



Ferrovial FY 2016 Results

 **Ferrovial App**
 

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Agenda

- 2016 Highlights
- Business Units
- Financial Results
- Looking Ahead

2016 Highlights

Solid cash generation

- €995mn Operating Cash Flow (pre-tax)
 - 40% from infra projects dividends

Shareholder remuneration

- €544mn (€532mn in 2015)

Strong operating growth

- Traffic growth across the board
- New awards in core markets (I-66)
- Total order book increase (+6.3%)

Solid financial position

Ex-infra projects

- €697mn net cash position
- €356mn ordinary CAPEX
- €1bn M&A investment

Corporate transactions

- Broadspectrum acquisition
- Transchile acquisition
- Mature toll road asset rotation
 - Chicago Skyway (US)
 - M3 & M4 stakes (Ireland)
 - Portuguese toll roads stakes (to be completed)

Environment

- UK & US

2016 results & order book

€ million



| | 2016 | % var. vs 2015 |
|--|--------|----------------|
| Revenues | 10,759 | +11% ↑ |
| EBITDA | 944 | -8% ↓ |
| Operating cash flow (pre-tax) Ex-infra projects | 995 | +12% ↑ |
| Construction order book | 9,088 | +4% ↑ |
| Services order book | 24,431 | +7% ↑ |

Agenda

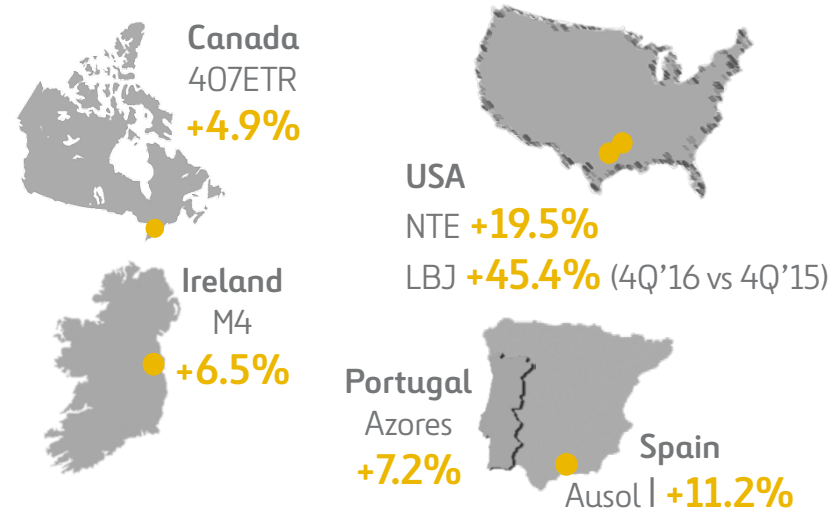
- 2016 Highlights
- **Business Units**
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Toll roads

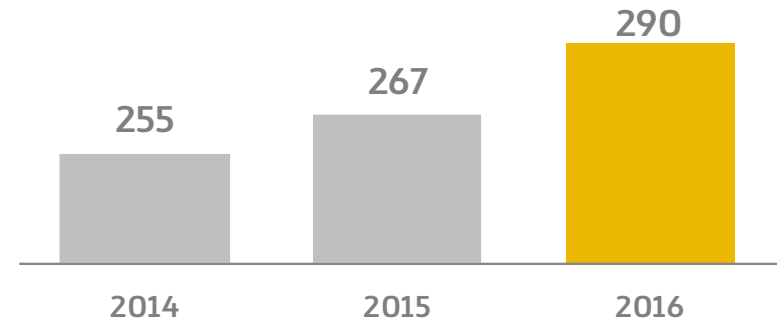
€ million

- **Strong dividends**
 - **€290mn** dividends from projects
ETR €244mn, other assets €46mn
 - **€113mn** invested in equity of new projects
- **Traffic growth** in main markets
- **Openings:**
 - **407ext I:** June 2016 (toll-free until February 1, 2017)
- **New projects awarded: I-66 (Virginia, US)**
 - USD3bn managed lane project
 - 35km along the I-66 corridor
 - 50 years concession
- **Mature asset rotation to crystalize value:**
 - Chicago Skyway  **€289mn cash in**
 - Irish toll roads  **€124mn net capital gains**
 - Portuguese toll roads stake sale agreed

