2019

INTEGRATED ANNUAL REPORT

CONSOLIDATED MANAGEMENT REPORT AND FINANCIAL STATEMENTS

For a world on the move

ferrovial

THE REPORT

1. The Consolidated Management Report, which contains the non-financial information statement, covers page 18 to 137, and was drawn up by the Board of Directors on 27 February 2020.
2. The consolidated Annual Accounts covers page 140 to 238, and were drawn up by the Board of Directors on 27 February 2020.
3. Additional reports: Annual Corporate Governance Report (as part of the Management Report), and Annual Report on Directors' Remuneration. All available at www.ferrovial.com.
4. The Report also complies with the requirements established by European Directive 2014/95/EU of the European Parliament and the Council, transposed into Spanish legislation through Law 11/2018, of 28 December. It also includes information related to government, strategy, risk management and indicators and objectives related to climate change, observing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and following the comprehensive GRIs Sustainability Reporting Standards of the Global Reporting Initiative (GRI). Ferrovial has worked on an integrated model of its economic, social and environmental information following the "Conceptual Framework for the preparation of the Integrated Report" of the International Integrated Reporting Council (IIRC), as well as the "Guide for the Preparation of the Management Report of Listed Entities" of the National Securities Market Commission (CNMV). For the eleventh year, the Corporate Responsibility information applies the principles of the AA1000 standard (see page 113), a key tool for the alignment of the information presented in the Report with the expectations of its stakeholders and the materiality of the company. Ferrovial's considerations of the principles related to the content of the Report, such as materiality, commitment to stakeholders and Corporate Responsibility Strategic Plan are developed in the Appendix.
5. The information published in this Report includes, by global integration, all the companies in which Ferrovial has economic control, meaning a participation of more than 50%. The list of dependent and associated companies can be found in Annex II of the Consolidated Annual Accounts, pages 218 - 223.

COVER PHOTO: LBJ Express Toll Road. Texas (United States). ©Jose Manuel Ballester.

The Services business is treated as Discontinued Activity in this Report. In accordance with the applicable accounting regulations, in the Consolidated Financial Statements balance sheet, all assets and liabilities have been reclassified in a line of assets held for sale, and the after-tax result generated by the Services activity is reported in a single line of the P&L account called “discontinued activities” for 2019 and 2018. In addition, the accounting standard requires valuing the assets at the lowest value between their carrying amount and their fair value (estimated sale price) minus sales costs.

In the Consolidated Management Report and according to the requirements of Law 11/2018, the non-financial information for 2019 includes the Services division in the perimeter in order to inform about all aspects and impacts of the business.

PHOTO: Heathrow Airport. London (United Kingdom).

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

Fellow shareholder,

The traffic, profit and customer satisfaction figures of our main assets continued their positive trend of previous years. In addition to good performances at Highway 407 (Toronto) and Heathrow Airport, the NTE – one of our Managed Lanes project in Texas — distributed its first dividend. Overall, Ferrovial was able to collect more than €729 million in dividends from the assets in its portfolio.

2019 has also been the year in which we have been working on a strategic reset for the business through a five-year plan – Horizon 24. This strategic reset will help reposition Ferrovial as a more agile and sustainable company, while continuing to focus on enhancing profits, efficiency and innovation across the board. We also welcomed our new CEO in October 2019, Ignacio Madridejos, who brings with him a wealth of experience. I am confident in his ability to lead Ferrovial through its new chapter.

Last year, we also began the process of divesting the Services division with the sale of the business in Australia and New Zealand. Until this sale process is completed, we will continue to report that division's results under discontinued operations and its assets at fair value.

In addition, the sale of a stake in Ausol under the asset rotation policy provided a sizeable cash influx and enabled us to deconsolidate the related debt.

Key developments in 2019 included winning the Silvertown Tunnel project in London and securing another extension of the NTE, which will allow us to strengthen our role as key infrastructure operators in Texas. In addition, we opened the Toowoomba highway in Australia, as well as the I-77, another Managed Lanes project in North Carolina. Construction has focused on risk reduction, maintaining competitiveness and seeking growth in high-value concessions.

Within our Airports division, Heathrow set another record with 81 million passengers, an 18% increase since 2010, while maintaining a high level of customer satisfaction. The plan to expand the airport is currently advancing through the local planning stages.

Net profit amounted to €270 million, an increase of 160% year-on-year. Revenues from continuing operations amounted to €6.054 billion, an increase of 5.5%. The combined Construction and Services backlog amounted to €29.080 billion.

The cash position, excluding infrastructure projects but including services, amounted to €1.631 billion.

Shareholder remuneration remained in the range announced at last year's Shareholders' Meeting — €520 million — in terms of dividends and share buybacks. Investors have responded positively to Ferrovial's strategy, with the share price appreciating by 52.4%, making Ferrovial one of the best performers on the IBEX, which gained 11.8% overall.

RAFAEL DEL PINO
Chairman

There is significant change in terms of technology, demographics, sustainability, and mobility habits around the world, offering many opportunities for Ferrovial and our assets. Our toll roads and airports, such as the 407 ETR, the Managed Lanes, and Heathrow not only represent innovative, sustainable and efficient solutions but are also models we want to emulate as we continue to grow.

In terms of sustainability, Ferrovial was recognized as the leader in its sector by the Dow Jones Sustainability Index and was awarded the Gold Class. Our sustained commitment to the environmental, social, and governance (ESG) considerations was further recognized by our inclusion in the most prestigious indexes including FTSE4Good, MSCI, CDP and Vigeo.

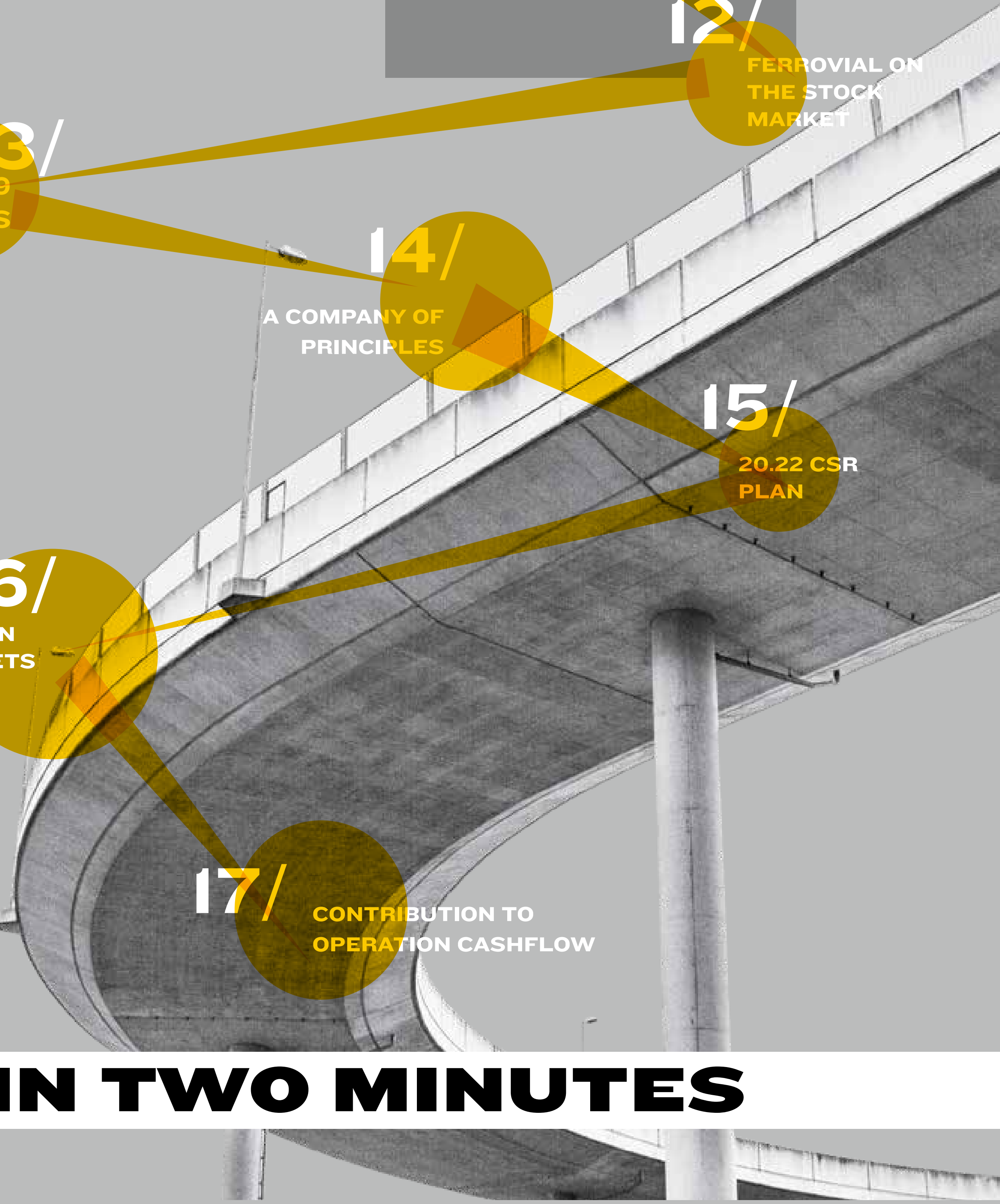
Our commitment to the Sustainable Development Goals (SDG) and our support to the Global Compact underscore our goal to improve our legacy for future generations by constructing and maintaining efficient infrastructure that ensures mobility on a more sustainable level. In a year during which we were confronted by immense environmental challenges, Ferrovial made notable progress by cutting its CO_2 emissions, marking a reduction of 59% in relative terms since 2009, while renewing its commitment to be a carbon-neutral company by 2050. I cannot conclude without emphasizing the importance of the care and protection of our workers, an area in which we will continue to take active measures.

We are unsatisfied with this year's accident rate; consecuently, we have taken the necessary mesures to face this situation.

Finally, I would like to recognize the commitment and the contribution of the group's employees, who are instrumental to the success of Ferrovial. And I would also like to thank our shareholders and clients for their continued support for Ferrovial giving us the confidence to continue working on projects that generate value for all our stakeholders and for society as a whole.

PHOTO: D4R7 Toll Road. Bratislava (Slovakia).

Chapter. I.I IN TWO MINUTES



KEY FIGURES

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

Ferrovial, the most sustainable company of the world in its sector.

WORKFORCE AT YEAR-END

89,968
2019

92,113
2018

CO_2 EMISSIONS

scope 1&2 tCO_2 eq/M€

-59%
in relative terms compared to 2009

CLICK

CEO Ignacio Madridejos.
2019 results.

BENEFICIARIES OF SOCIAL PROJECTS

223,314

TOTAL TAXES (M€)*

2,087

* Incurred, paid and collected in 2019 (Cash/Settlement)

REVENUES* (M€)

6,054
2019

5,737
2018

+5.5%
compared to 2018

CAPITALIZATION (M€)

19,829

+52%
compared to 2018

* Figures excluding Services, classified as discontinued activity.

OPERATION FLOW(*) (M€)

(before taxes)

810
ex infrastructures

+43.7%

(*) Includes Services

NET CASH (M€)

1,631
ex infrastructures includes net cash from Services (158 M€)

FREQUENCY RATE(1)

-15.6%
compared to 2018

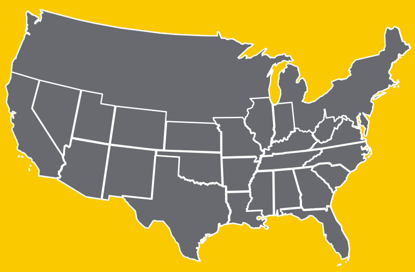
SEVERITY RATE(2)

-13.8%
compared to 2018

(1) Year-on-year change in the ratio showing the number of accidents to have occurred during working hours and leading to medical leave, for every million hours worked. Does not include contractors.
(2) Year-on-year change in the ratio showing the number of days lost as a result of occupational accidents for every thousand hours worked.

MAIN MARKETS

Figures by proportional integration.
Financial data does not include data from Services
(discontinued activity)



U.S.

REVENUES: 1,523 M€
RBE: -166 M€
WORKFORCE: 5,306

CANADA

REVENUES: 511 M€
RBE: 379 M€
WORKFORCE: 722

SPAIN

REVENUES: 1,047 M€
RBE: 167 M€
WORKFORCE: 42,262

UNITED KINGDOM

REVENUES: 1,408 M€
RBE: 573 M€
WORKFORCE: 16,115

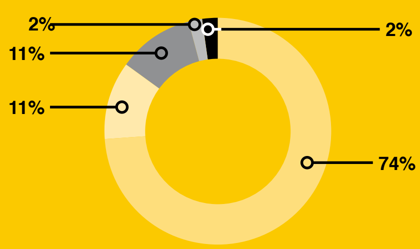
POLAND

REVENUES: 1,004 M€
RBE: 61 M€
WORKFORCE: 6,393

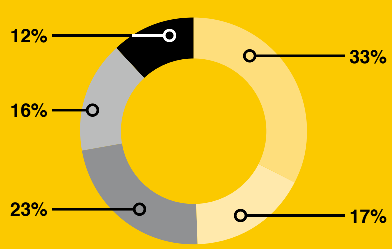
TOLL ROADS AIRPORTS CONSTRUCTION SERVICES

ANALYSTS' ASSESSMENT

CANADA + US
SPAIN
UNITED KINGDOM
POLAND
OTHERS



REVENUES



FERROVIAL SHARE PERFORMANCE

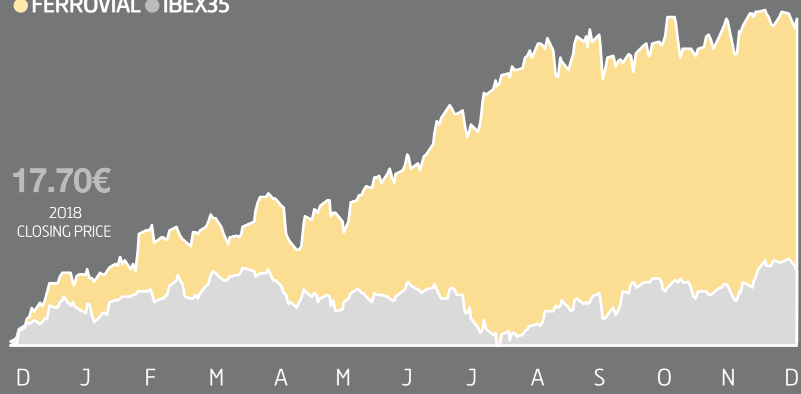
SHARE PERFORMANCE IN 2019 (FER & IBEX)

+52% +12%

● FERROVIAL ● IBEX35

26.97€

2019 CLOSING PRICE



CAPITALIZATION (M€)

19,829

TOTAL SHAREHOLDER RETURN (TSR)*

+57.2%

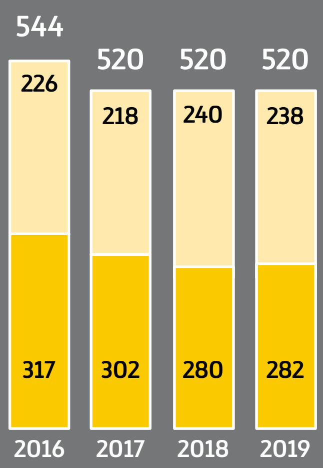
* **Total Shareholder Return (TSR):** it is the sum of the revaluation/depreciation of shares during the period and other payments, such as those derived from the purchase of subscription rights delivered to shareholders.

CREDIT RATING

BBB

S&P AND FITCH

SHAREHOLDER REMUNERATION (M€)



● DIVIDEND

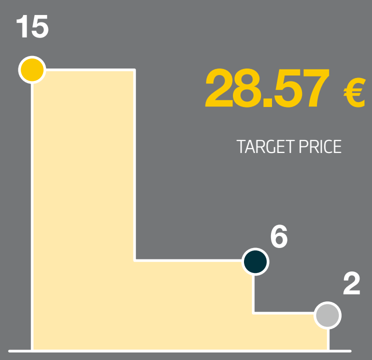
● SHARE REPURCHASE

HISTORICAL SHARE DATA

	2019	2018	2017
CLOSING PRICE (€)	26.97	17.70	18.93
MAX. (€)	27.21	19.78	20.75
MIN. (€)	17.71	16.20	16.75
VWAP (€)	23.15	17.86	18.63
DAILY AVERAGE CASH (€M)	47.05	27.39	33.07
DAILY AVERAGE VOLUME (ACC M)	2.02	1.54	1.77
NUMBER OF SHARES (M ACC)	735.22	738.46	732.27
CAPITALIZATION (M€)	19,829	13,067	13,858

ANALYST'S RECOMMENDATION

23 analysts were covering Ferrovial at 31 December. JP Morgan and Barclays started covering it during 2019.

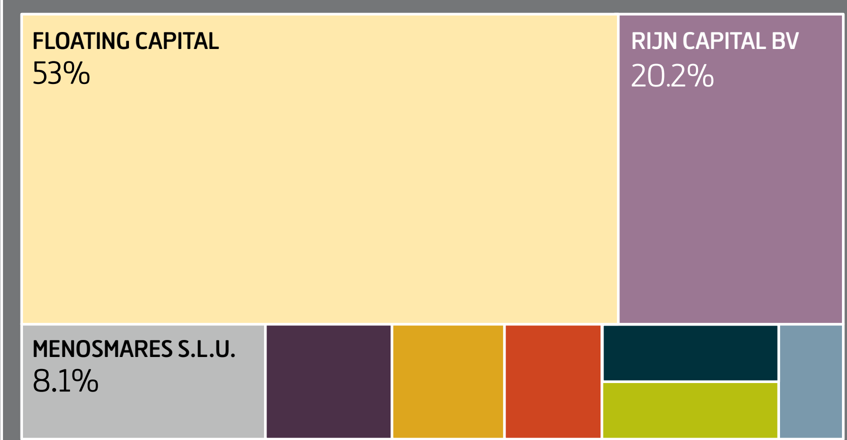


28.57 €

TARGET PRICE

● BUY ● HOLD ● SELL

SHARE STRUCTURE



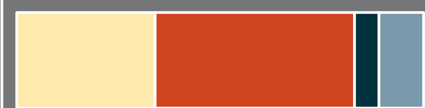
● SIEMPRELARA S.L.U. 4.2% ● THE CHILDREN'S INVESTMENT MASTER FUND 3.7% ● LAZARD ASSET MANAGEMENT 3.1% ● SOZIANCOR S.L.U. 2.5% ● BLACKROCK 3% ● FIDELITY INT'L 2%

*SOURCE: CNMV and CMi2i (October 2019)

CONTACT WITH THE MARKET

In 2019, the Investor Relations department held about 270 meetings, 12 roadshows and 5 seminars, with almost 400 investors.

INSTITUTIONAL INVESTORS* (%)



● NORTH AMERICA 34% ● EUROPE (EX. SPAIN) 49% ● SPAIN 6% ● REST OF THE WORLD 11%

2019 MILESTONES

FIRST QUARTER

JANUARY

- Ferrovial, global leader in climate change according to the Carbon Disclosure Project
- NTE and LBJ introduce solar energy into their facilities

FEBRUARY

- Award of two road maintenance contracts in Canada for 200 M€
- The consortium formed by Ferrovial and Acciona is awarded a section of the Mediterranean Corridor

MARCH

- Construction of a road in Gran Canaria
- Triple triumph of Tideway Central in the Rightway in Delivery awards

SECOND QUARTER

APRIL

- Heathrow Airport awarded at the Skytrax World Airport Awards
- Award for the best design and construction for the NTE 35W Toll Road

MAY

- The RiverLinx consortium, selected to manage the Silvertown tunnel in London
- The Mupespa Habana Fraternity Hospital, built by Ferrovial Agroman, LEED Platinum certificate

JUNE

- Rafael del Pino, awarded for his professional career at the ESIC ASTER Awards
- Sale to Meridiam of 65% of the Ausol Toll Road for 451 M€, 60% above the market consensus

THIRD QUARTER

JULY

- Sale of 11.7% of the Cocoa Route for 28.6 M€
- Award for the modernization of a section of the IH 35 road for 56 M€

AUGUST / SEPTEMBER

- Ignacio Madridejos, appointed Chief Executive Officer
- Ferrovial, the world's most sustainable company in its sector according to the Dow Jones Sustainability Index
- Inauguration of the Toowoomba ring road in Australia, with an investment of 1,100 M€
- Juan Hoyos, new Independent Director
- Award for the construction and operation of the NTE3C Toll Road for 813 M€

FOURTH QUARTER

OCTOBER

- Agreement between Wondo and Moovit to offer the most complete and comprehensive mobility app in Spain
- Connection of Farringdon Station with the Thameslink lobby in London

NOVEMBER

- Signing of the contract for the management of the Silvertown tunnel in London
- Iberdrola Award for best practice in International Energy Cooperation
- Inauguration of I-77 Toll Road in North Carolina

DECEMBER

- Ferrovial joins the initiative *"CEOs call for action: A New Deal for Europe"*
- Gonzalo Urquijo, new Independent Director
- Sale of Broadspectrum to Ventia for 303 M€ of Equity Value
- The NTE Toll Road pays 292 M$ in its first dividend distribution
- Closing of the refinancing of the NTE Toll Road for more than 1,200 M$

A COMPANY OF PRINCIPLES

CORPORATE CULTURE IS ENGRAVED IN FERROVIAL'S GENETICS. THE COMPANY HAS RENEWED ITS VALUES AND ITS PURPOSE IN SOCIETY, PROJECTED TOWARDS SUSTAINABLE INFRASTRUCTURE IN A WORLD THAT MOVES TOWARDS PROGRESS AND INNOVATION. IT MAINTAINS THE ESSENCE OF ITS VALUES, WHOSE SEED WAS PLANTED IN THE FOUNDING MOMENTS OF THE COMPANY.

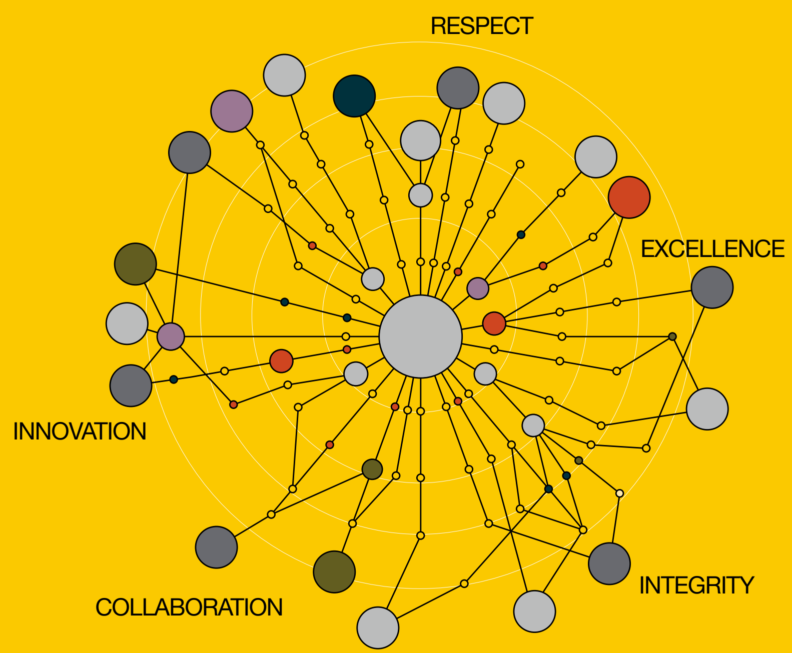
PURPOSE

Sustainable infrastructure for a world on the move

VISION

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

VALUES



SDGs, ON FERROVIAL'S AGENDA

FROM THE BEGINNING, FERROVIAL JOINED THE AGENDA OF THE SUSTAINABLE DEVELOPMENT GOALS (SDGs) APPROVED BY THE UNITED NATIONS IN 2015. IT PARTICIPATED AS ONE OF THE COMPANIES IN THE PRIVATE SECTOR ADVISORY GROUP ORGANIZED BY THE UNITED NATIONS. ALTHOUGH IT PARTICIPATES IN ALL 17 SDGs, IT FOCUSES ON THE THREE CLOSEST TO ITS ACTIVITY.

6 CLEAN WATER AND SANITATION

GOAL 6: CLEAN WATER AND SANITATION

25
water and sanitation projects in Latin America and Africa

+220,000
beneficiaries

+400
million m^3 treated water

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

GOAL 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE

23
toll roads

21,949 M€
of investment managed

Managed Lanes
as sustainable solutions in areas with high urban congestion

11 SUSTAINABLE CITIES AND COMMUNITIES

GOAL 11: SUSTAINABLE CITIES AND COMMUNITIES

95
million passengers a year

Mobility
Solutions for urban mobility

Zity and Wondo

CSR PLAN 20.22

CSR IS A SERIOUS SUBJECT FOR FERROVIAL. THE PLAN IS RENEWED EVERY THREE YEARS, HARMONIZING THE INITIATIVES THAT THE COMPANY DEVELOPS WITH QUALITATIVE AND QUANTITATIVE INDICATORS. IN THE LAST EDITION OF PLAN 20.22, IT DEFINES ITS MEASURES IN RESPONSE TO TRENDS IN THE SECTOR AND IN LINE WITH THE UNITED NATIONS SDGs.

1. TRANSFORMATION AND DIGITALIZATION

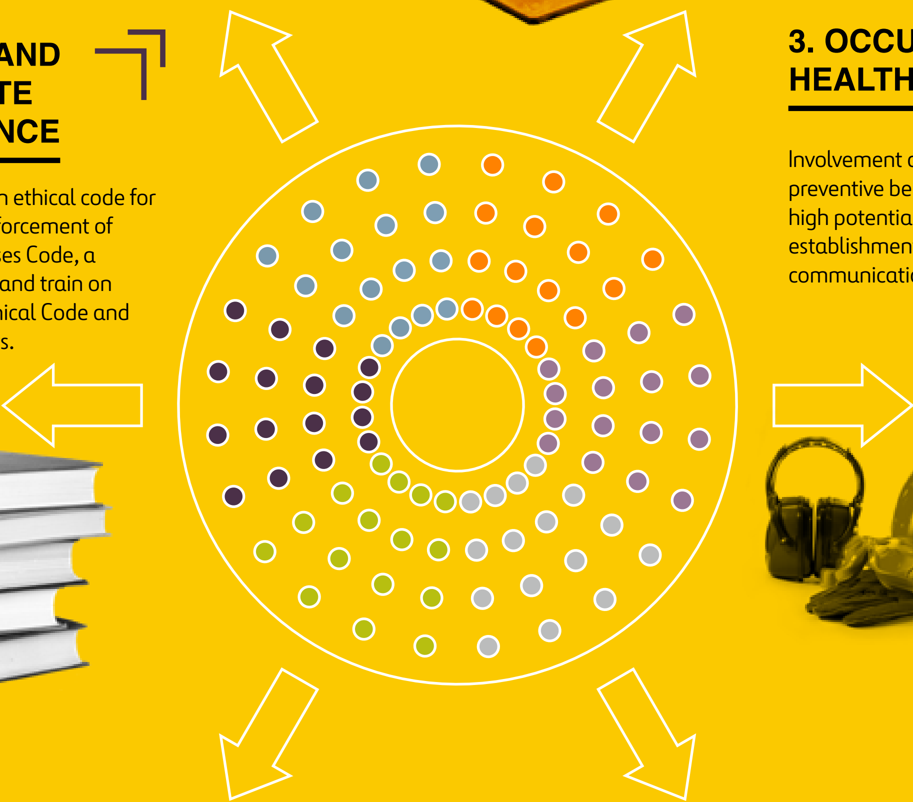
Maintain investment in innovation, boosting the ecosystem of start-ups and favoring STEM vocations.

2. NEW MOBILITY AND URBAN CONGESTION

Promote road safety on toll roads, developing projects that improve mobility and measuring the environmental impact of an asset throughout its life cycle phases.

3. OCCUPATIONAL HEALTH AND SAFETY

Involvement of workers in preventive behavior, focus on high potential accidents and establishment of a more agile communication.



6. ETHICS AND CORPORATE GOVERNANCE

Development of an ethical code for suppliers and reinforcement of the Green Purchases Code, a responsible policy and train on Human Rights, Ethical Code and forbidden conducts.

4. GENDER EQUALITY AND DIVERSITY

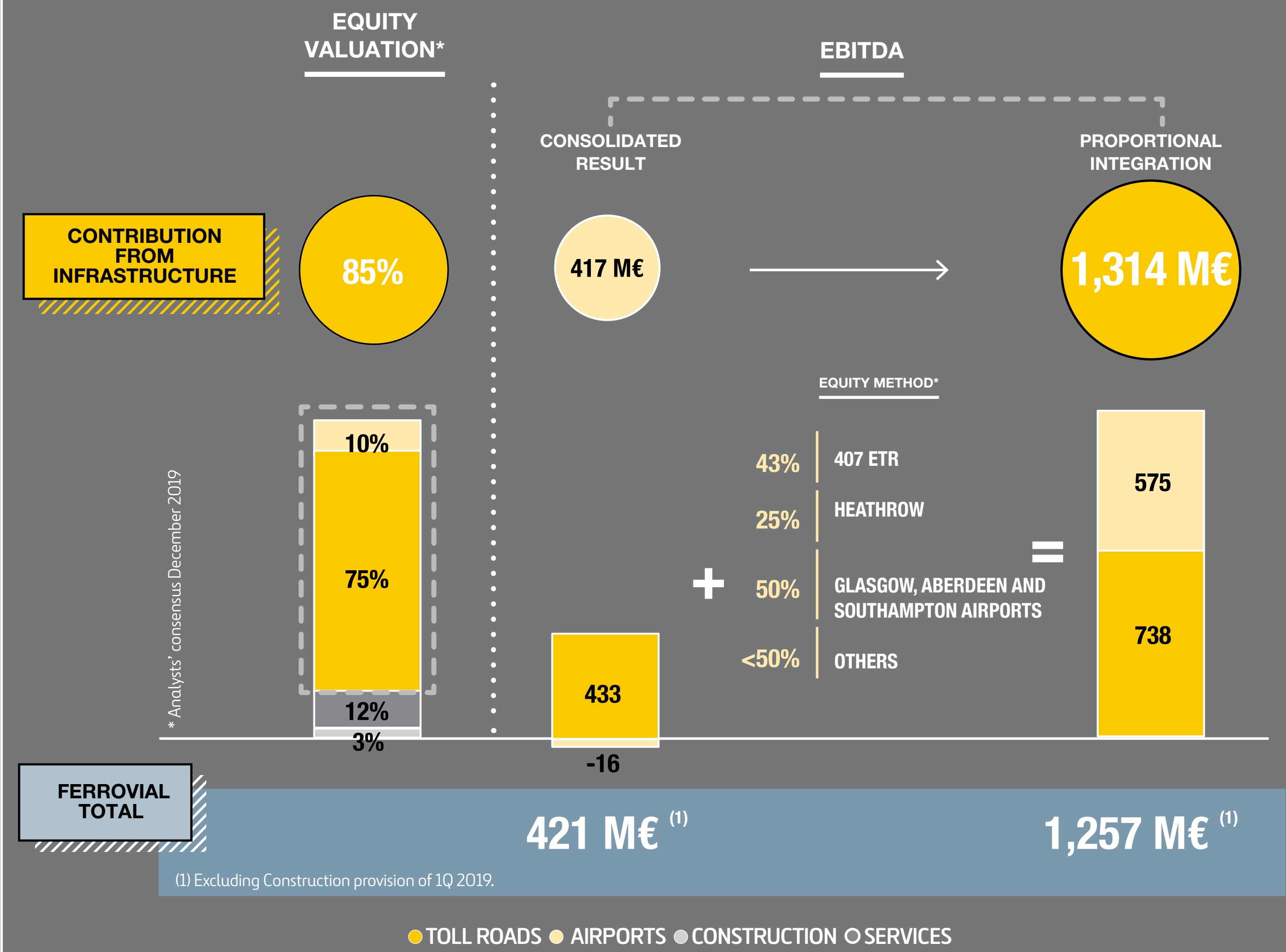
Monitor the wage gap by countries, placing it below 20%, apply the Rooney rule in the selection processes, setting the presence of women in the incorporation of base positions at 35%, while forming unconscious biases.

5. CLIMATE CHANGE

Reduce the carbon footprint by 32% by 2030, reach 100% in the purchase of renewable energy by 2025, 33% of the zero emission vehicle fleet by 2030 and establish a water footprint target.

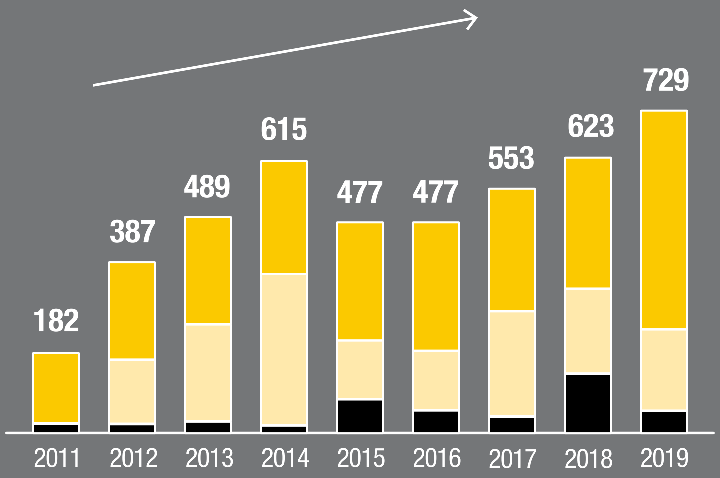
CONTRIBUTION BY MAIN ASSETS

MULTIPLES DO NOT REFLECT THE TRUE VALUE OF FERROVIAL.
FERROVIAL'S MAIN ASSETS ARE CONSOLIDATED BY EQUITY METHOD, CONTRIBUTING NEITHER TO SALES NOR TO EBITDA, BUT CONTRIBUTING SIGNIFICANTLY TO DIVIDENDS AND THE GROUP'S VALUATION BY ANALYSTS



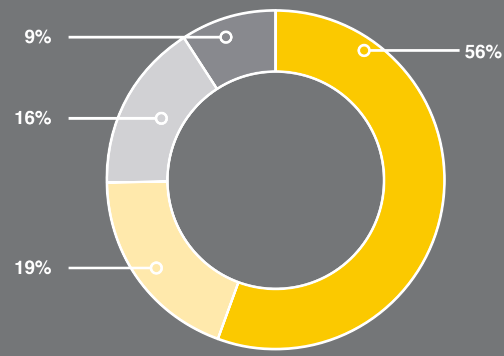
CONTRIBUTION TO OPERATING CASH FLOW

DIVIDENDS FROM INFRASTRUCTURE PROJECTS (M€)(1)



OPERATING CASH FLOW(2)

(Ex-Infrastructures)



TOLL ROADS · AIRPORTS · CONSTRUCTION · SERVICES · OTHERS

(1) 2014 Includes the extraordinary dividend of Heathrow for the sale of AGS (214 M€)
2017 Includes an extraordinary dividend after AGS refinancing (43 M€) and an extraordinary Heathrow dividend
2018 Includes an extraordinary dividend from Ferrovial Servicios España (104 M€)
(2) Before tax

PHOTO: Heathrow Airport. London (United Kingdom).

Chapter. 1.2

STRATEGY AND VALUE CREATION

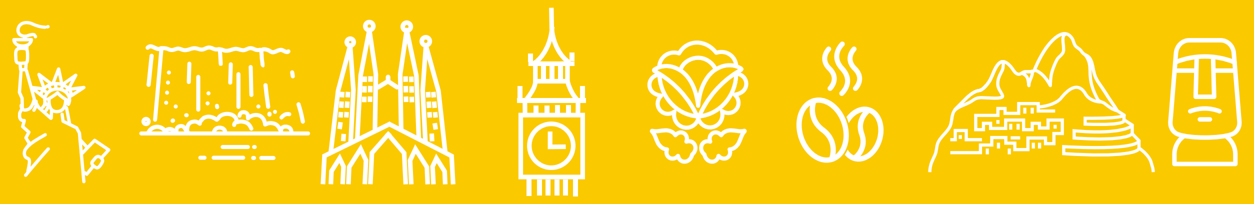
HORIZON 24 PLAN: SUSTAINABLE INFRASTRUCTURES

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

TRENDS

- MOBILITY
- TECHNOLOGY
- DEMOGRAPHICS
- SUSTAINABILITY

MARKETS



U.S. | CANADA | SPAIN | UNITED KINGDOM | POLAND | COLOMBIA | PERU | CHILE

KEY FIGURES

DIVIDEND
4,000 M€
of the infrastructures portfolio

PROFITABILITY
11%
annual increase of the EBITDA

SAVINGS
50 M€
per year in structure costs

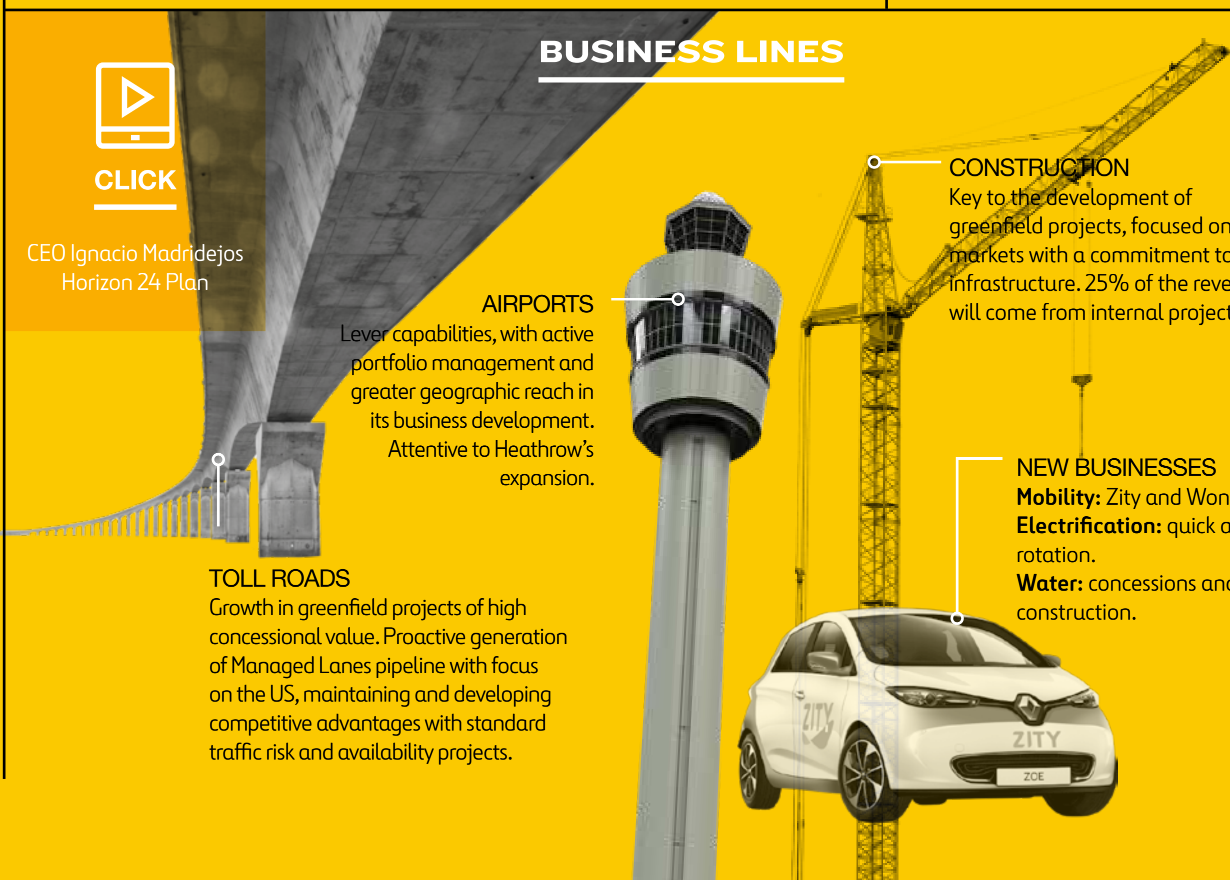
PIPELINE
12,000 M€

REDUCTION OF EMISSIONS
32%
(2030 vs 2009)

PRIORITIES

- PEOPLE
- SUSTAINABLE GROWTH
- OPERATIONAL EXCELLENCE
- INNOVATION

BUSINESS LINES



CLICK

CEO Ignacio Madridejos Horizon 24 Plan

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

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

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

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

Strategy

Sustainable infrastructures

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

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

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

- The concentration of population in cities and the consequent congestion in the existing access routes will demand innovative alternatives, upgrades and new infrastructure. These solutions should take into consideration future needs, such as those related to the increasing interconnectivity among infrastructure, vehicles and users.

- E-commerce and on-demand delivery will contribute to changes in transport and logistics developments. Consumers demand a wide offering of products, short delivery times and easy returns, leading to more vehicles on the roads and to new traffic patterns. In addition, further development of autonomous vehicles will introduce new technology requirements in infrastructure.

- Climate change concerns and decarbonization commitments will also require new solutions in infrastructure development and operation, such as recharging networks for electric vehicles or traffic management systems to reduce congestion or to give circulation preference to low carbon vehicles.

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

PURPOSE
Sustainable infrastructure for a world on the move.

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

VALUES
Respect, Collaboration, Excellence, Innovation, Integrity.

STRATEGY

Strategic priorities

- **People:** ensure the highest standards for health and safety in its operations, foster diversity and local talent, and continue to reinforce the engagement level of its employees.

- **Sustainable growth:** develop infrastructure projects with high concessional value. The company reaffirms its focus on toll roads and airports, with a pipeline of more than 12 B€ in infrastructure projects.

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

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

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

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

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

(1) Source: Mc Kinsey Global Institute

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

Solutions for a low carbon environment and corporate social responsibility are at the core of Ferrovial's strategy. The company is implementing a decarbonization roadmap and has also defined a CSR plan aligned with the UN Sustainable Development Goals. Ferrovial will continue to be proactively engaged with the sustainable development of its operations to maintain its presence in sustainability indexes such as the Dow Jones Sustainability, Carbon Disclosure Project and FTSE4Good among others.

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

PHOTO: Nippingon Bridge, Nippingon (Canada).

Toll Roads

Stepping on it

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

NORTH AMERICA
96%
Cintra valuation

CONCESSIONS
23
Assets in 9 countries

KILOMETERS
1,474

DIVIDENDS (€M)
494
309 M€ from 407ETR and 166 M€ from NTE
61% of total flow
(ex-Infra)

INVESTMENT MANAGED (M€)
21,949
94% International

CLICK
Managed Lanes

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

MAIN ASSETS

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

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

VALUE CREATION

High-complexity greenfield projects

Cintra is centered on complex greenfield projects owing to their high value-creation potential. Its ability to assess and assume higher levels of risk associated with the project in the bidding phase (construction, financing, operation and traffic) allows it to opt for higher initial rates of return (IRR). Thus, Cintra led a Consortium that in 2019 was awarded and closed the financing of the Silvertown project in London, a greenfield project with an investment of over 1,200 million pounds, which required over 1,100 million pounds of debt and which will be executed in the next 5 years to go into operation during the next 25.

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

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

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

Turnover of mature assets

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

Socially responsible infrastructures

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

Users: excellence in service

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

Employees: support for merit

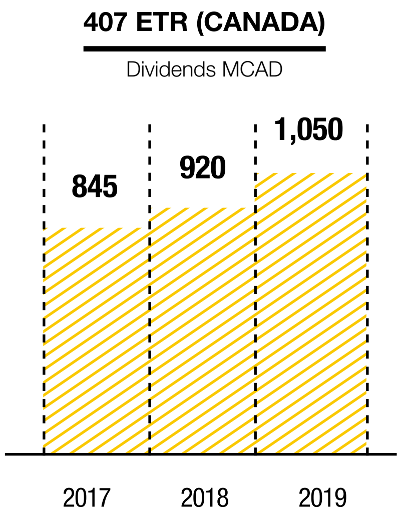
Cintra offers opportunities for the professional development of all its employees by promoting internal mobility and ensuring that merit is the decisive factor in their career. In 2019, 16% of estructure employees changed their job or location, and one of each four people are working in an international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

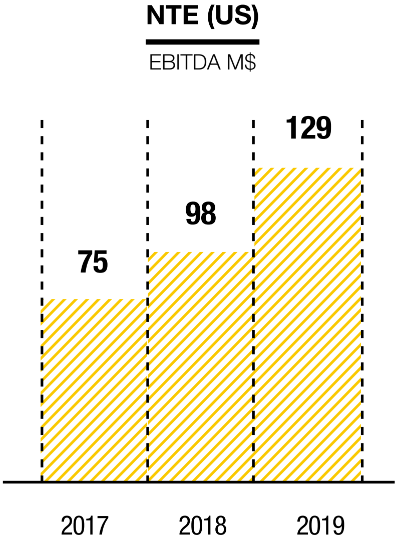
URBAN MOBILITY PRICING

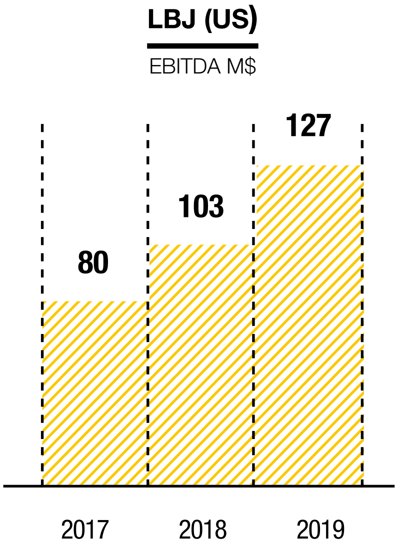
Cintra actively participates in initiatives to reduce pollution and congestion in urban areas through a sustainable approach. Ferrovial is developing a strategy to generate the right incentives to use more sustainable modes of transport in the city. Applying intelligent tariffs to available capacity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

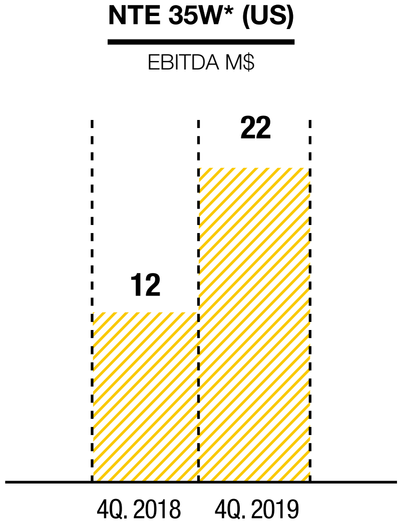
NEW MANAGED LANES IN THE 35W: 3C SECTION

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









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

407 ETR CONTRIBUTION

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

SUPPORTING ONTARIO

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

GREAT FOR YOU, GREAT FOR ONTARIO

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

407 ETR Express Toll Route

KEEPING DRIVERS MOVING

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

MAINTENANCE AND IMPROVEMENTS

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

O=C=O

FEWER EMISSIONS

While driving at a safe and consistent speed on Toll roads 407 ETR—avoiding traffic congestion elsewhere—harmful vehicle emissions are reduced by 108 millionkilograms of CO_2 every year.

MOVING LARGE BUSINESSES

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

KEEPING TRANSIT ON-TIME

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

TIME SAVINGS

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

SAFETY IS OUR PRIORITY

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

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

Airports
Growth and service quality

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

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

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

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

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

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

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

VALUE CREATION

Operational efficiency and service quality

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

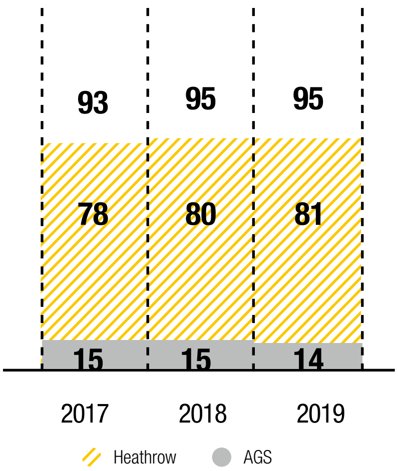
The improvements to service quality are evidenced by the results of the passenger satisfaction surveys (ASQs), which have reached record levels of approval at 4.17 over 5 (4.15 in 2018). Moreover, 82% of passengers scored their experience as "excellent" or "very good".

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

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

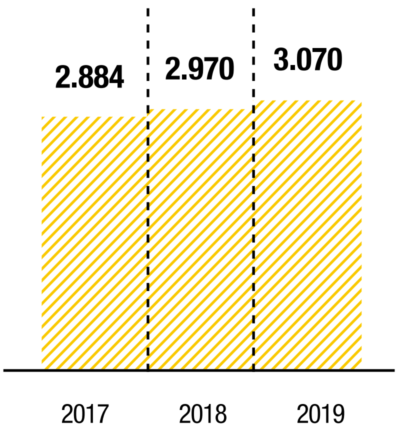
TRAFFIC

Heathrow and AGS (mill Pax)



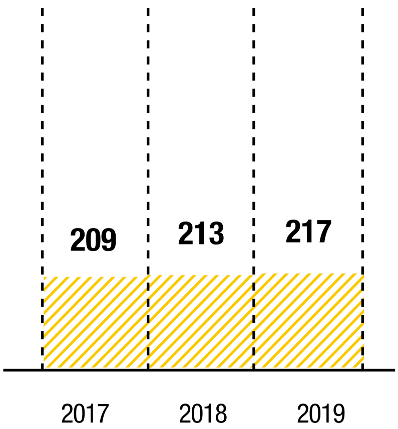
REVENUES

Heathrow SP (M£)



REVENUES

AGS (M£)



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

Sustainability

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

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

Innovation

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

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

HEATHROW IS NOW CARBON NEUTRAL

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

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

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

BUSINESS PLAN FOR THE EXPANSION OF HEATHROW

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

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

CLICK
Airports

UNIQUE TOLL ROADS

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

AIR QUALITY

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

WATER QUALITY

Control and processing of surface rainwater to prevent pollution

FAUNA AND FLORA

Protection of flora and fauna, especially species at risk

PROTECTED AREAS

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

WETLANDS

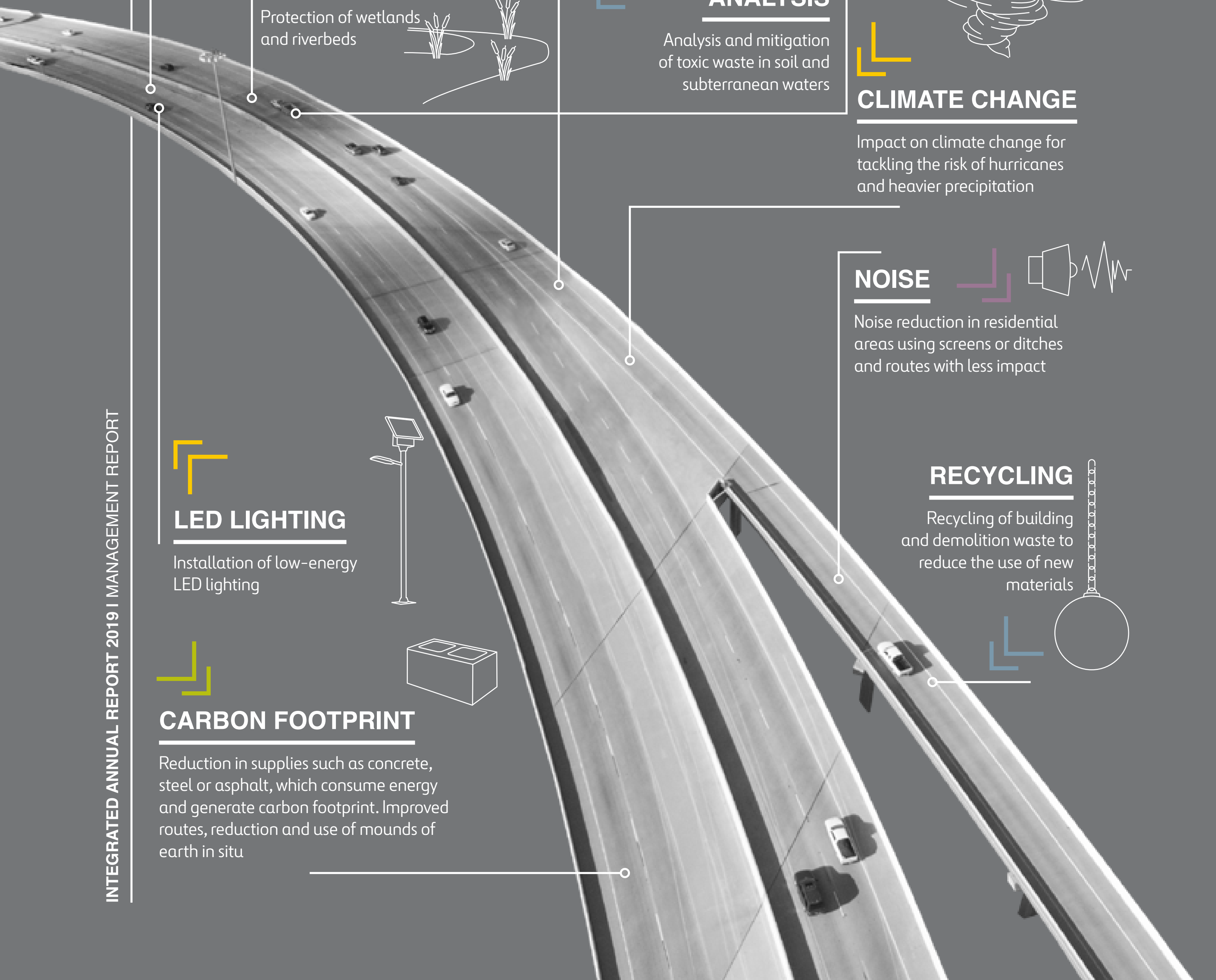
Protection of wetlands and riverbeds

WASTE ANALYSIS

Analysis and mitigation of toxic waste in soil and subterranean waters

CLIMATE CHANGE

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



NOISE

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

RECYCLING

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

LED LIGHTING

Installation of low-energy LED lighting

CARBON FOOTPRINT

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

Construction

Project selection

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

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

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

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

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

Poland continues with good and stable prospects for medium-term contracting thanks to current investment plans in roads and railroads extended until 2025-26. After a period of increases in the prices of raw materials and labor resources, a more stable environment is expected over the next few years.

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

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

VALUE CREATION

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

Portfolio diversification

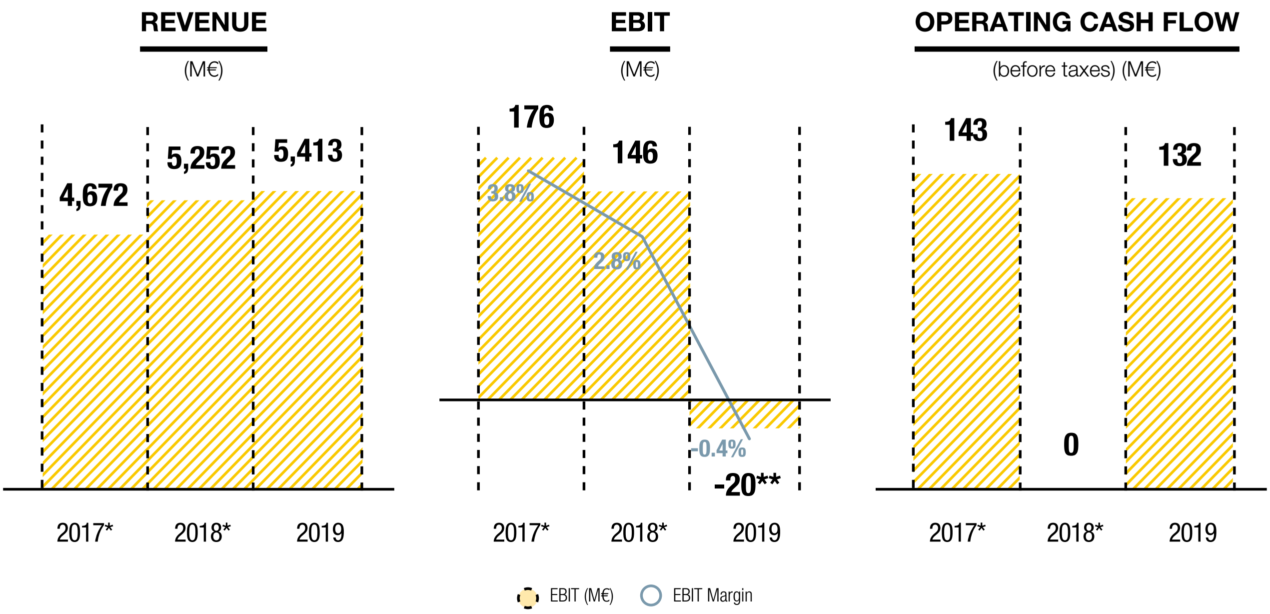
The company specializes in highly technical projects, which it is able to carry out thanks to its experience and the international presence of over 300 employees from its Technical Office, who are adept at seeking out unrivaled engineering solutions. In this respect, sector diversification and bidding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

Selective internationalization

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

Committed to society: environment, quality and safety

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



* 2018 data and 2017 data restated I ** Excluding Construction 345 million euro provision of 1Q 2019.

NEW TUNNEL UNDER THE THAMES RIVER

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

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

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

Innovation driving improvement

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

Employees: talent management

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

COMMITMENT IN THE FIGHT AGAINST CLIMATE CHANGE

Ferrovial Agroman shows its commitment to the environment by using renewable energy, recycling materials and recovering waste. A good example of this is the use of night lighting towers with photovoltaic LED panels in the regeneration work of the Adolfo Suarez Madrid-Barajas Airport runway, with an emission savings of 13,771 kg of CO_2, the reuse of recycled material to manufacture retaining walls on the I-66 and Grand Parkway toll roads, and the collaboration with MIT to develop technology for waste recovery through hydrothermal carbonation for its transformation into nanostructured materials for later use.

CLICK

Silvertown

PHOTO: Metro of Santiago. (Chile).

Services
Innovative and sustainable solutions

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

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

BACKGROUND

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

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

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

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

VALUE CREATION

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

Occupational safety

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

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

Sustainable growth

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

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

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

RECYCLING OF 50,000 TONNES OF PLASTICS ANNUALLY

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

ROAD MAINTENANCE IN NORTH AMERICA

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

CLICK

Recycling plant

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

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

Operational efficiency

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

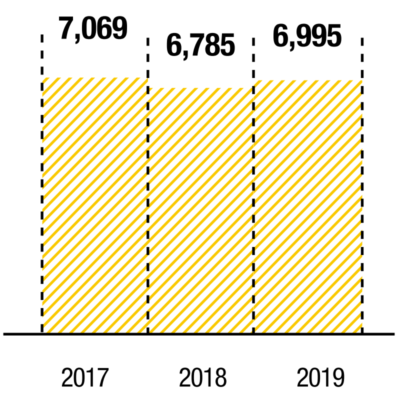
Digitalization

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

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

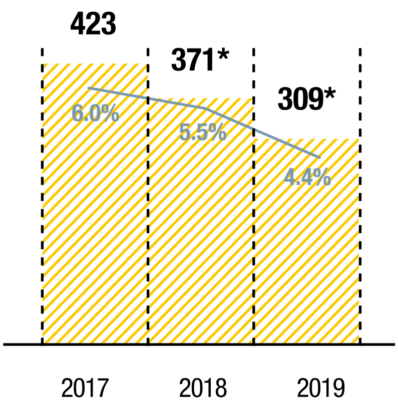
REVENUES

(Ex-Birmingham) (M€)



EBITDA

(M€)

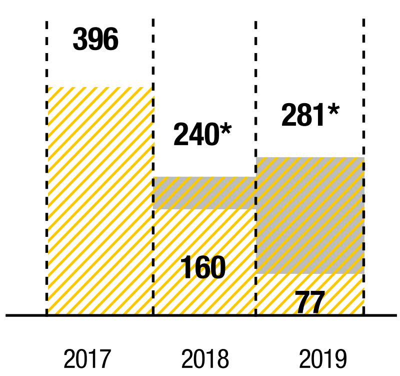


EBITDA (M€) EBITDA Margin

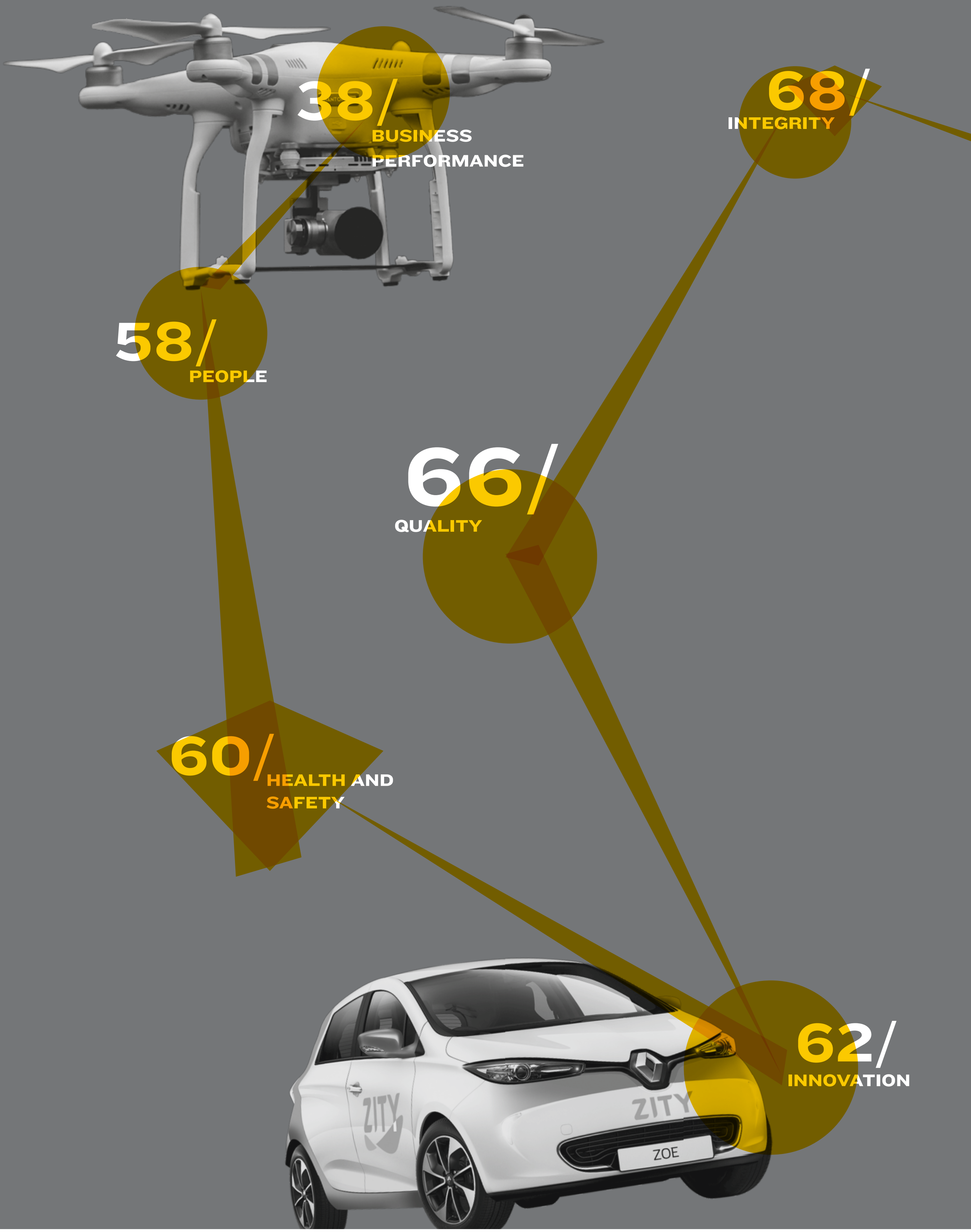
* Birmingham is excluded

OPERATING CASH FLOW

(Before taxes) (M€)

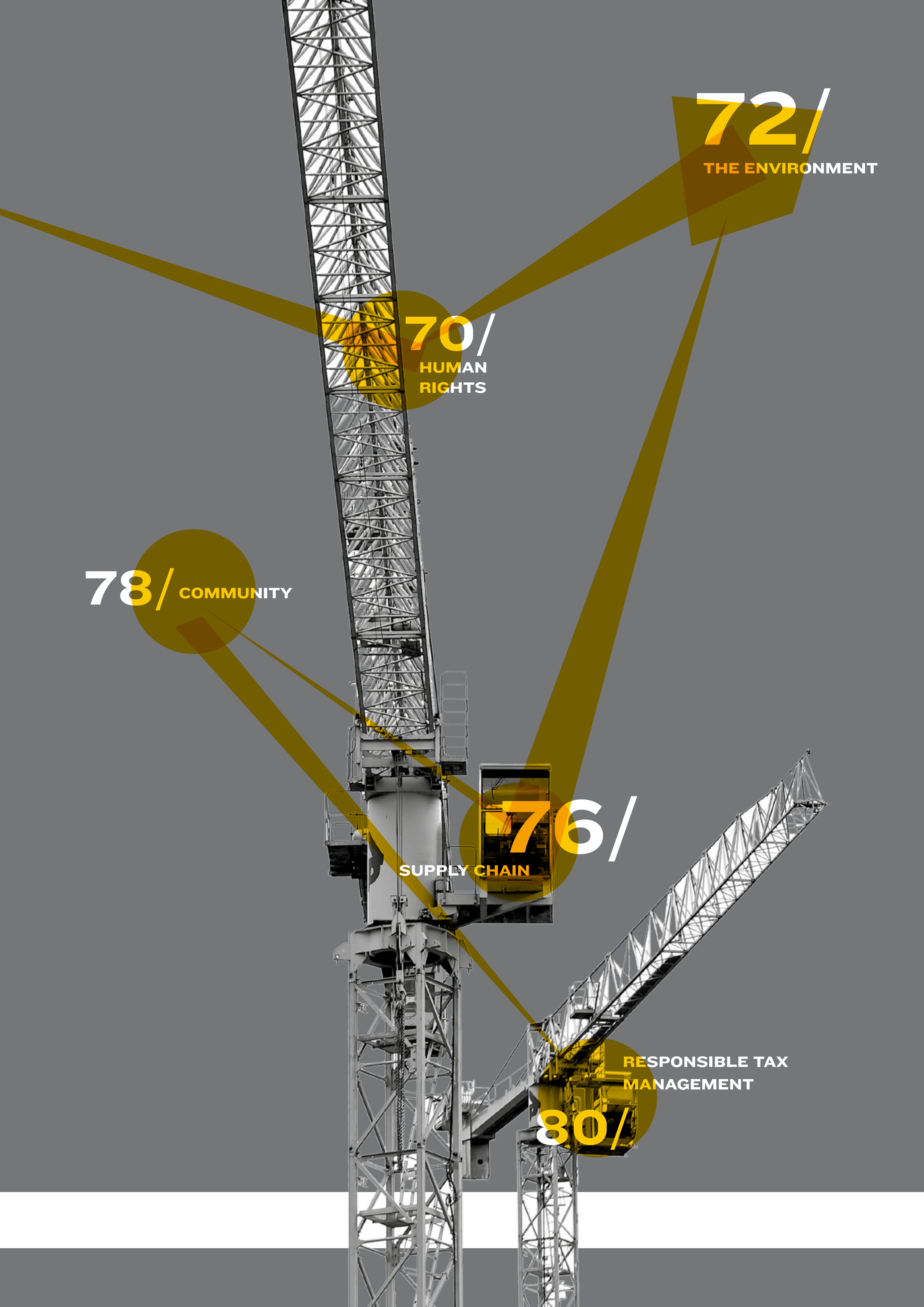


* Birmingham is excluded



Chapter. I.3

FERROVIAL IN 2019


72/
THE ENVIRONMENT
70/
HUMAN RIGHTS
78/
COMMUNITY
76/
SUPPLY CHAIN
RESPONSIBLE TAX MANAGEMENT
80/

Ferrovial results January – December 2019

CONSOLIDATED RESULTS (SERVICES AS DISCONTINUED ACTIVITY)

- **Revenues:** EUR6,054mn (+2.6% LfL) with higher contribution from Toll roads (+28.5% LfL) and Construction in line with 2018 (+0.3% LfL).
- EBITDA ex-IFRS 16: EUR76mn (EUR479mn in 2018) negatively affected by the –EUR345mn provision (100%), registered in Construction in 1Q 2019, for potential future losses in various projects in the US.
  - EUR121mn of consolidated EBITDA thanks to IFRS 16 reclassifying EUR45mn operating costs to amortization and financial expenses.

STRONG OPERATING PERFORMANCE FROM INFRA ASSETS

(EBITDA, local currency):

- **Managed Lanes** (globally consolidated) NTE +32.6% and LBJ +23.7%. NTE35W grew +84.5% (4Q 2019 vs 4Q 2018).
- **407 ETR** (equity-accounted): +8.1%.
- **Heathrow SP** +4.6% (+1.7% ex-IFRS 16) and **AGS** -2.6% (both equity-accounted).

DISTRIBUTION OF FUNDS FROM THE MAIN ASSETS

Total dividends from projects received by Ferrovial reached EUR729mn in 2019 (+17%).

- **407 ETR: CAD1,050mn**, +14.1% vs. 2018. Ferrovial received EUR309mn.
- **NTE: USD292mn**. Ferrovial received EUR166mn.
- **Heathrow: GBP500mn** in line with the GBP500mn in 2018. Dividends distributed to Ferrovial amounted to EUR145mn.
- **AGS: GBP30mn** vs. GBP70mn in 2018. EUR17mn corresponded to Ferrovial.
- **Services: EUR47mn** of dividends from projects (EUR131mn in 2018).

NTE 3C MANAGED LANE FINANCIAL CLOSE

Ferrovial, via Cintra, will build and operate the new NTE extension (segment 3C), for a total investment of above USD900mn. Construction works have already started and the toll road is expected to open at the end of 2023. Concession term ends in 2061.

AUSOL SALE

Ferrovial, through its subsidiary Cintra, reached an agreement to sell 65% of Ausol for EUR451mn. Cintra will retain a 15% interest in Ausol, on which it has reserved a put option, and has granted a call option to Meridiam on this 15%.

NTE MANAGED LANE REFINANCING

Ferrovial, via Cintra, completed the refinancing of the original NTE debt (PABs and TIFIA). The new debt structure includes PABs and taxable bonds. This refinancing agreement has led to a lower cost of debt (yield to maturity of 3.8% vs previous average coupon of 5.3%) and longer maturity terms (30 years of the tranche subject to tax vs. 15 years of previous TIFIA loan).

BROADSPECTRUM SALE AGREEMENT

Ferrovial reached an agreement for the sale of Broadspectrum (Services business in Australia and New Zealand) to Ventia Services Group for an enterprise value of AUD524.5mn (c. EUR327mn) in December. The completion of the transaction is subject to usual conditions, including regulatory and competition authorizations.

RESULTS BY DIVISION

Toll roads: significant revenue growth with higher contribution from US Managed Lanes and improvements in traffic on the majority of toll roads. 407 ETR traffic was flat (-0.2%) affected by adverse weather conditions and fewer incidents on alternative routes, partially offset by higher economic growth and more construction activity on alternative routes. Managed Lanes were boosted by new connections in the Dallas-Fort Worth area and continued to post strong EBITDA growth on the back of robust traffic (NTE +14.7%, LBJ +9.1% y NTE35W +25.3% in 4Q vs. 4Q 2018) and toll rates.

Airports: passengers at Heathrow reached a record high of 80.9mn, (+1.0%). AGS traffic declined by -7.8%, due to lower traffic at all three airports. Revenue growth in all our airports.

Construction: revenues (+0.3% LfL) in line with 2018, with 86% of international contribution. EBIT stood at -EUR365mn, impacted by the provision registered in 1Q 2019. The order book stood at EUR11,424mn (+2.8% LfL), not including pre-awarded contracts exceeding EUR600mn.

Services ex-Birmingham (discontinued operations): net income from discontinued of -EUR198mn mainly due to the fair value adjustment of Broadspectrum. The company remains committed to divest the Services division.

EUR1,631mn net cash ex-infra projects (including discontinued operations). Net debt infra reached EUR4,588mn (EUR4,885mn in December 2018). Net consolidated debt reached EUR2,957mn (EUR3,649mn in December 2018).

REPORTED P&L

(EUR million)	DEC-19	DEC-18
REVENUES	**6,054**	**5,737**
Construction Provision *	-345	
EBITDA Ex IFRS 16	**76**	**479**
EBITDA	**121**	
Period depreciation	-180	-127
Disposals & impairments	460	82
EBIT**	**401**	**434**
FINANCIAL RESULTS	**-194**	**-192**
Equity-accounted affiliates	296	239
EBT	**504**	**481**
Corporate income tax	-47	-24
CONSOLIDATED PROFIT FROM CONTINUING OPERATIONS	**457**	**457**
NET PROFIT FROM DISCONTINUED OPERATIONS	**-198**	**-848**
CONSOLIDATED NET INCOME	**259**	**-391**
Minorities	9	-57
NET INCOME ATTRIBUTED	**268**	**-448**

(*) Related to the provision registered in 1Q 2019 corresponding to three contracts in the US. (**) EBIT after impairments and disposals of fixed assets.

CONSOLIDATED EBITDA

(EUR million)	DEC-19	DEC-18	VAR.	LfL
Toll Roads	433	319	35.7%	33.5%
Airports	-16	-16	-5.5%	-7.7%
Construction	-321	189	n.s.	n.s.
Others	-20	-14	n.a.	n.a.
Total EBITDA Ex IFRS 16	**76**	**479**	**-84.1%**	**-84.4%**
IFRS 16	45			
Total EBITDA	**121**			

PROPORTIONAL EBITDA

(EURmn)	DEC-19	DEC-18	LfL
Toll Roads	738	631	17.1%
Airports	575	565	1.8%
Construction ex-provision	-21	150	n.s.
Others	-35	-18	-94.2%
Total EBITDA	**1,257**	**1,327**	**-5.3%**

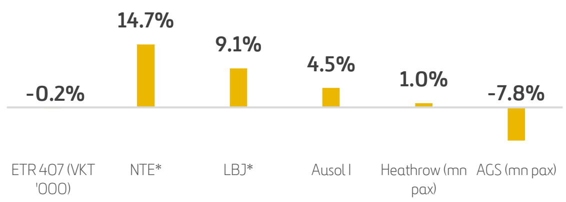
Like-for-like figures

NET CASH POSITION

(EUR million)	DEC-19	DEC-18
NCP ex-infrastructures projects	**1,631**	**1,236**
NCP infrastructures projects	**-4,588**	**-4,885**
Toll roads	-4,220	-4,392
Others	-368	-493
Total Net Cash /(Debt) Position	**-2,957**	**-3,649**

NCP: Net cash position. Includes discontinued operations

TRAFFIC PERFORMANCE



*Transactions

Toll roads

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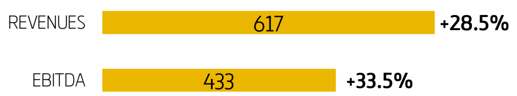
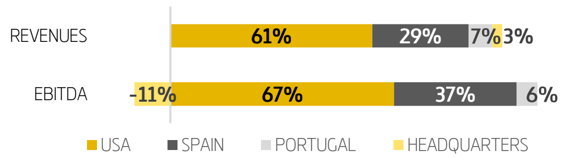
€mn; LFL % (EBITDA ex IFRS 16)





Revenues increased due to higher contribution from US Managed Lanes & traffic growth at most assets. The US contributed more than 60% of revenue and EBITDA.

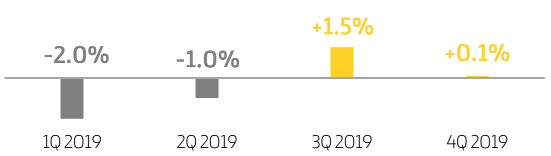
407 ETR (43.23%, EQUITY-ACCOUNTED)

	DEC-19	DEC-18	VAR.
Avg trip length (km)	21.91	21.70	1.0%
Traffic/trips (mn)	125.15	126.62	-1.2%
Vkts (mn)	2,742	2,748	-0.2%
Avg revenue per trip (CAD)	11.88	10.86	9.4%

VKT (Vehicle kilometres travelled)

Traffic (km travelled) -0.2% vs. 2018, primarily impacted by adverse weather conditions, and fewer incidents on alternative routes. This was partially offset by higher economic growth and more construction activity on alternative routes.

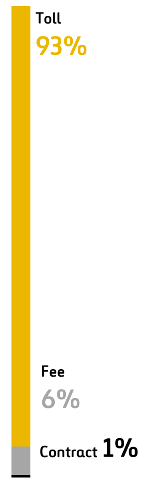
Quarterly traffic



(CAD million)	DEC-19	DEC-18	VAR.
Revenues	1,505	1,390	8.3%
EBITDA	1,309	1,211	8.1%
EBITDA margin	87.0%	87.1%	

Results for 100% of 407 ETR

REVENUE BREAKDOWN

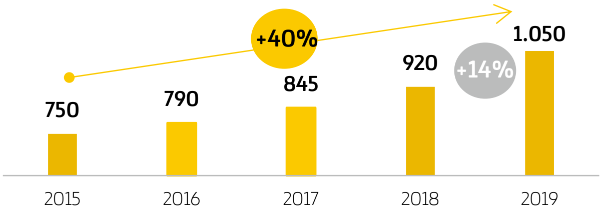


- **Toll revenues** (93% of total): +8.3% to CAD1,402mn, mainly due to tariff increases effective since February 2019 offset by a slight decrease in trips and VKTs. Average revenue per trip increased +9.4% vs. 2018.
- **Fee revenues** (6% of total) CAD95mn (+6.6%), mainly due to an increase in the annual transponder lease fee rate, coupled with higher volumes of transponders in circulation and higher late payment interest charges.
- **Contract revenues** (0.5% of total) CAD7.7mn, on the back of work completed for the construction, installation & maintenance of tolling sites on the 407 Extension II (phase 2b).

OPEX +9.2%, (+4.9% underlying, ex-2018 one off), primarily due to higher customer operations expenses coupled with higher contract expenses relating to the completion of 407 extension II Phase 2b, along with the one-time recovery of certain indirect taxes in 2018.

EBITDA +8.1%, with an 87.0% EBITDA margin due to revenue growth, offset by higher operating expenses. Excluding the aforementioned tax recovery, EBITDA would have increased by +8.8%, with an 87.1% EBITDA margin vs 86.5% in 2018.

2019 dividends amounted to CAD1,050mn, +14.1% vs. 2018. The dividends distributed to Ferrovial in 2019 amounted to EUR309mn. At the February Board Meeting, the 1Q 2020 dividend payment was approved in the amount of CAD312.5mn (+25% vs. 1Q 2019).



Net debt at end of December: CAD7,963mn (average cost of 4.44%). 60% of the debt matures in more than 15 years' time. The upcoming maturity dates are CAD17mn in 2020, CAD723mn in 2021 and CAD318mn in 2022.

407 ETR issued two bonds on 6 March 2019:

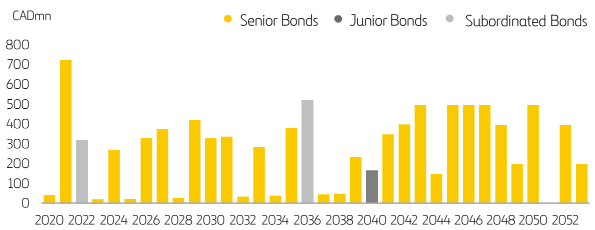
- CAD300mn bond maturing in March 2030 (coupon 3.14%)
- CAD500mn bond maturing in March 2049 (coupon 3.67%)

407 ETR also announced the early payment of CAD300mn of mid-term senior bonds (Series 10-A2), which matured June 2020.

407 ETR credit rating

- **S&P:** "A" (Senior Debt), "A-" (Junior Debt) and "BBB" (Subordinated Debt), with stable outlook, published in June 2019.
- **DBRS:** "A" (Senior Debt), "A low" (Junior Debt) & "BBB" (Subordinated Debt), with stable outlook, published in December 2019.

407 ETR bond maturity profile:



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

407 ETR tariff

In December 2019 a toll rate increase was announced, which came into force on 1 February 2020. 407 ETR is aligning its pricing structure with seasonal traffic patterns. This means that drivers will pay less per kilometre in spring and winter when traffic is lower compared to summer when the highway is busiest. For more information on the new toll rates, please click on the following link.

MANAGED LANES (USA)

NTE 1-2 (63.0%, globally consolidated)

In 2019, traffic growth (+14.7%) was largely driven by the full opening of NTE35W in July 2018, which connects directly onto NTE's Segment 1 and the opening of 183 TEXpress (Midtown Express) in October 2018, which connects directly to NTE's Seg 2.

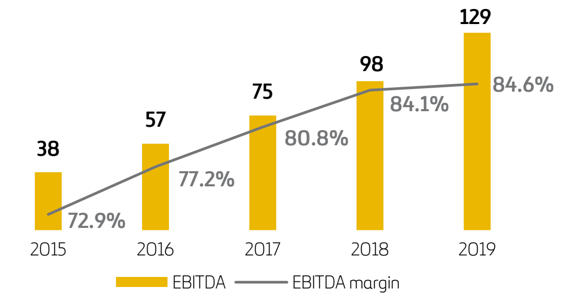
	DEC-19	DEC-18	VAR.
Transactions (mn)	34	30	14.7%
Revenues (USD mn)	153	116	31.7%
EBITDA (USD mn)	129	98	32.6%
EBITDA margin	84.6%	84.1%	

The **average toll rate per transaction** reached USD4.5 in 2019 vs. USD3.9 in 2018 (+15%).

Revenue reached USD153mn (+31.7% vs. 2018) aided by a strong surge in traffic and higher toll rates.

EBITDA reached USD129mn (+32.6% vs. 2018) helped by strong traffic growth. EBITDA margin of 84.6% (+56 basis points vs. 2018).

NTE EBITDA EVOLUTION



Dividend: NTE toll road distributed its first dividend, for USD292mn, after five years of operations. Shareholder remuneration took place after the closing of c. USD1.3bn refinancing.

Refinancing: Ferrovial, via Cintra, completed the refinancing of original NTE debt (PABs and TIFIA). The new debt structure includes PABs (USD400mn) and taxable bonds (USD871mn). This refinancing agreement has led to a lower cost of debt (yield to maturity of 3.8% vs previous average coupon of 5.3%) and longer maturity terms (30 years of the tranche subject to tax vs 15 years of previous TIFIA loan).

NTE net debt reached USD1,234mn in December 2019 (USD996mn in December 2018), at an average cost of 3.48% after refinancing.

Credit rating

	PAB
Moody's	Baa2
FITCH	BBB

LBJ (54.6%, globally consolidated)

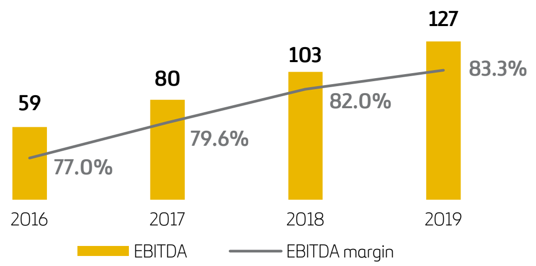
Traffic: grew by +9.1% in 2019, bolstered by the opening of the 183 TEXpress (Midtown Express) in October 2018 and the increase in traffic from the US-75 following the completion of construction works at the intersection of the President George Bush Turnpike in 2Q 2019, leading to improved traffic levels in 4Q 2019 (+12.5%). 183 TEXpress connects directly to LBJ Segment 1, providing a new and direct connection between the two managed lane corridors. Preparation works prior to the start of works at the 635 East managed lanes project did not have a significant impact on traffic in 4Q 2019.

	DEC-19	DEC-18	VAR.
Transactions (mn)	48	44	9.1%
Revenues (USD mn)	153	126	21.7%
EBITDA (USD mn)	127	103	23.7%
EBITDA margin	83.3%	82.0%	

The **average toll rate per transaction** reached USD3.2 in 2019 vs. USD2.8 in 2018 (+11.7%).
Revenue reached USD153mn (+21.7% vs. 2018) aided by both a continued surge in traffic and higher toll rates.

EBITDA reached USD127mn (+23.7% vs. 2018) with an EBITDA margin of 83.3% (+137 basis points vs. 2018).

LBJ EBITDA evolution



As of December 2019, **net debt for the LBJ toll road** amounted to USD1,407mn (USD1,448mn in December 2018), at an average cost of 5.24%.

Credit rating

	PAB	TIFIA
Moody's	Baa3	Baa3
FITCH	BBB-	BBB-

NTE 35W (53.7%, globally consolidated)

Traffic continued to grow both on general purpose lanes and on segments 3A and 3B of the managed lanes, due to an upturn in demand for the corridor, with traffic levels now above those prior to construction.

QUARTERLY EVOLUTION	4Q 2019	4Q 2018	VAR.
Transactions (mn)	9	7	25.3%
Revenues (USD mn)	26	16	68.5%
EBITDA (USD mn)	22	12	84.5%
EBITDA margin	83.3%	76.1%	

EBITDA at NTE 35W reached USD22mn in 4Q 2019 with an 84.5% growth vs. 4Q 2018 and an EBITDA margin of 83.3%.

The **average toll rate per transaction** in 2019 reached USD2.7.

NTE 35W net debt reached USD831mn in December 2019, at an average cost of 4.88% (including the NTE 3C segment).

Credit rating

	PAB	TIFIA
Moody's	Baa3	Baa3
FITCH	BBB-	BBB-

NTE 3C (53.7%, globally consolidated)

Development, design, construction and operation of Segment 3C:

- Construction of 2 managed lanes in each direction, c.6.7 miles from north of US 81/287 to Eagle Pkwy.
- Reconstruction of existing general-purpose lanes.
- Construction of access ramps & frontage roads.
- Construction of IH820/I-35W managed lanes direct connector
- Installation of Intelligent Transportation System "ITS" & tolling systems.

Duration: concession term ends 2061

Operation & Maintenance (O&M) and toll collection: exclusive right and obligation to operate, maintain, repair and collect tolls.

- Tolls collected by **North Texas Tollway Authority** are in line with tolling agreement with TxDOT. TxDOT assumes collection risk.

I-77 (50.1%, globally consolidated)

The northern stretch of the I-77 Express opened on 1st June 2019, and the southern stretch opened on 16th November 2019. The project includes:

- 26.4 miles of express lanes between the I-277 in Charlotte and Exit 36 in Mooresville.
- 8 segments in each direction, including 3 direct connections in each direction and multiple entry and exit points.

After two months of the project being completed and operational, average speeds on the corridor are faster than levels prior to construction, despite more traffic on the toll road. Adoption of I-77 express lanes has been quick.

The managed lanes are operating with dynamic rates since December. Toll rates adjust in real time based on traffic conditions, which guarantees that drivers on the I-77 Express will have a quick and safe journey, even on days of high levels of congestion.

OTHER TOLL ROADS

Ferrovial includes in its portfolio a number of toll roads which are, mainly, availability projects located in countries with low government bond yields (Spain, Portugal and Ireland) and long duration (with an average maturity of 16 years overall). Among the most relevant availability projects with no traffic risk or equivalent to availability projects held by Ferrovial are: Autema, A-66, Algarve, Norte Litoral and M3 (except for Autema, all of them are equity-accounted).

The evolution of the traffic in the locations aforementioned were as follows:

- **Spain:** the Spanish toll roads have shown another year of growth in 2019. Ausol I traffic grew by +4.5%, accumulating a rebound of +60% growth since the end of the crisis. Traffic in Ausol II increased by +2.8% and accumulates growth above +40% since 2013.
- **Portugal:** remarkable traffic growth in Algarve (+5.6%), and Azores (+4.5%) that still maintains the trend following the liberalisation of its airline market in 2015.
- **Ireland:** maintains the positive performance observed in recent years. Both toll roads have registered growths above 5% for the fifth consecutive year (+ 5.0% in M4 and + 5.5% in M3).

OTHER EVENTS

In December 2019, Ferrovial, via its subsidiary Cintra, completed the transfer of 65% of the share capital of Ausol for EUR451mn (100% equity value c. EUR700mn). Cintra retains a 15% ownership interest in Ausol, on which it has reserved a put option, and has granted Meridiam a call option on this 15%.

This deal generated net capital gains of EUR474mn for Ferrovial, while allowing it to deconsolidate the gross third-party debt for the project, which amounted to EUR611mn (EUR531mn of net debt).

In August 2019, Ferrovial, via its subsidiary Cintra, agreed to sell an 11.75% stake in Ruta del Cacao (Bucaramanga Barrancabermeja Yondó) to John Laing for c. EUR28.6mn. The deal generated capital gains of close to EUR10mn for Ferrovial. Following this transaction, Ferrovial holds a 30% stake in the concession.

ASSETS UNDER DEVELOPMENT

(EUR million)	INVESTED CAPITAL	PENDING COMMITTED CAPITAL	NET DEBT 100%	CINTRA SHARE
Global Consolidation				
Intangible Assets	**-109**	**-79**	**-958**	
I-77	-109	-1	-218	50%
NTE35W*		-77	-740	54%
Equity Consolidated				
Intangible Assets		**-678**	**-1,310**	
I-66		-678	-1,310	50%
Financial Assets	**-82**	**-80**	**-1,307**	
407-East Extension II	-11		22	50%
Ruta del Cacao**	-54		-61	30%
Toowoomba	-11		-222	40%
Silvertown Tunnel		-27	-203	23%
Bratislava		-30	-634	35%
OSARs	-6	-23	-209	50%

(*) Capital invested & committed refers to Seg. 3C. Net debt 100%: includes all 3 seg.

(**) On October 28, 2019, formal completion of stake sale from 41.75% to 30%.

- **407 East Extension Phase II:** the full opening of the toll road took place in November 2019.
- **I-66 (Virginia, USA):** the project includes the construction of 35 km on I-66 (between Route 29, close to Gainesville, and the Washington DC ring road, I-495, in Fairfax County). The construction period will run until 2022, and the concession is granted for 50 years from the closing of the commercial agreement. Design & construction works are 28% complete.
- **OSARs (Melbourne, Australia):** an availability payment project with a concession term of 22.5 years, comprising the improvement and maintenance of a road network in Melbourne. The design and construction works are 58% complete.
- **Toowoomba:** the toll road opened to traffic on 7 September 2019.
- **Ruta del Cacao:** 81 km of new toll road, improvements to 108 km of existing toll road, construction of 16 bridges, 2 viaducts and 2 tunnels with a combined length of 6 km. This is a 25-year concession. Design and construction works are 48% complete.

TENDERS PENDING

In the **US,** we continue to pay close attention to private initiatives:

- In **Maryland,** Cintra is working as part of a consortium and bidding for the *Maryland Congestion Relief Program,* the first project of which is expected in 1Q 2020.
- **Georgia Managed Lanes Program** (Atlanta) is being analysed. The Georgia Department of Transport (GDOT) has confirmed that the first project, the SR-400 (c. USD1,800mn construction project, totaling 17 miles), will be tendered as a design-build-finance-operate-maintain contract (DBFOM), as an Availability Payment Project, with a prequalification date of 1Q 2020; but they are analysing the model to adopt in the other 4 projects that form part of the programme.
- Cintra is following various projects of interest in various States (Illinois, Virginia and Texas), which are Managed Lanes structures.

In other markets, in November 2019 Cintra achieved the commercial and financial close of the "Silvertown Tunnel" project in London, with an estimated construction investment of GBP1,000mn.

Airports

—

Contributed **EUR115mn to Ferrovial's equity accounted in 2019**, vs. EUR73mn in 2018.

- **HAH:** EUR106mn in 2019 (EUR70mn in 2018) mainly impacted by the positive evolution of the derivatives *mark to market* due to the lower inflation expectations.
- **AGS:** EUR9mn in 2019 (EUR4mn in 2018).

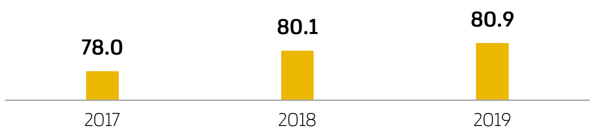
In terms of **distributions to shareholders:**

- **HAH:** GBP500mn, in line with 2018 (GBP500mn). The dividends distributed **to Ferrovial amounted to EUR145mn**.
- **AGS:** GBP30mn (GBP70mn in 2018). The dividends distributed to **Ferrovial amounted to EUR17mn.**
- **Denver:** EUR21mn in 2019 (EUR7mn in 2018), after the termination of the Denver airport remodeling contract.

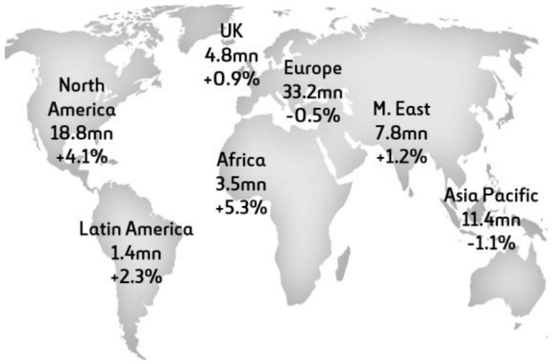
HEATHROW SP (25%, equity-accounted) – UK

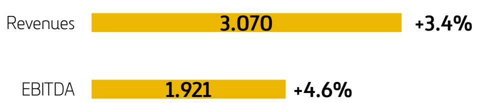
Record 80.9mn passengers in 2019 (+1.0%). Aircraft fly fuller with load factors increasing to all-time record high at 80.0% (2018: 79.4%). There are still 1 in 5 seats remain empty which provides a significant growth opportunity. The average number of seats per passenger aircraft increased to 213.7 (2018: 213.4) driven by aircraft upgrades on European and Middle Eastern routes.

Passengers (mn)



Million passengers	DEC-19	DEC-18	VAR.
UK	4.8	4.8	0.9%
Europe	33.2	33.3	-0.5%
Intercontinental	42.9	42.0	2.2%
TOTAL	80.9	80.1	1.0%

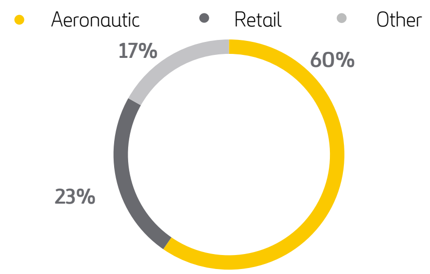




Revenues: +3.4% in 2019 to GBP3,070mn.

- **Aeronautical:** +4.9%. Heathrow continues to benefit from record passenger traffic, favourable mix of passengers & recovery of prior year yield dilution. This has been partially offset by the introduction of Heathrow's new commercial airline deal, providing a saving of GBP0.55 per passenger on airline charges. Average aeronautical revenue per pax +3.9% to GBP22.64 (GBP21.78 in 2018).
- **Retail:** +0.8% led by retail concessions & catering, reflecting strong passenger traffic. The GBP weakening against both EUR & USD has also improved our concessions revenue. Retail revenue per passenger remained flat at GBP8.93 (2018: GBP8.94).
- **Other revenues:** +1.6% vs 2018, grew by rail track-access charges and Heathrow Express declined on the back of lower prices to remain competitiveand lower Crossrail compensation.

Contribution to revenues:



Adjusted operating costs: following the adoption of IFRS 16, GBP52mn of lease costs are reported below EBITDA. Prior to the adoption of IFRS16 these costs would have been presented included in operating costs and within EBITDA.

Operational costs have increased as Heathrow gears up for growth with investment in expansion, security, resilience & passenger experience. Heathrow spent more on services for passengers with reduced mobility, upgrading drone defence capabilities, implementing new hold baggage screening and investing in IT systems. Utilities costs also increased due a rise in government levies on usage, whilst overall consumption declined. Ex-IFRS 16, operating costs +6.0% to GBP1,201mn, and +5.0% per passenger.

Adjusted EBITDA +4.6% to GBP1,921mn resulting in an Adjusted EBITDA margin of 62.6% (61.9% in 2018).

HAH net debt: the average cost of Heathrow's external debt was 4.73%, including all the interest-rate, exchange-rate and inflation hedges in place (vs. 5.30% in December 2018).

(GBP million)	DEC-19	DEC-18	VAR.
Loan Facility (ADI Finance 2)	75	75	0.3%
Subordinated	1,889	1,599	18.2%
Securitized Group	12,840	12,402	3.5%
Cash & adjustments	-35	-345	-89.7%
TOTAL	**14,769**	**13,731**	**7.6%**

The table above relates to FGP Topco, HAH's parent company.

Regulatory Asset Base (RAB): At 31 December 2019, the RAB reached GBP16,598mn (GBP16,200mn in December 2018).

Heathrow Expansion: Heathrow expansion took a significant step forward in 2019, as Heathrow completed the statutory consultation after unveiling the Draft Preferred Masterplan for the project. The consultation outlined the latest plans for the future airport, how Heathrow proposes to operate and manage its growth and how Heathrow will deliver a sustainable, affordable and financeable expanded airport at no cost to the taxpayer.

Heathrow is now working to finalise the Masterplan and will hold a further eight-week public consultation between April and June before submitting its application for development consent order (DCO) toward the end of 2020. Heathrow's DCO application will detail how the airport proposes to expand and connect all of Britain to global growth, whilst meeting the requirements of the Airports National Policy Statement.

Sustainable Expansion: Heathrow remains committed to the long term sustainable expansion of the airport. A key component of this is set out in Heathrow's proposals for an Environmentally Managed Growth framework. It sets out Heathrow's proposals for how its growth would be managed in accordance with environmental limits on air quality, surface access, noise and carbon, and supports growth in flights at the airport while ensuring Heathrow's environmental performance stays within maximum limits.

Regulatory developments: In November, the CAA extended Heathrow's economic licence until the end of 2021 to better align the next regulatory period ('H7') with the overall expansion time-table and related statutory process. The period encompassing 2020-21 is known as iH7 ('iH7'). A Commercial Agreement defining the rebate on aeronautical charges that will be applicable during iH7was reached with Heathrow's airline community. The Agreement is built by overlaying fixed and volume-based rebates onto an extension of the existing RPI -1.5% path and regulatory frame-work. The deal aims to incentivise airlines to maximise the use of current capacity ahead of new capacity being released.

In December, Heathrow submitted their Initial Business Plan for expansion to the CAA. The plan proposes an evolution to the regulatory framework by extending the price control period to 15 years with the aim to balance predictability, risk and flexibility. Heathrow proposes fixing the cost of equity for the duration of the price control while implementing periodic or performance-based resets for some building blocks such as passenger forecasts, operating expenses and commercial revenue. Feedback on Heathrow's IBP is being collected from airline partners and other key stakeholders at the time of this report. This feedback will be reflected in Heathrow's Final Business Plan due to be published in the second half of 2020.

In January 2020, the CAA published a further consultation on the regulatory framework and financial issues related to H7. The CAA outlines the importance of setting price control arrangements that are consistent with Heathrow's credit rating commitments and the importance of providing longer term regulatory certainty. It also signals that it will use the most up to date information from the Competition and Markets Authority when defining the WACC for H7. Heathrow continues engaging on these issues with the CAA and respond to the consultation by March 5, 2020.

Summary of current regulatory & legal challenges to expansion: The publication of the CAA policy document in December 2019 on the early design and construction costs associated with expanding Heathrow (category B and early category C costs) represents further progress towards providing the regulatory certainty necessary to deliver an expanded Heathrow. A final decision and policy statement from the CAA is currently expected to be received in April or May 2020.

The Court of Appeal judgement is awaited on the current judicial review proceedings against the Secretary of State for Transport relating to the Government's decision to designate the Airports National Policy Statement. We remain of the view that a robust process has been applied to date, including the extensive evidence gathered by the independent Airports Commission, multiple rounds of public consultation and the overwhelming vote in Parliament.

If the appeal were to go against the Secretary of State for Transport, depending on the detail of the judgement, we will carefully consider our next course of action.

Heathrow has concluded expansion is probable and therefore it is appropriate to have recognised GBP450mn of spend to date as an asset in the course of construction. Our current plan assumes that investment will continue growing in 2020 to circa GBP1bn as set out in the Investor Report published on 20 December 2019. If either the policy statement setting out the CAA's final decisions does not resolve our concerns, or the Airports National Policy Statement is set aside in the event of an adverse court judgement against the Secretary of State for Transport, a reassessment of the probability of expansion occurring would take place. If the likelihood of expansion occurring were no longer considered probable, the expansion related capital investment incurred as of date of reassessment would be required to be impaired and expensed to the income statement. It should also be noted that we expect most of the assets will remain in the Regulatory Asset Base and continue to generate a return through the regulatory framework.

