



ferrovial

2019 Results

27 February 2020



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# 2019 overview – STRONG PERFORMANCE OF INFRASTRUCTURE

## Operations

- **MLs** above expectations on regional growth & improved connectivity
- **407ETR:** 87% customer satisfaction amid rising toll rates
  - c.80% agree some/most/all of toll costs are offset by time savings
- **HAH:** 9<sup>th</sup> consecutive year of traffic growth
- **NTE3C signed**, extension in the heart of logistic hub & office parks

## Finance

- **NTE refinancing:** cost of debt lowered
- **€729mn dividends** from projects
  - 407ETR dividends **€309mn** (+14% local FX)
  - NTE first dividend **€166mn**

## Asset rotation

- **65% Ausol sold** for €451mn (c.60% above analysts' consensus value)
- **Broadspectrum sale** agreed (EV €327mn)

## ESG

- **Leading global company in DJSI** (Construction & engineering)
- **CDP 'A List'** for leading effort against climate change



# 2019 main figures – SOLID FINANCIAL GROWTH

(EUR)

Revenues

**6.1bn**

EBITDA\*

**121mn**

Net income

**268mn**

Dividends  
from projects

**729mn**

Operating  
Cash Flow\*\*

**810mn**

Net cash  
Position\*\*\*

**1.6bn**

\*Including IFRS 16

\*\*Ex-infrastructures, pre-tax

\*\*\*Ex-infrastructures, including NCP from discontinued operations (€158mn)



# Toll Roads – 67% OF REPORTED EBITDA FROM NORTH AMERICA

(EURmn)

## Results / contribution from Toll Roads

	2019	% CHLFL*
Revenues	617	+28.5%
Reported EBITDA**	433	+33.5%
EBITDA margin	70.2%	
Equity Accounted	182	+11.4%
Dividends	494	
Proportional EBITDA	738	+17.1%

## Asset rotation

- **AUSOL sold for €451mn (65% Equity)**
  - 100% equity value equivalent to c.€700mn
  - Call/put option for remaining 15%
  - Net capital gains aprox.€474mn including FV adjustment for the remaining stake
- **11.75% RUTA DEL CACAO sold for €28.6mn**

## Refinancing process

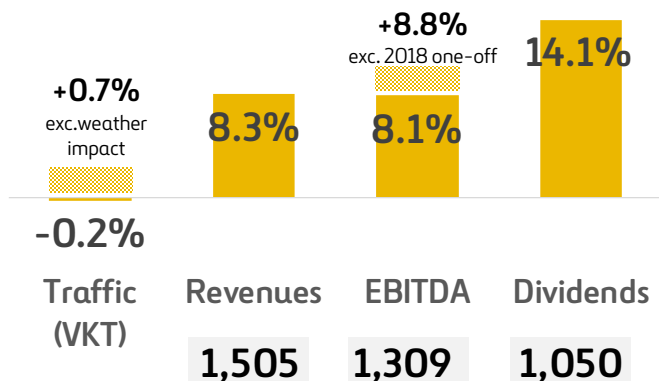
- **NTE successfully refinanced (c.\$1.3bn)**
  - Original debt (PABs + TIFIA). New structure includes PABs & taxable bonds reducing the **average cost of debt** (yield to maturity of 3.8% vs previous average coupon of 5.3%) & **extended debt maturity.**
  - **First dividend:** \$292mn (€166mn for Cintra)
- **LBJ refinancing to follow in 2020**