TRAFFIC EVOLUTION



DIVIDENDS FROM PROJECTS (€ mn)



FY 2016 RESULTS TOLL ROADS

| | FY16 | % | % LfL |
|----------|------|--------|--------|
| Revenues | 486 | -5.3% | +24.8% |
| EBITDA | 297 | -10.8% | +24.9% |

EMPLOYMENT GROWTH (2021 – 2041)



POPULATION GROWTH (2021 – 2041)



407ETR Regions includes: Toronto, Durham, Peel, Halton & York
Source: Government of Ontario Places to Grow

Growth in population & employment to support traffic

407ETR FY 2016 RESULTS (CAD mn)

| (CADmn) | FY16 | % |
|--------------------|-----------|--------|
| Revenues | 1,135 | +13.2% |
| EBITDA | 985 | +17.3% |
| Traffic (VKTs'000) | 2,640,770 | +4.9% |
| Dividends | 790 | +5.3% |

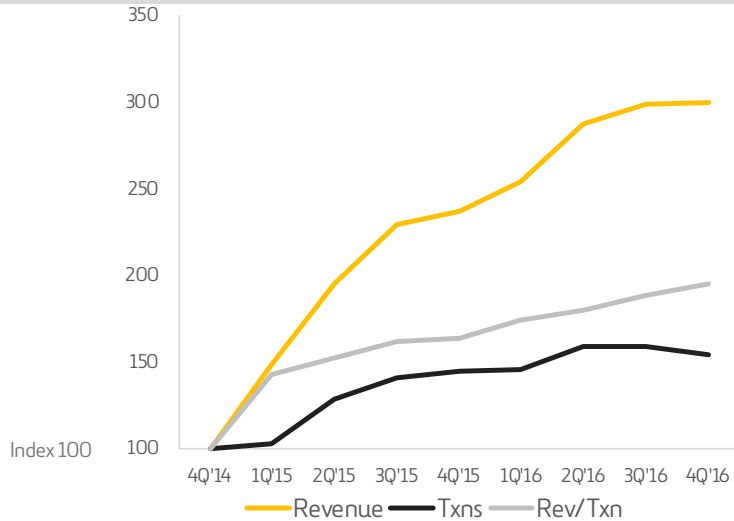
407 EAST PHASE I OPENING IMPACT

- 407 East I opened to traffic on June 20, 2016
- 407 East I was toll-free until February 1, 2017
- Overall traffic impact above +2%

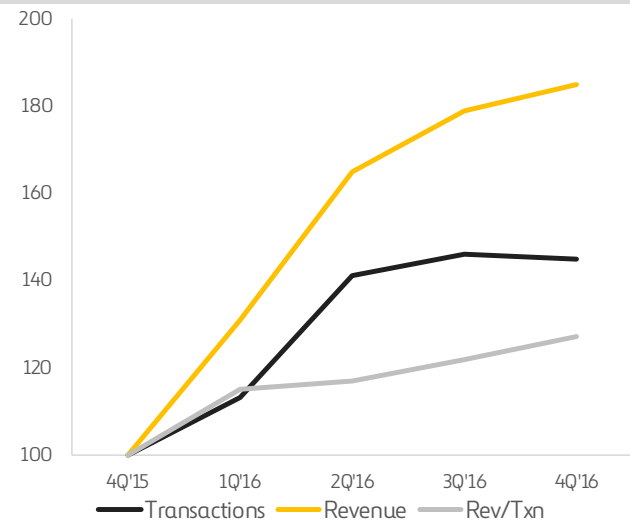
Highest EBITDA growth over the last 10 years

Managed Lanes (NTE & LBJ)