In relation to the above and for further information please see note 3.5.1. (information details related to Heathrow) at the end of section (a) of the 2019 Ferrovial Consolidated Accounts.

Sustainable Growth: Heathrow has progressed against its **Heathrow 2.0 sustainability strategy**. Heathrow 2.0 sets out how Heathrow will improve life for colleagues and communities, contribute to a thriving economy, and help to tackle global challenges including climate change. Heathrow plan has four pillars (A great place to work, A great place to live, A thriving sustainable economy & A world worth travelling), underpinned by 12 objectives.

Decarbonising aviation: Heathrow has outlined its new carbon plan that brings together partners in the industry, Government and passengers to help aviation achieve net-zero emissions by 2050. These are Heathrow's measures to get aviation to net-zero emissions:

- **Remove carbon from Heathrow's operations:** Heathrow's terminals are powered by 100% renewable energy and green gas.
- **Eliminate carbon from the ground:** Heathrow is making it easier for passengers and colleagues to travel to the airport sustainably.
- **Cut carbon from atmosphere:** Heathrow is helping passengers to offset their flights and increasing Heathrow's own investment in natural climate solutions to capture carbon emissions.
- **Decarbonise flights:** Heathrow is working with industry partners and governments to scale-up the production of sustainable alternative fuels and support the development of technologies which can get aviation to entirely zero-carbon flight.

High Service Quality: Heathrow achieved a score of 4.17 out of 5.00 (4.15 in 2018). 82% of passengers surveyed rated their Heathrow experience 'Excellent' or 'Very good' (2018: 82%).

- T5: World's 'Best Airport Terminal' (1st time)
- Best Airport in Western Europe (5th consecutive year)
- Best Airport in the world for Shopping

For more information on Heathrow results, please visit the following the link.

AGS (50%, equity-accounted) – UK

Traffic: number of passengers fell by -7.8% (13.6mn pax) due to traffic decrease across the three airports, mainly due the following events:

- In Glasgow due to the Ryanair base closure in October 2018 and the collapse of Thomas Cook.
- In Aberdeen on the back of the cancellation of the EasyJet route to Gatwick and the Eastern London City route.
- In Southampton on reduced rotations on Flybe's Manchester and Belfast and the cessation of KLM's Amsterdam route.

Million passengers	DEC-19	DEC-18	VAR.
Glasgow	8.9	9.7	-8.4%
Aberdeen	3.0	3.1	-4.1%
Southampton	1.8	2.0	-10.4%
Total AGS	13.6	14.8	-7.8%

Revenues increased by +1.8% to GBP217mn, on the back of a one-off from the full granting of the construction of a new radar in Glasgow from a third party and positive car parking yields at Aberdeen and Glasgow, partially offset by the decrease on aeronautical and commercial revenues across the three airports caused by lower traffic.

EBITDA reached GBP94mn, decreased by -2.6% in 2019 vs. 2018 negatively impacted by lower passenger volume and the exceptional cost of executing the contingency plan for the days of strike during the negotiations with the trade unions and restructuring costs in the three airports. This was partially offset by the positive impact of non-recurrent items as the full granting of the construction of a new radar and the past service cost for the closure of the pension scheme.

AGS net bank debt: at 31 December 2019, the AGS' net bank debt stood at GBP693mn.

Glasgow becomes 1st UK airport to introduce a fleet of 100% electric 'zero-emission' buses'

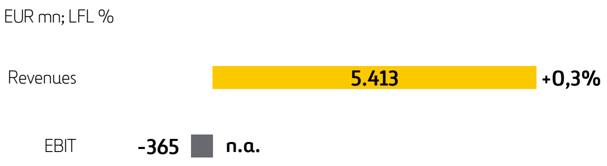
The fleet of all-electric battery buses will replace the current diesel fleet used to shuttle passengers between the terminal and the airport's Long-Stay Car Park. The introduction of the new full-electric bus fleet is one of a number of projects introduced to help reduce Glasgow Airport's carbon footprint.

Glasgow Airport, as part of AGS Airports, also made a commitment to Airports Council International (ACI) Europe's NetZero 2050 in October. Glasgow joins 203 airports run by more than 47 operators across 24 European countries who have signed the resolution to formally commit to becoming net zero carbon emissions airports by 2050.

DENVER

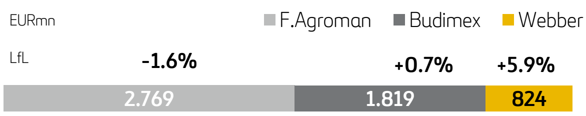
On August 12, 2019, Great Hall Partners LLC received written notification for the termination of the Denver airport remodeling contract with due date November 12, 2019. Upon termination of this contract excess cash flow was distributed to shareholders. Ferrovial received EUR21mn. This project was included in the construction order book in the amount of USD534mn.

Construction



Revenues (+0.3% LfL) remained in line with 2018. Revenue from international businesses accounted for 86% of the Division, Poland (34%) and North America (30%).

2019 revenue (EUR5,413mn) and change LfL vs 2018:



In 2019 Construction **EBIT** stood at -EUR365mn, mainly due to the losses recognized in previous quarters. Budimex showed an improvement on its profitability in 4Q (5.0% EBIT mg in 4Q 2019 vs 3.6% in 9M 2019), and Webber maintains positive earnings for the year with similar profitability to previous quarters.

Ferrovial Agroman reported losses of -EUR49mn in 4Q 2019 standalone, primarily due to:

- Overhead costs allocated to onerous contracts in the US (1Q 2019 provision). According to IFRS regulations, these costs may not be included in the provision amount.
- Ongoing costs in some projects close to completion, that we expect to offset with income from claims, based on our contract rights. Several claims have already been presented to the clients, although they have not yet been settled. According to IFRS and our internal accounting regulations, we have not included any potential income from these claims in our results.
- The negative impacts abovementioned were partially offset by the capital gains from the real estate sale in Spain (Valdebebas) along with the improvements in Spain due to the finalization of some contracts.

2019 EBIT & EBIT margin & change LfL vs 2018:

DEC-19	EBIT	LfL	EBIT mg
Budimex	73	-20.7%	**4.0%**
Webber	15	-25.5%	**1.8%**
F. Agroman	-453	n.s.	**-16.4%**
TOTAL EBIT	-365	n.s.	**-6.7%**

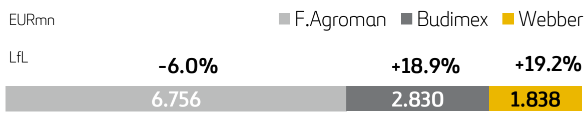
Budimex acquired the Polish International Services Division (FB Serwis) on 1 July. Following this acquisition, Budimex incorporated FB Serwis's business activity into 2019. Budimex figures reported also include real estate activities in Poland for 2018 and 2019.

The **order book** reached EUR11,424mn (+2.8% LfL compared to December 2018). The civil works segment remains the largest segment (79%) and continues to adopt highly selective criteria when participating in tenders. The international order book accounts for 88% of the total.

Cintra's share in the construction order book, excluding Webber and Budimex, equated to 47% of the 2019 order book, compared to 41% in 2018.

The order book figure at December 2019 does not include pre-awarded contracts or contracts pending commercial or financial agreement, which amount to over EUR600mn.

2019 Order book & LfL change vs 2018:

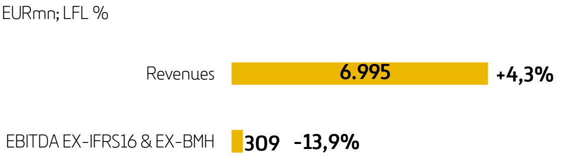


Services (discontinued operations)

—

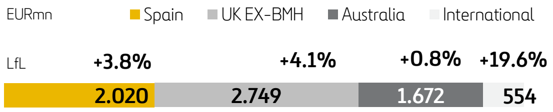
The division has posted a positive performance in 2019, with cash flow generation excluding the Birmingham impact.

In line with Ferrovial's commitment to divest Services, the division has been classified as "held for sale" however, in order to provide an analysis of the division, the main figures of the Services results are detailed below:



BMH: Birmingham

2019 figures by activity & change LfL vs 2018:



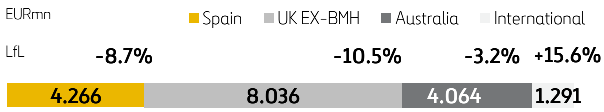
EBITDA ex-BMH & ex-IFRS 16:

- **Spain (+5.3% LfL)** was driven by its waste treatment and industrial management contracts, which has allowed **an improvement in profitability reaching a 10.7% EBITDA margin in 2019** (10.4% in 2018).
- **International (+26.3% LfL, margin 5.4%)** due to growth across all territories, particularly noteworthy were North America and Chile. Poland (FB Serwis) has been excluded from Services International in 2019, as Budimex acquired the controlling interest that Services had on 1st July (2018 FB Serwis figures are included in International, excluded in comparable figures).
- Reduced profitability in **the UK** due to final settlements in Rail contracts, as well as a decrease in Utilities volumes. **EBITDA excluding utilities, collections and environment reached GBP56mn.**

Amey and Birmingham Agreement: Amey has reached an agreement to terminate the Birmingham Highways PFI contract. The agreement will have no impact on Ferrovial P&L. Amey will pay GBP215mn, of which GBP160mn was paid in 2019 and the remaining GBP55mn will be paid over the next 6 years.

The **Services order book** (EUR17,656mn) decreased by -6.9% LfL vs Dec 2018 due to the Birmingham exit and the delay in awarding of major projects in Spain.

2019 Order book & LfL change vs 2018:



Broadspectrum sale agreement: In December 2019, Ferrovial reached an agreement for the sale of Broadspectrum (business in Australia and New Zealand) to an entity controlled by Ventia Services Group Pty Limited.

Equity value (price of shares and shareholder's loans) amounted to AUD485.5mn (EUR303mn approximately). Enterprise value stood at AUD524.5mn (EUR327mn approximately).

In 2019, Broadspectrum's activity cash flow reached -EUR5mn, including EUR17mn of factoring.

The completion of the transaction is subject to usual conditions in this type of operations, including the obtention of regulatory and competition authorizations. Therefore, the cash impact of this transaction is not included in 2019. The deal is expected to close in first 9M 2020.

The transaction had a negative impact on Ferrovial's P&L of approximately EUR270mn in 4Q 2019.

DISCONTINUED OPERATIONS

Ferrovial classified all of its services activities as "discontinued operations" as of 31 December 2018. In accordance with IFRS 5, the reclassification of the Services business activities to discontinued operations has been carried out in the report, as well as re-expressing the 2018 income statement. An adjustment in carrying value took place after the agreement of Broadspectrum's sale resulting in a net income from discontinued operations of -EUR198mn in December, compared to EUR28mn reported in September 2019.

Consolidated P&L

(EUR million)	DEC-19	DEC-18
REVENUES	**6,054**	**5,737**
Construction Provision *	-345	
EBITDA Ex IFRS 16	**76**	**479**
EBITDA	**121**	
Period depreciation	-180	-127
Disposals & impairments	460	82
EBIT	**401**	**434**
Financial Result	-194	-192
Financial Result from infrastructure projects	-263	-230
Financial Result from ex-infrastructure projects	69	39
Equity-accounted affiliates	296	239
EBT	**504**	**481**
Corporate income tax	-47	-24
CONSOLIDATED PROFIT FROM CONTINUING OPERATIONS	**457**	**457**
NET PROFIT FROM DISCONTINUED OPERATIONS	**-198**	**-848**
CONSOLIDATED NET INCOME	**259**	**-391**
Minorities	9	-57
NET INCOME ATTRIBUTED	**268**	**-448**

(*) Related to the provision registered in 1Q 2019 corresponding to three contracts in US.

Revenues stood at EUR6,054mn (+2.6% LfL) with a higher contribution from Toll roads (+28.5% LfL) and revenue from the Construction Division in line with 2018 (+0.3% LfL).

EBITDA EUR76mn excluding the impact of IFRS 16 (EUR479mn in 2018) negatively affected by the –EUR345mn provision (100%), registered in Construction in 1Q 2019, due to potential future losses in various projects in the US.

- IFRS 16 improved EBITDA figure by EUR45mn reaching EUR121mn of EBITDA due to the reclassification between EBITDA, amortization and financial result, with no significant impact at EBIT and net income.

Depriciation grew by +41.0% in 2019 (+6.7% LfL), to EUR180mn.

Impairments and fixed asset disposals amounted to EUR460mn at year-end 2019 (EUR82mn in 2018), mainly due to the following impacts:

- The main impact comes from the capital gains from the sale of the 65% stake in Ausol that reached EUR475mn (pre-tax)
- Other effects included were the capital gains from the sale of a 11.75% stake in Ruta del Cacao, results from the cancellation of Denver airport remodelling contract and the impairment at Autema.

Financial result, financial expenses in 2019 were in line with 2018:

- **Infrastructure projects:** expenses of -EUR263mn compared to -EUR230mn in 2018 due to NTE 35W and I-77 starting to operate, as well as the refinancing of NTE, partially offset by higher interest rates with a positive impact on the gross cash position.
- **Ex-infrastructure projects:** EUR69mn in financial income in 2019 compared to EUR39mn in 2018, mainly due to higher interest rates with a positive impact on the gross cash position and equity swap hedges linked to payment plans, with no impact on cash flow. These hedges led to income of EUR25mn in 2019 (-EUR3mn in 2018), due to the positive performance of the share price, as compared with its negative performance in 2018, as shown in the following table:

DATE	CLOSING PRICE (€)
31-Dec-17	18.93
31- Dec -18	17.70
31- Dec -19	26.97

REVENUES

(EUR million)	DEC-19	DEC-18	VAR.	LFL
Toll Roads	617	471	31.0%	28.5%
Airports	19	14	38.9%	32.4%
Construction	5,413	5,252	3.1%	0.3%
Others	5	0	n.a.	n.a.
TOTAL	**6,054**	**5,737**	**5.5%**	**2.6%**

EBITDA

(EUR million)	DEC-19	DEC-18	VAR.	LFL
Toll Roads	433	319	35.7%	33.5%
Airports	-16	-16	-5.5%	-7.7%
Construction	-321	189	n.s.	n.s.
Others	-20	-14	n.a.	n.a.
Total EBITDA Ex IFRS 16	**76**	**479**	**-84.1%**	**-84.4%**
IFRS 16	45			
TOTAL EBITDA	**121**			

EBIT*

(EUR million)	DEC-19	DEC-18	VAR.	LFL
Toll Roads	346	239	44.7%	36.4%
Airports	-18	-18	-4.1%	-5.6%
Construction	-365	146	n.s.	n.s.
Others	-22	-16	n.a.	n.a.
TOTAL	**-58**	**351**	**-116.6%**	**-120.0%**

*EBIT before impairments and disposals of fixed assets

Equity-accounted result at net profit level, equity-accounted companies contributed EUR296mn after tax (2018: EUR239mn).

(EUR million)	DEC-19	DEC-18	VAR.
Toll Roads	**182**	**166**	**9.8%**
407 ETR	153	136	12.2%
Others	29	30	-1.3%
Airports	**115**	**73**	**56.9%**
HAH	106	70	51.9%
AGS	9	4	154.4%
Construction	**-1**	**0**	**-105.9%**
TOTAL	**296**	**239**	**24.1%**

Tax: the corporate income tax for 2019 amounted to -EUR47mn (vs -EUR24mn for 2018), impacted by the regularization of previous years' deferred tax assets in Spain given the potentially long period of time to recover them. Excluding this impact and the profit from equity-accounted companies, which is already net of tax (EUR296mn), and considering the expense due to adjusted corporate income from previous years (-EUR54mn), the resulting effective corporate income tax rate is 25%.

Net income from continuing operations stood at EUR457mn in 2019 (EUR457mn in 2018). This profit includes a series of impacts, notable among which were:

- The impact of the provision in the Construction Division in 1Q 2019 at net income level: -EUR212mn.
- Fair value adjustments for derivatives: EUR54mn (EUR25mn in 2018), primarily impacted by the positive evolution of HAH's derivatives.
- Impairment at Autema: -EUR58mn (-EUR13mn in 2018).
- Capital gain after tax on the sale of the Ausol and Ruta del Cacao shareholdings: EUR482mn (EUR80mn in 2018 from the sale of the Central Greece and Ionian Roads toll roads in Greece).

Net income from discontinued operations stood at -EUR198mn vs. -EUR848mn in 2018.

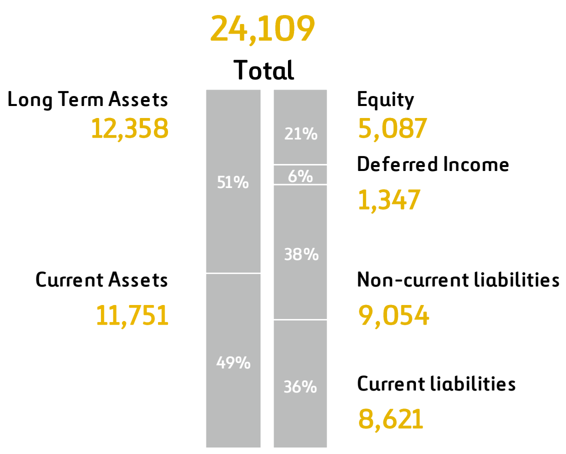
Consolidated Balance Sheet

(EUR million)	DEC-19	DEC-18
FIXED AND OTHER NON-CURRENT ASSETS	**12,358**	**12,055**
Consolidation goodwill	**248**	**372**
Intangible assets	**62**	**32**
Investments in infrastructure projects	**6,880**	**7,155**
Property	**2**	**9**
Plant and Equipment	**299**	**251**
Right-of-use assets	**126**	**0**
Equity-consolidated companies	**2,557**	**2,455**
Non-current financial assets	**1,247**	**754**
Long term investments with associated companies	171	173
Restricted Cash and other non-current assets	970	473
Other receivables	106	108
Deferred taxes	**502**	**664**
Derivative financial instruments at fair value	**434**	**364**
CURRENT ASSETS	11,751	10,758
Assets classified as held for sale	**4,936**	**4,892**
Inventories	**699**	**594**
Trade & other receivables	**1,256**	**1,090**
Trade receivable for sales and services	891	801
Other receivables	364	289
Taxes assets on current profits	**97**	**97**
Cash and other temporary financial investments	**4,735**	**4,005**
Infrastructure project companies	119	239
Restricted Cash	6	9
Other cash and equivalents	113	230
Other companies	4,617	3,766
Derivative financial instruments at fair value	**27**	**80**
TOTAL ASSETS	24,109	22,813

(EUR million)	DEC-19	DEC-18
EQUITY	**5,087**	**5,363**
Capital & reserves attrib to the Company´s equity holders	4,304	4,530
Minority interest	783	833
Deferred Income	**1,347**	**1,241**
NON-CURRENT LIABILITIES	9,054	8,912
Pension provisions	**4**	**3**
Other non current provisions	**518**	**459**
Long term lease debts	**82**	**0**
Financial borrowings	**7,565**	**7,419**
Financial borrowings on infrastructure projects	5,471	5,342
Financial borrowings other companies	2,094	2,077
Other borrowings	**27**	**135**
Deferred taxes	**475**	**574**
Derivative financial instruments at fair value	**385**	**321**
CURRENT LIABILITIES	8,621	7,297
Liabilities classified as held for sale	**3,491**	**3,259**
Short term lease debts	**71**	**0**
Financial borrowings	**1,033**	**773**
Financial borrowings on infrastructure projects	23	43
Financial borrowings other companies	1,010	730
Derivative financial instruments at fair value	**97**	**69**
Trade and other payables	3,072	2,700
Trades and payables	1,327	1,314
Other non comercial liabilities	**1,745**	**1,386**
Liabilities from corporate tax	**107**	**65**
Trade provisions	**750**	**431**
TOTAL LIABILITIES & EQUITY	24,109	22,813

CONSOLIDATED BALANCE SHEET

(EUR mn)



GROSS CONSOLIDATED DEBT*

GROSS DEBT DEC-19	EX-INFRA	INFRA	CONSOLIDATED
Gross debt (EUR mn)	-3,433	-5,811	-9,244
% fixed	83.4%	97.9%	92.5%
% variable	16.6%	2.1%	7.5%
Average rate	1.0%	4.9%	3.5%
Average maturity (years)	2	21	14

*Includes discontinued operations

CONSOLIDATED FINANCIAL POSITION*

(EUR million)	DEC-19	DEC-18
Gross financial debt	**-9,244**	**-8,737**
Gross debt ex-infrastructure	-3,433	-2,992
Gross debt infrastructure	-5,811	-5,745
Gross Cash	**6,287**	**5,088**
Gross cash ex-infrastructure	5,064	4,228
Gross cash infrastructure	1,223	861
TOTAL NET FINANCIAL POSITION	**-2,957**	**-3,649**
Net cash ex-infrastructure	1,631	1,236
Net debt infrastructure	-4,588	-4,885
TOTAL NET FINANCIAL POSITION	**-2,957**	**-3,649**

*Includes discontinued operations

Ex-infrastructure Net Financial Position & Cash Flow

(including discontinued operations)

—

NET CASH POSITION (EUR mn)

Gross cash	5,064	
Gross debt	-3,433	81% Bonds
Net cash position	1,631	

Net cash position including discontinued operations

DEBT MATURITY (EUR mn)

2020	2021	2022	>2023
1,017*	748	515	1,126

(*) In 2020, ex-infrastructure debt includes the issuance of an ECP (Euro Commercial Paper), which at 31 December 2019 had a carrying amount of EUR973mn, with an average rate of -0.29%.

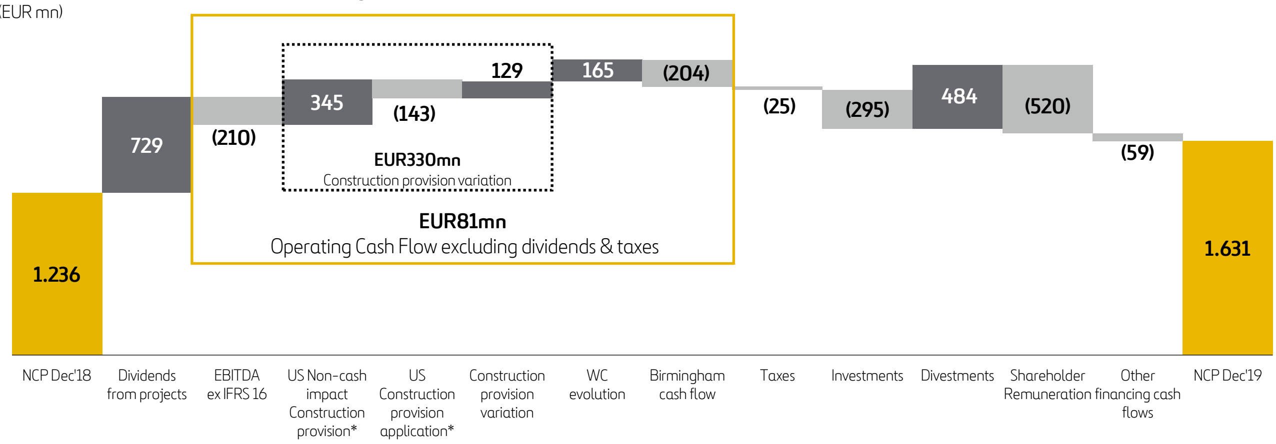
LIQUIDITY (EUR mn)

TOTAL CASH	UNDRAWN LINES
5,064	1,011
TOTAL LIQUIDITY	6,075

RATING

Standard & Poor's	BBB / CreditWatch developing
Fitch Ratings	BBB / stable

CASH FLOW COMPONENTS (including discontinued operations)
(EUR mn)



(*) Related to the provision registered in 1Q 2019 corresponding to three contracts in the US.

Net cash position (NCP) excluding infra projects: stood at EUR1,631mn in December 2019 vs EUR1,236mn in December 2018. The main drivers of this change were:

- **Project dividends:** EUR729mn vs. EUR623mn in 2018 (+17%), particularly noteworthy was the contribution from toll road dividends, which increased 67% in 2019, including the first dividend from the NTE toll road (EUR166mn). The contribution of dividends from Services reached EUR47mn vs. EUR131mn in 2018.
- **EBITDA ex IFRS 16 from ex-infra projects:** –EUR210mn which includes EUR233mn from Services.
  - The EBITDA figure was negatively impacted by the –EUR345mn non-cash Construction Provision registered in 1Q 2019.
  - Of the abovementioned provision, EUR143mn has already been applied (cash out) in 2019.
- **EUR129mn** from the rest of Construction provision variation, impacted by Industrial works in Budimex, after taking a prudent approach to this particular risk.
- **EUR165mn** of working capital, mainly supported by the improved WC in Construction which reached EUR132mn (-EUR140mn in 2018) and the positive WC in Services of EUR1mn (ex-Birmingham) vs. -EUR188mn in 2018.
- **Birmingham CF** stood at -EUR204mn, including GBP160mn paid in 2019 related to the settlement agreed with the City Council for the termination of the PFI contract (total settlement amounts to GBP215mn, the remaining GBP55mn will be paid over the coming 6 years).
- **Net Investment** reached EUR189mn in 2019 vs -EUR94mn in 2018. Investments reached -EUR295mn, below the -EUR332mn in 2018. Divestments reached EUR484mn in 2019, most noteworthy of which was the EUR476mn for the sale of the stakes in the Ausol and Ruta del Cacao toll roads.
- **Shareholder Remuneration:** -EUR520mn, in line with 2018.
- **Others:** includes other minor cash flow movements, such as forex impact (-EUR60mn).

The net cash position at the end of December (EUR1,631mn) includes the net cash from Services (EUR158mn).

Consolidated cash flow

DEC-19	EXINFRASTRUCTURE PROJECTS CASH FLOW	INFRASTRUCTURE PRROJECTS CASH FLOW	ADJUSTMENTS	TOTAL CASH FLOW
EBITDA ex IFRS 16	-210	580		370
Dividends received	729		-199	529
Birmingham cash flow	-204			-204
Construction provision variation	330			330
US Construction provision (*)	345			345
US Construction provision application (*)	-143			-143
Other Construction provision variation	129			129
Working capital variation (account receivables, account payables and others)	165	-87		78
Operating flow (before taxes)	**810**	**493**	**-199**	**1,104**
Tax payment	-25	-36		-61
Operating Cash Flow	**785**	**457**	**-199**	**1,043**
Investments	-295	-157	60	-392
Divestments	484	115		599
Investment cash flow	**189**	**-41**	**60**	**207**
Activity cash flow	**974**	**416**	**-140**	**1,250**
Interest flow	26	-239		-212
Capital flow from Minorities	13	117	-60	70
Scrip dividend	-238			-238
Treasury share repurchase	-282			-282
Ferrovial shareholder remuneration	-520			-520
Other shareholder remmuneration for subsidiary minorities	-18	-306	199	-124
Forex impact	-60	-66		-126
Variation of Bridge Loans (project financing)				
Changes in the consolidated perimeter	-2	422		419
Other debt movements (non cash)	-17	-47		-64
Financing cash Flow	**-579**	**-119**	**140**	**-558**
Net debt variation	**395**	**297**		**692**
Net debt initial position	**1,236**	**-4,885**		**-3,649**
Net debt final position	**1,631**	**-4,588**		**-2,957**

DEC-18	EXINFRASTRUCTURE PROJECTS CASH FLOW	INFRASTRUCTURE PRROJECTS CASH FLOW	ADJUSTMENTS	TOTAL CASH FLOW
EBITDA	144	470		614
Dividends received	623		-112	511
Birmingham provision with no cash impact	235			235
Birmingham cash flow	-80			-80
Construction provision variation	-40			-40
Working capital variation (account receivables, account payables and others)	-318	-60		-378
Operating flow (before taxes)	**564**	**410**	**-112**	**862**
Tax payment	6	-31		-25
Operating Cash Flow	**569**	**380**	**-112**	**837**
Investments	-332	-213	83	-462
Divestments	238	144		382
Investment cash flow	**-94**	**-69**	**83**	**-79**
Activity cash flow	**476**	**310**	**-29**	**758**
Interest flow	-11	-191		-202
Capital flow from Minorities	-2	163	-86	75
Scrip dividend	-240			-240
Treasury share repurchase	-280			-280
Ferrovial shareholder remuneration	-520			-520
Other shareholder remmuneration for subsidiary minorities	-49	-120	115	-54
Forex impact	-12	-150		-162
Variation of Bridge Loans (project financing)				
Changes in the consolidated perimeter	104			104
Other debt movements (non cash)	-90	-94		-184
Financing cash Flow	**-581**	**-391**	**29**	**-944**
Net debt variation	**-105**	**-81**		**-186**
Net debt initial position	**1,341**	**-4,804**		**-3,463**
Net debt final position	**1,236**	**-4,885**		**-3,649**

(*) Related to the provision registered in 1Q 2019 corresponding to three contracts in the US.

EX-INFRASTRUCTURE PROJECT CASH FLOW

Cash flows from operating activities*

The ex-infrastructure pre-tax cash flow is as follows:

DEC-19	OPERATING CF*	NET INVESTM. CF*	ACTIVITY CF*
Toll Roads	494	408	902
Airports	183	-8	175
Construction	132	-44	87
Services	77	-163	-85
Other	-76	-4	-80
TOTAL	**810**	**189**	**999**

DEC-18	OPERATING CF*	NET INVESTM. CF*	ACTIVITY CF*
Toll Roads	296	-9	287
Airports	191	0	191
Construction	0	-7	-8
Services	160	-75	85
Other	-83	-2	-85
TOTAL	**564**	**-94**	**470**

*Before Corporate Income Tax. Operating cash flow in Toll Roads and Airports refers to dividends.

Operations cash flow

At 31 December 2019, **cash flow from ex-infrastructure project operations totalled EUR810mn** (before tax), above the EUR564mn recorded in 2018, due mainly to the increase in Toll road dividends and the good performance of the Construction operations cash flow.

OPERATING CASH FLOW	DEC-19	DEC-18
Dividends from Toll Roads	494	296
Dividends from Airports	183	191
Construction	132	0
Services	77	160
Other	-76	-83
Operating flow (before taxes)	**810**	**564**
Tax payment	-25	6
TOTAL	**785**	**569**

The entry "Others" includes the operations cash flow relating to Corporate Business, Airports and Toll Roads.

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

Construction	DEC-19	DEC-18
EBITDA ex IFRS 16	-321	189
EBITDA from projects ex IFRS 16	15	15
EBITDA Ex projects ex IFRS 16	-336	175
Construction provision variation	330	-40
US Construction provision (*)	345	
US Construction provision application (*)	-143	
Other Construction provision variation	129	-40
Dividends received	5	6
Working capital variation (account receivables, account payables and others)	132	-140
Changes in factoring	-4	-12
Land purchases	-4	-46
Ex Budimex Working Capital	141	28
Budimex Working Capital	-1	-111
Operating Cash Flow before Taxes	**132**	**0**

(*) Related to the provision registered in 1Q 2019 corresponding to three contracts in the US.

SERVICES	DEC-19	DEC-18
EBITDA ex IFRS 16	309	136
EBITDA from projects ex IFRS 16	76	73
EBITDA Ex projects ex IFRS 16	233	62
BMH provision with no cash impact		235
BMH cash flow	-204	-80
Dividends received	47	131
Working capital variation (account receivables, account payables and others)	1	-188
Changes in factoring	23	-11
Pensions payments UK	-16	-10
Ex UK Working Capital	3	-39
UK Working Capital	-9	-128
OPERATING CASH FLOW BEFORE TAXES	**77**	**160**

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

(EUR million)	SPAIN	UK	AUSTRALIA	INTERNATIONAL	TOTAL
EBITDA ex-infrastructure ex IFRS 16	149	-6	61	30	233
BMH cash flow	0	-204	0	0	-204
Dividends received	13	26	3	6	47
Changes in factoring	7	0	17	-1	23
Pension scheme payments	0	-16	0	0	-16
Working capital	27	-9	-35	12	-6
OP. CASH FLOW EX-TAXES	**196**	**-209**	**45**	**46**	**77**

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

The revenue from Toll Roads operations amounted to EUR494mn in 2019, resulting from dividends and repaid shareholders' funds from companies owning toll road infrastructure projects.

DIVIDENDS AND CAPITAL REIMBURSEMENTS	DEC-19	DEC-18
407 ETR	309	273
NTE	166	0
Irish toll roads	1	1
Portuguese toll roads	12	9
Greek toll roads	0	3
Spanish toll roads	3	5
Other	3	4
TOTAL	**494**	**296**

Dividends and capital reimbursements from Airports (EUR183mn) were lower than achieved in 2018 (EUR191mn).

AIRPORTS	DEC-19	DEC-18
HAH	145	144
AGS	17	39
Others	21	7
TOTAL	**183**	**191**

Investment cash flow

DEC-19	INVESTMENT	DIVESTMENT	INVESTMENT CF
Toll Roads	-68	476	408
Airports	-8	0	-8
Construction	-51	7	-44
Services	-164	1	-163
Other	-4	0	-4
Total	**-295**	**484**	**189**

DEC-18	INVESTMENT	DIVESTMENT	INVESTMENT CF
Toll Roads	-90	82	-9
Airports	0	0	0
Construction	-53	45	-7
Services	-186	111	-75
Other	-2	0	-2
TOTAL	**-332**	**238**	**-94**

The net investment cash flow in 2019 (EUR189mn) includes:

- **Investments** reached -EUR295mn, below -EUR332mn in 2018.
- **Divestments** reached EUR484mn in 2019:
  - EUR476mn received in Toll Roads from the sale of the stakes in the Ausol and Ruta del Cacao toll roads, compared to EUR82mn in 2018 for the sale of the Central Greece and Ionian Roads toll roads in Greece.

Financing cash flow

Financing cash flow includes:

- **Shareholder remuneration cash flow:** -EUR520mn for Ferrovial shareholders, which includes the cash payment of the scrip dividend of -EUR238mn and the share buy-back for -EUR282mn. Dividends to minorities in subsidiaries also reached -EUR18mn.
- **Net interest payments** reached EUR26mn in 2019.
- **FX impact** (-EUR60mn), primarily from the performance of FX derivatives hedging into euros cash held in American and Canadian dollars.
- **Other non-cash flow related movements** (-EUR17mn), which also includes book debt movements that do not affect cash flow, such as interest that has been accrued and remains unpaid, mainly resulting from interest accrued from corporate bonds.

Net position from discontinued operations

The net cash position from discontinued operations stood at EUR158mn of debt at 31 December 2019.

INFRASTRUCTURE PROJECT CASH FLOW

Operations cash flow

As regards cash flows for companies that own infrastructure project concessions, these primarily 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-19	DEC-18
Toll roads	386	296
Other	71	84
OPERATING CASH FLOW	**457**	**380**

Investment cash flow

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

(EUR million)	DEC-19	DEC-18
LBJ	-3	-4
NTE	-3	-3
NTE 35W	-135	-134
I-77	-94	-210
Portuguese toll roads	0	-1
Spanish toll roads	-5	-5
Others	0	0
TOTAL TOLL ROADS	**-240**	**-356**
Others	106	104
TOTAL PROJECTS	**-135**	**-252**
Equity Subsidy	93	183
TOTAL INVESTMENT CASH FLOW (PROJECTS)	**-41**	**-69**

Financing cash flow

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

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

(EUR million)	DEC-19	DEC-18
Spanish toll roads	-54	-63
US toll roads	-132	-77
Portuguese toll roads	-14	-15
Other toll roads	0	0
TOTAL TOLL ROADS	**-201**	**-154**
Other	-38	-37
TOTAL	**-239**	**-191**

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 2019 was a negative impact in the amount of -EUR66mn, primarily as the result of the appreciation of the US dollar against the euro, which has had a significant effect on the net debt figure for the US toll roads.

Appendix I – segmented information

TOLL ROADS – GLOBAL CONSOLIDATION

(EUR million)	TRAFFIC (ADT)			REVENUES			EBITDA ex IFRS 16			EBITDA MARGIN		NET DEBT 100%	
GLOBAL CONSOLIDATION	DEC-19	DEC-18	VAR.	DEC-19	DEC-18	VAR.	DEC-19	DEC-18	VAR.	DEC-19	DEC-18	DEC-19	SHARE
NTE*	34	30	14.7%	137	99	38.8%	116	83	39.7%	84.6%	84.1%	-1,099	63.0%
LBJ*	48	44	9.1%	137	107	28.2%	114	87	30.2%	83.3%	82.0%	-1,253	54.6%
NTE 35W*/**/****	33		n.a.	81	31	n.a.	48	23	108.2%	59.9%	74.2%	-740	53.7%
I-77 */*****				21	2	n.a.	14	0	n.s.	66.4%		-218	50.1%
TOTAL USA				**376**	**238**	**57.8%**	**292**	**194**	**51.0%**			**-3,311**	
Ausol I***	18,232	17,440	4.5%	66	66	-0.2%	55	56	-0.6%	84.1%	84.4%		15.0%
Ausol II***	19,199	18,667	2.8%										15.0%
Autema	18,895	18,781	0.6%	113	109	4.0%	105	100	4.3%	92.7%	92.4%	-625	76.3%
TOTAL SPAIN				**179**	**174**	**2.4%**	**160**	**156**	**2.6%**			**-625**	
Azores	10,735	10,275	4.5%	29	28	4.0%	26	25	5.9%	88.1%	86.5%	-287	89.2%
Via Livre				15	14	5.7%	2	2	16.7%	14.0%	12.7%	2	84.0%
TOTAL PORTUGAL				**44**	**42**	**4.5%**	**28**	**26**	**6.6%**			**-284**	
TOTAL HEADQUARTERS				**19**	**16**	**13.4%**	**-47**	**-56**	**17.1%**				
TOTAL TOLL ROADS				**617**	**471**	**31.0%**	**433**	**319**	**35.7%**	**70.2%**	**67.7%**	**-4,220**	

* Traffic in millions of transactions. ** Assets under construction. *** On December 3, 2019, formal completion of stake sale from 80% to 15%. Traffic up to December. P&L 2019 until November and P&L 2018 up to December. **** Capital invested & committed: Segment 3C/Net debt 100%: includes all 3 segments. *****Full opening on November 2019

TOLL ROADS – EQUITY-ACCOUNTED

(EUR million)	TRAFFIC (ADT)			REVENUES			EBITDA ex IFRS 16			EBITDA MARGIN		NET DEBT 100%	
EQUITY ACCOUNTED	DEC-19	DEC-18	VAR.	DEC-19	DEC-18	VAR.	DEC-19	DEC-18	VAR.	DEC-19	DEC-18	DEC-19	SHARE
407 ETR (VKT mn)	2,742	2,747	-0.2%	1,017	908	12.0%	884	791	11.8%	86.9%	87.1%	-5,464	43.2%
M4	35,442	33,761	5.0%	31	30	5.3%	17	17	1.3%	54.8%	56.9%	-74	20.0%
M3	42,080	39,892	5.5%	22	20	9.5%	14	14	1.0%	64.7%	70.2%	-111	20.0%
A-66 Benavente Zamora				24	24	2.1%	22	22	2.1%	90.5%	90.5%	-157	25.0%
Serrano Park				6	6	8.2%	3	3	-27.1%	40.3%	59.8%	-36	50.0%
Algarve	16,325	15,456	5.6%	37	38	-2.2%	33	33	-2.3%	87.9%	88.0%	-108	48.0%
Norte Litoral	26,998	25,974	3.9%	42	43	-3.7%	36	38	-3.7%	87.0%	87.0%	-127	49.0%

MAIN TOLL ROADS (P&L)

407 ETR

CAD million	DEC-19	DEC-18	VAR.
Revenues	1,505	1,390	8.3%
EBITDA	1,309	1,211	8.1%
EBITDA margin	87.0%	87.1%	
EBIT	1,204	1,103	9.1%
EBIT margin	80.0%	79.4%	
Financial results	-420	-370	-13.5%
EBT	783	733	6.9%
Corporate income tax	-207	-194	-6.9%
Net Income	576	539	6.8%
Contribution to Ferrovial equity accounted result*	153	136	12.2%

* EURmn

LBJ

(USD million)	DEC-19	DEC-18	VAR.
Revenues	153	126	21.7%
EBITDA	127	103	23.7%
EBITDA margin	83.3%	82.0%	
EBIT	99	77	28.0%
EBIT margin	64.5%	61.3%	
Financial results	-87	-87	0.0%
Net Income	11	-10	204.5%
Contribution to Ferrovial*	5	-5	210.1%

* Contribution to Net profit. 56% stake EURmn

NTE

(USD million)	DEC-19	DEC-18	VAR.
Revenues	153	116	31.7%
EBITDA	129	98	32.6%
EBITDA margin	84.6%	84.1%	
EBIT	101	76	33.5%
EBIT margin	66.2%	65.3%	
Financial results	-74	-62	-20.1%
Net Income	26	13	95.1%
Contribution to Ferrovial*	15	7	105.6%

* Contribution to Net profit. 62.97% stake EURmn

NTE 35W

(USD million)	DEC-19	DEC-18	VAR.
Revenues	90		n.s.
EBITDA	54		n.s.
EBITDA margin	60.1%		n.s.
EBIT	35		n.s.
EBIT margin	38.6%		n.s.
Financial results	-39		n.s.
Net Income	-5		n.s.
Contribution to Ferrovial*	-2		n.s.

* Contribution to Net profit. 53.67% stake EURmn

AIRPORTS (P&L)

Heathrow SP & HAH

(GBP million)	REVENUES DEC-19	REVENUES DEC-18	REVENUES VAR.	EBITDA DEC-19	EBITDA DEC-18	EBITDA VAR.	EBITDA MARGIN DEC-19	EBITDA MARGIN DEC-18	EBITDA MARGIN VAR. (bps)
Heathrow SP	**3,070**	**2,970**	**3.4%**	**1,921**	**1,837**	**4.6%**	**62.6%**	**61.9%**	**70**
Exceptionals & adjs	0	0	n.a	2	2	-21.2%	n.a.	n.a.	n.a.
TOTAL HAH	**3,070**	**2,970**	**3.3%**	**1,922**	**1,840**	**4.5%**	**62.6%**	**61.9%**	**69**

HAH

(GBP million)	DEC-19	DEC-18	VAR.	LfL
Revenues	3,070	2,970	3.3%	3.3%
EBITDA	1,922	1,840	4.5%	1.7%
EBITDA margin %	62.6%	61.9%		
Depreciation & impairments	-805	-796	1.1%	1.0%
EBIT	1,117	1,043	7.1%	3.7%
EBIT margin %	36.4%	35.1%		
Financial results	-621	-751	17.4%	4.1%
EBT	497	292	70.0%	24.0%
Corporate income tax	-126	-45	-179.4%	n.a.
Net income	370	247	50.0%	5.0%
Contribution to Ferrovial equity accounted result (EUR mn)	106	70	51.9%	5.0%

AGS

(GBP million)	DEC-19	DEC-18	VAR.
Total Revenues AGS	**217**	**213**	**1.8%**
Glasgow	133	127	4.7%
Aberdeen	57	56	1.0%
Southampton	28	30	-8.8%
Total EBITDA AGS	**94**	**97**	**-2.6%**
Glasgow	65	64	2.0%
Aberdeen	22	22	-2.8%
Southampton	8	11	-28.6%
Total EBITDA margin	**43.5%**	**45.5%**	**-195.2**
Glasgow	48.8%	50.1%	-125.1
Aberdeen	38.4%	40.0%	-152.4
Southampton	28.6%	36.5%	-790.9

CONSTRUCTION**

CONSTRUCTION	DEC-19	DEC-18	VAR.	LfL
Revenues	5,413	5,252	3.1%	0.3%
EBITDA	-321	189	n.s.	n.s.
EBITDA margin	-5.9%	3.6%		
EBIT	-365	146	n.s.	n.s.
EBIT margin	-6.7%	2.8%		
Order book	11,424	10,965	4.2%	2.8%

BUDIMEX	DEC-19	DEC-18	VAR.	LfL
Revenues	1,819	1,730	5.2%	0.7%
Construction	1,568	1,602	-2.1%	-1.5%
Real Estate	135	128	5.9%	6.5%
FB Serwis	116			33.3%
EBITDA	95	100	-4.8%	-14.3%
EBITDA margen	5.2%	5.8%		
EBIT	73	88	-16.8%	-20.7%
Construction	36	67	-46.3%	-46.9%
Real Estate	27	21	26.9%	27.6%
FB Serwis	10			n.s.
EBIT margen	4.0%	5.1%		
Order book	2,830	2,362	19.8%	18.9%

WEBBER	DEC-19	DEC-18	VAR.	LfL
Revenues	824	739	11.5%	5.9%
EBITDA	27	30	-9.8%	-15.3%
EBITDA margin	3.3%	4.1%		
EBIT	15	21	-29.4%	-25.5%
EBIT margin	1.8%	2.9%		
Order book	1,838	1,511	21.6%	19.2%

F.AGROMAN	DEC-19	DEC-18	VAR.	LfL
Revenues	2,769	2,783	-0.5%	-1.6%
EBITDA	-444	59	n.s.	n.s.
EBITDA margin	-16.0%	2.1%		
EBIT	-453	37	n.s.	n.s.
EBIT margin	-16.4%	1.3%		
Order book	6,756	7,092	-4.7%	-6.0%

SERVICES**

SERVICES	DEC-19	DEC-18	VAR.	LfL
Revenues	6,995	6,785	3.1%	4.3%
EBITDA	309	136	127.6%	n.s
EBITDA EX-BMH	309	371	-16.8%	-13.9%
EBITDA margin	4.4%	2.0%		
EBITDA margin EX-BMH	4.4%	5.5%		
Order book	17,656	19,411	-9.0%	-6.9%

SPAIN	DEC-19	DEC-18	VAR.	LfL
Revenues	2,020	1,950	3.6%	3.8%
EBITDA	216	202	7.1%	5.3%
EBITDA margin	10.7%	10.4%		
Order book	4,266	4,670	-8.7%	-8.7%

UK	DEC-19	DEC-18	VAR.	LfL
Revenues	2,749	2,610	5.3%	4.1%
EBITDA	2	-163	101.1%	n.s.
EBITDA EX-BMH	2	72	-97.5%	-93.6%
EBITDA margin	0.1%	-6.3%		
EBITDA margin EX-BMH	0.1%	2.8%		
Order book	8,036	9,251	-13.1%	-10.5%

AUSTRALIA	DEC-19	DEC-18	VAR.	LfL
Revenues	1,672	1,684	-0.7%	0.8%
EBITDA	61	61	-0.4%	1.7%
EBITDA margin	3.6%	3.6%		
Order book	4,064	4,129	-1.6%	-3.2%

INTERNATIONAL	DEC-19	DEC-18	VAR.	LfL
Revenues	554	540	2.5%	19.6%
EBITDA	30	36	-17.0%	26.3%
EBITDA margin	5.4%	6.7%		
Order book	1,291	1,361	-5.2%	15.6%

EBIT before impairments and disposals of fixed assets

** Construction & Services EBITDA excluding IFRS 16

BMH: Birmingham

Appendix II – 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 19/18	EXCHANGE RATE MEAN (P&L)	CHANGE 19/18
GBP	0.8467	-5.8%	0.8745	-1.3%
US Dollar	1.1229	-1.9%	1.1183	-5.1%
Canadian Dollar	1.4573	-6.6%	1.4800	-3.3%
Polish Zloty	4.2565	-0.8%	4.2960	0.6%
Australian Dollar	1.5986	-1.7%	1.6077	1.5%

Appendix III – Shareholder remuneration

The company held its AGM on 5 April 2019. 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 scheme known as the “Ferrovial Scrip Dividend”, which replaced the traditional complementary dividend payment for 2018 and the 2019 interim dividend.

SCRIP DIVIDEND DETAILS	MAY-19	NOV-19
Guaranteed set price to purchase rights	0.311	0.408
Rights per share	69	63
% shareholders chose shares as dividends	55.47%	55.28%
% shareholders chose cash as dividends	44.53%	44.72%
Number of new shares issued	5,936,542	6,531,283
Number of rights purchase	328,834,402	332,921,487

SHARE BUY-BACK AND CANCELLATION

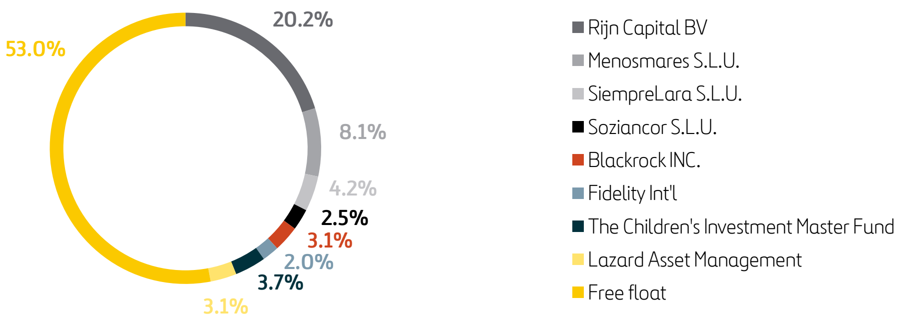
The buy-back programme ended on 22 November 2019, after the company acquired 8,792,631 of its own shares (which therefore did not exceed the limit of EUR275mn or 19 million shares).

The share capital was subsequently reduced by EUR3,141,643.80 by means of the cancellation of 15,708,219 company shares held in the company’s treasury shares, including 6,915,588 shares held prior to the Board of Directors’ proposal, approved at the AGM, to reduce the company’s share capital.

Ferrovial’s share capital figure as at 31 December 2019 amounted to EUR147,043,088.60 all fully subscribed and paid up. The share capital comprises 735,215,443 ordinary shares of one single class, each with a par value of twenty-euro cents (EUR0.20).

Appendix IV – Shareholder structure

SHAREHOLDER STRUCTURE (CNMV) 31 DECEMBER 2019



Appendix V – Additional Information

SHARE BUY-BACK TRANSACTIONS

OBJECTIVE	TOTAL NUMBER OF SHARES 31 DEC 2018	NUMBER OF SHARES ACQUIRED / RECEIVED	TRANSFER	NUMBER OF SHARES USED FOR OBJECTIVE	TOTAL NUMBER OF SHARES 31 DEC 2019
Shares for capital reduction		8,792,631		-8,792,631	0
Discretionary shares and other	6,915,588	2,755,960		-6,915,588	2,755,960
Compensation systems	48,951	372,943	299,573	-721,467	0
Shares received as payment for the scrip dividend	447,129	372,745	-299,573	0	520,301
BALANCE	**7,411,668**	**12,294,279**	**0**	**-16,429,686**	**3,276,261**

AVERAGE PAYMENT TERM

In compliance with the obligation to disclose the average supplier payment period provided for in Article 539 and Additional Provision Eight of the Spanish Companies Act (in accordance with the new wording of final provision two of Law 31/2014 reforming the Spanish Companies Act), the Company hereby states that the average period of payment to the suppliers of all the Group companies domiciled in Spain (excluding the discontinued operations transactions) in 2019 was 39 days.

The following table details, as required under Article 6 of the Ruling of 29 January 2016 by the Institute for Accounting and Accounts Auditing, the information relating to the average supplier payment period in 2019 and 2018:

DAYS	2019	2018
Average period of payment to suppliers	39	40
Ratio of transactions settled	39	40
Ratio of transactions not yet settled	43	52
AMOUNT (EUR)		
TOTAL PAYMENTS MADE	**676,032,318**	**697,200,453**
TOTAL PAYMENTS OUTSTANDING	**19,316,271**	**19,388,691**

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 payable 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.

People

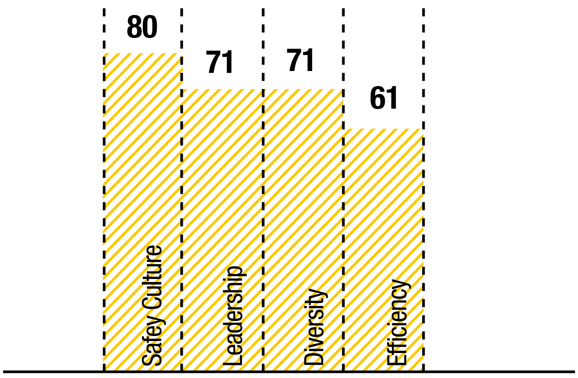
Distinguishing talent

The 90,000 Ferrovial professionals represent a culture based on excellence, innovation, safety, integrity and collaboration. The value of each professional is, quite simply, the value of Ferrovial.

In 2019, as a response to its strategy of listening to its employees, Ferrovial launched an opinion poll for its entire workforce, in which 6,866 employees participated. The results showed a notably high rate of commitment at 79%, and a favourable perception of the health and safety culture, at 80%. The attributes with the highest percentage of positive responses included the following:

OPINION SURVEY

(% of positive answers)



LEARNING AND DEVELOPMENT

Training is one of the levers for developing internal talent. The SUMMA Corporate University, which has now existed for 12 years, offers solutions for ongoing learning and promotes the exchange of knowledge and experiences among professionals. The number of training hours received in 2019 was 885,947 of which 55,660 were at SUMMA. Total investment in training amounted to 26.24 M€ (SUMMA is included).

The professional development of employees is also a priority. In 2019, 29,457 conducted evaluation and development processes, and succession plans that have enabled us to identify 403 potential candidates for the critical positions of 167 identified.

Employee mobility is also a means of promoting talent. The company has the Global Mobility Portal – a job bank – in which employees can consult all vacancies existing around the world. The 15,785 registered job offers received 417,065 candidates, with an internal coverage of 16%.

YOUNG TALENT

Given that attracting the best young talent is one of the ways to ensure the future of the company, Ferrovial has 29 dedicated programs lasting between three months and three years to draw young and recent graduates.

Inspire the new generations in STEM vocations means ensuring the future need for key talent, while contributing to employability in the countries where the company operates. In Spain, together with the Junior Achievement Foundation, and through the OrientaT programme, a total of 59 volunteers from Ferrovial were taught in various workshops at educational centres to develop the skills required in the labour market for technical professions. Other featured programmes are run in the United Kingdom, where the subsidiary Amey participates in the Girlguiding STEM programme, and were some professionals from Ferrovial Agroman United Kingdom have been certified as STEM Ambassadors.

"Ferrovial offered the most complex and complicated projects as well as giving graduates the chance to take on as much responsibility as they can handle – with guidance and support, of course. To me that sounded like signing up to a life school – the bigger the challenge the bigger the learnings".

MOHAMMED BOLBOL, Graduate Civil Engineer, Heathrow Q6

"Ferrovial is a very diverse place to work and the culture is one of hard work and drive to deliver challenging projects to the client's satisfaction. I started at Ferrovial Agroman as a summer placement and by the end of my three months, I felt like I had so much more I still wanted to learn and this would be the perfect place to do so".

KARACHI OGBONNA, Graduate Quality Engineer, Heathrow Q6

DIVERSITY, EQUITY AND EFFICIENCY

At Ferrovial achievements and merit are rewarded in a fair and transparent manner. One of the main objectives within the diversity strategy is fostering an inclusive culture. Among other lines of action, this exercise has put focus on unconscious bias training on a global level.

In addition, the wage gap is analysed at regular intervals. In the case of Spain, following the adoption of the Equality Act in 2007, equality plans were signed with the main union federations in the sector which perform wage diagnostics.

The wage gap, published in the Annex to this report, can be explained primarily by the current percentage of women in the company as a whole, by the type of positions they hold in line with the sectors in which we operate and by the current gender distribution in different professional categories.

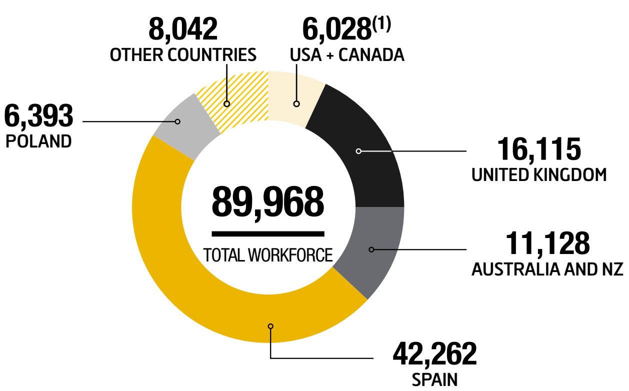
In this regard, Ferrovial was included in the Bloomberg Gender-Equality Index for fostering an environment of equal opportunities, its measures of flexibility and conciliation in accordance with applicable legislation and the conditions in each country, and for its ongoing work to achieve an inclusive environment, as reflected in the employee opinion poll.

WOW: NEW WAYS OF WORKING

Ferrovial runs the “WOW project: New Ways of Working”, which is the Office suite 365 adoption plan as a tool for collaborative work, and it is part of the digital transformation strategy Play the Future, which aims to develop digital competences of employees through training programs: drones, Internet of Things, 3D printing, big data, artificial intelligence, user experience, digital skills, Office 365 and mobility of the future.

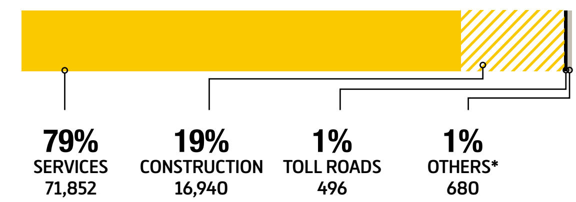
In one year, the number of employees that use it in their day-to-day digital tools has multiplied by six, which facilitates the reduction of the digital divide and makes the work more efficient, secure, flexible and collaborative.

BY COUNTRY



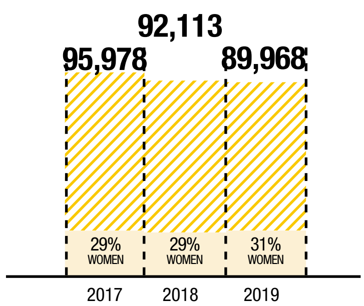
(1) Workforce of USA (5,306) and Canada (722)

BY BUSINESS UNIT

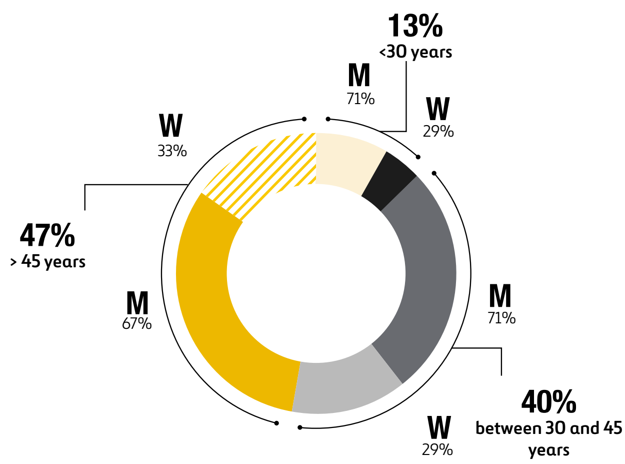


*Includes Corporation (477), Airports (49) and Real State (154) workforce.

EVOLUTION



BY AGE



W = women **M** = men

CLICK

More than you can imagine

Health and Safety

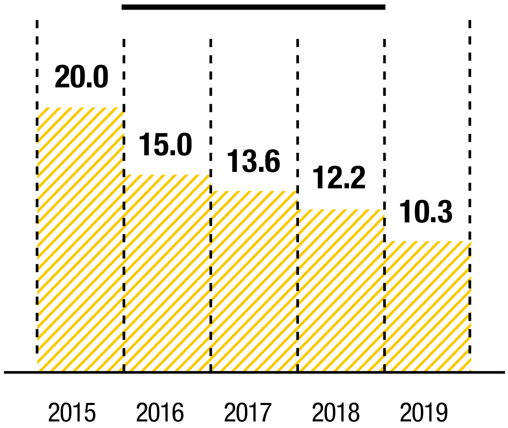
Creating safer workplaces and operations

Ferrovial actively works to create safe and harm free environments and operations for everyone, every day.

In 2015, Ferrovial established a roadmap to align the Health and Safety management systems of each business area, making sure the necessary resources and tools were available to deliver safer operations. The changes included, amongst others, developing a reporting system that would give more weight to proactive indicators (leading indicators), to develop a more forward-thinking culture, and to focus action on an improved Health and Safety management model.

Since the implementation of this model, 393,624 inspections and audits have been carried out and 3,956,424 hours of Health and Safety training have been given, of which 580,740 and 91,414 were in 2019. Thanks to the improvement actions implemented and the commitment of all workers, frequency and severity rates have dropped by 48.5% and 41.86% compared to 2015, respectively, and 15.6% and 13.8% compared to last year.

FREQUENCY RATE[1]



However, despite this positive progress, the number of fatalities and significant incidents has not followed this downward trend. Sadly, there have been fourteen fatalities during 2019 (five of employees and nine of contractor workers). The company is unsatisfied with these facts and has taken the necessary measures to face this situation. For this reason, Ferrovial has reassessed what it measures and where it seeks to drive improvement. Whilst continuing to monitor existing indicators, the work has begun on identifying "high potential incidents", those events that could have resulted in either serious or fatal outcome but didn't, ensuring the development of an agile and resilient business.

Ferrovial have revised the strategy to address this critical aspect of Health and Safety, ensuring it is prepared and equipped to deliver safer work environments. Given their relevance, high potential incidents are now reported on a weekly basis, analyzed by the Management Committee, and reviewed by an executive team.

NEW FOCUS

Health and Safety of workers is a strategic enabler for Ferrovial, with a proactive focus on risk management, with employees who are aware of how to improve their own safety, where innovation is a lever to reduce risks, creating real links between safety and productivity. The cornerstones of this new focus are as follows:

- The design of the "global" Health and Safety management system focuses on the context of the local system, and vice versa. Therefore, safety is incorporated into the lifecycle of each project, giving flexibility to the role that each stakeholder performs.
- Variability in the execution of each project and during its lifecycle is inevitable, and this variability must be considered and integrated in the management focuses. That's why the risk control hierarchy is used, which prioritizes the elimination of the possible risk (if feasible), thus promoting the thinking about and resolving problems through teams.
- Workers are a source of inspiration and innovation, and they are needed for the resilience of the management system.

NEW STRATEGY 2020-2023

The Board of Directors of Ferrovial has approved its 2020-2023 Health and Safety Strategy, which focuses on four strategic elements:

FREQUENCY RATE[1]

-15.6%

compared to 2018

SEVERITY RATE[2]

-13.8%

compared to 2018

HOURS OF HEALTH AND SAFETY TRAINING

580,740

aprox. 4 million since 2015

HEALTH AND SAFETY INSPECTIONS AND AUDITS

91,414

(1) Year-on-year change in the ratio showing the number of accidents to have occurred during working hours and leading to medical leave, for every million hours worked. Does not include contractors.
(2) Year-on-year change in the ratio showing the number of days lost as a result of occupational accidents for every thousand hours worked.
For more details see appendix of GRI indicators, accident tables page 125.

CLICK

Health and Safety

- **Leadership:** our people inspire, care and are uncompromising in delivering our H&S expectations.
- **Competence:** we have colleagues, who are trained and competent to deliver their roles
- **Resilience:** we are agile and prepared to protect our people, stakeholders and business from adverse events.
- **Communication:** we have a learning environment that enables knowledge sharing, innovation and effective risk management.

This strategy enables Ferrovial to:

- Celebrate success, rewarding and recognizing people and stakeholders.
- Empower and enable competent people to make choices and manage risk.
- Demand uncompromising leadership and be intolerant to incidents.
- Manage risk by embedding H&S into the business and project lifestyle.
- Create environments where everyone has a voice.
- Nurture a culture of innovation and learning.

The health and wellbeing of workers also constitutes another important element within the new strategy, seeking to acknowledge that the health and wellbeing of Ferrovial's employees are critical to its continued success. The focus will support an improved working environment, create more cohesive teams, reduce absenteeism and job presence, increase productivity and contribute to a more caring workplace.

The new Health and Safety Strategy will pave the way to offer a corporate culture truly aligned with the vision of "creating safe and free harm workplaces and operations for everyone, every day".

COMMITMENT TO INNOVATION

For Ferrovial, innovation is a key lever for change to drive improved performance in Health and Safety. For this reason, it has continued with the work started in 2018 at the Safety Lab to become a tool to be used to provide solutions to the challenges that workers face every day during operations at all workplaces. More information is available about the Safety Lab in the "Innovation" section of this report.

"ARMADILLO" IN LBJ AND NTE

In 2019, the Managed Lanes continued to register incidents where maintenance teams, as they carried out assistance work on the hard shoulder and/or in lanes, were exposed to high levels of risk from members of the public who were driving under the influence of alcohol or distracted by some other issue. To find solutions to this problem, the company talked directly to the workers who regularly use these vehicles, concluding that the best available option was to use new lorries with a modified version of the impact attenuators (TMA), which are known as "Armadillo". This collaboration of leadership, management team and workers resulted in this end product, which already has one unit in operation and three more on the way.

SAFETY INTERACTIVE PAUSE (SIP) AT FERROVIAL AGROMAN CANADA

Ferrovial Agroman Canada has launched the Take a SIP program to refresh the health and safety knowledge of workers who do not always do on-site work. The online program uses case studies with specific themes, which are explained using photos and videos that show real situations. Workers must then answer a series of questions about these cases, receiving a score for each case study that they can compare against the correct answers to check their level of knowledge. This establishes a ranking of employees with their scores, thus promoting competition amongst them and an appetite to improve their personal knowledge.

Innovation

At the forefront of transformation

For Ferrovial, innovation is a strategic priority and a mature discipline that is deeply rooted in its culture and processes and aimed at creating value for society.

Ferrovial's innovation strategy is not only aimed at consolidating the strength and competitive advantages of its traditional business models but also at exploring new markets and technologies. Accordingly, the company coordinates a broad consolidated portfolio of projects focused on defined priority themes and that is appropriately proportioned between disruptive, strategic and incremental projects. In 2019, this portfolio included more than 100 projects under development that entailed an investment of approximately 45 million euros in R&D. This balanced strategic management of its innovation has made it possible to make the innovation objectives set out below tangible.

DISRUPTIVE: ANTICIPATE THE FUTURE OF TRANSPORT

Ferrovial faces the constant development of the technological, socio-economic and environmental context of the infrastructure and mobility sectors through a proactive approach that allows it to anticipate and adapt dynamically to change. Through its "What if?" program it periodically analyzes plausible future scenarios to determine the key lines of action to respond to threats and take advantage of any opportunities that have been identified.

In addition, Ferrovial has the Venture Lab, its corporate launchpad of business models with a high uncertainty and disruptive capacity. This program allows Ferrovial to anticipate new markets and take advantage of incipient business opportunities that have great future potential. Some of the Ventures launched in recent years include the Wondo Mobility as a Service platform and KUIKO, the digital market of facility management services for SMEs and freelancers.

STRATEGIC: INCREASING THE VALUE OF ASSETS

New technologies are enabling methods and tools to emerge that are able to profoundly transform all stages of the infrastructure life cycle. In this context, Ferrovial undertakes both strategic intelligence projects to help its business units understand the impact of technology on infrastructure management as well as projects to generate additional added value in the promotion, design, construction, operation and maintenance of these assets. The first type include its studies on the impact of autonomous and connected cars, 5G technology and new means of payment. The second type include its projects with innovative technologies such as virtual or augmented reality, drones and artificial intelligence.

INCREMENTAL: AT THE SERVICE OF BUSINESS UNITS

All of Ferrovial's exploration, ideation, experimentation and learning activity takes on a special practical sense when it is generated from a detailed knowledge of the specific objectives, needs and challenges of its business units. That is why a large proportion of its project portfolio is aimed at achieving short-term impact on its traditional business models through, for example, automation, digitization or data processing and analytics. Ferrovial's methodical and incremental innovation has allowed the company to consistently achieve improvements in profitability, sustainability and efficiency in its operations; increase the safety of users and employees and, ultimately, generate additional competitive advantages for its businesses

CLICK

Innovation

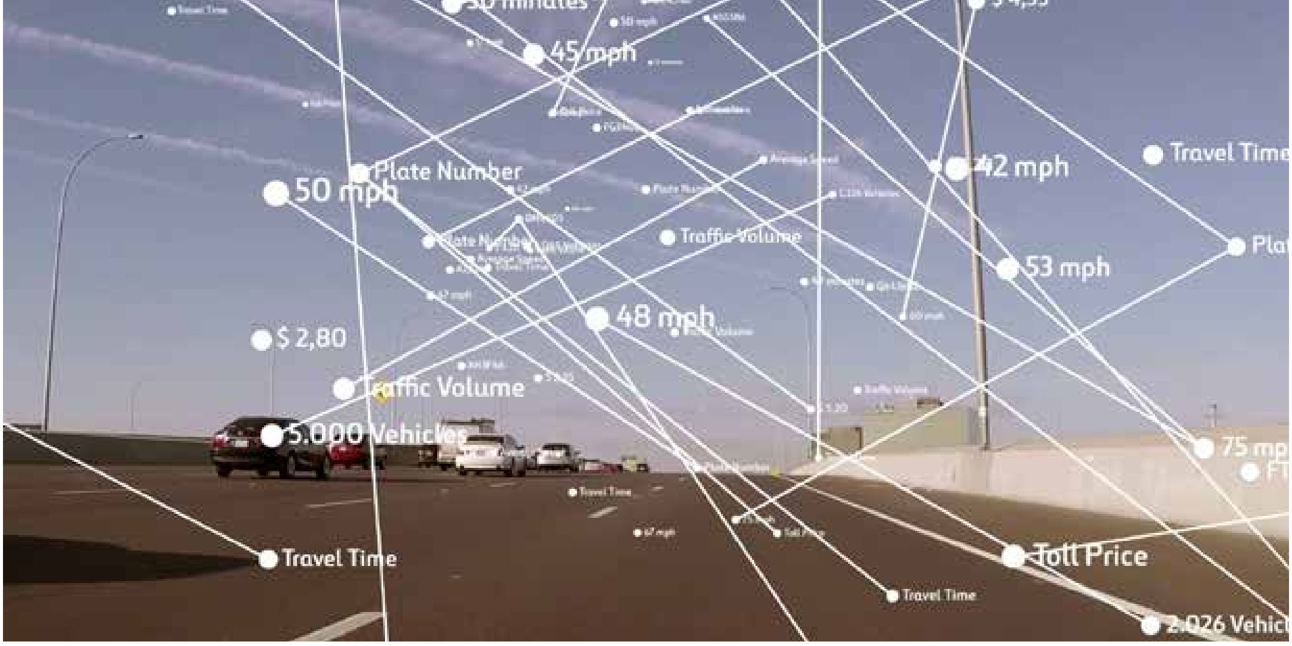
INVESTMENT IN R&D (M€)
45

PROJECTS UNDERTAKEN IN 2019
+100

PROJECTS WITH START-UPS
32

SAFETY LAB – SAFE ROADS

Ferrovial has launched an innovation program focused on improving the safety of its employees and users of its infrastructure through the use of new technologies. The program, which consists of several initiatives, has focused its first project on improving road safety in the area of urban mobility. The initiative aims to reduce the number of accidents in the urban environment with the use of IoT, artificial intelligence and driving assistance technologies (ADAS). The system helps drivers prevent possible collisions while providing information on the risk points detected in the infrastructure. The Safety Lab has also launched projects in the field of construction and mobility.



PROMOTING AN INNOVATIVE CULTURE

Ferrovial undertakes a wide range of technology and trend watch activities that are reflected in its monthly Innovation Insights newsletter, its Infobits reports on periodic trends and its White Papers, in which it discusses both the opportunities generated by the trends and the potential use cases for its business units. Ferrovial's internal knowledge ecosystem is completed with the Digital Hub, the Centers of Excellence in the areas of data and mobility and the multiple specialized technical offices of the different business units. These units function as nodes of the organization's network of experts centralizing knowledge, skills and experience and providing consulting and technical advice.

The insight, talent and knowledge of the immense innovation community disseminated throughout the organization are added to the analysis work and the initiative of these teams devoted entirely to innovation. Every two years the Zuritanken program captures the creative explosion of all company employees, prioritizing and providing resources to prototype ideas with the greatest potential. In addition, as far as innovative talent is concerned, Ferrovial has launched the Play the Future initiative to train its employees in digital skills and new technologies. The company also launched the Executive Forum, an annual meeting of executives to analyze emerging trends and define projects on topics such as mobility or data-based management.

GROWING AN OPEN AND COLLABORATIVE ECOSYSTEM

Ferrovial Open Innovation teams work to expand and enhance the organization's network of collaborations and alliances in major global innovation centers such as Israel, the US, Finland and Singapore. This network includes public innovation agencies and programs such as H2020, the European Innovation Council, Innovate UK and the Climate-KIC and Digital-KIC communities of the European Institute of Innovation and Technology; research centers and universities such as the Massachusetts Institute of Technology and Standford University and, of course, accelerators, incubators and startups. In particular, in 2019 Ferrovial had 11 collaboration agreements in place with universities and research centers and conducted 32 pilot projects with startups.

SMART MANAGEMENT OF TRANSPORT ASSETS

The digital revolution is making the union between the physical and the digital world possible by enabling interaction between all the organizations involved in the life cycle of transport assets. Ferrovial has opted to adapt to this scenario by incorporating these methodologies on the day of its operations. To this end, the company has defined and developed a common framework for the integral implementation of these asset management tools within the group in a complementary way with the strategies of the different business units. The initiative contemplates the development and deployment of a digital platform that captures the information requirements between the stages of the life cycle of the assets, allowing a "digital fingerprint" to be generated collaboratively for them. All this will make it easier to manage, operate and maintain the company's infrastructure and detect opportunities for operational improvement through efficiency and process optimization.

PLAY THE FUTURE

Two years ago Ferrovial launched the 'Play the Future' initiative, a learning platform for digital skills and knowledge for its employees with training itineraries in the area of drones, internet of things, 3D printing, big data and artificial intelligence, user experience, the future of mobility and digital competencies. In the first half of 2019, the initiative's online portal was launched and throughout the year more than 900 professionals signed up for different courses or initiatives. Also, in June a new edition of the Digital Day took place in the Ferrovial Digital Hub aimed at those employees who took the online Digital Competency course. During the event, participants from the various Ferrovial businesses had the opportunity to have an experience guided by the internal experts in the different topics. Additional courses in Agile, Cybersecurity, Future of Work and the Data Academy are underway.

INNOVATION PROJECTS

1. MOBILITY

• **Mobility of the future:** strategic analysis in conjunction with MIT on the mobility of the future based on the performance of factors such as private-vehicle ownership, mobility patterns or the energy mix.

• **Autonomous Bus:** prototype of autonomous bus using artificial intelligence to transport passengers from airport parking to the terminal.

• **C-ROADS:** application of Cooperative Intelligent Transport Systems for vehicle-to-vehicle (V2V) and vehicle-to-infrastructure (V2I) on roads.

2. DATA DRIVEN MANAGEMENT

• **Transforming Transport:** generation of advanced quantitative models to improve traffic management and mitigate toll roads congestion.

• **NLP:** tools for natural language processing (NLP) and analysis for categorizing and comparing legal documents.

4. SUSTAINABILITY

• **LAG bags reutilization:** initiative that incorporates a QR code into bags for liquids, aerosols and gels, incentivizing reuse of them and a reduction in the use of plastics.

• **Dugud:** Mobile app for rewarding citizens that deposit organic waste in waste containers, incentivizing recycling.

3. SAFETY

• **Safety Lab:** program for accelerating the use of new methodologies and technologies to reduce the number of accidents in infrastructures.

• **Autonomous ready:** incorporation of Advanced Driver Assistance Systems (ADAS) in the urban fleet to avoid collisions with pedestrians and cyclists.

5. DIGITIZATION

• **DIGITALIS:** creation of a blockchain platform for creating and checking unique digital identities for suppliers..

• **Pay with a smile:** application that uses visual-biometric-recognition technologies to allow users to make payments with their facial expression.

6. ENGINEERING

• **Horbran:** study on the viability of using recycled-polypropylene macro fibers to replace some of the steel bars in the reinforced concrete.

• **Drone inspection:** use of drones in inspection tasks for multiple types of infrastructure.

PHOTO: Iter, Cadarache (France). © (F4E)

Quality

Committed to excellence

Ferrovial applies innovation to achieve process improvements, make them more efficient and competitive, and offer customers top quality products and services.

Achieving complete satisfaction of infrastructure users and excellence in the quality of services provided are two priorities for Ferrovial. To achieve these goals, the company undertakes specific innovation projects aimed at improving the perception that customers and users have about the services provided. Digitization, artificial intelligence, use of new technologies such as drones and Big Data are some examples of innovation projects applied to the projects.

CERTIFIED ACTIVITY
86%
ISO 9001
ISO 14001

HEATHROW PASSENGER EXPERIENCE
4.17
out of 5

MANAGE LANES USER SATISFACTION
77%
declares a positive experience

407 ETR USER SATISFACTION
87%

DIGITALIZATION

In 2019, Ferrovial, along with other companies, created a platform for digital identity management of the main suppliers in blockchain format. The main benefits are that the process for certifying and validating suppliers has been streamlined by making it more efficient and secure, and reducing bureaucratic and administrative tasks.

Likewise, the Construction division continues to extend the use and dissemination of the use of Building Information Modeling (BIM) methodology. It was the first major construction company to obtain BSI® BIM Level 2 certification in Spain, Portugal, United Kingdom and Australia. The application of BIM involves incorporating digitalization into construction processes and procedures, providing greater efficiency in information management.

DRONES

Ferrovial relies on the use of drones for maintaining street lighting and roads, inspecting infrastructure, building management and for the monitoring and control of construction work. Thanks to the drones, operation times are reduced, it increases the efficiency and automation in the operations, improves the quality of the processes, decreases the environmental impact, increases the conditions of security for the workers. In short, it improves the quality of services provided.

BIG DATA AND USER EXPERIENCE

In 2019, a project was undertaken to analyze the opinion of the users who make use of the products and services offered by Ferrovial. For the analysis, information available on social networks, CRM and management indicators is used. The results have allowed us to obtain, in addition to a global satisfaction rating, details of the strengths and weaknesses in the company's performance and thus establish new improvement actions.

Another example of using Big Data applied to quality improvement is the Sentinel project. Led by Ferrovial Agroman, it consists of integrating a data capture device that is integrated into railroad line maintenance vehicles and feeds a database related to a geographic information system, so that an automatic or semi-automatic inventory of the railroad assets is performed, while the elements of the track are interpreted and characterized and maintenance operations are thus optimized. Thanks to this project, still in the prototype test phase, the railroad manager will be able to rely on real infrastructure data for a management system that makes it possible to analyze, predict and act on the assets in an efficient way.

USER SATISFACTION WITH TRANSPORTATION INFRASTRUCTURE

In 2019, Heathrow Airport holds its position as the "Best Airport in Western Europe" and the "Best Airport Shopping" for the fifth and tenth year running, respectively, in the Skytrax World Airport Awards. The key to success goes beyond operating efficient terminals and trying to offer the passenger a unique experience.

Meanwhile, in Cintra a number of measures have been developed to enhance user knowledge by including these initiatives in the strategic plans of the concessionaires.

CUSTOMER SATISFACTION

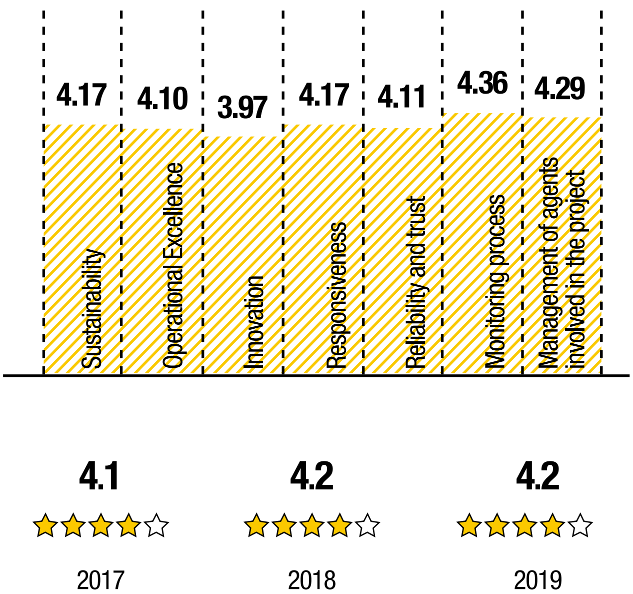
In 2019, customer satisfaction was evaluated in an innovative way following a new procedure. The objective is to establish a methodology that homogenizes all the surveys that exist in the different business areas to find out comprehensively the perception of the clients regarding sustainability, operational excellence, innovation, responsiveness, reliability and trust, the supervision process and management of agents involved in each project.

QUALITY SYSTEMS AND CERTIFICATIONS

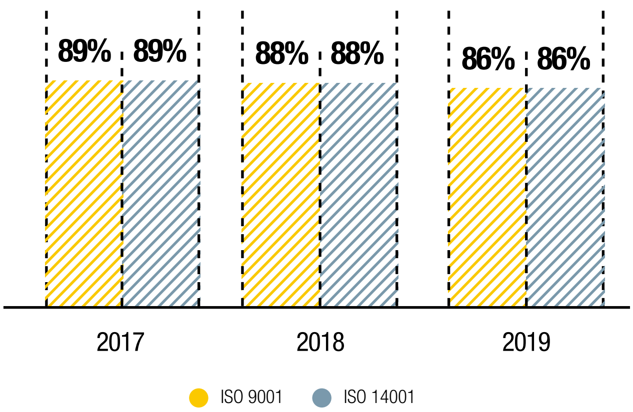
Ferrovial has implemented quality and environmental systems certified in accordance with ISO 9001 and 14001 standards by 86% in both cases. It should also be noted that Budimex, Ferrovial Agroman (in Spain and the UK), Cadagua and Ferrovial Servicios España are currently certified under the ISO 50001 energy management standard.

In addition, the company has digital platforms to ensure compliance with technical legislation and regulations throughout all phases of the life cycle of contracts. This has enabled all environmental requirements to be met, including those related to noise, air and light pollution. There are other systems certified in accordance with various standards including: Madrid excelente, ISO 3834-2:2017, ISO 10001:2019, ISO27001: 2019, ISO 20000-1:2018, NP EN 206-1:2007:2010, BSI BIM Certificate, PAS 2080, ISO 39001:2012, SGE 21, UNE 22320, UNE 216701, UNE 1176-7:2009, ISO 22000:2005, UNE 179002:2011, UNE 158101:2015, UNE 158301:2015, UNE 154401:2007, UNE 18295-1:2018, UNE 22320:2013, UNE 13485:2016, OHSAS 18001, AS-NZS 4801:2001, PAS 99:2012 and ISO 44001:2017.

CUSTOMER SATISFACTION



CERTIFIED ACTIVITY



Integrity

Transparency and business ethics

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.

Ferrovial performs its activities under the principles of integrity, honesty and avoidance of all forms of corruption, respecting and promoting transparency at all times, in accordance with the provisions of the company's Code of Business Ethics.

FERROVIAL CERTIFIES ITS CRIME PREVENTION MODEL

In March 2019 Ferrovial, S.A. was certified by AENOR (Spanish Standards and Certification Association) for its Crime Prevention Model in accordance with the UNE 19601 reference standards "Penal compliance management system" and UNE-ISO 37001 "Antibribery management systems."

Together with Ferrovial, S.A. and, as part of its Crime Prevention Model, the companies of its Group also obtain certification: Ferrovial Agroman, S.A., Ferrovial Aeropuertos España, S.A and Cintra Infraestructuras España. S.L.

These certifications guarantee the commitment of Ferrovial and its group of companies to ensure regulatory compliance and crime prevention, responding to the regulatory requirements of markets, customers, stockholders and investors and other stakeholders, and position the company with a high ethical standard and commitment to best corporate governance practices.

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 said companies and their administrators, managers and employees must adhere.

These principles are embodied in a number of commitments toward stakeholders in Ferrovial's professional activity and are reflected in policies and procedures aimed at fostering professional performance in accordance with ethics, integrity and compliance with pertinent legislation. Highlights of the regulations include:

The Board of Directors Regulations*; the Internal Conduct Regulations in the Securities Markets*; Compliance Policy*; the Crime Prevention Model; the Anti-Corruption Policy*; the Policy on Control and Risk Management; the Human Rights Policy*, the Health and Safety Policy*; the Corporate Responsibility Policy*; the Competition Policy; the Quality and Environment Policy*; the Procedure for approving and monitoring sponsorship and patronage actions and donations; Corporate Procedure on the Ethical Mailbox; Corporate Procedure on Representation Expenses; due diligence procedure to ensure the ethical integrity of Partners; due diligence procedure to ensure the ethical conduct of Suppliers; due diligence procedure governing the selection, hiring and mobility of Candidates.

All employees adhere to the principles and commitments contained in the Code of Ethics. They commit to comply with it and enforce it upon external collaborators who perform activities on behalf of Ferrovial.

COMPLIANCE MODEL

Ferrovial has a Compliance Model in place that aims to provide a transversal process spanning the entire company for monitoring and controlling compliance risks under the principle of zero tolerance toward criminal acts. This due diligence framework embodies the company's firm commitment to observing applicable law and to applying the highest ethical standards when going about its business. The management and analysis of how the Model works is the responsibility of the Compliance and Risk Division, whose independence and effectiveness has been reinforced, providing it with new resources and it reports directly to the Audit and Control Committee.

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

The phases in which the Compliance Model is structured cover the phases of a continuous improvement cycle:

1. Identification and evaluation of risks.
- Identification of compliance risks based on the company's activities.
- Assessing risks based on their impact and probability of occurrence.

*Available at www.ferrovial.com

2. Establishment and update of processes and control tools.
   - Identification of the monitoring and control measures implemented to avoid or mitigate the occurrence of risks.
   - Periodic evaluation of control measures to detect possible shortfalls or areas of improvement that require specific action plans.
3. Raising awareness and training.
   - 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.
   - Due diligence of third party collaborators, who must know and share ethics and integrity policies.
4. Detection of and response to possible irregularities .
   - Reception, assessment and investigation of detected breaches and application of appropriate corrective and/or disciplinary measures.
5. Supervision of the Model by the Audit and Control Committee.
6. Information to the company's governing bodies.
   - Information on how the Compliance Model works and monitoring the action plans put in place to ensure their continuous improvement.
7. Verification of the effectiveness of the Compliance Program.
   - The Compliance Model includes a Crime Prevention Model designed to prevent or significantly reduce the risk of committing criminal acts, especially those that would lead to the company being held criminally liable, in accordance with Organic Law 1/2015 reforming the Criminal Code.

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, under the principle of "zero tolerance" with any practice that could be qualified as active or passive corruption or bribery.

The policy requires strict compliance with pertinent anticorruption laws, notably the Spanish Criminal Code (and that of the other jurisdictions in which Ferrovial operates), the US Foreign Corrupt Practices Act and the UK Bribery Act.

TRAINING

Training for employees in the values and principles enshrined in the Code of Ethics and the Compliance Policy is one of the cornerstones of the company's Compliance Model. During 2019, the online training plan on the Code of Business Ethics and Compliance Policy (Prohibited Behaviors) and the face-to-face course on anticorruption matters continued according to the level of risk exposure of certain groups, including the Management Committee. The training volume of these courses amounted to 4,923 hours, accumulating more than 12,000 hours in the last two years.

"OUR COMPLETE COMMITMENT TO THE ETHICS AND INTEGRITY OF THE PEOPLE WHO MAKE UP FERROVIAL HAS POSITIONED US AS A BENCHMARK IN THE MARKET FOR BEING A SERIOUS COMPANY THAT IS COMMITTED TO ITS STAKEHOLDERS"

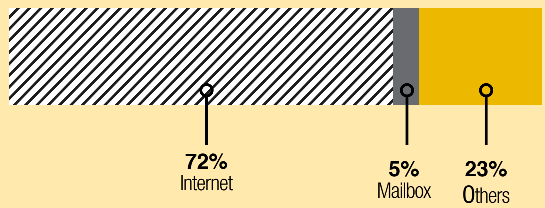
RAFAEL DEL PINO, CHAIRMAN.

ETHICS CHANNEL

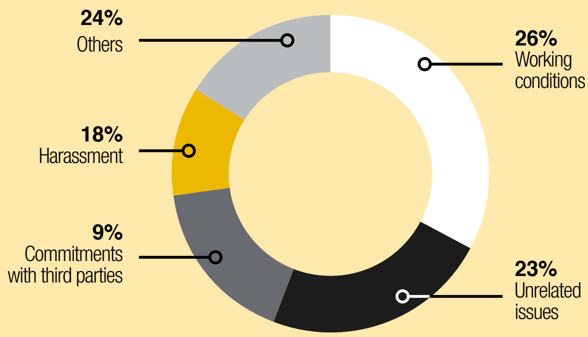
Ferrovial has an Ethics Channel as a complement to other internal communication channels. Its purpose is to facilitate the reporting of any possible irregularity, noncompliance or conduct that is not in keeping with the ethics, legality and policies that govern Ferrovial. The channel is accessible to employees through the intranet and for any interested counterpart through the website, and allows communications to be made anonymously and confidentially.

A total of 57 reports were filed in 2019, 34 of which were anonymous and 23 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. No investigated case has had a significant impact on Ferrovial from a criminal, financial or reputational point of view. No need for revisions to company policies and procedures has been identified from the cases investigated.

RECEPTION VIA



SUBJECT



Human rights

Dignity and respect

Ferrovial bases its commitment on this matter on the Universal Declaration of Human Rights and its adaptation to the business world included in the United Nations Guiding Principles on Business and Human Rights.

Since 2014 Ferrovial has had a Human Rights Policy that is promoted and approved by the Board of Directors aligned with its Code of Business Ethics, the principles of the UN Global Compact, the Guiding Principles for Business and Human Rights, the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the rules and regulations of the International Labor Organization.

Through this policy, the necessary means are established not only to enforce compliance of Human Rights, but also to raise awareness of the principles among its stakeholders and throughout its value chain. It also guarantees respect for the labor rights of all its employees and contractors in all countries where it operates, in accordance with local law and regulations.

DEFENSE OF HUMAN RIGHTS

Ferrovial's responsibility to enforce Human Rights is manifested in its refusal to tolerate any type of discrimination in communities where it operates, in promoting a respectful and suitable working environment and its commitment to labor market integration.

The company fosters respect for Human Rights among all employees by providing courses on the Code of Ethics and the Code of Prohibited Conduct, which include specific modules on this subject.

The company's Ethical Channel addresses various key aspects relating to Human Rights. The functionalities are there to identify and report cases of harassment (broadly meaning any kind of abusive, hostile or offensive conduct) and to report and denounce discriminatory practices or behavior based on culture, political ideas, religious beliefs, race or other types of discrimination in any of the countries where the company operates.

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

In addition, Ferrovial has due diligence procedures of ethical integrity of business partners, suppliers and candidates that establish the obligation to perform a due diligence process of integrity, including the field of Human Rights, before engaging in any type of business relationship or hiring a new employee. These procedures, which imply extending the company's values included in its Code of Ethics to its entire value chain, also establish mechanisms for monitoring trade relations during their validity.

Ferrovial's measures for safeguarding and respecting Human Rights also include those that respond to new realities such as the right to digital disconnection, the right to confidentiality and privacy of all the people with whom it interacts by making appropriate use of their personal data at all times.

The company has committed to the 31 principles enshrined in the National Business and Human Rights Action Plan developed by the Spanish Government. The actions performed in this area are also supported by the 2nd Equality Plan, which seeks to guarantee

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

the principle of equal treatment and opportunities between men and women. There is also a Procedure for the Prevention of Workplace and Sexual Harassment, and the company is adhered to the Companies project for a society free of gender-based violence.

In addition, Ferrovial signed the Diversity Charter in 2011. This European initiative, falling within the antidiscrimination directives enacted by the European Union in the year 2000, is supported directly by the European Commission's Directorate-General for Employment, Social Affairs and Equal Opportunities.

COMMITTED TO LABOR RIGHTS

Within the commitment to labor rights, Ferrovial guarantees the right to strike, freedom of association and the right to collective bargaining in all countries where the company operates. Ferrovial employees are protected by employment regulations in each of the different territories. 73.7% of the workforce is adhered to collective agreements.

Ferrovial has also put in place internal communication channels, internal social networks and the corporate intranet (known as Ferronet) to help create collaborative, dynamic and flexible working environments that promote healthy habits and behaviors among employees. In 2019 Ferronet registered 2,941,862 sessions and 4,858,036 page views.

The link between labor rights and Human Rights has also been reflected in the Sustainable Development Goals, specifically in SDG 8, decent work and economic growth. From this perspective, an emerging issue that Ferrovial is working on is guaranteeing the future employability of its employees by helping them to acquire digital skills, which shall be essential in the future work environment.

COMMITTED TO DIVERSITY: FERROVIAL AGROMAN UK & IRELAND

Ferrovial is still firmly committed to the diversity of its workforce aligned with the commitment to avoid any type of discrimination established in the Human Rights Policy.

In its latest annual population report, the United Kingdom government highlighted the low presence of minorities in the construction sector, specifically the so-called BAME (black, asian and minority ethnic), which represent only 7% of employees in the sector. Therefore, it appealed to companies in the industry, including Ferrovial Agroman UK & Ireland, to change this situation. This division currently has 18% of BAME employees in its workforce, and 29% of new hires in 2019 corresponded to BAME minorities, 70% of which were university graduates.

In the words of Mario Móstoles, Managing Director of Ferrovial Agroman UK & Ireland:

"We understand the importance of having a diverse and inclusive workforce, which is also essential for the success of the business. We know the benefits of having an organization where everyone is and feels represented fairly. There are still challenges to face, but we are satisfied with the progress we have made so far."

A GLOBAL CHALLENGE WITH LOCAL ANSWERS

In some countries Ferrovial has been involved in initiatives that help raise awareness of Human Rights and promote safeguard measures adapted to the characteristics of each country, assuming positions of responsibility in different initiatives to support corporate responsibility and Human Rights. Examples of such include the Secretariat of the Executive Committee of Forética in Spain.

Other networks and working groups in Spain in which the company actively participates to promote Human Rights across the business world and the rest of society are the Human Rights Lab of Fundación Seres, the Executive Committee of the Global Compact Network, where it continues to be a member of the Board, and the new CEO Alliance for Diversity initiative led by the Adecco Foundation and the CEOE Foundation that Ferrovial Agroman and Cadagua have joined.

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

The environment

An emission-free future

Ferrovial's climate strategy is aligned with the 2030 Agenda for Sustainable Development adopted by the United Nations. The company prioritizes activities with less environmental impact, promotes the circular economy, prioritizes low emission products and services, reduces its carbon and water footprint, and preserves and enhances natural capital.

Ferrovial offers products and services that promote decarbonizing the economy and reducing the environmental impact. The company actively works to optimize the use of natural resources and actively manage the risks and opportunities presented to it.

CLIMATE STRATEGY

Through its climate strategy, Ferrovial is aligned with SDG 13, Climate Action, set by the United Nations in the 2030 Agenda. Climate change is a key element in the company's governance, which incorporates both the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), as well as climate risks within the corporate risk identification and assessment system, Ferrovial Risk Management.

True to its commitment to support international initiatives, in 2019 Ferrovial participated in COP25 in Madrid, as a United Nations observer. Thanks to its own emission reduction objectives and those of customers and users of products and services, the company can be considered a strategic partner in achieving the objectives of mitigating emissions and adapting to the effects of climate change, offering solutions through its low carbon products and services, consistent with the global trend toward a low emission economy.

CARBON FOOTPRINT

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.

Ferrovial has set ambitious emission reduction targets, which have all been Science Based Target Initiative (SBTi) certified, for the 2020 and 2030 horizons, and for the three scopes.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

2030 vs 2009	-32%	scope 1&2 (absolute)
	-42,9%	scope 1&2 (intensity)
2030 vs 2012	-20%	scope 3 (absolute)

A progressive reduction of relative emissions can be observed, in general terms, as a result of the various initiatives promoting energy efficiency, sustainable purchasing, the optimization of waste and water treatment processes and the use of renewable energy instead of fossil fuels. Examples of the latter are the introduction of a fleet of 100% electric buses to transport passengers at Glasgow airport, the installation of solar panels at the offices of the NTE and LBJ toll roadss to reduce the network's electricity consumption by up to 30% and the fact that all the electricity consumed by Heathrow comes from renewable sources.

RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE

Throughout 2019, a review of the company's risk matrix was carried out, following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), improving the identification and classification of risks and opportunities related to climate change. This analysis has considered three scenarios based on the degree of implementation of policies against climate change, the so-called current policies scenario (CPS)*; new policies scenario (NPS)* and sustainable development scenario (SDS)*. As a result of this study, it can be concluded that in the short, medium and long term, Ferrovial's main environmental risks are physical and transitional.

Transition risks are related to the increase in operational costs due to rising prices of raw materials,

REDUCTION OF GHG EMISSIONS SCOPE 1&2

59%

in relative terms compared to 2009

ELECTRICITY CONSUMED FROM RENEWABLE SOURCES

59%

objective of 100% by 2025

CLICK

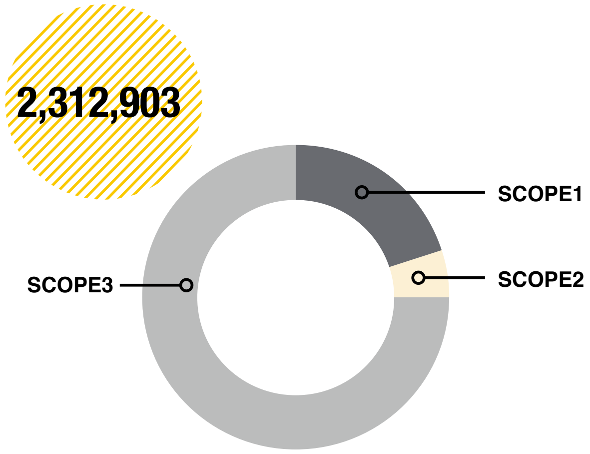
Thames Tideway Tunnel

* A description of the three scenarios can be found in the glossary of this Report, pages 132-134.

GREENHOUSE GAS EMISSIONS 2019*

(Scope 1, 2 & 3)

AVOIDED EMISSIONS



791,974 Scope1 (tCO_2eq)

292,555 Stationary

271,220 Mobile

228,071 Diffuse

69,327 Scope2 (tCO_2eq)

2,498,075 Scope3 (tCO_2eq)

569,388 Investment

692,499 Use of sold product

426,605 Purchased, goods and services

809,584 Others

*In absolute terms, by category or source

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

SCOPE 2: GHGs as a result of consuming electricity purchased from other companies that produce or control the power.

SCOPE 3: GHGs issued indirectly by Ferrovial attributable to purchased products and services, or by the use of products and services produced by third parties.

increased prices of fossil fuels, payment for emissions produced or incorporating activities included in the emissions market. Policies restricting the allocation of emission quotas, carbon rates, water shortages, restrictions or incentives for land use, changes in the supply and demand of services or interruption of operational processes.

The physical risks refer mainly to possible physical damages in infrastructure and temporary stoppage the activity, decrease of productivity in extreme climatic conditions, increase of the risk premium or a delay in delivery of products and services.

The probability of occurrence of physical risks and the financial impact is higher in the CPS scenario and decreases when moving toward the SDS scenario. The progress of transition risks is the reverse. The company has the appropriate measures to mitigate, reduce and manage the risks related to climate change that have been identified.

SHADOW CARBON PRICING

In the preinvestment process in large contracts, a tool is available to consider variable prices for a ton of carbon over different time horizons and across different regions and project types, internalizing the potential economic risk linked to climate change (including physical impacts, as well as those of a social, regulatory and socio-economic nature, among others). This helps reduce the inherent uncertainty associated with legislation relating to climate change, considering a realistic quantification of the possible costs associated with each project.

BIODIVERSITY

Ferrovial continued its activities under strict criteria of respect for the mitigation hierarchy working toward the goal of zero net impact. In this regard, during 2019 the Biodiversity Initiative Catalogue was published in which the various initiatives carried out by Ferrovial to protect flora and fauna are detailed.

In 2019, the preparation and testing of a methodology of Monetization of Impacts on Biodiversity (INCA), a project carried out in collaboration with Climate Kic, was completed. This methodology will facilitate decision-making related to biodiversity by providing quantitative information.