\* % CHLFL: change vs 2018 excluding perimeter & FX changes

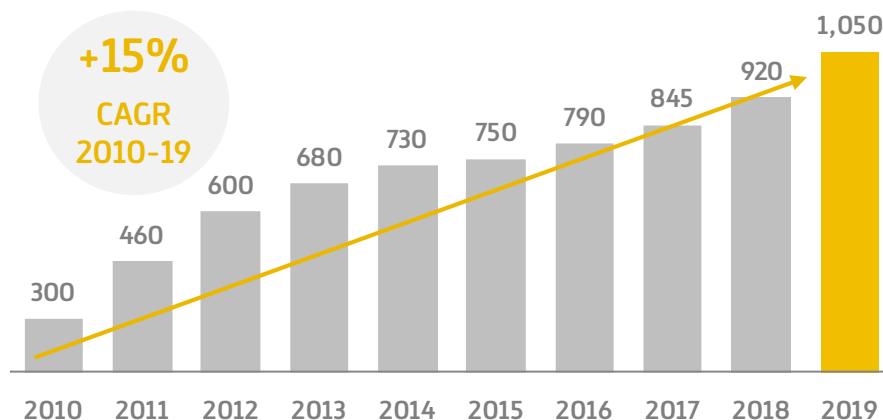
\*\* EBITDA ex IFRS16

# 407 ETR – 2019 REVENUES UP +8.3%

## 2019 performance



## Dividends



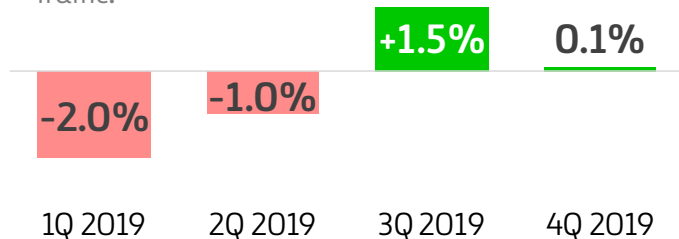
**1Q 2020 Dividend: +25% to CAD312.5mn**

**DSCR\* current 2.33x vs 1.7x target senior indenture DSCR**

\*DSCR : Debt Service Coverage Ratio

## Quarterly revenue & traffic growth

Traffic:



Revenue:



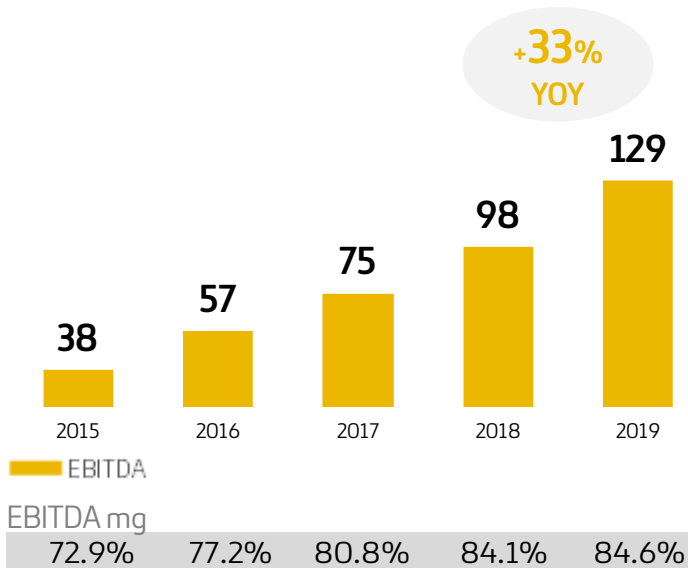
## Macroeconomic drivers

- **Population +2.0%** (4Q 2019)
- **Personal income +5.0%** (4Q 2019)
- **GDP growth +1.7%** (2020E)
- **Nominal GDP +3.8%** (2020E)
- **Unemployment rate 5.8%** (2020E)

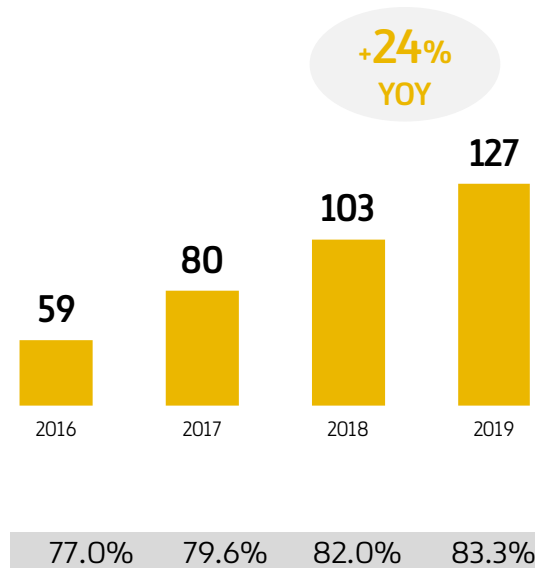
# Managed Lanes – EXCEEDING TRAFFIC EXPECTATIONS

