

## AIRPORTS

### PASSENGERS

90 MILLION

### DIVIDENDS RECEIVED (M€)

134

13% OF TOTAL FLOW  
(EXCL. INFRA.)

Ferrovial Airports, one of the main private operators in the world, is the largest shareholder of the airports of Heathrow, Glasgow, Aberdeen and Southampton

Following the acquisition of Transchile in October 2016, the area has diversified its businesses with the incorporation of electricity transmission.

### BACKGROUND

The business of managing airports has a clearly defined regulatory environment. There has been further growth in passenger numbers at a global level in 2016, although the potential future impact of *Brexit* on traffic and income from British airports is still uncertain. At the same time, investment in airport assets is arousing greater interest and competition, with infrastructure and pension fund management companies being increasingly active.

In addition, the business of electrical power transmission presents growth opportunities for Ferrovial, both because of the significant investment in infrastructure expected over the coming years, and due to the different geographic areas in which it will take place. The competitive environment positions Ferrovial as one of the few global operators with capacity in engineering and construction.

### MAIN ASSETS

Ferrovial Airports is the main shareholder and industrial partner of **Heathrow Airport Holdings (HAH)**, with a stake of 25%. HAH is in turn owner of Heathrow, the largest airport in Europe and one of the busiest in the world. Ferrovial Airports also acts as industrial partner and owner of 50% of the unregulated airports of **Aberdeen, Glasgow and Southampton** (which are grouped together under the AGS brand). In total, the assets of Ferrovial Airports provide a service for over 90 million passengers. A total of 81 airlines operate in Heathrow Airport, offering flights to 194 destinations.

The power transmission line acquired with the purchase of Transchile is 204 kilometers long, between the substations of Charrúa and Cautín, located in the regions of Biobío and Araucanía in the south of Chile.

### VALUE CREATION

#### Integrated approach

The integrated approach with the Group's Construction and Services, together with the experience in management and financing capacity of Ferrovial Airports, generate unique capabilities in tender processes that differentiate the company from other competitors such as infrastructure funds, airport operators or construction companies. This can be seen in the New Great Hall project of Denver International Airport, in which Ferrovial Airports heads the consortium selected as the preferred bidder for remodeling the Jeppesen Terminal and negotiation of the contract for the award of the commercial zone, for whose remodeling Ferrovial Agroman is the main responsible.

#### Operational efficiency

Ferrovial Airports aims for the greatest efficiency in operational costs and the financial structure of its assets, together with innovative commercial solutions. In 2016 the effort to control costs in Heathrow and the savings from initiatives started in 2015 have led to an increase in gross operating income of 4.7% in comparable terms. Personnel expenses benefited from the agreement to modify the conditions of the pension plan, the adoption of the voluntary retirement program and improvements in the salary levels of new recruits. The airport also completed the commercial offering of Terminal 5 with the improvement of its catering zone and remodeling of the commercial area in Terminal 4.

## ABERDEEN, GLASGOW, SOUTHAMPTON (AGS)

The integration of the three airports has been successful, both in terms of deadlines and costs, since their acquisition in 2014. In the current asset transformation phase, the main operating and quality variables have improved through a variety of commercial initiatives. There has been an increase in aeronautical revenue, commercial revenues have improved from the remodeling and transformation of the terminal in Glasgow, passenger access tariffs charges have been implemented and operating costs have been reduced.

The main milestones have been the incorporation of 13 new airlines, an increase of 22% in EBITDA since the acquisition and the remodelling of the Aberdeen terminal (50% additional space, mainly commercial space)



The improvement in the gross operating profit of AGS in 2016 has been possible thanks to cost saving initiatives and improvement in revenues. Cost savings have been based mainly on the new agreement reached to modify the conditions of the pension plan, the adaptation of the cost base in Aberdeen to the current traffic forecast and the renegotiation of the bus contract in Glasgow. Revenue has increased, thanks to: the remodelation of the Terminal in Glasgow, which has improved passenger flows and increased the commercial area; the implementation of a passenger access charge in Aberdeen and Southampton; and the renegotiation of the catering contract in Glasgow.

### Commitment to Innovation

Ferrovial Airports is developing a number of projects with the aim of improving operational procedures and minimizing the environmental impact of its assets. Of note in this respect are the following projects:

- **Digital passenger experience (Glasgow):** a project to optimize the relationship of passengers with the airport through the digital environment.
- **Noise to Energy (Heathrow):** development of a system that captures the noise of the aircraft and converts it into electrical energy.

### Passengers: user experience

The quality of service and continuous improvement of operations are keys for Ferrovial Airports. This effort is reflected in the rating obtained in the Airports Council International (ACI) passenger satisfaction surveys and the numerous awards that recognize improving the passenger experience.

In Heathrow, 84% of passengers rate their experience at the four airports as either "very good" or "excellent", according to the Independent Airport Service Quality Survey conducted by ACI. Also in 2016, for the first time Heathrow obtained the ACI Europe award for Best European Airport of the Year in the category of over 40 million passengers; and repeated its win in the 2016 Skytrax awards as Best Airport in Western Europe, Best Airport for Shopping and World's Best Airport Terminal (Terminal 5).

Glasgow received the ACI Europe award for Best Airport in Europe in the category of airports of between 5 to 10 million passengers and Airport of the Year at the Scottish Transport Awards. It also received awards such as Best Performing Business (51 employees and over) and the Bank of Scotland Award for Most Outstanding Business.

### Employees: mobility and diversity

The company is committed to the professional development of its teams through training and geographic mobility programs. In 2016, 18% of the teams have been involved in

some form of mobility or temporary assignment, whether within the business, in one of the assets or within the Ferrovial group. It is a young division (average age of 42 years), committed to diversity and plurality (35% women).

### Society: community engagement

Ferrovial Airports has a firm commitment to the sustainable growth of its assets and engagement with its local communities.

Responsible Heathrow 2020 is the commitment subscribed by Heathrow to support growth in the United Kingdom without disregarding the environmental impact. Its final objective is to develop a sustainability plan that will be presented in 2017.

Heathrow's energy footprint has continued to decrease in 2016, reaching the consumption the target set for 2020 of 6.5 kWh per passenger. Also in 2016, Heathrow presented its second plan to reduce its carbon footprint and joined the Go Ultra Low Company campaign of the Office for Low Emission Vehicles (OLEV), which urges large companies to convert at least 5% of their vehicles to electric by 2020. It received the Ecomagination Award from General Electric in recognition of its water saving.

Heathrow is also continuing its association with Guardian Sustainable Business. Of note in this respect is its innovative approach to recycling cabin waste and its research into the sustainable airports of the future.

It is worth mentioning that the choice by the British government to support the extension of Heathrow's capacity involves an environmental commitment focused on the improvement in air quality, noise reduction and promotion of compensation measures for the local community.

## HEATHROW EXPANSION

Following the unanimous support of the Airports Commission, in October the British government announced the option of a third runway in Heathrow as the best alternative. Following this milestone, parliamentary approval is required for the National Policy Statement and subsequently of the Development Consent Order by the Secretary of State, which are expected to take place by the end of 2017 and 2020, respectively. This project would generate GBP 211B in economic activity, 180,000 new jobs and 40 new routes connecting the United Kingdom with new economies in growth.

### ASQ\* HEATHROW

4.2 OUT OF 5

### ASQ\* AGS

4.1 OUT OF 5

\* Airport Service Quality survey (ASQ): An independent survey by Airports Council International that rates the level of overall satisfaction of passengers with an airport on a scale of 0 to 5.