In addition, the company adhered to The Natural Capital Commitment, which implies belonging to a community that shares its knowledge and has a common goal of carrying out actions in favor of natural capital.

CIRCULAR ECONOMY

Ferrovial has consolidated incorporating the principles of the circular economy in its processes, products and services. To avoid and minimize waste generation, the use of renewable natural resources is enhanced and, as far as possible, they are recovered for reuse as raw materials. The waste treatment division works on the continuous improvement of triage and recovery of materials in order to avoid, minimize and offset emissions released into the atmosphere.

A good example of the latter is the ZRR Project for Municipal Waste, which applies robotic technology in classifying and selecting urban waste. The application of artificial intelligence increases the rate of recovery of materials and their quality, improves the efficiency and speed of processes, and minimizes the risk of workplace accidents.

Another relevant project in the field of the circular economy is the Secasol Project, in which Ferrovial Servicios participates with other partners with the objective of applying solar energy in drying sludge from water purification waste and leachate from the treatment of household waste. With this project it is expected to reduce the economic and environmental impact of managing this waste by designing a specific facility to reduce the volume of final leaching from evaporation using a renewable energy source through heat exchangers and accumulators.

LOW CARBON PRODUCTS AND SERVICES

WATER TREATMENT
Construction and operation of water treatment plants. Optimization and innovation in plant managements

PERSONAL MOBILITY
Zity: carsharing 100% electric vehicles certified as being powered by renewable energy

ENERGY EFFICIENCY SERVICES
International Energy Control Center, for centralized energy management of infrastructure

COMPREHENSIVE CITIES MANAGEMENT
Sustainable urban services, such as waste collection and treatment, installation of high-efficiency lighting, etc.

SUSTAINABLE INFRASTRUCTURES
Managed Lane Toll Road NTE carbon neutral toll roads

Ferrovial also applies sustainability criteria in its construction activity. The company includes eco-design criteria ensuring efficient management during the life cycle of the building or infrastructure. In 2019, the first Environmental Product Declaration (EPD) was obtained in a track assembly contract, concluding that Ferrovial Agroman's bid had an impact per functional unit at least 30% less than the competition.

The percentage of buildings constructed, managed or owned by Ferrovial that incorporate environmental improvements in the design, construction and operation phases has been increasing in recent years. These buildings have considerably lower energy consumption than conventional buildings.

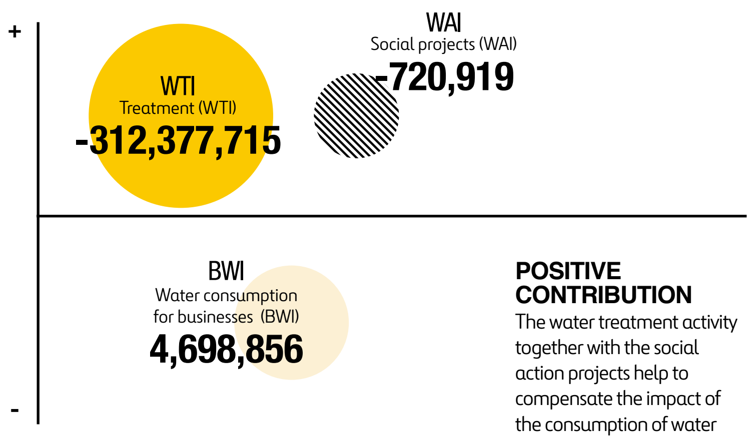
Within the construction activity, earthmoving is one of our aspects that generates the greatest environmental impact, so efforts are focused on its management to minimize the final waste. Reusing earth on the construction site effectively eliminates the emissions that would otherwise be generated by having it transported off-site, while also ensuring the project's better integration with the landscape. Ferrovial has set a target to reuse 80% of earth on the construction site by 2020.

WATER FOOTPRINT

Ferrovial has a methodology to calculate and report its water footprint, through which it identifies the value of water in processes and the environment, taking into account its availability and quality, as well as the balance of the ecosystems in which it is located.

Water footprint makes it possible to measure offsetting global water consumption (Water Business Index, WBI*) with the contribution of treated water (Water Treatment Index, WTI*), returning it to the environment in better conditions to those in which it entered, as well as the actions that allow local communities in developing countries to access drinking water (Water Access Index, WAI*) through the Social Infrastructures social action program.

In 2019, the company set a goal to reduce its global water footprint by 10% by 2022, considering 2017 as the baseline year. The reduction of the water footprint implies a positive net impact, entailing a gradual increase in offsetting the volume of water consumed through the treatment of waste or saline water and accessibility to drinking water. To achieve this objective, the company has projects such as demand prediction implemented in the Águilas desalination plant, which uses artificial intelligence and big data to optimize resource planning and thus improve process efficiency.



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

* A description can be found in the glossary of this Report, pages 132-134.

PHOTO: Toowoomba Toll Road, Queensland (Australia).

Supply chain

Sustainability criteria

Ferrovial is working to extend sustainability to a supply chain in permanent continuous improvement, with innovation always present, formed by the best partners and suppliers.

Ferrovial integrates environmental, social and good governance (ESG) principles into all stages of its supply chain by using an integrated model that aims to foster quality, sustainability, efficiency and transparency, respect for Human Rights and nondiscrimination and equal opportunities.

NUMBER OF SUPPLIERS

84,429

NUMBER OF SUPPLIERS ASSESSED

14,458

INTEGRATION OF ESG PRINCIPLES IN THE SUPPLY CHAIN

Ferrovial has a Global Purchasing Policy that is applicable to all Ferrovial companies and subsidiaries. The policy sets out the commercial, environmental, social and good governance principles that underlie the company's relations with all its suppliers. They are based on the Code of Business Ethics, the Corporate Responsibility and Human Rights Policies and the Due Diligence Process to Ensure Supplier Integrity and Ethics.

The business purchase procedures were updated in 2019 to establish more rigorous criteria in managing suppliers in aspects related to ESG criteria, especially with regard to compliance with Ferrovial's ethical and anticorruption policy principles, in line with the procedure of due diligence of ethical integrity of suppliers, established in the previous year. This has also been reflected in the contractual clauses of Ethics and Anti-Corruption Policy with suppliers. In addition, the company is developing a Supplier Code of Ethics through which the company expects to promote responsible behavior in its value chain, complying with the main standards in ethics and integrity, Health and Safety, the environment and Human Rights.

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

Throughout the purchasing life cycle, both in the screening and initial assessment stages, such as bidding and final control, evaluation and monitoring specific quality management, classification, evaluation and risk control processes that include ESG criteria are applied, as well as the usual criteria of product/service quality, technical capacity, price compliance, meeting deadlines and compliance with occupational Health and Safety. All suppliers are subjected to evaluation and monitoring processes, the result of which may result in them receiving a warning, an improvement action plan being established, or even them being disqualified from working with Ferrovial depending on its severity. In the case of a verified breach of the Anti-Corruption Policy, the supplier is automatically disqualified.

In 2019, 25,840 suppliers joined the Ferrovial supply chain and 14,458 of them were evaluated, less than 1% of which were rejected. A total of 1,523 suppliers were considered critical, which accounted for 24.3 % of total supplier invoicing.

INNOVATION IN SUSTAINABLE PURCHASES

Ferrovial undertakes innovation projects and applies new technologies to achieve a more agile, efficient and transparent supply chain, which in turn allows the gradual incorporation of sustainable purchases, thus extending sustainability principles throughout its value chain. The most noteworthy initiatives in this regard are the following:

- Efficient vehicle fleet: the vast majority of the fleet is managed through agreements of up to three years, which has enabled the fleet to be completely renewed by efficient vehicles. This has resulted in a substantial and continuous reduction in emission levels. During 2019, the first hybrid, gas and electric vehicles were incorporated into the fleet. The company expects to reach 33% of zero emission fleet vehicles by 2030.

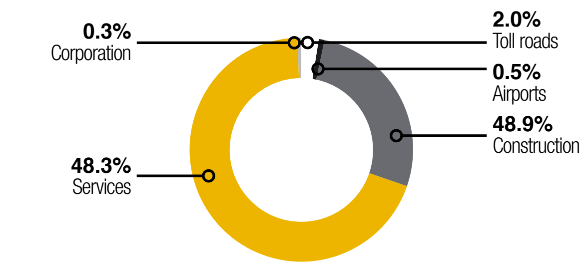
- Smart vehicle fleet: Ferrovial Servicios Spain is undertaking the Smart Fleetprogram, which includes a set of initiatives that seek to optimize use of the fleet (more than 10,000 vehicles) and provide a differential value in the contracts. As part of this program, progress was made in the "fuel tank management" initiative in 2019. This program aims to unify the software installed in fuel tanks, from which online information is obtained on refueling, users, level of filling the tanks and warnings by reordering point, which makes it possible to control and optimize the use of fuel. Smart Fleet was awarded the "2019 Fleets" award by AEGFA (Spanish Association of Fleet and Mobility Managers), while the fuel tank management initiative was awarded the ENERTIC Prize.
- Purchase of renewable electricity: the company encourages, whenever possible, purchasing electricity with guarantee of origin. In this regard, the commitment has been established to continuously increase the percentage of purchasing renewable electricity compared to the total consumed, hoping to reach 100% in 2025. The agreement between Zity, Ferrovial's electric carsharing, with Iberdrola for recharging the batteries of vehicles with certified renewable energy is noteworthy.
- Catalog of Green Purchases: the information available in the catalog has been updated and increased in the last year with the intention of encouraging more of these types of sustainable products to be purchased and this has reached more areas of the company.

SUPPLIER 360 PROJECT IN FERROVIAL

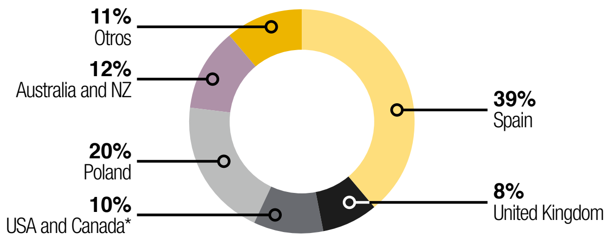
During 2019, the "Supplier 360" project was carried out during the testing phase in order to develop a computer tool for monitoring suppliers that, using advanced data analytics techniques and through internet searches, allows potential risks in suppliers to be detected, both for possible insolvencies and for environmental, legal or reputational problems, generating reports on the analysis performed.

This tool will help to provide additional information to be considered in the phase of selecting and contracting relevant suppliers, as well as when monitoring them by applying it in a standardized way to the relevant suppliers in Spain. Based on this, the adjustments and improvements deemed necessary will be implemented, and in 2021 its adaptation is planned for use with suppliers from other strategic markets, initially the United States and the United Kingdom.

SUPPLIERS BY BUSINESS

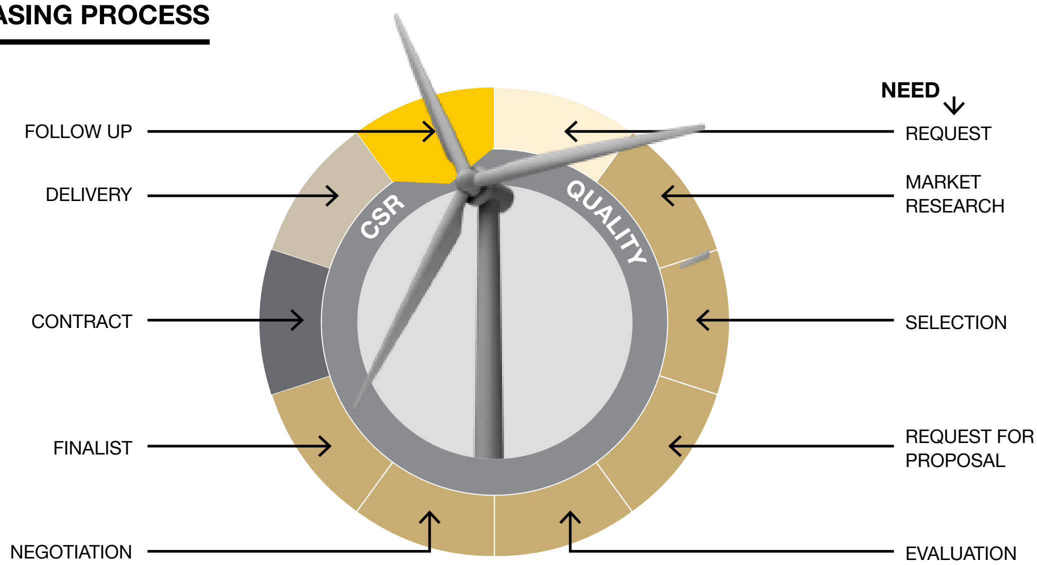


SUPPLIERS BY COUNTRY



* Suppliers from the US (5,993) and Canada (408).

PURCHASING PROCESS



Community

Water that gives life

Through its social programs, Ferrovial conceives investment in the community as a strategic instrument for the progress of society and a way to boost its contribution to achieve the Sustainable Development Goals.

Ferrovial is aware that its activity has implications for the Sustainable Development Goals (SDGs), so to reinforce the company's contribution in achieving the 2030 agenda and the SDGs, the company has aligned its social action strategy with these global goals.

ACCESS TO WATER AND SUSTAINABLE INFRASTRUCTURE

As part of its commitment to Sustainable Development Goal 6, ensuring access to water and sanitation for all, Ferrovial has the Social Infrastructure Program, which promotes infrastructure that provides access to water and sanitation to vulnerable communities in Africa and Latin America, emphasizing the sustainability of actions and the appropriation of infrastructure by local communities.

Ferrovial's collaboration with NGOs and local administrations goes beyond the financial contribution, since the program includes employees participating as volunteers who apply their professional knowledge going to the communities where each project is carried out. Since its launch in 2011, 121 employees have already participated, and more than 220,000 people are direct beneficiaries.

In 2019, three new projects were started that benefit 9,601 people:

- Community of Portugal, municipality of Lebrija, Santander, Colombia. Installation of a water treatment plant for human consumption for 120 families and the community school.
- Communities of Chato Chico and Chato Grande, Piura, Peru. Water supply system and access to sanitation in communities affected by the El Niño Costero phenomenon, in the Cura Mori district.
- Communities of the Lupane district, North Matabeleland Province, Zimbabwe. Construction of water collection systems, improvement of sanitation and disposal of waste in two schools and five health centers.

The Social Action in Spain initiative is also focused on infrastructure, but in this case, those aimed at preparing and distributing food to extremely vulnerable segments of society. The seventh edition of the program was held in 2019 and it supported improving the Altius Foundation's cooking and food distribution facilities in Madrid, Barcelona and Valencia.

STEM EDUCATION

STEM careers (acronym for science, technology, engineering and mathematics) are the jobs of the future and are key profiles in innovation, social welfare, inclusive growth and sustainable development. Aligned with goal 3 of SDG 4, quality education, Ferrovial understands that it is a key challenge to promote equal access to education without discrimination based on gender or financial resources. Therefore, Ferrovial collaborates with various initiatives in Spain, the United States and the United Kingdom, with different approaches: raising awareness of the problem by supporting International Women in Engineering Day, in the United Kingdom; direct actions with children and young people in which it promotes its employees participating as volunteers such as South Florida Construction Career Days, in the United States; the Orienta-T Program in collaboration with Junior Achievement and the Talent Rescuers Program with Fundación Princesa in Girona, Spain; and the Amey Challenge Cup, in the United Kingdom.

It has also contributed to creating spaces and programs for students to have methodologies and tools at their disposal to enhance their knowledge of technology in specialized foundations such as Discovery Place in Charlotte, North Carolina; the Northwest ISD Education Foundation and Birdville ISD Education Foundation STEM camp, both in Texas; and also educational centers through agreements such as the one in place with the Foundation for Fairfax County Public Schools in Virginia, also in the United States.

INVOLVING THE EMPLOYEES

Ferrovial's main social action programs reflect the company's commitment to its employees and its willingness to be a development actor particularly in the environment where it operates by identifying priority social issues in various countries.

In Spain, the Juntos Sumamos program is being promoted, which has engaged employees who want to contribute to social projects throughout the year since 2005. At year end the company doubles the amount contributed and it is the employees themselves who

COMMUNITY SUPPORT PROJECTS

338

COMMUNITY INVESTMENT (M€)

4.9

NUMBER OF BENEFICIARIES OF WATER AND SANITATION PROJECTS

223,314

CLICK

Community Engagement 2019

choose the projects that will finally be financed. The program has had more than 170,000 beneficiaries worldwide since it was launched.

In addition, Ferrovial promotes integrating people with disabilities into the workplace, through agreements with the ONCE Foundation and the Integra Foundation. Moreover, Cadagua maintains its commitment to the Adecco Foundation Scholarship Program for students with disabilities. Also in collaboration with the Adecco Foundation, the company participates in the Family Plan, aimed at disabled family members of employees.

In the United Kingdom there is an important commitment to the employability of young people who are at risk of exclusion. In this regard, Amey has had a collaboration agreement in place with the Duke of Edinburgh Foundation for 14 years. This commitment is also boosted by Ferrovial Agroman UK with collaborations with educational centers and by building bridges with the business world.

In Canada and the United States, their employees' engagement with their local communities is driven through various social initiatives encouraging youth sports, supporting local social centers and promoting environmental protection. For example, 378 employees of the 407 ETR participated in the One Big Day annual volunteer day.

In Poland, Budimex has been involved in several initiatives focused on children, including Strefa Rodzica, to create separate areas in the pediatric rooms of hospitals where parents can accompany their children, and the Domofon ICE program, which has been fostering child safety in educational centers since 2009.

In Australia, Broadspectrum remains committed to integrating indigenous people through its Reconciliation Action Plan, thanks to which the company is seeking to raise awareness among its employees of the culture, history and values of Indigenous Australians.

HELP FOR THOSE AFFECTED BY THE 'EL NIÑO COSTERO' FLOODS IN PERU

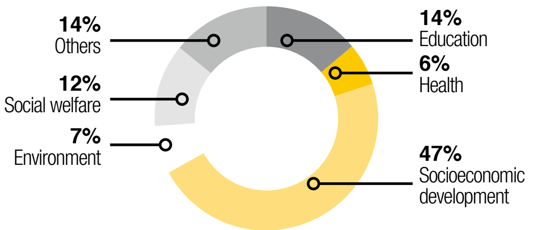
Ferrovial together with the NGO Ayuda en Acción has launched a project to improve access to drinking water and sanitation in the communities of Chato Chico and Chato Grande, located in the district of Cura Mori, in the city of Piura. Both districts located in the north of the country were strongly affected by the 'El Niño Costero' phenomenon that devastated the country in 2017. This project is being carried out as part of the Social Infrastructure program.

In 2019, the more than 1,000 people living in these two communities are still suffering the effects of this disaster. The heavy rains caused floods, landslides and overflows that affected the main infrastructure and communication routes. El Niño Costero took the lives of 162 people, affected 1.4 million people and there were more than 280,000 victims.

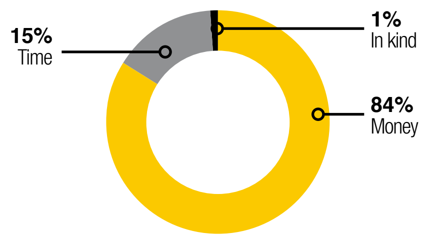
The overflow of the Piura River in Cura Mori caused both communities to flood, destroying the water supply systems and limiting access to water to one hour every two days. They do not have bathrooms or any kind of sanitation. Most of the residents of these communities had to spend months in various shelters located near the Pan-American Toll roads. Many people continue to live in these fields without being able to return to their homes waiting for the provision of basic services such as access to drinking water.

The project allows this situation to be corrected by installing a new distribution network, building a storage tank and installing ecological latrines.

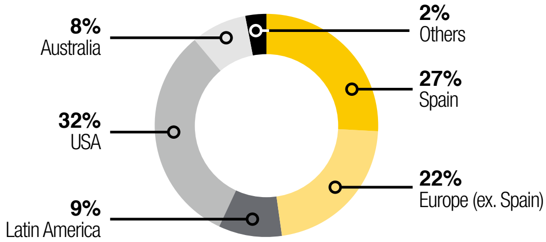
PROJECTS BY AREA OF ACTIVITY



PROJECTS BY CONTRIBUTION TYPE



COMMUNITY INVESTMENT BY COUNTRY



INVESTMENT BY SDG

Responsible Tax Management

Transparency, responsible management

Ferrovial's tax contribution reached 2,087 million euros, in line with previous financial years, with special mention for that corresponding to employment, which stood at 1,156 million euros, and that arising from the company's activity, 636 million euros. The effective management of these tax obligations is based on the criteria of caution and transparency, as well as maximum cooperative compliance.

In 2010, Ferrovial agreed to comply with the Contributor's Good Practices Code promoted by the Spanish Tax Agency, and included these recommendations in all its activities worldwide through its Policy of Compliance and Good Practices in Taxation. Finally, in February 2015 the Board of Directors approved Ferrovial's Tax Policy, in compliance with the provisions of Article 529 ter of the Corporate Company Law.

PRINCIPLES

- **Transparency:** Ferrovial is committed to not making use of companies registered in tax havens of other jurisdictions lacking transparency, except when the activity, a Construction project for example, is located within the territory of these jurisdictions. In this case, information will be provided for the corresponding authorities in accordance with legislation.
- **Compliance:** correct payment within the deadline of all applicable taxes, in compliance with the law in each country.
- **Professional behaviour:** management of taxes and their inherent risk by a team of professionals in the Tax Department with the support of external consultants.
- **Efficiency:** management consistent with business strategy, maximizing value for shareholders.
- **Cooperation:** good relationships with the authorities with proactive management of taxation to avoid conflict.
- **Sustainability:** establishing procedures and policies to manage tax risks.
- **Participation:** contributing its international knowledge in taxation to legislative processes.
- **Market price:** in all transfers made between Ferrovial companies.

TOTAL TAXES* (M€)

2,087

TAX PAID ON PROFIT (M€)

144

*Incurred, paid and collected.

TAX RISK PREVENTION

In line with the recommendations in the Contributor's Good Practices Code, the company will:

- Promote measures to prevent and reduce tax risks.
- Avoid conflicts arising from the interpretation of regulations by consulting the tax authorities and prior assessment agreements.
- Collaborate with the corresponding administrations in the detection of fraudulent tax practices with the aim of eliminating them.
- Provide any information and documentation required by the administrations as quickly and as comprehensively as possible.
- Resort to adversary procedure to reach agreement with tax administrations.

THE ROLE OF THE BOARD

The Board of Directors, via the Chairman, Chief Executive Officer and Senior Management, will encourage compliance with the principles and good practices relating to taxation. It will undertake the approval of control policy and tax risk management, as well as those operations that involve special tax risk.

When the annual accounts are drawn up, the Board will be informed on the tax policies applied during the financial year and on the effective compliance with the commitments included in the Contributor's Good Practices Code and this will be included in the Annual Report on Corporate Governance. In compliance with these commitments, Ferrovial has presented the so-called "transparency report" for 2018 to the Spanish tax authorities (as it did in 2017), having received a very favorable assessment from these authorities in terms of the company's collaboration and transparency. For further information, please see section 6.6 of the Consolidated Annual Accounts.

TAX CONTRIBUTION BY MARKET 2019 AND 2018*

The following tables show the amounts (in €m) paid by Ferrovial in 2019 and 2018, respectively. They are aggregate figures based on its percentage of participation or ownership of the assets. Notably, the main assets integrated by equity accounting are 43.23% in the case of 407 ETR (Canada), 25% for Heathrow and 50% for AGS (United Kingdom). A distinction is made between taxes paid (obligations assumed by Ferrovial) and taxes collected (derived from its activity but borne by others).

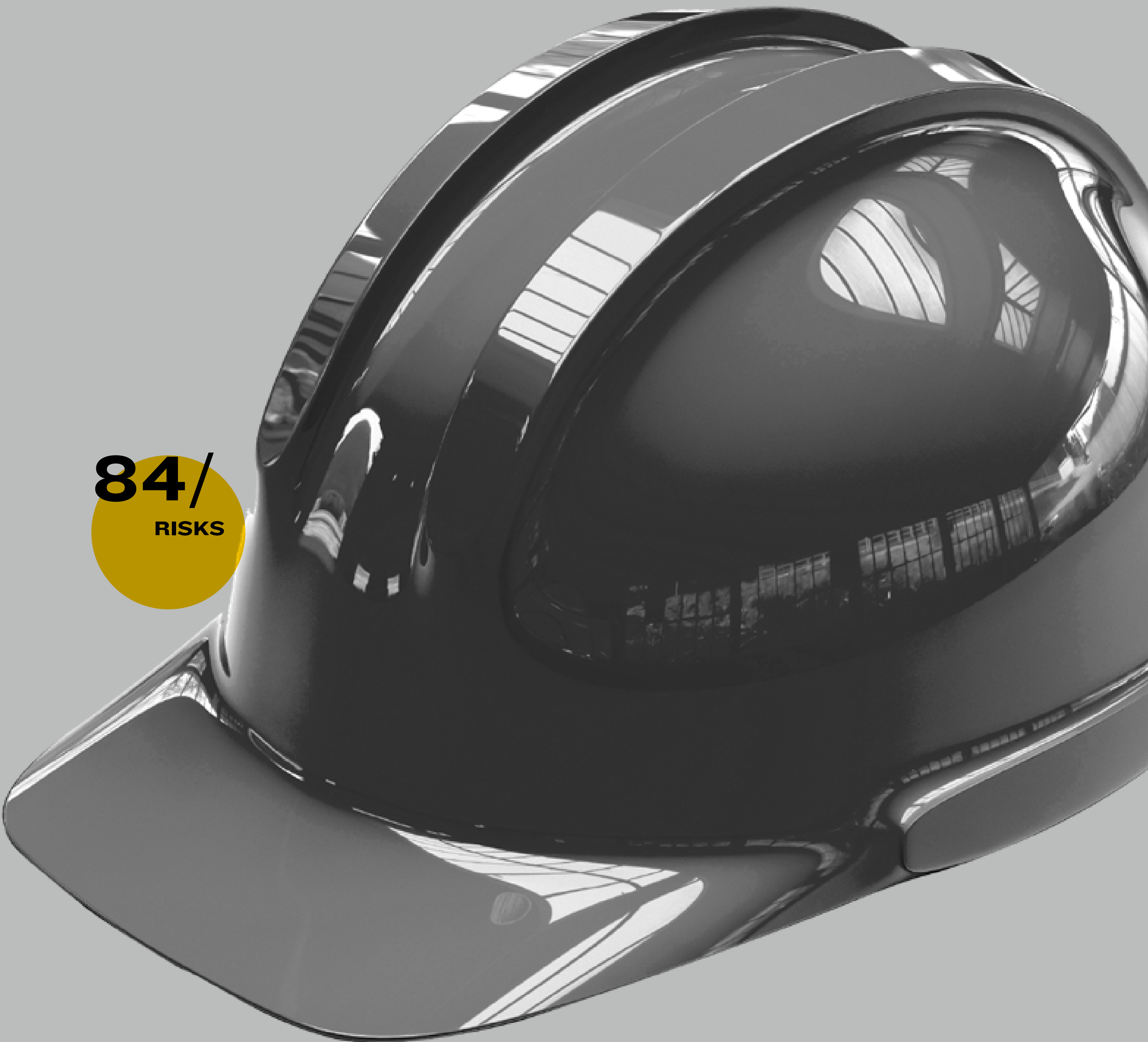
2019 (M€)				
	Paid Taxes (1)			
MARKET	Corporate Tax(3)	Rest	Collected Taxes(2)	TOTAL
Spain	15	367	438	819
United Kingdom	32	167	333	532
Australia (4)	1	89	264	354
America (5)	80	23	47	150
Poland	6	31	150	187
Rest of Europe	10	8	26	44
Others (<1%)	0	0	0	0
TOTAL	**144**	**685**	**1,258**	**2,087**

2018 (M€)				
	Paid Taxes (1)			
MARKET	Corporate Tax (3)	Rest	Collected Taxes(2)	TOTAL
Spain	9	357	396	762
United Kingdom	24	163	411	598
Australia (4)	6	89	258	353
America (5)	70	22	79	171
Poland	7	24	136	167
Rest of Europe	12	9	53	73
Others	0	0	3	3
TOTAL	**128**	**663**	**1,335**	**2,127**

(1) Taxes borne by Ferrovial derived from its activity and operations, which represent a direct cost (e.g. Corporate Tax, non-deductible VAT, Employment Taxes (Employer), Local Taxes, etc.).
(2) Taxes collected by Ferrovial and paid to public finances on behalf of third parties (e.g. Employment Taxes (Employee), net VAT, Withholding Taxes, etc.).
(3) Excluding the main assets integrated by equity accounting mentioned above, Ferrovial´s payments on Corporate Tax are as follows: (a) In 2019: Spain (15), Chile (11), Portugal (9), Poland (6) and Republic of Ireland (2); and (b) In 2018: Spain (9), Portugal (9), Poland (7), Australia (6) and Republic of Ireland (3).
(4) Includes Australia and rest of the islands of the Pacific.
(5) Includes United States of America, Canada, Brazil, Chile, Colombia. Mexico, Peru and Puerto Rico.
*Further information in notes 2.10 and 5.3 of the Consolidated Annual Accounts.

PHOTO: Carsharing. Madrid (Spain).

RISKS



Risks

Anticipating and searching for opportunities

Achieving Ferrovial's strategic and operating objectives requires effective risk management.

Ferrovial has a Risk Control and Management Policy approved by the Board of Directors that sets a general framework for action for control and management of the diverse risks the management team may encounter in working towards the business objectives, as well as the tolerance level for each risk factor.

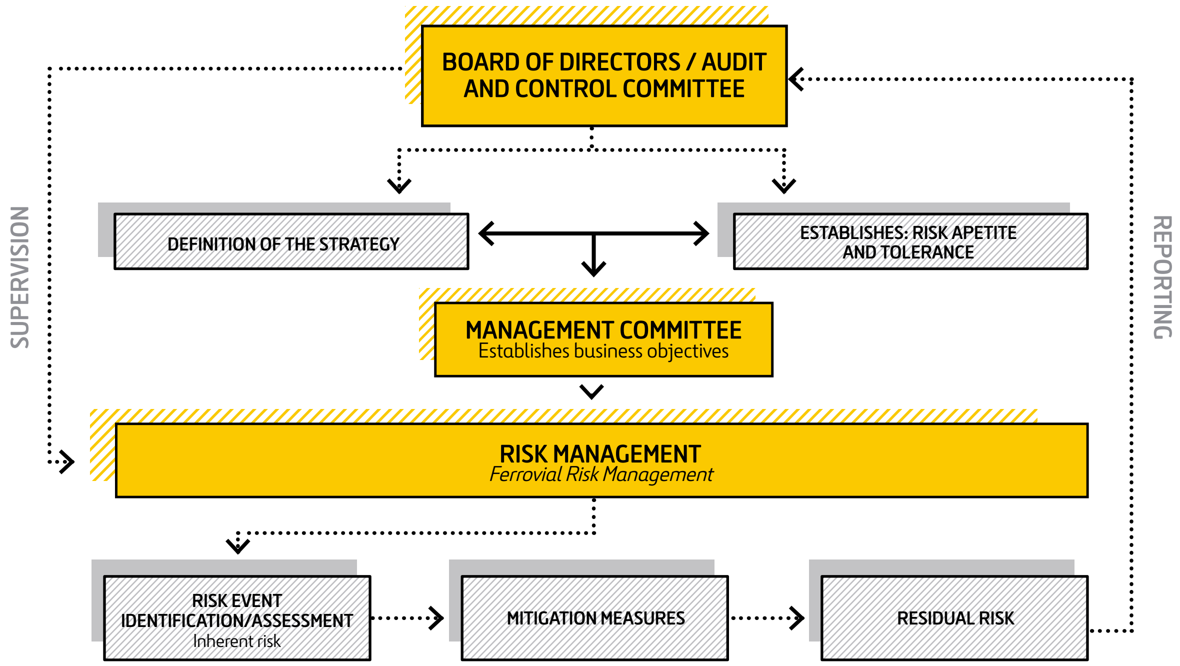
EFFECTIVE RISK MANAGEMENT

In order to detect sufficiently in advance the risks that threaten the attainment of the business objectives, the company has a risk identification and assessment process called Ferrovial Risk Management (FRM) led by the Management Committee and implemented in all the company's business areas under the regular supervision of the Audit and Control Committee of the Board of Directors.

This risk management process has been subject to independent verification that confirms the high degree of alignment with the good practices and principles within the 2017 COSO ERM framework, particularly aspects related to governance and culture, connection with the business strategy and operating objectives or performance.

By applying common metrics, the process can detect risk events early and assess them by their probability of occurrence and their possible impact on business objectives, including corporate reputation. In

FERROVIAL RISK MANAGEMENT



this way, Ferrovial can take more appropriate steps of management and protection according to the nature and location of the risk.

For each risk event identified, two assessments are made: one inherent, prior to specific control measures implemented to mitigate the risk, and a residual one, after implementation of specific control measures.

Ferrovial, in achieving its business objectives, is exposed to diverse risk factors that are intrinsic to the nature of the activities it carries out and to the countries in which it operates. The following risks can impact the progress of the strategy, depending on their residual assessment:

- **Economic environment:** the policies of fiscal consolidation being carried out in some of the countries where Ferrovial operates is weakening the financial capacity of the public authorities that are the company's clients, which may adversely impact in operations and margins and contracting volumes of certain projects, and in expectations of fulfillment of the business plan, thus affecting its viability.

  In response to these risks, Ferrovial selects assets in settings with proven legal certainty and actively manages the risks of projects by putting in place contingency plans and the contractual and financial guarantees necessary to safeguard the company's interests in any eventuality. Further, the weakening of public finances, along with the need to improve transport infrastructures, may give rise to new business opportunities in the field of public-private partnerships.

- **Competitive tension:** the slowdown of the European economy and the financial difficulties being experienced by emerging economies are adversely impacting the investment capacity of public and private clients in these territories and, therefore, in demand for infrastructures. This situation is triggering a movement of capital movement towards international markets with greater availability of resources and, consequently, greater business opportunities.

  The concentration of business opportunities in certain geographical areas is increasing competitive tension and demand for qualified human resources, reliable suppliers of products and services, as well as partners with sufficient financial solvency and technical proficiency, with the resulting pressure on prices and margins in large-scale projects with a long life cycle. This risk led to losses in 2019 in Construction under onerous contracts in a number of large-scale projects. To meet this challenge, Ferrovial Agroman has strengthened its tender processes in order to obtain several prices per project tendered of independent teams that combine resources of contracting and execution. Along the same lines, greater weight is sought in execution with own resources, and a focus on geographies where the construction firm can be considered local.

  In addition, the increase in infrastructure-focused investment funds in a low interest rate environment and these funds' readiness to take on more segments of the value chain of projects is increasing competition in Ferrovial's target markets.

  Further, the concentration of competitors in some geographical areas is stimulating the creation of entry barriers by local companies and public authorities towards international competitors, which is hindering growth in these areas.

  Ferrovial has an approval procedure in place for investments in which the most significant risks of each project are identified and assessed, including those generated by the competitive environment and by the high demand for factors of production, and the decision is made to offer those for which the company has suitable risk management capabilities and that offer a competitive edge. Hence, tendering is focused on technical complex projects in which effective management of risk stands as a differentiator against the competition.

- **Brexit:** finally, January 31, 2020 saw the consummation of the United Kingdom's exit from the European Union and the start of an eleven-month transitional period in which the two parties are to reach a definitive agreement for the exit and future collaboration. The current uncertainty regarding the outcome of this negotiation is generating short and medium-term economic instability in the United Kingdom and in the rest of the European Union. The consequences of the type of exit agreement could affect the profitability and value-creation capability of Ferrovial's assets in the country.

  In the case of Heathrow Airport, the principal asset in which Ferrovial holds a share in the United Kingdom, this uncertainty could impact the progress of the project for the airport's expansion. In addition, any stagnation or slowdown of the British economy could affect the overall activity of the airport, although this is not considered likely due to the significance of the asset and the fact that it is now operating at full capacity.

In response to the risks that may arise from Brexit, Ferrovial is continuously following developments in the negotiations between the United Kingdom and the EU, planning measures of operational efficiency in its diverse business areas in order to adapt to new market conditions and monitoring the situation in financial markets with a view to adapting contingency plans and hedging measures.

Section 5.4h of the Consolidated Financial Statements explains the impact of Brexit on key financial figures. The pound sterling appreciated against the euro in 2019 in anticipation of a negotiated exit from the single market. Interest rates have declined due to the economic slowdown as a result of uncertainty relating to the final exit agreement. This has a positive impact on derivatives that hedge the risk of lower inflation and on exchange rate hedge options that materialized during the year.

- **Regulatory environment:** A majority of Ferrovial's operations are in countries with a high degree of legal certainty, where socio-economic stability and visibility in tax regulation is expected. However, the overall situation of low growth forecasts is encouraging public authorities to make changes in tax regulation in order to boost revenues by increasing the tax contribution made by large companies. Further, the rise of protectionist policies in some areas where Ferrovial operates and political instability in others may lead to regulatory changes that adversely impact management of assets and expose the company to new risks.

  In the specific case of Spain, growth prospects may be conditioned by a possible slowdown in the economy.

  Ferrovial is keeping a constant watch of regulatory and legislative processes that might affect its activities, and of political movements that may occur, with the aim of anticipating any changes sufficiently in advance so as to adequately manage them.

- **Quality of service and contractual breaches:** Ferrovial's strategy is centred on technically complex projects with long periods of maturation and whose development may involve many risk factors that are difficult to foresee, which may lead to non-compliance of agreed quality levels and/or committed deadlines. These may give rise to disputes with clients or counterparties.

  To manage this risk, Ferrovial has quality management systems by business area (ISO 9001) and with key conditions that measure the quality and execution of projects and of the provision of services. It also uses digital platforms to ensure compliance with legislation and technical standards throughout all phases of the life cycle of contracts and it monitors projects in accordance with the established audit plan to ensure compliance with regulations, contractual requirements and objectives.

- **Cyber-attacks:** the infrastructures in which Ferrovial holds a share are exposed to cyber-attacks, with the resulting impact on persons and the infrastructures themselves, and which may either paralyze operations and/or compromise privacy and information integrity. The infrastructures most exposed to such risks are airports and roads, in addition to mobility projects.

  Ferrovial is working with the authorities with respect to security in order to implement more suitable security measures and systems with a view to preventing attacks on its infrastructures. In addition, the implementation of cybersecurity measures is reducing the risk of unauthorized access to the company's information and operating systems.

Financial risks: section 5.4 of the financial statements describes the financial risks and how they are handled.

In addition to the aforementioned risks, Ferrovial assesses and monitors emerging risks that may adversely affect the attainment of its strategic objectives and others that, in spite of their low probability of occurrence, would cause significant adverse impacts on business objectives. Among others, these include humanitarian crises, anti-globalization and protectionist political movements that reduce international investment and endanger free competition, technological disruption and/or obsolescence and the impact of technological innovation in the management of infrastructures.

Ferrovial also pursues a policy of insurance coverage in international markets so as to transfer risks of material damage in assets, and lost profits that may result from such damage. The company has civil and professional liability policies in place to cover damage the company's activity may cause to third parties, including policies to cover liability for damage to the environment and the civil liability of directors and executives. With respect to coverage of cyber-risks, Ferrovial is negotiating the taking out of specific coverage that will be in effect in the coming weeks.

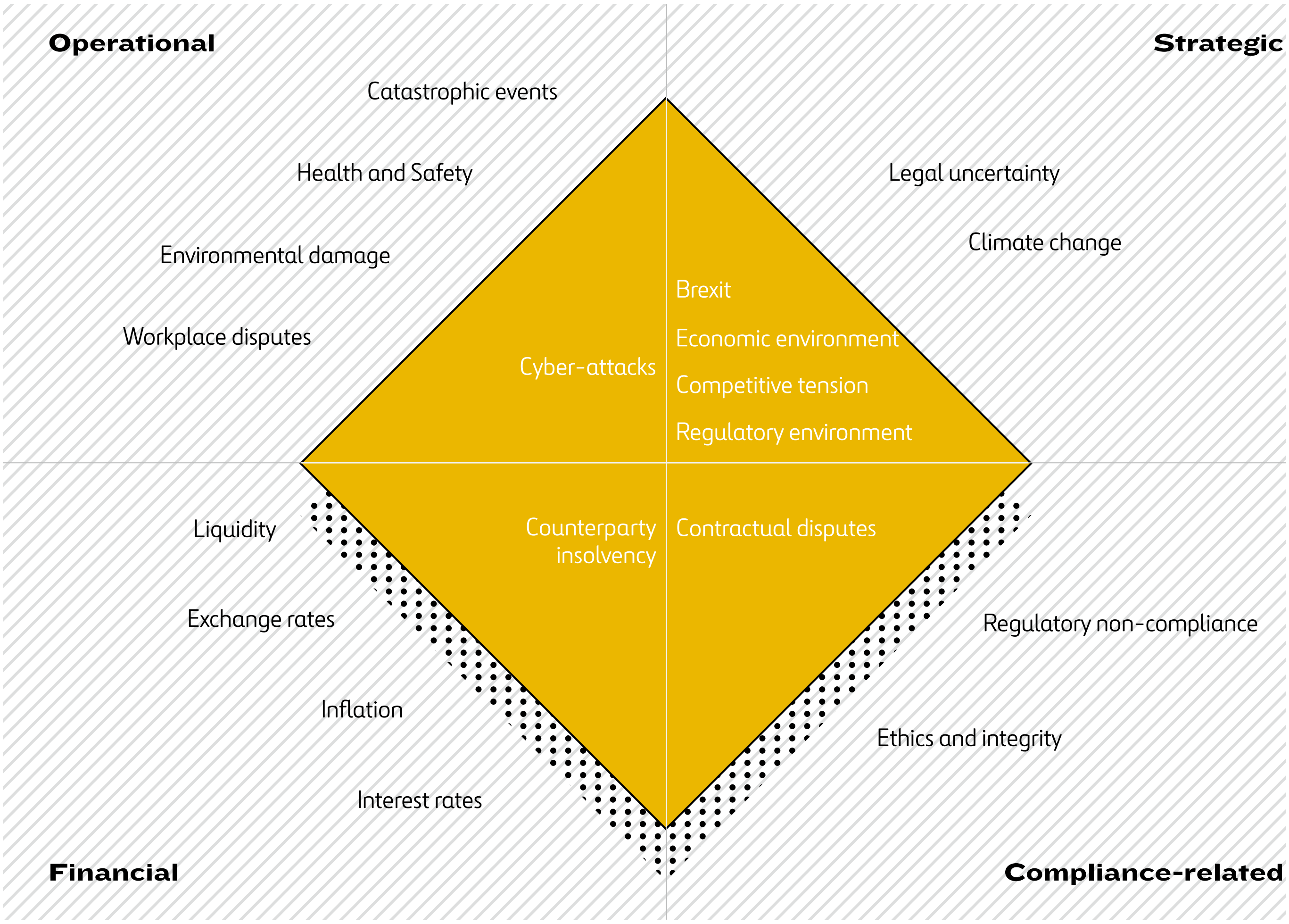
Also, Ferrovial has a Compliance Model for identifying and assessing the risk of the commission of criminal acts, and for identifying and assessing the control measures designed to mitigate such risks. This is all based on the principle of "zero tolerance" with fraud and corruption (see Integrity section).

Further, the company monitors environmental risks with a special focus on risk exposure relating to climate change, with the aim of anticipating them sufficiently in advance so as to implement programs of remediation and adaptation to the new environment. In the process, it distinguishes between physical risks; extreme climate events that may affect infrastructures and transition risks; economic effects (increase in cost of raw materials); and technology effects relating to regulatory changes designed to reduce pollutant gases (increase in taxes on fossil fuels, prices of greenhouse gas emissions, new forms of transport with an impact on projects' business plan, etc.). The Environment section of this report outlines Ferrovial's strategy with respect to climate change.

Lastly, the increase in trade tensions between the major world economic powers - i.e., China, the US, the EU and Russia - and the protectionist measures being put in place are adversely affecting world trade, capital markets and the regulatory environment. In this setting of socio-economic uncertainty, the weight of some risks presently deemed to be of low probability or negligible may increase.

MAIN RISKS

The graph places the most relevant risks inside the figure highlighted in yellow.



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

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

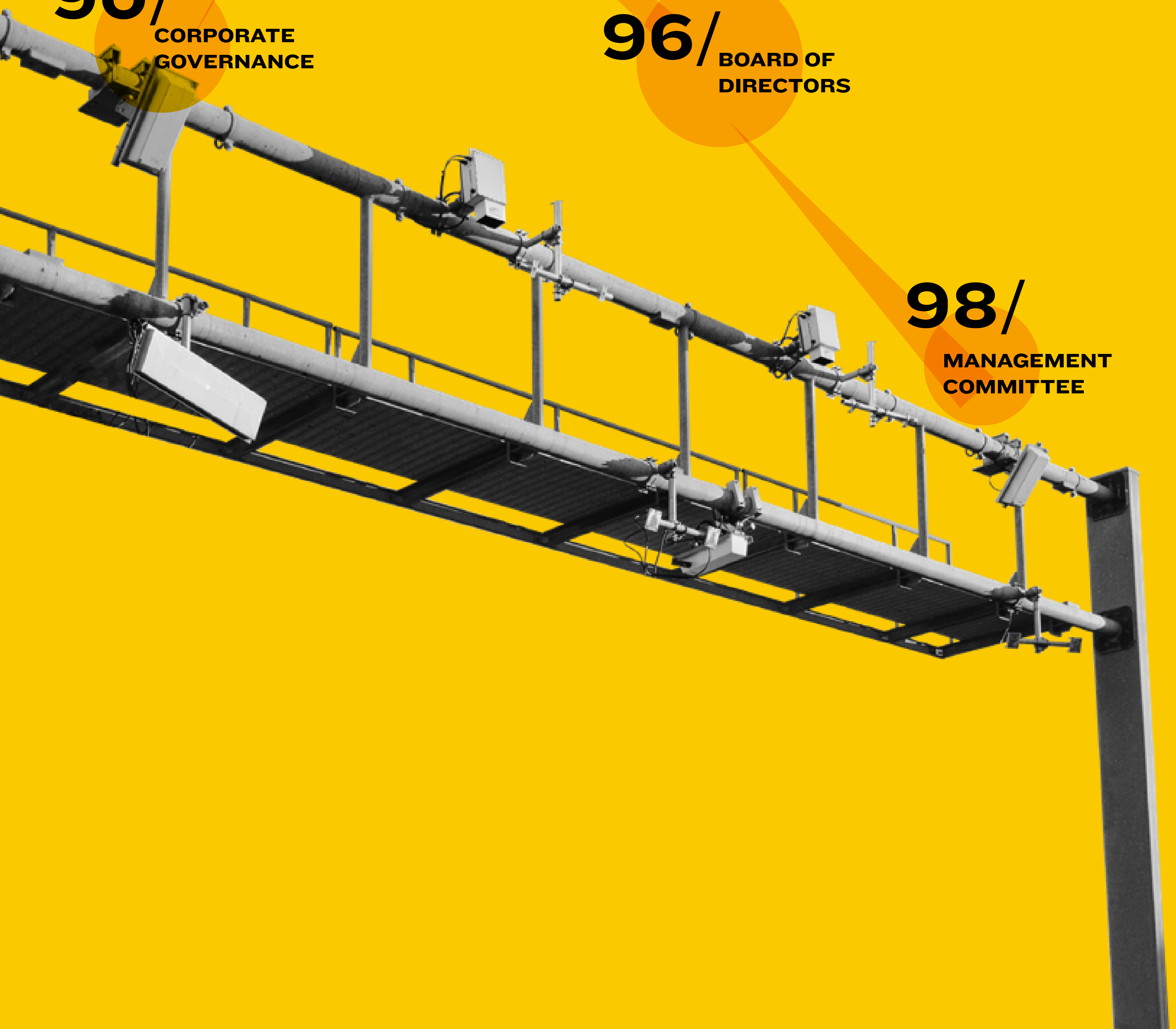
STRATEGIC: risks related to the market and local influences on each business.

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

PHOTO: Christal Palace. Madrid (Spain).

Chapter. I.5

CORPORATE GOVERNANCE



Corporate governance

A renewed Board

The Corporate Governance of Ferrovial seeks to guarantee integrity, understood as diligent, transparent and responsible behavior with its shareholders, employees, customers and the various agents involved in its activity. Integrity is essential to ensure that we attain a profitable and sustainable long-term business, aligned with the company's strategy, and to strengthen the confidence that shareholders and the various stakeholders have in it.

In accordance with corporate legislation, the Annual Corporate Governance Report (ACGR) is part of this Management Report and has been formulated by the Board of Directors and communicated to the National Securities Market Commission (CNMV). The ACGR details all the components of Ferrovial's corporate governance and can be accessed via www.ferrovial.com.

As indicated in the ACGR, Ferrovial fully or partially complies with most of the recommendations of the Code of Good Governance of Listed Companies (58 of the 60 that apply to it). In this regard, the company regularly analyzes the best practices and regulations of good governance at national and international level to assess their application and incorporation into its internal regulations.

GOVERNANCE BODIES

The operation of the management bodies and the decision-making process is described in detail in the ACGR, highlighting the functions of the General Shareholders' Meeting and the Board of Directors as the company's highest governing bodies.

Board of Directors

It performs its functions with unity of purpose and independence of judgement, treating all shareholders who are in the same position equally, and is guided by the social interest, understood as the attainment of a profitable and sustainable long-term business that promotes the continuity and maximization of the economic value of the company.

It is composed of 12 members, which facilitates efficient and participatory operation. Re-elections take place every three years, compared to the maximum of four established by corporate regulations. This allows shareholders to validate its management every so often.

In 2019, the Board held a total of nine sessions, with an average duration of five hours per meeting. All the Directors attended the 9 meetings in person except in two sessions in which proxy was given with instructions, and one session in which a Director who did not attend or delegate proxy. Additionally, on December 17, 2019 the Board adopted a resolution in writing and without a session that has not been accounted for in the number of meetings.

The Board assesses the quality and efficiency of its operation and that of its Committees once a year, having, for the fifth consecutive year, the help of an external prestigious consultant. As a result of the assessment exercise, the Board has agreed to further strengthen its role in (i) the group's strategy and organizational model; (ii) risk identification and management processes; (iii) gradual renewal of the Board's composition; (iv) innovation and digital transformation; and (v) increased interaction with the management team.

EXTERNAL EVALUATION OF THE BOARD
5
consecutive years

VOTING RIGHTS OF THE BOARD OF DIRECTORS
30.89%

LEAD DIRECTOR
1

INDEPENDENT
67%
of the Directors

AUDIT AND CONTROL COMMITTEE
100%
Independent Directors

NOMINATION AND REMUNERATION COMMITTEE
100%
Independent Directors

As part of the succession plan of the group's first executive line, Mr. Ignacio Madridejos Fernández has been appointed as the new Chief Executive Officer. Furthermore, as part of the gradual renewal of its composition, the Board has also appointed Mr. Juan Hoyos Martínez de Irujo and Mr. Gonzalo Urquijo Fernández de Araoz as new Independent Directors. The latter have replaced Mr. Joaquín Ayuso García and Mr. Santiago Bergareche Busquet, who had been on the Board for 17 and 20 years, respectively

Executive Commission

All the powers of the Board of Directors have been delegated, except those that are not legally or statutory delegable. It comprises six members. Among other functions, it monitors the performance of the main business indicators and the status of the most relevant matters, and approves the operations of its competence as the delegated body of the Board of Directors.

Audit and Control Committee

It consists of four Independent Directors, who were appointed in consideration of their knowledge and experience in accounting, auditing and risk management. Together, they have the relevant technical knowledge in relation to the sector in which the Company operates.

The Board of Directors agreed to appoint Mr. Oscar Fanjul Martín as Chairman of the Audit and Control Committee to succeed Mr. Santiago Fernández Valbuena after completing the four-year term for which he was appointed. It also appointed the new Independent Director, Mr. Gonzalo Urquijo Fernández de Araoz, as a member of said Committee.

The following describes the main functions, other than those attributed by law, which involve the adoption of recommendations of the Code of Good Governance of Listed Companies:

- Oversee the process for preparing and submitting mandatory financial information and ensure that the Board seeks to submit the accounts to the General Meeting without limitations or qualifications in the audit report.
- To be informed of the operations of structural and corporate modifications that the Company plans to carry out, previously informing the Board of Directors about its economic conditions and its accounting impact and especially, where appropriate, about the proposed exchange equation.
- Ensure that the Company and the auditor respect the current regulations on the provision of services other than the audit, the limits to the auditor's business concentration and, in general, the other rules on the independence of the auditor.
- Ensure that the remuneration of the auditor does not compromise its quality or independence.
- Receive periodic information on the activities of the Internal Audit Department and ensure its independence.
- Establish and supervise a system that allows employees to confidentially and anonymously report irregularities of potential significance, especially financial and accounting, that are noticed within Ferrovial.
- Supervise compliance with internal corporate governance and conduct regulations in the securities markets and make proposals for improvement.
- Coordinate the process of reporting non-financial information, in accordance with applicable regulations and international reference standards.
- Oversee the operation and effectiveness of the compliance model and its organization and control system and ensure that the Compliance Department has the resources and training to perform its functions.

The Committee held five meetings in 2019, with all of them being attended by all of its members with the exception of a session in which a proxy with instructions was granted. The activities that the Committee carried out during the year are detailed in the report on its operation, published on the Ferrovial website. The Audit and Control Committee takes into account in its activity and operation the recommendations of the Technical Guide of the CNMV on audit committees of public interest entities.

JUAN HOYOS AND GONZALO URQUIJO, INDEPENDENT DIRECTORS

In 2019, the Board of Directors of Ferrovial appointed two new Independent Directors, Mr. Juan Hoyos Martínez de Irujo and Mr. Gonzalo Urquijo Fernández de Araoz. These appointments, together with those of Mr. Bruno Di Leo in 2018, Ms. Hanne Sørensen in 2017 and Mr. Philip Bowman in 2016, represent a continuous reinforcement of the presence of Independent Directors, who already represent 66.67% of all of its members, as well as the diversity of backgrounds, knowledge and experience on the Board.

Nomination and Remuneration Committee

The Committee comprises four Independent External Directors, including its Chairman. All have been appointed with regard to the knowledge, skills and experience appropriate for the performance of the Committee's functions. To increase independence in its composition, the Independent Director Mr. Bruno Di Leo joined the Committee in 2019.

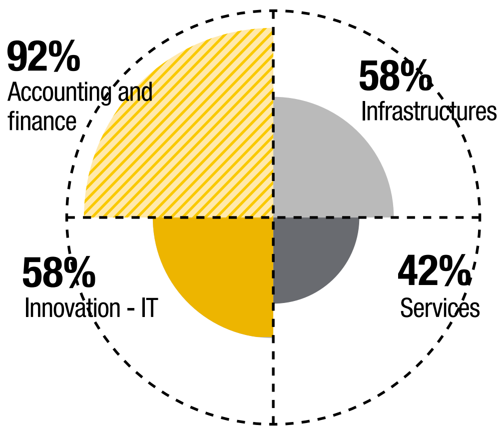
The following describes its main competences, other than those attributed by law, which involve the adoption of recommendations of the Code of Good Governance of Listed Companies:

- Propose the basic conditions of Senior Management contracts.
- Ensure that Non-Executive Directors have sufficient time available for the proper performance of their duties.
- Check compliance with the remuneration policy established by the Company.
- Verify the information on remuneration of Directors and Senior Managers contained in the various corporate documents, including the Annual Report on Directors' Remuneration.
- Ensure that any conflicts of interest do not prejudice the independence of the advice given to the Committee.
- Report on the appointment of the members that must form part of the Committees, taking into account the knowledge, skills and experience of the Directors and the duties of each Committee.

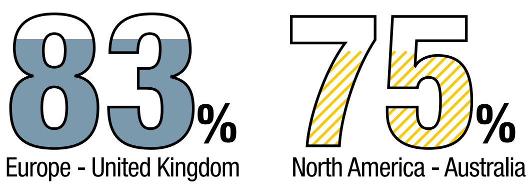
The Committee held seven meetings in 2019, with all of them being attended by all of its members with the exception of a meeting in which one member was absent. The activities that the Committee carried out during the year are detailed in the report on its operation, published on the Ferrovial website. The Nomination and Remuneration Committee takes into account in its activity and operation the recommendations of the Technical Guide of the CNMV on nomination and remuneration committees.

TRAINING AND EXPERIENCE OF THE BOARD MEMBERS

PROFESSIONAL



INTERNATIONAL



ISSUES ADDRESSED BY THE BOARD OF DIRECTORS

Once a year, at the proposal of its Chairman, the Board of Directors prepares a schedule of dates and issues to be addressed in each of the meetings planned for the following year, taking into account the suggestions of the Directors as well as the recommendations of the external consultant who collaborated in the evaluation process of the Board, notwithstanding other issues that may arise throughout the year. The main issues examined in 2019 are detailed below:

- Periodic financial information.
- Internal control system of financial information.
- Ordinary General Shareholders' Meeting (notice of meeting, proposal for resolutions, reports).
- Reports of business divisions and corporate areas.
- Annual budget and budget revisions for the current year.
- Health and safety (reviewed in each session of the Board due to the relevance of this matter to the Company).
- Tax policies followed by the company during the year.
- Strategy.
- Guarantees provided by the group's parent companies.
- Compliance model.
- Innovation.
- Cybersecurity.
- Technology.
- Quality and Environment.
- Shareholding and perception of investors and analysts about Ferrovial.
- Composition of the Board and senior management.
- Ferrovial Flexible Dividend Program.
- Implementation of the share buyback program aimed at reducing share capital.
- Annual evaluation of the Board and its Committees.
- Director's remuneration.
- Follow-up of the disinvestment of the Services division.

		RAFAEL DEL PINO	IGNACIO MADRIDEJOS	MARÍA DEL PINO	SANTIAGO FERNÁNDEZ VALBUENA	JOSÉ FERNANDO SÁNCHEZ-JUNCO	JOAQUÍN DEL PINO	ÓSCAR FANJUL *(Lead Director)*	PHILIP BOWMAN	HANNE SØRENSEN	BRUNO DI LEO	JUAN HOYOS	GONZALO URQUIJO
POSITION		Chairman	Chief Executive Officer	Member	Member	Member	Member	Member and Lead Director	Member	Member	Member	Member	Member
Board of Directors	Executive	✓	✓										
	Proprietary	✓		✓			✓						
	Independent				✓	✓		✓	✓	✓	✓	✓	✓
Committees	Executive Commission	✓P	✓	✓		✓		✓				✓	
	Audit and Control Committee				✓			✓P	✓				✓
	Appointments and Remuneration Committee				✓	✓P				✓	✓		
Stakeholding in the share capital	% direct and indirect capital	20.196	0.002	8.118	0.003	0.024	2.542	0.004	0.003	0.000	0.000	0.000	0.000
Other data	Date of first appointment	9/1/1992	30/09/2019	29/9/2006	29/5/2008	3/12/2009	29/10/2015	30/7/2015	28/7/2016	5/4/2017	26/7/2018	30/9/2019	19/12/2019
	Nationality	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	AUSTRA-LIAN	DANISH	PERUVIAN	SPANISH	SPANISH
	Positions as directors in other listed companies	0	0	0	1	0	0	2	3	4	1	0	2
	Age	61	54	63	61	72	58	70	67	54	62	67	58

P: Chairman of the Executive Committee, Chairman of the Audit and Control Committee or Chairman of the Nomination and Remuneration Committee.
Information up-to-date as of February 2020.

Remuneration

Oriented to value creation

The remuneration of the Board of Directors of Ferrovial is determined based on the best practices of the market, based on remuneration studies prepared by external advisors, on the internal regulations and on the applicable legal regulations.

The remuneration of Ferrovial Senior Management is based on the following principles and criteria:

- Creation of long-term value, aligning the remuneration systems with the Strategic Plan.
- Attracting and retaining the best professionals.
- External competitiveness in setting remuneration.
- Periodic participation in plans linked to the action and linked to the attainment of certain profitability metrics.
- Achievement of objectives in accordance with the Risk Management Policy.
- Maintaining a reasonable balance between the different components of fixed (short-term) and variable (annual and long-term) remuneration.
- Transparency.

REMUNERATION EXECUTIVE DIRECTORS

Fixed components

The fixed remuneration of the Executive Directors is determined according to the market references of a comparison group of 24 national and international companies from their reference markets.

Variable components

Only the Executive Directors have variable component elements in their remuneration. It consists of an annual variable remuneration and long-term incentive plans.

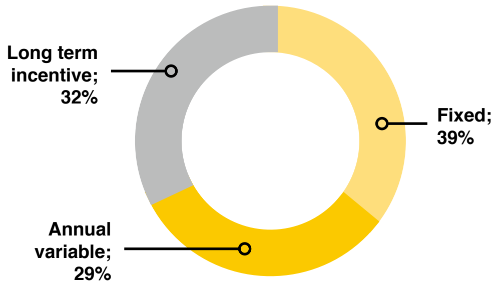
The approval of a new long-term share-based incentive plan for the 2020-2022 triennium will be submitted to the General Meeting for approval. Its details are reported in the Annual Report of Director Remuneration. Its structure is similar to that of the previous plans, with annual awards in 2020 - 2022, vesting at 3 years, weight of the total return to the shareholder of 50% and internal metric that will be the activity cash flow, with a weight of 50%.

a) 2019 Annual variable remuneration

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

The target amount of the annual variable remuneration for exec-

COMPOSITION OF THE REMUNERATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER



ANNUAL VARIABLE REMUNERATION EXECUTIVE DIRECTORS

Annual variable remuneration target	Annual maximum variable remuneration
max 125% of fixed remuneration	max 190% of fixed remuneration

REMUNERATION OF EXECUTIVE DIRECTORS (THOUSANDS OF €)*	FIXED	VARIABLE	SHARE-BASED PLANS	OTHERS (1)	OTHERS (2)	TOTAL 2019	TOTAL 2018
Rafael del Pino y Calvo- Sotelo	1,455	1,608	1,097	8	0	4,168	4,004
Ignacio Madridejos Fernández	250	250	0	0	600	1,100	0
Íñigo Meirás Amusco**	969	188	1,097	5	725	2,984	3,461
TOTAL	2,674	2,046	2,194	13	1,325	8,252	7,465

* Remuneration for their status as Executive Directors.
** In addition to the information indicated above, in compensation for the loss of the status of Executive Director of the Company and the consequent termination of the senior management relationship, 8,167 gross thousands euros were paid to Mr. Íñigo Meirás Amusco (all of which are subject to personal income tax).
(1) Life insurance/Boards in other subsidiaries.
(2) In the case of Mr. Ignacio Madridejos, an incorporation bonus is granted through the delivery of Ferrovial shares. The figure for Mr. Íñigo Meirás corresponds to liquidation, balance, settlement.

utive directors, i.e. the remuneration corresponding to a standard level of target attainment, is equivalent to 125% of the fixed remuneration for the Chairman. The quantitative targets have an associated scale for rewarding overachieved targets up to a certain limit. The annual variable remuneration therefore has a cap of 190% on the fixed remuneration.

For the new CEO, Ignacio Madridejos, a variable target remuneration has been established, equivalent to 100% of the fixed remuneration, and overachivement with objectives up to a limit of 150% of the fixed remuneration.

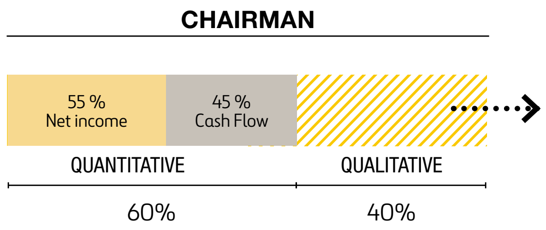
Quantitative targets comprise metrics to guarantee a suitable balance between financial and operational aspects relating to the management of the company. Qualitative targets are pegged to an assessment of the individual performance of executive directors.

b) Current long-term incentive plans

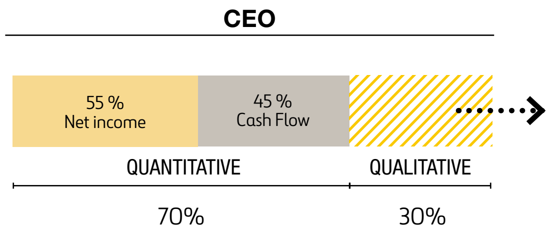
Executive directors participate in a long-term variable remuneration system involving the delivery of shares. The current remuneration policy has a limit of 150% of the fixed remuneration as the incentive value at the time the remuneration is awarded.

It is structured into overlapping multi-year cycles (currently set at three years). Units are assigned each year and then converted into shares at the end of the cycle (currently three years). For the current plan (2019), they are determined by the relative weight of the metrics in the attached table.

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.

REMUNERATION OF THE NON-EXECUTIVE DIRECTORS

The remuneration of Non-Executive Directors is determined by an allowance (fixed plus complementary) and allowances. Their remuneration is in the median of the remuneration of the non-executive directors of the Ibex 35.

Ferrovial's internal regulations stipulate that the remuneration of External Directors will be that necessary to suitably remunerate the responsibility and dedication required by the position, without compromising their independence.

2019 PERFORMANCE SHARES PLAN		PAYOUT
OPERATING RESULT [1] / NET PRODUCTIVE ASSETS [2] (50%)		
Maximum	≥9%	50%
Minimum	≤ 8%	0%
TOTAL RETURN FOR THE SHAREHOLDER IN COMPARISON WITH A GROUP OF COMPANIES (50%)		
Maximum	Positions 1 to 5	50%
Minimum	Positions 10 to 18	0%

[1] The Operating Profit (OP) shall be considered as the consolidated operating result, adding to it the OP of the companies that are integrated using the equity method in the consolidated financial statements, in the percentage of stakeholding they hold.
[2] Productive Net Assets. The total amount of the assets that appear in the Company's consolidated balance sheet will be considered as such, excluding the assets assignable to unpaid construction projects. The value corresponding to the proportional part of the Net Productive Assets of the companies integrated using the equity method will be added to the result, with the exception of the part corresponding to the revaluation of companies derived from divestment processes with loss of control.

Remuneration formulas, consisting of handing over shares, options, instruments referenced to the value of the share or linked to the performance of the Company, will be limited to the Executive Directors.

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

REMUNERATION OF THE SENIOR MANAGEMENT

REMUNERATION OF SENIOR MANAGEMENT (THOUSANDS OF EUROS)	2019	2018
Fixed remuneration	4,714	5,237
Variable remuneration	3,202	3,803
Plan for handing over shares linked to goals	3,090	5,083
Others [1]	53	54
Others [2]	0	8,924
TOTAL	11,059	23,101

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

01/ Rafael del Pino – **02**/ Ignacio Madridejos – **03**/ María del Pino – **04**/ Santiago Fernández Valbuena – **05**/ José Fernando Sánchez-Junco - **06**/ Joaquín del Pino – **07**/ Óscar Fanjul – **08**/ Philip Bowman – **09**/ Hanne Sørensen - **10**/ Bruno Di Leo – **11**/ Juan Hoyos – **12**/Gonzalo Urquijo

RAFAEL DEL PINO
Chairman
Executive and Proprietary Director

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

IGNACIO MADRIDEJOS
CEO
Executive Director

• Civil Engineer (Polytechnic University of Madrid); MBA (Stanford University).
• CEO of Ferrovial since 2019.
• Former Regional President of CEMEX USA; Regional President of CEMEX Northern Europe; global responsible of CEMEX Energy, Security and Sustainability areas; President of CEMEX Spain; and CEO of CEMEX Egypt. He previously worked at McKinsey and Agroman. He was also President of OFICEMEN (Spanish Association of Cement Manufacturers), IECA (Spanish Institute of Cement and its Applications), and CEMBUREAU (European Cement Association).

Directors

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.
• 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.
• Non-Executive Chairman of the Board of Directors of AEDAS Homes, S.A.; Non-Executive Vice-Chairman of EBN Banco de Negocios and Director of Mapfre Brasil and Mapfre Internacional.
• 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

• Degree in Industrial Engineering (Polytechnic University of Barcelona); ISMP Graduate (Harvard Business School) and member of the State Corps of Industrial Engineers.
• Director of Ferrovial since 2009. Director of Cintra from 2004 to 2009.
• Executive Chairman of Maxam Group; Chairman of Maxam Foundation; member of the Board of Trustees of the *Museo de la Minería y la Industria* and of the Foundation Princesa de Girona.
• Former Managing Director of Iron and Steel and Naval Industries and Managing Director of Industry at the Ministry of Industry and Energy; Director of Dinamia, Uralita and Duro Felguera.

BOARD OF DIRECTORS

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.
Other information: Mr. Joaquín del Pino is the sole shareholder and sole director of the shareholder Soziancor, S.L.U.

ÓSCAR FANJUL
External Independent Director
Lead Director

• Professor of Economic Theory on leave of absence.
• Director of Ferrovial since 2015.
• Vice-Chairman of Omega Capital and LafargeHolcim; Director of Marsh & McLennan Companies; Vice-Chairman of the Board of Trustees 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.
• Non-Executive Chairman of Tegel Group Holdings Limited, Sky Network Television Limited and Majid Al Futtaim Properties; Non-Executive Director of its parent company, Majid Al Futtaim Holding LLC; and Non-Executive Director of Kathmandu Holdings Limited and of Better Capital.
• Former Chairman of Potrero Distilling Holdings, Coral Eurobet and Liberty; Non-Executive Chairman of The Munroe Group (UK); CEO of Smiths Group, Scottish Power and Allied Domecq; and Director of Burberry Group, Berry Bros. & Rudd, Scottish & Newcastle Group, Bass, British Sky Broadcasting Group and Coles Myer.

HANNE SØRENSEN
External Independent Director

• MsC. in Economics and Management (University of Aarhus, Denmark).
• Director of Ferrovial since 2017.
• Non-Executive Director of LafargeHolcim, Delhivery, Sulzer, Tata Motors, Tata Consulting Services and Jaguar Land Rover Plc (and its affiliates Jaguar Land Rover Holdings Ltd and Jaguar Land Rover Ltd).
• Former CEO of Damco and Maersk Tankers; 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 and Director of Axcel and INTTRA.

BRUNO DI LEO
External Independent Director

• Degree in Business Administration from Ricardo Palma University and postgraduate degree from *Escuela Superior de Administración de Negocios*, both in Lima (Perú).
• Director of Ferrovial since 2018.
• Non-Executive Director of Cummins Inc.; member of the IESE's International Advisory Board in Spain and of the Deming Center Advisory Board of Columbia Business School.
• He has developed his professional career at the multinational group IBM. He served as Senior Vice-President of IBM Corporation; Senior Vice-President of Global Markets; General Manager of the Growth Markets Unit; General Manager for Global Technology Services in Southwest Europe and General Manager for Northeast Europe; General Manager for IBM Latin America and General Manager of IBM Brazil.

JUAN HOYOS
External Independent Director

• Degree in Economics (Universidad Complutense de Madrid); Master in Business Administration in Finance and Accounting (Columbia Business School).
• Director of Ferrovial since 2019.
• Director of Inmoglaciar and Gescobro.
• Former Chairman, Senior Partner of McKinsey & Company Iberia and member of the McKinsey & Company Shareholder Council worldwide; Strategy, Brand & Marketing Executive Vice-President of Banco Santander Brazil; Executive Chairman of Haya Real Estate and Director of Banco Santander Chile and Banco Santander Mexico.

GONZALO URQUIJO
External Independent Director

• Degree in Economic and Political Sciences (Yale University); MBA (Instituto de Empresa, Madrid).
• Director of Ferrovial since 2019.
• Executive Chairman of Abengoa; Director of Gestamp; Chairman of the Abengoa Focus Foundation and the Hesperia Foundation; member of the Board of Trustees of the Princess of Asturias Foundation.
• Former Chairman of ArcelorMittal Spain; member of the General Management of ArcelorMittal and head of the sectors of Long Products, Stainless Steel, Tubes, Emerging Markets; CFO and head of the Distribution sector of Arcelor; CFO of Aceralia Corporación Siderúrgica. He previously worked at Citibank and Crédit Agricole. He was also Chairman of the ArcelorMittal Foundation and of UNESID (the Spanish union of steel companies); Director of Aceralia, Atlantica Yield, Aperam and Vocento. También ha sido Presidente de la Fundación ArcelorMittal y de UNESID (Unión de Empresas Siderúrgicas); Consejero de Aceralia, Atlantica Yield, Aperam y Vocento.

SANTIAGO ORTIZ VAAMONDE
Secretary non Director

• 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.

MANAGEMENT COMMITTEE

01 / IGNACIO MADRIDEJOS

Chief Executive Officer (CEO)

Civil Engineer (ICCP) from the Polytechnical University of Madrid and MBA from Stanford Business School. He has professional experience in the United States, Europe, Latin America, and Africa. From 1990 to 1992, he was Site Manager at Agroman and between 1993 and 1996, he worked as a consultant for McKinsey in Spain and Argentina. In 1996, he joined CEMEX, where he held the positions of CEO for Egypt (1999) and Spain (2003), Global Manager of Energy, Security, and Sustainability (2011), and President for Northern Europe (2008) and for the United States (2015). He has also held positions as President of Oficemen and President of CEMBUREAU (European Cement Association).

02 / CARLOS CEREZO

Chief Human Resources Officer

He has a degree in Philosophy from Complutense University of Madrid, Master in Human Resources Management from CEU and Executive MBA from the Instituto de Empresa. He joined Ferrovial in 2006 and since 2015, he has occupied the position of Director of Human Resources and Communication of Ferrovial Services. Previously, he was the Director of Corporate Development of Human Resources and Corporation Human Resources Director. In 2020, he was appointed General Director of Human Resources. Prior to joining the company, he held various positions of responsibility in the field of human resources consulting at IBM and PWC.

05 / ERNESTO LÓPEZ MOZO

Chief Financial Officer (CFO)

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

08 / 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.

03 / ALEJANDRO DE LA JOYA

Chief Executive Officer of Cintra

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

06 / FIDEL LÓPEZ SORIA

Chief Executive Officer of Ferrovial Services

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

09 / MARÍA TERESA PULIDO

Director of Corporate Strategy

BA Degree in Economics from Columbia University (1988) and MBA from MIT Sloan School of Management (1989). In 2011 Maria Teresa joined Ferrovial as Director of Corporate Strategy and is part of the Management Committee. Member of the Board of Bankinter since 2014, of MIT Sloan Executive Board (EMSAEB) since 2006 and of Fundación Eugenio Mendoza. She previously held management positions at Citi, Deutsche Bank, Bankers Trust, Wolfensohn and McKinsey.

04 / 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.

07 / IGNACIO GASTÓN

Chief Executive Officer of Ferrovial Agroman

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

10 / JORGE GIL

Chief Executive Officer of Ferrovial Aeropuertos

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

PHOTO: Ecoparc4 waste treatment plant. Barcelona (Spain).

EXPECTED BUSINESS PERFORMANCE 2020

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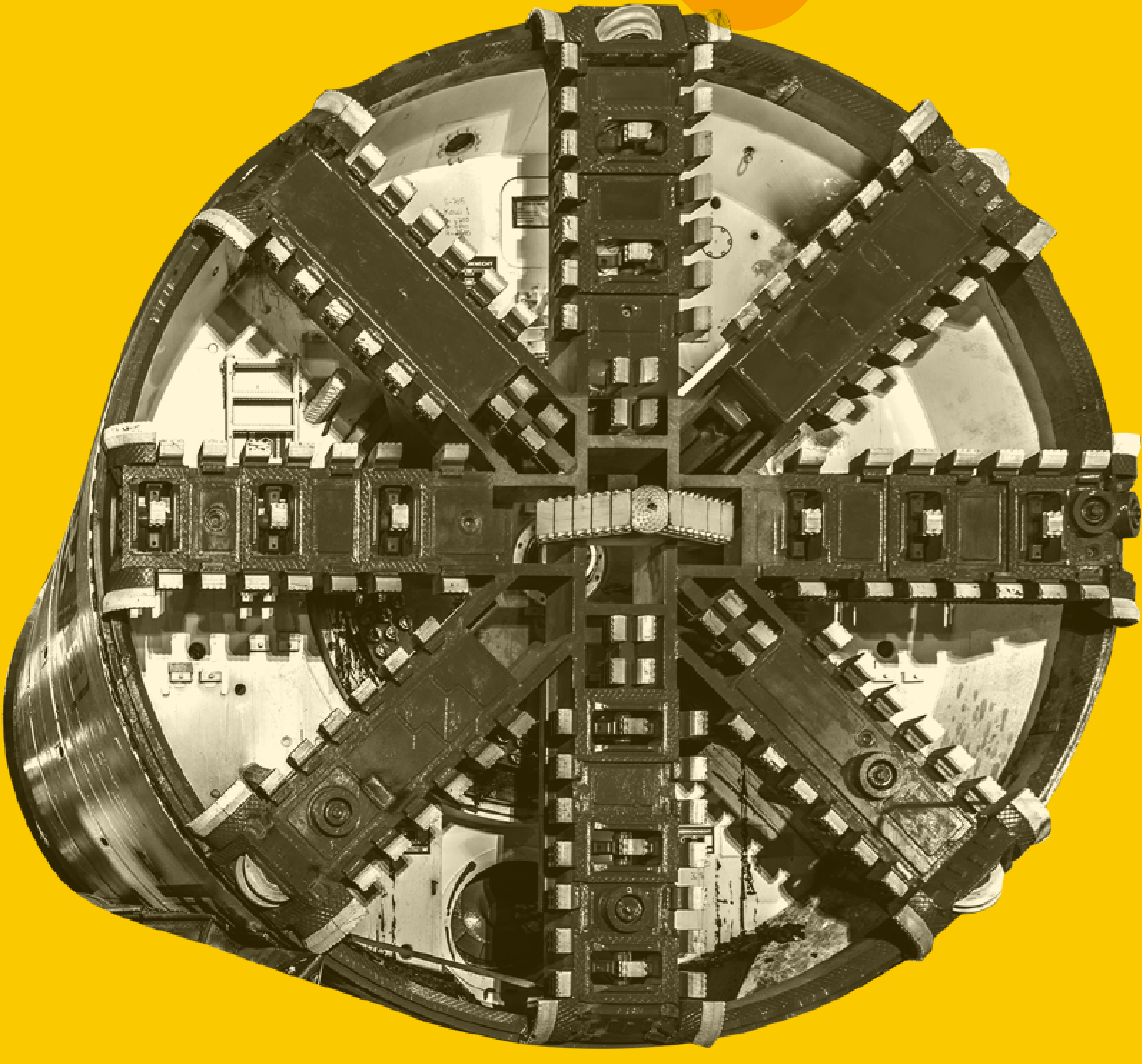
EXPECTED BUSINESS
PERFORMANCE 2020



Expected Business Performance 2020

TOLL ROADS

The foreseeable behavior of toll roads in operation in 2020 will depend on macroeconomic developments in the countries or states where they are located and on their impact on traffic volumes and revenue. The company will continue to concentrate its efforts on maximizing the quality of the service provided, with optimization of income and costs and within the framework allowed by the concession agreements.

In **Canada**, the 407 ETR Toll Road will continue with an ambitious digital investment program in customer management systems, in gross revenues and with the launch of a new App to improve the toll road's value proposition and user experience. There will also be continued investment in the data lab to obtain a better understanding of user behavior and to personalize value propositions to the requirements of the different customers. The company will also intensify its presence in the corridor's communities to broaden its collaboration with a significant number of educational, environmental, health and wellness establishments.

In the **U.S.**, the good behavior of assets, the recent successful refinancing of NTE and the growth experienced in the area, make us confident that NTE, LBJ and NTE 35W will continue to meet expectations for revenue, user satisfaction and a reduction in congestion in the area. NTE paid its first dividend in 2019 and LBJ will do so in 2020. Also, the first results since the I-77 toll road in North Carolina became operational, the first Managed Lanes toll road in this state, continue to validate the Managed Lanes concept as a solution to traffic congestion in urban corridors. Construction of the I-66 and 3C segment of the NTE35W will also continue.

In the **remaining markets**, Cintra will continue to manage the assets in operation, conclude the opening to traffic of the Western Roads Upgrade project in Australia; various sections of the Ruta del Cacao toll road in Colombia; and continue with work on the projects in the construction phase: Silvertown, in the United Kingdom; Ruta del Cacao, in Colombia; and D4R7, in Slovakia.

Cintra will also continue to submit tenders in the regions where the company operates (North America, Europe, Australia, New Zealand, Colombia, Chile and Peru), concentrating mainly on complex greenfield projects because of its high potential for creating value.

AIRPORTS

In the coming year Ferrovial Airports will continue to focus on the presentation of tenders and in maximizing the performance of its assets.

In spite of the delay of Brexit to 2020, the aviation sector is still well positioned as a result of the contingency plans already established for 2019. These plans ensure that airlines will continue to be able to operate between the European Union and the United Kingdom even if an agreement is not reached.

Heathrow Airport will continue with negotiations for the new regulatory period and for expansion, with the development of a final Business Plan, and in compliance with sustainability objectives (Carbon Neutral) in 2020.

Regarding the airports of **Aberdeen, Glasgow and Southampton,** a new Master Plan for Glasgow is expected to be published and for work to continue on the project to extend the runway for Southampton.

In 2020 Ferrovial Airports will continue to analyze opportunities for investment that arise at a global level, with special interest in those detected in the North American market, as well as those areas in which a potential for generating value is identified.

CONSTRUCTION

The perspectives by market for 2020 are as follows:

In **Spain** a slow-down in the recovery initiated in the sector in recent years is expected, in spite of favorable public works tenders for railways and airports. The order book in 2019 has increased slightly compared to the previous year, with sales in 2020 expected to stabilize.

In international markets and after the unfavorable results for 2019, there is a positive outlook as a result of improvements in operating processes in all phases of the project, the high pipeline and the differential technical capabilities of the Construction division. Nevertheless, there is still considerable pressure on profitability margins because of strong competition and inflationary trends in costs in the main markets:

- In the **U.S. and Canada** investment in transport infrastructures continues to increase, with federal support in the form of the Fast

Act in the U.S. and the Federal Infrastructures Plan in Canada, as well as increases in the budgets for states and provinces, with a special mention for Texas in 2019 with a new historic maximum in tenders for toll roads. This momentum, highlighted by P3/ DBF projects in which Ferrovial is a leader together with Ferrovial Agroman as constructor, guarantee a good pipeline to the future. An increase in the sales level is expected for 2020 because of an increase in the work rhythm for a number of major projects awarded in previous years, as well as new contracts for the NTE toll road Segment 3C (Texas) and IH35 Waco (Texas), both together with the Webber subsidiary.

- In **Poland** public tenders continue at a high level as a result of extensions to plans for roads and railways until 2025-26, with the support of EU 2014-2020 Funds. A high level of funds is also expected to be assigned under the new EU multiannual financial framework for 2021-27, currently under negotiation, that will guarantee future stability for investment in the country. In 2020 a slow-down in sales growth is expected due to greater selectivity in new contracts to mitigate stress in profitability in the sector after a period with increased costs for labor and materials that are now somewhat more stable.

- In the **United Kingdom**, in spite of Brexit uncertainty, there is still political will to promote major works in the plan for infrastructure both in the short and the medium term, as can be seen in tenders required for significant public works programs such as Toll Roads England, Network Rail and Transport for London. Sales will remain stable in 2020, with growth in the medium term as a result of recent, significant awarded contracts like the Silvertown Tunnel in London.

- Also, in **Latin America and other markets** expectations are favorable, especially in Australia, with a great pipeline promoted by the Federal Government, and in Chile, with a strong investment plan for 2018-22, with special mention for concession projects. For 2020 sales are expected to be similar to 2019.

To summarize, moderate growth in sales is expected for 2020, with good opportunities for new contracts in the future. Finally, profit margins are expected to return to positive levels once the unfavorable results for 2019 have been overcome and measures for the control and improvement of operating processes have been implemented although some cash flow consumption is expected due to the reimbursement of advances and payments for executing major works, especially in the U.S.

SERVICES

Ferrovial maintains the commitment to selling its Services business. The disinvestment process, announced in February 2019, has continued with an agreement reached for the sale of its business in **Australia and New Zealand** (Broadspectrum). This process is expected to continue in 2020, where a change in the interest of potential buyers has been observed, moving on from consideration of the full perimeter of Services to concentrating on specific assets and/or geographical areas.

In **United Kingdom**, with a new government, the country is expected to begin a new era of political stability and investment in infrastructures. Amey will combine cost adjustment with greater emphasis on its consultancy, transport and facility management activities. Specifically, important tenders are expected for customers like the Ministry of Defense, Network Rail and Transport Scotland.

In **Spain**, consolidation of the new political scenario will enable the activation of major tenders by regional administrations, as is the case of the contract for waste collection and road cleaning in Barcelona. In a favorable context for improving environmental sustainability, Ferrovial Servicios Spain will continue to propose and develop projects linked to the circular economy and energy efficiency, highlighting the importance of the differential provided by its technical and market knowledge.

In **North America**, continued growth in the toll road maintenance business is expected with the contribution made by the Ottawa, York and Michigan contracts, and the tenders for new contracts in U.S. states like Virginia, and Canadian provinces like Alberta. Activity in the crude-oil infrastructures sector will remain stable, as seasonal activity as high as in 2019 is not expected. Margins are expected to improve in operations in Chile and Portugal.

In 2020, Ferrovial Servicios will consolidate recovery to become a benchmark company in its sector. To do this, it will continue activities in four strategic priorities:

- Occupational safety, with the objective of “zero accidents” in all its facilities, strengthening its health and safety management systems by adapting them to new international regulations, and promoting the transfer of good practices.

- Sustainable growth, optimizing the order book of services, the assignment of human and financial resources and growing above the market in its activities with a substantial competitive advantage.

- Ongoing improvement, promoting cost and investment efficiency programs in line with international best practices.

- Digitalization, optimizing the information systems platform and encouraging the efficient application of new technologies and data analysis.

PHOTO: Southampton Airport. (United Kingdom).

APPENDIX

Alternative Performance Measures (APM)

The company presents its results in accordance with generally accepted accounting standards (IFRS). In addition, in the Management Report and Consolidated Financial Statements released in December, the management provides other non-IFRS regulated financial measures, called APMs (Alternative Performance Measures) according to the directives of European Securities and Markets Authority (ESMA). Management uses those APMs in decision-taking and to evaluate the performance of the company. Below there are details of disclosures required by the ESMA on definition, reconciliation, explanation of use, comparisons and coherence of each APM. More detailed information is provided on the corporate web page: https://www.ferrovial.com/en/ir-shareholders/financial-information/quarterly-financial-information/. Additionally, on this web page the reconciliation of the comparable "like for like growth", order book, proportional results and total shareholder return are provided.

EBITDA = GROSS OPERATING RESULT

- **Definition:** operating result before charges for fixed asset and right of use of leases depreciation and amortization.
- **Reconciliation:** the company presents the calculation of EBITDA in the Consolidated P&L (see the Consolidated Profit and Loss Account in the Management Report and the Consolidated Financial Statements) as: Gross Operating Profit = Total Operating Revenues – Total Operating Expenses (excluding those relative to fixed assets and right of use assets depreciation and amortization which are reported on a separate line).
- **Explanation of 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. Therefore we use EBITDA as a starting point to calculate cash flow, adding the variation in working capital. Finally, it is an APM indicator which is widely used by investors when evaluating businesses (multiples valuation), as well as by rating agencies and creditors to evaluate the level of debt, by comparing EBITDA with net debt.
- **Comparisons:** the company presents comparative figures with previous years. In order to improve the comparison, it is also presented EBITDA ex – IFRS 16 where current EBITDA is adjusted by the operating expense due to leases under the scope of IFRS 16 as it would not have been applied (see further explanation in like-for-like growth).
- **Coherence:** the criteria used to calculate EBITDA is the same as the previous year.

COMPARABLE ("LIKE-FOR-LIKE GROWTH" LfL)

- **Definition:** relative year-on-year variation in comparable terms of the figures for revenues, EBITDA, EBIT and order book. The comparable is calculated by adjusting the present year and the previous one, in accordance with the following rules:
  - Elimination of the exchange-rate effect, calculating the results of both periods at the rate in the current period.
  - Elimination from the EBIT of both periods of the impact of fixed asset impairments and results from company disposals (corresponds with the figure reported in the line "Impairments and disposals of fixed assets").
  - In the case of company disposals and loss of control, the 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 number of months in both periods.
  - Elimination of the restructuring costs, in both periods.
  - In acquisitions of new companies which are considered material, elimination, in the current period, of the operating results derived from those companies, except in the case where this elimination is not possible due to the high level of integration with other reporting units (material companies are those whose revenues represent ≥5% of the reporting unit's revenues before the acquisition).
  - Elimination in both periods of other non-recurrent impacts (mainly related to tax and human resources) considered relevant for a better understanding of the company's underlying results.
  - This year with the adoption of IFRS 16 leases, and for a better comparison of the gross operating profit and operating profit figures with those of the previous year, we have proceeded to undo the adjustments for this concept, reversing the adjustment for financial expense and depreciation of the right of use and recognizing a higher operating expense for leases, as if the new standard would not have been applied in the current period.
  - In addition, for the operating profit figure of the Services division, presented as discontinued operations, in order to improve their comparability with respect to the previous year, the depreciation amount of the assets has been adjusted as if they were still operating in the normal course of business during the current year.
  - Note: the new contracts in the Toll Roads division coming into operation are not considered acquisitions and thus are not adjusted in the comparable.
- **Reconciliation:** the comparable growth is presented in separate columns on Business Performance of the Management Report.
- **Explanation of use:** Ferrovial uses the comparable to provide a more homogenous measure of the underlying profitability of its businesses, excluding those non-recurrent elements which would induce a misinterpretation of the reported growth, impacts such as exchange-rate movements or changes in the consolidation perimeter which distort the comparability of the information. Additionally, it also allows the Company to present homogenous information, thus ensuring its uniformity, providing a better understanding of the performance of each of its businesses.
- **Comparisons:** the comparable breakdown is only shown for the current period compared with the previous period.
- **Coherence:** the criteria used to calculate the comparable "Like-for-like growth" is the same as the previous year, except for the reversion of the adjustments made for the application of IFRS 16

and the adjustment of the depreciation of assets of discontinued operations, which will only be made during the current period. We consider that this is the best way to present comparable figures for EBITDA and operating profit in order to see the evolution of the business with respect to the previous year. On the one hand, IFRS 16 on leases is the first year of adoption and has been applied retroactively, adjusting the balances at 1 January 2019, without restatement of comparatives. With respect to the second concept, assets classified as held for sale in accordance with IFRS 5 are not depreciated; however, on presenting the result of the Services division, the information is provided as if they were continuous operations for both periods.

FAIR VALUE ADJUSTMENTS

- **Definition:** the adjustments to the Consolidated P&L relative to previous results derived from: changes in the fair value of derivatives and other financial assets and liabilities; asset impairment and the impact of the two above elements in the 'equity-accounted results'.
- **Reconciliation:** a detailed breakdown of the Fair Value Adjustments is included in the Consolidated Profit and Loss Account (see the Consolidated Profit and Loss Account in the Management Report and the Consolidated Financial Statements).
- **Explanation of use:** The Fair Value Adjustments can be useful for investors and financial analysts when evaluating the underlying profitability of the company, as they can exclude elements that do not generate cash and which can vary substantially from one year to another due to the accounting methodology used to calculate the fair value.
- **Comparisons:** the company presents comparisons with previous years.
- **Coherence:** the criteria used to calculate the Fair Value Adjustments is the same as previous year.

CONSOLIDATED NET DEBT (NCP)

- **Definition:** this is the net balance of cash and cash equivalents (including short and long-term restricted cash), minus short and long-term financial debt (bank debt and bonds), including the balance related to exchange-rate derivatives that cover both the issue of debt in currency other than the currency used by the issuing company and cash positions that are exposed to exchange rate risk. The lease liability (due to the application of the new IFRS 16 standard) is not part of the Consolidated Net Debt.
- **Reconciliation:** a detailed breakdown of the reconciliation of this figure is given in the section 5.2 headed Net Debt and Corporate Credit Rating in the Management Report.
- **Explanation of use:** this is a financial indicator used by investors, financial analysts, rating agencies, creditors and other parties to determine the company's debt position. In addition, Ferrovial breaks down its net debt into two categories:
  - Net debt of infrastructure projects. This is the ring-fenced debt which has no recourse to the shareholder or with recourse limited to the guarantees issued. This is the debt corresponding to infrastructure project companies.
  - Net debt ex-infrastructure projects. This is the net debt of Ferrovial's other businesses, including the group holding companies and other companies that are not considered infrastructure projects. The debt included in this calculation is mainly with recourse, and is thus the measure used by investors, financial analysts and rating agencies to assess the company's leverage, financial strength, flexibility and risks.
- **Comparisons:** the company presents comparisons with previous years.
- **Coherence:** the criterion used to calculate the net debt figure is the same as the previous year.

ORDER BOOK

- **Definition:** the income pending execution, which correspond to contracts which the Company has signed up to a certain date, and over which it has certainty on its future execution. The total income 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 order book until financing is closed. The order book is calculated by adding the contracts of the actual year to the balance of the contract order book at the end of the previous year, less the income recognized in the current year.
- **Reconciliation:** the order book is presented under key figures under Services and Construction sections of the Management Report. There is no comparable financial measure in IFRS. However, a breakdown of reconciliation with Construction and Services sales figures is provided in Note 2.1 in the Consolidated Financial Statements. This reconciliation is based on the order book value of a specific construction being comprised of its contracting value less the construction work completed, which is the main component of the sales figure. The difference between the construction work completed and the Construction and Services sales figure reported in Ferrovial's Financial Statements is attributable to the fact that consolidation adjustments, charges to JVs, sale of machinery, confirming income and other adjustments are made to the latter. In addition to contracts awarded and the construction work completed, the exchange rate of contracts awarded in foreign currency, rescissions (when a contract is terminated early) or changes to the scope are all aspects that also have an impact on the movement between the original order book (corresponding to the previous year) and the end order book (for the year in question), as shown in the tables at the end of this document. Management believes that the order book is a useful indicator in terms of the future income of the company, as the order book for a specific construction will be comprised of the final sale of said construction less the net construction work undertaken.
- **Explanation of use:** the Management believes that the order book is a useful indicator with respect to the future income of the Company, due to the order book 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 previous years.
- **Coherence:** the criteria used to calculate order book is the same as the previous year.

WORKING CAPITAL VARIATION

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

TOTAL SHAREHOLDER RETURN

- **Definition:** sum of the dividends received by shareholders, revaluation/depreciation of the shares and other payments such as the delivery of shares or buy-back plans.
- **Reconciliation:** the total shareholder return is presented under the share part of section 1.1 of the Management Report. There is a breakdown of the reconciliation with the shareholder return in the financial statements.
- **Explanation of use:** it is a financial indicator used by investors and financial analysts to evaluate the performance that shareholders have received throughout the year in exchange for their contribution in capital of the Company.
- **Comparisons:** the company presents comparative reports from previous years.
- **Coherence:** the criteria employed for calculating shareholder return is the same as the previous year.

MANAGED INVESTMENT

- **Definition:** managed investment is presented under Toll Roads in section 1.2 of the Management Report. During the construction phase, it is the total investment to make. During the operating phase, this amount is increased by the additional investment. Projects are included after signing the contract with the corresponding administration (commercial close), on which date the provisional financing terms and conditions, which will be confirmed after the financial closing, are normally available. 100% of investment is considered for all projects, including those that are integrated by the equity method, regardless of Ferrovial's participation. Projects are excluded with criteria in line with the exit from the consolidation scope.
- **Reconciliation:** Managed investments at the end of December 2019 came to 21,949 million euros and are made up of 24 concessions in 9 countries. The composition of managed investments by asset type is as follows:

(1) Model projects Intangible Assets IFRIC 12 (in operation), 7,324 million euros (6,196 million euros at December 31, 2018). 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 Statement: 6,937 million euros from NTE, NTE35W, LBJ and I-77 included in USA Toll roads (5,074 million euros at December 31, 2018). This year the I-77 was transferred to operation for 659 million euros (479 million euros were under construction last year). Additionally, 387 million euros from the Azores are included in other Toll roads. Of the total investment, 713 million euros relating to Ausol (736 million euros at December 31, 2018) has been transferred to the equity method as control was lost during the year.

(2) Model projects Intangible Assets IFRIC 12 (under construction), no project currently exists.

(3) Model projects Accounts Receivable IFRIC 12 (in operation), 448 million euros (232 million euros at December 31, 2018). Includes the managed investment in Autema. The balance at year-end comes to 716 million euros (669 million euros at December 31, 2018), including the long term and short term (see section 3.3.2 of the Consolidated Financial Statement) 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, 14,177 million euros (11,565 million euros at December 31, 2018). Includes both projects in operation and under construction that are consolidated using the equity method, such as 407 ETR and extensions 4,421 million euros of 100% managed investment (4,095 million euros at December 31, 2018) or I-66, with 2,695 million euros at 100% (2,642 million euros at December 31, 2018). 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:** the company presents comparisons with previous years.
- **Coherence:** the criteria employed for calculating the managed investment is the same as the previous year.

PROPORTIONAL RESULTS

- **Definition:** this is the contribution to the consolidated results in the proportion of Ferrovial's ownership in the group subsidiaries, regardless to the applied consolidation method. This information is prepared to EBITDA.
- **Reconciliation:** a reconciliation between total and proportional figures is provided in the website.
- **Explanation of use:** the proportional results can be useful for investors and financial analysts to understand the real weight of business divisions in the operative results of the group, especially keeping in mind the weight of certain assets consolidated under the equity method as 407 ETR from Toronto and the airport of Heathrow. It is an indicator that other competitors with significant subsidiaries in infrastructure projects consolidated under the equity method present.
- **Comparisons:** the company presents comparisons with previous years.
- **Coherence:** the criteria used to calculate proportional results is the same as the previous year.

PHOTO: Farringdon undergorund station. London (United Kingdom).

Corporate Responsibility Management

CORPORATE POLICY

Ferrovial understands Corporate Responsibility (CR) as a voluntary but essential commitment to participate in the economic, social and environmental development of the communities where it operates. The CR Policy is based on the principles of the Global Compact and internationally accepted agreements and resolutions related to the subject. It is the responsibility of the Ferrovial Board of Directors to ensure that these principles that the company has voluntarily assumed are complied with. The policy is available at www.ferrovial.com.

The content of this document constitutes a CR Policy report in itself. This offers its stakeholders detailed information on the policy support instruments to enforce compliance; the Corporate Responsibility strategy, formulated in the Plan 20.19 and continues in the Plan 20.22; and the specific practices in the field of CR, which are mentioned in their corresponding sections.

CORPORATE RESPONSIBILITY COMMITTEE

The Corporate Responsibility Committee is the link between the business areas and the corporation with Senior Management, reporting results and proposing actions to the Management Committee, as well as transmitting to the rest of the company the approval of the proposals and results reported.

The RC Committee is chaired by the Communications and CR Manager and is composed of representatives from the business areas (Toll roads, Airports, Construction and Services) and corporate areas (Human Resources, General Secretariat, Occupational Health and Safety, Quality and Environment, Risks and Innovation).

The objective of this Committee is to ensure the follow-up of the CR Strategic Plan. The chairman of the CR Committee reports annually to the Board of Directors.

His functions can be summarized as follows:

- Develop, implement and supervise the company's CR policies.
- Design and follow-up of the CR Strategic Plan.
- Coordinate the reporting processes: Integrated Annual Report and sustainability indexes.
- Information and application of CR regulations.
- Approval and monitoring of projects and sponsorships.
- Follow-up of recommendations after external verification.
- Advise other departments on CR.

CORPORATE RESPONSIBILITY STRATEGIC PLAN

For Ferrovial, CR is a priority function that reinforces the sustainability, competitiveness and reputation of the company and contributes to creating long-term value for all stakeholders and for society. The CR Strategic Plan is the indispensable tool to ensure that CR is effective in fulfilling its mission and contributing to the development of the business, the generation of trust among its stakeholders and the fulfillment of the objectives in the medium and long term.

Ferrovial develops its CR Strategic Plan every three years, performing an annual analysis of its degree of compliance. In 2019, the period of application of the company's third CR plan, called Plan 20.19, which was in force during the period 2017 - 2019, has been completed. The main achievements in each area of action are summarized in the table on the next page.