Heavy traffic growing at double digit rate in the region

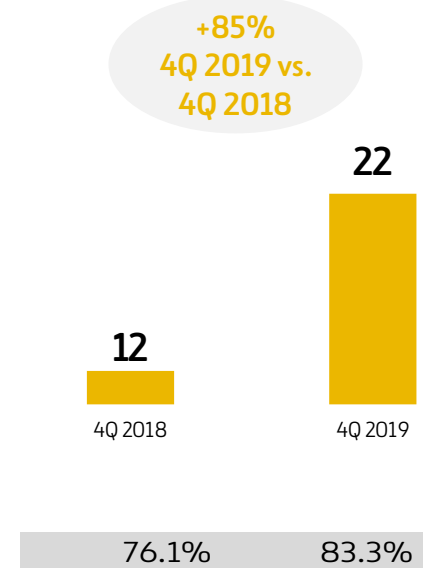
NTE – EBITDA



LBJ – EBITDA



NTE 35W\* – EBITDA



Traffic growth 2019 helped by strong local economy & expansion of regional ML network in 2018

- **NTE (+14.7%)** benefited from NTE35W & SH183 opening. Toll rates occasionally over toll soft cap
- **LBJ (+9.1%)** impacted by SH183 opening & construction at US-75 & PGB Turnpike interchange
- **NTE35W\* (+25.3% QoQ)** still in ramp up phase with demand returning to the highway & increased ML share

\*NTE 35W full opening 20<sup>th</sup> July 2018  
Data refers to 100% of Managed Lanes EBITDA







# Managed Lanes – IMPROVING CONNECTIVITY TO PUSH TRAFFIC BEYOND 2024

End of construction works & improved connectivity in 2018 led to a surge in traffic in 2019

Network improvement works 2020-2024 to dampen traffic

New surge in traffic expected beyond 2024 once construction works are over



2019

2020

## End of construction works:

- 1 183 TEXpress opened Oct 2018, connecting NTE & LBJ, supporting traffic growth in both
- 2 Construction at US-75 & President G. Bush Turnpike interchange, increasing traffic on LBJ

## Network improvement projects under construction:

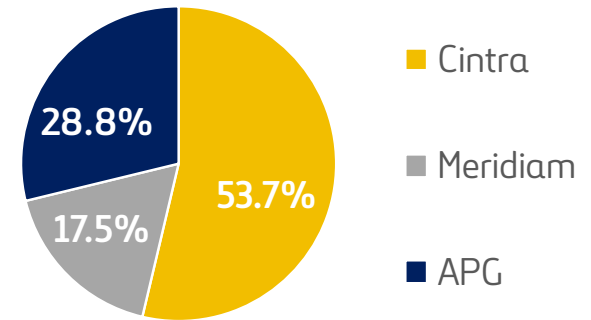
- A 635 East: MLs construction summer 2020 to 2024
- B 820 Loop: Reconfiguration & reconstruction until 2021/22
- C Mark IV improvements: intersection reconstruction & direct-connector flyovers to NTE 35W (2019-2022)
- D NTE 3C: MLs extension construction 2020-2023

# NTE 3C – 60% EXTENSION TO NTE 35W

With this extension, NTE35W becomes our **largest ML in Dallas-Fort Worth**

- **Financial close** for Segment 3C change order in August 2019
- **6.7mile northbound extension of NTE 35W 3A & 3B** (full operation since 2018) is expected to be completed by July 2023
- **Duration: 2061**
- **>\$900mn total investment**  
 FER's equity investment: \$86mn