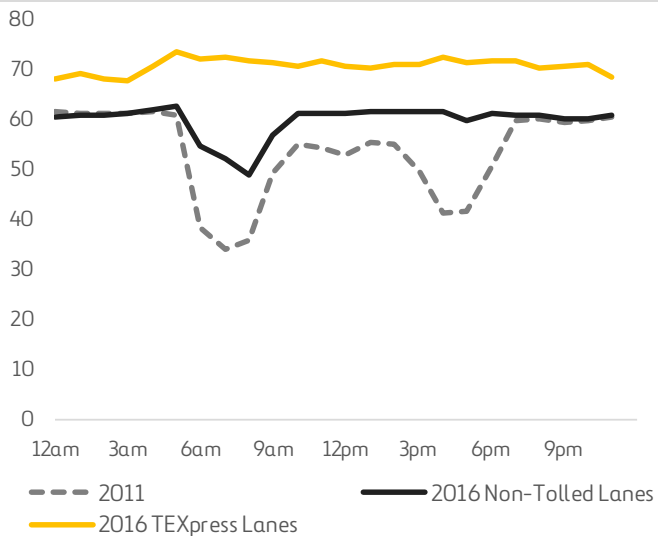
GROWTH SINCE OPENING (NTE)



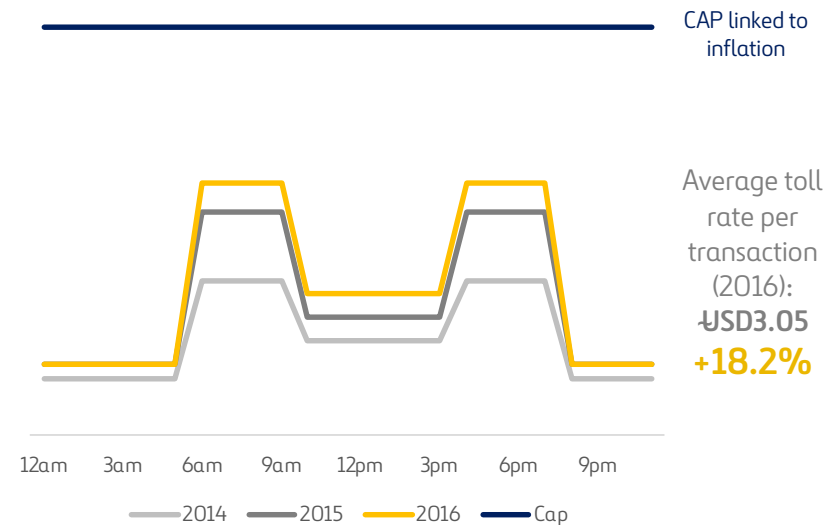
GROWTH SINCE OPENING (LBJ)



SPEEDS AT NTE



TOLL RATES EVOLUTION (NTE)



Services

€ million

- **€ 395mn** operating cash flow (OCF)
- **UK Services: Challenging environment**

- Budget constrains
- Fewer project works (higher margins)
- Birmingham contract (legal expenses)



Restructuring plan focused on profitability

>900 layoffs
-€21mn impact



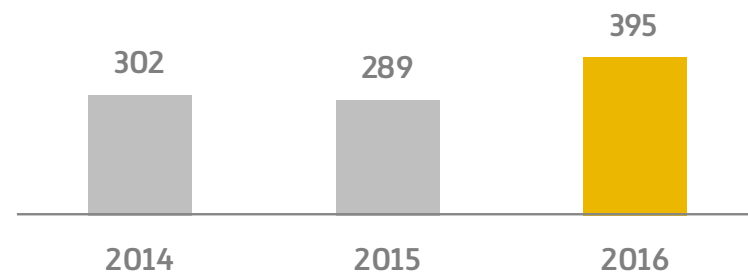
2017E Sales slightly below 2016 figures

2017E EBITDA margin: 3% - 4%

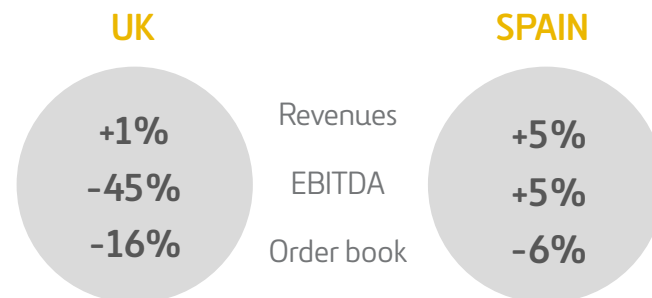
- **Positive evolution in Spain**
Profitability remains stable with EBITDA margin at 10.7%
- **7 months contribution from Broadspectrum**

| | FY16 | % | % LfL |
|------------|--------|--------|--------|
| Revenues | 6,078 | +24.1% | +2.8% |
| EBITDA | 325 | +4.2% | -12.9% |
| EBITDA % | 5.4% | | |
| Order book | 24,431 | +7.2% | -11.0% |