For the period 2020-2022, the CR Committee has promoted the new Plan 20.22, prepared considering the main global macro trends, the regulatory environment, the requirements of ASG investors, the main reporting frameworks (Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-Related Disclosures (TCFD)), as well as reports on trends in CR from various prestigious institutions. In addition, like the previous Plan, it is aligned with the global agenda set by the Sustainable Development Goals, focusing especially on SDGs 6 (water and sanitation), 9 (innovation and infrastructure) and 11 (sustainable cities and communities).

It has specific areas of action and objectives for each year it is in force, aligned with the business strategy and covering Ferrovial's value chain, from customers to suppliers. The initiatives are grouped around six global macro-trends that will end up irrevocably conditioning the business of any company and that Ferrovial intends to address through this plan. They are the following:

- Digital transformation.
- New mobility and urban congestion.
- Climate change.
- Ethics and corporate governance.
- Gender equality and diversity.
- Occupational Health and Safety.

SUSTAINABILITY INDEXES

Ferrovial is periodically evaluated by analysts who take into account the company's ESG performance. In 2019, the company formed part of the main sustainability indexes:

- Dow Jones Sustainability Index (DJSI): Ferrovial is a world leader in its sector, Construction and Engineering, and has been a member of this selective index for the past 18 years. The company recently received the Gold distinction in the Sustainability Yearbook 2020.
- FTSE4Good: the company has been part of this index in its last 16 editions.
- CDP: highest rating "A" for the commitment in the fight against climate change and "A-" at CDP Water.
- MSCI: "AA", highest rating in the sector.
- VIGEO: member of the Euronext-Vigeo Eurozone 120 selection.
- STOXX: the company has been part of this index in its last five editions.

Performance area	Achievements attained
Ethics and Integrity	■ Reinforcement of existing internal channels for the management of complaints and suggestions, especially the Ethical Channel, and the categories related to Human Rights have been reinforced. ■ Launch of specific training on the Code of Ethics, Prohibited Behaviors and Anti-Corruption, including specific modules on Human Rights. ■ Biennial analysis of the main ESG risks through Ferrovial Risk Management.
Corporate Governance	■ Improvement of the composition and diversity of the Board. Increase in the proportion and number of Independent Directors. ■ Approval of third-party due diligence procedures: partners, suppliers and candidates. ■ Update of the materiality study, extending it to the main geographies.
People	■ Notable reduction of the main accident rates (frequency and severity) during the term of the Plan. ■ Launch of wellbeing initiatives in all businesses. ■ Promotion of initiatives to promote STEM careers. ■ Promotion of employability and an inclusive and open work culture.
Environment	■ Progressive reduction of the carbon footprint, reaching the proposed objectives. In addition, the goals for reducing CO_2 emissions have been scientifically certified. ■ Active promotion of the circular economy. ■ Measurement, verification and publication of the water footprint. ■ Development of tools that allow non-net loss criteria to be incorporated into projects.
Society	■ Launch of a project to improve the perception of infrastructure users. ■ Strengthening of the ethical criteria in the purchasing activity through the development of the Green Purchasing Catalogue and the revision of the Code of Ethics of Buyers. ■ Calculation of the return on investment of social action projects using the SROI methodology.
Innovation	■ Strong investment in innovation made in recent years. ■ Collaboration with more than 30 startups and development of more than 100 innovation projects per year.

In view of the achievements, it can be concluded that most of the proposed objectives have been met.

Reporting Principles

INFORMATION PERIMETER

Ferrovial is made up of the parent company, Ferrovial S.A. and its subsidiaries. For detailed information on the companies, see the group in the Consolidated Annual Accounts.

In 2019, there were operations that involved changes in the group due to the acquisition of companies, the awarding of new contracts and the start of new businesses. There have also been corporate restructurings. For more information, see pages 102-103 of business performance.

CONSOLIDATION PROCESS

The report includes all the companies in which Ferrovial has economic control, meaning a participation of more than 50%. In these cases, 100% of the information is reported. The list of dependent and associated companies can be found in Annex II of the Consolidated Annual Accounts, pages 218-223. Although the Services business is treated as an activity classified as financially discontinued because it is available for sale, to comply with the requirements of Law 11/2018, non-financial information does include this division in its perimeter, offering a complete vision of all aspects and impacts of the business. Therefore, in cases where material is considered, data from the Services division are disaggregated.

Also, following the indications of the GRI Guide Sustainability Reporting Standards, Ferrovial provides information on the indicators and material aspects of "outside the organization", when the data has sufficient quality, and always separately. Ferrovial considers that the most relevant impacts are those related to the 407 ETR Toll Road in Canada and the airports in the United Kingdom, companies in which its shareholding is less than 50%. Some indicators of interest associated with these assets are those related to indirect emissions (scope 3), user satisfaction, taxes paid and collected, and number of passengers travelling through airports.

TRACEABILITY

Ferrovial guarantees the traceability of information related to the Corporate Responsibility scope thanks to a reporting system, which has been available since 2007, which provides detailed information on a company level, facilitating partial consolidation by geographical location or business. In 2019, a thorough review of the requested information was carried out to adapt the system to the information requirements of the different stakeholders of the company. The software used has enabled corporate management to gather quarterly information for management and internal reporting to Senior Management.

In 2019, the reporting system collected 550 quantitative and qualitative indicators, in 118 companies, thanks to the collaboration of more than 200 users.

REFORMULATION OF THE INFORMATION

During 2019 there have been a series of changes in the scope of the companies or in the information available from previous years that may affect comparability with the data contained in reports from previous years. To guarantee the maximum transparency and comparability of the data, the body of the report shows when an indicator from previous years has been modified or shows significant changes that affect the comparability of the information. The preparation of the report has taken into account the comments or recommendations on the Statement of Non-Financial Information for 2018 made by the National Securities Market Commission (CNMV).

STAKEHOLDERS

Ferrovial is committed to the transparency of the information it shares with the market, through the continuous improvement of communication channels with all its stakeholders, based on innovative corporate information that, in addition to financial aspects, considers the environmental and social variables.

The company considers stakeholders to be individuals or social groups with a legitimate interest, who are affected by the present or future actions of the company. This definition includes both the stakeholders that form part of the company's value chain (shareholders, employees, investors, customers and suppliers), considered as partners in the development of the business, as well as external stakeholders (Administrations, Governments, media, analysts, business sector, unions, third sector and society in general), starting with the local communities in which the company develops its activities.

This relationship is dynamic since the environment changes more and more rapidly. To a large extent, Ferrovial's business depends on its relations with the Public Administrations of the countries in which it operates. Ferrovial holds decision-making positions in organizations that promote Corporate Responsibility at a national and international level, such as Fundación SERES, Forética, Spanish Network of the Global Compact and the Spanish Association for Quality (AEC). In 2019, Ferrovial chaired the Spanish Group for Green Growth.

Ferrovial is characterized by absolute political neutrality, developing its activities for both Public Administrations and private clients in the countries where it operates. The company does not make economic or in-kind contributions to political parties or electoral candidates. However, Ferrovial forms part of business or foundation representation organizations for commercial exchange between countries associated with the development of its activity or to the geographical area in which it operates. Through its presence and collaboration with these organizations, the company aspires to contribute to the progress and development of all those fields of action in which it is present. In recent years the economic contribution with these entities was around 1.2 million euros per year, which includes the Association of Construction Companies and Infrastructure Concessionaires (SEOPAN).

Ferrovial's considerations of the principles related to the content of the report are explained in the specific section on materiality. For more information on the AA1000 APS2008 and GRI Standards, see page 119 of GRI Indicators.

MATERIAL MATTERS

Ferrovial considers relevant matters to be all those that can exert a substantial influence on the assessments and decisions of the stakeholders, affecting the ability to meet their present needs without compromising future generations.

The company has established a biennial process for carrying out its materiality study, whose last edition took place in 2018. In its analysis phase, the requirements of reporting frameworks such as GRI and SASB, requests from socially responsible investors and sustainability indexes and relevant sector reports were considered, and an online survey was conducted with representatives of various stakeholders in the main markets in which the company operates. In 2019, using the base of the previous year, the issues that were the most relevant for the company and its stakeholders during the year were analyzed. Therefore, the Report offers a balanced and objective view of those issues that, due to their nature, have affected the company significantly.

Task Force on Climate-Related Financial Disclosures (TCFD)

The content of this Integrated Annual Report follows the recommendations of the TCFD. Readers can use this table to locate the content suggested by the initiative.

	CONTENTS	LOCATION
Governance	Describe the Board's oversight of climate related risks and opportunities.	▪ Chapter Corporate Governance, pg 92. ▪ Section Climate Change Strategy, pg 72.
	Describe management's role in assessing and managing climate-related risks and opportunities.	▪ Chapter Risks, pg 84-87. ▪ Section Climate Change Strategy, pg 72.
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	▪ Chapter Strategy, pg 21-22. ▪ Section risks and opportunities relating to climate change, pg 72. ▪ Chapter Risks, pg 84-87.
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	▪ Section Climate Strategy, pg 72. See also each section related to each of Ferrovial's divisions, at pg 24-35.
	Describe the resilience of the organization's strategy, taking into consideration different future climate scenarios, including a 2°C or lower scenario.	▪ Section risks and opportunities relating to climate change, pg 72.
Risks	Describe the organization's processes for identifying and assessing climate-related risks.	▪ Chapter Risks, pg 84-87. ▪ Section risks and opportunities relating to climate change, pg 72.
	Describe the organization's processes for managing climate-related risks.	▪ Chapter Risks, pg 84-87. ▪ Section on risks and opportunities relating to climate change, pg 72.
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	▪ Chapter Risks, pg 84-87. ▪ Section risks and opportunities relating to climate change, pg 72.
Metrics	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	▪ Chapter Risks, pg 84-87. ▪ Section risks and opportunities relating to climate change, pg 72.
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.	▪ Chapter the Environment, pg 73. ▪ Appendix GRI Standards Indicators, pg 127.
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	▪ Chapter the Environment, pg 72-74.

Scorecard

SHAREHOLDERS	2017	2018	2019
Revenue (M€)	5,152	5,737	6,054
Operating cash flow excluding concessionaires (M€)	999	572	810
Dividends received (M€)[1]	520	520	520

EMPLOYEES	2017	2018	2019
Workforce at year-end	95,978	92,113	89,968
Total average turnover rate (%)	12.67%	8.18%	13.23%
Frequency rate	13.6	12.2	10.3
Severity rate	0.31	0.29	0.25

CUSTOMERS	2017	2018	2019
Portfolio by business unit (M€)	32,063	30,376	29,080
- Services	20,918	19,411	17,656
- Construction	11,145	10,965	11,424
Investment in R&D (M€)	47	48	45
User satisfaction with Managed Lanes (NTE and LBJ) (%)	75%	>80%	77%
HAH passenger experience (scale 1-5)	4.2	4.15	4.17
Certified activity (ISO 9001)	89%	88%	86%

SOCIETY	2017	2018	2019
Renewal of presence on sustainability indexes: DJSI, Vigeo, FTSE4Good, MSCI, STOXX, CDP	✓	✓	✓
Carbon intensity: direct and indirect greenhouse gases emissions in relative terms (tCO_2 eq /M€[2]	-51%	-55%	-59%
Beneficiaries of potable water and sanitation projects[3]	212,605	213,713	223,314
Taxes (M€)[4]	2,075	2,127	2,087

(1) In scrip dividend and share buyback.
(2) Scope 1 & 2 compared to base year 2009.
(3) Data accumulated since 2008 (18 projects performed in Colombia, Peru, Mexico, Tanzania, Ethiopia, Uganda and Ghana).
(4) Taxes accrued, paid and collected (cash flow criteria).

Contents of non-financial information statements about Non-Financial Information and Diversity

Contents of Law 11/2018			GRI Standard*	Location / additional information
Business Model	Description of the group's business model	A brief description of the group's business model, including its business environment, organization and structure, the markets in which it operates, its objectives and strategies, and the main factors and trends that may affect its future evolution	102-2, 102-4, 102-6, 102-7, 102-15	Chapter Ferrovial in two minutes, pages 10-17 Chapter Strategy and Value Creation, pages 20-35
Policies	Policies applied by the group	Policies applied by the group, including the due diligence procedures applied to identify, assess, prevent and mitigate significant risks and impacts, and to verify and control, as well as the measures that have been adopted	103-2 c) i	Chapter Integrity, pages 68-69
Main risks	Main risks related to these issues linked to the group's activities	Main risks related to those issues linked to the group's activities, including, where relevant and proportionate, its commercial relations, products or services that may have negative effects in those areas, and how the group manages those risks, explaining the procedures used to identify and evaluate them in accordance with the national, European or international reference frameworks for each subject. This should include information on the impacts that have been identified, giving a breakdown of these impacts, in particular on the main risks in the short, medium and long term	102-11, 102-15, 102-30 and 101-2.	Chapter Risks, pages 84-87
Information on environmental matters		Current and foreseeable impacts of the company's activities on the environment and, as the case may be, on health and safety	102-15, 102-29, 102-31	Chapter Environment. Page 72-74.
		Procedures for environmental assessment or certification	102-11, 102-29 and 102-30	Chapter Quality, page 66-67.
		Resources dedicated to environmental risk prevention	102-29	A total 503 people currently work at the Quality and Environment departments of Ferrovial and its subsidiaries, generating an approximate cost of 22.86 M€.
		Applying the principle of precaution	102-11	Chapter Risks, page 84-87. Chapter Environment, page 72-73
		Amount of provisions and guarantees for environmental risks	307-1	See Note 6.3 to the Consolidated Annual Financial Statements.
	Pollution	Measures to prevent, reduce or repair CO_2 emissions that seriously impact the environment.	103-2, 302-4, 302-5, 305-5, 305-7	Chapter Environment, page 72-74.
		Measures to prevent, reduce or repair emissions that generate atmospheric pollution (including noise and light pollution)	416-1	Chapter Quality, page 66-67.
	Circular economy and waste prevention and management	Waste prevention, recycling, reuse and other forms of waste recovery and elimination measures	103-2, 301-1, 301-2, 301-3, 303-3, 306-1, 306-2, 306-3	Chapter Environment, page 72-74.
		Actions to combat food wastage	N/A	Due to the nature of the company's business activities, this indicator is not considered material.
	Sustainable use of resources	Consumption and supply of water in compliance with local limitations	303-1, 303-2, 303-3	Chapter Environment, Water Footprint section, page 74.
		Consumption of raw materials and measures in place to ensure more efficient use of raw materials	301-1, 302-2, 302-3	Table of GRI Standards Indicators. Chapter Environment, Circular Economy section, page 72-74.
		Direct and indirect energy consumption and measures in place to improve energy efficiency and use of renewable energies	302-1, 302-2, 302-3, 302-4 and 302-5	Table of GRI Standards Indicators.
	Climate change	Important aspects relating to the greenhouse gas emissions generated by the company's activities (including both goods and services)	305-1, 305-2, 305-3 and 305-4	Chapter Environment, Climate Strategy and Carbon Footprint section, page 72-73.
		Measures in place to adapt to the consequences of climate change	102-15, 103-2, 201-2, 305-5	Chapter Environment, Climate Strategy and Carbon Footprint section, page 72-73.
		Goals for reducing greenhouse gas emissions in the medium and long run and measures put in place to reduce greenhouse gas emissions	103-2	Chapter Environment, Climate Strategy section, page 72-73 and chapter on Airports, page 29.
	Protecting biodiversity	Measures put in place to conserve or restore biodiversity	304-3	Chapter Environment, Biodiversity, page 73.
		Impact caused by activities and operations in protected areas	304-1, 304-2 and 304-4	Chapter Environment, Biodiversity, page 73.
Information on social matters and employees	Employment	Total number and distribution of employees by gender, age, country and professional category	102-7, 102-8, 405-1	Chapter People, page 58-59.
		Total number and distribution of employment contract by type	102-8	Table of GRI Standards Indicators.
		Annual average of open-ended contracts, temporary contracts and part-time contracts by gender, age and job category	102-8	Table of GRI Standards Indicators. Ferrovial's information systems do not compile this type of information by age. It will be available, however, in future editions of this report. However, the total workforce is presented.
		Number of dismissals by gender, age and job category	401-1	Table of GRI Standards Indicators.
		Average remuneration and trends, broken down by gender, by age, by job category	405-2	Table of GRI Standards Indicators. Ferrovial's information systems do not allow for the segregation of this information by age. However, if the average and median compensation is broken down by geographic area and category, which are the management indicators commonly used in the Group and those that have been considered material.

* The GRI Standards indicator tables (pages 119-124) should be used to identify the information relating to each GRI Indicator.

Contents of Law 11/2018			GRI Standard*	Location / additional information
Information on social matters and employees	Employment	Salary gap	405-2	Chapter People, page 59, and appendix to indicators.
		Remuneration for similar work positions or average remuneration at the company	202-1	Table of GRI Standards Indicators.
		Average remuneration of board members and executives (including variable pay, per diem allowances, compensation and severance, payments to long-term pension and savings schemes and any other remuneration, broken down by gender)	102-35, 102-36, 201-3	Chapter Remuneration, pages 94-95 and Directors' Remuneration Report.
		Implementation of job disconnection policies	402-1	Ferrovial is developing an internal policy in relation to digital disconnection in the workplace. The working group created to establish practical and effective measures to ensure business continuity and provide the necessary technological means for compliance is made up of the Privacy Office, the Compliance and Legal Advice Department, the Human Resources Department and Security together with the legal representation of the workers.
		Disabled employees	405-1	The number of employees with disabilities in 2019 it amounted to 1,587
	Work organization	Organization of working hours	102-8	The company has the tools to adapt working time management to business needs and the demands of employees, with the aim of improving both the business competitiveness and the well-being of its staff allowing a company-oriented culture to be generated to results. In addition, it facilitates the adoption of measures of flexibility and conciliation according to the needs of each employee attending to their life cycles. Chapter on People, page 58-59.
		Absenteeism in hours	403-2	Table of GRI Standards Indicators.
		Measures to improve the work-life balance of employees and to ensure an appropriate balance between mother and father	401-3	Ferrovial has an internal Flexibility and Reconciliation policy that is accessible to all employees and whose main objective is to promote an appropriate balance between the personal and professional lives of its employees, while encouraging joint responsibility.
	Health and safety	Occupational health and safety conditions	103-2	Chapter Health and Safety, page 60-61.
		Workplace accidents, especially frequency and severity, as well as occupational diseases, broken down by gender.	403-2, 403-3	Table of GRI Standards Indicators. Ferrovial draws no distinction by gender when compiling injury rates, since its health and safety measures apply equally across the company, with no difference whatsoever between gender
	Labor relations	Enabling and organizing dialog with employees (including procedures for reporting, consulting and negotiating with employees)	102-43, 402-1, 403-1	Chapter Human Rights, page 70-71.
		Percentage of employees covered by collective bargaining agreement, by country	102-41	Chapter Human Rights, page 71, and table of GRI Standards Indicators.
		List of collective agreements (especially in the field of occupational health and safety)	403-1, 403-4	The number of company collective agreements signed in 2019 was 42.In the above-mentioned collective agreements there are provisions, articles, chapters or even specific titles that regulate different obligations in the field of occupational risk prevention, (Health and Safety at Work), thus complying with and adapting to the regulations in each country. In the collective bargaining process held during 2019, matters and obligations relating to occupational health and safety have been renewed, or even improved in some cases, as a result of Ferrovial's commitment to the welfare of its workers and their occupational health and safety.
	Training	Policies implemented in the field of training	404-2	Chapter People, page 58-59.
		Total number of training hours by job category.	404-1	Table of GRI Standards Indicators.
	Accessibility	Universal accessibility for people	103-2	In order to promote labor integration, all work centers are adapted to be accessible spaces according to the commitments of the inclusion strategy as well as to particular demands that may exist in response to the diversity of the workforce.
Information on social matters and employees	Equality	Measures put in place to champion equal treatment and opportunities between women and men	103-2	Chapter Human Rights, page 70-71.
		Equality plans (Chapter III of Organic Law 3 of March 22, 2007, on the effective equality between women and men)	103-2	Chapter Human Rights, page 70-71.
		Measures put in place to foster employment	103-2, 404-2	Chapters People, Human Rights and Local Community, pages 58-59, 70-71 and 78-79.
		Policy against discrimination in all its forms and, as the case may be, integration of protocols against sexual and gender-based harassment	103-2	Chapter Human Rights, page 70-71.
		Protocols against discrimination in all its forms and, as the case may be, to ensure the proper management of diversity	103-2, 406-1	Chapter People, page 58-59 and Human Rights, page 70-71.

* The GRI Standards indicator tables (pages 119-124) should be used to identify the information relating to each GRI Indicator.

Contents of Law 11/2018			GRI Standard*	Location / additional information
Information on social matters and employees		Implementation of due diligence processes on the subject of human rights	414-2	Chapter Human Rights, page 70-71.
		Preventing the risk of committing human rights breaches and, as the case may be, measures to mitigate, manage and repair possible abuses committed	410-1, 412-1	Chapter Integrity, page 69.
		Reports of cases where human rights have been breached	102-17, 419-1, 411-1	Chapter Human Rights, page 68-69, and chapter on ethics and integrity page 70-71.
		Promoting and observing the fundamental conventions of the International Labor Organization governing respect for freedom of association and the right to collective bargaining, eliminating discrimination in the workplace and when hiring, eradication of forced labor and the effective eradication of child labor	103-2	Chapter Human Rights, page 70-71.
		Measures put in place to prevent corruption and bribery	103-2	Chapter Integrity, page 68-69.
		Anti-money laundering measures	103-2	Chapter Integrity, page 68-69.
		Contributions to foundations and non-profit entities	103-2, 201-1, 203-2, 415-1	Chapter Community, page 78-79 and stakeholders, page 113.
Information on the fight against corruption and bribery		Measures put in place to prevent corruption and bribery	103-2	Chapter Integrity, page 68-69.
		Anti-money laundering measures	103-2	Chapter Integrity, page 68-69.
		Contributions to foundations and non-profit entities	103-2, 201-1, 203-2, 415-1	Chapter Community, page 78-79
Information on society	Company commitments to sustainable development	The impact of the company's business on employment, local development and the natural environment	203-1, 203-2, 204-1, 413-1, 413-2	Chapter Community, page 78-79.
		Relations with agents from the local communities and forms of dialog with such associations and people	102-43, 413-1	Most of the projects undertaken by Ferrovial require a preliminary environmental impact assessment. In some cases, the performance of the project may generate certain impacts on the local communities where they are carried out. Where this is the case, the company ensures two-way dialog and explains to the affected communities the possible implications of each phase of the project. It also sets up communication channels to collect grievances, suggestions and complaints. The company also carries out a two-year consultation process with its stakeholders as part of its materiality study, and provides an Ethics Channel on its website, which is available to absolutely everyone.
		Association or sponsorship actions	102-13, 203-1, 201-1	All donation, sponsorship, patronage and association ventures are scrutinized in strict accordance with the company's own internal Procedure for approving and monitoring sponsorship, patronage and donation projects. In 2019, the company engaged in sponsorship action to promote art, culture, innovation and education. The company belongs to SEOPAN and various associations from the construction and infrastructure sectors both at home and abroad.
	Subcontracting and suppliers	Inclusion of a procurement policy that champions social issues, gender equality and environmental protection	103-3	Chapter Supply Chain, page 76-77.
		Making its social and environmental responsibility values part of its relations with suppliers and subcontractors	102-9, 308-1, 308-2, 407-1, 409-1, 414-1, 414-2	Chapter Supply Chain, page 76-77.
		Oversight systems, audits and troubleshooting processes	308-1,308-2, 414-2	Chapter Supply Chain, page 76-77.
	Consumers	Measures to improve the health and safety of consumers	416-1, 416-2, 417-1	Chapter Toll Roads, page 30 and chapter Innovation, page 62.
		Reporting and whistleblowing systems and grievances received and resolved	102-17 , 418-1	Chapter Quality, page 66-67 and chapter on Integrity, page 69.
	Tax information	Profits obtained by country	201-1	Note 2.8.1 to the Consolidated Annual Financial Statements.
		Taxes paid on profits	201-1	Chapter Responsible Tax Management, page 81.
		Public subsidies and aid received	201-4	Note 6.1 to the Consolidated Annual Financial Statements.

* The GRI Standards indicator tables (pages 119-124) should be used to identify the information relating to each GRI Indicator.

GRI Standards Indicators

GRI 101 Foundation 2018 DISCLOSURES GENERAL (GRI 102: CONTENIDOS GENERALES 2018)		
ORGANIZATION PROFILE	**Page/Direct Reference**	**Scope**
102-1 Name of the organization	Note 1.1. of Ferrovial's Consolidated Financial Statements 2019	Ferrovial
102-2 Activities, brands, products, and services	20	Ferrovial
102-3 Location of headquarters	Note 1.1. of Ferrovial's Consolidated Financial Statements 2019	Ferrovial
102-4 Location of operations	11 y 20	Ferrovial
102-5 Ownership and legal form	Note 1.1. of Ferrovial's Consolidated Financial Statements 2019	Ferrovial
102-6 Markets served	11 y 20	Ferrovial
102-7 Scale of the organization	10, 11, 58-59	Ferrovial
102-8 Information on employees and other workers	58-59 y Anexo Tablas GRI	Ferrovial
102-9 Supply Chain	76-77 y Anexo Tablas GRI	Ferrovial
102-10 Significant changes to the organization and its supply chain	Notes 1.1.2 and 1.1.3 of Ferrovial's Consolidated Financial Statements 2019	Ferrovial
102-11 Precautionary Principle or approach	84-85	Ferrovial
102-12 External Initiatives	113	Ferrovial
102-13 Membership of associations	113	Ferrovial
STRATEGY	**Page/Direct Reference**	**Scope**
102-14 Statement from senior decision-maker	7, 21-22, 84-85	Ferrovial
102-15 Key impacts, risks, and opportunities	7, 84-85	Ferrovial
ETHICS AND INTEGRITY	**Page/Direct Reference**	**Scope**
102-16 Values, principles, standards, and norms of behavior	14, 68-69,78-79	Ferrovial
102-17 Mechanisms for advice and concerns about ethics	68-69	Ferrovial
GOVERNANCE	**Page/Direct Reference**	**Scope**
102-18 Governance structure	90-91 Section C of Ferrovial's Annual Corporate Governance Report 2019	Ferrovial
102-19 Delegating authority	110 Section C of Ferrovial's Annual Corporate Governance Report 2019	Ferrovial
102-20 Executive-level responsibility for economic, environmental, and social topics	110 Section C of Ferrovial's Annual Corporate Governance Report 2019	Ferrovial
102-21 Consulting stakeholders on economic, environmental, and social topics	113	Ferrovial
102-22 Composition of the highest governance body and its committees	90-91 Section C of Ferrovial's Annual Corporate Governance Report 2019	Ferrovial
102-23 Chair of the highest governance body	90-91 Sections C.1.2 and C.1.3 of Ferrovial's Annual Corporate Governance Report 2019	Ferrovial
102-24 Nominating and selecting the highest governance body	90-91 Section C.1.19 of Ferrovial's Annual Corporate Governance Report 2019	Ferrovial
102-25 Conflicts of interest	68-69 Section D.6 of Ferrovial's Annual Corporate Governance Report 2019	Ferrovial
102-26 Role of highest governance body in setting purpose, values, and strategy	90-91	Ferrovial
102-27 Collective knowledge of highest governance body	The Board of Directors is informed annually regarding environmental management issues for the company, as well as regarding monitoring of the corporate responsibility strategic plan. Furthermore, the Board, directly or via its committees, remains abreast of a series of issues on which it is required to make decisions. These include approving policies on a wide range of issues.	Ferrovial
102-28 Evaluating the highest governance body's performance	Sections C.1.19 to C.1.21 of Ferrovial's Annual Corporate Governance Report 2019	Ferrovial

102-29 Identifying and managing economic, environmental, and social impacts	90-91 Section E of Ferrovial's Annual Corporate Governance Report 2019	Ferrovial
102-30 Effectiveness of risk management processes	90-91 Section E of Ferrovial's Annual Corporate Governance Report 2019	Ferrovial
102-31 Review of economic, environmental, and social topics	90-91 Section E of Ferrovial's Annual Corporate Governance Report 2019	Ferrovial
102-32 Highest governance body's role in sustainability reporting	110	Ferrovial
102-33 Communicating critical concerns	69, 110 y 113	Ferrovial
102-34 Nature and total number of critical concerns	69, 110 y 113	Ferrovial
102-35 Remuneration policies	94-95	Ferrovial
102-36 Process for determining remuneration	94-95	Ferrovial
102-37 Stakeholders' involvement in remuneration	94-95	Ferrovial
102-38 Annual total compensation ratio	Appendix to GRI Standards	Ferrovial
102-39 Percentage increase in annual total compensation ratio	Appendix to GRI Standards	Ferrovial
STAKEHOLDERS ENGAGEMENT	**Page/Direct Reference**	**Scope**
102-40 List of stakeholder groups	113	Ferrovial
102-41 Collective bargaining agreements	71, Appendix to GRI Standards and table of contents of non-Financial Information Statements	Ferrovial
102-42 Identifying and selecting stakeholders	2, 113	Ferrovial
102-43 Approach to stakeholder engagement	110 y 113	Ferrovial
102-44 Key topics and concerns raised	111 y 113	Ferrovial
REPORTING PRACTICE	**Page/Direct Reference**	**Scope**
102-45 Entities included in the consolidated financial statements	Appendix II of Ferrovial's Consolidated Financial Statements 2019	Ferrovial
102-46 Defining report content and topic Boundaries	2, 112 y 113	Ferrovial
102-47 List of material topics	111 y 113	Ferrovial
102-48 Restatements of information	112	Ferrovial
102-49 Changes in reporting	112	Ferrovial
102-50 Reporting period	Fiscal year 2019	Ferrovial
102-51 Date of most recent report	Fiscal year 2018	Ferrovial
102-52 Reporting cycle	Annual	Ferrovial
102-53 Contact point for questions regarding the report	Back cover	Ferrovial
102-54 Claims of reporting in accordance with the GRI Standards	2, 112, 124, 133-136	Ferrovial
102-55 GRI content index	119-125	Ferrovial
102-56 External assurance	135-138	Ferrovial

GRI STANDARD			
Materiality	**Indicator**	**Page/Direct Reference**	**Scope**
ECONOMIC MATERIAL ASPECTS			
Management approach			
GRI 103 Management approach 2019	**103-1** Explanation of material issue and its limitations	113	Ferrovial
	103-2 Management approach and components	10-12 y 111	Ferrovial
	103-3 Evaluation of the management approach	10-12	Ferrovial
Economic Performance			
GRI 201: Economic Performance 2019	**201-1** Direct ec onomic value generated and distributed	Appendix to GRI Standards	Ferrovial
	201-2 Financial implications and other risks and opportunities due to climate change	72-74 and 87 Risks and opportunities are disclosed in the Carbon Disclosure Project report, which is publicly-available on the CDP website. Information for 2019 will be made available during 2020.	Ferrovial
	201-3 Defined benefit plan obligations and other retirement plans	Note 6.6.4 of Ferrovial's Consolidated Financial Statements 2019 Note 6.2 of Ferrovial's Consolidated Financial Statements 2019	Ferrovial
	201-4 Financial assistance received from government	Note 6.1 of Ferrovial's Consolidated Financial Statements 2019 Note 6.4 of Ferrovial's Consolidated Financial Statements 2019	Ferrovial

GRI STANDARD Materiality	Indicator	Page/Direct Reference	Scope
Market Presence			
GRI 202: Market presence 2018	**202-1** Ratios of standard entry level wage by gender compared to local minimum wage	The relationship betwen entry level wage and the local minimum wage in relevant countries by gender (Men/Women) is as follows: Spain 1.34/1.34 United Kingdom: 1.00/1.00 United States: 1.71/1.71 Poland: 1/1 Chile: 1.04/1.04	Ferrovial
	202-2 Proportion of senior management hired from the local community	In 2019, the proportion of senior management hired from the local community was 85.79%.	Ferrovial
Indirect economic impacts			
GRI 203: Indirect economic impacts 2018	**203-1** Infrastructure investments and services supported	78-79	Ferrovial
	203-2 Significant indirect economic impacts	21, 22, 58-59,70-71, 72-74, 76-77	Ferrovial
Procurrent Practices			
GRI 204: Procurrent practices 2018	**204-1** Proportion of spending on local suppliers	Local suppliers in 2019 represented 92% of total number of suppliers. Suppliers which are not centralized and locally contracted are classified as local suppliers	Ferrovial
Anti-corruption			
GRI 205: Anti-corruption 2018	**205-1** Operations assessed for risks related to corruption	68-69	Ferrovial
	205-2 Communication and training about anti-corruption policies and procedures	68-69	Spain
	205-3 Confirmed incidents of corruption and actions taken	68-69	Ferrovial
Anti-competitive			
GRI 206: Anti-competitive 2018	**206-1** Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	In 2019, two cases and litigations related to monopoly practices were open. Note 6.3 of Ferrovial's Consolidated Financial Statements 2019 Note 6.5 of Ferrovial's Consolidated Financial Statements 2019	Ferrovial
ENVIRONMENTAL MATERIAL ASPECTS			
Management aproach			
GRI 103 Management approach	**103-1** Explanation of the material topic and its Boundary	113	Ferrovial
	103-2 The management approach and its components	72-74 y 111	Ferrovial
	103-3 Evaluation of the management approach	72-74	Ferrovial
Materials			
GRI 301: Materials 2017	**301-1** Materials used by weight or volume	Appendix to GRI Standards. It is given information about the most representative used material for each division. The most significant material could change every year according to each project, so the data could not be comparable.	Ferrovial
	301-2 Recycled input materials used	Appendix to GRI Standards	Ferrovial
	301-3 Reclaimed products and their packaging materials	The activity of the company does not include the production of goods destined for sale with packaging	Ferrovial
Energy			
GRI 302: Energy 2018	**302-1** Energy consumption within the organization	Appendix to GRI Standards	Ferrovial
	302-2 Energy consumption outside of the organization	Energy use from consumption of fuels, electricity and losses due to electricity transport stood at 1,292,997 GJ	Ferrovial
	302-3 Energy intensity	Energy intensity is 560 GJ/net revenues	Ferrovial
	302-4 Reduction of energy consumption	Energy consumption reduced 7.10% compared to 2018	Ferrovial
	302-5 Reductions in energy requirements of products and services	32, 72-74	Ferrovial
Water			
GRI 303: Water 2018	**303-1** Water withdrawal by source	Reported data in 2019 include estimations based on the best available information at the date of closing this report. Main consumptions are estimated based on the average water prices by country. Appendix to GRI Standards	Ferrovial
	303-2 Water sources significantly affected by withdrawal of water	Water withdrawal requires an authorization whereby the volume of water withdrawn is restricted. It must always be below the maximum limits established by the competent authority. This is why it is considered that, in accordance with these authorizations, the water withdrawn by Ferrovial does not affect the hydric resource significantly	Ferrovial
	303-3 Water recycled and reused	The consumption of recycled and reused water stood at a 139,970 m^3. Data include the best estimation available at the date of closing this report	Ferrovial

GRI STANDARD Materiality	Indicator	Page/Direct Reference	Scope
Biodiversity			
GRI 304: Biodiversity2018	**304-1** Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	During 2019, Ferrovial has been working on 17 projects which were under an Environmental Impact Statement or equivalent figure, depending on each country's legal framework	Ferrovial
	304-2 Significant impacts of activities, products, and services on biodiversity	Most signinficant impacts on biodiversity has been assessed through th Environmental Impact Statements or equivalent figures, depending on each country's legal framework. Furthermore, they are taken compensative actions arising from these statements when applicable	Ferrovial
	304-3 Habitats protected or restored	Ferrovial performs the ecological restoration of the habitats affected by the construction and operation of its infrastructures in accordance with the provisions of current regulations in each country, adding improvements over the minimun requirements when it is possible, and ecological restoration criteria which could ensure better results on a long-term basis	Ferrovial
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Appendix to GRI Standards	Ferrovial
Emissions			
GRI 305: Emisions 2018	**305-1** Direct (Scope 1) GHG emissions	73. Appendix to GRI Standards	Ferrovial
	305-2 Energy indirect (Scope 2) GHG emissions	73. Appendix to GRI Standards	Ferrovial
	305-3 Other indirect (Scope 3) GHG emissions	73. Appendix to GRI Standards Scope 3 emissions are limited to the described scope on the table 305-3 on the GRI Standards Indicators	See Appendix to GRI Indicators
	305-4 GHG emissions intensity	GHG emissions intensity reached 66 tCO2/INCN (M€)	Ferrovial
	305-5 Reduction of GHG emissions	72-73. Appendix to GRI Standards	Ferrovial
	305-6 Emissions of ozone-depleting substances (ODS)	This data is considered not relevant	Ferrovial
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Appendix to GRI Standards	Ferrovial
Effluents and Waste			
GRI 306: Effluents y waste 2018	**306-1** Water discharge by quality and destination	The total wastewater discharged stood at 1,115,959 m^3. Water discharge information was calculated based on standard indicators of water discharge of certain activities published by various sources. Therefore, this information does not represent real meassurements of water discharge	Ferrovial
	306-2 Waste by type and disposal method	Appendix to GRI Standards. 2019 data include estimations according to the best available information at the time of preparing this report	Ferrovial
	306-3 Significant spills	During 2019 no significant spills have been recorded	Ferrovial
	306-4 Transport of hazardous waste	During 2019 the amount of transboundary waste transported was 47.32 t	Ferrovial Servicios España
	306-5 Water bodies affected by water discharges and/ or runoff	In the projects developed by Ferrovial in 2019, 19 had high quality water courses in their vicinity, of which 2 were started in 2019	Ferrovial Agroman
Environmental Compliance			
GRI 307: Environmental Compliance 2018	**307-1** Non-compliance with environmental laws and regulations	The amount of significatives fines paid in the year due to breach of environmental legislation in 2019 stood at 25,200€ corresponding to one breach imposed in 2019 and 90,751€ coming from two breaches from past years	FS España Oficinas Centrales (Ferrovial Servicios, S.A.) y Ferrovial Agroman Portugal
Supplier Environmental Assessment			
GRI 308: Supplier Environmental Assessment 2018	**308-1** New suppliers that were screened using environmental criteria	Chapter Supply Chain, page 76	Ferrovial
	308-2 Negative environmental impacts in the supply chain and actions taken	(See pag. 76-77) 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. In the Services division, face-to-face audits are carried out on a sample of suppliers	Ferrovial
SOCIAL MATERIAL ASPECTS			
Management approach			
GRI 103: Management Approach	**103-1** Explanation of the material topic and its Boundary	113	Ferrovial
	103-2 The management approach and its components	72-74 y 111	Ferrovial
	103-3 Evaluation of the management approach	72-74	Ferrovial

GRI STANDARD Materiality		Indicator	Page/Direct Reference	Scope
Employment				
	GRI 401: Employment 2018	**401-1** New employee hires and employee turnover	Appendix to GRI Standards	Ferrovial
		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social benefits for each country and bussiness are offered equally to full-time employees and part-time employees. In some cases, employees need to have held their posts for at least one year to be eligible for certain social benefits	Ferrovial
		401-3 Parental leave	Ferrovial does not consider this a risk, as the countries where it operates have protectionist legislation in place for such matters. Such information is therefore not subject to specific managerial procedures	Ferrovial
Labor Relations				
	GRI 402: Labor Relations 2018	**402-1** Minimum notice periods regarding operational changes	Ferrovial complies with the advance notice periods established in labor legislations or those enshrined, if applicable, in the collective agreements pertinent to each business, with no corporate advance notice periods having been established	Ferrovial
Occupational Health and Safety				
	GRI 403: Occupational Health and Safety 2018	**403-1** Workers representation in formal joint management-worker health and safety committees	Appendix to GRI Standards	Ferrovial
		403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Appendix to GRI Standards. Information concerning contractors is only included in the calculation of the overall variation frequency index	Ferrovial
		403-3 Workers with high incidence or high risk of diseases related to their occupation	Risk of developing occupational diseases is detected through risk assessments conducted by the Safety and Health Department and controlled through the health surveillance, where relevant relevant protocol according to the risk exposure of the workers are defined and applied	Ferrovial
		403-4 Health and safety topics covered in formal agreements with trade unions	The agreements in this matter covered with the trade-union organizations are developed through sector agreements that specifically regulate matters such areas as training and information, collective protection, work teams, etc.	Ferrovial
Training and education				
	GRI 404: Training and education 2018	**404-1** Average hours of training per year per employee	Appendix to GRI Standards	Ferrovial
		404-2 Programs for upgrading employee skills and transition assistance programs	All training and development programs are aimed at improving the employability of the candidate. In the case of early retirement or restructuring plans (e.g. redundancy packages), specific training plans may be negotiated as part of other outplacement plans	Ferrovial
		404-3 Percentage of employees receiving regular performance and career development reviews	The percentage of employees receiving regular assessments of Ferrovial's performance and professional development is 33.12%	Ferrovial
Diversity and Equality of Opportunities				
	GRI 405: Diversity and equality of opportunities 2018	**405-1** Diversity of governance bodies and employees	Appendix to GRI Standards. Section C of Annual Corporate Governance Report 2019	Ferrovial
		405-2 Ratio of basic salary and remuneration of women to men	Appendix to GRI Standards	Ferrovial
No discrimination				
	GRI 406: No discrimination 2018	**406-1** Incidents of discrimination and corrective actions taken	69. Information about complaints received through the Corporative Whistleblowing Channel in Spain is given	Ferrovial
Freedom of association				
	GRI 407: Freedom of association 2018	**407-1** Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	76	Ferrovial
Child Labor				
	GRI 408: Child Labor 2018	**408-1** Operations and suppliers at significant risk for incidents of child labor	76	Ferrovial
Forced or compulsory labor				
	GRI 409: Forced or compulsory labor 2018	**409-1** Operations and suppliers at significant risk for incidents of forced or compulsory labor	76	Ferrovial
Forced or compulsory labor				
	GRI 410: Security practices 2018	**410-1** Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	Security guards are hired through a company that certifies that security personnel have received human rights training	Ferrovial headquarters
Rights of indigenous people				
	GRI 411: Rights of indigenous people 2018	**411-1** Incidents of violations involving rights of indigenous peoples	During 2019 there hasn't been detected incidents of violations involving rights of indigenous people. Identified controversies are described on page 69	Ferrovial
Human Rights Assessment				
	GRI 412: Human Rights Assessment 2018	**412-1** Operations that have been subject to human rights reviews or impact assessments	70-71 During 2019, Ferrovial has not done specific reviews to evaluate the impact on Human Rights' matters additional to those on health and safety and compliance	Ferrovial
		412-2 Employee training on human rights policies or procedures	69	Ferrovial
		412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	68-69, 70-71 y 76-77	Ferrovial

GRI STANDARD Materiality	Indicator	Page/Direct Reference	Scope
Local Communities			
GRI 413:Local Communities 2018	**413-1** Operations with local community engagement, impact assessments, and development programs	78-79	Ferrovial
	413-2 Operations with significant actual and potential negative impacts on local communities	During 2019, there has not been detected situations in which Ferrovial activities had caused a negative impact on local communities.	Ferrovial
Supplier Social Assessment			
GRI 414: Supplier Social Assessment 2018	**414-1** New suppliers that were screened using social criteria	76	Ferrovial
	414-2 Negative social impacts in the supply chain and actions taken	76	Ferrovial
Public Policy			
GRI 415: Public Policy 2018	**415-1** Political contributions	68-69 y 113	Ferrovial
Customer Health and Safety			
GRI 416: Customer Health and Safety 2018	**416-1** Assessment of the health and safety impacts of product and service categories	66-67	Ferrovial
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	In 2019, 109 cases and litigation related to the safety of workers, subcontractors and users were open. Note 6.3 of Ferrovial's Consolidated Financial Statements 2019 Note 6.5 of Ferrovial's Consolidated Financial Statements 2019"	Ferrovial
Marketing and labeling			
GRI 417: Marketing and labeling 2018	**417-1** Requirements for product and service information and labeling	66-67	Ferrovial
	417-2 Incidents of non-compliance concerning product and service information and labeling	There has not been identified non-compliance incidents on this subject	Ferrovial
	417-3 Incidents of non-compliance concerning marketing communications	There has not been identified non-compliance incidents on this subject	Ferrovial
Customer Privacy			
GRI 418: Customer Privacy 2018	**418-1** Substantiated complaints concerning breaches of customer privacy and losses of customer data	There has not been identified relevant non-compliance incidents on this subject	Ferrovial
Socioeconomic Compliance			
GRI 419: Socioeconomic Compliance 2018	**419-1** Non-compliance with laws and regulations in the social and economic area	In 2019, 109 files and disputes relating to the safety of workers, subcontractors and users were closed with a penalty. Note 6.3 of Ferrovial's Consolidated Financial Statements 2019 Note 6.5 of Ferrovial's Consolidated Financial Statements 2019	Ferrovial

REPORTING PRINCIPLES

AA1000 APS2008 Standard

The standard is based on three fundamental principles:
- Inclusiveness: This principle analyzes whether the company has identified and understood the relevant aspects of its sustainable performance and presents sufficient information in terms of quality and quantity. For more information, please refer to the "Material Issues" section in this chapter.
- Materiality: The information must be the information required by the stakeholders. In other words, it ensures disclosure of all those material aspects whose omission or distortion could influence its stakeholders' decisions or actions. For more information, please refer to the GRI Standards Indicators Table.
- Responsiveness: This report includes the information relating to Ferrovial's response to stakeholder expectations.

GRI Standards Guidelines

The GRI Guidelines principles applied 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 Standards

102-8. INFORMATION ON EMPLOYEES AND OTHER WORKERS

Number of employees at year end by type of working day and gender

	Total		2018	2019
Full – time	75,418	Men	60,221	**58,177**
		Women	18,095	**17,241**
Partial – time	14,550	Men	4,817	**4,079**
		Women	8,980	**10,471**

Number of employees at year end by type of contract and gender

	Total		2018	2019
Temporary contract	16,556	Men	13,118	**11,369**
		Women	5,007	**5,187**
Undefined contract	73,412	Men	51,920	**50,887**
		Women	22,068	**22,525**

Average number of employees by type of contract, category and gender

	Unlimited		Temporary		Total		Total
	Men	Women	Men	Women	Men	Women	
Executives	156.1	20.5	7.5	3.0	163.6	23.5	**187.1**
Senior Manager	746.4	151.7	70.2	2.1	816.6	153.8	**970.4**
Manager	3,186.0	955.3	174.9	22.7	3,360.9	978.0	**4,338.9**
Senior Professional / Supervisor	2,742.2	1,150.7	107.7	54.6	2,849.9	1,205.2	**4,055.1**
Professional	3,835.6	1,707.4	695.6	335.1	4,531.2	2,042.5	**6,573.8**
Administratives / Support	835.6	1,253.7	160.7	207.8	996.2	1,461.5	**2,457.7**
Blue Collar	39,704.8	17,023.2	11,366.0	4,533.8	1,070.8	21,557.0	**72,627.7**
Total	**51,206.7**	**22,262.6**	**12,582.5**	**5,158.9**	**63,789.2**	**27,421.6**	**91,210.7**

Number of employees at year end by region and gender

	2018	2019		
		Men	Women	Total
Spain	42,045	25,815	16,447	**42,262**
United Kingdom	16,356	11,757	4,358	**16,115**
Others	10,350	7,807	1,691	**9,498**
USA	4,490	4,576	730	**5,306**
Canada	378	654	68	**722**
Poland	6,734	4,950	1,443	**6,393**
Australia	11,760	6,659	3,013	**9,672**
TOTAL	**92,113**	**62,218**	**27,750**	**89,968**

102-9. SUPPLY CHAIN

Due to the diverse nature of Ferrovial's activities, the supply chains are different for each. Around 97% of suppliers are concentrated in Construction and Services, registering the largest volumes of orders. The Global Purchase Committee, composed of the highest representatives of business purchases, coordinates this activity, looking for possible synergies and sharing best practices.

In the Construction area, the vast majority of purchases are destined for works in progress at any time. A small part goes to the offices, departments and services that support the execution of the same. The supply chain is made up of suppliers (manufacturers and distributors) and subcontractors.

The specific characteristics of the construction supply chain are: high number of suppliers; degree of significant subcontracting, which varies depending on the type and size of the work and the country in which it is carried out; high percentage of local suppliers, since the sector is closely linked to the country / area in which each work is executed; very diverse supplier typology, from large multinationals with global implantation and highly technified, to small local suppliers (mainly subcontractors) for less qualified jobs; and need to adapt to the requirements of each local market.

In the Services business, the supply chain includes all the main and secondary suppliers (suppliers of raw materials, industrial supplies or energy, suppliers of capital goods, machinery and finished product) as well as the subcontractors and service providers involved in the company's activities, evaluating them to ensure adequate training. In Spain, from the Procurement and Fleet department, guidelines are drawn up for the different business areas regarding contracting with third parties and all the critical suppliers involved in the provision of services and supply of products for the company are managed. In the international part, each country has its procurement procedure, based on the Global Procurement Procedure defined by the Global Procurement Committee. In the United Kingdom, the typology of the supply chain is very diverse due to the wide range of activities that are carried out.

102-38. ANNUAL TOTAL COMPENSATION RATIO

	2017	2018	2019
TOTAL Ferrovial	**133.63**	**103.18**	**117.05**
USA	7.70	5.79	7.39
Spain	33.78	32.59	26.18
Poland	24.76	27.93	30.97
United Kingdom	25.79	23.78	21.76
Australia	8.72	13.03	17.44
Chile	14.54	15.12	15.09

102-39. PERCENTAGE INCREASE IN ANNUAL TOTAL COMPENSATION RATIO

	2017	2018	2019
TOTAL Ferrovial	**48.79%**	**20.07%**	**-15.91%**
USA	25.94%	36.36%	-8.91%
Spain	10.44%	3.93%	19.38%
Poland	13.04%	2.99%	-14.75%
United Kingdom	-15.93%	2.68%	7.81%
Australia	89.15%	-55.5%	-48.20%
CHILE	-1.85%	-15.54%	5.41%

102-41. COLLECTIVE BARGAINING AGREEMENTS

	Total workforce	Employees represented	% 2019	% 2018
Spain	42,262	42,250	99.9%	99%
United Kingdom	16,115	4,231	26.3%	33%
Others	8,042	4,472	55.6%	25%
USA	5,306	56	1.1%	10%
Canada	722	305	42.2%	-
Poland	6,393	5,210	81.5%	75%
Australia and New Zealand	11,128	9,757	87.7%	75%
TOTAL	**89,968**	**66,281**	**73.7%**	69%

201-1. DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

GENERATED ECONOMIC VALUE (M€)	2017	2018	2019
a) Revenue:			
Turnover	5,152	5,737	6,054
Other operating revenue	1	2	2
Financial revenue	36	72	101
Disposals of fixed assets	47	95	423
Income carried by the equity method	175	240	269
TOTAL	**5,411**	**6,146**	**6,849**

DISTRIBUTED ECONOMIC VALUE (M€)			
b) Consumption and expenses (1)			
Consumption	818	985	949
Other operating expenses	2,905	3,324	3,958
c) Payroll and employee benefits			
Personnel expenses	915	945	1,027
d) Financial expenses and dividends			
Dividends to shareholders	218	240	238
Treasury share repurchase (2)	302	280	282
Financial expenses	305	287	328
e) Taxes			
Corporate income tax	38	19	39
Total	5,501	6,080	6,821
RETAINED ECONOMIC VALUE (M€)	**-90**	**66**	**28**

1) The Group's social action expenses, together with the Foundation's expenses, are set out in Community chapter
(2) Reduction of capital by amortization of treasury shares. For more information, note 5.1 Shareholders' Equity of Consolidated Annual Accounts

301-1. MATERIALS USED BY WEIGHT OR VOLUME

	2017	2018	2019
Paper (kg)	719,591	616,444	706.053
Timber (m³)	54,059	48,131	31.861
Bitumen (t)	223,755	268,994	250.806
Concrete (t)	6,415,640	6,858,266	5.951.699
Corrugated steel (t)	200,664	162,558	179.861

302-1. ENERGY CONSUMPTION WITHIN THE ORGANIZATION

		2017*	2018*	2019
Fuels used by stationary and mobile sources (total) (GJ)	Diesel	6,058,020	5,167,428	4,532,451
	Fuel	78,994	98,703	157,533
	Gasoline	472,599	289,117	586,315
	Natural Gas	3,039,568	260,542	304,364
	Coal	390,225	570,558	361,701
	Kerosene	21,189	20,221	24,938
	Propane	18,467	27,732	22,793
	LPG	11,540	6,600	6,856
	TOTAL	**10,090,602**	**6,440,901**	**5,996,951**
Electricity consumption from non-renewable sources (GJ)	Services	379,427	315,478	188,480
	Construction	421,327	342,664	270,934
	Toll Roads	66,489	61,702	61,360
	Corporation	4,501	4,073	4,239
	Airports	30	2	4
	TOTAL	**871,774**	**723,919**	**525,018**
Electricity consumption from renewable sources (GJ)	Services	154,964	227,537	438,589
	Construction	447,483	449,183	323,981
	Toll Roads	4,049	4,009	4,058
	Corporation	0	0	0
	Airports	0	0	0
	TOTAL	**606,496**	**680,729**	**766,628**

(*) Data from 2017 and 2018 has been adjusted acording to the best data available in 2019

301-2. RECYCLED INPUT MATERIALS USED

	2017	2018*	2019
Total recycled materials (t)	767,186	2,726,667	2,541,258

(*) Data from 2018 has been adjusted acording to the best data available in 2019

302-1. ENERGY CONSUMPTION WITHIN THE ORGANIZATION

ENERGY PRODUCED (GJ)	2017	2018	2019
Electric power for recovery of biogas	354,039	329,473	207,541
Thermal energy by biogas valorisation	202,812	261,406	31,349
Electric power generated in water treatment plants	110,464	113,380	120,155
Electric power generated in thermal drying	286,657	352,379	285,752
Electric power generated in waste incineration		598,836	763,254
TOTAL	**953,972**	**1,655,474**	**1,408,051**

302-2. ENERGY CONSUMPTION OUTSIDE OF THE ORGANIZATION

		2017	2018	2019
Consumption of energy acquired, by primary sources (GJ)	Coal	746,609	1,012,286	569,786
	Diesel	87,398	90,077	45,159
	Gas	653,127	457,585	260,090
	Biomass	54,845	101,151	78,764
	Waste	9,080	13,253	10,714
	Others	658,620	491,549	328,485
	TOTAL	**2,209,680**	**2,165,902**	**1,292,997**

303-1. WATER WITHDRAWAL BY SOURCE

	2017*	2018*	2019
Water Consumption (m3)	6,301,624	5,834,952	5,615,132

(*) Data from 2017 and 2018 has been adjusted acording to the best data available in 2019

304-4. IUCN RED LIST SPECIES AND NATIONAL CONSERVATION LIST SPECIES WITH HABITATS IN AREAS AFFECTED BY OPERATIONS

Species (scientific name)	Common name	IUCN red list	ESA	Others
Alasmidonta heterodon	Dwarf Wedge Mussel	Vulnerable (VU)	Endangered	
Ammospermophilus nelsoni	San Joaquin antelope squirrel	Endangered (EN) En Peligro		
Apium repens	Creeping Marshwort/ Apio rastrero	Vulnerable (VU)		
Cambarus howardi	Chattahoochee Crayfish	Least Concern "Poco preocupante" (LC)		Protected by Georgia Endangered Wildlife Act
Cedrela odorata	Cedro americano / Spanish Cedar	Vulnerable (VU)		
Chioglossa lusitanica	Golden-striped salamander/ Salamandra rabilarga	Vulnerable (VU)		
Delma torquatta	Collared delma	Least Concern "Poco preocupante" (LC)		
Hirundo rustica	Golondrina común (Barn swallow)	Least Concern "Poco preocupante" (LC)	Endangered	"Of special interest" in *Catálogo Nacional de Especies Amenazadas*
Mustela lutreola	Visón europeo	Critically endangered "Amenaza crítica"(CR)		
Juglans cinerea	Nogal blanco americano (Butternut)	Endangered (EN) En Peligro		
Margaritifera margaritifera	Freshwater pearl mussel/ Mejillón de río	Endangered (EN) En Peligro		
Myotis lucifugus	Pequeño murciélago café (Little Brown Myotis)	Endangered (EN) En Peligro	In danger of extinction	
Myotis septentrionalis	Northern Long-eared Bat	Near threatened (NT)		
Neophron percnopterus	Alimoche (Egyptian vulture)	Endangered (EN) En Peligro		"Endangered" (*Libro Rojo de las Aves de España*)
Otis tarda	Great Bustard/ Avutarda	Vulnerable (VU)		
Oxyura leucocephala	White-headed duck/ Malvasía cabeciblanca	Endangered (EN) En Peligro		
Petrochelidon Pyrhonota	Golondrina Risquera (Cliff Swallow/)	Least Concern "Poco preocupante" (LC)		
Pseudophryne australis	Red crowned toadlet	Vulnerable (VU)		
Testudo graeca	Common Tortoise/ Tortuga mora	Vulnerable (VU)		

305-1. DIRECT (SCOPE 1) GHG EMISSIONS (tCO_2 eq)

EMISSIONS BY COMPANY	2009 (base year)	2017	2018*	2019
Budimex	27,744	55,008	77,094	64,373
Cadagua	18,669	1,010	599	606
FASA	61,287	116,525	81,326	85,681
Webber	55,532	36,221	40,664	41,572
Ferrovial Corporation	375	298	260	219
Cintra	3,145	2,171	2,220	2,053
Amey	252,999	215,380	216,716	233,669
Broadspectrum	98,015	98,294	62,539	42,177
Ferrovial Services	393,932	336,302	335,637	321,607
Trasnchile	41	41	30	17
TOTAL	**911,740**	**861,251**	**817,084**	**791,974**

(*) Data from 2018 has been adjusted acording to the best data available in 2019

EMISSIONS BY SOURCE	2009 (base year)	2017	2018*	2019
Refrigerant	185	8	136	128
Stationary	257,927	312,558	287,157	292,555
Heating	3,794	4,302	5,356	7,591
Machinery	254,133	308,256	281,801	284,964
Mobile	382,178	332,990	307,211	271,220
Difuse	271,450	215,695	222,580	228,071
TOTAL	**911,740**	**861,251**	**817,084**	**791,974**

(*) Data from 2018 has been adjusted acording to the best data available in 2019

Biogenic CO_2 (tCO_2/eq)	2009 (base year)	2017	2018	2019
Construction	768	50,717	51,935	54,678
Services	729,776	733,487	736,842	733,912
TOTAL	**730,544**	**784,205**	**788,777**	**788,590**

305-2. ENERGY INDIRECT (SCOPE 2) GHG EMISSIONS (tCO_2 eq)

EMISSIONS BY COMPANY	2009 (base year)	2017*	2018*	2019
Budimex	19,921	17,154	18,446	15,953
Cadagua	44,552	14,087	11,138	6,713
FASA	13,647	17,741	10,723	10,180
Webber	10,023	6,661	6,112	3,050
Ferrovial Corporation	521	382	345	360
Cintra	12,538	7,920	7,640	7,563
Amey	14,291	2,563	2,524	2,108
Broadspectrum	27,946	26,986	22,126	21,328
Ferrovial Services	15,049	18,435	12,376	2,070
Trasnchile	4	4	0	1
TOTAL tCO_2 eq	**158,492**	**111,932**	**91,430**	**69,327**

(*) Data from 2017 and 2018 has been adjusted acording to the best data available in 2019

GHG EMISSIONS (SCOPE 1 + SCOPE 2) (tCO_2 eq/M€)

POR NEGOCIO	2009 (Base year)	2017	2018	2019
Toll roads	60.26	22.94	17.36	15.61
Construction	46.22	55.48	47.59	43.2
Services	230.75	99.09	96.25	87.74
Corporation	10.43	128.69	175.56	46.87
Airports	6.29	6.29	4.69	2.6
Relative emissions (tCO_2 eq/M€)	**162.36**	**79.37**	**73.10**	**66.18**

305-3 OTHER INDIRECT GHG EMISSIONS (SCOPE 3)

Below are the activities, products and services subject to scope 3 calculations:

- Purchased goods and services: Includes emissions related to the life cycle of materials bought by Ferrovial that have been used in products or services offered by the company. This includes emissions derived from the purchase of paper, wood, water and other significant materials (concrete and asphalt), descibed in the indicator 301-1. Subcontractors data and purchases of corrugated steel are not included.
- Capital goods: Includes all upstream emissions (i.e. cradle-to-gate) from the production of capital goods bought or acquired by the company in the year, according to information included Consolidated Financial Statements.
- Fuel and energy related activities: This section includes the energy required for producing the fuel and electricity consumed by the company and electricity lost during transport.
- Upstream transportation and distribution: Includes emissions from transport and distribution of the main products purchased in the year, detailed in indicator 301-1 except for corrugated steel.
- Waste generated in operations: Emissions under this heading are linked to waste generated by the company's activities reported in 2019.
- 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 2019 is not available as of the report release date, and therefore emission figures for 2018 are used.
- Use of sold products: Ferrovial calculates emissions generated by use of land transport infrastructure managed by Cintra.
- End of life treatment of sold products: This category includes emissions from the elimination of waste generated at the end of the useful lives of products sold by Ferrovial in the reporting year. Only emissions derived from products reported in the "purchased goods and services" category are taken into account.
- Upstream leased assets: Includes emissions related to the consumption of electricity at client buildings where maintenance and cleaning services, as well as consumption anagement, are provided by Amey.

	2012 (base-year)	2017	2018	2019
Business travel	6,606	8,181	8,334	7,232
Capital Goods	569,407	288,004	314,611	118,081
Employee commuting	792	3,221	1,821	1,763
End of life treatment of sold products	52,703	39,245	37,456	28,070
Fuel and energy related activities	191,927	219,335	178,902	136,217
Purchased goods and services	743,192	461,150	489,189	426,605
Upstream leased	1,405	0	0	0
Upstream transportation and distribution	461,487	407,580	434,112	376,832
Use of sold product	641,031	555,585	587,563	692,499
Waste generated in operations	191,948	150,777	140,808	141,389
Investments	805,044	566,067	569,388	569,388
TOTAL	**3,665,541**	**2,699,147**	**2,762,183**	**2,498,075**

305-5. REDUCTION OF GHG EMISSIONS

	2017	2018	2019
EMISSIONS AVOIDED BY SORTING AND BIOGAS CAPTURE			
Greenhouse gas avoided by sorting (tCO_2eq)	699,498	659,059	899,577
Greenhouse gas avoided by biogas capture (tCO_2eq)	729,724	815,778	778,721
Greenhouse gas avoided by biogas capture on treatment plants (tCO_2eq)	432,248	420,360	422,724
EMISSIONS AVOIDED THROUGH POWER GENERATION			
In landfills (t CO_2eq)	32,060	29,626	18,760
At water treatment plants (tCO_2eq)	33,684	39,511	34,429
At waste treatment plants (tCO_2eq)		56,560	71,347
EMISSIONS PREVENTED BY PURCHASING ELECTRICITY FROM RENEWABLE SOURCES			
Electricity bought from third parties (tCO_2eq)	36,923	51,076	87,345
TOTAL	**1,964,137**	**2,071,970**	**2,312,903**

305-7. NITROGEN OXIDES (NO_x). SULFUR OXIDES (SO_x). AND OTHER SIGNIFICANT AIR EMISSIONS

	NO_x (t)	CO (t)	COVNM (t)	SO_x (t)	Particles (t)
Emissions from boilers	118.96	46.89	10.85	143.90	28.36
Emissions caused by motor vehicles	998.83	2,157	272.76	0	123.71
Emissions caused by electricity	45.44	17.64	0.35	71.16	3.87
	NO_x (g/kg)	**CO (g/kg)**	**COVNM (g/kg)**	**SO_x (g/kg)**	**Particles (g/kg)**
Emissions caused by mobile equipment used in construction works	944.24	162.62	49.59	0	85.41

306-2. WASTE BY TYPE AND DISPOSAL METHOD

	2017	2018	2019
Waste produced from construction and demolition (m^3)	1,439,795	2,344,504	1,466,767
Total soil from excavation (m^3)	27,612,500	19,363,051	21,648,346
Topsoil reused (m^3)	1,458,280	922,936	2,894,515
Material sent to landfill outside the worksite (m^3)	5,287,068	528,749	762,077
Materials reused at worksite (m^3)	15,498,439	14,336,346	12,059,463
Materials sent to other worksite or authorized landfill (m^3)	5,368,713	3,575,020	5,932,290
Hazardous waste (t) (1)	27,944	18,419	37,973
Non-hazardous waste (t) (2)	430,642	450,707	443,691

(1) Includes mainly leachate, sludge, contaminated soil and oil.
(2) Non-hazardous waste for 2017 and 2018 has been recalculated, excluding treated waste from cleaning and maintenance services provided by FB Serwis.

CRE8. TYPE AND NUMBER OF CERTIFICATIONS, CLASSIFICATIONS AND LABELLING SYSTEMS REGARDING THE SUSTAINABILITY OF NEW CONSTRUCTIONS, MANAGEMENT, OCCUPATION AND RECONSTRUCTION.
Sustainable construction certifications obtained in Spain and Poland:

Description	Area	Certification
Hospital Fraternidad - Muprespa Habana	Spain	LEED Platinum
Nave B Click on Torija	Spain	LEED Silver
Nave Pulsar in Torija	Spain	LEED Silver
Citrus Pozuelo Office Building	Spain	LEED Platinum
Las Tablas Office Building	Spain	LEED Gold
C.I.T Metro de Madrid	Spain	Green
IESE University Education Center	Spain	LEED Gold
Ariane 6 building and Airbus Getafe development	Spain	BREEAM Good
IKEA commercial and office building Poznań	Poland	BREEAM Very Good
Expansion, reconstruction and renovation of Primary School No. 2 with Integration Departments Soldiers of the 2nd District of the Home Army 'Celków' in Marki at ul. School 9	Poland	BREEAM Good, Green Building Standard
Siemens - construction of an office building on ul. Nicupnicza 11 in Warsaw	Poland	LEED Gold
2BC8 - Marecka Centrum Edukacji-Rekreacyjne	Poland	BREEAM Very Good
Karolkowa 28 - building complex A and B	Poland	BREEAM Good
Camellia zespół miesz.ul.Potrzebna Włochy	Poland	HQE

401-1. NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER
In 2019, the total number of new hires was 30,305, which corresponds to a total hiring rate of 33.68% in relation to the staff at the end of the year. The breakdown by country, gender and age is as follows:

		<30	30 - 45	>45	Subtotal	TOTAL
USA	Men	1,296	1,834	1,459	**4,589**	**5,278**
	Women	219	281	189	**689**	
Canada	Men	114	215	411	**740**	**803**
	Women	16	14	33	**63**	
United Kingdom	Men	673	765	659	**2,097**	**2,987**
	Women	289	343	258	**890**	
Poland	Men	255	340	194	**789**	**1,022**
	Women	128	84	21	**233**	
Spain	Men	1,379	1,940	1,397	**4,716**	**9,570**
	Women	890	1,641	2,323	**4,854**	
Australia	Men	490	716	500	**1,706**	**2,591**
	Women	260	331	294	**885**	
Rest of countries	Men	1,464	3,046	2,281	**6,791**	**8,054**
	Women	326	445	492	**1,263**	
TOTAL	Men	5,671	8,856	6,901	**21,428**	**30,305**
	Women	2,128	3,139	3,610	**8,877**	
	Subtotal	**7,799**	**11,995**	**10,511**		

Average turnover rate disclosed by gender, category and age

	VOLUNTARY						INVOLUNTARY*						TOTAL						TOTAL BY CATEGORY
	Men			Women			Men			Women			Men			Women			
	<30	30-45	>45	<30	30-45	>45	<30	30-45	>45	<30	30-45	>45	<30	30-45	>45	<30	30-45	>45	
Executives	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.02%
Senior Manager	0.00%	0.01%	0.01%	0.00%	0.01%	0.00%	0.00%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.02%	0.02%	0.00%	0.01%	0.00%	0.06%
Manager	0.02%	0.14%	0.05%	0.00%	0.05%	0.02%	0.01%	0.05%	0.04%	0.00%	0.02%	0.01%	0.03%	0.19%	0.09%	0.00%	0.07%	0.03%	0.41%
Senior Professional / Supervisor	0.04%	0.11%	0.04%	0.01%	0.07%	0.02%	0.01%	0.05%	0.06%	0.01%	0.01%	0.01%	0.05%	0.16%	0.10%	0.02%	0.08%	0.03%	0.43%
Professional	0.20%	0.22%	0.08%	0.11%	0.13%	0.02%	0.05%	0.07%	0.09%	0.02%	0.03%	0.02%	0.25%	0.30%	0.17%	0.13%	0.16%	0.04%	1.04%
Administratives / Support	0.06%	0.03%	0.04%	0.10%	0.06%	0.02%	0.01%	0.04%	0.01%	0.02%	0.02%	0.02%	0.07%	0.07%	0.05%	0.12%	0.08%	0.04%	0.44%
Blue Collar	1.14%	1.87%	1.33%	0.30%	0.81%	0.54%	0.94%	1.86%	1.41%	0.13%	0.26%	0.25%	2.08%	3.73%	2.74%	0.43%	1.07%	0.78%	10.84%
Subtotal by age	**1.46%**	**2.39%**	**1.56%**	**0.51%**	**1.13%**	**0.62%**	**1.01%**	**2.09%**	**1.63%**	**0.19%**	**0.33%**	**0.30%**	**3.02%**	**6.03%**	**4.69%**	**0.72%**	**1.48%**	**0.93%**	**13.23%**
Subtotal by gender	**5.42%**			**2.26%**			**4.73%**			**0.82%**			**10.14%**			**3.09%**			
Total	**7.68%**						**5.55%**												

* Total involuntary leaves in 2019 were 5,056.

403-1. WORKERS REPRESENTATION IN FORMAL JOINT MANAGEMENT-WORKER HEALTH AND SAFETY COMMITTEES

	2017	2018	2019
Percentage of total workforce represented in formal joint management-worker Health and Safety committees	63.4	70.2	70.3

CRE6. PERCENTAGE OF THE ORGANIZATION OPERATING IN VERIFIED COMPLIANCE WITH AN INTERNATIONALLY RECOGNIZED HEALTH AND SAFETY MANAGEMENT SYSTEM*

	2017	2018	2019
Percentage of the organización certified in compliance with a health and safety management system	95	94	92

* During 2019 the calculation criterion has been modified, calculating the % of certified activity over the average workforce for 2017, 2018 and 2019.

403-2. TYPES OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND NUMBER OF WORK-RELATED FATALITIES

	2017	2018	2019
Frequency rate	13.6	12.2	10.3
Frequency rate including subcontractors	10.8	10.0	7.7
Severity index	0.31	0.29	0.25
Absenteeism rate	5.28	5.66	5.54
Occupational disease frequency index	0.56	0.44	0.39
Absenteeism hours (mill.hours)		9.77	9.52

Frequency Rate = number accidents involving absence * 1,000,000 / No. hours worked
Severity Index = No. days lost * 1,000 / No. hours worked
Note: in 2019 there were fourteen fatal accidents, five of employees and nine of contractor workers.

404-1. AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

	2017	2018	2019							Hours per employee 2019
			Executives	Senior Manager	Manager	Senior Pro-fessional / Supervisor	Professional	Adminis-tratives / Support	Blue Collar	
Corporate	26,079	34,342	707	2,956	2,022	10,663	1,798	1,127	180	**40.78**
Construction	195,515	192,331	1,542	13,808	49,841	39,277	49,395	13,050	33,032	**11.80**
Services	613,381	606,195	1,754	5,069	29,561	31,007	31,797	28,664	520,878	**9.03**
Toll Roads	18,950	21,087	-	1,066	3,367	2,758	1,877	885	4,493	**29.13**
Real Estate	2,064	1,145	107	22	326	160	160	80	-	**5.55**
Airports	1,091	1,941	-	861	723	547	68	319	-	**51.39**
Subtotal			4,110	23,782	85,840	84,412	85,095	44,125	558,583	**9.85**
TOTAL	**857,079**	**857,041**	**885,947**							

405-1. DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

		2019								
		Executives	Senior Manager	Manager	Senior Professional / Supervisor	Professional	Administratives / Support	Blue Collar	Subtotal	Total
Corporation	Men	51	40	28	93	18	5	53	**288**	**477**
	Women	8	24	20	83	14	24	16	**189**	
Toll Roads	Men	0	49	70	38	31	7	139	**334**	**496**
	Women	0	13	21	34	29	25	40	**162**	
Airports	Men	0	13	14	6	0	0	0	**33**	**49**
	Women	0	4	1	6	0	5	0	**16**	
Construction	Men	75	289	1,717	1,240	2,675	521	7,771	**14,288**	**16,940**
	Women	4	38	346	411	1,157	519	177	**2,652**	
Services	Men	32	346	1,498	1,403	1,358	349	42,268	**47,254**	**71,852**
	Women	9	84	549	667	816	1,027	21,446	**24,598**	
Real Estate	Men	3	6	23	7	17	1	2	**59**	**154**
	Women	1	0	20	11	49	13	1	**95**	
TOTAL	**Men**	**161**	**743**	**3,350**	**2,787**	**4,099**	**883**	**50,233**	**62,256**	**89,968**
	Women	**22**	**163**	**957**	**1,212**	**2,065**	**1,613**	**21,680**	**27,712**	

405-2 RATIO OF THE BASIC SALARY AND REMUNERATION OF MEN TO WOMEN

Country	Gender	% of employees	Median salary	Average salary	% of gender pay gap (median salary)	% of gender pay gap (average salary)
Spain	Men	61%	28,900 €	32,503 €	16.93%	15.50%
	Women	39%	24,008 €	27,464 €		
United Kingdom	Men	73%	£31,461	£35,422	28.95%	25.60%
	Women	27%	£22,354	£26,354		
Australia	Men	69%	87,998 AUD	94,018 AUD	27.34%	26.50%
	Women	31%	63,936 AUD	69,099 AUD		
United States	Men	87%	$65,216	$66,311	-1.70%	-1.76%
	Women	13%	$66,324	$67,475		
Poland	Men	77%	106,902 zł	116,029 zł	10.65%	12.55%
	Women	23%	95,514 zł	101,465 zł		
Chile	Men	90%	14,062,402 CLP	14,828,112 CLP	1.19%	3.23%
	Women	10%	13,894,918 CLP	14,349,130 CLP		
Portugal	Men	53%	10,029 €	10,605 €	8.16%	11.90%
	Women	47%	9,210 €	9,343 €		

405-2 RATIO OF THE BASIC SALARY AND REMUNERATION OF MEN TO WOMEN
Average salary by professional category (in local currency).

Country	Professional category	Gender	% of employees	Average salary
Spain	Executives/Senior Manager/Manager	Men	80%	103,742 €
		Women	20%	76,028 €
	Senior Professionals/Supervisors	Men	66%	49,230 €
		Women	34%	42,011 €
	Professionals	Men	70%	43,253 €
		Women	30%	34,045 €
	Administratives/Support	Men	54%	32,155 €
		Women	46%	29,981 €
	Blue Collars	Men	60%	28,303 €
		Women	40%	25,864 €
	TOTAL 2019	**Men**	**61%**	**32,503 €**
		Women	**39%**	**27,464 €**
	TOTAL 2018	**Men**	**62%**	**32,941 €**
		Women	**38%**	**28,051 €**
United Kingdom	Executives/Senior Manager/Manager	Men	77%	£72,513
		Women	23%	£55,226
	Senior Professionals/Supervisors	Men	80%	£39,066
		Women	20%	£46,927
	Professionals	Men	60%	£48,647
		Women	40%	£41,009
	Administratives/Support	Men	15%	£23,453
		Women	85%	£23,420
	Blue Collars	Men	76%	£29,946
		Women	24%	£21,148
	TOTAL 2019	**Men**	**73%**	**£35,422**
		Women	**27%**	**£26,354**
	TOTAL 2018	**Men**	**74%**	**£31,706**
		Women	**26%**	**£19,845**
Australia	Executives/Senior Manager/Manager	Men	71%	223,028 AUD
		Women	29%	172,683 AUD
	Senior Professionals/Supervisors	Men	70%	125,956 AUD
		Women	30%	90,132 AUD
	Professionals	Men	66%	108,905 AUD
		Women	34%	90,926 AUD
	Administratives/Support	Men	38%	89,362 AUD
		Women	62%	71,406 AUD
	Blue Collars	Men	71%	78,673 AUD
		Women	29%	55,860 AUD
	TOTAL 2019	**Men**	**69%**	**94,018 AUD**
		Women	**31%**	**69,099 AUD**
	TOTAL 2018	**Men**	**73%**	**83,248 AUD**
		Women	**27%**	**63,344 AUD**
United States	Executives/Senior Manager/Manager	Men	80%	$155,522
		Women	20%	$135,112
	Senior Professionals/Supervisors	Men	82%	$108,334
		Women	18%	$85,358
	Professionals	Men	79%	$80,914
		Women	21%	$73,522
	Administratives/Support	Men	35%	$57,728
		Women	65%	$48,737
	Blue Collars	Men	94%	$52,093
		Women	6%	$52,106
	TOTAL 2019	**Men**	**87%**	**$66,311**
		Women	**13%**	**$67,475**
	TOTAL 2018	**Men**	**86%**	**$68,512**
		Women	**14%**	**$65,937**

Country	Professional category	Gender	% of employees	Average salary
Poland	Executives/Senior Manager/Manager	Men	82%	226,461 zł
		Women	18%	168,911 zł
	Senior Professionals/Supervisors	Men	62%	153,615 zł
		Women	38%	131,324 zł
	Professionals	Men	55%	94,933 zł
		Women	45%	83,741 zł
	Administratives/Support	Men	25%	69,234 zł
		Women	75%	55,833 zł
	Blue Collars	Men	99%	65,091 zł
		Women	1%	45,935 zł
	TOTAL 2019	**Men**	**77%**	**116,029 zł**
		Women	**23%**	**101,465 zł**
	TOTAL 2018	**Men**	**78%**	**103,616 zł**
		Women	**22%**	**98,139 zł**
Chile	Executives/Senior Manager/Manager	Men	81%	77,119,552 CLP
		Women	19%	46,426,074 CLP
	Senior Professionals/Supervisors	Men	81%	33,447,678 CLP
		Women	19%	27,421,237 CLP
	Professionals	Men	73%	17,890,683 CLP
		Women	27%	18,618,510 CLP
	Administratives/Support	Men	53%	12,261,904 CLP
		Women	47%	10,864,731 CLP
	Blue Collars	Men	92%	13,367,862 CLP
		Women	8%	11,683,403 CLP
	TOTAL 2019	**Men**	**90%**	**14,828,112 CLP**
		Women	**10%**	**14,349,130 CLP**
	TOTAL 2018	**Men**	**91%**	**16,076,403 CLP**
		Women	**9%**	**14,016,384 CLP**
Portugal	Executives/Senior Manager/Manager	Men	64%	59,209 €
		Women	36%	42,228 €
	Senior Professionals/Supervisors	Men	75%	30,167 €
		Women	25%	35,026 €
	Professionals	Men	77%	13,763 €
		Women	23%	14,586 €
	Administratives/Support	Men	39%	12,697 €
		Women	61%	11,744 €
	Blue Collars	Men	48%	8,825 €
		Women	52%	8,458 €
	TOTAL 2019	**Men**	**53%**	**10,605 €**
		Women	**47%**	**9,343 €**
	TOTAL 2018	**Men**	**63%**	**11,826 €**
		Women	**37%**	**8,142 €**

Glossary of Terms

ACI: Airports Council International (ACI) is the only global trade representative of the world's airports. Established in 1991, ACI represents airport's interests with Governments and international organizations such as ICAO; develops standards, policies and recommends practices for airports, and provides information and training opportunities to raise standards around the world. This section provides you with information on the structure and background of ACI.

AGS: Aberdeen, Glasgow and Southampton. AGS Airports is the United Kingdom-based owner of Aberdeen, Glasgow and Southampton Airports. The company was formed in September 2014 by Ferrovial and Macquire Group. The company acquired Aberdeen, Glasgow and Southampton Airports in December 2014 from Heathrow Airport Holdings.

ASQ: Airport Service Quality Survey. The Airport Service Quality is the world-renowned and globally established global benchmarking programme measuring passengers' satisfaction whilst they are travelling through an airport. The programme provides the research tools and management information to better understand passengers' views and what they want from an airport's products and services.

BAME: acronym in English of black, asian and minority ethnic.

BIM: It is a collaborative work methodology for the creation and management of a construction project (both building and infrastructure). Its objective is to centralize all project information in a digital information model created by all its agents. The use of BIM goes beyond the design phases, encompassing the execution of the project and extending throughout the life cycle of the building, allowing its management and reducing operating costs.

BWI: Business Water Index. Business Water Index is related to the consumption of water and its discharge carried out in activities developed by Ferrovial.

CAA: Civil Aviation Authority. The Civil Aviation Authority is the statutory corporation which oversees and regulates all aspects of civil aviations in the United Kingdom. The CAA is a public corporation of the Department for Transport establishd by the British Parliament in 1972 and an independent aviation regulator.

CAC: Audit and Control Committee. The Audit and Control Committee is composed of two independent directors and one external director. It is responsible for the supervision of accounts, internal audit, financial information and risk control.

DBFOM: Design, Building, Finance, Operation and Maintenance.

CDP: Carbon Disclosure Project. CDP is an organisation based in the United Kingdom which supports companies and cities to disclose the environmental impact of major corporations. It aims to make environmental reporting and risk management a business norm, and drive disclosure, insight and action towards a sustainable economy.

CIIO: Chief Information and Innovation Officer. A chief innovation officer (CINO) or chief technology innovation officer (CTIO) is a person in a company who is primarily responsible for managing the process of innovation and change management in an organization, as well as being in some cases the person who originates new ideas but also recognizes innovative ideas generated by other people.

CNMV: Comisión Nacional del Mercado de Valores. The National Securities Market Commission (CNMV) is the body responsible for the supervision and inspection of Spanish securities markets and the activity of all those involved in them. The aim of the CNMV is to ensure the transparency of Spanish securities markets and the correct formation of prices, as well as the protection of investors.

CPS: Current Policies Scenario. Consider the impact of the policies and measures that are firmly established at present. This scenario would mean an increase in the global temperature of +3-4°C in 2100.

CRM: Customer Relationship Management. It is an information industry term that applies to methodologies, software and, in general, to the capabilities of the Internet that help a company manage relationships with its customers in an organized manner.

CSIC: Consejo Superior de Investigaciones Científicas. The Spanish National Research Council (CSIC) is the largest public institution dedicated to research in Spain and the third largest in Europe. Belonging to the Spanish Ministry of Economy and Competitiveness through the Secretary of State for Research, Development and Innovation, its main objective is to develop and promote research that will help bring about scientific and technological progress, and it is prepared to collaborate with Spanish and foreign entities in order to achieve this aim.

DJSI: The Dow Jones Sustainability Indices (DJSI) launched in 1999, are a family of indices evaluating the sustainability performance of thousands of companies trading publicly and a strategic partner of the S&P Dow Jones Indices. They are the longest-running global sustainability benchmarks worldwide and have become the key reference point in sustainability investing for investors and companies alike. The DJSI is based on an analysis of corporate economic, environmental and social performance, assessing issues such as corporate governance, risk management, branding, climate change mitigation, supply chain standards and labor practices.

FTSE4Good: The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.

EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization. The Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) is an accounting measure calculated using a company's net earnings, before interest expenses, taxes, depreciation, and amortization are subtracted, as a proxy for a company's current operating profitability (i.e., how much profit it makes with its present assets and its operations on the products it produces and sells, as well as providing a proxy for cash flow).

EPD: Environmental Product Declaration. An EPD provides a reliable, relevant, transparent, comparable and verifiable environmental profile that highlights an environmentally friendly product, based on life cycle information (LCA) according to international standards and quantified environmental data.

FRM: Ferrovial Risk Management. The Ferrovial Risk Management (FRM) is and identification and assesment process, supervised by the Board of Directors and the Management Committee, which is implemented in all business areas. This process makes it possible to forestall risks; once they have been analyzed and assessed based on their potential impact and likelihood, the most appropriate management and protection measures are taken, depending on the risk nature and location.

GECV: Grupo Español de Crecimiento Verde. The Spanish Group of Green Growth is a business association whose objective is to transfer to society and to public administration its vision of a model of economic growth which is compatible with the efficient use of natural resources.

GHG: Greenhouse Gas. A greenhouse gas is a gas in an atmosphere that absorbs and emits radiant energy within the thermal infrared range.

GRI: Global Reporting Initiative. GRI helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social well-being. This enables real action to create social, environmental and economic benefits for everyone. The GRI Sustainability Reporting Standards are developed with true multi-stakeholder contributions and rooted in the public interest.

GWT: Global Water Tool. The Global Water Tool (GWT) is a free, publicly available resource for identifying corporate water risks and opportunities which provides easy access to and analysis of critical data. It includes a workbook (data input, inventory by site, key reporting indicators, metrics calculations), a mapping function to plot sites with datasets, and a Google Earth interface for spatial viewing.

GOP: Gross Operating Profit (RBE): See EBITDA.

HAH: Heathrow Airport Holdings. Heathrow Airport Holdings Limited, formerly BAA is the United Kingdom-based operator of Heathrow Airport. It was formed by the privatisation of the British Airports Authority as BAA plc as part of Margaret Thatcher's moves to privatise government-owned assets. BAA plc was bought in 2006 by a consortium led by Ferrovial.

IAGC: Informe Anual de Gobierno Corporativo.

IFRS: NIIF. International Financial Reporting Standards, usually called the IFRS Standards, are standards issued by the IFRS Foundation and the International Accounting Standards Board (IASB) to provide a common global language for business affairs so that company accounts are understandable and comparable across international boundaries.

IRR: Internal Rate of Return. Internal Rate of Return (IRR) is a metric used in capital budgeting to estimate the profitability of potential investments. Internal rate of return is a discount rate that makes the net present value (NPV) of all cash flows from a particular project equal to zero.

IoT: Internet of Things. The Internet of things (IoT) is the network of physical devices, vehicles, home appliances and other items embedded with electronics, software, sensors, actuators, and network connectivity which enables these objects to connect and exchange data.

ILO: International Labour Organization. The International Labour Organization (ILO) is a United Nations agency dealing with labour problems, particularly international labour standards, social protection, and work opportunities for all.

ISO: International Organization for Standardization. ISO is an independent, non-governmental international organization with a membership of 162 national standards bodies. Through its members, it brings together experts to share knowledge and develop voluntary, consensus-based, market relevant International Standards that support innovation and provide solutions to global challenges.

Managed Lanes: assets developed by Ferrovial in the United States, consisting of a lane or toll lanes in addition to those already existing, in which a minimum speed is guaranteed to its users. The rates are adjusted to the traffic conditions, thereby regulating access levels.

MBA: The Master of Business Administration (MBA or M.B.A.) is a master's degree in business administration (management).

MIT: Massachusetts Institute of Technology is an educational institution focused on excellence and research and founded in Boston, Massachusetts (USA), in 1861. The mission of the Massachusetts Institute of Technology is to advance knowledge and educate students in science, technology, and other areas of scholarship. The Institute is an independent, coeducational, privately endowed university, organized into five Schools (architecture and planning; engineering; humanities, arts, and social sciences; management; and science). It has some 1,000 faculty members, more than 11,000 undergraduate and graduate students, and more than 130,000 living alumni.

NPS: New Policies Scenario. This not only incorporates the announcement of policies and measures but also the effects of their implementation. This scenario would mean an increase in the global temperature of +2-3°C in 2100.

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.

SASB: Sustainability Accounting Standards Board. Is a nonprofit organization that sets financial reporting standards. SASB was founded in 2011 to develop and disseminate sustainability accounting standards.

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.

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.

SDS: Sustainable Development Scenario. This scenario is consistent with the decarbonisation of the economy needed in order to achieve the Paris Agreement. It includes a peak in emissions that will be reached as soon as possible followed by a decrease. An increase in temperatures with respect to pre-industrial levels of 2°C or less is expected.

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).

Verification Report

Deloitte.

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Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT LIMITED ASSURANCE REPORT

To the Shareholders of Ferrovial, S.A.,

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the 2019 Consolidated Management Report (CMR), which contains the Consolidated Non-Financial Information Statement (NFIS) for the year ended 31 December 2019 of Ferrovial, S.A. and subsidiaries ("Ferrovial" or "the Group"), which forms part of Consolidated Management Report of Ferrovial.

The CMR includes information, additional to that required by current Spanish corporate legislation relating to non-financial reporting and by the Global Reporting Initiative Standards for sustainability reporting in their comprehensive option ("GRI standards"), that was not the subject matter of our verification. In this regard, our work was limited solely to verification the reliability and adequacy of the contents of the information identified in the tables of the Appendix of the CMR "GRI Standard Indicators" and the table of "Contents of Non-Financial Statements".

Responsibilities of the Directors

The preparation and content of the Ferrovial Group's CMR are the responsibility of the Board of Directors of Ferrovial. The NFIS included in the CMR was prepared in accordance with the content specified in current Spanish corporate legislation, with GRI standards in their comprehensive option, and with the standards established in the AA1000APS 2008 issued by Accountability, as well as other criteria described as indicated for each matter in the table of "Contents of Non-Financial Statements" in the Appendix to the CMR.

These responsibilities of the Board of Directors also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the CMR and the NFIS to be free from material misstatement, whether due to fraud or error.

The Directors and the Management of Ferrovial are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the CMR and the NFIS is obtained.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information about economic, social and environmental performance.

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.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed.

We conducted our review in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information, currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements on regarding non-financial information statements. Also, we have applied AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS) to provide moderate assurance on the application of the principles established in standard AA100APS and on the sustainability performance indicators (type 2 moderate assurance).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and, consequently, the level of assurance provided is also lower.

Our work consisted in requesting information from management and the various units of Ferrovial that participated in the preparation of the CMR, which includes the NFIS, reviewing the processes used to compile and validate the information presented in the CMR, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Ferrovial personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external verification.
- Analysis of the scope, relevance and completeness of the contents included in the CMR based on the materiality analysis performed by Ferrovial and described in the "Reporting Principles" in the Appendix of the CMR, also taking into account the contents required under current Spanish corporate legislation.
- Analysis of the processes used to compile and validate the data presented in the 2019 CMR.
- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters described in the "Reporting Principles" in the Appendix of the CMR.
- Verification, by means of sample-based review tests, of the information relating to the contents identified in the "GRI Standard Indicators" and the table of "Contents of Non-Financial Statements" in the Appendix to the CMR, and the appropriate compilation thereof based on the data furnished by Ferrovial's information sources.
- Obtainment of a representation letter from the directors and management.

Conclusion

Based on the procedures performed and the evidence obtained, no matters have come to our attention that causes us to believe that:

A) the non-financial data included in the table "GRI Standard Indicators" of 2019 CMR's Appendix corresponding to the year ended 31 December 2019 has not been prepared, in all material respects, including the reliability and adequacy of the contents, in accordance with the GRI standards in their comprehensive option.

B) Ferrovial's NFIS for the year ended 31 December 2019 was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and in keeping with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in the table of "Contents of Non-Financial Information Statements" in the Appendix to the CMR.

C) Ferrovial did not apply in the preparation of the CMR the principles of inclusivity, materiality and responsiveness as described in the Appendix to the CMR, in accordance with AA1000 APS (2008), namely:

- Inclusivity: Ferrovial has developed a stakeholder participation process, enabling stakeholders to be considered in the development of a responsible approach.
- Materiality: the materiality determination process is geared towards identifying and understanding the issues that are material or significant for Ferrovial and its stakeholders.
- Responsiveness: Ferrovial responds, through specific actions and commitments, to the material issues identified.

Other information

The calculation of greenhouse gas emissions (GHG), especially scope 3 emissions, and water consumption in projects, given its nature, is subject to a high degree of uncertainty, having been performed in accordance with the methodology and estimates specified in the Consolidated Management Report and according to the available information. A change in the parameters of the estimates could impact the total emissions and consumptions presented.

Pursuant to the provisions of the AA1000AS 2008, we presented to management of Ferrovial our recommendations relating to the areas for improvement in management and non-financial information and, specifically, to the application of the principles of inclusivity, materiality and responsiveness. Following is a summary of the most significant observations and recommendations, which do not modify the conclusions expressed in this report.

Inclusivity and materiality

2019 was the last year of the 20.19 Corporate Responsibility Plan and that of the definition of the new 20.22 Plan. This new Plan proposes certain areas of action and specific initiatives aligned with some of the Sustainable Development Goals (SDGs). At the same time, Ferrovial has shaped its global strategy in the Horizon 24 Plan, focusing one of its strategic axes of action on the development, construction and management of sustainable infrastructures. Considering that Plan 20.22 is aimed at achieving the global sustainability objectives defined in the Horizon 24 Plan, the system for monitoring compliance with the Corporate Responsibility Plan should be integrated into the monitoring of the Horizon 24 Plan.

Also, considering the major changes expected in the markets and in the organisation, it would be advisable to continue moving forward with the internal and external dialogue with the stakeholders, updating the expectations and commitments acquired with them in all the geographical areas and businesses in which the Group operates. This monitoring of material matters should serve to confirm or, where appropriate, reformulate the lines of action defined in Plan 20.22.

Responsiveness

In the environmental field, Ferrovial continued reducing greenhouse gas emissions through its Climate Strategy. In this sense, it would be advisable to review periodically the emission reduction objectives by business and geographical area, considering the milestones already achieved, in order to set targets more closely aligned with the European general objective of climate neutrality by 2050. It would also be advisable that this strategy give rise to specific objectives related to the use of critical raw materials and the reuse of waste.

Also, in 2020 Ferrovial should analyse the impact of the changes foreseen in the Code of Good Governance of Listed Companies, especially those regarding the responsibilities for social and environmental risks, the responsibility for non-financial information and the recommendations on diversity.

Regarding non-financial information, in 2019 Ferrovial continued to improve the reporting process in terms of scope and quality, above all in the case of those new indicators required by Law 11/2018 on non-financial information and diversity. Given the many departments involved and the complexity of the process of obtaining and consolidating this information, Ferrovial should continue to strengthen internal control to ensure the quality of the information and compliance with the deadlines established for its preparation and approval. In order to improve the quality of the information, it would be advisable to increase the frequency of reporting the key social and environmental non-financial indicators for Ferrovial's businesses, as has been done in the case of the health and safety indicators of its own personnel.

DELOITTE, S.L.

Helena Redondo

27 February 2020

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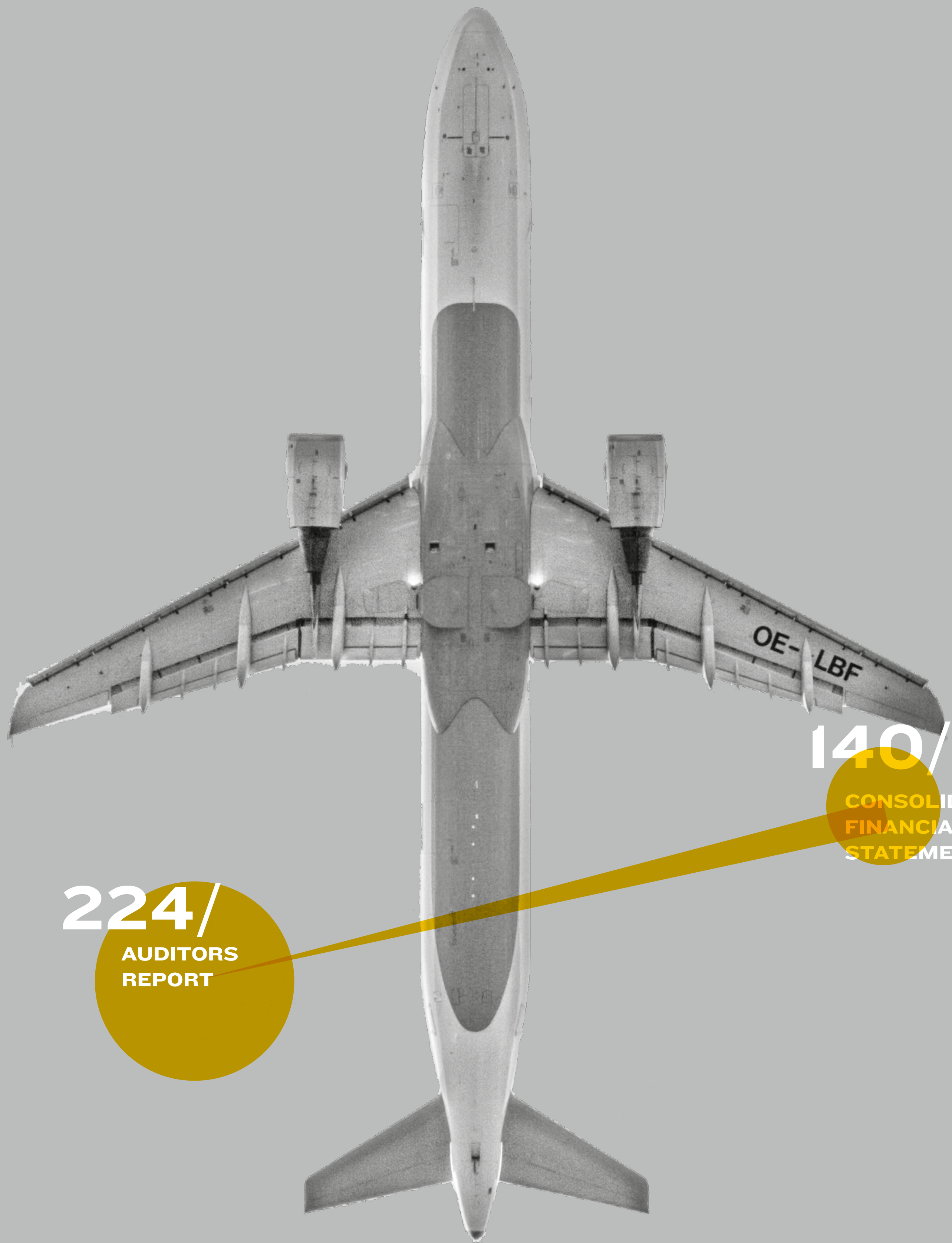

Cap. 2

Consolidated Financial Statements

Contents

A. Consolidated statement of financial position for 2019 and 2018

ASSETS (Millions of euros)	NOTE	2019	2018
Non-current assets		**12,358**	**12,055**
Consolidation goodwill	3.1	248	372
Intangible assets	3.2	62	32
Investments in infrastructure projects	3.3	6,880	7,155
Intangible asset model		5,998	6,280
Assets, receivable model		883	875
Investment property		2	9
Property, plant and equipment	3.4	299	251
Right of use on leasing assets	3.7	126	0
Investments in associates	3.5	2,557	2,455
Non-current financial assets	3.6	1,247	754
Loans granted to associates		171	173
Restricted cash relating to infrastructure projects and other financial assets	5.2	970	473
Other receivables		106	108
Deferred taxes	2.8	502	664
Long-term financial derivative instruments at fair value	5.5	434	364
Current assets		**11,751**	**10,758**
Assets classified as held for sale and discontinued operations	1.1.3	4,936	4,892
Inventories	4.1	699	594
Current income tax assets		97	97
Short-term trade and other receivables	4.2	1,256	1,090
Trade receivables for sales and services		891	801
Other short-term receivables		364	289
Cash and cash equivalents	5.2	4,735	4,005
Infrastructure project companies		119	239
Restricted cash		6	9
Other cash and cash equivalents		113	230
Ex-infrastructure project companies		4,617	3,766
Short-term financial derivative instruments at fair value	5.5	27	80
TOTAL ASSETS		**24,109**	**22,813**

LIABILITIES AND EQUITY (Millions of euros)	NOTE	2019	2018
Equity	**5.1**	5,087	**5,363**
Equity attributable to shareholders		4,304	4,530
Equity attributable to non-controlling interests		783	833
Deferred income	**6.1**	**1,347**	**1,241**
Non-current liabilities		**9,054**	**8,912**
Pension plan deficit	6.2	4	3
Long-term provisions	6.3	518	459
Long-term lease liabilities	3.7	82	0
Financial borrowings	5.2	7,565	7,419
Debt securities and borrowings of infrastructure project companies		5,471	5,342
Debt securities and borrowings of ex-infrastructure project companies		2,094	2,077
Other borrowings	6.4	27	135
Deferred taxes	2.8	475	574
Hedging instruments at fair value	5.5	385	321
Current Liabilities		**8,621**	**7,297**
Liabilities classified as held for sale and from discontinued operations	1.1.3	3,491	3,259
Short-term lease liabilities	3.7	71	0
Financial borrowings	5.2	1,033	773
Debt securities and borrowings of infrastructure project companies		23	43
Debt securities and bank borrowings ex-infrastructure project companies		1,010	730
Hedging instruments at fair value	5.5	97	69
Current income tax liabilities		107	65
Short-term trade and other payables	4.3	3,072	2,700
Trade payables		1,327	1,314
Advanced payments from clients and amounts billed in advance for construction work		1,390	1,089
Other short-term payables		354	297
Trade provisions	6.3	750	431
TOTAL LIABILITIES AND EQUITY		**24,109**	**22,813**

The accompanying Notes 1.1 to 7.1 form an integral part of the Consolidated statement of financial position as at 31 December 2019.
Translation of consolidated financial statements originally. In the event of a discrepancy, the Spanish-language version prevails.

