

SERVICES

REVENUES (M€)

6,078

71% INTERNATIONAL

ORDER BOOK (M€)

24,431

76% INTERNATIONAL

OPERATING CASH FLOW (M€)

395

37% OF THE TOTAL

Ferrovial Services is an international benchmark in the maintenance and operation of public and private infrastructures for transport, environment, industry, natural resources (oil, gas and mining) and utilities (water and electricity), and in the provision of facility management services.

The purchase of Broadspectrum in 2016 has represented a significant change for the company. It has increased its international presence, strengthened its portfolio of services and its leading position in new geographic areas (Australia and New Zealand), facilitated entry into new sectors (oil, gas, energy and telecommunications) and provided a major platform for growth in the United States, Canada and Chile.

BACKGROUND

The background against which the company operates is characterized by a trend towards outsourcing and greater demand for more specialized public and private services, with differences by geographic area:

BROADSPECTRUM ACQUISITION

Ferrovial finalized the purchase of Broadspectrum in Australia in May 2016. It was a strategic operation in a stable country with a sustained growth and infrastructure investment. In 2016 Broadspectrum contributed to Ferrovial with some 1,400 M€ in revenue, 25,000 employees and an order book of over 6,000 M€. But above all, it contributes to geographical diversity, market knowledge and experience in areas such as oil, gas, energy and telecommunications.

In the **United Kingdom**, the situation remains difficult due to the budget reductions of some clients, basically local governments, and by the uncertainty generated by *Brexit*. In this sense Amey has launched in 2016 a restructuring plan ("Fit 4 Future"), to adapt the company to the new environment.

In **Spain**, the political situation in 2016 has led to an extremely low level of public-sector tenders. The company has maintained existing contracts and strengthened its presence with private clients.

The **Australian market**, with annual GDP growth of 3%, is undergoing a transformation of its economic model. The importance of natural resources for the country's economy is being reduced, and growth is being geared to the service sector and infrastructure development.

In the **North American market**, the sectors in which the company operates (infrastructure maintenance, oil and gas) have performed positively, with major expectations for development and opportunities.

VALUE CREATION

Recurring cash generation and operational efficiency

The company is clearly focused on generating operating cash flows, optimizing investment and continuously improving operational efficiency at the level of structure costs and contracts. "This focus is given at all levels of the organization, from the contract manager to the corporate units, and is supported by systems and processes that facilitate it.

"Of note in this respect is the Fit 4 Future restructuring plan implemented by Amey in the United Kingdom in 2016. This plan was designed to adapt the company to the new competitive environment, and it reduced the number of employees by over 900, focusing on contract efficiency and the optimization of administrative and process functions.

Ample growth potential. Selective acquisitions

Growth expectations in service contracts, in the markets where Ferrovial Services operates (such as Australia and the United States), together with its selective approach to complex, specialized and innovative projects, foster opportunities for organic growth in each of the business areas. In addition, the integration of new companies such as Broadspectrum (as mentioned above), Siemsa and Biotrans (Spain), allow growth opportunities to be maximized in new sectors and markets.

A model supplier. Integrated service offering

Ferrovial Services offers a broad range of services, with important public and private clients, and with activity in a variety of sectors (transport, justice, health, telecommunications, resources, industry, mining and utilities). This



diversification, together with its business model, organized geographically, positions the company as one of the key suppliers in the markets where it is present.

Innovative and Proven Solutions

Innovation is applied to the development of differential models and solutions to cover the specific needs of clients and end users, as well as improving sustainability and the environment, based on proven and optimized experiences, mainly in the following areas:

- **Asset Management:** a set of integrated consulting, design and asset management solutions. The aim is to balance infrastructure risks and costs, as well as maximizing their useful life.
- **Cities:** providing innovative new models of urban services.
- **Energy efficiency and facility maintenance:** integrated management of public and private facilities and optimization of energy efficiency.
- **The Environment:** geared to the development of the circular economy, and covering the whole waste life cycle, including solutions for its treatment and reuse as energy.
- **Development of new service models** in the sectors of oil, gas, mining and utilities.

Clients: a differential offering

The combination of a search for efficiency, optimization of solutions and processes, the flexibility and tech-

nical capability of its employees, as well as in-depth knowledge of the market and client needs, all allow the company to provide differential features, optimized and adapted to their needs.

Employees: knowledge transfer and collaboration

The Human Resources Management Model allows the deployment of the capabilities needed by the business at any time, in a safe and socially responsible environment. The fundamental pillars for this are talent management and employee mobility, which facilitate the transfer of knowledge and collaboration between the different business areas. In 2016, around 600 professionals in Ferrovial Services have taken part in talent management programs, and 60% of the vacancies have been filled with internal candidates. Safety at work constitutes another of the fundamental pillars. A clear example of this is the Target Zero campaign promoted by Amey for Health and Safety at work, which has received recognition at the 2016 HR Excellence Awards.

Society: innovative solutions

Integrated service management and more rational cost control and asset renewal increase their quality, safety and useful life, benefiting people as a whole.

One example of an innovative solution for society and users is the Forth Road Bridge contract on one of the main traffic arteries in Edinburgh, UK.

FORTH ROAD BRIDGE (FRB) REHABILITATION

The break in one of the end links on the bridge, on what is one of the main traffic arteries in Edinburgh (UK), seriously endangered the safety of drivers. The speed of the solution was one of the key factors for minimizing the traffic problems generated by its closure. The solution provided by Amey and carried out in record time, improving on the estimated date, was described as "an event of national significance" by the Scottish Parliament. In addition, the project has been recognized by the Institute of Civil Engineers 'prestigious "People's Choice Award" for improving citizens' quality of life as well as with the "Travel Information and Marketing Award" and "Highway Partnership Award" for its approach and measures of communication to the users put in place during the closing phases and reopening the bridge to the traffic.