## Shareholder structure



Segment	Length (miles)	Open to Tolling
3A	6.2	Northern portion opened April 5, 2018 while remainder opened July 19, 2018
3B	4.0	First phase opened July 21, 2017 while remainder opened October 31, 2017
3C	6.7	Anticipated July 2023





# Other toll roads – AVAILABILITY PROJECTS WITH LONG DURATION

(EURmn)

Portfolio includes **availability projects** in **countries with low Government bond yields**

**Long duration (16y to maturity on average)**

	Consolidation method	Type	Maturity	Revenues		EBITDA*		EBITDA margin 2019	Net Debt (100%) 2019	Stake	Gov. Bond Yield
				2019	ch. (%)	2019	ch. (%)				
<b>Spain</b>											
<b>Autema</b>	G.Consolidation	Availability	2036	113	4.0%	105	4.3%	92.7%	-625	76.3%	1.89%
<b>A-66 B.Zamora</b>	Eq. Accounted	Availability	2042	24	2.1%	22	2.1%	90.5%	-157	25.0%	0.26%
<b>Portugal</b>											
<b>Azores</b>	G.Consolidation	Shadow Toll	2036	29	4.0%	26	5.9%	88.1%	-287	89.2%	0.29%
<b>Via Livre</b>	G.Consolidation	Toll Collector		15	5.7%	2	16.7%	14.0%	2	84.0%	0.29%
<b>Algarve</b>	Eq. Accounted	Availability	2030	37	-2.2%	33	-2.3%	87.9%	-108	48.0%	0.29%
<b>Norte Litoral</b>	Eq. Accounted	Availability	2031	42	-3.7%	36	-3.7%	87.0%	-127	49.0%	0.29%
<b>Ireland</b>											
<b>M4</b>	Eq. Accounted	Eq. to Availability	2033	31	5.3%	17	1.3%	54.8%	-74	20.0%	0.95%
<b>M3</b>	Eq. Accounted	Eq. to Availability	2052	22	9.5%	14	1.0%	64.7%	-111	20.0%	0.95%

# Airports – REVENUE GROWTH ACROSS THE BOARD

(GBP mn)

## Heathrow

Equity consolidated, FER 25%, London, UK

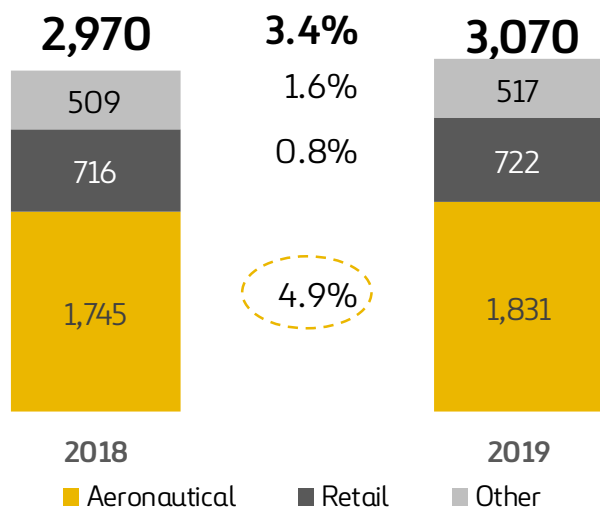
	2019	var.
Traffic	80.9	1.0%
Total Revenue	3,070	3.4%
Opex	-1,149	1.7%
EBITDA	1,921	4.6%
RAB	16,598	2.5%
Total Net debt*	14,769	7.6%

