

● EUROPE - UNITED KINGDOM ● NORTH AMERICA - AUSTRALIA

REMUNERATION

REMUNERATION OF FERROVIAL'S BOARD OF DIRECTORS IS ESTABLISHED ON THE BASIS OF THE BEST PRACTICES IN THE MARKETPLACE AND BACKED BY STUDIES ON REMUNERATION CONDUCTED BY EXTERNAL CONSULTANTS, INTERNAL RULES AND REGULATIONS, AND PERTINENT LEGISLATION IN FORCE.

STRUCTURE OF THE REMUNERATION OF THE CHAIRMAN AND CEO



- FIXED
- VARIABLE
- LONG-TERM INCENTIVE

VARIABLE REMUNERATION OF EXECUTIVE DIRECTORS

125%

TARGET VARIABLE *REMUNERATION*

225%

MAXIMUM VARIABLE REMUNERATION

PRINCIPLES AND CRITERIA

Creating long-term value by aligning remuneration systems with the Strategic Plan.

Attracting and retaining the finest professionals.

External competitiveness in the setting of remuneration.

Periodic involvement in plans linked to this activity and connected with achieving profitability metrics.

Objective compliance pursuant to the Risk Management Policy.

Maintenance of a reasonable balance between the different fixed remuneration components (short term) and variable components (annual and long term).

Transparency.

EXECUTIVE DIRECTORS' REMUNERATION

Fixed components

The fixed remuneration of the Executive Directors is calculated on the basis of market benchmarks from a comparison group comprising 24 national and international companies in their reference benchmarks.

Variable components

Only Executive Directors have variable component elements in their remuneration. It comprises an Annual Variable Remuneration and Long-Term Incentive Plans.

a) Annual Variable Remuneration

It is linked to individual performance and the attainment of specific economic-financial, industrial and operational targets, which are pre-established, quantifiable and coherent with the social interest, and contemplated in the Strategic Plans. They could be quantitative or qualitative objectives.

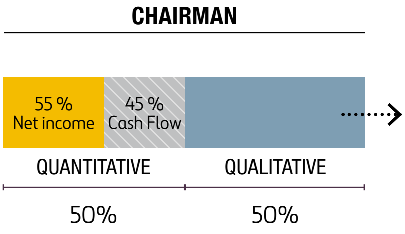
The target amount of the annual variable remuneration for Executive Directors, i.e., the remuneration corresponding to a standard level of achievement insofar as objectives is equivalent to 125% of the Fixed Remuneration for the Chairman and CEO. The quantitative targets have an associated

REMUNERATION OF EXECUTIVE DIRECTORS

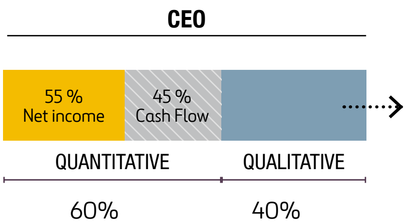
Executive Director Remuneration (thousands of €) (1)	Fixed	Variable	Plans linked to shares	Other(2)	Total 2017	Total 2016
Rafael del Pino y Calvo-Sotelo	1,455	2,393	1,406	8	5,262	15,025
Íñigo Meirás Amusco	1,200	1,978	1,406	5	4,589	5,164
SUBTOTAL	**2,655**	**4,371**	**2,812**	**13**	**9,851**	**20,189**
Joaquín Ayuso García	0	0	0	31	31	1,625
TOTAL	**2,655**	**4,371**	**2,812**	**44**	**9,882**	**21,841**

(1) Remuneration due to their status as Excecutive Directors.
(2) Life insurance premiums / Directors in other subsidiaries.

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.

NON-EXECUTIVE DIRECTORS' REMUNERATION

The remuneration of non-executive directors is determined by an assignment (fixed plus complementary) and food allowances.

Their remuneration is in the median of the remuneration of Ibex-35 non-executive directors.

Ferrovial's internal regulations states that remuneration for External Directors will be determined so as to adequately compensate for the responsibility and dedication required by the position without compromising their independence.

Remuneration formulas involving the delivery of shares, options, share-linked instruments or instruments linked to the Company's performance will only apply to Executive Directors.

Further information on the remuneration of the Board of Directors and Senior Management, and on the Remuneration Policy is available at the Ferrovial website: www.ferrovial.com.

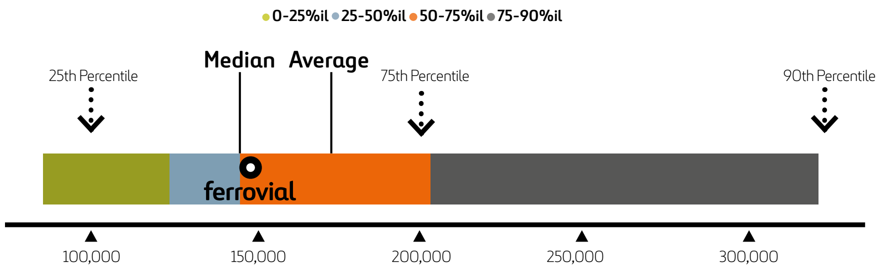
scale for compensating overachieved targets up to a certain limit, hence the annual variable remuneration has a ceiling of 225% on the Fixed Remuneration for Executive Directors.

b) Long-Term Incentive Plans

Executive Directors participate in a long-term variable remuneration system consisting of share-based remuneration plans. They are structured on overlapping multi-year cycles (currently at 3 years) with yearly unit assignments, which are converted into shares at the end of the cycle (currently 3 years).

For the valid plan (2016 – 2018), they are determined with the relative weighting of the following metrics:

AVERAGE REMUNERATION OF THE DIRECTORS



SCALE OF COMPLIANCE WITH THE METRIC

(2017 ALLOCATION)

Gross Operating Profit (GOP)[1] on Net Productive Assets[2]		**WEIGHT**
Maximum	≥10,5%	70%
Minimum	< 9%	
Total Shareholder Return (TSR) in comparison with a group of companies		
Maximum	Positions 1 to 5	30%
Minimum	Positions 11 to 18	

(1) The consolidated GOP will be construed as the 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. These will be construed for the 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.

SENIOR MANAGEMENT REMUNERATION

Senior management remuneration (thousands of €)	2017	2016
Fixed remuneration	5,165	5,094
Variable remuneration	5,170	4,994
Plan for distributing assets linked to objects	5,435	7,053
Exercise of remuneration plans for share option plans and/or other financial instruments (see description)	0	698
Other[1]	52	46
Total	**15,822**	**17,885**

(1) Life insurance premiums / Directors in other subsidiaries

BOARD OF DIRECTORS

CHAIRMAN

RAFAEL DEL PINO. Executive and Proprietary
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.

DEPUTY CHAIRMEN

SANTIAGO BERGARECHE. 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. Chairman of Vocento; Vice-Chairman of Alantra Partners; Director of 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 Metrovacesa and Cepsa.

JOAQUÍN AYUSO. 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, National Express Group (UK) and Hispania Activos Inmobiliarios. 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, as well as the Board of Círculo de Empresarios.

CEO

ÍÑIGO MEIRÁS. Executive Director
Bachelor of Law and MBA from the Instituto de Empresa. He joined Ferrovial in 1992, was Managing Director of the Autopista del Sol and Director of Highways at Cintra until November 2000. Between 2000 and 2007 he led the expansion of Ferrovial Services as Managing Director and later as CEO. In 2007 he was appointed CEO of Ferrovial Airports. He held the position of Managing Director of Ferrovial between April and October 2009, the date in which he was appointed CEO.

DIRECTORS

JUAN ARENA. External Director
PhD in Industrial Engineering (ICAI), Degree in Business Administration (ICADE), Degree in Psychology, Diploma in Tax Studies and AMP (Harvard Business School). Director of Ferrovial since 2000. Director of Laboratorios Almirall and Meliá Hotels International; Chairman of the Professional Council of ESADE; member of the International Advisory Board of Everis and the Advisory Boards of Marsh and Panda; Operating Partner of Advent International Corporation; Director of Deusto Business School and member of the World Advisory Board of Harvard Business School; member of the Executive Committee of SERES Foundation and Chairman of its Governance Committee. Former CEO and Executive Chairman of Bankinter; Director of UBS Spain, TPI, Everis, Panda, Dinamia and Prisa; Chairman of the Advisory Board of Consulnor; member of the Board of Trustees of ESADE and member of the Advisory Board of Spencer Stuart; professor in Harvard Business School and IESE.

MARÍA DEL PINO. 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 Foundation. 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.

SANTIAGO FERNÁNDEZ VALBUENA. External 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.

JOSÉ FERNANDO SÁNCHEZ-JUNCO. External Independent Director. Lead 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 Board of Círculo de Empresarios. 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.

JOAQUÍN DEL PINO. 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. Sole shareholder of Soziancor, S.L.U.

ÓSCAR FANJUL MARTÍN. External Independent Director
Professor of Economic Theory on leave of absence. Director of Ferrovial since 2015. Vice-Chairman of Omega Capital. Vice- Chairman of LafargeHolcim and Director 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.

PHILIP BOWMAN. External 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; Non-executive Chairman of Majid Al Futtaim Properties; 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; Director of Burberry Group, Berry Bros. & Rudd, Scottish & Newcastle Group, Bass, British Sky Broadcasting Group and Coles Myer.

HANNE BIRGITTE BREINBJERG SØRENSEN. External Independent Director
MSc. in Business Economy from the University of Aarhus (Denmark). Director of Ferrovial since 2017. Director of LafargeHolcim, Delhivery and Tata Motors. 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.

SECRETARY

SANTIAGO ORTIZ VAAMONDE
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.

The CVs were updated in February 2018.

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
Managing Director of Human Resources
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 Group HR Director.

ALEJANDRO DE LA JOYA
CEO of Ferrovial Agroman
He is a civil engineer who joined the company in 1991. He has developed his career in Spain, Morocco, Italy and Portugal, and later as Director for Poland (Budimex). In 2005 he occupied the roles of Foreign Business Director, until 2008 when he was appointed Chief Executive Officer of Ferrovial Agroman.

ENRIQUE DÍAZ-RATO
CEO of Cintra
He holds degrees in Civil Engineering and Economic Sciences, as well as an MBA from the EOI. He joined Ferrovial in 2000 as Managing Director of Cintra Chile. In 2003 he was appointed Chairman and CEO of 407 ETR Toll Road (Toronto, Canada). In July 2006 he became Chief Executive Officer of Cintra.

ALVARO ECHÁNIZ
CEO of Ferrovial FISA
(Real Estate Division)
He holds a degree in Business Studies. He joined Ferrovial with the takeover of Agroman, a company in which he held the position of Chief Financial Officer. He was formerly Chief Financial Officer of Cintra between 1998 and September 2002. Since 2002 he has been Chief Executive Officer of Ferrovial FISA.

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.

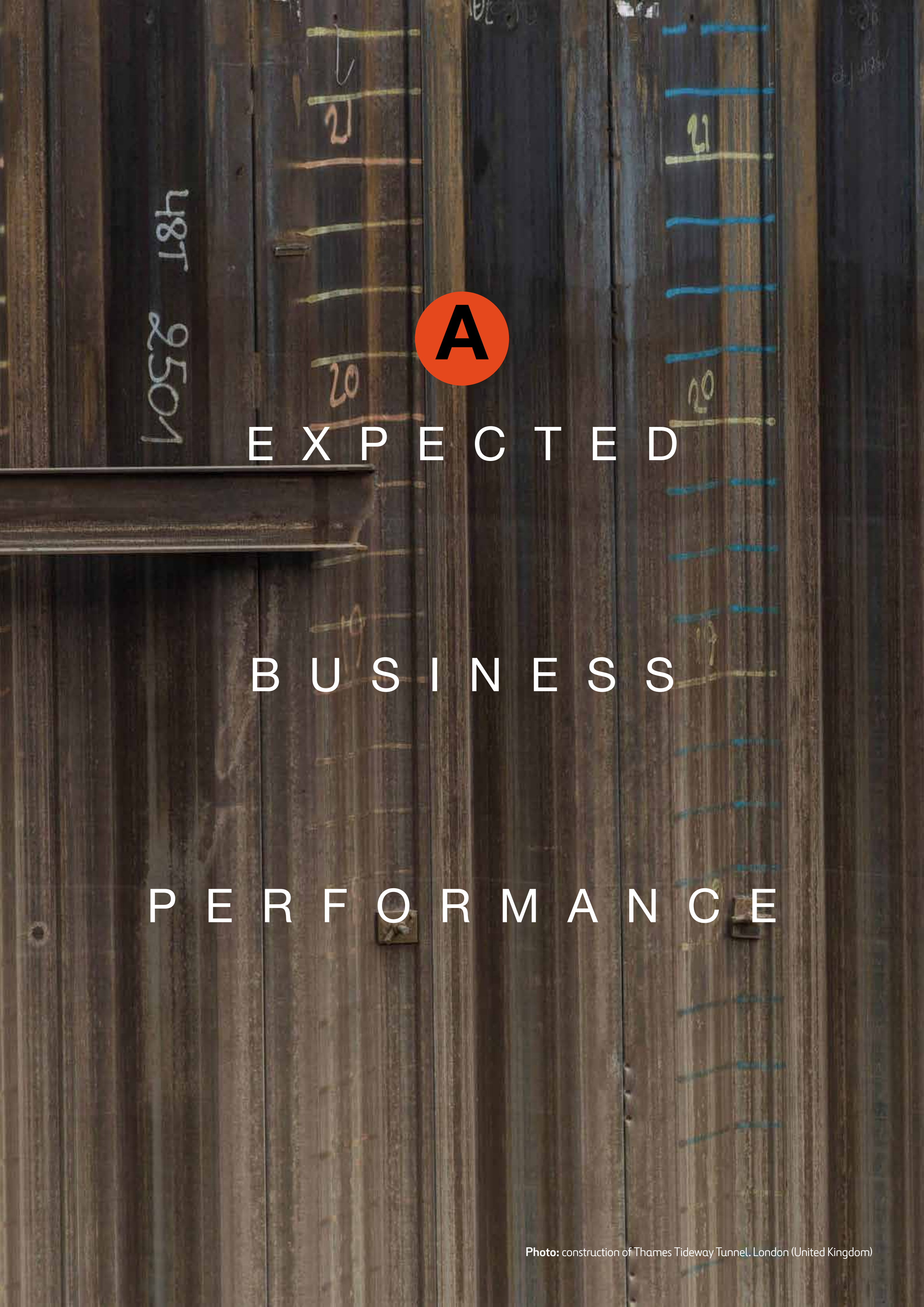
JORGE GIL
CEO of Ferrovial Airports
He has a degree in Business and Law from ICADE University. In 2010, he was appointed Director of Finance and Capital Markets of Ferrovial. He began his career at The Chase Manhattan Bank, where he was part of the Corporate Finance and M&A divisions. In December 2012 he was named CEO of Ferrovial Airports.

ERNESTO LÓPEZ MOZO
Finance Director
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.

SANTIAGO OLIVARES
CEO of Ferrovial Services
He holds a degree in Industrial Engineering from ICAI and an MBA from MIT-Sloan School of Management. He joined Ferrovial in 2002 as Business Development Director for the Services Division. He later became the Director of the International division. In May 2007 he was appointed CEO of Ferrovial Services.

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
Chief Strategy Officer
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.



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EXPECTED BUSINESS PERFORMANCE

Photo: construction of Thames Tideway Tunnel. London (United Kingdom)

EXPECTED BUSINESS PERFORMANCE

FERROVIAL FORECASTS THE EVOLUTION OF ITS BUSINESSES FOR 2018, AS WELL AS THE MAIN MARKETS IN WHICH IT OPERATES. THIS FORECAST IS MADE BY DEVELOPING THE STRATEGY, OPPORTUNITIES AND RISKS ANALYSED IN CHAPTER 1.2 OF THIS INTEGRATED REPORT.

TOLL ROADS

The predictable behavior of the toll roads in operation during 2018 will depend on macroeconomic 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 maximizing revenues within the framework allowed by the concession rights, as well as in fulfilling its contractual obligations by optimizing costs.

- In **Canada**, the 407 ETR will continue to develop its Strategic Plan in 2018, increasing knowledge about user behavior through Big Data techniques. This increased knowledge will lead to greater pricing sophistication and price plans to continue optimizing the company's income. This pricing policy will continue to be supported by excellent customer service, for which the company will continue to invest in new systems in order to maintain and improve the high levels of user satisfaction reached in 2017.

- In the **USA**, the positive economic outlook in Texas for 2018, as well as the behavior to date of the assets, allow us to trust that NTE and LBJ will have growth in traffic and revenues that help meet the forecasts while complying with the user satisfaction objective. Additionally, the opening of segments 3A and 3B of toll road 35W in Fort Worth will consolidate Cintra as the operator of Managed Lanes in the Dallas-Fort Worth region. In North Carolina, the opening of toll road I-77, the first Managed Lanes toll road in this state, will validate this concept as a solution to the problems of congestion in urban corridors.

- In **Australia**, work is planned to start in 2018 on the recently awarded Western Roads Upgrade project in Melbourne, as well as continuing with the Toowoomba works.

- In **other markets** Cintra will continue to operate the assets that are already in the operation phase and will continue with the execution of several projects in the construction phase: 407 Extension II, in Canada; 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 next year, Ferrovial Airports will continue to focus its efforts on its bidding activity and maximize the performance of its assets:

- **Heathrow** will continue with the construction process of the third runway, which should be approved by British Parliament, together with different stakeholders (airlines, regulators and communities) in such a decisive contribution for the British economy. Regarding the next H7 regulatory period, the Civil Aviation Authority has confirmed that a RAB-based remuneration model and single till will continue to be used, and the consultative process on capital cost, inflation indexation or cost of debt will continue, among other issues.

- **AGS** will continue to invest in increasing the profitability of airports by expanding and improving the shopping area in Glasgow and Aberdeen, stimulating passenger growth through new routes and commercial revenues, as well as continuing to improve operating costs.

- **Denver,** whose remodeling works at the Jeppesen terminal will begin in the second half of the year.

The bidding activity at airports in 2018 will focus mainly on the North American market, with the opening of a new commercial office in Austin to improve the knowledge and needs of this market and strengthening the competitive advantages of the company. The bidding activity for electricity transmission will focus on Chile and other countries in South America.

CONSTRUCTION

Perspectives for 2018, by markets, are as follows:

In **Spain**, despite the economic improvement, it is not expected that sales in 2018 will grow due to stagnation in public tender and high competition, not offset by the improvement in private construction. The order book in 2017 has fallen due to a selective contracting approach of the company, prioritizing profitability over volume. Future improvements are focused on the tendering of concessions from the Extraordinary Plan of Investment in Roads of the Ministry of Public Works in 2018.

In international markets, expectations are positive due to the high pipeline and the different technical and management capacities in large contracts, despite the growing competition from global and local constructors:

- In the **USA and Canada**, investment in transport infrastructures with federal support is significantly increasing, including the P3 / Design-Build-Finance projects in which Ferrovial, and Ferrovial Agroman as a constructor, are leaders. The approval of the USA Fast Act in 2015 and the Canadian Federal Infrastructure Plan in 2016, as well as the increasing budgetary contribution of states and provinces, will continue with large recent awards to Ferrovial Agroman for both P3 projects (e.g. toll road I-66 in Virginia) and with public financing (e.g. toll road SH-99 Grand Parkway, Texas). The positive execution rate of the order book and the high level of contracts in 2017 will allow sales to increase in 2018.

- In **Poland**, the public tender has returned to a good level in roads and railroads associated with the European Funds 2014-20 framework, and an extension in the provision and term of the long-term plans in these sectors has also been announced. It is expected that in 2018 Budimex will continue its growth due to its high order book at the end of 2017, with large contracts such as the Lagiewnicka toll road and six railroad works.

- In the **United Kingdom**, despite the uncertainties of the Brexit, political willingness continues to promote large works from the infrastructure plan, including several P3s in 2018.

- Likewise, in **Australia**, the strong pipeline promoted by the Government's Infrastructure Plan is maintained. Despite the above, sales for 2018 in these markets will not grow compared to previous years due to lower contracting in 2017.

- The company has an important future pipeline in **Latin America** (Chile, Colombia and Peru) and in certain one-off OECD countries with projects of interest and leading local partners.

In summary, a growth in sales is expected for 2018 thanks to the international area, with good contracting opportunities. Finally, profit margins are expected to remain stable, in line with those of 2017, thanks to a selective portfolio with globally controlled risks and continuity in the strategic discipline of project and country selection.

SERVICES

Ferrovial Services anticipates a year of profitable growth once the integration of Broadspectrum is completed, its organizational model has been consolidated, and cost rationalization measures have been identified. The perspectives for geographical locations are as follows:

- In the **United Kingdom,** it is foreseeable that the uncertainty about the pace of economic growth and investment in the country will continue as the Brexit implementation scenario becomes clearer. In this transition context, Amey will continue to work on improving its cost structure and its operational model. Additionally, with respect to the Birmingham City Council litigation, the company will negotiate with the city council on how best to enforce the judgment and will evaluate how to affect the solution to the future profitability of the contract.

- Macroeconomic prospects in **Australia and New Zealand**, reinforced by the increase in commodity prices, are positive. The portfolio of service projects identified in Broadspectrum's activity scope exceeds 30,000 million AUD. Broadspectrum has begun a new stage of growth in its activity sectors (transport, government/defense, urban infrastructure and natural resources) supported by the launch of new projects such as OSARS West. Regarding margins, 2018 will be a year of transition, not having the contribution of the Manus and Nauru contracts and implementing the rationalization measures for structure and contracts defined in 2017.

- **Spain** will continue its improvement in terms of growth and employment. Within this stable framework of activity, Ferrovial Services will continue to combine the optimization of its operations with the development of a range of high added value services by integrating technology and innovative business models in fields such as urban mobility.

- In the other countries, **Ferrovial Services Internacional** will consolidate its new organization and geographical presence with expected growth in all its markets. In the United States and Canada, the start-up of its strategy to develop its target sectors such as the maintenance of transport and energy infrastructures will begin.

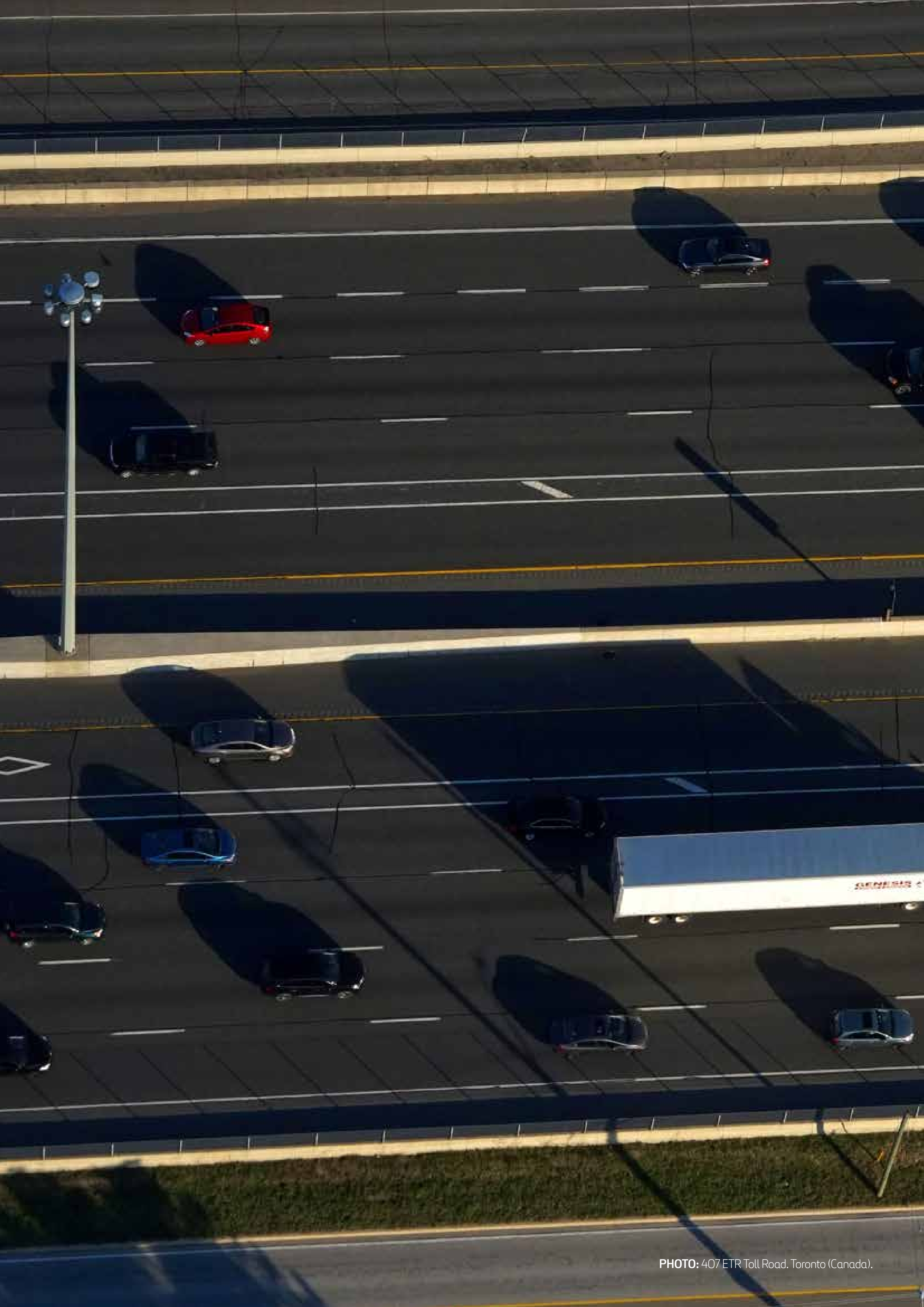
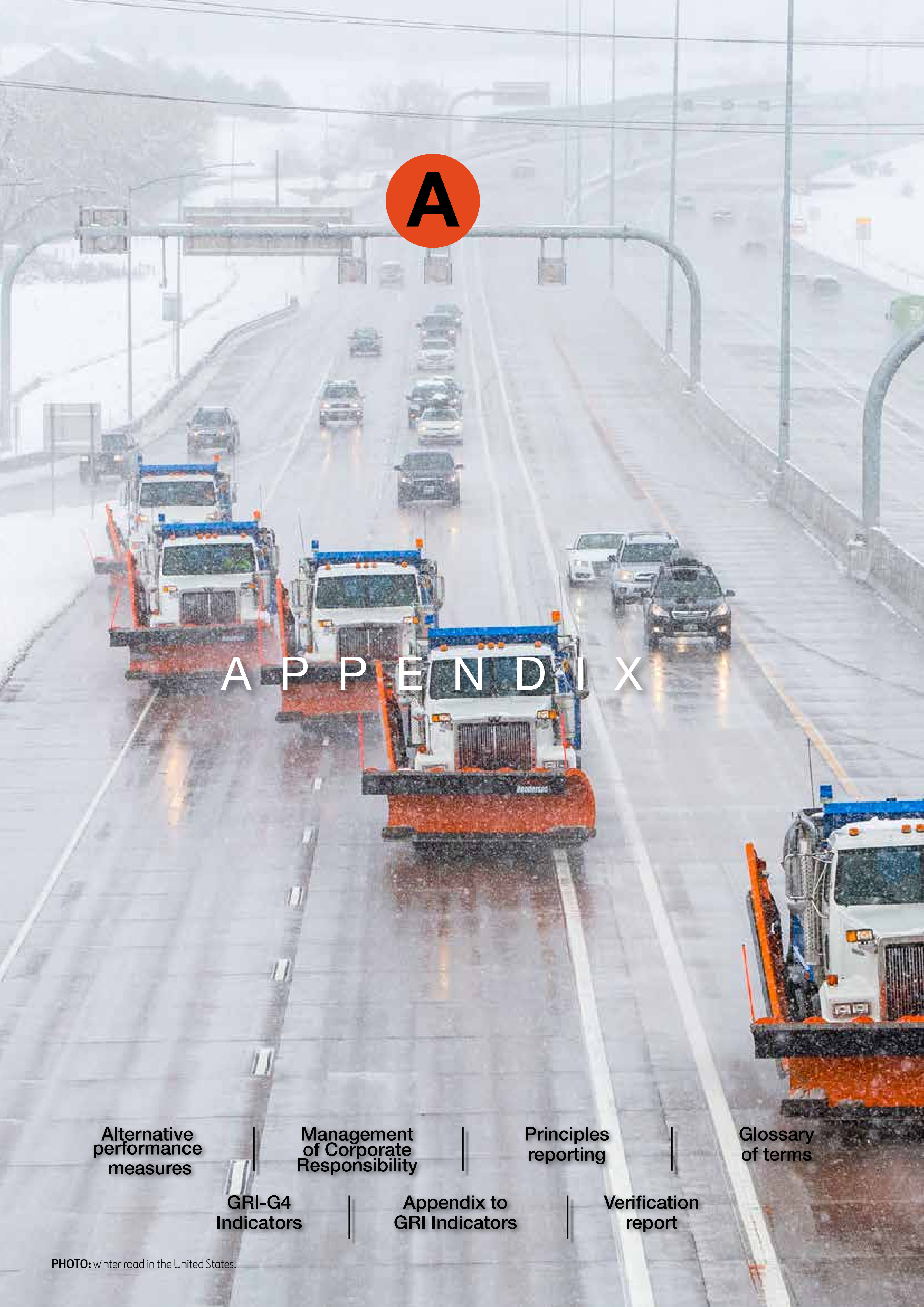


PHOTO: 407 ETR Toll Road. Toronto (Canada).



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APPENDIX

PHOTO: winter road in the United States.

ALTERNATIVE PERFORMANCE MEASURES (APM)

The company presents its results in accordance with generally accepted accounting standards (IFRS). Management also provides other financial measures not regulated in the IFRS, called APM's, (Alternative Performance Measures) in both the Management Report and the Consolidated Annual Accounts, according to the European Securities and Markets Authority (ESMA) Guidelines. Management uses these APMs in decision-making and to evaluate the performance of the company. Below are the breakdowns required by the ESMA for each APM on definition, reconciliation, explanation of use, comparison and coherence. More detailed information on the reconciliation with the financial statements is provided on the corporate website: https://www.ferrovial.com/en/ir-shareholders/financial-information/quarterly-financial-information/.

EBITDA = GROSS OPERATING PROFIT (GOP)

- **Definition:** operating result before provisions to fixed asset depreciation.
- **Reconciliation:** the company presents the EBITDA calculation in the Consolidated Income Statement (refer to the Consolidated Income Statement in section 1.3 of the Management Report and the Financial Statements included in the Consolidated Annual Financial Statement) as: EBITDA = Total Operating Income - Total operating expenditure (excluding expenditures related to depreciation provisions, which are separately reported on another line).
- **Explanation of the use:** EBITDA provides an analysis of the operating results excluding depreciation and amortization, 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. EBITDA is used as a starting point to calculate cash flow, adding the variation of the working capital. Finally, it is an APM indicator widely used by investors when evaluating businesses (multiples valuation), rating agencies and creditors to evaluate the level of debt, comparing EBITDA with net debt.
- **Comparison:** the Company presents comparative reports from previous years.
- **Coherence:** the criteria employed for calculating 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/GOP, operating results and the portfolio. The comparison 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 (corresponding to the figure reported in the line “ Impairments and disposals of fixed assets”).
  - In the case of company disposals and loss of control, the homogenization 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.
  - Eliminating restructuring costs in both periods.
  - In acquisitions of new companies that are considered to be 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 have revenues representing ≥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 to better understand the company’s underlying results.
  - Note: new contracts in the Toll Roads business coming into operation are not considered acquisitions and thus are not adjusted in the comparison.
- **Reconciliation:** comparable growth is presented in separate columns under Business Performance in section 1.3 of the Management Report.
- **Explanation of the use:** the comparison provide a more homogeneous measure of the underlying profitability of the businesses, excluding non recurrent elements that could lead to a misinterpretation of the reported growth, impacts such as exchange-rate variations or changes in the consolidation perimeter that distort the comparability of the information. It also enables the presentation of homogenous information, thus ensuring uniformity and providing a better understanding of the performance of each one of our businesses.
- **Comparisons:** the comparison is itemized only for the current period compared with the previous period.
- **Coherence:** the criteria employed for calculating the Comparison is the same as the previous year.

ADJUSTMENTS FOR FAIR VALUE

- **Definition:** the adjustments to the Consolidated Income Statement relating 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 itemization of the Adjustments for Fair Value is included in the Consolidated Income Statement (see the Consolidated Income Statement in section 1.3 of the Management Report and the Financial Statements included in the Consolidated Annual Financial Statement).
- **Explanation of the use:** Adjustments for Fair Value could be useful for investors and financial analysts when assessing the underlying profitability of the Company, as they are capable of excluding elements that do not generate cash and could 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 employed for calculating Adjustments for Fair Value is the same as the previous year.

CONSOLIDATED NET DEBT

- **Definition:** this is the net Treasury balance and equivalents (including short and long-term restricted cash), less short and long-term financial debt (bank debt and bonds) including the balance relating to exchange rate derivatives that cover debt issuance in currency different from the currency of the issuing company and cash positions with exchange rate risk.
- **Reconciliation:** the detailed reconciliation is itemized in Note 5.2. Consolidated Net Debt in the Consolidated Annual Financial Statements and in the section Net Debt and Corporate Reporting in the Management Report.
- **Explanation of the use:** financial indicator used by investors, financial analysts, rating agencies, creditors and other parties to ascertain a company's debt position. Net Debt is also broken down into two categories:
  - Net Debt of Infrastructure Projects. Ring-fenced debt with no recourse for shareholder or with a recourse limited to the granted guarantees.Debt corresponding to the companies considered as a Project.
  - Net Debt (ex Projects). Net debt of the other businesses, including group holding companies and other businesses not considered to be Project companies. The debt included in this calculation is with recourse, and is therefore the measure used by investors, financial analysts and rating agencies to appraise the leverage, financial strength, flexibility and risks of the Company.

- **Comparisons:** the Company presents comparative reports from previous years.
- **Coherence:** the criteria used to calculate the net debt is different from last year due to the incorporation in the calculation of the effect of the derivatives by exchange rate related to cash positions.

PORTFOLIO

- **Definition:** the income pending execution corresponding to contracts that the Company has entered into on the date and regarding which there is a certainty concerning their future performance. The total income from a contract corresponds to the agreed price or rate corresponding to the delivery of goods and/or the rendering of the contemplated services. If the execution of a contract is pending the closure of financing, the income from said contract will not be added to the portfolio until financing is closed. The portfolio is calculated by adding the contracts of the actual year to the balance of the contract portfolio at the end of the previous year, less the income recognized in the current year.
- **Reconciliation:** the portfolio is presented under "Key figures" and under Services and Construction in the December 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. Operating Income" of the Financial Statements. This reconciliation is based on the portfolio 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, compensations, the 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 portfolio (corresponding to the previous year) and the end portfolio (for the year in question), as shown in the Appendices available on the corporate website. Management believes that the portfolio is a useful indicator in terms of the future income of the company, as the portfolio for a specific construction will be comprised of the final sale of said construction less the net construction work undertaken.
- **Explanition of use:** The Management believes that the portfolio is a useful indicator with respect to the future income of the Company, due to the portfolio for a specific work will be the final sale of said work less the work executed net at source.
- **Comparisons:** the Company presents comparisons with the previous year.
- **Coherence:** the criteria employed for calculating the portfolio is the same as the previous year.

WORKING CAPITAL VARIATION

- **Definition:** measurement that explains the reconciliation between the GOP 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 Annual Accounts, the company provides a reconciliation between the variation of the working capital in the Balance Sheet (see description in Section 4 Working Capital of the Consolidated Annual Accounts) and the variation of the operating fund shown in the Cash Flows Statement.
- **Explanation of the use:** The working capital variation reflects the Company's ability to convert GOP 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.
- **Explanition 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 2017 came to 19.590 billion euros and are made up of 26 concessions in 10 countries. The composition of managed investments by asset type is as follows:
  (1) Model projects Intangible Assets IFRIC 12 (in operation), 4.833 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: 734 million euros from Ausol included in Spain Highways, 3.713 billion euros from NTE 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), 1.375 billion euros. Includes American highways NTE35W and I-77 (918 and 457 million euros of management investment, respectively). As they are under construction, the balance at year-end only reflects the assets in construction as part of these projects, which comes to 912 and 217 million euros, respectively, 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 659 million euros, including the long term and short term (see section 3.3.2 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, 13.150 billion euros. Includes both projects in operation and under construction that are consolidated using the equity method, such as 407ETR (3.128 billion euros of managed investment, 100%) or I-66 (2.517 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.

MANAGEMENT OF CORPORATE RESPONSIBILITY

CORPORATE POLICY

Ferrovial understands Corporate Responsibility to mean a voluntary commitment to driving the economic, social and environmental development of communities in which it operates. The Corporate Responsibility Policy is founded on the principles of the Global Compact and internationally accepted agreements and resolutions, the content of which covers CR-related matters. The Ferrovial Board of Directors is tasked with ensuring adherence to these principles to which the company has voluntarily committed itself. The policy is available at www.ferrovial.com.

CORPORATE RESPONSIBILITY COMMITTEE

The Corporate Responsibility Committee is the nexus joining business and corporate areas with senior management, reporting results and proposing actions to the Management Committee, and informing the rest of the company of the approval of proposals and reported results.

The Communications and CR Director chairs the CR Committee, which comprises representatives from all business areas (Toll Roads, Airports, Construction and Service) and corporate areas (Human Resources, General Secretary's Office and Occupational Health and Safety, Quality and the Environment, Risks, and Innovation).

This Committee is entrusted with ensuring the tracking of the Strategic Corporate Responsibility Plan. The Chair 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 tracking the strategic corporate responsibility plan.
- Coordinating the reporting processes: Annual Integrated Report and indices.
- Information and application of CR legislation.
- Approval and tracking of projects and sponsorships.
- Tracking of recommendations following external verification.
- Advising other departments in CR matters.

STRATEGIC CORPORATE RESPONSIBILITY PLAN (2017-2019)

In 2016, the Corporate Responsibility Committee defined Plan 20.19, valid for the period 2017-2019. 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. To this end, the company has a scorecard through which it monitors its performance. In 2017, the first year of application of the plan, the company made numerous advances, including a new course on the Code of Business Ethics, the approval of an Ethical Integrity Partner Procedure, the promotion of the presence of women in the Board of Directors, the improvement of accident rates, the reduction of GHG emissions, and the increase in investment in innovation.

Plan 20.19 is part of the concept that is a Ferrovial strategic duty related to the company's 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 business, building the trust of stakeholders and fulfilling medium and long-term objectives.

The 20.19 Plan positions Ferrovial as an economic, social and environmental leading company, consolidating the progress made in the field of corporate responsibility and was conceived to make Ferrovial a benchmark in the field, particularly regarding the attainment of UN's Sustainable Development Goals, which the company is aligned, primarily with goals 6 (clean water and sanitation), 9 (industry, innovation and infrastructure) and 11 (sustainable cities and communities).

The objectives are also aligned with the business objectives, making it possible to extend them to the Ferrovial chain of value, from customers to suppliers.

The 20.19 Plan is configured on the basis six areas, each one in engagement lines broken down in turn into specific, measurable and quantifiable objectives. They are the following:

- Ethics and integrity.
- Corporate Governance.
- People.
- Environment.
- Society.
- Innovation.

In 2017, the following advances were made in each of the areas of action of Plan 20.19

Area of action	Lines of action	Relevant events 2017
Ethics and Integrity	Continue to guarantee ethical behavior, and ensure respect for Human Rights.	• The training course on the Code of Ethics, which includes aspects of Human Rights, has been updated. • In 2018, Ferrovial will become part of the Forética Transparency, Good Governance and Integrity Cluster. • The visibility and accessibility of the Ethical Channel's corporate website have been improved, and the categories related to Human Rights have been reinforced.
Corporate Governance	Integrate Corporate Responsibility criteria in management, and continue to guarantee transparency and adaptation to the latest regulatory trends.	• The due diligence procedure for the ethical integrity of partners has been approved by the CEO. • In 2017, the Board was informed about the main advances in CR matters. • A new Independent Director has joined the Board. • Ferrovial complies, in whole or in part, with the majority (56 of the 59 that are applicable) of the recommendations that apply to the Code of good governance of listed companies.
People	Guarantee a flexible, safe and healthy work environment, and encourage talent and employability.	• Preventive actions have been reinforced with the aim of continuing with a downward trend in the main severity and frequency indexes. • Numerous wellbeing initiatives have been promoted in all businesses. • An agreement has been signed with Junior Achievement to promote early STEM vocations among teenagers between 14 and 16, especially women.
Environment	Reduce the carbon footprint, the water footprint, the impact on biodiversity and promote the circular economy.	• The carbon footprint continues to decline in relative terms, meeting the proposed objectives. • A tool has also been developed to incorporate the no net loss of biodiversity criteria into the company's activities.
Society	Achieve the best quality standards, reinforce the ethical criteria in the purchasing activity, and systematize the measurement of social impact.	• In 2017, a project was initiated in collaboration with the Digital Hub to learn the perception of users of Ferrovial infrastructures. • The content of the buyer Code of Ethics has been revised, and various catalogs have been developed to promote green purchases, recyclable products, and the acquisition of renewable energy. • The SROI methodology for calculating the impact of Ferrovial's social programs has been approved and tested in a specific project in Peru.
Innovation	Promoting entrepreneurship and innovative solutions.	• It has collaborated with 30 startups, and participates in Atomico, where it invests in other startups. • Investment in innovation has paid off in mobility with the launch of a new line of business, Zity, the electric car in Madrid.

After analyzing the actions carried out during 2017, and comparing them with the proposed targets, it can be concluded that the degree of compliance with Plan 20.19 is greater than 85%.

REPORTING PRINCIPLES

SCOPE OF THE INFORMATION

Ferrovial comprises the parent company Ferrovial, S.A. and its subsidiaries and associated companies. For detailed information on the companies included, see the scope in the Consolidated Annual Financial Statements.

2017 saw operations that involved changes to the scope, due to the acquisition of companies and the awarding of new contracts. Company restructuring also took place. For further detalis see pages 39-51 at the chapter Business Performance.

CONSOLIDATION PROCESS

Non-financial information reporting includes all companies in which Ferrovial has economic control, construed as a stake of greater than 50% in them. In these cases, 100% of the information is reported.

Likewise, following the indications of the GRI G4 Guidelines, Ferrovial provides information on the 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 are those relating to the 407 ETR toll road in Canada and the airports in the United Kingdom.

TRACEABILITY

Ferrovial guarantees the traceability of information related to the field of Corporate Responsibility thanks to a reporting system, which it has had since 2007, to obtain detailed information to company level, facilitating partial consolidation by geographical location or business. Each year, before the launch of the information collection campaign, the system is fully revised to adapt it to the needs of the company and its stakeholders.

In 2017, the reporting system made it possible to gather 391 quantitative and qualitative indicators, in 116 companies, through 202 users.

REFORMULATION OF THE INFORMATION

In 2017 there were a number of company perimeter changes that could affect the comparability of data contained in the Report, although they are not 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 information.

STAKEHOLDERS

Ferrovial is committed to transparency in the information reported to the market and thus implements continuous improvements to its communication channels with all stakeholders on the basis of innovative corporate information that not only includes financial aspects but also considers environmental and social variables.

The company considers stakeholders to be any individuals or social groups with a legitimate interest and who are affected by the company's current or future activities. This definition includes both stakeholders that form part of the company's value chain (shareholders, employees, investors, clients and suppliers) who are considered partners in the development of businesses, and external stakeholders (governments and public authorities, the media, analysts, the business sector, labor unions, the third sector and society in general), starting with the local communities in which the company operates.

This relationship is dynamic, because the climate 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 in organizations that boost corporate responsibility in Spain and abroad, such as Fundación SERES, Forética, the Spanish Global Compact Network, and the Spanish Quality Association (AEC). In 2017, Ferrovial formed part of the United Nations SDG Fund Advisory Group to promote the new UN Sustainable Development Goals, as well as holding the chair of the Spanish Green Growth Group. Its relations with each stakeholder group are detailed in www.ferrovial.com

Ferrovial's consideration of the principles related to the content of the report is developed in the specific section on materiality. For more information on the AA1000 and GRI standards, see page 122 of GRI indicators.

MATERIAL ISSUES

Ferrovial considers relevant any issue that could have a substantial influence on the evaluations and decisions of stakeholders, affecting its ability to address existing needs without compromising future generations.

The company has established a biennial process to carry out its materiality study. In 2017, the issues that were most relevant for the company and its stakeholders during the year were analyzed, using the base of the previous year. As a result, the report offers a balanced and objective view of the issues that, by their nature, have significantly affected the company.

ALIGNMENT WITH THE RECOMMENDATIONS FROM THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFDI) AND THE CLIMATE DISCLOSURE STANDARDS BOARD (CDSB)

Over the course of the Integrated Annual Report, explanation are provided as to how the customer addresses aspects such as Governance, Strategy, Risk Management and Indicators and Objectives. All these aspects are influenced by Climate Change. However, emphasizing and providing more details about the Risks and Opportunities with regards to Climate Change and the evolution of emissions has been considered appropriate.

Strategy

Company's climate strategy is integrated into the company's strategy. In fact, the emerging policy related to Climate Change and the mobilization of the economy toward a low emission economy is directing investment and financing towards businesses that help meet the mitigation and adaptation objectives of the Paris Agreement.

These factors are the pillars of business and new business opportunities. New lines of business that provide low carbon solutions that help our clients and users to reduce energy consumption and emissions of the products and services offered by the company have assumed greater relevance in recent years.

In this sense, aspects such as energy efficiency in buildings and processes, the integral management of cities, efficient mobility of people, water management and the conservation of biodiversity make Ferrovial an excellent strategic partner to achieve global environmental objectives.

The current commitment with the SBTi initiative to establish reduction targets by 2030 will require a revision of our 2020 - 2030 strategy next year.

Climate Change-related Risks and Opportunities

To analyze the impact that Climate Change has on the business targets, Ferrovial carried out an internal project called "Ferrovial 2020" to identify and evaluate risks and business opportunities related to climate change and the new associated regulatory framework.The risk assessment is carried out based on its potential impact on business targets, financial, reputational and sustainability, and their probability of occurrence. From this review and analysis project, the company set the global reduction targets for 2020, as well as the strategic path to achieve them.

Under the principle of continuous improvement, the risks identified through the corporate risk identification and assessment system (Ferrovial Risk Management) are reevaluated annually, and the status of achievement of the established reduction targets and deviations that may exist are reviewed to establish the appropriate corrective measures.

The identified risks are classified into groups according to their nature in order to facilitate their control, monitoring and assurance. Thus, the main groups are:

- Regulatory: risk of non-compliance with the regulatory framework applicable to the company's activities.
- Financial: Economic impact of the new regulation on climate change, due to the increase in operating costs as a result of the increase in rates on fossil fuels and the appearance of new markets for emission rights. Implementation of energy efficiency measures and the electrification of demand reduce exposure to this risk. In terms of the potential financial impact on the different climate scenarios, it is considered that the diversification of our activities toward "low carbon" activities will make it easier to attract new sources of financing.
- Operational: Catastrophic events derived from weather changes that may cause damage to the company's infrastructure and operation, causing temporary loss of income.
- Reputational: Loss of credibility due to the non-compliance of the objectives established and communicated to the stakeholders.

Management and reduction measures are associated with all risks.

Furthermore, a methodology has been developed to assess the price of carbon shadow pricing, used in the process to analyze and authorize new acquisitions and investments, making it possible to identify and evaluate the risks and opportunities associated with new investment projects.

Ferrovial's new business opportunities place a focus on a low-emission economy and adapting infrastructures to the impact of climate change, as mentioned in the Strategy section. Opportunities arise to respond to:

- The needs of cities. Cities represent a big management challenge that will require innovative and efficient solutions. Ferrovial is implementing service business models that help to reduce energy consumption, emissions and offer large-scale management savings. In 2017, a car sharing service was launched in Madrid with an initial fleet of 500 electric vehicles, fully charged with renewable energy. Energy efficiency agreements in buildings or lighting, optimization of waste collection routes, valuing or increasing the collection of biogas from landfills are all examples.
- Water. Problems relating to the quality and quantity (surplus and shortage) of water and the investment required to respond to these problems will gain more weight. In this regard, we can provide innovative solutions as water treatment plant managers and as a construction company to adapt infrastructures and make them more resistant.
- Infrastructures. There is a growing demand to reduce transport emissions. In the US, Ferrovial operates the first "carbon neutral" highway (NTE) given its dynamic management of traffic and Heathrow Airport is committed to being a "Zero Carbon Airport" by 2050.

Emissions inventory by business

	Baseline Year (2009)		2016		2017	
Company	tCO_2eq	tCO_2eq/M€	tCO_2eq	tCO_2eq/M€	tCO_2eq	tCO_2eq/M€
Construction (Ferrovial Agroman, Budimex, Webber, Cadagua and PWL)	251,375	53.32	245,981	56.19	264,355	55.47
Infrastructure (Cintra)	15,684	52.81	13,739	29.74	10,091	22.94
Services (F. Services, Amey and Broadspectrum)	682,551	150.36	542,264	77.20	578,411	82.11

Toll roads

In 2017, the absolute emissions from toll roads decreased by 35.66% since the baseline year, despite 48.1% increase in activity. These results are reflected in the evolution of intensity emissions

(tCO_2eq / M €), which dropped to 56.56% in 2017 compared to the base year, reflecting the decoupling between growth and emissions. These data are the result of energy efficiency measures in lighting highways, the main source of consumption.

Services (Ferrovial Services, Amey and Broadspectrum)

In 2017, Services dropped by 15.29% in absolute terms and 45.39% in intensity, also showing the decoupling between emissions and growth. This evolution is the result of the implementation of energy efficiency measures, the increase in the fleet of electric or alternative vehicles, the purchase of electricity from renewable sources and the increase in the collection of diffuse landfill emissions. The main cause of the increase in emissions compared to 2016 is the increase in waste received in landfills, as a consequence of the greater economic activity and repair works to some cells, which made it impossible to capture all the expected biogas.

Construction (Ferrovial-Agromán, Budimex, Webber, Cadagua and PWL)

In Construction, the emissions increase annually in line with the turnover. In 2017, emissions increased by 5.16% compared to 2016. However, a decoupling between emissions and turnover has been detected.

SCORECARD

SHAREHOLDERS	2015	2016	2017
Revenues (million euro)	9,701	10,759	12,208
Operating flow excluding concessionaries (million euro)(1)	889	995	999
Dividends received (millions of euro)(1)	532	544	520

EMPLOYEES	2015	2016	2017
Workforce at year-end	74,032	96,001	95,978
Total average turnover rate (%) *	3.20%	5.11%	12.67%
Frequency index	20.0	15.0	13.6
Severity index	0.43	0.33	0.31

(1) For the calculation of the total average rotation rate, both voluntary and foced removals were taken in to account in 2017.

CLIENTS	2015	2016	2017
Order book by line of business (million euro)	31,531	33,519	32,063
- Services	22,800	24,431	20,918
- Construction	8,731	9,088	11,145
Investment in R&D (million euro)	44	48	47
407 ETR user satisfaction %	-	97%	82%
Managed Lanes (NTE and LBJ) user satisfaction %	-	80%/91%	75%
HAH Passenger experience (Scale 1-5)	-	4.2	4.2
ISO9001 certified activity	91%	91%	89%

SOCIETY	2015	2016	2017
Renewal of presence in Sustainability indexes: DJSI, FTSE4Good, MSCI	✓	✓	✓
Carbon intensity: Direct and indirect emissions of greenhouse gases in relative terms ($t\,CO_2eq$/M€) (2)	-43.70%	-31.90%	-28.4%
Beneficiaries in potable water and sanitation projects (3)	-	191,759	212,605
Tax (million euro)(4)	-	-	2,075

(1) In flexible dividend and share buyback.
(2) Scope 1 & 2 since 2009.
(3) Data accumulated since 2008 (18 projects executed in Colombia, Peru, Mexico, Tanzania, Ethiopia, Uganda and Ghana).
(4) Supported, paid and collected in 2017 (Cash Criteria).

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: Building Information Modeling. Building information modeling is a process involving the generation and management of digital representations of physical and functional characteristics of places. BIMs are files which can be extracted, exchanged or networked to support decision-making regarding a building or other built asset. Current BIM software is used by individuals, businesses and government agencies who plan, design, construct, operate and maintain diverse physical infrastructures, such as water, refuse, electricity, roads, bridges, ports, tunnels, etc.

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.

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.

DBF: Design-Build-Finance.

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.

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).

COMMITTED TALENT

People talent is what sets us apart. Ferrovial searches for it, cares for it and develops it. Almost 100,000 people work at Ferrovial around the world, in countries with different cultures, customs and realities. Therefore, the company cultivates collaboration, flexibility, diversity and trust. The employee survey places commitment levels at above 90%. A figure that is the best guarantee for clients.

PHOTO: maintenance and cleaning of the Guggenheim Museum. Bilbao (Spain).

