



GLOBAL VISION

FERROVIAL'S VISION IS TO IMPROVE THE FUTURE THROUGH THE DEVELOPMENT AND OPERATION OF SUSTAINABLE INFRASTRUCTURES AND CITIES, WITH A COMMITMENT TO MAINTAINING THE HIGHEST LEVELS OF SAFETY, OPERATIONAL EXCELLENCE AND INNOVATION, CREATING VALUE FOR SOCIETY AND FOR CLIENTS, INVESTORS AND EMPLOYEES.

BACKGROUND

Economic performance is positive in Ferrovial's priority markets:

- In the United States, it is expected that during 2018 both the infrastructure investment plan (>1 trillion dollars) and the effects of the tax reform will be finalized.
- In the United Kingdom, negotiations with the EU for the Brexit continue, while investment in infrastructure is reinforced (600 billion pounds for the next decade).
- In Spain, the Government has approved a 5 billion euros infrastructure plan for the next two years.
- In Australia, the Government approved an infrastructure investment plan of 50 billion Australian dollars (32 billion euros) during the period 2013-2020, with special focus on transport, defense and renewable energy sectors.
- In Canada and Poland, investment continues to be promoted through infrastructure plans.

FERROVIAL FOCUSES ITS STRATEGY ON THREE KEY PRIORITIES: PROFITABLE GROWTH, INNOVATION AND OPERATIONAL EXCELLENCE AND REAFFIRMS ITS INTEREST IN TRANSPORT AND MOBILITY BY DEVELOPING PROJECTS SUCH AS MANAGED LANES, THE DENVER AIRPORT, OR THE LAUNCH OF ZITY TO OPERATE THE CAR SHARING BUSINESS IN MADRID.

OPPORTUNITIES AND CHALLENGES

In the current context, the main opportunities for business development are:

- Investment needs in infrastructures are still significant. Global investments of 3.3 trillion dollars per year are estimated until 2030*, of which a significant part will be made in key markets for Ferrovial. In addition, the difference between the needs and the rhythm of investment, added to the budgetary restrictions of the Public Administrations, are an opportunity for the private sector.
- Technological development and digitalization improve the efficiency and productivity of operations. Technologies such as artificial intelligence, IoT, robotics and others facilitating interaction with end users, optimizing the use of infrastructures and developing new businesses.
- The growth of the population and the concentration in urban centers, which increase congestion both in cities and in accesses, demand new mobility solutions. Autonomous driving, vehicle sharing and electrification will affect both transport infrastructures and the mobility services demanded. The mobility of people and goods is

*Bridging Global Infrastructure Gaps. McKinsey Global Institute, 2016

one of the main sources of CO₂ emissions. In this sense, it is important to design sustainable solutions to face challenges such as increased traffic and energy efficiency.

Meanwhile, the main challenges are:

- More competition in the infrastructure sector. Traditional companies have been joined by companies from emerging countries, mainly Asian, and financial investors who continue to increase their investment in the sector and technology companies developing new business models.
- Regulation and legal security are key factors and require active and efficient risk management, from contracting to the execution of projects.
- Economic environment. As mentioned, some geographical locations involve uncertainties that can affect the business.

STRATEGY

With the aim of creating value for society and for its clients, shareholders and employees, Ferrovial focuses its strategy around three key priorities:

- **Profitable growth:** with an international focus on six priority countries: the United States, Canada, Australia, United Kingdom, Spain and Poland. In addition, it selectively develops its presence in other countries, taking into account criteria such as forecast investments, legal security and the level of development of the financial markets, among others. The presence of a group unit in a new country serves as a platform for the entry of new

businesses, generating economies of scale.

As far as sectors are concerned, the company continues to focus its activity on Highways, Airports, Construction and Services, with an industrial focus on complex projects and value-added services. Opportunities are also being explored in electricity transmission.

Ferrovial reaffirms its interest in transport and mobility by developing Managed Lanes projects such as the I-66 highway, Denver airport, the Zity launch to operate the carpooling business in Madrid, and the Western Roads Upgrade project, for the operation of highways in the west of Melbourne (Australia).

- **Innovation:** the company continues to promote an open innovation model with different external agents such as Public Administrations, research centers, large companies, startups and entrepreneurs, among others, encouraging the continuous exchange of solutions with the outside world. The main objective is the generation of sustainable competitive advantages to develop the operation in a more efficient and profitable way.

In this sense, the company uses new technologies to develop solutions such as dynamic real-time pricing on highways, the automation of passenger and employee traffic in airports and the use of IoT platforms for energy consumption management.

- **Operational excellence:** the quality of the executed projects and the services provided, the generation of recurrent cash and the efficient management of complex operations



PHOTO: Euroscut Azores Toll Road (Portugal).

remains essential to the offer of value-added solutions. In this connection, the development of tools such as the InSite project management system, makes it possible to maintain in-depth control over the progress of works.

Furthermore, to generate greater client and user satisfaction, the company is promoting initiatives such as automatic payment in satellite tolls and the design of optimal waste collection routes using artificial intelligence.

The development of the aforementioned strategic priorities is based on three basic pillars for the company:

- **People:** Ferrovial seeks to attract and retain the best talent, forming experienced teams committed to the company as part of a collaborative, flexible and inclusive working environment. The development of its human resources is key to facing challenges such as the internationalization, the constant innovation and the digital transformation of its activities. To develop digital capacities at the organization throughout 2017, the "Play the Future" project was launched, the goal of which is to familiarize employees with key elements of new technologies (such as artificial intelligence, Big Data, IoT, drones, etc.) and relevant topics to railroad activities, such as people's mobility in the future.
- **Financial discipline:** the basis of any Ferrovial activity and materialized in:

FERROVIAL REAFFIRMS ITS INTEREST IN TRANSPORT AND MOBILITY BY DEVELOPING MANAGED LANES PROJECTS SUCH AS THE I-66 HIGHWAY, DENVER AIRPORT, THE ZITY LAUNCH TO OPERATE THE CARPOOLING BUSINESS IN MADRID, AND THE WESTERN ROADS UPGRADE PROJECT, FOR THE OPERATION OF HIGHWAYS IN THE WEST OF MELBOURNE (AUSTRALIA)

- Comprehensive cost control and cash generation at all stages in each project.
- Asset rotation to crystallize the value of investments and fund future growth.
- Maintenance of an investment grade rating at corporate level to ensure low debt levels and competitive financing costs.
- The commitment to transparency with investors, shareholders, rating agencies and bondholders promotes a relationship of trust and allows continued access to financial markets at lower cost and with better terms.
- **Sustainability:** this is an important factor in the company's operation, which is reflected in the development of Corporate Responsibility projects and in the continuous presence in the main international sustainability indexes. The continued presence for 13 and 16 years in the FTSE-4Good and DowJones Sustainability Index, respectively, should be noted. In addition, Ferrovial focuses on improving and optimizing the safety of users of its infrastructures and of its employees. In this regard, the naming of Heathrow as the best airport in the world in terms of security by the International Airport Review is noteworthy.

In summary, Ferrovial is a global infrastructure operator whose objective is to maximize the creation of value for all its stakeholders. The company, which participates with an industrial approach in all phases of the infrastructure cycle, reaffirms its commitment to providing efficient and sustainable transport and mobility solutions. 

