

# ferrovial

## 1H 2019 Results

30 July 2019



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# 1H 2019 Highlights

Strong performance in all main toll roads

- 407ETR +7% EBITDA (severe weather impacting traffic)
- MLs performance boosted by new connections

Record traffic at Heathrow

- 38.8mn passengers (+1.8%)
- Expansion masterplan consultation launched

Construction

- Provision for future losses (1Q 2019)
- Focus on execution



# Toll Roads

(€ mn)

## RESULTS

\*\* %LFL: change vs 1H2018 excluding perimeter & FX changes.

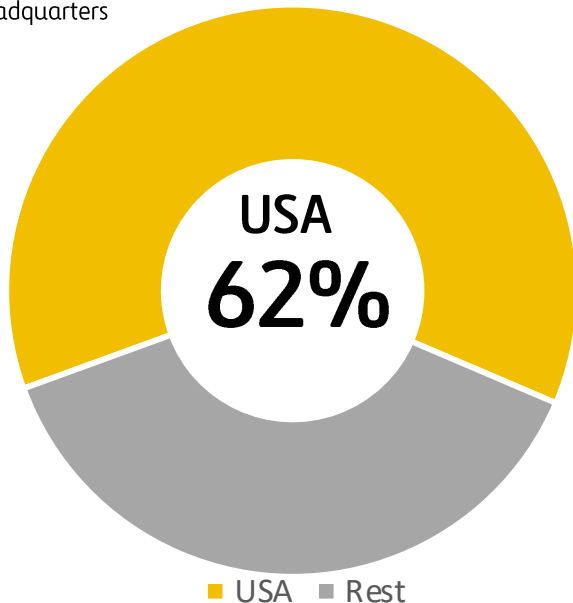
	1H 2019	% CH LFL **
Revenues	287	33.6%
EBITDA	206	46.8%
Margin	71.7%	

## AUSOL SOLD FOR €447MN (65% EQUITY)

- 100% equity value equivalent to €688mn
- Call/put option for remaining 15%
- Capital gains aprox. €474mn including FV adjustment for the remaining stake

