

## MESSAGE FROM THE CHAIRMAN



### FELLOW SHAREHOLDERS:

2016 was a positive year for Ferrovial and its businesses:

- The main infrastructure assets, the 407-ETR toll road, the managed lanes in Texas and Heathrow airport, achieved growth in operating results and traffic, while improving user satisfaction. These assets are the main source of medium and long-term value creation.
- Operating cash flow excluding infrastructure projects and before taxes reached 995 million euro. With ordinary capex of 356 million euro, we obtained recurring cash flow of 639 million euro enabling us to remunerate 544 million euro to our shareholders through dividends and share buybacks.
- We invested 1.1 billion euro in acquisitions, including Broadspectrum in Australia, a country where the prospects for services and infrastructure development are increasing.
- Divestments of mature assets generated 340 million euro.

Ferrovial ended 2016 with a sound financial position, reaching a net cash balance excluding infrastructure projects of 697 million euro. Revenues increased by 11%, to 10.8 billion euro, including Broadspectrum's figures from June onwards. Net profit totaled 376 million euro, compared with 720 million euro in 2015. These figures are not comparable due to non-recurring impacts in 2015.

Operating performance:

- **Cintra** had a great year with growth in financial and traffic numbers, mainly in the 407-ETR toll road and in the managed lanes in Texas, showing Ferrovial's capabilities to provide efficient solutions to mobility in congested metropolitan areas.
- **Services** grew in Spain while adapting quickly and efficiently to the cutback in local government spending in the United Kingdom. Broadspectrum is being integrated successfully.
- **Construction** continues to offset the contraction in the Spanish market with its international business, where we highlight Budimex' good performance and higher backlog figures than previous years.
- In **Airports**, Heathrow had record traffic figures while its service quality was recognized with international awards. The AGS group, British regional airports, also improved its traffic figures driven by Glasgow's performance. The UK government issued a recommendation to expand Heathrow; however there are still steps to take in this process.

REVENUES	WORKFORCE AT CLOSE OF YEAR	CO <sub>2</sub> EMISSIONS	BENEFICIARIES
+11%	96.001	-32%	191.769
10,759M€	+30% EMPLOYEES	IN RELATIVE TERMS (tCO <sub>2</sub> eq/M€) 2009-2016 (SCOPE 1 & 2)	WASH (WATER, SANITATION & HYGIENE)

Ferrovial's backlog reached a record 33.5 billion euro. In the United States, we obtained one section of the California High-Speed Rail and the I-66 in Virginia, the latter one not yet included in the backlog. In the United Kingdom, we gained the previous works for the high speed rail and the new road maintenance contracts in East Midlands. In Australia, we obtained the construction of a bridge on the Pacific Highway. And in Slovakia, we won the contract to build the Bratislava beltway, an investment of 1 billion euro. At the same time, the acquisition of Transchile gives us an entry to the power transmission business.

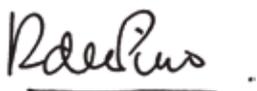
**Sustainability and innovation.** - In 2016, we enhanced our links with the United Nations Sustainable Development Goals Fund while renewing our position in the Dow Jones Sustainability Index, the FTSE4Good and the Carbon Disclosure Project. Attainment of an AAA rating from MSCI confirms our good practices. At the same time, our Target Zero in workplace health and safety has translated into an improvement in accident rates. The focus on innovation is reflected in the creation of a digital hub, the renewal of the agreement with MIT, and the enhancement of our relationship framework with start-ups to develop innovative solutions for our clients.

**Shareholders.** - Analysts' recommendation converge to give Ferrovial a Buy rating, supported by the long-term intrinsic value of its main infrastructure assets.

**Opportunities.** - The objectives of growth and increase in productivity highlight the need to promote public and private investment in infrastructures, especially in United States, Canada, United Kingdom and Australia.

This year is the best foundation for 2017 in which, without hiding uncertainties and challenges, we foresee growth opportunities particularly in United States, Canada, United Kingdom and Australia.

Finally, I would like to thank the 96,000 professionals who every day put their work, enthusiasm and creativity to serve the needs of our clients. To them, and to the shareholders and clients who trust us, I extend my gratitude on behalf of myself and the Board.



Rafael del Pino