B. Consolidated income statement for 2019 and 2018

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(Millions of euros)	NOTE	2019 BEFORE FAIR VALUE ADJUSTMENTS	2019 FAIR VALUE ADJUSTMENTS (*)	TOTAL 2019	2018 BEFORE FAIR VALUE ADJUSTMENTS	2018 FAIR VALUE ADJUSTMENTS (*)	TOTAL 2018
Revenues		6,054	0	6,054	5,737	0	5,737
Other operating income		2	0	2	2	0	2
TOTAL OPERATING INCOME	**2.1**	**6,056**	**0**	**6,056**	**5,738**	**0**	**5,738**
Materials used	2.2	949	0	949	985	0	985
Other operating expenses	2.2	3,958	0	3,958	3,329	0	3,329
Staff expenses	2.3	1,027	0	1,027	945	0	945
TOTAL OPERATING EXPENSES		**5,935**	**0**	**5,935**	**5,259**	**0**	**5,259**
Gross operating profit	**2.4**	**121**	**0**	**121**	**479**	**0**	**479**
Fixed asset depreciation		180	0	180	127	0	127
Operating income before impairment losses and fixed asset disposals	**2.4**	**-58**	**0**	**-58**	**351**	**0**	**351**
Impairments and disposals of fixed assets (**)	2.5	423	37	460	95	-13	82
Operating profit/(loss)		**365**	**37**	**401**	**446**	**-13**	**434**
Net financial income/(expense) from financing		-264	0	-264	-233	0	-233
Profit/(loss) on derivatives and other financial results		2	-1	1	2	1	3
Financial result of infrastructure project companies		**-262**	**-1**	**-263**	**-231**	**1**	**-230**
Net financial income/(expense) from financing		28	0	28	9	0	9
Profit/(loss) on derivatives and other net financial income/(expense)		6	36	42	7	23	30
Net financial income/(expense) ex-infrastructure projects		**34**	**36**	**69**	**16**	**23**	**39**
Net financial income/(expense)	**2.6**	**-229**	**35**	**-194**	**-216**	**24**	**-192**
Share of profits of equity-accounted companies	2.7	269	27	296	240	-1	239
Pre-tax consolidated profit/(loss)		**405**	**99**	**504**	**470**	**10**	**481**
Corporate income tax	2.8	-39	-8	-47	-18	-6	-24
Consolidated profit/(loss) from continuing operations		**366**	**91**	**457**	**453**	**4**	**457**
Profit/(loss) from discontinued operations		265	-463	-198	-48	-800	-848
Consolidated profit/(loss) for the year		**631**	**-372**	**259**	**405**	**-796**	**-391**
Profit/(loss) for the year attributed to non-controlling interests	2.10	9	0	9	-57	0	-57
Profit/(loss) for the year attributed to the Parent		**640**	**-372**	**268**	**348**	**-796**	**-448**
Net earnings per share attributed to the Parent (Basic /Diluted)	*2.11*			*0.35/0.35*			*-0.61/-0.61*

(*) Relating to gains and losses arising from changes in the fair value of derivatives and other financial assets and liabilities (see Note 5.5), asset and liability impairment (see Note 2.5) and the impact of the two items on "share of profits of equity-accounted companies" (see Note 2.7).

(**) "Impairment and fixed asset disposals" primarily includes asset impairment and the gains or losses on the sale and disposal of investments in Group Companies and associates. When any such disposal of assets results in a loss of control, the capital gain relating to the updating of the fair value in respect of the shareholding maintained is entered in the column showing adjustments to fair value.

The accompanying Notes 1.1 to 7.1 form an integral part of the Consolidated income statement for the year ended 31 December 2019.

Translation of consolidated financial statements originally. In the event of a discrepancy, the Spanish-language version prevails.

C. Consolidated statement of comprehensive income for 2019 and 2018

(Millions of euros)	NOTE	2019	2018
a) Consolidated profit/(loss) for the year		**259**	**-391**
Attributed to the Parent		**268**	**-448**
Attributed to non-controlling interests		-9	57
b) Income and expenses recognised directly in equity	**5.1**	**93**	**45**
Fully consolidated companies		**-27**	**68**
Impact on reserves of hedging instruments	5.5	-14	53
Impact on reserves of defined benefit plans (*)	6.2	0	0
Translation differences		-15	28
Tax effect		3	-13
Companies classified as held for sale/discontinued		**-12**	**-11**
Impact on reserves of hedging instruments		0	22
Impact on reserves of defined benefit plans (*)		0	40
Translation differences		-12	-63
Tax effect		0	-11
Equity-accounted companies		**131**	**-11**
Impact on reserves of hedging instruments		-15	20
Impact on reserves of defined benefit plans (*)		-6	44
Translation differences		148	-64
Tax effect		5	-12
c) Transfers to the income statement	**5.1**	**0**	**0**
Fully consolidated companies		**0**	**0**
Transfers to the Income Statement		0	0
Tax effect		0	0
Equity-accounted companies		**0**	**0**
Transfers to the Income Statement		0	0
Tax effect		0	0
(a+b+c) TOTAL COMPREHENSIVE INCOME		**351**	**-346**
Attributed to the Parent		334	-431
Attributed to non-controlling interests		18	86

(*) The impact on reserves of defined benefit plans is the only line item of income and expenses recognised directly in equity that cannot be reclassified subsequently to the income statement (see Note 5.1).

The accompanying Notes 1.1 to 7.1 form an integral part of the consolidated statement of Comprehensive income for the year ended 31 December 2019.

Translation of consolidated financial statements originally. In the event of a discrepancy, the Spanish-language version prevails.

D. Consolidated statement of changes in equity for 2019 and 2018

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(Millions of euros)	SHARE CAPITAL	SHARE/ MERGER PREMIUM	TREASUR Y SHARES	OTHER EQUITY INSTRUMENTS	MEASUREMENT ADJUSTMENTS	RETAINED EARNINGS AND OTHER RESERVES	ATTRIBUTED TO SHAREHOLDERS	ATTRIBUTED TO NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at 31.12.2018	**148**	**1,273**	**-128**	**504**	**-1,261**	**3,993**	**4,530**	**833**	**5,363**
Impact of transition to IFRS 16 (Note 1.2.1)	**0**	**0**	**0**	**0**	**0**	**-25**	**-25**	**0**	**-25**
Balance at 01/01/2019	**148**	**1,273**	**-128**	**504**	**-1,261**	**3,968**	**4,505**	**833**	**5,338**
Consolidated profit/(loss) for the year						268	268	-9	259
Income and expenses recognised directly in equity					66		66	27	93
Total recognised income and expenses	**0**	**0**	**0**	**0**	**66**	**268**	**334**	**18**	**351**
Scrip dividend agreement	2					-241	-238		-238
Other dividends							0	-128	-128
Treasury share transactions	-3	-279	53			-53	-282	0	-282
Shareholder remuneration	**-1**	**-279**	**53**	**0**	**0**	**-293**	**-520**	**-128**	**-648**
Share capital increases/reductions							0	66	66
Share-based remuneration schemes						3	3	0	3
Other movements						-5	-5	-4	-11
Other transactions	**0**	**0**	**0**	**0**	**0**	**-3**	**-3**	**62**	**58**
Perpetual subordinated bond issues				**1**		**-8**	**-8**	**0**	**-8**
Changes in the consolidation scope	**0**	**0**	**0**	**0**	**0**	**-4**	**-4**	**-2**	**-7**
BALANCE AT 31.12.2019	**147**	**995**	**-75**	**505**	**-1,195**	**3,928**	**4,304**	**783**	**5,087**

(Millions of euros)	SHARE CAPITAL	SHARE/ MERGER PREMIUM	TREASURY SHARES	OTHER EQUITY INSTRUMENTS	MEASUREMENT ADJUSTMENTS	RETAINED EARNINGS AND OTHER RESERVES	ATTRIBUTED TO SHAREHOLDERS	ATTRIBUTED TO NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at 31.12.2017	**146**	**1,551**	**-42**	**500**	**-1,277**	**4,624**	**5,503**	**731**	**6,234**
IFRS 9 Impact	**0**	**0**	**0**	**0**	**0**	**-31**	**-31**	**-6**	**-38**
Balance at 01.01.2018	**146**	**1,551**	**-42**	**500**	**-1,277**	**4,593**	**5,471**	**725**	**6,197**
Consolidated profit/(loss) for the year						-448	-448	57	-391
Income and expenses recognised directly in equity					17		16	29	45
Total recognised income and expenses	**0**	**0**	**0**	**0**	**17**	**-448**	**-431**	**86**	**-346**
Scrip dividend agreement	3					-244	-240		-240
Other dividends							0	-54	-54
Treasury share transactions	-2	-278	-86			86	-280	0	-280
Shareholder remuneration	**1**	**-278**	**-86**	**0**	**0**	**-158**	**-520**	**-54**	**-574**
Share capital increases/reductions							0	77	77
Share-based remuneration schemes						10	10	0	10
Other movements			0			1	1	0	2
Other transactions	**0**	**0**	**0**	**0**	**0**	**11**	**11**	**78**	**89**
Perpetual subordinated bond issues				**4**		**-5**	**-1**	**0**	**-1**
Changes in the consolidation scope	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-1**	**-1**
Balance at 31.12.2018	**148**	**1,273**	**-128**	**504**	**-1,261**	**3,993**	**4,530**	**833**	**5,363**

The accompanying Notes 1.1 to 7.1 form an integral part of the Consolidated Statement of changes in equity for the year ended 31 December 2019.
Translation of consolidated financial statements originally. In the event of a discrepancy, the Spanish-language version prevails.

E. Consolidated cash flow statement for 2019 and 2018

(Millions of euros)	NOTE	2019	2018
Net profit/(loss) attributed to the Parent	**2.11**	**268**	**-448**
Adjustments to profit/(loss)		236	1,062
Non-controlling interests		-9	57
Net profit/(loss) from discontinued operations		198	848
Tax		47	24
Profit/(loss) from equity-accounted companies		-296	-239
Net financial income/(expense)		194	192
Fixed asset impairments and disposals		-460	-82
Amortisations		180	127
EBITDA discontinued operations	*2.9*	382	136
Gross operating profit (EBITDA) including discontinued operations		504	614
Income taxes paid	2.8.2	-61	-25
Working capital variation (receivables, payables and other)	5.3	206	-255
Dividends from infrastructure project companies received	3.5	529	511
Operations cash flow	**5.3**	**1,178**	**845**
Investments in property, plant and equipment/intangible assets	3.2 and 3.4	-202	-182
Investments in infrastructure projects	3.3	-157	-213
Loans granted to associates/acquisition of companies		-34	-66
Interest received	2.6	74	56
Investment of long-term restricted cash		-528	-171
Divestment of infrastructure projects	3.3	115	144
Divestment/sale of companies	1.1.4	484	230
Investment cash flow		**-247**	**-202**
Cash flows before financing activities		**931**	**643**
Capital proceeds from non-controlling interests		70	75
Scrip dividend		-238	-240
Acquisition of treasury shares		-282	-280
Shareholder remuneration	5.1	-520	-520
Dividends paid to non-controlling shareholders of investees	5.1	-124	-54
Subordinated hybrid bond issue		0	0
Other movements in shareholders' funds	1.2.3.3 and 5.1.2	-6	3
Cashflows from shareholders and non-controlling interests		**-580**	**-496**
Interest paid	2.6	-286	-258
Lease instalments		-135	0
Increase in borrowings		1,376	563
Decrease in borrowings		-633	-500
Net change in financial borrowing discontinued operations		117	0
Cash flows from financing activities		**-141**	**-692**
Effect of exchange rates on cash and cash equivalents		24	**-48**
Change in cash and cash equivalents due to changes in the consolidation scope		-34	**22**
Change in cash and cash equivalents from discontinued operations	**5.3**	-49	**-522**
Change in cash and cash equivalents	**5.2**	**731**	**-596**
Cash and cash equivalents at beginning of the year		4,005	4,601
Cash and cash equivalents at end of year		4,735	4,005

The accompanying Notes 1.1 to 7.1 form an integral part of the Consolidated cash flow for the year ended 31 December 2019.
Translation of consolidated financial statements originally. In the event of a discrepancy, the Spanish-language version prevails.

F. Notes to the consolidated annual accounts for 2019

SECTION 1: BASIS OF PRESENTATION AND CONSOLIDATION SCOPE

This section presents the information considered important to know prior to reading the Ferrovial consolidated financial statements.

BASIS OF PRESENTATION AND NEW ACCOUNTING STANDARDS

The Ferrovial consolidated financial statements were prepared in accordance with the IFRS standards that apply within the European Union. The accounting policies applied are explained in Note 1.2 of this section.

Of the standards first-time adopted at 1 January 2019, the most relevant impact relates to IFRS 16 Leases, assets (right-of-use, inventories and investment property) having been recognised on transition in the amount of EUR 125 million and additional lease liabilities in the same amount.

Company activities

The disclosures presented in these financial statements include most notably, given their importance, those relating to the distinction between infrastructure project companies and non-infrastructure project companies (see Note 1.1.2 for a definition). Also noteworthy are those relating to the Group's two main assets, the 25% ownership interest in Heathrow Airports Holdings (HAH), which owns Heathrow Airport, and the 43.23% ownership interest in the company that owns the 407 ETR toll road in Toronto (Canada).

Discontinued operations

As of 31 December 2019 the Company reports the main assets and liabilities linked to the Services Division as discontinued operations. On 23 December 2019, the company entered into an agreement for the sale of the Services business in Australia, the effectiveness of which is pending fulfilment of a number of conditions precedent (essentially relating to approval by the competition authorities), an associated impairment loss of EUR 270 million having been recognised in the final quarter.

As regards the remaining business areas in the Services Division (see Note 1.1.3), and in accordance with paragraph 9 of IFRS 5, the company considers that the conditions for continuing to classify these assets as discontinued operations have been met, despite the fact that a period of one year has elapsed since their reclassification. In addition, at year-end the company has revised the fair value estimation of these business areas, concluding that in all cases this value is higher than the carrying amount registered at 31 December 2019.

Changes in the consolidation scope

Note 1.1.4 provides detailed information on the main changes in the consolidation scope in the reporting period, primarily highlighting the sale of the shareholding in the Autopista del Sol toll road.

Judgements and estimates

This section includes the main estimates made by Ferrovial when measuring its assets, liabilities, revenues, expenses and obligations (see Note 1.2.4).

Exchange rate

Although Ferrovial's functional currency is the euro, a significant portion of its activities is carried out in countries outside the eurozone, its exposure including most notably that to the pound sterling, the US dollar, the Canadian dollar, the Australian dollar and the Polish zloty. The evolution of these currencies vis-à-vis the euro is shown in Note 1.3.

During 2019 all of the currencies appreciated against the euro, except for the Chilean peso closing exchange rate.

The impact recorded in this regard on shareholders' funds attributable to the parent company is EUR 105 million (see Note 5.1.1 Changes in Equity).

1.1. BASIS OF PRESENTATION, COMPANY ACTIVITIES AND CONSOLIDATION SCOPE

1.1.1. Basis of presentation

The consolidated annual accounts are presented in accordance with the regulatory financial reporting framework applicable to the Group and, are therefore a true and fair view of the Group's equity, financial position and profit/(loss). The regulatory framework consists of International Financial Reporting Standards (IFRS), as established by Regulation (EC) no. 1606/2002 of the European Parliament and of the Council dated 19 July 2002.

1.1.2 Company activities

Ferrovial comprises the parent company, Ferrovial, S.A., and its subsidiaries, which are detailed in Appendix II. Its registered office is in Madrid, at Calle Príncipe de Vergara 135.

Through these companies, Ferrovial engages in the following lines of business, which are its reporting segments pursuant to IFRS 8:

- **Construction:** Design and construction of all manner of public and private works, including most notably the construction of public infrastructure.
- **Toll Roads:** Development, financing and operating of toll roads.
- **Airports:** Development, financing and operating of airports, as well as integrated solutions for the development and management of electrical networks.
- **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. As detailed in Note 1.1.3, this business activity has classified as a discontinued operation since 31 December 2018.

For a more detailed description of the various areas of activity in which the consolidated Group conducts its business operations, please consult the Group's website: www.ferrovial.com.

For the purpose of understanding these Financial statements, it should be noted that a part of the activity carried out by the Group's business divisions consists of the development of infrastructure projects, primarily in the toll road and airport areas, but also in the construction and services fields.

These projects are conducted through long-term arrangements with public authorities under which the concession operator, in which the Group generally has an ownership interest together with other shareholders, finances the construction or upgrade of public infrastructure, mainly with borrowings secured by the cash flows from the project and with the shareholders' capital contributions, and subsequently maintains the infrastructure. The investment is recovered by collecting tolls or regulated charges for the use of the infrastructure, or through amounts paid by the authority awarding the contract based on the availability for use of the related asset. In most cases the construction and subsequent maintenance of the infrastructure is subcontracted by the concession operators to the Group's Construction and Services Divisions.

From an accounting standpoint, most of these arrangements fall within the scope of application of IFRIC 12.

Accordingly, and in order to aid understanding of the Group's financial performance, these consolidated Financial Statements separately detail the impact of projects of this nature in "fixed assets 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 long-term financial assets and, mainly, in the net cash position and the cash flow disclosures, in which the cash flows called "ex-infrastructure projects", which combines the cash flows generated by the construction and services businesses, the dividends from the capital invested in infrastructure projects and investments in or divestments of the share capital of these projects, are presented separately from the cash flows of the infrastructure projects, which include the cash flows generated by the related concession operators. A list of the companies regarded as infrastructure project companies can also be consulted in Appendix II.

It is also important to highlight that two of the Group's main assets are its 25% ownership interest in Heathrow Airport Holdings (HAH), the company that owns Heathrow Airport in London (UK), and its 43.23% ownership interest in 407 ETR, the concession operator of the 407 ETR toll road in Toronto (Canada), which are equity-accounted companies since 2011 and 2010, respectively. In order to provide detailed information on the two companies, Note 3.5, Investments in equity-accounted companies includes information relating to the changes in the two companies' balance sheets and income statements, and this information is completed in other Notes within the annual accounts with data considered to be of interest.

Lastly, it should be noted that the Real Estate and Services businesses carried out by Budimex in Poland are included in the Construction segment. In 2018, the Services business carried out by its subsidiary FB Serwis was classified under discontinued operations and was 51% owned by Ferrovial Servicios and 49% by Budimex. In 2019 Budimex acquired the remaining 51% owned by Ferrovial Servicios, therefore it now owns 100% of the company, which is now reported within the Construction Division under continuing operations.

1.1.3. Discontinued operations

Reclassification of assets to discontinued operations

As of 31 December 2019 the Company classifies all assets and liabilities linked to the Services Business Division as discontinued operations and keeps open several divestmenr processes about the different business areas of the division.

As regards Australia, in December 2019 the company closed a sale and purchase agreement, the effectiveness of which is pending fulfilment of a number of conditions precedent, essentially relating to approval by the competition authorities.

As regards other activities, at the Ferrovial Board of Directors meeting held on 19 December 2019, it was unanimously confirmed to divest the Services Division.

The status of the sales process at the closing date of these consolidated financial statements is as follows:

- As regards the Spain and International businesses, although the initial intention focused on selling both activities together, after the experience achieved in the last months, the process has focused in separate divestment operations by geography, being the three most relevant areas Spain, North America and Chile.
- As regards the United Kingdom, the process has been delayed in relation to the other activities, due firstly to the time required to exit the agreement with Birmingham City Council and then to global uncertainties surrounding the UK economy caused by Brexit. However, at the closing date of these annual accounts, an active sale process was still underway, which aims to sell certain business areas separately in a first phase, and then go on to sell the rest of the United Kingdom business.

Based on the conditions indicated above, and in accordance with paragraph 9 of IFRS 5, the company considers that the conditions for continuing to classify these assets as discontinued operations have been met, despite the fact that a period of one year has elapsed since their reclassification.

Valuation of assets at fair value

In line with the legislation in force, the assets and liabilities of discontinued operations must be measured at fair value at year-end.

With respect to the Australia and New Zealand business, the transaction closing price (EUR 303 million), minus estimated costs to sell (EUR -3 million), were used as references to determine fair value. This entailed recognising an impairment loss of EUR -270 million in the final quarter of 2019, in addition to the EUR -170 million already recorded in the third quarter.

As regards the other Services businesses, fair value was determined as follows:

- Spain and International: An enterprise value has been calculated based on a multiple over the EBITDA planned for 2020 in each of the geographies that are planned to be sold separately. The multiple has been estimated based on the references obtained during the year due to the sale process. This enterprise value has been adjusted for the amount of the net debt of each of the activities and for the estimation of other adjustments that could be considered as assimilable to the debt.
- United Kingdom: an independent expert valuation was used, which used a similar calculation method as indicated for Spain and International.

In all cases, following the analysis conducted, the conclusion was drawn that no impairment need be recognised in addition to the amount already recognised for Amey in 2018.

Impact on Financial Statements

The reclassification of the Services Division to discontinued operations has had the following impacts on these financial statements:

- The profit/(loss) after tax generated by the Services business is not reported in each line of the income statement, instead it is reported in one line "net profit/(loss) from discontinued operations", both for 2019 and 2018. In accordance with IFRS 5, this result does not include the amortization of these assets. The aforementioned impairment loss forms part of this line and relates to the Australia business. Note 2.9 includes the disclosures required in connection with profit/(loss) from discontinued operations, including a breakdown of the main lines.
- With respect to cash flow, the main financial statement includes, within the global figures, the cash flow figures relating to discontinued activities, adjusting in the line "cash flow variation and equivalents for discontinued operations", such that the "variation of cash and cash equivalents "final matches with that of the Balance Sheet. The cash flow in Note 5.3, which explains the variation in the net cash position, has been prepared using the same criteria. This note also includes a breakdown of the flow of operations, investment and financing of discontinued activities
- For the purposes of the balance sheet, all assets and liabilities attributed to Services division have been reclassified as "assets/liabilities held for sale and discontinued operations".
- The following table details the different types of assets and liabilities that are classified as discontinued operations as at December 2019 and December 2018:

(Millions of euros)	2019.DEC	2018.DEC	VAR.
Non-current assets	**3,944**	**3,501**	**443**
Goodwill	1,708	1,659	49
Intangible assets	390	413	-22
Investments in infrastructure projects	423	427	-4
Property, plant and equipment	498	422	76
Right of use	377	0	377
Other non-current assets	548	580	-32
Current assets	**2,271**	**2,165**	**106**
Inventories	59	57	2
Short-term trade and other receivables	1,606	1,552	54
Cash and cash equivalents	570	522	49
Other current assets	36	35	1
TOTAL Assets	**6,215**	**5,666**	**549**
Fair value provision	-1,279	-774	-506
TOTAL assets classified as discontinued operations	**4,936**	**4,892**	**44**

(Millions of euros)	2019.DEC	2018.DEC	VAR.
Deferred income	**44**	**53**	**-9**
Non-current liabilities	**1,424**	**1,196**	**228**
Long-term provisions	272	323	-51
Long-term lease liabilities	191	0	191
Financial borrowings	544	442	102
Other non-current liabilities	416	431	-15
Current liabilities	**2,023**	**2,010**	**13**
Short-term lease liabilities	77	0	77
Financial borrowings	56	64	-7
Short-term trade and other payables	1,661	1,573	88
Trade provisions	224	347	-124
Other current liabilities	6	27	-21
TOTAL LIABILITIES CLASSIFIED AS DISCONTINUED OPERATIONS	**3,491**	**3,259**	**232**

- As it can be seen from the table, the net balance of assets and liabilities related to the discontinued Services activity is 1,445 million euros, 1,434 corresponding to equity attributable to the shareholders.
- Excluding Australia's business, the balance reaches 1,173 million euros. This figure already excludes the Services business in Poland, which, as mentioned, is now reported within the Construction division as a continuing activity and is also impacted by a dividend of 78 million euros that Ferrovial Servicios, S.A. has distributed to Ferrovial S.A. last December.
- Regarding the book value of the Australian business, it should be noted that the reported figure does not include the impact that the restructuring operations that are currently being carried out by which certain international businesses that are transferred to the rest of Ferrovial from Broadspectrum will have on the book value as of December 31, 2019. The acquisition of such shares will involve an estimated cash outflow of 60 million euros and will be compensated within the price of 303 million euros that has been set for the transaction.

1.1.4. Changes in the consolidation scope and other disposals in investees

Set forth below is a description of the most significant movements in the consolidation scope in 2019. The information was prepared taking into account IFRS 3, and the other disclosures required by the standard, which do not appear in this Note, are included in the Note on consolidated goodwill (see Note 3.1).

Toll roads

In December 2019, Ferrovial, via Cintra, closed the transfer of 65% of the Autopista del Sol toll road in Malaga, to the French infrastructure fund Meridiam for EUR 451 million.

The transaction gave rise to capital gains of EUR 474 million for Ferrovial, (see Note 2.5) (EUR 473 million of net profit), of which EUR 95 million relate to the updating of the fair value of the holding retained (15%), which has been classified as Investments in associates, on the grounds that it still has significant influence over the company.

The contract also includes a cross-purchase option between the parties for this remaining 15% that the company holds in the aforementioned toll road, which can be exercised between April and September 2022.

In October 2019, an agreement was also reached with the British infrastructure firm John Laing to transfer 11.7% of the Ruta del Cacao company, the concession operator on the Bucaramanga-Barrancabermeja-Yondó project in Colombia, for EUR 28 million (COP 103,000 million). The transaction generated a capital gain of EUR 10 million for Ferrovial (EUR 9 million in net profit). As a result of this transaction, Ferrovial's ownership interest in the concession operating company will now be 30%.

1.2. ACCOUNTING POLICIES

1.2.1. New accounting standards

1.2.1.a) New standards, amendments and interpretations adopted by the European Union mandatorily applicable for the first time in 2019:

On 1 January 2019, the following standards which might have an impact on the consolidated financial statements came into force in the European Union: IFRS 16 Leases, Amendment to IAS 28 Long-term Interests in Associates and Joint Ventures, Amendment to IAS 19 Amendment, Curtailment or Settlement of the Plan, Amendment to IFRS 9 Prepayment Features with Negative Compensation, IFRIC Interpretation 23 Uncertainty over Income Tax Treatments, Annual Improvements Cycle 2015-2017. Of these standards adopted for the first time, the most relevant impact relates to IFRS 16 Leases.

i) IFRS 16 Leases criteria

A new standard, which establishes one sole accounting model for lessees, where the amounts in the balance sheet are increased by the recognition of right of use assets and the financial liabilities for the future payment obligations relating to leases classified previously as operating leases.

The right of use of the asset is initially measured at cost and subsequently at cost less cumulative depreciation and impairment losses; adjustments are made for any new measurement of the lease liability due to the amendment or reassessment of the lease.

The lease liability is measured using the present values of future lease payments. When calculating lease liabilities, the Group applied discount rates (incremental rate), depending on the lease term and the country of the company holding the lease.

The Group considers a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In determining the lease term, the non-cancellable period of the lease agreement and the periods covered by the option to extend the lease are taken into account, if the lessee is reasonably certain that they will exercise this option. Available historical data has been taken into account pursuant to paragraph B.40 of IFRS 16, this general criterion having been included in a specific standard whereby, for asset leases related to construction projects or contracts for services in which the lease term is shorter than contract term, it is presumed that the extension option will be exercised to the contract end date.

IFRS 16 was applied retrospectively, recognising the cumulative effect of initially applying this standard as an adjustment to the opening balances for 2019 of the statement of financial position and not restating the information from comparative periods, where IAS 17 is still applicable.

The Group has also applied the following practical solutions permitted by the standard:

- Exclusion of short-term leases. The company considered those which had a duration of less than 12 months (unless there is reasonable certainty that they can be extended), or those that, at the date of first application, the outstanding lease term was less than 12 months regardless of the contract start date as indicated in paragraph C10(c) IFRS 16.
- Exclusion of low-value leases. As regards the definition of low value contracts, the company has considered in line with what is indicated in the basis of conclusions of the standard in its paragraph FC 100, those whose value was less than €5,000.
- For previous lease agreements with initial direct costs, these have been excluded from the right-of-use asset calculation in the transition adjustment.

In terms of the presentation, of note is that the lease liabilities do not form part of the net cash position (Note 5.3) and are presented in the "long- and short-term lease liability" balance sheet lines, based on their maturity.

ii) Impact on the Consolidated Financial Statements

At the date of transition, the group has recognised total assets amounting to 125 million euros reduced by the impact on equity of -25 million euros of investment in associates in HAH (Note 3.5.1) from certain rights of use assets that have been calculated in transition for its book value at inception of the contract (for the net amount of amortization), as allowed by the standard.

The mentioned amount of 125 million euros corresponds to the following concepts: 96 million euros for right of use asset in operating leases, 27 million euros as inventories and 2 million euros investment properties. The assets that have been classified as inventories or investment properties correspond to the real estate activity in Poland, since in this market there are specific use rights on the land on which their productive activity is carried out and that are part of the cost of these.

When calculating lease liabilities at 1 January 2019, the Group applied discount rates of between 2% and 6%, depending on the lease term, currency and the country of the company holding the lease.

The detailed breakdown of the financial statements affected by this adjustment at 1 January 2019 is as follows:

(Millions of euros)	Transition to IFRS 16 01/01/2019
Right of use	96
Investment property	2
Investments in associates	-25
Deferred taxes	0
Inventories	27
TOTAL ASSETS	**100**
Equity	**-25**
Long-term lease liabilities	94
Short-term lease liabilities	31
Liabilities	**125**
TOTAL LIABILITIES AND EQUITY	**100**

For the Services Division classified as discontinued operations, the transition adjustment at 1 January 2019 for the rights of use and lease liabilities amounts to EUR 273 million.

Set out below is the reconciliation of operating lease commitments at 31 December 2018 and the liabilities recognised at 1 January 2019 under IFRS 16:

(Millions of euros)	CORPORATE BUSINESS AND AIRPORTS	CONSTRUCTION	TOLL ROADS	TOTAL
Operating lease commitments at 31 December 2018 *	11	93	4	**108**
Present value of the lease commitments	**10**	**86**	**3**	**99**
Low-value and short-term leases	-2	-2	0	-4
Extension and early termination options	12	0	0	12
Other movements	9	10	0	19
Lease liabilities at 1 January 2019	29	94	3	125

* At 31 December, of the total EUR 389 million for operating lease commitments, EUR 281 million relate to Services (Discontinued operations).

iii) Leases registered in the Consolidated Income Statement

Lease expenses recorded during the year in the consolidated income statement amount to EUR 255 million (note 2.2) corresponding to the following concepts:

- Contracts that, even if they meet the definition of lease in IFRS 16, fall within one of the exceptions to the application of the rule mentioned above. In this sense, given the nature of the group's activity, the assets are normally leased to undertake the different phases of a project for periods that are less than one year or that are considered of low value.
- Contracts that do not meet the definition of lease primarily because the assets are not identified and are easily substitutable by the provider of the same.

1.2.1.b) New standards, amendments and interpretations mandatorily applicable in annual reporting periods after December 31st, 2019:

The new standards, amendments and interpretations approved by the IASB but not yet mandatorily applicable at 31 December 2019 that might have an effect on the Group are as follows:

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS		MUST BE APPLIED TO FINANCIAL YEARS BEGINNING FROM:
Approved by the EU		
Amendments to references in the conceptual framework		1 January 2020
Amendments to IAS 1 and IAS 8	Definition of material or with relative importance	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate benchmark reform	1 January 2020
Pending approval by the EU		
Amendment to IFRS 3	Definition of a business	1 January 2020
Amendment to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2022

None of these standards are expected to have any significant impact on the company.

1.2.2. Basis of consolidation

In 2019 and 2018 the reporting dates of the individual annual accounts of all the companies included in the consolidation scope were either the same as, or were temporarily brought into line with, that of the Parent company.

As indicated above, the consolidated Group applied the basis of consolidation established in the IFRS adopted by the European Union (EU-IFRS). In this regard, in order to calculate the degree of control, joint control or significant influence existing at each company in the Group, a review has been carried out of the consistency between the stake held and the number of votes controlled in each company under their articles of association and shareholder agreements.

In the case of business activities with companies in which the existence of joint control is identified, the general basis of consolidation is the equity method.

In relation to these jointly controlled businesses, apart from the situations in which there are two venturers, each with a 50% ownership interest, the cases requiring a more in-depth analysis are those relating to infrastructure projects in which Ferrovial is the shareholder with the largest ownership interest (less than or equal to 50%) and has the right to propose the Chief Executive Officer or other executives of the investee, while the other shareholders, mainly infrastructure funds, have a direct participation in the Board of Directors. In all these cases, it has been concluded that the projects in question should be equity-accounted, because Ferrovial does not have the right to nominate the majority of the Board of Directors of these companies, and the decisions of the said Boards (including the appointment of the main executive positions) always require a simple or qualified majority, when Ferrovial does not itself have a casting vote in the event of a tie. Notable cases in this regard are the stakes held in the companies that own the following Toll Road projects (the percentage stake held in each is shown in brackets): I-66 (50%), 407 ETR (43.2%), Slovakia (35%), Toowoomba (40%) and Osars (50%).

The contracts that are undertaken through Unincorporated Temporary Joint Ventures (UTEs) or similar entities that meet the IFRS 11 requirements for being classified as "joint arrangements" are proportionately consolidated. It is considered that, in these cases of joint control, the partners have direct control over the assets, liabilities, income and expenses of these entities and joint and several liability for their obligations. Operations of this nature contributed to the consolidated Group assets, profit/(loss) and revenues of EUR 182 million, EUR -133 million and EUR 963 million, respectively (2018: EUR 86 million, EUR -42 million and EUR 923 million). For assets, profit/(loss) and revenue, discontinued operations contribute EUR 652 million, EUR 49 million and EUR 660 million during the year. Particularly worthy of note due to their materiality (sales representing more than 0.5% of consolidated sales) are the following companies relating to construction projects:

PROJECT	ACTIVITY	% OWNERSHIP INTEREST	REVENUE (€M)
Northern Line / Thames Tideway Tunnel	Design and construction of the Thames Tideway tunnel and Northern Line extension of the London Underground	50%	256
Bucaramanga Toll Road (Ruta del Cacao)	Engineering, procurement and construction of the Bucaramanga-Barrancabermeja-Yondó project	70%	99
407 East Extension	Design and construction of the 407 East toll road in Toronto	50%	59
HS2	Preliminary ground and enabling works for the HS2 high speed line in the UK	37%	49
Tokamak - Iter	Construction of the Tokamak reactor located in Cadarache (France)	30%	47
The Daivões dam and hydroelectric plant	Construction of the Daivões dam and hydroelectric power plant	50%	39
UTE Toowoomba	Construction of a bypass around the city of Toowoomba, Australia	50%	38
Northern Beaches	Design and construction of improvements to the road network around the Northern Beaches Hospital in Australia	70%	37
TOTAL			624

The companies over which Ferrovial, S.A. exercises significant influence or joint control and which do not meet the requirements in IFRS 11 to be classified as "joint operations" are equity-accounted. A breakdown of the equity-accounted companies can be found in Note 3.5. and in Appendix II.

Certain companies are also consolidated using the equity method, in which it holds a direct or indirect stake of less than 20%, so long as Ferrovial can appoint one of the members of the Board of Directors.

Intra-Group balances and transactions are eliminated on consolidation. However, the transactions recognised in the income statement in relation to construction contracts performed by the Construction Division for infrastructure project concession operators are not eliminated on consolidation, since contracts of this kind are treated as construction contracts under which the Group performs work for the concession grantor or regulator in exchange for the right to operate the infrastructure under the terms pre-established by the grantor or regulator. The grantor or regulator thus controls the asset from inception and grants the above-mentioned right in exchange for the work performed, and, therefore, the conclusion may be reached that at Group level the work is performed for third parties. This is in line with IFRIC 12. The non-elimination of these transactions had an impact of EUR -127 million on the income statement, after taxes and non-controlling interests (2018: EUR 22 million). The detail of the transactions not eliminated on the basis of the foregoing is shown in Note 6.8, Related party transactions.

Appendix II contains a list of subsidiaries and associates.

Finally, as regards transactions for the purchase or sale of a percentage stake that does not lead to any change of control in the company in question, the minority stake may be measured at its fair value or at its proportional value in the identifiable net assets of the company being acquired.

The general criterion applied by the Group will be the one that avoids the advance recognition of capital gains in the company's equity. Thus, a minority stake is recognised at its fair value in the event that shares are sold for an amount that exceeds their carrying amount or purchased for less than their carrying amount. Similarly, the corresponding capital losses are recognised as part of the company's equity in the event that shares are sold for less than their carrying amount or purchased for more than their carrying amount.

1.2.3. Accounting policies applied to each line item in the consolidated statement of financial position and consolidated income statement

Set forth below is a detail of only those accounting policies adopted by the consolidated Group in preparing these consolidated annual accounts with respect to which there is an option permitted by IFRS or, as the case may be, on the basis of the specific nature of the industry in which it operates or of its materiality.

1.2.3.1. Property, plant and equipment, Investment property and Intangible assets

- Subsequent to initial recognition, the items included under "Intangible assets", "Investment property" and "Property, plant and equipment" are measured at cost less any accumulated depreciation and any accumulated impairment losses.
- The Group uses the straight-line method to calculate the amortisation charge for the assets included under "intangible assets", "investment property" and "property, plant and equipment", except in the case of certain machinery in the construction business, which is depreciated using the diminishing balance method.

The consolidated companies depreciate their various items of "property, plant and equipment" basically within the following ranges of years of useful life:

	YEARS OF USEFUL LIFE
Buildings and other structures	10-50
Machinery, fixtures and tools	2-25
Furniture and fittings	2-15
Vehicles	3-20
Other fixed assets	2-20

1.2.3.2. Investments in infrastructure projects

This line item includes investments in infrastructure made by companies that hold infrastructure projects within the scope of IFRIC 12 (mainly toll roads), where remuneration consists of an unconditional right to receive cash or other assets, or a right to charge the corresponding fees based on the degree to which the public service is used.

The assets acquired by the concession operator to provide the concession services but which do not form part of the infrastructure (vehicles, furniture, computer hardware, etc.) are not included in this line item because they are not returned to the concession grantor. Assets of this nature are classified under "Property, plant and equipment" and are depreciated over their useful life, using a method that reflects their economic use.

IFRIC 12 Intangible Asset Model

All initial investments relating to the infrastructure that is subsequently returned to the grantor, including compulsory purchase costs and borrowing costs capitalised during construction, are amortised on the basis of the expected pattern of consumption applicable in each case (normally forecast vehicle numbers in the case of toll roads) over the term of the concession.

The investments contractually agreed on at the start of the concession on a final and irrevocable basis for being made at a later date during the term of the concession, and provided they are not investments made to upgrade infrastructure, are considered to be initial investments. For investments of this nature, an asset and an initial provision are recognised for the present value of the future investment, applying a discount rate to calculate the present value that is equal to the cost of the borrowings associated with the project. The asset is amortised based on the pattern of consumption over the entire term of the concession and the provision is increased by the related interest cost during the period until the investment is made.

Where a payment is made to the grantor to obtain the right to operate the concession, this amount is also amortised based on the pattern of consumption over the concession term.

A provision is recognised systematically for replacement investments over the period in which the related obligations accrue, which must have been set up in full by the time the replacement becomes operational. The provision is recognised on the basis of the pattern of consumption over the period in which the obligation arises, and applying financial criteria.

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 balance sheet when they come into service. They are amortised from the date on which they come into service based on the difference in the pattern of consumption arising from the increase in capacity. However, if, on the basis of the terms and conditions of the concession, these investments will not be offset by the possibility of obtaining increased revenue from the date on which they are made, a provision is recognised for the best estimate of the present value of the cash outflow required to settle the obligations related to the investment that will not be offset by the possibility of obtaining increased revenue from the date on which the investments are made. The balancing entry is an addition to the acquisition cost of the intangible asset.

In the case of the proportional part of the upgrade or increase in capacity that is expected to be recovered through the generation of increased future revenue, the general accounting treatment used for investments that will be recovered in the concession term will be applied. The main assumptions used in relation to these arrangements correspond to vehicle number and replacement investment estimates, which are updated each year by technical departments.

Set forth below is a detail of the main toll road concessions in force to which the intangible asset model is applied, showing their duration, their status and the accounting method applied:

Toll Road Concessions accounted for using the Intangible Asset Model:

CONCESSION OPERATOR	COUNTRY	STATUS	FIRST YEAR OF CONCESSION (*)	FINAL YEAR	ACCOUNTING METHOD
NTE Mobility Partners , LLC	USA	Operational	2014	2061	Full consolidation
NTE Mobility Partners Seg 3 LLC	USA	Operational	2018	2061	Full consolidation
LBJ Infr. Group LLC	USA	Operational	2014	2061	Full consolidation
I-66 Mobility Partners LLC	USA	Operational	2016	2066	Equity-accounted
I-77 Mobility Partners LLC	USA	Operational	2019	2069	Full consolidation
Euroscut Azores	Portugal	Operational	2011	2036	Full consolidation
Eurolink Motorway Operations (M4-M6)	Ireland	Operational	2005	2033	Equity-accounted
Autopista del Sol	Spain	Operational	1999	Ausol I 2046 Ausol II 2054	Equity-accounted

(*) First year of the concession (if in operation) or year of commencement of construction (if at the construction phase).

Financial Asset Model IFRIC 12

This line item includes the service concession arrangements related to infrastructure in which the consideration consists of an unconditional contractual right to receive cash or another financial asset, either because the grantor guarantees to pay the operator specified or determinable amounts or because it guarantees to pay the operator the shortfall between amounts received from users of the public service and specified or determinable amounts. Therefore, these are concession arrangements in which demand risk is borne in full by the grantor. In these cases, the amount due from the grantor is accounted for as a loan or receivable under assets in the consolidated balance sheet.

To calculate the amount due from the grantor, the value of the construction, operation and/or maintenance services provided and the financial income in arrangements of this nature are taken into consideration.

Revenue from the services (mainly construction and maintenance) provided in each period increases the amount of the related receivables with a balancing entry in sales. The financial income on the consideration for the services provided also increases the amount of the receivables with a balancing entry in sales. Amounts received from the grantor reduce the total receivable with a balancing entry in cash.

When reporting this financial income in concessions of this type it is classified as ordinary income, since it forms part of the ordinary concession activity and is earned on a regular and periodic basis.

At 31 December 2019 and 2018, the financial income included in sales revenue amounted to EUR 113 million and EUR 108 million, respectively (see Note 2.1). Also, the borrowing costs associated with the financing of concessions to which the financial asset model is applied amounted to EUR 26 million in 2019 and EUR 24 million in 2018).

Below is a detail of the main toll road concession arrangements in force to which the financial asset model is applied, showing their duration, their status and the accounting method applied:

Toll Road Concessions accounted for using the Financial Asset Model

CONCESSION OPERATOR	COUNTRY	STATUS	FIRST YEAR OF CONCESSION (*)	FINAL YEAR	ACCOUNTING METHOD
Terrassa Manresa toll road	Spain	Operational	1989	2036	Full consolidation
Auto-Estradas Norte Litoral	Portugal	Operational	2006	2031	Equity-accounted
Autoestrada do Algarve, S.A.	Portugal	Operational	2004	2030	Equity-accounted
Eurolink M3	Ireland	Operational	2010	2052	Equity-accounted
A66 Benavente - Zamora	Spain	Operational	2015	2042	Equity-accounted
407 East Extension	Canada	Operational	2016	2045	Equity-accounted
Scot Roads Partnership Project Limited (***)	UK	Operational	2017	2047	Equity-accounted
Nexus Infr. Unit Trust (Toowoomba) (****)	Australia	Operational	2019	2043	Equity-accounted
Blackbird Infrastructure Group (407 East Phase 2) (*****)	Canada	Operational	2019	2047	Equity-accounted
Ruta del Cacao S.A.S	Colombia	Construction	2015	2040	Equity-accounted
Zero Bypass Ltd.	Slovakia	Construction	2016	2050	Equity-accounted
Netflow OSARs Western	Australia	Construction	2017	2040	Equity-accounted
Riverlink, Ltd.	UK	Construction	2019	2050	Equity-accounted

(*) 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 Construction Division. Below is a breakdown of the most significant:

CONCESSION OPERATOR	COUNTRY	STATUS	FIRST YEAR OF CONCESSION (*)	FINAL YEAR	ACCOUNTING METHOD
Concesionaria de Prisiones Lledoners	Spain	Operational	2008	2038	Full consolidation
Conc. Prisiones Figueras S.A.U.	Spain	Operational	2011	2040	Full consolidation
Depusa Aragón, S.A.	Spain	Construction	2017	2037	Full consolidation
Wroclaw Budimex Car Park	Poland	Operational	2014	2042	Full consolidation
Urbicsa Ciudad de la Justicia	Spain	Operational	2008	2039	Equity-accounted
Concesionaria Vía Olmedo Pedralba	Spain	Operational	2013	2041	Equity-accounted
FBSerwis SA - IMOO9 DDS	Poland	Operational	2016	2021	Full consolidation
FBSerwis SA - IM08 S7 keep standard Grójec	Poland	Operational	2014	2020	Full consolidation

(*) First year of the concession (if in operation) or year of commencement of construction (if at the construction phase).

1.2.3.3. Other line items in the balance sheet and income statement

Cash and cash equivalents of infrastructure project companies: Restricted cash (Note 5.2.1).

This line item includes investments of the same type and maturity that are assigned to the financing of certain infrastructure projects, the availability of which is restricted under the financing contracts as security for certain obligations relating to the payment of debt principal and interest and to the maintenance and operation of the infrastructure.

Fair value measurement

In such derivative valuations, the credit risk of the parties to the related agreement is taken into account. The impact of credit risk will be recognised in profit and loss, unless the derivatives qualify as effective hedges, in which case they will be recognised in reserves. The Group uses appropriate valuation techniques based on the circumstances and on the volume of inputs available for each item, attempting to maximise the use of relevant observable inputs and avoiding the use of unobservable inputs. The Group establishes a fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into the following three levels:

- Level 1: Quoted prices for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.
- Level 3: Unobservable market inputs for the asset or liability.

As indicated in Note 5.5 Derivative financial instruments, all the Group's derivative financial instruments are categorised within Level 2.

During 2019, a fair value measurement was also carried out with relation to the assets and liabilities that were reclassified to discontinued operations (see Note 1.1.3 with regards to the measurement criteria applied). This analysis is also framed in Level 2 of the fair value hierarchy

Financial instruments

Impairment of financial assets. IFRS 9 is based on an expected loss model whereby the loss provision is calculated based on 12-month or lifetime expected losses, depending on the significance of the related increase in risk. To this end, the Group has therefore established a procedure under which accounts receivable will not only become impaired when they are no longer recoverable (losses incurred), it will also consider losses that are potentially expected based on changes to the credit rating that are specific to the customer, business sector and country. This model applies to all financial assets, including commercial assets contracted under IFRS 15, non-trade assets and receivables under the IFRIC 12 model. For its calculation, the Group has developed a method whereby certain rates are applied to financial asset balances that reflect expected credit losses based on the credit profile of the counterparty (the customer, in the case of trade and other receivables and the awarding entity for financial assets under IFRIC 12). These percentages reflect the probability that payment obligations will not be met and the percentage lost, which, in the event of non-payment, will ultimately be irrecoverable. The assignment of ratings and trends in the rates are overseen by the financial risk department, which performs an update at each year end based on credit risks. If during the analysis a significant increase in risk is identified with respect to that initially recognised, the expected loss is calculated taking into account lifetime probability of default.

The Group applies the simplified approach to trade and other receivables including the contract assets. In order to calculate expected loss, an average rating is obtained for customers by business and geographic area and is used to generate the rates to be applied to the balances, depending on whether the customer is a public or private entity and on its business sector (only in the case of private customers). Moreover, if the customer is declared insolvent, a claim is filed against it or it defaults on payment, a breach is deemed to have occurred and the entire trade receivable will be provisioned. To this end, the Group has defined payment periods per type of customer that trigger a breach and thus the posting of a provision.

In the case of receivables under the IFRIC 12 model (see Note 3.3.2), the expected loss provision is calculated individually for each asset based on the awarding entity's credit quality. If the credit risk has not increased significantly, the calculation will be made based on the same amount as the expected credit losses over the next 12 months. The risk is deemed not to have increased significantly if the awarding entity has a rating above investment grade and has maintained this level since initial recognition.

- Classification and valuation of financial assets. According to IFRS 9 the classification and valuation method is based on two aspects, these being the features of the contractual cash flows from the financial asset and the entity's business model. The three new categories are amortised cost, fair value through other comprehensive income (equity) and fair value through profit or loss. The Group's financial assets are mainly assets held to maturity, the cash flows of which are only payments of principal and interest, so, on this basis, financial assets are carried at amortised cost. We would solely note that for its equity instruments that are measured by default at their fair value with changes reported in profit/(loss), there is an option to report changes in fair value in other comprehensive income from the outset. This decision cannot be revoked and must be taken for each asset individually.
- Hedge accounting. IFRS 9 attempts to align hedge accounting more closely with risk management, and the new requirements establish a principle-based approach. IFRS 9 also generally permits the designation of specific components of non-financial items and financial instruments as hedged items, provided that they are separately identifiable and reliably measurable, and that there is always a liquid market for the items concerned (IFRS 9 B6.3.8 and subsequent), and in certain cases it specifically allows for hedging against inflation for certain financial instruments (IFRS 9 B6.3.13 to 6.3.15).

Other equity instruments

These are perpetual bonds with payment at the discretion of the party that issues the coupon in question. They do not meet the conditions to be considered as a financial liability for accounting purposes, because they do not include any contractual obligation to make payment in the form of cash or any other financial asset, nor do they include any obligation to exchange financial assets or liabilities. They are therefore entered as part of the company's Equity, in the line item showing other equity instruments.

Non-refundable grants related to assets

Non-refundable grants related to assets are measured at the amount granted under "deferred income" (see Note 6.1) in the consolidated statement of financial position, and are taken to profit or loss gradually in proportion to the period of depreciation on the assets financed with these grants, which is recognised under "depreciation and amortisation charge". From the cash flow standpoint, the amount of the grants collected in the year is presented as a reduction of the amount of the investments made.

Trade payables

Trade payables include the balances payable to suppliers under reverse factoring arrangements with banks.

These balances are classified as trade payables and the related payments as cash flows from operating activities, since the payments are made to the banks under the same conditions as those agreed with the supplier, the company bound by the obligation to make payment does not agree an extension with the financial institutions beyond the due dates agreed with the supplier, the cost of the reverse factoring is paid by the supplier, and there are no special guarantees to secure the payments to be made.

1.2.3.4 Revenue recognition

In order to ensure that policy is standardised across all its different business areas, Ferrovial has prepared a common revenue recognition policy adapted to IFRS 15 "revenue from contracts with customers". The following section contains an explanation of the criteria on which this policy is based, which mainly affect Construction and Services activities. The final part of this section gives a summarised explanation of some specific aspects that may affect the recognition of revenues in each of the Group's business segments.

i) General revenue recognition criteria

The first step in the revenue recognition process involves identifying the relevant contracts and the performance obligations that they contain. The number of performance obligations included in a contract will depend on the type of contract and business activity involved, as explained when each of the Group's business segments are discussed.

Generally speaking, the performance obligations in the Construction and Services activities carried out by Ferrovial are met over time, rather than at a specific moment, since the customer simultaneously receives and consumes the benefits offered by the company's performance as the service is provided.

As regards the criterion for recognising revenues over time (the method of measuring the progress of performance of an obligation), Ferrovial has established certain criteria that are consistently applied in respect of similar performance obligations.

In this regard, the Group has chosen the output method as its preferred method for measuring the value of assets or services for which control is transferred to the customer over time, which is applied whenever the progress of the work performed can be measured on the basis and over the course of the contract.

In contracts for the provision of different, highly interrelated goods or services required to produce a combined output, which often occurs in contracts for construction activities, the applicable output method is that of measurement of units produced ("surveys of performance" under "output methods"), in which the revenue recognised relates to the work units completed, based on the price assigned to each unit. In accordance with this method, the units produced under each contract are measured and the output for the month is recognised as revenue. The costs of carrying out works or service projects are recognised on an accrued basis, and the costs actually incurred in producing the units of output are recognised as an expense together with those which, because they might be incurred in the future, have to be allocated to the units produced to date.

In routine or recurring service contracts (in which the services are substantially the same), such as maintenance and cleaning services, which are transferred with the same pattern of consumption over time and whose remuneration consists of a recurring fixed amount over the term of the contract (e.g. monthly or annual payment), in such a way that the customer receives and consumes the benefits of the services as the entity provides them, the method selected by the Group to recognise revenue is the "time elapsed output method". Under this method, revenue is recognised on a straight-line basis over the term of the contract and costs are recognised on an accrual basis.

Only in those contracts that are not for routine or recurring services and for which the unitary price of the units to be performed cannot be determined, use of the of the stage of completion measured in terms of the "costs incurred" (input method) is permitted. Under this method, the company recognises revenues based on the costs as they accrue, as a percentage of the total costs forecast for completion of the works, taking account of the expected profit margins for the whole project, according to the most recently updated budget. This method entails measuring the costs incurred as a result of the work completed to date as a proportion of the total costs forecast, and recognising revenues in proportion to the total revenues expected. Using this method, the percentage of costs incurred as a proportion of estimated total costs is used to determine the revenues to be recognised, based on the estimated margin for the entire term of the contract. As indicated above, this method only applies to those complex, lump-sum construction or services contracts in which it is not possible to break down and measure the units completed.

Finally, as regards determining whether the company acts as a principal or agent, Ferrovial is the principal in both construction and service contracts if it provides goods and services directly to the customer and transfers control of them without involving intermediaries. In the case of concession agreements in which Ferrovial both builds and operates the toll road, the construction company is the principal if it is ultimately responsible for fulfilling the commitment to execute the work in accordance with the concession agreement specifications and assumes the contractual obligations in the event of a claim or delay.

ii) Recognition of revenue from contract modifications, claims and disputes

Modifications are understood to mean changes to the scope of the work that are not provided for in the original contract and that could result in a change to the revenues attached to the contract in question. Changes to the initial contract require the customer's technical and financial approval prior to the issue of billings and collection of the amounts relating to additional work. The criterion applied by the Group is not to recognise any revenue from this additional work until the additional work has been approved by the client. In cases where the work has been approved but its valuation remains pending, the "variable consideration" requirement (as explained below) will apply. This entails recognising revenue in an amount that will be most likely not to suffer any significant reversal. Any costs associated with the units completed or services rendered will be recognised at the time at which they are incurred, regardless of whether or not the modification has been approved.

A claim is a request seeking payment or compensation from the customer (for example, cases involving compensation, reimbursement of costs, legally mandatory inflation-linked review), subject to the submission of a direct application to the customer. The criterion followed by the Group with regard to claims is to apply the method mentioned above in relation to changes, when such claims are not covered by the contract, or to apply the variable consideration method, when they are covered by the contract but need to be quantified.

A dispute is the result of an incident of non-compliance or rejection after a claim has been made to the customer under the terms of the contract, the result of which is pending in a procedure being pursued directly with the customer or in court or arbitration proceedings. In line with the criteria followed by the Group, in the event that the revenues relating to a dispute in which the enforceability of the amount being claimed are in doubt, these revenues will not be recognised and any recognised earlier will be cancelled, since the dispute shows that the customer has not given its approval for the completed work. In the event that the customer questions the value of the work completed revenues will be recognised on the basis of the criteria applied in cases of "variable consideration", as explained below.

Only in cases in which a legal report confirms that the rights forming the subject of the dispute are clearly enforceable and, therefore, at least the costs directly associated with the service relating to the dispute are recoverable, revenues may be recognised up to the maximum amount of the costs incurred.

(iii) Determination of the transaction price

The purpose is to allocate the transaction price to each performance obligation (or distinct good/service) for an amount that represents the consideration to which the entity expects to be entitled in exchange for the transfer of goods or services committed to the customer.

In order to fulfil the allocation purpose, the transaction price of each performance obligation identified in the contract is allocated as a selling price that is separate in relative terms.

The best evidence of a separate selling price is the observable price of a good or service when the entity sells that good or service separately in similar circumstances and to similar customers.

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. For example, it is stipulated that a bonus may only be recognised once a high percentage of completion of the contract has been reached.

Financing component

Generally speaking, in order to calculate the price of a performance obligation, an implicit financing component is calculated, in cases in which the period between the date on which the goods or services are delivered and the date on which the customer is expected to pay for the goods or services is greater than a year. This component is treated as financial income.

Where a performance obligation involves a period of less than one year between the date on which the company transfers goods that have been promised to the customer and the date on which the customer pays, the practical solution permitted under the regulations is applied to avoid adjusting the financial amount of the payment.

In cases in which there is a contractual or legal right to charge late payment interest for a payment that is delayed with regard to the contractually agreed terms, this interest is only recognised when it is highly probable that it will be effectively paid.

iv) Balances relating to revenue recognition

Works completed and pending certification/work certified in advance

Unlike the method used to recognise revenues, the amounts billed to the customer are based on achievement of the various milestones established in the contract and on acknowledgement thereof by the customer, which takes the form of a contractual document referred to as a certificate of completion. Thus, the amounts recognised as revenue for a given year do not necessarily coincide with the amounts billed to or certified by the customer. In those contracts in which the revenues recognised exceed the amount billed or certified, the difference is recognised in an asset account entitled “Work Completed and Pending Certification” (since it is an asset under the contract), in the section “Trade receivables for sales and services”, while in contracts in which the revenues recognised are lower than the amount billed or certified, the difference is recognised in a liability account entitled “Work certified in advance” (since it is a liability under the contract), in the section “Short-term trade and other payables”.

Bidding and mobilisation costs

In addition to the balance sheet entries described above, the Group also recognises assets connected with the cost of obtaining contracts (bidding costs) and the costs incurred in order to comply with contracts, or the start-up costs (mobilisation costs) that relate directly to the main contract, provided that they are recoverable during the performance of the contract. These amounts are included in a different account on the assets side of the balance sheet, under “inventories” (Note 4.1).

Bidding costs are only capitalised when they are directly related to a contract, it is probable that they will be recovered in the future, and either the contract has been awarded or the company has been selected as preferred bidder. The costs incurred, regardless of whether or not the contract is won, are recognised as an expense, unless they are explicitly recoverable from the customer in any case (whether or not the contract is won). They are amortised systematically as the goods and services connected with the asset are transferred to the customer.

Any costs that are necessary in order to implement a contract, mobilisation costs, are capitalised whenever it is probable that they will be recoverable in the future and when they do not include costs that would normally be generated for the company if the contract had not been won. They are gradually recognised as an expense on the basis of the proportion of actual output to estimated output under each contract. Otherwise, the expenses are entered directly to profit or loss.

v) Provisions related to customer contracts

The main provisions relating to customer contracts are provisions for deferred costs and for budgeted losses.

- **Provisions for deferred expenses.** These cover expenses that are expected to be generated at the end of a contract, such as the removal of construction machinery or dismantling costs, together with estimates of the repairs that will be required during the warranty period. These provisions are connected with an existing obligation set out in the contract, on the basis that the company will probably allocate resources to complying with the obligation, the amount of which can be reliably estimated. The provisions are allocated on the basis of the best possible estimates of total costs. They may be calculated as a percentage of the total revenues expected from the contract, if there is historical information from similar contracts.
- As regards the warranty obligations included in this type of provision, these will not be treated as a separate performance obligation, unless the customer has the option of engaging the warranty separately, meaning that the obligation will be entered in accordance with IAS 37 on "provisions, contingent liabilities and contingent assets".
- **Provisions for budgeted losses.** These provisions are recognised as soon as it becomes obvious that the total costs expected to be incurred in a contract exceed total expected revenues. For the purposes of calculating this provision, where necessary, the criteria set out in paragraph 14 (b) of IAS 37 are applied. In this way, the estimate of the total contract budget will include the forecast revenues that are considered probable. These criteria are different from those set out in IFRS 15, mentioned above in Note 1.2.3.4 “revenue recognition”, under which the said revenues are only recognised when considered highly probable. Likewise, in the event that the total profit expected from a contract is lower than the amount recognised according to the rules set out above for revenue recognition, the difference is entered as a provision for negative margins.

vii) Specific criteria for the recognition of revenues by segment

Construction business

For construction contracts, as a general rule, single performance obligation will be identified owing to the high degree of integration and customisation of the various goods and services to provide a combined output that is transferred to the customer over time.

As mentioned above, the Group has chosen the “measured work unit” (output method) as its preferred method. This is applied whenever the progress of the work can be measured as it is being carried out, and a price has been allocated to each work unit.

It is only with regard to contracts in which it is not possible to determine a unit price for the units to be completed that the input method known as “measure of progress based on costs incurred” may be applied.

Services business

In the case of the Services business, there is no single type of contract, given the wide diversity of services offered. In general, contracts include a range of different tasks and unit prices, in which revenues are entered in the income statement when the services are provided, based on time elapsed, i.e. when the customer simultaneously receives and consumes the benefits provided by the performance of the service as it is being provided. This happens, for example, with recurring or routine services such as facility management, street cleaning or waste collection services.

Certain contracts include different types of activities, subject to a scale of fixed unit tariffs for the provision of the services that are provided and that form part of the contract as a whole. In these contracts, the customer requests each service by submitting work orders which are classified as independent performance obligations, and any associated revenues will be recognised on the basis of the specific requirements set out for approval in each contract.

In the case of complex, long-term contracts that include the provision of various services involving different performance obligations (construction, maintenance, operation, etc.), payment of which is made regularly and for which the price relating to the obligations in question is indicated in the contract or can be calculated, revenues are recognised for the recurring services on an elapsed time basis, using the progress achieved criterion for the more complex performance obligations in which it is not possible to allocate a price to each of the units completed.

Lastly, it should be noted that the revenue from certain contracts that fall within the scope of IFRIC 12 is recognised as described in Note 1.2.3.2.

Toll roads business

The arrangements included in this line of business are accounted for in accordance with IFRIC 12, which provides for the classification of the assets assigned to such arrangements on the basis of the intangible asset model and the financial asset model (bifurcated arrangements can also exist) (see Note 1.2.3.2).

In the case of concession arrangements accounted for using the intangible asset model, the customer is the user of the infrastructure and, therefore, each use made of the infrastructure by users is considered a performance obligation, and the related revenue is recognised at a point in time. In the case of concession arrangements accounted for using the financial asset model, in which the customer is the concession grantor, revenue recognition depends on the various services provided (e.g. operation or maintenance), which will be accounted for as different performance obligations, to which market prices have to be allocated. In cases in which an isolated sale price cannot be directly identified, it is estimated on the basis of the best possible estimate, applying the margin expected for this business.

Airports business

Generally speaking, these are short-term services rendered to the customer (airlines or airport users), in which regulated revenues will be recognised at a specific moment, which means there are no changes with regard to this activity. It should be noted that the revenue from certain contracts that fall within the scope of IFRIC 12 is recognised as described in Note 1.2.3.2.

Real estate business

This consists mainly of revenues associated with the sale of flats, retail units and garages, which are entered when the purchaser obtains legal rights and takes physical possession of the asset. Each unit (flat, etc.) will be classified as a separate performance obligation and recognised upon the legal and financial transfer of the asset to the purchaser, and there are no changes to the current way in which revenues are recognised.

Energy distribution business

Contracts with a series of services that are substantially the same and are transferred using the same standard model. The monthly tariff reflects the value of the services rendered. These types of contract will only have a performance obligation that is transferred over time, and revenues are recognised using the output method.

1.2.3.5 Non-current assets held for sale

Non-current assets are classified as assets held for sale if it is considered that their carrying amount will be recovered when sold, rather than via continued use. This condition is only met when the sale is highly probable, and they are available for immediate sale in their current condition, and that the sale is likely to be completed in the space of one year from the classification date. The period may be extended if the delay is caused by events and circumstances beyond the company's control and there is sufficient evidence of the commitment to the sales plan. The total of these assets is registered in one line, and valued at the lower value of their carrying amount and their fair value, less the costs to sell them, and are not subject to depreciation from the moment they are classified as held for sale. The profit/(loss) contribution of these assets to the Group's profit/(loss) is registered in the income statement, classified by type.

An entity that is committed to a sale plan that entails the loss of control of a subsidiary will classify all that subsidiary's assets and liabilities as held for sale when the requirements indicated in the previous paragraph are met, irrespective of whether or not the entity retains a non-controlling interest in its former subsidiary following the sale.

1.2.3.6 Discontinued operations

Discontinued operations are those that have been sold or otherwise disposed of, or have been classified as held for sale and represent a full segment for the consolidated Group, or form part of a single plan or relate to a subsidiary acquired solely for resale. The profit/(loss) generated from discontinued operations, both for the current financial year, as well as those presented alongside it, is presented in a specific line in the income statement after tax, with the total comprising the follow amounts:

- Profit/(loss) after tax of the activities and/or discontinued operations.
- Profit/(loss) after tax recognised for the fair value measurement, less sales costs, or for divestment.

1.2.4. Accounting estimates and judgements

In the consolidated annual accounts for 2019 estimates were made to measure certain of the assets, liabilities, revenues, expenses and obligations reported therein. These estimates basically relate to the following:

i) The estimates that are taken into account for the purposes of recognising revenues from contracts with customers (see Note 1.2.3.4), particularly important being those relating to:

- determining whether there are enforceable rights to recognise revenues;
- determining whether the modification of a contract has been approved;
- establishing whether the criteria have been met to recognise revenue as variable consideration;
- recognising revenues in relation to a claim or dispute;
- establishing whether there are one or more performance obligations and the price to be allocated to each of them;
- defining the method applicable to each performance obligation in order to recognise revenues on the basis of time, bearing in mind that, according to the accounting policy established by the company, the preferred method is the output method (analysis of work completed), based on either percentage completed or time elapsed, while the input method (measure of progress based on costs) is applied in cases in which the services rendered do not represent recurrent and routine services in which it is not possible to determine the unit price for the units to be completed;
- in the case of contracts entered under the criterion of examination of work completed, measurement of the units completed and the price to be allocated to them;
- in the case of contracts entered using the input method (measure of progress based on costs), defining the degree to which costs have been incurred and the margin expected to be obtained from the contract;
- determining capitalisation of bidding and mobilisation costs;
- assessment of whether to act as principal or agent;
- estimates relating to the calculation of provisions for expected losses and deferred expenses.

ii) The judgement regarding meeting the conditions to classify the assets and liabilities of the Services Division as discontinued operations in line with IFRS 5, and for the fair value estimation of those assets (see Note 1.1.3).

iii) The assessment of possible legal contingencies (see Note 6.5, contingent liabilities, and Note 6.3, provisions).

iv) The recognition for accounting purposes of the subordinated guaranteed hybrid bond (see Note 5.1.2 equity instruments).

v) The estimates for the selection of the accounting method to be applied in relation to the loss of control, as in the case of the Autopista del Sol in 2019 (see Note 1.2.2, basis of consolidation).

vi) Estimates regarding the valuation of derivatives and the expected cash flows associated with them in order to determine the existence of hedging relationships (see Note 5.5, derivative financial instruments at fair value).

vii) The measurement of possible impairment losses on certain assets (see Notes 3.1, goodwill, and Note 3.5, investments in associates).

viii) Business performance projections that affect the estimates of the activation of tax assets and the possible recoverability of the same (see Note 2.8 on tax matters).

ix) Estimates that take account of the future vehicle numbers on toll roads for the purpose of preparing financial information for toll roads pursuant to IFRIC 12 (see Note 3.3, Investments in infrastructure projects, and Note 6.3, Provisions).

x) The assumptions used in the actuarial calculation of liabilities due to pensions 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).

xii) Estimation to determine the term of lease agreements when they include cancellation or extension options; assessment of whether the exercise of such options, which affect the value of the right-of-use asset and the lease liability, is reasonably certain (see Note 1.2.1.a.).

These estimates were made using the best information available at 31 December 2019 on the events analysed. However, it is possible that events that may take place in the future might make it necessary to change these estimates. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8.

1.2.5. Disclosures

It should also be noted that in preparing these consolidated annual accounts the Group has omitted any information or disclosures which did not require disclosure due to their qualitative importance and were considered to be unimportant or not material in accordance with the concept of relative materiality, as defined in the IFRS conceptual framework.

1.3. EXCHANGE RATE

As indicated above, Ferrovial engages in business outside the eurozone through various subsidiaries. The exchange rates used to convert these financial statements for their inclusion in the Group's consolidated financial statements are as follows:

Items in the balance sheet (exchange rates at 31 December 2019 and at 31 December 2018 for the comparative period):

CLOSING EXCHANGE RATE	2019	2018	CHANGE 19/18 (*)
Pound sterling	0.8467	0.8984	-5.76%
US dollar	1.1229	1.1452	-1.95%
Canadian dollar	1.4573	1.56013	-6.59%
Australian dollar	1.5986	1.62595	-1.68%
Polish zloty	4.2565	4.2888	-0.75%
Chilean peso	845.17	794.66	6.36%

(*) A negative change represents an appreciation of the reference currency against the euro and vice versa.

Items in the income statement and cash flow statement (cumulative average rates at December 2019 and at December 2018 for the comparative period):

AVERAGE EXCHANGE RATE	2019	2018	CHANGE 19/18 (*)
Pound sterling	0.8745	0.8858	-1.28%
US dollar	1.1183	1.17823	-5.08%
Canadian dollar	1.4800	1.53115	-3.34%
Australian dollar	1.6077	1.58382	1.51%
Polish zloty	4.2960	4.27144	0.57%
Chilean peso	796.8192	758.5925	5.04%

(*) A negative change represents an appreciation of the reference currency against the euro and vice versa.

As detailed in the previous tables, during 2019 all of the currencies rose against the euro, except for the Chilean Peso closing exchange rate.

The impact recorded in this regard on shareholders' funds attributable to the parent company is EUR 105 million (see Note 5.1.1 Changes in Equity).

Note 5.4 explains how exchange rate risk is managed. The Note also contains an analysis of the impact that Brexit has had or might have in the future vis-à-vis the different financial risks affecting Ferrovial. This overview is further extended with a global analysis of Brexit in the Risk section of the Management Report.

In addition, the impact caused by exchange rates is also analysed in the Notes where this is a relevant issue.

1.4. INFORMATION BY SEGMENT

Appendix III contains the statements of financial position and the income statement for each business segment, both for the financial year in course and for the comparative period.

It also includes a breakdown by segment of the sections in which this information is important or required under accounting legislation.

SECTION 2: PROFIT/(LOSS) FOR THE YEAR

This section comprises the Notes relating to the profit/(loss) for 2019.

Net profit/(loss) for 2019 amounted to EUR 268 million, as compared with EUR -448 million in 2018.

Profit/(loss) in 2019 has been impacted by various non-recurring elements:

- Capital gains from the sale of 65% of the Autopista del Sol toll road (EUR 473 million).
- Impact of discontinued operations totalling EUR -263 million, mainly comprising EUR -440 million for value adjustments, of which EUR -270 million was recognised in the final quarter and EUR 216 million mainly due to the non-depreciation of the assets under IFRS 5 and eliminations of internal operations.

In addition to the impacts indicated, of note in 2019 were the recognised losses in the Construction business, with an operating loss of EUR -365 million, primarily relating to the provisions recognised in the first quarter of 2019 for potential future losses at various projects in the US.

Profit/(loss) in 2018 was affected by the fair value provision recognised in relation to the Services business in the UK, following its classification to discontinued operations (EUR -774 million).

For clarity, this section addresses income statement movements in continuing operations on each line and ends with a breakdown of discontinued operations.

	BALANCES AT 31/12/2019		BALANCES AT 31/12/2018	
NON-RECURRING IMPACTS (Millions of euros)	**PRE-TAX PROFIT/(LOSS)**	**NET PROFIT/(LOSS)**	**PRE-TAX PROFIT/(LOSS)**	**NET PROFIT/(LOSS)**
Impact of financial derivatives (Note 2.6)	35	27	24	21
Disposal of 65% of Autopista del Sol (see Note 2.5)	474	473	0	0
Divestment, deconsolidation and impairment of projects (Note 2.5)	-15	-24	82	72
Non-recurring impacts, HAH (Note 2.7)	31	31	-1	-1
Other non-recurring tax impacts	0	14	0	39
Non-recurring impacts, discontinued operations	0	-263	0	-756
Other impacts	0	-5	-3	-10
TOTAL	526	253	**102**	**-634**

NOTES ON PROFIT/(LOSS) FOR CONTINUING OPERATIONS

2.1. OPERATING INCOME

The detail of the Group's operating income at 31 December 2019 is as follows:

(Millions of euros)	2019	2018
Revenue	6,054	5,737
Other operating income	2	2
TOTAL OPERATING INCOME	**6,056**	**5,738**

The Group's revenue at 31 December 2019 relating to contracts with customers amounted to EUR 5,846 million (see Note 4.4).

Revenue includes the financial income for the services provided by the concession operators that apply the financial asset model, amounting to EUR 113 million in 2019 (2018: EUR 108 million), as described in Note 1.2.3.2.

"Other Operating Income" includes the impact of the grants related to income received in 2019 amounting to EUR 2 million (2018: EUR 2 million).

The detail, by segment, of revenue in 2019 and 2018 is as follows:

	2019			
(Millions of euros)	EXTERNAL REVENUE	INTERSEGMENT REVENUE	TOTAL	CHANGE 19/18
Construction	4,985	428	5,413	4%
Toll roads	616	1	617	31%
Airports	19	0	19	39%
Other segments	13	137	151	-45%
Adjustments	0	-146	-146	-33%
TOTAL	**5,634**	**420**	**6,054**	**6%**

	2018		
(Millions of euros)	EXTERNAL REVENUE	INTERSEGMENT REVENUE	TOTAL
Construction	4,638	554	5,193
Toll roads	470	1	471
Airports	14	0	14
Other segments	132	144	276
Adjustments	0	-217	-217
TOTAL	**5,253**	**483**	**5,737**

The inter-segment sales that are not eliminated in the Group's consolidated financial statements are the sales made by the Construction Division to the infrastructure concession operators, as discussed in Notes 1.2.2 and Note 6.8.

The sales in "other segments" relate to companies not assigned to any of the business segments, including most notably the Parent, Ferrovial, S.A., and its smaller subsidiaries.

The detail of sales, by geographical area, is as follows:

(Millions of euros)	2019	2018	VAR. 19/18
Spain	1,013	1,007	5
UK	396	337	59
Australia	90	271	-182
USA	1,934	1,684	250
Canada	59	63	-4
Poland	1,820	1,732	87
Other	742	641	101
TOTAL	**6,054**	**5,737**	**317**

The Ferrovial Group's sales in its six main markets account for 88% of total sales.

2.2. MATERIALS USED AND OTHER OPERATING EXPENSES

"Materials used" mainly includes the consumption of raw materials and the changes in inventories for the year.

"Other operating expenses" mainly includes services rendered by third parties under subcontracting arrangements and independent professional services.

(Millions of euros)	2019	2018	VAR.19/18
TOTAL MATERIALS USED	**949**	**985**	**-36**
Subcontracted work	2,623	2,361	262
Leases	255	298	-43
Repairs and maintenance	52	40	12
Independent professional services	317	254	63
Changes in provisions for liabilities (Note 6.3)	397	9	387
Other operating expenses	315	367	-52
TOTAL OTHER OPERATING EXPENSES	**3,958**	**3,329**	**630**
TOTAL MATERIALS USED AND OTHER OPERATING EXPENSES	**4,907**	**4,314**	**593**

The sum of these headings increased by EUR 593 million, from EUR 4,314 million at 31 December 2018 to EUR 4,907 million at 31 December 2019. This increase is explained essentially by the provision posted during the first quarter of the year for potential future losses at various projects in the US in the Construction Division as well as services rendered by subcontractors, also in that division.

2.3. STAFF COSTS

The detail of staff expenses is as follows:

(Millions of euros)	2019	2018	VAR.
Wages and salaries	864	791	73
Social security	126	113	13
Pension plan contributions	7	7	0
Share-based payments	7	12	-5
Other welfare charges	23	22	0
TOTAL	1,027	945	82

The detail of the number of employees at 31 December 2019 compared to 2018, by professional category and gender, is broken down by continuing and discontinued operations in the following tables:

	31/12/2019			
CONTINUING OPERATIONS CATEGORY	MEN	WOMEN	TOTAL	VAR. 19/18 (*)
Executive directors	2		2	0%
Senior executives	11	2	13	18%
Executives	116	11	127	-56%
Senior Managers/Managers/Senior Professionals/Supervisors/Professionals	6,374	2,281	8,655	11%
Administrative/support personnel	534	586	1,120	26%
Manual workers	7,965	234	8,199	-2%
TOTAL	15,002	3,114	18,116	4%

(*) Due to legal requirements relating to non-financial reporting, new professional categories have been created in 2019, which are not comparable to those in 2018.

CONTINUING OPERATIONS CATEGORY	31/12/2018 MEN	WOMEN	TOTAL
Executive directors	2	0	2
Senior Executives	9	2	11
Executives	259	28	287
Senior Managers/Managers/Senior Professionals/Supervisors/Professionals	5,552	2,241	7,793
Administrative/support personnel	421	467	888
Manual workers	8,138	251	8,389
TOTAL	14,381	2,989	17,370

DISCONTINUED OPERATIONS CATEGORY	31/12/2019 MEN	WOMEN	TOTAL	VAR. 19/18 (*)
Executive directors	0	0	0	0%
Senior Executives	0	0	0	-100%
Executives	32	9	41	-82%
Senior Managers/Managers/Senior Professionals/Supervisors/Professionals	4,605	2,116	6,721	7%
Administrative/support personnel	349	1,027	1,376	-79%
Manual workers	42,268	21,446	63,714	3%
TOTAL	47,254	24,598	71,852	-4%

(*) Due to legal requirements relating to non-financial reporting, new professional categories have been created in 2019, which are not comparable to those in 2018.

DISCONTINUED OPERATIONS CATEGORY	31/12/2018 MEN	WOMEN	TOTAL
Executive directors	0	0	0
Senior Executives	1	0	1
Executives	186	39	225
Senior Managers/Managers/Senior Professionals/Supervisors/Professionals	4,687	1,607	6,294
Administrative/support personnel	2,851	3,678	6,529
Manual workers	42,932	18,762	61,694
TOTAL	50,657	24,086	74,743

The average workforce by business division for the two periods being compared is as follows:

BUSINESS	31/12/2019 MEN	WOMEN	TOTAL	VAR. 19/18
Construction	14,510	2,653	17,163	5%
Toll roads	334	165	499	-21%
Airports	39	20	59	8%
Other	329	274	604	10%
TOTAL CONTINUING OPERATIONS	15,212	3,112	18,324	4%
TOTAL DISCONTINUED OPERATIONS	48,577	24,310	72,887	-6%
TOTAL	63,789	27,422	91,211	-4%

BUSINESS	31/12/2018 MEN	WOMEN	TOTAL
Construction	13,912	2,488	16,400
Toll roads	418	211	629
Airports	34	21	55
Other	289	260	550
TOTAL CONTINUING OPERATIONS	14,653	2,980	17,634
TOTAL DISCONTINUED OPERATIONS	52,497	24,775	77,271
TOTAL	67,150	27,755	94,905

2.4. EBITDA AND EBIT BEFORE IMPAIRMENTS AND DISPOSALS

EBITDA at 31 December 2019 amounted to EUR 121 million (31 December 2018: EUR 479 million), representing a decrease of -75% compared to 2018, primarily due to the aforementioned recognised losses in the Construction Division.

The amortisation charge for 2019 is EUR 180 million, compared to EUR 127 million in 2018.

The Management Report provides a detailed analysis of the way these line items have performed by business.

2.5. IMPAIRMENTS AND DISPOSALS

The following section contains a breakdown of the main gains and losses relating to impairment and disposals:

Profit/(loss) recognised in 2019:

The amounts recognised in respect of impairment and disposals in 2019 came to a total of EUR 460 million and primarily related to the following items:

- Capital gain on the disposal of the Autopista del Sol toll road, amounting to EUR 474 million (EUR 473 million in Net profit) of which EUR 95 million relate to the fair value of the shareholding retained (15%). This transaction is described in Note 1.1.4 Changes in the consolidation scope.
- Impairment loss of EUR -58 million on the Terrassa Manresa toll road (AUTEMA) receivable (see Note 3.3.2).

(Millions of euros)	IMPACT ON EARNINGS BEFORE TAX: BEFORE FAIR VALUE ADJUSTMENTS	FAIR VALUE ADJUSTMENTS	TOTAL 2019	IMPACT ON NET PROFIT
Autopista del Sol	380	95	474	473
Other	44	0	44	34
INCOME FROM CAPITAL GAINS AND DISPOSALS	423	95	518	507
Autema	0	-58	-58	-58
LOSSES DUE TO IMPAIRMENT	0	-58	-58	-58
TOTAL IMPAIRMENT AND DISPOSALS	423	37	460	449

The profit/(loss) relating to impairment and disposals in 2018 primarily related to the following:

(Millions of euros)	IMPACT ON EARNINGS BEFORE TAX: BEFORE FAIR VALUE ADJUSTMENTS	FAIR VALUE ADJUSTMENTS	TOTAL 2018	IMPACT ON NET PROFIT
Greek Toll Roads	84	0	84	80
Budimex Subsidiary	10	0	10	4
Other capital gains	1	0	1	1
INCOME FROM CAPITAL GAINS AND DISPOSALS	95	0	95	85
Autema	0	-13	-13	-13
LOSSES DUE TO IMPAIRMENT	0	-13	-13	-13
TOTAL IMPAIRMENT AND DISPOSALS	95	-13	82	72

2.6. NET FINANCIAL INCOME/(EXPENSE)

The following table gives a detailed, item-by-item breakdown of the changes in net financial income/(expense) in 2019 and 2018. The profit/(loss) generated by the infrastructure project companies is presented separately from the result of non-infrastructure project companies (see the definition in Note 1.1.2) and in each of them a further distinction is made between the financial income on financing (which includes the finance costs on credits and loans with credit institutions and bonds, and the returns on financial investments and loans granted) and the net financial income/(expense) from derivatives and other items, which includes the impact of the fair value measurement of ineffective hedges and other income and expenses not directly related to financing.

(Millions of euros)	2019	2018	VAR.
Financial income from financing	*18*	*6*	*192%*
Financial expenses from financing	*-282*	*-239*	*-18%*
Net financial income/(expense) from the financing of infrastructure projects	-264	-233	-13%
Profit/(loss) from derivatives (*)	*-1*	*1*	*198%*
Other net financial income/(expense)	*2*	*2*	*9%*
Other net financial income/(expense) from infrastructure projects	1	3	59%
Total net financial income/(expense) from infrastructure projects	**-263**	**-230**	**-14%**
Financial income from financing	*75*	*57*	*32%*
Financial expenses from financing	*-47*	*-48*	*3%*
Net financial income/(expense from financing ex-infrastructure project companies	28	9	-222%
Profit/(loss) from derivatives (*)	*36*	*23*	*55%*
Other net financial income/(expense)	*6*	*7*	*-14%*
Other net financial income/(expense) ex-infrastructure project companies	42	30	39%
Total net financial income/(expense) ex-infrastructure project companies	**69**	**39**	**80%**
NET FINANCIAL INCOME/(EXPENSE)	**-194**	**-192**	**-1%**

(*) Included in the fair value column in relation to the net financial income/(expense) in the consolidated income statement for a total amount of EUR 35 million in 2019 and EUR 24 million in 2018.

- **The net financial income/(expense) on the financing of the infrastructure project companies:** amounted to EUR -264 million in 2019 (31 December 2018: EUR -233 million). Of this profit/(loss), EUR -282 million relates to the external financing of these companies. The following table provides a breakdown of this financial expense, which includes the expenses capitalised as a result of toll roads under construction:

INFRASTRUCTURE PROJECT FINANCING EXPENSES (Millions of euros)	2019	2018
Accrued financing expenses	-302	-271
Expenses capitalised during the construction period	20	32
FINANCIAL EXPENSES IN P&L	**-282**	**-239**

The movement in net financial income/(expense) is explained mainly by the reduction in the amount capitalised compared to 2018 (EUR -12 million) in respect of Toll roads under construction, due mainly to the opening of sections of the I-77 and NTE Segment 3, as well as the increase in interest accrued on US toll road borrowings (EUR -34 million).

- **The other net financial income/(expense) from infrastructure projects:** mainly refers to all other net financial income/(expense), which includes exchange rate differences and other profit/(loss) that are classified as financial income but are not directly linked to financing. The main impacts are detailed in the following table:

OTHER NET FINANCIAL INCOME/(EXPENSE) INFRASTRUCTURE PROJECT COMPANIES (Millions of euros)	2019	2018	VAR. 19/18
Cost of bank guarantees	-4	-1	-3
Provision from expected IFRS 9 losses	10	7	4
Restatement of provisions for financial purposes	-3	-2	-1
Foreign exchange differences	0	0	0
Other	-1	-1	0
TOTAL	**2**	**2**	**0**

- **The financial income from ex-infrastructure projects** in 2019 amounted to EUR 28 million (31 December 2018: EUR 9 million), relating to external borrowing costs (EUR -47 million) and financial income primarily obtained from financial investments (EUR 75 million). The improvement over the 2018 financial year is primarily due to the higher return from cash resources compared to the previous financial year (improved position in Canadian dollars, which earn a higher return than the euro).
- **Other financial results from ex-infrastructure projects** include the impact of derivatives and other fair value adjustments primarily relating to the impact of the derivatives not designated as hedges, including most notably, 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 2019 of EUR 25 million due to the good performance of the share price in 2019.
- Excluding the effects caused by derivatives, the remaining net financial income/(expense) from ex-infrastructure project companies are shown below:

OTHER NET FINANCIAL INCOME/(EXPENSE) FROM EX-INFRASTRUCTURE PROJECT COMPANIES (Millions of euros)	2019	2018	VAR. 19/18
Cost of guarantees	-35	-29	-6
Provision from expected IFRS 9 losses	0	-1	1
Late-payment interest	7	11	-3
Foreign exchange differences	2	-3	5
Interest on loans to equity-accounted companies	14	16	-3
Interest on tax assessments	-7	-6	1
Cost of bank guarantees	19	18	1
Other	6	0	6
TOTAL	**6**	**7**	**-1**

This sub-section principally includes the cost of guarantees, late payment interest, foreign exchange differences, interest on loans granted to equity-accounted companies, financial expenses on pension plans and interest on tax proceedings. In 2019, bank guarantee income reflects the billing of bank guarantees to equity-accounted projects (EUR 19 million), in particular the I-66 toll road.

Impact on cash flow: As can be observed in the following table, the difference between the net financial income/(expense) on financing and the interest cash flows reported in the cash flow statement is EUR -44 million.

Millions of euros	NET FINANCIAL INCOME/(EXPENSE) ON UNCAPITALISED FINANCING	INTEREST CASH FLOW	DIFFERENCE
Infrastructure projects	-284	-239	-46
Ex-infrastructure projects	28	26	2
TOTAL	**-256**	**-212**	**-44**

This difference at project level primarily comes from the US toll roads (NTE, LBJ, NTE Segment 3 and I-77), in which the financing agreements allow for the capitalisation of interest during the early years of the concession, in such a way that it is added to the principal and means that there is no outflow of cash during the financial year (EUR -83 million), as well as the impact of the reclassification of the Services Division as a discontinued operation (EUR 24 million), given that it is not reflected in the net financial income/(expense) of the division in the line item "Net financial income/expense on financing" in the income statement, but the interest cash flow is in the Cash Flow Statement.

2.7. SHARE OF PROFITS OF EQUITY-ACCOUNTED COMPANIES

The share of the net profit of equity-accounted companies in 2019 amounted to EUR 296 million (2018: EUR 239 million). The detail of the most significant companies is as follows:

PROFIT/(LOSS) OF EQUITY-ACCOUNTED COMPANIES (Millions of euros)	2019	2018
HAH	106	70
407 ETR	153	136
Other	37	33
TOTAL	**296**	**239**

In 2019 HAH's profit/(loss) most notably includes non-recurring impacts due to the impact of the fair value adjustments relating to the valuation of derivatives (primarily due to the performance of the ILSs contracted), which had a positive impact of EUR 31 million (2018: EUR 3 million). Excluding these non-recurring impacts, HAH's profit/(loss) improved by EUR 7 million compared to the previous year, reaching EUR 80 million at 31 December 2019 (31 December 2018: EUR 66 million).

In terms of 407 ETR, the positive performance compared to December 2018 (EUR 17 million) is primarily due to the increase in toll rates.

Within the item "Other", of particular note are the Portuguese toll roads Auto-Estrada Norte Litoral (EUR 9 million) and Autoestrada do Algarve (EUR 6 million), as well as AGS Airports (EUR 9 million) and other projects for the amount of EUR 13 million.

Note 3.5 provides greater detail on the profit/(loss) of these companies.

2.8. CORPORATE INCOME TAX AND DEFERRED TAXES

2.8.1. Explanation of the corporate income tax expense for the year and the applicable tax rate

The corporate income tax rebate for 2019 amounted to EUR -47 million (2018: EUR -24 million), this amount:

- Does not include the corporate income tax expense relating to equity-accounted companies (see Notes 2.7 and 3.5) which, pursuant to accounting legislation, the result is presented net of the related tax effect.
- Includes a corporate income tax rebate relating to prior financial years in the amount of EUR 7 million (2018: EUR 39 million), primarily due to the regularisation of assets and liabilities for deferred taxes from prior years.

Once the pre-tax profit/(loss) (EUR 504 million), the profit from these equity-accounted companies (pre-tax profit of EUR 296 million), permanent differences (EUR -34 million) and consolidated results without tax effects (EUR 46 million) have been excluded, and considering the expense due to corporate income tax adjusted for regularisations in prior years (EUR 54 million), the resulting effective corporate income tax rate is 25%, as detailed in the following table.

This effective tax rate is in line with the rates applicable in the main countries in which Ferrovial has a presence.

2019 (Millions of euros)	SPAIN	UK	AUSTRALIA	US	POLAND	CANADA	OTHER COUNTRIES	TOTAL
PRE-TAX PROFIT	**569**	**55**	**-62**	**-363**	**73**	**173**	**60**	**504**
Profit/(loss) from equity-accounted companies	-3	-114	-6	0	0	-158	-15	-296
Permanent differences	-452	27	69	266	45	7	4	-34
Profit/(loss) from consolidation with no tax impact	0	0	0	45	0	6	-5	46
TAXABLE INCOME	**116**	**-32**	**1**	**-53**	**118**	**27**	**44**	**219**
INCOME TAX EXPENSE FOR THE YEAR	**-189**	**6**	**0**	**107**	**-26**	**-15**	**69**	**-47**
Change in prior years' tax estimates	158	0	0	-96	3	8	-79	-7
ADJUSTED TAX EXPENSE/ BENEFIT	**-30**	**6**	**0**	**11**	**-23**	**-7**	**-10**	**-54**
Effective rate applicable to taxable income	26%	18%	30%	21%	20%	26%	24%	25%
Effective national tax rate	25%	19%	30%	21%	19%	27%		

The following is an explanation of the various items that must be adjusted in order to calculate the effective tax rate:

- <u>Permanent differences.</u> This item relates to the year's expenses or income which, pursuant to the tax legislation applicable in each of the countries, are not deductible (expenses) or taxable (income) in the year, and are not expected to be deductible or taxable in future years. The cumulative balance in this item is income of EUR -34 million. The most significant of these adjustments are broken down below:
  - Capital gains generated by the sale of assets in the Toll Roads Division (EUR -480 million), primarily for the sale of Autopista del Sol, which are exempt from tax (see Note 1.1.4).
  - Losses that are generated in specific contracts performed outside Spain and do not generate a tax credit, primarily in the US Construction Division (EUR 407 million).
  - Impairment of the Autema toll road receivable, without any tax impact (see Note 2.5), in the amount of EUR 58 million.
  - Limited deductibility of financial expenses for corporate income tax equating to an impact of EUR 7 million in the Toll Roads Division in Portugal.
  - Various different types of non-deductible expenses, primarily related to Budimex for EUR 12 million.
  - Prior years' deductions of EUR -16 million.
- <u>Profit/(loss) on consolidation with no tax impact.</u> This item relates to profit/(loss) derived from accounting consolidation criteria which do not have any tax implications. The accumulated balance for this concept is an expense of EUR 46 million that relates to profit in concession project companies in the US, Canada and Portugal, in which other companies have ownership interests and which are fully consolidated. The tax credit is recognised solely at Ferrovial's percentage of ownership as these companies are taxed under pass-through tax rules; the shareholders of these companies are the taxpayers, at the percentage of ownership that they hold therein.

- The following table includes the detail of the calculation of the effective tax rate for 2018.

2018 (Millions of euros)	SPAIN	UK	AUSTRALIA	US	POLAND	CANADA	OTHER COUNTRIES	TOTAL
PRE-TAX PROFIT	**113**	**27**	**-44**	**-20**	**105**	**147**	**157**	**486**
Profit/(loss) from equity-accounted companies	-4	-73	-2	0	0	-141	-19	-239
Permanent differences	22	-4	4	2	26	11	-16	44
Profit/(loss) from consolidation with no tax impact	0	0	0	-14	0	4	0	-10
TAXABLE INCOME	**131**	**-49**	**-43**	**-32**	**131**	**22**	**121**	**281**
INCOME TAX EXPENSE FOR THE YEAR	**-91**	**10**	**16**	**101**	**-25**	**-7**	**-29**	**-24**
Change in prior-year tax estimates	58	0	-3	-95	-1	1	0	-39
ADJUSTED TAX EXPENSE/ BENEFIT	**-33**	**9**	**13**	**7**	**-26**	**-6**	**-29**	**-65**
Effective rate applicable to taxable income	25%	19%	30%	20%	20%	26%	24%	23%
Effective national tax rate	25%	19%	30%	21%	19%	27%		

2.8.2 Detail of the current and deferred tax expense and the tax paid in the year

The breakdown of the income tax expense for 2019 and 2018, differentiating between current tax, deferred tax and changes in prior years' tax estimates, is as follows:

(Millions of euros)	2019	2018
INCOME TAX EXPENSE FOR THE YEAR	**-47**	**-24**
Current tax expense	-73	-41
Deferred tax expense	31	-7
Tax effect of consolidation adjustments in equity	-12	-17
Change in tax estimates from prior years and other regularisations	7	39

The corporate income tax paid in the year, both for continuing and discontinued operations amounted to EUR 61 million, as shown in the note on cash flows (see Note 5.3).

2.8.3. Movements in deferred tax assets and liabilities

The detail of the changes in the deferred tax assets and deferred tax liabilities in 2019 is as follows:

ASSETS (Millions of euros)	BALANCE AT 01/01/19	TRANSFERS AND OTHER	CHANGE IN PRIOR YEARS' ESTIMATES	CHARGE /CREDIT TO PROFIT/ (LOSS)	CHARGE/ CREDIT TO EQUITY	EXCHANGE RATE EFFECT	BALANCE AT 31/12/19
Tax credits	214	-4	-141	-17	1	2	55
Differences between tax and accounting criteria	347	-108	10	82	0	1	332
Deferred equity measurements	88	0	0	1	26	-1	115
Other items	14	8	-17	-4	0	0	1
TOTAL	663	-105	-148	62	28	2	502

LIABILITIES (Millions of euros)	BALANCE AT 01/01/19	TRANSFERS AND OTHER	CHANGE IN PRIOR YEARS' ESTIMATES	CHARGE /CREDIT TO PROFIT/ (LOSS)	CHARGE/ CREDIT TO EQUITY	EXCHANGE RATE EFFECT	BALANCE AT 31/12/19
Deferred liabilities relating to goodwill	32	7	-4	3	0	0	38
Differences between tax and accounting criteria	443	-6	-160	28	0	6	310
Deferred equity measurements	90	1	0	0	24	0	115
Other items	8	4	0	0	1	0	12
TOTAL	**574**	**4**	**-165**	**31**	**24**	**6**	**475**

The movements in deferred tax assets and liabilities most notably include the impact of the exclusion from the consolidation scope of Autopista del Sol, which lead to a decrease in deferred assets of EUR 81 million (see Note 1.1.4).

The deferred tax assets and liabilities entered at 31 December 2019 arose mainly from:

a) Tax credits

These are tax credits that have not yet been used by companies in the Group. This line item does not include all the existing tax credits, but rather only those that, based on the Group's projections, are expected to be able to be used before they expire. The total balance recognised amounts to EUR 54 million, of which EUR 39 million relate to negative tax loss carryforwards. The remaining effect relates to deductions that Ferrovial has accredited on the basis of double taxation, reinvestment and other items that remained pending application on 31 December 2019, amounting to a total of EUR 50 million (2018: EUR 61 million), of which EUR 15 million have been carried forward.

The detail of the total tax loss carryforwards, distinguishing between the maximum tax asset and the tax asset recognised based on the projected recoverability of continuing and discontinued operations, is as follows:

CONTINUING OPERATIONS COUNTRY	TAX-LOSS CARRY FORWARDS	EXPIRY DATE	MAXIMUM TAX CREDIT	TAX CREDIT CARRIED FORWARD
Spanish Consolidated Tax Group	472	No expiry date	118	0
US consolidated tax group	335	No expiry date	70	0
Canada	125	2024-2040	33	14
UK	65	No expiry date	12	7
Other	176	2020-No expiry date	41	17
TOTAL	**1,173**		**276**	**39**

DISCONTINUED OPERATIONS COUNTRY	TAX-LOSS CARRY FORWARDS	EXPIRY DATE	MAXIMUM TAX CREDIT	TAX CREDIT CARRIED FORWARD
Spanish Consolidated Tax Group	9	No expiry date	2	2
US consolidated tax group	17	No expiry date	0	0
Australia	304	No expiry date	91	91
UK	686	No expiry date	130	33
Other	121	2020-No expiry date	36	10
TOTAL	**1,136**		**260**	**136**

Spanish consolidated tax group:

For the purpose of ascertaining the recoverability of the tax-loss carryforwards and tax credits, a model was designed based on the Group companies' latest available results projections, the decision having been taken not to recognise all of the tax credits given the current uncertainty surrounding the sale of Autopista del Sol (Note 1.1.4) and the divestment of the Services division (Note 1.1.3).

US consolidated tax group:

At 31 December 2019, the balance of tax-loss carryforwards pending use of the consolidated tax group in the US totalled EUR 70 million. In line with the approach adopted in prior years, the Group has decided not to enter all of its tax credits, given the uncertainty of whether they will be recoverable, and that they could be delayed by new projects being awarded.

Australia:

Following the acquisition of Broadspectrum, Ferrovial formed a consolidated tax group with all of its Australian companies. When Broadspectrum is effectively divested, the company owning all the rights to the tax credits will be the parent of the Services Division tax group, so it has been decided to transfer the credits generated by the Construction and Toll Road divisions to 31 December 2018 to discontinued operations (EUR 19 million). Based on profit projections, tax-loss carryforwards were recognised in Australia in the amount of EUR 91 million for discontinued operations.