## AGS

Equity consolidated, FER 50%, Glasgow, Aberdeen & Southampton, UK

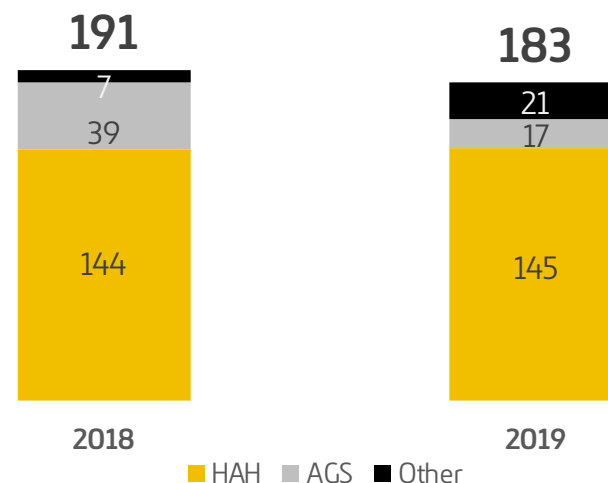
	2019	var.
Traffic	13.6	-7.8%
Glasgow	8.9	-8.4%
Aberdeen	3.0	-4.1%
Southampton	1.8	-10.4%
Total Revenue	217	1.8%
Opex	-123	-5.4%
EBITDA	94	-2.6%
Total Net debt	693	

## Heathrow SP revenues



## Airports dividends

(FER stake, €mn)

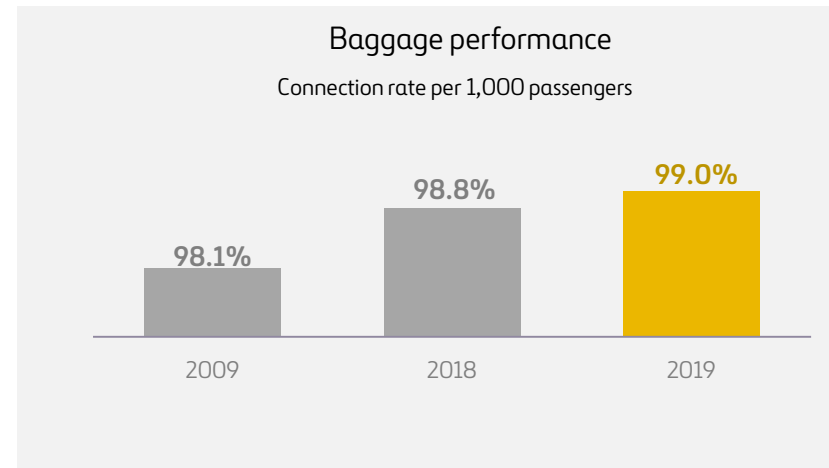
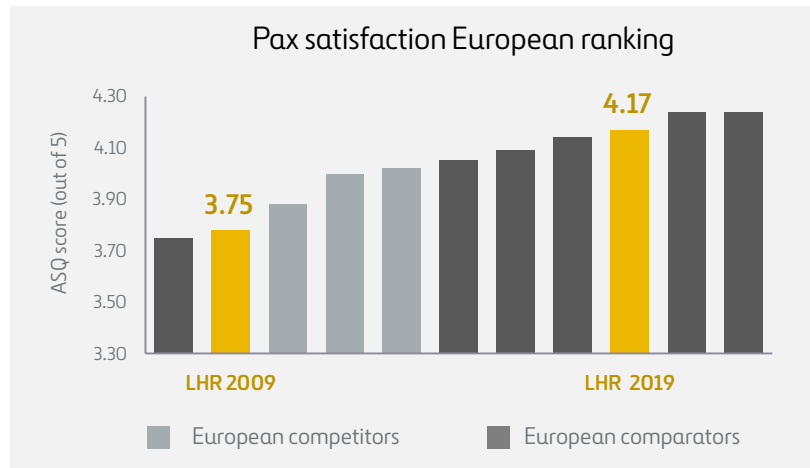


Data refers to 100% of Airports results, except Dividends which refer to those received by FER

13 \*Debt related to FGP Topco, HAH's parent company

# Heathrow – STRONG SERVICE & ROBUST OPERATIONS

**Record traffic** (9 consecutive years of growth)  
**Best airport in Western Europe** (5<sup>th</sup> consecutive year)  
**82%** passengers rate Heathrow as **Excellent or Very Good**



Excellent service standards with airport at **99.1% capacity in aircraft movements**

## Heathrow 2.0 targets – SUSTAINABLE EXPANSION

**Carbon neutral airport operations from 2020**

**Zero carbon airport operations by 2050**

**Carbon neutral growth from the new runway**



# Construction – BETTER CASH FLOW GENERATION THAN EXPECTED

(€ mn)

- **2019 EBIT in line with 1H2019 guidance**

We are comfortable with the current level of provisions

- **2019 OCF better than forecasted** (€132mn vs.