OPERATING CASH FLOW



PERFORMANCE BY GEOGRAPHY (LfL)



Broadspectrum

TRANSACTION DETAILS

Transaction terms:

- EV €934mn
- Equity €499mn
- Debt €435mn

100% acquisition

Broadspectrum delisted

Consolidation from May 31st



Acquisition rationale:

- Platform for medium and long term growth
- Bought at low point sector cycle
- Leading position in public and infrastructure services in Australia & New Zealand
- Exposure to US
- AUD8bn order book provides revenue visibility

Ongoing strategic review

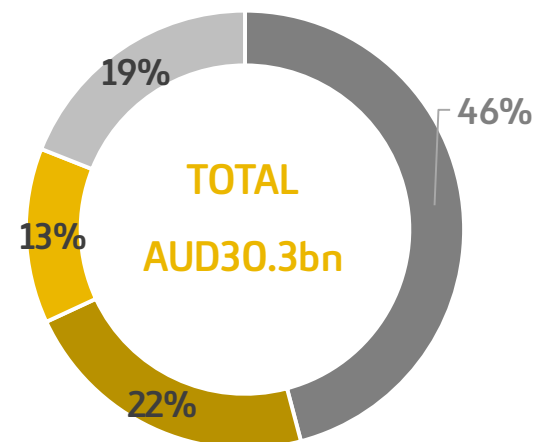
- No renewal of immigration centres contracts (contracts end October 2017)

Broadspectrum contribution: 7 months in 2016

- Revenues: €1,446mn
- EBITDA: €91mn
- EBITDA margin: 6.3%

TOTAL PIPELINE

AUD million



- Government
- Transport
- Urban Infrastructure
- Resources

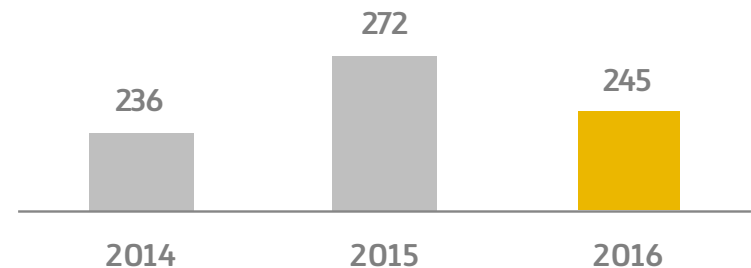
Construction

€ million

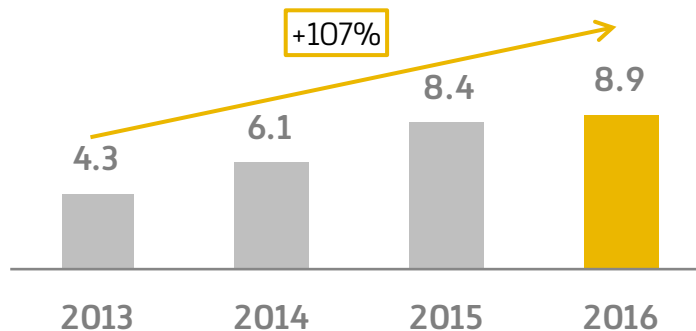
- **€245mn** operation cash flow (OCF)
- Profitability remains at high level (**EBITDA margin 8.1%**)
Driven by Budimex (Poland)
- Strong growth in **Budimex**
 - Revenues +8.1% (Lfl)
 - EBITDA +70.8% (Lfl)
 - Order book +6.0% (Lfl)

| | FY16 | % | % Lfl |
|------------|-------|--------|--------|
| Revenues | 4,194 | -2.2% | -2.7% |
| EBITDA | 342 | -13.1% | -12.8% |
| EBITDA % | 8.1% | | |
| Order book | 9,088 | +4.1% | +2.6% |