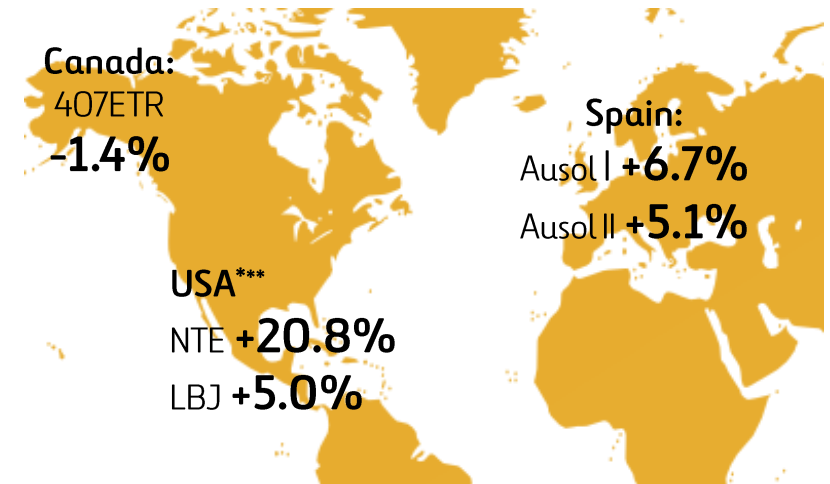
## CONTRIB. TO EBITDA\*

\* Exc. headquarters



## TRAFFIC EVOLUTION

\*\*\* Transactions



# 407 ETR

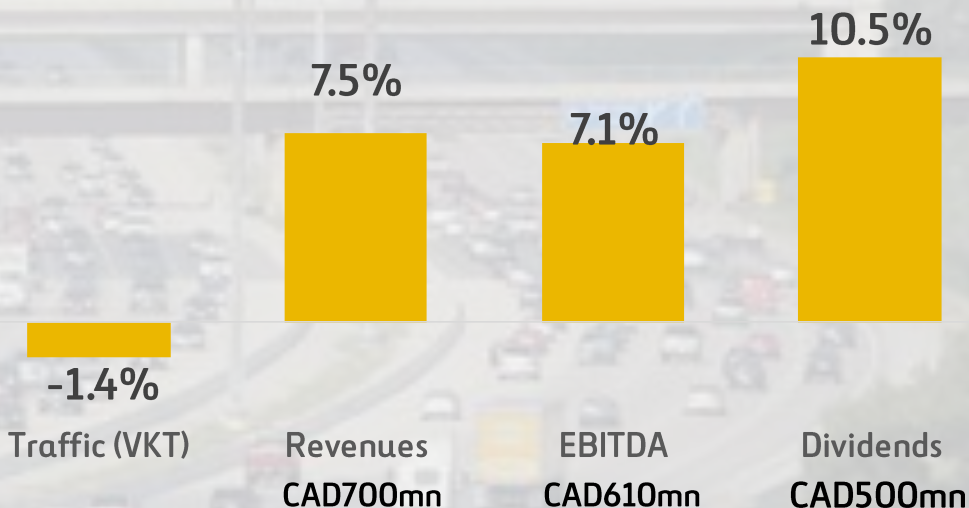
Equity method, Ferrovial stake 43%  
Toronto, Canada

## Solid results

### Quarterly performance

	1Q 2019	2Q 2019
Traffic (VKT)	-2.0%	-1.0%
Revenues	7.1%	7.7%
EBITDA	4.7%	8.9%
Margin	85.0%	89.0%

### 1H 2019 performance



### 1H 2019

- Strong EBITDA growth (+7.1%) despite lower traffic given worse weather
- Average trip length +0.8%
- Dividends maintain +10.5% growth. 3Q 2019 dividend approved (CAD250mn)

### Potential acquisition of 5% stake

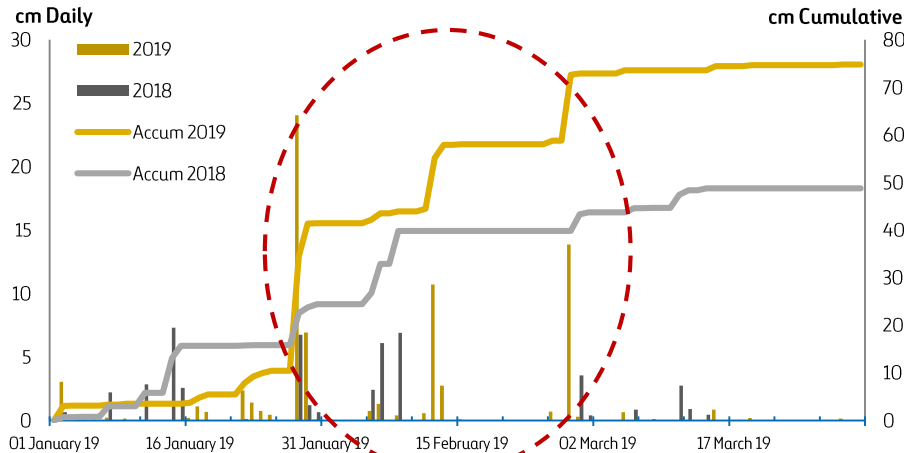
- Right of first refusal (ROFR) subject to judicial resolution
- Potential investment of approx. CAD1.6bn

# 407 ETR

## Strong impact on traffic of severe weather

### 1Q 2019

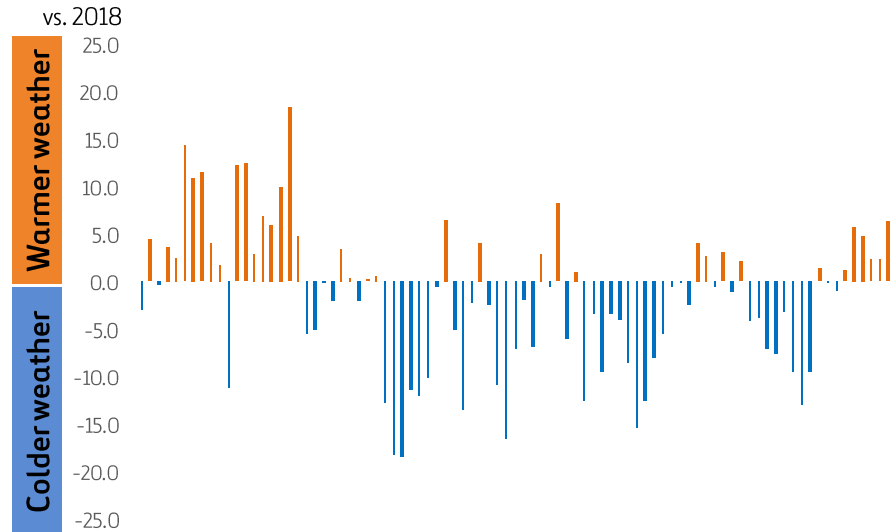
- Jan: record single day snowfall on a workday (24cm)
- Feb: 18mm freezing rain all falling within workdays
- 5 major winter school closures, school bus cancellations (none in 2018)