-€300mn) mainly on:

- ✓ Budimex activity helped by better weather conditions
- ✓ Advanced payments in US
- ✓ Provision losses only partially cashed out (€143mn)
- ✓ Real Estate sale (€69mn)

- **Target 2020 EBIT mg > 1%**

**Target 2024 EBIT mg: 3.5%** on the back of

- ✓ Local presence
- ✓ Higher weight of own resources
- ✓ Higher risk controls
- ✓ Organizational changes
- ✓ Improved processes

- **2020E OCF (-€300mn)** on 2019 impacts: better Budimex performance, advanced payments in US & lower cash drainage.

## 2019 main figures

	2019	% Ch	% CH LFL
Revenues	5,413	+3.1%	+0.3%
EBITDA*	-321	n.s.	n.s.
EBITDA %	-5.9%		
EBIT	-365	n.s.	n.s.
EBIT %	-6.7%		
Order book	11,424	+4.2%	+2.8%
Operating CF	132	n.s.	n.s.

\*Ex-IFRS16

\*\* Before taxes

# Services (discontinued activity) – POSITIVE CF GENERATION EXCLUDING BIRMINGHAM

## 2019 performance

### Spain:

- **Revenues** +3.8% LfL to €2bn
- **EBITDA** +5.3% LfL
- **EBITDA mg expansion** 10.7% vs 10.4%

### International:

- **Revenues** +19.6% LfL, mainly on oil & gas activity in US & Chile.
- **EBITDA** +26.3% LfL (5.4% mg)

### UK:

- **EBITDA** excluding utilities, collections & environment **GBP56mn**

## Broadspectrum disposal

- **Agreement for the sale to Ventia**
- Enterprise Value: €327mn (AUD524.5mn)
- Equity Value: €303mn (AUD485.5mn)
- Activity CF (-€5mn) incl. €17mn from factoring
- Deal expected to close in first 9M 2020

## Committed to complete Services divestment

- **Transaction** to be **based on subsets** of the original perimeter

## Birmingham agreement signed

(no impact on Ferrovial P&L)

- **Amey has paid GBP160mn in 2019**
- GBP55mn in the next 6Y

# Consolidated P&L

(Lfl figures; EURmn)

P&L (EUR mn)	2019	2018
<b>REVENUES</b>	<b>6,054</b>	<b>5,737</b>
Construction Provision (1Q 2019)	-345	
<b>EBITDA ex-IFRS 16</b>	<b>76</b>	<b>479</b>
<b>EBITDA</b>	<b>121</b>	
Period depreciation	-180	-127
Disposals & impairments	460	82
<b>EBIT</b>	<b>401</b>	<b>434</b>
Infrastructure projects	-263	-230
Exinfrastructure projects	69	39
<b>FINANCIAL RESULTS</b>	<b>-194</b>	<b>-192</b>
Equity-accounted affiliates	296	239
<b>EBT</b>	<b>504</b>	<b>481</b>
Corporate income tax	-47	-24
<b>CONSOLIDATED PROFIT FROM CONTINUING OPERATIONS</b>	<b>457</b>	<b>457</b>
<b>NET PROFIT FROM DISCONTINUED OPERATIONS</b>	<b>-198</b>	<b>-848</b>
<b>CONSOLIDATED NET INCOME</b>	<b>259</b>	<b>-391</b>
Minorities	9	-57
<b>NET INCOME ATTRIBUTED</b>	<b>268</b>	<b>-448</b>