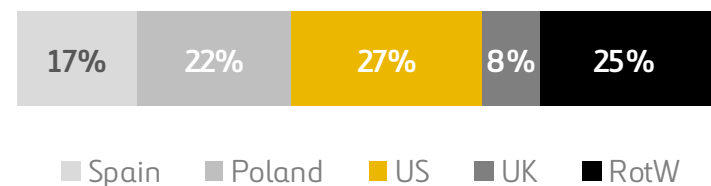
OPERATING CASH FLOW



BUDIMEX ORDER BOOK (PLNbn)



ORDER BOOK BY COUNTRY



HAH

(Equity method, FERROVIAL stake 25%)

100% GBP million

- **+8.3% dividend increase** (GBP325mn vs GBP300mn in 2015)
- **All-time high in passenger number for 2016** (75.7mn of passenger; +1% vs. 2015)



- **RAB: positive impact from higher inflation**
- **Heathrow expansion:** Government support confirmed in Oct 2016 & draft NPS released in Feb 2017

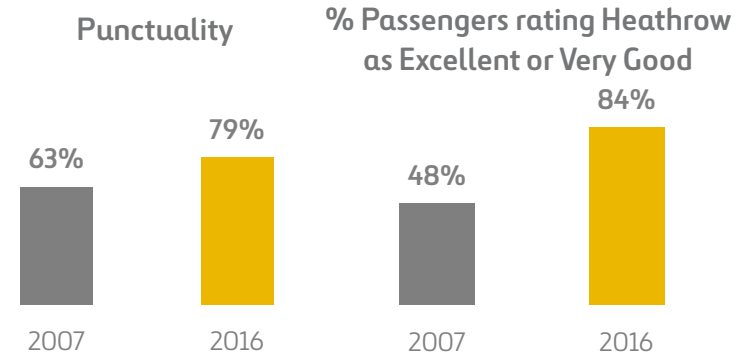
AGS

(Equity method, FERROVIAL stake 50%):

- **+6.7% dividend increase** (GBP64mn vs GBP60mn in 2015)
- **Traffic +2.8%** (14.4mn pax.)
- **EBITDA +10.8%** thanks to cost controls

| HAH P&L | FY16 | % LfL |
|----------|--------|-------|
| Revenues | 2,809 | +1.5% |
| EBITDA | 1,683 | +4.7% |
| EBITDA % | 59.9% | |
| Net debt | 14,307 | +6.5% |

OPERATING IMPROVEMENT AT HEATHROW



Record service standards

AIRPORTS TRAFFIC

| (PAX million) | FY16 | % LfL |
|---------------|------|--------|
| Heathrow | 75.7 | +1.0% |
| Glasgow | 9.4 | +7.4% |
| Aberdeen | 3.1 | -12.2% |
| Southampton | 2.0 | +9.8% |