Traffic	January	February	March
	-2.0%	-4.6%	+0.4%

### 2Q 2019

- Coldest May in over 10 years
  - 98mm of precipitation (+51% vs 2018)
  - Avg high temperature 17°C (-26% vs 2018)



Traffic	April	May	June
	+2.5%	-2.6%	-2.2%

Lower consumer and business confidence

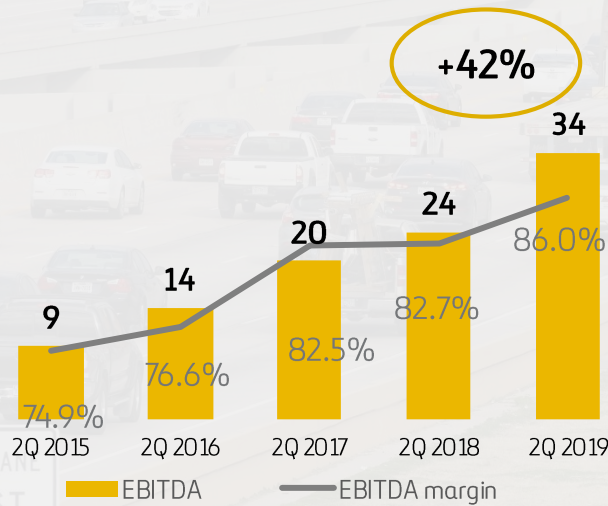
# Managed Lanes

Global Consolidation  
Texas, USA  
(USD mn)

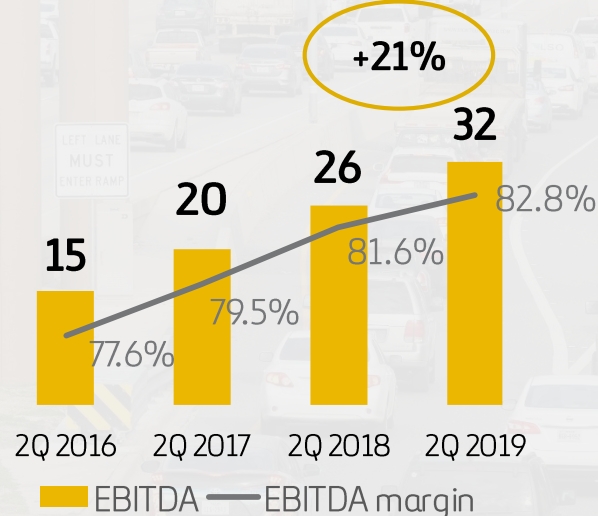
## Outstanding performance continues

- Unemployment in Dallas (3%) at two-decade low
- North Texas economy strong & diverse, outperforming US at-large.
- NTE mainly benefited from the opening last year of NTE35W and SH183.
- Smaller positive impact of the 183 managed lanes also observed on LBJ.

