

LETTER FROM THE CHAIRMAN

Fellow shareholder,

In 2018 our major infrastructure assets continued to outperform market expectations. 407 ETR, Managed Lanes and Heathrow all grew in terms of traffic and profitability while simultaneously achieving high levels of client satisfaction. This strong performance has led to healthy dividends, with a total of €623 million received from the projects in our portfolio.

These are unique high performing assets. Ferrovial's strategy revolves around developing, building and managing this type of infrastructure. By moving ahead with the sale of our Services division we will be focusing our strategy on the infrastructure business, where we see opportunities for greater value creation.

The decision to sell Services implies a change in the way results are reported. We will continue to report all the businesses as usual under continuing operations while Services will be stated as discontinued operations. This means Services results are reported in two captions, net income from discontinued operations and fair value adjustment.

Net profit from continuing operations increased to €460 million, a growth of 8.6%. Revenues totaled €5,737 million, an increase of 11.3% in like-for-like terms, driven by construction work in the United States. This net result for the whole group has been impacted by the fair value provision of €774 million against our stake in Amey. This is a non-cash provision and reflects the uncertain outlook of the sector in the UK.

The total net cash balance, excluding infrastructure projects, amounted to €1,236 million and includes the net cash position of the Services division. Shareholder remuneration amounted to €520 million.

In terms of operating performance the main highlights for each division are:

- Toll Roads continued to witness growth in profits and traffic across the board.
- Heathrow hit record passenger numbers every month and also achieved high satisfaction scores. The UK Parliament approved the National Policy Statement enabling a new runway development. Regional airports grew profitability despite lower traffic.
- Construction posted tighter margins due to cost pressure, particularly in Poland.
- Services in Spain grew more than 3% in revenues and EBITDA while maintaining high margins, Australia's backlog increased at year end and Amey ex-Birmingham posted EBITDA margins of 2.8%
- The combined backlog of the latter two divisions is €30,376 million.

The world is experiencing unprecedented levels of technological disruption. From automation of industrial process through the emergence of Artificial Intelligence to the transformation of mobility habits. Infrastructure projects such as Highway 407 in Toronto, the Managed Lanes in Dallas-Fort Worth, and London Heathrow Airport – all of them leaders in profitability, quality of service and user satisfaction – are showing us the way forward. We are applying big data analysis to enhance performance leveraging on customer segmentation.



Recently inaugurated assets, such as NTE 35W, which applies the successful Managed Lanes approach, and others under development, such as the upgrade of Denver airport's Jeppesen Terminal or I-66 in Virginia, promise to follow the track of the existing projects in terms of positive economic and social impact.

The process to deliver Heathrow's expansion is advancing on schedule. The next few years will also bring opportunities for new concessions with which to strengthen our chosen path. We will pursue such opportunities keenly.

Delivering business success has to be based on the company's ethical values, a set of commitments that necessarily include sustainability. We at Ferrovial are proud to be included in the DJSI, FTSE4Good and CDP indexes, and have just recently been incorporated into the prestigious Vigeo index. Our support for the Global Compact and efforts to combat climate change are a reflection of our commitment to the Sustainable Development Goals (SDG), an intergenerational mission to preserve our planet. But no commitment would be meaningful if we did not give priority to caring for our own people, through ongoing efforts to reduce accident rates. We are proud of having achieved a 10% reduction in workplace accidents.

RAFAEL DEL PINO
Chairman

I am convinced that all of us, workers and shareholders, clients and suppliers, share a confidence in the opportunities that this new era will bring. I would like to thank you, therefore, for your support and trust. They are the foundations on which Ferrovial is built.