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Macro impact

FX

GBP million

Over 3y expected GBP dividends hedged

UK airports dividends*



GBP Hedge**



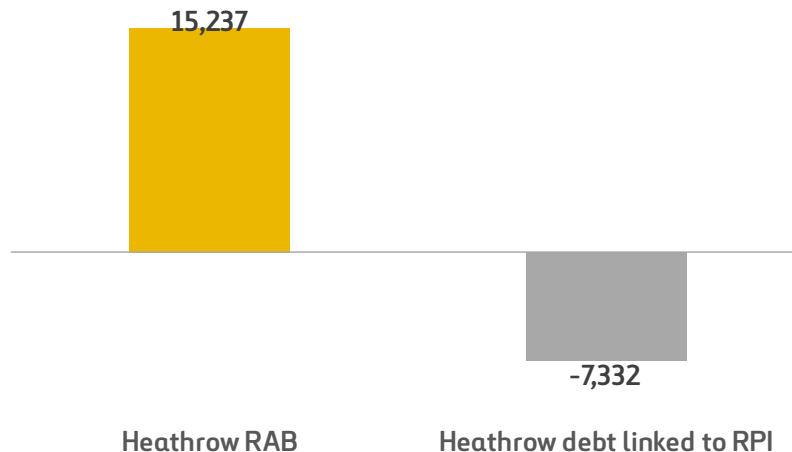
USD, CAD & AUD appreciated vs EUR

Additional GBP155mn 0.85 – 0.9 put spread

INFLATION

GBP million

Ferrovial positively exposed to higher inflation in UK



INTEREST RATES

90% FIXED DEBT

+100bps on interest rates



+€8mn financial expenses

Source: Company information, December 2016

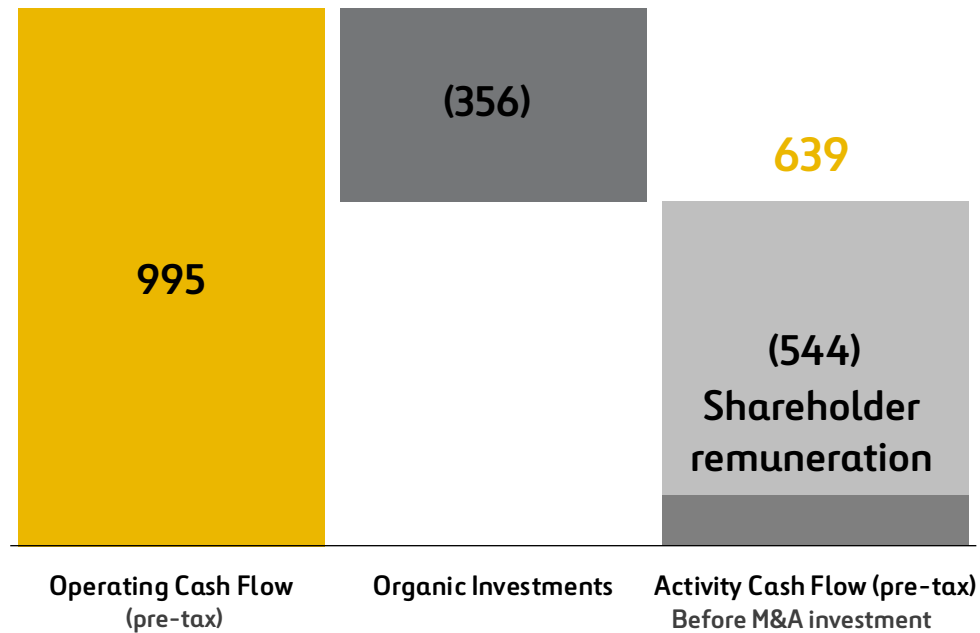
* Dividends paid in 2016

** GBP Hedge, December 31st, 2016

Cash flow generation vs Dividends

Ex- Infrastructure Projects

2016 figures
€ million



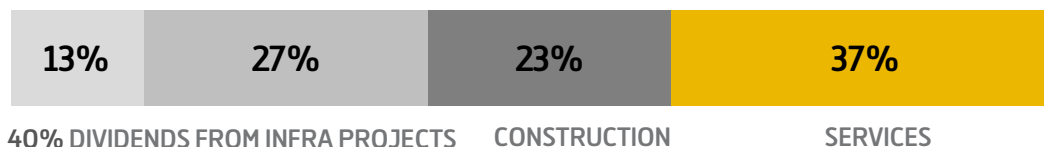
Strong cash flow generation

Ex- Infrastructure Projects

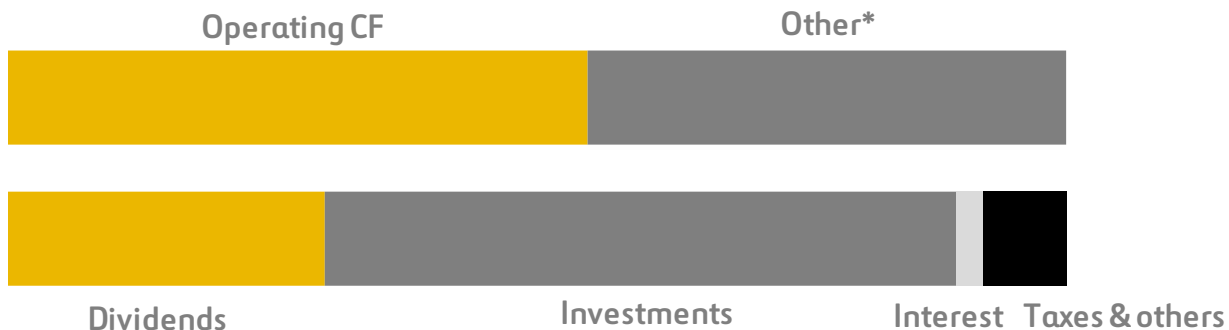
2016 figures
€ million

| | |
|--------------------------------------|-------------|
| OPERATING CASH FLOW (pre-tax) | 2016 |
| Construction | 245 |
| Services | 395 |
| Toll Roads (dividends) | 290 |
| Airports (dividends) | 134 |
| Others | (69) |
| TOTAL | 995 |