GRI-G4 INDICATORS

GENERAL STANDARD DISCLOSURES GRI G4

STRATEGY AND ANALYSIS		Page	Revision
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	5	✔
G4-2	Provide a description of key impacts, risks, and opportunities.	5, 23-25, 93-95	✔
ORGANIZATIONAL PROFILE		**Page**	**Revision**
G4-3	Report the name of the organization.	Note 1.1 of 2017 Annual Consolidated Financial Statements	✔
G4-4	Report the primary brands, products, and services.	14	✔
G4-5	Report the location of the organization's headquarters.	Note 1.1 of 2017 Annual Consolidated Financial Statements	✔
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	12-13	✔
G4-7	Report the nature of ownership and legal form.	Note 1.1 of 2017 Annual Consolidated Financial Statements	✔
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	12-13	✔
G4-9	Report the scale of the organization, including: - Total number of employees - Total number of operations - Net sales (for private sector organizations) or net revenues (for public sector organizations) - Total capitalization broken down in terms of debt and equity (for private sector organizations) - Quantity of products or services provided	10, 12 -14, 64-65 and Appendix	✔
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	10, 64, 65, 117 and Appendix	✔ (3)
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	79	✔
G4-12	Describe the organization's supply chain.	86-87 and Appendix	✔
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Note 1.1.2 and Note 1.1.3 of 2017 Annual Consolidated Financial Statements	✔
Commitments to external initiatives			
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	93-95	✔
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	115	✔
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: - Holds a position on the governance body - Participates in projects or committees - Provides substantive funding beyond routine membership dues - Views membership as strategic	115	✔
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		**Page**	**Revision**
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	Appendix II of 2017 Annual Consolidated Financial Statements	✔
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	115-117	✔
G4-19	List all the material Aspects identified in the process for defining report content.	115	✔
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	115	✔
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	115	✔
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	115	✔
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	115	✔
STAKEHOLDER ENGAGEMENT		**Page**	**Revision**
G4-24	Provide a list of stakeholder groups engaged by the organization.	115	✔
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	3, 15, 25, 81, 99-100, 102, 113 and 115	✔
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	15,113 and 115	✔
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	15,113 and 115	✔
REPORT PROFILE		**Page**	**Revision**
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	Fiscal Year 2017	✔
G4-29	Date of most recent previous report (if any).	Fiscal Year 2016	✔
G4-30	Reporting cycle (such as annual, biennial).	Annual	✔
G4-31	Provide the contact point for questions regarding the report or its contents.	Back cover	✔
GRI Content Index			
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option. c. Report the reference to the External Assurance Report, if the report has been externally assured.	3, 115, 129 and 134-135	✔
Assurance			
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	134-135	✔

GOVERNANCE		Page	Revision
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	99-101 Annual Corporate Governance Report 2017, Section C.	✔
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	113 Annual Corporate Governance Report 2017, Section C.	✔
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	113-114 Annual Corporate Governance Report 2017, Section C.	✔
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	113-115	✔
G4-38	Report the composition of the highest governance body and its committees.	99-101 Annual Corporate Governance Report 2017, Section C.	✔
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	99-101 Annual Corporate Governance Report 2017, Section C.1.2 and C.1.3	✔
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	99-101 Annual Corporate Governance Report 2017, Section C.1.19	✔
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	74-75 Annual Corporate Governance Report 2017, Section D.6.	✔
Highest Governance body's role in setting purpose, values and strategy			
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	99-100	✔
Highest Governance body's competencies and performance evaluation			
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	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. In 2017 it was approved the Ethic Integrity Procedure for partners which establishes the obligation to perform a due dilgence process of integrity when choosing partners. For futher information, see Annual Corporate Governance Report.	✔
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	Annual Corporate Governance Report 2017, Section from C.1.19 to C.1.21	✔ (2)
Highest Governance body's role in risk management			
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	104-105 Annual Corporate Governance Report 2017, Section E	✔
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.		✔
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.		✔
Highest Governance body's role in Sustainability Reporting			
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	104	✔
Highest Governance body's role in evaluating economic, environmental and social performance			
G4-49	Report the process for communicating critical concerns to the highest governance body.	113	✔
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	113	✔
Remuneration and incentives			
G4-51	a. Report the remuneration policies for the highest governance body and senior executives. b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	102-103	✔
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	102-103	✔
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	102-103	✔
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	See appendix.	✔
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	See appendix.	✔
ETHICS AND INTEGRITY		**Page**	**Revision**
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	18-19, 74-75 and 78-79	✔
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	74-75	✔
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	74-75	✔

SPECIFIC BASIC CONTENT GRI G4 Material issues identified on the materiality matrix, in the 20.19 Plan and the risks map.	Indicator		Page/Direct reference	Scope*	Revision
ECONOMIC DIMENSION					
Economic performance					
Profitable growth Transparency in the information provided to the market Activity in the securities market	G4-EC1	Direct economic value generated and distributed.	See Appendix	Ferrovial	✔
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Risks and opportunities are disclosed in the Carbon Disclosure Project report, which is publicly-available on the CDP website. Information for 2017 will be made available during 2018. (See pages 80-82 and 95)	Ferrovial	✔ (1)
	G4-EC3	Coverage of the organization's defined benefit plan obligations.	Note 6.6.4 of 2017 Annual Consolidated Financial Statements Note 6.2 of 2017 Annual Consolidated Financial Statements	Ferrovial	✔
	G4-EC4	Financial assistance received from government.	Note 6.1. of 2017 Annual Consolidated Financial Statements Note 6.4. of 2017 Annual Consolidated Financial Statements	Ferrovial	✔
Presence in the market					
Establishing a methodology for evaluating suppliers based on risk Diversity and equal opportunities Supply chain	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	The relationship between entry level wage and the local minimum wage in relevant countries is as follows: Spain: 1.15 United Kingdom: 1.06 United States: 1.53 Poland: 1.76 Chile:1.73 Australia: 1.72	Ferrovial	✔
	G4-EC6	Proportion of senior management, direct employees, contractors and sub-contractors hired from the local community at significant locations of operation.	In 2017, the proportion of senior management hired from the local community was 88%.	Ferrovial	✔ (3)
Indirect economic consequences					
Social footprint Community Corporate Volunteering	G4-EC7	Development and impact of infrastructure investments and services supported.	88-89	Ferrovial	✔
	G4-EC8	Significant indirect economic impacts, including the extent of impacts.	23, 64, 66, 69, 78, 80, 82 and 88-90	Ferrovial	✔
Purchasing practices					
Supply chain	G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	In 2017, the proportion of spending on local suppliers has been 92%	Ferrovial	✔(4)

ENVIRONMENTAL DIMENSION					
Materials					
Developing a sustainable construction strategy. Eco-efficiency. Having procedures and protocols in place for handling, use and storage of hazardous substances	G4-EN1	Materials used by weight, value or volume.	See Appendix	See note	✔ (5)
	G4-EN2	Percentage of materials used that are recycled input materials.	See Appendix	Ferrovial	✔ (6)
Energy					
Eco-efficiency. Climate change. Leading the sector on sustainability issues	G4-EN3	Energy consumption within the organization.	See Appendix	Ferrovial	✔(7)
	G4-EN4	Energy consumption outside of the organization.	Energy use from consumption of fuels, electricity and losses due to electricity transport stood at 1,969,019 GJ.	Ferrovial	✔(7)
	G4-EN5	Energy intensity.	Energy intensity is 923.10 GJ/net revenues	Ferrovial	✔(7)
	CRE1	Building energy intensity.	Not applicable, as this indicator is associated with real estate, which does not represent a significant activity for Ferrovial.		
	G4-EN6	Reduction of energy consumption.	Energy consumption increased 8.56% compared to 2016.	Ferrovial	✔(7)
	G4-EN7	Reductions in energy requirements of products and services.	81	Ferrovial	✔ (1)
Water					
Water Footprint	G4-EN8	Total water withdrawal by source.	See Appendix	Ferrovial	✔ (7) (9)
	G4-EN9	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	✔ (1)
	G4-EN10	Percentage and total volume of water recycled and reused.	The consumption of recycled and reused water stood at 435,806.6 m3	Ferrovial	✔ (7))
	CRE2	Building water intensity.	Not applicable, as this indicator is associated with real estate, which does not represent a significant activity for Ferrovial.		
Biodiversity					
Biodiversity	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	During 2017, Ferrovial has been working on 36 projects which were under an Environmental Impact Statement (or equivalent figure), depending on each country's legal framework	Ferrovial Agroman, S.A., Ferrovial Agroman US Corp, Ferrovial Portugal, Ferrovial Agroman Australia and Ferrovial Agroman Canada, Inc.	✔

SPECIFIC BASIC CONTENT GRI G4 Material issues identified on the materiality matrix, in the 20.19 Plan and the risks map.	Indicator		Page/Direct reference	Scope*	Revision
Biodiversity	G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	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 Agroman, S.A., Ferrovial Agroman US Corp, Ferrovial Portugal, Ferrovial Agroman Australia and Ferrovial Agroman Canada, Inc.	✔
	G4-EN13	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.	Ferrovial	✔
	G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	See Apependix	Cintra Infreastructures S.E., FS España Oficinas Centrales, Ferrovial Agroman S.A., Ferrovial Agroman US Corp., Ferrovial Agromán Australia, Ferrovial Agroman	✔
Emissions					
Climate change Environmental damages Leading the sector on sustainability issues	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	80-81, See Appendix	Ferrovial	✔ (7) (10)
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	80-81, See Appendix	Ferrovial	✔ (7) (10)
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3).	80-81, See Appendix	See Appendix	✔ (7) (8)
	G4-EN18	Greenhouse gas (GHG) emissions intensity.	The greenhouse gas (GHG) emissions intensity stood at 69.62 tCO2/INCN (Million euro)	Ferrovial	✔ (7)
	CRE3	Greenhouse gas emissions intensity from buildings.	Not applicable, as this indicator is associated with real estate, which does not represent a significant activity for Ferrovial.		
	CRE4	Greenhouse gas emissions intensity from new construction and redevelopment activity.	Not applicable as this indicator is associated with real estate, which is not a significant activity for Ferrovial.		
	G4-EN19	Reduction of greenhouse gas (GHG) emissions.	See Appendix	Ferrovial	✔
	G4-EN20	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	✔
	G4-EN21	NOX, SOX, and other significant air emissions.	See Appendix	Ferrovial	✔ (7) (11)
Effluent and waste					
Having programs to respond to spill emergencies Environmental damage	G4-EN22	Total water discharge by quality and destination.	The total wastewater discharge stood at 894,851.86 m^3.	Ferrovial	✔ (12) (13)
	G4-EN23	Total weight of waste by type and disposal method.	82 and Appendix	Ferrovial	✔ (7) (14)
	G4-EN24	Total number and volume of significant spills.	In 2017, there were 2 spills that have undergone significant penalty.	Ferrovial	✔ (15)
	G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Appendix I, II, III, and VIII, and percentage of transported waste shipped internationally.	Information not available	Ferrovial	NV
	G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats signifcantly affected by the organization's discharges of water and runoff.	In the projects developed by Ferrovial in 2017, eight had high-quality water courses in their vicinity.	Ferrovial Agroman Australia and Ferrovial Agroman Canada, Inc.	✔ (1)
Degradation, contamination and soil remediation					
No material	CRE5	Land and other assets remediated and in need of remediation for the existing or intended land use according to applicable legal designations.	Not reported.	Ferrovial	NV
Products and services					
Developing a sustainable construction strategy.	G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	See Appendix	Ferrovial	✔ (1)
	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	The company's activities do not include the production of goods sold with packaging.	Ferrovial	✔
Regulatory compliance					
Non-compliance with legislation	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	The total amount of fines paid in the year due to breach of environmental legislation in 2017 stood at € 22,627.65 plus €78,750 coming from past years' breaches . This amount does not include associated civil liability (compensation). Note 6.3 and Note 6.5.1 of 2017 Annual Consolidated Financial Statements.	Ferrovial	✔

SPECIFIC BASIC CONTENT GRI G4 Material issues identified on the materiality matrix, in the 20.19 Plan and the risks map.	Indicator		Page/Direct reference	Scope*	Revision
Transport					
Climate change	G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.	The most significant impact caused by the transport of products, materials and persons are greenhouse gas emissions caused by the same. Said emissions are included in Scope 3 under the "Business travel" and "Upstream transportation and distribution" categories.	Ferrovial	✔
General					
Eco-efficiency Climate Change	G4-EN31	Total environmental protection expenditures and investments by type.	Total environmental investment and spending in 2017 stood at 140,984,535.6 € breaking down into the following main items: - Environmental Responsibility Insurance: 935,606.63 € - Waste Management: 83,965,877 € - Certifications: 352,763.36€ - Training: 376,772 € - Personnel expenses: 21,357,094.60 € - Investment in equipment: 19,833,126 € - Various projects: 5,733,296 €	Ferrovial	✔
Environmental evaluation of suppliers					
Having a purchasing policy. Establishing a methodology for evaluating suppliers based on risk. Including suppliers in the company's corporate responsibility policy	G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	86-87	Ferrovial	✔ (1)
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	(See pages 90-91) 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	✔ (1)
Environmental evaluation of suppliers					
Non material.	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	Information not available.	Ferrovial	NV
SOCIAL DIMENSION					
LABOR PRACTICES AND DIGNITY OF LABOR					
Employment					
Attracting and retaining talent. Diversity and equal opportunities.	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	See appendix.	Ferrovial	✔ (3) (16) (17)
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	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	✔ (1) (17)
	G4-LA3	Return to work and retention rates after parental leave, by gender.	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	✔ (1)
Relations between staff and management					
Human Rights	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	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	✔ (1)
Health and safety in the workplace					
Occupational health and safety. Having a corporate policy on employee health and safety	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and saftey programs.	See appendix.	Ferrovial	✔
	CRE6	Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system.	85% of the Company's activity is developed under Health and Safety Management Systems	Ferrovial	✔ (23)
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	66-67 See appendix.	Ferrovial	✔ (17) (18) (19)
	G4-LA7	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	✔
	G4-LA8	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					
Training and development	G4-LA9	Average hours of training per year per employee by gender, and by employee category.	See appendix.	Ferrovial	✔ (18) (20)
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	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	✔(1)
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	The percentage of employees receiving regular assessments of Ferrovial's performance and professional development is 31.23%.	Ferrovial	✔ (18) (20)
Diversity and equal opportunities					
Diversity and equal opportunities	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	See Appendix Annual Corporate Governance Report 2017, Section C.	Ferrovial	✔ (21)

SPECIFIC BASIC CONTENT GRI G4 Material issues identified on the materiality matrix, in the 20.19 Plan and the risks map.	Indicator		Page/Direct reference	Scope*	Revision
Equal remuneration between women and men					
Diversity and equal opportunities	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Company management, in particular the Remuneration and Benefits Department, monitors compliance with confidentiality requirements and ensures that its remuneration policy is compliant with internal and external equality standards.	Ferrovial	✔(2)
Continuous evaluation of supplier labor practices					
Having a purchasing policy. Establishing a methodology for evaluating suppliers based on risk. Including suppliers in the company's corporate responsibility policy	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	86	Ferrovial	✔ (1)
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	As for occupational health and safety practices, incidents range from non-compliance with employee training requirements, improper maintenance of machinery, failure to provide the required safety documentation and breach of instructions given by the project manager. The measures taken range from expulsion from the project and/or rejection of the supplier, to warnings that improvements are required in less serious cases.	Ferrovial	✔ (1)
Labor practices claim procedures					
Having communication channels for reporting unethical practices	G4-LA16	Total number of incidents of discrimination and corrective actions taken.	75	Ferrovial	✔(22)
HUMAN RIGHTS					
Investment					
Human Rights	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	78	Ferrovial	✔ (1)
	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	79	España	✔
Non-discrimination					
Codes of conduct Human rights Diversity and equal opportunities Having specific policies on ethics and integrity issues	G4-HR3	Total number of incidents of discrimination and corrective actions taken.	75	Ferrovial	✔(22)
Freedom of association and collective bargaining					
Human rights Workplace conflicts	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	78-79	Ferrovial	✔
Child labor					
Human rights	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	78-79	Ferrovial	✔
Forced labor					
Human rights	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	78-79	Ferrovial	✔
Security measures					
Human rights	G4-HR7	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 Headquaters	✔ (1)
Rights of the indigenous population					
Human rights Community	G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken.	During 2017 there hasn't been detected incidents of violations involving rights of indigenous people. Identified controversies are described on page 78.	Ferrovial	✔
Evaluation					
Human rights	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	78-79 During 2017, Ferrovial has not done specific reviews to evaluate the impact on Human Rights' matters	Ferrovial	✔
Evaluation of suppliers in terms of human rights					
Having a purchasing policy. Establishing a methodology for evaluating suppliers based on risk. Including suppliers in the company's corporate responsibility policy	G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	86	Ferrovial	✔ (1)
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	86-87 Regarding social matters, there have been detected impacts due to failures to deliver documents or breaches on their own suppliers' payments. The measures taken range from expulsion from the project and/or rejection of the supplier, to warnings that improvements are required in less serious cases.	Ferrovial	✔ (1)
Human rights claim procedures					
Having communication channels for reporting unethical practices	G4-HR12	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	75	Ferrovial	✔ (22)
SOCIETY					
Local communities					
Social footprint. Community.	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	88-89	Ferrovial	✔ (1)
	G4-SO2	Operations with significant actual and potential negative impacts on local communities.	During 2017, there has not been detected situations in which Ferrovial activities had caused a negative impact on local communities.	Ferrovial	✔ (1)
	CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project.	Information not available	Ferrovial	✔

SPECIFIC BASIC CONTENT GRI G4 Material issues identified on the materiality matrix, in the 20.19 Plan and the risks map.	Indicator		Page/Direct reference	Scope*	Revision
Combating corruption					
Having specific policies on ethics and integrity issues. Fraud/Corruption	G4-SO3	Total number and percentage of operations asessed for risks related to corruption and the significant risks identified.	74 y 75	Ferrovial	✔ (1)
	G4-SO4	Communication and training on anti-corruption policies and procedures.	74 y 75	España	✔
	G4-SO5	Confirmed incidents of corruption and actions taken.	75	Ferrovial	✔ (1)
Public policy					
Publishing policies on ethics and integrity issues Having a specific corporate governance policy	G4-SO6	Total value of political contributions by country and recipient/ beneficiary.	Ferrovial's Code of Conduct highlights the levels of approval through every third-party payment has to come. It also bans bribe payment to authorities and public officers and prohibits its workers to give or receive from third-parties improper payments of any kind, including presents or favours which are out of their market use; or when it could influence the normal develop of the professional, bussiness or administrative relationship in which their Companies are involved.	Ferrovial	✔ (2)
Unfair competition practices					
Non-compliance with legislation	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Ferrovial has subject to a sanction and a survelliance file by The National Competition Commission. Note 6.3 of 2017 Annual Consolidated Statements Note 6.5 of 2017 Annual Consolidated Statements	Ferrovial	✔
Regulatory compliance					
Non-compliance with legislation	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	In fiscal year 2017, 28 cases and litigation related to the safety of workers, subcontractors and users have been sanctioned. Note 6.3 of 2017 Annual Consolidated Statements Note 6.5 of 2017 Annual Consolidated Statements	Ferrovial	✔
Evaluation of social repercussions of suppliers					
Having a purchasing policy. Establishing a methodology for evaluating suppliers based on risk. Including suppliers in the company's corporate responsibility policy	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	86	Ferrovial	✔ (1)
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken.	86-87 On the social front, incidents of non-compliance in the provision of documentation and failure to pay their own suppliers are also evaluated. The measures taken range from expulsion from the project and/or rejection of the supplier, to warnings that improvements are required in less serious cases.	Ferrovial	✔ (1)
Social impact claim procedures					
Having communication channels for reporting unethical practices	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	75	Ferrovial	✔ (22)
RESPONSIBILITY WITH REGARD TO RODUCTS					
Health and safety of clients					
Having policies and management systems to ensure that products/services do not pose a risk to customer health, security, integrity or privacy	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	72-74	Ferrovial	✔ (1)
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	During the fiscal year 2017, 28 cases and litigation related to the safety of workers, subcontractors and users have been closed with sanctions. Note 6.3 of 2017 Annual Consolidated Statements Note 6.5 of 2017 Annual Consolidated Statements	Ferrovial	✔
Labeling of products and services					
Service quality Having policies and management systems to ensure that products/services do not pose a risk to customer health, security, integrity or privacy. Making channels of communication available to customers and complaint resolution procedures Non-compliance with legislation	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	72-73	Ferrovial	✔ (1)
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	There has not been identified non-compliance incidents on this subject.	Ferrovial	✔
	G4-PR5	Results of surveys measuring customer satisfaction.	72-73	Ferrovial Agroman, S.A Edytesa, S.A. Técnicas del Pretensado y Servicios Auxiliares, S.L (Tecpresa) Ferrovial Agroman Chile, S.A.	✔
	CRE8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment.	See Appendix	Ferrovial	✔
Marketing Communication					
Non-compliance with legislation	G4-PR6	Sale of banned or disputed products	Note 6.3 of 2017 Annual Consolidated Statements Note 6.5 of 2017 Annual Consolidated Statements	Ferrovial	✔
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	No incidents involving non-compliance were detecting during 2016	Ferrovial	✔
Client privacy					
Service quality Having policies and management systems to ensure that products/services do not pose a risk to customer health, security, integrity or privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	During 2017, they have not been received complaints regarding breaches of customer privacy and losses of customer data.	Ferrovial	✔

SPECIFIC BASIC CONTENT GRI G4 Material issues identified on the materiality matrix, in the 20.19 Plan and the risks map.	Indicator		Page/Direct reference	Scope*	Revision
Regulatory compliance					
Non-compliance with legislation	**G4-PR9**	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	In fiscal year 2017, 28 cases and litigation related to the safety of workers, subcontractors and users have been sanctioned. Note 6.3 of 2017 Annual Consolidated Statements Note 6.5 of 2017 Annual Consolidated Statements	Ferrovial	✔

(1) Reported qualitatively.
(2) Only information about the existing Policy is given.
(3) No information about contractors and sub-contractors is included.
(4) Locally-hired non-centralized suppliers are classified as local suppliers. Percentage of local suppliers is reported, but not the proportion of expending.
(5)The most relevant material consumed in each division is reported. The most significant material can change every year so it is not comparable.
(6) Only recycled paper consumed is reported.
(7) 2017 data includes estimations according to the best available information at the time of preparing this report, subsequently its level of accuracy is limited.
(8) Scope 3 emissions are limited to the scope which is described on the EN17 table on the GRI Indicators Appendix.
(9) The main consumtion have been estimated from average prices of water consumption per country.
(10) The review of this information has consisted of checking the gathering process of the data reported by the different companies of the group and the analysis of trends in comparison with the previous year.
(11) Emissions data for NOx, SOx and other significant emissions to the air correspond to direct energy and electricity consumption.
(12) 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 measurements of water discharge.
(13) The quality and destination of water discharges is not reported.
(14) Not broken down by disposal method.
(15) Information about total volume of spills is not reported.
(16) Not broken down by age.
(17) Not broken down by country or region.
(18) Not broken down by gender.
(19) Information concerning contractors is only included in the calculation of the overall variation frequency index. This information is partial and estimated, thus not representative. The review of this information has consisted of checking the gathering process of the data reported by the different companies of the group.
(20) Not broken down by professional category.
(21) Not broken down by age group, minority group membership and other indicators of diversity.
(22) Information about complaints received through the Corporative Whistleblowing Channel in Spain is given.
(23) Sales percentage under a certified Health and Safety Management System is calculated with the invoice instead of using number of own employees and subcontractors.
Note: NV: Indicator not verified.

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-G4 Indicators Table.
- Responsiveness: This report includes the information relating to Ferrovial's response to stakeholder expectations.

GRI4 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.

APPENDIX TO GRI INDICATORS

G4-10, WORKFORCE CHARACTERISTICS

Number of employees by type of contract and gender

	Total		2016	2017
Full – time	81,434	Men	63,637	**62,901**
		Women	18,133	**18,533**
Partial – time	14,544	Men	4,742	**5,064**
		Women	9,489	**9,480**

Number of employees by type of contract and gender

	Total		2016	2017
Temporary contract	22,153	Men	15,662	**16,422**
		Women	5,203	**5,731**
Undefined contract	73,825	Men	52,717	**51,543**
		Women	22,419	**22,282**

Number of employees by region and gender

	2016	2017		
		Men	Women	Total
Spain	40,595	26,321	16,295	**42,616**
United Kingdom	18,022	12,704	4,292	**16,996**
Rest	12,855	10,018	1,391	**11,409**
USA & CANADA	4,280	3,454	570	**4,024**
Poland	5,298	4,966	1,437	**6,403**
Australia	14,951	10,502	4,028	**14,530**
TOTAL	**96,001**	**67,965**	**28,013**	**95,978**

G4-12. DESCRIBE THE ORGANIZATION'S 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.

G4-54. CALCULATE THE RATIO BETWEEN THE TOTAL ANNUAL COMPENSATION OF THE HIGHEST PAID PERSON IN THE ORGANIZATION IN EACH COUNTRY WHERE THE COMPANY IS SIGNIFICANTLY ACTIVE AND THE TOTAL AVERAGE ANNUAL COMPENSATION OF THE ENTIRE STAFF (EXCLUDING THE HIGHEST PAIDPERSON) OF THE CORRESPONDING COUNTRY.

	2015	2016	2017
TOTAL Ferrovial	**186.70**	**195.44**	
EE.UU.	6.68	12.54	7.70
USA	28.83	34.97	33.78
Poland	21.27	23.08	24.76
UK	39.09	23.85	25.79
Australia	-	48.31	8.72
Chile	-	19.08	14.54

Note indicators G4-54 and G4-55: 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.

G4-55. CALCULATE THE RATIO BETWEEN THE PERCENT INCREASE OF THE TOTAL ANNUAL COMPENSATION OF THE HIGHEST PAID PERSON IN THE ORGANIZATION IN EACH COUNTRY WHERE THE COMPANY IS SIGNIFICANTLY ACTIVE AND THE PERCENT INCREASE OF THE TOTAL AVERAGE ANNUAL COMPENSATION OF THE ENTIRE STAFF (EXCLUDING THE HIGHEST PAID PERSON) OF THE CORRESPONDING COUNTRY

	2015	2016	2017
TOTAL Ferrovial	**2,21%**	**32,43%**	
USA	14,25%	-0,23%	
SPAIN	2,67%	8,60%	
POLAND	4,89%	8,45%	
UK	6,73%	27,61%	
CHILE	-	24,60%	

G4-EC1. DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

GENERATED ECONOMIC VALUE (M€)	2015	2016	2017
a) Revenue:			
Turnover	9,701	10,759	12,208
Other operating revenue	9	7	10
Financial revenue	34	44	56
Disposals of fixed assets	185	330	51
Income carried by the equity method	277	214	201
TOTAL	**10,206**	**11,354**	**12,526**
DISTRIBUTED ECONOMIC VALUE (M€)			
b) Consumption and expenses (1)			
Consumption	1,131	1,267	1,345
Other operating expenses	4,121	4,736	5,288
c) Payroll and employee benefits			
Personnel expenses	2,575	3,819	4,653
d) Financial expenses and dividends			
Dividends to shareholders	278	226	222
Treasury share repurchase (2)	235	317	302
Financial expenses	430	447	401
e) Taxes			
Corporate income tax	138	245	63
	8,908	11,057	12,274
RETAINED ECONOMIC VALUE (M€)	**204**	**297**	**252**

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.

G4-EN1. MATERIALS BY WEIGHT, VALUE AND VOLUME

	2015	2016	2017
Paper (kg)	940,303.12	748,106.49	717,752.25
Timber (m^3)	9,980.62	63,946.43	54,058.55
Bitumen (t)	1,222,000.00	195,585.00	223,755.00
Concrete (t)	7,692,545.00	6,571,997.00	6,415,639.60
Steel (t)	-	263,270.00	200,664.00
Tropical timber (m^3), of Ferrovial Agroman	26.40	22.90	47.85
Timber of guaranteed origin (%)	Feerovial has a policy where it is established that the timber purchased must be of guaranteed origin.		

G4-EN2. PERCENTAGE OF MATERIALS USED THAT ARE RECYCLED MATERIALS

	2015	2016	2017
Percentage of paper with FSC seal	62.15%	**72.73%**	**73.77%**
Percentage of recycled paper	31.70%	**26.98%**	**20.33%**

G4-EN3. INTERNAL ENERGY CONSUMPTION

		2015	2016	2017
Fuels used by stationary and mobile sources (total) (GJ)	Diésel	5,354,020	5,922,431	5,975,814
	Fuel	78,346	37,269	78,994
	Gasolina	482,467	558,854	471,007
	GN	2,515,128	2,224,776	3,039,568
	Coal	206,658	276,998	367,756
	Kerosene	14,024	14,237	20,482
	Propane	21,586	19,458	18,467
	LPG	11,843	16,931	11,526
Electricity consumption from non-renewable sources (GJ)	Services	424,578	409,513	364,472.58
	Construction	454,507	415,330	418,030.44
	Toll Roads	121,592	90,602	66,488.59
	Corporate	4,575	4,549	4,501.11
Electricity consumption from renewable sources (GJ)	Services	161,429.85	165,006.77	146,955.94
	Construction	87,844.45	265,569.86	330,088.87
	Toll Roads	0.00	4,090.20	4,049.05
	Corporate	0.00	0.00	0.00

In order to facilitate data comparability, they have been included in 2015 and 2016 the internal energetic consumptions of 2017 from those Companies which have been completely incorporated for the first time to the perimeter.

G4-EN3. INTERNAL ENERGY CONSUMPTION

ENERGIA PRODUCIDA (GJ)	2015	2016	2017
Electric power for recovery of biogas	415,569.45	369,675.11	354,039.03
Thermal energy by biogas valorisation	241,603.50	197,103.82	202,812.10
Electric power generated in Water Treatment plants	157,595.00	41,405.49	110,463.94
Electric power generated in thermal drying	32,637.29	262,050.99	286,656.92
TOTAL	**847,405.24**	**870,235.42**	**953,971.99**

G4-EN4. EXTERNAL ENERGY CONSUMPTION

		2015	2016	2017
Consumption of energy acquired, by primary sources (GJ)	Carbón	826,017.26	789,452.68	746,608.70
	Gasoil	120,930.95	100,317.96	87,398.44
	Gas	603,861.11	624,181.76	653,127.36
	Biomasa	61,401.99	58,461.75	54,845.22
	Residuos	10,883.84	9,919.31	9,079.89
	Resto	467,501.22	396,758.42	342,346.99

In order to facilitate data comparability, they have been included in 2015 and 2016 the external energetic consumptions of 2017 from those Companies which have been completely incorporated for the first time to the perimeter.

G4-EN8. TOTAL WATER CAPTURE BY SOURCE

	2015*	2016*	2017
Water Consumption (m^3)	6,821,372	6,437,432	6,434,740

*The 2015 and 2016 data have been adjusted according to the best available information.

G4-EN14. NUMBER OF SPECIES INCLUDED IN THE IUCN RED LIST AND IN NATIONAL CONSERVATION LISTINGS WHOSE HABITATS ARE IN AREAS AFFECTED BY OPERATIONS, ACCORDING TO THE EXTINCTION LEVEL OF THE SPECIES.

Species (científic name)	Common name	EPBC Act	IUCN Red List	Livro Vermelho dos Vertebrados de Portugal	*ESA*	Others
Alasmidonta heterodon	Dwarf Wedge Mussel		Vulnerable (VU)		En peligro	
Alasmidonta varicosa	Brook floater		Vulnerable (VU)		Under review	
Bucanetes githangineus	Camachuelo trompetero					En peligro (Libro Rojo de las aves de España)
Cambarus howardi	Chattahoochee Crayfish		Least Concern "Poco preocupante" (LC)			Protegido por Georgia Endangered Wildlife Act
Canis lupus	Lobo		Least Concern "Poco preocupante" (LC)	En peligro		
Caretta caretta	Tortuga boba		Vulnerable (VU)	En Peligro		En peligro (Libro Rojo de los anfibios y reptiles de España)
Caulanthus californicus	California Jewelflower				En Peligro	
Chelonia mydas	Green turtles		Endangered (EN) En Peligro			
Chamaesyce hooveri	Hoover´s spurge				Amenazada	
Circus cyaneus	Aguilucho pálido		Least Concern "Poco preocupante" (LC)			Listado de Especies en Régimen de Protección Especial
Circus pygargus	Aguilucho cenizo		Least Concern "Poco preocupante" (LC)			"Vulnerable" en el Libro Rojo de las aves de España
Curcubita moscata	Butternut (Calabaza)				En Peligro	
Dasyurus maculatus	Spotted tail quoll	Endangered	"Casi amenazado" Near threatened (NT)			
Dipodomys nitratoides nitratoides	Tipton kangaroo rat				En Peligro	
Dolichonyx oryzivorus	Bobolink		Least Concern "Poco preocupante" (LC)		En Peligro	
Eremalche parryi ssp. Kernensis	Kern mallow				En Peligro	
Falco peregrinus	Halcón peregrino		Least Concern "Poco preocupante" (LC)			"De interés especial" en el Catálogo Nacional de Especies Amenazadas
Gambelia sila	Blun-nosed leopard lizard		Endangered (EN) En Peligro		En Peligro	
Glyptemys insculpta	Wood turtle		Endangered (EN) En Peligro			
Hieraaetus pennatus	Águila calzada		Least Concern "Poco preocupante" (LC)			Régimen de protección especial en el Catálogo de especies amenzadas de Baleares y España
Hirundo rustica	Golondrina común (Barn swallow)		Least Concern "Poco preocupante" (LC)		En Peligro	"De interés especial" en Catálogo Nacional de Especies Amenazadas
Litoria brevipalmata	Green thighed frog		Endangered (EN) En Peligro			Vulnerable en la "NSW"
Milvus milvus	Milanoreal		Near threatened (NT)			"En peligro" (Libro Rojo de las aves de España)
Mixophyes iteratus	Giant barred frog	Endangered	Endangered (EN) En Peligro			
Monolopia congdonii	San Joaquin wooly threads				En Peligro	
Mustela lutreola	Visón europeo		Critically endangered "Amenaza crítica"(CR)			
Myotis lucifugus	Little Brown Myotis		Least Concern "Poco preocupante" (LC)		En Peligro de extinción	
Neophron percnopterus	Alimoche (Egyptian vulture)		Endangered (EN) En Peligro			"En peligro" (Libro Rojo de las Aves de España)
Nyctalus azoreum	Nóctulo de las Azores		Endangered (EN) En Peligro	En Peligro Crítico		
Pandion cristatus	Eastern Osprey		Least Concern "Poco preocupante" (LC)			Vulnerable in NSW
Petaurus australis	Yellow bellied glider	Vulnerable	Near threatened (NT)			
Salmo salar	Salmón atlántico		Lower risk/least concern (LC)	En Peligro Crítico		
Sorex ornatus relictus	Buena Vista lake ornate shrew				En peligro	
Sturnella magna	Eastern Meadowlark		Least Concern "Poco preocupante" (LC)		En Peligro	
Vulpes macrotis mutica	San Joaquin kit fox				En Peligro	

G4-EN15. DIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 1)
G4-EN16.ENERGY INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 2)

	2009 (Año base)	2015	2016	2017
Budimex	47,665	55,496	60,011	72,162
Cadagua	63,221	23,296	18,467	15,098
FASA	74,934	75,544	121,040	134,213
Webber	52,194	30,796	33,102	29,521
PLW	13,361	13,361	13,361	13,361
Ferrovial Corporate	896	704	703	680
Cintra	15,684	17,671	13,739	10,091
Amey	147,608	113,241	107,164	98,262
Broadspectrum	125,961	125,961	125,961	125,412
Ferrovial Services	408,982	287,391	309,139	354,737
Transchile	45	45	45	45
TOTAL tCO_2 eq	**950,551**	**743,506**	**802,731**	**853,581**

In order to facilitate data comparability, they have been included in 2015 and 2016, the Scopes 1 & 2 emissions of 2017 from those companies which have been completely incorporated for the firs time to the perimeter.

Biogenic CO_2 (tCO_2 eq)	2009 (año base)	2015	2016	2017
Cadagua	1,191	52,143	59,149	50,843
Ferrovial Services	33,108	29,553	44,322	36,819
TOTAL	**34,299**	**81,696**	**103,471**	**87,663**

G4-EN17. OTHER INDIRECT GREENHOUSE GAS (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).
• 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 2017.
• 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 2017 is not available as of the report release date, and therefore emission figures for 2016 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.

	2009 (base year)	2015*	2016*	2017
Business travel	403	9,900	9,117	8,181
Capital Goods		607,931	354,953	288,004
Employee commuting		1,547	3,183	3,221
End of life treatment of sold products		23,130	44,605	39,245
Fuel and energy related activities		174,079	200,325	219,335
Purchased goods and services		601,164	503,274	461,150
Upstream leased	1,728			
Upstream transportation and distribution		492,843	418,962	407,580
Use of sold product		844,645	622,625	555,585
Waste generated in operations		261,947	231,225	269,766
Investments	814,108	636,150	641,053	641,053
TOTAL	**816,239**	**3,653,336**	**3,029,322**	**2,893,120**

* Scope 3 emissions data for 2015 and 2016 have been recalculated based on the best information available in 2017, with impact less than 1%.

G4-EN19. REDUCTION OF GREENHOUSE GAS (GHG) EMISSIONS

	2015	2016	2017
EMISSIONS AVOIDED BY SORTING AND BIOGAS CAPTURE			
Greenhouse gas avoided by sorting (t CO_2eq)	525,627	594,121	699,498
Greenhouse gas avoided by biogas capture (t CO_2eq)	889,483	795,586	689,673
EMISSIONS AVOIDED THROUGH POWER GENERATION			
In landfills (t CO_2eq)	37,718	33,509	32,060
At water treatment plants (t CO_2eq)	16,681	25,739	33,684
EMISSIONS PREVENTED BY PURCHASING ELECTRICITY FROM RENEWABLE SOURCESS			
Electricity bought from third parties (t CO_2eq)	23,156	31,964	36,923
TOTAL	**1,492,665**	**1,480,920**	**1,491,838**

EN21. NOx, SOx AND OTHER SIGNIFICANT ATMOSPHERIC EMISSIONS

	NOx (t)	CO (t)	COVNM (t)	SOx (t)	Partículas (t)
Emissions from boilers	153.72	61.25	15.01	207.38	40.77
Emissions caused by motor vehicles	1,212.54	1,851.51	252.37	0.00	159.06
Emissions caused by electricity	56.82	23.21	0.45	85.02	4.96
	NOx (g/Kg)	**CO (g/Kg)**	**COVNM (g/Kg)**	**SOx (Tn)**	**Particles (g/Kg)**
Emissions caused by mobile equipment used in construction works	2,666	8,431	873	0	84

G4-EN23. TOTAL WEIGHTING OF WASTE. BY TYPE AND TREATMENT METHOD

	2015	2016	2017
Waste produced from construction and demolition (m^3)	2,353,518	1,628,147	1,439,796
Total soil from excavation (m^3)	21,284,729	19,759,576	27,612,500
Topsoil reused (m^3)	440,204	558,310	1,458,280
Material sent to landfill outside the worksite (m^3)	4,984,918	1,447,743	5,287,068
Materials reused at worksite (m^3)	5,910,889	11,692,839	15,498,439
Materials sent to other worksite or authorized landfill (m^3)	9,698,718	6,060,684	5,368,713
Hazardous waste (t) *	26,790	28,388	27,944
Non-hazardous waste (t) *	655,519	731,874	683,841

* Data for 2015 and 2016 have been adjusted according to the best information available in 2017, also for 2015 and 2016 the 2017 contribution of the new adquire Companies has been taken into account in order to improve the comparability of the data.

G4-EN27. DEGREE OF MITIGATION OF THE ENVIRONMENTAL IMPACT HAD BY PRODUCTS AND SERVICES
CRE8. TYPE AND NUMBER OF CERTIFICATIONS, CLASSIFICATIONS AND LABELLING SYSTEMS REGARDING THE SUSTAINABILITY OF NEW CONSTRUCTIONS, MANAGEMENT, OCCUPATION AND RECONSTRUCTION.

Over 2017 work was performed on the following projects seeking to obtain certification:

Ubicación	Descripción	Certificación
Polonia	Budynek biurowy wraz z infrastrukturą we Wrocławiu	LEED
Polonia	Budowa Centrum Dystrybucyjnego Lidl Będzin w miejscowości Psary	LEED
Polonia	Budynek biurowo-usługowy dla BZWBK LEASING we Wrocławiu	LEED
Polonia	Budowa Centrum Dystrybucyjnego Lidl Mińsk Mazowiecki w miejscowości Kałuszyn	LEED
Polonia	Budynek biurowo - handlowy IKEA Poznań	BREEAM
Polonia	Budynki biurowe Off Piotrkowska w Łodzi	BREEAM
Polonia	Budynek biurowy ul. Heweliusza18 Gdańsk	BREEAM
Polonia	Karolkowa 28 - zespół budynków A i B	BREEAM
Polonia	Camelia zespół miesz.ul.Potrzebna Włochy	HQE
Madrid	EDIFICIO DE OFICINAS PPE. VERGARA	Certificación LEED
Madrid	PARQUE LOGISITICO CABANILLAS NAVE A	Certificación LEED
Madrid	PARQUE LOGISITICO CABANILLAS NAVE B	Certificación LEED
Madrid	PARQUE LOGISITICO CABANILLAS NAVE C	Certificación LEED
Madrid	PARQUE LOGISITICO CABANILLAS NAVE D	Certificación LEED
Barcelona	POLIDEPORTIVO LA PEIRA BCN	Certificación LEED
Barcelona	EDIF. RECERCA SANT PAU	Certificación LEED
Madrid	Hospital de Fraternidad-Muprespa, Madrid	Certificación LEED
Barcelona	REHAB.BIBLIOTECA LES CORTS - VIDRE	Certificación BREEAM

LA1. NNUMBER AND RATE OF HIRINGS AND AVERAGE EMPLOYEE ROTATION, BROKEN DOWN BY AGE GROUP, GENDER AND REGION

In 2017, the total number of new hires was 24,270, which corresponds to a total hiring rate of 25.00% in relation to the staff at the end of the year. By gender, the breakdown is as follows:

	Men	Women	Total
Hiring Rate	17.70%	7.26%	25%

The turnover average rate for 2017 broken down by gender and age is as follows:

	Men	Women	Total
Total average turnover rate*	10.02%	2.65%	12.67%

*For the calculation of the total average rotation rate, both voluntary and forced removals were taken into account in 2017.

LA5. PERCENTAGE OF TOTAL WORKFORCE REPRESENTED IN FORMAL JOINT MANAGEMENT-WORKER HEALTH AND SAFETY COMMITTEES THAT HELP MONITOR AND ADVISE ON OCCUPATIONAL HEALTH AND SAFETY PROGRAMS.

	2015	2016	2017
Percentage of total workforce represented in formal joint management-worker health and safety committees	68	61.2	63.4

PERCENTAGE OF THE ORGANIZATION OPERATING IN VERIFIED COMPLIANCE WITH AN INTERNATIONALLY RECOGNIZED HEALTH AND SAFETY MANAGEMENT SYSTEM

	2015	2016	2017
Percentage of the organización certified in compliance with a health and safety management system	80	85	85

LA6. TYPE OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND TOTAL NUMBER OF WORK-RELATED FATALITIES, BY REGION AND BY GENDER

	2015	2016	2017
Frequency rate	20.00	15.00	13.6
Frequency rate including subcontractors	15.80	11.81	10.8
Severity index	0.43	0.33	0.31
Absenteeism rate	5.16	4.31	5.28
Occupational disease frequency index	0.86	0.40	0.56

Frequency Rate = number accidents involving absence * 1,000,000 / No. hours worked.
Severity Index = No. days lost * 1,000 / No. hours worked.
Note: in 2017 there were two fatal accidents of contractor workers.

LA9. AVERAGE ANNUAL TRAINING HOURS PER EMPLOYEE, BREAKDOWN BY GENDER AND BY PROFESSIONAL CATEGORY

	2015	2016	2017	Horas por empleado
Corporate	22,872	24,128	26,079	**62.13**
Construction	154,435	121,855	195,515	**11.53**
Services	1,464,542	539,636	613,381	**7.76**
Toll Roads	21,937	24,871	18,950	**26.88**
Real Estate	108	304	2,064	**15.49**
Airports	3,362	1,475	1,091	**28.38**
TOTAL	**1,667,255**	**712,268**	**857,079**	**8.81**

* The information refers only to 71% of the perimeter of the organization.

LA12. COMPOSITION OF GOVERNANCE BODIES AND BREAKDOWN OF EMPLOYEES PER EMPLOYEE CATEGORY ACCORDING TO GENDER, AGE GROUP, MINORITY GROUP MEMBERSHIP, AND OTHER INDICATORS OF DIVERSITY.

		2016					
		Executive	University Graduates	Administratives	Techinicians	Subtotal	Total
Corporation	Men	67	140	29	3	239	422
	Women	12	132	39	0	183	
Construction	Men	158	5,063	417	8,406	14,044	16,433
	Women	9	1,795	384	201	2,389	
Services	Men	184	4,510	3,299	45,120	53,113	78,243
	Women	52	1,428	4,144	19,506	25,130	
Toll Roads	Men	47	164	27	240	478	693
	Women	8	110	51	46	215	
Real-state	Men	4	54	1	0	59	137
	Women	1	75	2	0	78	
Airports	Men	0	32	0	0	32	50
	Women	0	11	7	0	18	
TOTAL	**Men**	**460**	**9,963**	**3,773**	**53,769**	**67,965**	**95,978**
	Women	**82**	**3,551**	**4,627**	**19,753**	**28,013**	

VERIFICATION REPORT

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
España

Tel: +34 915 14 50 00
www.deloitte.es

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Independent Assurance Report on the Corporate Responsibility information included in the 2017 Consolidated Management Report of Ferrovial

To the Board of Directors of Ferrovial S.A.

Scope of our work

We have performed the review, with a limited assurance, of the Corporate Responsibility Information (CRI) included in the 2017 Consolidated Management Report (CMR) of Ferrovial, S.A. and independent subsidiaries (hereinafter referred to as Ferrovial), the scope and coverage of which is defined in the "Reporting Principles" Appendix. Our work consisted of the review of:

- The adherence of the CRI to the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines version 4 (hereinafter referred to as G4 Guidelines) and the reliability and adequacy of the contents proposed in the aforementioned guidelines for 2017 and also in the Construction and Real Estate Sector Supplement.
- The information provided in the CMR relating to the application of the principles of inclusivity, materiality and responsiveness set out in the *AccountAbility 1000 Assurance Standard* (AA1000AS).

Standards and verification procedures

We conducted our revision work in accordance with International Standard on *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) for the emission of limited assurance reports and the Guidelines for engagements relating to the review of Corporate Responsibility Reports issued by the Spanish Institute of Certified Public Accountants to achieve limited assurance. Also, we have applied AccountAbility 1000 Assurance Standard (AA1000AS), issued by AccountAbility to provide moderate assurance on the application of the principles established in the standard AA1000 and on the sustainability performance indicators (type 2 moderate assurance).

Our work consisted of making enquiries to management of Ferrovial, reviewing the processes of gathering and validating the data presented in the CMR, and carrying out the following analytical procedures and sample-based review tests:

- Meetings with Ferrovial personnel to ascertain the principles, systems and management approaches applied.
- Review of the 2017 meetings minutes of the Board of Directors, its Committees and Corporate Responsibility Committee.
- Review of the steps taken in relation to the identification and consideration of the stakeholders during the year and of the stakeholders' participation processes through the analysis of the available internal information and third-party reports.
- Analysis of the coverage, materiality and completeness of the CRI on the basis of the understanding of Ferrovial of its stakeholders' requirements defined in the "Reporting Principles" Appendix.
- Review of the information related to the management approaches applied to every area of corporate responsibility.
- Analysis of the adherence of the contents of the CRI to those recommended in the G4 Guidelines and verification that the indicators included in the CRI agree with those recommended by the GRI Guidelines.
- Review on a sample basis, of the quantitative and qualitative information relating to the GRI indicators and of the adequate compilation thereof based on the data furnished by the information sources of Ferrovial.

Responsibilities of Ferrovial management and of Deloitte

- The preparation and contents of the CMR is the responsibility of Ferrovial's Directors, who are also responsible for defining, adapting and maintaining the management and internal control systems from which the information is obtained.
- Our responsibility is to issue a limited assurance report based on the procedures applied in our review.
- This report has been prepared exclusively in the interest of Ferrovial in accordance with the terms and conditions of our Engagement Letter.
- We have complied our work with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.
- Deloitte maintains, in accordance with the International Standard on Quality Control 1 (ISQC1), a global system of quality control including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.
- The scope of a limited assurance is substantially less in scope than a reasonable assurance engagement, therefore, the security provided is also lower. This report cannot be understood as an audit report.
- Our team consisted of professionals with expertise on assurances of Corporate Responsibility Reports and, specifically, on economic, social and environmental performance and stakeholders' participation processes.

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.

Conclusions

The "GRI-G4 Indicators" Appendix provides details of the contents reviewed and of the limitations in the scope of our work, and identifies any contents that do not cover all the areas recommended by the GRI Guidelines, including the contents of the Construction & Real Estate Sector Supplement. Based on the procedures performed and evidence obtained, except for the issues identified in the "GRI-G4 Indicators" Appendix, nothing has come to our attention that causes us to believe that:

- The CRI included in the CMR has not been prepared in all material aspects, including the reliability and adequacy of the contents, in accordance with the guidelines of the GRI G4.
- Ferrovial has not applied the principles of inclusivity, materiality and responsiveness as described in the "Reporting Principles" Appendix of the CMR, in accordance with standard AA1000:
  - ✓ Inclusivity: participation process for stakeholders that facilitates their involvement in the development of a responsible approach.
  - ✓ Materiality: the process of determining materiality requires an understanding of the important or relevant issues for Ferrovial and its stakeholders.
  - ✓ Responsiveness: specific actions and commitments related to the material issues identified previously.

Observations and recommendations

In addition, we have presented to Ferrovial our recommendations relating to the areas for improvement in the CR management and information and also in the application of the principles of inclusivity, materiality and responsiveness. The most significant recommendations, which do not modify the conclusions expressed in this report, are summarised as follows:

Inclusivity and materiality

Based on the biennial materiality study carried out in 2016 and the analysis of the results of the previous Strategic Corporate Responsibility Plan, Ferrovial developed a new Plan for the period 2017-2019, called Plan 20.19. This Plan is structured in six areas that develop different lines of action aimed at achieving the objectives set. In order to ensure a continuous adaptation of the Plan to the different businesses, it would be advisable that the materiality study which is planned for 2018 takes into consideration the main impacts of the geographies in which Ferrovial operates and, specifically, those that have recently joined the Group, as is the case of Australia. This analysis will also be useful to assign, within the 20.19 Plan, specific objectives and resources to each of the businesses in the different geographical areas and answer to the expectations of the stakeholders, both globally and locally.

Responsiveness

Ferrovial has been working for several years on the integration of financial and non-financial information in the Consolidated Management Report, anticipating in 2014 the fulfillment of the new requirements derived from the Non-financial Information and Diversity Directive, which has been transposed to the legal Spanish framework in 2017. In this financial year, Ferrovial has continued working on this integration, incorporating new information to make a progress in measuring its contribution of value, standing out the fiscal contribution by geographic area. Keeping the efforts in this line, and evolve towards indicators of economic and social impact, could contribute to improve the understanding of how Ferrovial distributes the value that generates among the different stakeholders.

Additionally, Ferrovial continues to improve the information related to accident rate, incorporating this year the accident data of subcontractors of Ferrovial Services. According to the relevance of this information to optimize the management in this area, it would be advisable to continue working on the integrity and reliability of this information and to expand it to the accident data of the managed infrastructures and their impact on users.

In terms of the environment, Ferrovial has continued to develop methodologies and case studies to improve the measurement of the impact of climate change on its businesses. The adherence of these methodologies in a systematic way in the developed projects, should serve in the future for the identification, evaluation and management of the risks and opportunities towards less emission-intensive businesses.

AA1000 Licensed Assurance Provider 000-14

Deloitte, S.L.

Helena Redondo

Madrid, February 28th, 2018

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CONSOLIDATED FINANCIAL STATEMENTS

PHOTO: Benz EDAR. A Coruña (Spain).

Translation of consolidated financial statements originally issued in Spanish and prepared in º 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.

A. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 AND 2016

ASSETS (Millions of euros)	NOTE	2017	2016 (*)
Non-current assets		14,927	15,679
Goodwill arising on consolidation	3.1	2,062	2,155
Intangible assets	3.2	431	544
Investments in infrastructure projects	3.3	6,917	7,145
Intangible asset model		5,883	6,168
Financial asset model		1,035	977
Investment property		6	6
Property, plant and equipment	3.4	694	731
Investments in associates	3.5	2,687	2,874
Non-current financial assets	3.6	769	735
Loans granted to associates		312	374
Restricted cash relating to infrastructure projects and other financial assets	5.2	285	249
Other receivables		172	112
Deferred tax assets	2.8	1,035	1,057
Non-current derivative financial instruments at fair value	5.5	326	432
Current assets		8,063	7,745
Assets classified as held for sale	1.2	0	624
Inventories	4.1	629	516
Current income tax assets		143	186
Current trade and other receivables	4.2	2,635	2,822
Trade receivables for sales and services		2,032	2,193
Other current receivables		603	629
Cash and cash equivalents	5.2	4,601	3,578
Infrastructure projects		463	277
Restricted cash		58	62
Other cash and cash equivalents		405	215
Excluding infrastructure projects		4,137	3,301
Current derivative financial instruments at fair value	5.5	55	18
TOTAL ASSETS		22,990	23,423

EQUITY AND LIABILITIES (Millions of euros)	NOTE	2017	2016
Equity	5.1	6,234	6,314
Equity attributable to the shareholders		5,503	5,597
Equity attributable to non-controlling interests		731	717
Deferred income	6.1	1,037	1,118
Non-current liabilities		9,871	10,421
Pension plan deficit	6.2	66	174
Long-term provisions	6.3	808	757
Borrowings	5.2	7,511	7,874
Debt securities and bank borrowings of infrastructure projects		5,363	5,310
Debt securities and borrowings excluding infrastructure projects		2,149	2,564
Other payables	6.4	198	200
Deferred tax liabilities	2.8	900	979
Derivative financial instruments at fair value	5.5	387	436
Current liabilities		5,848	5,570
Liabilities classified as held for sale	1.2	0	440
Borrowings	5.2	839	302
Debt securities and bank borrowings of infrastructure projects		207	200
Debt securities and bank borrowings excluding infrastructure projects		631	102
Derivative financial instruments at fair value	5.5	65	69
Current income tax liabilities		94	150
Current trade and other payables	4.3	4,221	3,895
Trade payables		2,283	2,299
Customer advances and amounts billed in advance for construction		1,271	991
Other current payables		667	605
Operating provisions	6.3	629	715
TOTAL EQUITY AND LIABILITIES		22,990	23,423

(*) Adjusted amounts (Note 1.1.4)

The accompanying Notes 1.1 to 7.1 are an integral part of the consolidated statement of financial position as at 31 December 2017.

Translation 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.

B. CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR 2017 AND 2016

		2017			2016		
(Millions of euros)	NOTE	BEFORE FAIR VALUE ADJUSTMENTS	FAIR VALUE ADJUSTMENTS(*)	TOTAL 2017	BEFORE FAIR VALUE ADJUSTMENTS	FAIR VALUE ADJUSTMENTS(*)	TOTAL 2016
Revenue		12,208	0	12,208	10,759	0	10,759
Other operating income		10	0	10	7	0	7
TOTAL OPERATING INCOME	2.1	12,218	0	12,218	10,765	0	10,765
Materials consumed	2.2	1,345	0	1,345	1,267	0	1,267
Other operating expenses	2.2	5,288	0	5,288	4,736	0	4,736
Staff costs	2.3	4,653	0	4,653	3,819	0	3,819
TOTAL OPERATING EXPENSES		11,285	0	11,285	9,821	0	9,821
Gross profit from operations	2.4	932	0	932	944	0	944
Depreciation and amortisation charge		375	0	375	342	0	342
Profit from operations before impairment and disposals of non-current assets	2.4	557	0	557	602	0	602
Impairment and disposals of non-current assets (**)	2.5	51	30	81	330	-6	324
Profit from operations		608	30	638	932	-6	926
Financial result on financing		-254	0	-254	-305	0	-305
Result on derivatives and other financial results		-6	0	-6	-7	-12	-20
Financial result of infrastructure projects		-261	0	-261	-313	-12	-325
Financial result on financing		-29	0	-29	-49	0	-49
Result on derivatives and other financial results		-56	35	-21	-4	-13	-18
Financial result excluding infrastructure projects		-85	35	-50	-53	-13	-66
Financial result	2.6	-346	35	-311	-365	-26	-391
Share of profits of companies accounted for using the equity method	3.5	201	49	251	214	-132	82
Consolidated profit before tax		464	114	578	780	-164	617
Income tax	2.8	-63	-8	-71	-245	11	-233
Consolidated profit from continuing operations		401	106	507	536	-153	383
Net profit from discontinued operations		0	0	0	0	0	0
Consolidated profit for the year		401	106	507	536	-153	383
Profit or loss for the year attributable to non-controlling interests	2.9	-51	-1	-53	-11	4	-7
Profit for the year attributable to the Parent		350	104	454	525	-149	376
Net earnings per share attributable to the Parent (Basic / Diluted)	2.10			*0.62/0.62*			0.51/0.51

(*) 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 impairment (see Note 2.5) and the impact of the two items on "Share of Profits of Companies Accounted for Using the Equity Method" (see Note 2.7).