- **Disposals, Impairments:** €460mn impacted by:
  - €475mn capital gains from Ausol divestment
  - -€58mn further impairments at Autema
  - Others: Ruta del Cacao stake sale & Denver contract end
- **Financial Result:** in line with 2018.  
Higher expenses given opening of NTE35W & I-77, partially offset by positive equity swaps hedges impact & return on cash position
- **Equity accounted results:**
  - **407ETR:** €153mn (vs €136mn 2018)
  - **HAH:** €106mn (vs €70mn 2018)
  - **AGS:** €9mn (vs €4mn 2018)
- **NP from discontinued operations:**  
Impacted by the write-down of Broadpectrum valuation

**Net income from continuing operations** includes:

- -€212mn from 1Q 2019 Construction division provision at NP
- €54mn Fair value adj for derivatives (€25mn in 2018)
- -€58mn Impairment at Autema (-€13mn in 2018)
- €474mn Ausol Capital gain (net)

In accordance with IFRS 5, Services activity has been reclassified as discontinued since Dec 2018, also re-expressing 2018 P&L

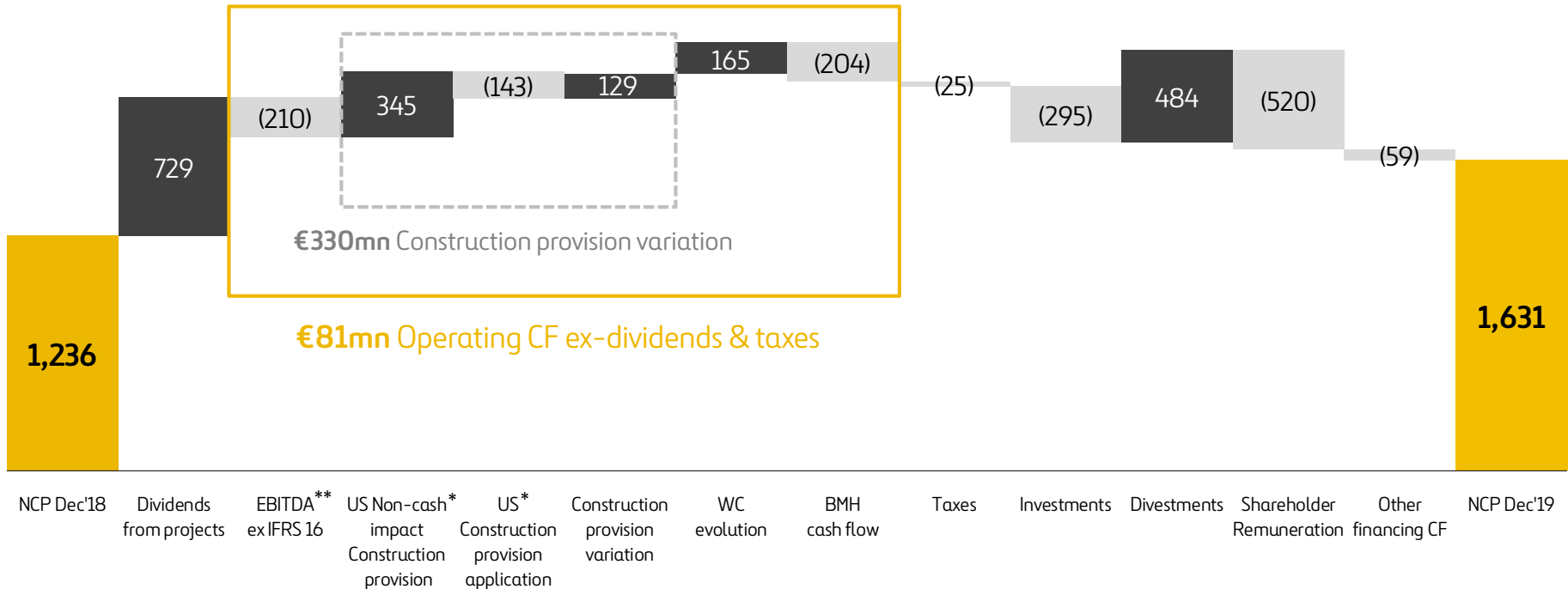


# Net Debt evolution (ex-infrastructure)

(€mn)