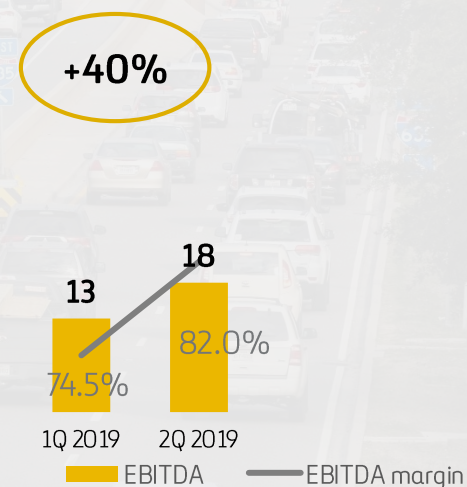
NTE - EBITDA



LBJ - EBITDA



NTE 35W - EBITDA

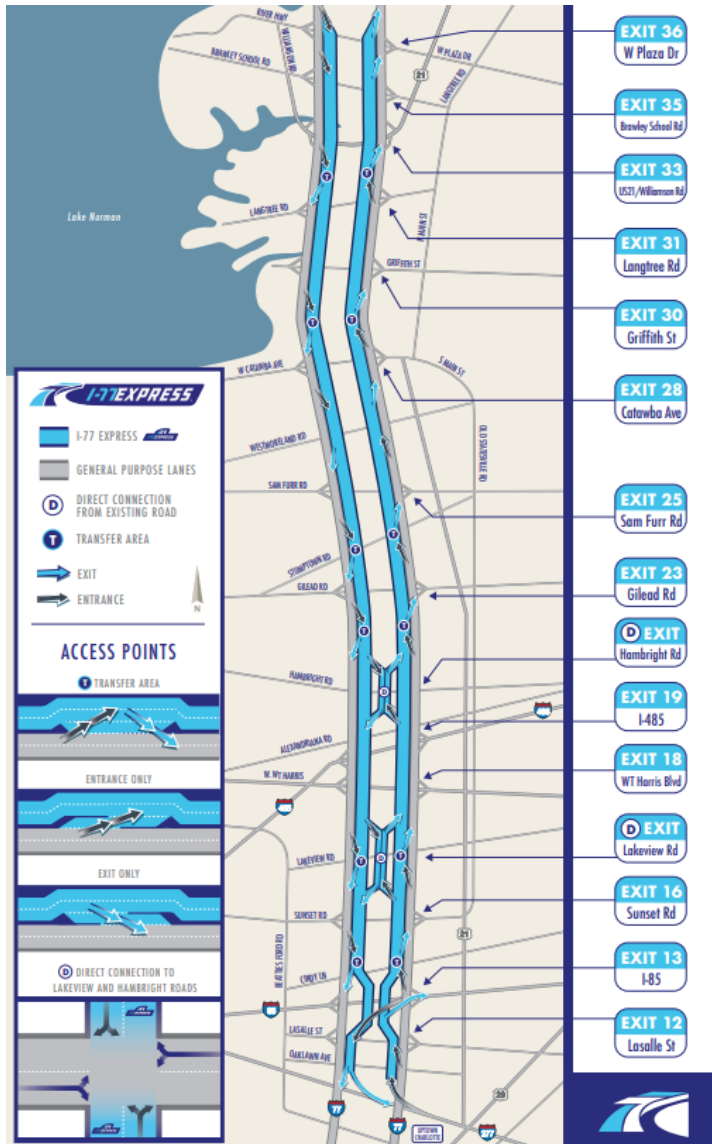


NTE 35W full opening 20<sup>th</sup> July 2018

# Managed lanes - I-77

Global consolidation, 50.1% stake  
Charlotte, North Carolina, USA

Video: Using  
I-77 Express



<b>182,000</b>	<b>12,500</b>	<b>500,000</b>	<b>40%</b>	<b>\$3-5/month</b>
Different vehicles have used I-77	Unique vehicles every weekday	Total trips on I-77	% of users with transponder	Monthly bill for most users

- Express lanes opening has improved speeds across entire corridor\*  
Average speed morning peak +18%  
Speeds afternoon peak +37%
- Highway volumes have quickly recovered pre-construction levels
- Discounted promotional rate applied until full opening (-25%)
- MLs traffic grew at 20% in each of the first four weeks of operation
- Full opening expected fall 2019

<b>50.1%</b> Stake	<b>2014-69</b> Concession	<b>\$650mn</b> Investment	
<b>\$248mn</b> Equity	<b>\$100mn</b> Bonds	<b>\$90mn</b> Public funds	<b>\$189mn</b> TIFIA
I-77 connects the major employment centre of downtown Charlotte with the growing residential communities of Northern Mecklenburg and southern Iredell counties			