UK:

From 1 April 2017, new tax rules came into effect in the United Kingdom, with the application of new regulations that have an impact on the consolidated tax Group in the country. The main movements consist of a restriction on the use of tax losses; possible offset of 100% of taxable income up to GBP 5 million and 50% of the remaining taxable income for an unlimited time, whether the credit was generated before or after the date on which the reform came into effect. Tax-loss carryforwards may also be used by any company in the consolidated Group. Based on this new scheme, in the 2019 financial year tax-loss carryforwards were recognised in the United Kingdom in the amount of EUR 33 million and EUR 7 million for discontinued and continuing operations respectively.

b) Assets and liabilities arising from temporary differences between accounting and tax criteria

This line item relates to the tax impact resulting from the fact that the timing of recognition of certain expenses or depreciation and amortisation charges is different for accounting and tax purposes.

The recognition of a tax asset in this connection means that certain expenses have been recognised for accounting purposes before their recognition for tax purposes and, therefore, the company will recover these expenses for tax purposes in future years. Conversely, a liability for this item represents an expense that is recognised for tax purposes before its recognition for accounting purposes.

The deferred tax assets include most notably:

- Provisions recognised for accounting purposes which do not have a tax effect until they are materialised (EUR 206 million).
- Deferred tax assets of EUR 106 million arising as a result of differences between the tax and accounting methods used to recognise income, mainly in the Construction Division.
- Accelerated depreciation and amortisation for accounting purposes (EUR 9 million).

The balance of the liabilities relates mainly to:

- Differences between tax and accounting criteria in relation to the recognition of provisions (EUR 93 million).
- Deferred tax liabilities for differences between tax and accounting amortisation (EUR 99 million).
- Deferred tax assets of EUR 25 million arising as a result of differences between the tax and accounting methods used to recognise income, mainly in the Construction Division.
- Deferred tax liabilities of EUR 46 million arising as a result of differences between the tax and accounting methods used to recognise income in accordance with IFRIC 12, mainly in the Toll Road Division.

c) Deferred taxes arising from equity measurement adjustments

This reflects the cumulative tax impact resulting from measurement adjustments recognised in reserves. This impact appears as an asset or liability since there is generally no direct tax effect until this amount in reserves is transferred to profit/(loss).

The asset balance relates to accumulated losses in reserves that will have a tax impact when they are recognised in profit/(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 114 million and EUR 115 million, respectively.

d) Deferred taxes relating to goodwill

These relate to deferred tax liabilities relating to the tax credit for goodwill amounting to EUR 38 million, which mainly include those related to the amortisation of Webber, LLC goodwill.

The detail of the movements in the deferred tax assets and deferred tax liabilities in 2018 is as follows:

ASSETS (Millions of euros)	BALANCE AT 01/01/18	TRANSFERS AND OTHER	CHANGE IN PRIOR YEARS' TAX ESTIMATES	CHARGE/CREDIT TO INCOME STATEMENT	CHARGE/CREDIT TO EQUITY	EXCHANGE RATE EFFECT	IFRS 9	DISCONTINUED OPERATIONS	BALANCE AT 31/12/18
Tax credits	353	43	-88	85	0	-5	0	-174	214
Differences between tax and accounting criteria	462	-1	27	5	1	-9	12	-149	350
Deferred equity measurements	102	0	0	-4	-1	0	0	-8	88
Other items	118	-51	23	-8	-7	1	0	-62	12
TOTAL	**1,035**	**-9**	**-38**	**78**	**-8**	**-13**	**12**	**-393**	**664**

LIABILITIES (Millions of euros)	BALANCE AT 01/01/18	TRANSFERS AND OTHER	CHANGE IN PRIOR YEARS' ESTIMATES	CHARGE/CRED IT TO INCOME STATEMENT	CHARGE/C REDIT TO EQUITY	EXCHAN GE RATE EFFECT	IFRS 9	DISCONTINUED OPERATIONS	BALANCE AT 31/12/18
Deferred liabilities relating to goodwill	223	5	0	8	0	0	0	-205	32
Differences between tax and accounting criteria	541	-1	-106	40	4	6	0	-41	443
Deferred equity measurements	81	0	0	0	10	0	0	0	90
Other items	56	6	5	-4	-1	-1	0	-54	8
TOTAL	**900**	**11**	**-100**	**44**	**13**	**5**	**0**	**-300**	**574**

2.8.4. Years open to tax inspection

In accordance with prevailing tax legislation, taxes may not be deemed to be finally settled until the returns filed have been inspected by the tax authorities or the four-year limitation period has elapsed. The tax authorities have a period of 10 years to verify and investigate tax-loss carryforwards and certain deductions pending offset.

Ferrovial S.A. is currently undergoing a tax inspection relating to a Recovery Procedure for Spanish State Aid linked to the tax write-down of financial goodwill resulting from the acquisition of Amey (EU Decision 2015/314 of the European Commission of 15 October 2014 (Third Decision)) (see Note 6.5.1), in connection with corporate income tax for the years 2016 to 2018. The tax inspection is currently at the documentation submission stage and tax assessments are expected to be raised during 2020.

The verification and inspection proceedings that began in July 2017 on the companies Ferrovial S.A. and its Spanish tax consolidated group, Ferrovial Agroman S.A., Ferrovial Servicios, S.A. and Ferrovial Internacional S.L.U. in respect of corporate income tax for 2012 to 2014, value added tax for June 2013 to December 2015, withholdings and payments on account of earned income and professional fees for June 2013 to December 2015, and withholdings on account of non-resident income tax for June 2013 to December 2015 were completed in the second half of 2019, when notifications were received of the settlement resolutions derived from the tax assessments accepted and not accepted. Claims have been lodged against the settlement resolutions in the economic-administrative courts and are currently being processed pending a ruling. Given these proceedings a net tax provision of EUR 15 million has been set aside during 2019.

The last four years are open to inspection for all applicable taxes.

The criteria that the tax authorities might adopt in relation to the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. It is considered that any possible material tax contingencies had been adequately provisioned at year-end.

2.8.5. Tax regime applicable to Ferrovial S.A.

Ferrovial, S.A. has filed consolidated tax returns since 2002. The companies composing the Consolidated Tax Group together with Ferrovial, S.A. in 2019 are detailed in Appendix II. In 2014, the entity adopted the tax system laid down in Articles 107 and 108 of Corporate Income Tax Act ("LIS") 27/2014, of 27 November. Given that the implementation of such system affects the taxation of potential dividends or capital gains obtained by company shareholders, a note describing the tax treatment applicable to shareholders is attached as Appendix I to these consolidated annual accounts, as well as information on tax results by Ferrovial S.A. to be considered by the shareholders for the purposes of applying this system.

NOTES ON PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

2.9. PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

As discussed in Note 1.1.3, at 31 December 2019, and as in 2018, the Services Division is classified to discontinued operations, the impact on the income statement of this business area is now reported in one line item "net profit/(loss) from discontinued operations". This line also includes an impairment loss equal to the difference between the estimated fair value of the assets and their carrying amount.

With respect to the Australia and New Zealand business, the transaction closing price (EUR 303 million), minus estimated costs to sell (EUR -3 million), were used as references to determine fair value. This entailed recognising an impairment loss of EUR -270 million in the final quarter of 2019, in addition to the EUR -170 million already recorded in the third quarter (see Note 1.1.3).

For a better understanding of the profit/(loss) of the Service business and the way in which it has been included in the Group's consolidated profit/(loss), the accompanying table provides a breakdown by line of the profit/(loss) of the discontinued operation:

(Millions of euros)	2019	2018	VAR.
Revenues	6,995	6,785	211
Gross operating profit	**382**	**136**	**247**
Fixed asset depreciation	-288	-222	-66
Operating income before impairment losses and fixed asset disposals	**95**	**-87**	**181**
Impairment and fixed asset disposals	-5	2	-7
Operating profit/(loss)	**89**	**-85**	**174**
Net financial income/(expense)	**-74**	**-78**	**4**
Share of profits of equity-accounted companies	29	15	14
Pre-tax consolidated profit/(loss)	**45**	**-148**	**193**
Corporate income tax	-16	47	-63
Post-tax profit/(loss)	**29**	**-101**	**130**
Profit/(loss) for the year attributed to non-controlling interests	-3	-4	1
Profit/(loss) for the year attributed to the Parent Company	**26**	**-105**	**131**
Adjustments from discontinued operations	216	30	186
Fair value provision	-440	-774	334
Profit/(loss) from discontinued operations	**-198**	**-848**	**650**

When analysing the different components of the profit/(loss) for discontinued operations, the following is noteworthy:

EBITDA in 2019 stood at EUR 382 million, compared to EUR 136 million in 2018. This improvement is primarily due to 2018 profit/(loss) recognising the impact of the Birmingham contract amounting to EUR -235 million (GBP -208 million).

The net financial income/(expense) amounted to EUR -74 million in 2019, in line with the figure for 2018 (EUR -78 million).

Adjustments for discontinued operations in 2019 mainly comprise the elimination of asset depreciation and the elimination of internal operations amounting to EUR 216 million (see Note 1.1.3).

The fair value provision relates to the aforementioned impairments at the Australia business.

NOTES ON PROFIT/(LOSS) FROM NON-CONTROLLING INTERESTS, NET PROFIT/(LOSS) AND EARNINGS PER SHARE

2.10. PROFIT/(LOSS) FROM NON-CONTROLLING INTERESTS

In 2019 the profit/(loss) attributed to non-controlling interests amounted to EUR 9 million (December 2018: EUR -57 million).

This figure relates to the profits obtained by Group Companies that may be allocated to other partners with a stake in the said companies. The figures shown as positive numbers refer to companies that generate losses, and the figure is therefore shown as a negative number.

(Millions of euros)	2019	2018	VAR. 19/18	NON-GROUP %
Budimex Group	-22	-24	3	44.90%
Autopista del Sol (*)	-5	-2	-4	15.00%
Autop. Terrasa Manresa, S.A.	-16	-17	0	23.70%
LBJ Infrastructure Group	-4	4	-8	45.4%
NTE Mobility Partners	-9	-4	-4	37.1%
FAM Construction LLC	37	-1	38	30.0%
Sugar Creek Construction LLC	27	-3	30	30.0%
Other companies	4	-7	11	
Total Continuing Operations	**12**	**-53**	**65**	
TOTAL Discontinued Operations	**-3**	**-4**	**1**	
TOTAL	**9**	**-57**	**67**	

*In December 2019 65% of Autopista del Sol was sold (see Note 1.1.4)

The main change was the decline in results at FAM Construction LLC (EUR 38 million) and Sugar Creek LLC (EUR 30 million), due to losses recognised in the first quarter of the year in relation to construction contracts in the US, as detailed in Note 6.3., offset by the improved results recognised at the North Tarrant Express and LBJ Infrastructure Group toll roads.

2.11. NET PROFIT/(LOSS) AND EARNINGS PER SHARE

The calculation of earnings per share attributed to the parent company is as follows:

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(Millions of euros)	2019	2018
Net profit/(loss) attributed to the parent company (millions of euros)	268	-448
Perpetual subordinated bond, net cost	-8	-8
Net adjusted profit/(loss) attributed to the parent company (millions of euros)	260	-456
Weighted average number of shares outstanding (thousands of shares)	742,193	738,479
Less average number of treasury shares (thousands of shares)	-10,514	-8,259
Average number of shares to calculate basic earnings per share	731,679	730,220
TOTAL BASIC/DILUTED EARNINGS PER SHARE (EUROS)	**0.35**	**-0.61**
Adjusted net profit/(loss) from continuing operations (millions of euros)	448	449
BASIC EARNINGS PER SHARE, CONTINUING OPERATIONS (EUROS)	**0.61**	**0.61**
Net profit/(loss) from discontinued operations (millions of euros)	-198	-848
BASIC EARNINGS PER SHARE, DISCONTINUED OPERATIONS (EUROS)	**-0.27**	**-1.16**

Basic earnings per share have been calculated by dividing profit for the year attributed to the parent company's shareholders, adjusted for the net coupon for the year on the subordinated perpetual bonds issued by the group and taken directly to equity (see Note 5.1.2.d), by the weighted average number of ordinary shares outstanding, excluding the average number of treasury shares held during the year.

As regards diluted earnings per share, it should be noted that the Group did not have any dilutive potential ordinary shares, since no convertible debt instruments were issued and the share-based remuneration schemes described in Note 6.7 will not give rise to any share capital increases at the Group. Consequently, no dilutive impact is envisaged when employee rights under the plans are exercised. Hence there is no difference between the basic and diluted earnings per share.

The capital increases carried out by the Group in 2018 and 2019 to meet commitments to make share-based payments to shareholders availing themselves of scrip dividend arrangements (see Note 5.1.1.) do not distort earnings per share since the company's policy is to reduce share capital in the amount approximately equivalent to the shares issued (see Note 5.1.2.a).

The detail of net profit/(loss) by geographical area is as follows:

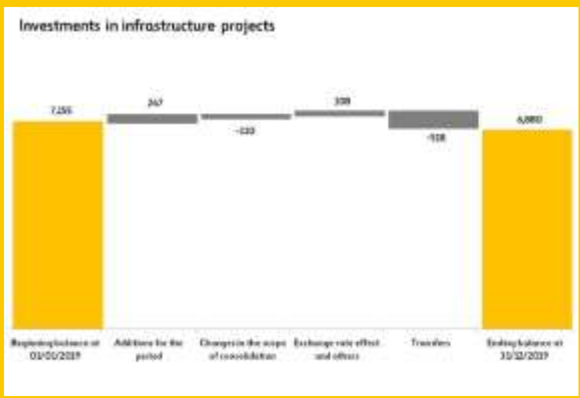
(Millions of euros)	2019	2018	VAR. 19/18
Spain	583	38	545
Canada	163	147	16
Australia	-464	-17	-448
USA	-194	75	-269
UK	82	-878	961
Poland	26	46	-20
Chile	22	52	-30
Ireland	18	19	-1
Greece	0	77	-77
Other	32	-6	38
TOTAL	**268**	**-448**	**716**

The earnings by business segment are shown in Appendix III

SECTION 3: NON-CURRENT ASSETS

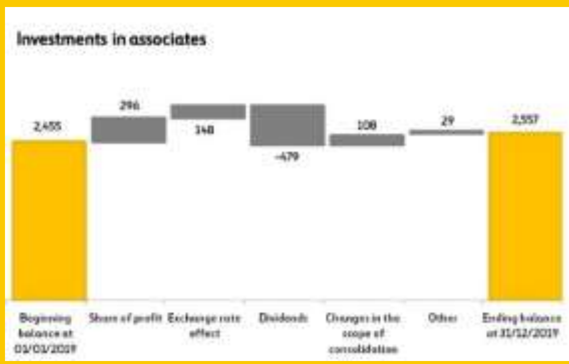
This section includes the Notes on non-current assets in the consolidated balance sheet, excluding deferred tax assets (Section 2) and financial derivatives (Section 5).

The main components of the non-current assets at December 2019 at Ferrovial are "fixed assets in infrastructure projects" amounting to EUR 6,880 million, accounting for 56% of total non-current assets (see Note 3.3), "investments in associates" amounting to EUR 2,557 million (relating mainly to the investments in HAH and 407 ETR), accounting for 20% of total non-current assets (see Note 3.5). The "Goodwill on consolidation" (EUR 248 million) accounts for 2% of total non-current assets.



As regards the performance of fixed assets in infrastructure projects, the movement as compared with the previous financial year is primarily due to changes in the consolidation scope due to the sale of 65% of Autopista del Sol (see Note 1.1.4), as well as fixed asset additions (EUR 247 million) and disposals (EUR -110 million) arriving to the net amount of EUR 137 million, primarily in projects under development in the US, as well as the exchange rate effect (appreciation of the US dollar against the euro), which has caused an impact of EUR 108 million.

Investments in associates increased by EUR 70 million, due principally to the share of the profit of these companies (EUR 296 million), the exchange rate effects, primarily due to the appreciation of the pound sterling and the Canadian dollar (EUR 148 million), as well as the classification to Investments in associates of the 15% held in Ausol for EUR 111 million, following the disposal carried out in 2019 (see Note 1.1.4), partly offset by the distribution of dividends amounting to EUR 479 million, primarily from HAH and 407 ETR.



Goodwill decreased by EUR 124 million due mainly to the aforementioned sale of Autopista del Sol (EUR -70 million) and to the reclassification of Autema's receivable (EUR -58 million), increasing the balance.

3.1. GOODWILL AND ACQUISITIONS

The table below details the movements in Goodwill in 2019:

(Millions of euros)	2018	CHANGE IN CONSOLIDATION SCOPE	RECLASSIFICATION	EXCHANGE RATE	2019
Construction	**202**	**0**	**0**	**3**	**205**
Budimex	68	0	0	0	68
Webber	134	0	0	3	137
Toll roads	**128**	**-70**	**-58**	**0**	**0**
Ausol	70	-70	0	0	0
Autema	58	0	-58	0	0
Airports	**42**	**0**	**0**	**1**	**43**
Transchile	42	0	0	1	43
TOTAL	**372**	**-70**	**-58**	**4**	**248**

3.1.1. Movements over the year

The following is a description of the main changes by type of change:

Changes in the consolidation scope

The impact of changes in the consolidation scope relates to the goodwill allocated to Autopista del Sol, the company sold to the French infrastructure fund Meridiam (see Note 1.1.4).

Reclassifications

In 2019, the company reclassified the goodwill allocated to the Autema project (EUR 58 million) as an increase in the amount of the account receivable recognised in respect of the concession, since the recoverability of both assets is tied to the receipt of the same contractual flows (see Note 3.3.2).

3.1.2. Goodwill impairment tests

A. Construction Division goodwill (Webber and Budimex):

Methodology and discount rate

The goodwill of Webber (US) and Budimex (Poland) amounted to EUR 137 million and EUR 68 million, respectively, at 31 December 2019 (31 December 2018: EUR 134 million and EUR 68 million, respectively).

In the case of Webber, five-year projections are adopted and the residual value is based on the cash flow for the last year projected, provided that this cash flow is normalised, and applying a growth rate that in no case exceeds the long-term growth rate estimated for the market in which the company operates. The cash flows are discounted at a discount rate (WACC) after tax of 7.1% (compared to 8.5% in 2018) and a growth rate into perpetuity of 2.0% (2018: 2.25%). The risk-free interest rate used to calculate the WACC is 2.25%, 34 basis points above the ten-year US bond rate at 31 December 2019.

In 2019, the approximate discount rate (WACC) before tax amounted to 8.5% (compared with 10.0% in 2018).

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 2019 of the Budimex share was higher than its carrying amount plus the allocated goodwill. The test did not show the existence of any impairment.

Main factors that affect the valuation and performance compared with the previous year and budget:

The projected cash flows are based on the latest estimates approved by the company, which take into account recent historical data. The main factors that affect the cash flow projections of Webber are revenue forecasts and the projected operating margins. These projections are based on four basic components: the existing order book, winning new contracts, estimated future margins and the perpetuity growth rate. It should be noted that the forecast 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 2.00%, which is similar to long-term inflation forecasts for the US without considering present economic growth.

Impairment test results:

The value of Webber resulting from application of this impairment test model is 107% higher than its carrying amount (compared to 75% in 2018).

The residual value of Webber represents 42% of the total value after the specific forecast period.

The quoted market price of the Budimex share at 31 December 2019 was 546% higher than its carrying amount (compared to 278% in 2018).

Sensitivity analysis:

A sensitivity analysis was performed on Webber's goodwill, particularly in relation to the operating profit margin, the discount rate and the perpetuity growth rate, so as to ensure that possible changes in the estimate do not have an impact on the possible recovery of the goodwill recognised.

Specifically, a pessimistic scenario was taken into consideration with a perpetuity growth rate of 1% and a reduction in the profit from operations of 50 basis points. The value disclosed in this scenario presents a buffer of 80% over the carrying amount.

On this basis, the valuation disclosed would equal the carrying amount if the reduction in the margin with respect to the projected figure was 395 basis points, thereby leaving the assumption of perpetuity growth at 1%.

Lastly, it should be stated that in a scenario maintaining the margins but assuming a zero perpetuity growth rate (compared to 2%), there would be no impairment.

At Budimex, due to the significant buffer between the quoted market price and its carrying amount, the company considers that there is no evidence of impairment.

C. Transchile goodwill:

In addition to the goodwill relating to Budimex and Webber, the remaining goodwill relates to Transchile (the transmission line operating company in Chile).

Based on the goodwill impairment test findings, the buffer is 14% with respect to the carrying amount of EUR 61.6 million. The flows were discounted at a 6.8% cost of capital (8.1% before taxes), which is in line with the rate used to calculate goodwill impairment in 2018.

3.2. INTANGIBLE ASSETS

At year-end 2019, the balance of intangible assets other than infrastructure projects amounted to EUR 62 million (2018: EUR 32 million).

This line item includes:

- "Rights on Concessions" includes the rights to operate the tenders that are not classified as projects (see definition in Note 1.1.2). At 31 December 2019, this is not a significant amount (31 December 2018: EUR 4 million).
- "IT applications" with a net value of EUR 7 million (31 December 2018: EUR 6 million).
- "Contracts with customers and commercial relations", relating to the net value of the commercial order book, customer databases and other intangible assets, in the amount of EUR 57 million (31 December 2018: EUR 24 million) primarily derived from the Budimex Services business included in the Construction Division.
- During the financial year, no significant fully depreciated assets have been written down.

The impact on cash flows (see Note 5.3) from additions to intangible assets rose to EUR -8 million.

3.3. INVESTMENTS IN INFRASTRUCTURE PROJECTS

3.3.1. Intangible asset model

(Millions of euros)	BALANCE AT 01.01.2019	TOTAL ADDITIONS	TOTAL DISPOSALS	EXCHANGE RATE EFFECT	CHANGES IN CONSOLIDATION SCOPE AND TRANSFERS	BALANCES AT 31/12/2019
Spanish toll roads	736	1	-23	0	-713	0
US toll roads	5,581	214	0	110	0	5,905
Other toll roads	386	4	0	0	0	391
Investment in toll roads	**6,703**	**219**	**-23**	**110**	**-713**	**6,297**
Accumulated amortisation	-424	-94	4	-2	211	-305
Net investment in toll roads	**6,279**	**125**	**-19**	**108**	**-502**	**5,992**
Investment in other infrastructure projects	2	4	0	0	0	6
Amortisation of other infrastructure projects	-1	1	0	0	0	0
Total net investment in other infrastructure projects	**1**	**5**	**0**	**0**	**0**	**6**
TOTAL INVESTMENT	**6,705**	**223**	**-23**	**110**	**-713**	**6,302**
TOTAL AMORTISATION AND PROVISION	**-424**	**-93**	**4**	**-1**	**211**	**-303**
TOTAL NET INVESTMENT	**6,280**	**130**	**-19**	**109**	**-502**	**5,998**

The most significant changes in 2019 were as follows:

- Exchange rate fluctuations resulted in an increase of EUR 109 million (2018: EUR 249 million) in the balance of these assets, the full amount of which was attributed to the change in the euro/US dollar exchange rate at the US toll roads (see Note 1.3).
- There were gross Toll road additions of EUR 219 million, relating in particular to the US toll road assets, which increased by EUR 214 million. Of these, the most significant involve the I-77 Mobility Partners LLC for EUR 131 million (2018: EUR 266 million), and EUR 80 million at North Tarrant Express (2018: EUR 214 million).
- Scope changes relate to disposals of the assets of Autopista del Sol which, following the sale and purchase transaction completed during the year (see Note 1.1.4), has been classified on the line Investments in associates.
- Also, "investment in other infrastructure projects" includes concession arrangements awarded to the Airports Division that are classified as intangible assets under IFRIC 12, primarily associated with electricity transmission lines in Chile for a net investment of EUR 5 million euros.

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 2019 are detailed in Note 2.6.

The movements to these assets in 2018 were as follows:

(Millions of euros)	BALANCE AT 01/01/2018	TOTAL ADDITIONS	TOTAL DISPOSALS	CHANGES IN CONSOLIDATION SCOPE AND TRANSFERS	EXCHANGE RATE EFFECT	BALANCES AT 31/12/2018
Spanish toll roads	734	2	0	0	0	736
US toll roads	4,842	484	0	255	0	5,581
Other toll roads	384	0	2	0	0	386
Investment in toll roads	**5,960**	**486**	**2**	**255**	**0**	**6,703**
Accumulated amortisation	-351	-67	0	-6	0	-424
Net investment in toll roads	**5,609**	**419**	**2**	**249**	**0**	**6,279**
Investment in other infrastructure projects	521	7	0	0	-526	2
Amortisation of other Infrastructure Projects	-246	-28	0	0	274	-1
Total net investment in other infrastructure projects	**274**	**-22**	**0**	**0**	**-252**	**1**
TOTAL INVESTMENT	**6,480**	**493**	**2**	**255**	**-526**	**6,705**
TOTAL AMORTISATION AND PROVISION	**-598**	**-96**	**0**	**-6**	**274**	**-425**
TOTAL NET INVESTMENT	**5,883**	**398**	**2**	**249**	**-252**	**6,280**

3.3.2. Assets, receivable model

The assets accounted for using the financial asset model pursuant to IFRIC 12 relate mainly to long-term receivables (more than twelve months) from governments in return for services rendered or investments made under a concession arrangement. The movements in the years ended 31 December 2019 and 2018 were as follows:

MOVEMENTS (Millions of euros)	**RECEIVABLES INFRASTRUCTURE PROJECTS 2019**	**RECEIVABLES INFRASTRUCTURE PROJECTS 2018**
YEAR-END BALANCE	**875**	**1,035**
IFRS 9 Impact	0	-46
OPENING BALANCE	**875**	**989**
Additions	117	178
Disposals	-92	-90
Transfers and other	30	-36
Autema Impairment	-58	0
Exchange rate effect	0	2
Other	10	7
Reclassification to discontinued operations	0	-175
YEAR-END BALANCE	**883**	**875**

Note: balances shown net of allowance provisions

As mentioned in note 3.1.3 as of December 2019, the company has reclassified the total amount of the goodwill allocated to Autema project as an increase in the amount of the account receivable recognised in respect of the concession, since the recoverability of both assets is tied to the receipt of the same contractual flows.

After this reclassification, new recalculation has been performed of the asset's book value in the account receivable, as stablished in paragraph 5.4.3 of IFRS 9, calculated as the present value of the new flows, discounted at the original effective interest rate. As a result of this calculation, an impairment of 58 million euros has been recorded, equivalent to the amount of the reclassified goodwill.

Regardless of this deterioration, and as indicated in note 6.5.1.a) regarding the dispute that Autema maintains with the Generalitat of Catalonia in relation to the change of the concession regime of this project, it has been concluded that there are very solid arguments to win the resources interposed and therefore it has been decided to keep the project registered as an account receivable.

CONCESSION OPERATOR (Millions of euros)	BALANCES AT 31/12/2019 LONG-TERM RECEIVABLE	SHORT-TERM RECEIVABLE (Note 4.2)	TOTAL 2019
Autopista Terrassa Manresa, S.A.	689	27	716
TOLL ROADS	689	27	716
Concesionaria de Prisiones Lledoners	59	2	61
Concesionaria de Prisiones Figueras	98	4	102
Depusa Aragón	25	1	26
Budimex parking Wrocław	11	0	11
CONSTRUCTION	193	6	200
Denver Great Hall LLC	0	0	0
AIRPORTS	0	0	0
TOTAL GROUP	883	33	916

CONCESSION OPERATOR (Millions of euros)	BALANCES AT 31/12/2018 LONG-TERM RECEIVABLE	SHORT-TERM RECEIVABLE (Note 4.2)	TOTAL 2018
Autopista Terrassa Manresa, S.A	642	27	669
TOLL ROADS	642	27	669
Concesionaria de Prisiones Lledoners	60	2	62
Concesionaria de Prisiones Figueras	100	4	104
Depusa Aragón	26	0	26
Budimex Parking Wrocław	11	0	11
CONSTRUCTION	198	5	203
Denver Great Hall LLC	35	0	35
AIRPORTS	35	0	35
TOTAL GROUP	875	32	907

3.3.3 Impact on cash flows

The total cash flow impact of the additions to projects accounted for using the intangible asset amounted to EUR -156 million and in the case of financial asset models, disposals of EUR +115 million (see Note 5.3), which differs from the additions recognised in the consolidated balance sheet, 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 receivable asset model is applied, due to the increases in receivables as a balancing entry to income for services rendered, which do not generate cash outflows either.
- The impact on cash flows reflects movements associated with the discontinued operation, which are not recognised in the balance sheet due to being reclassified to held for sale.

3.4. PROPERTY, PLANT AND EQUIPMENT

The movements in "property, plant and equipment" in the statement of consolidated financial position were as follows:

MOVEMENTS IN 2019 (Millions of euros)	LAND AND BUILDINGS	PLANT AND MACHINERY	OTHER FACILITIES, TOOLS AND FURNITURE	TOTAL
Investment: Balance at 01/01/2019	**53**	**468**	**164**	**685**
Additions	3	27	25	56
Disposals	-4	-14	-12	-30
Changes in the consolidation scope and transfers	31	1	25	57
Exchange rate effect	1	2	2	4
Balances at 31/12/2019	**84**	**485**	**204**	**772**
Accumulated amortisation and impairment losses at 01.01.2019	**-11**	**-307**	**-116**	**-434**
Amortisation charge	-2	-25	-18	-46
Disposals	2	10	10	22
Changes in the consolidation scope and transfers	-9	6	-12	-15
Exchange rate effect	0	1	-1	0
Impairment of property, plant and equipment	0	0	0	0
Balances at 31/12/2019	**-20**	**-316**	**-137**	**-473**
Carrying amount at 31.12.2019	**64**	**169**	**66**	**299**

The most significant changes in 2019 were as follows:

Additions:

Of the total additions, amounting to EUR 56 million, the most significant arose at the Construction Division amounting to EUR 48 million in relation to specific construction machinery acquisitions.

The detail, by business segment, of the additions to property, plant and equipment is as follows:

(Millions of euros)	2019	2018
Construction	48	51
Toll roads	5	2
Services, discontinued operations	0	114
Other	2	2
TOTAL	**56**	**169**

Impact on cash flow: The impact on cash flows arising from additions to property, plant and equipment amounted to EUR -51 million (see Note 5.3).

Disposals:

The property, plant and equipment disposals and reductions amounted to EUR 30 million and arose largely as a result of the derecognition of fully depreciated or obsolete items, which did not have a material effect on the consolidated income statement. Specifically, EUR 26 million were removed in the Construction 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 final consolidated balances. Impairment losses on other items of property, plant and equipment total EUR 14 million (2018: EUR 14 million), associated with the Construction 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 7 million (2018: EUR 4 million).

At 31 December 2019, no significant property, plant or equipment items were subject to ownership restrictions or pledged as collateral for liabilities.

The following table shows the changes that occurred during 2018:

MOVEMENTS IN 2018 (Millions of euros)	LAND AND BUILDINGS	PLANT AND MACHINERY	OTHER FACILITIES, TOOLS AND FURNITURE	TOTAL
INVESTMENT: BALANCE AT 01.01.2018	**214**	**974**	**773**	**1,961**
Additions	1	78	90	169
Disposals	-2	-61	-45	-108
Changes in consolidation scope and transfers	-5	44	-44	-5
Exchange rate effect	0	-3	-15	-18
Reclassification to Discontinued Operations	-154	-563	-596	-1,313
BALANCES AT 31.12.2018	**53**	**468**	**164**	**685**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES AT 01.01.2018	**-41**	**-671**	**-547**	**-1,259**
Amortisation charge	-7	-79	-57	-143
Disposals	2	46	29	77
Changes in consolidation scope and transfers	0	3	-7	-4
Exchange rate effect	0	3	5	9
Impairment of Property, Plant and Equipment	0	0	-4	-4
Reclassification to Discontinued Operations	34	392	465	891
BALANCES AT 31.12.2018	**-11**	**-307**	**-116**	**-434**
CARRYING AMOUNT AT 31.12.2018	**42**	**161**	**48**	**251**

3.5. INVESTMENTS IN ASSOCIATES

The detail of the investments in equity-accounted companies at 2019 year-end and of the movements therein are 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.

2019 (Millions of euros)	HAH (25%)	407 ETR (43.23%)	OTHER	TOTAL
BALANCE 31.12.18	**705**	**1,475**	**275**	**2,455**
Share of profit/(loss) (Note 2.7)	106	153	37	**296**
Dividends	-145	-307	-28	**-479**
Foreign exchange differences	43	101	3	**148**
Pensions	-3	0	-2	**-5**
Transfers/Scope changes	0	0	108	**108**
Other	-17	0	51	**33**
BALANCE AT 31.12.19	**690**	**1,422**	**445**	**2,557**

Movements: The movements in this item were primarily due to the distribution of dividends of EUR -479 million, offset for the following impacts:

- The exchange rate effect due to the appreciation in value of the pound sterling and the Canadian dollar against the euro, which had a positive effect of EUR 148 million.
- The increase of EUR 296 million due to the share of results for the year.
- There was also an increase of EUR 108 million in the item relating essentially to the fair value of the 15% shareholding that the group holds in Ausol for EUR 111 million, once control was lost following the sale described in Note 1.1.4.
- **Impact on cash flow:** The difference between the dividends of EUR 478 million in the foregoing table and the dividends of EUR 529 million disclosed in the cash flow statement (Note 5.3) relates mainly to interest received on loans granted to equity-accounted companies, recognised under non-current financial assets in the balance sheet (Note 3.6), and to the effect of certain exchange rate hedges related to dividends received.

The changes in this item in the consolidated balance sheet in 2018 were as follows:

2018 (Millions of euros)	HAH (25%)	407ETR (43.23%)	OTHER	TOTAL
BALANCE AT 31.12.17	**737**	**1,652**	**298**	**2,687**
Share of profit/(loss) (Note 2.7)	70	136	47	**253**
Dividends	-143	-260	-49	**-452**
Changes in share capital	0	0	61	**61**
Foreign exchange differences	-5	-55	-3	**-63**
Pensions	33	0	3	**36**
Reclassification to discontinued operations	0	0	-75	**-75**
Other	15	1	-8	**8**
BALANCE AT 31.12.18	**705**	**1,475**	**275**	**2,455**

In view of the importance of the investments in HAH and 407 ETR, below is a detail of the balance sheets and income statements of these two companies, adjusted to bring them in line with Ferrovial's accounting policies, together with comments on the changes therein in 2019.

Also, since both ownership interests were remeasured when control was lost, registering goodwill, pursuant to IAS 28 p.40 and subsequent paragraphs, the possible existence of indications of impairment is assessed on an annual basis.

3.5.1. Information relating to HAH

a. Impairment test

Based on the measurements and sensitivity analyses performed, the reference values of the most recent transactions performed by third parties and the positive changes to assets during the financial year, it was concluded that there was no impairment.

The trend was positive in 2019, with EBITDA improving by 4.5% compared to 2018. RAB grew up to GBP 16,584 million in 2019. Traffic in 2019 was also 1.0% higher than in 2018.

The main assumptions used to value 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 return on assets established by the regulator for the period of six years, extended by one, ending on 31 December 2019.
- The regulator has agreed to extend the current regulatory period, iH7, by two years (2020 and 2021).
- During the following regulatory periods, and following the British Parliament's approval of the "National Policy Statement" for the

expansion of Heathrow, plans to increase the capacity of the airport (third runway project) were taken into account.

- The value of the investment was calculated by discounting the future cash flows per the business plan, using the adjusted present value (APV) method until 2051. A period of more than five years has been used to capture the high volume of investment envisaged in the medium and long term and thanks to the visibility of cash flows from the assets, allowing the projection of a long-term capital structure. A five-year projection period would not adequately reflect the value of the assets.
- Terminal value is calculated using the EV/RAB multiple, which stands at 1.15x. The growth rate implicit in the terminal value calculation is 2.6%.
- Flows are discounted at the deleveraged rate (7.1%), discounting the tax shield at the cost of borrowings rate.

The valuation analysis shows a sizeable buffer is in place compared to its carrying amount. The value of the assets would be equal to the carrying amount were the discount rate to rise by 165 basis points (deleveraged rate of 8.7%), assuming the base case assumptions were unchanged.

In turn, a sensitivity analysis was performed on the EV/RAB multiple (reducing it from 1.15x to 1.0x) in the terminal value calculation, obtaining a value that shows a considerable buffer with respect to the carrying amount.

Lastly, after a sensitivity tests carried out in a scenario without the expansion of the third runway, there would also be no impairment. However, Heathrow records assets reflecting the capacity increase in the amount of GBP 450 million for a 100% ownership interest. If this increase were not finally approved, this asset should be written off and an impairment loss recognised, despite the fact that they would be included in the RAB and could be recovered by applying higher tariffs. In this case, the net result impact for Ferrovial could be close to EUR 102 million, once considered Ferrovial ownership interest in HAH and the impairment tax impact.

Regarding this matter, today February 27th 2020, there has been knowledge of a Court´s ruling that requires to introduce a number of amendments to the project that ensures the compatibility of it with the British government´s strategy in compliance with the Paris Agreement on climate change. This resolution expressly says that it does not prevent the third runway from going forward and that the "National Policy Statement" to which the decision refers is considered under suspension, not cancelled. Following the knowledge of the ruling, Heathrow has announced that they will appeal and that at the same time they will collaborate with the Government to resolve the issues included in said ruling. In accordance with the above, Ferrovial at the date of closing of these annual accounts, has considered that the probability conditions established in IAS16 are met, and has not registered any accounting impact at the December 2019 accounts related to the mentioned Court´s ruling.

b. Movements in the balance sheet and income statement 2019-2018

In view of the importance of this investment, the following is a detail of the balance sheet and income statement for this Group of companies, adjusted to bring them into line with Ferrovial's accounting policies, together with comments on the changes therein over the course of the 2019 financial year.

The balance sheet figures shown relate to the full balances of HAH and are presented in pounds sterling. The exchange rates used in 2019 are EUR 1=GBP 0.84665 (2018: GBP 0.89842) for the balance sheet figures and EUR 1=GBP 0.87453 (2018: GBP 0.88585) for the income statement figures.

Balance Sheet 2019/2018

HAH (100%) GBP (MILLION)	2019	2018	VAR. 19/18
Non-current assets	17,172	**16,766**	406
Goodwill	2,753	2,753	0
Fixed assets in infrastructure projects	13,521	13,391	130
Right of use on leasing assets	276	0	276
Non-current financial assets	49	50	-1
Pension plan surplus	33	28	5
Deferred taxes	0	0	0
Financial derivatives	539	543	-4
Other non-current assets	0	0	0
Current assets	1,851	**1,084**	767
Trade and other receivables	969	419	551
Financial derivatives	0	0	0
Cash and cash equivalents	869	652	217
Other current assets	13	13	0
TOTAL ASSETS	19,023	**17,849**	1,174

HAH (100%) GBP (MILLION)	2019	2018	VAR. 19/18
Equity	15	**212**	-198
Non-current liabilities	17,846	**16,389**	1,457
Pension provisions	29	32	-3
Financial borrowings	15,449	14,060	1,389
Deferred taxes	784	763	22
Financial derivatives	1,227	1,523	-296
Other non-current liabilities	356	11	344
Current liabilities	1,162	**1,248**	-86
Financial borrowings	644	742	-99
Trade payables	428	412	16
Financial derivatives	55	39	16
Other current liabilities	36	55	-19
TOTAL LIABILITIES	19,023	**17,849**	1,174

- Equity

At 31 December 2019, equity amounted to GBP 15 million, down GBP -198 million from the year ended 31 December 2018. In addition to the profit for the year of GBP 370 million, the main movements are the payment of dividends to shareholders in the amount of GBP -500 million, the negative impact of GBP -11 million recognised in reserves in relation to pension plans, and GBP -88 million (EUR -24 million net assignable to Ferrovial) due to the impact of the transition to IFRS 16 Leases on 1 January 2019 (see Note 1.2.1), all offset by the positive impact of hedging derivatives amounting to GBP 31 million.

25% of the shareholders' funds of the subsidiary does not relate to the carrying amount of the investment, since the carrying amount also includes the amount of capital gain arising from the measurement at fair value of the investment retained following the sale of a 5.88% ownership interest in HAH in October 2011. The gain was recognised as an addition to goodwill. Therefore, in order to obtain the carrying amount of Ferrovial, it would be necessary to apply 25% of the shareholders' funds presented above (GBP 3 million) by the amount of the aforementioned gain (GBP 581 million), giving a total of GBP 584 million which, translated at the year-end exchange rate (EUR 1 = GBP 0.84665), equates to a shareholding of EUR 690 million.

- **Financial borrowings**

  The borrowings of HAH (short and long-term) amounted to GBP 16,093 million at 31 December 2019, an increase of GBP 1,291 million with respect to the prior year (31 December 2018: GBP 14,802 million). This increase was primarily due to the effect of:

  - Amortisation and a bond issue in the amount of GBP -513 million and GBP 1,157 million respectively, as well as a net increase of GBP 629 million in bank borrowings.
  - Decrease of GBP 34 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 -21 million).
  - Other movements of EUR -10 million (mainly payable accrued interest and commissions).

- **Derivative financial instruments at fair value**

  The notional principal amount of HAH's derivatives portfolio at 31 December 2019 totalled GBP 26,875 million, including interest rate derivatives (IRSs) with a notional amount of GBP 2,309 million (hedging floating-rate borrowings), cross currency swaps (hedging bonds issued in foreign currencies) with a notional amount of GBP 18,171 million and index-linked swaps (ILSs) with a notional amount of GBP 6,395 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 275 million reduction in liabilities in the financial year. The main impacts relate to:

  - Cash settlements (net payments) of GBP 234 million.
  - Accrual of financial expenses (net financial income/(expense) on financing) of GBP -121 million.
  - Effect on reserves of changes in the value of hedging instruments in the amount of GBP 37 million.
  - Value adjustments to these instruments (results at fair value) of GBP 125 million, primarily due to the index-linked swaps (GBP 167 million), interest rate swaps (GBP -14 million) and cross currency swaps (GBP -28 million, although these are partially offset by the fair value adjustments to the currency bonds hedged by the instruments).

Income Statement 2019-2018

The following table shows HAH's income statement movements in 2019 and 2018.

HAH (100%) GBP (MILLIONS)	**2019**	**2018**	**VAR. 19/18**
Operating income	3,070	2,970	99
Operating expenses	-1,147	-1,130	-17
Gross operating profit	1,922	**1,840**	83
Depreciation charges	-805	-779	-26
Operating profit/(loss) before impairment and disposals	1,117	**1,061**	56
Impairment and fixed asset disposals	0	-17	17
Operating profit/(loss)	1,117	**1,043**	74
Net financial income/(expense)	-621	-751	131
Profit/(loss) before tax	497	**292**	205
Corporate income tax	-126	-45	-81
Profit/(loss) from continuing operations	370	**247**	123
Profit/(loss) from discontinued operations	0	0	0
Net profit/(loss)	370	**247**	123
Profit/(loss) attributed to Ferrovial (Millions of euros)	106	**70**	36

Operating income improved primarily as a result of an increase in the number of passengers. Expenses are in line with the previous year. These effects were reflected in EBITDA, which improved by 4.5%.

In addition, for the purposes of comparison, it should be noted that the 2019 Income Statement reflects the adoption of IFRS 16 Leases, entailing a reduction of GBP 52 million in operating expenses for the year, offset by an increase in depreciation/amortisation and financial charges (GBP 34 million and GBP 17 million, respectively).

However, the biggest change was in net financial income/(expense), which was adversely affected by the fair value adjustments to derivatives and liabilities at fair value (mainly index-linked swaps and interest rate swaps), which were an improvement compared to the previous year of GBP 116 million (EUR 33 million net attributed to Ferrovial), primarily as a result of the change in inflation forecasts.

The management report includes more detailed information on the changes in HAH's results.

3.5.2. Information relating to 407 ETR

As with HAH, given that Ferrovial's stake in the 407 ETR was remeasured when control was lost, and the implicit existence of goodwill was considered, pursuant to the contents of page 40 *et seq.* of IAS 28, the possible existence of indications of impairment is assessed on an annual basis.

a. Impairment test

Based on Ferrovial's valuation of this concession, the positive change in the asset seen in recent years and the sensitivity tests carried out, it has been concluded that there is no impairment.

The evolution of this asset over the last ten years has been very positive, with average annual growth in revenue of 10%, in EBITDA of 11% and in dividends of 19%. On a year-on-year basis, revenue and EBITDA increased by 8.1%.

The valuation that Ferrovial made of this concession shows a very large buffer over its book value. Sensitivity to increased revenues and the discount rate has been measured, and a broad buffer is maintained.

To calculate the recoverable value of a concessionary company with an independent financial structure and a limited duration, an assessment is made discounting the expected cash flows for the shareholder until the end of the concession. The Group believes that to reflect the value in use, models that consider the entire concessional life should be used as it is an asset with very different phases of investment and growth, and there is visibility to use a specific financial economic plan during the life of the concession.

The Cost of Equity has been estimated according to the CAPM model. To calculate the discount rate, a risk-free rate was used, which referenced the 30-year bond in Canada, a beta coefficient reflecting the asset's leverage and risk, and a market premium of 6.0% (same as last year) are used. The result is a post-tax discount rate (equity cost, or Ke) of 6.25% (7.45% before taxes).

Based on the valuation and its positive evolution in recent years, no signs of impairment have been identified.

b. Changes in the balance sheet and income statement for 2019-2018 relating to this Group of companies at 31 December 2019 and 2018.

These figures relate to the full balances of the Company and are presented in millions of Canadian dollars. The exchange rates used in 2019 are EUR 1=CAD 1.45730 (2018: CAD 1.56013) for the balance sheet figures and EUR 1=CAD 1.47988 (2018: CAD 1.53115) for the income statement figures.

Balance Sheet 2019-2018

407 ETR (100%) (CAD Million)	2019	2018	VAR. 18/17
Non-current assets	**4,539**	**4,470**	**69**
Fixed assets in infrastructure projects	4,007	3,978	29
Non-current financial assets	491	459	32
Deferred taxes	41	33	8
Current assets	**812**	**791**	**21**
Trade and other receivables	254	242	13
Cash and cash equivalents	557	549	8
Total assets	**5,350**	**5,261**	**90**
Equity	**-4,288**	**-3,813**	**-475**
Non-current liabilities	**9,396**	**8,865**	**532**
Financial borrowings	8,868	8,351	517
Deferred taxes	528	514	14
Current liabilities	**242**	**209**	**33**
Financial borrowings	143	105	38
Trade and other payables	99	104	-5
TOTAL LIABILITIES	**5,350**	**5,261**	**90**

Below is a description of the main changes in the balance sheet of 407 ETR at 31 December 2019 compared to the previous year:

- Equity
- Equity fell by CAD 475 million with respect to 2018, as a result of the inclusion of the profit for the year of CAD 576 million and the reduction of CAD 1,050 million due to the payment of a dividend to shareholders.
- 43.23% of the shareholders' funds of the subsidiary does not relate to the consolidated carrying amount of the holding, since the latter also includes the amount of the gain arising from the remeasurement at fair value of the investment retained following the sale of a 10% ownership interest in this company in 2010, recognised as an addition to the value of the concession, and the goodwill that arose in 2009 as a result of the merger of Grupo Ferrovial, S.A. and Cintra Concesiones de Infraestructuras de Transportes, S.A. Therefore, in order to obtain the consolidated carrying amount at Ferrovial, it is necessary to increase the 43.23% of shareholders' funds presented above (CAD -1,854 million) by the amount of the aforementioned gain and of the goodwill (CAD 2,607 million and CAD 1,319 million, respectively), giving a total of CAD 2,300 million which, translated at the year-end exchange rate (EUR 1 = CAD 1.45730), is equivalent to the investment of EUR 1,422 million.
- **Financial borrowings**

  Borrowings as a whole (short-term and long-term) increased by CAD 555 million with respect to December 2018, due mainly to a bond issue in March with a nominal value of CAD 800 million (Series 19-A1 maturing in 2030 for CAD 300 million and Series 19-A2 for CAD 500 million maturing in 2030). This increase was offset by the CAD -300 million repayment of bond series 10 A-2 and the ordinary redemption of bond series 99 A-3 and 00 A-2, respectively, for CAD -13 million.
- **Income Statement 2019-2018**

  The following table shows the income statement movements of 407 ETR in the years ended December 2019 and December 2018:

407 ETR (100%) (CAD Million)	2019	2018	VAR. 19/18
Operating income	1,503	1,390	112
Operating expenses	-193	-180	-14
Gross operating profit	**1,309**	**1,211**	**99**
Depreciation charges	-106	-107	2
Operating profit/(loss)	**1,204**	**1,103**	**101**
Net financial income/(expense)	-420	-370	-50
Profit/(loss) before tax	**783**	**733**	**50**
Corporate income tax	-207	-194	-13
NET PROFIT/(LOSS)	**576**	**539**	**37**
Net Profit/(loss) attributable to Ferrovial (43.23% in millions of CAD)	**249**	**233**	**16**
Adjustment to depreciation/amortisation following loss of control (Millions of CAD)	***-22***	***-24***	***2***
Adjusted net profit/(loss) attributable to Ferrovial (43.23% in millions of CAD)	**227**	**209**	**16**
Adjusted net profit/(loss) attributable to Ferrovial (43.23% in millions of EUR)	**153**	**136**	**17**

The main change in the income statement relates to "operating income" (CAD +112 million) as a result of the increase in tolls rates.

It should be noted that the profit/(loss) attributed to Ferrovial also includes the depreciation and amortisation over the concession term of the remeasurement recognised following the loss of control of the company as a result of the sale in 2010 mentioned above.

Therefore, CAD -22 million of amortisation would have to be deducted from the 43.23% of the local profit (CAD 249 million). Translating the resulting CAD 227 million at the average exchange rate (EUR 1 = CAD 1.47988) gives the EUR 153 million allocable to Ferrovial in 2019 (see Note 2.7). (EUR 1 = CAD 1.47988) gives the EUR 153 million attributed to Ferrovial in 2019 (see Note 2.7)

(EUR 1 = CAD 1.47988) gives the EUR 153 million attributed to Ferrovial in 2019.

3.5.3. Other disclosures relating to associates

a) Movements relating to the remaining associates

The associates breakdown, showing their consolidated carrying amount and the main data is disclosed in Appendix II.

The movements in 2019 in the investments in these companies were as follows:

2019 (Millions of euros)	OTHER
Balance at 31.12.18	**275**
Share of profit/(loss) (Note 2.7)	37
Dividends	-28
Foreign exchange differences	3
Pensions	-2
Changes in consolidation scope	108
Reclassifications and transfers (Note 6.3.)	36
Other	16
BALANCE AT 31.12.19	**445**

The share of profit/(loss) most notably includes the contributions of the joint ventures of Portuguese toll roads (EUR 15 million), AGS Airports Holding (EUR 9 million) and other associates (EUR 14 million).

The dividends received relate to AGS Airports Holding, amounting to EUR 12 million and toll roads EUR 16 million (primarily A66 Benavente-Zamora and Blackbird Infraestructure).

The net increase of EUR 108 million relates essentially to the recognition of the investment held in Autopista del Sol (EUR 111 million) explained in point 3.5. above.

Finally, the Group has reclassified the amount of EUR 36 million as an increase in provisions in connection with the additional losses in certain Toll Road division companies in respect of which there are contractual obligations to contribute additional capital and/or guarantees when the value of the relevant shareholdings falls to zero (see Note 6.3. and 6.5.)

See additional comments below in point b.3).

b) Other disclosures relating to equity-accounted companies

b.1) Investment in AGS

Notable among the equity-accounted companies are AGS Airports, which owns Aberdeen, Glasgow and Southampton airports. Given that goodwill was generated at the time at which they were acquired, an impairment test has been carried out. The net carrying amount of AGS amounts to EUR 163 million, i.e. the sum of the investment of EUR 57 million and the value of the participating loan of EUR 106 million (see Note 3.6, Non-current financial assets). AGS was valued using a discount rate (Ke) of around 7.5% (approximate pre-tax rate of 8.5%) and presents a very significant buffer over its carrying amount. In addition, the analysts' average valuation also provides a very high buffer over its carrying amount. It should also be noted that revenue in 2019 was 1.8% higher than in 2018, while EBITDA declined by -2.7%.

b.2) I-66 toll road

November 2017 saw the financial close of the I-66 toll road in Virginia. The stake held in the concession-holding company for this toll road is 50%, and it is equity-accounted.

Although at 2019 year-end the investment in the capital of this company was not material, there is a commitment to invest an additional EUR 670 million in the next five years.

At 31 December 2019, the main toll road assets are fixed assets used in infrastructure projects in the amount of EUR 1,222 million (EUR 835 million at 31 December 2018). In terms of liabilities, of particular note is financial borrowings in the amount of EUR 1,319 million (EUR 993 million at 31 December 2018).

b.3) Other information

There are also some associates with a carrying amount of zero. Under IAS 28, if an entity's share of losses of an associate equals or exceeds its interest in the associate, the entity discontinues recognising its share of further losses, unless the entity has incurred legal or constructive obligations that make it necessary to recognise a liability for additional losses after the entity's interest is reduced to zero.

There are no significant restrictions on the capacity of associates to transfer funds to the parent company in the form of dividends, debt repayments or advances other than such restrictions as might arise from the financing agreements of those associates or from their own financial position, and there are no contingent liabilities relating to associates that might ultimately be assumed by the Group.

There are no significant companies in which the ownership interest exceeds 20% that are not equity-accounted.

The guarantees provided by Group Companies to equity-accounted companies are detailed in Note 6.5.

3.6. NON-CURRENT FINANCIAL ASSETS

The movements in the year ended 31 December 2019 were as follows:

MOVEMENTS IN 2019 (Millions of euros)	LONG-TERM LOANS IN ASSOCIATES	RESTRICTED CASH RELATING TO INFRASTRUCTURE PROJECTS AND OTHER FINANCIAL ASSETS	OTHER LONG-TERM RECEIVABLES	TOTAL
BALANCE AT 01/01/2018	**173**	**473**	**108**	**754**
Additions	0	1,085	12	1,097
Disposals	1	-557	-17	-572
Transfers and other	-1	0	0	-1
Exchange rate effect	6	6	3	15
Changes in the consolidation scope	-9	-37	0	-46
BALANCE AT 31/12/2019	**170**	**970**	**106**	**1,247**

Note: balances shown net of allowance provisions

- “Long-term loans in associates” primarily includes the loan granted to AGS amounting to EUR 106 million (2018: EUR 100 million), and other ordinary loans to associates totalling EUR 64 million (2018: EUR 72 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 or operating expenses and debt servicing.
- The net increase of EUR 497 million primarily relates to NTE Mobility Partners Segments 3 LLC amounting to EUR 618 million, due to the financial close of the 3C stretch being completed in 2019 (see Note 5.2.) and the restricted cash of this financing in relation to the payment of future investments; LBJ Infrastructure Group for EUR 79 million and I-77 Mobility Partners LLC for EUR 22 million and NTE Mobility Partners for EUR -195 million net (relating to dividend payments of USD 292 million from the project, once the contract timeframes have been met).
- The Note on the Net cash position provides details of the main balances and changes recognised in relation to this line item.
- Lastly, “Other receivables” includes:
    - Other trade receivables, mainly from various public authorities in connection with long-term contracts, amounting to EUR 88 million (31 December 2018: EUR 87 million). Notable within this figure was the EUR 76 million for the M-203 toll road, relating to the recoverable amount from the Grantor (see Note 6.5.1 a)).
    - Long-term deposits and guarantees amounting to EUR 16 million (December 2018: EUR 20 million).
    - There has been a consolidation scope change of EUR -46 million due to the classification of Autopista del Sol as an investment in an associate (see Note 3.5.).

For information purposes, the movements in these line items in 2018 are detailed below:

MOVEMENTS IN 2018 (Millions of euros)	LONG-TERM LOANS IN ASSOCIATES	RESTRICTED CASH RELATING TO INFRASTRUCTURE PROJECTS AND OTHER FINANCIAL ASSETS	OTHER LONG-TERM RECEIVABLES	TOTAL
BALANCE AT 01/01/2017	**312**	**285**	**172**	**769**
Additions	65	373	28	**467**
Disposals	-130	-202	-60	**-392**
Transfers and other	15	0	-15	**0**
Exchange rate effect	-5	17	10	**23**
Reclassification to discontinued operations	-84	0	-27	**-111**
BALANCE AT 31/12/2018	**173**	**473**	**108**	**754**

3.7. RIGHT OF USE ON LEASE ASSETS AND ASSOCIATED LIABILITIES

This Nota details the right-of-use assets recognised under IFRS 16 Leases and the liabilities associated with them.

Note 1.2.1.a) details the accounting policy affecting lease agreements. The new IFRS 16 affects the group for those agreements in which it acts as a lessee. The transition impact at 1 January 2019 is detailed in Note 1.2.1.

Set out below are movements in right-of-use assets in the balance sheet:

CHANGES IN 2019 (Millions of euros)	LAND	BUILDINGS	VEHICLES	PLANT AND MACHINERY	OFFICE EQUIPMENT AND OTHER	TOTAL
Impact of transition to IFRS 16	5	47	32	10	3	96
Additions	4	29	18	22	1	74
Disposals	0	0	0	0	0	0
Transfers and other	0	0	0	0	0	0
Changes in the consolidation scope	0	0	0	0	0	0
Exchange rate effect	0	1	1	0	0	2
Depreciation/amortisation	-1	-15	-18	-10	-1	-46
BALANCE AT 31/12/2019	7	61	34	23	2	126

The group primarily has lease agreements for buildings, vehicles and technical installations and machinery. Buildings provide the greatest right-of-use asset value and primarily relate to the offices of the different long-term businesses.

The most significant variations in the item relate to additions totalling EUR 74 million, of which EUR 68 million is associated with Construction division leases (primarily the business in Poland and construction activities abroad).

As a balancing item for the rights of use in the amount of EUR 126 million, the lease liabilities amount to EUR 153 million, of which EUR 82 million is carried as a long-term item and EUR 71 million as a short-term item.

As mentioned in Note 1.2.1.a), the Poland real estate business records certain leased assets in inventories and investment property, therefore these leases have a net cost of EUR 23 million at 31 December 2019 and this is the main reason for the difference between the closing balance of the right-of-use assets and the lease liability.

The movements in 2019 related to lease liabilities associated with contracts in force were as follows:

	TOTAL LEASE LIABILITIES
Impact of transition to IFRS 16	125
Additions due to new contracts	68
Associated financial expenses	4
Disposals due to payments	-46
Exchange rate effect	2
Balance at 31.12.2019	153
Long Term Lease debt	82
Short Term Lease debt	71

Financial expenses associated with lease agreements amounted to EUR 4 million at 31 December 2019. Lease payments in 2019 amounted to EUR 46 million (see Note 5.3).

Future debt maturities are analysed below at 31 December 2019:

	2020	2021	2022	2023	2024	2025+	TOTAL
Corporation	7	5	3	3	3	3	23
Construction	62	27	13	9	3	9	124
Toll roads	1	1	1	0	0	1	4
Airports	0	1	0	0	0	0	1
TOTAL LEASE LIABILITIES	71	34	17	11	6	13	153

The detail of low-value short-term leases recognised in the income statement as at December 2019 totals EUR 255 million (2018: EUR 298 million). This impact includes variable payments not included in the value of liabilities, the amount recognised in the income statement at December 2019 is EUR 1 million. See more details in 1.2.1.a) note.

SECTION 4: WORKING CAPITAL

This section contains the Notes on inventories (Note 4.1), short-term trade and other receivables (see Note 4.2), as well as short-term trade and other payables (see Note 4.3). The net balance of these items is called working capital.

Millions of euros	2018	IFRS 16	EXCHANGE RATE	CHANGES IN THE CONSOLIDATION SCOPE/ TRANSFERS	OTHER	2019
Inventories	594	27	6	2	70	699
Short-term trade and other receivables	1,090	0	8	29	129	1,256
Short-term trade and other payables	-2,700	0	-27	-18	-327	-3,072
TOTAL	-1,016	28	-13	13	-128	-1,117

Working capital fell by EUR 101 million during 2019.

Section 4.4 includes a more detailed analysis of the items in the balance sheet relating to recognition of revenues from contracts with clients in the Construction business, including the disclosures required under IFRS 15 in relation to these contracts.

4.1. INVENTORIES

The inventories balance at 31 December 2019 and 2018 is as follows:

(Millions of euros)	2018	IFRS 16	EXCHANGE RATE	CHANGES IN THE CONSOLIDATION SCOPE/ TRANSFERS	OTHER	2019
Goods for resale	364	27	3	-4	0	390
Raw materials and other supplies	147	0	2	6	81	237
Bidding and mobilisation costs	83	0	1	0	-12	73
INVENTORIES	**594**	**27**	**6**	**2**	**70**	**699**

Of the trade inventories recognised at 31 December 2019, EUR 383 million (2018: EUR 310 million) relate to the Construction division real estate business in Poland. The impact of IFRS 16 amounting to EUR 27 million should be noted, relating to leased assets recognised in the Poland real estate business (see Note 1.2.1).

EUR 233 million of raw materials and other supplies relate to the Construction Division, primarily at Budimex amounting to EUR 112 million (2018: EUR 64 million) and via its subsidiaries in the US and Canada, amounting to EUR 102 million (2018: EUR 64 million).

Lastly, bidding and mobilisation costs includes contract costs for EUR 73 million (2018: EUR 83 million).

Both for bid and mobilisation costs, amortisation is carried out systematically, in accordance with the transfer of goods and services to which the asset corresponds. In 2019, EUR 12 million of bid costs and EUR 4 million of mobilisation costs were amortised.

4.2. SHORT-TERM TRADE AND OTHER RECEIVABLES

The detail of "Short-Term Trade and Other Receivables" at 31 December 2019 and 2018 is as follows:

(Millions of euros)	2018	EXCHANGE RATE	CHANGES IN THE CONSOLIDATION SCOPE/ TRANSFERS	OTHER	2019
Trade receivables for sales and services	801	7	24	60	891
Other receivables	289	1	5	69	364
TOTAL RECEIVABLES	**1,090**	**8**	**29**	**129**	**1,256**

a) Trade receivables for sales and services

The detail of “Balances with customers” at 31 December 2019 and 2018 is as follows:

(Millions of euros)	2018	EXCHANGE RATE	CHANGES IN THE CONSOLIDATION SCOPE/ TRANSFERS	OTHER	2019
Customers	*669*	*5*	*13*	*117*	*805*
Impairment provisions for trade receivables	*-227*	*-1*	*0*	*3*	*-225*
Net trade receivables	442	4	13	120	580
Net completed work pending certification	273	1	10	-68	217
Withholdings as security	86	1	0	7	94
TRADE RECEIVABLES FOR SALES AND SERVICES	**801**	**7**	**24**	**60**	**891**

“Trade receivables for sales and services” increased by EUR 90 million from a balance of EUR 801 million at 31 December 2018 to EUR 891 million at 31 December 2019. This change is primarily as a result of the following:

- The exchange rate effect has led to an increase in the balance of EUR 7 million due essentially to the depreciation of the euro against the main currencies.
- Variations due to scope changes/transfers amount to EUR 24 million and primarily relate to the Services business in Poland, which in 2018 was classified as a discontinued operation and in 2019 is now reported within the Construction Division, as detailed in Note 1.1.2.
- The remainder of the change (EUR 60 million), is explained primarily by the increase in this line item in Construction (EUR 43 million), particularly business activity in Poland.
-

At 31 December 2019 a total of EUR 1 million was deducted from “Trade Receivables for Sales and Services” relating to assets derecognised as a result of factoring arrangements, since it was considered that they met the conditions stipulated in paragraph 3.2.3 of IFRS 9 regarding the derecognition of financial assets (31 December 2018: EUR 4 million).

The following details the main trade receivables, broken down by type of debtor:

	CONSTRUCTION		OTHERS AND ADJUSTMENTS		TOTAL	
Public sector	478	54%	32	n.a.	510	57%
Private sector	249	28%	8	n.a.	257	29%
Group Companies and associates	164	18%	-40	n.a.	124	14%
TOTAL	**892**	**100%**	**0**	**N.A.**	**891**	**100%**

This detail shows that 57% of the Group's customers are public authorities and the rest are private sector customers.

In order to manage credit risk relating to private customers, the Group has implemented pre- and post-contracting measures. Pre-contracting measures include the consultation of debtor registers, ratings, solvency studies, etc., while post-contracting measures during the execution of construction work include the follow-up of contractual incidents, non-payment events, etc.

The changes in trade provisions were as follows:

(Millions of euros)	2019	2018
Opening balance	227	276
Transition to IFRS 9	0	1
Amounts charged to the income statement:	3	3
Allocations	8	16
Reversals	-5	-13
Applications	-6	-7
Exchange rate effect	1	-1
Transfers and other	0	-1
Total discontinued operations	0	-45
CLOSING BALANCE	**225**	**227**

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 2019 and 2018 is as follows:

(Millions of euros)	2018	EXCHANGE RATE	CHANGES TO CONSOLIDATION SCOPE/TRANSFERS	OTHER	2019
Advances payments to suppliers	52	0	0	13	65
Sundry receivables	103	1	3	44	151
Infrastructure project receivables	32	0	0	1	33
Receivables from public authorities	102	0	2	11	116
OTHER RECEIVABLES	**289**	**1**	**5**	**69**	**364**

"Sundry receivables" includes mainly receivables relating to normal business activities but not with the mayor customer. The change with respect to December 2018 is primarily due to pending collections under construction work insurance policies.

Also, "infrastructure project receivables" includes short-term 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.

Lastly, "receivables from public authorities" includes tax receivables other than income tax receivables.

4.3. SHORT-TERM TRADE AND OTHER PAYABLES

The detail of "Short-term trade and other receivables" at 31 December 2019 and 2018 is as follows:

(Millions of euros)	2018	EXCHANGE RATE	CHANGES IN THE CONSOLIDATION SCOPE / TRANSFERS	OTHER	2019
Trade payables	1,313	11	18	-16	1,327
Work certified in advance	486	7	-3	264	755
Advance payments	604	6	0	26	636
Other non-trade payables	297	2	2	53	354
TRADE AND OTHER PAYABLES	**2,700**	**27**	**18**	**327**	**3,072**

a) Trade payables

The detail of the trade payables at 31 December 2019 and 2018 is as follows:

(Millions of euros)	2018	EXCHANGE RATE	CHANGES IN THE CONSOLIDATION SCOPE AND TRANSFERS	OTHER	2019
Trade payables	865	9	17	18	910
Trade payables sent for reverse factoring	209	0	1	-37	172
Withholdings made from suppliers	239	2	0	3	245
TRADE PAYABLES	**1,313**	**11**	**18**	**-16**	**1,327**

The line item "Trade Payables" increased by EUR 13 million compared to the balance recognised at 31 December 2018, mainly as the result of exchange rate effects (EUR 11 million) and changes in the consolidation scope and transfers for EUR 18 million. As regards other movements, the main change relates to trade payables subject to reverse factoring, that is balances pending payment to suppliers under reverse factoring arrangements (see Note 1.2.3.3 on accounting policies) amounting to EUR -37 million, the balance having decreased from EUR 209 million at 31 December 2018 to EUR 172 million in December 2019.

Group management considers that the carrying amount of trade receivables approximates their fair value.

b) Disclosure obligation in relation to payments to suppliers provided for in Additional Provision Three of Law 15/2010

In compliance with the obligation to disclose the average supplier payment period provided for in Article 539 and Additional Provision Eight of the Spanish Companies Act (in accordance with the new wording of final provision two of Law 31/2014 reforming the Spanish Companies Act), the Company hereby states that the average period of payment to the suppliers of all the Group Companies domiciled in Spain (including the discontinued operations transactions) in 2019 was 39 days.

The following table details, as required under Article 6 of the Ruling of 29 January 2016 by the Institute for Accounting and Accounts Auditing, the information relating to the average supplier payment period in 2019 and 2018:

(Days)	2019	2018
AVERAGE SUPPLIER PAYMENT PERIOD	**39**	**40**
Ratio of transactions settled	39	40
Ratio of transactions not yet settled	43	52
AMOUNT (Euros)		
TOTAL PAYMENTS SETTLED	**676,032,318**	**697,200,453**
TOTAL OUTSTANDING PAYMENTS	**19,316,271**	**19,388,691**

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

The breakdown of the average supplier payment period for discontinued operations is as follows:

(Days)	2019	2018
AVERAGE SUPPLIER PAYMENT PERIOD, DISCONTINUED OPERATIONS	**55**	**53**
Ratio of transactions settled	55	52
Ratio of transactions not yet settled	67	59
AMOUNT (Euros)		
TOTAL PAYMENTS SETTLED	**625,129,365**	**585,291,610**
TOTAL OUTSTANDING PAYMENTS	**29,257,855**	**30,764,980**

c) Work certified in advance for construction work and customer advances

This line item includes:

- The works certified in advance (see Notes 1.2.3.4 and 4.4), increased by EUR 269 compared to the balance recognised at 31 December 2018, mainly as the result of the increase in the volume of billing compare to the works, mainly in the international activity.
- Advances received from customers (see definition Note 4.4) remains flat.

d) Other non-trade payables

The detail of "other non-trade payables" is as follows:

(Millions of euros)	2018	EXCHANGE RATE	CHANGES IN THE CONSOLIDATION SCOPE / TRANSFERS	OTHER	2019
Accrued wages and salaries	119	3	2	10	133
Payables to public authorities	152	4	0	11	168
Other payables	26	0	0	27	54
OTHER NON-TRADE PAYABLES	**297**	**7**	**2**	**48**	**354**

"Remunerations Payable" relates to the employee remuneration earned but not paid during the year amounting to EUR 133 million.

Also, "Payables to public authorities" includes tax payables other than corporate income tax payables, relating mainly to VAT and employer social security taxes.

4.4. INFORMATION ON BALANCES FROM CONTRACTS WITH CUSTOMERS AND OTHER DISCLOSURES RELATING TO IFRS 15

Information on the balance sheet from contracts with customers

As mentioned in Note 1.2.3.4, relating to the policy with regard to recognising revenues from contracts (IFRS 15), in contracts in which the performance obligations are measured over time, the difference between the revenues recognised for services rendered and the amounts actually billed to the customer are systematically analysed on a contract by contract basis. If the amount billed is lower than the revenue recognised, the difference is recognised as an asset under "trade receivables for sales and services - completed work pending certification" (see Note 4.2.a.), whereas if the amount of revenue recognised is lower than the amount billed, a liability is recognised under "short-term trade and other payables - Works certified in advance" (Note 4.3).

Also, in certain construction contracts, advances are agreed upon that are paid by the customer when work is commenced on the contract, the balance of which is offset against the various progress billings as the contract work is performed. These amounts are included on the liabilities side of the balance sheet, under "trade payables" (Note 4.3.a).

In contrast to the advance payments, in some contracts the customer retains a portion of the price to be paid in each progress billing to guarantee the satisfaction of certain obligations under the contract. These "retentions" are not reimbursed until the contract is definitively settled. These amounts are included on the assets side of the balance sheet, under "trade receivables for sales and services" (Note 4.2.a).

Unlike "work completed and pending certification" and "Work certified in advance", 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 2019 and 2018 is as follows:

(Millions of euros)	2018	EXCHANGE RATE	CHANGES IN THE CONSOLIDATION SCOPE / TRANSFERS	OTHER	2019
Completed work pending certification	273	1	10	-68	217
Withholdings	86	0	0	8	94
TOTAL ASSETS FROM CONTRACTS WITH CUSTOMERS	**359**	**1**	**10**	**-59**	**311**
Work certified in advance	486	7	-3	264	755
Advance payments	604	6	0	26	636
TOTAL LIABILITIES FROM CONTRACTS WITH CUSTOMERS	**1,090**	**14**	**-3**	**290**	**1,390**

The balance at 31 December 2019 of work completed and pending certification relates almost entirely to amounts relating to revenues from the main contract signed with the customer, since, in line with the general policy established by the Group, only works that are due and payable may be recognised, i.e. amounts that have been approved by the customer. The balance shown under claims includes only the cases in which it is deemed highly probable that there will be no reversal of revenues in the future.

As mentioned in Note 1.2.3.4, there are different methods for calculating revenues, depending on the nature of the contract. Generally speaking, performance obligations in the construction business are satisfied over time, meaning that in the case of contracts in which the output method is applied (given that the amounts relating to changes and claims are not relevant), the balance recognised primarily relates to work that has been completed and remains pending certification under the main contract, due to the difference between the time at which it is completed and the time at which it is certified.

In contracts in which such obligations do not relate to recurrent and/or routine work, and in which the level of progress method is used because it is not possible to determine the unit price of the work units to be carried out, the balance includes both the difference between the level of progress and the certification achieved, as well as the difference between the current margin obtained from the contract and the expected margin at the end of the contract at the current point of completion. The balance of "Construction work pending certification" corresponding to this type of contract amounts to EUR 168 million.

In 2018 the total for "Construction work pending certification" in relation to these types of contract amounted to EUR 77 million.

Other disclosures relating to IFRS 15:

Revenues from contracts with customers:

EUR 5,846 million of total revenue recognised in 2019 (see Note 2.1, Operating income) relate to revenue from contracts with customers, which represents 97% of revenue recognised.

(Millions of euros)	2019
Construction	5,312
Toll roads	502
Airports	19
Other segments	13
REVENUE RELATED TO CONTRACTS WITH CUSTOMERS	**5,846**

With regard to income pending recognition in relation to uncompleted performance obligations at year-end, this line item corresponds to what is generally referred to as the order book (see the definition in the section Alternative performance measures in the Management report). The table below is a breakdown of this figure by business area and includes an estimate of the years in which it is expected that it will appear in income.

INCOME	2020	2021	2022	2023	2024+	TOTAL
Construction	4,872	2,978	2,202	1,295	70	11,417
TOTAL	**4,872**	**2,978**	**2,202**	**1,295**	**70**	**11,417**

The total numbers of contracts in the Construction businesses are approximately 732.

Additionally, EUR 38 million of performance obligations of construction contracts executed in previous years relating to the Construction Division.

Other quantitative and qualitative disclosures

The information relating to the disclosures that describe when performance obligations are paid under the various contracts, the existence of a significant financing component, and how the variable consideration criterion is applied, including the conditions to be met in order for revenues to be recognised in this regard and in respect of guarantees, is included in Note 1.2.3.4. Information relating to the main value judgements and estimates used to recognise revenues is also set out in Note 1.2.4.

As regards assets originating from bidding and mobilisation costs relating to contracts with customers, information on the statement of financial position recognised at 31 December 2019 is set out in detail in Note 4.1, Inventories.

SECTION 5: CAPITAL STRUCTURE AND FINANCING

The Notes in this section describe the changes in the financial structure of Ferrovial as a result of variations in equity (see Note 5.1) and in its consolidated net debt (see Note 5.2), (taken to be the balance of cash and cash equivalents net of the financial debt, bank borrowings and debt securities), making a distinction between infrastructure project companies and ex-infrastructure project companies. They also describe the Group's exposure to the main financial risks and the policies for managing them (see Note 5.4), as well as the derivatives arranged in connection with those policies (see Note 5.5).

The equity attributable to shareholders (see Note 5.1) decreased with respect to 2018, primarily due to shareholder remuneration. This effect is partly offset by the net profit for the year.

EQUITY ATTRIBUTED TO SHAREHOLDERS

(Millions of euros)

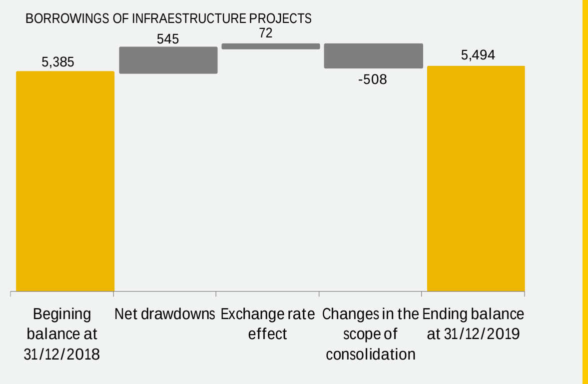
CLOSING BALANCE AT 31/12/2018	4,530
IFRS 16 Impact	-25
Net profit/(loss)	268
Income and expenses recognised directly in equity	66
Shareholder remuneration	-520
Other	-15
CLOSING BALANCE AT 31/12/2019	4,304

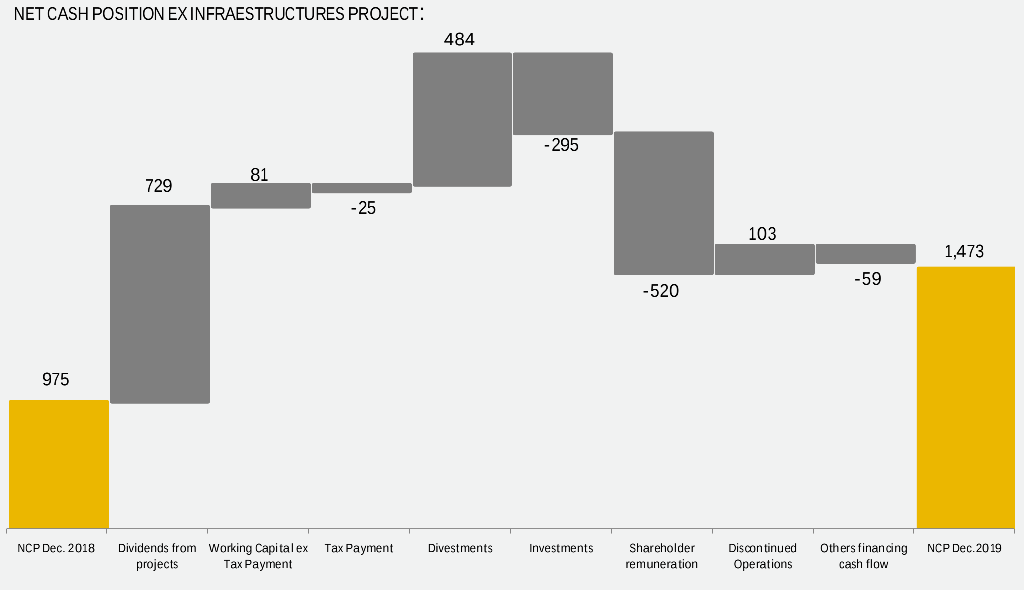
Ferrovial's net consolidated debt for non-infrastructure projects remains at a positive net figure of EUR 1,473 million, higher than the amount in December 2018 (EUR 975 million). This figures not included the net cash position of discontinued operations.

The positive cash flow evolution (including discontinued operations) explains the increased in the net cash position, especially noteworthy was the positive flow of business generated during the year (EUR 974 million), primarily from the divestment of Autopista de Ausol (EUR 451 million) and by the receipt of dividends from infrastructure projects (EUR 729 million) and an operating flow ex infrastructure projects (EUR 81 million), offset by the negative Birmingham cash flow (EUR - 204 million(related to the termination of the PFI contract.

This positive net figure continues to make it possible to amply achieve the objective of maintaining an investment grade rating, where the Company considers a relevant metric a ratio, for ex-infrastructure projects, of Net Debt (gross debt less cash) to gross operating profit (EBITDA) plus dividends from projects of no more than 2:1. Ferrovial's current rating stands at BBB.

In relation to gross project borrowings, the variation on the previous year (EUR 5,494 million in December 2019 vs. EUR 5,385 million in December 2018) is explained essentially by the debt issues at NTE Mobility Partners Seg 3 following the financial close of the Segment 3C and the exchange rate effect (EUR 72 million), due mainly to the appreciation of the US dollar, offset by the impact of scope changes (EUR 508 million) owing to the sale of 65% of Autopista de Ausol.





As outlined in Note 1.1.3, the cash flow reported in this note includes cash flows from discontinued operations adjusting in "Change in Net Debt from discontinued operations".

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 2019 and which explain the changes in equity in the period from December 2019 to December 2018 is as follows:

2019 (Millions of euros)	ATTRIBUTED TO SHAREHOLDERS	ATTRIBUTED TO NON-CONTROLLING INTERESTS	TOTAL EQUITY
EQUITY AT 31/12/2018	**4,530**	**833**	**5,363**
Transition to IFRS 16	-25	0	-25
Equity at 01/01/2019	**4,505**	**833**	**5,338**
Consolidated profit/(loss) for the year	**268**	**-9**	**259**
Impact on reserves of hedging instruments	-35	12	-24
Impact on reserves of defined benefit plans	-5	0	-5
Translation differences	105	15	121
Income and expenses recognised directly in equity	**66**	**27**	**93**
Amounts transferred to the income statement	**0**	**0**	**0**
Total recognised income and expenses	**334**	**18**	**351**
Scrip dividend agreement/Other dividends	-238	-128	-366
Treasury share transactions	-282	0	-282
Shareholder remuneration	**-520**	**-128**	**-648**
Share capital increases/reductions	0	66	66
Share-based remuneration scheme	3	0	3
Subordinated hybrid bond	-8	0	-8
Changes in the consolidation scope	-4	-2	-6
Other movements	-5	-4	-9
Other transactions	**-15**	**60**	**44**
EQUITY AT 31/12/19	**4,304**	**783**	**5,087**

The following is a description of the main changes in shareholders' funds in 2019, which gave rise to a reduction of EUR -226 million in equity attributed to shareholders.

Transition to IFRS 16. As indicated in Note 1.2.1.a), negative impact in the parent company's reserves of EUR -25 million relates to the retroactive application of IFRS 16 carried out by HAH.

The consolidated profit for the year attributed to the Parent company totalled EUR 268 million.

The income and expenses recognised directly in equity relate to:

- Hedging instruments: Recognition of the changes in value of the effective portion of derivatives designated as hedges, as detailed in Note 5.5, the negative impact of which was EUR -35 million, of which EUR -23.2 million relates to fully consolidated companies and EUR -12.2 million to equity-accounted companies.
- 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, which had a total impact for the parent company of -EUR 5 million net of taxes relating to the equity-accounted companies (HAH/AGS).
- Translation differences: The currencies in which Ferrovial has the greatest exposure in terms of its equity (mainly the Canadian dollar, US dollar and the pound sterling), as detailed in Note 5.4, have given rise to translation differences of EUR 105 million attributed to the parent company. These translation differences are presented net of the effect of the foreign currency hedging instruments arranged by the Group (see Note 5.5). The following table provides a breakdown by currency of movements in currency translation differences attributed to the parent company:

(Millions of euros)	DECEMBER 2019
Canadian dollar	71
Pound sterling	46
Polish zloty	6
US dollar	-8
Australian dollar	-4
Chilean peso	-6
Other currencies	2
TOTAL	**105**

Shareholder remuneration

- Scrip dividend: For the third successive year, the Ferrovial S.A. Annual General Meeting held on 5 April 2019 approved a flexible shareholder remuneration scheme, whereby the shareholders can freely choose to receive newly issued Company shares by subscribing to a share 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 relating to the shares held by them. As a result of this resolution, in 2019 two share capital increases were performed with the following characteristics:
    - In May 2019, 5,936,542 new shares were issued with a charge to reserves at a par value of EUR 0.20 per share, representing a share capital increase of EUR 1.2 million, and EUR 102 million of bonus shares were purchased, representing a payment per share of EUR 0.311.
    - In November 2019, 6,531,283 new shares were issued with a charge to reserves at a par value of EUR 0.20 per share, representing a share capital increase of EUR 1.3 million, and EUR 136 million of bonus shares were purchased, representing a payment per share of EUR 0.408.
    - EUR -238 million are included in this connection in the foregoing table.
- Buy-back Programme: The Annual General Meeting of Ferrovial, S.A. held on 5 April 2019 approved a treasury share Buy-Back Programme for a maximum amount of EUR 275 million, the objective of which was a subsequent share capital reduction through the retirement thereof. 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 shareholder remuneration in 2019 amounted to EUR 520 million (see Note 5.3), of which EUR 238 million related to the scrip dividend and EUR 282 million due to the acquisition of treasury shares.

Other transactions:

- Share capital increases by non-controlling interests: There was an increase of EUR 66 million in the equity attributable to non-controlling interests, primarily relating to the I-77 Mobility Partners LLC and North Tarrant Express Segment 3 toll roads for EUR 49 million and EUR 2 million, respectively and at Sugar Creek Construction LLC for EUR 15 million.
- Share-based remuneration schemes: in 2019 a total of 372,943 treasury shares were acquired, representing 0.25% of the share capital of Ferrovial, which were subsequently delivered, together with the treasury shares existing at the beginning of the year, to beneficiaries under share-based remuneration schemes. The total cost of acquisition of these shares was EUR 1.2 million and the total result recognised for these remuneration schemes in the Company's equity amounts to EUR 3 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 16 million and the changes in the fair value thereof had an impact on the net financial income/(expense) of EUR +25 million.

- Hybrid subordinated bond: the movement reflects the costs associated with this equity instrument described in the following Note 5.1.2 d), equating to a negative impact of EUR -8 million in 2019.

5.1.2 Equity components

The following is an explanation of each of the equity line items presented in the consolidated statement of changes in equity:

a) Share capital

As of 31 December 2019 the share capital amounted to EUR 147,043,088.60, all fully subscribed and paid up. The share capital is represented by 735,215,443 ordinary shares of a single class and with a par value of twenty euro cents (EUR 0.20) per share. The changes in 2019 detailed in the table below relate to the share capital increase and reduction transactions described in the preceding paragraph.

SHARES	NUMBER	PAR VALUE
Opening balance	738,455,837	147,691,167
Scrip dividend	12,467,825	2,493,565
Share capital reduction	-15,708,219	-3,141,644
SHARE CLOSING	**735,215,443**	**147,043,089**

At 31 December 2019, the only company with an ownership interest of over 10% is Rijn Capital BV, with 20.196% of the shares. This company is controlled by the Chairman of the Company's Board of Directors Rafael del Pino y Calvo Sotelo. The shares of the Parent Company are traded on the Spanish Stock Market Interconnection System (SIBE) and on the Spanish Stock Exchanges and all carry the same voting and dividend rights.

b) Share premium and merger premium

At 31 December 2019, the share premium and 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 995 million. Both line items are classed as unrestricted reserves.

c) Treasury shares

At 31 December 2018, 7,411,668 treasury shares were held. The following changes took place in 2019:

OBJECTIVE	TOTAL SHARES 31 /12/18	NUMBER OF SHARES ACQUIRED / RECEIVED	TRANSFERS	NUMBER OF SHARES USED FOR OBJECTIVE	TOTAL NUMBER OF SHARES 31/12/19
Shares for capital reduction		8,792,631		-8,792,631	0
Discretionary treasury shares	6,915,588	2,755,960		-6,915,588	2,755,960
Remuneration schemes	48,951	372,943	299,573	-721,467	0
Shares received - scrip dividend	447,129	372,745	-299,573	0	520,301
BALANCE	**7,411,668**	**12,294,279**	**0**	**-16,429,686**	**3,276,261**

The Annual General Meeting of Ferrovial, S.A. held on 5 April 2019 approved a treasury share Buy-Back Programme for a maximum amount of EUR 275 million, the objective of which was a subsequent share capital reduction through the retirement thereof. Over the course of 2019 11,548,591 shares were acquired at an average price of EUR 24.43 per share, giving rise to a payment totalling EUR 282 million. Subsequently, it was resolved to reduce share capital by 15,708,219 shares, giving rise to a share capital reduction of EUR 3 million and an impact of EUR -279 million, which was recognised against unrestricted reserves (merger premium) and related to the difference between the acquisition price and the par value of the retired shares.

The market value of the treasury shares held by Ferrovial at 31 December 2019 (3,276,261 shares) was EUR 88 million.

d) Other equity instruments

Through its subsidiary Ferrovial Netherlands BV, with a guarantee from Ferrovial, S.A., the Group made a perpetual subordinated bonds issue in 2017 in the nominal amount of EUR 500 million and with an annual coupon of 2.124% until the first recalculation date (May 2023). Following the first recalculation date, the coupon will be changed to a rate equivalent to adding 2.127% to the 5-year swap rate that applies at that time. The same calculation will be made again every 5 years until 2043 from when, the 5-year swap rate that applies at that time will be increased by 2.877%.

These bonds may be repaid for the first time, at the issuer's discretion, in five and a half years (2023) from the date of issue (from 14 February 2023 to 14 May 2023 inclusive), and subsequently on each coupon payment date. Ferrovial also has the right to defer the payment of coupons over time, and such payment cannot be demanded by the holders.

As mentioned in Note 1.2.3.3, when it is the issuer that has the right to decide regarding both the repayment of principal and the possibility of deferring the payment of coupons on the bond, the instrument is entered under equity.

Thus, these subordinated perpetual bonds are recognised under "Other Equity Instruments". The costs associated with the issue of these bonds and the accrued interest and payment of the coupon, which at the end of 2019 amounted to an accumulated figure of EUR -19 million (EUR -8 million accrued in this financial year), are recognised under "Reserves" and treated in a similar way to dividends.

Irrespective of this type of instrument being classified as shareholders' funds from an accounting standpoint, the method followed by the rating agencies for the purpose of analysing the Group's debt level is to consider the hybrid bond issue fully or partially as debt and/or partially as equity, according to the current methodologies applied by each of these rating agencies.

e) Valuation adjustments

"Valuation adjustments" in the consolidated statement of changes in equity, the balance of which at 31 December 2019 was EUR -1,195 million, includes the accumulated amount in reserves of the valuation adjustments made to translation differences (EUR -466 million), pension plans (EUR -447 million) and valuation adjustments made to derivatives (EUR -282 million).

As regards the requirements of IAS 1 in relation to the disclosure of "income and expenses recognised directly in equity", it is important to note that the only items that under the related accounting legislation may not be transferred in a future period to profit or loss are the items relating to pension plans.

f) Retained earnings and other reserves

This line item includes prior years' retained earnings and other reserves totalling EUR 3,928 million (2018: EUR 3,993 million). The other reserves include restricted reserves of the Parent, relating mainly to the legal reserve of EUR 30 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 2019

The Company has obtained a profit for the year amounting EUR 672,387,541.14, of which EUR 444,000,000 euros arises from dividend distributed by Ferrovial International SE, and the rest (228,387,541.14 euros) has been originated in Spain.

The Board of Directors will propose to the shareholders at the Company's duly convened Annual General Meeting that the profit of FERROVIAL, S.A. (individual company) be distributed as follows:

(Millions of euros)	AMOUNT
Profit of FERROVIAL, S.A. (individual company) (euros)	672,387,541.14
DISTRIBUTION (EUROS)	
Reserves (euros)	672,387,541.14

The Legal Reserve has reached the legally required minimum.

h) Non-Group Companies with significant ownership interests in subsidiaries

At 31 December 2019, 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.)
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
I-77 Mobility Partners, LLC	20.58%-10%-10%-9.32%	GCM TH Invest.,LLC/Aberdeen Infr. Invest./John Laing I-77 Holco Corp./GCM BD Invest.,LLC
CONSTRUCTION		
Budimex S.A.	9.8%-5.3%-29.8%	AVIVA OFE Aviva BZ WBK-Nationale Nederlanden OFE (listed on the stock exchange)

The main financial statement aggregates of the most significant Group Companies in which other shareholders own interests are as follows (data at 100% terms):

2019 (Millions of euros)	ASSETS	LIABILITIES	EQUITY	NCP	NET PROFIT/(LOSS)
Terrassa Manresa toll road	1,194	318	876	11	-5
LBJ Infrastructure Group	2,375	1,952	423	-1,253	5
NTE Mobility Partners, LLC	1,699	1,641	58	-1,099	15
NTE Mobility Partners Segment 3 LLC	1,955	1,590	365	-740	-2
I-77 Mobility Partners LLC	701	489	211	-218	4
Budimex	1,638	1,391	246	319	29

The main changes in "equity attributed to non-controlling interests" in 2019 were as follows:

COMPANY	BALANCE AT 31.12.2018	PROFIT/(LOSS)	DERIVATIVES	TRANS. DIFFERENCES	DIV.	SHARE CAPITAL INCREASE	OTHER	BALANCE AT 31.12.2019
Terrassa Manresa toll road	**183**	16	12	0	-4	0	0	**208**
Autopista del Sol	**0**	5	0	0	0	0	-5	**0**
LBJ Infrastructure Group	**184**	4	0	4	0	0	0	**192**
I-77 Mobility Partners LLC	**52**	4	0	1	0	49	0	**105**
NTE Mobility Partners	**107**	9	0	3	-97	0	0	**21**
NTE Mobility Partners Segments 3 LLC	**166**	-2	0	3	0	2	0	**169**
Budimex	**124**	24	0	4	-17	0	5	**141**
Other	**17**	-71	-1	1	-9	15	-7	**-54**
TOTAL	**833**	**-9**	**12**	**15**	**-128**	**66**	**-6**	**783**

The item "other impacts" primarily includes the effect of EUR -5 million from the exit of non-controlling interests from Autopista del Sol caused by its sale to the French infrastructure fund Meridiam, as explained in Note 1.1.4.

5.2. NET CONSOLIDATED DEBT

In order to present an analysis of the Group's net debt position, the following table contains a breakdown of the Net Cash Position, distinguishing between infrastructure project companies and the other companies. The net cash position is understood to be the balance of the items included under "cash and cash equivalents", together with the long-term restricted cash of infrastructure projects, less financial borrowings (short-term and long-term bank borrowings and bonds).

The Net Cash Position also includes Forwards totalling EUR -24 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 11 million, associated with the borrowings and cash denominated in US dollars. The derivatives are accounted for in this way because they are associated in full with the aforementioned borrowings/cash and the related exchange rate effect is netted off therefrom.

	31.12.2019							
(Millions of euros)	BANK BORROWINGS /BONDS	CROSS CURRENCY SWAPS	CASH AND CASH EQUIVALENTS	FORWARDS	LONG-TERM RESTRICTED CASH	NET BORROWING POSITION	INTRA-GROUP POSITION	TOTAL
Ex-infrastructure project companies	-3,104	11	4,617	-24	7	1,508	-34	1,473
Infrastructure project companies	-5,494	0	119	0	963	-4,412	34	-4,378
TOTAL NET CONSOLIDATED DEBT	-8,598	11	4,735	-24	970	-2,905	0	-2,905

	31.12.2018							
(Millions of euros)	BANK BORROWINGS /BONDS	CROSS CURRENCY SWAPS	CASH AND CASH EQUIVALENTS	FORWARDS	LONG-TERM RESTRICTED CASH	NET BORROWING POSITION	INTRA-GROUP POSITION	TOTAL
Ex-infrastructure project companies	-2,807	-6	3,766	55	1	1,009	-34	975
Infrastructure project companies	-5,385	0	239	0	472	-4,673	34	-4,640
TOTAL NET CONSOLIDATED DEBT	**-8,192**	**-6**	**4,005**	**55**	**473**	**-3,664**	**0**	**-3,664**

	Change 2019-2018							
(Millions of euros)	BANK BORROWINGS /BONDS	CROSS CURRENCY SWAPS	CASH AND CASH EQUIVALENTS	FORWARDS	LONG-TERM RESTRICTED CASH	NET BORROWING POSITION	INTRA-GROUP POSITION	TOTAL
Ex-infrastructure project companies	-297	17	851	-79	7	499	-1	498
Infrastructure project companies	-109	0	-120	0	491	261	1	262
TOTAL NET CONSOLIDATED DEBT	-406	17	731	-79	497	760	0	760

The net cash position excluding discontinued operations was reduced by EUR 760 million, falling from EUR -3,664 million in December 2018 to EUR -2,905 million in December 2019, whereas discontinued operations reduced by EUR -68 million. A more detailed analysis of this position, both for continuing and discontinued operations is included in Note 5.3 on Cash flow and in the Management report that has been formally prepared together with these Consolidated financial statements.

The following details the Net cash position of discontinued operations:

	DECEMBER 2019			DECEMBER 2018			
(Millions of euros)	BANK BORROWINGS /BONDS	CASH AND CASH EQUIVALENTS	NET BORROWING POSITION	BANK BORROWINGS /BONDS	CASH AND CASH EQUIVALENTS	NET BORROWING POSITION	VAR.
Ex-infrastructure project companies	-306	464	158	-145	406	261	-103
Infrastructure project companies	-317	107	-210	-361	116	-245	35
Net debt, discontinued operations	**-623**	**571**	**-52**	**-506**	**522**	**16**	**-68**

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 6 million (31 December 2018: EUR 9 million), are recognised under "Cash and Cash Equivalents" in the balance sheet, whereas long-term balances, of EUR 963 million (31 December 2018: EUR 472 million), are classified as financial assets. Therefore, the restricted cash at 31 December 2019 amounted to EUR 969 million, relating entirely to the NTE Segment 3, LBJ, I-77 and NTE toll roads, along with other European toll roads, amounting to EUR 685 million, EUR 253 million, EUR 22 million, EUR 3 million and EUR 6 million respectively (December 2018: EUR 481 million), including both long- and short-term amounts. Accordingly, there was a net change of EUR 487 million, due to:

- A net increase in the restricted cash amount of EUR 521 million (excluding exchange rate effects), primarily from the NTE Segment 3 (EUR 618 million), following the financial close of the Segment 3C, LBJ and I-77 (EUR 79 million and EUR 22 million respectively), the result of business operations, as well as NTE (EUR -195 million), primarily due to the dividend payment in December 2019.
- The exchange rate effect, which had an impact of EUR 7 million, caused mainly by changes in the value of the US dollar (see Note 1.3).
- The impact due to the change in the consolidation scope following the sale of 65% of the Autopista del Sol (see Note 1.1.4) amounting to EUR -41 million.

Other cash and cash equivalents relate to bank accounts and highly-liquid investments subject to interest rate risk.

b) Infrastructure project borrowings

b.1) Breakdown by project, significant changes in the year and main characteristics of the borrowings

The following is a breakdown of borrowings by project, distinguishing between bonds and bank borrowings, short- and long-term, and changes during the year.

(Millions of euros)	31.12.2019 BONDS AND DEBENTURES	31.12.2019 BANK BORROWINGS (*)	31.12.2019 TOTAL	CHANGE 19/18 BONDS	CHANGE 19/18 BANK BORROWINGS	CHANGE 19/18 TOTAL
Long-term	**2,636**	**2,835**	**5,471**	**779**	**-651**	**129**
US toll roads	2,636	1,680	4,315	1,443	-626	817
Spanish toll roads	0	648	648	-477	-11	-488
Portuguese toll roads	0	302	302	0	-9	-9
Airports	0	58	58	-187	0	-187
Construction	0	148	148	0	-4	-4
Short-term	**2**	**22**	**23**	**-8**	**-11**	**-19**
Spanish toll roads	0	5	5	-10	-11	-21
US toll roads	2	0	2	2	0	2
Portuguese toll roads	0	10	10	0	0	0
Airports	0	2	2	0	0	0
Construction	0	4	4	0	0	0
TOTAL	**2,637**	**2,856**	**5,494**	**771**	**-661**	**109**

(*) Includes TIFIA loan granted by the US Federal Government.

(Millions of euros)	31.12.2018 BONDS AND DEBENTURES	31.12.2018 BANK BORROWINGS (*)	TOTAL
LONG-TERM	**1,856**	**3,486**	**5,342**
US toll roads	1,193	2,306	3,498
Spanish toll roads	477	659	1,136
Portuguese toll roads	0	311	311
Airports	187	59	245
Construction	0	151	151
SHORT-TERM	**10**	**32**	**43**
Spanish toll roads	10	16	26
US toll roads	0	0	0
Portuguese toll roads	0	11	11
Airports	0	2	2
Construction	0	4	4
TOTAL	**1,867**	**3,518**	**5,385**

(*) Includes TIFIA debt granted by Federal Goverment of United States.

The following table shows changes to gross borrowings on infrastructure projects, broken down into changes in borrowings with balancing entries in cash flow, exchange rate effects and changes in the consolidation scope, along with changes in debt resulting from the accrual of interest, which do not involve any changes to cash positions during the financial year.

(Millions of euros)	DEC.2018	INCREASE/ REDUCTION IN IMPACT ON CASH FLOW	EXCHANGE RATE EFFECT	IMPACT OF CHANGES IN THE CONSOLIDATION SCOPE AND OTHER	CAPITALISED/ACCRUED INTEREST	DEC.2019
Gross Debt Position Projects	5,385	491	72	-505	51	5,494

Infrastructure project borrowings increased by EUR 109 million with respect to December 2018, a change that was mainly due to the following reasons:

- Exchange rate effect amounting to EUR +72 million, mainly due to the depreciation of the US dollar.
- Increase in borrowings already arranged at the end of 2018 and capitalisation and accrual of interest for a net amount of EUR 542 million, of which:
    - There was an increase of EUR 752 million primarily due to US toll roads, with the most noteworthy changes being:
        - NTE Mobility Partners Seg 3 LLC (EUR 687 million), mainly due to debt issues following the financial close of the Segment 3C, as well as interest capitalised and accrued unpaid interest in the amount of EUR 16 million.