(**) "Impairment and Disposals of Non-Current Assets" includes mainly the gains and losses arising from asset impairment and from the sale and disposal of investments in Group companies and associates. When control is lost as a result of these disposals, the gain relating to the recognition at fair value of the investment retained is presented in the "Fair Value Adjustments" column.

The accompanying Notes 1.1 to 7.1 are an integral part of the consolidated statement of profit or loss for the year ended 31 December 2017.

Translation 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.

C. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR 2017 AND 2016

(Millions of euros)	NOTE	2017	2016
a) Consolidated profit for the year		507	383
Attributable to the Parent		454	376
Attributable to non-controlling interests		53	7
b) Income and expense recognised directly in equity	5.1	-251	-435
Fully consolidated companies		-122	-202
Impact on reserves of hedging instruments	5.5	69	-38
Impact on reserves of defined benefit plans (*)	6.2	76	-153
Translation differences		-236	-83
Tax effect		-32	72
Companies classified as held for sale		0	-99
Impact on reserves of hedging instruments		0	-148
Impact on reserves of defined benefit plans (*)		0	0
Translation differences		0	49
Tax effect		0	0
Companies accounted for using the equity method		-129	-134
Impact on reserves of hedging instruments		32	-17
Impact on reserves of defined benefit plans (*)		-14	-90
Translation differences		-143	-45
Tax effect		-4	17
c) Transfers to profit or loss	5.1	6	141
Fully consolidated companies		0	-48
Transfers to profit or loss		0	15
Tax effect		0	-63
Companies accounted for using the equity method		6	189
Transfers to profit or loss		9	192
Tax effect		-3	-3
(a+b+c) Total comprehensive income		262	88
Attributable to the Parent		269	89
Attributable to non-controlling interests		-7	-1

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

The accompanying Notes 1.1 to 7.1 are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2017.

Translation 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.

D. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 2017 AND 2016

(Millions of euros)	SHARE CAPITAL	SHARE PREMIUM	MERGER PREMIUM	TREASURY SHARES	OTHER EQUITY INSTRUMENTS	VALUATION ADJUSTMENTS	RETAINED EARNINGS AND OTHER RESERVES	ATTRIBUTABLE TO THE SHAREHOLDERS	ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at 31/12/16	147	1,202	650	-41	0	-1,092	4,731	5,597	717	6,314
Impact of transition to IFRS 15 (Note 1.3.1)	0	0	0	0	0	0	-272	-272	0	-272
Balance at 01/01/17	147	1,202	650	-41	0	-1,092	4,459	5,325	717	6.042
Consolidated profit for the year							454	454	53	507
Income and expense recognised directly in equity						-185		-185	-60	-245
Total comprehensive income	0	0	0	0	0	-185	454	269	-7	262
Scrip dividend	3						-222	-218		-218
Other dividends								0	-47	-47
Treasury share transactions	-3		-298	1			-1	-302	0	-302
Remuneration of shareholders	0	0	-301	1	0	0	-223	-520	-47	-568
Capital increases/reductions								0	33	33
Share-based payment							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 31/12/17	146	1,202	349	-42	500	-1,277	4,624	5,503	731	6,234

(Millions of euros)	SHARE CAPITAL	SHARE PREMIUM	MERGER PREMIUM	TREASURY SHARES	VALUATION ADJUSTMENTS	RETAINED EARNINGS AND OTHER RESERVES	ATTRIBUTABLE TO THE SHAREHOLDERS	ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at 31/12/15	146	1,202	963	-16	-805	4,567	6,058	483	6,541
Consolidated profit for the year						376	376	7	383
Income and expense recognised directly in equity					-287		-287	-8	-295
Total comprehensive income	0	0	0	0	-287	376	89	-1	88
Scrip dividend	3					-230	-226		-226
Other dividends							0	-25	-25
Treasury share transactions	-3		-313	-26		25	-317		-317
Remuneration of shareholders	0	0	-313	-26	0	-205	-544	-25	-569
Capital increases/reductions							0	45	45
Share-based payment						-17	-17	0	-17
Other changes			0	1		9	10	215	225
Other transactions	0	0	0	1	0	-8	-7	260	253
Balance at 31/12/16	147	1,202	650	-41	-1,092	4,731	5,597	717	6,314

The accompanying Notes 1.1 to 7.1 are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2017.

Translation 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.

E. CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2017

(Millions of euros)	NOTE	2017	2016
Net profit attributable to the Parent	2.10	454	376
Adjustments for:		479	568
Non-controlling interests		53	7
Tax		71	233
Result of companies accounted for using the equity method		-251	-82
Financial result		311	391
Impairment and disposals of non-current assets		-81	-324
Depreciation and amortisation charge		375	342
Gross profit from operations	2.4	932	944
Income taxes paid	2.8.2	-142	-147
Change in working capital (receivables, payables and other)	5.3	-53	-52
Dividends from infrastructure project companies received	3.5	543	427
Cash flows from operating activities	5.3	1,280	1,172
Investments in property, plant and equipment and intangible assets	3.2 and 3.4	-135	-177
Investments in infrastructure projects	3.3	-371	-388
Loans granted to associates/acquisition of companies		-178	-736
Interest received	2.6	34	34
Long-term restricted cash		-66	12
Divestment of infrastructure projects		0	0
Divestment/Sale of companies	1.1.3	248	340
Cash flows from investing activities		-468	-915
Cash flows before financing activities		812	256
Capital proceeds from non-controlling interests		35	53
Scrip dividend		*-218*	*-226*
Acquisition of treasury shares		*-302*	*-317*
Remuneration of shareholders	5.1	-520	-544
Dividends paid to non-controlling shareholders of investees		-49	-24
Subordinated hybrid bond issue		500	0
Other changes in shareholders' equity	1.3.3.3 and 5.1.2	-2	0
Cash flows from shareholders and non-controlling interests		-36	-515
Interest paid	2.6	-270	-385
Increase in borrowings		1,184	1,505
Decrease in borrowings		-554	-548
Cash flows from financing activities		324	57
Effect of foreign exchange rate changes on cash and cash equivalents		-71	18
Change in cash and cash equivalents due to changes in the scope of consolidation		-43	-32
Change in cash and cash equivalents	5.2	1,023	299
Cash and cash equivalents at beginning of year		3,578	3,279
Cash and cash equivalents at end of year		4,601	3,578

The accompanying Notes 1.1 to 7.1 are an integral part of the consolidated statement of cash flows for the year ended 31 December 2017.

Translation 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.

F. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2017

SECTION 1: BASIS OF PRESENTATION AND SCOPE OF CONSOLIDATION

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

Basis of presentation and new accounting standards

The consolidated financial statements of Ferrovial were prepared in accordance with the IFRSs adopted by the European Union. The accounting policies applied are disclosed in Note 1.3 of this section.

In 2017 the change in accounting policies with the greatest impact was the early adoption of IFRS 15, Revenue from Contracts with Customers.

Although this standard is not mandatorily applicable until 2018, the Company decided to apply it in 2017. The most noteworthy impacts relate to the definition of distinct performance obligations in long-term services contracts and the allocation of a price to each obligation; the change in the method for recognising revenue from contract modifications and transactions subject to variable consideration; and the establishment of a consistent revenue recognition method for contracts with similar characteristics. This change in standards gave rise to an impact of EUR -272 million on equity attributable to the Parent (Note 1.3.1 contains a more in-depth explanation of the impacts of application of IFRS 15). In addition, an analysis is provided of the possible impact of IFRS 9, Financial Instruments and IFRS 16, Leases.

Company activities

The disclosures presented in these consolidated financial statements include most notably, due to 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 the disclosures relating to two of the Group's main assets, the 25% ownership interest in Heathrow Airport Holdings (HAH), the company that owns Heathrow Airport, and the 43.23% ownership interest in the concession operator of the ETR 407 toll road in Toronto (Canada).

Changes in the scope of consolidation and assets and liabilities held for sale:

Note 1.1.3 provides detailed information on the main changes in the scope of consolidation in 2017, including primarily the partial sale of the investment in the Portuguese toll roads Norte Litoral and Autoestrada do Algarve, which are now accounted for using the equity method.

Use of judgements and estimates

This section includes the main estimates made by Ferrovial when measuring its assets, liabilities, income, expenses and obligations (see Note 1.3.4).

Exchange rates

Although Ferrovial's functional currency is the euro, a significant portion of its activities is carried on 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 1.4.

The main changes in the closing exchange rates for 2017 were the depreciation of the US dollar (-14%) and that of the Canadian dollar (-6%). The Australian dollar, the Chilean peso and the pound sterling also underwent significant declines in value, whereas the Polish zloty performed positively. The impact recognised in equity attributable to the Parent was EUR -318 million (see Note 5.1.1, Changes in equity).

1.1. Basis of presentation, Company activities, scope of consolidation and adjustment

1.1.1. Basis of presentation

The consolidated financial statements are presented in accordance with the regulatory financial reporting framework applicable to the Group and, accordingly, present fairly the Group's equity, financial position and results. The regulatory framework consists of International Financial Reporting Standards (IFRSs), as established by Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002.

1.1.2. Company activities

Ferrovial comprises the Parent, 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: 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 operation of toll roads.
- Airports: development, financing and operation 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 consolidated financial statements, it should be noted that a part of the activity carried on by the Group's business divisions consists of the performance 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 means of the collection of tolls or regulated charges for the use of the infrastructure or through amounts paid by the grantor public authority 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 the 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 present the impact of projects of this nature separately 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 comprise 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 flows generated by the related concession operators. In addition, a list of the companies regarded as infrastructure project companies can 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 ETR 407, the concession operator of the ETR 407 toll road in Toronto (Canada), which have been accounted for using the equity method since 2011 and 2010, respectively. In order to provide detailed information on the two companies, Note 3.5 on investments in companies accounted for using the equity method includes information relating to the changes in the two companies' balance sheets and statements of profit or loss, and this information is completed in other Notes with data considered to be of interest.

1.1.3. Changes in the scope of consolidation

Set forth below is a description of the most significant changes in the scope of consolidation in 2017. The information was prepared taking into account IFRS 3, and the other disclosures required by the standard that do not appear in this Note are included in the Note on goodwill arising on consolidation (see Note 3.1).

Toll roads

<u>Sale of Portuguese toll roads Norte-Litoral and Autoestrada do Algarve</u>

In 2017 the two agreements for the sale of the Portuguese toll roads were completed. On the one hand, the Norte-Litoral agreement, whereby Ferrovial reduced its ownership interest to 49%. Following the review of the shareholders agreement entered into and the conclusion that control has been lost, this ownership interest has been accounted for using the equity method since the date of the sale (21 April). The sale price of the transaction amounted to EUR 104 million and the transaction gave rise to a net gain of EUR 56 million (see Note 2.5).

Also, on 26 September 2017, 49% of Autoestrada do Algarve was definitively sold, after which the ownership interest in this toll road stood at 48%. As was the case with Norte-Litoral, control was lost and, therefore, this investment is now accounted for using the equity method. The sale price of this transaction amounted to EUR 58 million, giving rise to a net gain of EUR 42 million (see Note 2.5).

<u>Acquisition of 6.3% of NTE and 3.6% of LBJ</u>

On 2 August 2017, the agreement was executed for the acquisition of 6.3% and 3.6% of the US toll roads NTE Mobility Partners, LLC and LBJ Infrastructure Group Holding, LLC, respectively. Following the transaction, Ferrovial held ownership interests of 62.9% in NTE and 54.6% in LBJ. The total payment made to complete the two transactions was USD 107 million (approximately EUR 94 million). The transaction had an impact of EUR -68 million on reserves of the Parent and EUR -27 million on non-controlling interests (see Note 5.1.1).

<u>Sale of 10% of Zero Bypass (Slovakia)</u>

In July 2017 the sale of 10% of the Slovakian toll road Zero Bypass took place, for EUR 3 thousand, reducing the ownership interest held to 35%. The net loss on the transaction was EUR -0.1 million. This company continues to be accounted for using the equity method, as it was in 2016.

<u>Award of Outer Suburban Arterial Roads (OSARs) contract (Australia)</u>

In November 2017 Ferrovial, through the Netflow joint venture formed with the Australian company Plenary, was awarded the contract for the construction, financing and maintenance of the upgrades to the road network in western Melbourne (Australia), with a value of AUD 1,800 million (approximately EUR 1,150 million). The concession has a term of 20 years from completion of the construction work.

The project financing is made up 60% of senior bonds issued through a US private placement and 40% of bank borrowings. The equity financing is provided by the Netflow consortium (50% Cintra and 50% Plenary), in line with its goals to invest in, develop and manage major concession projects. At 31 December 2017, no capital disbursement had been made. The company will be accounted for using the equity method.

Services

<u>Acquisition of Trans-Formers Group and Grupo Maviva</u>

In June 2017 the Services Division, through the subsidiary FBSerwis, completed the purchase of all the shares of the Polish company, which engages in waste collection and treatment. The value of the transaction amounted to PLN 129 million (approximately EUR 31 million). The agreement encompasses the acquisition of the following companies: Trans-Formers Group, Trans-Formers Wroclaw and Trans-Formers Karpatia.

At 31 December 2017, seven months of Trans-Formers Group's results were included in the consolidated financial statements of the Ferrovial Group; its sales amounted to EUR 16 million (EUR 27 million for 2017 as a whole) and it contributed a net profit of EUR 2 million (EUR 4 million for 2017 as a whole).

Also, in July 2017 Ferrovial Servicios acquired, for EUR 18 million, all the shares of Grupo Maviva, a company specialising in high value-added logistics operations, quality control and pre-assembly of components for the automotive industry. Its sales volume amounted to EUR 10 million (EUR 24 million for 2017 as a whole) and its net profit in both cases was EUR 0 million.

Construction

Sale of 3.9% of Budimex

On 31 March 2017, one million shares of Budimex (3.9% of the company's share capital) were sold, with no impact on the consolidated statement of profit or loss because a controlling interest is still held in the company (55.1%). The cash impact of the transaction amounted to EUR 59 million (PLN 252 million). The difference between the price of the transaction and the carrying amount of the ownership interest sold (EUR 48 million) was recognised as reserves attributable to non-controlling interests.

Airports

Award of Denver Great Hall contract

In August 2017 the agreement for the redevelopment and commercial operation of the Jeppesen Terminal at Denver International Airport was entered into between the Great Hall Partners consortium, led by Ferrovial Aeropuertos, and the City and County of Denver. The concession operator under the contract is Denver Great Hall LLC, which is 80% owned by Ferrovial and is fully consolidated.

This project is a 34-year administrative concession arrangement, and is accounted for using the financial asset model under IFRIC 12.

The financial close was reached in December 2017. The total investment will be financed through a combination of payments by Denver City and County government, capital commitments made by the consortium partners (USD 68 million) and a USD 189 million bond issue.

The construction and redevelopment work will be carried out by Ferrovial Agroman (70%) and Saunders Construction at a cost of USD 650 million.

1.1.4. Adjustment of the comparable consolidated statement of financial position as at 31 December 2016

As discussed in Note 3.1, Goodwill, the consolidated statement of financial position as at 31 December 2016 has been adjusted, although this did not have any material impacts on the other financial statements. The allocation of the purchase price of Broadspectrum includes the impact of new information obtained about facts and circumstances that existed at the acquisition date relating to the duration of the existing contracts and the probability of renewal. The aforementioned adjustment was made within twelve months from the acquisition date, as required by IFRS 3.45.

The adjustment resulted in the recognition of a reduction of EUR -15 million in goodwill, with a EUR 41 million increase in intangible assets, an increase of EUR 13 in provisions and impacts on other line items (receivables/payables) amounting to EUR -7 million, as well as the related deferred tax liabilities of EUR -6 million.

1.2. Assets and liabilities classified as held for sale

In 2017 the agreement initiated in 2016 for the sale of the Portuguese toll roads Norte Litoral (51%) and Autoestrada do Algarve (49%), for a total price of EUR 162 million, was completed. The two transactions gave rise to a net gain of EUR 98 million. Following the sale of these holdings, non-controlling interests of 49% and 48%, respectively, have been retained.

The impact of the aforementioned sale transactions on "Assets/Liabilities Classified as Held for Sale" is shown in the tables below:

ASSETS (Millions of euros)	AUTO-ESTRADAS NORTE	ALGARVE TOLL ROAD	TOTAL
Balance at 01/01/17	378	246	624
Investments in infrastructure projects	-284	-154	-438
Restricted cash and cash equivalents	-31	-34	-65
Other assets	-63	-58	-121
Balance at 31/12/17	0	0	0

LIABILITIES (Millions of euros)	AUTO-ESTRADAS NORTE	EUROSCUT ALGARVE	TOTAL
Balance at 01/01/17	256	183	440
Borrowings	-211	-177	-388
Derivative financial instruments at fair value	-33	0	-30
Other liabilities	-12	-6	-22
Balance at 31/12/17	0	0	0

1.3 Accounting policies

1.3.1. New accounting standards

1.3.1.a) Early application of IFRS 15, Revenue from Contracts with Customers

Although the new standard is not mandatorily applicable until 1 January 2018, as stated in the consolidated financial statements for 2016, Ferrovial decided, making use of the option included in IFRS 15, to early apply the standard effective 1 January 2017. As a result of this decision, Ferrovial has changed its accounting policies and updated its internal processes and controls relating to revenue recognition.

IFRS 15 was applied retrospectively, recognising the cumulative effect of initially applying this standard as an adjustment to the opening balances for 2017 of the consolidated statement of financial position, calculated only for those contracts that were not completed contracts at 1 January 2017. Therefore, the comparative information for 2016 was not restated and continues to be presented in accordance with IAS 11 and IAS 18.

The impact, by line item, on the consolidated statement of financial position as at 1 January 2017 was as follows:

ASSETS (Millions of euros)	BALANCE AT 01/01/17	TRANSITION TO IFRS 15	BALANCE AT 01/01/17 POST-IFRS 15
Non-current assets	15,679	50	15,729
Investments in associates	2,874	-8	2,867
Deferred tax assets	1,057	58	1,115
Other non-current assets	11,748	0	11,748
Current assets	7,745	-279	7,465
Inventories	516	25	541
Current trade and other receivables	2,822	-304	2,518
Other current assets	4,406	0	4,406
Total assets	23,423	-229	23,194

EQUITY AND LIABILITIES (Millions of euros)	BALANCE AT 01/01/17	TRANSITION TO IFRS 15	BALANCE AT 01/01/17 POST-IFRS 15
Equity	6,314	-272	6,042
Equity attr. to the	5,597	-272	5,325
Equity attr. to non-controlling	717	0	717
Deferred income	1,118	0	1,118
Non-current liabilities	10,421	-2	10,419
Long-term provisions	757	0	757
Deferred tax liabilities	979	-2	977
Other non-current liabilities	8,685	0	8,685
Current liabilities	5,570	45	5,615
Current trade and other	3,895	19	3,914
Operating provisions	715	26	740
Other current liabilities	960	0	960
Total equity and liabilities	23,423	-229	23,194

The main impact of the application of this new standard was to reduce the equity attributable to shareholders by EUR -272 million, the main balancing entries being a reduction of EUR -304 million in the balance of trade and other receivables, basically amounts to be billed for work performed, and the tax effect of these adjustments, which was recognised for EUR 60 million in deferred taxes.

The main changes in accounting policies giving rise to these impacts relate mainly to the following three issues:

(i) Definition of distinct performance obligations in long-term services contracts and allocation of a price to each obligation. This relates mainly to long-term contracts (more than ten years) in the Services Division in which Ferrovial carries out various different activities throughout the life of the infrastructure (Capex, Opex and Lifecycle). Under the previous standards, these contracts were regarded as having a single performance obligation, the outcome of which was recognised by reference to the overall revenue from the contract. Under the new standard, unlike the above-mentioned criterion, several performance obligations are recognised (IFRS 15.27), to which the prices established in the contract, provided they are deemed to be market prices, are allocated (IFRS 15.73-80). The effect of this new criterion is to delay the recognition of revenue, insofar as the expected margin on the performance obligations already satisfied is generally lower than that forecast for the contract as a whole. The negative impact of this adjustment on equity attributable to the shareholders amounted to EUR 70 million.

(ii) Change in the method of recognising revenue from contract modifications and transactions subject to variable consideration. In the case of revenue arising from contract modifications, IFRS 15 requires customer approval (IFRS 15.18), a stricter criterion than the probability requirement in the current standards (IAS 11.13 and IAS 18.18).

In the case of transactions subject to variable consideration, the new standard establishes that revenue from the transaction is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved (IFRS 15.56-58). The transactions subject to variable consideration include most notably revenue from claims submitted to customers and contractual incentive payments, which were recognised using a probability criterion under the previous standard (IAS 11.14 and 15). This change gives rise to a delay in the recognition of revenue as the new standard establishes stricter criteria.

The negative impact on equity attributable to the shareholders in this connection amounted to EUR 168 million.

(iii) Establishment of a consistent revenue recognition method for contracts with similar characteristics. The new standard requires a consistent revenue recognition method to be used for contracts and performance obligations with similar characteristics (IFRS 15.40). The Group has chosen the output method for measuring the value of assets or services for which control is transferred to the customer over time, provided that the progress of the work performed can be measured on the basis of the contract and during its performance (IFRS 15.B17). In contracts to provide different highly interrelated goods or services in order to produce a combined output, which is habitually the case in contracts with a construction component, the applicable output method is that of surveys of performance completed to date, according to which the revenue recognised corresponds to the units of work performed, based on the price allocated thereto. Also, in routine service contracts in which the goods or services are substantially the same and are transferred with the same pattern of consumption, in such a way that the customer receives and consumes the benefits of the goods or services as the entity provides them, the method selected by the Group to recognise revenue is the "time elapsed" output method, whereas costs are recognised on an accrual basis. On the basis of the foregoing, the input method (based on resources consumed) will only be used when the progress of the work cannot be measured reliably by an output method. Application of this rule gives rise to a change of recognition method for certain contracts, and the negative impact on equity attributable to the shareholders is EUR 34 million.

1.3.1.b) New standards, amendments and interpretations adopted by the European Union mandatorily applicable for the first time in 2017

On 1 January 2017, the following standards which might have an impact on the consolidated financial statements came into force in the European Union: Amendments to IAS 7, Disclosure Initiative, Annual Improvements to IFRSs, 2014-2016 Cycle and Amendments to IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses. With regard to IAS 7, a new disclosure has been added to Note 5.2, Consolidated net debt, including a reconciliation of net debt to the financing cash flows shown in the consolidated statement of cash flows; this reconciliation is only provided for the current year, since the amendment does not require disclosure of comparative information for the period preceding the date of adoption. No significant impact on the Group's consolidated financial statements has been identified as a result of the amendments to IAS 12.

1.3.1.c) New standards, amendments and interpretations mandatorily applicable in annual reporting periods subsequent to 2017:

The new standards, amendments and interpretations approved by the IASB but not mandatorily applicable at 31 December 2017 that might have an effect on the Group are as follows:

IFRS 9, Financial Instruments:

The impacts identified are less important than those of IFRS 15, since the entities most affected by IFRS 9 are financial institutions. The mandatory application date is 1 January 2018.

Set forth below is a summary of the main impacts, following an analysis of the three phases of the standard:

i) Hedge accounting. The standard attempts to align hedge accounting more closely with risk management, and the new requirements establish a principle-based approach. IFRS 9 generally permits the designation of specific components of non-financial items and of financial instruments as hedged items, provided that they are separately identifiable and reliably measurable and that there is a liquid market for the items concerned (IFRS 9 B.6.3.8 et seq), and, in certain cases, it specifically permits the hedging of the inflation component of certain financial instruments (IFRS 9 B6.3.13 to 6.3.15). In this connection, the Group has identified as a possible impact that relating to the index-linked derivatives arranged at HAH, which, as indicated above, could meet the requirements for hedge accounting from 2018 onwards. The analysis of this impact has not yet been completed. The hedge accounting requirements of IFRS 9 must be applied prospectively and, therefore, there will be no adjustment on initial application and the impact of adopting this standard will be disclosed in the Group's consolidated financial statements for 2018. This impact will depend both on the financial instruments held in 2018, on the changes in the economic conditions affecting the valuation of those instruments, and on the specific results relating to the effectiveness of the future hedging relationships and, therefore, at the date of preparation of these consolidated financial statements, it cannot be estimated reliably.

ii) 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 Group intends to avail itself of the simplified approach (measuring the loss allowance at an amount equal to lifetime expected credit losses) for its accounts receivable relating to contracts with customers. To this end, in order to implement this approach the Group has established a procedure which not only provides for the write-down of accounts receivable when they are no longer recoverable (incurred losses), but also takes into consideration possible expected losses, based on the evolution of the specific credit risk of the customer, its industry and its country. The estimated negative impact on equity attributable to the shareholders as a result of the impairment of financial assets amounts to EUR 10 million.

iii) Classification and measurement of financial assets. A new classification is introduced that reflects the business model within which financial assets are held by the company. No significant impacts are expected to arise as a result of this new classification. The only potential impact for the Group relates to equity instruments, which by defect must be measured at fair value through profit or loss, since at initial recognition it may elect to present subsequent changes in the fair value of these instruments in other comprehensive income. This election is irrevocable and is made for each asset on an individual basis. Assets of this kind amounted to EUR 34 million at 31 December 2017. With regard to financial liabilities, IFRS 9 does not introduce any changes with respect to IAS 39, except for the change in the treatment of renegotiations of financial liabilities that did not result in the derecognition of those liabilities. Nevertheless, no significant impact is expected, since most of the Group's financial assets and liabilities will continue to be measured at amortised cost.

IFRS 16, Leases:

The analysis of the impact of IFRS 16 is at an earlier stage than that of the aforementioned standards. IFRS 16 is mandatorily applicable in 2019 and the Group does not intend to apply the standard early.

The impact is no different to that at other companies, where the amounts in the statement of financial position will be increased due to the recognition of right-of-use assets and financial liabilities for future payment obligations relating to leases classified to date as operating leases. The Group expects to adopt the recognition exemptions permitted for short-term leases (less than twelve months) and leases for which the underlying asset is of low value. The detail of operating leases is included in Note 6.5.3 to the consolidated financial statements and the related expense amounts to approximately EUR 523 million (detail of commitments under operating leases in the consolidated financial statements as at 31 December 2017). In addition, the aforementioned note includes a detail, by maturity and business line, of the amount of the future minimum lease payments for non-cancellable operating leases. From its preliminary analysis of the operating leases at the end of the reporting period, the Group identified EUR 350 million relating to the non-cancellable future minimum lease payments, discounted at the interest rate implicit in each lease considering the type of underlying asset and the country concerned, which could be comparable to the right-of-use asset and the financial liability that would have to be recognised in the statement of financial position. This estimate was made by reference to the lease portfolio and market conditions existing at 31 December 2018, although it could change as a result of variations in the two variables until the standard is effectively applied at 1 January 2019.

The new standards, amendments and interpretations approved by the IASB but not yet approved for use in the European Union at 31 December 2017 that might have an effect on the Group are as follows:

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS		OBLIGATORY APPLICATION IN ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER:
IFRIC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRIC Interpretation 23	Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to IAS 40	Investment Property	1 January 2018
Amendments to IFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual improvements	2015-2017 cycle	1 January 2019
Amendments to IAS 19	Plan Amendments, Curtailments and Settlements	1 January 2019

None of these standards is expected to have a significant impact for Ferrovial.

1.3.2. Basis of consolidation

In 2017 and 2016 the reporting dates of the separate financial statements 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.

As indicated above, the consolidated Group applied consolidation criteria in accordance with IFRSs as adopted by the European Union (EU-IFRSs). In this regard, in order to determine whether it has control, joint control or significant influence over each Group company, the Group reviews whether the shareholding owned is consistent with the voting control held over the company by virtue of the relevant bylaws and shareholder agreements.

Companies over which it is determined that the Group exercises joint control are generally accounted for using 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 was concluded that the projects must be accounted for using the equity method because Ferrovial does not have the right to appoint the majority of the Board of Directors of the companies concerned, the Board decisions require a simple or qualified majority in all cases, including for the appointment of the main executives, and, in the event of a stalemate on a given decision, Ferrovial does not have the capacity to break the deadlock on its own. The most noteworthy examples of such cases are the investments in the concession operators of the following toll road projects (showing the respective percentages of ownership in brackets): I-66 (50%), 407 ETR (43.2%), Slovakia (35%), Toowoomba (40%) and OSARS (50%).

Contracts undertaken through unincorporated temporary joint ventures (UTEs) or similar entities that meet the IFRS 11 requirements to be classified as “joint operations” are proportionately consolidated. In these cases of joint control, the venturers are considered to have direct control over the assets, liabilities, income and expenses, and to have joint and several liability for the obligations, of the venture. Operations of this nature contributed to the consolidated Group assets, profit or loss and sales of EUR 913 million, EUR -19 million and EUR 1,406 million, respectively (EUR 829 million, EUR 55 million and EUR 1,380 million in 2016). 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:

CONSTRUCTION PROJECT		% OWNERSHIP	SALES (€ million)
Northern Line / Thames Tideway Tunnel	Design and construction of the Thames Tideway tunnel and Northern Line extension of the London Underground	50%	192
UTE Toowoomba	Construction of a ring road in the city of Toowomba, Australia	50%	136
407 East Extension	Construction of the 407 East highway in Toronto	50%	76
Northern Beaches	Design and construction of improvements to the road network around the hospital of Northern Beaches in Australia	70%	67
Total			471

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 accounted for using the equity method. A detail of the companies accounted for using this method can be found in Note 3.5. and in Appendix II.

With regard to the companies over which it is considered that the Group has significant influence, it should be noted that certain companies in which an ownership interest of less than 20% is held (directly or indirectly) are accounted for using the equity method, provided that Ferrovial can appoint a member of their Boards of Directors.

Intra-Group balances and transactions are eliminated on consolidation. However, the transactions recognised in the statement of profit or loss 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 has been performed for third parties. This is in line with IFRIC 12. The non-elimination of these transactions had an impact of EUR 18 million on the consolidated statement of profit or loss, after taxes and non-controlling interests (2016: EUR 35 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.

Lastly, in acquisitions or disposals of ownership interests that do not result in a change in control, the non-controlling (minority) interest may be measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The general method applied by the Group shall be that which avoids the early recognition of gains in the Company's equity. Thus, the non-controlling interest is recognised at its fair value in the case of the sale of ownership interests for more than their carrying amount or the purchase of ownership interests for less than their carrying amount. Similarly, the related losses are recognised in the Company's equity in the case of the sale of ownership interests for less than their carrying amount or the purchase of ownership interests for more than their carrying amount.

1.3.3. Accounting policies applied to items in the consolidated statement of financial position and consolidated statement of profit or loss

Set forth below is a detail of only those accounting policies that were adopted by the consolidated Group in preparing these consolidated financial statements either as an option permitted by IFRSs or, as the case may be, due to the specific nature of the industry in which it operates or the materiality of the policy concerned.

1.3.3.1. 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 or amortisation and any accumulated impairment losses.

- The Group uses the straight-line method to calculate the depreciation and 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	2-15
Transport equipment	3-20
Other items of property, plant and equipment	2-20

1.3.3.2. Investments in infrastructure projects

This line item includes the investments made in infrastructure by infrastructure concession operators within the scope of IFRIC 12 (mainly toll roads), the remuneration for which consists of an unconditional right to receive cash or another asset or the right to collect the related charges based on the level of usage of the public service.

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 the pattern of consumption of their future economic benefits.

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 to be 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, and it must be 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 as 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 investments that will not be offset by the possibility of obtaining increased revenue from the date on which the investments are made. The balancing item 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	US	52	Operating	2014	FC
NTE Mobility Partners Seg 3 LLC	US	43	Construction	2013	FC
LBJ Express	US	52	Operating	2014	FC
I-66 Mobility Partners LLC	US	50	Construction	2016	Eq.
I-77 Mobility Partners LLC	US	50	Construction	2014	FC
Autopista del Sol	Spain	55	Operating	1999	FC
Euroscut Azores	Portugal	30	Operating	2011	FC
Eurolink Motorway Operations (M4-M6)	Ireland	30	Operating	2005	Eq.
Nea Odos	Greece	30	Operating	2007	Eq.
Central Greece	Greece	30	Operating	2008	Eq.

(*) First year of the concession (if in operation) or year of commencement of construction (if at 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)	FIRST YEAR OF CONCESSION (*)	ACCOUNTING METHOD
Autovía Aragón	Spain	19 years	2007	FC
Servicios Urbanos de Murcia	Spain	20 years	2011	FC
Plan Alto Beirao	Portugal	25 years	2006	FC
Ecoparc Can Mata (1)	Spain	14 years	2011	FC
Gesmat	Spain	20 years	2012	FC

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

(1) Bifurcated models (intangible asset / financial asset).

IFRIC 12 financial asset model (Note 12)

"Investments in Infrastructure Projects - Financial Asset Model" 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 in 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 credit to sales. The interest on the consideration for the services provided also increases the amount of the receivables with a credit to sales. Amounts received from the grantor reduce the total receivable with a charge to cash.

The aforementioned interest in concession arrangements of this type is classified as revenue, since it forms part of the ordinary concession activity and is earned on a regular and periodic basis.

At 31 December 2017, the interest recognised as revenue amounted to EUR 153 million (31 December 2016: EUR 189 million). Also, the borrowing costs associated with the financing of concessions to which the financial asset model is applied amounted to EUR 52 million in 2017 (2016: EUR 72 million). The decrease in the two items is due mainly to the Portuguese toll roads Norte Litoral and Algarve, which are now accounted for using the equity method (see Note 1.1.3).

Set forth below is a detail of the main toll road concessions 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 Terrasa Manresa	Spain	50	Operating	1989	FC
Auto-Estradas Norte Litoral	Portugal	30	Operating	2006	Eq.
Autoestrada do Algarve, S.A.	Portugal	30	Operating	2004	Eq.
Eurolink M3	Ireland	45	Operating	2010	Eq.
A66 Benavente - Zamora	Spain	30	Operating	2015	Eq.
A-334 Autovía del Almanzora	Spain	30	Design	2012	Eq.
407 East Extension	Canada	30	Operating	2016	Eq.
Scot Roads Partnership Project Limited (**)	UK	30	Operating	2017	Eq.
Nexus Infr. Unit Trust (Toowoomba)	Australia	25	Construction	2015	Eq.
Blackbird Infrastructure Group (407 East Phase 2)	Canada	30	Construction	2015	Eq.
Ruta del Cacao, S.A.S.	Colombia	20	Construction	2015	Eq.
Zero Bypass Ltd.	Slovakia	30	Construction	2016	Eq.
Netflow OSARs Western	Australia	20	Construction	2017	Eq.

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

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

Other concession arrangements accounted for using the financial asset model:

The other arrangements to which the financial asset model is applied relate to the Services, Construction and Airports Divisions.

Following is a detail of the most significant concession arrangements of the Construction Division:

CONCESSION OPERATOR	COUNTRY	CONCESSION TERM (YEARS)	FIRST YEAR OF CONCESSION (*)	ACCOUNTING METHOD
Concesionaria de Prisiones Lledoners	Spain	32	2008	FC
Conc. Prisiones Figueras, S.A.U.	Spain	32	2011	FC
Depusa Aragón, S.A.	Spain	25	2015	FC
Aparcamiento Wroclaw Budimex	Poland	30 years and 4 months	2012	FC
Urbicsa Ciudad de la Justicia	Spain	35 years	2008	Eq.
Concesionaria Vía Olmedo Pedralba	Spain	25 years	2013	Eq.

(*) First year of the concession (if in operation) or year of commencement of construction (if at 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	16 years	1	2014	FC
Juan Grande	Spain	18 years	3	2014	Prop.
Salto del Negro	Spain	16 years	3	2014	Prop.
Smart Hospital Cantabria	Spain	20 years	1	2014	FC
Toll Road IM08 DDS	Poland	6 years	1	2014	FC
IM009 DDS	Poland	5 years	1	2016	FC
AmeyCespa WM East	UK	28 years	1	2008	FC
AmeyCespa MK SPV	UK	18 years	2	2013	FC
Amey (IoW) SPV Ltd	UK	25 years	3	2015	FC
Madrid Calle 30	Spain	35 years	1	2005	Eq.
Integrated Bradford SPV One Ltd	UK	27 years	1	2006	Eq.
Integrated Bradford SPV Two Ltd	UK	27 years	1	2009	Eq.
Amey Lagan Roads Ltd	UK	30 years	1	2007	Eq.
Amey Lighting Norfolk Limited	UK	25 years	1	2007	Eq.
E4D&G Project Co Ltd	UK	32 years	1	2008	Eq.
Amey Belfast Schools Partnership Pfi Co Ltd	UK	31 years	1	2008	Eq.
The Renfrewshire Schools Partnership Ltd	UK	33 years	1	2005	Eq.
Amey Birmingham Highways Ltd	UK	25 years	2	2010	Eq.
Amey Highways Lighting Manchester Limited	UK	25 years	1	2004	Eq.
Amey Highways Lighting Wakefield Limited	UK	25 years	1	2003	Eq.
Services Support A&S Ltd	UK	30 years	1	2004	Eq.
Scot Roads Partnership Project Ltd (***)	UK	30 years	1	2017	Eq.
Amey Hallam Highways	UK	25 years	2	2012	Eq.

(*) 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	US	30	Construction	2017	FC

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

1.3.3.3. Other items in the consolidated statement of financial position and consolidated statement of profit or loss

Cash and cash equivalents of infrastructure project companies: Restricted cash (Note 5.2)

"Cash and Cash Equivalents - Infrastructure Projects - Restricted Cash" includes short-term, highly liquid investments 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

The Group only uses fair value measurements in the case of derivative financial instruments. In such measurements, the credit risk of the parties to the related agreement is taken into account. The impact of credit risk is recognised in profit or loss, except when the derivatives qualify as effective hedges, in which case it is 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 asset or liability, either directly or indirectly.
- Level 3: unobservable 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 fall into Level 2.

Other equity instruments

These relate to perpetual bonds for which payment of the related coupon is at the discretion of the issuer and which do not satisfy the condition to be accounted for as financial liabilities, since they do not include a contractual obligation to deliver cash or another financial asset or an obligation to exchange financial assets or financial liabilities. Accordingly, they are recognised under "Other Equity Instruments" in the Company's equity.

Non-refundable grants related to assets

Non-refundable grants related to assets are recognised 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 depreciation on the assets financed with these grants and are allocated to the same line as those assets 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" includes the balances payable to suppliers under reverse factoring arrangements with banks.

These balances are classified as trade payables and the payments relating thereto as cash flows from operating activities, since payment is made to the banks under the same terms and conditions as those agreed upon with the supplier, and the company that has the obligation to pay the latter does not obtain from the banks any extension to the due dates agreed with the supplier; the cost of the reverse factoring arrangement is borne by the supplier and no special guarantees have been provided as security for the payments to be made.

1.3.3.4 Revenue recognition

As indicated in Note 1.3.1 on the first-time application of IFRS 15, the Company changed its revenue recognition policies to adapt them to the provisions of this standard, which was applied early effective 1 January 2017. In order to ensure a uniform application across the various business areas, Ferrovial has developed a common policy. Set forth below are specific details of the methods applied as part of this policy, which affect mainly the Construction and Services businesses. Certain specific aspects affecting revenue recognition in each of the Group's business segments are summarised in the last section.

i) General revenue recognition criterion

The first step for revenue recognition purposes is to identify the contracts and the performance obligations contained therein. The number of performance obligations that a contract has will depend on the type of contract and the activity, as indicated in reference to each of the Group's business segments.

In general, the performance obligations in the Construction and Services businesses that Ferrovial engages in are satisfied over time and not at a specific point in time, since the customer simultaneously receives and consumes the benefits provided by the entity's performance as the service is performed.

With respect to the method for recognising revenue over time (i.e. the method for measuring progress towards complete satisfaction of a performance obligation), Ferrovial has established certain criteria that are applied consistently for similar performance obligations.

In this regard, the method chosen by the Group to measure the value of goods or services for which control is transferred to the customer over time is the output method; this method is applied provided that the progress of the work performed can be measured on the basis of the contract and during its performance.

In contracts to provide different highly interrelated goods or services in order to produce a combined output, which is habitually the case in contracts with a construction activity, the applicable output method is that of surveys of performance completed to date (or measured unit of work), according to which revenue is recognised corresponding to the units of work performed and on the basis of the price allocated thereto. Under this method, on a regular basis, the units of work completed under each contract are measured and the corresponding output is recognised as revenue. Costs of work or services projects performed are recognised on an accrual basis, and the costs actually incurred in completing the units performed are recognised as an expense, together with those which, even though they are expected to be incurred in the future, have to be allocated to the units of work completed to date.

Also, 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 entity recognises revenue based on the proportion that costs incurred to date bear to the total costs expected to be incurred to complete the work, taking into account the expected margins of the whole project per the latest updated budget. This method involves measuring the proportion of the costs incurred in the work completed to date to the total costs envisaged, and recognising revenue in proportion to total expected revenue. Under this method, the proportion that contract costs incurred bear to the estimated total contract costs is used to determine the revenue to be recognised, by reference to the estimated margin for the entire term of the contract. As indicated above, this method is only applied to complex construction or service contracts with a fixed price ("lump sum") in which it is not possible to break down the units produced and measure them.

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

Contract modifications are defined as changes in the scope of the work, other than changes envisaged in the original contract, that may result in a change in the revenue associated with that contract. Modifications to the initial contract require the customer's technical and financial approval before billings can be issued and the amounts relating to the additional work can be collected. The Group does not recognise the revenue from such additional work until the customer's approval has been obtained. In cases where the additional work has been approved but the corresponding change in price has not been determined, the requirement described below for variable consideration is applied: namely, to recognise revenue for an amount with respect to which it is highly probable that a significant reversal will not occur. The costs associated with these additional units or services performed are recognised when incurred, irrespective of whether or not the modification has been approved.

A claim is a request for payment or compensation from the customer (for example, for compensation, reimbursement of costs, or a legally compulsory inflation review) that is made directly to the customer. The method followed by the Group with respect to claims is to apply the method described above for modifications, when the claims are not covered by the contract, or the method used for variable consideration, when the claims are covered by the contract but need to be quantified.

A dispute is the result of a disconformity or rejection following a claim made to the customer under the contract, the resolution of which is dependent on a procedure conducted directly with the customer or a court or arbitration proceeding. Per the criteria followed by the Group, revenue relating to disputes in which the enforceability of the amount claimed is questioned is not recognised, and previously recognised revenue is derecognised, since the dispute demonstrates the absence of the customer's approval of the work completed. If the customer only questions the price, revenue recognition is based on the criterion applied in cases of variable consideration discussed below.

Only in those cases in which there is a legal report confirming that the rights under dispute are clearly due and enforceable and that, therefore, at least the costs directly associated with the related service will be recovered, may revenue be recognised up to the limit of the 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 work

Unlike the method used to recognise contract revenue, 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 called "certificate of completion" or "work order". 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 the case of contracts in which the goods or services transferred to the customer exceed the related amount billed or certified, the difference is recognised (as a contract asset) in an asset account called "Amounts to be Billed for Work Performed" under "Trade Receivables for Sales and Services", whereas in contracts in which the goods or services transferred are lower than the amount billed to or certified by the customer, the difference is recognised (as a contract liability) in a liability account called "Amounts Billed in Advance for Construction Work" under "Current Trade and Other Payables".

Bid costs and mobilisation costs

In addition to the aforementioned statement of financial position balances, the Group also recognises assets relating to the costs of obtaining a contract (bid costs) and to the costs incurred to fulfil a contract or setup costs (mobilisation costs) that are directly related to the principal contract, provided they will be recovered through performance of the contract. These balances are presented in a separate account under "Inventories" on the asset side of the consolidated statement of financial position (see Note 4.1).

Bid costs are only capitalised when they are directly related to a contract and it is probable that they will be recovered in the future and the contract has been awarded to the company or the company has been selected as the preferred bidder. Costs incurred that would have been incurred regardless of whether the contract was obtained are recognised as an expense, unless those costs are explicitly chargeable to the customer in any case (whether or not the contract is obtained). The capitalised costs are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Costs required to set up the contract, mobilisation costs, are capitalised provided that it is probable that they will be recovered in the future and that they do not include expenses that would normally have been incurred by the company if the contract had not been obtained. They are gradually recognised as an expense on the basis of the proportion of actual output to estimated output under each contract. If the above conditions are not met, these costs are taken directly to profit or loss.

v) Provisions relating to contracts with customers

The main provisions relating to contracts with customers are provisions for deferred expenses and for budgeted losses

- Provisions for deferred expenses. These provisions cover the expenses that will foreseeably arise on completion of a contract, such as those for the removal of construction machinery or dismantling costs, as well as the estimated repairs to be carried out within the guarantee period. These provisions relate to a present obligation stipulated in the contract that is based on the fact that in order to settle the obligation there will probably be an outflow of resources from the company the amount of which can be estimated reliably. Provisions are recognised on the basis of the best possible estimates of the total expenditure required to settle the obligations. They can be determined as a percentage of the total expected revenue from the contract if historical information on similar contracts is available.

  The guarantee obligations included in this type of provisions are not considered to be a separate performance obligation unless the customer has the option of arranging the guarantee separately, and, accordingly, they are recognised as indicated in IAS 37 on provisions and contingent assets and liabilities.

- Provisions for budgeted losses. These provisions are recognised as soon as it becomes evident that the total costs expected to be incurred in a contract exceed the total expected revenue from that contract. For the purpose of determining , if appropriate, the amount of the related provision, the criterion established in IAS 37.14 (b) is applied. Thus, the estimate of the total budget for the contract includes the expected revenue that is considered to be probable. This criterion is different from that established in IFRS 15, discussed above in Note 1.3.3.4, Revenue recognition, on the basis of which such revenue is only recognised to the extent that it is deemed to be highly probable. Also, if the total expected profit on a contract is less than that recognised under the aforementioned revenue recognition rules, the difference is recognised as a provision for losses.

vi) Financing component

In general, in order to calculate the price of a performance obligation, an implicit financing component is calculated, in those cases in which the period between when the entity transfers a promised good or service to a customer and when the customer will foreseeably pay for that good or service is more than one year. This component is accounted for as finance income.

With respect to performance obligations for which the period between when the entity transfers a promised good or service to the customer and when the customer pays for that good or service is less than one year, the Group applies the practical expedient permitted by IFRS 15 and does not adjust the promised amount of consideration for the effects of a significant financing component.

In those cases in which there is a contractual or legal right to charge late-payment interest owing to the delay in collection with respect to the contractually established periods, such interest is only recognised when it is highly probable that it will actually be collected.

vii) Specific revenue recognition criteria by segment

Construction business

As a general rule, a single performance obligation is identified for construction contracts 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 discussed above, the Group has chosen as its preference the measured unit of work method (output method), which is applied provided that the progress of the work completed can be measured during the performance of the contract and that a price can be allocated to each unit of work.

Only in those contracts for which the unitary price of the units to be performed cannot be determined is it permitted to use the input method (stage of completion measured in terms of costs incurred).

Services business

There is no single contract type in the case of the Services business due to the considerable diversity of the services rendered. In general, the contracts involve various tasks and unit prices and the related revenue is recognised in the consolidated statement of profit or loss as the services are provided, based on the time elapsed, i.e. when the customer simultaneously receives and consumes the benefits provided by the entity's performance of the service as the entity performs. This occurs for example in routine or recurring services such as facility management, street cleaning or waste collection services.

Certain contracts include different types of activities that are subject to fixed unit price tables for the services provided and which form part of the contract as a whole. In such contracts the customer requests each of the services by means of a work order, which is considered to be a separate performance obligation, and the associated revenue is recognised depending on the specific requirements established in the contract for the approval of the service.

In the case of complex long-term contracts involving the provision of several services that constitute separate performance obligations (construction, maintenance, operation, etc.), payment for which is made on a periodic basis and in which the price for those performance obligations is indicated in the contract or can be determined, revenue is recognised using the time elapsed method for the recurring services, whereas the stage of completion method is used for those more complex performance obligations for which it is not possible to allocate a price to each of the units of work performed.

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 1.3.3.2.

Toll Road 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 1.3.3.2).

The new IFRS 15, Revenue from Contracts with Customers does not give rise to a change with respect to the revenue recognition method used 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 those cases in which a stand-alone selling price is not directly observable, it is estimated on the basis of the best possible estimate, using the expected margin for that activity.

Airports business

In general, the services provided in this business are short-term services to customers (airline or airport users) for which regulated revenue is recognised at a point in time; therefore, there are no changes with respect to revenue recognition for this business. It should be noted that the revenue from certain contracts that fall within the scope of IFRIC 12 is recognised as described in Note 1.3.3.2.

Real estate business

The revenue from this business relates mainly to the sale of apartments, commercial premises and garage spaces, and is recognised when the buyer receives legal title to, and takes physical possession of, the asset. Each unit (apartment, etc.) is considered to be a separate performance obligation and the related revenue is recognised when the asset is legally and economically transferred to the buyer; this does not constitute any change in the revenue recognition method currently applied.

Energy distribution business

The contracts in this business involve a series of services that are substantially the same and have the same pattern of transfer to the customer. The monthly rate reflects the value of the services provided. Contracts of this kind have a single performance obligation that is satisfied over time and the related revenue is recognised by applying the output method.

1.3.4. Accounting estimates and judgements

In the consolidated financial statements for 2017 estimates were made to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

i) Estimates taken into consideration for the purpose of recognising revenue from contracts with customers (see Note 1.3.3.4), including most notably those associated with:

- determining whether enforceable rights exist, in order to recognise revenue;
- determining whether a contract modification has been approved;
- establishing whether the conditions for recognising revenue for variable consideration are met;
- recognising revenue in relation to a claim or a dispute;
- establishing whether the contract includes one or several performance obligations, and determining the price allocable to each of them;
- defining for each performance obligation the applicable method for recognising revenue over time, taking into account that, based on the accounting policy established by the Company, the preferred method is the "survey of performance completed to date" output method (schedule of values or based on time elapsed), and the "stage of completion measured in terms of the costs incurred" input model is applied in those cases in which the services provided are not routine and recurring services and in which the unit price of the units of work to be performed cannot be determined;
- in the case of contracts recognised using the survey of performance completed to date method, measuring the units completed and the price that can be allocated thereto;
- in the case of contracts recognised using the "percentage of completion method" input method, defining the costs incurred relative to total contract costs, and the expected profit margin for the contract;
- determining whether to capitalise bid costs and mobilisation costs;
- making estimates relating to the calculation of the provision for expected losses and deferred expenses.

ii) The assessment of possible legal contingencies (see Note 6.5, Contingent liabilities, contingent assets, obligations and commitments and Note 6.3, Provisions).

iii) The recognition for accounting purposes of the subordinated guaranteed hybrid bond (see disclosure on equity instruments in Note 5.1.2.).

iv) 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 1.3.2, Basis of consolidation).

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

vi) The assessment of possible impairment losses on certain assets (see Note 3.1, Goodwill and acquisitions, and Note 3.5, Investments in associates).

vii) Business performance projections that affect the estimates of the recoverability of tax assets (see Note 2.8 on tax matters).

viii) Estimates relating to the fair value of assets and liabilities acquired in the business combinations detailed in Note 1.1.3, Changes in the scope of consolidation.

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

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

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

Although these estimates were made on the basis of the best information available at 31 December 2017 on the events analysed, events that 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.

1.3.5. Disclosures

It should also be noted that in preparing these consolidated financial statements the Group omitted any information or disclosures which, not requiring disclosure due to their qualitative importance, were considered not to be material in accordance with the concept of materiality defined in the IFRS Conceptual Framework.

1.4. Exchange rates

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

Items in the balance sheets (closing exchange rates at 31 December 2017 and at 31 December 2016 for the comparative figures):

CLOSING EXCHANGE RATE	2017	2016	CHANGE 17/16 (*)
Pound sterling	0.8889	0.8545	4.03%
US dollar	1.2022	1.0547	13.99%
Canadian dollar	1.5059	1.41849	6.16%
Australian dollar	1.5389	1.4615	5.29%
Polish zloty	4.1755	4.4046	-5.20%
Chilean peso	739.8	705.71	4.83%

(*) A negative change represents a depreciation of the euro against the reference currency and a positive change represents an appreciation.

Items in the statements of profit or loss and statements of cash flows (cumulative average rates at 31 December 2017 and at 31 December 2016 for the comparative figures):

AVERAGE EXCHANGE RATE	2017	2016	CHANGE 17/16 (*)
Pound sterling	0.8751	0.8230	6.33%
US dollar	1.1391	1.1034	3.24%
Canadian dollar	1.4755	1.459	1.13%
Australian dollar	1.4813	1.4853	-0.27%
Polish zloty	4.2455	4.3606	-2.64%
Chilean peso	737.7217	742.4625	-0.64%

(*) A negative change represents a depreciation of the euro against the reference currency and a positive change represents an appreciation.

The main changes in the closing exchange rates vis-à-vis the euro were the depreciation of the pound sterling and the Chilean peso, as well as that of the US dollar, the Canadian dollar and the Australian dollar. By contrast, the Polish zloty appreciated against the euro. The impact in this connection recognised in equity attributable to the Parent was EUR -318 million (see Note 5.1.1, Changes in equity).

Note 5.4 provides an explanation of foreign currency risk management. It 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 perspective is supplemented by a global analysis of Brexit in the Risks section of the directors' report.

In addition, a detail is provided of the exchange rate effect in those notes in which this effect is material.

1.5. Segment reporting

The segment statements of financial position and segment statements of profit or loss, for both 2017 and the comparative period, are shown in Appendix III.

Additionally, a breakdown by segment is included in those sections of this report where this information is material or is required by accounting legislation.

SECTION 2: PROFIT FOR THE YEAR

This section comprises the Notes relating to the profit for the year.