OPERATING CASH FLOW



SOURCES & USES



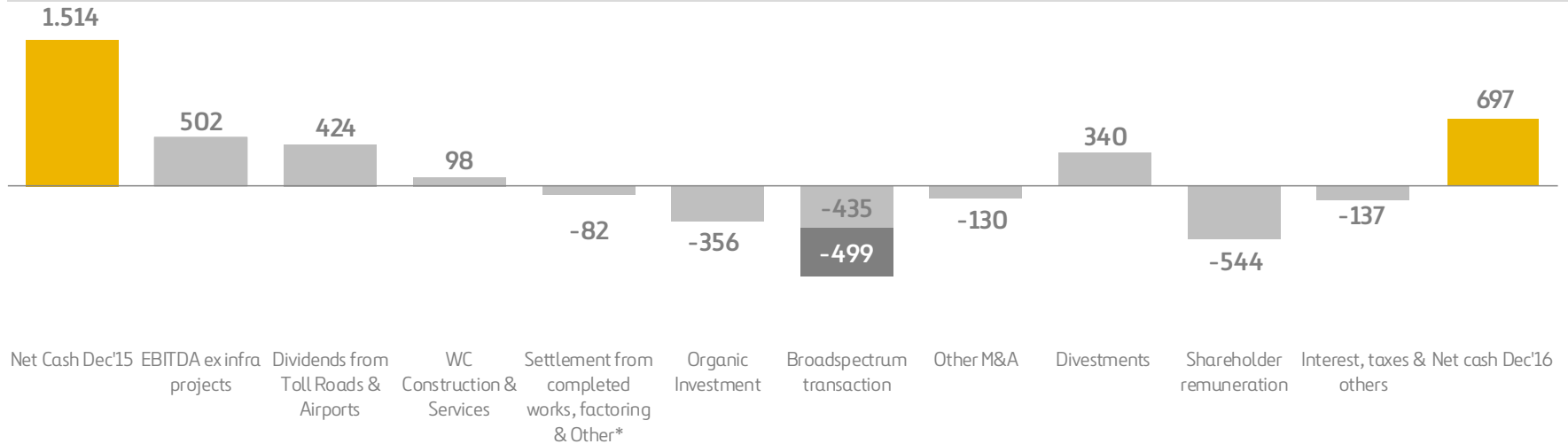
* Includes Divestments & Financing

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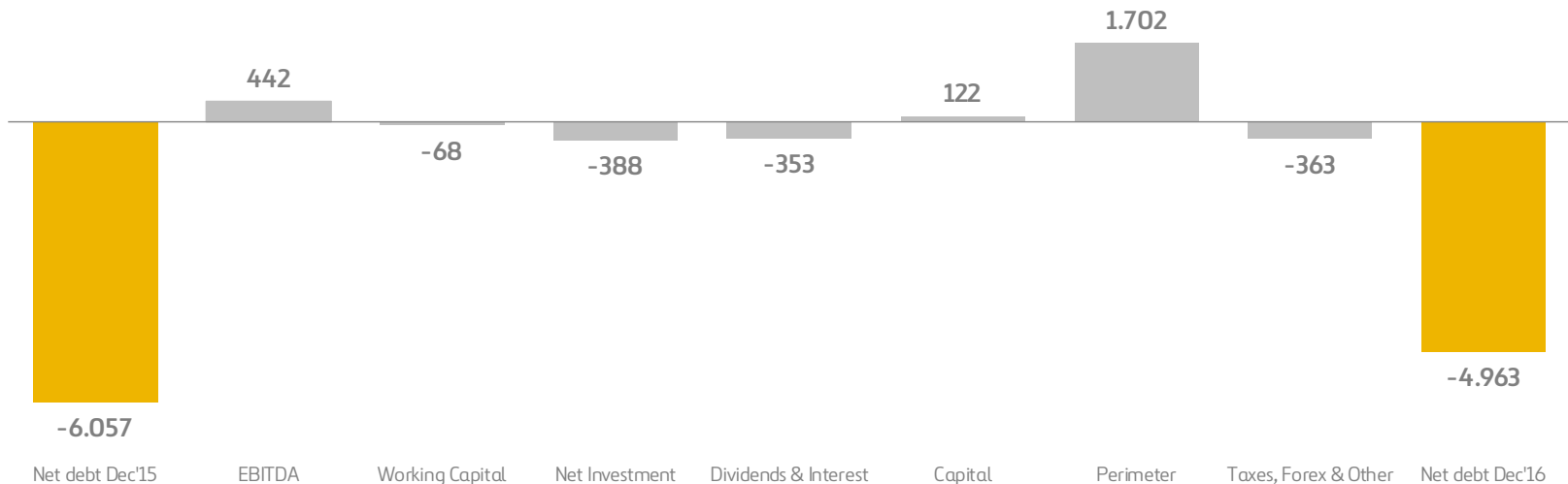
Net debt evolution

€ million

EXCLUDING INFRASTRUCTURE PROJECTS



INFRASTRUCTURE PROJECTS



2016 Profit & Loss

€ million

| | 2016 | 2015 |
|------------------------|---------------|--------------|
| Revenues | 10,759 | 9,701 |
| EBITDA | 944 | 1,027 |
| Impairment & disposals | 324 | 131 |
| EBIT | 926 | 901 |
| Net Financial Result | (-391) | (-637) |
| Equity accounted | 82 | 312 |
| EBT | 617 | 577 |
| Taxes | -233 | 54 |
| Minorities | -7 | 89 |
| NET PROFIT | 376 | 720 |

IMPAIRMENT & DISPOSALS (2016)

- Capital gain from the sale of Chicago
- Capital gains from the sale of Irish toll roads
- Further provision registered at Autema
- SH-130 deconsolidation

NET FINANCIAL RESULT (2016)

- Lower financial expenses (deconsolidations)
- 2015 negative impact: derivatives

EQUITY ACCOUNTED

- 2016: change in MtM of inflation hedges (HAH)
- 2015: positive extraordinary results

TAXES (2016)

- Chicago divestment impact
- No recognition of tax loss carry forward
- Tax payment at cash flow statement €147mn

NET PROFIT (2016)