- LBJ (EUR 42 million), mainly due to interest capitalisation and accrued interest payable.
- NTE Mobility Partners (EUR 18 million), due to the new debt structure following the refinancing carried out in 2019 (EUR 20 million), as well as interest capitalised in the amount of EUR 16 million. Conversely, accrued unpaid interest and debt refinancing costs amounted to EUR 18 million (net).
- I-77 (EUR 5 million), mainly due to interest capitalisation

• In contrast, there was a repayment of the borrowings at the Denver project amounting to EUR -191 million.

• The impact due to changes in the consolidation scope following the sale of Autopista del Sol (see Note 1.1.4) amounting to EUR 505 million.

US toll roads:

NTE Mobility Partners, LLC

During 2019, the refinancing of the project debt was completed, consisting of the repayment of USD 1,248 million (USD 400 million in Private Activity Bonds and USD 848 million of the TIFIA loan) and a new bond issue of USD 1,203 million (total of USD 1,271 million with a premium), of which USD 871 million relates to Taxable Bonds and USD 400 million to PABs (Private Activity Bonds).

This refinancing agreement has led to a lower cost of debt (*yield to maturity* of 3.8% vs. previous average coupon of 5.3%) and a longer maturity term (30 years tranche subject to tax vs. the previous 15 year TIFIA loan).

NTE Mobility Partners Seg 3 LLC

In terms of segment 3A-3B, 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 at a fixed rate of 3.84%, with final maturity in 2054 and fully drawn down at 31 December 2019. In addition, USD 64 million of capitalised interest has been capitalised, therefore the carrying amount at 31 December 2019 amounts to USD 595 million.

As regards Segment 3C, following the financial close during 2019, USD 654 million (total of USD 750 million with premium) in Private Activity Bonds (PABs) were issued, to be paid from 2047 to 2058, at a fixed interest rate of 5.00%.

LBJ Infr. Group LLC

This concession operator is financed through a USD 615 million issue of PABs with final maturity in 2040 (7.00% fixed interest on USD 473.5 million, of which USD 419 million have final maturity in 2040 and USD 54.5 million in 2034; and 7.50% fixed interest on USD 142 million, of which USD 91 million have final maturity in 2032 and USD 51 million in 2033). LBJ also has a TIFIA loan of USD 850 million granted by the US Federal Government with a repayment profile from 2036 to 2050, against which USD 1,124.5 million had been drawn down at 31 December 2018 (USD 850 million of principal and USD 274.5 million of capitalised interest). This loan bears interest at a fixed rate of 4.22%.

I-77 Mobility Partners, LLC

This concession operator is financed through a USD 100 million issue of PABs (5.00% fixed interest), of which USD 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 204.8 million had been drawn down at 31 December 2019 (USD 189.0 million of principal and USD 16 million of capitalised interest). This loan bears interest at a fixed rate of 3.04% and has final maturity in 2053. The total debt disposed at 31 December amounts USD 204,8 million (USD 189 million of Principal and USD 16 million of capitalized interest).

Spanish Toll Roads:

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 -0.237% +1.50%. Both tranches have been drawn down in their entirety, and the loan matures in 2035. The company has also been granted a liquidity line of up to a maximum of EUR 25 million, against which it had drawn down EUR 42.7 million as at 31 December 2019 (bearing interest at 6-month EURIBOR of -0.237%+1.50%). It should also be noted that this company has a derivative with a notional amount of EUR 603 million, a guaranteed interest rate of 5.263% 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 -293.8 million at year-end.

Portuguese toll roads:

Euroscut Azores

Syndicated bank financing with final maturity in 2033, against which EUR 314.5 million had been drawn down at 31 December 2019 (bearing interest at 6-month EURIBOR of -0.237% +0.85%). In relation to these borrowings, the concession operator has arranged a derivative with a notional amount of EUR 270.8 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 -76.1 million at year-end.

Breakdown of other projects:

(Millions of euros)	LONG-TERM	SHORT-TERM	TOTAL 2019	VAR.2019/2018
Denver Great Hall LLC	0	0	0	-187
Other airports	58	2	60	0
AIRPORTS	**58**	**2**	**60**	**-187**
Conc. Prisiones Lledoners, S.A.	70	2	72	-1
Concesionaria de Prisiones Figueras S.A.U.	58	2	60	-1
Other Construction	19	1	20	-1
CONSTRUCTION	**148**	**4**	**152**	**-3**
TOTAL OTHER INFRASTRUCTURE PROJECT BORROWINGS	**206**	**6**	**212**	**-190**

(Millions of euros)	LONG-TERM	SHORT-TERM	TOTAL 2018
Denver Great Hall LLC	187	0	187
Other airports	59	2	61
AIRPORTS	**245**	**2**	**247**
Conc. Prisiones Lledoners, S.A.	71	1	73
Concesionaria de Prisiones Figueras S.A.U.	60	2	61
Other Construction	20	1	21
CONSTRUCTION	**151**	**4**	155
TOTAL OTHER INFRASTRUCTURE PROJECT BORROWINGS	**397**	**6**	**402**

Other infrastructure project borrowings decreased by EUR -190 million as compared with December 2018. This decrease is due to the debt repayment of Denver Great Hall LLC in the amount of EUR -187 million, following the cancellation of the contract (see Note 1.1.4).

b.2) Maturities by currency and fair value of infrastructure project borrowings

(Millions of euros)	CURRENCY	FAIR VALUE 2019	FAIR VALUE 2018	CARRYING AMOUNT 2019	2020	2021	2022	2023	2024	2025 AND MORE	TOTAL MATURITY
INFRASTRUCTURE PROJECT COMPANY BONDS AND DEBENTURES		3,041	2,097	2,637	0	0	0	0	0	2,534	2,534
Toll roads		2,982	1,777	**2,637**	**0**	**0**	**0**	**0**	**0**	**2,534**	**2,534**
	USD	2,982	1,289	2,637	0	0	0	0	0	2,534	2,534
	EUR	0	487	0	0	0	0	0	0	0	0
Airports		0	206	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	USD	0	206	0	0	0	0	0	0	0	0
BANK BORROWINGS OF INFRASTRUCTURE PROJECT COMPANIES		2,856	3,518	2,856	19	79	29	73	38	**2,660**	2,897
Toll roads		2,644	3,302	2,644	15	17	24	70	36	2,520	2,682
	USD	1,680	2,306	1,680	0	0	0	42	0	1,669	1,711
	EUR	965	996	965	15	17	24	28	36	852	971
Airports		60	61	60	2	59	0	0	0	0	61
	USD	60	61	60	2	59	0	0	0	0	61
Construction		152	155	152	3	3	4	3	2	139	154
	EUR	152	155	152	3	3	4	3	2	139	154
TOTAL FINANCIAL BORROWINGS OF INFRASTRUCTURE PROJECT COMPANIES		**5,839**	**5,501**	**5,494**	**19**	**79**	**29**	**73**	**38**	**5,194**	**5,431**

The differences between the total maturities of bank borrowings (EUR 5,431 million) and the carrying amounts thereof at 31 December 2019 (EUR 5,494 million) are explained mainly by the difference between the nominal values and carrying amounts of the borrowings, 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 62 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:

2019 (Millions of euros)	DEBT LIMIT	DRAWN DOWN	AMOUNT DRAWABLE	CARRYING AMOUNT OF DEBT
Toll roads	5,261	5,216	45	**5,282**
US toll roads	4,265	4,245	20	**4,317**
Spanish toll roads	682	657	25	**653**
Other toll roads	314	314	0	**312**
Airports	61	61	0	**60**
Construction	154	154	0	**152**
TOTAL FINANCIAL BORROWINGS	**5,476**	**5,431**	**45**	**5,494**

2018 (Millions of euros)	DEBT LIMIT	DRAWN DOWN	AMOUNT DRAWABLE	CARRYING AMOUNT OF DEBT
Toll roads	5,073	5,047	25	4,982
US Toll Roads	3,553	3,553	0	3,498
Spanish Toll Roads	1,195	1,170	25	1,162
Other Toll Roads	324	324	0	322
Airports	226	226	0	247
Construction	157	157	0	155
TOTAL FINANCIAL BORROWINGS	**5,456**	**5,430**	**25**	**5,385**

The differences between the total bank borrowings drawn down and the carrying amount of the related debt at 31 December 2019 are explained mainly by the difference between the nominal values and carrying amounts of the debts, as certain adjustments are made in accordance with applicable accounting legislation (primarily accrued interest payable and the application of the amortised cost method, as detailed in point b.2).

Of the EUR 45 million drawable (31 December 2018: EUR 25 million), EUR 25 million relates to amounts not drawn down against Spanish toll roads, and EUR 20 million to amounts not drawn down against US toll roads. It should be noted that this drawable amount is associated exclusively with the projects, based on the nature and performance thereof, as discussed below.

b.4) Guarantees and covenants for project borrowings

The borrowings classified as project borrowings are without recourse to the shareholders of the projects or with recourse limited to the guarantees provided. The guarantees provided by subsidiaries of Ferrovial in relation with the borrowings of these projects are described in Note 6.5, Contingent liabilities.

At 31 December 2019, all the Project companies were achieving the significant covenants in force.

5.2.2. Net cash position excluding infrastructure projects

a) Borrowings excluding infrastructure project companies

a.1) Breakdown between short and long-term balances, changes during the year and main characteristics

	2019			CHANGE 19/18		
(Millions of euros)	LONG-TERM	SHORT-TERM	TOTAL	LONG-TERM	SHORT-TERM	TOTAL
Corporate Bonds and Debentures	1,788	19	1,807	0	0	0
Euro Commercial Paper	0	973	973	0	273	273
Corporate liquidity lines	255	0	255	11	0	11
Other borrowings	52	18	70	6	6	12
TOTAL FINANCIAL BORROWINGS EXCLUDING INFRASTRUCTURE PROJECT COMPANIES	**2,094**	**1,010**	**3,104**	**17**	**279**	**297**

2018 (Millions of euros)	LONG-TERM	SHORT-TERM	TOTAL
Corporate Bonds	1,788	19	1,807
Euro Commercial Paper	0	699	699
Corporate liquidity lines	243	0	243
Other borrowings	46	12	58
TOTAL FINANCIAL BORROWINGS EXCLUDING INFRASTRUCTURE PROJECT COMPANIES	**2,077**	**730**	**2,807**

The following table shows changes to gross borrowings on non-infrastructure projects, broken down into changes in borrowings with balancing entries in cash flow, exchange rate effects and changes in the consolidation scope, along with changes in borrowings resulting from the accrual of interest, which do not involve any changes to cash positions during the financial year.

(Millions of euros)	DIC.2018	INCREASE/ REDUCTION IN IMPACT ON CASH FLOW	EXCHANGE RATE EFFECT	IMPACT OF CHANGES IN THE CONSOLIDATION SCOPE AND OTHER	CAPITALISED/ ACCRUED INTEREST	DEC. 2019
Bank borrowings/ex-project bonds	2,807	252	5	12	28	3,104
Cross currency swaps	6	0	-17	0	0	-11
GROSS DEBT POSITION EX-INFRASTRUCTURE PROJECTS	**2,813**	**252**	**-12**	**12**	**28**	**3,093**

a.1.1) Corporate Debt

The corporate debt comprises the following debt instruments:

Corporate Bonds:

The debt consists of four corporate bonds the carrying amount of which totals EUR 1,807 million at 31 December 2019 (31 December 2018: EUR 1,807 million). These are broken down in the following table:

ISSUE DATE	(PAR) VALUE (MILLIONS OF EUROS)	MATURITY	ANNUAL COUPON
07/06/2013	500	07/06/2021	3.375%
15/07/2014	300	15/07/2024	2.500%
14/09/2016	500	14/09/2022	0.375%
29/03/2017	500	31/03/2025	1.375%

The bonds issued in 2013 are traded on the secondary market of the London Stock Exchange, while those issued in 2014, 2016 and 2017 are admitted to trading on the Spanish AIAF Fixed-Income market.

All these issues are guaranteed by Ferrovial S.A., the Parent Company of the Group. It should be noted that the Group has interest rate derivatives associated with the corporate bonds issued, with a notional amount of EUR 250 million; these derivatives convert the fixed interest rate into a floating one, see Note 5.5.

Euro Commercial Paper:

In the first quarter of 2018, the company formally completed a Euro Commercial Paper (ECP) programme for a maximum amount of EUR 1,000 million, with maturities between 1 and 364 days from the issue date, allowing for greater capital markets finance sourcing diversification and more efficiency when managing available liquidity. Towards the end of 2019 this limit was increased up to EUR 1,500 million, EUR 973 million recognized at December 2019 balance sheet.

Liquidity facility:

In July 2018, Ferrovial refinanced the liquidity facility, incorporating sustainability criteria. Of the current maximum limit on the facility (EUR 900 million and potential to draw down the balance in EUR, USD, CAD and GBP), USD 279 million is to be utilised and renewed monthly to September 2019 and USD 286 million from September 2019 to May 2020.

The foreign currency and interest rate risks on these drawdowns were hedged using the cross currency swaps (Note 5.5) at an interest rate of -0.439% until September 2019 and -0.01% from September 2019 to May 2020, always guaranteeing a notional amount of EUR 250 million, thus giving rise to income for the Group.

The variation in corporate debt with respect to December 2018 (EUR 284 million) is due basically to the increase in ECPs issued (EUR 273 million), at an average rate of -0.29%.

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 2019 and at 31 December 2018 is as follows:

	2019			
(Millions of euros)	DEBT LIMIT	DRAWN DOWN	AMOUNT DRAWABLE	CONSOLIDATED DEBT
Bonds and debentures	1,800	1,800	0	1,807
Syndicated facility	900	250	650	255
ECPs	973	973	0	973
TOTAL CORPORATE DEBT	**3,673**	**3,023**	**650**	**3,034**

	2018			
(Millions of euros)	DEBT LIMIT	DRAWN DOWN	AMOUNT DRAWABLE	CONSOLIDATED DEBT
Bonds and debentures	1,800	1,800	0	1,807
Syndicated facility	900	250	650	243
ECPs	699	699	0	699
TOTAL CORPORATE DEBT	3,399	2,749	650	2,749

Corporate credit rating

The credit rating agencies Standard & Poor's and Fitch maintained their opinion regarding the financial rating of Ferrovial's corporate debt in December 2019, respectively rating it at BBB and BBB with stable outlook and, therefore, within the "Investment Grade" category.

a.1.2) Other borrowings

"Other borrowings" of EUR 70 million (31 December 2018: EUR 58 million) primarily include finance leasing balances for EUR 45 million

(31 December 2018: EUR 46 million) mainly in the Construction Division.

Information on credit limits and available credit:

As regards information on the limits and amounts available for drawdown under other borrowings, the following table shows the position at 31 December 2019 and 31 December 2018.

	2019			
(Millions of euros)	DEBT LIMIT	DRAWN DOWN	AMOUNT DRAWABLE	CONSOLIDATED DEBT
Construction	212	66	146	70
OTHER BORROWINGS	212	66	146	70

	2018			
(Millions of euros)	DEBT LIMIT	DRAWN DOWN	AMOUNT DRAWABLE	CONSOLIDATED DEBT
Construction	149	56	93	58
OTHER BORROWINGS	**149**	**56**	**93**	**58**

The differences between total bank borrowings and the carrying amount thereof at 31 December 2019 are explained mainly by the difference between the nominal values and carrying amounts of the debts, as certain adjustments are made in accordance with applicable accounting legislation.

a.2) Maturities by currency and fair value of borrowings excluding infrastructure projects

FINANCIAL BORROWINGS (MILLIONS OF EUROS)	CURRENCY	FAIR VALUE 2019	CARRYING AMOUNT 2019	2020	2021	2022	2023	2024	2025+	TOTAL MATURITIES
CORPORATE DEBT		**3,111**	**3,034**	**973**	**500**	**500**	**0**	**550**	**500**	**3,023**
	EUR	3,111	3,034	973	500	500	0	550	500	3,023
OTHER BORROWINGS		70	70	6	2	6	21	5	26	66
	EUR	5	5	0	0	0	0	2	0	2
	PLN	64	64	6	2	6	21	4	26	64
TOTAL BORROWINGS EXCLUDING INFRASTRUCTURE PROJECT COMPANIES		**3,181**	**3,104**	**979**	**502**	**506**	**21**	**555**	**526**	**3,089**

The differences between the total maturities of financial borrowings and the carrying amounts of the debt at 31 December 2019 are primarily explained by the difference between the nominal values and carrying amounts of the borrowings, as certain adjustments are made in accordance with applicable accounting legislation (basically accrued interest payable and the application of the amortised cost method).

The fair value of bank borrowings excluding infrastructure project companies coincides with the related carrying amount because the borrowings are tied to floating market interest rates and, therefore, changes in the benchmark interest rates do not affect their fair value.

As regards corporate bonds: since they are quoted in an active market, the related market value is used.

In line with the aforementioned criteria, the estimated total fair value of bank borrowings and bonds excluding infrastructure project companies at 31 December 2019 is estimated at EUR 3,181 million.

The 2020 maturities amount to EUR 979 million and primarily relate to the maturity of the ECPs. The borrowing maturities do not include interest.

b) Cash and cash equivalents of other companies

In general the method used to classify the cash and cash equivalents at short- and long-term coincides with that used in the preparation of the Consolidated Annual Accounts for 2018.

Also, at 31 December 2019 there were certain restricted accounts totalling EUR 87 million (31 December 2018: EUR 78 million) primarily relating to Construction, for operating motives in construction projects in the US, as well as the Budimex real estate works in progress.

5.3. CASH FLOW

The consolidated cash flow statement has been prepared in accordance with IAS 7. This note provides an additional breakdown, based on internal criteria established by the Company for business purposes, which in certain cases differ from the provisions of IAS 7. The main criteria applied are as follows:

- In order to provide a clearer explanation of the cash generated, the Group separates cash flows into "Cash flows excluding infrastructure projects", where infrastructure project concession operators are treated as financial assets and the investments in the capital of these companies are therefore included in cash flows from investing activities and the yields from the investments (dividends and capital reimbursements) are included in operations cash flow, and "cash flows from infrastructure projects", consisting of cash flows from the operating and financing activities of infrastructure project concession operators.
- The treatment given to interest received on cash and cash equivalents differs from that in the cash flow statement prepared in accordance with IAS 7, since this interest is included in financing cash flows, as a reduction of the amount of interest paid, under "Interest Cash Flow".
- This cash flow endeavours to present the changes in the net cash position as the net amount of financial 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.
- With regard to the treatment of leases, as the nature of the payment is also tied to business operations, the related cash flow is included in changes in working capital in cash flows from operating activities, which differs from the treatment afforded in

the cash flow statement, where it is included in cash flows from financing activities (EUR -135 million at December 2019), considering that EUR -46 million relate to continuing activities (See Note 3.7.) and EUR -89 million relate to discontinuing activities.

- It should finally be noted that dividends received derive mainly from infrastructure projects and equity-consolidated companies. This includes both dividends and other similar items, mainly interest on subordinated borrowings and participating loans, and repayments of capital, debt and loans.
- As outlined in Note 1.1.3, the cash flow reported in this note includes cash flows from operating, investing and financing activities discontinued and held for sale, as adjusted to reflect net borrowings of discontinued operations such that the net cash position in the cash flow statement matches the balance sheet figure.

The change in Cash flow is also discussed in the management report that was formally prepared together with these Consolidated financial statements.

		DECEMBER 2019 (figures in millions of euros)			
DECEMBER 2019	**NOTE:**	**CASH FLOW EXCLUDING INFRASTRUCTURE PROJECT COMPANIES**	**CASH FLOW INFRASTRUCTURE PROJECT COMPANIES**	**REMOVALS**	**CONSOLIDATED CASH FLOW**
EBITDA including discontinued operations	2.4 and 2.9	-76	580	0	504
IFRS 16 Impact		-134	-1	0	-135
EBITDA including discontinued operations, Ex-IFRS-16		-210	579	0	369
Dividends received	3.5	729	0	-199	529
Birmingham cash flow		*-204*	*0*	*0*	*-204*
Construction provision variation		*330*	*0*	*0*	*330*
Other working capital variation		*166*	*-86*	*0*	*80*
Working capital variation (receivables, payables and other)	5.3	292	-86	0	206
PRE-TAX OPERATING CASH FLOWS		810	493	-199	1,104
Taxes paid in the year	2.8.2	-25	-36	0	-61
OPERATIONS CASH FLOW		785	457	-199	1,043
Investment	3.2, 3.3 and 3.4	-295	-157	60	-390
Divestment	1.1.4 and 3.3.3	484	115	0	599
INVESTMENT CASH FLOW		189	-41	60	207
CASH FLOWS FROM OPERATING ACTIVITIES		974	416	-140	1,250
Interest cash flows	2.6	26	-239	0	-212
Capital proceeds from non-controlling interests		13	117	-60	70
Scrip dividend		*-238*	*0*	*0*	*-238*
Acquisition of treasury shares		*-282*	*0*	*0*	*-282*
Shareholder remuneration	5.1.1	-520	0	0	-520
Dividends paid to non-controlling shareholders of investees		-18	-306	199	-124
Other movements in shareholders' funds		-6	0	0	-6
Exchange rate effect		-60	-66	0	-126
Changes in the consolidation scope	1.1.4	-2	0	0	-2
Other movements in borrowings (not giving rise to cash flows)		-11	-47	0	-59
FINANCING CASH FLOW		-579	-541	140	-979
CHANGE IN NET DEBT FROM DISCONTINUED OPERATIONS	5.2	103	-35	0	68
CHANGE IN NET DEBT FROM ASSETS HELD FOR SALE		0	422	0	422
CHANGE IN NET CASH POSITION	5.2	498	262	0	760
Opening position		975	-4,640	0	-3,664
Closing position		1,473	-4,378	0	-2,905

Changes in working capital:

The changes in working capital disclosed in the foregoing table (EUR 206 million) are the measure used to explain the difference between the Group's EBITDA (Gross Operating Profit/(loss)) and its cash flows from operating activities before tax, and they arise from the difference between the timing of recognition of revenue and expenses for accounting purposes and the date on which the aforementioned revenue and expenses are converted into cash, due mainly to changes in the balances of trade receivables and payables to suppliers or other items in the balance sheet. Thus a reduction in the balance of trade receivables will give rise to an improvement in working capital and a reduction of the balance of payables to suppliers will give rise to a worsening of working capital.

The changes in this line item do not coincide with the changes in working capital reported in Section 4 of the consolidated annual accounts as detailed in the following table:

	EX-INFRASTRUCTURE PROJECT COMPANIES	INFRASTRUCTURE PROJECTS AND ADJUSTMENTS	TOTAL
Change in working capital (Note 4)	144	-16	128
Change in working capital for discontinued operations and assets held for sale (see Note 1.3)	64	7	71
Change in working capital including discontinued operations	**208**	**-9**	**199**
Changes in working capital with an impact on other lines in the cash flow statement	-84	-46	-130
Changes in provisions with an impact on EBITDA or on working capital	166	0	166
Continuing operations	*330*	*0*	*330*
Discontinued operations	*-164*	*0*	*-164*
Changes in other balance sheet items with an impact on operating cash flow	3	-31	-38
Total working capital reported in the cash and cash equivalents statement (Note 5.3)	**292**	**-86**	**206**

The differences detailed in the table relate to the following items:

- Changes in working capital with an impact on other lines in the cash flow statement (mainly investment cash flow). The working capital accounts reported in Note 4, in particular the payables to suppliers, can relate to transactions that do not affect operating cash flow, such as fixed asset purchases.
- Changes in provisions with an impact on EBITDA or on working capital for EUR 166 million, which relates to:
  - Construction provisions variations (EUR 330 million) as a result of the net provision EUR 356 million (see Note 6.3), and other similar effects, as asset provisions, totalling amount to EUR -26 million.
  - Changes in discontinued operations provisions (EUR -164 million), mainly by the provision used related to the settlement agreed with the City Council for the termination of the PFI contract in Birmingham.
- Changes in other balance sheet items with an impact on operating cash flow. The changes in working capital reported in Note 4 reflect only movements in items included under "short-term trade and other receivables", "short-term trade and other payables" and "inventories". In certain cases, operating income and expenses relate not only to items shown in working capital (short-term items) but also to certain items recognised as long-term assets and liabilities, such as long-term trade receivables and long-term trade payables, or even to items in equity accounts such as operations relating to share-based remuneration schemes.

Cash flow from discontinued operations:

The cash flow from discontinued operations in the Services Division is set out below, which as commented in Note 1.1.3 is recognised in the reported cash flow line:

(Millions of euros) 2019	EX-INFRASTRUCTURE PROJECT COMPANIES	INFRASTRUCTURE PROJECTS	ADJUSTMENTS	CONSOLIDATED
OPERATIONS CASH FLOW EX CORPORATE INCOME TAX	**77**	**70**	**-8**	**139**
Corporate income tax cash flow	-46	-7	0	-53
OPERATIONS CASH FLOW	**31**	**63**	**-8**	**86**
Investment	-164	-2	0	-165
Divestment	1	0	0	1
CASH FLOWS FROM OPERATING ACTIVITIES	**-131**	**61**	**-7**	**-77**
CASH FLOWS FROM FINANCING ACTIVITIES (NON-CONTROLLING INTERESTS)	-7	-20	0	-27

(Millions of euros) **2018**	EX-INFRASTRUCTURE PROJECT COMPANIES	INFRASTRUCTURE PROJECTS	ADJUSTMENTS	CONSOLIDATED
OPERATIONS CASH FLOW EX CORPORATE INCOME TAX	**160**	**65**	**-98**	**126**
Corporate income tax cash flow	-7	-10	0	-17
OPERATIONS CASH FLOW	**153**	**55**	**-98**	**110**
Investment	-186	-6	0	-192
Divestment	111	144	0	255
CASH FLOWS FROM OPERATING ACTIVITIES	**78**	**193**	**-98**	**173**
CASH FLOWS FROM FINANCING ACTIVITIES (NON-CONTROLLING INTERESTS)	-9	-21	0	-30

The cash flow reported in 2018 is detailed below:

DECEMBER 2018	NOTE:	CASH FLOW EXCLUDING INFRASTRUCTURE PROJECT COMPANIES	CASH FLOW INFRASTRUCTURE PROJECT COMPANIES	REMOVALS	CONSOLIDATED CASH FLOW
		DECEMBER 2018 (figures in millions of euros)			
EBITDA including discontinued operations	2.4 and 2.9	144	470	0	614
Dividends received	3.5	623	0	-112	511
Birmingham Provision with no impact on cash flow	6.3	155	0	0	155
Working capital variation (receivables, payables and other)	5.3	-351	-60	0	-410
PRE-TAX OPERATING CASH FLOWS		**572**	**410**	**-112**	**870**
Taxes paid in the year	2.8.2	6	-31	0	-25
OPERATIONS CASH FLOW		**577**	**380**	**-112**	**845**
Investment	3.2, 3.3 and 3.4	-332	-213	83	-462
Divestment	1.1.4 and 3.3.3	230	144	0	374
INVESTMENT CASH FLOW		**-102**	**-69**	**83**	**-87**
CASH FLOWS FROM OPERATING ACTIVITIES		**476**	**310**	**-29**	**758**
Interest cash flows	2.6	-11	-191	0	-202
Capital proceeds from non-controlling interests		-2	163	-86	75
Scrip dividend		*-240*	*0*	*0*	*-240*
Acquisition of treasury shares		*-280*	*0*	*0*	*-280*
Shareholder remuneration	5.1.1	-520	0	0	-520
Dividends paid to non-controlling shareholders of investees		-49	-120	115	-54
Other changes in shareholder's funds		3	0	0	3
Exchange rate effect		-12	-150	0	-162
Changes in consolidation scope	1.1.4	0	0	0	0
Other changes in borrowings (not giving rise to cash flows)		11	-94	0	-83
FINANCING CASH FLOW		**-581**	**-391**	**29**	**-944**
DISPOSAL NET DEBT FROM DISCONTINUED OPERATIONS		**-261**	**245**	**0**	**-16**
CHANGE IN NET CASH POSITION	**5.2**	**-366**	**164**	**0**	**-202**
Opening position		1,341	-4,804	0	-3,463
Closing position		975	-4,640	0	-3,664

5.4. MANAGEMENT OF FINANCIAL RISKS AND CAPITAL

The Group's business is affected by changes to the financial variables that have an impact on the Group's accounts, these being mainly interest rate risk, exchange rates, inflation, credit, liquidity and variable income. The policies adopted by the Group in managing these risks are explained in detail in the Management Report.

Following are specific data on the Group's exposure to each of these risks and an analysis of the sensitivity to a change in the various variables, together with a brief description of the way in which each risk is managed.

In addition, in view of the importance of the UK's decision to leave the European Union both economically and politically (Brexit), this Note includes a separate in-depth analysis of the impact it has had for Ferrovial with respect to the various financial risks and how these risks are being managed.

a. Exposure to interest rate variations

Ferrovial's businesses are subject to changes in the economic cycles and interest rate risk management takes this into consideration, modelling interest rate settings against financial instrument liquidity management. When interest rates are low, the Group seeks to fix future levels at non-infrastructure project level, although such hedging can affect liquidity in the event of cancellation. At infrastructure project level, the banks and rating agencies require a higher percentage of fixed-rate debt. These strategies are implemented by issuing fixed-rate debt or by arranging hedging financial derivatives, a breakdown of which is provided in Note 5.5, Derivative financial instruments at fair value. The aim of these hedges is to optimise the financial expenses borne by the Group.

The accompanying table shows a breakdown of the Group's borrowings, indicating the percentage of debt that is considered to be hedged (either by a fixed rate or by derivatives).

DEBT (Millions of euros)	TOTAL GROSS DEBT	% DEBT HEDGED	EXPOSED DEBT	IMPACT ON PROFIT/(LOSS) + 100 B.P.
	2019			
NON-INFRASTRUCTURE PROJECT COMPANIES	3,104	90%	306	3
Toll roads	5,282	98%	101	1
Construction	152	94%	9	0
Airports	60	100%	0	0
INFRASTRUCTURE PROJECTS	5,494	98%	110	1
TOTAL BORROWINGS	8,598	95%	415	4

DEBT (Millions of euros)	2018 TOTAL GROSS DEBT	% DEBT HEDGED	EXPOSED DEBT	IMPACT ON PROFIT/(LOSS) + 100 B.P.
NON-INFRASTRUCTURE PROJECT COMPANIES	**2,807**	**89%**	**299**	**3**
Toll roads	4,982	98%	99	1
Construction	155	94%	9	0
Airports	247	100%	0	0
INFRASTRUCTURE PROJECTS	**5,385**	**98%**	**108**	**1**
TOTAL BORROWINGS	**8,192**	**95%**	**407**	**4**

Based on the foregoing, at the fully consolidated companies, a linear increase of 100 basis points in the market yield curves at 31 December 2019 would increase the finance costs in the income statement by an estimated EUR 4 million, of which EUR 1 million relate to infrastructure projects and EUR 3 million to non-infrastructure project companies, with a net impact on the profit of Ferrovial of EUR -3 million.

It is also necessary to take into account changes in the fair value of the financial derivatives arranged, which are indicated in Note 5.5.

As regards these interest rate hedging instruments, a linear increase of 100 basis points in the market yield curves at 31 December 2019 would, in the case of the effective hedges, have a positive impact of approximately EUR 101 million on the shareholders' funds attributable to the parent from fully consolidated companies, while a decrease of 100 basis points would produce a negative impact of approximately EUR 107 million.

As a counterpart to this impact, it must be considered that a drop in interest rates would lead to an increase in the value of the projects, as this implies a lower discount rate in their valuation.

b. Exposure to foreign currency risk

Ferrovial regularly monitors its expected net exposure with regard to each currency over the coming years, both for dividends receivable and as regards investments in new projects, or potential divestments.

Ferrovial establishes its hedging strategy by analysing past changes in both short- and long-term exchanges rates, establishing monitoring mechanisms such as future projections and long-term equilibrium exchange rates. These hedges are established by using foreign currency deposits or arranging derivatives (see Note 5.5 for more details).

The following tables show, by type of currency, the value of assets, liabilities, non-controlling interests and shareholders' funds attributed to the parent company at December 2019, adjusted by the aforementioned currency forwards relating to each currency:

CURRENCY (Millions of euros)	2019 ASSETS	LIABILITIES	PARENT COMPANY SHAREHOLDERS' FUNDS	NON-CONTROLLING INTERESTS
Euro	6,211	4,423	1,575	213
Pound sterling	2,546	1,913	632	1
US dollar	8,742	7,888	421	433
Canadian dollar	3,416	1,979	1,437	0
Australian dollar	1,008	1,076	-68	0
Polish zloty	1,625	1,402	87	136
Chilean peso	291	213	78	0
Colombian Peso	182	75	106	0
Other	88	53	34	0
TOTAL GROUP	**24,109**	**19,022**	**4,304**	**783**

Note 1.3 contains a breakdown of the changes in the year in the closing exchange rates. As a result of these changes, the impact of translation differences on equity at 31 December 2019 was EUR 105 million for the Parent company. The breakdown by currency is detailed in Note 5.1.1.

Analyzing sensitivity to an impact on the exchange rate, Ferrovial estimates that a depreciation of 10% of the main currencies that the Group holds investments in against the euro at year end, would cause a change in the shareholders equity of 307 million euros, of which 52% would correspond to the Canadian dollar, 23% to the sterling pound and 15% to the US dollar. Also, the detail of net profit/(loss) attributed to the shareholders by currency for 2019 and 2018 is detailed in the following table.

CURRENCY (Millions of euros)	NET PROFIT/(LOSS) 2019	2018
Euro	594	134
Pound sterling	98	-858
US dollar	-188	77
Canadian dollar	163	147
Australian dollar	-464	-17
Polish zloty	26	49
Chilean peso	19	50
Other	19	-30
TOTAL GROUP	**268**	**-448**

Note 1.3 contains a detail of the changes in the year in the average exchange rates. In this regard, the impact of a 10% appreciation of the euro against other currencies on the income statement would have amounted to a change of EUR -38 million.

c. Exposure to credit and counterparty risk

The Group's main financial assets exposed to credit or counterparty risk are as follows:

(Millions of euros)	2019	2018	VAR. 19/18
Investments in financial assets (1)	1,126	693	433
Non-current financial assets	2,130	1,629	500
Financial derivatives (assets)	461	445	17
Trade and other receivables	1,256	1,090	167

(1) Included in cash and cash equivalents

- Ferrovial actively monitors the risk that it assumes with its Banks: Ferrovial constantly analyses the performance of risk via internal credit quality studies for each of the financial institutions at which it is exposed. Its internal regulations for managing surpluses sets maximum investment limits for each counterparty, based on objective criteria: a minimum acceptable risk is required in order for surplus cash to be invested, and limits are also set on the amounts invested, depending on the risk given to each of these counterparties. In addition, the Risk Department monitors the performance of each of the different counterparties, proposing the appropriate protective or corrective measures on the basis of specific events.
- Territories: Ferrovial monitors the performance of the markets (territories) in which it has a presence, along with that of its target markets. The Financial Risk Department proposes the potential action to be taken in the event that some change in risk levels is expected in a particular territory or market.
- Customers: Ferrovial analyses and monitors its customers' credit risk, using an internal methodology for the rating of Ferrovial customers that is standardised for the whole Group.

d. Exposure to liquidity risk

The Group has established the mechanisms necessary to preserve the level of liquidity that reflect the cash generation and need projections, in relation to both short-term collections and payments and obligations to be met at long term.

Ex-infrastructure project companies

At 31 December 2019, cash and cash equivalents amounted to EUR 4,617 million (2018: EUR 3,766 million). Also, at that date undrawn credit lines totalled EUR 796 million (2018: EUR 743 million).

Infrastructure project companies

At 31 December 2019, cash and cash equivalents (including short-term restricted cash) amounted to EUR 119 million (2018: EUR 239 million). Also, at that date undrawn credit lines amounted to EUR 45 million (2018: EUR 25 million), which were primarily arranged to cover committed investment needs.

e. Exposure to variable income risk

Ferrovial is also exposed to the risk relating to the fluctuation of its share price. This exposure arises specifically in equity swaps used to hedge against risks of appreciation of share-based remuneration schemes, the detail of which is shown in Note 5.5 to these consolidated financial statements.

Since these equity swaps are not classified as hedging derivatives, their market value has an impact on profit or loss. 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 equity-accounted. Therefore, an increase in inflation would increase the cash flow derived from assets of this nature. Fixed benefit pension plans in the United Kingdom also include obligations that are linked to inflation. These are covered individually, since they are not consolidated within Ferrovial.

Unlike the other company assets, from the accounting standpoint the derivatives arranged at HAH, the objective of which is to convert fixed-rate borrowings into index linked debt, are measured at fair value through profit and loss, since up until now they are considered to be ineffective derivatives. HAH is assessing their classification as an accounting hedge under the new accounting standards (IFRS 9). The accounting impact to date means that an increase of 100 b.p. throughout the inflation curve would have an effect on the net profit attributable to Ferrovial (in proportion to its percentage of ownership) of EUR -241 million.

Also, in the case of the toll road concession operator Autema, there is a derivative tied to inflation that is deemed to qualify for hedge accounting, in which an increase of 100 b.p. throughout the inflation curve would have a negative effect on reserves of EUR -104 million.

g. Capital management

The Group aims to achieve a debt-equity ratio that makes it possible to optimise costs while safeguarding its capacity to continue managing its recurring activities and the capacity to continue to grow through new projects in order to create shareholder value.

With regard to financial borrowings, Ferrovial Group's objective is to maintain a low level of indebtedness, excluding infrastructure project borrowings, in a way that will allow it to retain its investment grade credit rating. In order to achieve this target it has established a clear and adequate financial policy in which a relevant metric refers to a maximum ratio, for non-infrastructure project companies, of net debt (gross debt less cash) to gross operating profit/(loss), plus dividends from projects of no more than 2:1.

At 31 December 2019, the net cash position is 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 project companies" is defined in Note 5.2 and "gross operating profit/(loss) 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 project companies.

h. Impact of Brexit on financial risks

This section includes an analysis of the impact that Brexit is having for Ferrovial with respect to the financial risks and how these risks are being managed. The risk section of the Management Report contains a comprehensive analysis of Brexit and how it may affect the Group's various business areas.

Ferrovial's UK exposure on the basis of the various financial and business variables is detailed in the following table:

	2019		
(Millions of euros)	FERROVIAL TOTAL	UK EXPOSURE	% OF TOTAL
Revenue (*)	13,041	3,140	24%
EBITDA (*)	504	-19	-
Net profit/(loss)	268	82	-
Shareholders' funds	4,304	632	15%
Consensus analyst estimate			11%
Construction order book	11,417	924	8%
Services order book	17,599	7,979	45%
Airports managed		25% HAH, 50% AGS	

(*) Including discontinued operations

Exchange rate

During 2019, and once much of the uncertainty around the future of Brexit has been removed following the general elections in the United Kingdom and the subsequent passing of the Brexit law, the pound has strengthened against the euro. At 31 December 2019, the pound sterling had increased in value by 6% year-on-year. As a hedge against foreign currency risk against a negative outcome regarding the effect of Brexit, Ferrovial arranged hedges with a notional amount of GBP 416 million, which covers a figure similar to the dividends it expects to receive on its UK airport assets over the next 4 years.

Inflation and interest rates

Analysing performance between 2018-2019, the market has reduced its inflation forecast in relation to the future Retail Price Index (RPI) by an average of 0.25%, with figures standing at around 3.25% and a present rate that is also lower (for periods greater than 2 years), due to the more marked decline in nominal interest rates.

An adverse scenario in EU trade agreement negotiations in 2020 could result in a sharp rise in inflation, negatively affecting the value of the obligations in the defined benefit pension plans, as well as a significant increase in the nominal interest rate, leading to an increase in financing costs.

With regard to this adverse scenario, the Group has put in place natural hedges for the business (for example an increase in profit due to inflation) and financial hedges (for example an increase in financial products linked to inflation and nominal rates under pension plans).

One must also take into consideration that an increase in inflation has a positive impact on Heathrow, increasing the regulatory asset base (RAB), which is indexed to inflation and could have a positive impact on commercial revenues.

5.5. FINANCIAL DERIVATIVE INSTRUMENTS AT FAIR VALUE

a) Disclosure by type of derivative, changes, maturity dates and main features

The table below includes a detail of the fair values of the derivatives arranged at 31 December 2019 and 2018, as well as the maturity date of the notional amounts to which the derivatives relate (maturities of notional amounts are shown as positive figures and already-arranged future increases are presented as negative amounts):

	FAIR VALUE		NOTIONAL MATURITIES					
TYPE OF INSTRUMENT (Millions of euros)	**BALANCES AT 31/12/2019**	**BALANCES AT 31/12/2018**	**2020**	**2021**	**2022**	**2023**	**2024+**	**TOTAL**
ASSET BALANCES	**462**	**445**	**1,579**	**262**	**-1**	**-3**	**67**	**1,904**
Cintra index-linked swaps (inflation derivatives)	426	358	-1	-4	-2	-3	67	58
Cross Currency Swaps, Corporate Business	5	0	250	0	0	0	0	250
Cross currency swaps, toll roads	7	0	408	0	0	0	0	408
IRS Corporate Business	8	11	0	250	0	0	0	250
Equity swaps	8	0	65	0	0	0	0	65
Exchange rate derivatives, Corporate Business	0	50	132	0	0	0	0	132
Other derivatives	9	26	725	16	1	0	0	742
LIABILITY BALANCES	**482**	**390**	**4,317**	**97**	**86**	**25**	**805**	**5,328**
Cintra interest-rate swaps (interest-rate derivatives)	370	334	14	16	78	23	740	872
Cross Currency Swaps, Corporate Business	0	6	0	0	0	0	0	0
Equity swaps	0	2	0	0	0	0	0	0
IRS Corporate Business	41	9	500	0	0	0	0	500
Exchange rate derivatives, Corporate Business	24	2	954	0	0	0	0	954
Other derivatives	48	38	2,849	80	7	2	64	3,003
NET BALANCES (LIABILITIES)	**-20**	**55**	**5,896**	**359**	**85**	**22**	**872**	**7,233**

The cash flows comprising the fair value of the derivatives mature as follows:

	FAIR VALUE		CASH FLOW MATURITIES					
TYPE OF INSTRUMENT (Millions of euros)	**BALANCES AT 31/12/2019**	**BALANCES AT 31/12/2018**	**2020**	**2021**	**2022**	**2023**	**2024+**	**TOTAL**
ASSET BALANCES	**462**	**445**	**43**	**16**	**15**	**16**	**369**	**462**
Cintra index-linked swaps (inflation derivatives)	426	358	12	13	15	17	369	426
Cross Currency Swaps, Corporate Business	5	0	5	0	0	0	0	5
Cross currency swaps, toll roads	7	0	7	0	0	0	0	7
IRS Corporate Business	8	11	4	4	0	0	0	8
Equity swaps	8	0	8	0	0	0	0	8
Exchange rate derivatives, Corporate Business	0	50	0	0	0	0	0	0
Other derivatives	9	0	8	0	1	0	0	9
LIABILITY BALANCES	**482**	**390**	**92**	**52**	**46**	**43**	**250**	**482**
Cintra interest-rate swaps (interest-rate derivatives)	370	334	44	43	40	37	207	370
Cross Currency Swaps, Corporate Business	0	6	0	0	0	0	0	0
Equity swaps	0	2	0	0	0	0	0	0
Corporate IRS	41	9	0	7	7	6	21	41
Exchange rate derivatives, Corporate Business	24	2	24	0	0	0	0	24
Other derivatives	48	38	24	2	0	0	22	48
NET BALANCES (LIABILITIES)	**-20**	**55**	**135**	**68**	**62**	**59**	**619**	**-20**

Toll road derivatives

Interest rate swaps, toll roads

In order to hedge the interest rate risk in toll road infrastructure projects, the borrowings of which bear interest at a variable rate (primarily Autema and Euroscut Azores), 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 872 million at 31 December 2019. Overall, the fair value of these hedges increased from EUR -334 million at 31 December 2018 to EUR -370 million at 31 December 2019.

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 -36 million (EUR -27 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 -46 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 68 million on reserves (EUR 23 million after tax attributable to the Parent).

Cross currency swaps, toll roads

In 2019, the company 4352238 Canada Inc arranged cross-currency swaps to hedge a financial investment in US dollars (see Note 5.2.2). The notional amount of these instruments is CAD 594 million (EUR 408 million) and they expire in 2020, with a fair value of EUR 7 million.

Corporate Business Derivatives

Interest Rate Swaps, Corporate Business

In relation to the bond issues launched in 2013, the Group arranged interest rate derivatives for a notional amount of EUR 250 million expiring in 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. This means that the fair value changes in both the derivative and the hedged item (in this case, a part of the bond) are carried at fair value through profit or loss. The fair value impact of these bonds on the financial result amounted to EUR 1 million. It should be noted that the change in the fair value of the hedged bond amounts to EUR 2 million, while the effect on profit and loss of the fair value change in the IRS is EUR -3 million, so a net fair value loss of EUR -1 million (2018: EUR -1 million) is recognised.

In addition, on 4 July 2018, the group arranged interest rate derivatives (Interest Rate Swaps, IRS) for a total notional amount of EUR 500 million in order to secure the rate applicable to the potential refinancing of one of the bonds issued by the Company. At 31 December 2019, these derivatives have a fair value of EUR -41 million (31 December 2018: EUR -9 million) and are designated as cash flow hedges, value changes being recognised with a balancing entry in reserves.

Therefore, at year-end 2019 the fair value of these derivatives amounts to EUR -33 million.

Cross Currency Swaps, Corporate Business

In 2016, Ferrovial arranged cross-currency swaps to hedge a drawdown of borrowings in US dollars (see Note 5.2.2). The notional amount of these instruments is USD 287 million (EUR 250 million) and they expire in 2020, with a fair value of EUR 5 million.

Equity swaps

Ferrovial has arranged equity swaps in order to hedge against the possible impact on equity resulting from the exercise of the share-based remuneration schemes granted to its employees.

The modus operandi of these equity swap contracts is as follows:

- The calculation base is a given number of Ferrovial shares and a reference price, which is normally the market price of the share on the grant date.
- For the duration of the contract, Ferrovial pays interest equivalent to a given interest rate (EURIBOR plus a spread, to be applied to the result of multiplying the number of shares by the exercise price) and receives remuneration equal to the dividends relating 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 2019 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 65 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 1,131 million at 31 December 2019, of which EUR 411 million relate to pound sterling, EUR 581 million to the Australian dollar, EUR 132 million to the US dollar, EUR 7 million to the Canadian dollar. They expire in the short-term. The changes in their value are recognised as translation differences and amounted to EUR -40 million in 2019 (for effective derivatives). Options, which are not classified as accounting hedges, are recognised in net financial income/(expense) at fair value and in 2019 represented an expense of EUR 1 million.

Other derivatives

This item includes the other derivatives contracted by the Group for a fair value of EUR -39 million, of which EUR -10 million relates to foreign exchange derivatives in the Toll Roads business, largely hedging volatility in future Canadian dollar flows (see Note 1.3), and EUR -27 million relating basically to interest rate swaps, hedging certain project borrowings in the Construction business.

B) MAIN IMPACTS ON PROFIT & LOSS AND EQUITY

The movements for accounting purposes in the main derivatives arranged by fully consolidated companies, detailing the fair values thereof at 31 December 2019 and 2018, and the impact on reserves, profit/(loss) and other balance sheet items are as follows:

	FAIR VALUE			IMPACTS						
TYPE OF INSTRUMENT (Millions of euros)	BALANCE AT 31/12/2019	BALANCE AT 31/12/2018	VAR.	IMPACT ON RESERVES (I)	FAIR VALUE IMPACT ON PROFIT/(LOSS) (INEFFECTIVENESS) (II)	IMPACT ON FINAL PROFIT/(LOSS) (III)	CASH (IV)	EXCHANGE RATE EFFECT (V)	OTHER IMPACTS ON BALANCE SHEET OR INCOME STATEMENT (VI)	TOTAL
Index-linked derivatives	**426**	**358**	**69**	**68**	**-1**	**0**	**-10**	**0**	**11**	**69**
Cash flow hedges	426	358	69	68	-1	0	-10	0	11	69
Interest rate derivatives	**-425**	**-343**	**-81**	**-79**	**-2**	**-45**	**45**	**0**	**0**	**-81**
Cash flow hedges	-432	-354	-78	-79	1	-49	49	0	0	-78
Fair value hedges	8	11	-3	0	-3	4	-4	0	0	-3
Cross Currency Swaps	**11**	**-6**	**17**	**-1**	**-1**	**14**	**-1**	**0**	**5**	**17**
Cash flow hedges	5	-6	17	-1	-1	8	-1	0	5	10
Fair value hedges	7	0	7	0	0	6	0	0	0	7
Exchange rate derivatives	**-41**	**48**	**-89**	**-3**	**3**	**0**	**106**	**-199**	**2**	**-90**
Fair value hedges	-34	44	-78	-2	2	0	69	-149	2	-78
Net foreign investment hedges	-7	-1	-6	0	-4	0	48	-50	0	-6
Speculative	0	5	-6	0	5	0	-10	0	-1	-6
Equity swaps	**8**	**-2**	**10**	**0**	**25**	**1**	**-16**	**0**	**0**	**10**
Speculative	8	-2	10	0	25	1	-16	0	0	10
TOTAL	**-20**	**55**	**-75**	**-14**	**25**	**-30**	**124**	**-199**	**17**	**-75**

Derivatives are recognised at market value at the arrangement date and at fair value at subsequent dates. Changes in the value of these derivatives are recognised for accounting purposes as follows:

- The changes in the year in the fair value of the derivatives that qualify for cash flow hedge accounting are recognised with a balancing entry in reserves (column I).
- The changes in fair value of the derivatives that do not qualify for hedge accounting or that are considered to be held for speculative purposes are recognised as a fair value adjustment in the Group income statement (column II) and are reflected separately in the income statement.
- "Impact on Financial Result" (column III) reflects the impacts on the financial result due to financing arising from the interest flows accrued during the year.
- "Impact on Cash" (column IV) indicates net payments and collections during the year.
- The impact of the difference between closing translation differences at December 2019 and 2018 is also presented separately (column V).
- The "Other Impacts" column shows the impacts on operating profit/(loss), financial result (exchange rate effect) or other effects not considered in the other columns (column VI).

C) DERIVATIVE VALUATION 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.

The fair value measurements are performed by the Company using an internally developed measurement tool based on best market practices. However, they are in any event compared with the measurements 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 valuation date.
- Index-linked swaps: the future cash flows are estimated by projecting the future behaviour implicit in the market curves on the valuation date for each currency and settlement frequency, for both reference interest rates and reference inflation rates. As in the cases described above, the flows are discounted using the discount rates obtained at the measurement date for each flow settlement period and currency.
- Cross currency swaps: the future cash flows with floating reference rates are estimated by using current market projections at the measurement date for each currency and settlement frequency; and each flow is discounted using the market zero-coupon rate that is appropriate for the settlement period and currency in question at the measurement date, including the cross currency basis spreads. The present value of the flows in a currency other than the measurement currency is translated at the spot exchange rate prevailing at the measurement date.
- Foreign currency derivatives: as a general rule, the future cash flows are estimated by using the exchange rates and market curves associated with each currency pair (forward points curve), and each flow is updated using the market zero-coupon rate that is appropriate for the settlement period and currency in question at the valuation date. For other more complex instruments (options, etc.), the valuation models appropriate for each instrument are employed, taking into consideration the necessary market data (volatilities, etc.).
- Lastly, credit risk, which pursuant to IFRS 13 was included in the valuation of derivatives, is estimated as follows:
- In order to calculate the adjustments associated with own and counterparty credit risk (CVAs/DVAs), Ferrovial applies a methodology based on calculating the future exposure of the various financial products using Monte Carlo simulations. To this potential exposure, a probability of default and a loss given

default based on the parties' business and credit quality are applied, as well as a discount factor based on the currency and applicable maturity at the valuation date.

- In order to calculate the probabilities of default of the Ferrovial Group Companies, the credit risk management department assesses the rating of the counterparty (company, project, etc.) using a proprietary, rating agency-based methodology. This rating is used to obtain market spread curves according to the currency and term in question (generic curves by rating level).

In order to calculate the probabilities of default of the balancing entries, the CDS curves of those companies are used, if available. Otherwise, the CDS curves of a similar entity (proxy) or a generic spread curve (by rating level) are used.

SECTION 6: OTHER DISCLOSURES

This section includes other notes required under the applicable legislation.

Of particular note due to its importance is Note 6.5, Contingent liabilities and commitments, in which the main lawsuits that affect the Group Companies and guarantees provided are described, with particular emphasis on the guarantees provided by ex-infrastructure project companies on behalf of infrastructure project companies.

The changes in liabilities other than current liabilities and financial borrowings, such as the pension obligations (see Note 6.2) and provisions (see Note 6.3), are also analysed.

6.1. DEFERRED INCOME

The detail of Deferred income at 31 December 2019 and 2018 is as follows:

(Millions of euros)	2019	2018	CHANGE 19/18
Capital grants	1,347	1,241	106
Other deferred income	0	0	0
TOTAL DEFERRED INCOME	**1,347**	**1,241**	**106**

The balance of "Deferred Income" totalled EUR 1,347 million at the end of 2019 (2018: EUR 1,241 million), primarily relating to the capital grants received from the infrastructure concession grantors. EUR 1,345 million of this amount relates to the Toll Roads Division.

These grants are mainly located in the following toll road projects: EUR 418 million for LBJ Infrastructure Group, EUR 508 million for NTE Mobility Partners, EUR 210 million for NTE Mobility Partners Segments 3 LLC and, lastly, EUR 207 million for I-77 Mobility Partners.

The main change during the financial year occurred at NTE Mobility Partners Segments 3 and I-77 Mobility Partners and Cintra subsidiaries in the USA, which received additional grants over the course of the year in the amount of EUR 65 million and EUR 27 million respectively.

The US companies have also seen their value rise by EUR 24 million due to the dollar's appreciation against the euro.

These capital grants are released to the income statement for the year at the same rate as the depreciation charged on the assets they finance, net of depreciation. 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. At 31 December 2019, the provision recognised in the consolidated balance sheet amounted to EUR 4 million and solely related to Budimex (31 December 2018: EUR 3 million).

6.3. PROVISIONS

The provisions recognised by the consolidated Group are intended to cover the risks arising from its various operating activities. They are recognised using the best estimates of the existing risks and uncertainties and their possible evolution.

This note provides a breakdown of all the line items composing provisions on the liability side of the consolidated balance sheet. In addition to these line items, there are other impairment losses and allowances that are presented as a reduction of certain asset line items and which are disclosed in the notes relating to those specific assets.

The movements in the long-term and short-term provisions presented separately in liabilities in the consolidated balance sheet were as follows:

(Millions of euros)	LITIGATION AND TAXES	RELOCATION AND UPGRADES IFRIC 12	OTHER LONG-TERM RISKS	WASTE LANDFILLS	COMPULSORY PURCHASES	TOTAL NON-CURRENT PROVISIONS	SHORT-TERM PROVISIONS	TOTAL
BALANCE AT 31 DECEMBER 2018	323	64	47	0	25	459	431	890
CHANGES IN THE CONSOLIDATION SCOPE AND TRANSFERS	3	-33	30	10	-2	7	-20	-12
CHARGES:	80	20	5	0	0	105	406	511
EBITDA	*53*	*0*	*5*	*0*	*0*	***57***	*405*	462
Net financial income/(expense)	*6*	*3*	*0*	*0*	*0*	***10***	*1*	11
Impairments & disposals	*0*	*0*	*0*	*0*	*0*	***0***	*0*	0
Corporate Income Tax	*21*	*0*	*0*	*0*	*0*	***21***	*0*	21
Fixed asset depreciation	*0*	*17*	*0*	*0*	*0*	***17***	*0*	17
REVERSALS:	-14	0	-1	0	-4	*-19*	-52	-71
EBITDA	*-13*	*0*	*-1*	*0*	*0*	***-14***	*-52*	-65
Net financial income/(expense)	*0*	*0*	*0*	*0*	*0*	***0***	*-1*	-1
Impairments & disposals	*0*	*0*	*0*	*0*	*0*	***0***	*0*	0
Corporate Income Tax	*-1*	*0*	*0*	*0*	*0*	***-1***	*0*	-1
Fixed asset depreciation	*0*	*0*	*0*	*0*	*-4*	***-4***	*0*	-4
AMOUNTS USED RECOGNISED IN CURRENT ASSETS OR CURRENT LIABILITIES	-13	0	0	0	0	-13	-28	-41
AMOUNTS USED RECOGNISED IN OTHER ASSETS	-1	-3	0	0	-19	-23	0	-23
EXCHANGE DIFFERENCES	0	1	0	0	0	1	14	16
BALANCE AT 31 DECEMBER 2019	378	49	81	10	0	518	750	1,268

The table above shows the changes in the year by detailing, on the one hand, the changes in the consolidation scope and transfers, the charges for the year and reversals that had an impact on the various lines in the income statement and, on the other, other changes which did not have an impact thereon, such as amounts used recognised under various headings in the balance sheet and the exchange rate effect.

In this regard, on analysing the effect on the consolidated income statement, mention should be made of the net provision (charge) of EUR 397 million with an impact on gross operating profit (EUR 462 million charge and EUR -65 million reversal), totally in the Construction Division following the provision recognised in the first quarter of the year for possible future losses at various projects in the US. Provisions have also been applied during the year with balancing items in working capital accounts in the amount of EUR -41 million, mainly relating to the Construction Division. The sums of charge/reversal (EUR 397 million) and the provision used (EUR -41 million), considering other effects such as bad debt provision (which is not included in the detail above (EUR -26 million), are explained for the purpose of working capital in the cash flow statement totalling EUR 330 million (see Note 5.3).

Litigation provisions

At 31 December 2019, the total litigation provisions for the group amounted to EUR 378 million. This item includes the following:

- Provisions to cover the possible risks resulting from lawsuits and litigation in progress, amounting to EUR 112 million (December 2018: EUR 82 million), largely relate to the Construction Division. These provisions are recognised and reversed with a charge/credit, respectively, to changes in provisions within EBITDA.
- Provisions for tax claims, amounting to EUR 266 million (31 December 2018: EUR 241 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 (See Note 6.5.1.d). These provisions are recognised and reversed with a charge/credit to gross operating profit/(loss), net financial income/(expense) and/or corporate income tax, depending on the nature of the tax for which the provision has been recognised (penalties, related interest, and/or tax deficiencies in assessments signed on a contested basis). The impact of the Services business is recognised in the net profit/(loss) of discontinued operations (see Note 1.1.3).

Provision for replacements pursuant to IFRIC 12

This line item includes the provisions for investments in replacements established by IFRIC 12 (see Note 1.2.3.2), the total amount of which amounted to EUR 49 million. This provision is recognised and reversed with a charge/credit, respectively, to the depreciation and amortisation charge over the period in which the obligations accrue, until the replacement becomes operational. The impact of this amortisation amounts to EUR 17 million.

We would note the variation due to changes in the consolidation scope of EUR -33 million, largely due to the sale of the Autopista del Sol (see Note 1.1.4), amounting to EUR -25 million.

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 81 million at 31 December

2019 (31 December 2018: EUR 47 million). The variation with respect to 2018 is due essentially to the reclassification of EUR 36 million from investments in associates in relation to the additional losses in certain Toll Road division companies in respect of which there are contractual obligations to contribute additional capital and/or guarantees when the value of the relevant shareholdings falls to zero (see Note 3.5).

Provision for landfills

"Provision for landfills" contains the estimated cost of landfill closure and post-closure activities relating to the landfills operated in the Services business in Poland. The provision is calculated based on a technical estimate of the consumption to date of the total capacity of the respective landfills. This provision is recognised and reversed with a charge/credit, respectively, to changes in provisions within gross operating profit/(loss), as the costs required for closure of the landfill are incurred. The total provision (EUR 10 million) comes from services activity in Poland, which has been classified to continued activity during 2019 fiscal year as part of construction business.

Provision for compulsory purchases

The provision for compulsory purchases recognised by the Spanish toll roads, the balance of which at December 2019 is zero (31 December 2018: EUR 25 million), following the changes to the consolidation scope due to the sale of 65% of Autopista del Sol. This provision is charged against the concession infrastructure as the costs are incurred over the concession term.

Short-term provisions

At 31 December 2019, the short-term provisions balance amounted to EUR 750 million (31 December 2018: EUR 431 million).

This entry primarily covers provisions relating to customer contracts, such as provisions for deferred costs (relating to the completion of works and the removal of site equipment, pursuant to the contract) and provisions for budgeted losses. In this regard, these types of provisions are mainly focused on the Construction Division for EUR 733 million (2018: EUR 414 million). Particularly noteworthy was the aforementioned provision recognised for potential future losses at various projects in the US.

These provisions are recognised and reversed with a charge/credit, respectively, to changes in provisions within EBITDA.

6.4. OTHER LONG-TERM PAYABLES

This line item includes:

- The participating loans granted by the State to various infrastructure project concession operators amount to EUR 9 million (31 December 2018: EUR 115 million) from the Construction Division. The decrease is due to the sale of the Autopista del Sol to the infrastructure fund Meridiam (see Note 1.1.4).
- Long-term loans with associates of the Toll Roads Division, amounted to EUR 11 million (31 December 2018: EUR 11 million).
- Long-term trade payables amounted to EUR 6 million (31 December 2018: EUR 7 million).

6.5. CONTINGENT LIABILITIES, CONTINGENT ASSETS, OBLIGATIONS AND COMMITMENTS

6.5.1. Litigation

In carrying on its activities the Group is subject to possible contingent liabilities of varying kinds. These contingent liabilities lead to lawsuits or litigation in relation to which a provision is recognised based on the best estimate of the foreseeable disbursements required to settle the obligation. These provisions are set out in Note 6.3.

Therefore, it is not expected that any significant liabilities will arise, other than those for which provisions have already been recognised, that might represent a material adverse effect.

The detail of the most significant litigation, in terms of amount, in the Group's various business divisions is as follows:

a) Litigation relating to the toll road business

Autopista Terrassa Manresa (Autema):

Contentious-administrative action against Decrees 161/2015 and 337/2016 approved by the Government of Catalonia:

On 14 July 2015, the Government of Catalonia published Decree 161/2015, which radically amended the rules governing the concession for the project originally established in Decree 137/1999. This legislative change was carried out in December 2016 via Decree 337/2016 (both referred to collectively as the "Decrees").

The change introduced by the new legislation entailed moving from a regime under which the Government of Catalonia paid the concession operator the difference between the tolls collected and the operating surplus established in the Economic and Financial Plan, to a system whereby the remuneration earned by the concession operator will depend on the number of the infrastructure's users, with the Government of Catalonia subsidising a portion of the toll paid by the user, reducing Autema's revenues by between 50% and 43%.

In this regard, the Concession Operator considers that there are sound arguments to conclude that the Grantor has clearly exceeded the limits of its power to amend the public arrangements by issuing these decrees. Accordingly, the company filed an appeal against the aforementioned Decrees at the High Court of Catalonia (TSJC).

Over the course of 2017, the co-defendants (the Catalan Government and Bages Regional Council) filed their written submissions in reply to the complaint and, during 1H 2018, evidence was heard. Following the submission of written conclusions by Autema in July and by the co-defendants in September 2018, the conclusions phase of the trial was brought to an end.

On 18 March 2019, AUTEMA was notified of the Catalan High Court's judgement rejecting AUTEMA's contentious-administrative appeal against the decrees. The Company then filed a cassational appeal with the Supreme Court against this judgement, so it is not yet final. Its effects are suspended until the Supreme Court rules on the appeal. The first stage in the filing of the cassational appeal has been completed, as the Catalan High Court has agreed to submit the appeal to the Supreme Court. It is now up to the Supreme Court whether or not to give the appeal leave to proceed. We estimate that this decision could take six to nine months (starting from June 2019). If the appeal is granted leave to proceed, the Supreme Court will decide whether to admit it or not, which we estimate will take approximately two years from the start of preparations (i.e. from June 2019). The final procedural stage completed in 2019 was the Supreme Court's acceptance of the case from the Catalan High Court, with the appearance of the parties before the Supreme Court and the appointment of the Presiding Judge, so that the Court may decide whether or not to admit the appeal for process.

Following an analysis of the available information on the proceedings, as of 31 December 2019 the company believed that there was a strong basis for the case to be admitted in cassation and for the merits of the action to be subsequently upheld, and it has therefore continued to treat this asset as a financial asset. It is felt that the aforementioned judgement could be an indication of the additional impairment of the assets connected with this project, to the extent that although it is believed that the action will be won on its merits, recovery of the outstanding unpaid amounts will be delayed until the cassational appeal has been resolved and enforcement of the judgement is subsequently achieved, so an impairment of EUR 58 million has therefore been entered in 2019 (Note 3.3.2).

M-203 Toll Road:

Legal action filed by the Concession operator seeking the termination of the concession agreement on the grounds of a breach by the Administration:

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.

Following the favourable judgement by the Madrid High Court, in an Order from the CAM's Ministry of Transport, Infrastructure and Housing dated 3 November 2017 (the "Order for Termination"), the Community of Madrid (CAM) terminated the concession agreement. In 2018, the CAM took over the works and refunded the bank bonds provided as a definitive guarantee (which amounted to EUR 6 million).

With regard to the Authority's subrogation to the expropriation proceedings and compensation both for the investment made (net investment value - NIV) and for the damage suffered, in April 2019 the Company filed a complaint with the CAM, citing the Authority's failure to act and demanding that it comply with its obligation to issue a ruling on the NIV.

As the CAM did not respond to the Company's demand within 3 months, the Company filed a contentious-administrative appeal on 15 July 2019 in which it cited the CAM's failure to act and included an interim injunction asking the court to order the CAM to issue its ruling expeditiously.

This interim injunction was rejected in October 2019, and the legal procedure seeking to have the CAM hand down its ruling on the NIV has continued its course. The Company filed a claim at the Madrid High Court on 17 December, and on 11 February 2020 notification was received of the CAM's response, giving the Company a period of time to submit its written conclusions.

In addition, on 27 January 2020, the Company was notified via administrative channels of the CAM's valuation report on the amount of the NIV, in which it puts this figure at EUR 56 million (excluding VAT) plus the interest that accrues until payment is effectively made. An allegations period was granted and the Company presented its allegations on 12/2/2020, referring to the previous arguments and statements of claim, requesting that a ruling be issued as soon as possible and reserving the right to take action as admissible to claim the difference between the amount claimed (EUR 60 million, which the Company has recognised in its balance sheet) and the amount recognised in the report. The Company has decided not to set aside any provision for the amount that has yet to be received, given that its legal advisers believe that we have strong arguments for claiming its recovery.

As regards the damages payable by the CAM due to the early termination of the concession agreement, the CAM must initiate a separate action from the one relating to the NIV. This action for damages has not been initiated by the Authorities, and therefore the Company, which has not recognised any amount relating to this item in its balance sheet, filed a claim on 7 August 2019 for damages and lost profit with the CAM, seeking the amount that it believes it is owed and submitting documentation in support of its case. As six months had elapsed without a reply from the Authorities to the claim filed on 7 August, the Company lodged a contentious-administrative appeal on 14 February 2020 against the rejection of the claim due to administrative silence.

As a result of the termination of the concession arrangement, at 31 December 2019 the company reclassified the carrying amount of the asset (EUR 76 million) as an account receivable from the grantor (see Note 3.6) and includes the EUR 60 million mentioned above, as well as EUR 13 million in VAT and EUR 3 million in interest.

Court proceedings instigated by the financial institutions of the radial 4 project:

With regard to Radial 4, in June 2013 a group of financial institutions from the banking syndicate that was financing the Project filed court proceedings with Madrid Court of First Instance No. 61 against the shareholders of the company that had guaranteed the contribution of contingent capital in certain circumstances, namely Cintra Infrastructures, SE – and Sacyr Concesiones, S.L.

In that lawsuit, they sought the enforcement of a guarantee that had been put in place by the shareholders, on the grounds of an alleged breach of certain ratios. This corporate guarantee amounts to a total of EUR 23 million, of which Cintra's share amounts to EUR 14.9 million. In their reply to the action, Cintra and Sacyr argued, *inter alia*, that the banks did not have active *locus standi* (a legitimate right to act), believing that they could not file an action against the Shareholders but should instead file it against the company that was the Investor in the Project. They also argued that the purpose of the guarantee was not to afford the borrower funds to cover payments relating to the financing, but rather to ensure its financial solvency in order to meet obligations arising from a refinancing process that has not taken place.

In the end, the First Instance Court accepted the plea for the lack of active *locus standi* on the part of the claimants, dismissing the banks' claim without entering into the merits of the case. The Banks appealed this judgement before the Madrid Court of Appeal, which upheld the first instance judgement in December 2016. Against this judgement, the financial institutions filed an extraordinary appeal for procedural infringement with the Supreme Court.

Notice of the Supreme Court's ruling admitting the Banks' appeal was given on 12 July 2019, and the Banks' active *locus standi* to make a direct claim against the Sponsors (Cintra and Sacyr) was recognised. The Court of Appeal was thus forced to enter into the merits of the case.

Lawsuit regarding insolvency of SH-130 toll road creditors

On 1 March 2018, "SH-130 Concession Company, LLC" filed an initial statement of case at the United States Bankruptcy Court Western District of Texas against Ferrovial, S.A, Cintra Infrastructures SE, Ferrovial Agroman, S.A. and other companies of the Ferrovial Group, and against the partner in the SH-130 toll road project.

SH-130 Concession Company, LLC was 65% owned by Cintra TX 56, LLC until 28 June 2017, when ownership of its share capital was transferred to the current shareholders as the result of the completion of the voluntary insolvency process (Chapter 11) filed on 2 March 2016.

The complaint is based on the claim that some of the payments made by the concession operator to the construction company in 2011 and 2012, during the toll road's design and construction phase, were allegedly made in a way that defrauded the creditors, since, in the claimant's opinion: (i) the works were completed incorrectly and should not, therefore, have been paid for; and (ii) the concession operator was insolvent.

The claimant is demanding the return of these payments, which amount to a total of USD 329 million.

It also accuses Ferrovial, S.A., Cintra Infrastructures SE and other companies in the group of having caused SH-130 Concession Company, LLC to make such payments, thus breaching the fiduciary duties that it should have observed under the mercantile law of the State of Delaware, as well as accusing them of aiding and abetting the breach of such duties.

In an amendment to the initial statement of case filed on 28 September 2018, the claimant sought additional damages consisting of the return of the profits earned under the agreements for services for which the defendants had invoiced the claimants over the said period. The claimant is yet to specify the amount required for this item. It has also extended the initial complaint in relation to fulfilment of fiduciary duties.

The Ferrovial Group defendant companies presented various motions to dismiss on the initial legal action. On 7 September 2018, the court allowed the motions to dismiss relating to the Group Companies Ferrovial Internacional, S.L.U. and Ferrovial International Ltd. (which have been excluded from the legal action). The proceeding continues with respect to the other defendants.

On 5 August 2019 the claimant filed a third amendment to the complaint, in which it extended its accusations of an infringement of fiduciary duties to events that had occurred in 2007 as a result of the financial closure of the project.

At present, this lawsuit is in the discovery phase, which once completed will be followed by the submission and argument phases.

The analysis carried out so far by the legal advisors of the affected companies, based on the information available throughout the process, would lead to the conclusion that the Ferrovial Group Companies named as defendants in the process have strong arguments to defend their interests, and it is reasonable to think that they could succeed in having the actions brought against them rejected by the Court. Based on the above, Ferrovial has not set aside any provision in group companies as a result of these legal proceedings.

b) Litigation relating to the Construction business

The Construction Division is involved in a number of ongoing legal actions, relating principally to potential construction defects in the building work it has completed and claims for civil liability.

The provisions recognised in relation to these risks at 31 December 2019 totalled EUR 112 million (2018: EUR 82 million) and relate to a total of approximately 87 lawsuits.

The main lawsuit relates to the SH 130 toll road construction works in Texas, as detailed below, and this is in addition to the complaint described in the previous section relating to the toll road business.

Arbitration - construction works at the SH-130 toll road in Texas:

In addition to the legal action mentioned in the section relating to lawsuits in the toll road business, the concession operator for the SH 130 toll road (SH130 Concession Company, LLC) filed a request for the submission to arbitration of a dispute against Central Texas Highway Contractors, LLC, the toll road's constructor (in which Ferrovial Agroman holds a stake), and against the companies Zachry Industrial, INC. and Ferrovial Agroman S.A., as the joint guarantors of the aforementioned company. In the request for arbitration, the concession operator claimed in both general and specific terms that there were failings and defects during the construction, mainly in the aggregates used to surface the toll road, which it valued at no less than USD 130 million. Of this, 50% (USD 65 million) would be attributed to Ferrovial's stake in the company, though there is no joint and several liability with regard to the other stakeholder's involvement.

In March 2019, the company SH130 Concession Company LLC, filed a statement of claim for USD 161 million (which added to the initial USD 130 million, amounts to a total of approximately USD 291 million), which consists of the amounts that SH130 Concession Company, LLC alleges it has incurred or will incur to repair the damages claimed.

Of this amount, 50% (USD 145 million) would be attributable to the stake held by the Ferrovial Group.

To date, following the submission of the respondent's statement of defence, SH130 Concession Company, LLC has filed its statement of reply in December 2019, in which it basically maintains the same claims but has reduced the amount to USD 280 million (USD 140 million would be attributed to the Ferrovial Group's share). The hearing will begin on 9 March 2020. The International Chamber of Commerce (institution responsible for the arbitration procedure) has announced that the final arbitration decision will be handed down before 30 July 2020. It is possible that this date may be extended. After analysing all of the documentation that they have had access to over the course of the year, the legal advisors of the affected companies still believe that construction work at the toll road was carried out in accordance with the terms of the contract and industry best practices, and that, in any case, any liability that may result from this lawsuit could be reduced by certain factors, such as:

- The existence of insurance policies to the benefit of the construction company.
- Where applicable, liability for the defects being alleged should rest with the companies that were subcontracted by the construction company, both with regard to design and as regards the work done to lay the road surface.
- It would appear that the Texas Department of Transport and the concession operator have reached an agreement to carry out the work required to repair the defects at a value of USD 60 million, which represents much less than the amount being claimed.

A mediation process has begun with SH130 Concession Company, LLC (which also involves the partner in the project, Zachry, insurance companies, designers and subcontractors connected with the alleged construction defects), with the aim of bringing this claim to an end in a negotiated manner. Any agreement that might be reached would also entail the ending of the lawsuit that relates to the same project and is described in the section relating to lawsuits in the toll road business. As of the date on which the annual accounts were drawn up, no results had been achieved in this mediation process.

It was concluded that upon closing the accounts in December 2019, the risk arising from these proceedings could amount to USD 25 million, and a supplementary allowance of USD 15 million was therefore set aside during the 2019 financial year, in addition to the USD 10 million already set aside.

Construction Business in Spain:

On 1 October 2018, the Spanish National Markets and Competition Commission's (CNMC) Competition Division (CD) agreed to bring sanctions proceedings against a number of companies, one of them being Ferrovial Agroman S.A, (FASA), for alleged prohibited behaviour that is contrary to competition regulations.

As outlined by the CD, this behaviour ostensibly consists of the exchange of certain information between companies for the purposes and/or with the effect of restricting competition during the course of the competitive tendering processes organised by Public Authorities in Spain for the construction and refurbishment of infrastructure and buildings.

The list of charges drawn up by the CD was received in October 2019. This document contains the conclusions reached in the investigation that was carried out and it gives details of the events that could constitute an infringement of the competition regulations. A statement of defence arguments was filed in December, arguing that the infringements indicated by the CD had not occurred. Subsequently, following completion of the necessary instruction process, notice of the proposed ruling will be given so that the relevant arguments may be put forward.

Lastly, the CNMC Board is expected to hand down its decision on the proceedings in April 2020.

This decision may be appealed in the National Court and, where applicable, in the Supreme Court. This risk is covered by the provisions mentioned in Note 6.3.

c) Litigation relating to the Services business

Services business in the UK:

The main lawsuits that remain ongoing are as follows: The main lawsuits that remain ongoing are as follows:

- Lawsuit relating to the Amey contract with Birmingham City Council:
- In June 2019 Amey reached an agreement to exit the Birmingham City Council contract. Pursuant to this agreement, Amey is required to pay GBP 215 million over a six-year period (GBP 100 million paid on 29 June 2019, two payments of GBP 30 million each at the end of September and December 2019, GBP 10 million each year from 2020 to 2024 and GBP 5 million in 2025) to fully discharge Amey's liability with respect to the Birmingham project and stakeholders.
- This agreement has no impact on Ferrovial's profit, as it falls into the calculation of the fair value provision recognised in December 2018 in relation to Ferrovial's stake in Amey.

Aggregate industries:

As detailed in the 2018 annual accounts, the Services business in the UK also had a claim by Aggregate Industries, the subcontractor in the Sheffield contract, amounting to GBP 32 million.

During 2019, Amey obtained a High Court judgement ordering Aggregate Industries to present the definitive claim for its evaluation. Following this judgement, the parties have reached an agreement, entailing an impact of GBP 2.2 million in the Amey income statement. The Group considers that the agreement reached marks the end of this lawsuit.

Services business in Spain:

- Litigation relating to the Ruling of the Spanish National Markets and Competition Commission (CNMC) in relation to the municipal solid waste sector.

  On 12 June 2019, the CNMC set forth a list of the established facts in which it outlined anti-trust conduct or practices, divided into two blocks:

  - participation in market-sharing agreements and recommendations in the municipal solid waste sector as a partner of ASELIP (Association of Waste Management and Street Cleaning Companies); and
  - bilateral client-sharing agreements with a competitor in the non-hazardous industrial waste sector in Catalonia and Andalusia, and with another competitor in the same industrial waste sector in Andalusia.

As reported in the 2018 annual accounts, Ferrovial has filed a contentious-administrative appeal with the National Court on the grounds that the initiation of these new proceedings violates the basic right of Cespa S.A. and Cespa Gestión de Residuos S.A.U. not to be tried twice for the same offence, since proceedings were previously initiated for the same reason and later dismissed by the Courts. The appeal has been concluded and is now pending a date to be set for the voting and handing down of the judgement. On 31 July 2019, the CNMC handed down its ruling on a proposed penalty, and on 30 August 2019 CESPA and CESPA GR filed claims against this ruling. On 19 September 2019, the CNMC Board ordered the suspension of the term allocated to resolve the proceedings until the National Court has ruled on the contentious-administrative appeal for the protection of basic rights. The Group has decided not to set aside any provision, given that the Company's legal advisors believe that the arguments set out in the appeal seeking protection for basic rights are robust.

- Litigation relating to the penalty proceedings opened by the Spanish National Markets and Competition Commission (CNMC) in relation to the road maintenance sector:

  Following a period of investigation into reserved information, on 16 July 2019, the CNMC initiated penalty proceedings against FERROSER INFRAESTRUCTURAS, S.A. and its Parent FERROVIAL, S.A., along with other companies in the sector (ACS, ACCIONA, FCC, OHL, SACYR, ELECNOR, and others), due to potential anti-trust practices during tendering for providing maintenance and operations services for the State Road Network, arranged by the Ministry of Public Works. The CNMC has only announced initiation and has provided access to part of the proceedings. In relation to the investigation period related to the reserved information, the Group has filed a contentious-administrative appeal with the Nation Court seeking protection for basic rights, essentially based on the fact that the Inspection order was very generalised and that the indicators of the investigation were not provided, and this has been admitted for process and has been challenged by the Public Prosecutor, pending a date for a vote and ruling. For the same reasons, on 11 January 2019, an appeal was filed with the Madrid High Court, asking for the Court Ruling that authorised the inspection to be revoked, though the appeal was definitively dismissed.

- Empresa de Mantenimiento y Explotación M-30, S.A. (Emesa).

  As set out in the 2018 annual accounts, acting through the company Empresa de Mantenimiento y Explotación M-30, S.A. (Emesa) in which it holds a 50% stake, the Group is operating the contract for the maintenance of the M-30 infrastructure, and it holds a 20% stake in the mixed financial holding company Madrid Calle 30, which is the holder of the concession agreement for this infrastructure. During the 2017 financial year, Madrid City Council, which also holds a stake in Madrid Calle 30, formed a municipal Investigation Commission whose main recommendations (insofar as they affect the Group) are to reverse the management model for Madrid Calle 30 to one in which the company is 100% municipally owned and to request the relevant City Council bodies to determine who is liable for paying for the electricity supply, which to date has been paid for by Madrid Calle 30. On 31 December 2018, Emesa filed an appeal against the resolution in which the Madrid City Council approved the Report by the Investigation Commission.

On 3 June 2019, a judgement was issued on the appeal, declaring that it was inadmissible due to a lack of legal standing on the part of the appellant (Emesa). Nonetheless, although it was not given leave to proceed, point of law four of the appeal states that the Investigation Committee's rulings are mere recommendations and are not binding on Emesa. In other words, the company could only be affected by any possible rulings that may be issued in the future that contain the said recommendations. In the opinion of the legal advisors, this judgement is positive for the company's interests.

d) Tax litigation

As indicated in Note 6.3, Ferrovial has recognised provisions for taxes for a total amount of EUR 266 million. In relation to the companies in the Services Division, located in the discontinued operations line item, these tax provisions amount to EUR 33 million.

These provisions primarily correspond to on-going tax-based legal actions relating to tax inspections in Spain, the most significant being those concerning corporate income tax and VAT for the periods 2002 to 2015. Therefore, the total amount for litigation in Spain amounts to EUR 363 million, of which the Group believes that it has strong arguments to defend its procedural position, therefore it has set aside partial allowance provisions to cover the risk that could arise from these actions in the amount of EUR 250 million, as well as EUR 24 million associated with companies in the Services Division, which are classified under discontinued operations.

These actions include one that relates to the tax write-down of financial goodwill resulting from the acquisition of Amey and Swissport. Ferrovial has filed an appeal against the decision by the European Commission in 2014 ("Third Decision"), in which this kind of tax measure is classified as constituting state aid. Although we feel there are sound grounds supporting the Group's procedural stance, if a favourable court judgement is not issued, the amount of EUR 84 million will be payable to the Treasury, including the expected Corporate Income Tax for 2019, of which EUR 37 million was already settled in 2017 and EUR 5 million is expected to be paid in 2020. In this pessimistic scenario, the impact on the income statement would be EUR 0.5 million, having recognised the corresponding deferred tax liability of EUR 127 million, which is offset by applying tax credits available to the company in the amount of EUR 42 million.

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 2019, the balance amounted to EUR 7,994 million (2018: EUR 7,524 million).

The following table contains a breakdown of the risk covered in each business area.

(Millions of euros)	2019	2018
Construction	5,526	5,041
Toll roads	1,199	1,068
Airports	20	128
Other	292	272
Total continued activities	**7,037**	**6,509**
Services	**957**	**1,015**
Total continued activities	**957**	**1,015**
TOTAL	**7,994**	**7,524**

The EUR 7,994 million, by type of instrument, relate to: i) EUR 3,624 million of bank guarantees; ii) EUR 3,581 million of guarantees provided by bonding agencies and iii) EUR 788 million of bank guarantees provided by insurance companies.

These bonds and guarantees cover the liability to customers for correct performance in construction or services contracts involving Group Companies. Thus, if a project was not carried out, the customer would enforce the guarantee.

Despite the significant amount of these guarantees, the impact that might arise on the consolidated financial statements is very low, since the Group Companies perform contracts in accordance with the terms and conditions agreed upon with the customers and recognise provisions within the results of each contract for risks that might arise from performance thereof (see Note 6.3).

Lastly, of the total amount of the Group's bank guarantees listed in the above table, EUR 868 million (see Note 6.5.3.) secure its commitments to invest in the capital of infrastructure projects, fixed assets and company purchases.

b) Guarantees provided by Group Companies for other Group Companies

As indicated previously, in general guarantees are provided among Group Companies to cover third-party liability arising from contractual, commercial or financial relationships.

Although these guarantees do not have any effect at consolidated Group level, there are certain guarantees provided by non-infrastructure project companies to infrastructure project companies (see Note 1.1.2.) which, due to the classification of project borrowings as being without recourse, it is relevant to disclose (see Note b.1. on Contingent Capital Guarantees).

Other noteworthy guarantees have also been provided to equity-accounted companies (see b.2.).

b.1) Guarantees provided by ex-infrastructure projects to infrastructure project companies in relation to the borrowings of the latter that could give rise to future additional capital disbursements if the events guaranteed took place (Contingent Capital Guarantees).

Guarantees provided by non-infrastructure project companies to infrastructure project companies can be classified into the following two categories:

- Guarantees that address the correct performance in construction and service contracts which have been mentioned in Note 6.5.2.a).
- Guarantees related to risks other than the correct performance of construction and service contracts, which could give rise to future additional capital disbursements if the events guaranteed take place.

The latter guarantees are the ones that are going to be explained in further detail in this section since, as mentioned in Note 5.2., Net Cash Position, the borrowings for infrastructure projects are without recourse to the shareholders or with limited recourse to the guarantees provided and, therefore, it is relevant to distinguish those guarantees that if the guaranteed event occurs, could be executed and could result in disbursements to the infrastructure projects or holders of their debt other than the committed capital or investment mentioned in Note 6.5.3. Such guarantees are called contingent capital guarantees.

The detail, by beneficiary company, purpose and maximum amount, of the outstanding guarantees of this nature at 31 December 2019 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
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	71
Conc. Prisiones Figueras	Technical guarantee for failure to repay the bank in three specific cases relating to construction permit, General Urban Development Plan (PGOU) and modifications. Does not cover insolvency (default) or breach by the grantor	59
SUBTOTAL OF GUARANTEES FOR CONSTRUCTION PROJECTS		**130**
Líneas Transmisión Chile	Initial execution period technical guarantees aimed to cover achievement of different milestones and the payment of possible penalties	11
SUBTOTAL OF GUARANTEES FOR AIRPORT PROJECTS		**11**
TOTAL GUARANTEES FOR FULLY CONSOLIDATED INFRASTRUCTURE PROJECTS		**141**

The detail of the amounts of the guarantees, in relation to the financing of the equity-accounted infrastructure projects and, accordingly, the borrowings of which are not included in the Group's consolidated Financial Statements is as follows:

BENEFICIARY COMPANY	GUARANTEE PURPOSE	AMOUNT
Serrano Park (Cintra)	Guarantee to cover repayment of the debt	2
Auto-Estradas Norte Litoral (Cintra)	Guarantee limited to compulsory purchase overruns.	1
I66 (Cintra)	Guarantee limited to construction works overruns.	13
URBICSA (Construction)	Technical guarantee for repayment in the event of termination of the agreement or breach of certain contracts on grounds attributable to the Borrower or its Shareholders. Does not cover insolvency or breach by the Grantor.	44
TOTAL GUARANTEES FOR EQUITY-ACCOUNTED INFRASTRUCTURE PROJECTS		**60**

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 2019 (see Note 6.5.1.a)).

b.2) Other guarantees provided to equity-accounted companies other than infrastructure project companies

Certain construction and services contracts are performed by equity-accounted companies, often created specifically to perform contracts previously awarded to their shareholders. In these cases, the shareholders of those companies provide performance bonds relating to those contracts. The liability secured is similar to that indicated in Note 6.5.2.a.

Notable in this respect are the performance bonds provided in the Services Division by Amey UK PLC for various of its subsidiaries accounted for using the equity method totalling EUR 370 million, of which the most significant are those relating to contracts for the UK Ministry of Defence and the Manchester tram network. It should be noted that the aforementioned amount relates to the annual amount of contracts not yet performed in proportion to Ferrovial's percentage of ownership.

c) Security interests in assets

The security interests in assets are described in the following Notes:

- Guarantees given for fixed assets, see Note 3.4.
- Security interests in deposits or restricted cash, see Note 5.2.

d) Guarantees received from third parties

At 31 December 2019, Ferrovial had received guarantees from third parties totalling EUR 1,601 million (31 December 2018: EUR 1,098 million), mainly in the Construction Division in the Ferrovial Agroman companies in the United States (EUR 1,184 million), the Budimex Group (EUR 153 million) and other construction companies (EUR 264 million), particularly noteworthy were the companies in the UK (EUR 98 million) and national construction (EUR 66 million).

These third party guarantees are technical guarantees that are offered by certain subcontractors or suppliers in the construction business in order to guarantee complete compliance with their contractual obligations with regard to the work they are engaged to complete, and may not be sold or pledged.

6.5.3. Commitments

As described in Note 1.1, the infrastructure projects carried out by the Group are performed through long-term contracts where the concession operator is a company in which the Group has interests, either alone or together with other partners, and the borrowings necessary for financing the project are allocated to the project itself, without recourse to the shareholders or with recourse limited to the guarantees provided, under the terms set forth in Note 5.2. From the management viewpoint, therefore, Ferrovial takes into account only the investment commitments relating to the capital of the projects, since the investment in the assets is financed by the borrowings of the projects themselves.

a) Investment commitments

The investment commitments of the Group in relation to the capital of its projects are as follows:

(Millions of euros)	2020	2021	2022	2023	2024	2025+	TOTAL
Toll roads	3	0	36	41	0	0	81
Airports	6	45	60	24	0	0	135
INVESTMENTS IN FULLY CONSOLIDATED INFRASTRUCTURE PROJECTS	**9**	**45**	**96**	**65**	**0**	**0**	**216**
Toll roads	119	353	249	11	0	27	760
Construction	1	0	0	0	0	0	1
INVESTMENTS IN EQUITY-ACCOUNTED INFRASTRUCTURE PROJECTS	**120**	**353**	**249**	**11**	**0**	**27**	**761**
TOTAL INVESTMENTS INFRASTRUCTURE PROJECTS	**129**	**398**	**346**	**76**	**0**	**27**	**976**

At 31 December 2019, the investment commitments amount to EUR 976 million (2018: EUR 1,013 million). The curtailment in investment commitments is primarily related to the unexpected EUR 51 million equity contribution in 2019 from the cancellation of the Denver airport project.

As indicated in 6.5.2.a), a part of these commitments, amounting to EUR 976 million, EUR 846 million are secured by bank guarantees.

There are also property, plant and equipment purchase commitments in the Services Division totalling EUR 129 million (2018: EUR 162 million) which relate mainly to the acquisition of machinery or the construction of treatment plants. Also, EUR 23 million (2018: EUR 19 million) are due to the acquisition of companies, mostly related with Wales & Borders.

(Millions of euros)	2020	2021	2022	2023	2024	2025+	TOTAL
Acquisition of Property, Plant and Equipment	55	47	9	4	8	6	129
Acquisition of Companies	23	1	0	0	0	0	23
TOTAL SERVICES	**78**	**47**	**9**	**4**	**8**	**6**	**152**
Acquisition of Companies	0	0	0	4	0	0	4
TOTAL CONSTRUCTIÓN	**0**	**0**	**0**	**4**	**0**	**0**	**4**
TOTAL	**78**	**47**	**9**	**8**	**8**	**6**	**156**

It should be noted that the foregoing commitments of acquisition of Property and companies, only Wales & Borders are secured by bank guarantees amounting EUR 22 million.

b) Environmental commitments

Any operation designed mainly to prevent, reduce or repair damage to the environment is treated as an environmental activity.

Costs incurred to protect and improve the environment are taken to profit or loss in the year in which they are incurred, irrespective of when the resulting monetary or financial flow takes place.

Provisions for probable or certain environmental liability, litigation in progress and indemnities or other outstanding obligations of undetermined amount not covered by insurance policies are recorded when the liability or obligation giving rise to the indemnity or payment arises. These provisions include most notably the provisions for waste landfill closure discussed in Note 6.3, relating to the Services Division, which have been reclassified to discontinued operations.

6.6. REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

6.6.1. Bylaw-stipulated Board of Directors' remuneration

Under the Company's current remuneration scheme, regulated by Article 56 of its bylaws, the shareholders at the General Meeting determine the maximum annual remuneration for all the members of the Board of Directors, which is revised on the basis of the indices or aggregates defined by the General Meeting. This remuneration comprises (i) a fixed remuneration, part of which is paid in quarterly instalments and the rest (the additional fixed remuneration) via a single payment at the end of the financial year; and (ii) fees for actual attendance at Board and Committee meetings. Remuneration is linked to the functions and responsibilities assigned to each Director, their membership of Board Committees and other objective circumstances that the Board of Directors deems relevant, thereby ensuring their long-term independence and commitment.

On the same date that these annual accounts were authorised for issue, the Board of Directors prepared and made available to shareholders the Annual Report on Directors' Remuneration referred to in Article 541 of the Spanish Capital Companies Act. That Report describes in greater detail matters relating to the Company's remuneration policy applicable in the year and contains an overview of how the remuneration policy was applied in 2019, as well as a detail account of the individual remuneration earned by each of the Directors in 2019.

The table below shows the itemised bylaw-stipulated remuneration of the members of the Board of Directors earned in 2019 and 2018. If because there are more meetings than initially envisaged or for any other reason the amount of the attendance fees added to that of the fixed components exceeds the total maximum remuneration amount for Board membership established for the year in question, the difference is deducted from the amount of the supplementary fixed remuneration proportionally for each Director on the basis of his or her position on the Board. This adjustment took place during 2019.

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.

	2019			
DIRECTOR (a) (Thousands of euros)	**FIXED REMUNERATION**	**ATTENDANCE FEES**	**SUPPLEMENTARY FIXED REMUNERATION**	**TOTAL**
Rafael del Pino y Calvo-Sotelo	35	143	74	252
Santiago Bergareche Busquet (up to 19/12/2019)	34	77	63	174
Joaquín Ayuso García (up to 30/09/2019)	26	55	35	116
Ignacio Madridejos Fernández (up to 30/09/2019)	9	14	9	32
Íñigo Meirás Amusco (up to 30/09/2019)	26	57	28	111
María del Pino y Calvo-Sotelo	35	72	37	144
Santiago Fernández Valbuena	35	88	37	160
José Fernando Sánchez-Junco Mans	35	89	37	161
Joaquín del Pino y Calvo-Sotelo	35	54	37	126
Oscar Fanjul Martín	35	80	37	152
Philip Bowman	35	59	37	131
Hanne Birgitte Breinbjerg The Group has decided to set aside a provision of EUR 3 millionsen	35	58	37	130
Bruno Di Leo	35	54	37	126
Juan Hoyos Martínez de Irujo (from 2/10/2019)	9	12	9	30
Gonzalo Urquijo Fernández de Araoz (from 19/12/2019)	1	-	1	3
TOTAL	**420**	**912**	**515**	**1,848**

(a) Continuance in the post. Full year, unless otherwise stated.

DIRECTOR (a) (Thousands of euros)	2018 FIXED REMUNERATION	ATTENDANCE FEES	SUPPLEMENTARY FIXED REMUNERATION	TOTAL
Rafael del Pino y Calvo-Sotelo	35	85	106	226
Santiago Bergareche Busquet	35	53	95	183
Joaquín Ayuso García	35	43	72	150
Iñigo Meirás Amusco	35	43	60	138
Juan Arena de la Mora (up to 26/7/2018)	20	31	34	85
María del Pino y Calvo-Sotelo	35	43	60	138
Santiago Fernández Valbuena	35	68	60	163
José Fernando Sánchez-Junco Mans	35	62	60	157
Joaquín del Pino y Calvo-Sotelo	35	36	60	131
Oscar Fanjul Martín	35	48	60	143
Philip Bowman	35	43	60	138
Hanne Birgitte Breinbjerg Sorensen	35	43	60	138
Bruno Di Leo (since 25/9/2018)	9	12	16	37
TOTAL	**414**	**607**	**804**	**1,826**

a) Continuance in the post. Full year, unless otherwise stated.

6.6.2. Individual remuneration of the Executive Directors

a) Remuneration earned in 2019 and 2018.

The Executive Directors in 2019 earned the following remuneration for performing their duties, in addition to the remuneration discussed in the preceding section.

REMUNERATION OF THE EXECUTIVE DIRECTORS * (Thousands of euros)	2019 RAFAEL DEL PINO	IGNACIO MADRIDEJOS (from 30/9/19)	ÍÑIGO MEIRÁS** (until 30/9/19)	TOTAL
Fixed Remuneration	1,455	250	969	2,674
Variable Remuneration	1,608	250	188	2,046
Life insurance premiums	8	0	5	13
Share plans (1)	1,097	0	1,097	2,194
Others (2)	0	600	725	1,325
TOTAL 2019	**4,168**	**1,100**	**2,984**	**8,252**

* Remuneration for their role as Executive directors

** In addition to the information set out above, to compensate for losing his status as Executive Director of the Company and the subsequent termination of his Senior Management position, the Company paid a gross amount of EUR 8,167 thousand to Íñigo Meirás (total figure subject to personal income tax - IRPF); amount covered by the group savings insurance policy mentioned in Note 6.6.7.

(1) In March 2019, a number of shares equivalent to the level of completion of the units allocated in 2016 were delivered, after the relevant withholdings had been made. The CNMV was notified on 19/3/2019.

2) An appointment bonus was awarded to Ignacio Madridejos, in the form of Ferrovial shares. The figure for Íñigo Meirás relates to the final monetary settlement.

REMUNERATION OF THE EXECUTIVE DIRECTORS (Thousands of euros)	2018 RAFAEL DEL PINO	IÑIGO MEIRÁS	TOTAL
Fixed Remuneration	1,455	1,200	2,655
Variable Remuneration	1,337	1,053	2,390
Life insurance premiums	8	4	12
Share plans (1)	1,204	1,204	2,408
Total 2018	**4,004**	**3,461**	**7,465**

* Remuneration for their role as Executive directors
(1) In March 2018, since the agreed metrics had been complied with, a number of shares equivalent to the units allocated in 2015 were delivered, after the relevant withholdings had been made. The CNMV was notified on 19/03/2018.

b) Share-based remuneration scheme

The following is a detail of the target-based remuneration schemes linked to share performance, entitlement to which has not yet vested:

EXECUTIVE DIRECTORS' PLAN AT 31.12.2019		UNITS	NO. OF VOTING RIGHTS	% OF VOTING RIGHTS
Rafael del Pino y Calvo-Sotelo	Allowance 2017	76,850	76,850	0.01%
	Allowance 2018	73,900	73,900	0.01%
	Allowance 2019	70,000	70,000	0.009%
Ignacio Madridejos Fernández	Allowance 2019	14,468	14,468	0.002%
Íñigo Meirás Amusco *	Allowance 2017	76,850	76,850	0.01%
	Allowance 2018	73,900	73,900	0.01%
	Allowance 2019	70,000	70,000	0.009%

** Chief Executive Officer until 30.9.2019*

6.6.3. Remuneration of the members of the Board of Directors due to membership of other managing bodies of Group Companies or associates

Joaquín Ayuso García, who stepped down from his role as Director of the Company at 30 of September 2019, was also up to this date a member of the managing body of another Group company, received EUR 23 thousand in this connection in 2019 (2018: EUR 38 thousand).

6.6.4. Pension funds and plans or life insurance premiums

As in 2018, no contributions were made in 2019 to pension plans or funds for former or current members of the Company's Board of Directors or for directors of the Company who are members of other Boards of Directors and/or senior executives of Group Companies or associates. Similarly, no obligations were acquired in these connections in 2019.

As regards life insurance premiums, the Company has insurance policies covering death (for which premiums totalling EUR 13 thousand were paid in 2019; EUR 12 thousand in 2018), 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 2019 under the aforementioned insurance policy amounted to EUR 621 thousand.

6.6.5. Advances and loans

At 31 December 2019, 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 2019 was as follows:

REMUNERATION OF SENIOR EXECUTIVES	2019	2018
(Thousands of euros)	4,714	5,237
Variable remuneration	3,202	3,803
Performance-based share plan	3,090	5,083
Exercise of share option remuneration plans and/or other financial instruments (see description)	0	0
Remuneration as members of managing bodies of other Group Companies, jointly controlled entities or associates	35	35
Insurance premiums	18	19
Others (1)	0	8,924
TOTAL	11,059	23,101

(1) Removal of three Senior Executive members (figure subject to personal income tax - IRPF).