Net profit for the year amounted to EUR 454 million, an improvement of 20.6% on 2016 (EUR 376 million).

This increase is affected by a series of non-recurring results related mainly to divestments, derivatives and taxes, per the following breakdown, and which are explained in more detail in the Notes indicated in the table:

Notwithstanding these non-recurring impacts, revenue grew by 13.5%, due mainly to the inclusion of a whole year of Broadspectrum (compared with seven months in 2016). However, profit from operations was down 7.4% on 2016, due mainly to the worsening of the margin of the Construction business. In like-for-like terms (see definition in the section on alternative performance measures), the aforementioned changes were growth of 7.2% and a fall of -8.6%, respectively (see the directors' report for a detailed explanation of the changes by business division).

	BALANCES AT 31/12/17		BALANCES AT 31/12/16	
NON-RECURRING IMPACTS (MILLIONS OF EUROS)	PROFIT BEFORE TAX	NET PROFIT	PROFIT BEFORE TAX	NET PROFIT
Impact of financial derivatives (Note 2.6)	35	26	-26	-18
Divestment, exclusion from consolidation and impairment of infrastructure projects (Note 2.5)	81	83	324	153
Non-recurring impacts, HAH (Note 2.7)	48	48	-105	-105
US tax reform (Note 2.8)	0	31	0	0
Other non-recurring tax effects (Note 2.8)	0	-14	0	20
Other impacts	0	0	0	-11
TOTAL	163	173	193	40

2.1. Operating income

The detail of the Group's operating income at 31 December 2017 is as follows:

(Millions of euros)	2017	2016
Revenue	12,208	10,759
Other operating income	10	7
Total operating income	12,218	10,765

The Group's revenue at 31 December 2017 relating to contracts with customers amounted to EUR 11,872 million (see Note 1.3.3.4, Revenue recognition).

"Revenue" includes the financial consideration for the services provided by the concession operators that apply the financial asset model, amounting to EUR 153 million (2016: EUR 189 million), as described in Note 1.3.3.2.

"Other Operating Income" includes the impact of the grants related to income received in 2017 amounting to EUR 10 million (2016: EUR 7 million).

The detail, by segment, of revenue in 2017 and 2016 is as follows:

	31/12/17			
(Millions of euros)	EXTERNAL SALES	INTER-SEGMENT SALES	TOTAL	CHANGE 17/16
Construction	4,139	489	4,628	10%
Toll roads	457	4	461	-5%
Airports	20	0	21	383%
Services	7,056	13	7,069	16%
Other segments	125	137	262	21%
Adjustments	0	-232	-232	5%
Total	11,797	411	12,208	13%

	2016		
(Millions of euros)	EXTERNAL SALES	INTER-SEGMENT SALES	TOTAL
Construction	3,721	474	4,194
Toll roads	486	1	486
Airports	4	0	4
Services	6,067	11	6,078
Other segments	305	132	217
Adjustments	0	-221	-221
Total	10,362	397	10,759

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 1.3.3.2 and 6.8.

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

(Millions of euros)	2017	2016	CHANGE 17/16
Spain	2,837	2,629	208
UK	2,871	3,171	-300
Australia (*)	2,504	1,469	1,035
US	1,634	1,291	344
Canada	117	123	-6
Poland	1,563	1,316	246
Other	681	759	-78
Total	12,208	10,759	1,450

(*) This relates to Australia and the activity of Broadspectrum on other Pacific islands.

The Ferrovial Group's sales in its six main markets account for 94% of total sales.

2.2. Materials consumed and other operating expenses

"Materials Consumed" includes mainly the raw materials used and the changes in inventories in 2017.

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

(Millions of euros)	2017	2016	CHANGE 17/16
Total materials consumed	1,345	1,267	78
Work performed by other companies	3,464	3,065	400
Leases	523	412	111
Repair and upkeep	209	192	16
Independent professional services	364	360	3
Changes in provisions and allowances (Note 6.3)	-111	-117	6
Other operating expenses	839	824	15
Total other operating expenses	5,288	4,736	552
Total materials consumed and other operating expenses	6,633	6,003	630

The sum of these headings increased by EUR 630 million from EUR 6,003 million at 31 December 2016 to EUR 6,633 million at 31 December 2017. This increase is explained basically by services rendered by third parties under subcontracting arrangements in the Construction Division and lease expenses on machinery and vehicles in the Construction and Services Divisions.

2.3. Staff costs

The detail of "Staff Costs" is as follows:

(Millions of euros)	2017	2016	CHANGE
Wages and salaries	4,066	3,270	796
Social security costs	453	428	25
Pension plan contributions	50	56	-5
Share-based payment	18	17	1
Other employee benefit costs	66	48	18
Total	4,653	3,819	834

The 22% increase in staff costs in 2017 is related mainly to the acquisition of Broadspectrum, which was included in the consolidated statement of profit or loss in every month in 2017, compared to seven months in 2016.

The changes in the number of employees at 31 December 2017 with respect to that at 2016 year-end, by professional category and gender, were as follows:

	31/12/17			
CATEGORY	MEN	WOMEN	TOTAL	CHANGE 17/16
Executive directors	2	0	2	0%
Senior executives	10	2	12	0%
Executives	448	80	528	2.3%
University and further education college graduates	9,963	3,551	13,514	6.5%
Clerical staff	3,773	4,627	8,400	2.3%
Manual workers and unqualified technicians	53,769	19,753	73,522	-1.4%
Total	67,965	28,013	95,978	-0.02%

	31/12/16		
CATEGORY	MEN	WOMEN	TOTAL
Executive directors	2	0	2
Senior executives	10	2	12
Executives	443	73	516
University and further education college graduates	9,374	3,317	12,691
Clerical staff	3,653	4,553	8,206
Manual workers and unqualified technicians	54,897	19,677	74,574
Total	68,379	27,622	96,001

The average number of employees, by business division, for the two periods is as follows:

	31/12/17			
BUSINESS	MEN	WOMEN	TOTAL	CHANGE 17/16
Construction	14,348	2,605	16,953	2%
Toll roads	425	206	631	-14%
Airports	23	15	38	46%
Services	53,917	25,163	79,080	14%
Other	297	257	554	6%
Total	69,010	28,246	97,256	12%

	31/12/16		
BUSINESS	MEN	WOMEN	TOTAL
Construction	14,516	2,077	16,593
Toll roads	494	238	732
Airports	16	10	26
Services	46,908	22,367	69,275
Other	284	236	520
Total	62,218	24,928	87,146

The increase in the average number of employees, as in the case of staff costs, is explained by the inclusion of Broadspectrum throughout 2017.

2.4. Gross profit from operations (EBITDA) and profit from operations before impairment and disposals of non-current assets

EBITDA at December 2017 amounted to EUR 932 million (December 2016: EUR 944 million), representing a decrease of 1.2% with respect to 2016.

The depreciation and amortisation charge for 2017 is EUR 375 million, compared to EUR 342 million in 2016.

Thus, profit from operations before impairment and disposals of non-current assets at December 2017 amounted to EUR 557 million (December 2016: EUR 602 million), representing a fall of 7.4% with respect to 2016, due mainly to the worsening of the margin of the Construction business.

The directors' report provides a detailed analysis of the changes in these headings by business.

2.5. Impairment and disposals of non-current assets

The detail of the main gains and losses relating to impairment and disposals is as follows:

Gains and losses recognised in 2017:

The net gains corresponding to impairment and disposals in 2017 amounted to EUR 81 million and relate mainly to the following:

- Gain on the partial disposal of the Portuguese Norte Litoral toll road amounting to EUR 48 million (EUR 56 million in net profit). This impact includes EUR 24 million relating to the remeasurement at fair value of the investment retained following loss of control (49.54%). This transaction is described in Note 1.1.3, Changes in the scope of consolidation.

- Gain on the partial disposal of the Portuguese Algarve toll road amounting to EUR 42 million (EUR 42 million in net profit). This impact includes EUR 21 million relating to the remeasurement at fair value of the investment retained following loss of control (49%). This transaction is described in Note 1.1.3, Changes in the scope of consolidation.

- Impairment of the goodwill allocated to the Terrasa Manresa toll road (AUTEMA) amounting to EUR -29 million (see Note 3.1.). This amount is taken to income in full as it is not tax deductible.

- Reversal of impairment of EUR 25 million (EUR 17 million in net profit) at the Euroscut Azores toll road concession operator as a result of improvement in the projections for the toll road due to the increase in traffic (see Note 3.3.1).

  Recognition of other impairment losses of EUR -10 million (EUR -7 million in net profit), mainly at the Services Division, relating to several waste treatment plants and landfills.

(Millions of euros)	IMPACT ON PROFIT OR LOSS BEFORE TAX: BEFORE FAIR VALUE ADJUSTMENTS	FAIR VALUE ADJUSTMENTS	TOTAL 2017	IMPACT ON NET PROFIT OR LOSS
Norte Litoral	25	24	48	56
Algarve	21	21	42	42
Other gains	5	0	5	4
Result on fair value adjustments and disposals	51	45	96	103
Autema	0	-29	-29	-29
Azores	0	25	25	17
Other impairment losses	0	-10	-10	-7
Impairment	0	-15	-15	-20
Total impairment and disposals of non-current assets	51	30	81	83

The net gains corresponding to impairment and disposals in 2016 related mainly to the following:

(Millions of euros)	IMPACT ON PROFIT OR LOSS BEFORE TAX: BEFORE FAIR VALUE ADJUSTMENTS	FAIR VALUE ADJUSTMENTS	TOTAL 2016	IMPACT ON NET PROFIT OR LOSS
Chicago Skyway	259		259	103
SH-130	52		52	30
M4-M6	16	6	22	20
M3	0		0	1
Other gains	1		1	0
Result on fair value adjustments and disposals	327	6	333	154
Autema	0	-21	-21	-21
M-203	0	16	16	14
Other impairment losses	3	-7	-4	5
Impairment	3	-12	-9	-2
Total impairment and disposals of non-current assets	330	-6	324	153

2.6. Financial result

The table below shows the detail of the changes in the financial result from 2016 to 2017. The result of infrastructure projects is presented separately from the result of non-infrastructure project companies (see Note 1.1.2 for the definition) and in each of them a further distinction is made between the financial result on financing -which includes the finance costs on bank borrowings and bonds, and the returns on financial assets and loans granted- and the financial result on 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)	2017	2016	CHANGE
Finance income on financing	*2*	*1*	*160%*
Finance costs on financing	*-256*	*-306*	*16%*
Financial result on financing of infrastructure projects	-254	-305	17%
Result on derivatives (*)	*0*	*-12*	*100%*
Other financial results	*-6*	*-7*	*17%*
Other financial results of infrastructure projects	-6	-20	69%
Total financial result of infrastructure projects	-261	-325	20%
Finance income on financing	*54*	*43*	*24%*
Finance costs on financing	*-83*	*-92*	*10%*
Financial result on financing excluding infrastructure projects	-29	-49	40%
Result on derivatives (*)	*35*	*-13*	*-361%*
Other financial results	*-56*	*-4*	*n.m.*
Other financial results excluding infrastructure projects	-21	-18	20%
Total financial result excluding infrastructure projects	-50	-66	-24%
Financial result	-311	-391	20%

(*) Included in the "Fair Value Adjustments" column in relation to the financial result in the consolidated statement of profit or loss for a total amount of EUR 35 million (2016: EUR -26 million).

- The financial result on the financing of the infrastructure project companies: amounted to EUR -254 million in 2017 (31 December 2016: EUR -305 million). Of this result, EUR -256 million relate to these companies' borrowing costs. The following table shows a detail of these borrowing costs, which include the capitalised costs of toll roads under construction:

BORROWING COSTS OF INFRASTRUCTURE PROJECT COMPANIES (Millions of euros)	2017	2016
Accrued finance costs	-298	-342
Borrowing costs capitalised during the construction period	42	36
Finance costs recognised in profit or loss	-256	-306

The improved financial result on financing is due mainly to the changes in the scope of consolidation in 2016 (sale of the Chicago Skyway toll road and the Irish M3 and M4/M6 toll roads and the filing for Chapter 11 insolvency of the SH-130 toll road); in 2016 these companies contributed a financial result on financing of EUR -36 million. In addition to the above impact, it should be noted that in 2017 partial divestments, with the consequent loss of control, were made of the Portuguese Norte Litoral (April) and Algarve (September) toll roads, as a result of which a finance cost of only EUR -12 million accrued, compared with EUR -22 million in 2016.

- Other financial results of infrastructure projects: include mainly other financial results, which include exchange differences and other results considered to be of a financial nature but not directly related to financing. The change compared to 2016 (EUR 14 million) is due mainly to the impact in 2016 of the result on derivatives (EUR -12 million), most notably Autopista del Sol (EUR -11 million) as a result of the termination of the interest rate swap held by it, as part of the refinancing of its debt, which did not take place in 2017.

- The financial result on financing excluding infrastructure projects in 2017 amounted to EUR -29 million (31 December 2016: EUR -49 million), corresponding to borrowing costs (EUR -83 million) net of the interest obtained mainly from financial investments (EUR 54 million). The improvement compared with 2016 is due mainly to the higher returns on available cash than in 2016 (larger position in Canadian dollars, which is remunerated at better rates than the eurozone) and the reduction of debt in 2017 (mainly the repayment of the High Yield Bonds at Broadspectrum in April 2017 for AUD 325 million -EUR 243 million-), the net amount of the cross-currency swap.

- Other financial results excluding infrastructure projects include the impact of derivatives and other fair value adjustments relating mainly to the impact of the derivatives not designated as hedges, including most notably Canadian dollar-denominated options amounting to EUR 22 million, aimed at hedging the cash balances the Group holds in that currency, 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 positive impact in 2017 of EUR 5 million due to the positive performance of the share price in 2017.

Excluding the impact of derivatives, the detail of other financial results excluding infrastructure projects is as follows:

OTHER FINANCIAL RESULTS EXCLUDING INFRASTRUCTURE PROJECTS (Millions of euros)	2017	2016	CHANGE 17/16
Cost of guarantees	-30	-30	0
Late-payment interest	5	12	-7
Exchange differences	-8	5	-12
Interest on loans to companies accounted for using the equity method	17	24	-8
Finance costs on pension plans	-4	-1	-3
Interest on tax assessments	-7	-7	-1
Other	-30	-8	-22
Total	-56	-4	-52

This sub-heading includes mainly the cost of guarantees, late-payment interest, exchange differences, interest on loans granted to companies accounted for using the equity method, finance costs on pension plans and interest on tax assessments. The other items in 2017 include basically the impact of EUR -15 million relating to the repayment of the High Yield Bonds at Broadspectrum (see Note 5.2.2). These borrowings bore very high finance costs (8.38%) and, therefore, the repayment thereof contributed to a reduction in the Group's non-infrastructure project finance costs.

The same line item also includes the costs relating to the penalty incurred for the delay in delivering a waste treatment plant in the UK (EUR -10 million), which was calculated as a specific rate of interest on the amount of the borrowings of the concession operator.

- 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 statement of cash flows is EUR -90 million.

(Millions of euros)	FINANCIAL RESULT ON UNCAPITALISED FINANCING	INTEREST CASH FLOWS	DIFFERENCE
Infrastructure projects	-296	-204	-92
Excluding infrastructure projects	-29	-32	2
Total	-326	-236	-90

This difference at infrastructure project level arose mainly at the US toll roads (NTE, LBJ, NTE Segment 3 and I-77), whose financing arrangements allow for the compounding of interest in the first years of the concession, as a result of which the interest is added to the principal and does not represent a cash outflow in the year (EUR -83 million).

2.7. Share of profits of companies accounted for using the equity method

The share of the net profit of companies accounted for using the equity method in 2017 amounted to EUR 251 million (2016: EUR 82 million). The detail of the most significant companies is as follows:

RESULT OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD (Millions of euros)	2017	2016
HAH	87	-57
407 ETR	125	98
Other	39	41
Total	**251**	**82**

In 2017 HAH's results include most notably non-recurring impacts totalling EUR 48 million, due to the effect of fair value adjustments, relating mainly to the measurement of index-linked derivatives (EUR 33 million). The difference compared to 2016 is because HAH's loss for 2016 included non-recurring losses of EUR -105 million relating to derivatives and taxes.

Note 3.5 provides greater detail on the results of these companies.

2.8. Income tax and deferred taxes

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

The income tax expense for 2017 amounted to EUR 71 million (2016: EUR 233 million), a figure which:

- Does not include the income tax expense relating to the companies accounted for using the equity method (see Notes 2.7 and 3.5), since, in accordance with accounting legislation, their results are presented net of the related tax effect.
- Includes income tax benefit amounting to EUR 17 million relating to prior years' income tax, mainly as a result of the reduction in the US tax rate from 35% to 21% (EUR 31 million) and other regularizations (EUR -14 million).

Excluding the result of these companies accounted for using the equity method (profit after tax of EUR 251 million), permanent differences (EUR -32 million), results arising from consolidation with no tax impact ((EUR 4 million) and taking into consideration the income tax expense incurred in 2017 (EUR 88 million), the resulting effective income tax rate is 25%, as evidenced in the table below.

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

2017 (Millions of euros)	SPAIN	UK	AUSTRALIA (*)	US	POLAND	CANADA	OTHER COUNTRIES(**)	TOTAL
Profit/Loss before tax	**139**	**61**	**-44**	**16**	**135**	**117**	**154**	**578**
Result of companies accounted for using the equity method	-14	-100	-4	12	0	-130	-14	-251
Permanent differences	15	9	-19	5	3	37	-18	32
Results arising from consolidation with no tax impact	34	3	0	15	0	4	-59	-4
Taxable profit/Tax loss	**174**	**-28**	**-67**	**47**	**137**	**28**	**63**	**355**
Current income tax expense/ benefit	**-49**	**7**	**20**	**5**	**-27**	**-12**	**-15**	**-71**
Change in estimate of prior years' taxes	6	-1	-7	-22	0	4	4	-17
Adjusted tax expense/benefit	**-43**	**5**	**13**	**-16**	**-27**	**-7**	**-11**	**-88**
Effective rate applicable to taxable profit	25%	19%	19%	35%	20%	27%	18%	25%
Effective tax rate of the country	25%	19%	20%(*)	35%	19%	27%		

(*) This relates to Australia and the activity of Broadspectrum on other Pacific islands. The effective income tax rate of the country is obtained by combining the tax rates of the various countries.

(**) "Other Countries" includes mainly the profit generated in Portugal.

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 period 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 32 million. The detail of the most significant of these adjustments is as follows:

- Gains on the sale of the Portuguese toll roads (EUR 46 million), which are exempt from taxation.
- Losses on specific construction and services projects performed outside Spain that do not give rise to a tax asset (EUR -86 million).
- Recovery for tax purposes, pursuant to Royal Decree 3/2016, of the impairment losses on investments, which increase the taxable profit by EUR 14 million. The recovery is made within five years, with last year application in 2020.

Results arising from consolidation with no tax impact. This item relates to results derived from accounting consolidation criteria which do not have any tax implications. The cumulative balance in this connection is income of EUR 4 million. The detail of the most significant of these adjustments is as follows:

- Losses of infrastructure project companies in the US in which other companies have ownership interests and which are fully consolidated. The tax asset is recognised solely at 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 adjustment in this connection amounts to EUR -15 million and relates to the tax asset allocable to the other shareholders.

- Impairment of EUR -29 million of the goodwill of the Autema toll road, with no tax impact (see Note 2.5).
- Gain arising from the revaluation of the ownership interest in the Portuguese toll roads (EUR 45 million), which under current legislation is not subject to taxation.

The following table includes the detail of the calculation of the effective tax rate for 2016.

2016 (Millions of euros)	SPAIN	UK	US	POLAND	CANADA	OTHER COUNTRIES (*)	TOTAL
Profit/Loss before tax	113	-81	259	115	112	99	617
Result of companies accounted for using the equity method	-10	45	0	0	-103	-13	-82
Permanent differences	-19	10	4	6	14	-2	13
Results arising from consolidation with no tax impact	2	0	186	0	0	-17	171
Taxable profit/Tax loss	87	-26	450	121	22	67	719
Current income tax expense/benefit	7	5	-208	-24	-10	-4	-233
Change in estimate of prior years' taxes	-29	0	32	1	4	-3	5
Adjusted tax expense/benefit	-22	5	-176	-23	-6	-7	-229
Effective rate applicable to taxable profit	25%	19%	39%	19%	27%	11%	32%
Effective tax rate of the country	25%	20%	39%	19%	27%		

(*) "Other Countries" includes mainly the profit generated in Portugal, Ireland and Australia.

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 2017 and 2016, differentiating between current tax, deferred tax and changes in estimates of prior years' taxes, is as follows:

(Millions of euros)	2017	2016
Current income tax expense/benefit	-71	-233
Current tax expense	-70	-74
Deferred tax expense	-43	-128
Tax effect of consolidation adjustments in equity	25	-26
Change in estimate of prior years' taxes and other adjustments	17	-5

The amount of income tax paid in the year was EUR 142 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 2017 is as follows:

ASSETS (Millions of euros)	BALANCE AT 01/01/17	TRANSFERS AND OTHER	CHANGE IN ESTIMATE OF PRIOR YEARS' TAXES	CHARGE/CREDIT TO PROFIT OR LOSS	CHARGE/CREDIT TO EQUITY	EXCHANGE RATE EFFECT	IFRS 15	BALANCE AT 31/12/17
Tax assets	311	15	17	17	0	-6	0	353
Differences between tax and accounting income and expense recognition methods	557	-17	-18	-67	3	2	3	462
Deferred tax assets arising from valuation adjustments	144	-2	0	0	-29	-1	0	112
Other	45	16	-3	1	0	-5	55	107
Total	1,056	11	-4	-50	-26	-11	58	1,035

LIABILITIES (Millions of euros)	BALANCE AT 01/01/17	TRANSFERS AND OTHER	CHANGE IN ESTIMATE OF PRIOR YEARS' TAXES	CHARGE/CREDIT TO PROFIT OR LOSS	CHARGE/CREDIT TO EQUITY	EXCHANGE RATE EFFECT	IFRS 15	BALANCE AT 31/12/17
Deferred tax liabilities relating to goodwill	270	-53	-8	13	0	1	0	223
Differences between tax and accounting income and expense recognition methods	243	44	-1	-8	1	-2	0	278
Deferred tax liabilities arising from valuation adjustments	416	-1	-25	-9	4	-38	-2	344
Other	51	12	2	-4	0	-6	0	55
Total	979	2	-32	-7	5	-45	-2	900

The changes in the deferred tax assets and liabilities include most notably the impact recognised as a result of the early application of IFRS 15, Revenue from contracts with customers (see Note 1.3.1-a), totalling EUR 60 million (net of deferred assets and liabilities).

The deferred tax assets and liabilities recognised at 31 December 2017 arose mainly from:

a) Tax assets

These relate to tax assets which have not yet been deducted by the Group companies. This item does not include all the existing tax assets, but rather only those that, based on the Group's projections, are expected to be able to be used before they expire. The balance recognised totalled EUR 353 million, of which EUR 298 million related to recognised tax losses and the remainder to unused double taxation, reinvestment and other tax credits totalling EUR 228 million at 31 December 2017 (2016: EUR 207 million), of which EUR 55 million have been recognised.

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

COUNTRY	TAX LOSS	LAST YEARS FOR OFFSET	MAXIMUM TAX ASSET	TAX ASSET RECOGNISED
Spanish consolidated tax group	755	No expiry date	190	190
US consolidated tax group	82	2030-2038	17	0
Australia	246	No expiry date	74	72
UK	76	No expiry date	13	8
Other	455	2018-No expiry date	118	28
Total	1,614		412	298

Spanish consolidated tax group:

The tax loss carryforwards of the consolidated tax group in Spain at 2017 year-end totalled EUR 190 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 loss carryforwards, since profits will be generated on a recurring basis in the projected period, as well as the tax credits already recognised (EUR 41 million), and, accordingly, they have been retained in the consolidated statement of financial position.

US consolidated tax group:

At 31 December 2017, the balance of tax loss carryforwards of the consolidated tax group in the US totalled EUR 82 million, of which EUR 17 million had been recognised in prior years. In a similar fashion to the consolidated tax group in Spain, a model was designed that uses the latest available earnings projections of the US consolidated tax group companies. In line with the approach adopted in previous years, it was decided to not to recognise the full amount of the tax assets since profit is not expected to be reported until 2024 and the projections could vary significantly depending on the new infrastructure projects that may be awarded.

Australian consolidated tax group:

Following the acquisition of Broadspectrum, Ferrovial established a consolidated tax group with all of its Australian companies. The tax losses recognised relate mainly to historical losses incurred by Broadspectrum (EUR 63 million) and the Construction Division (EUR 10 million). 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:

The new UK tax regime came into effect on 1 April 2017 and gave rise to new regulations with an impact on the UK consolidated tax group. The main changes relate to the limitation of the use of tax loss carryforwards; the possibility of using them to offset 100% of taxable profit of up to GBP 5 million and 50% of the remaining amount of taxable profit, with no time limit and irrespective of whether the losses were generated before or after the entry into force of the reform. Also, tax loss carryforwards can be used by any company in the consolidated tax group. Under the new regime, in 2017 tax losses totalling EUR 8 million were recognised in the UK.

b) Assets and liabilities arising from timing differences between the accounting and tax income and expense recognition methods

This 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 in this connection 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 200 million).
- Deferred tax assets of EUR 132 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 operators in Spain, which for tax purposes are recognised as an asset and subsequently amortised whereas for accounting purposes they are expensed currently (EUR 84 million).
- Accelerated depreciation and amortisation for accounting purposes (EUR 44 million).

Within liabilities, the balance is related mainly to:

- Differences between tax and accounting criteria in relation to the recognition of provisions (EUR 353 million).
- Deferred tax liabilities of EUR 40 million arising as a result of differences between the tax and accounting methods used to recognise income in conformity with IFRIC 12, mainly in the Toll Road Division.

c) Deferred taxes arising from valuation adjustments

This reflects the cumulative tax impact resulting from valuation 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 101 million and EUR 81 million, respectively.

d) Deferred taxes relating to goodwill

These correspond to deferred tax liabilities relating to the tax credit for goodwill amounting to EUR 223 million, which mainly include those related to the amortisation of the of Amey and Swissport goodwill, as discussed in Note 6.5.1.b.

The detail of the changes in the deferred tax assets and deferred tax liabilities in 2016 is as follows:

ASSETS (Millions of euros)	BALANCE AT 01/01/16	TRANSFERS AND OTHER	CHANGE IN ESTIMATE OF PRIOR YEARS' TAXES	CHARGE/ CREDIT TO PROFIT OR LOSS	CHARGE/ CREDIT TO EQUITY	EXCHANGE RATE EFFECT	BALANCE AT 31/12/16
Tax assets	600	24	-42	-268	0	-3	311
Differences between tax and accounting income and expense recognition methods	459	103	-13	3	0	2	554
Deferred tax assets arising from valuation adjustments	173	-19	11	-5	-7	-9	144
Other	23	10	7	8	0	0	48
Total	1,255	119	-37	-263	-7	-10	1,057

LIABILITIES (Millions of euros)	BALANCE AT 01/01/16	TRANSFERS AND OTHER	CHANGE IN ESTIMATE OF PRIOR YEARS' TAXES	CHARGE/ CREDIT TO PROFIT OR LOSS	CHARGE/ CREDIT TO EQUITY	EXCHANGE RATE EFFECT	BALANCE AT 31/12/16
Deferred tax liabilities relating to goodwill	197	84	-1	-11	0	1	269
Differences between tax and accounting income and expense recognition methods	735	-31	-12	-124	0	7	575
Deferred tax liabilities arising from valuation adjustments	103	1	0	0	-15	-7	82
Other	88	-39	6	1	0	-4	52
Total	1,123	15	-7	-134	-15	-3	979

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 and Ferrovial Servicios S.A. in relation to the following taxes:

- 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 tax withholdings for tax periods from June 2013 to December 2015.

The tax audit is currently at the documentation submission stage. 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 were 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 2017 are shown in Appendix II. Also, in 2014 the Company opted to be taxed under the tax regime provided for in Articles 107 and 108 of Spanish Income Tax Law 27/2014, of 27 November. Since the application of that tax regime affects the taxation of possible dividends or gains obtained by the Company's shareholders, attached as Appendix I to these consolidated financial statements is a note describing the tax treatment applicable to the shareholders, together with information on the taxable profits obtained by Ferrovial, S.A. that the shareholders should be aware of for the purpose of applying that regime.

2.8.6. Change in the tax legislation in the US

In December 2017 the US administration approved a change in the tax regime involving new adjustments with an impact on the US consolidated tax group. The most far-reaching impacts, inter alia, are the change in the income tax rate from 35% to 21%, the use of tax loss carryforwards of up to 80% without any time limit and the limitation on the deductibility of finance costs to 30% of EBITDA (2018-2021) or EBIT (from 2022).

From the accounting standpoint these changes had a positive impact on the deferred taxes recognised in the consolidated statement of financial position and the consolidated statement of profit or loss of EUR 31 million, and did not affect cash flow.

From a business standpoint, this reform would give rise to lower tax payments in the future on Ferrovial's infrastructure projects in the US, and the timing effect that the other two measures discussed might have would not offset the positive impact of the reduction in the tax rate.

2.9. PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

In 2017 the profit attributable to non-controlling interests amounted to EUR -53 million (December 2016: loss of EUR -7 million).

This figure relates to profits obtained by Group companies that are attributable to the other shareholders that hold interests in these companies. The figures are shown in such a way that if the investee has reported a profit, the profit attributable to non-controlling interests is presented with a negative sign, and if it has reported a loss, the loss attributable to non-controlling interests is shown with a positive sign.

(Millions of euros)	2017	2016	CHANGE 17/16	% NON-CONTROLLING INTERESTS
Budimex Group	-49	-38	-11	44.9%
US 460 Mobility Partners LLC	0	-4	4	30.0%
Autopista del Sol	-1	1	-2	20.0%
Autop. Terrasa Manresa, S.A.	-15	-13	-1	23.7%
SH-130 Concession Company, LLC	0	14	-14	35.0%
Skyway Concession Co. LLC.	0	5	-5	45.0%
LBJ Infrastructure Group	12	21	-8	45.4%
NTE Mobility Partners	2	8	-6	37.1%
Other companies	-4	-2	-2	
Total	-53	-7	-46	

The main change arose as a result of the departure from the scope of consolidation in 2016 of the Cintra companies Chicago Skyway and SH-130, the improvement in the results recognised by the North Tarrant Express and LBJ toll roads, and the increase in the ownership interest in the two toll roads (see Note 1.1.3).

2.10. NET PROFIT AND EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the Parent is as follows:

(Millions of euros)	2017	2016
Net profit attributable to the Parent (millions of euros)	454	376
Weighted average number of shares outstanding (thousands of shares)	738,216	738,112
Less average number of treasury shares (thousands of shares)	-7,324	-7,188
Average number of shares to calculate basic earnings per share	730,892	730,923
Basic/diluted earnings per share (euros)	0.62	0.51

Diluted earnings per share. At 31 December 2017 and 2016, 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 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 by geographical area is as follows:

(Millions of euros)	2017	2016	CHANGE 17/16
Spain	73	101	-28
UK	66	-113	179
US	34	87	-53
Australia (*)	-23	5	-28
Canada	105	93	12
Poland	60	53	7
Other	138	151	-13
Total	454	376	78

(*) The information reported relates to Australia and the other Pacific islands.

The earnings by business segment are shown in Appendix III.

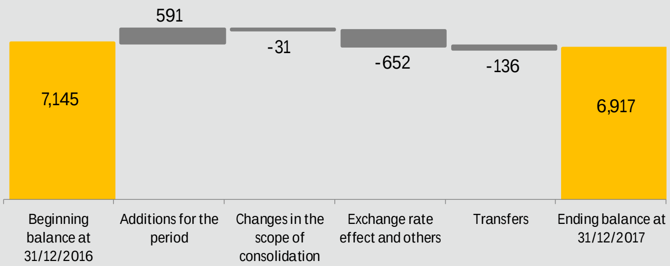
SECTION 3: NON-CURRENT ASSETS

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 31 December 2017 at Ferrovial are "Investments in Infrastructure Projects" amounting to EUR 6,917 million, accounting for 46% of total non-current assets (see Note 3.3), "Investments in Associates" amounting to EUR 2,687 million (relating mainly to the investments in HAH and 407 ETR), accounting for 18% of total non-current assets (see Note 3.5), and "Goodwill Arising on Consolidation" (EUR 2,062 million), which represents 14% of total non-current assets.

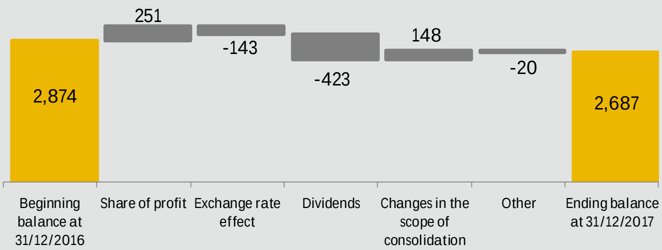
The decrease in investments in infrastructure projects with respect to 2016 was due mainly to the exchange rate effect (fall in the value of the US dollar), with an impact of EUR -652 million, partially offset by the non-current asset additions in construction projects in the US:

Investments in infrastructure projects



The decrease of EUR 187 million in investments in associates was due largely to the dividends paid amounting to EUR 423 million, mainly by HAH and 407 ETR, and to the exchange rate effect, mainly as a result of the fall in the value of the pound sterling and the Canadian dollar (EUR -143 million), partially offset by the share of the profits of those companies (EUR 251 million) and the changes in the scope of consolidation that took place in the year described in Note 1.1.3 (EUR 148 million).

Investments in associates



As regards the changes in goodwill, there was a decrease of EUR -93 million due mainly to the exchange rate effect (EUR -79 million), the impairment of Autema (EUR -29 million), the changes in the scope of consolidation and other effects (mainly in the Services Division) amounting to EUR 15 million.

3.1. Goodwill and acquisitions

The table below details the changes in goodwill in 2017:

(Millions of euros)	BALANCES AT 31/12/16 (*)	CHANGES IN THE SCOPE OF CONSOLIDATION AND OTHER	IMPAIRMENT LOSSES	EXCHANGE RATE EFFECT	BALANCES AT 31/12/17
Services	**1,730**	**12**	**0**	**-59**	**1,683**
Services Spain	435	7	0	0	442
Amey	877	0	0	-34	843
Broadspectrum	382	0	0	-24	358
Steel	29	0	0	-1	28
Other services	7	5	0	-1	11
Construction	**210**	**2**	**0**	**-14**	**198**
Budimex	67	0	0	4	70
Webber	143	2	0	-18	127
Toll roads	**170**	**0**	**-29**	**0**	**141**
Ausol	70	0	0	0	70
Autema	100	0	-29	0	71
Airports	**45**	**1**	**0**	**-6**	**40**
Transchile	45	1	0	-6	40
Total	**2,155**	**15**	**-29**	**-79**	**2,062**

(*) Adjusted amounts (see Note 1.1.4)

3.1.1. Changes in 2017

Following is a description of the main changes by type of change:

Definitive accounting for the acquisition of Broadspectrum:

In 2017 additional information was obtained -not available at the date of preparation of the 2016 consolidated financial statements- in relation to the financial statements of Broadspectrum at the date of its inclusion in the scope of consolidation of the Group. This additional information gave rise to the modification (EUR -15 million) of the goodwill arising on this acquisition. Pursuant to IFRS 3.45, this adjustment was made within the measurement period of one year from the acquisition date, which ended in May 2017.

Based on the foregoing, the consolidated statement of financial position as at 31 December 2016 was adjusted. The table below details the effect of these changes on the main affected line items in the Group's consolidated statement of financial position.

(Millions of euros)	FIN. STAT. BALANCES AT 31/12/16	PPA ADJUSTMENT	ADJUSTED BALANCES AT 31/12/16
Goodwill	2,170	-15	2,155
Intangible assets	503	41	544
Deferred tax assets	1,051	6	1,057
Amounts to be billed for work performed	942	-6	936
Assets	**4,666**	**26**	**4,692**

(Millions of euros)	FIN. STAT. BALANCES AT 31/12/16	PPA ADJUSTMENT	ADJUSTED BALANCES AT 31/12/16
Deferred tax liabilities	967	12	979
Amounts billed in advance for construction work	565	2	567
Short-term provisions	702	13	715
Liabilities	**2,235**	**26**	**2,261**

The following table summarises the main aggregates of the acquisition once the changes indicated in the foregoing tables have been made:

(Millions of euros)	2016 PPA	ADJUSTMENT	DEFINITIVE 2016 PPA
Acquisition-date equity	**399**	**0**	**399**
Fair value adjustments	**-270**	**15**	**-255**
Fair value of the debt	-42	0	-42
Contingencies	-12	-20	-33
Elimination of intangible asset	-370	0	-370
Allocation of intangible asset	211	41	252
Tax impact of PPA	-40	-6	-46
Other adjustments	-17	0	-17
Equity following adjustments	**129**	**15**	**144**
Ferrovial investment	**526**	**0**	**526**
Goodwill	**397**	**-15**	**382**

Accordingly, in 2017 the Group re-estimated the value of the intangible assets corresponding to the contracts entered into with Broadspectrum's customers and the contractual relationship with them, which was calculated on the basis of a new, more precise estimate of the cash flows that will be generated by the contracts based on their expected duration and a forecast of the future cash flows in the event of renewal adjusted on the basis of the estimated probability of the renewal taking place. Following this analysis, the measurement of the intangible assets was increased by AUD 60 million (EUR 41 million) and contingencies relating to the performance of certain contracts were re-estimated for AUD 29 million (EUR 20 million). These contingencies are recognised in provisions (EUR 13 million), amounts billed in advance for construction work (EUR 2 million) and amounts to be billed for work performed (EUR -6 million). The overall impact of these effects, net of the related tax effect, was to reduce goodwill by AUD 22 million (EUR 15 million).

Definitive accounting for the acquisition of Pepper Lawson (Webber)

As with the case described above, in 2017 additional information was obtained that was not available at the date of preparation of the consolidated financial statements for 2016, which gave rise to an increase in the provisions associated with certain contracts, due to events already existing at the date of acquisition of the company, amounting to

EUR -2 million (net of the related taxes) and the consequent increase in the goodwill recognised. Since the impacts were not material, in this case the comparable information for 2016 was not adjusted and the changes are shown in the "Changes in the Scope of Consolidation and Other" column.

Also, Pepper Lawson was integrated in the business structure of Webber in 2017, and, accordingly, the two companies will be treated as a single cash-generating unit for the purposes of monitoring goodwill

(Millions of euros)	2017	2016	CHANGE
Acquisition-date equity	6	6	0
Fair value adjustments	-7	-5	-2
Equity following adjustments	-1	1	-2
Ferrovial investment	11	11	0
Goodwill	12	10	2

Changes in the scope of consolidation

Trans-Formers Group

- On 1 June 2017, the acquisition of all the shares of the Polish waste collection and treatment company Trans-Formers Group for EUR 31 million was completed (see Note 1.1, Basis of presentation, Company activities, changes in the scope of consolidation and adjustment). An intangible asset related to the customer portfolio was identified and recognised for EUR 17 million, as were property, plant and equipment for EUR 2 million and deferred taxes for EUR 3 million; which gave rise to goodwill on consolidation of EUR 5 million. In accordance with IFRS 3, the Group has one year from the acquisition date to review the purchase price allocation process.

Grupo Maviva

On 18 July, Ferrovial acquired, for EUR 18 million, all the shares of this Spanish company specialising in high value-added logistics operations, quality control and pre-assembly of components for the automotive industry. An intangible asset related to the customer portfolio was identified and recognised for EUR 7 million, together with deferred taxes of EUR 2 million. This gave rise to goodwill on consolidation of EUR 7 million. The Group has one year from the acquisition date to review the purchase price allocation process.

The provisional allocation of the purchase prices of these acquisitions can be consulted in the following table:

(Millions of euros)	GRUPO MAVIVA	TRANS-FORMERS
Acquisition-date equity	5	10
Fair value adjustments	5	16
Equity following adjustments	11	25
Ferrovial investment	18	31
Goodwill	7	5

Impairment losses

The only impairment loss recognised in the year, amounting to EUR 29 million, relates to the goodwill on consolidation allocated to Autema (see Note 3.1.2).

Exchange rate effect

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 (with the exception of the Polish zloty) had a negative impact of EUR 79 million on goodwill, including most notably the change in this item in the Services Division, where the goodwill decreased by EUR 59 million, due mainly to Amey (EUR -34 million) and Broadspectrum (EUR -24 million). In the Construction Division, the main change due to the exchange rate effect arose at Webber (EUR -18 million).

3.1.2. Goodwill impairment tests

A. Services Division goodwill:

Methodology and discount rate

The goodwill of Amey (UK), Ferrovial Services Spain, Broadspectrum and Steel (Chile), amounting to EUR 843 million, EUR 442 million, EUR 358 million and EUR 28 million, respectively, at 31 December 2017 (31 December 2016: EUR 877 million, EUR 435 million, EUR 382 million and EUR 29 million in the case of Amey, Ferrovial Services Spain, Broadspectrum and Steel, respectively), is tested for impairment by using cash flow projections for a five-year period, except in the case of Broadspectrum, for which a ten-year period was used, since this coincides with the projection period used to value the company at the time of its acquisition and is consistent with the model used to value the contracts and the contractual relationship for the purposes of valuing the intangible asset in the acquisition process. The residual value is based on the cash flow for the last year projected, provided this represents a cash flow with no exceptional factors, and the growth rate applied in no case exceeds the estimated long-term growth rate for the market in which each company operates.

Cash flows are discounted using a rate based on the weighted average cost of capital (WACC) for assets of this nature. In order to value companies, Ferrovial uses a risk-free rate usually taking as a reference a ten-year sovereign bond based on the location of the company in question and a market premium of 6.0% (in line with 2016), based on studies of historical long-term and current market premiums demanded (mainly Dimson, Marsh & Staunton, Damodaran, etc.). As regards the risk-free interest rate, it should be noted that the Company considers that the current rate for sovereign bonds in some countries may be artificially low. For the impairment tests the risk-free interest rate used is a normalised rate of 2.0% for the UK (Amey) and 2.5% for Spain (Ferrovial Services Spain), which entails an upward adjustment with respect to the rate for sovereign bonds at 31 December 2017 of 79 basis points in the UK and 94 basis points in Spain. The risk-free interest rate used at Broadspectrum is 3.0% (26 basis points above the ten-year Australian sovereign bond) and the risk-free interest rate used in Chile is 4.4% (the same as the rate for the Chilean ten-year sovereign bond). Additionally, in order to reflect each company's exposure, portfolios of comparable companies were selected to obtain unlevered betas. The betas obtained were compared with other sources habitually used by analysts and investment banks (Barra Beta, Bloomberg, etc.).

The discount rates (WACC) after tax used to perform the impairment test are presented in the following table:

DISCOUNT RATE (WACC AFTER TAX)	2017	2016
Amey	6.7%	6.7%
Ferrovial Servicios	7.2%	7.3%
Broadspectrum	8.7%	8.4%
Steel	9.0%	8.8%

The approximate discount rates (WACC) before tax in 2017 were as follows:

DISCOUNT RATE (WACC BEFORE TAX)	2017	2016
Amey	7.6%	7.9%
Ferrovial Servicios	8.9%	9.0%
Broadspectrum	10.7%	10.2%
Steel	11.3%	12.6%

Main factors that affect the valuation and performance compared with 2016 and budget

The projected 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 the Services Division are revenue forecasts and the projected revenue margins. These projections are based on four basic components:

- The existing backlog, which offers certainty of a high percentage of revenue in the coming years. In 2017 the backlog was reduced across the board; the hardest hit area was Amey, with a fall of -13.6%, followed by Spain and Broadspectrum with falls of -8.4% and -8.2% respectively.

- Winning new contracts, which is calculated by applying a success rate (based on historical company data and market prospects) to the estimate of the contracts for which bids will be submitted in the coming years.

- The estimate of future margins, which are based on the company's historical margins adjusted by certain factors that might affect the markets in the future.

- Amey, which had an EBITDA margin of 3.5% in 2017 (compared to 1.5% in 2016), has maintained its strategy for monitoring competitive tendering processes, focusing on operating improvements by withdrawing from contracts with low profitability and implementing the restructuring plan that commenced in 2016, with the aim of recovering historic profitability. The short-term revenue projections used in the 2017 impairment test of Amey were adjusted downwards in comparison to 2016, due to the outlook for 2018, which is marked by Brexit and a competitive environment affected by the precarious situation of its main operators. Current sales volume will not foreseeably be recovered until 2021. The projections envisage EBIT margin remaining stable in the short term and a gradual improvement in the long term up to levels close to 6%, margins that are lower than they were in the years before 2014.

- Ferrovial Services Spain's performance in 2017 was in line with the budget, with an EBITDA margin slightly lower than that of 2016 (10.4% compared to 10.7%). The projections envisage a continuation of the improvement in the EBITDA margin of recent years up to levels close to 12%, which is lower than the margins obtained in the years prior to 2013.

- Broadspectrum's performance in 2017 exceeded the budget in both revenue (+15%) and EBITDA margin (5.5% compared to 3.6% in the budget). In the future the company expects to gradually recover from the withdrawal from the immigration contracts.

- Steel's sales and EBITDA margin were below expectations in 2017. Accordingly, the projections were adjusted downwards.

- The perpetuity growth rate ("g"), which is based on the prospects of the markets and industries in which the Company operates. The rates used are: 2% at Amey, 1.75% at Ferrovial Services Spain, 2.4% at Broadspectrum and 2.5% at Steel. These perpetuity growth rates are in line with the long-term inflation estimates in the UK, Spain, Australia and Chile, respectively. These perpetuity growth rates are in line with the long-term consensus estimates of inflation in the UK, Spain, Australia and Chile, respectively (sources used: IMF, Bloomberg, Economist Intelligence Unit, European Central Bank, etc.).

Impairment test results

The value of Amey resulting from application of this impairment test model is 225% higher than its carrying amount (2016: 231%). In the case of Ferrovial Services Spain, the buffer is 66% (2016: 49%). The value of Broadspectrum is 78% higher than its carrying amount.

The value of Steel resulting from application of this impairment test model is 6% higher than its carrying amount (2016: 146%). The reduction in the size of the buffer is due mainly to a downward adjustment of the projections owing to the fact that operating margins were lower than expected in 2017.

The residual value after the projection period represents approximately 83% of the total value at Amey, 71% at Ferrovial Services Spain, 81% at Steel and 62% at Broadspectrum.

Sensitivity analysis

Sensitivity analyses are performed on this goodwill, mainly in relation to the EBITDA margin, the perpetuity growth rate and the discount rate, so as to ensure that possible changes in the estimate do not affect the recovery of the goodwill recognised.

The main sensitivity factor in these impairment tests is the EBITDA margin. Accordingly, the carrying amount would equal the valuation disclosed if the EBITDA margin projected on the residual value were reduced by 314 basis points at Amey, 382 basis points at Ferrovial Services Spain and 179 basis points at Broadspectrum, thereby leaving the assumption of perpetuity growth ("g") at 1%.

Another relevant sensitivity factor is the perpetuity growth included in the residual value. In this regard, Amey, Ferrovial Services Spain and Broadspectrum, in a scenario in which the projected margins remain the same and assuming a zero-perpetuity growth rate, there would be no impairment.

Lastly, a pessimistic scenario combining the two factors was taken into consideration, with a perpetuity growth rate of 1% and a reduction in the EBITDA margin included in the residual value of 100 basis points compared to the base case. The valuation disclosed in this scenario evidences a buffer over the carrying amount of 123% in the case of Amey, 40% in the case of Ferrovial Services Spain, and 23% in the case of Broadspectrum.

The valuation of Steel disclosed a smaller buffer and, accordingly, a small variance in the projections could give rise to impairment.

B. Construction Division goodwill (Webber and Budimex):

Methodology and discount rate

The goodwill of Webber (US) and Budimex (Poland) amounted to EUR 127 million and EUR 70 million, respectively, at 31 December 2017 (31 December 2016: EUR 143 million and EUR 67 million, respectively).

The impairment test methodology used for Webber was similar to that described above for the Services companies and included a discount rate (WACC) after tax of 8.9% (compared to 8.7% in 2016) and a perpetuity growth rate of 2.0% (same rate as in 2016). The risk-free interest rate used to calculate the WACC was 2.4%, the same as the rate of the ten-year US bond at 31 December 2017.

The approximate discount rate (WACC) before tax was 10.6% in 2017 (compared to 12.1% in 2016). It is important to bear in mind the reduction in the federal tax rate in the US from 35% to 21% approved in December.

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 2017 of Budimex shares was higher than its carrying amount plus the allocated goodwill. The test did not evidence the existence of any impairment.

Main factors that affect the valuation and performance compared with 2016 and budget

The projected free 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 backlog, the obtainment of new contracts, the estimate of 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%, which is similar to long-term inflation forecasts for the US without considering actual economic growth.

Impairment test results

The value of Webber resulting from application of this impairment test model is 59% higher than its carrying amount (compared to 23% in 2016).

The residual value of Webber represents 40% of the total value after the explicit projection period.

The quoted market price of the Budimex share at 31 December 2017 was 491% higher than its carrying amount (compared to 321% in 2016).

Sensitivity analysis

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

Specifically, a pessimistic scenario was taken into consideration with a perpetuity growth rate of 1% and a reduction in the profit from operations of 50 basis points. The value disclosed in this scenario evidences a buffer of 40% 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 projection was of 265 basis points, thereby leaving the assumption of perpetuity growth ("g") at 1%.

Lastly, it should be stated that in a scenario in which the margins remain the same but assuming a zero perpetuity-growth rate (compared to 2.0%), there would be no impairment.

At Budimex, due to the significant buffer of the quoted market price over the carrying amount, the company believes that there is no evidence of impairment.

C. Toll Road Division goodwill:

Methodology and discount rate

The goodwill of the Toll Road business at 31 December 2017 amounted to EUR 141 million (31 December 2016: EUR 170 million). This goodwill arose on the merger transaction performed in 2009 by Ferrovial, S.A. and Cintra, S.A., and corresponds to the acquisition of the percentage of ownership of the non-controlling shareholders of Cintra. The goodwill arising on the difference between the acquisition price of the ownership interest and the carrying amount thereof was allocated by calculating the difference between the fair value of the main shareholdings in concession operators held by Cintra, S.A. at that time and the carrying amount thereof, adjusted by the percentage acquired.

The recoverable amount of the toll roads was calculated as the higher of fair value less estimated costs to sell and value in use. The recoverable amount of concession operators with an independent financial structure and limited duration was calculated by discounting the cash flows expected 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.

To calculate the discount rates shown in the table below, the cost of equity was estimated using the CAPM model. For this purpose, 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% (the same as in 2016) are used. The table below shows the discount rate after tax used for each asset in 2017 and 2016.

DISCOUNT RATE (COST OF EQUITY OR KE)	2017	2016
Autema	8.9%	8.4%
Ausol	9.7%	10.0%

The approximate discount rates (WACC) before tax in 2017 were 12.3% at Autema (2016: 12.7%) and 12.0% at Ausol (2016: 12.6%).

Main factors that affect the valuation and performance compared with 2016 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).

If the operator bears the demand risk, its revenue depends on traffic volumes and toll prices, which are generally updated with 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 2017 Ausol's revenue grew by 8.5% compared with 2016 and 2.2% compared with the budget.

In the case of Autema, a project 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 evidences a buffer of 334% over carrying amount (compared with 250% in 2016).

In 2017 Autema recognised impairment of goodwill amounting to EUR 29 million. The economic and financial model used for the impairment test is based on a scenario in which the lawsuit against the Autonomous Community Government of Catalonia is won and the Economic and Financial Plan of the concession approved by the Autonomous Community Government of Catalonia in Decree 137/1999, of 18 May, is applied. This model envisages a delay in the collection of the collection flows from the Autonomous Community Government of Catalonia until the resolution of the lawsuit, and this is the reason for the aforementioned impairment.

Sensitivity analysis

In the case of Ausol, a more pessimistic scenario was built, taking into consideration a revenue 10% below budget. The value disclosed in this scenario evidences a buffer of 220% over the carrying amount.

3.2. Intangible assets

At 2017 year-end, the balance of intangible assets other than infrastructure projects amounted to EUR 431 million (2016 year-end: EUR 544 million). The changes in "Intangible Assets" in the consolidated statement of financial position were as follows:

CHANGES IN 2017 (Millions of euros)	RIGHTS ON CONCESSIONS	COMPUTER SOFTWARE	CUSTOMER CONTRACTS AND BUSINESS RELATIONSHIPS	TOTAL
Investment:				
Balance at 31/12/16 (*)	62	199	578	838
Additions	1	16	2	19
Disposals	0	-3	-123	-126
Transfers and other	-26	0	0	-25
Changes in the scope of consolidation	0	0	24	25
Exchange rate effect	0	-12	-23	-35
Balance at 31/12/17	37	201	458	696
Accumulated amortisation:				
Balance at 31/12/16 (*)	-34	-55	-206	-295
Additions	-2	-26	-100	-128
Disposals	0	2	122	124
Transfers and other	21	-1	0	20
Changes in the scope of consolidation	0	0	0	0
Exchange rate effect	0	6	8	14
Balance at 31/12/17	-15	-73	-176	-265
Carrying amount at 31/12/17	22	128	282	431

(*) Adjusted balances (see Note 1.1.4)

"Rights on Concessions" includes the rights to operate the tenders won in the Services industry in Spain that are not classified as projects (see definition in Note 1.1.2), amounting to EUR 22 million (31 December 2016: EUR 28 million).

The carrying amount of software was EUR 128 million (31 December 2016: EUR 145 million).

On the other hand, in relation to the "Customer contracts and commercial relationships", the net value of the commercial portfolio, customer databases and other intangible assets associated with various acquisition processes, carried out mainly in the Services Division, is included for a net value of EUR 282 million (31 December 2016: EUR 372 million). The most significant balance corresponds to Broadspectrum for EUR 108 million (31 December 2016: EUR 191 million).

Also, FBSerwis acquired Trans-Formers Wroclaw and Trans-Formers Kapatia, companies belonging to the Trans-Formers TFH Sp. z.o.o. Group, and this transaction gave rise to an increase in the balance of this line item of EUR 17 million, see Note 3.1. Thus, the value of FBSerwis's concession arrangements amounted to EUR 32 million (31 December 2016: EUR 17 million).

Furthermore, acquisition of Grupo Maviva had a net value impact on the commercial portfolio of EUR 7 million, see Note 3.1.

In 2017, fully amortised intangible assets were derecognised for a total of EUR 126 million, of which EUR 87 million related to the Tubelines Secondment concession and EUR 21 million to concession arrangements in Australia.