- Chicago, M3 & M4 sale **(+€124mn)**
- SH130 deconsolidation **(-€30mn)**
- Fair value adjustments **(-€31mn)**
- Non-recurring effects on HAH **(-€107mn)**
(vs +€138mn in 2015)
- 2015 positive impact OLR & R4 deconsolidation **(+€122mn)**

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- **Looking Ahead**

Shareholder remuneration

| | 2016 | 2015 |
|--------------------------|--------------|--------|
| Shareholder remuneration | €544mn | €532mn |
| | +2.3% | |

| 2017 SHAREHOLDER REMUNERATION PROPOSAL | | 2016 |
|---|--|--|
| Scrip dividend (€/share) | | |
| First scrip dividend (equivalent to 2016 complementary dividend)* | 0.32 | 0.311 |
| Second scrip dividend (equivalent to 2017 interim dividend)* | 0.42 | 0.408 |
| TOTAL | 0.74 | 0.719 |
| Share buyback | of up to €275mn or up to 19m shares | of up to €275mn or up to 19m shares |

Looking ahead

Services

UK turnaround
Addressing pipeline in Australia

High quality assets

Strong traffic trends
Higher dividends

Construction

Additional order book
from infra projects

ferrovial

Attractive shareholder remuneration

Scrip dividend
Share Buyback

Active pipeline Infra projects

US /Australia /Canada/Poland
Monitoring other
markets

Q&A Session



ferrovial

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