Including discontinued activities (NCP €158mn)

Higher dividends from Infrastructure & mature asset divestments supporting CF generation



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

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

## Final remarks...

**+14.1%**

**407ETR**

FY2019 dividend growth

**€166mn**

NTE first dividend

**NTE**

MLs continue booming

**+60%**

Above consensus valuation

**Ausol**

Mature assets rotation shows market appetite for infra

**+25.3%**

Traffic growth (Q4 2019 vs Q4 2018)

**NTE35W**

Performance above expectations

**9**

Consecutive years of traffic growth

**Heathrow**

New record high supported by higher pax satisfaction

**€1.6bn**

**Net Cash Position**

ex-infra level

Strong position (not including BRS sale proceeds)

# Horizon 24 – WHAT TO EXPECT IN 2020

- Growth in **dividends from projects** to continue  
First dividend from LBJ
- Focus on **infrastructure projects with high concessional value**  
Pipeline progressing (Maryland 1<sup>st</sup> project - RFQ, Feb 2020)
- **Construction >1% EBIT margin**  
Working towards 3.5% in 2024
- Commitment to **divest Services division**
- **New operating model**  
A more agile, innovative and efficient organization  
€20mn in 2020 (€50mn by 2021)

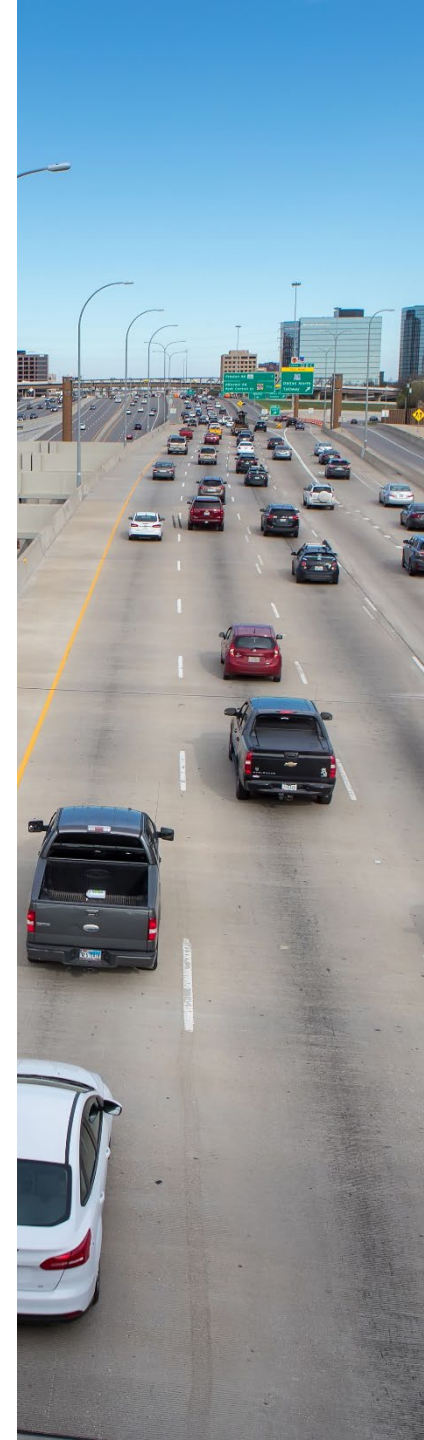
## WITH THE SAME PASSION TO CREATE SHAREHOLDER VALUE

### Dividend proposal 2020:

1<sup>st</sup> scrip dividend\* €0.32 per share

2<sup>nd</sup> scrip dividend\* €0.43 per share

**Maximum share buyback: €360mn / 25mn shares**







# Q&A

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