\* Northern portion opened 1<sup>st</sup> June 2019

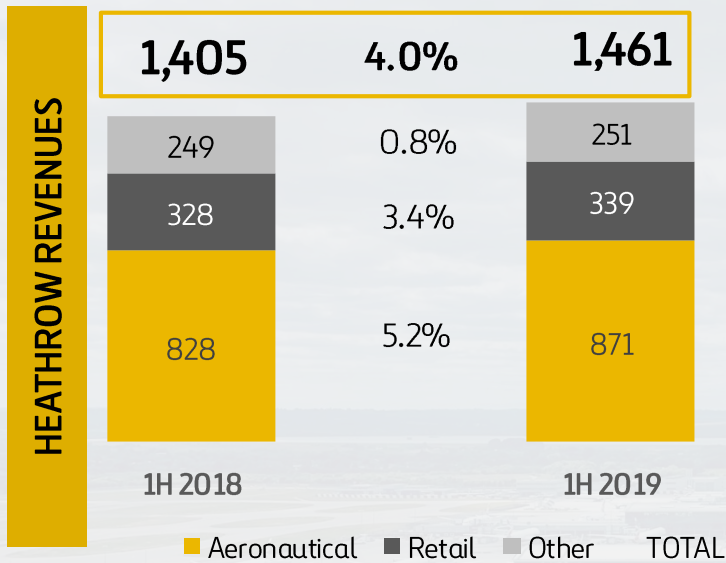
- 15 mi express lanes between Hambright Road in Huntersville & Exit 36 in Mooresville.
  - 5 segments in each direction, & numerous entry and exit point
- Peak travel periods are from 6:30 AM to 9:00 AM and from 3:00 PM to 7:00 PM).



## Record traffic once again (+1.8%) Retail revenues +3.4%

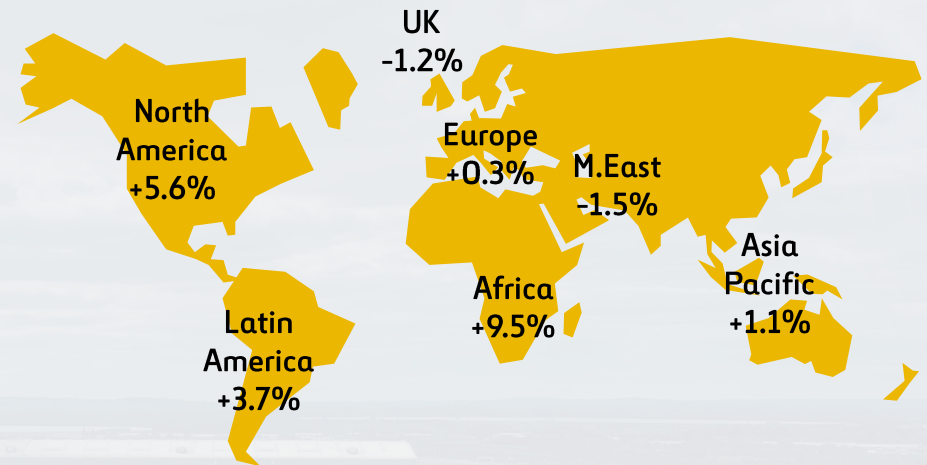
### MAIN FIGURES HEATHROW SP

EBITDA: +7.0% (+3.9% exIFRS16)



### HEATHROW TRAFFIC BY AREA

38.8mn passengers



Connecting Heathrow with new domestic & international routes



# Heathrow

## Net zero Carbon in Heathrow 2.0 targets

Carbon neutral airport operations from 2020

Zero carbon airport operations by 2050

Carbon neutral growth from the new runway

### Sustainable expansion

- Construction to **mitigate environmental impact** (i.e. pioneering offsite manufacturing)
- Capacity to be released according to legally binding, **strict environmental limits**.
- **Independent Scrutiny Panel** to validate monitoring & ensure compliance.
- Increasing to **6.5h ban on scheduled night flights** and **halving the number of “late runners”**.

#### AIR NOISE



- Fewer people impacted with noise than in 2013.
- Noise Insulation Policy for eligible residents.

#### AIR QUALITY



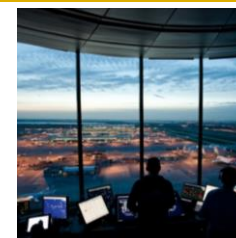
- Heathrow Ultra Low Emissions Zone.
- Expanded infrastructure for charging electric and hybrid vehicles
- Surface Access Proposals implementation.

#### SURFACE ACCESS



- 25% reduction in staff car trips by 2030 & 50% by 2040.
- At least 50% of journeys made to airport by public transport by 2030 & at least 55% by 2040.