The cash flow impact of the additions to intangible assets amounted to EUR -3 million (see Note 5.3), an amount lower than the additions recognised in the consolidated statement of financial position, due mainly to investments made in computer software which have not been paid in full.

No impairment losses were recognised or reversed in relation to these assets in 2017.

3.3. Investments in infrastructure projects

3.3.1. Intangible asset model

(Millions of euros)	BALANCE AT 01/01/17	TOTAL ADDITIONS	TOTAL DISPOSALS	CHANGES IN THE SCOPE OF CONSOLIDATI ON AND TRANSFERS	EXCHANGE RATE EFFECT	BALANCES AT 31/12/17
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 infrast. projects	487	10	-5	28	0	521
Amortisation - Other infrast. projects	-196	-27	-1	-23	0	-246
Total net investment - Other infrast. projects	291	-16	-6	5	0	274
Total investment	6,689	493	-5	-37	-659	6,480
Total amortisation and impairment losses	-521	-87	23	-23	9	-598
Total net investment	6,168	406	19	-60	-650	5,883

The most significant changes in 2017 were as follows:

- Exchange rate fluctuations resulted in a reduction of EUR -650 million (2016: increase of EUR 195 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 1.4).

- The assets relating to the US toll roads increased by EUR 477 million. The most significant of these increases in assets centred on the extension of the North Tarrant Express toll road (EUR 262 million -2016: EUR 281 million-) and the I-77 Mobility Partners LLC toll road (EUR 165 million -2016: EUR 67 million-), which are currently in the construction phase. The total investment in these toll roads includes a balance at 31 December 2017 of EUR 1,129 million (2016: EUR 807 million) relating to property, plant and equipment in the course of construction (see Note 5.3).

- “Impairment Losses” includes the estimated impairment losses on arrangements to which no goodwill has been allocated. These possible impairment losses were calculated using the same method as that indicated in Section 3.1. In 2017 the impairment loss recognised on the Euroscut Azores toll road was reversed (EUR 25 million) as a result of the improved projections for the toll road due to an increase in vehicle numbers (see Note 2.5).

- Also, “Investment in Other Infrastructure Projects” includes concession arrangements awarded to the Services Division that are classified as intangible assets under IFRIC 12, basically those relating to Autovía de Aragón Sociedad Concesionaria, S.A., with a net investment of EUR 115 million (2016: EUR 127 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 159 million (2016: EUR 162 million).

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 2017 are detailed in Note 2.6.

The changes in these assets in 2016 were as follows:

(Millions of euros)	BALANCE AT 01/01/16	TOTAL ADDITIONS	TOTAL DISPOSALS	CHANGES IN THE SCOPE OF CONSOLIDATI ON AND TRANSFERS	EXCHANGE RATE EFFECT	BALANCES AT 31/12/16
Spanish toll roads	793	0	0	0	0	793
US toll roads	5,764	437	0	-1,375	198	5,025
Other toll roads	384	0	0	0	0	384
Investment in toll roads	6,941	437	0	-1,375	198	6,202
Accumulated amortisation	-261	-75	0	40	-4	-300
Impairment losses	-28	0	3	0	0	-25
Net investment in toll roads	6,651	362	3	-1,334	195	5,876
Investment in other infrastructure projects	485	12	-11	0	0	486
Amortisation - Other infrast. projects	-179	-27	11	0	0	-195
Total net investment - Other infrast. projects	306	-15	0	0	0	291
Total investment	7,426	449	-11	-1,375	198	6,689
Total amortisation and impairment losses	-469	-102	14	40	-4	-521
Total net investment	6,957	347	3	-1,334	195	6,168

3.3.2. Financial asset model

The assets accounted for using the financial asset model pursuant to IFRIC 12 relate mainly to amounts receivable at long term (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 2017 and 2016 were as follows:

CHANGES (Millions of euros)	2017 INFRASTRUCTURE PROJECT RECEIVABLES	2016 INFRASTRUCTURE PROJECT RECEIVABLES
Beginning balance	977	1,586
Additions	185	298
Disposals	-50	-215
Transfers and other	-75	-664
Changes in the scope of consolidation	0	0
Exchange rate effect	-2	-29
Ending balance	1,035	977

Note: balances presented net of allowances.

With respect to the account receivable relating to the Autema project, both the decree published in 2015 and the new decree published in 2016 have been appealed against cumulatively in one proceeding and, in this connection, no substantial changes were considered in addition to those already considered in relation to the treatment of the account receivable (see Note 6.5.1-a). As indicated in 6.5.1-a, the Company considers that there are very sound legal arguments to win the appeal and, therefore, it was resolved to continue to recognise the project as a financial asset. An impairment test was performed with respect to the goodwill that had been allocated to this project, and a loss of EUR 29 million was recognised (see Note 3.1.2). 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.

CONCESSION OPERATOR (Millions of euros)	BALANCES AT 31/12/17 LONG-TERM ACCOUNT RECEIVABLE	BALANCES AT 31/12/17 SHORT-TERM ACCOUNT RECEIVABLE (Note 4.2)	TOTAL 2017	BALANCES AT 31/12/16 LONG-TERM ACCOUNT RECEIVABLE	BALANCES AT 31/12/16 SHORT-TERM ACCOUNT RECEIVABLE (Note 4.2)	TOTAL 2016
Autopista Terrasa Manresa, S.A.	634	25	659	571	77	648
Toll roads	634	25	659	571	77	648
Concesionaria de Prisiones Lledoners	66	2	68	68	1	70
Concesionaria de Prisiones Figueras	109	3	113	114	2	116
Depusa Aragón	26	0	26	13	0	13
Budimex Parking Wrocław	11	0	11	10	0	10
Construction	213	5	218	206	4	209
Hospital de Cantabria	71	14	85	79	10	89
Waste treatment plants in Spain	33	9	42	51	10	61
Waste treatment plants in the UK and Poland	71	168	239	71	169	239
Services	175	191	366	200	189	389
Denver Great Hall LLC	12	0	12	0	0	0
Airports	12	0	12	0	0	0
TOTAL GROUP	1,035	221	1,256	977	270	1,247

3.3.3 Cash flow impact

The total cash flow impact of the additions to projects accounted for using the intangible asset and financial asset models amounted to EUR -371 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 account receivable as a balancing entry to income for services rendered, which do not generate cash outflows either.

3.4. **Property, plant and equipmentthe changes in "property, plant and equipment" in the consolidated** statement of financial position were as follows:

CHANGES IN 2017 (Millions of euros)	LAND AND BUILDINGS	PLANT AND MACHINERY	OTHER FIXTURES, TOOLS AND FURNITURE	TOTAL
Investment: Balances at 01/01/17	189	974	804	1,967
Additions	7	64	71	142
Disposals	-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 31/12/17	194	948	824	1,966
Accumulated depreciation and impairment losses at 01/01/17	-45	-669	-522	-1,235
Depreciation charge for the year	-7	-79	-58	-144
Disposals	7	48	37	92
Changes in the scope of consolidation and transfers	-3	3	-12	-12
Exchange rate effect	1	17	9	27
Impairment losses on property, plant and equipment	0	0	0	0
Balances at 31/12/17	-47	-680	-546	-
Carrying amount at 31/12/17	147	268	278	694

The most significant changes in 2017 were as follows:

Additions:

Of the total additions, amounting to EUR 142 million, the most significant arose at the Services Division EUR 83 million in relation to the investments made in the expansion of the capacity of landfills, the installation of new waste transfer and treatment facilities, and the renewal of cleaning and transport equipment and luminaires associated with contracts in force. Also, in the Construction Division, acquisitions totalling EUR 49 million were made in relation to specific construction machinery.

In addition, in 2017 the changes in value of the euro against the Australian and US dollars, the Chilean peso and the pound sterling gave rise to a net reduction of EUR 59 million in the balance of property, plant and equipment.

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

(Millions of euros)	2017	2016
Construction	49	60
Toll roads	9	4
Services	83	61
Other	1	16
TOTAL	142	141

Impact on cash flows: The impact on cash flows arising from additions to property, plant and equipment amounted to EUR -132 million (see Note 5.3).

Disposals or reductions:

The property, plant and equipment disposals and reductions amounted to EUR 119 million, due largely to the write-off of fully depreciated or obsolete items, although this did not have a material effect on the consolidated statement of profit or loss. Specifically, EUR 25 million were derecognised at the Construction Division and EUR 80 million at the Services Division.

Other disclosures relating to property, plant and equipment:

The property, plant and equipment not used in operations are not material with respect to the ending consolidated balances. Impairment losses on other items of property, plant and equipment total EUR 70 million (2016: EUR 68 million), associated mainly with the Services Division.

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

The property, plant and equipment in the course of construction amount to EUR 58 million (2016: EUR 58 million), corresponding basically to the Services Division (EUR 44 million). The changes relate mainly to Cespa Gestión de Residuos and Broadspectrum Australia.

The changes in 2016 were as follows:

CHANGES IN 2016 (Millions of euros)	LAND AND BUILDINGS	PLANT AND MACHINERY	OTHER FIXTURES, TOOLS AND FURNITURE	TOTAL
Investment: Balances at 01/01/16	174	859	675	1,707
Additions	19	47	74	141
Disposals	-1	-91	-29	-121
Changes in the scope of consolidation and transfers	5	167	83	255
Exchange rate effect	-8	-9	1	-15
Balances at 31/12/16	189	974	804	1,967
Accumulated depreciation and impairment losses at 01/01/16	-47	-682	-488	-1,217
Depreciation charge for the year	-7	-55	-51	-112
Disposals	0	54	23	77
Changes in the scope of consolidation and transfers	6	4	-7	2
Exchange rate effect	3	10	2	14
Impairment losses on property, plant and equipment	0	0	0	0
Balances at 31/12/16	-45	-669	-522	-1,236
Carrying amount at 31/12/16	144	305	282	731

3.5. Investments in associates

The detail of the investments in companies accounted for using the equity method at 2017 year-end and of the changes therein in 2017 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.

2017 (Millions of euros)	HAH (25%)	407 ETR (43.23%)	OTHER	TOTAL
Balance at 31/12/16	837	1,881	156	2,874
Share of results	87	125	39	251
Dividends	-148	-248	-28	-423
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

Changes: The changes in "Investments in Associates" were due mainly to the distribution of dividends of EUR 423 million, partially offset by the share of results for the year (EUR 251 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 -143 million. Also worthy of note is the positive impact of the inclusion in this line item of the Portuguese Norte Litoral and Algarve toll roads (EUR 148 million) following the partial divestments that took place in 2017 and are described in Note 1.1.3, Changes in the scope of consolidation.

Impact on cash flows: The difference between the dividends of EUR 423 million in the foregoing table and the EUR 543 million disclosed in the consolidated statement of cash flows (see Note 5.3) relates mainly to interest received on loans granted to companies accounted for using the equity method classified under "Non-Current Financial Assets" in the consolidated statement of financial position (see Note 3.6) and the effect of the certain foreign currency hedges related to dividends received.

The changes in "Investments in Associates" in the consolidated statement of financial position in 2016 were as follows:

2016 (Millions of euros)	HAH (25%)	407 ETR (43.23%)	OTHER	TOTAL
Balance at 31/12/15	1,213	1,909	116	3,237
Share of results	-57	98	41	82
Dividends received and equity reimbursed	-102	-234	-31	-367
Exchange differences	-155	109	1	-45
Pensions	-55	0	-18	-73
Other	-6	0	47	40
Balance at 31/12/16	837	1,881	156	2,874

In view of the importance of the investments in HAH and 407 ETR, set forth below is a detail of the balance sheets and statements of profit or loss of these two companies, adjusted to bring them into line with Ferrovial's accounting policies, together with comments on the changes therein in 2017.

Also, since the two ownership interests were remeasured when control was lost, giving rise to the recognition of goodwill, in accordance with IAS 28.40 et seq 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 valuations and sensitivity analyses performed, on the references to transactions performed with third parties and on the positive evolution of the asset in the year, it was concluded that no impairment existed.

The highlight of the positive trend in 2017 was the improvement in gross profit from operations, up 4.6% on the figure for 2016, and 6.0% compared with the 2017 budget used as the first year of projection in the 2016 impairment test. RAB grew by 3.6% in the year to stand at GBP 15,786 million. Also, traffic figures were 3.1% above those for 2016 and 3.9% higher than the 2017 budget.

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 five-year period (Q6: 2014-2019), representing an annual price reduction of -1.5% ("x" factor) + inflation (RPI) until December 2019.

- In compliance with IAS 36.44, possible plans to increase the capacity of Heathrow airport (third runway project) were not taken into account. However, it should be stated that on 25 October 2016 the UK government announced its decision to select the construction of a third runway at Heathrow Airport in order to increase airport capacity in the southeast of England. The Davies Commission, which was created to study the various capacity expansion options, had already unanimously recommended this as the best option in July 2015. However, this decision requires parliamentary approval of the National Policy Statement and subsequently the grant of a Development Consent Order by the Secretary of State, which are expected to be obtained between 2018 and 2021.

- 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 2050 and an exit multiple for that year of 1.15 x RAB. The unlevered equity discount rate (Ku) is 7.5% and the tax shield generated by the debt is discounted at the cost of the debt.

The result of the valuation is 78% higher than the carrying amount. Also, sensitivity analyses were performed on the main variables (remuneration of the RAB, discount rate, long-term inflation and exit multiple) and in all cases the amount of the valuation exceeds the carrying amount. It should be noted that this valuation was made from a conservative perspective for the purpose of the impairment test.

b. Changes in the balance sheet and statement of profit or loss 2017-2016

In view of the importance of this investment, following is a detail of the balance sheet and statement of profit or loss for this Group of companies, adjusted to bring them into line with Ferrovial's accounting policies, together with comments on the changes therein in 2017.

The balance sheet figures shown relate to the full balances of HAH and are presented in pounds sterling. The exchange rates used in 2017 are EUR 1=GBP 0.88893 (2016: GBP 0.85448) for the balance sheet figures and EUR 1=GBP 0.87506 (2016: GBP 0.82301) for the statement of profit or loss.

Balance sheet

HAH (100%) GBP MILLION	2017	2016	CHANGE 17/16
Non-current assets	**16,590**	**16,834**	**-245**
Goodwill	2,753	2,753	0
Investments in infrastructure projects	13,344	13,347	-3
Non-current financial assets	48	32	17
Pension plan surplus	0	0	0
Deferred tax assets	0	0	0
Financial derivatives	444	676	-232
Other non-current assets	0	27	-27
Current assets	**1,002**	**1,025**	**-24**
Trade and other receivables	266	617	-352
Financial derivatives	170	78	92
Cash and cash equivalents	554	319	235
Other current assets	11	11	0
Total assets	**17,592**	**17,860**	**-268**
Equity	**297**	**540**	**-243**
Non-current liabilities	**15,523**	**15,439**	**85**
Provisions for pensions	158	113	45
Borrowings	13,116	13,125	-9
Deferred tax liabilities	773	761	11
Financial derivatives	1,459	1,419	39
Other non-current liabilities	18	20	-2
Current liabilities	**1,771**	**1,881**	**-110**
Borrowings	1,356	1,501	-146
Trade and payables	377	365	12
Financial derivatives	7	2	5
Other current liabilities	32	13	19
Total equity and liabilities	**17,592**	**17,860**	**-268**

- Equity

At 31 December 2017, equity amounted to GBP 297 million, down GBP -243 million from the year ended 31 December 2016. In addition to the profit for the year of GBP 303 million, the main noteworthy changes are the dividends paid to shareholders amounting to GBP -525 million and the impact of GBP -52 million recognised in reserves in relation to pension plans. These negative impacts are partially offset by the impact of GBP 28 million resulting from hedging derivatives.

25% of the equity of the investee does not correspond to the carrying amount of the investment, since the carrying amount also includes the amount of the gain arising from the remeasurement 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 at Ferrovial, it would be necessary to increase the 25% of the shareholders' equity presented above (GBP 74 million) by the amount of the aforementioned gain (GBP 581 million), giving a total of GBP 655 million which, translated at the year-end exchange rate (EUR 1 = GBP 0.88893), is equivalent to the investment of EUR 737 million.

- Borrowings

The borrowings of HAH (current and non-current) amounted to GBP 14,471 million at 31 December 2017, a decrease of GBP 155 million with respect to 2016 (31 December 2016: GBP 14,626 million). This decrease was due mainly to the effect of:

- Redemption and issue of bonds amounting to GBP -1,122 million and GBP 718 million, respectively, and a net increase of GBP 372 million in bank borrowings.
- Decrease of GBP 104 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 -144 million).
- Other changes of EUR -19 million (mainly accrued interest payable and fees and commissions).

- Derivative financial instruments at fair value

The notional principal amount of HAH's derivatives portfolio at 31 December 2017 totalled GBP 12,014 million, including interest rate derivatives (IRSs) with a notional amount of GBP 2,914 million (hedging floating-rate borrowings), cross-currency swaps (hedging bonds issued in foreign currencies) with a notional amount of GBP 3,884 million, and index-linked swaps (ILSs) (notional amount of GBP 5,216 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 184 million increase in liabilities in the year. The main impacts relate to:

- Cash settlements (net payments) of GBP -68 million.
- Accrual of borrowing costs (result on financing) of GBP -195 million.
- Effect on reserves of the change in value of hedging derivatives of GBP 34 million.

- Fair value adjustments to these instruments (fair value-related result) of GBP 44 million, due mainly to the index linked swaps (GBP +137 million), interest rate swaps (GBP +51 million) and cross-currency swaps (GBP -144 million, although these are partially offset by the fair value adjustments of the bonds issued in foreign currency and hedged by these instruments).

Statement of profit or loss 2017-2016

The following table shows the changes in HAH's statement of profit or loss in 2017 with respect to 2016.

HAH (100%) GBP MILLION	2017	2016	CHANGE 17/16
Operating income	2,883	2,809	74
Operating expenses	-1,123	-1,126	3
Gross profit from operations	1,760	1,683	77
Depreciation and amortisation charge	-750	-708	-41
Profit from operations before impairment and disposals of non-current assets	1,010	975	35
Impairment and disposals of non-current assets	0	-7	7
Profit from operations	1,010	969	42
Financial result	-628	-1,231	603
Profit or loss before tax	383	-263	645
Income tax	-79	74	-153
Profit or loss from continuing operations	303	-189	492
Profit from discontinued operations	0	0	0
Net profit/loss	303	-189	492
Profit or loss attributable to Ferrovial (Millions of euros)	87	-57	144

Operating income improved mainly as a result of the good performance of commercial and aeronautical revenues, which was due basically to the increase in passenger numbers. Costs were in line with 2016. These effects are reflected in the 4.6% rise in gross profit from operations.

The most significant improvement, however, was that in the financial result, which was affected by the fair value adjustments to derivatives and liabilities at fair value (mainly index-linked swaps and interest-rate swaps), totalling GBP +203 million (EUR +48 million net attributable to Ferrovial), caused mainly by the inflation and interest rate forecasts. At 31 December 2016, these adjustments totalled GBP -479 million (effect of EUR -121 million on the net profit of Ferrovial).

The directors' report includes more detailed disclosures on the changes in HAH's results.

3.5.2. Information relating to 407 ETR

As with HAH, since Ferrovial's ownership interest in 407 ETR was remeasured when control was lost and implicit goodwill was considered to exist, pursuant to IAS 28.40 et seq, the possible existence of indications of impairment is assessed on an annual basis.

a. Impairment test

Based on the valuation of this concession conducted by Ferrovial, the positive evolution of the asset in recent years and the sensitivity analyses performed, it was concluded that no impairment existed.

The evolution of this asset over the last ten years has been very positive, with average annual growth of 10% in revenue, 12% in EBITDA and 23% in dividends. In 2017 the 407 ETR toll road revenue outperformed by 2.9%, in local currency terms, the estimates in the budget used as the starting point for the impairment test in the previous year. On a year-on-year basis revenue increased by 11.7% due to the 8.9% increase in tolls and a 2.3% increase in traffic. Along similar lines, EBITDA increased by 12.1% with respect to 2016 and was 3.4% higher than budgeted.

The valuation of this concession performed by Ferrovial evidences a buffer over the carrying amount of 400%. Sensibility analyses have been performed of the growth in revenue and the discount rate and the buffer continues to be ample.

The valuation methodology followed is similar to the one described for the other toll roads (see Note 3.1.2-c, Toll road division goodwill). To calculate the discount rates, a normalised risk-free rate referenced to the Canadian 30-year bond, a beta coefficient reflecting the company's leverage and risk, and a market premium of 6.0% (the same as in 2016) were used. The result is a discount rate (cost of equity or Ke) after tax of 6.5% (8.2% before tax).

Based on the valuation and the positive evolution of the asset in recent years, no indications of impairment were identified.

b. Changes in the balance sheet and statement of profit or loss for 2017-2016 relating to this Group of companies at 31 December 2017 and 2016

These figures relate to the full balances of 407 ETR and are presented in millions of Canadian dollars. The exchange rates used in 2017 are EUR 1=CAD 1.5059 (2016: CAD 1.4185) for the balance sheet figures and EUR 1=CAD 1.4755 (2016: CAD 1.4590) for the statement of profit or loss.

Balance sheet 2017-2016

407 ETR (100%) MILLIONS OF CAD	2017	2016	CHANGE 17/16
Non-current assets	4,408	4,362	46
Investments in infrastructure projects	3,943	3,938	5
Non-current financial assets	429	383	46
Deferred tax assets	37	41	-4
Other non-current assets	0	1	-1
Current assets	1,219	965	254
Trade and other receivables	221	188	34
Cash and cash equivalents	998	778	220
TOTAL ASSETS	5,627	5,328	299
Equity	-3,435	-3,059	-376
Non-current liabilities	8,364	7,310	1,054
Borrowings	7,862	6,819	1,044
Deferred tax liabilities	502	491	10
Current liabilities	698	1077	-379
Borrowings	522	993	-471
Trade and other payables	176	85	91
TOTAL EQUITY AND LIABILITIES	5,627	5,328	299

Set forth below is a description of the main changes in the balance sheet of 407 ETR at 31 December 2017 with respect to the end of the preceding year:

- Equity

Equity fell by CAD 376 million with respect to 2016, as a result of the inclusion of the profit for the year of CAD 470 million and the reduction of CAD 845 million due to the payment of a dividend to shareholders.

43.23% of the equity of the investee does not correspond to the consolidated carrying amount of the investment, since the carrying amount 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' equity presented above (CAD -1,485 million) by the amount of the aforementioned gain and of the goodwill (CAD 2,654 million and CAD 1,319 million, respectively), giving a total of CAD 2,488 million which, translated at the year-end exchange rate (EUR 1 = CAD 1.5059), is equivalent to the investment of EUR 1,652 million.

- Borrowings

Borrowings as a whole (current and non-current) increased by CAD 573 million with respect to December 2016, due mainly to a bond issue in March with a face value of CAD 250 million (Series 17-A1 maturing in 2033) and other series issued in September with a face value of CAD 800 million (Series 17-D1 and 17-A2) maturing in 2022 and 2044. These increases were offset by the repayment of Series 10 D-1 bonds in September 2017 for CAD -300 million and that of credit facilities for CAD -180 million.

In net debt terms the change is smaller, since, parallel to the increase in borrowings, there was also an increase in cash and cash equivalents, including restricted cash, of CAD 220 million.

Statement of profit or loss 2017-2016

The following table shows the changes in the statement of profit or loss of 407 ETR in the year ended 31 December 2017 with respect to 2016:

407 ETR (100%) MILLIONS OF CAD	2017	2016	CHANGE 17/16
Operating income	1,268	1,135	133
Operating expenses	-164	-150	-14
Gross profit from operations	1,104	985	119
Depreciation and amortisation charge	-106	-105	-1
Profit from operations	998	880	118
Financial result	-358	-373	14
Profit before tax	640	507	132
Income tax	-169	-134	-35
Net profit	470	373	97
Profit attributable to Ferrovial (Millions of euros)	125	98	27

The main change in the statement of profit or loss relates to "Operating Income" (CAD +133 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 amortisation over the concession term of the remeasurement recognised following the loss of control of the company as a result of the above-mentioned sale in 2010. Thus, EUR -19 million of amortisation would have to be deducted from the 43.23% of the local profit (CAD 203 million). Translating the resulting CAD 184 million at the average exchange rate (EUR 1 = CAD 1.4755) gives the EUR 125 million allocable to Ferrovial in 2017.

3.5.3. Other disclosures relating to associates

a) Changes in other associates

See Appendix II for a detail of the associates accounted for using the equity method including their carrying amount and their main aggregates.

The changes in 2017 in the investments in these companies were as follows:

2017 (Millions of euros)	OTHER
Balance at 31/12/16	156
Share of results	39
Dividends received and equity reimbursed	-28
Exchange differences	-3
Pensions	3
Changes in the scope of consolidation	148
Other	-17
Balance at 31/12/17	298

The share of results includes most notably the contributions of the joint ventures of the Services Division (EUR 26 million), AGS Airports Holding (EUR 2 million), 407 East Development (EUR 1 million) and other associates (EUR 10 million).

The dividends received relate to the Services Division (EUR 19 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 9 million, mainly Algarve and Norte Litoral).

The changes in the scope of consolidation, as indicated above, include the reclassification to this line item of the Portuguese toll roads Norte Litoral and Algarve (EUR 148 million).

b) Other disclosures relating to companies accounted for using the equity method

b.1) Investment in AGS

The companies accounted for using the equity method include most notably AGS Airports, which owns Aberdeen, Glasgow and Southampton airports. Since goodwill was generated on the acquisition date, an impairment test was performed. The carrying amount of AGS is EUR 180 million, the aggregate of the investment of EUR 5 million and the value of the participating loan recognised at EUR 175 million (see Note 3.6, Non-current financial assets). AGS was valued using a discount rate (Ke) of around 7.5% (approximately 8.5% before tax) and evidences a buffer of 381% over its carrying amount. In addition, the analysts' average valuation stood at EUR 515 million, 2.9 times higher than AGS' carrying amount. It must be stated that this asset performed well in 2017, with increases in the number of passengers and in EBITDA over 2016 of 4.9% and 10.7%, respectively, in like-for-like terms.

b.2) I-66 toll road

In November 2017 the financial close of the project for the I-66 toll road in Virginia took place. The Group has a 50% ownership interest in the concession operator, which is accounted for using the equity method.

Although at 2017 year-end the investment in the capital of this company was not material, there is a commitment to invest an additional EUR 633 million in the next five years.

b.3) Other disclosures

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

There are no significant restrictions on the capacity of associates to transfer funds to the Parent 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 situation, and there are no contingent liabilities relating to associates that might ultimately be assumed by the Group.

The most significant companies accounted for using the equity method 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 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 accounted for using the equity method.

The guarantees granted by Group companies to companies accounted for using the equity method are detailed in Note 6.5.

3.6. Non-current financial assets

The changes in the year ended 31 December 2017 were as follows:

CHANGES IN 2017 (Millions of euros)	NON-CURRENT LOANS TO ASSOCIATES	RESTRICTED CASH RELATING TO INFRASTRUCTURE PROJECTS AND OTHER FINANCIAL ASSETS	OTHER LONG-TERM ACCOUNTS RECEIVABLE	TOTAL
Balance at 01/01/17	374	249	112	735
Additions	28	168	15	211
Disposals	-82	-102	-10	-194
Transfers and other	6	0	58	64
Exchange rate effect	-14	-30	-3	-47
Balance at 31/12/17	312	285	172	769

Note: balances presented net of allowances.

- "Long-Term Loans to Associates" includes mainly the loan granted to AGS amounting to EUR 175 million; participating loans to associates amounting to EUR 40 million (2016: EUR 38 million) and other ordinary loans to associates totalling EUR 97 million (2016: EUR 85 million).

- "Restricted Cash Relating to Infrastructure Projects and Other Financial Assets" relates primarily to deposits made at toll road concession operators, the use of which is limited to certain purposes established in the concession arrangement, such as payment of future investments, operating expenses or debt servicing. The net changes in this item relate mainly to two projects: LBJ Infrastructure Group, for EUR 22 million, net, and NTE Mobility Partners, for EUR 35 million, net. The Note on Net cash position provides a detail of the main balances and changes recognised under this heading.

- Lastly, "Other Receivables" includes:

  - Trade accounts receivable by the Services Division from various public authorities, mainly municipal councils and autonomous community governments, which had been renegotiated at long term, amounting to approximately EUR 21 million (2016: EUR 26 million).

- Other trade receivables, mainly from various public authorities in connection with long-term contracts, amounting to EUR 94 million (31 December 2016: EUR 42 million). The transfers to this line item of EUR 58 million relate to the reclassification of the concession asset M-203 from "Infrastructure Projects" (see Note 3.3.), pursuant to the termination of the concession arrangement, as explained in Note 6.5.1.

- Long-term deposits and guarantees amounting to EUR 19 million (December 2016: EUR 7 million).

- Available-for-sale financial assets of EUR 34 million relating to the Services Division. Specifically, this refers to a financial asset belonging to Broadspectrum, corresponding to non-controlling interests in certain companies.

- The changes in these items in 2016, for information purposes, were as follows:

CHANGES IN 2015 (Millions of euros)	LONG-TERM LOANS TO ASSOCIATES	RESTRICTED CASH RELATING TO INFRASTRUCTURE PROJECTS AND OTHER FINANCIAL ASSETS	OTHER LONG-TERM ACCOUNTS RECEIVABLE	TOTAL
Balance at 01/01/16	411	261	83	755
Additions	52	153	-2	204
Disposals	-27	-112	-16	-154
Transfers	-17	-61	0	-78
Changes in the scope of consolidation	4	0	41	45
Exchange rate effect	-49	7	8	-34
Balance at 31/12/16	374	249	112	735

SECTION 4: WORKING CAPITAL

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

(Millions of euros)	2016	IFRS 15	EXCHANGE RATE EFFECT	CHANGES IN THE SCOPE OF CONSOLIDATION	OTHER	2017
Inventories	516	25	-2	1	89	629
Current trade and other receivables	2,822	-304	-69	14	172	2,635
Current trade and other payables	-3,895	-19	89	-5	-391	-4,221
Total	-557	-298	18	10	-130	-957

The early application of IFRS 15 (see Note 4.4) was the main reason for the change in working capital, especially with respect to trade and other receivables, which decreased by EUR 304 million.

Excluding the impact of IFRS 15, the exchange rate effect and the changes in the scope of consolidation, the most noteworthy change is the increase in Current trade and other payables, which is due mainly to the rise in the balance of advances received from customers in the Construction business in 2017.

Section 4.4 includes a more detailed analysis of the items in the consolidated statement of financial position relating to the recognition of revenue from contracts with customers in the Construction and Services businesses, and includes the disclosures required by IFRS 15 in relation to such contracts.

4.1. Inventories

The detail of inventories at 31 December 2017 and 2016 is as follows:

(Millions of euros)	2016	IFRS 15	EXCHANGE RATE EFFECT	CHANGES IN THE SCOPE OF CONSOLIDATION	OTHER	2017
Commercial inventories	319	0	12	0	29	360
Raw materials and other supplies	128	0	-6	0	23	145
Bid and mobilisation costs	69	25	-8	1	37	124
Inventories	516	25	-2	1	89	629

Of the commercial inventories recognised at 31 December 2017, EUR 286 million (EUR 239 million in 2016) relate to the Real Estate business in Poland, of which EUR 128 million (EUR 100 million in 2016) relate to land and building lots and EUR 158 million (EUR 139 million in 2016) relate to property developments at different stages of completion.

EUR 126 million of raw materials and other supplies relate to the Construction Division, mainly at its subsidiaries in the US and Canada, amounting to EUR 53 million (EUR 49 million in 2016), and Budimex, amounting to EUR 54 million (EUR 32 million in 2016). In addition, at the end of 2017 EUR 17 million had been recognised in relation to the Services Division, mainly at its subsidiary Amey amounting to EUR 13 million (EUR 22 million in 2016).

Lastly, bid and mobilisation costs includes contract costs for EUR 124 million (EUR 69 million in 2016). As explained in Note 1.3.3.4, Revenue recognition, assets related to the costs of obtaining a contract (bid costs) and to the costs incurred to fulfil a contract (mobilisation costs) are recognised. As regards bid costs, the Group recognised EUR 23 million (EUR 9 million in 2016) corresponding to construction contracts.

Additionally, there are mobilisation costs amounting to EUR 101 million (EUR 60 million in 2016), of which EUR 27 million relate to service contracts and EUR 74 million to construction contracts. The change of EUR 25 million under this heading is due to the application of IFRS 15 (see Note 1.3.1.1) and corresponds to a reclassification from the Receivables heading, since certain mobilisation costs had been recognised under that heading.

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 2017, EUR 1 million of bid costs and EUR 31 million of mobilisation costs were amortised.

4.2. Current trade and other receivables

The detail of "Current Trade and Other Payables" at 31 December 2017 and 2016 is as follows:

Millions of euros	2016	IFRS 15	EXCHANGE RATE EFFECT	CHANGES IN THE SCOPE OF CONSOLIDATION	OTHER	2017
Trade receivables for sales and services	2,193	-292	-53	13	171	2,032
Other receivables	629	-12	-16	1	0	603
Total receivables	2,822	-304	-69	14	172	2,635

a) Trade receivables for sales and services

The detail of "Trade Receivables for Sales and Services" at 31 December 2017 and 2016 is as follows:

(Millions of euros)	2016	IFRS 15	Exchange rate effect	Changes in the scope of consolidation	Other	2017
Trade receivables	*1,439*	*-30*	*-28*	*12*	*90*	*1,483*
Write-downs relating to trade receivables	*-287*	*-2*	*0*	*0*	*13*	*-276*
Net trade receivables	*1,152*	-32	-28	12	100	1,207
Amounts to be billed for work performed	936	-259	-20	1	58	716
Retentions	105	-1	-5	0	13	112
Trade receivables for sales and services	2,193	-292	-53	13	171	2,032

"Trade Receivables for Sales and Services" decreased by EUR 161 million from EUR 2,193 million at 31 December 2016 to EUR 2,032 million at 31 December 2017. This change is explained fundamentally by:

- The early application of IFRS 15 (see Note 1.3, Accounting policies), which gave rise to a reduction in the balance of "Trade Receivables for Sales and Services" of EUR 292 million.

- The exchange rate effect, which reduced the balance of this line item by EUR 53 million. This reduction is a result mainly of the fall in value of the main currencies in which the Group operates (except for the Polish zloty, which had a positive impact of EUR 10 million).

- The remainder of the change is explained mainly by the increase in this line item in Construction Poland (EUR +79 million) and Services UK (EUR +58 million).

Also, at 31 December 2017 a total of EUR 88 million had been 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 IAS 39.20 regarding the derecognition of financial assets (31 December 2016: EUR 84 million).

Following is a detail, by type of debtor, of the main trade receivables:

	CONSTRUCTION		SERVICES		OTHER AND ADJUSTMENTS		TOTAL	
Public sector customers	429	53%	772	61%	12	n/a	1,213	60%
Private sector customers	265	33%	424	34%	8	n/a	697	34%
Group companies and associates	115	14%	67	5%	-59	n/a	122	6%
Total	**808**	**100%**	**1,263**	**100%**	**-40**	**n/a**	**2,032**	**100%**

This detail shows that 60% of the Group's customers are public authorities and the rest are private sector customers.

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

The changes in the write-down of trade receivables were as follows:

(Millions of euros)	2016	2017
Beginning balance	**283**	**287**
Changes in the scope of consolidation	9	0
IFRS 15	0	2
Amounts charged to profit or loss	-1	9
Charge for the year	22	20
Reversals	-22	-11
Amounts used	-4	-22
Exchange rate effect	-2	0
Transfers and other	1	0
Ending balance	**287**	**276**

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 2017 and 2016 is as follows:

Millions of euros	2016	IFRS 15	EXCHANGE RATE EFFECT	CHANGES IN THE SCOPE OF CONSOLIDATION	OTHER	2017
Advances to suppliers	97	-12	-4	0	13	94
Sundry accounts receivable	159	0	-4	1	1	157
Infrastructure project receivables	270	0	-7	0	-42	221
Receivable from public authorities	103	0	-1	0	29	131
Other receivables	**629**	**-12**	**-16**	**1**	**1**	**603**

"Sundry Accounts Receivable" includes mainly receivables not relating to normal business activities. There are no items included in the change that are material taken individually.

Also, "Accounts Receivable Relating to Infrastructure Projects" 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 change in this heading arose as a result of the payments made by public authorities of balances payable to Autema of EUR 52 million.

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

4.3. Current trade and other payables

The detail of "Current Trade and Other Payables" at 31 December 2017 and 2016 is as follows:

Millions of euros	2016	IFRS 15	EXCHANGE RATE EFFECT	CHANGES IN THE SCOPE OF CONSOLIDATION	OTHER	2017
Trade payables	2,299	1	-51	4	30	2,283
Amounts billed in advance for construction work	567	18	-27	0	61	619
Advances	424	0	0	0	228	652
Other non-trade payables	605	0	-11	1	72	667
Trade and other payables	**3,895**	**19**	**-89**	**5**	**391**	**4,221**

a) Trade payables

The detail of the trade payables at 31 December 2017 and 2016 is as follows:

Millions of euros	2016	IFRS 15	EXCHANGE RATE EFFECT	CHANGES IN THE SCOPE OF CONSOLIDATION	OTHER	2017
Trade payables	1,819	1	-51	4	-13	1,760
Trade payables sent for reverse factoring	253	0	0	0	33	286
Retentions made from suppliers	227	0	0	0	10	237
Trade payables	**2,299**	**1**	**-51**	**4**	**30**	**2,283**

The balance of "Trade Payables" decreased by EUR 16 million compared to the balance recognised at 31 December 2016, mainly as the result of the appreciation of the euro against the other foreign currencies in which the Group operates.

This line item includes the balances payable to suppliers sent for reverse factoring (see Note 1.3.3.4 in Accounting policies) amounting to EUR 286 million (31 December 2016: EUR 253 million).

Group management considers that the carrying amount of the trade payables 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 period of payment to suppliers 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 Law), the Company hereby states that the average period of payment to the suppliers of all the Group companies domiciled in Spain in 2017 was 49 days.

Set forth below is the detail required by Article 6 of the Spanish Accounting and Audit Institute Resolution of 29 January 2016 in relation to the disclosures to be provided on the average period of payment to suppliers in 2016 and 2017:

(Days)	2017	2016
Average period of payment to suppliers	49	55
Ratio of transactions settled	49	55
Ratio of transactions not yet settled	48	53
AMOUNT (Euros)		
Total payments made	1,227,935,075	1,108,783,232
Total payments outstanding	45,114,969	52,916,260

Reciprocal trade receivables and payables between Ferrovial Group companies are eliminated on consolidation and, accordingly, no balances payable to Group companies are presented in the consolidated statement of financial position. Therefore, the information shown in the foregoing table refers only to the Group's external suppliers, although it is hereby stated for information purposes that the average payment period between Group companies is normally 30 days.

c) Amounts billed in advance for construction work and customer advances

These line items relate to:

- The amounts billed in advance by various companies in the Services and Construction Divisions in relation to contracts the revenue from which is recognised by reference to the stage of completion, as described in Notes 1.3.3.4 and 4.4.

- Advances received from customers, amounting to EUR 652 million (31 December 2016: EUR 424 million), of which EUR 158 million (31 December 2016: EUR 133 million) relate to advances received by the Real Estate business in Poland; and EUR 493 million (31 December 2016: EUR 291 million) relate to advances received by companies in the Construction and Services Divisions in relation to contracts the revenue from which is recognised by reference to the stage of completion, as described in Note 4.4. This last variation is due mainly to changes in the Construction division in the US (EUR 132 million) and Poland (EUR 71 million).

d) Other non-trade payables

The detail of "Other Non-Trade Payables" is as follows:

(Millions of euros)	2016	IFRS 15	EXCHANGE RATE EFFECT	CHANGES IN THE SCOPE OF CONSOLIDATION	OTHER	2017
Remuneration payable	271	0	-6	2	22	289
Accounts payable to public authorities	274	0	-3	0	35	306
Other payables	60	0	-2	-1	15	72
Other non-trade payables	605	0	-11	1	72	667

"Remuneration Payable" relates to the employee remuneration earned but not paid during the year amounting to EUR 289 million.

Also, "Accounts Payable to Public Authorities" includes tax payables other than income tax, mainly VAT and employer social security taxes.

4.4. Disclosures on contracts with customers in the consolidated statement of financial position and other disclosures relating to IFRS 15

Statement of financial position balances relating to contracts with customers

As indicated in Note 1.3.3.4, Revenue recognition (IFRS 15), in those contracts in which performance obligations are measured over time, the difference between the revenue recognised for services rendered and the amounts actually billed to the customer is analysed systematically 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), 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 Work" (see Note 4.3).

Also, in certain construction or services contracts advances are agreed upon that are paid by the customer when work commences on the contract, the balance of which is offset against the various progress billings as the contract work is performed. These balances are recognised under "Trade Payables" on the liability side of the consolidated statement of financial position (see Note 4.3-a).

In contrast to the advances, in certain contracts the customer retains a portion of the price to be paid in each progress billing to guarantee the fulfilment of certain obligations under the contract. These retentions are not reimbursed until the contract is definitively settled. These balances are recognised under "Trade Receivables for Sales and Services" on the asset side of the consolidated statement of financial position (see Note 4.2).

Unlike "Amounts to Be Billed for Work Performed" and "Amounts Billed in Advance for Construction Work", 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 2017 and 2016 is as follows:

ITEMS (Millions of euros)	2016	IFRS 15	EXCHANGE RATE EFFECT	CHANGES IN THE SCOPE OF CONSOLIDATION	OTHER	2017
Amounts to be billed for work performed - Services	703	-257	-16	1	14	445
Amounts to be billed for work performed - Construction	234	-2	-5	0	41	268
Amounts to be billed for work performed	936	-259	-20	1	55	713
Retentions	105	-1	-5	0	13	112
Total assets from contracts with customers	1,041	-260	-25	1	68	825
Amounts billed in advance for construction work - Services	124	18	-6	0	25	161
Amounts billed in advance for construction work - Construction	442	0	-20	0	35	457
Amounts billed in advance for construction work	567	18	-27	0	61	619
Advances	424	0	0	0	228	652
Total liabilities from contracts with customers	991	18	-27	0	289	1,271

As can be observed, the main change in 2017 corresponds to the first-time application adjustment relating to IFRS 15, which entailed a EUR 259 million reduction in “Amounts to Be Billed for Work Performed” and an EUR 18 million increase in “Amounts Billed in Advance for Construction Work” (see Note 1.3.1-a).

Excluding the adjustment relating to IFRS 15, the other changes in 2017 correspond mainly to the increase “Advances” and “Amounts Billed in Advance for Construction Work” (see Note 4.3) and the changes in “Amounts to Be Billed for Work Performed” (see Note 4.2).

Substantially all of the balance of amounts to be billed for work performed at 31 December 2017 corresponds to figures relating to revenue from the principal contract entered into with the customer since the Group generally only recognises revenue that is due and payable, i.e. the revenue that has been approved by the customer. “Claims” only includes those cases in which it is considered highly probable that the related revenue will not reverse in the future.

As mentioned in Note 1.3.3.1, there are various methods for calculating revenue based on the nature of the contract. In general, performance obligations in the Construction and Services businesses are satisfied over time and, accordingly, in the case of those contracts to which the output method is applied, and since the amounts relating to contract modifications and claims are not material, the balance recognised corresponds mainly to the amounts to be billed for work performed under the principal contract resulting from the mismatch between the date the work is performed and the date the customer is billed.

In the case of those contracts that are not for routine or recurring work for which the unitary price of the units to be performed cannot be determined and the stage of completion measured in terms of the costs incurred is used, in addition to the difference between the work performed and the progress billings, the balance may also relate to the difference between the actual profit margin on the contract and the expected profit margin at the end of the contract at the current stage of performance. The balance of “Amounts to be Billed for Work Performed” of this type of contract amounts to EUR 175 million (EUR 56 million relating to construction contracts and EUR 119 million relating to services contracts) of the total of EUR 713 million at 31 December 2017.

With respect to “Amounts Billed in Advance for Construction Work”, the balance recognised at the beginning of the year included in the foregoing table includes revenue of EUR 407 million, of which EUR 292 million relate to construction contracts and EUR 115 million to services contracts.

Other disclosures relating to IFRS 15:

Revenue from contracts with customers:

EUR 11,872 million of total revenue recognised in 2017 (see Note 2.1, Operating income) relate to revenue from contracts with customers, which represents 97% of revenue recognised.

(Millions of euros)	2017
Constructions	4,475
Toll Roads	335
Airports	20
Services	6,917
Other	125
Revenue from contracts with customers	11,872

Revenue not yet recognised relating to performance obligations not satisfied at the end of 2017 corresponds to what is usually known as backlog (see definition in the Alternative Performance Measures section in the Management report). This figure is broken down by business area in the following table and includes an estimate of the years in which the backlog is expected to be recognised in “Revenue".

REVENUE	2018	2019	2020	2021	2022 SUBSEQUENT YEARS	TOTAL
Constructions	4,396	3,559	1,469	951	770	11,145
Services	4,382	3,305	2,283	1,407	7,951	19,329
Total	8,778	6,864	3,753	2,358	8,721	30,474

The total numbers of contracts in the Construction and Services businesses are approximately 1,000 and 1,650 respectively.

Additionally, EUR 63 million of performance obligations of construction contracts executed in previous years (EUR 42 million and EUR 21 million relating to the Construction and Services businesses), were recognised as income, of which EUR 4 million were recognised as amounts billed in advance for construction work at the beginning of the year.

Other quantitative and qualitative disclosures

The disclosures relating to the description of when performance obligations are satisfied in the various contracts, the existence of a significant financing component, how the variable consideration is recognised, including the conditions that must be satisfied to recognise the revenue in this connection, and the concept of guarantees are included in Note 1.3.3.4. Also, the main judgements and estimates used to recognise revenue are disclosed in Note 1.3.4.

As to assets relating to bid costs and to mobilisation costs corresponding to contracts with customers, the balances recognised in the consolidated statements of financial position as at 31 December 2017 are disclosed 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 changes 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 non-infrastructure project companies and infrastructure projects. 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 the shareholders (see Note 5.1) decreased with respect to 2016, due to the impact of the early application of IFRS 15 (discussed in Note 1.3.1), the expense recognised directly in equity (arising from the exchange rate effect, pensions and derivatives) and to shareholder remuneration, which was offset in part by the increase in the consolidated net profit and the subordinated hybrid bond issue.

EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS
(Millions of euros)

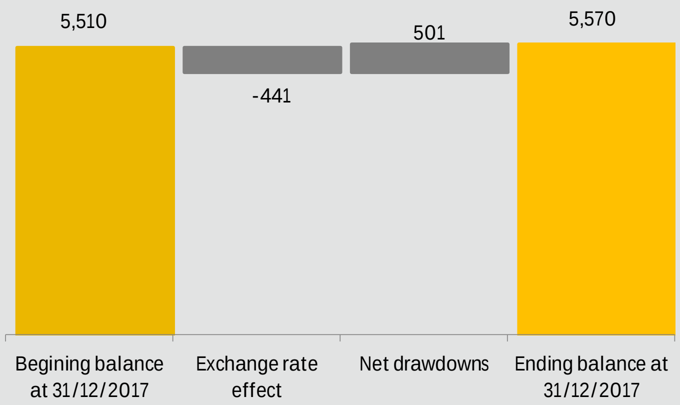
Beginning balance at 01/01/17	5,597
Transition to IFRS 15	-272
Net profit	454
Income and expense recognised directly in equity	-191
Transfers to profit or loss	6
Shareholder remuneration	-520
Subordinated hybrid bond issue	495
Other	-66
Ending balance at 31/12/17	5,503

At 31 December 2015, the consolidated net debt of Ferrovial's non-infrastructure project companies was a positive net cash position of EUR 1,341 million, higher than that at December 2016 (EUR 697 million). This amount includes the cash obtained through the subordinated hybrid bond issue, which is treated as an equity instrument. Excluding this effect, mention should be made of the positive cash flows from activity generated in the year (EUR 896 million), offset by the payment of dividends (EUR -520 million). The other changes are analysed through cash flows (see Note 5.3) and the directors' report.

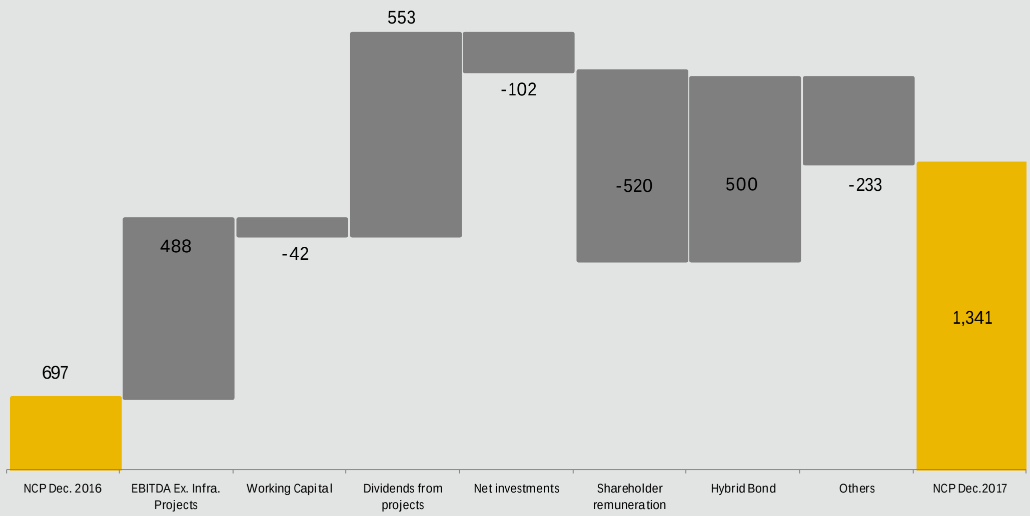
The consolidated net debt continues to make it possible to amply achieve the objective of maintaining an investment grade rating, where the Company considers a relevant metric a ratio, for non-infrastructure projects, of net debt (gross debt less cash) to gross profit from operations (EBITDA) plus dividends from projects of no more than 2:1. Ferrovial's rating remains unchanged at BBB.

The borrowings of infrastructure projects remained at similar levels to those of 2016 (EUR 5,570 million in December 2017 compared to EUR 5,510 million in December 2016), most noteworthy being the impact of the net drawdowns (EUR 501 million), partially offset by the positive exchange rate effect (EUR 441 million), due mainly to the increase 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 2017 and which explain the changes in equity in the period from December 2016 to December 2017 is as follows:

2016 (Millions of euros)	ATTRIBUTABLE TO THE SHAREHOLDERS	ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY
Equity at 31/12/16	5,597	717	6,314
Transition to IFRS 15	-272	0	-272
Equity at 01/01/17	5,325	717	6,042
Consolidated profit for the year	454	53	507
Impact on reserves of hedging instruments	76	1	76
Impact on reserves of defined benefit plans	51	0	51
Translation differences	-318	-60	-378
Income and expense recognised directly in equity	-191	-60	-251
Amounts transferred to profit or loss	6	0	6
Total Comprehensive Income	269	-7	262
Scrip dividend/other dividends	-218	-47	-266
Treasury share transactions	-302	0	-302
Remuneration of Shareholders	-520	-47	-568
Capital increases/reductions	0	33	33
Share-based payment	1	0	1
Subordinated hybrid bond	495	0	495
Other changes	-66	35	-31
Other Transactions	430	68	497
Equity at 31/12/17	5,503	731	6,234

Following is a description of the main changes in shareholders' equity in 2017, which gave rise to a reduction of EUR 94 million in equity attributable to the shareholders.

Transition to IFRS 15. As explained in Note 1.3, the Group adopted early IFRS 15, Revenue from Contracts with Customers, effective from 1 January 2017. The main impact of the application of this new standard was a decrease in equity attributable to shareholders' of EUR -272 million.

The consolidated profit for the year attributable to the Parent totalled EUR 454 million

T The income and expense recognised directly in equity relate to:

- Hedging instruments: recognition of the changes in value of the effective portion of derivatives qualifying for hedge accounting (see Note 5.5), the impact of which was EUR 76 million.
- 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 of EUR 51 million net of taxes (EUR 63 million at fully consolidated companies (Amey) and EUR -12 million at the companies accounted for using the equity method (HAH/AGS)).
- Translation differences: the currencies to which Ferrovial has the greatest exposure in terms of its equity (mainly the Canadian dollar, the US dollar and the pound sterling), as detailed in Note 5.4, giving rise to translation differences of EUR -318 million attributable to the Parent. Specifically, the depreciation of the Canadian dollar gave rise to translation losses of EUR -124 million. In turn, the depreciation of the US dollar and the pound sterling gave rise to translation losses of EUR -84 million and EUR -49 million, respectively. The impact of the other currencies was EUR -61 million, mainly due to the fluctuations in the exchange rate of the Chilean peso.

Amounts transferred to profit or loss:

- This relates mainly to the transfer to profit or loss of fair value changes in derivatives relating to the sale of the 51% ownership interest in Norte Litoral (see Note 1.1.3, Changes in the scope of consolidation).

Shareholder remuneration:

- Scrip dividend: for the third successive year, the Annual General Meeting of Ferrovial, S.A. held on 5 April 2017 approved a flexible shareholder remuneration scheme, whereby the shareholders can freely choose to receive newly issued shares of the Company by subscribing a capital increase with a charge to reserves or an amount in cash through the transfer to the Company (if they have not already done so in the market) of the bonus issue rights corresponding to the shares held by them. As a result of this resolution, in 2017 two capital increases were performed with the following characteristics:
    - In May 2017 6,971,168 new shares were issued with a charge to reserves at a par value of EUR 0.20 per share, representing a capital increase of EUR 1 million, and EUR 97 million of bonus shares were purchased, representing a payment per share of EUR 0.315.
    - In October 2017 9,746,022 new shares were issued with a charge to reserves at a par value of EUR 0.20 per share, representing a capital increase of EUR 2 million, and EUR 121 million of bonus shares were purchased, representing a payment per share of EUR 0.404.
    - EUR -218 million are included in this connection in the foregoing table.
- Acquisition of treasury shares: the Annual General Meeting of Ferrovial, S.A. held on 5 April 2017 approved a treasury share purchase plan the objective of which was a subsequent 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 2017 amounted to EUR 520 million (see Note 5.3), of which EUR 218 million related to the scrip dividend and EUR 302 million to treasury share transactions.

Other transactions:

- Capital increases corresponding to non-controlling interests: increase of EUR 33 million in the equity attributable to non-controlling interests, principally at the US North Tarrant Express Segments 3 toll road.

- Share-based remuneration schemes: in 2017 a total of 830,371 treasury shares were acquired, representing 0.11% of the share capital of Ferrovial and with a total par value of EUR 0.2 million, 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 15 million and the result recognised on these transactions in the Company's equity amounts to EUR 1 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 3 million and the changes in the fair value thereof had an impact on the financial result of EUR 5 million.