The aforementioned remuneration relates to the following posts: General Secretary, Chief Financial Officer, General Director of HR, General Director of Construction, 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, Director of Risk and Compliance and Director of Mobility. 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 58 thousand from the Company, instead of the equivalent remuneration shown in the foregoing table (2018: EUR 193 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.

In order to encourage loyalty and long-service, a deferred remuneration scheme was recognised for thirteen Senior Executives, including one Executive Director. The scheme consists of extraordinary remuneration that will only be paid when one of the following circumstances occurs:

- Removal of the Senior Executive by mutual agreement upon reaching a certain age.
- Unjustified dismissal or termination by the Company at its discretion without any justification for dismissal, prior to the Senior Executive reaching the age initially agreed upon, if the amount of this remuneration exceeds that resulting from applying the Workers' Statute.
- The death or disability of the Senior Executive.
- To cover this incentive, each year the Company makes contributions to a Group savings insurance policy, of which the Company is both policy-holder and beneficiary. These contributions are quantified on the basis of a certain percentage of the total monetary remuneration of each senior executive. The contributions made in 2019 amounted to EUR 1,991 thousand (2018: EUR 2,628 thousand), of which EUR 562 thousand relate to Executive Directors. The figure displayed in the footnote to Table 6.6.2 as "Other" (amounts to EUR 8,167 thousand) corresponds to the departure of an Executive Director. This impact does not affect the 2019 income statement, as the company expenses the amounts contributed during the year to the group savings insurance policy regardless of when these amounts are received.

6.7. SHARE-BASED REMUNERATION SCHEMES

Performance-based share plan

At year-end 2019, Ferrovial has two remuneration schemes in place for Ferrovial Group Executive Directors, senior executives and executives, consisting of a performance-based share plan.

Plan approved on 29 October 2015 by the Board of Directors. It covers the financial years 2016, 2017 and 2018. The annual cost of the plan may not exceed EUR 22 million for each of the three years and is conditional upon employees having at least three years' service at the Company from the moment it is granted (barring special circumstances) and upon the achievement during this period of ratios calculated on the basis of EBITDA as a percentage of net productive assets, investing activities and total shareholder return with respect to a comparable Group. As mentioned, the plan is intended for Executive Directors, senior executives and executives. The application of this plan to Executive Directors was authorised at the Company's Annual General Meeting held on 4 May 2016.

Long-Term Incentive Plan approved by the Board of Directors on 28 February 2019. This Plan will be in effect for one year and the annual cost of the Plan may not exceed EUR 22 million. The Plan is conditional upon employees having at least three years' service at the Company from the moment it is granted (barring special circumstances) and upon the achievement during this period of ratios calculated on the basis of the return obtained and total shareholder return with respect 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 5 April 2019, as communicated to the CNMV on the same day. The date of allocation of units for 2019 to the Executive Directors for the purpose of calculating the duration and terms and conditions of the aforementioned Plan was 15 February 2019.

There were 3,125,747 shares outstanding at 31 December 2019 relating to these plans.

The movements in the aforementioned share based remuneration schemes in 2019 and 2018 are summarised as follows:

	2019	2018
Number of shares at beginning of year	3,274,816	3,212,739
Plans granted	1,005,040	1,136,353
Plans settled	-724,787	-1,030,008
Shares surrendered and other	-408,762	-27,479
Shares exercised	-20,560	-16,789
Number of shares at year-end	3,125,747	3,274,816

This share award plan includes the plans described above in Note 6.6 on remuneration of Executive Directors and Senior Executives.

In 2019, the staff expenses recognised at the Group in relation to these remuneration schemes amounted to EUR 7 million (2018: EUR 12 million) with a balancing entry in equity. The decrease of staff expenses are due to the level of achievement related to the share-based plans liquidated in 2019, which has stood at 71.88% compared to the 100% reached in 2018.

Lastly, on 19 December 2019, the Board of Directors approved a new long-term incentive plan. The plan will be in force for three years (from 2020 to 2022) and consists of providing Ferrovial, S.A. shares. The annual cost of the plan may not exceed EUR 22 million and is conditional upon employees having at least three years' service at the Company from the moment it is granted (barring special circumstances) and upon the achievement during this period of ratios calculated on the basis of business cash flow and total shareholder return with respect to a comparable Group. The plan is intended for Executive Directors, senior executives and executives. The application of this form of remuneration to Executive Directors will be submitted for approval at the next Annual General Meeting.

Valuation of performance-based share plan

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 Expenses" with a balancing entry in reserves.

6.8. INFORMATION ON 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.

The paragraph 1 of the First Part 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, the paragraph 1 of the Third Part 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 2019 are disclosed below, in three separate categories: a) transactions between Ferrovial, S.A and its significant shareholders, directors and senior executives, b) transactions between subsidiaries of Ferrovial, S.A and its significant shareholders, directors and senior executives, and c) Transactions between Group Companies.

Where the profit or loss from a transaction cannot be stated, as it pertains to the entity or individual supplying the related good or service, the transaction has been marked with an asterisk (*).

a) Transactions between Ferrovial, S.A and its significant shareholders, directors and senior executives

This line item includes the transactions performed (i) between Ferrovial S.A. and its significant shareholders, close family members or the entities over which those mentioned above might exercise significant influence; and (ii) between Ferrovial S.A. and its Directors, Senior Executives, close family members or the entities over which those mentioned above might exercise significant influence.

(Thousands of euros)		2019			2018		
NAME/COMPANY NAME	TRANSACTIONS	AMOUNT	PROFIT OR LOSS	BALANCE	AMOUNT	PROFIT OR LOSS	BALANCE
Bankia	Balance drawn down against guarantee facilities	-56,000	0	-56,000	-56,080	-	-56,080
Bankia	Services received	-368	0	0	-146	-	-

Information on remunerations and loans with Directors and Senior Executives can be consulted in Note 6.6.

b) Transactions between subsidiaries of Ferrovial, S.A and its significant shareholders, directors and senior executives

This line item includes the transactions performed (i) between the Company's subsidiaries and their significant shareholders, close family members or the entities over which those mentioned above might exercise significant influence; and (ii) by the Company's subsidiaries with their Directors, Senior Executives, close family members or the entities over which those mentioned above might exercise significant influence.

If the party related to the Company had this consideration during a portion of the year, the transactions performed in that period are indicated.

NAME/COMPANY NAME	TRANSACTIONS	AMOUNT	PROFIT OR LOSS	BALANCE AT 2019	AMOUNT	PROFIT OR LOSS	BALANCE AT 2018
Rafael del Pino y Calvo-Sotelo	Services rendered	8	1	1	9	0	1
María del Pino y Calvo-Sotelo	Services rendered	12	2	0	10	-	-
Joaquín del Pino y Calvo-Sotelo	Services rendered	-	-	-	0	0	0
Ana María Calvo-Sotelo y Bustelo	Services rendered	97	7	0	98	2	2
Joaquín Ayuso García	Services rendered	6	1	0	0	0	0
Almirall Laboratorios	Services rendered	-	-	-	4	0	0
Altamira Asset Management	Services received	-12	0	0	-17	-	-
	Services rendered	4,743	152	813	6,930	336	2,425
Criu, S.L.	Services rendered	80	4	2	67	6	2
Cummins and group companies	Services received	-16	0	0	23	0	0
Maxam Holding and its Group Companies	Purchase of goods/services received	-6	0	0	-60	-	-
	Services rendered	0	0	0	0	0	0
Marsh and its group companies	Receipt of insurance services	-8,951	0	-16	-3,461	0)	60
Meliá Hotels and its group companies	Receipt of hotel and catering services	-	-	-	-3	0	0
	Performance of construction works and maintenance and waste collection services	-	-	-	1,463	338	2
Bankia	Receipt of financial services	-1,490	0	0	-1,107	0)	0
	Financing agreements. Guarantees	-69,509	0	-69,509	-91,421	0)	-91,421
	Interest received	30	30	0	53	53	0
	Interest payment	-882	0	0	-894	0	0
	Balance drawn down against guarantee facilities	-100,700	0	-100,700	-94,360	0	-94,360
	Transactions with derivatives	-871	0	0	-1,010	0	0
Polan, S.A.	Services rendered	185	6	62	182	5	63
Rafael del Pino Foundation	Services rendered	0	0	0	6	0	0
	Services received	-	-	-	-1	0	0
Centro de Innovación de Infraestructuras Inteligentes Foundation	Collaboration agreements	-1,559	0	-44	-1,598	0	-18
	Services rendered	37	0	0	38	0	0
Red Eléctrica and its group companies	Construction works	-	-	-	1,697	240	-
	Services received	-	-	-	-33	0	0
Haya Real Estate, S.A.	Services rendered	38	4	47	-	-	-
Hispania Activos Inmobiliarios Socimi, S.A.	Services rendered	-	-	-	64	2	0
Lafarge Holcim and group companies	Purchase of cement and related materials	-2,616	0	-375	-5,101	0	-325
	External services	-51	0	-2	-86	0	24
	Waste collection	37	2	12	34	2	17
Sidecu, S.A.	Services rendered	1	0	0	2	0	1
Sulzer and group companies	Services received	-	-	-	-863	0	-111

c) Transactions between Group Companies

Also described are transactions between the subsidiaries and the Company which, in all cases form part of their ordinary businesses as regards purpose and conditions and were not eliminated on consolidation for the following reason.

As explained in detail in Note 1.2.2, the balances and transactions relating to construction work performed by the Construction Division for the Group's infrastructure concession operators are not eliminated on consolidation since, at consolidated level, contracts of this type are classed as construction contracts in which the work – to the extent that it is completed – is deemed to be performed for third parties, as the ultimate owner of the work is the grantor both from a financial and legal viewpoint.

In 2019 Ferrovial's Construction Division billed those concession operators for EUR 363,270 thousand (2018: EUR 509,764 thousand) for work performed and related advance payments and, in this respect, recognised sales totalling EUR 420,231 thousand (2018: EUR 483,211 thousand).

In 2019 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 -127,354 thousand. In 2018, this amounted to EUR 22,491 thousand.

6.9. CONFLICTS OF INTEREST

In accordance with the legislation in force (Article 229 of the Spanish Capital Companies Act), there were no direct or indirect conflicts of interest with the Company, without prejudice to the transactions of the Company (or the companies forming part of its Group) with related party transactions disclosed in the notes to the consolidated financial statements or, where applicable, to the resolutions relating to matters of remuneration or appointments.

6.10. AUDITOR FEES

Pursuant to Royal Decree 1514 of 16 November 2007, approving the Spanish National Chart of Accounts, following is a disclosure of the total fees relating to the "audit services" and "other consultancy services" provided by the auditors of the 2019 and 2018 financial statements of the Group Companies, including both the principal auditor of Ferrovial S.A. and the other auditors of all its subsidiaries, both in Spain and abroad.

"Fees for Audit Services" includes the following items:

- "Audit Services" relates to strictly statutory audit services.
- "Audit-Related Services" relates to services other than statutory audit services which by law or by regulation can only be provided by the Company's auditor, such as the review of financial information in bond issues and services which due to their nature are normally provided by the Company's auditor, such as the review of tax returns.

The total "other audit services" provided by the principal auditor represented 3.59% of the total fees for audit services in 2019.

(Millions of euros)	2019	2018
FEES FOR AUDIT SERVICES	**6.1**	**5.7**
Lead auditor	**4.8**	**4.6**
Audit services	4.6	4.5
Audit-related services	0.2	0.1
Other auditors	1.3	1.1
Audit services	1.3	1.0
Audit-related services	0.0	0.1
OTHER AUDIT SERVICES	**0.2**	**0.3**
Lead auditor	0.2	0.3

6.11. EVENTS AFTER THE REPORTING DATE

There have been no subsequent events after 31 December 2019.

6.12. APPENDICES

Appendix I. Information related to the tax system laid down in Articles 107 and 108 of Law 27/2014

In 2014 Ferrovial opted to be taxed under the regime established currently in Articles 107 and 108 of the Spanish Corporate Income Tax Act, of 27 November 2014, which became applicable from 1 January 2014 and, consequently, applied to all of 2019. 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 Corporate Income Tax if the requirements provided for in Article 21 of the Spanish Corporate Income Tax Act ("exempt income") are fulfilled.

2. The dividends paid by Ferrovial with a charge to the aforementioned "exempt income", or to income arising from permanent establishments abroad to which the exemption provided for in Article 22 of the Spanish Corporate Income Tax Act is applicable are treated as follows:

   i) Where the recipient is a non-resident shareholder in Spain (and does not operate through tax havens or by means of a permanent establishment in Spain), dividends are not subject to withholdings or taxation in Spain.

   ii) Where the recipient is an entity subject to Spanish Income Tax, the dividends received shall give rise to the exemption in order to avoid double taxation of dividends of resident entities included in Article 21 of the Spanish Corporate Income Tax Act ("exempt income"), if the requirements provided for in the aforementioned law are met.

   iii) Where the recipient is a natural person resident in Spain subject to personal income tax (IRPF), the dividends received shall be considered savings income and the tax credit for the avoidance of double taxation in Spain may be taken in accordance with the terms of the Personal Income Tax Act, with respect to the taxes paid abroad by Ferrovial.

In 2019 all of the dividends paid by Ferrovial were paid out of "exempt income".

3. The capital gains obtained by the shareholders of Ferrovial arising from the transfer of their ownership interests in the Company are treated as follows:

   i) Where the shareholder is a non-resident in Spain (and does not operate through tax havens or a permanent establishment in Spain) the portion of the capital gain that relates to the reserves recognised by Ferrovial with a charge to the aforementioned "exempt income" or to changes in value attributable to Ferrovial's investments in non-resident entities that meet the requirements to be able to apply the foreign income exemption established in Articles 21 and 22 of the Spanish Corporate Income Tax Act shall be deemed not subject to taxation in Spain.

   ii) Where the shareholder is an entity subject to Spanish income tax with an ownership interest in Ferrovial that meets the requirement (5% ownership interest in the share capital or that the acquisition cost of the ownership interest exceeds EUR 20 million and it has been held for one year), the exemption provided for in Article 21 of the Spanish Corporate Income Tax Act may be applied.

   iii) Where the shareholder is a natural person resident in Spain subject to personal income tax, it shall pay tax on the capital gain obtained in accordance with the standard income tax rules.

The amount of exempt income pursuant to Article 21 and 22 of the Spanish Corporate Income Tax Act obtained by Ferrovial in 2019 and the related tax paid abroad are as follows:

A) EXEMPTION FOR FOREIGN SOURCE DIVIDENDS AND INCOME

A.1 Exemption for foreign source dividends:

(Amount in euros)

FERROVIAL, S.A.	444,000,000.00
Ferrovial International SE Dividend	444,000,000.00
TOTAL	444,000,000.00

A.2 Exemption for income from permanent establishments abroad:

No income was obtained from permanent establishments abroad during the year.

B) EXEMPTION FOR FOREIGN SOURCE CAPITAL GAINS

No capital gains have been obtained in 2019 from tax-exempt external sources.

The sale of the Greek toll roads in 2018 resulted in a capital gain, which is still pending application of the exemption set out in Article 21 of the Spanish Corporate Income Tax Act (LIS) for EUR 84,825,069.03. The amount exempt from tax stands at EUR 11,307,039.92.

In the years prior to 2018, no capital gains were obtained to which the exemption included in Article 21 of the Spanish Corporate Income Tax Act is applicable because (i) either the sales were made between Group Companies and were eliminated on preparation of the consolidated tax return, (ii) or they were reported in corporate restructuring transactions, which opted for the tax neutrality regime provided for in Article 76 et seq of the Spanish Corporate Income Tax Act. Nevertheless, the capital gains that would have been reported for tax purposes had these regimes not been not applicable (consolidated tax or tax neutrality) are as follows:

B.1 Elimination of capital gains for intra-group sales of foreign companies:

None took place during 2019.

B.2 Deferred capital gains arising in corporate restructuring processes:

(Amount in euros)	
Ferrovial, SA	1,940,292,200.15
Cintra Infraestructuras Irlanda, SLU	6,143,952.38
TOTAL	**1,946,436,152.53**

In order to enable the shareholders of Ferrovial to adopt the aforementioned tax regime, the Company performed a market assessment at the end of the year of its ownership interests (held directly and indirectly through investments in other entities that have adopted this special tax regime) in non-resident entities and permanent establishments abroad that meet the requirements to be able to apply the foreign source income exemption established in Articles 21 and 22 of the Spanish Corporate Income Tax Act.

At 31 December 2019, the result of this assessment means that these assets represent 90.8% of the total market value of Ferrovial. At 31 December 2018, this percentage amounted to 92%.

Taxation of Ferrovial's Scrip Dividend

In 2019 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 relating to the shares held by them; or (iii) receiving a cash amount through the transfer to Ferrovial of the aforementioned bonus issue rights.

Set forth below are the main tax implications of these schemes, based on the tax legislation in force in Spain except for Navarre and the Basque Country and on the interpretation made by the Spanish Directorate-General of Taxes in its response to several requests for binding rulings.

Delivery of new shares: For tax purposes, the delivery of new shares is considered to be a delivery of bonus shares and, therefore, does not constitute income for the purposes of personal income tax, income tax or non-resident income tax, regardless of whether or not the recipients of these shares act through a permanent establishment in Spain. The delivery of new shares is not subject to withholdings or pre-payments. The acquisition cost per share for tax purposes, both of the bonus shares and the shares to which they correspond, will be the result of distributing the total cost of acquisition of the portfolio by the number of shares; both the original shares and the bonus shares that relate to them. The age of the bonus shares will be the age that relates to the shares that gave rise to them. Consequently, in the event of their subsequent transfer, the income obtained will be calculated by reference to this new value.

- **Sale to the market of the bonus issue rights:** If the shareholders sell their bonus issue rights to the market, the amount obtained will be subject to the tax rules indicated below:

  Shareholders who pay personal income tax (people with tax residence in Spain). The amount obtained on the sale to the market of the bonus issue rights is subject to the same rules established in tax legislation for pre-emption rights. As a result, the transferring shareholder will have been deemed to have made a capital gain in the tax period that the sale occurs. The amount obtained will be subject to 19% personal income tax withholdings. This withholding tax will be applied by the relevant custodian (and, failing this, by the financial intermediary or public notary involved in the transfer), Ferrovial not being required to make the withholdings or supply related tax information to its shareholders. Shareholders are therefore advised to contact the relevant custodians in this regard.

  Shareholders who pay personal income tax, without a permanent establishment in Spain. In the case of non-resident shareholders, the amount obtained on the sale to the market of the bonus issue rights is also subject to the same rules established in tax legislation for pre-emption rights, therefore the transferring shareholder will be considered to have made a capital gain in the tax period that the sale occurs, subject to non-resident income tax at a general rate of 19%. At present, this payment is not subject to non-resident income tax withholdings and the shareholders must self-assess this income in their tax returns. However, the income will be exempt from non-resident income tax in certain cases, such as non-resident shareholders that transfer their rights in official secondary securities markets in Spain, that are residents of a State that has a double taxation treaty (DTT) with Spain containing an information exchange clause and that do not operate or reside in a tax haven for Spanish purposes.

  Shareholders who pay Spanish Corporate Income Tax, or Personal Income Tax with a permanent establishment in Spain. To the extent that a full business cycle is completed, tax will be paid in accordance with applicable accounting legislation and, if appropriate, the adjustments applicable under corporate income tax (CIT) regulations and any special tax CIT schemes applicable.

- **Sale to Ferrovial of the bonus issue rights:** Lastly, if the holders of bonus issue rights decide to avail themselves of the Ferrovial Purchase Commitment, the tax regime applicable to the amount obtained on the sale to Ferrovial of the bonus issue rights received in their capacity as shareholders will be equivalent to the regime applied to the distribution of a cash dividend, and will therefore be subject to the corresponding withholding tax and taxation. Where shareholders provide evidence of non-resident income taxpayer status, no permanent establishment in Spain and non-residence in Spain or in a territory classed as a tax haven, the dividends paid by Ferrovial and therefore the amounts received from the sale of free allotment rights to Ferrovial will not be subject to tax or tax withholdings in Spain, since for tax purposes they are paid out of the exempt income from non-resident entities envisaged in Articles 21 and 22 of CIT Law 27/2014 of 27 November.

It should be borne in mind that the taxation scenarios of the various options relating to the scheme known as the "Ferrovial Scrip Dividend" set out above do not explain all the possible tax consequences. Accordingly, the shareholders should consult their tax advisers on the specific tax effect of the proposed scheme and pay attention to any changes that could take place, both in in-force legislation and in the criteria of the interpretation thereof, as well as the particular circumstances of each shareholder or holder of bonus issue rights.

Appendix II - Subsidiaries

(FULLY CONSOLIDATED COMPANIES) (MILLIONS OF EUROS)

The percentage of ownership and the net cost of ownersip corresponds to the effective values of the “Parent Company” over the “Company”.

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
CONTINUING OPERATIONS					
CORPORATION					
SPAIN (Registered Office: Madrid, Spain)					
Betonial, S.A. (a)		Ferrovial, S.A. (a)	99.0%	4	
Ferrovial Inversiones, S.A. (a)		Ferrovial, S.A. (a)	99.6%	0	
Can-Am, S.A. (a)		Ferrovial, S.A. (a)	100.0%	2	
Ferrovial Emisiones, S.A. (a)		Ferrovial, S.A. (a)	99.0%	0	
Triconitex, S.L. (a)		Ferrovial, S.A. (a)	100.0%	1	
Ferrovial Corporación, S.A. (a)		Ferrovial, S.A. (a)	100.0%	5	
Ferrofin, S.L. (a)		Ferrovial Agroman, S.A. (a)	52.0%	217	
Temauri, S.L. (a)		Ferrovial, S.A. (a)	100.0%	4	
Ferrovial Mobility, S.L.U (a)		Ferrovial, S.A. (a)	100.0%	4	
Wondo Mobility, S.L. (a)		Ferrovial Mobility, S.L.U (a)	100.0%	2	
Car Sharing Mobility Services, S.L. (a)		Ferrovial Mobility, S.L.U (a)	80.0%	2	
Ferrovial 001, S.A. (a)		Ferrovial, S.A. (a)	100.0%	0	
Ferrovial 002, S.A. (a)		Ferrovial, S.A. (a)	100.0%	0	
Ferrovial 003, S.L. (a)		Ferrovial, S.A. (a)	100.0%	0	
UNITED KINGDOM (Registered Office: Oxford, United Kingdom)					
Ferrocorp UK Ltd.		Ferrovial, S.A. (a)	100.0%	1	
UNITED KINGDOM (Registered Office: London, United kingdom)					
Ferrovial Ventures, Ltd.		Ferrovial Internacional, S.E. (a)	100.0%	7	
IRELAND (Registered Office: Dublin, Ireland)					
Landmille Ireland DAC		Ferrovial, S.A. (a)	100.0%	109	
LUXEMBURG. (Registered Office: Luxemburg)					
Krypton RE, S.A.		Ferrovial, S.A. (a)	100.0%	8	
NETHERLANDS (Registered Office: Amsterdam, Netherlands)					
Ferrovial Internacional, S.E.		Ferrovial, S.A. (a)	100.0%	6,298	
Ferrovial Netherlands B.V.		Ferrovial Internacional, S.E.	100.0%	2	
UNITED STATES (Registered Office: Austin, United States)					
Ferrovial Holding US Corp		Cintra Infraestructures, S.E.	100.0%	1,065	
Landmille US LLC		Ferrovial Holding US Corp	100.0%	0	
CONSTRUCTION					
SPAIN (Registered Office: Madrid, Spain)					
Ferroconservación, S.A. (a)		Ferrovial Agroman, S.A. (a)	99.0%	20	
Editesa, S.A. (a)		Ferrovial Agroman, S.A. (a)	99.1%	2	
Compañía de Obras Castillejos, S.A. (a)		Ferrovial Agroman, S.A. (a)	100.0%	8	
Ditecpesa, S.A. (a)		Ferrovial Agroman, S.A. (a)	100.0%	1	
Teraoui, S.A. (a)		Ferrovial Agroman, S.A. (a)	100.0%	0	
Técnicas de Pretensado y Serv.Aux, S.A. (a)		Editesa, S.A. (a)	100.0%	3	
Urbaoeste, S.A. (a)		Ferrovial Agroman, S.A. (a)	99.0%	0	
Ferrrovial Railway, S.A. (a)		Ferrovial Agroman, S.A. (a)	98.8%	0	
Ferrovial Medio Ambiente, S.A. (a)		Ferrovial Agroman, S.A. (a)	99.0%	1	
Pilum S.A. (a)		Ferrovial Agroman, S.A. (a)	25.0%	1	
Ferrovial FISA, S.L. (a)		Ferrovial, S.A. (a)	100.0%	60	
Vergarapromoinvest S.L. (a)		Ferrovial FISA, S.L. (a)	99.7%	26	
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%	58	
SPAIN (Registered Office: Zaragoza, Spain)					
Depusa Aragón S.A. (a)	Project	Cadagua, S.A. (a)	51.7%	2	
GERMANY (Registered Office: Colonia, Germany)					
Budimex Bau GmbH		Budimex SA	100.0%	0	
SAUDÍ ARABIA (Registered Office: Riyadh, Saudi Arabia)					
Ferrovial Agroman Company		Ferrovial Agroman, S.A. (a)	95.0%	2	
AUSTRALIA (Registered Office: Sidney, Australia)					
FA Australia PTY LTD		Ferrovial Agroman Ltda.	100.0%	25	
BRASIL (Registered Office: Sao Paulo, Brasil)					
Constructora Ferrovial Agromán Ltda. Brasil		Ferrovial Agroman International, S.E.	99.0%	6	
CANADA (Registered Office: Markham, Canada)					
F&A Canada		Ferrovial Agroman International, S.E.	100.0%	1	
CHILE (Registered Office: Santiago de Chile, Chile)					
Constructora Agroman Ferrovial Ltda.		Ferrovial Agroman Empresa Constructora Ltda.	97.2%	0	
Ferrovial Agroman Chile S.A.		Ferrovial Agroman Empresa Constructora Ltda.	100.0%	29	
Ferrovial Agroman Empresa Constructora Ltda.		Ferrovial Agroman International, S.E.	100.0%	24	
UNITED STATES (Registered Office: Atlanta, United States)					
Ferrovial Agromán Southeast, LLC		Ferrovial Agroman US Corp	100.0%	67	

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
UNITED STATES (Registered Office: Austin, United States)					
Ferrovial Agroman US Corp		Ferrovial US Construction Corp.	100.0%	379	
Ferrovial US Construction Corp		Ferrovial Holding US Corp	100.0%	428	
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%	14	
Grand Parkway Infrastructure SH99		Ferrovial Agroman Texas LLC	40.0%	0	
Grand Parkway Infrastructure SH99		W.W. Webber LLC	30.0%	0	
UNITED STATES (Registered Office: Charlotte, United States)					
Sugar Creek Construction LLC		Ferrovial Agromán Southeast, LLC	70.0%	36	
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%	35	
UNITED STATES (Registered Office: Katy, United States)					
52 Block Builders		Pepper Lawson Construction LP	100.0%	0	
UNITED STATES (Registered Office: Los Angeles, United States)					
California Rail Builders, LLC		Ferrovial Agroman West, LLC	80.0%	0	
Ferrovial Agroman West, LLC		Ferrovial Agroman US Corp	100.0%	0	
Great Hall Builders LLC		Ferrovial Agroman West, LLC	70.0%	0	
UNITED STATES (Registered Office: North Richland Hills, United States)					
Bluebonnet Constractor, LLC		Ferrovial Agroman Texas LLC	60.0%	0	
UNITED STATES (Registered Office: Sufolk, United States)					
US 460 Mobility Partners LLC		Ferrovial Agromán Southeast, LLC	70.0%	0	
UNITED STATES (Registered Office: The Woodlands, United States)					
Webber Management Group, LLC		Webber Equipment & Materials LLC	100.0%	41	
Southerm Crushed Concrete, LLC		Webber Equipment & Materials LLC	100.0%	88	
W.W. Webber LLC		Ferrovial US Construction Corp.	100.0%	430	
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	
Pepper Lawson Waterworks, LLC		W.W. Webber, LLC	50.0%	5	
Pepper Lawson Waterworks, LLC		Cadagua US LLC	50.0%	5	
Pepper Lawson Construction LP		W.W. Webber, LLC	99.0%	7	
FAM Construction LLC (I-66)		Ferrovial Agroman US Corp	70.0%	0	
Webber Equipment & Materials LLC		W.W. Webber, LLC	100.0%	205	
SLOVAKIA (Registered Office: Bratislava, Slovakia)					
Ferrovial Agroman Slovakia S.R.O.		Ferrovial Agroman Ltda.	99.0%	3	
D4R7 Construction S.R.O.		Ferrovial Agroman Slovakia S.R.O.	65.0%	3	
NETHERLANDS (Registered Office: Amsterdam, Netherlands)					
Ferrovial Agroman International, S.E.		Ferrovial International, S.E.	100.0%	237	
INDIA (Registered Office: Nueva Delhi, India)					
Cadagua Ferrovial India		Cadagua, S.A. (a)	95.0%	0	
IRLANDA (Registered Office: Dublín, Irlanda)					
Ferrovial Agroman (Ireland), Ltd.		Ferrovial Agroman Ltda.	100.0%	8	
MEXICO (Registered Office: Mexico DF, Mexico)					
Cadagua Ferr. Industrial México		Cadagua, S.A.	75.1%	0	
Ferrovial Agroman Mexico		Ferrovial Agroman International, S.E.	100.0%	1	
NEW ZELAND (Registered Office: Wellington, New Zeland)					
FA New Zeland Limited		FA Australia PTY LTD	100.0%	1	
POLAND (Registered Office: Cracovia, Poland)					
Mostostal Kraków S.A.		Budimex SA	100.0%	3	
Mostostal Kraków Energetyka sp. z o.o.		Mostostal Kraków SA	100.0%	0	
POLAND (Registered Office: Warsaw, Poland)					
Bx Budownictwo Sp. z o.o.		Budimex SA	100.0%	0	
Bx Kolejnictwo SA		Budimex SA	100.0%	2	
Bx Parking Wrocław Sp. z o.o.	Project	Budimex SA	51.0%	1	
SPV-PIM 1 Sp. z o.o.		Budimex Nieruchomości Sp. z o.o.	100.0%	0	
Bx Nieruchomości Sp. z o.o.		Budimex SA	100.0%	169	
Budimex, S.A.		Ferrovial Agroman International, S.E.	55.1%	91	
FBSerwis SA		Budimex SA	100.0%	69	
FBSerwis A Sp. z o.o.		FBSerwis SA	100.0%	0	
FBSerwis B Sp. z o.o.		FBSerwis SA	100.0%	0	
POLAND (Registered Office: Kamieńsk, Poland)					
FBSerwis Kamieńsk Sp. z o.o.		FBSerwis SA	80.0%	0	
POLAND (Registered Office: Ścinawka Dolna, Poland)					
FBSerwis Dolny Sląsk Sp. z o.o.		FBSerwis SA	100.0%	0	

Deloitte
BDO
KPMG
El Sayed, El Ayouty & co
Valdés, García, Marín & Martínez, Llp
Mohinder Puri & Company
EY
Vir Audit

(a) Form part of Ferrovial, S.A. tax frameworkand subsidiary companies.

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
POLAND (Registered Office: Tarnów, Poland)					
FBSerwis Karpatia Sp. z o.o.		FBSerwis SA	100.0%	0	EY
POLAND (Registered Office: Kąty Wrocławskie, Poland)					
FBSerwis Wrocław Sp. z o.o.		FBSerwis SA	100.0%	0	EY
PUERTO RICO (Registered Office: San Juan de Puerto Rico, Puerto Rico)					
Ferrovial Agroman LLC		Ferrovial Agroman International, S.E.	100.0%	6	Valdés, García, Marín & Martínez, Llp
UNITED KINGDOM (Registered Office: London, United Kingdom)					
Ferrovial Agroman UK Ltd.		Ferrovial Agroman Ltda.	100.0%	0	Deloitte
Ferrovial Agroman Ltda.		Ferrovial Agroman International, S.E.	100.0%	73	Deloitte
Cadagua Al Ghubrah		Cadagua, S.A. (a)	100.0%	4	
Cadagua UK Limited		Ferrovial Agroman Ltda.	100.0%	0	
AIRPORTS					
SPAIN (Registered Office: Madrid, Spain)					
Ferrovial Transco España , S.A.U. (a)	Project	Ferrovial Transco International B.V.	100.0%	18	Deloitte
Ferrovial Aeropuertos España, S.A. (a)		Ferrovial, S.A. (a)	99.0%	0	Deloitte
CHILE (Registered Office: Santiago, Chile)					
Ferrovial Power Infrastructure Chile, SpA	Project	Ferrovial Transco España S.A.U.	65.9%	98	KPMG
Ferrovial Transco Chile II SpA	Project	Ferrovial Power Infraestructure Chile, SpA	100.0%	0	
Transchile Charrúa Transmisión, S.A.	Project	Ferrovial Power Infraestructure Chile, SpA	100.0%	52	KPMG
Ferrovial Transco Chile III SPA	Project	Ferrovial Transco International, B.V.	100.0%	0	
Centella Transmisión, S.A.	Project	Ferrovial Power Infrastructure Chile, SpA	100.0%	0	
UNITED STATES (Registered Office: Austin, United States)					
Ferrovial Airports Holding US Corp	Project	Ferrovial Holding US Corp	100.0%	0	
UNITED STATES (Registered Office: Denver, United States)					
Ferrovial Airports Denver Corp	Project	Ferrovial Airports Denver UK Ltd.	100.0%	0	
Ferrovial Airports Great Hall Partners LLC	Project	Ferrovial Airports Denver Corp	100.0%	0	Deloitte
Denver Great Hall Holding LLC	Project	Ferrovial Airports Great Hall Partners LLC	80.0%	0	
Denver Great Hall LLC	Project	Denver Great Hall Holding LLC	80.0%	0	KPMG
NETHERLANDS (Registered Office: Amsterdam, Netherlands)					
Hubco Netherlands B.V.		Ferrovial Airports International, S.E.	100.0%	783	Deloitte
Ferrovial Transco Brasil, B.V.	Project	Ferrovial Transco International, B.V.	100.0%	0	
Ferrovial Santarem, B.V.	Project	Ferrovial Transco International, B.V.	100.0%	0	
Ferrovial Transco International B.V.	Project	Ferrovial International, S.E.	100.0%	83	
UNITED KINGDOM (Registered Office: Oxford, United Kingdom)					
Faero UK Holding Limited		Hubco Netherlands B.V.	100.0%	288	Deloitte
Ferrovial Airports International, S.E.	Project	Ferrovial International, S.E.	100.0%	1,219	Deloitte
Ferrovial Airports Denver UK Ltd.		Ferrovial Airports International, S.E.	100.0%	1	Deloitte
TOLL ROADS					
SPAIN (Registered Office: Madrid, Spain)					
Cintra Infraestructuras España, S.L. (a)		Ferrovial, S.A. (a)	100.0%	696	
Cintra Infraestructuras Irlanda, S.L.U. (a)		Cintra Global, S.E.	100.0%	3	
Cintra Inversora Autopistas de Cataluña, S.L.U. (a)	Project	Cintra Infraestructuras España, S.L. (a)	100.0%	0	Deloitte
Inversora Autopistas de Cataluña, S.L.U. (a)	Project	Cintra Inversora Autopistas de Cataluña, S.L.U. (a)	100.0%	0	Deloitte
Cintra Inversiones, S.L.U. (a)		Cintra Infraestructuras España, S.L. (a)	100.0%	318	Deloitte
Cintra Servicios de Infraestructuras, S.A. (a)		Cintra Infraestructuras España, S.L. (a)	100.0%	12	Deloitte
Cintra Autopistas Integradas, S.A.U. (a)		Cintra Infraestructuras España, S.L. (a)	100.0%	0	
M-203 Alcalá-O'Donnell, S.A.U. (a)		Cintra Autopistas Integradas, S.A.U. (a)	100.0%	61	
SPAIN (Registered Office: Barcelona, Spain)					
Autopista Terrasa Manresa, S.A. (a)	Project	Cintra Inversora Autopistas de Cataluña, S.L.U. (a)	75.3%	445	Deloitte
AUSTRALIA (Registered Office: Melbourne, Australia)					
Cintra OSARS (Western) Holdings Unit Trust		Cintra OSARS Western, Ltd	100.0%	32	
Cintra OSARS Western Unit Trust		Cintra OSARS (Western) Holdings PTY, Ltd	100.0%	0	
AUSTRALIA (Registered Office: Sidney, Australia)					
Cintra Developments Australia PTY, Ltd		Cintra Infrastructures UK, Ltd	100.0%	0	Deloitte
Cintra OSARS (Western) Holdings PTY, Ltd		Cintra OSARS Western, Ltd	100.0%	0	
Cintra OSARS Western PTY, Ltd		Cintra OSARS (Western) Holdings PTY, Ltd	100.0%	0	
CANADA (Registered Office: Toronto, Canada)					
Cintra 407 East Development Group Inc		407 Toronto Highway B.V.	100.0%	2	
Cintra OM&R 407 East Development Group Inc		407 Toronto Highway B.V.	100.0%	0	
4352238 Cintra Canada Inc		407 Toronto Highway B.V.	100.0%	0	
11200232 Canadá Inc.		4352238 Cintra Canada Inc	100.0%	230	
Blackbird Maintenance 407 Cintra GP Inc		407 Toronto Highway B.V.	100.0%	1	
Blackbird Infrastructures 407 Cintra GP Inc		407 Toronto Highway B.V.	100.0%	0	BDO
COLOMBIA (Registered Office: Bogotá, Colombia)					
Cintra Infraestructuras Colombia, S.A.S.		Cintra Global, S.E.	100.0%	5	Deloitte

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
UNITED STATES (Registered Office: Austin, United States)					
Ferrovial Holding US Corp		Cintra Infrastructures, S.E.	100.0%	850	
Cintra Holding US Corp		Ferrovial Holding US Corp	96.1%	638	
Cintra Texas Corp		Cintra Holding US Corp	100.0%	9	
Cintra US Services LLC		Cintra Texas Corp	100.0%	8	
Cintra Skyway LLC		Cintra Holding US Corp	100.0%	0	
Cintra ITR LLC		Cintra Holding US Corp	49.0%	21	
Cintra LBJ LLC		Cintra Holding US Corp	100.0%	342	
Cintra NTE LLC		Cintra Holding US Corp	100.0%	273	
Cintra NTE Mobility Partners Seg. 3 LLC		Cintra Holding US Corp	100.0%	206	
Cintra Toll Services LLC		Cintra Holding US Corp	100.0%	0	
Cintra I-77 Mobility Partners LLC		Cintra Holding US Corp	100.0%	143	
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%	111	
I-77 Mobility Partners LLC	Project	I-77 Mobility Partners Holding LLC	100.0%	221	Deloitte
UNITED STATES (Registered Office: Chicago, United States)					
Skyway Concession Company Holdings LLC	Project	Cintra Skyway LLC	55.0%	0	
UNITED STATESS (Registered Office: Dallas, United States)					
LBJ Infrastructure Group Holding LLC	Project	Cintra LBJ LLC	54.6%	342	
LBJ Infrastructure Group LLC	Project	LBJ Infrastructure Group Holding LLC	100.0%	598	Deloitte
UNITED STATES (Registered Office: North Richland Hills, United States)					
NTE Mobility Partners Holding LLC	Project	Cintra NTE LLC	63.0%	273	
NTE Mobility Partners LLC	Project	NTE Mobility Partners Holding LLC	100.0%	380	Deloitte
NTE Mobility Partners Seg. 3 Holding LLC	Project	Cintra NTE Mobility Partners Seg. 3 LLC	53.7%	206	
NTE Mobility Partners Seg. 3 LLC	Project	NTE Mobility Partners Seg. 3 Holding LLC	100.0%	383	Deloitte
NETHERLANDS (Registered Office: Amsterdam, Netherlands)					
407 Toronto Highway B.V.		Cintra Global, S.E.	100.0%	2,664	
Cintra Infrastructures, S.E.		Ferrovial International S.E.	100.0%	824	Deloitte
Cintra Global, S.E.		Ferrovial International S.E.	100.0%	2,873	Deloitte
IRELAND (Registered Office: Dublin, Ireland)					
Financinfrastructures, Ltd		Cintra Global, S.E.	100.0%	32	Deloitte
Cinsac, Ltd		Cintra Infraestructuras Irlanda, S.L.U. (a)	100.0%	0	Deloitte
POLAND (Registered Office: Warsaw, Poland)					
Autostrada Poludnie, S.A.		Cintra Infrastructures, S.E.	93.6%	0	Deloitte
PORTUGAL (Registered Office: Lisboa, Portugal)					
Vialivre, S.A.	Project	Cintra Infrastructures, S.E.	84.0%	0	Deloitte
PORTUGAL (Registered Office: Ribeira Grande, Portugal)					
Euroscut Açores, S.A.	Project	Cintra Infrastructures, S.E.	89.2%	0	Deloitte
UNITED KINGDOM (Registered Office: London, United Kingdom)					
Cintra Silvertown, Ltd		Cintra Infrastructures UK, Ltd	100.0%	0	
UNITED KINGDOM (Registered Office: Oxford, United Kingdom)					
Cintra Infrastructures UK, Ltd		Cintra Global, S.E.	100.0%	18	Deloitte
Cintra Toowoomba, Ltd		Cintra Infrastructures UK, Ltd	100.0%	12	Deloitte
Cintra UK I-77, Ltd		Cintra Infrastructures, S.E.	100.0%	2	Deloitte
Cintra Slovakia, Ltd		Cintra Global, S.E.	100.0%	0	Deloitte
Cintra I-66 Express UK, Ltd		Cintra Infrastructures UK, Ltd	100.0%	0	Deloitte
Cintra OSARS Western, Ltd		Cintra Infrastructures UK, Ltd	100.0%	6	
DISCONTINUED OPERATIONS					
SERVICES					
SPAIN (Registered Office: Madrid, Spain)					
Ferrovial Servicios, S.A. (a)		Ferrovial International, S.E.	100.0%	265	Deloitte
Cespa, S.A (a)		Ferrovial Servicios, S.A. (a)	100.0%	553	Deloitte
Sitkol, S.A. (a)		Cespa, S.A (a)	99.0%	5	
Cespa Jardinería, S.L. (a)		Cespa, S.A (a)	99.0%	7	Deloitte
Cespa Gestión de Residuos (a)		Cespa, S.A (a)	99.0%	86	Deloitte
Ecoenergia de Can Mata A.I.E. (a)		Cespa Gestión de Residuos (a)	70.0%	0	
Contenedores de Reus, S.A. (a)		Cespa Gestión de Residuos (a)	99.0%	0	
Cespa G.T.R, S.A. (a)		Cespa Gestión de Residuos (a)	100.0%	21	Deloitte
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	Deloitte
Siemsa Control y Sistemas S.A. (a)		Siemsa Industria S.A. (a)	99.0%	1	Deloitte
Ferrovial Servicios Participadas, S.L. (a)		Ferrovial Servicios, S.A. (a)	99.0%	2	
Ferroser Servicios Auxiliares (a)		Ferrovial Servicios, S.A. (a)	99.5%	9	Deloitte
Ferroser Infraestructuras, S.A. (a)		Ferrovial Servicios, S.A. (a)	100.0%	18	Deloitte
Ferrovial Servicios Transporte Asistencial, S.A. (a)		Ferrovial Servicios, S.A. (a)	99.0%	0	
Autovía de Aragón, Sociedad Concesionaria, S.A. (a)	Project	Ferroser Infraestructuras, S.A. (a)	60.0%	11	Deloitte
Pilum, S.A. (a)	Project	Ferroser Infraestructuras, S.A. (a)	60.0%	3	Deloitte
Ferrovial Aravia, SA (a)	Project	Ferroser Infraestructuras, S.A. (a)	60.0%	0	

- Deloitte
- BDO
- KPMG
- El Sayed, El Ayouty & co
- Valdés, García, Marín & Martínez, Llp
- Mohinder Puri & Company
- EY
- Vir Audit

(a) Form part of Ferrovial, S.A. tax frameworkand subsidiary companies.

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
SPAIN (Registered Office: Albacete, Spain)					
Ayora Gestión Biogás, S.L. (a)		Cespa, S.A (a)	80.0%	0	■
SPAIN (Registered Office: Alicante, Spain)					
Reciclaje y Compostaje Piedra Negra, S.A. (a)		Cespa Gestión de Residuos (a)	100.0%	7	■
SPAIN (Registered Office: 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	■
Ecoparc del Mediterrani		Cespa Gestión de Residuos (a)	48.0%	3	■
SPAIN (Registered Office: Cáceres, Spain)					
Biogas Extremadura		Biotran Gestión de Residuos (a)	51.0%	0	
SPAIN (Registered Office: Ciudad Real, España))					
Reciclum, Reciclaje y valorización de Residuos, S.L. (a)		Biotran Gestión de Residuos (a)	99,0%	0	
SPAIN (Registered Office: Granada,Spain)					
Inagra, S.A. (a)		Cespa, S.A (a)	80.0%	3	■
SPAIN (Registered Office: Málaga, Spain)					
Andaluza de Señalizaciones, S.A. (a)		Ferroser Infraestructuras, S.A. (a)	99.0%	1	
SPAIN (Registered Office: Murcia, Spain)					
Cespa Serv. Urbanos Murcia (a)	Project	Cespa, S.A (a)	100.0%	10	■
SPAIN (Registered Office: Satander, Spain)					
Smart Hospital Cantabria (a)	Project	Ferrovial Servicios, S.A. (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 (a)	99.0%	11	■
Reciclum, Reciclaje y valorización de Residuos, S.L. (a)		Biotran Gestión de Residuos (a)	99.0%	0	
Maviva Valladolid, S.L. (a)		Ferrovial Servicios Logistica, S.A. (a)	99.7%	1	
NETHERLANDS (Registered Office: Amsterdam, Netherlands)					
Ferrovial Services Netherlands B.V.		Ferrovial, S.A.	100.0%	1	■
Ferrovial Services International, S.E.		Ferrovial International, S.E.	100.0%	173	■
SPAIN (Registered Office: Vigo, Spain)					
Maviva, S.A. (a)		Ferrovial Servicios Logistica, S.A. (a)	100.0%	12	■
Maviva Servicios Globales, S.L. (a)		Ferrovial Servicios Logistica, S.A. (a)	99.4%	0	
Almacenes Servicios y Recuperaciones, S.L. (a)		Ferrovial Servicios Logistica, S.A. (a)	99.7%	3	■
AUSTRALIA (Registered Office: Melbourne, Australia)					
Amey Consulting Australia Pty Ltd		Amey OW Ltd	100.0%	0	
AUSTRALIA (Registered Office: Sidney, Australia)					
Ferrovial Services Australia Pty Ltd		Ferrovial Services UK, Ltd.	100.0%	262	■
APP Corporation Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	1	■
Appoint Consulting Pty Ltd		APP Corporation Pty Ltd	100.0%	0	
Australian Drilling Solutions Pty Ltd		Piver Pty Ltd	100.0%	0	
Australian Quality Assurance & 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	
Broadspectrum (Australia) Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	-1	
Broadspectrum (Chile) Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Broadspectrum (East Timor) Pty Ltd		Broadspectrum (International) Pty Ltd	100.0%	0	
Broadspectrum (Finance) Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Broadspectrum (Holdings) Pty Ltd		Broadspectrum Pty Ltd	100.0%	52	
Broadspectrum (India) Pty Ltd		Broadspectrum (International) Pty Ltd	100.0%	0	
Broadspectrum (International) Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	51	
Broadspectrum (IP) Holdings Pty Limited		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Broadspectrum (Oil & Gas) Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Broadspectrum (USM) Holdings Pty Ltd		Broadspectrum Holdings (Delaware) Pty Ltd LLC	100.0%	91	
Broadspectrum Australia (QLD) Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Broadspectrum Escrow Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Broadspectrum Holdings (Delaware) Pty Ltd LLC		Broadspectrum (International) Pty Ltd	100.0%	0	
Broadspectrum Hospitality Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Broadspectrum Metrolink Pty Ltd		Broadspectrum Pty Ltd	100.0%	0	
Broadspectrum Property Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Broadspectrum Pty Ltd		Ferrovial Services Australia Pty Ltd	100.0%	708	■
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	

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
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%	160	
Easternwell WA Pty Ltd		Piver Pty Ltd	100.0%	0	
Gorey & Cole Drillers Pty Ltd		Gorey & Cole Holdings Pty Ltd	100.0%	0	
Gorey & Cole Holdings Pty Ltd		Piver Pty Ltd	100.0%	0	
ICD (Asia Pacific) Pty Limited		Broadspectrum (Australia) Pty Ltd	100.0%	0	
O.G.C. Services Pty Ltd		Easternwell Group Investments Pty Ltd	100.0%	0	
Piver Pty Ltd		Easternwell Group Pty Ltd	100.0%	0	
Sides Drilling Contractors Pty Ltd		Sides Drilling Pty Ltd	100.0%	0	
Sides Drilling Pty Ltd		Piver Pty Ltd	100.0%	0	
Silver City Drilling (QLD) Pty Ltd		Easternwell Group Investments Pty Ltd	100.0%	0	
Ten Rivers Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Transhare Plan Company Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
Translink Investments Pty Ltd		Broadspectrum Pty Ltd	100.0%	0	
TS (Procurement) Pty Ltd		Broadspectrum (Holdings) Pty Ltd	100.0%	0	
CANADA (Registered Office: Toronto, Canada)					
Broadspectrum Canada (Holdings) Limited		Broadspectrum (International) Pty Ltd	100.0%	0	
Broadspectrum (Ontario) Limited		Broadspectrum Canada (Holdings) Limited	100.0%	0	
Broadspectrum (Canada) Limited		Broadspectrum Canada (Holdings) Limited	100.0%	0	■
Broadspectrum (Alberta) Limited		Broadspectrum Canada (Holdings) Limited	100.0%	0	
CHILE (Registered Office: Antofagasta, Chile)					
Broadspectrum Chile SpA		Inversiones Broadspectrum (Chile) Limitada	65.1%	33	■
CHILE (Registered Office: Los Andes, Chile)					
Steel Ingenieria S.A.		Ferrovial Servicios Chile S.L	99.9%	6	■
Ferrovial Servicios Chile Soc Limitada		Ferrovial Services International S.E	99.0%	10	
CHILE (Registered Office: Santiago, Chile)					
Siemsa Chiles SPA		Siemsa Industria S.A. (a)	100.0%	0	
Ferrovial Servicios Ambientales		Broadspectrum Chile SpA	99.7%	3	■
Inversiones Broadspectrum (Chile) Holding Limitada		Broadspectrum (International) Pty	100.0%	4	
Inversiones Broadspectrum (Chile) Limitada		Inversiones Broadspectrum (Chile) Holding Limitada	100.0%	1	
UNITED 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	61.7%	0	
Ferrovial Services U.S., Inc.		Broadspectrum Holdings (Delaware) Pty Ltd LLC	100.0%	0	■
Ferrovial Services Infrastructure, Inc.		Ferrovial Services U.S., Inc.	100.0%	0	■
Ferrovial Services Oil and Gas, Inc.		Ferrovial Services U.S., Inc.	100.0%	0	■
Broadspectrum Downstream Services, Inc.		Ferrovial Services Oil and Gas, Inc.	100.0%	0	■
Timec Specialty Services, Inc.		Ferrovial Services Oil and Gas, Inc.	100.0%	0	■
Timec Upstream Holdings, LLC		Ferrovial Services Oil and Gas, Inc.	100.0%	0	■
Timec Oilfields, LLC		Ferrovial Services Oil and Gas, Inc.	100.0%	0	■
Ferrovial Services Holding US Corp		Ferrovial Services Holding US Corp	100.0%	0	
UNITED STATES(Registered Office: Buffalo, United States)					
Timec, Inc.		Ferrovial Services Oil and Gas, Inc.	100.0%	0	■
UNITED STATES (Registered Office: Houston, United States)					
Amey Consulting USA, Inc.		Amey OW Ltd	100.0%	0	
UNITED STATES (Registered Office: Vallejo, United States)					
T.R.S.C., Inc.		Ferrovial Services Oil and Gas, Inc.	100.0%	0	■
MALASIA (Registered Office: Kuala Lumpur, Malasia)					
Transfield Services (Asia) Sdn Bhd		Broadspectrum (International) Pty Ltd	100.0%	0	
MARRUECOS (Registered Office: Tánger, Marruecos)					
Cespa Nadafa, S.A.R.L.		Cespa, S.A (a)	98.8%	0	

- Deloitte
- BDO
- KPMG
- El Sayed, El Ayouty & co
- Valdés, García, Marín & Martínez, Llp
- Mohinder Puri & Company
- EY
- Vir Audit

(a) Form part of Ferrovial, S.A. tax frameworkand subsidiary companies.

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
MAURICIO (Registered Office: Cybercity, Islas Mauricio)					
Broadspectrum (Mauritius) Ltd		Broadspectrum (International) Pty Ltd	100.0%	0	
NEW ZELAND (Registered Office: Auckland, New Zeland)					
Broadspectrum (New Zealand) Limited		Broadspectrum (International) Pty Ltd	100.0%	74	■
Ferrovial Services (NZ Holdings) Limited		Broadspectrum (New Zealand) Limited	100.0%	1	
Ferrovial Services (NZ) Limited		Ferrovial Services (NZ Holdings) Limited	100.0%	0	
TSNZ Pulp & Paper Maintenance Limited		Broadspectrum (New Zealand) Limited	100.0%	0	
PORTUGAL (Registered Office: Lisboa, Portugal)					
Ferrovial Serviços, SA		Ferrovial Services International S.E	100.0%	27	■
Sopovico, SA		Ferrovial Serviços, SA	100.0%	-1	■
PORTUGAL (Registered Office: Porto, Portugal)					
Maviva Portugalia Lda.		Ferrovial Servicios Logistica, S.A. (a)	100.0%	1	
Citrup, Lda		Ferrovial Serviços, SA	70.0%	0	■
Ferrovial Serviços - Ecoambiente, ACE		Ferrovial Serviços, SA	60.0%	0	
QATAR (Registered Office: Doha, Qatar)					
Amey Consulting LLC		Amey OW Ltd	49.0%	0	
Transfield Services Mannai Oil and Gas WLL		Broadspectrum (International) Pty Ltd	49.0%	0	
UNITED KINGDOM (Registered Office: Glasgow, United Kingdom)					
Byzak Contractors (Scotland) Ltd		Byzak Ltd	100.0%	0	
C.F.M Building Services Ltd		Enterprise Managed Services Ltd	100.0%	4	■
UNITED KINGDOM (Registered Office: London, United Kingdom)					
Ferrovial Services UK, Ltd		Ferrovial Services International, S.E.	100.0%	115	■
UNITED KINGDOM (Registered Office: Liverpool, United Kingdom)					
Fleet and Plant Hire Ltd		Enterprise Managed Services Ltd	100.0%	0	■
UNITED KINGDOM (Registered Office: Manchester, United Kingdom)					
Enterprise Utility Services (DCE) Ltd		Enterprise Holding Company No 1 Ltd	100.0%	0	
Enterprise Utility Services (TBC) Ltd		Enterprise Holding Company No 1 Ltd	100.0%	0	
UNITED KINGDOM (Registered Office: Oxford, United Kingdom)					
Amey UK plc (a)		Ferrovial Services Netherlands, B.V.	100.0%	212	■
Cespa UK Ltd		Cespa, S.A. (a)	100.0%	8	■
Cespa Ventures Ltd		Cespa UK Ltd	100.0%	0	■
Amey Holdings Ltd		Amey UK plc	100.0%	588	■
Amey plc		Amey Holdings Ltd	100.0%	588	■
Amey Environmental Services Ltd		Amey plc	100.0%	0	■
Amey Building Ltd		Amey plc	100.0%	1	
Amey Community Ltd		Amey plc	100.0%	64	■
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%	51	■
Amey Group Information Services Ltd		Amey plc	100.0%	16	■
Amey Group Services Ltd		Amey plc	100.0%	47	■
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 1321 Limited		Amey plc	100.0%	0	
Amey LG Ltd		Amey plc	100.0%	265	■
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%	36	
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%	40	■
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%	186	■
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	

COMPANY	TYPE OF COMPANY	PARENT	% OF OWNERSHIP	NET COST OF THE OWNERSHIP INTEREST	AUDIT.
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%	100	■
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%	181	■
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%	10	■
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%	95	■
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%	612	■
Enterprise Lighting Services Ltd		Enterprise Holding Company No 1 Ltd	100.0%	0	
Enterprise Managed Services (BPS) Ltd		Enterprise Managed Services Ltd	100.0%	22	
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%	12	■
Enterprise Public Services Ltd		Enterprise Holding Company No 1 Ltd	100.0%	4	■
Amey Utility Services Ltd		ARM Services Group Ltd	100.0%	50	■
Globemile Ltd		Enterprise Managed Services Ltd	100.0%	21	■
Haringey Enterprise Ltd		Accord Ltd	100.0%	0	
Heating and Building Maintenance Company Ltd		Enterprise Holding Company No 1 Ltd	100.0%	1	■
Hillcrest Developments (Yorkshire) Ltd		Durley Group Holdings Ltd	100.0%	0	
ICE Developments Ltd		Enterprise Holding Company No 1 Ltd	100.0%	0	
J J McGinley Ltd		Enterprise Holding Company No 1 Ltd	100.0%	4	
JDM Accord Ltd		Accord Ltd	100.0%	2	
MRS Environmental Services Ltd		Enterprise Holding Company No 1 Ltd	100.0%	17	■
MRS St Albans Ltd		MRS Environmental Services Ltd	100.0%	0	
Trinity Group Holdings Ltd		Enterprise Holding Company No 1 Ltd	100.0%	0	
Enterprise Business Solutions 2000 Ltd		Enterprise Holding Company No 1 Ltd	90.0%	0	
Enterprise Islington Ltd		Accord Ltd	99.0%	0	
EnterpriseManchester Partnership Ltd		Enterprise Managed Services Ltd	80.0%	0	■
Slough Enterprise Ltd		Accord Environmental Services Ltd	100.0%	0	■
Enterprise Fleet Ltd		Enterprise Managed Services Ltd	54.5%	0	
AmeyCespa Ltd		Amey LG Ltd	50.0%	0	■
AmeyCespa Ltd		Cespa UK Ltd	50.0%	0	■
AmeyCespa (East) Holdings Ltd		AmeyCespa Ltd	100.0%	57	■
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) Holding Co Ltd	Project	Cespa Ventures Limited	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	
Amey Keolis Infrastructure/Seilwaith Amey Keolis Limited		Amey Rail Limited	90.0%	0	■
Amey Defence Services Limited		Enterprise Managed Services Limited	100.0%	11	■
Amey Defence Services (Housing) Limited		Enterprise Managed Services Limited	100.0%	12	■

■ Deloitte
■ BDO
■ KPMG
■ El Sayed, El Ayouty & co
■ Valdés, García, Marín & Martínez, Llp
■ Mohinder Puri & Company
■ EY
■ Vir Audit

(a) Form part of Ferrovial, S.A. tax frameworkand subsidiary companies.

Appendix II - Associates

(COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD) (MILLIONS OF EUROS)

The percentage of ownership and the consolidated Equity Value correspond to the contribution of each of the "Companies" in the consolidated of the Group.

COMPANY	TYPE OF COMPANY	PARENT COMPANY	% PAR.	VALUE EQUITY METHOD	ACTIVE	PASIVE	REVENUES	RESULTS	AUDIT.
CONSTRUCTION									
SPAIN									
Sociedad Concesionaria BAIO	Project	Ferrovial Agroman, S.A.	50.0%	1	3	0	0	-2	
Via Olmedo Pedralba, S.A.	Project	Ferrovial Agroman, S.A.	25.2%	1	3	0	13	-0	■
Boremer, S.A.		Cadagua, S.A.	50.0%	0	11	12	0	-0	■
Urbs Iudex et Causidicus, S.A.		Ferrovial Agroman, S.A.	22.0%	0	386	432	37	6	■
OMAN									
International Water Treatment LLC		Cadagua, S.A.	37.5%	0	2	7	-0	-0	■
UNITED STATES									
Pepper Lawson Horizon Intl. Group		Pepper Lawson Construction LP	70.0%	0	2	2	0	-0	
POLAND									
PPHU Promos Sp. z o.o.		Budimex, S.A.	26.3%	0	4	2	2	0	
AIRPORTS									
UNITED KINGDOM									
FGP Topco Limited	Project	Hubco Netherlands B.V.	25.0%	690	25,210	22,432	3,510	443	■
AGS Airports Holdings Limited	Project	Faero UK Holding Limited	50.0%	57	1,401	2,710	248	18	■
TOLL ROADS									
SPAIN									
Serrano Park, S.A.	Project	Cintra Infraestructuras España, S.L.	50.0%	0	63	87	6	-2	■
Sociedad Concesionaria Autovía de la Plata, S.A.	Project	Cintra Infrastructures, S.E.	25.0%	16	232	170	24	13	■
Bip & Drive, S.A.	Project	Cintra Infraestructuras España, S.L.	20.0%	2	22	13	265	1	■
Autopista del Sol, C.E.S.A.	Project	Cintra Infraestructuras España, S.L.	15.0%	111	98	103	10	4	■
AUSTRALIA									
Nexus Infrastructures Holdings Unit Trust		Cintra Toowoomba, Ltd	40.0%	3	19	0	0	0	■
Nexus Infrastructures Unit Trust	Project	Nexus Infrastructures Holdings Unit Trust	40.0%	15	59	13	27	8	■
Nexus Infrastructure Finance Holdings PTY, Ltd		Cintra Toowoomba, Ltd	40.0%	0	0	0	0	0	■
Nexus Infrastructure Finance PTY, Ltd	Project	Nexus Infrastructure Finance Holdings PTY, Ltd	40.0%	0	0	0	0	0	■
Netflow Osars (Western) PTY, Ltd	Project	Cintra Osars (Western) PTY, Ltd	50.0%	27	159	103	33	5	
CANADA									
407 International Inc	Project	4352238 Cintra Canada Inc.	43.2%	1,422	3,671	6,614	1,015	389	■
407 East Development Group General Partnership	Project	Cintra 407 East Development Group Inc	50.0%	13	142	117	6	2	■
OM&R 407 East Development Group General Partnership	Project	Cintra OM&R 407 East Development Group Inc	50.0%	1	5	3	5	1	
Blackbird Maintenance 407 GP	Project	Blackbird Maintenance 407 Cintra GP Inc	50.0%	0	5	1	4	-0	
Blackbird Infrastructures 407 GP	Project	Blackbird Infrastructures 407 Cintra GP Inc	50.0%	19	170	132	18	7	■
COLOMBIA									
Concesionaria Ruta del Cacao, S.A.S.	Project	Cintra Infraestructuras Colombia, S.A.S.	30.0%	9	473	364	82	-3	■
SLOVAKIA									
Zero Bypass Limited, Organizacná Zlozka		Zero Bypass, Ltd	35.0%	0	0	0	0	0	■
UNITED STATES									
I-66 Express Mobility Partners Holdings LLC	Project	Cintra 2 I-66 Express Mobility Partners	40.0%	0	0	0	0	0	
I-66 Express Mobility Partners Holdings LLC	Project	Cintra I-66 Express Mobility Partners LLC	10.0%	0	0	0	0	0	
I-66 Express Mobility Partners LLC	Project	I-66 Express Mobility Partners Holdings LLC	50.0%	0	1,359	1,369	0	1	■
NETHERLANDS									
Algarve International B.V.	Project	Cintra Infrastructures, S.E.	48.0%	1	142	141	0	0	■

COMPANY	TYPE OF COMPANY	PARENT COMPANY	% PAR.	VALUE EQUITY METHOD	ACTIVE	PASIVE	REVENUES	RESULTS	AUDIT.
IRELAND									
Eurolink Motorway Operation (M4-M6), Ltd	Project	Cintra Infraestructuras Internacional, S.L.U.	20.0%	6	266	160	31	3	■
Eurolink Motorway Operation (M3), Ltd	Project	Cinsac, Ltd	20.0%	4	181	160	22	7	■
PORTUGAL									
Autoestrada do Algarve, S.A.	Project	Cintra Infrastructures, S.E.	48.0%	58	215	145	37	16	■
Auto-Estradas Norte Litoral, S.A.	Project	Cintra Infrastructures, S.E.	49.0%	101	354	193	42	21	■
UNITED KINGDOM									
Scot Roads Partnership Holdings, Ltd	Project	Cintra Infrastructures UK	20.0%	0	0	0	0	0	■
Scot Roads Partnership Finance, Ltd	Project	Scot Roads Partnership Holdings, Ltd	20.0%	0	452	452	0	0	■
Scot Roads Partnership Project, Ltd	Project	Scot Roads Partnership Holdings, Ltd	20.0%	0	460	460	33	-0	■
Zero Bypass Holdings, Ltd	Project	Cintra Slovakia, Ltd	35.0%	0	0	0	0	0	■
Zero Bypass, Ltd	Project	Zero Bypass Holdings, Ltd	35.0%	0	684	728	18	1	■
RiverLinx Holdings Ltd	Project	Cintra Silvertown Ltd	22.5%	0	0	0	0	0	
RiverLinx Ltd	Project	RiverLinx Holdings Ltd	22.5%	0	232	250	0	-4	■
TOTAL VALUE BY EQUITY METHOD CONTINUING OPERATIONS				**2,557**					
SERVICES									
SPAIN									
Vialnet Vic, S.L.		Cespa, S.A.	49.0%	0	1	1	3	-0	■
Recollida Residus Osona, S.L.		Cespa, S.A.	45.0%	1	3	2	8	0	■
Inusa Ing. Urbana, S.A.		Cespa, S.A.	35.0%	4	12	0	1	0	■
Valdemingomez 2000, S.A.		Cespa, S.A.	20.0%	0	16	16	7	1	■
Novalis Medio Ambiente , S.A.		Cespa Gestión de Residuos, S.A.	50.0%	-0	3	4	0	-0	
Valvení Soluciones para el desarrollo sostenible		Biotran Gestión de Residuos	50.0%	4	0	0	0	-0	
Valoraciones Farmaceúticas, S.L.		Biotran Gestión de Residuos	50.0%	0	0	0	0	0	
Empresa Mant. y Explotación M 30, S.A.		Ferrovial Servicios, S.A.	50.0%	0	196	192	26	9	■
Concesionaria Madrid Calle 30	Project	Empresa Mant. y Explotación M 30, S.A.	20.0%	17	688	193	116	62	■
Necropolis Valladolid, S.A.		Sitkol, S.A.	49.0%	4	21	4	6	1	■
Aetec, S.A.		Ferroser Infraestructuras S.A.	9.2%	0	1	0	0	0	
FerroNats Air Traffic Services, S.A.		Ferrovial Servicios, S.A.	50.0%	3	10	4	17	2	■
AUSTRALIA									
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	■
TW Power Services Pty Ltd		Broadspectrum (Australia) Pty Ltd	50.0%	0	60	58	111	2	■
Skout Solutions Australia		Broadspectrum (Australia) Pty Ltd	50.0%	0	3	2	21	1	■
UNITED STATES									
AmeyWebber LLC		Amey Consulting USA, Inc	51.0%	0	0	0	0	0	
MALASIA									
Broadspectrum WorleyParsons JV (M) Sdn Bhd		Broadspectrum (International) Pty Ltd	50.0%	0	0	-0	-0	0	■
NEW ZELAND									
Skout Solutions (NZ) Limited		Broadspectrum (International) Pty Ltd.	50.0%	0	1	0	1	0	■
PORTUGAL									
Valor Rib, Lda		Ferrovial Serviços, SA	45.0%	1	7	5	4	1	
Ecobeirão, SA		Ferrovial Serviços, SA	20.0%	0	17	9	7	0	■
Ferrovial Serviços, Egeo, ECAC, Gabriel Couto, ACE		Ferrovial Serviços, SA	35.0%	0	1	1	0	0	

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- ■ Gabinete Técnico de Auditoría y Consultoría S.A
- ■ EY
- ■ Martins Pereira, João Careca & Associados, Sroc.

COMPANY	TYPE OF COMPANY	PARENT COMPANY	% PAR.	VALUE EQUITY METHOD	ACTIVE	PASIVE	REVENUES	RESULTS	AUDIT.
UNITED KINGDMON									
GEO Amey PECS Ltd		Amey Community Ltd	50.0%	0	28	18	131	8	■
Amey Infrastructure Management (1) Ltd		Amey Ventures Asset Holdings Ltd	10.0%	0	2	0	0	0	
AHL Holdings (Manchester) Ltd		Amey Ventures Investments Ltd	2.5%	0	29	26	16	1	■
Amey Highways Lighting (Manchester) Ltd	Project	AHL Holdings (Manchester) Ltd	2.5%	0	0	0	0	0	■
AHL Holdings (Wakefield) Ltd		Amey Ventures Investments Ltd	2.5%	0	15	14	4	1	■
Amey Highways Lighting (Wakefield) Ltd	Project	AHL Holdings (Wakefield) Ltd	2.5%	0	0	0	0	0	■
ALC (Superholdco) Ltd		Amey Ventures Investments Ltd	2.5%	0	39	-10	59	24	■
ALC (FMC) Ltd		ALC (Superholdco) Ltd	50.0%	0	0	0	0	0	■
ALC (Holdco) Ltd		ALC (Superholdco) Ltd	2.5%	0	0	0	0	0	■
ALC (SPC) Ltd		ALC (Holdco) Ltd	2.5%	0	0	0	0	0	■
Amey Belfast Schools Partnership Hold Co Ltd		Amey Ventures Investments Ltd	5.0%	0	117	116	9	1	■
Amey Belfast Schools Partnership PFI Co Ltd	Project	Amey Belfast Schools Partnership Hold Co Ltd	5.0%	0	0	0	0	0	■
Amey FMP Belfast Strategic Partnership Hold Co Ltd		Amey Ventures Management Services Ltd	70.0%	0	0	0	2	-0	■
Amey FMP Belfast Strategic Partnership SP Co Ltd		Amey FMP Belfast Schools Partnership Hold Co Ltd	70.0%	0	0	0	0	0	■
Amey Roads NI Holdings Ltd		Amey Ventures Investments Ltd	2.5%	0	315	328	20	1	■
Amey Roads NI Financial plc		Amey Roads NI Ltd	2.5%	0	0	0	0	0	■
Amey Roads NI Ltd	Project	Amey Roads NI Holdings Ltd	2.5%	0	0	0	0	0	■
Amey Lighting (Norfolk) Holdings Ltd		Amey Ventures Investments Ltd	5.0%	0	39	38	6	1	■
Amey Lighting (Norfolk) Ltd	Project	Amey Lighting (Norfolk) Holdings Ltd	5.0%	0	0	0	0	0	■
E4D&G Holdco Ltd		Amey Ventures Investments Ltd	4.3%	0	127	125	7	1	■
E4D&G Project Co Ltd	Project	E4D&G Holdco Ltd	4.3%	0	0	0	0	0	■
Eduaction (Waltham Forest) Ltd (IP)		Amey plc	50.0%	0	0	0	0	0	
Integrated Bradford Hold Co One Ltd		Amey Ventures Investments Ltd	1.3%	0	88	87	7	1	■
Integrated Bradford Hold Co One Ltd		Integrated Bradford LEP Ltd	2.0%	0	0	0	0	0	■
Integrated Bradford PSP Ltd (IP)		Amey Infrastructure Management (1) Ltd	25.0%	0	3	2	1	0	■
Integrated Bradford Hold Co Two Ltd		Amey Infrastructure Management (1) Ltd	1.0%	0	179	173	15	2	■
Integrated Bradford Hold Co Two Ltd		Integrated Bradford LEP Ltd	2.0%	0	0	0	0	0	■
Integrated Bradford LEP Ltd		Integrated Bradford PSP Ltd	20.0%	0	0	0	0	0	■
Integrated Bradford LEP Fin Co One Ltd		Integrated Bradford LEP Ltd	20.0%	0	0	0	0	0	■
Integrated Bradford SPV One Ltd	Project	Integrated Bradford Hold Co One Ltd	3.3%	0	0	0	0	0	■
Integrated Bradford SPV Two Ltd	Project	Integrated Bradford Hold Co Two Ltd	3.0%	0	0	0	0	0	■
RSP (Holdings) Ltd		Amey Ventures Investments Ltd	1.8%	0	122	119	10	1	■
The Renfrewshire Schools Partnership Ltd	Project	RSP (Holdings) Ltd	1.8%	0	0	0	0	0	■
Services Support (Avon & Somerset) Holdings Ltd		Amey Ventures Investments Ltd	1.0%	0	63	59	4	1	■
Services Support (Avon & Somerset) Ltd	Project	Services Support (Avon & Somerset) Holdings Ltd	1.0%	0	0	0	0	0	■
Keolis Amey Docklands Ltd		Amey Rail Ltd	30.0%	0	26	9	141	2	■
Keolis Amey Metrolink Ltd		Amey Rail Ltd	40.0%	0	11	1	51	4	
AmeyVTOL Ltd		Amey OWR Ltd	60.0%	0	0	0	0	0	
Scot Roads Partnership Holdings Ltd		Amey Ventures Asset Holdings Ltd	20.0%	0	473	473	16	0	■
Scot Roads Partnership Project Ltd	Project	Scot Roads Partnership Holdings Ltd	20.0%	0	0	0	0	0	■
Scot Roads Partnership Finance Ltd		Scot Roads Partnership Holdings Ltd	20.0%	0	0	0	0	0	■
The Thames Valley Community Rehabilitiation Company Ltd		MTCNovo Ltd	50.0%	0	0	0	0	0	■
The London Community Rehabilitiation Company Ltd		MTCNovo Ltd	50.0%	0	0	0	0	0	■
Amey Infrastructure Management (2) Ltd		Amey Ventures Asset Holdings Ltd	10.0%	0	0	0	0	0	
AmeyCespa (AWRP) Holdco Ltd	Project	Amey Infrastructure Management (2) Ltd	3.3%	0	363	358	26	-3	■
AmeyCespa (AWRP) SPV Ltd	Project	AmeyCespa (AWRP) Holdco Ltd	3.3%	0	0	0	0	0	■
Amey Infrastructure Management (3) Ltd		Amey Ventures Asset Holdings Ltd	10.0%	0	0	0	0	0	
Amey Hallam Highways Holdings Ltd	Project	Amey Infrastructure Management (3) Ltd	3.3%	0	305	344	62	5	■
Amey Hallam Highways Ltd	Project	Amey Hallam Highways Holdings Ltd	3.3%	0	0	0	0	0	■
Amey Ventures Investments Ltd		Amey Investments Ltd	5.0%	0	34	33	0	0	■
Keolis Amey Wales Cymru Ltd		Amey Rail Ltd	40.0%	0	0	0	0	0	
Keolis Amey Operations/ Gweithrediadau Keolis Amey Ltd		Amey Rail Ltd	36.0%	0	14	2	415	8	
Amey Breathe Limited		Amey Community Limited	50.0%	0	0	0	0	0	
QATAR				0	0	0	0	0	
FMM Company LLC		Ferrovial Servicios, S.A.	49.0%	11	27	16	51	6	
SINGAPORE									
BW Energy Services		Broadspectrum (International) Pty Ltd	50.0%	0	2	3	2	-1	■
TOTAL VALUE BY EQUITY METHOD DISCONTINUED OPERATIONS				**47**					

- ■ Deloitte
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- ■ KPMG
- ■ PWC
- ■ Grant Thornton UK LLP
- ■ Vir Audit
- ■ Gabinete Técnico de Auditoría y Consultoría S.A
- ■ EY
- ■ Martins Pereira, João Careca & Associados, Sroc.

Appendix III. Information by segment

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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 balance sheet and consolidated income statement for 2019 and 2018, 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 other smaller subsidiaries. The "Adjustments" column reflects inter-segment consolidation eliminations.

BALANCE SHEET BY BUSINESS SEGMENT: 2019 (MILLIONS OF EUROS).

ASSETS	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER	ADJUSTMENTS	TOTAL
NON-CURRENT ASSETS	**1,149**	**10,539**	**980**	**0**	**748**	**-1,058**	**12,358**
Goodwill	205	0	43	0	0	0	248
Intangible assets	41	1	20	0	1	0	62
Fixed assets in infrastructure projects	196	6,716	7	0	0	-38	6,880
Investment property	2	0	0	0	0	0	2
Property, plant and equipment	202	22	56	0	14	4	299
Right of use	98	4	1	0	23	0	126
Investments in associates	3	1,808	747	0	0	0	2,557
Non-current financial assets	59	1,443	106	0	664	-1,024	1,247
Deferred taxes	341	131	2	0	27	1	502
Long-term derivative financial instruments at fair value	1	415	-1	0	20	0	434
CURRENT ASSETS	**4,837**	**2,622**	**64**	**4,937**	**1,604**	**-2,311**	**11,751**
Assets classified as held for sale and discontinued operations	0	0	0	4,936	0	0	4,936
Inventories	682	12	-1	0	0	6	699
Current income tax assets	31	14	8	0	77	-31	97
Short-term trade and other receivables	1,106	165	8	0	130	-152	1,256
Cash and cash equivalents	3,018	2,404	48	0	1,394	-2,129	4,735
Receivables with Group Companies	1,136	409	31	0	555	-2,133	0
Other	1,881	1,995	17	0	839	4	4,735
Short-term financial derivative instruments at fair value	0	26	1	0	3	-4	27
TOTAL ASSETS	**5,985**	**13,161**	**1,043**	**4,936**	**2,353**	**-3,369**	**24,109**

LIABILITIES AND EQUITY	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER	ADJUSTMENTS	TOTAL
EQUITY	**1,214**	**5,262**	**955**	**1,445**	**-3,099**	**-690**	**5,087**
Equity attributable to shareholders	1,127	4,572	955	1,434	-3,099	-685	4,304
Equity attributable to non-controlling interests	87	689	0	11	0	-5	783
DEFERRED INCOME	**2**	**1,345**	**0**	**0**	**0**	**0**	**1,347**
NON-CURRENT LIABILITIES	**564**	**6,101**	**73**	**0**	**2,733**	**-417**	**9,054**
Pension plan deficit	4	0	0	0	0	0	4
Long-term provisions	165	188	0	0	164	0	518
Long-term lease liabilities	61	3	1	0	17	0	82
Financial borrowings	200	5,311	67	0	2,404	-418	7,565
Payables to group companies	0	47	9	0	362	-418	0
Other	199	5,264	58	0	2,043	0	7,565
Other borrowings	13	13	0	0	0	0	27
Deferred taxes	101	263	5	0	107	0	475
Financial derivative instruments at fair value	21	323	0	0	41	0	385
CURRENT LIABILITIES	**4,206**	**453**	**15**	**3,491**	**2,718**	**-2,261**	**8,621**
Liabilities classified as held for sale and from discontinued operations	0	0	0	3,491	0	0	3,491
Short-term lease liabilities	63	1	0	0	7	0	71
Financial borrowings	283	294	14	0	2,497	-2,055	1,033
Payables to group companies	261	277	12	0	1,505	-2,055	0
Other	22	17	2	0	992	0	1,033
Short-term financial derivative instruments at fair value	7	65	1	0	26	-2	97
Current income tax liabilities	79	-51	-8	0	119	-31	107
Short-term trade and other payables	3,042	137	7	0	68	-183	3,072
Trade provisions	733	6	1	0	1	9	750
TOTAL LIABILITIES AND EQUITY	**5,985**	**13,161**	**1,043**	**4,936**	**2,353**	**-3,369**	**24,109**

BALANCE SHEET BY BUSINESS SEGMENT: 2018 (MILLIONS OF EUROS).

ASSETS	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER	ADJUSTMENTS	TOTAL
NON-CURRENT ASSETS	**891**	**10,232**	**1,074**	**0**	**1,497**	**-1,640**	**12,055**
Goodwill	202	128	42	0	0	0	372
Intangible assets	8	4	19	0	1	0	32
Investments in infrastructure projects	200	6,950	78	0	0	-73	7,155
Investment property	1	0	0	0	8	0	9
Property, plant and equipment	155	21	59	0	15	2	251
Investments in associates	4	1,686	766	0	0	0	2,455
Non-current financial assets	39	887	106	0	1,292	-1,570	754
Deferred taxes	281	209	2	0	171	1	664
Long-term derivative financial instruments at fair value	2	348	3	0	11	0	364
CURRENT ASSETS	**3,990**	**2,442**	**209**	**4,892**	**1,530**	**-2,306**	**10,758**
Assets classified as held for sale	0	0	0	4,892	0	0	4,892
Inventories	245	11	0	0	335	2	594
Current income tax assets	32	11	9	0	57	-13	97
Short-term trade and other receivables	987	88	4	0	126	-115	1,090
Cash and cash equivalents	2,724	2,268	196	0	957	-2,140	4,005
Receivables with Group Companies	973	830	41	0	299	-2,143	0
Other	1,752	1,438	155	0	658	2	4,005
Short-term derivative financial instruments at fair value	1	64	0	0	55	-40	80
TOTAL ASSETS	**4,881**	**12,674**	**1,284**	**4,892**	**3,028**	**-3,945**	**22,813**

LIABILITIES AND EQUITY	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER	ADJUSTMENTS	TOTAL
EQUITY	**1,364**	**5,271**	**996**	**1,634**	**-3,103**	**-798**	**5,363**
Equity attributable to shareholders	1,305	4,584	996	1,615	-3,180	-790	4,530
Equity attributable to non-controlling interests	59	686	0	19	77	-8	833
DEFERRED INCOME	**2**	**1,239**	**0**	**0**	**0**	**0**	**1,241**
NON-CURRENT LIABILITIES	**436**	**5,945**	**252**	**0**	**2,616**	**-337**	**8,912**
Pension plan deficit	3	0	0	0	0	0	3
Long-term provisions	103	182	0	0	175	0	459
Financial borrowings	199	4,986	246	0	2,324	-337	7,419
Payables to group companies	2	41	1	0	293	-337	0
Other	197	4,945	245	0	2,031	0	7,419
Other borrowings	10	126	0	0	-1	0	135
Deferred taxes	105	363	5	0	101	0	574
Financial derivative instruments at fair value	17	288	0	0	17	0	321
CURRENT LIABILITIES	**3,079**	**219**	**36**	**3,259**	**3,515**	**-2,810**	**7,297**
Liabilities classified as held for sale	0	0	0	3,259	0	0	3,259
Financial borrowings	106	93	36	0	3,123	-2,585	773
Payables to group companies	89	56	34	0	2,405	-2,584	0
Other	17	37	2	0	719	-1	773
Short-term financial derivative instruments at fair value	4	59	1	0	52	-46	69
Current income tax liabilities	29	-47	-10	0	106	-13	65
Short-term trade and other payables	2,532	101	9	0	233	-175	2,700
Operating provisions	407	13	0	0	1	9	431
TOTAL LIABILITIES AND EQUITY	**4,881**	**12,674**	**1,284**	**4,892**	**3,028**	**-3,945**	**22,813**

The detail of total assets by geographical area is as follows:

(Millions of euros)	2018	2017	CHANGE
Spain	5,239	5,596	-357
UK	2,578	2,422	156
USA	8,571	7,627	945
Canada	3,416	2,861	555
Australia	1,008	1,216	-207
Poland	1,625	1,437	188
Other	1,671	1,655	17
TOTAL	**24,109**	**22,813**	**1,297**

INCOME STATEMENT BY BUSINESS SEGMENT: 2019 (MILLIONS OF EUROS).

	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER	DISCONTINUED OPERATIONS	ADJUSTMENTS	TOTAL
Revenues	5,413	617	19	6,995	151	-6,995	-146	6,054
Other operating income	1	0	0	4	0	-4	0	2
TOTAL OPERATING INCOME	**5,414**	**617**	**19**	**6,999**	**151**	**-6,999**	**-146**	**6,056**
Materials used	947	2	0	511	0	-511	0	949
Other operating expenses	3,855	118	26	2,987	105	-2,987	-146	3,958
Staff expenses	898	62	10	3,118	58	-3,118	0	1,027
TOTAL OPERATING EXPENSES	**5,700**	**182**	**35**	**6,617**	**163**	**-6,617**	**-146**	**5,935**
EBITDA	**-286**	**436**	**-16**	**382**	**-12**	**-382**	**0**	**121**
Fixed asset depreciation	79	89	2	288	9	-288	0	180
OPERATING INCOME BEFORE IMPAIRMENT LOSSES AND FIXED ASSET DISPOSALS	**-365**	**346**	**-18**	**95**	**-22**	**-95**	**0**	**-58**
Impairment and fixed asset disposals	0	426	33	-5	0	5	0	460
OPERATING PROFIT/(LOSS)	**-365**	**773**	**15**	**89**	**-22**	**-89**	**0**	**401**
Net financial income/(expense) from financing	-9	-253	-2	-13	0	13	0	-264
Profit/(loss) on derivatives and other net financial income/(expense)	3	-2	-1	0	0	0	1	1
NET FINANCIAL INCOME/(EXPENSE) OF INFRASTRUCTURE PROJECT COMPANIES	-6	-254	-3	-13	0	13	1	-263
Net financial income/(expense) from financing	30	44	0	-37	-15	37	-32	28
Profit/(loss) on derivatives and other net financial income/(expense)	-27	26	13	-23	31	23	-1	42
NET FINANCIAL INCOME/(EXPENSE) OTHER COMPANIES	3	69	13	-60	17	60	-33	69
NET FINANCIAL INCOME/(EXPENSE)	**-3**	**-185**	**9**	**-74**	**17**	**74**	**-31**	**-194**
Share of profits of equity-accounted companies	-1	182	115	29	0	-29	0	296
PRE-TAX CONSOLIDATED PROFIT/(LOSS)	**-369**	**770**	**139**	**45**	**-5**	**-45**	**-31**	**504**
Corporate income tax	3	89	-3	-16	-142	16	6	-47
CONSOLIDATED PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**-366**	**858**	**136**	**29**	**-147**	**-29**	**-25**	**457**
Net profit/(loss) from discontinued operations	0	0	0	0	0	-198	0	-198
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR	**-366**	**858**	**136**	**29**	**-147**	**-227**	**-25**	**259**
Profit/(loss) for the year attributed to non-controlling interests	56	-37	-7	-3	0	3	-3	9
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTED TO THE PARENT COMPANY	**-310**	**822**	**129**	**26**	**-146**	**-224**	**-28**	**268**

INCOME STATEMENT BY BUSINESS SEGMENT: 2018 (MILLIONS OF EUROS).

	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER	DISCONTINUED OPERATIONS	ADJUSTMENTS	TOTAL
Revenues	5,193	471	14	6,785	148	-6,785	-89	5,737
Other operating income	1	0	0	6	0	-6	0	2
TOTAL OPERATING INCOME	**5,194**	**471**	**14**	**6,791**	**148**	**-6,791**	**-89**	**5,738**
Materials used	957	2	0	514	0	-514	27	985
Other operating expenses	3,257	92	21	2,506	102	-2,506	-142	3,329
Staff expenses	810	59	8	3,635	61	-3,635	7	945
TOTAL OPERATING EXPENSES	**5,024**	**152**	**29**	**6,655**	**163**	**-6,655**	**-109**	**5,259**
EBITDA	**170**	**319**	**-16**	**136**	**-14**	**-136**	**19**	**479**
Fixed asset depreciation	43	80	2	222	2	-222	0	127
OPERATING INCOME BEFORE IMPAIRMENT LOSSES AND FIXED ASSET DISPOSALS	**127**	**239**	**-18**	**-87**	**-17**	**87**	**19**	**351**
Impairment and fixed asset disposals	13	71	0	2	0	-2	-2	82
EBIT	**141**	**310**	**-18**	**-85**	**-17**	**85**	**17**	**434**
Net financial income/(expense) from financing	-9	-221	-2	-21	0	21	0	-233
Profit/(loss) on derivatives and other financial results	2	1	-1	-3	0	3	1	3
NET FINANCIAL INCOME/(EXPENSE) OF INFRASTRUCTURE PROJECT COMPANIES	**-8**	**-220**	**-4**	**-24**	**0**	**24**	**1**	**-230**
Net financial income/(expense) from financing	31	30	1	-42	-20	42	-33	9
Profit/(loss) on derivatives and other net financial income/(expense)	-20	29	11	-12	10	12	-1	30
NET FINANCIAL INCOME/(EXPENSE) OTHER COMPANIES	**11**	**59**	**12**	**-54**	**-10**	**54**	**-34**	**39**
NET FINANCIAL INCOME/(EXPENSE)	**4**	**-161**	**8**	**-78**	**-10**	**78**	**-33**	**-192**
Share of profits of equity-accounted companies	0	166	73	15	0	-15	0	239
PRE-TAX CONSOLIDATED PROFIT/(LOSS)	**144**	**315**	**64**	**-148**	**-26**	**148**	**-16**	**481**
Corporate income tax	-40	6	3	47	3	-47	4	-24
CONSOLIDATED PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**104**	**322**	**67**	**-101**	**-23**	**101**	**-12**	**457**
Net profit/(loss) from discontinued operations	0	0	0	0	0	-848	0	-848
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR	**104**	**322**	**67**	**-101**	**-23**	**-747**	**-12**	**-391**
Profit/(loss) for the year attributed to non-controlling interests	-29	-17	0	-4	0	4	-11	-57
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTED TO THE PARENT COMPANY	**74**	**305**	**67**	**-105**	**-23**	**-743**	**-23**	**-448**

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.

Translation of consolidated financial statements originally. In the event of a discrepancy, the Spanish-language version prevails.

Issue of the Financial Statements

The foregoing pages contain the consolidated financial statements –the balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the financial statements- and the consolidated management report (which includes the consolidated non-financial reporting statement) of Ferrovial, S.A. for the year ended 31 December 2019, which were approved by the Board of Directors of Ferrovial, S.A. at the meeting held in Madrid on 27 February 2020 and which, pursuant to Article 253 of the Spanish Capital Companies Act, the directors attending sign below.

D. Rafael del Pino y Calvo-Sotelo
Chairman

Mr. Ignacio Madridejos Fernández
Chief Executive Officer

Dña. María del Pino y Calvo-Sotelo
Director

Mr. Santiago Fernández Valbuena
Chief Executive Officer

Mr. José Fernando Sánchez-Junco Mans
Director

D. Joaquín del Pino y Calvo-Sotelo
Director

D. Óscar Fanjul Martín
Director

D. Philip Bowman
Director

Ms. Hanne Birgitte Breinbjerg Sørensen
Director

D. Bruno Di Leo
Director

Mr. Juan Hoyos Martínez de Irujo
Director

Mr. Gonzalo Urquijo Fernández de Araoz
Director

The Secretary non-Director of the Board of Directors states for the record that the Director Mr. Philip Bowman has not signed this document because he has attended the meeting of the Board of Directors held on 27 February 2020 by telephone. This Director has voted in favour of the approval of the consolidated financial statements and the consolidated management report of Ferrovial, S.A. and its subsidiaries for the year ended 31 December 2019.

Mr. Santiago Ortiz Vaamonde
Secretary non-Director of the Board of Directors

Auditors Report

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. 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 2019, 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 2019, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Deloitte, S.L. inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of revenue from long-term contracts	
Description	**Procedures applied in the audit**
The Group's method for recognising revenue from long-term contracts in the Construction Division was a key matter in our audit, since it affects a very significant amount of total consolidated revenue and requires Group management to make significant estimates relating mainly to the expected outcome of the contract, the amount of costs to be incurred at the end of the construction work, the measurement of the work completed in the period, or the accounting for any modifications to the initial contract, all of which have an impact on the revenue recognised in the reporting period. In this connection, it should be noted that the Group generally recognises contract modifications when it has received approval for them from the customer. Also, if the parties have agreed to a modification, but the related price has yet to be determined, the corresponding revenue is recognised for an amount in relation to which it is highly probable that a significant change therein will not occur when the uncertainty associated therewith is resolved. These judgements and estimates are made by the persons in charge of performing the construction work or services contracts, are subsequently reviewed at the various levels of the organisation, and are submitted to controls designed to ensure the consistency and reasonableness of the criteria applied.	Our audit procedures included, among others, the review of the design and implementation of the relevant controls that mitigate the risks associated with the process to recognise revenue from contracts in which performance obligations are satisfied at long term, as well as tests to verify that the aforementioned controls operate effectively. We also performed substantive tests which included an in-depth, itemised analysis of the main projects in order to evaluate the reasonableness of the hypotheses and assumptions made by the Group, which include, among others, the identification of the various performance obligations, the determination of the transaction price, the allocation of the transaction price to the various performance obligations, the treatment for accounting purposes of the modifications approved by the customer and the recognition of variable consideration. In certain individually significant construction and services contracts, we involved internal experts in order to assist us in the process of evaluating 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 2018 with the actual data for the contracts in 2019. Lastly, we reviewed the disclosures made by the Group in relation to these matters. Notes 1.2.3.4 and 4.4 to the accompanying consolidated financial statements contain the relevant information relating to the recognition of revenue from contracts in which performance obligations are satisfied at long term.

Classification and determination of the recoverable amount of assets classified as held for sale and inclusion of operations under "Discontinued Operations"	
Description	**Procedures applied in the audit**
As described in Note 1.1.3, effective from 31 December 2018 the Group adopted the decision to dispose of the Services line of business. In December 2019 the Group entered into a purchase and sale agreement for the Services business in Australia, the effectiveness of which is subject to the fulfilment of a series of conditions precedent. In relation to the Services business in the other geographical areas, the Group remains committed to and is working actively on the sale thereof and, therefore, the Group considers that the conditions to continue to classify those net assets as held for sale have been met. Consequently, the consolidated statement of financial position as at 31 December 2019 includes assets and liabilities held for sale amounting to EUR 4,936 million and EUR 3,491 million, respectively, and the consolidated statement of profit or loss for 2019 presents EUR -198 million under "Profit or Loss from Discontinued Operations" in relation to the results of the aforementioned line of business. In this connection, in 2019 "Profit or Loss from Discontinued Operations" includes the effect of recognising the net assets associated with the Services business in Australia at fair value less costs of disposal, amounting to EUR -440 million, calculated on the basis of the price agreed upon in the aforementioned purchase and sale agreement. Both the determination of the probability of disposal of the Services line of business in the short term in the various geographical areas and the estimation of the recoverable amount less costs of disposal of the associated net assets make it necessary to use valuation techniques that include the utilisation of assumptions and require significant judgements and estimates to be made by the Group's management, which was assisted by external experts engaged for this purpose. Therefore, we considered this matter to be a key matter in our audit.	Our audit procedures included, among others, the obtainment of the documentation supporting the maintenance of the classification of the assets and liabilities of the Services line of business as held for sale, based on the conditions provided for in *IFRS 5, Non-current Assets Held for Sale and Discontinued Operations*. In relation to the net assets of the Services business in Australia, we verified that the recoverable amount thereof was calculated on the basis of the terms and conditions contained in the purchase and sale agreement entered into in December 2019, less the estimated costs of disposal. In relation to the determination of the recoverable amount of the remaining net assets held for sale, we evaluated the valuation methodology and assumptions applied by the Group (Spanish and International Services business) and by the external experts engaged by the Group (Amey Services business), and also involved our internal valuation experts to assist us in the process of evaluating the reasonableness of the methodology and assumptions used by the Group and by the external experts engaged by the Group in determining the recoverable amount. It should also be noted that we evaluated the competence, capability and objectivity of the experts used by the Group, as well as the adequacy of their work for use as audit evidence. Lastly, we focused our work on reviewing the disclosures relating to these matters, included in Notes 1.1.3, 2.9 and 5.3 to the accompanying consolidated financial statements, which contain information relating to the estimate of the recoverable amount of the assets and liabilities held for sale and of the existing uncertainties regarding the timing and ultimate amounts of their realisation.

Recoverability of goodwill and investments in 407 ETR and Heathrow Airport Holding (HAH)	
Description	**Procedures applied in the audit**
Two of the Group's main assets, the investments in the 407 ETR concession arrangement and Heathrow Airport Holdings (HAH), were remeasured in the consolidated accounting records at their fair value at the time when the respective control was lost, which occurred in previous years. At 2019 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 2,112 million. Also, the consolidated statement of financial position includes goodwill amounting to EUR 248 million relating to certain investments, associated mainly with the Cash-Generating Units (CGUs) of the Construction Division (EUR 205 million). The Group tests these assets for impairment each year. Management's assessment of the possible impairment is a key matter in our audit since the assessment is a complex process that requires a significant number of estimates, judgements and assumptions to be made, mainly in relation to: • Goodwill of the Construction Division: discount rates, contract backlog, award of new contracts, estimated future margins and the perpetuity growth rate. • Investments in associates recognised at fair value: discount rates, business plans and rates.	Our audit procedures included, among others, the review of the design and implementation of the relevant controls that mitigate the risks associated with the process involved in assessing the recoverable amount of goodwill and of the investments in 407 ETR and HAH, as well as the performance of tests to determine whether the aforementioned controls operate effectively. We also performed substantive tests based on the obtainment of the impairment tests performed by the Group and verified the clerical accuracy of the calculations made and evaluated the reasonableness of the projected operating assumptions. Furthermore, we analysed the consistency of the assumptions used in the impairment tests of previous years both with those used in 2019 and with the actual figures. Also, we involved our internal valuation experts to assist us in evaluating the methodologies and assumptions used by the Group, in particular those permitting the calculation of the discount rates in the various areas and businesses, as well as the reasonableness of the perpetuity growth rates used. In addition, we reviewed the sensitivity analyses of the key assumptions, which are those with the greatest effect on the determination of the recoverable amount of the assets. We also focused our work on reviewing the disclosures relating to these matters, included in Notes 3.1 and 3.5 to the accompanying consolidated financial statements, which contain information relating to the impairment tests performed on these assets and, in particular, the detail of the main assumptions used and the sensitivity analysis performed by management of changes in the key assumptions used in the tests performed.

Recoverability of investments in infrastructure projects operated under concession arrangements	
Description	**Procedures applied in the audit**
At 31 December 2019, the Group recognised EUR 6,880 million of investments in transport infrastructure, services and waste treatment plant projects, relating to those made by infrastructure concession operators within the scope of *IFRIC 12, Service Concession Arrangements*, the remuneration for which consists of the right to collect the related charges based on the level of usage of the public service or to receive amounts paid by the grantor based on the asset's availability. Each year the Group tests the aforementioned investments in infrastructure projects in operation for impairment. We consider this to be a key matter in our audit since the measurement of the recoverable amount of those investments in infrastructure projects involves a complex process that requires estimates to be made including significant judgements and assumptions by Group management when preparing the impairment tests, in particular in relation to future investments, discount rates, changes in traffic and tolls, and future operating costs.	Our audit procedures included the performance of substantive tests based on the obtainment of the infrastructure projects' economic and financial models prepared by the Group, and we verified the clerical accuracy of the calculations performed and evaluated the reasonableness of the main operating assumptions projected (relating mainly to traffic, tolls, operating costs and disbursements for investments). To do so we cross-checked the traffic or usage estimates made against external evidence, and checked the consistency of the actual records with the assumptions included in the economic and financial models prepared in previous years. We also involved our internal valuation experts to assist us in evaluating the methodologies and assumptions used by the Group, in particular those relating to the calculation of the discount rates used. In addition, we reviewed the sensitivity analyses of the key assumptions, which are those with the greatest effect on the determination of the recoverable amount of the assets. Furthermore, we reviewed the disclosures made by the Group in relation to this matter. Note 3.3 to the accompanying consolidated financial statements contains the relevant information relating to the recoverability of the investments in infrastructure projects operated under concession arrangements.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2019, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the information contained in the consolidated directors' report is defined in the audit regulations in force, which establish two distinct levels of responsibility in this regard:

a) A specific level that applies to the consolidated non-financial information statement, as well as to certain information included in the Annual Corporate Governance Report, as defined in Article 35.2.b) of Spanish Audit Law 22/2015, which consists solely of checking that the aforementioned information has been provided in the consolidated directors' report, or, as the case may be, that the consolidated directors' report contains the corresponding reference to the separate report on non-financial information as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) A general level applicable to the other information included in the consolidated directors' report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements and excluding any information other than that obtained as evidence during the audit, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above was provided in the consolidated directors' report and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2019 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and 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 8 and 9, 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 26 February 2020.

Engagement Period

The Annual General Meeting held on 5 April 2019 appointed us as auditors for a period of one year from the year ended 31 December 2018, i.e., for 2019.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the 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

27 February 2020

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.

- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the Parent's audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

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