#### CARBON



- Carbon neutral airport operations by 2020.
- Zero carbon airport operations by 2050.
- Carbon neutral growth from the new runway.

# Construction

- 1Q 2019: €345mn provision
- 2Q 2019:
  - ✓ Client work orders pending sign-off
  - ✓ Compensation events not recognized
  - ✓ Central overhead costs allocation
- FY2019:
  - ✓ EBIT(e) around current levels

## 1H 2019 RESULTS

	1H 2019	% Ch	% CH LFL
Revenues	2,308	-7.0%	-8.6%
EBITDA	-329	n.s.	n.s.
EBITDA %	-14.3%		
EBIT	-346	n.s.	n.s.
EBIT %	-15.0%		
Order book	11,405	+4.0%	+3.2%

# Services (discontinued activity)

## Services divestment

Two separate sale processes

- **Spain + Broadspectrum + RoW:**
  - ✓ Finalizing due diligence
  - ✓ Binding offers coming
- **Amey:** working on due diligence preparations

## Birmingham agreement signed

(no impact on Ferrovial P&L)

- **Amey to pay GBP215mn**  
GBP160mn in 2019 & GBP55mn over next 6 years.
- **Operations until 30 Sep 2019**  
(extendable until 31 Mar 2020).

## 1H2019 Performance (ex BHM)

- **Revenues +10.5%**
- **EBITDA +9.4%**
- Lower order book (-5%) due to BMH exit

**SPAIN:** Revenues (+3%), EBITDA (+5%) & profitability expansion driven by waste treatment

**UK:** Revenue (+23%), stable EBITDA margin.  
BMH agreement signed

**BROADSPECTRUM:** Revenues -4% on portfolio streamlining (underlying +4.9%)

**INTERNATIONAL:** Revenues +31%, EBITDA & profitability expansion (7.7% mg vs 4.5% 1H2018)  
Orderbook growth due to road maintenance contracts in Canada.

# Consolidated P&L

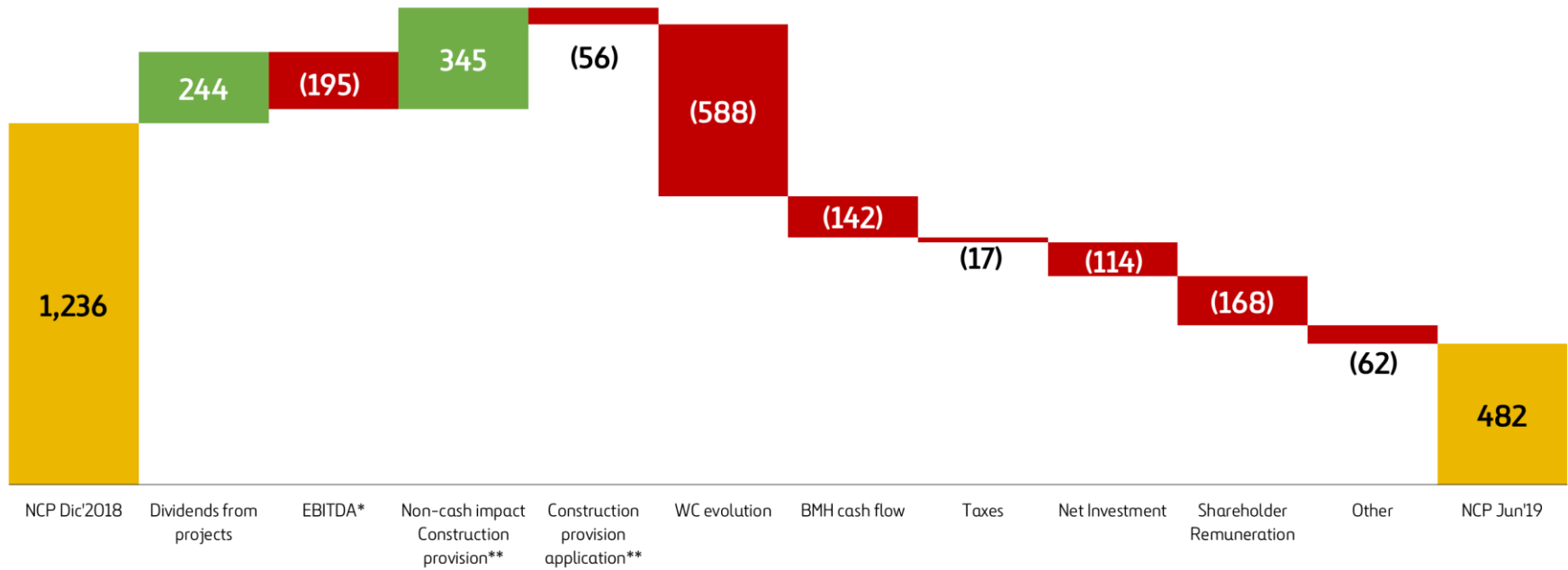
P&L (EUR mn)	1H 2019	1H 2018
<b>REVENUES</b>	<b>2,603</b>	<b>2,701</b>
Construction Provision	-345	
<b>EBITDA ex-IFRS 16</b>	<b>-132</b>	<b>208</b>
<b>EBITDA</b>	<b>-116</b>	
Period depreciation	-74	-57
Disposals & impairments	-21	-16
<b>EBIT</b>	<b>-211</b>	<b>135</b>
Infrastructure projects	-129	-111
Exinfrastructure projects	28	13
<b>FINANCIAL RESULTS</b>	<b>-101</b>	<b>-98</b>
Equity-accounted affiliates	76	125
<b>EBT</b>	<b>-236</b>	<b>161</b>
Corporate income tax	50	-9
<b>CONSOLIDATED PROFIT FROM CONTINUING OPERATIONS</b>	<b>-185</b>	<b>152</b>
<b>NET PROFIT FROM DISCONTINUED OPERATIONS</b>	<b>135</b>	<b>-206</b>
<b>CONSOLIDATED NET INCOME</b>	<b>-50</b>	<b>-53</b>
Minorities	44	-19
<b>NET INCOME ATTRIBUTED</b>	<b>-6</b>	<b>-72</b>