- Subordinated hybrid bond: increase in equity was recognised as a result of the issue of this perpetual bond for EUR 500 million, as described in Note 5.1.2-d) on other equity instruments.

- Other changes: this includes mainly an impact of EUR -68 million on equity attributable to the Parent resulting from the acquisition of 6.3% and 3.6% of the US toll roads NTE Mobility Partners, LLC and LBJ Infrastructure Group, respectively, as described in Note 1.3. This transaction also entailed an impact of EUR -27 million on equity attributable to non-controlling interests (see "Equity Attributable to Non-Controlling Interests - Other Changes" relating to the two companies in Note 5.1.2-h), giving rise to a total impact on consolidated equity of EUR -95 million.

5.1.2 Components of equity

Following is an explanation of each of the equity items presented in the consolidated statement of changes in equity:

a) Share capital

At 31 December 2017, the share capital amounted to EUR 146,453,094.40 and had been fully subscribed and paid. The share capital is represented by 732,265,472 ordinary shares of a single class and with a par value of twenty euro cents (EUR 0.20) per share. The changes in 2017 detailed in the table below relate to the capital increase and reduction transactions described in the preceding paragraph.

SHARES	NUMBER	PAR VALUE
Beginning balance	732,548,474	146,509,694.80
Scrip dividend	16,717,190	3,343,438.00
Capital reduction	-17,000,192	-3,400,038.40
Ending shares	732,265,472	146,453,094.40

At 31 December 2017, the only company with an ownership interest of over 10% was Rijn Capital BV, with 20.210% 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 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 2017, 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 349 million. Both line items are considered to be unrestricted reserves.

c) Treasury shares

At 31 December 2016, 2,775,174 treasury shares were held. The following changes took place in 2017:

TRANSACTION PERFORMED/OBJECTIVE	NUMBER OF SHARES ACQUIRED	NUMBER OF SHARES USED FOR OBJECTIVE	TOTAL NUMBER OF SHARES
Balance at 31/12/16			2,775,174
Capital reduction	14,593,242	-17,000,192	-2,406,950
Discretionary shares and other	1,569,148	0	1,569,148
Compensation systems	830,371	-1,024,694	-194,323
Shares received as payment for the scrip dividend	424,188	0	424,188
Balance at 31/12/17			2,167,237

The Annual General Meeting of Ferrovial, S.A. held on 5 April 2017 approved a treasury share purchase plan for a maximum amount of EUR 275 million the objective of which was a subsequent capital reduction through the retirement thereof. As a result of this resolution, in 2017 14,593,242 shares were acquired at an average price of EUR 18.8 per share, giving rise to a payment totalling EUR 275 million. Subsequently, it was resolved to reduce capital by 17,000,192 shares, giving rise to a capital reduction of EUR 3 million and an impact of EUR -298 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. 1,569,148 treasury shares with a value of EUR 29 million were also acquired. Thus, treasury shares totalling EUR 302 million were acquired.

The fair value of the treasury shares held by Ferrovial at 31 December 2017 (2,167,237 shares) was EUR 41 million.

d) Other equity instruments

The Group, through its subsidiary Ferrovial Netherlands BV and with Ferrovial, S.A. acting as guarantor, issued in December 2017 subordinated perpetual bonds for a nominal amount of EUR 500 million with an annual coupon of 2.124% up to the first recalculation date (May 2023). The coupon will be changed after the first recalculation date to a rate equal to the five-year swap rate at that date plus 2.127%. The same calculation will be performed in May 2043; however, in this case, the five-year swap rate at that date will be increased by 2.877%.

These bonds can be redeemed for the first time at the issuer's discretion in five and a half years (2023) from the issue date (from 14 February 2023 to 14 May 2023, inclusive) and, subsequently, on each coupon payment date. Ferrovial also has the power to delay the timing of the coupon payment, which cannot be claimed by the bondholders.

As stated in Note 1.3.3.3, 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 2017 amounted to EUR -5 million, are recognised under "Reserves" and treated in a similar way to dividends.

Irrespective of this type of instrument being classified as equity 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 2017 was EUR -1,277 million, includes mainly the accumulated amount in reserves of the valuation adjustments made to derivatives (EUR -608 million), pension plans (EUR -511 million) and translation differences (EUR -453 million).

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

f) Retained earnings and other reserves

This line item includes prior years' retained earnings and other reserves totalling EUR 4,624 million (2016: EUR 4,731 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 2017

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 of FERROVIAL, S.A. (euros)	97,589,632.72
Distribution (euros)	
To voluntary reserves (euros)	97,589,632.72

The legal reserve has reached the legally required minimum.

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

At 31 December 2017, 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 Infrastructure S.a.r.l.
NTE Mobility Partners SEG 3 Holding LLC	28.8399%-17.4949%	NTE Segments 3 Blocker, Inc. (APG) - Meridiam Infrastructure NTE 3A/3B LLC
Construction		
Budimex, S.A.	9.2%-5.4%-30.3%	AVIVA OFE Aviva BZ WBK-Nationale Nederlanden OPE (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):

2017 (Millions of euros)	ASSETS	LIABILITIES	EQUITY	NET CASH POSITION	NET PROFIT
Autopista Terrasa Manresa	1,105	316	789	39	18
Autopista del Sol	760	701	60	-467	3
LBJ Express	2,139	1,744	395	-1,217	-13
NTE Mobility Partners, LLC	1,749	1,485	264	-855	-4
NTE Mobility Partners Segment 3 LLC	926	626	300	-587	0
Budimex	1,480	1,214	267	538	61

The main changes in "Equity Attributable to Non-Controlling Interests" in 2017 were as follows:

COMPANY	BALANCE AT 31/12/16	PROFIT OR LOSS	DERIVATIVES	TRANSLATION DIFFERENCES	DIVIDENDS	CAPITAL INCREASE	OTHER	BALANCE AT 31/12/17
Autopista Terrasa Manresa	156	15	-1	0	0	0	0	170
Autopista del Sol	-3	1	0	0	0	0	0	-2
LBJ Infrastructure Group	234	-12	0	-30	0	0	-13	179
NTE Mobility Partners	133	-2	0	-18	0	0	-15	98
NTE Mobility Partners Segments 3 LLC	123	0	0	-17	0	33	0	139
Budimex	70	47	0	4	-41	0	60	140
Other	4	5	2	1	-7	0	3	8
Total	718	53	1	-60	-47	33	35	732

“Other Impacts” includes, on the one hand, the impact of EUR -27 million associated with the NTE Mobility Partners LLC and LBJ Infrastructure Group LLC US toll roads as a result of the Group’s purchase of a 6.3% and 3.6% interest, respectively, as explained in the “Other Transactions” paragraph in Note 5.1.1. above.

On the other hand, as detailed in Note 1.2, this “Other Impacts” includes an impact on reserves attributable to non-controlling interests amounting to EUR 59 million at the Budimex Group, of which EUR 48 million correspond to the gain on the sale of 3.9 % of capital of the company and EUR 11 million to the increase in the aforementioned percentage of equity attributable to non-controlling interests.

5.2. Consolidated net 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 restricted cash classified at long term relating to the infrastructure projects, less financial debt (bank borrowings and debt securities) at short and long term.

Also, the net cash position includes forwards totalling EUR 18 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 -17 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.

Although in general the method used to define the Group's net cash position coincides with that used in the preparation of the consolidated financial statements for 2016, in 2017 certain Canadian dollar and US dollar forwards hedging deposits in those currencies, which are recognised under “Current Derivative Financial Instruments at Fair Value”, were included as an addition to the net cash position.

	31/12/17							
(Millions of euros)	BANK BORROWINGS /BONDS	CROSS-CURRENCY SWAPS	CASH AND CASH EQUIVALENTS	FORWARDS	LONG-TERM RESTRICTED CASH	NET BORROWING POSITION	INTRA-GROUP BALANCES	TOTAL
Non-infrastructure project companies	-2,780	-17	4,137	18	0	1,359	-18	1,341
Infrastructure projects	-5,570	0	463	0	285	-4,822	18	-4,804
Total consolidated net debt	-8,350	-17	4,601	18	285	-3,463	0	-3,463

Net consolidated debt decreased by EUR 804 million, from EUR -4,266 million in 2016 to EUR -3,463 million at December 2017. This change is presented in more detail in Note 5.3, Cash flows.

	31/12/16						
(Millions of euros)	BANK BORROWINGS/ BONDS	CROSS-CURRENCY SWAPS	CASH AND CASH EQUIVALENTS	LONG-TERM RESTRICTED CASH	NET BORROWING POSITION	INTRA-GROUP BALANCES	TOTAL
Non-infrastructure project companies	-2,667	83	3,301	0	717	-20	697
Infrastructure projects	-5,510	0	277	249	-4,983	20	-4,963
Total consolidated net debt	-8,176	83	3,578	249	-4,266	0	-4,266

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 58 million (31 December 2016: EUR 62 million), are recognised under "Cash and Cash Equivalents" in the consolidated statement of financial position whereas long-term balances, of EUR 285 million (31 December 2016: EUR 249 million), are classified as financial assets. Therefore, the restricted cash at 31 December 2017 amounted to EUR 343 million (December 2016: EUR 311 million), including both long- and short-term amounts. Accordingly, there was a net change of EUR 32 million, due to:

- An increase therein of EUR 63 million (excluding the exchange rate effect), mainly at the NTE and LBJ toll roads (EUR 35 million and EUR 22 million, respectively), as a result of the business' operations, and at Autopistas del Sol C.E.A.S.A., amounting to EUR 7 million, in relation to debt servicing and future investments.
- The exchange rate effect, which had a negative impact of EUR -31 million, arose mainly due to fluctuations in the US dollar (see Note 1.4).

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

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

	31/12/17			CHANGE 17/16		
Millions of euros)	BONDS	BANK BORROWINGS	TOTAL	BONDS	BANK BORROWINGS	TOTAL
Non-current maturities	1,799	3,563	5,363	10	43	53
US toll roads	1,136	2,025	3,160	-158	88	-70
Spanish toll roads	487	672	1,159	-9	-12	-20
Portuguese toll roads	0	320	320	0	-8	-8
Airports	177	57	234	177	-9	167
Construction	0	154	154	0	11	11
Services	0	335	335	0	-27	-27
Current maturity	9	199	207	3	5	7
Spanish toll roads	9	10	19	3	1	4
US toll roads	0	0	0	0	0	0
Portuguese toll roads	0	9	9	0	2	2
Airports	0	2	2	0	0	0
Construction	0	4	4	0	0	0
Services	0	174	174	0	1	1
Total	1,808	3,762	5,570	13	48	61

	31/12/16		
(Millions of euros)	BONDS	BANK BORROWINGS	TOTAL
Non-current maturities	1,790	3,520	5,310
US toll roads	1,294	1,937	3,231
Spanish toll roads	496	684	1,179
Portuguese toll roads	0	328	328
Airports	0	67	67
Construction	0	143	143
Services	0	362	362
Current maturity	6	194	200
Spanish toll roads	6	9	15
US toll roads	0	0	0
Portuguese toll roads	0	7	7
Airports	0	2	2
Construction	0	4	4
Services	0	172	172
Total	1,796	3,714	5,510

Following is a detail of the changes in gross debt of the infrastructure projects, detailing the changes in borrowings with a balancing entry in cash flow, the exchange rate effect and changes in the scope of consolidation, together with the changes in debt due to the accrual of interest, which do not give rise to changes in cash flows in the year.

(Millions of euros)	DEC 2016	INCREASE/ DECREASE IMPACT ON CASH	EXCHANGE RATE EFFECT	IMPACT OF CHANGES IN THE SCOPE OF CONSOLIDATION	INTEREST ADDED TO THE PRINCIPAL AMOUNT/ ACCRUED	OTHER	DEC 2017
Bank borrowings/ Bonds of infrastructure projects	5,510	412	-441	0	88	1	5,570
Gross debt position	5,510	412	-441	0	88	1	5,570

Infrastructure project borrowings increased by EUR 61 million with respect to December 2016, due mainly to the following:

- Exchange rate effect amounting to EUR -441 million, mainly due to the decline in value of the US dollar (EUR -433 million).
- Additional drawdowns against the borrowings already arranged at the end of 2016 and interest accrual and addition of interest to debt principal, for a net amount of EUR 501 million, of which:
    - Issue of a bond amounting to USD 189 million by Denver Great Hall, the company awarded the project to design, construct and operate Denver International Airport's main terminal.

- As regards the US toll roads, EUR 149 million relate to the NTE-Segment 3 toll road, EUR 127 million to I-77 Mobility Partners LLC, EUR 38 million to the LBJ toll road and EUR 31 million to the NTE toll road.

- EUR -17 million relate to the Spanish toll roads, including most notably Autopista del Sol (EUR -17 million), mainly due to the repayment of borrowings (EUR -11 million).

- A decrease of EUR 17 million in the Services Division, mainly in Spain due to debt repayments, including most notably Ecoparc de Can Mata.

US toll roads:

North Tarrant Express Managed Lanes - NTE

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 794 million bearing fixed interest at 4.52% (USD 650.0 million of principal and USD 144 million of interest added to the principal) granted by the US Federal Government, which was drawn down in full at 31 December 2017 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 452.2 million had been drawn down at 31 December 2017 (USD 430.5 million of principal and USD 21.7 million of interest added to the principal), with final maturity in 2054.

LBJ

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 1,034.4 million had been drawn down at 31 December 2017 (USD 850 million of principal and USD 184.4 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

This concession operator is financed through a USD 100 million issue of PABs (5.00% fixed interest), of which USD 7 million have final maturity between 2026 and 2030, USD 13 million have final maturity in 2037 and EUR 80 million have final maturity in 2054. It also has a TIFIA loan of USD 189 million against which USD 192.8 million had been drawn down at 31 December 2017 (USD 189.0 million of principal and USD 3.8 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 2017 amounted to EUR 499.2 million of senior bonds and EUR 29.4 million of the junior loan.

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 -0.271%+1.50%. Both tranches have been drawn down in full and have final maturity in 2035. The company has also been granted a liquidity line of EUR 80 million, against which it has drawn down EUR 42.8 million (bearing interest at 6-month EURIBOR of -0.271%+1.50%). It should also be noted that this company has a derivative with a notional amount of EUR 604 million, a guaranteed interest rate of 5.132% 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 -277.5 million at year-end.

Portuguese toll roads:

Euroscut Azores

Syndicated bank financing with final maturity in 2033, against which EUR 332.6 million had been drawn down at 31 December 2017 (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 287.0 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 -79.4 million at year-end.

Detail of other projects:

(Millions of euros)	LONG-TERM	SHORT-TERM	TOTAL	CHANGE 2017/2016
Denver Great Hall LLC	177	0	177	177
Other airports	57	2	59	-9
Airports	234	2	236	167
AmeyCespa (MK) SPV Limited	0	145	145	-6
Autovía de Aragón, Sociedad Concesionaria, S.A.	85	13	98	-3
Smart Hospital Cantabria S.A.	65	3	69	-3
Other services	185	12	197	-13
Services	335	174	509	-25
Conc. Prisiones Lledoners,S.A.	73	1	74	-1
Concesionaria de Prisiones Figueras S.A.U.	61	2	63	-2
Other construction	20	1	21	14
Construction	154	4	158	11
Total other infrastructure project borrowings	723	179	902	153

(Millions of euros)	LONG-TERM	SHORT-TERM	2016
Denver Great Hall LLC	0	0	0
Other airports	67	2	68
Airports	67	2	68
AmeyCespa (MK) SPV Limited	0	151	151
Autovía de Aragón, Sociedad Concesionaria, S.A.	93	9	101
Smart Hospital Cantabria S.A.	68	3	71
Other services	201	9	210
Services	362	172	534
Conc. Prisiones Lledoners,S.A.	73	1	74
Concesionaria de Prisiones Figueras S.A.U.	63	3	65
Other construction	7	0	7
Construction	143	4	147
Total other infrastructure project borrowings	572	178	749

Other infrastructure project borrowings increased by EUR 153 million with respect to December 2016 due mainly to the financing of the project for the remodelling and commercial operation of the Jeppesen Terminal of Denver airport (see Note 1.1.3). This financing was realised through the issue, on 21 December 2017, of a bond for USD 189 million with 5% fixed interest and final maturity in 2049.

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

(Millions of euros)	CURRENCY	FAIR VALUE 2017	FAIR VALUE 2016	CARRYING AMOUNT 2017	2018	2019	2020	2021	2022	2023 AND SUBSEQUENT YEARS	TOTAL MATURITIES
Bonds of infrastructure projects		2,039	1,983	1,808	9	10	12	13	14	1,754	1,812
Toll Roads		1,776	1,983	1,632	9	10	12	13	13	1,598	1,655
	USD	1,281	1,481	1,136	0	0	0	0	0	1,155	1,155
	EUR	496	502	496	9	10	12	13	13	443	499
Airports		262	0	177	0	0	0	0	1	156	157
	USD	262	0	177	0	0	0	0	1	156	157
Bank borrowings of infrastructure projects		3,762	3,714	3,762	190	52	54	107	73	3,327	3,803
Toll Roads		3,036	2,965	3,036	18	22	24	17	24	2,969	3,075
	USD	2,025	1,937	2,025	0	0	0	0	0	2,054	2,054
	EUR	1,012	1,028	1,012	18	22	24	17	24	915	1,021
Airports		59	68	59	2	2	2	55	0	0	60
	USD	59	68	59	2	2	2	55	0	0	60
Construction		158	147	158	3	2	3	3	4	145	160
	EUR	158	147	158	3	2	3	3	4	145	160
Services		509	534	509	168	26	26	32	45	213	508
	GBP	203	213	203	147	1	1	1	3	51	203
	EUR	306	321	306	21	25	25	31	42	162	306
Total borrowings of infrastructure projects		5,801	5,697	5,570	199	62	65	120	87	5,081	5,615

The differences between the total maturities of the bank borrowings (EUR 5,615 million) and the carrying amounts thereof at 31 December 2017 (EUR 5,570 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 45 million, taking into account that the maturities of the borrowings do not include interest.

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

- For fixed-rate bonds, subject to changes in value due to fluctuations in market interest rates: since they are quoted in an active market, the related market value is used.
- For fixed-interest bank borrowings, also subject to changes in value due to fluctuations in rates: future cash flows are discounted using a market interest rate, calculated using an internal valuation model.
- Lastly, for floating-rate bank borrowings: no significant differences are deemed to exist between the fair value of the borrowings and their carrying amount and, therefore, the carrying amount is used.

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

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

2017 (Millions of euros)	DEBT LIMIT	AMOUNT 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

2016 (Millions of euros)	DEBT LIMIT	AMOUNT DRAWN DOWN	AMOUNT DRAWABLE	CARRYING AMOUNT OF DEBT
Toll roads	5,242	4,833	409	4,760
US toll roads	*3,667*	*3,290*	*377*	*3,231*
Spanish toll roads	*1,237*	*1,205*	*32*	*1,195*
Other toll roads	*338*	*338*	*0*	*335*
Airports	70	70	0	68
Construction	164	148	16	147
Services	542	537	6	534
Total borrowings	6,018	5,588	430	5,510

The differences between the total bank borrowings drawn down and the carrying amount of the related debt at 31 December 2017 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 (basically accrued interest payable and the application of the amortised cost method, which are detailed in point b.2 above).

Of the EUR 116 million drawable (31 December 2016: EUR 430 million), EUR 84 million relate mainly to amounts not drawn down against borrowings that were obtained to finance toll roads under construction in the US. 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 connection with the borrowings of these projects are described in Note 6.5, Contingent liabilities.

At 31 December 2017, all the concession operators were achieving the significant covenants in force. However, it should be noted that at AmeyCespa (MK) SPV Limited, concession operator of a waste plant in the United Kingdom, there was a delay in the repayment of the debt (EUR 145 million at the end of 2017) due to the delay in collection by the client. It is estimated that the debt will finally be repaid in March 2018.

5.2.2. Net cash position excluding infrastructure projects

a) Borrowings of non-infrastructure project companies

a.1) Breakdown between current and non-current borrowings, changes in the year and main characteristics

	2017			CHANGE 17/16		
(Millions of euros)	NON-CURRENT MATURITIES	CURRENT MATURITY	TOTAL	NON-CURRENT MATURITIES	CURRENT MATURITY	TOTAL
Corporate bonds	1,787	536	2,323	-8	507	499
Corporate liquidity lines	232	0	232	-32	0	-32
Broadspectrum borrowings	77	46	123	-386	34	-352
Other borrowings	53	49	102	10	-12	-1
Total borrowings excluding infrastructure projects	2,149	631	2,780	-416	529	113

2016 (Millions of euros)	NON-CURRENT MATURITIES	CURRENT MATURITY	TOTAL
Corporate bonds	1,795	29	1,824
Corporate liquidity lines	264	0	264
Broadspectrum borrowings	463	12	475
Other borrowings	43	61	103
Total borrowings excluding infrastructure projects	2,564	102	2,667

Following is a detail of the changes in the gross debt of non-infrastructure projects, detailing the changes in borrowings with a balancing entry in cash flow, the exchange rate effect and changes in the scope of consolidation, together with the changes in debt due to the accrual of interest, which do not give rise to changes in cash flows in the year.

(Millions of euros)	DEC 2016	INCREASE/ DECREASE IMPACT ON CASH	EXCHANGE RATE EFFECT	IMPACT OF CHANGES IN THE SCOPE OF CONSOLIDATION	INTEREST ADDED TO THE PRINCIPAL AMOUNT/ ACCRUED	OTHER	DEC 2017
Bank borrowings/ Bonds of non-infrastructure project companies	2,667	151	-52	5	8	1	2,780
Cross-currency swaps	-83	67	33	0			17
Gross debt position	2,584	218	-19	5	8	1	2,797

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 2,323 million at 31 December 2017 (31 December 2016: EUR 1,824 million). The characteristics of these bonds are as follows:

ISSUE DATE	AMOUNT (NOMINAL) (millions of euros)	MATURITY	ANNUAL COUPON
30/01/13	500	30/01/18	3.375%
07/06/13	500	07/06/21	3.375%
15/07/14	300	15/07/24	2.500%
14/09/16	500	14/09/22	0.375%
29/03/17	500	31/03/26	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 of the Group. It should be noted that the Group has interest rate derivatives associated with the corporate bonds, with a notional amount of EUR 250 million; these derivatives convert the fixed interest rate into a floating one, see Note 5.5.

- On the other hand, the Group has a liquidity facility, negotiated in 2014 with a series of creditor banks, with a current limit of EUR 1,250 million (31 December 2016: EUR 1,250 million), against which EUR 232 million have been drawn down, which matures in March 2022. The foreign currency and interest rate risks on these borrowings were hedged using the cross currency swaps described in Note 5.5, guaranteeing a hedged notional amount of EUR 250 million at a fixed interest rate of -0.4390%, thus giving rise to income for the Group.

Also, the Group has other facilities negotiated in 2017 with a current limit of EUR 175 million (31 December 2016: EUR 20 million) against which EUR 18 million have been drawn down.

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 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 2017 and at 31 December 2016 is as follows:

	2017			
(Millions of euros)	DEBT LIMIT	AMOUNT DRAWN DOWN	AMOUNT DRAWABLE	CONSOLIDATED DEBT
Bonds	2,300	2,300	0	2,323
Syndicated facility	1,250	232	1,018	232
Other facilities	175	18	157	0
Total corporate debt	3,725	2,550	1,175	2,555

	2016			
(Millions of euros)	DEBT LIMIT	AMOUNT DRAWN DOWN	AMOUNT DRAWABLE	CONSOLIDATED DEBT
Bonds	1,800	1,800	0	1,824
Syndicated facility	1,250	250	1,000	264
Other facilities	20	0	20	0
Total corporate debt	3,070	2,050	1,020	2,088

Corporate credit rating

The credit rating agencies Standard & Poor's and Fitch maintained their opinions on the credit rating of Ferrovial's corporate debt at December 2017, which was assigned ratings of BBB and BBB with a stable outlook, respectively, and, therefore, came under the "investment grade" category.

a.1.2) Broadspectrum borrowings

Broadspectrum's borrowings in 2017 amount to EUR 123 million (2016: EUR 475 million). This decrease is due to the partial repayment in 2017 of the debt assumed in the purchase of Broadspectrum in 2016. In particular, in May the Company repaid its high yield bonds amounting to USD 325 million (net amount of the cross-currency swap). This transaction helped to optimise the company's financial position by repaying borrowings with an annual coupon of 8.375%.

a.1.3) Other borrowings

"Other Borrowings" of EUR 102 million (31 December 2016: EUR 103 million) include mainly the bank loans and finance leases of the Construction and Services Divisions (excluding Broadspectrum, see point a.1.2. above). Thus, the non-infrastructure project companies have finance leases of EUR 54 million (31 December 2016: EUR 41 million), mainly in the Services and Construction Divisions.

Information on limits and amounts drawable - Other borrowings:

The detail of the limits and the amounts drawable of the other borrowings at 31 December 2017 and at 31 December 2016 is as follows:

	2017			
(Millions of euros)	DEBT LIMIT	AMOUNT DRAWN DOWN	AMOUNT DRAWABLE	CONSOLIDATED DEBT
Construction	131	35	96	39
Broadspectrum	284	113	171	123
Services UK	191	11	180	11
Other services	45	26	19	52
Services	519	149	370	185
Other borrowings	650	184	466	225

	2016			
(Millions of euros)	DEBT LIMIT	AMOUNT DRAWN DOWN	AMOUNT DRAWABLE	CONSOLIDATED DEBT
Construction	84	23	61	35
Broadspectrum	566	377	189	475
Services UK	199	12	187	12
Other services	43	30	13	51
Services	808	419	389	538
Other	0	0	0	5
Other borrowings	893	442	451	578

The differences between total bank borrowings and the carrying amount thereof at 31 December 2017 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

BORROWINGS (Millions of euros)	CURRENCY	FAIR VALUE 2017	CARRYING AMOUNT 2017	2018	2019	2020	2021	2022	2023 AND SUBSEQUENT YEARS	TOTAL MATURITIES
Corporate debt		2,407	2,555	500	0	0	500	750	800	2,550
	EUR	2,407	2,555	500	0	0	500	750	800	2,550
Services Division debt		185	185	41	73	3	6	11	16	149
	AUD	7	7	23	0	0	0	0	0	23
	EUR	36	36	6	0	0	2	2	1	12
	GBP	11	11	0	0	2	0	9	0	11
	USD	79	79	10	70	0	0	0	0	80
	CAD	9	9	0	0	0	0	0	8	8
	PLN	12	12	1	0	1	2	0	6	10
	CLP	31	31	0	2	1	1	0	0	5
Other borrowings		40	40	0	1	2	5	9	13	29
	EUR	5	5	0	0	0	0	0	2	2
	GBP	0	0	0	0	0	0	0	0	0
	PLN	27	27	0	1	2	5	9	11	27
	OMR	6	6	0	0	0	0	0	0	0
	CLP	0	0	0	0	0	0	0	0	0
Total borrowings excluding infrastructure projects		2,632	2,780	541	74	5	510	769	829	2,729

The differences between the total maturities of borrowings and the carrying amounts of the debt at 31 December 2017 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 (basically accrued interest payable and the application of the amortised cost method).

The fair value of bank borrowings excluding infrastructure projects 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 2,632 million at 31 December 2017 (31 December 2016: EUR 2,735 million).

The 2018 maturities amount to EUR 541 million and relate mainly to the maturity of the first corporate bond for EUR 500 million and borrowings associated with Broadspectrum, of EUR 34 million, and Inagra, S.A., totalling EUR 6 million. The debt maturities do not include interest.

b) Cash and cash equivalents of other companies

Although 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 financial statements for 2016, in 2017 certain Canadian dollar and US dollar forwards hedging deposits in those currencies, which are recognised under "Current Derivative Financial Instruments at Fair Value", were included as an addition to the net cash position.

Also, at 31 December there were certain restricted accounts totalling EUR 31 million (31 December 2016: EUR 37 million) associated mainly with the developments in progress of Budimex.

5.3. Cash flow

The consolidated statement of cash flows was prepared in accordance with IAS 7. This Note provides an additional breakdown in this connection based on internal criteria established by the Company for business performance 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 cash flows from operating activities, and "Cash Flows of 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 statement of cash flows prepared in accordance with IAS 7, since this interest is included in cash flows from financing activities as a reduction of the amount recognised under "Interest Cash Flows".

- Lastly, the statement of cash flows endeavours 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 2017	NOTE:	DECEMBER 2017 (Millions of euros) CASH FLOWS EXCLUDING INFRASTRUCTURE PROJECTS	CASH FLOWS OF INFRASTRUCTURE PROJECTS	ELIMINATIONS	CONSOLIDATED CASH FLOW
Ebitda (gross profit from operations)	2.4	484	449	0	932
Dividends received	3.5	553	0	-10	543
Change in working capital (receivables, payables and other)	5.3	-38	-16	0	-53
Cash flows from operating activities before tax		999	433	-10	1,422
Taxes paid in the year	2.8.1	-115	-27	0	-142
Cash flows from operating activities		883	407	-10	1,280
Investments	3.2, 3.3 & 3.4	-355	-371	43	-684
Disposals	1.1.3	253	0	-5	248
Cash flows from investing activities		-102	-371	38	-436
Cash flows from operating and investing 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*
Remuneration of shareholders	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	1.1.3	0	-43	0	-43
Perpetual subordinated 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

Change in working capital:

The change in working capital disclosed in the foregoing table is the measure that explains the difference between the Group's EBITDA (Gross profit from operations) and its cash flows from operating activities before tax; it arises from the difference between the accrual of revenue and expenses for accounting purposes and the time when such revenue and expenses are transformed into cash, and relates mainly to changes in the balances of trade receivables and payables to suppliers or other items in the consolidated statement of financial position. Thus, a reduction in the balance of trade receivables will give rise to an improvement in working capital and a reduction in the balance of payables to suppliers will give rise to a worsening of working capital.

The changes in this item do not exactly coincide with the changes in working capital reported in Section 4 of the consolidated financial statements for the following reasons:

	NON-INFRASTRUCTURE PROJECT COMPANIES	INFRASTRUCTURE PROJECTS AND ADJUSTMENTS	TOTAL
Change in working capital (Section 4)	**60**	**70**	**130**
Changes in working capital with an impact on cash flows from investing activities	62	-133	-71
Changes in provisions with an impact on gross profit from operations or on working capital	-111	0	-111
Changes in other statement of financial position items with an impact on cash flows from operating activities	-50	48	-2
Total working capital reported in statement of cash flows	**-38**	**-16**	**-53**

The positive impact of the changes in working capital in the consolidated statement of financial position (EUR +130 million) is explained by the increase in Trade receivables, due mainly to the collection of advances received in the Construction business (especially the I-66) and amounts received from infrastructure projects to which the financial asset model is applied, most noteworthy being Autema (see the detail in Section 4). This positive impact is offset by the changes in provisions (EUR -111 million), the most noteworthy of which is the net effect of the recognition/reversal of provisions with an impact on EBITDA (EUR 70 million), that do not give rise to cash outflows, in addition to the use of provisions with a balancing entry in working capital accounts (EUR -181 million), which do give rise to a cash outflow. Also, various items included in operating cash flows with an impact on other items in the consolidated statement of financial position must be borne in mind, such as pension plans and share-based remuneration schemes, as well as the effect of other financial results, (unrelated to financing) such as late-payment interest and guarantees. Taking into account all these changes, the working capital reported in cash flow amounts to EUR -53 million.

The differences mentioned above relate to the following items:

- Changes in working capital with an impact on other cash flow line items. The working capital accounts reported in Section 4, especially the payables to suppliers, can relate to transactions that do not affect cash flows from operating activities, such as non-current asset purchases.

- Changes in provisions with an impact on gross profit from operations or on working capital. These relate to the recognition/reversal of provisions with an impact on gross profit from operations, which does not have an impact on cash, or provisions used with a balancing entry in working capital accounts (see Note 6. 3).

- Changes in other statement of financial position items with an impact on cash flows from operating activities. The changes in working capital reported in Section 4 reflect only movements in items included under "Current Trade and Other Receivables", "Current 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. Also, this line item includes other financial result items not directly related to financing, such as late-payment interest and guarantee expenses.

The cash flows reported in 2016 were as follows:

		DECEMBER 2016 (Millions of euros)			
DECEMBER 2016	NOTE:	CASH FLOWS EXCLUDING INFRASTRUCTURE PROJECTS	CASH FLOWS OF INFRASTRUCTURE PROJECTS	ELIMINATIONS	CONSOLIDATED CASH FLOW
Ebitda (gross profit from operations)	2.4	502	442	0	944
Dividends received	3.5	477	0	-50	427
Change in working capital (receivables, payables and other)		16	-68	0	-52
Cash flows from operating activities before tax		995	373	-50	1,319
Taxes paid in the year	2.8.1	-125	-23	0	-147
Cash flows from operating activities		870	351	-50	1,172
Investments		-985	-388	72	-1,301
Disposals	1.1	340	0	0	340
Cash flows from investing activities		-645	-388	72	-961
Cash flows from operating and investing activities		226	-38	22	210
Interest cash flows	2.6	-48	-303	0	-351
Capital proceeds from non-controlling interests		2	122	-72	53
Scrip dividend		*-226*	*0*	*0*	*-226*
Acquisition of treasury shares		*-317*	*0*	*0*	*-317*
Remuneration of shareholders	5.1	-544	0	0	-544
Dividends paid to non-controlling shareholders of investees		-23	-50	50	-24
Exchange rate effect		-9	-111	0	-119
Changes in the scope of consolidation	1.1.3	-440	1,702	0	1,262
Other changes in borrowings (not giving rise to cash flows)		18	-230	0	-212
Cash flows from financing activities		-1,043	1,131	-22	66
Change in net cash position	5.2	-817	1,093	0	276
Opening position		1,514	-6,057	0	-4,542
Closing position		697	-4,963	0	-4,266

5.4. Management of financial risks and capital

The Group's activities are exposed to changes in the financial variables affecting their accounts, particularly interest rate, foreign currency, credit, liquidity and equity risk. The policies adopted by the Group in managing these risks are explained in detail in the directors' 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 management of each risk.

In addition, in view of the economic and political importance of the UK's decision to leave withdraw from the European Union (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 risk

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 achieved 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 finance costs 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).

BORROWINGS (Millions of euros)	2017 TOTAL GROSS DEBT	% OF DEBT HEDGED	NET DEBT EXPOSED TO INTEREST RATE RISK	IMPACT ON RESULTS OF + 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

BORROWINGS (Millions of euros)	2016 TOTAL GROSS DEBT	% OF DEBT HEDGED	NET DEBT EXPOSED TO INTEREST RATE RISK	IMPACT ON RESULTS OF + 100 B.P.
Non-infrastructure project companies	2,584	77%	587	6
Toll roads	4,760	98%	97	1
Construction	147	93%	10	0
Services	534	66%	179	2
Airports	68	100%	0	0
Infrastructure projects	5,510	95%	285	3
Total borrowings	8,093	89%	871	9

Also, it must be borne in mind that the results relating to companies accounted for using the equity method include the results corresponding to the 25% ownership interest in HAH and the ownership interest of 43.23% in 407 ETR. As indicated in Note 3.5, the two companies have a significant volume of debt, of which 93% (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 2017 would increase the finance costs in the statement of profit or loss by an estimated EUR 6 million, of which EUR 3 million relate to infrastructure projects and EUR 4 million to non-infrastructure project companies, with a net impact on the profit of Ferrovial of EUR -5 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 2017 would, in the case of the effective hedges, have a net positive impact of EUR 205 million on the equity attributable to the Parent (EUR 111 million at companies accounted for using the equity method, EUR 94 million at fully consolidated companies).

b. Exposure to foreign currency risk

Ferrovial monitors regularly the planned net exposure per currency for the coming years both for dividends receivable, investments in new projects and possible 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 11 for more details).

The following tables show, by type of currency, the values of assets, liabilities, non-controlling interests and equity attributable to the Parent at December 2017, adjusted by the aforementioned currency forwards corresponding to each currency:

CURRENCY (Millions of euros)	2017 ASSETS	LIABILITIES	EQUITY ATTRIBUTABLE TO THE PARENT	NON-CONTROLLING INTERESTS
Euro	6,569	5,036	1,356	177
Pound sterling	3,315	1,823	1,492	0
US dollar	6,658	5,851	395	412
Canadian dollar	2,867	1,256	1,611	0
Australian dollar	1,499	1,219	280	0
Polish zloty	1,602	1,309	151	142
Chilean peso	286	149	137	0
Other	194	112	82	0
Total Group	22,990	16,756	5,503	731

Note 1.4 contains a detail 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 2017 was EUR -318 million for the Parent and EUR -60 million for non-controlling interests. Of the aforementioned EUR -318 million, EUR -124 million correspond to changes in the Canadian dollar, EUR -49 million to changes in the pound sterling, EUR -84 million to changes in the US dollar and EUR -61 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 equity of EUR 416 million, of which 43% would relate to the effect of the pound sterling and 39% to that of the Canadian dollar. This fluctuation in the value of the euro would give rise to a change in total assets of EUR 1,638 million, of which 45% would relate to the investments in US dollars, 22% to the investments in pounds sterling and 19% to the investments in Canadian dollars.

Also, the detail of the net profit attributable to the Parent by type of currency for 2017 and 2016 is as follows:

CURRENCY (Millions of euros)	NET PROFIT 2017	2016
Euro	215	204
Pound sterling	86	-76
US dollar	35	101
Canadian dollar	105	102
Australian dollar	-24	-30
Polish zloty	60	53
Chilean peso	9	-9
Other	-31	31
Total Group	454	376

Note 1.4 contains a detail of the changes in the average exchange rates for the year. In this regard, the impact of a 10% appreciation of the euro against the other currencies on the statement of profit or loss would have amounted to EUR -32 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)	2017	2016	CHANGE 17/16
Investments in financial assets (1)	886	694	192
Non-current financial assets	1.804	1.712	92
Financial derivatives (assets)	381	450	-69
Trade and other receivables	2.635	2.822	-187

(1) Included in "Cash and Cash Equivalents".

Ferrovial actively monitors its risk exposure to its various counterparties:

- Banks: Ferrovial constantly analyses changes in the short- and long-term public ratings issued by the three main agencies (S&P, Fitch and Moody's) of each bank to which it has exposure. The internal regulations for the management of surpluses govern maximum investment limits with each counterparty using objective criteria: these regulations establish minimum rating requirements to be able to invest cash surpluses and establishes certain limits on such investments based on the rating of each bank. Also, the Financial Risk department monitors the evolution of various counterparties and proposes the appropriate corrective and preventive measures in each particular case.

- Geographical areas: Ferrovial monitors the evolution of the (geographical) markets in which it has a presence, and in its target markets. The Financial Risk department proposes potential actions for occasions when changes in specific geographical areas/markets are expected.

- Customers: Ferrovial analyses and monitors its customers' credit risk, and the Group has a uniform methodology for assigning credit ratings to customers.

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.

Non-infrastructure project companies

At 31 December 2017, cash and cash equivalents amounted to EUR 4,137 million (2016: EUR 3,301 million). Also, at that date undrawn credit lines totalled EUR 1,641 million (2016: EUR 1,471 million).

Infrastructure projects

At 31 December 2017, cash and cash equivalents (including short-term restricted cash) amounted to EUR 463 million (2016: EUR 277 million). Also, at that date undrawn credit lines amounted to EUR 116 million (2016: EUR 430 million), which were arranged mainly to cover committed investment needs.

e. Exposure to equity 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, a scenario of rising inflation would result in an increase the cash flow from assets of this nature. Also, the defined benefit pension plans in the UK have obligations tied to inflation, which are covered on an individualised basis, since they are not included in consolidation at Ferrovial.

Unlike the Company's other 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 or loss, since hitherto they have been considered to be ineffective derivatives. HAH is assessing whether or not to classify them as hedge accounting under the new standards (IFRS 9). The accounting impact to date is 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 -162 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 -110 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.

Ferrovial's objective with regard to financial debt is to maintain a low level of indebtedness, excluding infrastructure project debt, such that it can 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 projects, of net debt (gross debt less cash) to gross profit from operations plus dividends from projects of 2:1.

At 31 December 2017, 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 profit from operations plus dividends" is the profit from operations before impairment losses, disposals and depreciation and amortisation of the Group companies other than infrastructure concession operators, plus the dividends received from infrastructure 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 financial risks and how these risks are being managed. The risk section of the directors' 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 different financial and business variables is detailed in the following table.

	2017		
(Millions of euros)	TOTAL FERROVIAL	UK EXPOSURE	% OF TOTAL
Sales	12,208	2,871	24%
Gross profit from operations	932	29	3%
Net profit	454	62	14%
Equity	5,503	1,492	27%
Valuation - analyst consensus	-	-	16%
Construction backlog	11,145	771	7%
Services backlog	19,329	8,895	46%
Airports managed	HAH (25%), AGS (50%)		

Exchange rate

In 2017 and in the midst of the negotiations between the UK and the European Union, the pound sterling continued its trend of weakness against the euro, although to a much lesser extent than in 2016 when Brexit was announced. At 31 December 2017, the pound sterling had fallen by 4% compared with the year-ago exchange rate. In order to hedge its foreign currency risk, Ferrovial has arranged hedges with a notional amount of GBP 437 million, which approximately cover the dividends it expects to receive on its UK assets over the next three years.

Inflation and interest rates

The market has lowered its expectations with respect to the future RPI – Retail Price Index by an average of 0.20%, with a level of 3.3% and a lower actual rate, with interest rates remaining at similar levels.

Once again the market expectation is for current levels to be maintained, although a negative impact on Brexit would push inflation up and adversely affect the value of pension las obligations and the nominal interest rate, increasing the cost of financing.

5.5. DERIVATIVE FINANCIAL INSTRUMENTS AT FAIR VALUE

a) Breakdown 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 2017 and 2016, as well as the maturities 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)	BALANCES AT 31/12/17	BALANCES AT 31/12/16	2018	2019	2020	2021	2022 AND SUBSEQUENT YEARS	TOTAL
ASSET BALANCES	**381**	**450**	**2,509**	**21**	**5**	**301**	**62**	**2,899**
Index-linked swaps, Toll Roads	316	321	-2	-3	-1	-4	62	53
Interest rate swaps, Corporate	13	16	0	0	0	250	0	250
Cross-currency swaps, Corporate	0	16	0	0	0	0	0	0
Cross-currency swaps, Broadspectrum	0	82	0	0	0	0	0	0
Equity swaps (*)	1	0	50	0	0	0	0	50
Exchange rate derivatives, Corporate	30	5	2,058	0	0	0	0	2,058
Other derivatives	21	11	403	24	6	55	0	488
Liability balances	**452**	**505**	**601**	**263**	**45**	**876**	**287**	**2,071**
Interest rate swaps, Toll Roads	357	399	11	14	16	842	0	883
Cross-currency swaps, Corporate	17	0	0	232	0	0	0	232
Equity swaps (*)	0	4	0	0	0	0	0	0
Cross-currency swaps, Broadspectrum	0	3	0	0	0	0	0	0
Exchange rate derivatives, Corporate	3	6	56	221	0	0	0	277
Other derivatives	75	93	534	27	28	34	287	911
Net balances (liability)	**-71**	**-55**	**3,110**	**283**	**50**	**1,177**	**350**	**4,970**

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

	FAIR VALUE		CASH FLOW MATURITIES					
TYPE OF INSTRUMENT (Millions of euros)	BALANCES AT 31/12/17	BALANCES AT 31/12/16	2018	2019	2020	2021	2022 AND SUBSEQUENT YEARS	TOTAL
Asset balances	**381**	**450**	**60**	**15**	**14**	**15**	**276**	**382**
Index-linked swaps, Cintra (index-linked derivatives)	316	321	9	10	11	12	275	316
Interest rate swaps, Corporate	13	16	4	4	3	3	0	13
Cross currency swaps, Corporate	0	16	0	0	0	0	0	0
Cross-currency swaps, Broadspectrum	0	82	0	0	0	0	0	0
Equity swaps	1	0	1	0	0	0	0	1
Exchange rate derivatives, Corporate	30	5	30	0	0	0	0	30
Other derivatives	21	11	16	2	1	1	1	21
Liability balances	**452**	**505**	**58**	**79**	**48**	**43**	**223**	**452**
Interest rate swaps, Cintra (interest rate derivatives)	357	399	44	42	39	35	196	357
Cross currency swaps, Corporate	17	0	-6	23	0	0	0	17
Equity swaps	0	4	0	0	0	0	0	0
Cross-currency swaps, Broadspectrum	0	3	0	0	0	0	0	0
Exchange rate derivatives, Corporate	3	6	0	3	0	0	0	3
Other derivatives	75	93	21	11	9	7	27	75
Net liability balances	**-71**	**-55**	**2**	**-64**	**-34**	**-27**	**53**	**-71**

(*) The items indicated are the main derivatives arranged by the Group that do not qualify for hedge accounting, as explained in this Note.

Following is a description of the main types of derivatives and of the most significant changes therein in 2017:

Toll Road Division 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 2017. Overall, the fair value of these hedges increased from EUR -399 million at 31 December 2016 to EUR -357 million at 31 December 2017.

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 42 million (EUR 31 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 -45 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 -5 million on reserves (EUR -3 million after tax attributable to the Parent).

Corporate derivatives

Interest rate swaps, Corporate

In relation to the bond issues launched in 2013, the Group arranged interest rate derivatives for a notional amount of EUR 250 million expiring in 2021. Since they convert a portion of the fixed interest rate on the bonds into a floating interest rate, these derivatives constitute a partial fair value economic hedge of the aforementioned bond issues and they all qualify for hedge accounting. The fair value impact of these bonds on the financial result amounted to EUR 0.4 million.

Cross-currency swaps, Corporate

In September 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 232 million) and they expire in 2019. The changes in value thereof are recognised in reserves (EUR 0.1 million in 2017), for the interest rate component, and Result on exchange differences, for the foreign currency hedge component (EUR -32 million in 2017).

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 2017 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 2,335 million at 31 December 2017, of which EUR 976 million relate to the Canadian dollar, EUR 552 million relate to the US dollar, EUR 596 million to the Australian dollar, EUR 190 million to the pound sterling and EUR 21 million to the New Zealand dollar. They expire at short term. The changes in their value are recognised as translation differences and amounted to EUR 77 million in 2017 (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 -16 million.

Derivatives, Services Division

Cross-currency swaps, Broadspectrum

The cross-currency swaps arranged at 2016 year-end hedged mainly fluctuations in the fair value of the High Yield Bonds issued in US dollars by converting this debt into Australian dollars at floating rate. Since this debt was repurchased in May 2017, this derivative was derecognised, giving rise to a variation of EUR 82 million in 2017. In addition, there was a liability balance of another EUR 3 million at December 2016 hedging debt issues denominated in Chilean pesos, which were also derecognised in 2017.

b) Main effects on profit or 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 2017 and 2016, and the impact on reserves, profit or loss and other statement of financial position items are as follows:

	FAIR VALUE			IMPACTS						
TYPE OF INSTRUMENT (Millions of euros)	BALANCE AT 31/12/17	BALANCE AT 31/12/16	CHANGE	IMPACT ON RESERVES (I)	IMPACT ON PROFIT OR LOSS DUE TO FAIR VALUE CHANGES (II)	IMPACT ON FINANCIAL RESULT (III)	IMPACT ON CASH (IV)	EXCHANGE RATE EFFECT (V)	OTHER IMPACTS ON EQUITY OR PROFIT OR LOSS (VI)	TOTAL
Index-linked swaps, Cintra	316	321	-5	-5	0	0	-7	0	7	-5
Interest rate swaps, Cintra	-357	-399	42	42	0	-45	46	0	0	42
Interest rate swaps, Corporate	13	16	-4	0	0	0	-4	0	0	-4
Cross currency swaps, Corporate	-17	16	-32	0	0	-5	5	0	-32	-32
Cross-currency swaps, Broadspectrum	0	79	-79	9	-10	0	-76	-1	-1	-79
Equity swaps	1	-4	5	0	5	0	3	0	-3	5
Exchange rate derivatives, Corporate	27	-1	28	0	-6	0	-86	77	43	28
Other derivatives	-54	-83	29	23	22	-13	-6	48	-44	29
Total	-71	-55	-16	69	12	-63	-126	124	-31	-16

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 designated as cash flow hedges are recognised 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 Group profit or loss (column II) and are reflected separately in the statement of profit or loss.
- “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).
- Lastly, “Other Impacts” shows the impacts on profit or loss from operations, financial result (exchange rate effect) or other effects not considered in the other columns (column VI).

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 updated 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 is included in the measurement of derivatives pursuant to IFRS 13, 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 counterparties, the CDS curves of those companies are used, if available; otherwise, the CDS curves of a similar entity (proxy) or a generic spread curve (by rating level) are used.

SECTION 6: OTHER DISCLOSURES

This section includes other Notes required under the applicable legislation.

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

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

6.1. Deferred income

The balance of "Deferred Income" totalled EUR 1,037 million at the end of 2017 (2016: EUR 1,118 million), of which EUR 1,033 million correspond to grants related to assets received from the infrastructure concession grantors, primarily in the Toll Roads Division (EUR 1,012 million) and in the Services Division (EUR 8 million).

Within the Toll Roads Division, these grants are mainly broken down into the following projects: LBJ Infrastructure Group (EUR 399 million); NTE Mobility Partners (EUR 487 million); NTE Mobility Partners Segments 3 LLC (EUR 81 million); and, lastly, I-77 Mobility Partners (EUR 45 million).

The main change in 2017 took place at NTE Mobility Partners Segments 3 and I-77 Mobility Partners, subsidiaries of Cintra in the US, which received additional grants in 2017 amounting to EUR 24 million and EUR 33 million, respectively, offset by a decrease of EUR 74 million and EUR 60 million as a result of the grants being taken to profit or loss in the framework of the NTE Mobility Partners and LBJ Infrastructures projects.

There was also a decrease of EUR 137 million at the US companies due to the depreciation of the US dollar with respect to the euro.

These grants related to assets are recognised in profit or loss over the periods and in the proportions in which depreciation expense on those assets is recognised. The impact of these grants on cash flows is presented as a reduction of cash flows from investing activities.

6.2. Pension plan deficit

This line item reflects the deficit relating to pension and other employee retirement benefit plans, including both defined benefit and defined contribution plans. The provision recognised in the consolidated statement of financial position as at 31 December 2017 amounted to EUR 66 million (31 December 2016: EUR 174 million). Of this amount, EUR 64 million (31 December 2016: EUR 172 million) relate to defined benefit plans of the Amey Group in the UK.

The accompanying table analyses the changes in Amey's pension plan deficit. As the table shows, the main changes relate to the actuarial gains and losses (EUR 76 million) and the contributions made (EUR 39 million).

(Millions of euros)	ASSETS	LIABILITIES	TOTAL
Balances at 31/12/16	944	-1,116	-172
Actuarial gains and losses (recognised in equity)	45	31	76
Contributions	39	0	39
Impact on profit or loss	20	-31	-11
Plan settlement	-37	37	0
Exchange rate effect	-38	43	5
Balances at 31/12/17	973	-1,037	-64

The Amey Group has nine defined benefit plans covering a total of 7,968 employees and five defined contribution plans covering 11,389 employees. The most significant changes in 2017 that led to a EUR 108 million reduction in the deficit were as follows:

AMEY GROUP DEFINED BENEFIT PLANS	2017
Actuarial gains and losses	76
Company contributions	39
Impact on profit or loss	-11
Exchange rate effect	5
Total changes	108

- An impact of EUR 76 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 improvement of EUR 76 million is explained in part from the perspective of obligations (EUR 31 million), broken down into a change in the demographic assumptions (EUR 23 million) and an improvement in future expectations due to lower inflation projections (EUR 26 million) and partially reduced by the worsening in the actuarial assumptions used due to a decrease in the discount rate (EUR -18 million). The actuarial improvement relating to assets (EUR 45 million) was due to the positive performance of the markets associated therewith. More details are provided in section a) of this Note.

- Contributions of EUR 39 million made by the Company to the pension plans, which reduced the pension plan deficit (a decrease in the related liability). The ordinary contributions amounted to EUR 4 million, while the extraordinary contributions aimed at improving the pension plan deficit totalled EUR 35 million.

- A negative impact of EUR -11 million on profit or loss, which increased the pension plan deficit (an increase in the related liability), as detailed in section b) of this Note.

- A positive impact of EUR 5 million due to the exchange rate effect, giving rise to a decrease in the deficit.

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 2017 these curtailments and settlements totalled EUR 37 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)	2017	2016
Actuarial gains/losses on obligations	31	-256
Actuarial gains/losses on plan assets due to the difference between the expected return at the beginning of the year and the actual return	45	103
Impact on equity recognised	76	-153

The main actuarial assumptions used to calculate the defined benefit pension plan obligations are summarised as follows:

AMEY GROUP DEFINED BENEFIT PLANS MAIN ASSUMPTIONS	2017	2016
Salary increase	2.40%	2.77%
Discount rate	2.45%	2.65%
Expected inflation rate	3.25%	3.35%
Expected return on assets	2.45%	2.65%
Mortality (years)	87-90	87-91

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 2017 and 2016 are summarised as follows:

AMEY GROUP DEFINED BENEFIT PLANS (Millions of euros)	2017	2016
Plan assets (fair value)		
Equity instruments	275	277
Debt instruments	580	563
Buildings	62	62
Cash and other	56	42
Total plan assets	973	944

b) Impact on profit or loss

The detail of the impact of the defined benefit pension plans on profit or loss is as follows:

AMEY GROUP DEFINED BENEFIT PLANS (Millions of euros)	2017	2016
Impact on profit or loss before tax		
Current service cost	-4	-4
Interest cost	-28	-34
Expected return on plan assets	24	33
Other	-3	-2
Total amount recognised in profit or loss	-11	-8

c) Complete actuarial reviews

The Amey Group performs complete actuarial valuations every three years, depending on the plan, having completed the most recent reviews of all the plans in 2016 and 2017.

Based on these reviews, the extraordinary contributions to be made in the coming years have been maintained.

For 2018 the ordinary contributions agreed with the trustees will be EUR 4 million for ordinary contributions and EUR 15 million for extraordinary contributions.

d) Sensitivity analysis

Set forth below is a sensitivity analysis showing the impact on profit or loss and on equity of a change of 50 basis points in the discount rate.

	ANNUAL IMPACT ON PROFIT OR LOSS		ANNUAL IMPACT ON EQUITY	
AMEY GROUP DEFINED BENEFIT PLANS SENSITIVITY ANALYSIS DISCOUNT RATE (+ / - 50 B.P.)	BEFORE TAX	AFTER TAX	BEFORE TAX	AFTER TAX
+ 50 b.p.	3	2	82	68
- 50 b.p.	-2	-2	-95	-79

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 items composing “Long-Term Provisions” and “Operating Provisions” under liabilities in the consolidated statement of financial position. In addition to these items, there are certain 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- and short-term provisions presented separately under liabilities in the consolidated statement of financial position were as follows:

(Millions of euros)	PROVISION FOR LANDFILLS	PROVISION FOR COMPULSORY PURCHASES	PROVISION FOR REPLACEMENTS AND UPGRADES PURSUANT TO IFRIC 12	PROVISIONS FOR LITIGATION AND TAXES	PROVISIONS FOR OTHER LONG-TERM RISKS	TOTAL LONG-TERM PROVISIONS	SHORT-TERM PROVISIONS	TOTAL
Balance at 31 December 2016	124	29	109	415	79	757	702	1,459
Transition to IFRS 15	0	0	0	43	0	43	-17	26
Changes in the scope of consolidation and transfers	-2	-4	0	29	6	30	12	42
Charges for the year:	13	0	30	17	13	72	232	304
Gross profit from operations	*9*	*0*	*0*	*10*	*13*	*32*	*232*	264
Financial result	*4*	*0*	*5*	*6*	*0*	*15*	*0*	16
Impairment and disposals of non-current assets	*0*	*0*	*0*	*0*	*0*	*0*	*0*	0
Income tax	*0*	*0*	*0*	*0*	*0*	*0*	*0*	0
Depreciation and amortisation charge	*0*	*0*	*24*	*0*	*0*	*24*	*0*	24
Reversals:	-1	0	-5	-32	-4	*-42*	-157	-199
Gross profit from operations	*-1*	*0*	*0*	*-32*	*-4*	*-37*	*-157*	-194
Financial result	*0*	*0*	*0*	*0*	*0*	*0*	*0*	0
Impairment and disposals of non-current assets	*0*	*0*	*0*	*0*	*0*	*0*	*0*	0
Income tax	*0*	*0*	*0*	*0*	*0*	*0*	*0*	0
Depreciation and amortisation charge	*0*	*0*	*-4*	*0*	*0*	*-4*	*0*	-4
Amounts used recognised in current assets or liabilities	-4	0	0	-25	-8	-37	-144	-181
Amounts used recognised in other assets	0	0	-7	0	0	-7	0	-7
Exchange differences	0	0	-2	-4	-1	-7	1	-6
Balance at 31 December 2017	130	25	126	443	84	808	629	1,437

The table above shows the changes in the year by detailing separately, on the one hand, the charges for the year and reversals that had an impact on the different lines in the consolidated statement of profit or loss 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 in different headings in the consolidated statement of financial position and exchange rate effect.

In this regard, on analysing the effect on the consolidated statement of profit or loss, mention should be made of the net charge (expense) of EUR (70) million with an impact on gross profit from operations, as well as EUR 181 million relating to amounts used recognised in current assets or liabilities. The sum of both figures is consistent with the EUR 111 million allocated for the purpose of working capital in cash flows (see Note 5.3).

Also, as explained in Note 1.1.3, the impact of the transition to IFRS 15 gave rise to a EUR 26 million increase in the Group's provisions, relating mainly to the Services business.

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 profit from operations in the consolidated statement of profit or loss, as the costs required for closure of the landfill are incurred.

Provision for compulsory purchases

The provision for compulsory purchases recognised by the Spanish toll roads, totalling EUR 25 million (31 December 2016: EUR 29 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 1.3.3.2). The balance of this heading increased by EUR 17 million from EUR 109 million at December 2016 to EUR 126 million at 31 December 2017. 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.

Provisions for litigation and tax claims

The provisions for litigation amount to EUR 443 million (31 December 2016: EUR 415 million). This line item includes:

- Provisions to cover the possible risks resulting from litigation in progress, amounting to EUR 189 million (31 December 2016: EUR 168 million), of which EUR 94 million (31 December 2016: EUR 121 million) relate to the construction business and EUR 91 million (31 December 2016: EUR 42 million) relate to litigation of the Services business, the details of which are provided in Note 6.5. to these consolidated financial statements. These provisions are recognised and reversed with a charge/credit, respectively, to changes in provisions within gross profit from operations.

- Provisions for tax claims, amounting to EUR 254 million (31 December 2016: EUR 247 million), arising in relation to local or central government duties, income taxes and other taxes, as a result of the varying interpretations that can be made of the tax legislation in the various countries in which the Group operates.

- This provision is recognised and reversed with a charge/credit to gross profit from operations, financial result and/or 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).

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 84 million at 31 December 2017 (31 December 2016: EUR 79 million).

Short-term provisions

At 31 December 2017 short-term provisions totalled EUR 629 million (31 December 2016: EUR 702 million). "Short-Term Provisions" includes mainly the provisions relating to contracts with customers, such as the provisions for deferred expenses (relating to construction work completion and site removal under the related contract) and the provisions for budgeted losses. In this respect, provisions of this type are concentrated mainly in the Construction Division and amount to EUR 432 million (2016: EUR 540 million) and in the Services Division where they amount to EUR 186 million (31 December 2016: EUR 152 million). These provisions are recognised and reversed with a charge/credit, respectively, to changes in provisions within gross profit from operations.

6.4. Other non-current liabilities

"Non-Current Liabilities - Other Payables" includes mainly the following:

- The participating loans granted by the State to various infrastructure project concession operators amounting to EUR 156 million (31 December 2016: EUR 154 million), of which EUR 105 million relate to the Toll Roads division, EUR 41 million to the Services division and EUR 10 million to the Construction division.

- Long-term deposits and guarantees amounting to EUR 7 million (31 December 2016: EUR 8 million), of which EUR 5 million relate to the Services division and EUR 2 million to the Toll Roads division.

- Long-term trade payables of the Services division, amounting to EUR 3 million (31 December 2016: EUR 6 million).

6.5. Contingent liabilities, contingent assets, obligations and commitments

6.5.1. Litigation

In carrying on its activities, the Group is exposed 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 detailed in Note 6.3.

Therefore, no significant liabilities that might have a material adverse effect are expected to arise, other than those for which provisions have already been recognised.

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

<u>Autopista Terrasa Manresa (Autema):</u>

On 14 July 2015, the Catalonia Autonomous Community Government officially published Decree 161/2015 which included the amendment of the toll road concession arrangement, whereby the regime changed from a regime under which the Catalonia Autonomous Community Government undertook to pay 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 Catalonia Autonomous Community Government subsidising a portion of the toll paid by the users.

After filing the claim in the proceeding against Decree 161/2015 in October 2016, in December 2016 Decree 337/2016, partially amending Decree 161/2015, was published. Consequently, Autema also challenged Decree 337/2016 and requested the joinder of the two claims into one proceeding given the direct connection between the two decrees challenged. In this connection, the company considers that there are sound arguments to conclude that the Catalonia Autonomous Community Government clearly exceeded the limits of the power to amend the arrangements. Accordingly, the company filed an appeal against the aforementioned Decrees at the High Court of Catalonia.

The joint defendants (the Autonomous Community Government of Catalonia and the Regional Council of Bages) and the phase to propose and take evidence has commenced, with a hearing in which the experts of both parties will reaffirm their reports set for 15 March 2018.

As a result of the amendment to the concession regime and taking into consideration the solid legal position against this amendment, classification of this concession as a financial asset has been maintained. However, the test for impairment on goodwill allocated to this asset has been revised and an impairment loss of EUR 29 million was recognised in 2017 (2016: EUR 21 million) on the basis of the assumptions described in Note 3.1.

<u>M-203 toll road:</u>

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. On 12 February 2015, the concession operator was notified of the judgment handed down by the Madrid High Court of Justice upholding in full the appeal for judicial review. A cassation appeal against this judgment was filed at the Supreme Court by the Autonomous Community Government of Madrid and, lastly, on 22 December 2016, the Supreme Court's decision was handed down, which dismissed the Autonomous Community Government of Madrid's cassation appeal.

Following the decision in the concession operator's favour, it has requested through various channels that the Autonomous Community Government of Madrid issue a formal administrative decision terminating the concession arrangement and initiating a procedure to settle the arrangement.

Lastly, by means of the Order of the Regional Minister for Transport, Infrastructure and Housing of the Autonomous Community Government of Madrid, the Autonomous Community Government of Madrid terminated the concession arrangement. The company is waiting for the Autonomous Community Government of Madrid to: (i) take possession of the construction work; (ii) return the bank guarantees provided as a definitive guarantee; (iii) be subrogated to the compulsory purchase proceedings; and (iv) pay the compensation for the investments made and the damage and losses suffered. This should take place within six months of the date of the aforementioned Order.

As a result of the termination of the concession arrangement, at 31 December 2017 the company reclassified the carrying amount of the asset (EUR 61 million) as an account receivable from the grantor (see Note 3.6).

AP 36 Ocaña - La Roda and Radial 4 toll roads

With respect to the insolvency proceeding of the AP 36 toll road, the company is currently being liquidated. On 14 December 2017, the insolvent parties were served the liquidation plans submitted by the insolvency managers to the judge overseeing the insolvency proceeding, which have not yet been approved.

The insolvency proceeding of the Radial 4 toll road has been in the liquidation phase since 10 May 2017. In September 2017 the insolvency managers filed the liquidation plans, which were approved in an order handed down on 24 October 2017. At the end of 2017 the grantor (Ministry of Public Works) commenced proceedings to terminate the two concession arrangements in relation to which both the insolvency managers and various creditors made submissions. With respect to the Radial 4 toll road, while the Ministry of Public Works is yet to issue a decision in relation to these submissions and definitively terminate the concession arrangement, provisional measures have been adopted that enabled SEITTSA, the public company that will take control of various toll road concession arrangements, to take control of the asset on 21 February 2018.

Furthermore, in relation to the Radial 4 toll road, the decision is yet to be handed down in a lawsuit at the Supreme Court brought by the lenders of the company against its shareholders relating to a guarantee amounting to EUR 14.9 million (in the portion attributable to Ferrovial). Although the decisions handed down previously at first instance and on appeal ruled in the shareholders' favour, a provision has been recognised for this contingency at 31 December 2017.

These companies were excluded from the scope of consolidation in 2015, since the circumstances indicating loss of control were evident: there is no exposure to variable returns from the involvement with the investees and there is no ability to direct the relevant activities of the investees. The performance since then has confirmed the policy applied at that time.

b) Litigation relating to the Construction business

The Group's Construction Division is involved in various lawsuits relating primarily to possible defects in the construction of completed projects and claims for third-party liability.

The provisions recognised in relation to these risks at 31 December 2017 totalled EUR 94 million (2016: EUR 121 million) and relate to a total of approximately 110 lawsuits. The most significant litigation, in terms of amount, in this business area is as follows:

- Muelle del Prat: this corresponds to a claim relating to the construction project for the new container terminal at the Port of Barcelona. The work was performed by Ferrovial Agroman as part of an unincorporated temporary joint venture (UTE) with other companies. The claim -for an amount of EUR 97 million- was lodged by the Port of Barcelona in September 2011 against all the companies involved in the performance of the project and arose as a result of the damage caused by an accident during construction work. A judgment was handed down in 2013 partially upholding the claim filed by the customer, ordering the defendants jointly and severally to pay EUR 20.9 million plus interest. In the first six months of 2014 the insurance companies partially covered the payment of the aforementioned judgment. On 16 March 2016, the Barcelona Provincial Appellate Court handed down a decision ruling in favour of the defendants and dismissing in full the claim lodged by the Barcelona Port Authority; the Port Authority has lodged a cassation appeal against this ruling, in relation to which a decision has not yet been handed down.

- Arbitration in relation to the construction project for Warsaw airport: This corresponds to a claim filed against the UTE formed by Ferrovial Agroman and Budimex in relation to the termination of the contract to construct Terminal 2 of Warsaw Airport. In 2007 the customer enforced a guarantee amounting to EUR 13.5 million and brought a claim against the construction joint venture. In turn, the construction joint venture brought a counterclaim against the customer in relation to the illegal enforcement of the guarantee and uncollected amounts; the net amount of these mutually submitted claims is EUR 18.9 million in favour of the construction joint venture. In September 2012, after the favourable award of the Arbitration Court (confirmed in 2013 by the Supreme Court), the customer returned the enforced guarantee and paid the interest accrued from when the guarantee was enforced.

  The deadline established by the Arbitration Court for each party to submit pleadings to defend their claims and to assess the evidence taken to continue with the arbitration is February 2018. In this regard, the expert evidence taken addressed, on the one side, the technical grounds for the customer's -Poland Port Authority- unilateral termination of the contract and, on the other, the evidence supporting the amounts claimed as amounts outstanding for work performed and damage and losses, which has yet to be taken.

  The company expects the arbitration to be resolved in 2019, but does not rule out a partial arbitral award being issued in the interim. In any event, the account receivable has not been written down since the company considers that the resolution of the arbitration proceeding will include its recovery in full, despite the parties' mutually submitted claims.

- Construction work relating to the SH-130 toll road in Texas: The company operating segments 5 and 6 of the SH-130 toll road located between Austin and San Antonio in Texas (US) brought a claim to submit to arbitration a dispute with the Ferrovial Agroman investee Central Texas Highway Contractors, LLC, which built the toll road, and with Zachry Industrial, INC. and Ferrovial Agroman, S.A. as several guarantors on a pro rata basis of the former. The arbitration claim is related to the contract for the design and construction of segments 5 and 6 of the SH-130 toll road entered into in 2007. The concession operator's general and succinct argument is that there are construction faults and defects, mainly in the toll road's surface, which it considers to amount to at least USD 130 million, of which 50% (USD 65 million) would be attributable to the ownership interest of Ferrovial Agroman, which would not be jointly and severally liable for the ownership interest of the other shareholder.

  Although the process is in an initial phase and the company has not had access to the arguments used by the claimant, the company's legal advisers consider that the construction work on the toll road was performed in accordance with the provisions of the contract and industry best practices and that, in any case, any potential liability arising from the litigation's resolution could be reduced by various facts, such as:

- The construction company is covered by an insurance contract;
- The liability for the alleged defects should fall to the companies subcontracted by the construction company for both the design and construction of the road surface; and
- The Texas Department of Transportation and the concession operator appear to have reached an agreement to perform the work to repair the defects for USD 60 million, which is less than 50% of the amount claimed.
- Based on the foregoing, it was concluded that at year-end it was not necessary to recognise a provision in addition to the USD 10 million that the company has already recognised in connection with deferred expenses relating to the guarantee of the construction work performed in this project.

- Arbitration relating to the Cerrejón project in Colombia: On 24 July 2017, Ferrovial Agroman was served notice of the arbitral award relating to a dispute concerning the construction work of a port for the mining company Cerrejón. The construction consortium in which Ferrovial Agroman held an ownership interest of 50% was ordered to pay compensation of EUR 31 million. Since the consortium was jointly and severally liable and the Colombian partner with which Ferrovial Agroman participated therein was involved in insolvency proceedings, Ferrovial Agroman had to pay all of the compensation and recognised a loss for the aforementioned amount that ultimately gave rise to an outflow of cash.

  The arbitration was instigated as a result of the termination of the contract requested by the construction consortium in February 2013 due to losses arising because of a strike at the mine's facilities. Based on the legal reports available, it was initially considered that the construction consortium had a very sound case and, therefore, no provision was recognised in relation to the arbitration.

  In the arbitral award, one of the arbitrators expressed a dissenting opinion and argued that the decision contravened Colombian law and the evidence submitted during the process. The construction consortium brought an appeal to set aside the arbitral award at the Supreme Court of Colombia in relation to which a decision has not yet been handed down.

c) Litigation relating to the Services business

The provisions relating to the Services division totalled EUR 91 million at 2017 year-end (2016 year-end: EUR 42 million). The main lawsuits in progress are as follows:

Regarding the Services business in the UK:

- The main lawsuit in which the company was involved at 31 December 2017 related to the long-term contract entered into by Amey and Birmingham City Council for the rehabilitation and subsequent maintenance and replacement of certain infrastructure in the city up to 2035. On 5 September 2016 a court decision was handed down ruling in Amey's favour with respect to all the matters disputed by the parties, although the other party requested permission for the case to be heard at the appeal court.

  The disputed matters refer to the scope (Project Network Model and Pavement Management Model) of the construction work performed in the contract's initial investment phase and the assessment of the achievement of milestones 6 to 9 in the performance of the aforementioned work, which were initially approved by the City Council's independent adviser and which involved the collection of certain amounts of consideration for achieving the aforementioned milestones.

  During 2017 the company was involved in negotiations with Birmingham City Council to reach an out-of-court settlement, although the Council filed an appeal at the appeal court and the negotiations were finally suspended. On 22 February 2018, the appeal court found against Amey in relation to all the matters and the company intends to appeal against the decision at the Supreme Court.

  At the reporting date the company was assessing the impact that might arise from the outcome of the judgment and had recognised provisions to cover the contingency of the project amounting to GBP 74.4 million, of which GBP 37.9 million relate to the provision recognised in relation to this lawsuit in 2016 and GBP 36.5 million to the portion of the adjustment due to first-time application of IFRS 15 as a result of considering that certain amounts relating to the achievement of milestones 6 to 9 (initially recognised as revenue) did not meet the requirements of that standard at 31 December 2016 since recognition was dependent on the appeal by Birmingham City Council against the judgment of September 2016.

- 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. The Group considers that this contingency has been correctly provided for at year-end.

Regarding the Services business in Spain:

- The Group was involved in a lawsuit in December 2017 in relation to a resolution of the Spanish National Markets and Competition Commission (CNMC) imposing a penalty on the Group companies Cespa, S.A. and Cespa, G.R. and other companies from the waste management and urban cleaning industry for participating in a market share agreement. The penalty imposed on Cespa, S.A. and Cespa, G.R. amounted to EUR 14 million.

The National Appellate Court announced the judgment on 27 February which upheld in full the appeal lodged by Cespa, considering that there were no grounds for accusing it of participating in a cartel of this type. Since the appeal was upheld in full, the judgment imposed costs on the authorities. The judgment is not final and the Spanish government lawyers may prepare a cassation appeal against it within 30 days. The Group had decided not to recognise any type of provision in this connection since the company's legal advisers considered that there were robust arguments to challenge the resolution by the CNMC.

- In addition, through the company Empresa de Mantenimiento y Explotación M-30, S.A. (Emesa) in which it holds a 50% ownership interest, the Group executes the maintenance contract for the M-30 infrastructure and holds a 20% ownership interest in the semi-private company, Madrid Calle 30, the concession operator for that infrastructure. In 2017 Madrid City Council, another shareholder of Madrid Calle 30, set up a municipal investigation committee, whose main recommendations affecting the Group are to reverse the management model of Madrid Calle 30 to the original model of a 100% municipal company, and request the competent Council bodies to study who should be responsible for paying the electricity supply, which to date has been paid by Madrid Calle 30. In the legal advisers' opinion, there are arguments to justify that the electricity supply should be paid by Madrid Calle 30 and not by Emesa. In addition, if the concession arrangement is terminated early, under the arrangement's specifications, Emesa's shareholders would recover the value of the participating loans granted to this company and Emesa would recover the value of the ownership interest in Madrid Calle 30, together with the subordinated loan granted to this company. It should also be noted that Emesa has filed an appeal for judicial review against the resolution by the City Council that approved the investigation committee's report, and the appeal has been admitted for consideration. Accordingly, the Group has not recognised a provision in this connection.

- 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 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 has 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 has 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 the opinion of the company's legal advisers, the possibility that the requested amounts will have to be paid is considered to be remote and, therefore, the Group decided not to recognise a provision in this connection.

d) Tax litigation

Ferrovial is involved in various tax-related claims, mainly in relation to tax audits in Spain. The most significant claims relate to income tax and VAT for 2002 to 2013 and amount to EUR 311 million. Although the company considers that it has sound arguments to defend its position, it has recognised provisions to partially cover the contingencies in this connection amounting to EUR 254 million, as indicated in Note 6.3.

These claims include the claim relating to the amortisation for tax purposes of financial goodwill arising on the acquisition of foreign companies. Ferrovial has lodged an appeal against the European Commission's decision of 2014 ("Third Decision") classifying this tax measure as state aid. Although the core issue has yet to be resolved, in 2017 the tax authorities ordered the recovery of the amortisation recognised between 2006 and 2015, and requested the payment of EUR 37 million which included EUR 8 million of late-payment interest. An account receivable from the tax authorities was recognised as a balancing entry to this payment since it was considered that these amounts will be recovered once a decision in the Group's favour has been handed down in relation to the appeal. It is important to note that the company has recognised deferred tax liabilities in relation to the goodwill forming the subject-matter of this lawsuit in order to pay a possible refund of the amounts deducted in this regard amounting to EUR 114 million (see Note 2.8.3).

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 2017, the balance amounted to EUR 7,472 million (2016: EUR 5,944 million).

The following table contains a breakdown of the risk covered in each business area.

(Millions of euros)	2017	2016
Construction	4,848	4,006
Toll roads	1,165	498
Services	1,109	1,180
Airports	90	7
Other	261	253
TOTAL	7,472	5,944

The increase in these guarantees is due mainly to the guarantees to cover the capital commitments relating to the 166 toll road and to the guarantees granted by bonding agencies in construction contracts in the US.

The EUR 7,472 million, by type of instrument, relate to: i) EUR 3,677 million of bank guarantees; ii) EUR 977 million of guarantees provided by insurance companies; and iii) EUR 2,818 million of performance bonds provided by 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 performed 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 948 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 companies in the Group

As mentioned previously, in general there are guarantees provided among Group companies to cover third-party liability claims 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 b.1. on Contingent capital guarantees).

Other noteworthy guarantees have also been provided to companies accounted for using the equity method (see b.2. below).

b.1) Guarantees provided by non-infrastructure projects to infrastructure projects related to these projects' debt that could give rise to future additional capital disbursements if the events guaranteed take place (contingent capital guarantees)

Guarantees provided by non-infrastructure projects to infrastructure projects could be divided 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 2017 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 lots in Mijas (EUR 20 million) and the investment to bring tunnels into line with European legislation (EUR 13.7 million).	34
Subtotal guarantees - 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	73
Conc. Prisiones Figueras	Technical guarantee for failure to repay the bank in three specific cases relating to construction permit, General Urban Zoning Plan and modifications. Does not cover insolvency (default) or breach by the grantor	62
Subtotal guarantees - Construction projects		134
Servicios Urbanos de Murcia	Technical guarantee to obtain the certificate relating to the permit obtained through administrative silence, activities for the environmental authorisation and grant of a security interest up to a combined limit of EUR 70 million. Technical guarantee made available for vehicles with a limit of EUR 31.9 million.	70
Subtotal guarantees - Services projects		70
Total guarantees – fully consolidated infrastructure projects		239

The detail of the amounts of the guarantees (corresponding to the Ferrovial Group's percentage interest) in relation to the financing of the infrastructure projects accounted for using the equity method 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 debt repayment.	2
Auto-Estradas Norte Litoral (Cintra)	Guarantee limited to compulsory purchase overruns.	1
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.	47
Total guarantees - infrastructure projects accounted for using the equity method		51

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 2017 (see Note 6.5.1.a)).

b.2) Other guarantees provided to companies accounted for using the equity method other than infrastructure project companies

Certain construction and services contracts are performed by companies accounted for using the equity method 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 1,417 million, of which the most significant are those relating to contracts for the UK Ministries of Defence and Justice. 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) Assets pledged as collateral

The assets pledged as collateral are described in the Notes as follows:

- Pledges of property, plant and equipment, see Note 3.4.
- Pledges of deposits or restricted cash, see Note 5.2.

d) Guarantees received from third parties

At 31 December 2017, Ferrovial had received guarantees from third parties totalling EUR 1,049 million (31 December 2016: EUR 1,056 million), mainly in the Construction Division in the Ferrovial Agroman companies in the United States (EUR 836 million), the Budimex Group (EUR 114 million) and other construction companies (EUR 106 million).

These guarantees received from third parties relate to technical performance bonds whereby certain subcontractors or suppliers in the Construction business guarantee full performance of their contractual obligations relating to the construction work they are engaged to carry out, and cannot be sold or pledged.

6.5.3. Obligations and 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.

The investment commitments of the Group in relation to the capital of its projects are as follows:

(Millions of euros)	2018	2019	2020	2021	2022	2023 AND SUBSEQUENT YEARS	TOTAL
Toll roads	146	2	0	20	0	0	168
Airports	1	0	18	0	0	30	49
Investments in fully consolidated infrastructure projects	147	2	20	20	3	30	217
Toll roads	14	7	316	237	144	0	719
Services	32	0	0	0	0	0	32
Construction	0	0	0	0	0	0	1
Investments in infrastructure projects accounted for using the equity method	46	7	316	237	144	0	751
Total investments infrastructure projects	193	10	334	256	144	30	968

At 31 December 2017, the investment commitments amounted to EUR 968 million (2016: EUR 1,074 million). This decrease is due mainly to the investments made in US toll road projects in 2017 and the reduced investment commitments relating to the I66 toll road following the financial close (the capital committed to our ownership interest of 50% amounts to EUR 633 million compared to the EUR 723 million estimated in 2016 prior to the financial close).

As indicated in 6.5.2-a), a portion of these commitments, amounting to EUR 948 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 these EUR 34 million were included as investment commitments because an outflow of resources of the other contingent capital relating to 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 61 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 102 million (2016: EUR 121 million) which relate mainly to the acquisition of machinery or the construction of treatment plants, and EUR 15 million (2016: EUR 5 million) relating mainly to the purchase of two waste treatment companies in Poland and a logistics company in Spain. The schedule of the commitments of the Services Division is as follows:

(Millions of euros)	2017	2018	2019	2020	2021	2022 AND SUBSEQUENT YEARS	TOTAL
Acquisition of property, plant and equipment	38	18	3	35	3	5	102
Acquisition of companies	4	2	3	1	0	6	15
Total services	42	20	6	36	3	11	118

It should be noted that the foregoing commitments of the Services Division are not secured by bank guarantees.

b) Obligations under operating and finance leases

The expense recognised in relation to operating leases in the consolidated statement of profit or loss for 2017 totals EUR 523 million (2016: EUR 412 million).

The future total minimum lease payments for non-cancellable operating leases are shown below:

2017 (Millions of euros)	CORPORATE	CONSTRUCTION	TOLL ROADS	SERVICES	AIRPORTS	TOTAL
Within one year	4	32	3	62	0	100
Between one and five years	17	47	3	114	0	181
After five years	0	4	0	13	0	17
Lessee	21	83	6	189	0	298

2016 (Millions of euros)	CORPORATE	CONSTRUCTION	TOLL ROADS	SERVICES	AIRPORTS	TOTAL
Within one year	4	35	3	97	0	138
Between one and five years	21	47	4	176	0	247
After five years	0	10	0	40	0	50
Lessee	25	92	7	312	0	435

The Group does not have any significant commitments as a lessor under operating leases.

c) 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 landfill closure discussed in Note 6.3, the balance of which at 31 December 2017 was EUR 130 million (31 December 2016: EUR 124 million).

6.6. Remuneration of the board of directors and senior executives

6.6.1. Bylaw-**stipulated 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) 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 independence and commitment in the long term.

On the same date as that on which these consolidated financial statements were authorised for issue, the Board of Directors prepared and made available to the shareholders the Annual Report on Directors' Remuneration referred to in Article 541 of the Spanish Limited Liability Companies Law. 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 2017 and a detail of the individual remuneration earned by each of the directors in 2017.

The table below shows the itemised bylaw-stipulated emoluments of the members of the Board of Directors earned in 2017 and 2016. It also includes the supplementary fixed remuneration relating to the bylaw-stipulated emolument. 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 amount of remuneration 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 of 28 February 2018 it was decided, within the maximum limits approved by the General Meeting, to supplement the amount of supplementary fixed remuneration for 2017 for the entire Board by EUR 145,421, sharing the amount among the directors according to their time on the Board in 2017.

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.

2017

DIRECTOR (Thousands of euros)	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 05/04/17)	26	30	43	99
Total	411	618	774	1,803

2016

DIRECTOR (Thousands of euros)	FIXED REMUNERATION	ATTENDANCE FEES	SUPPLEMENTARY FIXED REMUNERATION	TOTAL
Rafael del Pino y Calvo-Sotelo	35	114	92	241
Santiago Bergareche Busquet	35	74	81	190
Joaquín Ayuso García	35	59	58	152
Iñigo Meirás Amusco	35	57	46	138
Juan Arena de la Mora	35	56	46	137
María del Pino y Calvo-Sotelo	35	57	46	138
Santiago Fernández Valbuena	35	78	46	159
José Fernando Sánchez-Junco Mans	35	68	46	149
Joaquín del Pino y Calvo-Sotelo	35	48	46	129
Oscar Fanjul Martín	35	63	46	144
Philip Bowman (since 29/07/16)	15	12	20	46
Leopoldo del Pino y Calvo-Sotelo (until 21/01/16)	2	0	3	5
Howard Lance (until 14/04/16)	10	12	13	35
Total	377	699	588	1,663

6.6.2. Individual remuneration of the executive directors

a) Remuneration earned in 2017 and 2016

The two executive directors in 2017 earned the following remuneration for discharging their functions, in addition to the remuneration discussed in the preceding section.

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 13/03/17.

2016

REMUNERATION OF THE EXECUTIVE DIRECTORS (Thousands of euros)	RAFAEL DEL PINO	JOAQUÍN AYUSO (3)	IÑIGO MEIRÁS	TOTAL
Fixed remuneration	1,455	0	1,200	2,655
Variable remuneration	2,261	0	1.872	4,133
Relating to boards of other subsidiaries	0	36	0	36
Exercise of share options (2)	9,383	1,616	170	11,169
Life insurance premiums	8	0	4	12
Share plans (1)	1,918	0	1,918	3,836
Total 2016	15,025	1,652	5,164	21,841

(1) In March 2016, since the agreed metrics had been complied with, a number of shares equivalent to the units allocated in 2013 were delivered, after the relevant withholdings had been made. The CNMV was notified on 15/03/16.

(2) Rafael del Pino exercised 1,179,600 share options and Íñigo Meirás exercised 20,000 share options under the 2008 Plan, which expired in 2016. As in all the share option or share-based plans granted by Ferrovial since 2000, the Executive Chairman exercised his option in the last quarter prior to expiry.

(3) Joaquín Ayuso exercised 200,000 share options. He was granted this share-option plan in 2008 when he discharged the position of executive director.

b) Share-based payment systems

Following is a detail of the targets-based remuneration schemes linked to the performance of the share, entitlement to which has not yet vested.

EXECUTIVE DIRECTORS' PLAN SITUATION AT 31/12/16		UNITS	NO. OF VOTING RIGHTS	% OF VOTING POWER
Rafael del Pino y Calvo-Sotelo	2015 Allocation	69,800	69,800	0.01%
	2016 Allocation	74,000	74,000	0.01%
	2017 Allocation	76,850	76,850	0.01%
Íñigo Meirás Amusco	2015 Allocation	69,800	69,800	0.01%
	2016 Allocation	74,000	74,000	0.01%
	2017 Allocation	76,850	76,850	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 31 thousand in this connection in 2017 (2016: EUR 36 thousand).

6.6.4. Pension funds and plans or life insurance premiums

As in 2016, no contributions were made in 2017 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 this connection in 2017.

As regards life insurance premiums, the Company has insurance policies covering death (for which premiums totalling EUR 13 thousand were paid in 2017; EUR 12 thousand in 2016), 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 2017 under the aforementioned insurance policy amounted to EUR 589 thousand.

6.6.5. Advances and loans

At 31 December 2017, 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 2017 was as follows:

REMUNERATION OF SENIOR EXECUTIVES (Millions of euros)	2017	2016
Fixed remuneration	5,165	5,094
Variable remuneration	5,170	4,994
Performance-based share award plan	5,435	7,053
Exercise of share options and/or other financial instruments (see description)	0	698
Remuneration as members of managing bodies of other Group companies, jointly controlled entities or associates	33	30
Insurance premiums	19	16
Total	15,822	17,885

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 181 thousand from the Company, instead of the equivalent remuneration shown in the foregoing table (2016: EUR 83 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 2017, 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 eleven 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.

These contributions are quantified on the basis of a certain percentage of the total monetary remuneration of each 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 2017 amounted to EUR 2,366 thousand (2016: EUR 2,342 thousand), of which EUR 542 thousand correspond to executive directors.

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 payment

Performance-based share award plan

At 2017 year-end, Ferrovial had two remuneration systems in place for directors, consisting of the performance-based award of shares:

- Three-year plan approved by the Board of Directors on 19 December 2012: this plan consists of the delivery of shares of the Company. The total number of shares that can be granted annually under the plan may not exceed 1,900,000, representing 0.26% of the Company's share capital, and eligibility for the plan is conditional upon employees having at least three years' service at the Company (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, cash flows from operating and investing activities and total shareholder return with respect to a comparable Group.

- Three-year plan approved by the Board of Directors on 29 October 2015 consisting of the delivery of shares of the Company. The annual cost of the plan may not exceed EUR 22 million The terms and conditions concerning award and duration are similar to those of the plan explained above: this plan will be linked to at least three years' service at the Company (barring special circumstances) and to the achievement during this period of ratios calculated on the basis of EBITDA as a percentage of net productive assets and total shareholder return in relation to a comparable Group. The plan is intended for executive directors, senior executives and executives. The application of this plan to executive directors was authorised at the Company's Annual General Meeting held on 4 May 2016. Per the notification issued to the CNMV on 1 March 2017, the date of allocation of units for 2017 to the executive directors for the purpose of calculating the duration and terms and conditions of the aforementioned plan was 15 February 2017.

There were 3,212,739 shares outstanding at 31 December 2017 relating to these two plans.

The changes in the aforementioned remuneration schemes in 2017 and 2016 are summarised as follows:

	2017	2016
Number of shares at beginning of year	3,266,221	3,844,520
Plans granted	1,155,685	1,073,895
Plans settled	-1,157,188	-1,489,856
Shares surrendered and other	-33,889	-100,378
Shares exercised	-18,090	-61,960
Number of shares at end of year	3,212,739	3,266,221

These share award plans include the plans described above in Note 6.6. on remuneration of executive directors and senior executives.

In 2017 the staff costs recognised at the Group in relation to these remuneration schemes amounted to EUR 18 million (2016: EUR 17 million) with a charge to equity.

These plans were accounted for as futures and, therefore, the value of the foreseeable dividends up to the delivery date is discounted to the value of the shares at the grant date, using a rate of return equal to the average cost of borrowings over the share award period, and they are equity settled and, therefore, they are measured when granted and the initially calculated value thereof is not re-estimated. The related amounts are recognised under "Staff Costs" with a credit to 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 2017 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) Significant shareholders

The transactions performed (i) by the Company with its significant shareholders, their close family members or the entities over which those mentioned above might exercise significant influence; and (ii) by the Company with its subsidiaries are included in sections b) and c) below, together with the transactions performed by the Company or Group companies with directors and senior executives.

b) Transactions with directors and senior executives

This line item includes the transactions performed by the Company with its significant directors and senior executives, their close family members or the entities over which those mentioned above might exercise significant influence.

TRANSACTIONS WITH DIRECTORS AND SENIOR EXECUTIVES
(Thousands of euros)

		2017			2016		
NAME/COMPANY NAME	TYPE OF TRANSACTION	AMOUNT	PROFIT OR LOSS	BALANCE	AMOUNT	PROFIT OR LOSS	BALANCE
Bankia	Services received	-292	0	0			
Fundación Rafael del Pino	Services received	0	0	0			
Fundación Seres	Cooperation agreement	-18	(*)	0	-18	(*)	0

The information on remuneration and loans to directors and senior executives may be consulted in Note 6.6.

c) Transactions between Group employees, companies or entities

This line item includes the transactions performed (i) by the Company's subsidiaries with their significant shareholders, close family members or the entities over which those mentioned above might exercise significant influence; and (ii) by the Company's subsidiaries with their directors, senior executives, close family members or the entities over which those mentioned above might exercise significant influence. If the party related to the Company were so considered during a portion of the year, the transactions performed in that period are indicated.

TRANSACTIONS BETWEEN GROUP EMPLOYEES, COMPANIES OR ENTITIES
(Thousands of euros)

		2017			2016		
NAME/COMPANY NAME	TYPE OF TRANSACTION	AMOUNT	PROFIT OR LOSS	BALANCE	AMOUNT	PROFIT OR LOSS	BALANCE
Rafael del Pino y Calvo-Sotelo	Services rendered	188	-	186	6	0	0
María del Pino y Calvo-Sotelo	Services rendered	3	-	-	99	0	0
Joaquín del Pino y Calvo-Sotelo	Services rendered	59	9	-	17	2	0
Ana María Calvo-Sotelo y Bustelo	Services rendered	24	2	0	27	2	2
Joaquín Ayuso García	Services rendered	7	-	-	2	0	0
Almirall Laboratorios	Services rendered	7	0	2	8	0	5
Burberry Spain Retail, S.L.	Services rendered	5	0	0	-	-	-
Criu, S.L.	Services rendered	30	2	131	476	2	131
Maxam Europe and Group companies	Purchase of goods/services received	-437	(*)	-6	-857	(*)	-74
Telefónica and Group companies	Services received	-	-	-	-7,374	0	0
	Services rendered	-	-	-	800	67	0
Marsh and Group companies	Receipt of insurance services	-5,228	(*)	-15	-4,432	(*)	-65
Meliá Hotels and Group companies	Receipt of hotel and catering services	-10	(*)	0	-4	(*)	-1
	Construction, renovation/maintenance work and waste collection	5,425	845	1,005	6,771	94	1,009
Bankia	Receipt of financial services	-1,911	(*)	0	-525	(*)	0
	Financing agreements. Guarantee	-87,483	(*)	-87,483	-87,456	(*)	-87,456
	Interest received	186	186	0	147	147	0
	Payment of interest	-1,093	(*)	0	-1,520	(*)	0
	Balance drawn down against guarantee facilities	-134,370	(*)	-134,370	-125,707	(*)	-125,707
	Transactions with derivatives	-2,984	(*)	0	-14,283	(*)	0
	Services rendered	1	0	4	1	0	5
Bankinter	Receipt of financial services	-	-	-	-18	(*)	0
	Payment of interest	-	-	-	-176	(*)	0
	Interest received	-	-	-	261	261	0
	Balance drawn down against guarantee facilities	-	-	-	-9,882	(*)	-9,882
	Financing agreements	-	-	-	-10,898	(*)	-10,898
	Services rendered	-	-	-	176	7	0
Bimaran Pozuelo, S.L.	Services rendered	537	68	-	1,207	-184	60
Polan, S.A.	Services rendered	179	5	75	162	12	79
Rijn Capital BV	Services rendered	23	-	23			
Fundación Rafael del Pino	Services rendered	0	0	0	2	0	1
Fundación Centro de Innovación de Infraestructuras Inteligentes	Cooperation agreements	-1,338	0	-12			
	Services rendered	92	0	0			
Red Eléctrica de España, S.A.U.	Construction work	6,743	-1,613	865	932	-84	671
	Services received	-9	-	-			
Hispania Activos Inmobiliarios Socimi, S.A.	Services rendered	204	142	25	1,764	-198	215
Los Estanquillos, S.L.	Services rendered	-	-	-	72	3	0
Lafarge Holcim	Acquisition of cement and related materials	-11,796	0	-1,060	-14,269	0	-1,136
La Rioja Alta	Services received	-	.	-	-1	(*)	0
Mª Jesús Alcina Pérez-Gorostiaga	Services rendered	2	0	0			
Panda Security	Services received	-	-	-	-1	(*)	0
Sidecu, S.A.	Services rendered	2	0	0	0	0	0
Summit	Purchase of goods	-	-	-	-20	(*)	0
Zurich Insurance	Services received	-	-	-	-2,131	(*)	-6
	Services rendered	-	-	-	0	0	8

Described below 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 1.3.2, 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 2017 Ferrovial's Construction Division billed those concession operators for EUR 391,813 thousand (2016: EUR 112,252 thousand) for work performed and related advance payments and, in this respect, recognised sales totalling EUR 411,158 thousand (2016: EUR 397,122 thousand).

In 2017 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 18,301 thousand. In 2016 it was EUR 34,694 thousand.

6.9. Conflicts of interest

In accordance with the legislation in force (Article 229 of the Spanish Limited Liability Companies Law), there were no direct or indirect conflicts of interest with the Company, without prejudice to the related party transactions of the Company (or its Group companies) 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 1514/2007, of 16 November, 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 2017 and 2016 financial statements of the Group companies, including both the principal auditor of Ferrovial, S.A. and the other auditors of all its investees, 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 of "Other Non-Audit Services" provided by the principal auditor represented 5.62% of the total fees for audit services in 2017.

(Millions of euros)	2016	2015
Fees for audit services	6.5	5.8
Principal auditor	5.3	4.8
Audit services	5.0	4.5
Audit-related services	0.3	0.3
Other auditors	1.2	1.1
Audit services	1.2	1.0
Audit-related services	0.0	0.0
Other audit services	3.3	2.0
Principal auditor	0.3	0.6
Other auditors	3.0	1.4

6.11. Events after the reporting period

On 22 February 2018, the UK Appeal Court found in favour of Birmingham City Council and rendered null and void the judgment previously handed down in favour of Amey in September 2016. Amey is considering the possibility of appealing against the ruling at the Supreme Court. The impact of this judgment has been considered for the purposes of preparing these consolidated financial statements since it relates to litigation that was pending resolution at the reporting date. Note 6.5.1 on litigation contains a more detailed explanation of the lawsuit in question and the provisions recognised at year-end to cover the related contingencies.

On 27 February 2018, the National Appellate Court (Spain) notified Cespa of a judgment upholding in full the appeal that the company had filed against a resolution by the Spanish National Markets and Competition Commission (CNMC) imposing a penalty of EUR 14 million on it. The judgment is not final and the Spanish government lawyers may prepare a cassation appeal against it within 30 days. The Group had decided not to recognise any provision in relation to this lawsuit and therefore the judgment does not have an impact on the consolidated financial statements for 2017 (see Note 6.5.1).

6.12. APPENDICES

APPENDIX I. DISCLOSURES ON THE TAX REGIME ESTABLISHED 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 Income Tax Law, of 27 November, which became applicable from 1 January 2014 and, consequently, applied to all of 2017. 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 Income Tax Law ("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 Income Tax Law 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 Income Tax Law ("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, 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 Law, 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 Income Tax Law 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 Income Tax Law 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 Income Tax Law obtained by Ferrovial in 2017 and the related tax paid abroad are as follows:

A) Exemption for foreign source dividends and income

A.1 exemption for foreign source dividends

(EUR)		
Cintra Global Holding, LTD		3,000,000.00
Dividends 407 Toronto Highway B.V.	3,000,000.00	
Cintra Infraestructuras Internacional, S.L.U.		400,200.00
Dividends Eurolink Motorway Operation (M4-M6), Ltd.	400,200.00	
Cintra Infraestructuras, SE		9,193,267.06
Dividends Norte Litoral	5,389,998.57	
Dividends Euroscut Algarve	2,063,994.89	
Dividends Algarve BV	240,000.00	
Dividends Via Livre	1,499,273.60	
Ferrovial Airports International, LTD		315,000,000.00
Dividends Hubco Netherlands BV	315,000,000.00	
Ferrovial Agromán Internacional, SLU		100,000,000.00
Dividends Valivala	100,000,000.00	
Total		427,593,467.06

A.2 Exemption for income of permanent establishments abroad

No income was obtained from permanent establishments abroad in 2017.

B) EXEMPTION FOR FOREIGN SOURCE CAPITAL GAINS:

No capital gains were obtained to which the exemption included in Article 21 of the Spanish Income Tax Law 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 Income Tax Law. Nevertheless, the capital gains that would have been reported for tax purposes had these regimes not been not applicable (consolidated tax Group or tax neutrality) are as follows:

B.1 Elimination of capital gains for intra-Group sales of foreign companies:

None took place in 2017.

B.2 Deferred capital gains arising in corporate restructuring processes:

	(Amounts in euros)
Ferrovial, S.A.	2,823,955,671.45
Ferrovial Internacional, S.L.U.	572,256,055.81
Cintra Infraestructuras Internacional, S.L.U.	22,143,952.38
Total	3,418,355,679.62

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 Income Tax Law.

The result of this assessment means that these assets represent 91% of the total market value of Ferrovial. At 31 December 2016, this percentage amounted to 92%.

Taxation of Ferrovial's scrip dividend

In 2017 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, both of the new shares and the shares to which they correspond, will be the result of distributing the total cost of acquisition for tax purposes 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 not be subject to withholdings or pre-payments and will be subject to the tax rules indicated below (applicable until the end of 2016(*)):

a) In the case of personal income tax and non-resident income tax applicable to shareholders without a permanent establishment 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. Consequently, the amount obtained on the sale of the bonus issue rights reduces the acquisition cost for tax purposes of the shares which give rise to such rights, pursuant to Article 37.1.a) of Personal Income Tax Law 35/2006, of 28 November, and pursuant to Final Provision Six of Law 26/2014, of 27 November, amending Personal Income Tax Law 35/2006, of 28 November, the Consolidated Spanish Non-Resident Income Tax Law approved by Legislative Royal Decree 5/2004, of 5 March, and other tax legislation. Therefore, if the amount obtained on the sale of the bonus issue rights is higher than the acquisition cost of the shares which gave rise to them, the difference is considered to be a capital gain for the seller in the tax period in which this occurs; all of the foregoing without prejudice to the potential application to non-resident income tax payers not operating through a permanent establishment in Spain of the tax treaties entered into by Spain to which they could be entitled or to the exemptions that may be applicable to them under Spanish domestic law.

a) In the case of income tax and non-resident income tax applicable to shareholders operating through a permanent establishment in Spain, to the extent that a full business cycle is completed, tax will be paid in accordance with the applicable accounting standards and, if appropriate, with any special tax rules that may apply to the shareholders subject to the aforementioned taxes.

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 as follows:

(iv) If the shareholder is a natural person resident for tax purposes in Spain or a legal entity that does not satisfy the requirements to apply the exemption provided for in Article 21 of Spanish Income Tax Law 27/2014, the applicable tax regime shall be the regime which applies to the dividends paid directly in cash and, therefore, the amount obtained will be subject to the corresponding withholding tax;

(v) If the shareholder is a natural person or legal entity not resident for tax purposes in Spain or a tax haven, and does not operate through a permanent establishment in Spain, the amount obtained shall not be subject to taxation in Spain pursuant to Chapter XIII of Title VII of Spanish Income Tax Law 27/2014, and, therefore, shall not be subject to withholding tax. In these cases, for this regime to apply the shareholder shall be required to evidence its tax residence by providing the corresponding certificate issued by the tax authorities in question;

(vi) If the shareholder is a legal entity resident in Spain for tax purposes or, if it is not a tax resident but operates through a permanent establishment in Spain and satisfies the requirements for the application of the exemption provided for in Article 21 of Spanish Income Tax Law 27/2014, the amount obtained shall be exempt from taxation in Spain and, therefore, shall not be subject to withholding tax.

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.

(*) This tax regime was amended slightly in 2017.

APPENDIX II - SUBSIDIARIES

(FULLY CONSOLIDATED COMPANIES) (MILLIONS OF EUROS)

The participation percentage and the net cost of the ownership interest correspond to the present values of the "Parent Company" over the "Company".