- **Revenues:** (-5.3%) lower contribution from Construction (-8.6%)
- **EBITDA ex-IFRS 16 impacted by -€345mn (at 100%) Construction provision.** IFRS 16 (leases reclassification) improved EBITDA by €16mn
- **Depreciation:** increased by (+29%) vs 1H 2018
- **Disposals, Impairments:** -€21mn from further impairments at Autema
- **Financial Result:** in line with 1H 2018.
  - **Infra level:** Higher expenses reflecting entry into operation of NTE35W, partially offset by higher interest rates with positive impact on gross cash position.
  - **Ex-infra level:** Positive evolution mainly due to equity swaps hedges linked to payment plans, with no CF impact: +€17mn 1H 2019, on positive share price vs negative in 1H 2018.
- **Equity accounted results:**
  - **407ETR** contribution: €62mn (vs €57mn)
  - **HAH** contribution: -€2mn (vs €56mn)
  - **AGS** contribution: €4mn (vs €0mn)
- **Taxes:** impacted by the contribution related to equity accounted companies which is already net of tax effect.
- **NP discontinued Operations:** Services positively impacted by IFRS 5\* (no amortization). 1H 2018 impacted by the BMH provision (-€237mn).
- **Net income from continuing operations:** includes a series of impacts, notable among which were:
  - Impact from Construction division provision at NP: -€212mn.
  - Fair value adj for derivatives: -€27mn (+€39mn in 1H 2018), Impairment at Autema: -€16mn (-€13mn in 1H 2018).

\* In accordance with IFRS 5, Services activity has been reclassified as discontinued since December 2018, also re-expressing the income statement of 1H2018.

# Net Debt evolution ( ex-infrastructure)

Including discontinued activities



\*EBITDA excludes contribution from projects but it includes EBITDA from Services

\*\* Related to the provision registered in 1Q2019 corresponding to the three contracts in US

## Final remarks...

**+45.4%**

EBITDA growth at NTE

Managed Lanes continue  
booming

**32**

Consec months of  
record traffic in Heathrow

New record high  
supported by higher  
passenger satisfaction

**+60%**

Ausol sold above  
consensus valuation

Market appetite for  
infrastructure

**+10.5%**

407 dividend growth

407 solid performance  
despite weather

**€482mn**

Net cash position ex-infra level

Strong position before  
divestments proceeds

Focus on  
Construction risks

&

Binding offers coming  
for Services

Photo: 401 West (July 2019)



Q&A



ferrovial

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