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
CORPORATE					
SPAIN (Registered office: Madrid, Spain)					
Betonial, S.A. (a)		Ferrovial, S.A. (a)	99.0%	4	
Ferrovial Inversiones, S.A. (a)		Ferrovial, S.A. (a)	99.6%	0	
Can-Am, S.A. (a)		Ferrovial, S.A. (a)	100.0%	2	
Ferrovial Emisiones, S.A. (a)		Ferrovial, S.A. (a)	99.0%	0	■
Triconitex, S.L. (a)		Ferrovial, S.A. (a)	100.0%	1	
Ferrovial Corporación, S.A. (a)		Ferrovial, S.A. (a)	100.0%	5	■
Ferrofin, S.L. (a)		Ferrovial Agroman, S.A. (a)	52.0%	257	■
Ferrovial Internacional, S.L.U. (a)		Ferrovial, S.A. (a)	100.0%	6,337	■
Temauri, S.L. (a)		Ferrovial, S.A. (a)	100.0%	8	
Ferrofin, S.L. (a)		Ferrovial, S.A. (a)	85.6%	1,554	
Ferrovial Internacional, S.L.U. (a)		Ferrovial, S.A. (a)	100.0%	6,329	■
Tetabomoa, S.A. (a)		Ferrovial, S.A. (a)	99.0%	0	
Teraoui, S.A. (a)		Ferrovial, S.A. (a)	99.0%	0	
Temauri, S.L. (a)		Ferrovial, S.A. (a)	100.0%	(1)	
UNITED KINGDOM (Registered office: Oxford, United Kingdom)					
Ferrocorp UK Ltd.		Ferrovial, S.A. (a)	100.0%	1	■
Ferrovial International, Ltd. (a)		Ferrovial Internacional, S.L.U. (a)	100.0%	5,734	■
UNITED KINGDOM (Registered office: Londres, United Kingdom)					
Ferrovial Ventures, Ltd.		Ferrovial International, Ltd. (a)	100.0%	7	
IRELAND (Registered office: Dublin, Ireland)					
Landmille Ireland DAC		Ferrovial Internacional, S.L.U. (a)	100.0%	415	■
LUXEMBOURG (Registered office: Luxembourg)					
Krypton RE, S.A.		Ferrovial, S.A. (a)	100.0%	5	■
HOLAND (Registered Office: Amsterdam, Holand)					
Ferrovial Netherlands B.V.		Ferrovial International, Ltd. (a)	100.0%	2	
Landmille Netherlands B.V		Ferrovial International, Ltd. (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 Infraestrctures, S.E. (a)	100.0%	909	
REAL ESTATE					
SPAIN (Registered office: Madrid, Spain)					
Ferrovial FISA, S.L. (a)		Ferrovial, S.A. (a)	100.0%	59	
Vergarapromoinvest, S.L. (a)		Ferrovial FISA, S.L. (a)	99.7%	26	
CONSTRUCTION					
SPAIN (Registered office: Madrid, Spain)					
Ferrovial Agroman, S.A. (a)		Ferrovial, S.A. (a)	99.9%	711	■
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 (a)		Ferrovial Agroman, S.A. (a)	99.0%	1	
Norvarem, S.A. (a)		Ferrovial Internacional, S.L.U (a)	100.0%	141	
SPAIN (Registered office: Barcelona, Spain)					
Concesionaria de Prisiones Lledoners (a)	Project	Ferrovial Agroman, S.A. (a)	100.0%	16	■
Concesionaria de Prisiones Figueras S.A.U. (a)	Project	Ferrovial Agroman, S.A. (a)	100.0%	11	■
SPAIN (Registered office: Bilbao, Spain)					
Cadagua, S.A. (a)		Ferrovial Agroman, S.A. (a)	100.0%	48	■
SPAIN (Registered office: Zaragoza, Spain)					
Depusa Aragón S.A. (a)	Project	Cadagua, S.A. (a)	51.7%	2	
GERMANY (Registered office: Cologne, Germany)					
Budimex Bau GmbH		Budimex SA	100.0%	0	
ARABIA SAUDÍ (Registered office: Riyadh, Arabia Saudí)					
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%	2	■
Brazil (Registered Office: Sao Paulo, Brazil)					
Constructora Ferrovial Agroman Ltda.		Ferrovial Agroman International, Ltd. (a)	99.0%	9	
CANADA (Registered Office: Ontario, Canada)					
F&A Canada		Contsco Holdings B.V.	100.0%	8	■
CHILE (Registered Office: Santiago, 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%	24	■

■ Deloitte
■ BDO
■ KPMG
■ El Sayed, El Ayouty & co
■ Valdés, García, Marín & Martínez, Llp
■ Morison Finansista Audit Sp. Z O.O.
■ Mohinder Puri & Company
■ Ernst & Young
■ Vir Audit

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
Ferrovial Agroman Empresa Constructora Ltda.		Ferrovial Agroman International, Ltd. (a)	100.0%	24	■
UNITED STATES (Registered Office: Atlanta, United States)					
Ferrovial Agromán Southeast, LLC		Ferrovial Agroman US Corp	100.0%	0	■
UNITED STATES (Registered Office: Austin, United States)					
Ferrovial US Construction Corp		Ferrovial Holding US	100.0%	346	■
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	
Ferrovial Agroman US Corp		Ferrovial US Construction Corp	100.0%	88	■
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%		
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 Agroman Southeast, LLC	70.0%	0	
UNITED STATES (Registered Office: The Woodlands, United States)					
Webber Management Group, LLC		Webber Equipment & Materials LLC - Sucursal en España	100.0%	41	
Southerm Crushed Concrete, LLC		Webber Equipment & Materials LLC - Sucursal en España	100.0%	88	
W.W. Webber LLC		Ferrovial US Construction Corp.	100.0%	257	■
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%	5	
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%	192	
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	■
GERMANY (Registered Office: Cologne, Germany)					
Budimex Bau GmbH		Budimex, S.A.	100.0%	0	
HOLAND (Registered Office: Amsterdam, Holand)					
Valivala Holdings, B.V.		Ferrovial Agroman International, Ltd. (a)	100.0%	141	
Contsco Holdings B.V.		Ferrovial Agroman International, Ltd. (a)	100.0%	8	
INDIA (Registered Office: Nueva Delhi, India)					
Cadagua Ferrovial India		Cadagua, S.A. (a)	95.0%	0	■
IRELAND (Registered Office: Dublin, Irlanda)					
Ferrovial Agroman Ireland, Ltd.		Ferrovial Agroman Ltda.	100.0%	10	■
MEXICO (Registered Office: Mexico DF, Mexico)					
Cadagua Ferr. Industrial México		Cadagua, S.A. (a)	75.1%	0	
Ferrovial Agroman México		Ferrovial Agroman International, Ltd. (a)	100.0%	1	
NEW ZELAND (Registered Office: Wellington, New Zeland)					
FA New Zeland Limited		FA Australia PTY LTD	100.0%	1	
POLAND (Registered Office: Kraków, 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: Poznań, Poland)					
Elektromontaż Poznań SA		Budimex SA	99.0%	10	■
Instal Polska Sp. z o.o.		Elektromontaż Poznań SA	99.0%	0	
POLAND (Registered Office: Warsaw, Poland)					
Bx Budownictwo Sp. z o.o.		Budimex SA	100.0%	0	
Bx Kolejnictwo SA		Budimex SA	100.0%	1	■
Bx Parking Wrocław Sp. z o.o.	Project	Budimex SA	100.0%	1	■
SPV-BN 1 Sp. z o.o.		Budimex Nieruchomości Sp. z o.o.	100.0%	0	
Bx Nieruchomości Sp. z o.o.		Budimex SA	100.0%	159	■

(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.
Elektromontaż Warszawa SA		Elektromontaż Poznań SA	99.0%	0	■
Elektromontaż Import Sp. z o.o.		Elektromontaż Poznań SA	99.0%	0	
Budimex, S.A.		Valivala Holdings, B.V.	55.1%	91	■
PUERTO RICO (Registered Office: Puerto Rico)					
Ferrovial Agroman LLC		Ferrovial Agroman International, Ltd. (a)	100.0%	6	■
UNITED KINGDOM (Registered Office: County Louth, United Kingdom)					
Ferrovial Agroman Irlanda del Norte		Ferrovial Agroman Ireland, Ltd.	100.0%	0	■
UNITED KINGDOM (Registered Office: London, United Kingdom)					
Ferrovial Agroman UK Ltd.		Ferrovial Agroman Ltda.	100.0%	5	■
Ferrovial Agroman Ltda.		Ferrovial Agroman International, Ltd. (a)	100.0%	12	■
Cadagua Al Ghubrah		Cadagua, S.A. (a)	100.0%	4	■
Cadagua UK Limited		Ferrovial Agroman Ltda.	100.0%	0	
UNITED KINGDOM (Registered Office: Oxford, United Kingdom)					
Ferrovial Agroman International, Ltd. (a)		Ferrovial International, Ltd. (a)	100.0%	258	■
AIRPORTS					
SPAIN (Registered Office: Madrid, Spain)					
Ferrovial Transco España, S.A.U. (a)	Project	Ferrovial Transco International UK, LTD (a)	100.0%	65	■
Ferrovial Aeropuertos España, S.A. (a)		Ferrovial S.A. (a)	99.0%	12	■
CHILE (Registered Office: Santiago, Chile)					
Ferrovial Transco Chile SpA	Project	Ferrovial Transco International UK Ltd (a)	65.9%	65	
Ferrovial Transco Chile II SpA	Project	Ferrovial Transco Chile SpA	100.0%	0	
Transchile Charrúa Transmisión	Project	Ferrovial Transco Chile SpA	100.0%	94	■
Ferrovial Transco Chile III SPA	Project	Ferrovial Transco International UK, LTD (a)	100.0%	0	
UNITED STATES (Registered Office: Denver, United States)					
Ferrovial Airports Denver Corp	Project	Ferrovial Airports Denver UK Ltd.	100.0%	8	
Ferrovial Airports Great Hall Partners LLC	Project	Ferrovial Airports Denver Corp	100.0%	3	
Denver Great Hall Holding LLC	Project	Ferrovial Airports Great Hall Partners LLC	80.0%	2	
Denver Great Hall LLC	Project	Denver Great Hall Holding LLC	100.0%	3	
UNITED STATES (Registered Office: Austin, United States)					
Ferrovial Airports Holding US Corp		Ferrovial Holding US Corp	100.0%	0	
HOLAND (Registered Office: Amsterdam, Holand)					
Hubco Netherlands B.V.		Ferrovial Airports International, Ltd. (a)	100.0%	783	■
Ferrovial Transco Brasil, B.V.	Project	Ferrovial Transco International UK, Ltd. (a)	100.0%	0	
Ferrovial Santarem, B.V.	Project	Ferrovial Transco International UK, Ltd. (a)	100.0%	0	
UNITED KINGDOM (Registered Office: Oxford, United Kingdom)					
Faero UK Holding Limited		Hubco Netherlands B.V.	100.0%	253	■
Ferrovial Airports International, Ltd. (a)		Ferrovial International, Ltd. (a)	100.0%	1,241	■
Ferrovial Airports Denver UK Ltd.		Ferrovial Airports International, Ltd. (a)	100.0%	8	
Ferrovial Transco International UK, Ltd. (a)		Ferrovial Airports International, Ltd. (a)	100.0%	83	
TOLL ROADS					
SPAIN (Registered Office: Madrid, Spain)					
Cintra Infraestructuras España, S.L. (a)		Ferrovial, S.A. (a)	100.0%	572	■
Cintra Infraestructures, S.E. (a)		Ferrovial International, Ltd. (a)	100.0%	1,131	■
Cintra Infraestructuras Internacional, S.L. (a)		Cintra Global Ltd (a)	100.0%	3	■
Autopista del Sol, C.E.S.A (a)	Project	Cintra Infraestructuras España, S.L. (a)	80.0%	258	■
Cintra Inversora Autopistas de Cataluña, S.A. (a)	Project	Cintra Infraestructures, S.E. (a)	100.0%	0	■
Inversora Autopistas de Cataluña, S.A. (a)	Project	Cintra Inversora Autopistas de Cataluña, S.A. (a)	100.0%	0	■
Cintra Inversiones, S.L. (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%	16	■
Cintra Autopistas Integradas, S.A. (a)		Cintra Infraestructuras España, S.L. (a)	100.0%	0	■
M-203 Alcalá-O'Donnell (a)		Cintra Autopistas Integradas, S.A. (a)	100.0%	60	■
SPAIN (Registered Office: Barcelona, Spain)					
Autopista Terrasa Manresa, S.A (a)	Project	Inversora Autopistas de Cataluña, S.A. (a)	76.3%	445	■
AUSTRALIA (Registered Office: Melbourne, Australia)					
Cintra OSARS (Western) Holdings Unit Trust		Cintra OSARS Western	100.0%	0	
Cintra OSARS Western Unit Trust		Cintra OSARS (Western) Holdings Unit Trust	100.0%	0	
AUSTRALIA (Registered Office: Sidney, Australia)					
Cintra Developments Australia PTY Ltd.		Cintra Infrastructures UK	100.0%	2	
Cintra OSARS (Western) Holdings PTY Ltd		Cintra OSARS Western	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, BV	100.0%	6	
Cintra OM&R 407 East Development Group Inc		407 Toronto Highway, BV	100.0%	0	
4352238 Cintra Canada Inc.		407 Toronto Highway B.V.	100.0%	0	■
Blackbird Maintenance 407 Cintra GP		407 Toronto Highway B.V.	100.0%	0	
Blackbird INF. 407 Cintra		407 Toronto Highway B.V.	100.0%	0	■
COLOMBIA (Registered Office: Bogotá, Colombia)					
Cintra Infraestructuras Colombia S.A.S		Cintra Global Ltd	100.0%	8	■
IRELAND (Registered Office: Dublin, Ireland)					
Financinfrastructures		Cintra Global Ltd	100.0%	32	■
Cinsac, Ltd		Cintra Infraestructuras Internacional, S.L. (a)	100.0%	0	■
HOLAND (Registered Office: Amsterdam, Holand)					
407 Toronto Highway B.V.		Cintra Global Ltd (a)	100.0%	2,664	■
POLAND (Registered Office: Warsaw, Poland)					
Autostrada Poludnie, S.A		Cintra Infraestructures, S.E. (a)	93.6%	1	■
PORTUGAL (Registered Office: Lisboa, Portugal)					
Via Livre, S.A.	Project	Cintra Infraestructures, S.E. (a)	84.0%	0	■
PORTUGAL (Registered Office: Ribeira Grande, Portugal)					
Euroscut Azores S.A.	Project	Cintra Infraestructures, S.E. (a)	89.2%	0	■
United Kingdom (Registered Office: Oxford, United Kingdom)					
Cintra Global Ltd (a)		Ferrovial International, Ltd. (a)	100.0%	2.873	■
Cintra Infrastructures UK Limited		Cintra Global Ltd (a)	100.0%	11	
Cintra Toowoomba Limited		Cintra Infrastructures UK	100.0%	2	■
Cintra UK I-77 Limited		Cintra Infraestructures, S.E. (a)	100.0%	2	■
Cintra Slovakia, Ltd		Cintra Global Ltd (a)	100.0%	0	■
Cintra I-66 Express UK Ltd		Cintra Infrastructures UK	100.0%	0	■
Cintra OSARS Western Ltd		Cintra Infrastructures UK	100.0%	0	
UNITED STATES (Registered Office: Austin, United States)					
Ferrovial Holding US Corp		Cintra Infraestructures, S.E. (a)	100.0%	694	
Cintra Holding US Corp		Ferrovial Holding US Corp	96.1%	481	
Cintra Texas Corp.		Cintra Holding US Corp	100.0%	4	
Cintra US Services, LLC		Cintra Texas Corp	100.0%	3	
Cintra Skyway LLC		Cintra Holding US Corp	100.0%	0	
Cintra ITR LLC		Cintra Holding US Corp	49.0%	18	
Cintra LBJ, LLC		Cintra Holding US Corp	100.0%	320	■
Cintra NTE, LLC		Cintra Holding US Corp	100.0%	255	
Cintra NTE Mobility Partners Seg 3 LLC		Cintra Holding US Corp	100.0%	167	
Cintra Toll Services, LLC		Cintra Holding US Corp	100.0%	0	
Cintra I-77 Mobility Partners LLC		Cintra Holding US Corp	100.0%	31	■
Cintra 2 I-66 Express Mobility Partners		Cintra Holding US Corp	100.0%	0	
Cintra I-66 Express Corp		Cintra I-66 Express UK Ltd	100.0%	0	
Cintra I-66 Express Mobility Partners LLC		Cintra I-66 Express Corp	100.0%	0	
UNITED STATES (Registered Office: Charlotte, United States)					
I-77 Mobility Partners Holding LLC	Project	Cintra I-77 Mobility Partners LLC	50.1%	1	
I-77 Mobility Partners LLC	Project	I-77 Mobility Partners Holding LLC	100.0%	2	■
UNITED STATES (Registered Office: Chicago, United States)					
Skyway Concession Company Holdings LLC	Project	Cintra Skyway LLC	55.0%	0	■
UNITED STATES (Registered Office: Dallas, United States)					
LBJ Infraestructure Group Holding. LLC	Project	Cintra LBJ, LLC	54.6%	320	
LBJ Infraestructure Group, LLC	Project	LBJ Infraestructure Group Holding, LLC	100.0%	559	■
UNITED STATES (Registered Office: North Richland Hills, United States)					
NTE Mobility Partners Holding , LLC	Project	Cintra NTE, LLC	63.0%	255	
NTE Mobility Partners , LLC	Project	NTE Mobility Partners Holding,LLC	100.0%	355	■
NTE Mobility Partners Seg 3 Holding LLC	Project	Cintra NTE Mobility Partners Seg 3 LLC	53.7%	167	
NTE Mobility Partners Seg 3 LLC	Project	NTE Mobility Partners Seg 3 Holding LLC	100.0%	310	■
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)	99.0%	553	■
Sitkol, S.A. (a)		Cespa, S.A. (a)	99.0%	5	
Cespa Gestión de Residuos (a)		Cespa, S.A. (a)	99.0%	86	■
Contenedores de Reus, S.A. (a)		Cespa Gestión de Residuos, S.A. (a)	99.0%	1	
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.		Ferrovial Servicios, S.A. (a)	80.0%	2	■
Ferroser Servicios Auxiliares (a)		Ferrovial Servicios, S.A. (a)	99.5%	10	■
FerroNats Air Traffic Services, S.A.		Ferrovial Servicios, S.A. (a)	50.0%	2	■
Ferroser Infraestructuras, S.A. (a)		Ferrovial Servicios, S.A. (a)	100.0%	18	■
Autovía de Aragón, Sociedad Concesionaria, S.A. (a)	Project	Ferroser Infraestructuras S.A. (a)	60.0%	11	■
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, S.A. (a)	100.0%	7	■

■ Deloitte
■ BDO
■ KPMG
■ El Sayed, El Ayouty & co
■ Valdés, García, Marín & Martínez, Llp
■ Morison Finansista Audit Sp. Z O.O.
■ Mohinder Puri & Company
■ Ernst & Young
■ Vir Audit

(a) Form part of Ferrovial, S.A. tax frameworkand subsidiary companies.

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
SPAIN (Registered Office: Almería, Spain)					
Tecma, S.L.		Albaida Residuos, S.L. (a)	55.0%	0	
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)	Project	Cespa, S.A. (a)	99.0%	11	■
Ecoenergia de Can Mata A.I.E.		Cespa, S.A. (a)	70.0%	0	
Albaida Residuos, S.L. (a)		Cespa Gestión de Residuos, S.A. (a)	99.0%	4	
C.E.R.R. S.L. (a)		Cespa Gestión de Residuos, S.A. (a)	81.1%	0	
Ecoparc del Mediterrani		Cespa Gestión de Residuos, S.A. (a)	48.0%	3	■
SPAIN (Registered Office: Bilbao, Spain)					
Cespa Jardinería, S.L. (a)		Cespa, S.A. (a)	99.0%	7	■
SPAIN (Registered Office: Cáceres, Spain)					
Biogas Extremadura		Biotran Gestion de Residuos, S.L.U (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)					
Oneder S.A.		Cespa Gestion de Residuos, S.A. (a)	51.6%	0	
SPAIN (Registered Office: Málaga, Spain)					
Andaluza de Señalizaciones, S.A. (a)		Ferroser Infraestructuras (a)	99%	1	
SPAIN(Registered Office: Murcia, Spain)					
Cespa Serv. Urbanos Murcia (a)	Project	Cespa, S.A. (a)	100.0%	10	■
SPAIN (Registered Office: Pontevedra, 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%	1	
Almacenes Servicios y Recuperaciones, S.L.		Ferrovial Servicios Logistica, S.A. (a)	99.7%	3	■
SPAIN (Registered Office: Satander, Spain)					
SMART Hospital Cantabria, SA (a)	Project	Ferrovial Servicios (a)	85.0%	8	■
SPAIN (Registered Office: Toledo, Spain)					
Gestión Medioambiental de Toledo, S.A.	Project	Cespa, S.A. (a)	60.0%	8	■
SPAIN (Registered Office: Valladolid, Spain)					
Biotran Gestión de Residuos (a)		Cespa Gestión de Residuos, S.A. (a)	100.0%	11	■
Reciclum, Reciclaje y valorización de Residuos, S.L. (a)		Biotran Gestión de Residuos (a)	100.0%	0	
Maviva Valladolid, S.L.		Ferrovial Servicios Logistica, S.A. (a)	99.7%	3	
CHILE (Registered Office: Santiago, Chile)					
Siemsa Chile SPA		Siemsa Industria S.A. (a)	100.0%	0	
Ferrovial Servicios Chile, S.L.		Ferrovial Services International, Ltd. (a)	99.0%	12	■
Ferrovial Servicios Salud		Ferrovial Servicios, S.A. (a)	99.0%	0	■
Ingenieria Ambiental y Servicios S.A.		Broaspectrum Chile Spa	92.7%	0	■
Inversiones Broadspectrum (Chile) Holding Limitada		Broadspectrum (international) Pty	100.0%	0	
Inversiones Broadspectrum (Chile) Limitada		Inversiones Broadspectrum (Chile) Holding Limitada	100.0%	0	
CHILE (Registered Office: Los Andes, Chile)					
Steel Ingeniería		Ferrovial Servicios Chile, S.L.	100.0%	35	■
CHILE (Registered Office: Antofagasta, Chile)					
Broadpsectrum Chile S.p.A.		Inversiones Broadspectrum (Chile) Limitada	100.0%	0	■
MOROCCO (Registered Office: Tánger, Morocco)					
Cespa Nadafa, S.A.R.L.		Cespa, S.A. (a)	98.8%	0	
PORTUGAL (Registered Office: Lisboa, Portugal)					
Ferrovial Serviços, SA		Ferrovial Services International, Ltd (a)	100.0%	21	■
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	
AUSTRALIA (Registered Office: Melbourne, Australia)					
Amey Consulting Australia Pty Ltd		Amey OW Ltd	100.0%	0	
AUSTRALIA (Registered Office: Sidney, Australia)					
Ferrovial Services Consolidated PTY, Ltd.		Ferrovial Services Australia PTY, Ltd.	100.0%	0	
Amey Consulting Australia Pty Ltd		Amey OW Ltd	100.0%	0	
Ferrovial Services Consolidated PTY, Ltd.		Ferrovial Services Australia PTY, Ltd.	100.0%	0	
Ferrovial Services Australia PTY, Ltd.		Ferrovial Services UK, Ltd.	100.0%	0	■
APP Corporation Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	2	■
Appoint Consulting Pty Ltd		APP Corporation Pty Ltd	100.0%	0	
Australian Drilling Solutions Pty Ltd		Piver Pty Ltd	100.0%	0	
Australian Quality Assurance & Superintendence Pty Ltd		Appoint Consulting Pty Ltd	100.0%	0	
BE & MG Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
BR & I Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Broadspectrum (Asset Management Optimisation) Pty Ltd		Broadspectrum (International) Pty Ltd	100.0%	0	

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
Broadspectrum (Australia) Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	-2	
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%	84	
Broadspectrum (India) Pty Ltd		Broadspectrum (International) Pty Ltd	100.0%	0	
Broadspectrum (International) Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	81	
Broadspectrum (IP) Holdings Pty Limited		Broadspectrum (Holdings) Pty Ltd	100,0%	0	
Broadspectrum (Oil and Gas) Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100,0%	0	
Broadspectrum (USM) Holdings Pty Ltd		Broadspectrum (International) Pty Ltd	100,0%	146	
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 (Australian incorporation only)		Broadspectrum (International) Pty Ltd	100,0%	0	
Broadspectrum Limited		Broadspectrum Pty Ltd	100,0%	1,132	■
Broadspectrum Metrolink Pty Ltd		Broadspectrum Pty Ltd	100,0%	0	
Broadspectrum Property Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100,0%	0	
Broadspectrum Protection Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100,0%	0	
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%	1	
Easternwell Drilling Services Holdings Pty Ltd		Easternwell Drilling Holdings Pty Ltd	100,0%	1	
Easternwell Drilling Services Labour Pty Ltd		Easternwell Drilling Services Holdings Pty Ltd	100,0%	1	
Easternwell Drilling Services Operations Pty Ltd		Easternwell Drilling Services Holdings Pty Ltd	100,0%	1	
Easternwell Energy Rigs Pty Ltd		Easternwell Drilling Holdings Pty Ltd	100,0%	0	
Easternwell Engineering Pty Ltd		Easternwell Group Investments Pty Ltd	100,0%	0	
Easternwell Group Assets Pty Ltd		Easternwell Group Investments Pty Ltd	100,0%	0	
Easternwell Group Investments Pty Limited		Piver Pty Ltd	100,0%	0	
Easternwell Group Operations Pty Ltd		Easternwell Group Investments Pty Ltd	100,0%	0	
Easternwell Group Pty Ltd		Broadspectrum (Oil and Gas) Pty Ltd	100,0%	256	
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	
Silver City Drilling (QLD) Pty Ltd		Easternwell Group Investments Pty Ltd	100,0%	0	
Easternwell Drilling Services Holdings Pty Ltd		Easternwell Drilling Holdings Pty Ltd	100,0%	1	■
Easternwell Drilling Services Assets Pty Ltd		Easternwell Drilling Services 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	■
UNITED KINGDOM (Registered Office: Oxford, United Kingdom)					
Ferrovial Services International, Ltd. (a)		Ferrovial International, Ltd. (a)	100,0%	562	■
Ferrovial Services UK, Ltd.		Ferrovial Services International, Ltd. (a)	100,0%	521	
Amey UK plc (a)		Ferrovial Internacional, S.L.U. (a)	100,0%	794	■

■ Deloitte
■ BDO
■ KPMG
■ El Sayed, El Ayouty & co
■ Valdés, García, Marín & Martínez, Llp
■ Morison Finansista Audit Sp. Z O.O.
■ Mohinder Puri & Company
■ Ernst & Young
■ 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.
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 (a)	100,0%	569	■
Amey plc		Amey Holdings Ltd	100,0%	569	■
Amey Environmental Services Ltd (formerly Amey Airports Limited)		Amey plc	100,0%	0	
Amey Building Ltd		Amey plc	100,0%	1	
Amey Community Ltd		Amey plc	100,0%	62	■
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%	50	■
Amey Group Information Services Ltd		Amey plc	100.0%	15	■
Amey Group Services Ltd		Amey plc	100.0%	46	■
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%	256	■
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%	35	
Amey OW Ltd		Amey OW Group Ltd	100.0%	2	■
Amey OWR Ltd		Amey OW Group Ltd	100.0%	0	■
Amey Programme Management Ltd		Amey plc	100.0%	0	■
Amey Rail Ltd		Amey plc	100.0%	39	■
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%	180	■
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	■
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%	97	■
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%	175	■
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%	92	■
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%	593	■
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%	49	■
Globemile Ltd		Enterprise Managed Services Ltd	100.0%	20	■
Haringey Enterprise Ltd		Accord Ltd	100.0%	0	

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
Heating and Building Maintenance Company Ltd		Enterprise Holding Company No 1 Ltd	100.0%	1	■
Hillcrest Developments (Yorkshire) Ltd		Durley Group Holdings Ltd	100.0%	0	
ICE Developments Ltd		Enterprise Holding Company No 1 Ltd	100.0%	0	
J J McGinley Ltd		Enterprise Holding Company No 1 Ltd	100.0%	4	
JDM Accord Ltd		Accord Ltd	100.0%	2	
MRS Environmental Services Ltd		Enterprise Holding Company No 1 Ltd	100.0%	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 (East) Holdings Ltd		AmeyCespa Ltd	100.0%	55	■
AmeyCespa Services (East) Ltd	Project	AmeyCespa (East) Ltd	100.0%	8	■
Allerton Waste Recovery Park Interim SPV Ltd		AmeyCespa Ltd	100.0%	0	
AmeyCespa (AWRP) ODC Ltd		AmeyCespa Ltd	100.0%	0	■
AmeyCespa (East) Ltd		AmeyCespa (East) Holdings Ltd	100.0%	0	■
AmeyCespa WM (East) Ltd	Project	AmeyCespa Services (East) Ltd	100.0%	0	■
Novo Community Ltd		Amey Community Ltd	100.0%	0	■
Amey (IOW) SPV Ltd		Amey Ventures Asset Holdings Ltd	100.0%	0	■
Amey TPT Limited		Amey OWR Ltd	100.0%	6	■
Amey Finance Services Ltd		Amey plc	100.0%	0	■
AmeyCespa (MK) Holding Co Ltd	Project	Amey Ventures Asset Holdings Ltd	50.0%	0	■
AmeyCespa (MK) SPV Ltd	Project	AmeyCespa (MK) Holding Co Ltd	100.0%	0	■
Amey MAP Services Limited		Amey Investments Ltd	100.0%	0	
Amey Equitix Smart Meters 1 Holdings Limited		Amey Ventures Asset Holdings Ltd	100.0%	0	
Amey Equitix Smart Meters 1 SPV Limited		Amey Equitix Smart Meters 1 Holdings Limited	100.0%	0	
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: Londres, United Kingdom)					
Station Solutions Ltd		Amey TPT Limited	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 STATES (Registered Office: Austin, United States)					
Broadspectrum Holdings (Delaware) Pty Ltd LLC		Broadspectrum (International) Pty Ltd	100.0%	0	
Broadspectrum (Delaware) General Partnership		Broadspectrum Holdings (Delaware) Pty Ltd LLC	61.73%	0	
Broadspectrum Americas, Inc.		Broadspectrum (Delaware) General Partnership	100.0%	0	
Broadspectrum Infrastructure, Inc.		Broadspectrum Americas, Inc.	100.0%	0	■
Broadspectrum Oil and Gas, Inc.		Broadspectrum Americas, Inc.	100.0%	0	
Broadspectrum Downstream Services, Inc.		Broadspectrum Oil and Gas, Inc.	100.0%	0	
Broadspectrum Specialty Services, Inc.		Broadspectrum Oil and Gas, Inc.	100.0%	0	
HRI, Inc.		Broadspectrum Oil and Gas, Inc.	100.0%	0	
Broadspectrum Upstream Holdings, LLC		Broadspectrum Oil and Gas, Inc.	100.0%	0	
Broadspectrum Oilfields, LLC		Broadspectrum Oil and Gas, Inc.	100.0%	0	
T.R.S.C, Inc..		Broadspectrum Oil and Gas, Inc.	100.0%	1	
Ferrovial Services Holding US Corp		Ferrovial Holding US Corp	100.0%	0	
UNITED STATES (Registered Office: Houston, United States)					
Amey Consulting USA, Inc.		Amey OW Ltd	100.0%	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 ARAB EMIRATES (Registered Office: Dubai, UAE)					
Ferrovial Technical Services Middle East LLC		Ferrovial Services International LTD	85.0%	0	
MALASIA (Registered Office: Kuala Lumpur, Malasia)					
Transfield Services (Asia) Sdn Bhd		Broadspectrum (International) Pty Ltd	100.0%	0	
ISLAS MAURICIO (Registered Office: Cybercity, Islas Mauricio)					
Broadspectrum (Mauritius) Ltd		Broadspectrum (International) Pty Ltd	100.0%	0	
NEW ZELAND (Registered Office: Auckland, New Zeland)					
APP Corporation (New Zealand) Limited		Broadspectrum (New Zealand) Limited	100.0%	1	■
Broadspectrum (New Zealand) Limited		Broadspectrum (International) Pty Ltd	100.0%	119	■
TSNZ Pulp & Paper Maintenance Limited		Broadspectrum (New Zealand) Limited	100.0%	0	■
POLAND (Registered Office: Warsaw, Poland)					

■ Deloitte
■ BDO
■ KPMG
■ El Sayed, El Ayouty & co
■ Valdés, García, Marín & Martínez, Llp
■ Morison Finansista Audit Sp. Z O.O.
■ Mohinder Puri & Company
■ Ernst & Young
■ 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)

The participation percentage and the consolidated equity-accounted value correspond to the contribution of each company to the group´s consolidated financial statements.

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	EQUITY-ACCOUNTED VALUE	ASSETS	LIABILITIES	REVENUE	PROFIT/ LOSS	AUDITOR
CONSTRUCTION									
SPAIN									
Sociedad Concesionaria BAIO	Project	Ferrovial Agroman, S.A.	50.0%	2	9	0	0	-0	
Via Olmedo Pedralba, S.A.	Project	Ferrovial Agroman, S.A.	25.2%	1	11	6	10	-0	BDO
Boremer, S.A.		Cadagua, S.A.	50.0%	0	20	21	12	-1	Deloitte
Urbs ludex Caudidicus, S.A.		Ferrovial Agroman, S.A.	22.0%	0	768	897	67	10	Deloitte
OMAN									
Muscat City Desalination O&M CO LLC		Cadagua, S.A.	7.0%	0	14	4	20	5	KPMG
International Water Treatment LLC		Cadagua, S.A.	37.5%	0	6	13	7	3	PWC
UNITED STATES									
Pepper Lawson Horizon Intl. Group		Pepper Lawson Construction LP	70.0%	0	4	3	1	-2	
POLAND									
PPHU Promos Sp. z o.o.		Budimex, S.A.	26.3%	1	3	1	2	0	
AIRPORTS									
UNITED KINGDOM									
FGP Topco Limited	Project	Hubco Netherlands B.V.	25.0%	737	22,416	19,458	3,295	346	Deloitte
AGS Airports Holdings Limited	Project	Faero UK Holding Limited	50.0%	6	1,353	1,343	239	4	Deloitte
TOLL ROADS									
SPAIN									
Serrano Park, S.A.	Project	Cintra Infraestructuras España, S.L.	50.0%	-4	85	92	6	2	Deloitte
A66 Benavente - Zamora	Project	Cintra Infraestructures, S.E.	25.0%	15	238	178	24	12	Deloitte
Bip & Drive S.A.	Project	Cintra Infraestructuras España, S.L.	20.0%	2	20	11	206	-0	Deloitte
A-334 Autovía del Almanzora	Project	Cintra Infraestructures, S.E.	23.8%	1	7	1	0	0	Ernst & Young
AUSTRALIA									
Nexus Infraestructures Holdings Unit Trust	Project	Cintra Toowoomba LTD	40.0%	3	20	0	0	0	Deloitte
Nexus Infraestructures Unit Trust	Project	Nexus Infraestructures Holdings Unit Trust	40.0%	10	80	47	2	3	Deloitte
Nexus Infraestrcuture Holdings PTY Limited	Project	Cintra Toowoomba LTD	40.0%	0	0	0	0	0	Deloitte
Nexus Infraestructure PTY Limited	Project	Nexus Infraestrcuture Holdings PTY Limited	40.0%	0	0	0	0	0	Deloitte
Netflow Osars (Western) PTY Ltd (a)	Project	Cintra Osars (Western) Unit Trust	50.0%	-1	0	0	0	0	
CANADA									
407 International Inc.	Project	4352238 Cintra Canada Inc.	43.2%	1,652	3,737	6,018	859	319	Deloitte
407 East Development Group General Partnership	Project	Cintra 407 East Development Group Inc.	50.0%	12	145	120	6	3	Deloitte
OMR and R407 East Develpment Group General Partnership	Project	Cintra OM&R 407 East Development Group Inc	50.0%	1	5	2	4	1	
Blackbird Maintenance 407 GP	Project	Blackbird Maintenance 407 Cintra GP	50.0%	1	4	0	1	1	
Blackbird Inf. 407 GP	Project	Blackbird Inf. 407 Cintra	50.0%	2	394	390	13	4	BDO
COLOMBIA									
Ruta del Cacao	Project	Cintra Infraestructuras Colombia	40.0%	9	139	117	22	-2	Deloitte
GREECE									
Nea Odos, S.A.	Project	Ferrovial,S.A.	21.4%	0	1,053	947	91	0	Ernst & Young
Central Greece Motorway	Project	Ferrovial,S.A.	21.4%	0	1,264	1,316	20	0	Ernst & Young
Hellas Tolls	Project	Ferrovial,S.A.	33.3%	0	18	8	19	8	
HOLAND									
Algarve International B.V.	Project	Cintra Infraestructures, S.E.	48.0%	1	175	173	0	0	Deloitte
IRELAND									
Eurolink Motorway Operation (M4-M6), Ltd.	Project	Cintra Infraestructuras Internacional, S.L.	20.0%	5	287	293	28	5	Deloitte
Eurolink Motorway Operation (M3), Ltd.	Project	Cinsac, Ltd	20.0%	1	208	203	23	7	Deloitte
PORTUGAL									
Autoestrada do Algarve, S.A.	Project	Cintra Infraestructures, S.E.	48.0%	55	232	176	37	15	Deloitte
Auto-Estradas Norte, S.A.	Project	Cintra Infraestructures, S.E.	49.0%	93	375	238	44	21	Deloitte
SLOVAKIA									
Zero Bypass Limited, Organizacna Zloska	Project	Zero Bypass Limited	35.0%	2	219	205	9	3	Deloitte
UNITED KINGDOM									
Scot Roads Partnership Holdings LTD	Project	Cintra Infrastructures UK	20.0%	0	0	0	0	0	PWC
Scot Roads Partnership Finance LTD	Project	Scot Roads Partnership Holdings LTD	20.0%	0	447	447	0	-0	PWC
Scot Roads Partnership Project LTD	Project	Scot Roads Partnership Holdings LTD	20.0%	0	452	452	30	0	PWC
Zero Bypass Holdings	Project	Cintra Slovakia	35.0%	0	0	0	0	0	Deloitte
Zero Bypass Limited	Project	Zero Bypass Holdings	35.0%	0	0	0	0	0	Deloitte
UNITED STATES									
I-66 Express Mobility Partners Holdings LLC	Project	Cintra 1 I-66 Express Mobility Partners LLC/ Cintra 2 I-66 Express Mobility Partners LLC	50.0%	0	693	717	0	-25	
I-66 Express Mobility Partners LLC	Project	I-66 Express Mobility Partners Holdings LLC	50.0%	-12	0	0	0	0	Deloitte
SERVICES									
SPAIN									
Nora, S.A.		Cespa, S.A.	40.0%	1	10	8	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	15	3	1	0	Deloitte
Valdemingomez 2000, S.A.		Cespa, S.A.	20.0%	0	19	28	2	-4	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%	0	0	0	0	-0	
Valoraciones Farmaceúticas, S.L.		Biotran Gestión de Residuos	50.0%	0	8	3	14	2	
Empresa Mant. y Explotación M 30, S.A.		Ferrovial Servicios, S.A.	50.0%	2	203	199	27	11	Deloitte
Cocesionaria Madrid Calle 30	Project	Empresa Mant. y Explotación M 30, S.A.	20.0%	13	665	189	108	61	Deloitte
Necropolis Valladolid, S.A.		Sitkol, S.A.	49.0%	4	18	11	4	0	
Aetec, S.A.		Ferroser Infraestructuras S.A.	9.2%	0	1	0	1	0	BDO
PORTUGAL									
Valor Rib, Lda		Ferrovial Serviços, SA	45.0%	1	4,2	3,0	1,9	-0,0	
Ecobeirão, SA		Ferrovial Serviços, SA	20.0%	0	19,2	18,9	7,1	0,0	Martins Pereira, João Careca & Associados, SROC.
Ferrovial Serviços, Egeo, ECAC, Gabvriel Couto, ACE		Ferrovial Serviços, SA	35.0%	0	0,0	0,0	0,0	0,0	
UNITED KINGDOM									
Participaciones Servicios Reino Unido				37					
GEO Amey PECS Ltd		Amey Community Ltd	50.0%	0	9	7	43	1	Grant Thornton UK LLP
Amey Infrastructure Management (1) Ltd		Amey Ventures Asset Holdings Ltd	50.0%	0	15	15	0	0	
Amey Ventures Investments Ltd		Amey Investments Ltd	10.0%	0	4	4	0	0	BDO
AHL Holdings (Manchester) Ltd	Project	Amey Ventures Investments Ltd	50.0%	0	1	1	0	0	Deloitte
Amey Highways Lighting (Manchester) Ltd	Project	AHL Holdings (Manchester) Ltd	50.0%	0	0	0	0	0	Deloitte
AHL Holdings (Wakefield) Ltd	Project	Amey Ventures Investments Ltd	50.0%	0	1	1	0	0	Deloitte
Amey Highways Lighting (Wakefield) Ltd	Project	AHL Holdings (Wakefield) Ltd	50.0%	0	0	0	0	0	Deloitte
ALC (Superholdco) Ltd		Amey Ventures Investments Ltd	50.0%	0	11	10	16	5	KPMG
ALC (FMC) Ltd		ALC (Superholdco) Ltd	50.0%	0	0	0	0	0	KPMG
ALC (Holdco) Ltd		ALC (Superholdco) Ltd	50.0%	0	0	0	0	0	KPMG
ALC (SPC) Ltd		ALC (Holdco) Ltd	50.0%	0	0	0	0	0	KPMG
Amey Belfast Schools Partnership Hold Co Ltd	Project	Amey Ventures Investments Ltd	50.0%	0	11	11	1	0	BDO
Amey Belfast Schools Partnership PFI Co Ltd	Project	Amey Belfast Schools Partnership Hold Co Ltd	50.0%	0	0	0	0	0	BDO
Amey Birmingham Highways Holdings Ltd	Project	Amey Ventures Asset Holdings Ltd	33.3%	0	91	94	21	-0	BDO
Amey Birmingham Highways Ltd	Project	Amey Birmingham Highways Holdings ltd	33.3%	0	0	0	0	0	BDO
Amey FMP Belfast Strategic Partnership Hold Co Ltd	Project	Amey Ventures Management Services Ltd	70.0%	0	0	0	2	0	BDO

- Deloitte
- BDO
- KPMG
- PWC
- Grant Thornton UK LLP
- Vir Audit
- Gabinete Técnico de Auditoría y Consultoría S.A
- Ernst & Young
- Martins Pereira, João Careca & Associados, SROC.

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	EQUITY-ACCOUNTED VALUE	ASSETS	LIABILITIES	REVENUE	PROFIT/LOSS	AUDITOR
Amey FMP Belfast Strategic Partnership SP Co Ltd	Project	Amey FMP Belfast Schools Partnership Hold Co Ltd	100.0%	0	0	0	0	0	■
Amey Roads NI Holdings Ltd	Project	Amey Ventures Investments Ltd	50.0%	0	14	14	1	0	■
Amey Roads NI Financial plc	Project	Amey Roads NI Ltd	50.0%	0	0	0	0	0	■
Amey Roads NI Ltd	Project	Amey Roads NI Holdings Ltd	50.0%	0	0	0	0	0	■
Amey Lighting (Norfolk) Holdings Ltd	Project	Amey Ventures Investments Ltd	50.0%	0	3	3	1	0	■
Amey Lighting (Norfolk) Ltd	Project	Amey Lighting (Norfolk) Holdings Ltd	50.0%	0	0	0	0	0	■
E4D&G Holdco Ltd	Project	Amey Ventures Investments Ltd	8.5%	0	10	9	1	0	■
E4D&G Project Co Ltd	Project	E4D&G Holdco Ltd	8.5%	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	Project	Amey Ventures Investments Ltd	25.2%	0	4	4	0	0	■
Integrated Bradford Hold Co One Ltd	Project	Integrated Bradford LEP Ltd	8.0%	0	0	0	0	0	■
Integrated Bradford PSP Ltd (IP)	Project	Amey Infrastructure Management (1) Ltd	25.0%	0	0	0	0	0	■
Integrated Bradford Hold Co Two Ltd	Project	Amey Infrastructure Management (1) Ltd	2.0%	0	6	6	1	0	■
Integrated Bradford Hold Co Two Ltd	Project	Integrated Bradford LEP Ltd	4.0%	0	0	0	0	0	■
Integrated Bradford LEP Ltd	Project	Integrated Bradford PSP Ltd	80.0%	0	1	0	0	0	■
Integrated Bradford LEP Fin Co One Ltd	Project	Integrated Bradford LEP Ltd	80.0%	0	0	0	0	0	■
Integrated Bradford SPV One Ltd	Project	Integrated Bradford Hold Co One Ltd	80.0%	0	0	0	0	0	■
Integrated Bradford SPV Two Ltd	Project	Integrated Bradford Hold Co Two Ltd	80.0%	0	0	0	0	0	■
RSP (Holdings) Ltd	Project	Amey Ventures Investments Ltd	35.0%	0	4	4	0	0	■
The Renfrewshire Schools Partnership Ltd	Project	RSP (Holdings) Ltd	35.0%	0	0	0	0	0	■
Services Support (Avon & Somerset) Holdings Ltd	Project	Amey Ventures Investments Ltd	20.0%	0	1	1	0	0	■
Services Support (Avon & Somerset) Ltd	Project	Services Support (Avon & Somerset) Holdings Ltd	20.0%	0	0	0	0	0	■
Amey Hallam Highways Holdings Ltd	Project	Amey Ventures Asset Holdings Ltd	33.3%	0	87	101	35	-2	■
Amey Hallam Highways Ltd	Project	Amey Hallam Highways Holdings Ltd	33.3%	0	0	0	0	0	■
Carillion Amey Ltd		Enterprise Managed Services Ltd	49.9%	0	32	29	152	1	■
Carillion Amey (Housing Prime) Ltd		Enterprise Managed Services Ltd	33.3%	0	47	42	62	-0	■
Ventia Boral Amey Qld Pty Ltd		Amey Consulting Australia Pty Ltd	20.0%	0	0	0	0	0	■
Ventia Boral Amey NSW Pty Ltd		Amey Consulting Australia Pty Ltd	22.2%	0	0	0	0	0	■
Keolis Amey Docklands Ltd		Amey Rail Ltd	30.0%	0	21	17	27	1	■
Keolis Amey Metrolink Ltd		Amey Rail Ltd	40.0%	0	1	0	12	1	
AmeyVTOL Ltd		Amey OWR Ltd	60.0%	0	0	0	0	0	
AmeyCespa (AWRP) Holding Co Ltd	Project	Amey Ventures Asset Holdings Ltd	17.0%	0	56	54	9	1	■
AmeyCespa (AWRP) Holding Co Ltd	Project	Cespa Ventures Limited	17.0%	0	56	54	9	1	■
AmeyCespa (AWRP) SPV Ltd	Project	AmeyCespa (AWRP) Holding Co Ltd	17.0%	0	0	0	0	0	■
Scot Roads Partnership Holdings Ltd	Project	Amey Ventures Asset Holdings Ltd	20.0%	0	81	81	4	0	■
Scot Roads Partnership Project Ltd	Project	Scot Roads Partnership Holdings Ltd	20.0%	0	0	0	0	0	■
Scot Roads Partnership Finance Ltd	Project	Scot Roads Partnership Holdings Ltd	20.0%	0	0	0	0	0	■
MTCNovo Ltd		Novo Community Ltd	50.0%	0	17	11	49	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	■
AUSTRALIA									
Participaciones Servicios Australia				19					
Skout Solutions (NZ) Limited		Broadspectrum (International) Pty Ltd	50.0%	0	0	0	-0	-0	■
BW Energy Services		Broadspectrum (International) Pty Ltd	50.0%	0	6	2	-2	-0	
TW Power Services Pty Ltd		Broadspectrum (Australia) Pty Limited	50.0%	0	62	29	-53	-1	■
Broadspectrum WorleyParsons JV (M) Sdn Bhd		Broadspectrum (Australia) Pty Limited	50.0%	0	1	0	-0	-0	■
Skout Solutions		Broadspectrum (Australia) Pty Limited	50.0%	0	3	2	-10	-1	■
TW New Cal JV		Broadspectrum (Australia) Pty Limited	50.0%	0	0	0	0	0	
QATAR									
FMM Company LLC		Ferrovial Servicios, S.A.	49.0%	11	46	24	97	11	
Total equity-accounted value				**2,687**					

■ Deloitte
■ BDO
■ KPMG
■ PWC
■ Grant Thornton UK LLP
■ Vir Audit
■ Gabinete Técnico de Auditoría y Consultoría S.A
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APPENDIX III. SEGMENT REPORTING

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 statements of profit or loss for 2017 and 2016, 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: 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 tax assets	239	265	2	345	182	1	1,035
Non-current 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
Current trade and other 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
Receivable from Group companies	9	109	174	192	0	-20	463
Other	3,091	1,381	311	688	856	-2,190	4,137
Current 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

Equity and liabilities	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 the 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
Borrowings	438	4,671	234	1,222	2,307	-1,361	7,511
Debt securities and bank borrowings of infrastructure	154	4,640	234	335	0	0	5,363
Debt securities and borrowings excluding infrastructure	284	31	0	887	2,307	-1,361	2,149
Other payables	10	119	0	70	-1	0	198
Deferred tax liabilities	85	423	4	294	95	0	900
Derivative financial 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
Borrowings	38	93	20	611	2,285	-2,209	839
Debt securities and bank borrowings of infrastructure	4	28	3	178	0	-5	207
Debt securities and bank borrowings excluding	34	64	17	434	2,285	-2,203	631
Current derivative financial instruments at fair value	4	57	0	1	3	0	65
Current income tax liabilities	15	-56	-8	26	152	-35	94
Current trade and other payables	2,567	95	7	1,559	270	-277	4,221
Operating provisions and allowances	432	0	0	186	0	9	629
Total equity and liabilities	5,199	11,283	1,572	6,140	2,677	-3,882	22,990

Segment statement of financial position: 2016 (millions of euros)

ASSETS	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER	ADJUSTMENTS	TOTAL
Non-current assets	876	9,880	1,199	3,857	1,369	-1,502	15,679
Goodwill	210	170	45	1,731	0	0	2,155
Intangible assets	8	5	21	509	1	0	544
Investments in infrastructure projects	209	6,613	2	489	0	-167	7,145
Investment property	6	0	0	0	0	0	6
Property, plant and equipment	130	16	66	481	21	17	731
Investments in associates	8	1,931	836	99	0	0	2,874
Non-current financial assets	26	547	224	167	1,124	-1,354	735
Deferred tax assets	279	285	3	299	190	1	1,057
Non-current derivative financial instruments at fair value	1	314	3	82	32	0	432
Current assets	4,336	2,186	303	2,536	1,613	-3,228	7,745
Assets classified as held for sale	0	624	0	0	0	0	624
Inventories	184	8	0	56	266	2	516
Current income tax assets	22	63	10	37	121	-67	186
Current trade and other receivables	870	170	4	1,855	119	-196	2,822
Cash and cash equivalents	3,256	1,311	289	588	1,102	-2,967	3,578
Receivable from Group companies	15	86	145	157	0	-126	277
Other	3,241	1,225	144	430	1,102	-2,841	3,301
Current derivative financial instruments at fair value	4	10	0	0	5	0	18
Total assets	5,211	12,066	1,502	6,393	2,981	-4,730	23,423

EQUITY AND LIABILITIES	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER	ADJUSTMENTS	TOTAL
Equity	1,559	4,405	1,241	1,766	-2,647	-10	6,314
Equity attributable to the shareholders	1,547	3,775	1,241	1,750	-2,712	-3	5,597
Equity attributable to non-controlling interests	12	630	0	17	65	-7	717
Deferred income	0	1,089	0	29	0	0	1,118
Non-current liabilities	674	5,868	72	2,559	2,603	-1,353	10,421
Pension plan deficit	2	0	0	173	0	0	174
Long-term provisions	140	163	0	310	144	0	757
Borrowings	419	4,759	67	1,630	2,359	-1,359	7,874
Debt securities and bank borrowings of infrastructure projects	143	4,738	67	362	0	0	5,310
Debt securities and borrowings excluding infrastructure projects	276	21	0	1,269	2,359	-1,359	2,564
Other payables	11	110	0	74	0	6	200
Deferred tax liabilities	82	489	5	307	96	0	979
Derivative financial instruments at fair value	20	347	0	65	4	0	436
Current liabilities	2,979	705	189	2,039	3,025	-3,366	5,570
Liabilities classified as held for sale	0	440	0	0	0	0	440
Borrowings	2	124	191	327	2,626	-2,968	302
Debt securities and bank borrowings of infrastructure projects	4	22	109	175	0	-111	200
Debt securities and bank borrowings excluding infrastructure projects	-2	102	82	152	2,626	-2,858	102
Current derivative financial instruments at fair value	3	58	0	2	6	0	69
Current income tax liabilities	83	-26	-10	27	143	-67	150
Current trade and other payables	2,351	108	7	1,519	250	-340	3,895
Operating provisions and allowances	540	0	1	164	0	9	715
Total equity and liabilities	5,211	12,066	1,502	6,393	2,981	-4,730	23,423

The detail of total assets by geographical area is as follows:

(Millions of euros)	2017	2016	CHANGE
Spain	5,656	5,731	-75
UK	3,304	3,694	-390
US	6,508	6,739	-230
Canada	2,867	2,040	827
Australia	1,499	1,644	-145
Poland	1,602	1,401	201
Other	1,554	2,175	-621
Total	22,990	23,423	-433

Segment statement of profit or loss: 2017 (millions of euros)

	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER	ADJUSTMENTS	TOTAL
Revenue	4,628	461	21	7,069	262	-232	12,208
Other operating income	1	0	0	8	0	0	10
Total operating income	4,629	461	21	7,077	262	-232	12,218
Materials consumed	796	2	0	527	91	-71	1,345
Other operating expenses	2,849	83	26	2,389	103	-163	5,288
Staff costs	785	56	7	3,737	68	0	4,653
Total operating expenses	4,430	141	33	6,654	262	-234	11,285
Gross profit from operations	199	320	-12	423	0	2	932
Depreciation and amortisation charge	37	72	3	260	3	0	375
Profit from operations before impairment and disposals of non-current assets	162	247	-15	163	-3	2	557
Impairment and disposals of non-current assets	0	88	0	-7	0	0	81
Profit from operations	162	335	-15	156	-3	2	638
Financial result on financing	-9	-217	-3	-25	0	1	-254
Result on derivatives and other financial results	0	-4	0	-2	0	1	-6
Financial result of infrastructure projects	-9	-222	-4	-28	0	2	-261
Financial result on financing	25	24	0	-47	-30	-2	-29
Result on derivatives and other financial results	-27	18	17	-27	-1	0	-21
Financial result excluding infrastructure projects	-2	42	17	-74	-32	-2	-50
Financial result	-11	-179	13	-101	-32	0	-311
Share of profits of companies accounted for using the equity method	-1	138	89	26	0	0	251
Consolidated profit before tax	150	293	87	80	-35	2	578
Income tax	-52	-11	1	-20	12	0	-71
Consolidated profit from continuing operations	98	282	88	60	-22	2	507
Net profit from discontinued operations	0	0	0	0	0	0	0
Consolidated profit for the year	98	282	88	60	-22	2	507
Profit for the year attributable to non-controlling interests	-44	-3	0	-2	-5	1	-53
Profit for the year attributable to the Parent	54	279	88	58	-28	3	454

Segment statement of profit or loss: 2016 (millions of euros)

	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER	ADJUSTMENTS	TOTAL
Revenue	4,194	486	4	6,078	217	-221	10,759
Other operating income	1	0	0	6	0	0	7
Total operating income	4,195	486	4	6,083	217	-221	10,765
Materials consumed	751	3	0	521	59	-67	1,267
Other operating expenses	2,375	126	17	2,275	95	-152	4,736
Staff costs	727	61	5	2,962	63	0	3,819
Total operating expenses	3,853	189	23	5,758	217	-219	9,821
Gross profit from operations	342	297	-18	325	0	-1	944
Depreciation and amortisation charge	29	83	1	226	4	0	342
Profit from operations before impairment and disposals of non-current assets	313	214	-19	99	-4	-1	602
Impairment and disposals of non-current assets	0	327	0	0	-2	0	324
Profit from operations	313	541	-19	99	-6	-1	926
Financial result on financing	-9	-263	-2	-32	0	0	-305
Result on derivatives and other financial results	0	-16	-2	-2	0	0	-20
Financial result of infrastructure projects	-9	-279	-4	-34	0	1	-325
Financial result on financing	25	22	1	-58	-38	-1	-49
Result on derivatives and other financial results	-10	-5	19	-7	-16	0	-18
Financial result excluding infrastructure projects	15	17	21	-65	-54	-1	-66
Financial result	6	-261	17	-99	-54	0	-391
Share of profits of companies accounted for using the equity method	0	108	-46	19	0	0	82
Consolidated profit before tax	319	388	-48	19	-60	-1	617
Income tax	-83	-194	1	-7	49	0	-233
Consolidated profit from continuing operations	236	194	-47	12	-11	-1	383
Net profit from discontinued operations	0	0	0	0	0	0	0
Consolidated profit for the year	236	194	-47	12	-11	-1	383
Profit for the year attributable to non-controlling interests	-39	37	0	-1	-4	1	-7
Profit for the year attributable to the Parent	197	230	-47	11	-15	-1	376

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: Montabliz viaduct. Santander (Spain).

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 of Ferrovial, S.A. for the year ended 31 December 2017, which were approved by the Board of Directors of Ferrovial, S.A. at the meeting held in Madrid on 28 February 2018 and which, pursuant to Article 253 of the Spanish Capital Companies Act, the directors attending sign below.

______________________________ Mr. Rafael del Pino y Calvo-Sotelo Chairman	______________________________ Mr. Santiago Fernández Valbuena Director
______________________________ Mr. Santiago Bergareche Busquet Vice-Chairman	______________________________ Mr. José Fernando Sánchez-Junco Mans Director
______________________________ Mr. Joaquín Ayuso García Vice-Chairman	______________________________ Mr. Joaquín del Pino y Calvo-Sotelo Director
______________________________ Mr. Íñigo Meirás Amusco Chief Executive Officer	______________________________ Mr. Óscar Fanjul Martín Director
______________________________ Mr. Juan Arena de la Mora Director	______________________________ Mr. Philip Bowman Director
______________________________ Ms. María del Pino y Calvo-Sotelo Director	______________________________ Ms. Hanne Birgitte Breinbjerg Sørensen Director

AUDITORS REPORT

Deloitte.

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
Spain

Tel: +34 915 14 50 00
Fax: +34 915 14 51 80
www.deloitte.es

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 2017, 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 2017, 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.

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 - IFRS 15	
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 that Group management 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 following first-time application by the Group in 2017 of the new revenue recognition standard (IFRS 15, Revenue from Contracts with Customers), 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 2016 with the actual data for the contracts in 2017. Lastly, we reviewed the disclosures made by the Group in relation to these matters. Notes 1.3.3.4 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.

Recoverability of goodwill and other assets recognised at fair value

Description

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 2017 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 2,389 million.

Also, the consolidated statement of financial position includes goodwill amounting to EUR 2,062 million relating to certain investments, associated mainly with the Cash-Generating Units (CGUs) of the Services (EUR 1,683 million), Toll Road (EUR 141 million) and Construction (EUR 198 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 Services and Construction Divisions: 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.

Procedures applied in the audit

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 arithmetic 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 the 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 2017, the Group had recognised EUR 6,917 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 arithmetic accuracy of the calculations performed and assessed 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 permitting 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 2017 presents a balance of EUR 1,035 million of deferred tax assets, which includes EUR 353 million corresponding to tax losses and tax credits, of which EUR 231 million relate to the Spanish tax group. The Group also has EUR 1,154 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, 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 assessing the reasonableness of the tax assumptions and of the changes in provisions for tax contingencies in 2017 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.

Emphasis of Matter

We draw attention to Note 1.3.1, which indicates that the Group has applied early, effective from 1 January 2017, IFRS 15, Revenue from Contracts with Customers. IFRS 15 was applied retrospectively, recognising the cumulative effect of such retrospective application as an adjustment to the opening balances in the consolidated statement of financial position, with an impact on equity attributable to the Parent of EUR 272 million. Our opinion is not modified in respect of this matter.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2017, 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:

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 above 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 that part 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 2017 and its content and presentation are in conformity with the applicable regulations.

Responsibilities of the Directors and of 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 2018.

Engagement Period

The Annual General Meeting held on 5 April 2017 appointed us as auditors for a period of one year from the year ended 31 December 2016, i.e. for 2017.

Previously, we were designated pursuant to a resolution/resolutions 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 ROAC under no. S0692

Miguel Laserna Niño
Registered in ROAC under no. 18207

28 February 2018

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 and control 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 and control 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 and control 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.

Ferrovial Corporación, S.A.
Príncipe de Vergara, 135
28002 Madrid
Tel. +34 91 586 25 00
Fax +34 91 586 26 77

Airports (Ferrovial Airports)
C/Quintanavides, n.º 21 Edificio 5
Parque Vía Norte
28050 Madrid
Tel. +34 91 768 66 00

Toll Roads (Cintra)
Plaza Manuel Gómez Moreno, 2
Edificio Alfredo Mahou
28020 Madrid
Tel. +34 91 418 56 00
Fax +34 91 555 12 41

Services (Ferrovial Services)
C/Quintanavides, n.º 21 Edificio 5
Parque Vía Norte
28050 Madrid
Tel. +34 91 338 83 00
Fax +34 91 388 52 38

Construction (Ferrovial Agroman)
Ribera del Loira, 42
Parque Empresarial
Puerta de las Naciones
28042 Madrid
Tel. +34 91 300 85 00
Fax +34 91 300 88 96

Shareholder Relations Office
Príncipe de Vergara, 135
28002 Madrid
Tel. +34 91 586 2565
accionistas@ferrovial.com

For more information on any aspects of the Annual Report:

Communications & Corporate Responsibility Department
Príncipe de Vergara, 135
28002 Madrid
comunicaciones@ferrovial.com
rsc@ferrovial.com
www.ferrovial.com

Prepared and produced by the Communications and Corporate Responsibility and the Economic-Financial Departments of Ferrovial.